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Dr Kerry Schott AO
Freight Policy Reform Advisory Panel
Freight Branch, NSW Government

By email: freight@transport.nsw.gov.au

NSW FREIGHT POLICY REFORM PROGRAM

Qantas Airways Limited (the **Qantas Group**) welcomes the opportunity to make a submission to the New South Wales Government's Interim Directions on Freight Reform in NSW.

Qantas Freight is Australia's largest independent air freight services business, transporting on average 44,000 pieces every weekday.

In 2026 a significant shift in Qantas' freight operation will occur when Western Sydney International Airport (**WSI**) becomes operational. WSI is a critical part of Australia's national infrastructure and represents a significant opportunity for NSW. The Qantas Group welcomes the significant pipeline of infrastructure investment associated with the development of the Western Sydney Aerotropolis, including the construction of the Sydney Metro, and major arterial roads such as the M12 to connect the precinct with the broader region.

In June 2023, the Qantas Group announced plans to operate from WSI. Within the first year of opening, around four million passengers are expected to be carried per year, representing up to 700 additional operational jobs in the Qantas Group's first year of operation at WSI.¹ In October 2024, WSI announced that the new hub at WSI will increase Sydney's air cargo capacity by around 33 per cent upon opening and provide dedicated access via the upgraded Northern Road and proximity to growing freight and logistics centres at Kemps Creek and the Aerotropolis.²

Transition of freight from KSA to WSI – A clear transition plan is needed before June 2025
(See 3.8.2 *Directions for strategic planning and industrial land*)

There are a number of policy constraints that affect the seamless transport of freight both interstate and internationally. Most notably, the curfew provisions at Sydney Kingsford Smith Airport (**KSA**) present considerable challenges in the uplift and delivery of time-sensitive and same day freight delivery. While the opening of WSI in 2026 will go some way

¹ WSI Media Release, '[National carrier to land in Western Sydney](#)' (8 June 2023).

² <https://westernsydney.com.au/Sydneys-New-24-Hour-Cargo-Precinct-Set-to-Supercharge-Nations-Supply-Chains>.





to alleviating these constraints, a clear plan for the transition of freight operations between the two ports is critical to ensure a seamless transition with minimal disruption for customers and to avoid negative implications for the local and national supply chains and the Australian economy.

To comply with the *Sydney Curfew Act*, BAe146 aircraft are currently used for overnight freight in and out of KSA. These aircraft are at the end of their life cycle and need to be replaced with newer, greener, more reliable freighter aircraft. While WSI will enable this fleet renewal, aircraft disposal and acquisition require sufficient lead-time and investment.

A clear transition plan with flexibility for operators to minimise disruptions benefits the community (end consumers), businesses (air freight customers), operators (service providers end-to-end) and Government as it:

- Ensures time to plan and invest in the WSI transition;
- Reduces likelihood of disruption to the supply chain and economy with nation-wide impact, especially for regional and rural communities;
- Allows for better forward planning for operators to manage investments and assets to reduce inflation in costs and prices;
- Creates an equal playing field for all operators and supporting services providing the same information and same ability to plan for the transition;
- Helps ensure an optimal overnight air freight network is in place at WSI as soon as possible from opening to drive positive public reaction and trust from customers which will be critical for the long-term success of WSI; and
- Allows the management of training of crew on new aircraft – ensuring labour shortages are minimised.

A flexible transitional pathway for carriers to move across from KSA to WSI, including the ability to operate different aircraft types overnight at KSA leading up to the opening of WSI has significant benefits for stakeholders and derisks the transition. Clarity for the industry on WSI freight transition is needed before June 2025 (at the latest) to procure replacements for the BAe146 aircraft and the hiring and training of new pilots to operate the new aircraft.

Need for strategic coordination

(See 6.4.2 Actions and directions for resilience)

Strategic coordination is required between KSA and WSI, especially for air freight connectivity between the two airports to create a Sydney basin freight solution. While not large in terms of overall volume compared to road and rail freight, air freight is high value, time-sensitive cargo that underpins eCommerce and other critical sectors of the NSW and Australian economy. Given the time-sensitive nature and high impact of delay of this air freight, low friction road transit between the two airports in Sydney is a key priority for air freight service providers. Emirates' dual airport cargo operation in Dubai provides a relevant case study of how seamless connectivity for cargo between two intra-city airports can be achieved.³

To support the opening of WSI and ensure seamless freight operations from that airport, it is important that the M12 motorway connects all the way through to the Northern Road (M12 West) which is the gateway to the cargo precinct at WSI. Otherwise, the KSA and WSI freight precincts will not have a seamless road solution. It should be noted that air freight

³ <https://aci-apa.com/emirates-set-to-restart-dual-airport-cargo-operations-in-dubai/>.



operations are expected to make up a major part of the aircraft movements at WSI in the initial period of WSI's operation.

Future Fuel Pipeline for WSI

(See 7.7 Actions and directions for pricing, and 8.4 Actions and directions for ports)

The Qantas Group acknowledges that WSI will be served by fuel tanker trucks in the initial start-up period due to low volume requirements and the absence of other alternatives.

Key considerations for fuel supply at WSI should be supply resilience, environmental impact and competitive pricing. It is important that appropriate commitments are made now to ensure that a dedicated open access fuel supply pipeline is in place at WSI by the time volume growth requires it.

To ensure competitive price outcomes, the pipeline should be supported by an end-to-end open access supply model from import terminal through to into plane. An open access arrangement of this nature will also future proof the supply chain for transition to Sustainable Aviation Fuel (SAF), which we note is likely to be supplied by a more diverse set of suppliers. It is important to consider that current fuel supply pipeline infrastructure in the Sydney basin is largely closed access and owned by incumbent fuel suppliers. Utilising this infrastructure, under its current ownership/ access model, would likely result in further control of the basin's supply chain by a small number of existing incumbent fuel suppliers.

Sustainability

(See 5.3 Actions and directions for decarbonization)

The decarbonisation of the aviation sector (including both passenger and freight operations) is a key priority for industry – both in Australia and around the globe. While a range of levers will be relied up on to achieve net zero by 2050, SAF remains at present the most viable option to accelerate emissions reduction efforts related to flying.

The Qantas Group has been engaging with both State and Federal Governments to develop a policy framework that supports the domestic production of SAF. Critically, the Federal Government's Low Carbon Liquid Fuel Consultation has sought views from industries across the SAF value chain on the ideal supply and demand side policies for scaling a local industry, examining best practice from other leading international jurisdictions. The Qantas Group welcomes the recent focus from the NSW Government on renewable liquid fuels – including Department of Primary Industry and Regional Development's Sustainable Aviation Fuel Prospectus and consultation on building a renewable fuel industry – which acknowledges the significant economic opportunities for the state.

State Governments are beginning to recognise and capitalise on the opportunities presented by renewable fuels (like SAF) and accelerate their own state-based goals for decarbonisation and energy transition. States like NSW can advance this progress through a range of policy actions, including:

- Expanding state-based renewable fuel standards;
- Implementing supply-side support (such as capital, development and R&D grants; production credits; tax incentives);



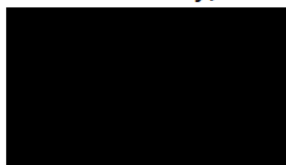
- Identifying opportunities to introduce stackable or supportive policies which amplify and are complementary to Federal Government initiatives;
- Establishing subsidies or rebates for end-users to reduce costs and encourage adoption;
- Introducing Government procurement programs to support renewable fuel adoption through government contracts and purchasing programs;
- Streamlining regulatory approvals to simplify processes and facilitate local project development; and
- Supporting research and development – including into feedstocks, logistics and advancing emerging technologies.

The Qantas Group supports the position adopted by the Queensland Government as a leader in its support for a local SAF sector. The Qantas Group would support similar measures implemented by the NSW Government including cost-sharing through partnership arrangements, grant funding and streamlining regulatory approvals, including:

- An MOU with Qantas on developing a SAF industry, examining best-use of sugarcane waste and agricultural by-products to develop new feedstocks and processes;
- An MOU with Ampol and ENEOS to investigate feedstocks at the existing Lytton Refinery;
- Providing \$800,000 in funding to Jet Zero Australia for a feasibility study of its planned biorefinery (which could produce up to 100 million litres of SAF per year);
- Providing \$800,000 in funding to the Wagner Corporation for a feasibility study on a proposed SAF blending facility;
- Establishing an Industry Partnership Program, which includes biofuels/SAF projects which address supply chain gaps, expand strengths across industries and build sovereign capabilities; and
- Supporting trials of SAF and other renewable liquid fuels.

We look forward to continued engagement with the Panel on NSW's Freight Policy Reform Program and would welcome the opportunity to discuss our submission further.

Yours sincerely,



Executive Manager Freight