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COVID-19 Response Inquiry Secretariat
Department of the Prime Minister and Cabinet
PO Box 6500
CANBERRA ACT 2600

Via email: COVID-19Inquiry@pmc.gov.au

AAA submission to the Commonwealth Government's COVID-19 Response inquiry

The Australian Airports Association (AAA) is pleased to provide this submission to the Commonwealth Government's COVID-19 Response Inquiry (the Inquiry). The AAA is the national voice for airports, representing the interests of more than 340 airports and aerodromes across Australia. It also represents more than 150 corporate members supplying products and services to airports and the wider aviation industry.

The AAA's capital city major airport members keep communities connected to essential services and world markets. Australia's metro and regional airports support flight training, specialist aviation, medical evacuation and firefighting operations. Regional and remote airports are gateways to world-renowned tourist attractions, often providing the only public transport link from their communities to the educational, medical and professional services in larger towns and cities.

Introduction

The economic and social wellbeing of every Australian depends on a viable airport sector. Many Australians have an abiding interest in the economic success of airports, either through their superannuation funds or as local government ratepayers.

Airports are critical pieces of national infrastructure vital to the economic and social wellbeing of all Australians. During the pandemic, airports provided an essential service by keeping domestic and international air routes open for passengers and freight, repatriating Australians from overseas, anchoring the essential domestic air network and facilitating the movement of essential, time-critical airfreight, particularly vaccines and medical equipment.

Prior to the COVID-19 pandemic, the Australian airport sector maintained full time equivalent (FTE) employment for over 206,000 Australians and $34.6 billion in value added economic activity; consisting of $4.9 billion in direct economic activity from core aviation activities plus a further $29.7 billion from indirect airport-related activity.[1]

Airports and the aviation sector more broadly were among the first parts of the Australian economy affected by the pandemic are among the last to recover. By 2022, the airport sector had not fully returned to pre-pandemic levels of employment and economic activity, maintaining direct and indirect FTE employment for over 171,000 Australians and accounting for $27.4 billion in value added economic activity: $4.1 billion from core activities and $23.2 billion of indirect activity.[2]

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[1] Deloitte Access Economics for AAA (2018), *Connecting Australia: The economic and social contribution of Australia's airports*, p. 33.
[2] Deloitte Access Economics for AAA (2023), *Taking Flight: The economic and social contribution of Australia's airports*, p. 16-17.

Response to the terms of reference

Governance, including the role of the Commonwealth… state and territory governments, national governance mechanisms and advisory bodies supporting responses to COVID-19:

Given the once-in-a century nature of the COVID-19 pandemic, most policy responses from the Commonwealth, state and territory public services were reactive and *ad hoc* in nature. In addition, the significant devolution of Commonwealth powers to the states and territories came at a time when strong, centralised governance and leadership was needed. Key areas where airports viewed Commonwealth governance of the pandemic as lacking include the following:

International arrival caps and hotel quarantine: While the decision by the Commonwealth to close Australia's international borders in March 2020 was undoubtedly the right choice from a public health point of view, the management of international arrival caps and hotel quarantine was effectively devolved to state and territory governments or National Cabinet. For example:

- Decisions to set up hotel quarantine and its low capacity functioned as a 'pinch point' or bottleneck in controlling numbers and flows of international arrivals into Australia, leading to setup of a capped system for international arrivals in 2020.

- Subsequent decisions by National Cabinet in 2020 and 2021 to reduce inbound international arrival caps had significant downstream effects on airports, stranding many returning Australians overseas and forcing the five major airports[3] accepting international flights to absorb increased operating costs ($5,000-$10,000 per flight) of turning around international services with exceedingly small numbers of passengers.[4]

- The commissioning of the Howard Springs large-scale quarantine facility at near Darwin in 2020 took some pressure off the system, however the significant public investment in other quarantine facilities in Queensland, Victoria and Western Australia came online during 2022, just as the reopening of Australia's international border was underway.

The aviation sector moved ahead of government in managing the pandemic: With the reactive and *ad hoc* pandemic policy response from Commonwealth, state and territory governments clear and consistent health protection advice for aviation workers and passengers, the sector took its own action during 2020 to ensure a safe restart of domestic aviation. The AAA and its airline counterpart Airlines for Australia and New Zealand (A4ANZ) took the initiative to develop a nationally-consistent and pragmatic 'Domestic Passenger Journey Protocol' (the Protocol) to reduce risks of disease transmission to staff and passengers on the domestic aviation network.[5]

The Protocol was endorsed by the Australian Health Protection Principal Committee (AHPPC) and announced with a joint media release from the Commonwealth Transport and Health Ministers on 19 June.[6] The Protocol was a positive example of industry leading government to deliver a clear, nationally-consistent outcome for an essential service during the pandemic.

Mask mandates in the aviation sector: After the decision was made in January 2021 by the AHPPC to mandate facemasks be worn on all domestic flights and in airports, the enactment of this mandate was devolved to state and territory governments, with the result that each jurisdiction's public health order varied sufficiently to lose any sense of national cohesiveness. What should have been a consistent national policy on mask wearing from the AHPPC became an inconsistent patchwork of jurisdictional health orders, requiring significant work from the AAA and airports to

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[3] These were Sydney, Melbourne, Brisbane, Perth and Adelaide airports.
[4] AAA analysis of data provided by the five international airports.
[5] A4ANZ and AAA (2020), 'New COVID-safe health guidelines provide added confidence to aviation', Media Release, 19 June. Viewed on 14 December 2023 at: https://www.a4anz.com/documents/A4ANZ_MR-Aust_Aviation_Recovery_Coalition_Industry_Protocol.pdf
[6] The Hon. Michael McCormack MP & The Hon. Greg Hunt MP (2020), 'Keeping travellers safe as COVID-19 restrictions ease', Media Release, 19 June. Viewed on 14 December 2023 at: https://webarchive.nla.gov.au/awa/20200810145051/http://pandora.nla.gov.au/pan/180164/20200811-0000/minister.infrastructure.gov.au/mccormack/media-release/keeping-travellers-safe-covid-19-restrictions-ease.html

ensure proportionate and sensible outcomes. Stronger coordination in future could see a 'model' health order drafted by the Commonwealth for implementation by each jurisdiction.

Government communication on policy changes were poorly delivered: The AAA and its airport members often had short warning to digest and deliver policy decisions made by governments on aviation-related measures. In many cases, particularly changes to arrival caps, the first advice received came from media reporting rather than government. Only on some occasions during the pandemic were advance communication on policy changes received from the Commonwealth. These instances tended to be exceptional rather than the rule.

Support for industry and businesses (for example responding to supply chain and transport issues, addressing labour shortages, and support for specific industries):

During 2020 and 2021, it became clear the Commonwealth's support to the aviation industry did not effectively assist airports, despite the catastrophic drop in domestic and international aviation activity. The $5.2 billion in aviation industry support and broader macroeconomic support for some, but not all aviation workers were, by accident or design, supporting airlines and their work force. This was at the expense of other businesses and workers across the aviation sector.

Examples of this lack of support for airports, businesses and workers across the sector include:

- Commonwealth aviation support predominantly benefited airlines: Of the $5.2 billion in aviation industry support provided between 2020 and 2022, 63.5 cents in every dollar of support (approximately $3.2 billion) flowed to airlines, compared to only 4.4 cents in every dollar ($220 million) for airports.[7] The AAA advocated extensively to the Commonwealth for additional support to flow to airports, with few exceptions beyond additional funding for international aviation security screening costs.

- The high fixed costs of airport operations were unsupported: Compared to airlines, the airport sector was left to manage its fixed operating costs (around $4 million a day across all airports) through the pandemic, with only limited direct support. The $220 million of Commonwealth support that was provided consisted solely of a 'pass-through' from airports to airlines of domestic and international security screening costs. Similarly, state and territory government land tax relief to airports was contingent on it being 'passed through' to airport tenants.

- Local government-owned airports were ineligible for JobKeeper: The overwhelming majority of Australia's airports are owned by local government, predominantly in regional and remote Australia. The ineligibility of local governments for JobKeeper disproportionately affected council-operated airports and the communities they serve. Councils were compelled to take extraordinary measures to try to keep their airport staff engaged and active in the workforce through redeployment to other council roles, reduced hours or mandated leave. In regions with strong employment demand from mining and energy projects, it became increasingly hard to retain workers or attract replacements.

- Some key, foreign-owned companies in the aviation sector were ineligible for JobKeeper: These companies, including providers of key on-airport services including security screening, ground handling and facilities management with foreign ownership were ineligible for JobKeeper. This left their workforces highly exposed to redundancies and layoffs during the pandemic, with many skilled workers at these firms leaving the industry during the pandemic and not returning. As a result, the restart of Australia's aviation industry from late 2022 was constrained by workforce shortages, manifested through a long training pipeline of new or inexperienced staff, leading to well publicised scenes of lengthy queues for security screening and lost or misdirected baggage.

Other comments

A national approach to borders is essential: To ensure a unified and consistent approach to border control in a future crisis, the Commonwealth must put measures in place to assume control of

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domestic and international border policy. Ad-hoc domestic border controls/management created significant uncertainty and apprehension among the aviation sector and the travelling public around the risk of being stranded in a State or Territory with little to no notice, requiring travellers to either quarantine at their port of arrival, turn back to their departure port or be unable to return home. AAA consumer intentions research indicated, the risk of border closures and lockdowns were the highest barriers to flying domestically throughout 2020-2021.[8] It was only by mid-to-late 2022 once it was clear domestic borders would remain open that lockdowns and border closures were replaced by cost of living and high airfares as the highest barriers to domestic flying.[9]

In every major world economy, aviation fared better than in Australia. Inconsistent application of defining infection 'hot spots' and often unilateral decisions on border opening and closing meant the recovery of Australia's domestic aviation network was slower than other global markets, while international travel was affected by lengthy border closures and intense global competition for aircraft, crews, routes and capacity.

In a future crisis, if the Commonwealth exercised its ability to take control of external and internal borders by regulation in times of crisis, a more consistent and proportionate response would better support the national interest. A national approach could be achieved through either:

- Using the Parliament's existing powers under the Australian Constitution relating to quarantine [section 51(ix)] and immigration/emigration [Section 51 (xxvii)], or;
- Exercising the Commonwealth Health Minister's powers under the *Biosecurity Act 2015* (formerly the *Quarantine Act*). For example, section 477 (1) of the Biosecurity Act provides the Commonwealth Health Minister with the power to take action to prevent or control the spread of disease into all or part of Australian territory.

A centralised approach would allow State borders to be used as a coordinated and consistent tool by the Commonwealth in future crisis in the best interests of the nation as a whole (taking into account public health, social, economic and various other factors) rather than leaving it to the eight individual States and Territories to make such decisions. It would also reduce any conflict around overlapping Commonwealth/State responsibilities and divisions between clinical health practitioners and public health policy makers.

<u>Governments need to better understand airport operations:</u> A lack of understanding by Commonwealth, state and territory governments of how airports, and the aviation sector more broadly function was a significant barrier for effective policy co-design and implementation to maintain a key national and international transport system during the pandemic. This was the case not only for state and territory health and law enforcement agencies with limited everyday exposure to the airport environment, but also higher-level policy areas of the Commonwealth's health, transport, aviation security, border services and quarantine agencies. Examples include:

- Preparations at Sydney Airport to open the one-way 'travel bubble' from New Zealand to Australia in late 2020 saw NSW Health officials learning from airport staff 'on the fly' and adapt their initial plans to work within the real-world physical parameters of the international terminal to ensure 'Green Zone' arrivals from New Zealand could be safely separated from 'Red Zone' international arrivals.

- The Commonwealth biosecurity orders dealing with international airports did not understand the unique nature of an airport terminal as a combination of retail centre, food court and an indoor crowded place, leading to unintended consequences. On 28 March, an emergency declaration for international travel closed all retail outlets (except pharmacies) at international airports, unless they complied with social distancing rules (1.5 metres between people and one person per four square metres of retail seating space).[10] This created significant difficulties for inbound and outbound international transit passengers accessing food and beverages. At some airports only vending machine food and water

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[8] Zing! Research for AAA, *Traveller Insights Report*, Waves 1-4, December 2020 – December 2021.

[9] Zing! Research for AAA, *Traveller Insights Report*, Waves 5-7, March 2022 – November 2022.

[10] Biosecurity (Human Biosecurity Emergency) (Human Coronavirus with Pandemic Potential) (Emergency Requirements—Retail Outlets at International Airports) Determination 2020, 28 March 2020.

fountains were available to transit passengers, until biosecurity orders were amended four months later.[11]

Concluding remarks

Airports and the aviation sector more broadly were among the first parts of the Australian economy affected by the pandemic. Their recovery from the effects of the pandemic remains ongoing.

The AAA urges the Independent Panel to ensure the lessons learned by the aviation industry on managing domestic and international borders, movement restrictions, health protections and support for essential industries such as aviation are incorporated into improved response measures to deal with future pandemics and other national crises.

The AAA appreciates the opportunity to contribute to the Inquiry. Should you have any further questions regarding the AAA's response, please contact ███████████████████ ██████ via email at: ████████████ or on telephone: ██████████

Yours sincerely

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James Goodwin
Chief Executive

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[11] Biosecurity (Human Biosecurity Emergency) (Human Coronavirus with Pandemic Potential) (Emergency Requirements—Retail Outlets at International Airports) Amendment (No. 1) Determination 2020. 30 July 2020.