



NEWS

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Agenda to Strengthen Australian Aviation -Key Policies for the Next Government-

25 August 2010 (Sydney) - The International Air Transport Association (IATA) today outlined an agenda for Australian aviation that addresses infrastructure, training, environment and liberalization.

“Aviation contributes 500,000 jobs and A\$6.3 billion to the Australian economy. It is critical that the next Australian government has a solid aviation policy to reap the broad economic benefits that aviation can generate,” said Giovanni Bisignani, IATA’s Director General and CEO in an address to the Australian National Aviation Press Club.

“Australia’s regional neighbors—India and China—are engines of growth, helping Asia-Pacific’s carriers to lead the industry’s recovery from the global financial crisis. With a coordinated national policy that builds on the key elements of last year’s National Aviation White Paper, much can be achieved,” said Bisignani.

Bisignani singled out infrastructure, training, environment and liberalization as priorities for the next Australian government:

- **Sydney Airport costs:** Since 2000, Sydney airport went from being the 34th most costly airport in the world to the ninth in 2009. That same year, the airport reported an EBITDA margin of 82%, even as the world’s airlines lost US\$10 billion. “We need profitable airport partners. However, they must be effectively regulated so that they do not abuse their monopolistic position. The Productivity Commission’s review of Sydney Airport charges is an opportunity to re-balance the situation to deliver higher quality with greater cost efficiency,” said Bisignani.
- **New Sydney Airport:** “We have had over 50 years of studies on a new airport for Sydney. Whether you believe Sydney Airport will run out of capacity in 10 years or 20 years, a decision is now critical. Even 20 years is a tight timeline to build a new airport and the infrastructure to connect it to the central business district. Already 6% of the New South Wales economic activity is connected to the airport. We need a decision on a plan to maximize the capabilities of the current airport and to determine a location and timeline for the new airport. It is essential to ensure that the airport has the capacity to continue to effectively play its important role in the economy,” said Bisignani.
- **Air Navigation:** Bisignani noted that Eagle Award-winning Airservices Australia (ASA) has raised high industry expectations with their past success in pioneering the introduction of new air navigation technologies and the five-year pricing plan for 2005-2009. Both were done in close consultation with the industry. Bisignani challenged ASA to continue raising the bar by taking the same approach with new capital expenditure projects and the next long-term pricing agreement. “The 2005-2009 pricing agreement sets a new industry benchmark. The next agreement must be equally significant and should include three key elements: (1) cost reductions to airlines made possible by ASA’s successful management through the crisis; (2) an agreed capital expenditure program

and (3) an approach to regional operations in line with the International Civil Aviation Organization (ICAO) principle of equality of opportunity and without international airlines subsidizing regional operations,” said Bisignani.

- **Training:** Bisignani encouraged Australia to enhance its leading role in providing training to support Pacific Island nations, India and China. “To maximize the economic benefits of these opportunities, Australia needs better coordination on strategy and standards. For this, government and industry must be on the same page,” said Bisignani.
- **Environment:** The White Paper supported a global solution to environment coordinated through ICAO. “Australia is facing a difficult debate on the issue of emissions trading and carbon taxes. The industry is committed to cap emissions with carbon-neutral growth from 2020 and to cut them in half by 2050 compared to 2005 levels. But Canberra must remember that aviation is a global industry. Domestic or regional solutions for aviation and climate change cannot deliver effective results. In line with the White Paper, Australia must take a leading role to ensure that aviation emissions are managed on a level playing field in a global framework under ICAO,” said Bisignani.
- **Liberalization:** Bisignani encouraged Australia to remove outdated ownership restrictions for international aviation. “Historically, airlines have profit margins of less than 1%, that is not sustainable. To fix this, we need to run this business like a normal business. Australia is a leader in aviation liberalization. The open aviation area with New Zealand has achieved what the US and Europe could not in their open skies discussions. And the removal ownership restrictions for domestic Australian operations benefited consumers with greater choice and lower prices. These results make the 49% foreign ownership cap for international operators very difficult to understand,” said Bisignani.

“No country knows better the importance of global linkages than Australia. Aviation has played a key role in linking this vast continent internally and to the rest of the world. This agenda for aviation will build a more competitive platform for aviation to deliver even greater benefits to the Australian economy and secure an even more important regional and global leadership role in driving the industry forward,” said Bisignani.

-IATA-

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Notes for Editors:

- IATA (International Air Transport Association) represents some 230 airlines comprising 93% of scheduled international air traffic
- We have launched a Twitter account [@iata2press](https://twitter.com/iata2press), specially catered for the media. Follow us now at <http://twitter.com/iata2press> for the latest industry updates.