

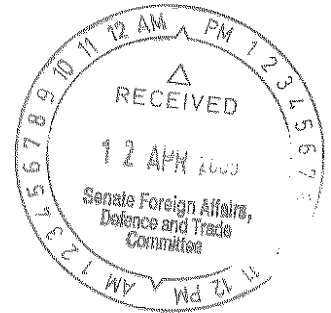


Australian Government

Department of Transport and Regional Services

File Reference: P2005/0568

Dr Kathleen Dermody
Committee Secretary
Senate Committee on Foreign Affairs, Defence and Trade
Parliament House
CANBERRA ACT 2600



Dear Dr Dermody

Subject: Senate Inquiry into Australia's Relationship with China

The Department of Transport and Regional Services (DOTARS) is not providing a formal submission to the Senate Inquiry, however the Department would be pleased to appear at a hearing if the Committee considered this would be of use. This letter provides information on Australia-China aviation relations, and mechanisms for cooperation on transport with Chinese agencies.

Aviation

The Aviation Market

The aviation market between Australia and China is one of Australia's most promising, having grown at an average of almost 20 per cent per annum over the last five years, to become the seventh largest origin/destination market for Australia. Domestic air travel in China has doubled over the last seven years.

In 2004, according to the Bureau of Transport and Regional Economics, a total of 932,182 passengers travelled between Australia and China, 46% of whom (428,065) travelled directly between Australia and China. Chinese visitors to Australia represent around 63% of the total Australia-China traffic, underlining the importance of the Chinese market to the Australian inbound tourism industry.

Bilateral Air Services relationship

China has been moving to liberalise its aviation sector in past years, and the new Air Services Agreement signed between both countries in 2004 and associated arrangements reflects this progress.

The new *Agreement between the Government of Australia and the Government of the People's Republic of China relating to Air Services* was signed on 23 March 2004 by the Hon John Anderson MP, Deputy Prime Minister and Minister for Transport and Regional Services, and Yang Yuanyuan, the Chinese Minister for Civil Aviation. Australia and China are currently in the process of completing their domestic

procedures for this treaty to enter into force, at which point it will replace the previous Agreement signed in 1984.

The Air Services Agreement forms the basis for a framework of additional arrangements between the aeronautical authorities of Australia and China. The arrangements provide for over 6000 seats to Sydney, Melbourne, Brisbane and Perth, and unrestricted passenger services between Australia's regional international gateways and all airports in China. It also allows for unrestricted freight services between Australia and China.

Regular Scheduled Air Services

The Australia-China passenger market is currently served by one Australian and three Chinese airlines. See Attachment A for more detail.

The freight market is serviced by Qantas Freight, which operates four weekly all-cargo Boeing 747 services from Sydney via Shanghai to Anchorage, Chicago and New York. Polar Air Cargo operates two weekly all-cargo Boeing 747 services from the United States to Sydney via Shanghai.

Co-operation between DOTARS and the Chinese Government

APEC Transportation Working Group

China and Australia are both active participants in the APEC Transportation Working Group (TPT-WG). China currently holds the position of Deputy Lead Shepherd of the TPT-WG. DOTARS works with Chinese officials as required through the TPT-WG.

Cooperation Agreements between DOTARS and Chinese Transport Authorities

DOTARS has 4 Memorandums of Understanding (MOUs) with the Chinese Government. The MOUs provide for cooperation in the transport sector, including visits, exchanges of information, officer exchanges, joint project work, and a Joint Working Group (JWG) to implement the MOUs. The agreements are with the State Development and Planning Commission (now the National Development and Reform Commission, or NDRC), the Ministry of Railways, the Ministry of Communications and the Aviation Safety Office of the General Administration of Civil Aviation of China¹ (CAAC).

DOTARS and CAAC have developed a productive working relationship over the last few years. DOTARS has hosted a number of visits by CAAC delegations to discuss Australia's administration of civil aviation.

¹ This MOU is Annexed to the DOTARS one, but is specifically between the Australian Transport Safety Bureau and the Chinese Aviation Safety Office.

Other Portfolio Bodies

The *Australian Maritime Safety Authority (AMSA)* maintains good working relations with its counterpart, the Maritime Safety Administration of the People's Republic of China, principally through participation in multilateral forums. AMSA has hosted a number of visits by Chinese officials in relation to their interest in Australian expertise in ship safety, provision of aids to navigation, pollution prevention, and search and rescue services.

Airservices Australia has had an MOU with the Civil Aviation Authority of China (CAAC) and the Air Traffic Management Bureau (ATMB) since 1993, and has worked for CAAC on a range of commercial technical and consultancy tasks over the years. Airservices Australia recently started bidding for commercial contracts for the provision of aviation expertise for the Beijing Olympic Games.

DOTARS recognises the important role China plays for both the economic prosperity and security of the region.

Should you have further questions, please contact Richard Wood, Section Head, Aviation Markets, on (02) 6274 7413.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Bogiatzis', with a stylized flourish at the end.

Nick Bogiatzis
General Manager, Aviation Markets

4-4-5.

Attachment A

Regular Scheduled Flights China-Australia

Airline	Route	Frequency	Aircraft Type
Qantas (a)	Sydney-Shanghai	3 weekly	Airbus A330
China Eastern	Sydney-Shanghai	4 weekly	Airbus A340
China Eastern	Melbourne-Shanghai	1 weekly	Airbus A340
China Eastern	Melbourne-Sydney-Shanghai	3 weekly	Airbus A340
China Southern	Guangzhou-Sydney	Daily (b)	Boeing 777
Air China	Beijing-Shanghai-Sydney	5 weekly	Boeing 777 and 767
Air China	Beijing-Shanghai-Melbourne	2 weekly	Boeing 777 and 767
Air China	Beijing-Guangzhou-Melbourne-Sydney	2 weekly	Boeing 777 and 767

Notes:

(a) Qantas also codeshares on four weekly services operated by China Eastern Airlines.

(b) Two of these daily services also operate via Melbourne.