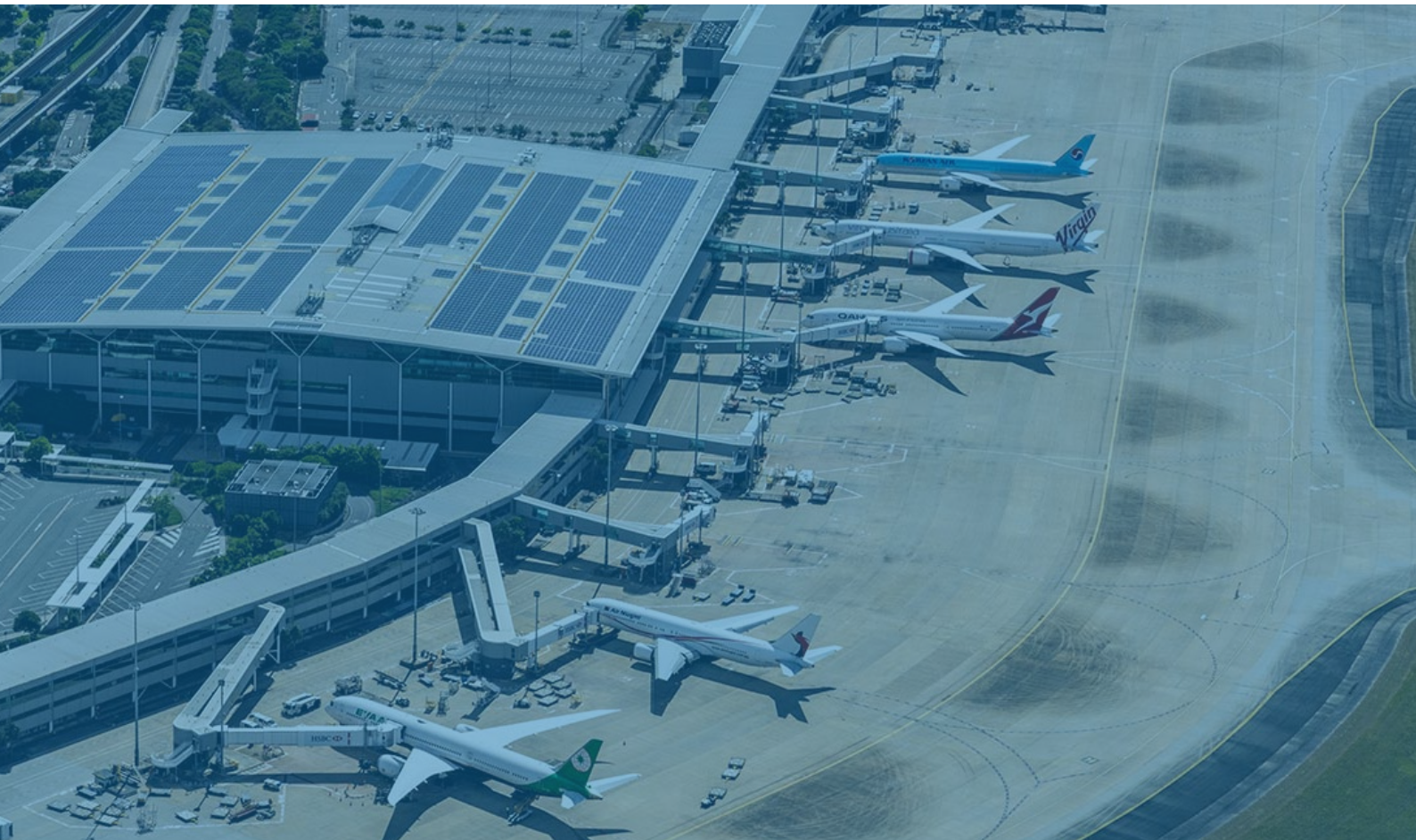




AUSTRALIAN
AIRPORTS
ASSOCIATION

2024-25 Federal Budget Submission

AUSTRALIAN AIRPORTS ASSOCIATION (AAA)



The AAA is the national voice for airports, representing the interests of more than 340 airports and aerodromes across Australia. It also represents more than 150 corporate members supplying products and services to airports and the wider aviation industry.

The Australian Government's Aviation White Paper process presents a unique once in a decade opportunity to reform the aviation policy and regulatory settings to grow Australia's economy. The 2024-25 Budget process will be critical given the similar timing to the Government's publicly announced White Paper release timing of mid-2024.

Australia's airports are vital to the economic and social wellbeing of all Australians. Airports are critical infrastructure, providing services that generates substantial employment and increases connectivity within Australia and internationally.

Airports are also key drivers of the economy. Recent analysis published by Deloitte Access Economics, found that in 2022 Australia's airports contributed \$105 billion in value added (VA) to the national economy, supporting 690,000 full time equivalent jobs. The economic activity at and facilitated by airports, contributed around 5% of Australia's gross domestic product (GDP) and supported 6% of full time equivalent (FTE) jobs in 2022.

This important economic contribution to Australia's economy could be at risk from increased regulation and a lack of clear policy pathways to enable further investment.

This Federal Budget submission outlines some key priorities for airports that should be funded. Many of these priorities were covered in our submission to the Green Paper process, although there are additional priorities, including for regional and remote airports as well as aerodromes, which are critical to regional mobility.



AAA key priorities are:

Competition and consumer protection:

- Funding the Australian Competition and Consumer Committee (ACCC) to conduct an inquiry into anti-competitive behaviour in domestic aviation.
- The Australian Government should examine further avenues to incentivise new entrants to the domestic airline sector that would improve competition and quality of service to consumers.
- The Government should fund an independent Airline Ombudsman to improve consumer confidence.
- The Government should implement the recommendations of the Harris Review as a matter of priority.

Regional and remote aviation services:

- The Australian Government should reinstate the Regional Airports Program (RAP) and Remote Aerodrome Upgrade Program (RAUP) grant program to close the infrastructure gap at regional and remote airports and place funding for safety critical aeronautical infrastructure on a sustainable footing.
- To aid the mid-sized airports who are ineligible for existing Australian Government grant programs due to their ownership models the Government should set up a Mid-Sized Airport Program (MAP). This would bring forward essential regional and national level upgrades to aviation safety critical aeronautical infrastructure at key regional and metro airports.
- The Australian Government roll out a regional disaster resilience funding program by identifying and funding necessary upgrades to ensure regional airports are critical hubs in providing disaster relief and support.

Maximising aviation's contribution to net zero:

- The Government should set a viable target for the SAF industry before moving towards a mandate. The development of a viable and scalable domestic Sustainable Aviation Fuel industry is fundamental to the decarbonisation of Australia's aviation industry.
- The Government should fast track and incentivise a domestic SAF industry as a priority to secure Australia's long overseas fuel supply chains.

Airport development planning processes and consultation mechanisms:

- Increase the Major Development Plan (MDP) monetary trigger to at least \$50 million (as proposed in the Green Paper) in the short term and reform of MDP rules in the longer-term. This would ensure only airport developments with genuinely significant impacts are subject to a full MDP process.
- Support more precinct-level MDPs to improve overall efficiency of the planning processes and enable greater certainty for on-airport development, particularly where such precinct-level developments are already approved in an airport's Master Plan.
- The Australian Government and the state and territories must adopt the National Airport Safeguarding Framework in all jurisdictional planning system to better protect all airports from inappropriate development and land-uses.

Fit-for-purpose regulatory environment:

- Undertake a review of the current aviation agencies (Airservices Australia and Civil Aviation Safety Authority) and regulatory settings to ensure a fit-for-purpose regulatory environment out to 2050.
- Fund the ACCC to monitor monopoly provider Airservices Australia to ensure that fees collected are linked to services provided to the aviation industry.

Aviation Security:

- Develop and implement a sustainable, long-term funding mechanism for regional aviation security screening.
- That the Government amend regulations so that there is consistent screening of passengers and baggage departing from that airport's terminal on all Scheduled Air Transport (SAT) and open charter services, regardless of the size or seating capacity of the aircraft.

Emerging Aviation Technology:

- Support and encourage emerging aviation technologies and their safe and effective integration into the aviation network, including funding to support infrastructure at metro, regional and remote airports.

Skills and Workforce Development:

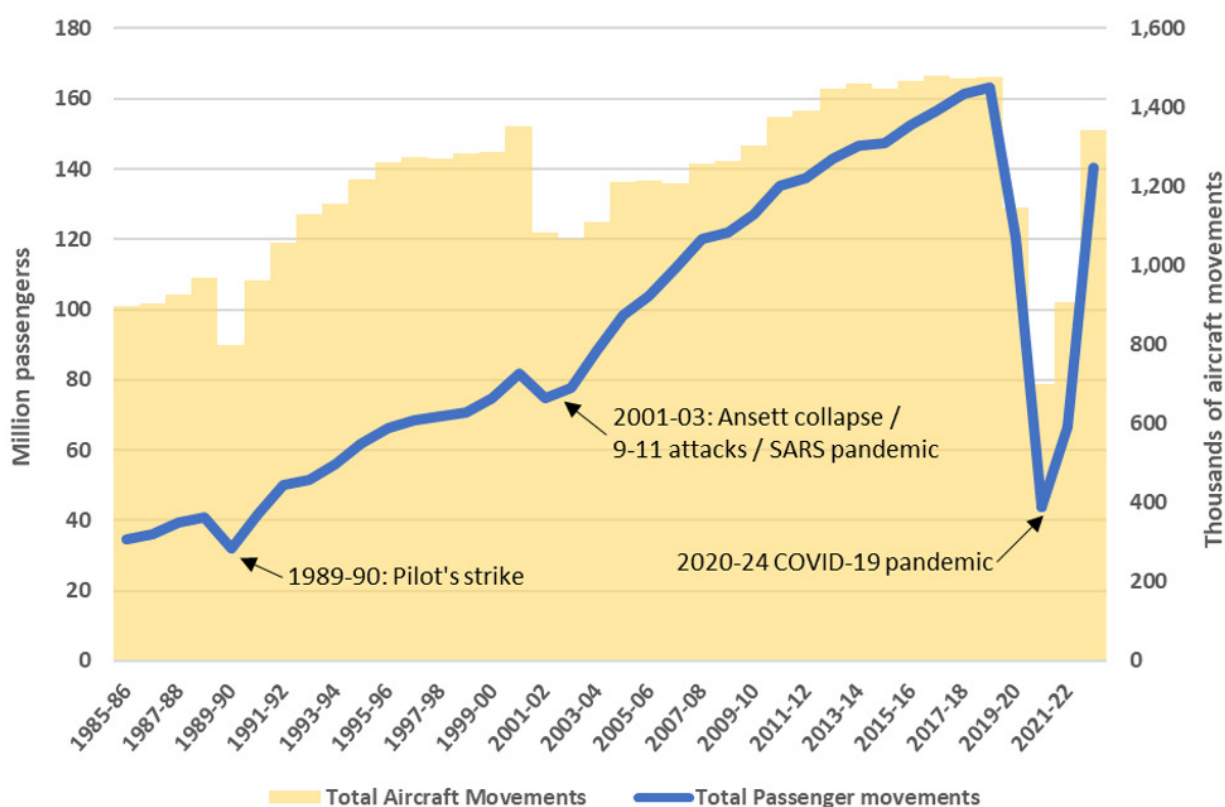
- Support the AAA to deliver skills and workforce development programs for airports, targeting First Nations, women and young people.

Airports need a plan for growth.

The COVID-19 pandemic severely affected Australia's aviation sector and its effects continue to be felt as the sector moves toward a 'new normal' concept of operations. While the decision in March 2020 to close Australia's international borders was undoubtedly the right choice from a public health perspective, it also hastened the aviation sector's rapid decline.

The pandemic's effect on Australian airports during 2020 and 2021 was little short of catastrophic with both passenger and aircraft movements plunging dramatically to levels last seen during the early 1990s, as shown in Chart 1.

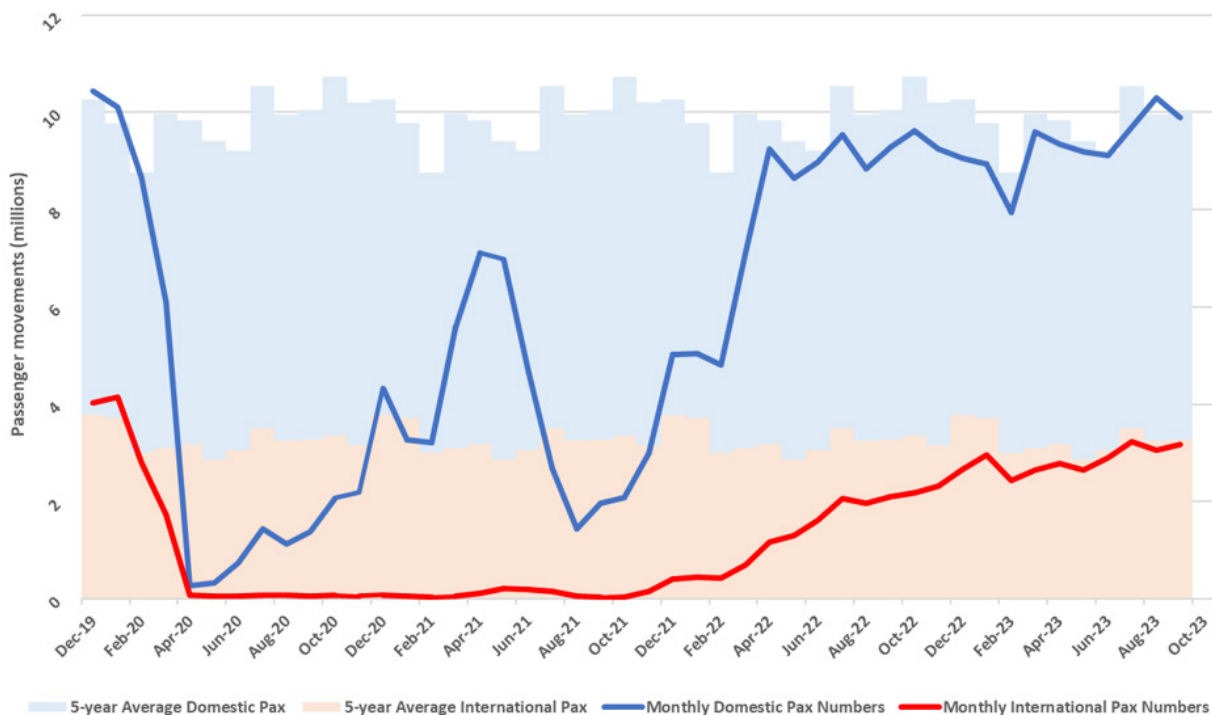
CHART 1



Globally, the pandemic dealt a major blow to the aviation industry, wiping out 30 years of growth in a few short months during 2020, along with the loss of 2.3 million jobs, representing 21% of the global aviation workforce by 2022.⁵ The aviation industry's recovery from this shock was lengthy as shown in Chart 1, unlike the shorter 'V' shaped recovery after the 1989-90 Australian pilot's strike or the 'U' shaped recovery after the combination of the 9/11 terrorist attacks and SARS pandemic between 2001-2003.

Chart 2 below shows the levels of domestic and international passenger movements from the end of 2019 to October 2023. Domestic aviation's recovery, based on the stalled recoveries in 2020 and 2021 and a lack of consumer confidence in 2022 saw passenger numbers fluctuating before a full domestic recovery began to be felt by late 2023. International travel's recovery has been slower and more complicated, with the flatter 'J' curve recovery based on the closure of Australia's international borders for over 18 months and the shortage of international aviation capacity in and out of Australia. Scenario modelling developed by the International Civil Aviation Organisation (ICAO) outlined a range of scenarios for recovery of aviation in the Asia-Pacific, with more optimistic scenarios forecasting return to pre-pandemic traffic levels being overtaken by a more subdued recovery where domestic traffic returns to pre-pandemic levels in 2023 and 2024-5 for international traffic.

CHART 2



Despite the disruption from the pandemic, growth in Australia's aviation industry was flattening out in the years prior, with year-on-year passenger growth in the aviation industry was one of the first parts of the Australian economy to feel the pandemic's effects and will also be among the last to recover. In the last financial year before the pandemic, year-on-year passenger growth of 1.1%, was already below the five-year (2.2%) and 10-year (2.9%) average annual growth rates.

This slowing of aviation sector growth before the pandemic was largely due to low wages growth, a softening Australian economy and mature travel and tourism markets. The long-term effects on Australia's aviation from pandemic and economic headwinds continues to be felt, with shortages of skilled airport operating staff, deferment of capital investment and continued impacts of reduced aviation activity on tourism and other aviation dependent sectors of the economy. The restrained recovery is also affected by relatively high levels of inflation, low growth in real wages and high airfares, both domestically and internationally.

The AAA has developed a comprehensive plan for how the government can support the airport sector's recovery into a post-COVID environment.



1. Competition and consumer protection:

Australia's domestic airline sector is a duopoly.

- Following the pandemic, domestic aviation has become one of the most concentrated markets in Australia. Qantas Group and Virgin Australia account for 95% of market share in the domestic aviation market. Compared to other sectors of the economy, the
- domestic aviation market is highly concentrated. For example:
- Australia's two top banks (CBA and Westpac) control 47.3% of the mortgage lending market. The Big Four Banks control 75.2% of the Australian market.
- Coles and Woolworths have 64% of the market share for food and groceries. Qantas alone has a greater market share (66%) of domestic aviation than Coles and Woolworths' combined market share in food and groceries.
- In telecommunications, Telstra and Optus control 81% of the market – there is also an independent third player that controls 18% of the market.

For the major routes, such as Sydney to Melbourne, the ACCC concluded that increased competition lowers prices, based on the reduction in fares upon the entrance of Rex into these routes and strong investment in the face of capacity constraints. For many minor routes, such as routes from capital cities to regional towns, or inter-regional routes, the ACCC notes that airlines can have monopolistic or duopolistic market power. The minor markets are often only serviced by Rex and/or Qantas.

In general, having only one airline serve a given market (i.e. a monopoly) gives that airline market power to set prices to customers above efficient costs or to negotiate lower landing fees. While noting this it may also be the case that regional airports may only have sufficient demand to support a single airline.

The Australian Government should:

- **Fund the Australian Competition and Consumer Committee (ACCC) to conduct an inquiry into anti-competitive behaviour in domestic aviation:** AAA supports the recommendation of the Senate Select Committee on Commonwealth Bilateral Air Service Agreements to undertake a public inquiry into potential anti-competitive behaviour in the domestic airline market. The ACCC should have the requisite funding to ensure that Australia's aviation duopoly is monitored to restore confidence to consumers.

- **Examine further avenues to incentivise new entrants in the domestic airline sector to improve competition and quality of service to consumers:** The Select Committee on Commonwealth Bilateral Air Service Agreements heard consistent and concerning evidence of the effects of lack of competition in the Australian aviation market. It is now important that the Government continues to explore further avenues to improve airline competition in this sector which will provide greater choice, lower airfares and better outcomes for consumers.
- **Consider and fund independent Airline Ombudsman to improve consumer confidence:** The Green Paper focused on whether a consumer compensation scheme could work in Australia, particularly to hold airlines to account for their level of service. The AAA considers it would be preferable to fix the underlying issues causing cancellations and delays, but should the Government consider it preferable, an independent Airline Ombudsman would be useful to improve consumer confidence.
- **Implement the recommendations of the Harris Review as a matter of priority:** Given that inefficiencies in the demand management regime at Sydney Airport have a significant negative impact on consumers through lower quality of service, high cancellations, high airfares, and limited airline competition, and a significant impact on the entire network given the size and central role played by Sydney Airport. AAA calls for the Government to accept the recommendations contained in the independent review of demand management at Sydney Airport (the Harris Review).

2. Regional and remote aviation services:

Regional airports play vital roles in sustaining regional economies and communities, enabling access to specialist health, education, commercial and recreational facilities, and facilitating social connections. Regional airports are also a key facilitator of tourism, which is a significant economic driver for many regional communities.

Scheduled Air Transport flights originating from regional airports play a pivotal role in expediting the growth of Australia's natural resources. On a weekly basis, they transport a substantial number of Fly-In, Fly-Out (FIFO) workers to remote mining and development sites, drawing personnel from both major cities and other regional hubs.

Regional airports serve as crucial lifelines, supporting critical functions such as medical evacuations, the swift transportation of organ donations, and the execution of search and rescue missions. These airports are instrumental in safeguarding Australia's physical assets, particularly in areas where ground transportation proves impractical or too time-consuming, notably in firefighting efforts.

Beyond their essential roles, regional airports also act as catalysts for economic development. They foster increased competition by providing easier access to alternative suppliers, nurturing innovation through broader access to diverse skill sets and human resources, fostering a more adaptable labour market, and facilitating more efficient collaboration between various levels of government.

Regional airports play a substantial role in bolstering the economic vitality of local and regional areas. Their economic contributions extend beyond the immediate expenditures they make, encompassing the ripple effects generated by these disbursements.

The Australian Government could support our regional airports by:

- **Reinstating the Regional Airports Program (RAP) and Remote Aerodrome Upgrade Program (RAUP) grant program to close the infrastructure gap by funding safety critical aeronautical infrastructure at regional and remote airports:** Keeping regional airport infrastructure in a state of good repair provides a significant challenge to local governments in delivering their communities' expected levels of service. In 2016, AAA research indicated the declining state of regional airport infrastructure equated to a \$170 million shortfall in essential infrastructure and maintenance funding at regional airports over the next 10 years. Part of the infrastructure deficit at regional airports is the cyclical challenge occurring every 10-15 years as runways reach the end of their operating life, requiring re-surfacing and rejuvenation. These projects are usually the highest cost capital project for regional airports and are often unaffordable for local government airport operators without both State/Territory and Australian government funding.
- The pandemic accelerated the airport infrastructure deficit as local governments deferred or reprioritised spending on maintaining and upgrading aviation assets, particularly in the wake of bushfires, flooding and severe storms between 2019 and 2023. The Australian Local Government Association's (ALGA) National State of the Assets 2021 report indicates local government airport assets in 'Poor' condition have increased from \$155 million (or 5% of the total council airport asset base) in 2017 to \$414 million (or 13% of the airport asset base). This decline in the state of airport assets has occurred at a time when Australian Government grant funding programs for regional airports have been wound up, with the final round of the Regional Airports Program (RAP) occurring in 2022 and the uncertain future of the Remote Aerodrome Upgrade Program (RAUP).

- The AAA recommends reinstating funding for another four-year round of RAP (\$100 million) and RAUP (\$50 million) to help deal with the shortfall in local government infrastructure maintenance funding and to meet aviation standards. The AAA also recommends full grant funding of future RAP projects under \$300,000 dollars, similar to the full funding of RAUP projects below the same threshold. This will support regional and remote councils to better allocate funding on safety and capacity-related projects to manage major asset renewals like runway and apron replacements.
- To aid the mid-sized airports who are ineligible for existing Australian Government grant programs due to their ownership models the Government should set up a Mid-Sized Airport Program (MAP) to bring forward essential regional and national level upgrades to aviation safety critical aeronautical infrastructure at key regional and metro airports: More attention for 'mid-sized' airports which serve many parts of regional and urban Australia, hosting passenger, freight and emergency aviation facilities. This group of 24 mid-sized airports consists of:
 - 17 regional SAT airports serving high productivity, economically diverse regions in the Northern Territory, NSW, Queensland, Tasmania and Western Australia. In 2019, these airports moved over 11.5 million passengers, collectively making them the fifth largest airport by patronage in Australia; and
 - Seven 'metro' airports that provide valuable capital city access for general aviation, charter and emergency services operations. Airports such as Essendon Fields and Moorabbin in Melbourne, Bankstown in Sydney are significant generators of aircraft movements as often-overlooked gateways for passenger charter flights, also providing significant urban bases for flight training, emergency services and firefighting aircraft.
- The diverse range of ownership models and activity levels at mid-sized airports make them either ineligible for existing Australian Government grant programs or constrain their access to long-term capital for investment in essential infrastructure.
- The AAA has identified 21 shovel-ready projects in four states worth \$100 million to either upgrade or expand critical aeronautical infrastructure at mid-sized airports. These projects include airfield lighting, runway, taxiways and apron pavements, drainage, fuel storage and other aviation-related infrastructure. Initial project evaluation by the AAA indicates at least 900 direct jobs would be created during the construction phase, up to 10,000 ongoing jobs would be supported and \$14 billion in economic benefits generated across the life of the 21 projects.
- Projects at mid-sized airports could be brought forward and new projects developed through a targeted infrastructure grant program of \$150 million over four years.

- The Australian Government roll out a regional disaster resilience funding program to identify and fund necessary upgrades to ensure regional airports are critical hubs in providing disaster relief and support: Over the past two decades, Australia has been the epicentre of numerous natural disasters impacting the nation. Most recently, this has included the 2019-20 Black Summer Bushfires, and severe flooding events in 2021, 2022, and 2023. These calamities have not only wreaked havoc on communities but have also stretched the capacities of local, state and Federal government resources to their limits. With global attention and efforts in researching climate related changes and how this impacts on our societies, paired with the increasing evidence showing more frequent and more severe weather events, disaster preparedness has never been more relevant.
- Regional airports have historically played a significant role during these trying times, serving as critical nodes in the disaster response network. These airports have also supported remote industries by ensuring the continuity of essential services during crises, showcasing their impact and potential to serve as even greater role in this space, especially as Government's look for efficiencies and better effectiveness during disaster response times. Beyond the direct disaster response elements, regional airports are key to the recovery and resumption of normal life in many geographically difficult parts of the country, bridging supply chain gaps and helping to stimulate local economies through recovery tourism.
- Whilst there has already been various work undertaken at a State and Federal level, including inquiries and evaluations, the AAA is currently developing a disaster resilience strategy for the NSW Government in collaboration with AAA members. The aim of the proposed strategy is to identify:
 - the opportunities and challenges at airports which have been previously affected by natural disasters;
 - airports that serve key roles for emergency and recovery in times of disaster; and
 - a primary focus on identifying infrastructure priorities to be able to advocate for funding.
- The AAA is seeking to build on this critical work to expand the scope nationally, providing the Australian and state and territory governments with critical projects to invest in.

3. Maximising aviation's contribution to net zero:

It is vital for Australia's aviation sector to play its part in achieving the Australian Government's net zero emissions (NZE) target by 2050, particularly to reach the early goal of a 43% reduction in emissions below 2005 levels by 2030. The deployment of sustainable aviation fuel (SAF) is a key emissions reduction measure for the aviation industry. Therefore, the AAA and airports need strong representation on the Jet Zero Council to ensure the views of a key part of the SAF value chain are heard.

Achieving net zero in Australia's aviation sector will require collaboration between all sectors of the aviation industry with a clear role for government in setting the policy direction and implementing measures that incentivise private sector investment and activity. The establishment of the Jet Zero Council is an important step which brings together stakeholders from across the aviation industry to provide coordinated advice to the government through the Minister for Infrastructure, Transport, Regional Development and Local Government, on policy and regulatory issues related to facilitating the aviation industry's transition to net zero. AAA supports the ongoing work of the Jet Zero Council and looks forward to contributing to its work program over the coming years.

It is clear that the most likely near-term option for the aviation industry to achieve its net zero targets is the large-scale uptake of sustainable aviation fuel (SAF). The government has a key role to play in developing and communicating the long-term Australian SAF strategy and policy approach and implementing both demand and supply side measures to stimulate the development of a local SAF industry.

The AAA calls for the Australian Government to support airports to transition to net zero by:

- **Setting a viable target for the SAF industry before moving towards a mandate.**
- **fast tracking and incentivising a domestic SAF industry as a priority.**

The 2024-25 Budget is an important time to signal to the industry that this is an important priority.



4. Airport development planning processes and consultation mechanisms

Airports are already one of the most heavily regulated parts of the Australian economy. Competing pressures to develop land to its highest, best use, including residential redevelopment around airports is leading to significant encroachment pressures, often expressed through aircraft noise complaints. Greater co-ordination of land-use, transport and infrastructure planning between all levels of government are required to resolve these conflicts involving airports.

The AAA calls on the Australian Government to:

- **Increase the Major Development Plan (MDP) monetary trigger to at least \$50 million** (as proposed in the Green Paper) in the short term and reform of MDP rules in the longer-term would ensure only airport developments with genuinely significant impacts are subject to a full MDP process.
- **Support more precinct-level MDPs** to improve overall efficiency of the planning processes and enable greater certainty for on-airport development, particularly where such precinct-level developments are already approved in an airport's Master Plan.
- **The Australian Government and the state and territories must adopt the National Airport Safeguarding Framework** in all jurisdictional planning system to better protect all airports from inappropriate development and land-uses.

5. Fit-for-purpose regulatory environment:

The regulatory systems governing Australia's aviation sector has remained largely the same over the past 30 years since the formation of the safety regulator (CASA) and the airspace manager (Airservices) in the mid-1990s. Similarly, the regulatory systems governing the planning and administration of airports have remained essentially static after the Australian Government divested itself of airport ownership to the private sector and local government during the 1990s. Regulation of aviation security has continued to evolve in the face of a changing threat environment, particularly after the 9/11 terrorist attacks.

The AAA has significant concerns that the ability of the Australian Government's existing institutional frameworks in aviation to function effectively have been undercut by government policies and external events such as the pandemic, adding significant burdens to the effective operation of the aviation network.

The AAA calls on the Australian Government to:

- Undertake a review of the current aviation agencies (ASA and CASA) and regulatory settings to ensure a fit-for-purpose regulatory environment out to 2050.
- Fund the ACCC to monitor monopoly provider Airservices Australia to ensure that fees collected are linked to services provided to the aviation industry.

6. Aviation security:

The AAA and its members have been closely engaged with Government on the introduction of enhanced security requirements since industry was formally advised of the changes in May 2018. The AAA took a pro-active role to work with its members to identify the challenges associated with that transition process, so that potential solutions could be adopted to both; minimise the impact on industry; and meet the Government's objectives.

The AAA supports a safe and secure aviation industry governed by fit for purpose regulations. This includes ensuring any regulatory burden is appropriate to safety and public interest. In 2014 the former Department of Infrastructure and Regional Development and Cities estimated the cost to the aviation industry of Commonwealth government regulations at over \$400 million per year⁷⁴. The 2018 reforms to aviation security have undoubtedly increased these costs.

The regulatory cost of aviation security is ultimately borne by passengers through ticket prices along with other aviation sector participants such as general aviation operators.

The AAA calls on the Government to:

- **Develop and implement a sustainable, long-term funding mechanism for regional aviation security screening:** The AAA supports a model that fully subsidises the cost of security screening at all regional airports. The AAA recommends full Government funding of all costs directly connected to the provision, implementation, and maintenance of security screening equipment, as well as the associated operational expenses at regional airports.
- The scope of Government funding in this scenario would include:
 - Procurement of regulated security screening equipment
 - Maintenance of screening equipment
 - Costs of contracted security screening staff; and
 - Replacement of life-expired security equipment.

- Airport security screening services are provided under a contract arrangement. In the case of most regional airports, services are obtained through a market tender process to ensure the best value for money. The tender process makes it easy for the Government to identify the costs associated with ongoing operation of security screening.
- Specialised screening maintenance, safety testing and servicing and calibration costs would also be acquired through a tender process, allowing for clear delineation and transparency of any costs incurred by the Government.
- **That the Government amend regulations so that there is consistent screening of passengers and baggage departing from that airport's terminal on all SAT and open charter services, regardless of the size or seating capacity of the aircraft:** There are several regional airports across the country that currently have to manage this dual process where some passengers in the same terminal are security screened and others are not, simply depending on which aircraft they are boarding. This has become even more difficult and costly with the introduction of a 40-seat trigger, as some regional airlines operate aircraft with multiple seating configurations (above and below 40 seats).
- A regional airport operator does not know which aircraft seating configuration an airline will be operating on any given service until it arrives at the airport. Understandably, a situation like this would make it impossible to efficiently staff a screening point, leading to significant cost increases from needing to maintain an operational screening point just in case it may be required.
- The current situation forces some regional airports to accommodate these different services by establishing segregated security screening or terminal configurations depending on which operator's aircraft they board – even though in many instances both services will be enroute to the same capital city destination.
- The AAA recommends that the Government require all SAT and open charter services to be security screened (passengers and baggage - regardless of aircraft weight or seating capacity) prior to departure from an airport terminal with an established security screening point.

- **Provide greater funding link between the Passenger Movement Charge (PMC) and services it funds – border security:** The PMC was introduced in 1995, replacing the previous Departure Tax. The PMC was originally designed to recover the cost of delivering border services (customs, immigration and quarantine processing) to travellers and fully offset the cost of issuing short-term visitor visas. The initial rate for the PMC was \$27.00. After a series of increases in 1998, 2001, 2008, 2012 and 2017, the PMC now sits at \$60.00, one of the highest departure taxes levied in the developed world. The 2023-24 Federal Budget signalled an increase for the PMC to \$70.00 on 1 July 2024.
- Over time, the link between the PMC and cost recovery of delivering border services has been broken, with PMC funds flowing into Treasury as consolidated revenue. Prior to the pandemic, the PMC generated over \$1.2 billion in revenue in FY 2018-19, considerably more than the \$436 million of expenditure on border services by the Department of Home Affairs and the Department of Agriculture's biosecurity services. This gap is expected to rise to \$1.3 billion of revenue against \$447 million in spending by FY 2026-27.⁷⁶
- Airports are supportive of strong border protection and biosecurity measures and acknowledge the PMC plays a key role in funding this protection. However, rather than using the PMC as a revenue raising tool, the AAA wants to see some of the surplus PMC funds re-invested in the provision of border services at current and emerging international airports.

7. Emerging Aviation Technology (EAT):

AAA sees opportunities for metro and regional GA airports to become innovation and technology hubs to enhance development, collaboration and delivery of such technologies for the benefit of the entire aviation industry.

The AAA looks to government to support this vision by recommending targeted investment in EAT at GA airports beyond the current set of small-scale initiatives including the now closed Emerging Aviation Technology Partnerships Program.⁸³ This could involve funding significant co-investment with airports to bring forward the necessary skills, infrastructure, facilities and services required to establish and maintain a viable onshore EAT sector.

- The AAA calls on the Government to:
- **Support and encourage emerging aviation technologies and their safe and effective integration into the aviation network, including funding to support infrastructure at metro, regional and remote airports.**

8. Skills and Workforce Development

During the pandemic, the airport sector and the aviation industry more broadly suffered a skill drain as aviation workers either retired or left the industry for other parts of the economy. While the Australian Government has invested heavily in the retention of skilled airline workers, airports have lost a significant skills base, particularly in operational roles that ensure safe flight operations and regulatory compliance.

To ensure a sustainable skills and workforce pipeline for the aviation sector, the AAA recommends the Australian Government supports the AAA to deliver a package of skills and workforce development programs targeted at airports, at a cost of \$6.3 million over the forward estimates and a total cost of \$16.3 million over the next 10 years, consisting of:

- **‘First Nations Airport Operations Traineeship’ program:** The AAA proposes government funds a \$10 million program over 10 years, enabling the AAA to deliver a pipeline of trained and qualified indigenous Airfield Reporting Officers (AROs) in each state and territory. AROs are essential to ensuring airfields operate safely and comply with CASA requirements and is an airfield job facing major skills shortages, particularly in regional and remote Australia.
- **Better promote airport careers to women and young people:** Using its Women in the Aviation Industry initiative, DITRDCA should provide \$2 million in funding support over four years for the AAA’s Women in Airports (\$300,000/year) and Young Airport Professionals (\$200,000/year) programs, targeting aviation careers to women and girls, particularly in rural and regional communities.
- **Develop an ‘Airport workforce strategy’:** Many current airport workers have ‘fallen in’ to a career in airports through other roles in transport or local government. To develop a clearer career path at airports and a more sustainable airport workforce, the AAA proposes \$200,000 funding over two years to develop a strategy to improve attraction to the industry, upskilling to provide clear career paths and better alignment the AAA and external education programs to industry needs.

- **Co-fund the development of an 'ARO app':** Government co-funding of an application deployed on smartphone or tablet would help deliver and maintain standardised skills and compliance training to AROs across Australia. The AAA estimates the cost to government would be approximately \$125,000 to deliver the 'ARO app'.

The AAA also views the following initiatives as essential to the future development of skills in the airport workforce, but remains agnostic as to whether they should be delivered as part of a Budget program or as an outcome from the Aviation White Paper:

- **Commission an inquiry into airport-specific skills needs:** This inquiry would follow on from 2018's Report of the Expert Panel on Aviation Skills & Training, which focused almost exclusively on pilot and aviation engineering skills.
- **Ensure aviation is a specific industry skills cluster under any VET reform:** This would help address the pandemic-related workforce disruption and the longer-term challenges to the aviation industry workforce and skills base.

The AAA also recommends training and recruitment regimes at the aviation industry's regulatory bodies (Airservices Australia, CASA, Home Affairs, Infrastructure) provide staff with the necessary skills and expertise to meet current and emerging regulatory challenges.





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Acknowledgement of Country

The AAA respectfully acknowledges the enduring connection of the Traditional Owners to the lands and waters across Australia.

We extend our respect to the wisdom and guidance of elders, both past and present. In sharing our narratives, we recognise that the Aboriginal and Torres Strait Islander peoples are the original custodians and storytellers of their ancestral homelands.