

The Future of Australia's Aviation Sector, Flying to Recovery

Issues paper 2020

Australian Government, Department of Infrastructure, Transport, Regional  
Development and Communication

Queensland Airports Limited response

**November 2020**

## Background

Queensland Airports Limited (QAL) is an Australian-owned, Queensland-based company that operates Gold Coast, Townsville, Mount Isa and Longreach airports. QAL is the largest regional airport operator in Australia.

QAL is a privately-owned company and its shareholders include superannuation and investment funds.

QAL employs almost 150 people directly, and its airport activities facilitate thousands more jobs across Queensland and in Northern NSW.

## COVID-19 impacts

In the year ended 30 June 2020, we recorded 6.3 million passengers across Gold Coast, Townsville, Mount Isa and Longreach airports. This was 25 per cent less than the year before, with a significant drop off in travel from mid-March. At our largest port, Gold Coast Airport, about 1.5 million fewer people travelled in the last three months of the year, or 99 per cent less people supporting the tourism and business sectors in this region. Normally the sixth busiest airport in Australia, welcoming and farewelling about 126,000 passengers on 420 flights a week, the Gold Coast Airport terminal was shut for a total of 45 days from April onwards due to no RPT services. Our business will continue to be significantly impacted for some time to come.

Despite the effects of COVID-19 management measures, the company is continuing to progress a few priority capital projects and on the Gold Coast, the terminal expansion is more than halfway along and scheduled to open in 2022. The Rydges Gold Coast Airport hotel also opened recently. The Townsville terminal expansion has been paused however, due to the fact our revenue is significantly reduced and other infrastructure projects across the group have been delayed or stopped.

The crisis also required a company restructure, with our workforce reduced by about 30 per cent since the start of the pandemic. Our partners have been similarly affected.

## Part A: COVID Response

QAL Response to questions listed under Objective 1, 2 and 3:

### **RPT network**

A minimum RPT network is one that has sufficient flights available to service and support cities and regions across Australia where there is appropriate passenger demand.

It is important to note that all major regional centres should have access to air services for medical and business purposes. Where demand is limited, vital links between regional centres and major cities must be supported through subsidised programs to ensure ongoing access.

### **Regulatory environment**

Regulatory settings that encourage a competitive aviation environment and allow the market to operate at an optimum level are required.

### **Government support**

Funding from the Federal Government will continue to be required for some time to support essential aviation services across the country due to the significant impacts of COVID-19 management measures.

In assessing the approach and timeline of support mechanisms, we would encourage the Federal Government to constantly engage with all facets of the industry to understand how the impacts are being felt at any one time. There is no doubt that some markets will recover more quickly, while others will be impacted longer and potentially, more deeply. Therefore, a flexible approach will be necessary. It is also worth highlighting that current forecasts anticipate recovery for the aviation sector will take about four years.

It is also important to state that while the Federal Government has supplied significant funds for the industry during this crisis, the majority of this support has gone to airlines rather than airports. Much of this funding has covered the cost of essential services while airports like Gold Coast Airport have kept terminals open for most of the period to support these flights, while operating at a loss.

Border closures have of course impacted not just airlines and airports but a range of other businesses directly, including ground handlers, ground transport operators, food and beverage operators, retailers, and catering companies. We have been working closely with our partners throughout this crisis.

As the re-opening of international borders progresses, we would encourage the Federal Government to establish a similar scheme to the Queensland Government's Aviation Attraction Fund, which, working with airports, supported the restart of domestic services and the establishment of new ones. A similar Federal Government-funded scheme focused on international services would allow a quicker re-establishment of safe international routes, in the same way as the Queensland Government scheme has assisted. This environment is unprecedented and the restarting of a valuable section of the tourism market requires a special approach, particularly since it will come at a time when other countries, with more to invest, will be doing the same and airlines' financial ability to invest in long-haul routes at an all-time low.

### **Government support – domestic security**

The relief provided by the Federal Government in the area of domestic aviation security charges, as part of the Australian Airline Financial Relief Package, has supported services during the worst crisis to ever hit the industry. Federal Government funding for domestic aviation security charges will continue to be critical into 2021, as airlines and airports work to rebuild the sector in what we suspect will continue to be an extremely challenging environment for some time to come.

Using the Gold Coast as an example, the per passenger charge for Gold Coast Airport is expected to increase by up to ten times and significantly increase the price of fares for travel between the key routes of Gold Coast-Sydney and Gold Coast-Melbourne. Such an impost could result in the customer choosing not to travel or spending less when they get to the destination. Therefore, an end to this scheme could not only further threaten the sustainability of the aviation sector but also put the greater national economic recovery at risk given the importance of the tourism and aviation sector in restarting growth and creating jobs.

### **Government support – administering ex-gratia land tax at federally leased airports**

As stated recently in QAL's response to the Department's position paper on administering land tax at federally leased airports, the relief in this area provided by the Federal Government this year to companies including QAL has been critical in supporting operations during an extremely challenging time. Given the ongoing impacts of the crisis, QAL is appealing to the government to continue this relief past 31 December 2020.

The review into this matter is being conducted at a time when the industry does not have the resources to participate in any significant way and, therefore, should be paused until the crisis has come to an end and the sector has sufficiently recovered.

### **Government support – support for essential services**

Given the ever changing aviation environment currently, it is relevant to highlight the importance of the Federal Government ensuring essential services, such as air traffic control, are appropriately resourced to safely manage and support the expected growth in air traffic over coming months and years.

## Part B: The Future of Aviation: The Government's Five-Year Plan

### Reducing the Regulatory Burden

#### **Demand management at Sydney Airport**

Implementing measures that increase the efficiency of Sydney Airport will deliver benefits across Australia's domestic network. Expanding beyond the limited 20 movements per 15 minutes to a more practical rule of 80 flights per rolling hour would see significant advantages, including reduced delays for other major airports like Gold Coast. It is worth stating that Sydney Airport is responsible for 40 per cent of Gold Coast Airport's passenger movements. Improving on-time performance across the domestic network would of course deliver significant economic and social benefits Australia-wide including, but not limited to, a reduction in cancellations and passenger disruption.

#### Airspace management

Airservices is often given the task of assessing potential noise improvements and a Federal Government position on both noise sharing versus concentration, and new noise versus existing noise would help streamline this process. This would allow flight path amendment decisions to be effectively made where an agreed community outcome cannot be reached.

Enhanced collaboration between all stakeholders during the air space review process is required and discussions must include representatives from all relevant areas including airlines, airports and the community, and, for joint-user facilities like Townsville, the Department of Defence. It is also critical that stakeholder engagement occurs early in any potential change process.

#### Facilitating new and emerging technologies

Airspace protection for legacy aircraft aimed at avoiding potential conflict could be considered a barrier to the take-up of innovative technologies in the aviation sector. Land-use planning regulations and guidelines to enable appropriate integration with the community, in particular the noise impacts associated with new technology, could be a solution for this issue. This should also improve the assessment process currently in place for new technology flight plan applications.

#### Safe, secure and environmentally sustainable aviation

##### *Safe air travel*

There is the opportunity for CASA to work with the industry to ensure the intent of safety regulations are achieved in a logical and cost-effective manner.

##### *Secure aviation*

The Federal Government's recent engagement with industry regarding security screening changes and associated funding programs has been excellent, with clear and transparent communication, and an achievable timetable provided for the process. We would welcome ongoing dialogue on any revisions to security screening protocols, from both a safety/security and market impact perspective. The government will no doubt continue to be cognisant of creating a structure that can support aviation sector changes and do not negatively impact the market.

*Environmentally sustainable aviation*

If the Federal Government had a well-understood and long-term policy position on climate change it would remove a level of uncertainty around airport industry investment and help to promote key projects.

Ensuring an effective and efficient review of the *Airports (Environment Protection) Regulations 1997* ahead of the sunset date, including addressing the feedback provided previously by the sector, would assist in improving environmental outcomes for airports. These include making the regulations more contemporary and considerate of the current national and relevant state requirements and guidelines.

Targeted assistance

*Funding of regional airports*

As highlighted in QAL's recent submission in response to the Australian Government Sustainable Security Screening at Regional Airports Industry Discussion Paper, QAL would welcome increased accessibility to the Building Better Regions Fund for privately-owned airports, or the extension of a similar grant program to the previous Regional Growth Fund, which targeted transformational infrastructure projects and was accessible by private companies.

Recent grants which focus on airside safety infrastructure have been welcome. It is worth noting that grant eligibility through the regional zoning model requires review, as there are airports which need support and do not fit the model. There are busy airports in remote areas which require a greater level of support than the Remote Airport program can provide for example. If grant eligibility was based on passenger numbers rather than location this issue would be easily addressed.

Recent security funding grants for airports from the Federal Government have been greatly appreciated by industry members. Ensuring approval timelines are observed would further improve the delivery of these programs.