



March 25, 2019

Mr. Michael Brennan, Chair  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Dear Chairman Brennan:

In its Draft Report on Economic Regulation of Airports in Australia, the Productivity Commission has invited comments about “the potential costs and benefits of reforms to Sydney Airport’s regulatory constraints on aircraft movements that can also meet current noise objectives” (Information request 7.1).<sup>1</sup> FedEx welcomes the opportunity to lodge a submission in response.

FedEx serves customers in 220 countries and territories worldwide with a fleet of 690 cargo aircraft operating at more than 650 airports. We recognize that aircraft noise, and its environmental and social impacts, are important considerations for all airports. FedEx has a strong interest in actively participating in the development and implementation of improved noise mitigation strategies.

We submit the following comments for the Commission’s consideration:

- 1. FedEx welcomes the Commission’s review of Sydney Airport’s regulatory framework and evaluation of its effectiveness with regard to aircraft noise management.**
- 2. FedEx supports the Commission’s findings that current restrictions come at the expense of airport efficiency, and urges Australian airports to align with the ICAO Balanced Approach to Aircraft Noise Management.**
- 3. Australia’s airports should pursue modern noise standards and implement operating restrictions only as a last resort, in line with guidelines set at a global level in ICAO.**
- 4. FedEx endorses a transparent process when considering noise-related measures, including consultation with stakeholders at different stages, from assessment through implementation.**

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<sup>1</sup> Draft report, p.35

## **FedEx supports the Commission’s findings in the Draft Report, which identifies the need for a balanced approach and greater flexibility to reduce unintended consequences.**

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FedEx fully supports the Commission’s conclusion in the Draft Report that: “Regulatory constraints at Sydney Airport, including the movement cap, curfew and the slot management scheme, restrict the effect of aircraft noise on local residents, but come at the expense of broader airport efficiency.”<sup>2</sup> We assert that the best environmental outcomes are achieved when air navigation services enable modern aircraft to operate as efficiently and quietly as possible.

### **Night restrictions cause economic disadvantages, especially for cargo carriers**

Air cargo is essential to the efficient functioning of modern, global supply chains and is critical to high-value, time-sensitive exports and imports such as pharmaceutical goods and other perishable products. The express cargo industry continues to grow, especially as importers and exporters increasingly harness e-commerce to access global markets. The business model of cargo carriers like FedEx depends on a flexible transportation system and a complex global network to guarantee on-time express services.

Night flights are critical for cargo and express operators, and night restrictions disproportionately impact their activities and undermine the ability of the sector to support many industries’ global supply chains. Restrictions on night flights also have negative consequences for passenger airlines, which can carry express cargo in addition to passengers. The limitation of night flights is likely to produce unintended economic disadvantages for express carriers and the local economies that rely directly or indirectly on nighttime air cargo activities.

**A 2015 study commissioned by Perth Airport showed a proposed 11pm to 6am curfew would carry an economic impact of \$46.1 billion, and in particular would damage industries, such as Western Australia’s highly lucrative live lobster exports to Hong Kong and China, that rely on express air cargo carriers.<sup>3</sup>**

### **Daytime movement caps limit capacity and exacerbate night restrictions**

Night restrictions increase the number of flights that need to be operated during other times of the day, and therefore worsen existing capacity constraints. This can result in added congestion, particularly in the evening and early morning. Daytime movement caps, like night restrictions, limit the ability of airlines to schedule flights in an optimal manner and to facilitate connectivity for cargo and passengers. Such restrictions can therefore undermine investments in airports by preventing the efficient use of airport assets. According to the ICAO Balanced Approach, any operating restrictions – day or night – should only be undertaken only after all other options have been considered.

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<sup>2</sup> Draft report, p.27

<sup>3</sup> <https://thewest.com.au/news/aviation/perth-airport-curfew-could-cost-wa-economy-46-billion-ng-b88883687z>

## FedEx welcomes further alignment with the ICAO Balanced Approach to Managing Aircraft Noise

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FedEx urges that operating restrictions only be introduced at airports with a demonstrated noise problem and only as a last resort, once all possible measures have been duly considered. This principle is detailed in the Balanced Approach to Aircraft Noise Management, endorsed unanimously in 2001 by the Assembly of the International Civil Aviation Organization (ICAO) to propose a systematic, flexible, and globally applicable solution to the challenge of aircraft noise. FedEx recommends that Sydney Airport align with this approach, and review its existing ban on night time operations in favor of other methods to control aircraft noise.

The core principle of the ICAO Balanced Approach is that the noise situation at each airport is unique and there is no one-size-fits-all solution. It requires that all available options be evaluated in order to identify the most suitable measure or combination of measures to mitigate a specific noise problem. The Balanced Approach identifies four elements to address noise around airports: (1) reduction of noise at its source, (2) land-use planning and management, (3) noise abatement operational procedures, and (4) operating restrictions. Use of this clear framework ensures that noise concerns can be addressed in an environmentally and economically responsible manner within the airport system.<sup>4</sup>

The decision to avoid operating restrictions was based on the notion that the reduction of noise burden can be achieved at lower cost through preventive land-use planning and the integration of noise abatement operational procedures. Meanwhile, operating restrictions artificially limit the already low capacity of the current air transport system and create economic disadvantages for aircraft operators – and for the relevant airports and the region.

**In light of competitive disadvantages and capacity constraints caused by operating restrictions, Japan's Narita Airport will reduce its curfew to expand operating hours, thus reducing daytime flight congestion and making better use of airport assets.<sup>5</sup>**

## FedEx supports the implementation of modern noise standards, and avoiding a disproportionate focus on operating restrictions

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Modern noise standards should consider all elements available within the airport system to reduce aircraft noise, consistent with the ICAO Balanced Approach. First, they should seek to reduce noise at the source. As a result of technological improvements, the noise footprint of new aircraft is at least 15% smaller than that of the aircraft they replace.<sup>6</sup> Further design improvements such as blended wing body and engine shielding by fuselage and tail plane offer the potential to reduce perceived noise from aircraft by 65% by 2050.<sup>7</sup>

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<sup>4</sup> <https://www.icao.int/environmental-protection/pages/noise.aspx>

<sup>5</sup> <https://www.flightglobal.com/news/articles/tokyo-narita-cleared-to-extend-hours-build-new-runw-446792/>

<sup>6</sup> [https://www.iata.org/pressroom/facts\\_figures/fact\\_sheets/Documents/fact-sheet-night-flights.pdf](https://www.iata.org/pressroom/facts_figures/fact_sheets/Documents/fact-sheet-night-flights.pdf)

<sup>7</sup> <https://www.sustainableaviation.co.uk/quieter>

The airline industry continues to introduce stricter noise standards. Since the first ICAO standards for aircraft noise were adopted in 1971, certification standards have periodically been made more stringent. As a result, modern aircraft are 75% quieter today than their predecessors were 50 years ago, and this progress continues.<sup>8</sup> Operating restrictions targeting specific aircraft type rather than certification standards risk becoming outdated rapidly.

**Noise mitigation should be based on certification standards, not specific aircraft. The Sydney Airport Act 1995 allows BAe-146 and DC9 aircraft used for freight to operate during the airport curfew. Newer, modern aircraft are far more fuel efficient and quieter, and carry a higher payload, requiring fewer total movements to transport the same cargo volume.<sup>9</sup>**

Airlines will invest USD 4.5 trillion in newer and quieter aircraft over the next 20 years. In a period of five years, the express cargo carriers added almost 100 more modern jet aircraft to their fleets, replacing older types. Additional new build aircraft are always on order for future delivery. For example, FedEx signed a \$6.6 billion deal with Boeing in 2018 for 24 new 767 and 777 freighter aircraft.<sup>10</sup>

Express operators work closely with airports in Europe to define operational procedures designed to minimize the noise impact from operations near airports. For example, measures at Charles de Gaulle airport include continuous descent profiles for quieter landing, higher-altitude approaches, and take-off paths that avoid populated areas.<sup>11</sup>

### **Express delivery services are vital to the competitiveness of global businesses**

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FedEx and other express carriers provide next-day delivery services that require shipments to be transported and sorted at night. A 2009 study by Oxford Economics showed that the availability of next-day deliveries is vital to the competitiveness of businesses and that the disruption of overnight express services would have a detrimental impact on competitiveness.<sup>12</sup>

Overall, the express delivery industry conservatively facilitated around three million jobs in the world in 2013, according to a 2015 study by Frontier Economics. This represented 0.19% of global GDP or over \$140 billion. These direct measures alone, however, do not measure the full economic contribution of global express delivery, because global express plays an essential

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<sup>8</sup> <https://airlines.iata.org/analysis/reducing-noise>

<sup>9</sup> Sydney Airport Curfew Act 1995, p.11

<sup>10</sup> <https://www.bloomberg.com/news/articles/2018-06-19/boeing-lands-6-6-billion-fedex-deal-as-freight-demand-grows>

<sup>11</sup> EEA Aircraft Noise Factsheet: [http://www.euroexpress.org/uploads/ELibrary/EEA-Aircraft\\_Noise\\_FACTSHEET.pdf](http://www.euroexpress.org/uploads/ELibrary/EEA-Aircraft_Noise_FACTSHEET.pdf)

<sup>12</sup> The Impact of the Express Delivery Industry on the Global Economy, Oxford Economics, 2009: <https://www.oxfordeconomics.com/publication/download/228797>

“catalytic” role for its customers in helping those companies to create further economic value by their activities.<sup>13</sup>

## About FedEx

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FedEx Express is the world’s largest express transportation company, covering every U.S. street address and servicing more than 220 countries and territories. Our global network provides time-sensitive, air-ground express service through more than 650 airports worldwide. FedEx acquired TNT Express in 2016.

FedEx Corp. provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenues of \$65 billion, the company offers integrated business solutions through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. Consistently ranked among the world’s most admired and trusted employers, FedEx inspires its more than 425,000 team members to remain focused on safety, the highest ethical and professional standards and the needs of their customers and communities.

FedEx would like to thank the Productivity Commission for the opportunity to comment on the Draft Report. We appreciate the Government’s commitment to a transparent process when considering noise-related measures. We look forward to further consultation with stakeholders at different stages, from assessment through implementation, to address noise concerns at Australia’s airports.

Sincerely,

Peter Langley  
Vice President, Australia Operations  
FedEx Express

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<sup>13</sup> Express Delivery and Trade Facilitation: Impacts on the Global Economy: [https://global-express.org/assets/files/Members-Library-2/GEA\\_FinalReport\\_040315\\_STC.pdf](https://global-express.org/assets/files/Members-Library-2/GEA_FinalReport_040315_STC.pdf)