

28 January 2010

Committee Secretary  
Senate Standing Committee on Rural and Regional Affairs and Transport  
Parliament House  
Canberra ACT 2600  
Australia

### **SENATE INQUIRY INTO THE EFFECTIVENESS OF AIRSERVICES AUSTRALIA'S MANAGEMENT OF AIRCRAFT NOISE**

I am familiar with the aircraft noise management role of Airservices Australia (ASA) in the context of its endorsement of Australian Noise Exposure Forecasts (ANEF) for Canberra Airport and the aircraft noise debate surrounding the proposed Tralee/South Jerrabomberra (SJ) residential development. I have written several reports for the Village Building Co on issues relating to the Tralee/SJ proposal.

ASA has several roles under the broad heading of 'aircraft noise'. Some of these roles are potentially conflicting. The current approach to noise forecasting allows organisations whose mandates focus primarily on aviation – namely leased federal airports, ASA and the Department of Infrastructure, Transport, Regional Development and Local Government (DITRD LG) – to unilaterally decide on the noise emitted by Canberra Airport, around which the rest of the economy must adapt.

There is a general lack of rigor in the decision making about land use near airports, with vague and emotive terminology such as 'building homes under flight paths' being used in place of proper science.

#### **MULTIPLE ROLES**

ASA is the agency tasked with endorsing the ANEF contours, which most jurisdictions use to inform land use and rezoning decisions near airports. The ANEF contours are produced by leased federal airports in the airport master planning process, under endorsement policies prepared by DITRD LG. ASA also generates revenue from aviation activity at leased federal airports. ASA has expertise in areas such as:

- air traffic management;
- air navigation, communication and surveillance;
- noise monitoring; and
- rescue and fire fighting services.

A key input into creating ANEF contours is the air traffic forecasts and fleet mix, which is outside this core expertise. For example, ASA endorsed an ANEF for Canberra Airport – which Canberra Airport expects to achieve between 2050 and 2060 – that uses previous-generation Boeing 757 and McDonnell Douglas MD11 aircraft, both of which are no longer in production and noisier than aircraft currently in production. It is improbable that aircraft no longer in production will still be operating beyond 2050. In fairness, ASA was not strictly tasked with reviewing that assumption, due to the narrow scope of its ANEF endorsement

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guidelines. That is, the plausibility of Canberra Airport's business aspirations were not required to be assessed in the technical review conducted by ASA. For a peer review of the Canberra ANEF contours and related issues please see Access Economics' report: *Review of Canberra Airport Preliminary Draft Master Plan and the 'High Noise Corridor' Concept, 23 March 2009* (attached).

Rather than ASA, an independent expert in forecasting should be tasked with peer reviewing the air traffic assumptions and business aspirations underpinning the ANEF contours. This would avoid a situation where ANEF contours impact on land use across large geographical areas, yet are based on optimistic air traffic forecasts, such as those produced by Canberra Airport. The independent expert should be given a wide brief to strive to meet a professional best practice view on future air traffic and fleet mix, rather than a narrow or technical brief.

Even if those optimistic air traffic forecasts are achieved at Canberra Airport, the proposed residential development at Tralee is still located in an ANEF contour that is deemed suitable for residential development, and the Australian system is already one of the most stringent in the world (that is, other developed countries allow residential development inside 'noisier' contours). The Commonwealth has recently confirmed it will retain the ANEF system for land use decisions around leased federal airports (see *National Aviation Policy White Paper, Dec 2009, p212*).

Aviation-orientated organisations not only prescribed land use around Canberra Airport (with minimal weight given to any higher or better uses of that land by non-aviation sectors of the economy), but have sought to go further than the ANEF land use zones, placing aviation interests above all other land uses over an even larger geographical area, emotively labelled the 'High Noise Corridor' by Canberra Airport. This non-standard 'corridor' proposal by Canberra Airport – if adopted more widely – could prevent development in large parts of most Australian cities. Yet this 'corridor' concept has neither any scientific foundations nor demonstrated cost-benefit. Further constraints on land use around Canberra Airport could increase median new home prices in that region by around \$40,000 per home in 2009 dollars (see *An Evaluation of the Proposed Residential Development at South Jerrabomberra, Access Economics, 3 Dec 2009, attached*).

There are many examples in Australia where operational functions are in a separate agency from policy development, or where the agency tasked with designing a regulation is separate from the agency tasked with enforcing that regulation. Such a separation would encourage specialisation and transparency, and reduce conflicts. There is a need for land use contours around airports to be constructed with greater independence from the aviation industry, so as to balance non-aviation interests in that land with aviation interests, and to ensure the resulting land use restrictions pass a cost-benefit test.

## **ECONOMIC IMPORTANCE**

The aviation industry is important for the economy and contributes to a high living standard, but its importance is not so great as to overrule the interests of all other sectors in Australia. The residential housing construction industry, along with issues such as affordable housing and compact urban development are also important determinants of our productivity and hence living standards. For that reason, the agency tasked with assessing noise and related land use policy may be more appropriately located under a more independent Department (such as Environment) or an agency that specialises in weighing up costs and benefits in the presence of competing interests (such as the Productivity Commission), rather than an agency under the Transport portfolio.

Where possible, and once core residential buffer zones (within the ANEF 25 contour) are determined, market orientated solutions should be encouraged outside the ANEF 25 contour. If the aviation industry feels additional land needs to be reserved for its future growth options (beyond the large buffers already provided for by the ANEF system), the aviation industry could simply purchase that land. There is a robust market for real estate, which allows people that value a parcel of land (higher than its current owner) to purchase that land. This would be preferable to the current situation of airport owners attempting to influence residential land use decisions outside the ANEF 25 contour without bearing the cost of the change in land use. This approach has seen a low-probability development in the distant future (such as Canberra Airport's night air freight hub) being promoted as preferable to building affordable housing now (in the proposed Tralee development). I am not aware of any airlines that have yet signed up to the proposed freight hub: it is a speculative proposal. The market is useful for resolving the best use of that land, and for separating possible from probable.

Importantly, it is not the case that airports and residential development are mutually exclusive. The Canberra region can have both an air freight hub and Tralee – the two can coexist. There are many examples where houses are built near airports (or main roads or railways). Provided the potential purchasers of land are fully informed in advance, they can make the decision about whether that land is suitable for them. It would be a concerning precedent if a government denied people of that choice.

As noted above, the recently-released Commonwealth aviation white paper confirms that the ANEF system is to be retained for defining land use buffers around leased federal airports. It is not necessary for the Commonwealth to intervene further in the land use planning role of State governments. Provided all parties are fully informed of potential noise impacts prior to purchase, the likelihood of residents later successfully arguing for a curfew or changes to flight paths are small. A heavy-handed approach to deciding where people can live is not necessary when more light-handed or market-orientated solutions are available. Allowing people to decide (that is, self-select) if they want to trade off some noise exposure in return for cheaper housing is likely result in higher overall living standards, compared with the centrally-planned alternative.

## **EVIDENCE-BASED POLICY**

Any intervention by the Commonwealth to quarantine more land near airports (beyond the large buffers already created by the ANEF contour system) should be based on a detailed and rigorous cost-benefit analysis. The analysis would need to weigh up genuine benefits to the aviation industry from expanded land use restrictions, versus the impact of affordable housing and construction industry jobs, in net present value terms. For speculative future developments (such as the Canberra night air freight hub) the benefits would need to be weighted by its low probability of occurring, given the alternatives available. Any compensation for land owners affected by a government intervention or mandatory acquisition would also need to be considered. The analysis would need to compare that scenario against a market-based counterfactual where airports buy that land or coexist with urban development.

Such an assessment should be undertaken by an independent agency, rather than an aviation-orientated agency. Due to the range of issues, interests and multiple jurisdictions involved in land use near airports, a new agency may need to be created (analogous to the Murray-Darling Basin Authority for water). The approach for the analysis and management of aircraft noise pollution could also be modelled on other COAG working groups for carbon pollution, salinity and the like. The assessment of noise emissions and buffer zones should be based on best-practice in cost benefit analysis, economic impacts, acoustic science and aircraft engineering. The agency should be given a wide brief in forming its view. Decisions based on

vague or emotive justifications – such as ‘building homes under flight paths’ and ‘where other alternatives exist’ – have no place in sound evidence-based policy making.

In the case of Tralee, economic modelling (see *An Evaluation of the Proposed Residential Development at South Jerrabomberra*, Access Economics, 3 Dec 2009, attached) showed that the proposed SJ development (which includes Tralee) would generate 3,300 person years of employment, reduce commuting distances and associated carbon emissions by \$2,355 per household, and increase the regional economy by \$1.25 billion per annum by 2020. There are no alternatives available to Queanbeyan City Council that are as affordable and well-located for commuters as SJ. The combination of these economic impacts and its compliance with ANEF buffer zones provide a compelling case for allowing SJ and Canberra Airport to coexist.

An additional ‘safety margin’ for Tralee is its compliance with ANEF contours unilaterally produced by aviation-orientated organisations, based on optimistic, high-polluting fleet mix assumptions and speculative hub developments. An independently-developed set of ANEF contours, based on more plausible assumptions, and that weigh up the economic benefits from non-aviation land uses, is likely to position Tralee further into the ANEF zone deemed suitable for residential development.

Yours sincerely



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#### **Attachments**

*An Evaluation of the Proposed Residential Development at South Jerrabomberra*,  
Access Economics, 3 Dec 2009

*Review of Canberra Airport Preliminary Draft Master Plan and the ‘High Noise Corridor’ Concept*,  
Access Economics, 23 March 2009