

**Rural and Regional Affairs and Transport
Legislation Committee**

SUBMISSION COVER SHEET

Inquiry Title: Civil Aviation (Mutual Recognition with NZ) Bill

Submission No: 3

Date Received: 5 May 2004

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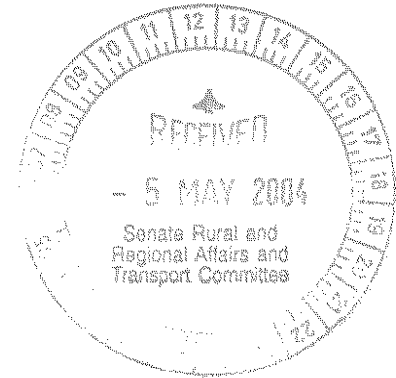
Submittor: Mr David Hawes
Head of Government and International Relations

Date Authorised:



30 April 2004

Ms Maureen Weeks
Secretary
Senate Rural and Regional Affairs
and Transport Legislation Committee
Suite SG.62
Parliament House
Canberra ACT 2600



Dear Ms Weeks

Re: Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand and Other Matters) Bill 2003

Thank you for the opportunity to comment on the Bill which proposes amendments to the *Civil Aviation Act 1988* to give force to mutual recognition of certain rules between the Civil Aviation Safety Authority of Australia and the Civil Aviation Authority of New Zealand.

Qantas is a longstanding advocate of the principles of mutual recognition. We view it as a natural and positive step in the close aviation relationship which exists between Australia and New Zealand, as reflected in the Single Aviation Market arrangements of 1996 and subsequently the agreement on open skies.

New Zealand is Australia's most significant international aviation market in terms of total number of services and passenger flows. Qantas is the largest single operator within this market, with over 200 trans-Tasman services each week, flights to the Pacific Islands, flights from Auckland to Los Angeles and a growing domestic operation in New Zealand.

Qantas believes the Bill, whose development we have followed closely, will – in conjunction with the complementary New Zealand legislation – be effective in achieving practical implementation of the principles of mutual recognition.

The key benefit to airlines of mutual recognition is the efficiency gains from avoidance of duplication in the regulation of air operators' certificates (AOCs). Mutual recognition reduces the direct financial costs of certification for airlines operating within and between Australia and New Zealand and provides added flexibility in the allocation of capital and human resources.

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Specific benefits accruing to Qantas from the legislation will include:

- Reduced costs associated with maintaining aircraft on both Australian and New Zealand civil aircraft registers;
- Elimination of the payment of import/export taxes for aircraft transfers;
- Reduced costs of compliance with differing regulations associated with maintenance and operational procedures for aircraft registered in each country;
- Greater flexibility in the use of crews, which are currently trained and licensed to operate in either Australia or New Zealand;
- Enhanced opportunities in the movement of fleet between Australia and New Zealand in order to meet seasonal and market demand.

Airlines are operating in an increasingly challenging commercial environment, in which only the financially strongest players are likely to survive. The importance of cost control and efficiency improvements is heightened against this background. Progress in this area will have a positive impact on the long term ability of Australia's airlines to provide sustainable air services to facilitate greater trade, tourism and investment flows.

Mutual recognition also assists in facilitating a more competitive aviation framework, as it allows Australian or New Zealand based airlines to expand operations into the other country's market at a lower cost than would otherwise be the case.

Qantas maintains that mutual recognition of rules between Australia and New Zealand is preferable to harmonisation, which would involve a costly and time-consuming examination of complex rules and their components, followed by negotiation between authorities to resolve differences.

Qantas would be pleased to answer any further questions you might have in relation to the Bill. I suggest that in the first instance inquiries be directed to Captain Murray Warfield on (02) 9691 1957 or 0417 707 130.

Yours sincerely



David Hawes
Head of Government and International Relations