



Advancing the interests of our members and the profession

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By Email

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Dear Oliver,

AIPA SUBMISSION TO THE DITRDC 2020 ISSUES PAPER: THE FUTURE OF AUSTRALIA'S AVIATION SECTOR

Who are we?

The Australian and International Pilots' Association (AIPA) is one of the largest Associations of professional airline pilots in Australia. Our membership of just over 2,300 professional airline transport category flight crew are drawn from nearly all Qantas pilots and a significant percentage of pilots flying for the Qantas subsidiaries. AIPA is a key member of the International Federation of Airline Pilot Associations (IFALPA) which represents over 100,000 pilots in 100 countries. IFALPA is the conduit through which AIPA contributes to the development of world-wide aviation standards and recommended practices settled by the International Civil Aviation Organisation (ICAO).

AIPA, through its Safety and Technical Sub-Committee, is committed to protecting and advancing aviation safety standards and operations in Australia and elsewhere. We are grateful for the opportunity to provide our views to the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) on the future of Australia's aviation sector.

SOME PRELIMINARY THOUGHTS ON PLANNING HORIZONS

The national and international responses to the emergence of COVID-19 have clearly devastated Australia's civil aviation sector and the co-dependent sectors such as tourism and time-critical freight.

How good was our planning and preparation?

Politicians, administrators and historians will engage in endless future debates about whether our responses were appropriate, proportionate and timely and thus whether

the extent of the economic damage was justified. The ABC reported that Australia was a world leader in planning for a pandemic in the 2000s, but had not run a large-scale pandemic simulation exercise since 2008¹. The importance of *Pandemic Planning and Preparedness* was well canvassed in the 2013 Report of the House of Representatives Standing Committee on Health and Ageing inquiry into health issues across international borders², particularly noting an apparently narrow focus on influenza to the potential detriment of considering other diseases.

While it is clear that appropriate warnings had been sounded over many years, it seems equally clear that we were complacent about the potential scale and characteristics of a future pandemic as well as the machinery of government arrangements necessary to prosecute an effective response in an Australian federation of states.

In any event, AIPA finds it unsurprising that the so-called national pandemic planning did not contemplate the possibility of hard border closures, either internationally or domestically, and the consequent abrupt cessation of international and interstate trade and travel. There has been no modern precedent for each of the States (inclusive hereafter of the Territories) to adopt a new political model as if each is a sovereign country merely sharing a continent, apparently driven as much by State election cycles as by public health concerns.

How good is our pandemic exit strategy?

It is equally unsurprising that the effective collapse of a coordinated national approach continues to derail the timely resumption of domestic interstate aviation, without which disproportionate damage is inflicted on the aviation sector. Australia already faces a multi-year hiatus in international air travel as many of our historical overseas destinations face uncontrolled or barely controlled levels of infection and fatalities – given the evidence of suppression strategies exhibited in some states with appropriate risk controls, it is apparent that we may have inflicted such severe economic damage on ourselves through excessive concerns over infection rates that were well within the capabilities of States to track and manage and well within the capacity of our health systems to treat.

How useful is a Commonwealth aviation plan?

The pandemic response management experience for COVID-19 is instructive in many ways, some of which are perversely positive despite the induced devastation. They are positive to the extent that they highlight things that are broken or not fit for purpose and which must be fixed before meaningful progress is possible.

Every element of a Commonwealth aviation plan that relies on any or all States to behave in a certain way, enact certain legislation, adopt a national code or to place the national interest above local interests is now subject to much higher political and/or compliance risk. In most cases, AIPA expects the Commonwealth and State interests to be aligned but we also expect that the States will be emboldened by both the recent High Court decision on border closures and the acceptance of the politics of isolation

¹ ABC Investigations: *Australia ran its last national pandemic drill the year the iPhone launched. Did that harm our coronavirus response?* Dylan Welch and Alexandra Blucher, 20 April 2020

² *Diseases have no borders* - Report on the inquiry into health issues across international borders, House of Representatives Standing Committee on Health and Ageing, March 2013

by generally acquiescent populations to occasionally flex their independence within the Federation.

The current proposal is apparently only a civil aviation plan. While this is consistent with the portfolio role, AIPA does not see that such a plan can effectively serve the national interest if there is no consideration of strategic infrastructure requirements for defence and emergency response activities beyond merely market-driven commercial requirements.

The Issues Paper seeks to service a 5 year plan. We expect that Australian aviation will still be suffering the structural and financial consequences of the COVID-19 responses for the duration of that plan and possibly beyond. To that extent, AIPA is disappointed that the Government seeks only to provide tactical rather than strategic guidance on resurrecting Australian aviation.

A longer term plan is necessary for a number of reasons, the most obvious of which is infrastructure planning and investment. However, the recovery plan for exiting COVID-19 support measures should be informed by resuming what otherwise would have been at least the medium term outlook for the industry. The future state of the industry should not be defined by COVID-19, but rather should be shaped by how quickly and effectively we can recover from the various government responses, since they were instituted in an emergency scenario for maximum public health impact rather than for the most balanced economic outcomes.

Australia's pilots are a national asset

Australia is going to need pilots for the foreseeable future. The lead-time to train and develop pilots is measured in years rather than months or days and history tells us that many in the general population are not well-suited to operate in the multiple dimensions required of aviators. Trained, qualified and experienced pilots are a valuable but perishable resource not only in civil aviation but also in reserve for our Defence needs.

AIPA readily acknowledges that aircraft maintenance and engineering personnel, air traffic controllers and flight operations staff are also key components of our national aviation infrastructure assets and that similar policy considerations apply. We accept that we are part of a larger system in which the criticality of various elements changes from time to time, however we believe that our pilot resource is the one most immediately at risk today.

AIPA also recognises that many non-aviation employee groups may be described in similar ways. There may even be some who also take considerable time to reach occupational maturity, are subject to regimes of random drug and alcohol tests every day, face changing shift work patterns and whose continued employment depends upon 6 monthly tests of competency as well as stringent medical requirements. If, after all that, those people also work in roles that are as fundamental to Australia's prosperity and security as pilots, then they should also be regarded by government not as a commodity but as a national asset that requires additional attention to ensure the maintenance and preservation of existing and future capacity.

While governments focus on retaining aviation capacity through a corporate lens, that capacity and its ability to 'snap-back', expand or diversify will always get back to the available pool of pilots ready to fly. There seems to be a disingenuous presumption in government that the aircraft operators have some higher purpose beyond maximising profit and that they will do their best to look after their pilots even where the government provides inadequate support. The harsh reality of the industry is that employers could not afford to keep staff employed with no useful work, yet they also

looked to avoid the costs of redundancy and chose to maintain staff mostly stood-down to avoid those redundancy pay-outs. Thereby leaving the impact of financial pressures to be ultimately met by employees and placing significant stress on their household balance sheets..

More precise support targeting

The range of government policies intended to support this national pilot asset needs to be better targeted to ensure that qualified pilots and those in the pipeline directly benefit from the support measures.

Policy approaches that directly provide support to employers and training institutions in the belief that the pilot asset will indirectly benefit on a pass-through basis are neither the most effective nor efficient way to preserve or create our national pilot asset base. Previous and current measures, not only in aviation and education, appear to have generated plenty of evidence that no small number of employers and institutions game the system to maximise cash flow and fee-siphoning rather than maximising efficient training and capacity maintenance. There is certainly no evidence to suggest that there is a greater level of altruism in aviation than that somewhat adversely demonstrated in tertiary education, manufacturing or other people-centric industry sectors that attract some level of government support.

AIPA strongly believes that such support that government considers appropriate should be directed to the individual and tied, for qualified pilots, to demonstrating a level of continuing competence appropriate to our current circumstances and, for trainee pilots, achieving satisfactory progress in gaining the required qualifications.

Support for qualified pilots stood down due to the COVID-19 induced market collapse is critical. In the future, similar measures might be appropriate in the case of corporate collapses. In the separate case of pilot training, the retargeting of support measures is more of a normalised approach than a COVID-19 response, but is nonetheless essential to Australia's future pilot capacity.

The collapse of our aviation markets is already being viewed as an opportunity for aviation businesses bring about major industrial change to maintain their viability and maximise their profits during a market catastrophe. The eons of operational experience being ushered out the door is not replaceable in the short term – that is the very nature of 'experience' – but what is worse is there is effectively no opportunity to extract that experience in a meaningful way to prolong the tribal history of the nation's pilot body. Even those that are left hanging onto the 'stand down' lifeline are rapidly losing their connection to their occupation, both physically and mentally, with significant remediation costs looming.

AIPA has directly engaged with the Deputy Prime Minister, the Treasurer and Minister Cash on pilot-specific support measures. DITRDC should already be fully aware of the detail of that engagement.

For the current purpose, it should be noted that our direct engagement has been primarily focused on the immediate issues, given the lack of certainty around dealing with COVID-19. Since the round table discussions and the related exchange of correspondence, it has become abundantly clear that the timeframe for recovery for domestic operations is entirely hostage to the States border closure policies and may be more than a year beyond that initially envisaged. It seems most unlikely that any international operations of note will take place for several years and, yet again, any Australian-based flights will remain hostage to the public health responses of many countries as well as our own.

THE AVIATION ISSUES PAPER 2020

In our attached responses to the specific questions of the Issues Paper, there are many things that fall outside our usual areas of expertise and, with most of our members stood down and surviving only on that part of Job Keeper that Qantas and its subsidiaries are passing on, our research capabilities are sorely diminished. Nonetheless, unless we collectively address properly many of these issues, we risk facing a future pilot resource that is limited in its capacity to resume safe and efficient aviation operations when required, with little or no capacity to respond to any form of national emergency that requires pilots.

Thank you again for the opportunity to participate in this important policy development consultation.

Yours sincerely,



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Attachment 1: AIPA Responses to the Future of Australia's Aviation Sector Issues Paper 2020

AIPA RESPONSES TO THE FUTURE OF AUSTRALIA'S AVIATION SECTOR ISSUES PAPER 2020

PART A: COVID-19 RESPONSE

COVID Objective 1: Maintaining essential air connectivity

What constitutes a minimum RPT network in Australia?

To be very clear, AIPA simply views the minimum RPT network as being that which is able to service the greatest residual demand for air travel.

The demand element is critical, since it is not at all clear what proportion of decreased demand should be attributed to passengers unwillingness to fly domestically due to direct health concerns and what should be attributed to border closures and quarantine restrictions. We will address this issue below.

The real difficulty in this contemplation of a minimum domestic RPT network is that it is not a single concept. Rather, it covers a range of circumstantial network scenarios from no discretionary demand at all, through increasing demand with recovering viability to resumption of pre-pandemic markets. Critically, even with access to appropriate market data, there appears to be a significant question of relevance: what does DITRDC think “essential connectivity” means in non-viable markets?

Prima facie, this is an Operations Research and Analysis network planning exercise that needs to be conducted by an organisation or agency that is free of commercial imperatives, such as Defence Science and Technology Group. The required real-time and near-time historical market data in terms of demand is held by the RPT AOC holders (as distinct from BITRE) and gaining the required access would require security commitments of the highest order to protect the intellectual property from disclosure to competitors. The resulting composite picture of demand would then allow an analysis of the costs of servicing that demand, whether market-induced or government-directed, including assessing viability thresholds for exiting subsidies for sustainable activities.

Although not in AIPA's direct airline interest, care needs to be taken to ensure that RPT subsidisation does not have the effect of inhibiting opportunities for charter operators who would otherwise provide “essential connectivity” in markets without an RPT option.

Are there options to improve the effectiveness of governments' support for maintaining a minimum RPT network?

The most effective government support comes from taking all necessary steps to avoid destroying market access in the first place.

AIPA recognises that there was initially a substantial element of passenger concern due to a lack of information about direct health risks to passengers from air travel. Previous experience in managing potential health risks to passengers from the SARS and MERS threats may have been counterproductive in that those threats were quickly contained with few deaths.

We also recognise that COVID-19 information management was chaotic, not least by the social media environment and that international governments, accidentally or otherwise, largely polluted the media environment. Australian government attempts at

all levels to provide accurate and timely information suffered from inconsistencies, politics and a general lack of messaging penetration among the noise. Attempts by airline management to diminish the risk to passengers were largely seen as self-serving in the absence of specific government health advice.

To a large extent, recent seat sales anticipating border openings indicate little residual concern among potential passengers of direct health risks from air travel. However, the lessons on timely, clear and consistent messaging about the actual risks to passengers should be well-learned by all jurisdictions if future events are not to lead to a collapse in demand through lack of government support. The Domestic Passenger Journey Protocol is a significant forward step in that regard, although sorely needed many months earlier.

The most effective government support for the aviation industry will come from a Commonwealth-led agreement on pandemic responses that will only see direct airport closures as a decision of last resort. AIPA strongly urges all governments to adopt best practice contact tracing and isolation that minimises geographic closures and permanently precludes State border and regional closures as quarantine measures.

If we are faced with short to medium term market collapse, then AIPA believes that support must be directed with greater emphasis on maintaining capability for resumption of normal markets over conducting flights that place 'optics' over output. In regards to programs such as IFAM, preference should always be given to utilising Australian aircraft and crews, as each and every flight contributes to maintaining current and future capabilities as well as stimulating the Australian economy.

What is the best way for the Government to scale back support as the aviation sector recovers at a different pace for different routes?

It seems reasonably clear that Job Keeper was designed for simplicity in administration while providing a broadly applicable social safety net. The other measures described in Inset 3 are all targeted at corporate entities, which together are a small and clearly identified group that is also administratively simple to monitor and manage.

AIPA suggests that operators who wish to avail themselves of government support need to provide sufficient access to financial records, reservations and accounting systems to allow the calculation of city pair cost data to support an appropriate break-even passenger revenue income stream that acts as a threshold to withdraw route subsidies. Route subsidies should be insulated from any cross-subsidies that may otherwise occur in normal business activities.

No government funding should be allowed to directly or indirectly support the payment of executive bonuses, dividends to shareholders or capital expenditure in support of business expansion plans before there is a full resumption of all employment that was stood-down at the onset of and due to the ongoing effects of COVID19. As always, transparency is the key - the scheme should be administered by the Auditor-General to ensure appropriate deployment of tax-payer funds that will best support not only aviation businesses but also their employees.

Supporting international network and Government-facilitated flights

AIPA notes the political importance of the international repatriation flights that are subject of the self-congratulatory comment in Inset 3. Despite the obvious and continuing demand for repatriation flights, the rate of effort is insignificant in terms of the pre-COVID-19 level of activity and is largely ineffective in any contemplation of preserving our international air transport capacity.

It would appear that the States control the number of inbound passengers as a function of various non-health related considerations. Again, the uncertainty and inconsistencies of such State modulated arrangements demands a far better solution from the Commonwealth if we are to have future plans and policies with any likelihood of success.

AIPA suggest that one possible solution could be through the activation of one or more Defence facilities such as Curtin in WA with the requisite level of on-site hospital facilities to eliminate interaction with local communities. There are a number of national interest reasons for the flights to such facilities to exclusively utilise Australian aircraft and crews.

COVID Objective 2: Preserving critical aviation capacity

A safe aviation sector is a system that involves both public and private ownership of its components. The impacts of the market collapse are not equally distributed – private sector employees bear most, if not all, of the negative outcomes. While the various relief measures listed under the AAFRP are clearly helpful, it would be impossible to justify cost recovery for Airservices and CASA when activity levels have crashed. AIPA is intrigued by submissions and evidence to the Senate that suggests that CASA service levels appear to not have improved despite the size of the organisation now being substantially greater than required for the level of industry activity. We believe that the industry generally would expect to see CASA's backlog of administrative actions sharply diminished in the absence of any operational activity of note.

While AIPA strongly supports well-targeted and efficient aviation security measures, it remains to be seen if “support for regional airport operators to implement the enhanced regional screening requirements” remains appropriate at the low level of activity currently being experienced and given the reported parlous state of local ownership airport finances.

What critical components of the aviation sector need support during the COVID-19 crisis?

As noted in our covering letter, AIPA considers that stood down pilots in particular require targeted support in addition to Job Keeper. Additionally, stood down maintenance personnel, cabin crew supervisors, operations controllers, dispatchers and airport safety managers need similar support so that we do not bleed future capacity due to financial distress. Unlike public sector employees, most if not all of the foregoing are employed as a function of sector activity and have stand down provisions in their employment contracts.

Everyone in the system that requires a high level of technical training and/or high levels of practical experience are key to safely ramping up activity levels once activity levels normalise.

Operators do need support to stay in business, but strict controls over how funds are used are essential. Every flight conducted by Australian operators provides crew recency as well as the opportunity to activate and maintain all of the normal support functions. In the case of the crews, recency is the key to avoiding a recurrent training roadblock to resuming more normal operations.

Are there options to improve governments' support for critical aviation connectivity and capacity during COVID-19?

We have discussed network support under the preceding objective. We have discussed the people component of capacity above. In our covering letter, we mentioned the need to consider strategic infrastructure requirements for defence and emergency response activities beyond merely market-driven commercial requirements.

Clearly, there is also a need to identify an agreed list of prioritised State-controlled airports for support. Despite Constitutional limitations and local politics, there are a range of airports that provide critical regional hubs, some of which may have been financially precarious before the market collapse. The national solution must be to support those airports in both the short and longer term.

AIPA firmly believes that there should be a national airport assets plan and that there should be an appropriate mechanism to propel the relevant airports into financial viability. It is an unpalatable but necessary outcome that some airports may not qualify for support and are left to fend for themselves.

What is the best way for governments to scale back connectivity and capacity support to allow commercial airline operations to resume as the regional and domestic economies recovers?

Please see our response to the largely identical question under Objective 1 above.

How has the COVID-19 crisis and the downturn in passenger movements affected essential aviation-related businesses?

AIPA has insufficient transparency of those businesses to comment in detail. However, many aviation-related businesses are tied to the operational tempo of the operators they support, so, in the absence of flights, the demand for their services largely evaporates. Often, the specialised nature of those services does not create many options to adapt and diversify away from aviation.

However, it is a particularly important question to be explored to ensure that understand the consequences of market collapse, either as a result of *force majeure* or, as in the current situation, as an outcome of political decisions. There are clearly quite different outcomes for the private sector compared with the public sector.

We would be particularly interested in an analysis of why entities such as CASA and Airservices appear to be largely unaffected by the collapse in passenger movements and have not had to resort to widespread standing down of operational staff. The support provided to these organisations and their employees, whilst vital, should have translated into also directly assisting key private sector employees who also perform similarly important roles in the maintenance of the national aviation infrastructure ahead of the recovery.

Separately, it is clear that the required levels of community quarantine have not prevented the continuation of non-aviation work, particularly given the supporting technologies. Working from home arrangements do not generally seem to have significant negative consequences, at least in the short term, and the opportunity to explore and refine such arrangements seems to be a positive outcome.

Are there options that industry and governments could consider to ensure these services are available to support the recovery of the aviation sector?

Operators generally run with a high percentage of operational personnel in low margin businesses that are, as has been so starkly demonstrated, entirely vulnerable to market collapses. They generally lack the reserves to sustain the costs of both infrastructure and personnel – merely maintaining corporate viability with an unknown timeline for recovery means that there is little left in the kitty to retain capacity for recovery.

Without ignoring the other vital operational components of the aviation system, it is appropriate for us to focus on the difficulties facing pilots.

As previously mentioned, AIPA has proposed to the Government a Pilot Skill Retention, Study and Training Program (“PilotKeeper”) for Australia’s domestic and international pilots intended to preserve pilot skills, maintain statutory recency and to provide a pathway for financially distressed pilots to remain in the industry. We do not intend to replicate the detail of the proposal here, other than to note that it is far easier for pilots to leave the industry to supplement or replace JobKeeper than it is to induce them to return or to replace them.

The aviation law acknowledges the perishability of the knowledge, skills and behavioural aspects of safely operating complex aircraft in challenging environments by requiring frequent and regular demonstrations of competency. The daily management of the challenges of guarding the safety and well-being of passengers does not come from some rare form of genetic ‘gift’, but rather from the immersive nature of the occupation. The entirely satisfactory outcome of the engine explosion on QF32 came not from one man but from the cohesion and professionalism of the whole crew after years of technical and human factors investment.

The conundrum is that we are faced with multitudes of highly trained pilots who are stood down, made redundant or forced into early retirement because the operators cannot afford to maintain their investment in their people. The resurrection of the lost or diminished knowledge, skills and behaviours required to resume our previous levels of safety will only occur at significant future cost, both in terms of dollars and time. The longer the market remains stressed, the greater will be the cost to the economy. We may well reach a point where any recovery will be delayed due to a lack of pilot resources and a training pipeline that is saturated by the demand. Any well-intentioned relaxation of training requirements by CASA may result in increased risk levels that are difficult to satisfactorily mitigate and remain as latent threats to future operations.

AIPA strongly recommends that the Government reconsiders our PilotKeeper proposal, or a variation of the scheme based on the key tenets, which is designed around meeting recency requirements to avoid a retraining surge that our training infrastructure cannot meet.

COVID Objective 3: Maintaining high value freight supply lines

Are there options to improve governments’ support for maintaining international air freight capacity during COVID-19?

While we are unaware of any IFAM restraints in terms of minimum capacity, there has been no shortage of Australian aircraft and crews available to operate international freight flights using underfloor capacity.

Setting IFAM aside for a moment, it is not entirely clear to AIPA what real constraints were placed on normal international air freight capacity and activity other than crew quarantine restrictions. For example, despite AIPA-identified inadequately mitigated risks, CASA nonetheless approved Qantas plans to operate passenger and freight flights of up to 32 hours of duty time to avoid crew quarantine in the outbound destination ports, which meant that freight flows should have been the least affected aviation activity. Fortunately, Qantas did not avail themselves of the regulator's largesse, but it demonstrated how few, if any, regulatory restrictions encumbered normal freight movements.

Given that the international COVID-19 restrictions have been focused largely, if not exclusively, on people rather than freight movement, it seems likely that the only restriction on international freight demand would stem from the inability of shut down economies to fully utilise the inbound freight or to produce sufficient exports to maintain demand.

On the other hand, the domestic politics of State border closures coupled with the consequent disruption to economic activities within States would seem the most likely cause of severing normal supply lines, including internationally. No federal aviation policy is capable of solving self-destructive State politics.

Presumably, the Commonwealth government would have been focused on eliminating COVID-19 restriction to cargo-only flights in all jurisdictions as a priority. At the same time, IFAM should favour Australian operators and crew to minimise the leakage of Australian stimulus leaking into overseas economies. A higher than normal premium should be tolerable in such circumstances.

Lessons for the future would clearly be drawn from the success of activities of that nature.

What is the best way for governments to scale back international air freight support to allow commercial air freight operations to resume as the regional, domestic and international economies recovers?

Please see our response to similar questions under earlier objectives.

-- END OF PART A --

PART B: THE FUTURE OF AVIATION: THE GOVERNMENT'S FIVE-YEAR PLAN FOR AVIATION

Reducing the Regulatory Burden: General Aviation

The Government understands the key challenges facing the GA industry. Given the impact of COVID-19, are there other areas where governments could be focusing to support GA?

AIPA made a submission³ to the Senate Rural and Regional Affairs and Transport Legislation Committee inquiry into the current state of Australia's general aviation industry. Our concluding comments were:

AIPA believes that the apparent decline in the fortunes of GA has as much to do with normal economic forces as it does with the consequences of CASA decisions and the protracted progress of the RRP. At the same time, we have no doubt that the costs imposed by the implementation of the new regulations have been significant. Those costs are largely independent of sector risk and are likely to be disproportionately expensive for vulnerable businesses, particularly in GA.

We believe that there is regulatory context for lighter touch regulation for GA activities, but not necessarily for certain training standards that are common across all industry sectors. There is value in comparing how CASA and RAAus regulate their respective flight training sectors, with a view to revamping the CASA GA regulatory paradigm.

In regard to the costs of participation, it might be useful for government to review how the 'user pays' principle is playing out in the aviation industry and whether the distribution of costs between the public purse and private interests is equitable and economically appropriate. That is a political rather than a technical consideration and should not be left to CASA to decide.

Our aviation legislation has become voluminous and increasingly impenetrable. We tend to accept the informal advice of CASA officers that AGD is largely responsible for that undesirable outcome, although CASA is a significant contributor. In any event, we need a much better way forward to ensure that it is clear to all industry participants which safety behaviours are desirable and which are not, rather than continuing to surround each element of each aviation activity in black letter law solely designed to punish those incapable of deciphering the rules. Hiding behind strict liability will always prevent any analysis of intentional versus unintentional or otherwise innocent non-compliance.

Abandoning the RRP at this stage, despite the negative outcomes thus far, is not a rational option. We believe that we have no choice but to proceed, albeit much more wisely and with much greater care.

AIPA does not believe that fostering, developing or otherwise ensuring the viability of the aviation industry, including GA, has a place in CASA's safety regulatory functions. That is a matter for the economic agencies of the executive and general government policy.

As far as we can tell, risk management by CASA and DITRDC is mostly lip-service rather than detailed professional analysis aimed at competently identifying and reducing risk to as low as reasonably practicable. That approach is not in the public interest.

³ See Submission 28 at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/GeneralAviation/Submissions

Transparency of decision-making is not only essential to good government and good governance, it is enshrined government policy. In our view, both CASA and DITRDC do not act in a manner consistent with that policy – rather, they seem to act as if public accountability is to be avoided at all costs. That is not acceptable and clearly a significant cultural change is required so that it is readily apparent that those agencies act in the public interest rather than in their own.

Policy advice to government generally and to the transport portfolio agencies in particular will never be balanced and fully informed when the voice of the last line of defence, Australia's pilots, is suppressed. Working level participation is necessary and important but not sufficient. Both the Minister and the DAS should ensure that, on aviation safety policy, our parent organisation AusALPA has a seat at the table.

Reducing the Regulatory Burden: Demand management at Sydney airport

The Australian Government will soon be commencing a comprehensive review of the legislation governing Sydney Airport's demand management, including slot management.

AIPA recognises that demand management at KSA is a political decision that creates inflexible rules based on a noise environment that has not existed for many years. Any input that we might make would reflect the interests of the safety, efficiency or regularity of existing or future air transport operations into or out of the airport and therefore would be most unlikely to be accorded any weight in any review.

Nonetheless, the economic burden of the existing movement cap is excessive and certainly could not be justified by the noise emissions of the current air transport fleet. We have sufficient experience with weather-related and other operational constraints to better tailor operational frequency and disruption management – it just requires the political will to drive the changes.

Reducing the Regulatory Burden: Airspace Management

AIPA welcomes the concept of a National Strategic Airspace Policy to ensure Australia's airspace administration and management arrangements remain appropriate into the future. At the risk of being repetitive, we remain concerned that such a policy will have no semblance of utility unless there is Commonwealth legislation satisfying section 109 of the Constitution⁴ that explicitly 'covers the field' of protecting airspace from hazards caused by human activity to ensure the safety of aviation. That legislation may equally provide for complementary State laws that deal with other matters such as privacy, nuisance, land use planning, environmental issues, etc. that are otherwise unrelated to aviation.

⁴ For a useful discussion on constitutional issues, see Submission 40 to the National Aviation Policy Issues Paper on Emerging Aviation Technologies from UWA School of Law at https://www.infrastructure.gov.au/aviation/drones/files/submission-40-drone_regulation_submission.pdf

What issues need to be considered in shaping future airspace protection polices and regulations?

TRANSPARENCY

The overarching consideration, preferably in primary legislation, is for an effective transparency scheme so that matters decided in the public interest involving safety considerations are available for public scrutiny.

AIPA and our umbrella safety and technical organisation AusALPA are often forced to rely on the *Freedom of Information Act 1982* arrangements to prise open the secrecy barriers that are the default position of DITRDC, CASA and Airservices, just to gain a glimpse of heavily redacted decision-making. Most recently for example, AusALPA was forced to pay FOI fees to gain access to a mostly benign airspace design safety case which Airservices declined to provide to us, yet the document showed that they had provided copies to Qantas and Virgin “as per their request”!

The need for transparency and the courage for decision-makers to be accountable have become unnecessarily frequent issues raised in our correspondence with DITRDC, CASA and Airservices and more recently with the Senate Standing Committee for the Scrutiny of Delegated Legislation⁵ and the Senate Rural and Regional Affairs and Transport Legislation Committee.

AIPA strongly endorses the advice given to DITRDC by AusALPA on 29 November 2019 in response to the 2019 NASF Implementation Review:

AusALPA’s greatest difficulty is that, as the primary users most exposed to the safety risks, we continually need to force our way into the various debates and consultations.

Our greatest disappointment is that DITCRD, CASA and airport operators all actively frustrate scrutiny of compliance with the NASF – a complete failure to act in the public interest and to accept public accountability for actions, decisions and outcomes.

With very few exceptions, airports exist to serve the Australian public and the safety-related standards and processes exist so that we can make their travel as uneventful as possible. None of the safety-related standards and processes exist for the benefit of officers of DITCRD, CASA or the airport operators – AusALPA strongly believes that a total change of mindset is required.

AIRSPACE

The burgeoning use of RPAs and locally launched rockets forces the Commonwealth into grasping the nettle of properly and safely managing Australia’s airspace from the surface to 100km and beyond.

AIPA, through AusALPA, made submissions to the Senate Regional Affairs and Transport References Committee inquiry into *the regulatory requirements that impact on the safe use of remotely piloted aircraft systems, unmanned aerial systems and associated systems*⁶ and to the Senate Economics Legislation Committee inquiry into

⁵ See Submission 29 at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Scrutiny_of_Delegated_Legislation/Exemptfromoversight/Submissions

⁶ See Submission 39 at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Drones/Submissions

*the space activities amendment (launches and returns) Bill 2018*⁷. Each of those technologies involve an expansion of the airspace most commonly associated with aviation operations and each of them raise serious safety concerns about their integration with traditional aviation activities. Furthermore, the now *Space (Launches and Returns) Act 2018* provided no clarity over our concerns raised with the Inquiry about the relevant airspace management arrangements.

Our view is that Australian airspace policy, including management arrangements, should be seamless and clearly set out in primary legislation, adopting the ever-hopeful approach set out in our opening comments to this section. We remain concerned that such an outcome has not been properly canvassed, let alone achieved.

In regard to our traditional civil aviation airspace, AIPA and our AusALPA partner AFAP harbour serious concerns about a number of aspects of the so-called Airspace Modernisation Program (AMP) being conducted by Airservices. In the context of airspace policy development, it is not clear to us what visibility DITRDC has over the consultation process and submission made to Airservices.

On 24 May 2019, AusALPA wrote to Airservices as part of the consultation process for Tranche 3 of the AMP. We do not propose to reproduce that 13 page submission here, but two quotes will suffice to paint the picture of our concerns. The first relates to the consultation process, in which we have been actively engaged:

Recent Consultations and Ignored Outcomes

AusALPA is both disappointed and frustrated with Airservices' repeated pursuit of some proposals despite contrary outcomes from previous industry consultations. This is especially so given the recency of these consultations, such as:

- The erroneous proposals related to the establishment of Class E steps above Ayers Rock aerodrome were only consulted upon four months ago and Airservices are now putting an alternative proposal forward to industry, which ignores the previous consultation outcome.
- The proposal for Class E above Class D towers, which was only consulted upon twelve months ago. Communication following that consultation was that Airservices was not going ahead with the proposal.

It is neither fair nor acceptable for Airservices to repeatedly consume the time and resources of aviation industry stakeholders with repeated attempts to implement its preferred model(s) simply because their preferred proposals were not accepted previously.

Such behaviour is only reasonable if the proponent provides an explanation as to why the previous negative feedback is misinformed, ill-advised or wrong. The industry is broadly capable of distinguishing when safety and operational efficiency are used as a cloak for internal cost-savings and it is abundantly clear that Airservices needs to be far more transparent about the reasons behind re-tabling of previously rejected concepts.

Given that there exists overwhelming responses of an adverse nature to previous consultations on Airservices' proposed and preferred options, AusALPA expects Airservices to adopt a consultation model that better aligns with industry expectations and needs, particularly one that includes rational discussion of industry feedback.

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See Submission 18 at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/SpaceActivitiesBill18/Submissions

The second summarises our position:

Conclusions

AusALPA does not support the Tranche Three proposals of the Airspace Modernisation Project and believes that a significant rethink is required.

Class E is an inherently less safe model of airspace classification to that of Class C. Any suggestion that the same levels of safety can be maintained when airspace is changed from C to E are simply false. Furthermore, Class E airspace at lower altitudes results in more of a challenge to maintain acceptable levels of safety because of the increased prevalence of VFR traffic at lower altitudes when compared with higher altitudes.

Airspace hubs (i.e. aerodromes) further heighten the likelihood of inappropriate separation encounters between VFR and IFR aircraft, further reducing safety margins. AusALPA rejects Airservices' claims that they can maintain current levels of safety when Class C over D is replaced by E over D. We believe that Airservices is not responsibly fulfilling its primary commitment to aviation safety with the AMP.

It is unclear to AusALPA how or if the Tranche Three proposals have been developed with consideration to airspace containment for IFP, or for missed approach climb workload issues related to MSA and CTA. The Tranche Three proposals are not consistent with best practice airspace models.

AusALPA seeks greater clarification from Airservices as to matters related to the Ministerial Directive No 4 of 2004. We have asked a number of questions that we consider relevant to this consultation and we request a timely response from Airservices.

AusALPA finds that Airservices current proposed model of airspace design standardisation actually complicates matters for airspace users and possibly controllers as well. Standardisation should be both fit for purpose and not the cause of a deterioration to the net level of safety. The choice of A045 fails that test and must be reconsidered.

Attempts to change MSAs in order to allow the chosen model of standardisation to work are a glaring "red flag" that the choice of A045 as a standardisation altitude for airspace architecture is obviously a mistake. This is a conflation of mutually exclusive concepts that raises serious concerns about the management and direction of Airservices airspace projects.

AusALPA believes that the efficiencies for users touted in the promotion for Tranche Three are misleading at best but are more akin to a self-serving attempt by Airservices for internal corporate efficiencies. Whilst we openly acknowledge that it is important to consider costs and to pursue genuine means of creating efficiencies, these considerations should not usurp the first priority towards the safety of the air navigation, consistent with the *Airservices Act 1995*.

AusALPA believes that the Tranche Three proposals have wrongly reordered so-called efficiencies to the top of the list of priorities and that only a significant rethink of these proposals can possibly rectify this. Any future proposal must reflect system-based risk management and the creation of safety defences-in-depth.

We believe that the Design and the Implementation Safety Cases for the Tranche 3 changes should be publicly available without having to resort to the cost and delay of time-consuming FOI applications. Matters of public safety should not be secret – DITRDC should ensure that Airservices provide public electronic access to all relevant safety cases, minimally redacted for privacy considerations.

AIRSPACE SAFEGUARDING

DITRDC has previously sought industry and public advice on three main reform proposals in December 2016. Those proposals were:

- Reform Proposal 1 – Modernising Airspace Protection under the *Airports Act 1996*
- Reform Proposal 2 – Protecting the National Communications, Navigation and Surveillance Network
- Reform Proposal 3 – Mitigating Risks to Aircraft Flying Beyond Aerodromes

AIPA responded to the Modernising Airspace Protection Public Consultation Paper on 28 February 2017. We offered the following conclusion and summary of our position:

Conclusions

We accept the premise that the risk management of obstacles to low flying cannot be managed by the Commonwealth in isolation. We also accept that the coordination by aviation agencies, State, Territory and Local government agencies and industry will not result in a uniform outcome.

However, AIPA believes that the Commonwealth must take the lead in legislating for all aspects of aviation safety and, if necessary, preventing the States from undermining that aviation safety framework by instigating local variations or refusing to ensure compliance with that framework.

SUMMARY

AIPA strongly supports the protections and risk management ideals that underpin this Consultation Paper.

On the other hand, we do not support the choice of legislative framework proposed or the current choice of lead agency.

While it is unsurprising that DIRD would promote the *Airports Act 1996* as their preferred vehicle, it is primarily economic legislation for lease management and not aviation safety legislation that 'covers the field' in Australia. While Part 12 has the option to be applied more generally, to do so would merely fragment the safety regulation framework even more. The *Airports Act 1996* should be cleansed of safety matters and DIRD should leave that field to the experts.

The most appropriate aviation safety framework is the *Airspace Act 2007* and the *Civil Aviation Act 1988* and the associated subordinate legislation. DIRD should also be very clear that, in terms of providing advice for decision-making, Airservices is not a regulator but just a service provider and procedure designer.

AIRPORT SAFEGUARDING

Nearly three years later, AIPA, through AusALPA, made a submission to DITRDC as part of the 2019 NASF Implementation Review. Unsurprisingly, the main themes were in regard to jurisdictional fragmentation, transparency and Commonwealth leadership. While we are committed to the NASF, we are also keenly aware of the impediments to fully implementing a consistent national scheme for at least RPT airports. We concluded as follows:

A Way Forward

To be clear, AusALPA recognises that the economic decisions surrounding airports, i.e. determining the balance between the economic benefits of developments and the detriments to the accessibility, efficiency and capacity of an airport, rest entirely with the relevant jurisdiction within which the airport is situated

or which retains legal control. The issues of enforceability and dispute resolution of development approvals would remain consistent with those jurisdictional norms.

However, contrary to current practice, we are proposing that the assessment, mitigation and enforcement of the safety consequences of all relevant developments be ceded by those jurisdictions to CASA as an independent decision-maker.

Consequently, CASA needs to change its model of how airport standards are applied and enforced so as to obviate the gaming of the system so exemplified by the Essendon experience or by the uncontrolled expansion of the thousands of airspace penetrations at Sydney. As a further consequence, DITCRD should seek major amendments to the *Airports Act 1996* that change the current subservient and excessively constrained role attributed to CASA and that also clarify the safety considerations that ABCs must undertake in regard to minor developments.

Furthermore, we are proposing that the visibility of developments affecting the safety outcomes at airports is vastly improved in all jurisdictions.

The public interest is best served by accepting that the potential hazard created by a development on or near an airport is not a function of cost but rather the amalgam of the issues set out in the Guidelines. Each jurisdiction should commit to a public register of development proposals that may present a potential hazard to safe airport operations, enhanced by a published list of stakeholders who are alerted to each new relevant development submitted to the jurisdiction for approval.

AIPA, through AusALPA, will continue our commitment to airport safeguarding and look forward to participating in NASAG discussion post-pandemic.

How can airspace protection balance the needs of the aviation industry with those of land owners and surrounding communities?

AIPA suggests that this question should have been comprehensively answered in 1996. The lay reader of the relevant text (quoted below) from the Explanatory Memorandum for Part 12 for the Airports Bill 1996 could be forgiven for believing that the proponent of a controlled activity bore the onus to prove that any effect on the “safety, efficiency and regularity of air transport operations into or out of an airport” was acceptable, contemplating a range of future aviation activities:

This Part enables the Commonwealth to make regulations to prevent certain incursions into airspace where it is in the interests of the safety, efficiency and regularity of air transport operations into or out of an airport to do so.

The provisions can be applied to airports where the site is a Commonwealth place, as well as to airports specified in the regulations, where the site is not a Commonwealth place. As an example, the Part will enable the Commonwealth to control the construction of buildings or other structures, the height of which would adversely affect the ability of an airport to which the Part applies to cater for existing or future air transport operations. The restrictions can be applied to on-airport or off-airport areas, such as along or adjacent to current or future flight paths, where the height of the proposed building or structure would interfere with prescribed airspace.

Similarly, the relevant text from the Explanatory Statement for the Airports (Protection of Airspace) Regulations 1996 (APARs) might give similar comfort:

The approval authority for proposed controlled activities is the Secretary of the Department of Transport and Regional Development. If a proposed activity would result in an incursion into the PANS-OPS surface or if the Civil Aviation Safety Authority (CASA) advises the Secretary that in the interests of the safety of air transport the application should not be approved. then the application to conduct

that activity cannot be approved. In other cases, the Secretary must assess the application having regard to the views of the proponent, the airport-lessee company, CASA, Airservices Australia, relevant building authorities and, in the case of a joint-user airport, the Department of Defence.

Unfortunately, the practical application of the APARs by DITRDC and its predecessor Departments, observed by AIPA over the last 10 years at least, appears to have become legislation that protects developers above all else. CASA advice to the Secretary only gains significance if the magic threshold of “an unacceptable effect on the safety of existing or future air transport operations”, whatever that actually means in practice. Our experience with assessing the several applications for controlled activities that have come to our attention is that the proponent/developer never addresses the safety or other consequences of the activity. It seems highly likely that the status quo established by DITRDC and CASA is that there is no such requirement and that the onus to prove detriment is reversed and placed upon those conducting the air transport operations.

On 15 June 2018, AIPA wrote to Sydney Airport Corporation Ltd in regard to the proposed Hayes Dock development at Port Botany that involved an OLS penetration of nearly 30 metres. In that letter, we canvassed many of the above issues. On 09 August 2019, we significantly expanded upon those same issues in a letter from AusALPA to Adelaide Airport Ltd in regard to a proposed development at 207 Pulteney Street Adelaide, which included a copy of an AusALPA Position Paper⁸ related to OLS penetrations. We presume both of those letters were forwarded to DITRDC in accordance with the APARs procedures related to controlled activities.

AIPA considers that the Position Paper specifically addresses the question.

AIRPORTS ACT 1996 DEFINITION OF CONTROLLED ACTIVITIES

The recent DITRDC approval for cranes to permanently penetrate the Obstacle Limitation Surface (OLS) by 21 metres, the effects of which by definition must be acceptable, has also revealed a definitional issue in relation to regulation 182(1)(c). That paragraph refers to a “thing attached to, or in physical contact with, the ground” which precludes the consideration of ships underway. We presume that a ship at anchor or moored to a wharf falls within ambit because they are attached directly or indirectly to the ground.

DITRDC have indicated that they do not intend to take urgent action to resolve the issue, despite the ships underway or anchored at Hayes Dock that can be serviced by the new cranes will both penetrate the OLS and create a potential windshear and turbulence hazard to operations at KSA. Hand-balling the problem back to CASA is also unhelpful – while they are apparently indifferent to the OLS penetration, their risk management response to the latter hazard is to restrict operations at the airport for the duration of any hazard that eventuates.

AIPA considers these outcomes to be inconsistent with the stated objectives of the Act and APARs and unacceptable on safety grounds. WE urge DITRDC to commence amendment action to correct this and related deficiencies in the definitions.

⁸ AusALPA Position Paper (AGE 2/2018) *Accepting Penetrations of the Obstacle Limitation Surfaces at Australian Airports* - 12 July 2018

Reducing the Regulatory Burden: Airline access to domestic and international routes

Are there ways to further liberalise air access arrangements while maintaining Australia's high regulatory standards?

In response to the Final Report of the Competition Policy Review conducted by Professor Harper, AIPA wrote to the Treasury on 15 May 2015⁹ setting out our comprehensive commentary on the subject of air service agreements and cabotage. In the intervening years, nothing has altered our position.

Perhaps most importantly, in a post-COVID-19 recovery of international operations the most destructive and economically incomprehensible thing the Australian Government could impose upon our industry would be any relaxation of our cabotage restrictions.

Reducing the Regulatory Burden: Facilitating new and emerging technologies

Are there barriers to the take-up of innovative technologies in the aviation sector?

Given that this was a specific topic in the consultation on the National Aviation Policy Issues Paper on Emerging Aviation Technologies, AIPA expects that those directly involved in new and emerging technologies will have readily identified such barriers. For our part, we embrace the safe integration of such technologies in the aviation industry.

Nonetheless, while the aircraft manufacturers contemplate how they might mitigate the risks of single human pilot operations, AIPA believes that replacing two competent and experienced human with a single pilot supported by some form of artificial intelligence software is many years down the track. Trust in engineer-developed software such as the now infamous Boeing 737 Max MCAS will take years to develop, noting that there are many design and implementation failures that never make it into the public domain because pilots are usually able to reason and to overcome the potentially adverse outcomes without the inherent constraints of software coding. Sometimes they don't solve the problem because the design faults defeat them in a number of unexpected ways.

We are positive about the benefits of technology in many situations but we are always wary in the safety sense. Policy makers must always remember that technology doesn't design itself – it is designed and tested by imperfect humans to correct or assist perceived performance imperfections in other humans. That is also why *2001: A Space Odyssey* will remain an aviation safety classic.

⁹ AIPA Letter to the Treasury *Comments on the Competition Policy Review Final Report* – 15 May 2015, see at <https://www.aipa.org.au/media/1128/15-05-18-aipa-letter-to-treasury-re-final-report-on-competition.pdf>

Reducing the Regulatory Burden: Safe, secure and environmentally sustainable aviation

Are there options for governments to improve aviation safety governance and consultation processes?

Our previously referenced submission to the Senate GA Inquiry addressed a number of issues related to this question. Additionally, a very comprehensive submission¹⁰ was made to the Aviation Safety Regulation Review. Nothing of substance has changed.

The greatest improvement in aviation safety governance will occur when the Minister, officers of DITRDC and of CASA fully embrace the notion that they are not working for themselves, the major airlines or the major airports, but are actually working to protect the safety of the traveling public and that they are accountable to the Australian public for the decisions they make, the benefits they bestow and how the taxpayer dollars are spent. While some might feel insulted by that statement, AIPA intends only to highlight that our experience does not match those ideals. We regularly deal with many people in government who firmly believe in the same principles of honesty, integrity, consistency, accountability and transparency, yet the organisational outcomes that we see betray them.

A committed examination of that disconnect should provide a treasure chest of options for improvement.

Are there approaches that governments could pursue to improve aviation security governance and consultation processes?

With DITRDC assistance, AIPA attempted to follow up on this particular snippet from the Issues Paper:

Recognising the importance of regional aviation, and also of a secure aviation network, the Department of Home Affairs is examining options to ensure the sustainability of security screening operations at regional airports. The Department recently released the Sustainable Security Screening at Regional Airports discussion paper to facilitate discussion between the Department and industry, and to give industry the opportunity to provide information, views and experiences that will contribute to the development of an appropriate and enduring support mechanism.

This Issues Paper is not looking at specific aviation security regulations, but rather is seeking feedback on the Government's broader approach to aviation security policy.

We suggest that the answer to the question, at least from this part of the industry, is entirely self-evident from the reply we received from the Aviation Security Branch:

[I understand you were interested in the Department of Home Affairs Sustainable Security Screening at Regional Airports Discussion Paper.](#)

[The Discussion Paper was released on a dedicated GovTeams page for limited industry consultation, and the consultation period closed on 16 October 2020.](#)

It is most disappointing when we consider the degree of positive interaction on a wide range of subjects we had with Aviation Security when it resided in DITRDC. It is

¹⁰ See Submission 197 dated 31 January 2014 at <https://www.infrastructure.gov.au/aviation/asrr/submissions/index.aspx>

difficult for us to see the move of Aviation Security to DHA as anything other than a negative for transparency, engagement or progress.

AIPA remains concerned about the security leakage of airside access at major airports and wonder about how the drive for increased regional security screening for relatively small aircraft is balanced with the apparent laxity of airside access to our largest aircraft and the associated access to high density secure areas in the terminal from airside.

Are there options to improve environmental outcomes while maintaining an efficient and effective aviation sector?

AIPA believes that Australia's pilots inevitably seek to operate to maximise efficiency, which of itself maximises the environmental benefits available from existing technology. Our only concern is when the environmental politics, particularly that surrounding noise, attempts to create operational "solutions" which encroach on safety. Minimum power/thrust and maximum gradient take-offs and steep landings are often touted –as appropriate noise reductions strategies, but each option increases risk by increasing exposure to more limiting areas of an aircraft's operating envelope and may even require operational techniques that frustrate other environmental imperatives.

AIPA expects noise to be a more contentious issue coming out of the COVID-19 market collapse due to long periods of low operational tempo, with noise sensitive people perceiving dramatic relative increases in aircraft noise, despite the number of flights remaining well below normal pre-pandemic frequencies.

Curfews are blunt instruments that should be avoided where possible, since they sacrifice efficiency and economic benefit. Once in place, they are almost impossible politically to remove. In our experience, some curfews that were established when aircraft barely met Stage II noise emission levels have not been revisited to allow even limited operations by modern aircraft meeting Stage IV noise levels. Presumably, the economic cost of restricting aviation operations must reach a threshold where it is cheaper to resume domestic properties in runway PSZs or subsidise even greater levels of noise insulation in the most affected properties.

A number of our submissions to Airservices, whether direct or through AusALPA, have highlighted the issues of continuous climb and descent operations in airspace designs. While safety is a key consideration in those styles of operation, an overwhelming environmental benefit accrues from the efficiency of such trajectories, minimising fuel burn, power settings and noise emissions. Every requirement to level off due to poor airspace design compromises both of those outcomes.

Reducing the regulatory burden & greater local decision making: federally-leased airports

The Issues Paper is unhelpful in terms of potential mechanisms for local coordination.

AIPA assumes that "management at the local level" does not mean local government but rather contemplates some sort of arrangement with the States. In any event, we are concerned that the rather inadequate Commonwealth legislative framework is not effectively mirrored (if at all) in the State legislation and that safety would be compromised by such arrangements even more than it currently is under the auspices of DITRDC and CASA.

Are there options to improve the regulation of federally-leased airports that balance the benefits of local level regulation and management with strategic national level interests?

The short answer is yes, but certainly not in the direction that page 25 of the Issues paper appears to favour.

ECONOMICS AND COMPETITION

The government decision to sell off leases for the Commonwealth airport assets remains the subject of great debate. The points¹¹ made by Caroline Wilkie, then CEO of the Australian Airports Association, ring true:

Improvements to runways, taxiways and aircraft parking foster growth, sustainability and a safe and competitive aviation market. And these investments have continued despite the return on aviation assets falling during the past five years. These are long-term investments funded primarily by Australian families through their superannuation.

This is in stark contrast to major public infrastructure throughout Australia — take ports, roads and urban public transport, for example — many of which bear the scars of systemic financial neglect and a failure to future-proof.

The taxpayer has not had to prop up our major airports for 20 years in the way the public purse has been relied on in every other infrastructure sector.

That is thanks to the decision made those two decades ago to open the doors to private investment and let innovation and enterprise thrive.

On the other hand, there is continuing debate about the price paid, and still being paid, for that privatisation of public assets. Graeme Samuel, the former chair of the ACCC, argued in the Australian newspaper in 2018 that we need tighter regulation of monopoly airports¹² and again in 2019 that “greedy airports get greenlight to gouge customers”¹³. He argues:

Over the past decade, Australian airports’ margins have grown significantly higher — in some cases more than double — than those of other airports around the world operating in competitive markets or with greater regulation.

...

This situation has arisen because Australia’s airports are indisputably monopoly operators and are able to use their market power to set excessive prices and provide service of dubious quality for the travelling public.

Despite the recent Productivity Commission report, we believe that there seems to be sound economic reasons for more rather than less regulation. In the aviation system, we cannot afford monopoly players since, arguably, the cost to the traveling public outstrips the benefits.

AIRPORT SAFEGUARDING

In the regulatory context, our greatest concerns arise over what we see as the unrelenting failure of DITRDC (and CASA) to regulate to protect and maintain the proper purpose of the airports and the safeguarding of aviation operations.

¹¹ Caroline Wilkie, *Private ownership has liberated Australia’s airports*, The Australian 14 July 2017

¹² Graeme Samuel, *We need tighter regulation of monopoly airports*, the Australian, 25 May 2018

¹³ Graeme Samuel, *Greedy airports get greenlight to gouge customers*, the Australian, 27 March 2019

As we have already identified, there is very little if any, public evidence that DITRDC or CASA have acted to safeguard operations at the federally-leased airports. On 09 August 2019, AIPA wrote to CASA (with an information copy to DITRDC) about our concerns about the failure of CASA and the Commonwealth government to genuinely uphold the safety standards for the protection of airspace.

While we are concerned more generally, we consider Essendon to be a prime example where even the so-called “light touch” regulation appears to have degenerated into “no touch” disinterest. Essendon has already highlighted some significant disconnects in the regulatory scheme that the Issues Paper seems to suggest that DITRDC want to weaken even further.

For example, in relation to the recently constructed iFly building at Essendon, we noted in that letter some inconsistencies in the CASA advice and also noted that the Airport Building Controller (ABC) advised us that they “are not aware of any studies conducted in relation to the NASF Guideline B.” DITRDC was a party to the correspondence with the ABC and did not contradict that advice, but most curiously the CASA response to our letter “notes that a wind study was conducted by the proponent”. Regardless of the veracity of CASA’s response, it remains a regulatory and procedural failure if the ABC was unaware of the need for a wind study, the DITRDC supervisor of the ABC didn’t act to correct the omission, the ABC was unaware that the proponent had in fact conducted such a study and that CASA was the only agency who knew.

AIPA sees no grounds to further weaken a regulatory scheme that is not achieving the professed aim in preserving the national airport assets as airports rather than car yards and shopping malls with the inconvenience of runways interfering with the ability of airport operators to access commercial opportunities and further diversifying their revenue schemes. We do not see the role of government as inventing further schemes to use our airports to line the pockets of a few private interests.

Greater local decision making: Local government owned aerodromes

Are there options to improve how ALOP aerodromes are regulated?

Are there other ways the Commonwealth could support state and local governments in their operation and management of regional and local aerodromes?

We have previously expressed our general view that our airports represent a national strategic asset. The specific detail of how ALOP aerodromes are best regulated, supported and managed is beyond our immediate expertise.

Targeted assistance: Funding of regional airports

Do current Government airport grants target key priorities for regional airports?

Without access to DHA’s Sustainable Security Screening at Regional Airports Discussion Paper, AIPA is at a significant disadvantage in making significant comment on the RASSF and RASI programs. We do note that the monies allocated in total to those two security programs exceed that allocated to the RAP, presumably to a much smaller audience, but we are unable to satisfy ourselves as to whether the most effective cost-benefit has been achieved given that there may well be other security solutions.

Given that we are comparing funds from the DITRDC budget with those from DHA, AIPA has no visibility of how the relative merits of those programs are decided. In our

view, “a more strategic and coordinated approach to regional airport funding across levels of government” is essential.

The key priorities for regional airports are not matters to which we are regularly exposed.

Targeted assistance: Aviation skills and workforce development

Noting the complexity added by COVID-19 to the changing nature and structure of the aviation workforce: Are there other or modified options to improve the aviation workforce training framework to better meet the current and future needs of industry, beyond those identified in the Expert Panel Report?

The Expert Panel report mostly indicates the roadblocks, as distinct from the necessary detours. We agree that the airline industry collectively has procured and poached talent from other organisations from within the greater aviation training system for decades without bearing the cost of developing that talent and the airline academy model is a relatively new phenomenon, driven not by any sense of community but rather by shortages of candidates displaying the required standards. While we agree that industry needs to step up even more in developing their airline training programs, the product will not effectively add to the national pilot asset for some years and, most importantly, does not help the rest of the aviation community to resolve the shortages of suitably qualified participants, particularly pilots and maintainers.

In our submission to the Senate GA Inquiry, AIPA suggested that the airline training programs had been a significant negative factor for the GA flight training sector. That negative influence will not subside and post-pandemic will probably be much worse. In our submission¹⁴ and evidence to the 2010 Senate Inquiry into pilot training and airline safety, we made it very clear that we were strongly opposed to the transfer of training costs from the operators to their prospective employees, among many negative influences on the desirability of becoming a pilot as a career choice.

Our strong view is that the government should be very careful not to waste scarce aviation support funding on the most viable training models run by those with the strongest capital positions, but rather should target the areas that initially support the non-airline sectors.

AIPA strongly supports VET scheme support for pilots and maintainers. However, providing support schemes that line the pockets of training providers on a head count basis without concern for the product, while perhaps relatively simple to administer, actually corrupt the intention of that support. We strongly believe that the support payments should be competency milestone-based: firstly, to lock out the rent-seekers and, secondly, to ensure that the support funds are not wasted on candidates who cannot and are unlikely to attain the intended qualifications.

The other key issue from the Expert Panel report that we agree with is the identification of the chokepoints of examiner and instructor resources. We note the short term recommendation to CASA:

The CASA CEO and the Aviation Safety Advisory Panel review the flight examiner upgrade pathways and examiner/instructor qualifications and streamline the regulatory process with a view to encouraging more pilots to take up these roles.

¹⁴ See Submission 6 at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Completed_inquiries/2010-12/pilots2010/submissions

but caution against mixing the examiner approval process problems with any suggestion that instructor qualification standards could or should be reduced. We will provide further comment on instructor standards below. Notwithstanding the key influence of CASA on the respective pathways, there is a risk that other issues inhibiting the take up of those critical roles that are not within CASA's influence may be suppressed.

Noting the complexity added by COVID-19 to the changing nature and structure of the aviation workforce: Are there options to improve the longer-term development and/or retention of aviation skills?

AIPA is concerned about the import of some evidence given to the Senate GA Inquiry in regard to less stringent FAA requirements for instrument ratings and instructor training. It was suggested that there was no relative flight safety impact of the lower FAA standards and that Australia should move to adopt those standards.

AIPA is supportive of a review of each of the requirements, but notes that there have long been philosophical differences on the required quality of training between American and British-based systems such as ours. The American system, which we might describe as minimalist, accepts a higher level of risk than we have traditionally considered acceptable. In the end result, we reiterate that the level of acceptable risk is a political rather than technical decision. AIPA prefers a quality outcome over a "near enough is good enough" solution, but recognises that the appropriate quality demand remains debatable.

Without getting too deeply into technical issues, AIPA believes that merely demonstrating competency in gaining an instrument rating, for example, does not of itself mean that an instructor can be presumed to be competent in teaching how to fly on instruments without further specific training. Similarly, AIPA believes that the current minimalist instructor training and experience requirements are not sufficient to create quality outcomes. In short, we believe that there are a number of CASA qualifications that already lack the prerequisites to create quality outcomes and would not support further relaxation of standards.

In regard to the longer term, AIPA strongly recommends that CASA needs to follow the lead of the AAAA and the UK CAA in providing standardised training courses for number of qualifications, the leading example of which is for Chief Pilots. In our view, the adoption of regulator provided training courses would be a great boon to standardisation for both the industry and the regulator as well as to underpin the longer term quality of aviation training.

Targeted assistance: Sustainable funding for Australian aviation services

Are there options to rationalise the number of fees and methods of charging the aviation sector?

In the context of cost imposts due to CASA activities, our submission to the Senate GA Inquiry, we said:

The imposition by government of the "user pays" requirement has the propensity to magnify the impact of well-meaning decisions to require a range of approvals, permissions, variations and the apparently endless range of statutory authorisations. AIPA has no doubt that the CASA people developing the rules have the best of intentions in trying to solve what they consider safety problems or trying to mitigate risks to existing safety standards. However, the standards development culture within CASA means that hundreds of individually developed

solutions for minor problems may be thrown into a regulatory bucket so large that apparently no CASA executive can sufficiently distance themselves from it to see the enormity of the regulatory nightmare that often results.

and

Regulation invariably costs some combination of private and public money. Industry participants rarely acknowledge that entry to the industry and the opportunity to seek various paths to commercial advantage must, at least in equitable terms, come at a cost to those participants. Those costs represent the general opportunity cost to others in the industry of tying up regulatory resources. The debate that then follows should be about what costs are reasonable in an efficient 'user-pays' system.

concluding with

In regard to the costs of participation, it might be useful for government to review how the 'user pays' principle is playing out in the aviation industry and whether the distribution of costs between the public purse and private interests is equitable and economically appropriate. That is a political rather than a technical consideration and should not be left to CASA to decide.

Earlier, we noted that apparently neither CASA nor Airservices were left with operational staff with nothing to do when the industry was effectively closed down. Hopefully, any affected staff were redirected to reducing any backlog of industry services and thus were fully employed. At some stage, the differences in effective employment of government agency operational staff should be examined in comparison to the industry stand-downs and support solely by JobKeeper.

Concomitantly, the overheads for both CASA and Airservices need to be forensically examined to ensure that users are not supporting unjustifiable and self-serving overheads. In the particular case of DITRDC, given that the only operationally-related business appears to be servicing the needs of developers, the question that needs to be asked is why the public purse is bearing the considerable direct and indirect costs of development approvals.

More broadly, the issue of an equitable approach to user pays is a matter for political economists and other experts in government and is undoubtedly a rich field for research and academic examination.

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Authorised for submission to DITRDC by:



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