



**The Hon Gladys Berejiklian MP**  
Minister for Transport

PI14/00011

Mr David Blunt  
Clerk of the Parliaments  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Blunt,

Please find attached the Government response to the Report of the Inquiry into Regional Aviation Services, by the Standing Committee on State Development, for tabling in the Legislative Council.

Yours faithfully,

**Gladys Berejiklian MP**  
Minister for Transport

5/3/2015

Received at 5 pm Thursday  
5 March 2015

## PARLIAMENTARY INQUIRY INTO REGIONAL AVIATION

### Government response to recommendations

	Recommendation	Government Response
1	That local communities, the mining industry, the Civil Aviation Safety Authority and the NSW Government discuss opportunities to pursue a more coordinated approach to the provision of air services that recognise the needs of local communities and the resources industry.	Supported in principle.  The NSW Government will write to the Federal Minister for Infrastructure and Regional Development to seek an opportunity to discuss a more coordinated approach to the provision of air services.
2	That the NSW Government write to the Minister for Infrastructure and Regional Development, to encourage the expansion of the current Direction 93, made under subsection 95X of the <i>Competition and Consumer Act 1910</i> (Cth) to include pricing for other Sydney Airport services, including hangar space, airline office space, storage facilities, and other infrastructure used by regional airlines.	Supported in principle.  Direction 34 (price cap) and Declaration 93 (notification) made under subsection 95X of the <i>Competition and Consumer Act 2010</i> (Cth) are due to expire 30 June 2016.  The NSW Government will write to the Federal Minister for Infrastructure and Regional Development to encourage the expansion of the Directions beyond 2016 to provide certainty to NSW's regional aviation industry.  The NSW Government will request the Minister consider whether competition and consumer protection would be further promoted by extending the scope of the current declaration to include other aviation services such as hangar space.
3	That the NSW Government write to the Minister for Infrastructure and Regional Development to encourage a review of the current slot allocation and movements cap systems in place at Sydney Airport, which should include eliminating the 15 minute movement cap and the removal of regional turboprop aircraft from the movements cap.	Supported.  The NSW Government will write to the Federal Minister for Infrastructure and Regional Development to seek a review of the current restrictions on aircraft movements at Sydney Airport.  The NSW Government, in its Visitor Economy Industry Action Plan, supports increasing the hourly movement cap from 80 movements per regulated hour as currently allowed under the <i>Sydney Airport Demand Management Act 1997</i> (Cth) to 85 movements during peak periods.  The NSW Government also supports increasing movements in the curfew shoulder to the level allowed by the <i>Sydney Airport Curfew Act 1995</i> (Cth).

	<b>Recommendation</b>	<b>Government Response</b>
4	<p>That the NSW Government write to the Minister for Infrastructure and Regional Development and request that the Federal Government consider the possibility of allocating a limited number of the reserved regional slots into Sydney Airport to specific regional communities.</p>	<p>Supported in principle.</p> <p>The NSW Government, in its Visitor Economy Industry Action Plan, states that it does not support changes to protections for existing regional flights to Sydney Airport.</p> <p>The NSW Government will write to the Federal Minister for Infrastructure and Regional Development to convey the Committee's recommendation that the Federal Government consider the possibility of allocating a limited number of the reserved regional slots into Sydney Airport to specific regional communities.</p>
5	<p>That the NSW Government in its correspondence with the Minister for Infrastructure and Regional Development urge the Federal Government to amend the <i>Sydney Airport Demand Act 1997</i> to ensure the access of regional regular passenger transport services to Sydney Airport is preserved.</p>	<p>Supported.</p> <p>The NSW Government will write to the Federal Minister for Infrastructure and Regional Development to seek the preservation of current regional regular passenger transport services to Sydney Airport.</p> <p>The NSW Government, in its Visitor Economy Industry Action Plan, states that it does not support changes to protections for existing regional flights to Sydney Airport.</p>
6	<p>That the NSW Government establish a roundtable of stakeholders, headed by the Minister for Regional Infrastructure and Services to develop an on-going funding arrangement for the continued maintenance of the network of essential airfields across the state.</p>	<p>Supported in principle.</p> <p>The Regional Infrastructure and Services portfolio has a role in impartially assessing proposals seeking NSW Government funding to facilitate capital investments in regional infrastructure, and in assisting Infrastructure NSW with funding for regional tourism, including airports, through the \$110 million Regional Tourism Infrastructure Fund.</p> <p>Up to \$50 million is available through the Regional Tourism Infrastructure Fund for the development of regional airport infrastructure that services 30 eligible regional tourism destinations, with expressions of interest for funding open until 31 March 2015. All proposals are assessed on merit against clear criteria to demonstrate economic benefit for NSW.</p> <p>As other reforms are implemented, arrangements to establish a roundtable will be reviewed.</p>

	<b>Recommendation</b>	<b>Government Response</b>
7	<p>That the NSW Government institute legislative change that will provide aerodromes with a similar exemption to that provided to other state infrastructure in relation to the removal or pruning of obtrusive native vegetation.</p>	<p>Noted.</p> <p>The NSW Government recently appointed an Independent Biodiversity Legislation Review Panel to undertake a full review of the <i>Native Vegetation Act 2003</i> (NSW) and other related biodiversity legislation. The Government is currently considering the Review Panel's recommendations, including on how exemptions from biodiversity legislation should operate. The Government will consider the Committee's recommendation as part of its response to the Independent Biodiversity Legislation Review Panel's recommendations.</p>
8	<p>That the NSW Government write to the Minister for Transport and Infrastructure to note the concerns of regional airports that they are overburdened and overwhelmed by the frequent changes to civil aviation safety legislation and regulations. Furthermore, the committee recommends that the NSW Government urges the Minister to consider the impact of security and safety regulations on regional airports and encourage the adoption of a risk management approach. The Minister will also be asked to provide funding to support regulatory change that requires upgrades to be made to infrastructure.</p>	<p>Supported.</p> <p>The NSW Government has an ambitious red tape reduction target and is committed to implementing measures that make it easier to do business in NSW as part of the NSW Economic Development Framework.</p> <p>The NSW Government will write to the Federal Minister for Infrastructure and Regional Development to note the concerns of regional airports about changes to civil aviation safety legislation and regulations, including consideration of a risk management approach and funding support for regulatory changes that require updates to infrastructure.</p>
9	<p>The committee recommends that the NSW Government work with industry and local government to develop a workable model, including regulation if necessary, that will facilitate the timely payment of airport fees to operators.</p>	<p>Noted.</p> <p>Payment of fees by airlines to airport owners is most appropriately dealt with in the contractual arrangements between airport owners and airlines.</p>

	<b>Recommendation</b>	<b>Government Response</b>
10	<p>That the NSW Government gives further consideration of the hub and spoke model as an option for the delivery of regional aviation services and takes into account the issues discussed in this report.</p>	<p>Supported.</p> <p>Transport plays a vital function in regional NSW, connecting communities with services, educational opportunities, jobs and recreational activities. Our regions rely on a well connected, efficient transport network to sustain community wellbeing and quality of life, and to support vital industries.</p> <p>The NSW Long Term Transport Master Plan sets the strategic direction for transport planning for the next 20 years, providing a framework for transport policy and investment decisions that respond to key transport challenges, including actions to provide essential access for communities in regional NSW.</p> <p>Enshrined as a key, overarching action in the NSW Long Term Transport Master Plan, Transport for NSW has committed itself to working towards connecting communities in regional NSW through improved travel links. This overarching action is then filtered down into the actions contained in each of the NSW Regional Transport Plans for the ten regions.</p> <p>Through the NSW Long Term Transport Master Plan and the Regional Transport Plans, a framework of integrated service delivery has been established. This promotes the idea of implementing a hub and spoke model for the provision of transport services.</p> <p>At the highest level, travel to and from a region via air and rail services would provide transit connections to and from key regional centres to capital cities. Key regional centres would act as the hub from which the next order of service provision, travel within the region, could be provided. Quality transport connections between major towns and regional hubs would then be provided through coaches, local bus services and private transport through park and ride facilities.</p> <p>Integration across transport modes would help allow for seamless connectivity between air services, rail services, bus services and connecting public and private transport services that provide regional communities with quality transport options.</p> <p>Transport for NSW will continue to work in partnership with other NSW agencies, the Australian Government, local government and transport providers on implementing the actions of the Regional Transport Plans and delivering transport improvements for regional NSW.</p> <p>It should be noted that the decision to commence a regional aviation service, including the operating model, ticketing, fares and booking arrangements, is a commercial decision for the airline.</p>

	<b>Recommendation</b>	<b>Government Response</b>
11	<p>That the NSW Government commences discussions with the Federal Government, industry, Regional Development Australia, local councils and communities to plan for the impacts on communities and infrastructure resulting from the introduction of larger fleet sizes.</p>	<p>Supported in principle.</p> <p>The NSW Government will write to the Federal Minister for Infrastructure and Regional Development to seek an opportunity to discuss a more coordinated approach to planning for the introduction of larger fleet sizes.</p> <p>The NSW Government, as supported in its Visitor Economy Industry Action Plan, is working with the Lord Howe Island Board to address future access to Lord Howe Island.</p> <p>The Regional Infrastructure and Services portfolio has a role in impartially assessing proposals seeking NSW Government funding to facilitate capital investments in regional infrastructure, and in assisting Infrastructure NSW with funding for regional tourism, including airports, through the \$110 million Regional Tourism Infrastructure Fund.</p> <p>Up to \$50 million is available through the Regional Tourism Infrastructure Fund for the development of regional airport infrastructure that services 30 eligible regional tourism destinations, with expressions of interest for funding open until 31 March 2015. All proposals are assessed on merit against clear criteria to demonstrate economic benefit for NSW.</p>

	Recommendation	Government Response
12	<p>That the NSW Government explicitly acknowledge that regular passenger transport services in regional New South Wales are an essential service.</p>	<p>Supported.</p> <p>Transport for NSW, through the NSW Long Term Transport Master Plan and the Regional Transport Plans, has already acknowledged the importance of regular passenger transport services in regional NSW and understands air travel is vital to the economies and communities of regional NSW.</p> <p>This is reinforced in eight Regional Transport Plans which identify that Transport for NSW will support ongoing access to Sydney Airport by supporting the maintenance of the 20 percent flight slots allocated to regional NSW services and will seek a greater allocation in the peak periods.</p> <p>The Regional Transport Plans also include a range of transport planning actions for passenger transport services. These include:</p> <ul style="list-style-type: none"> <li>• improving NSW TrainLink and coach services</li> <li>• improving regional bus services</li> <li>• integrating NSW TrainLink coach services with regional bus services</li> <li>• investigating flexible or demand responsive transport</li> <li>• ensuring adequate community transport services are provided</li> <li>• improving the integration of community transport services into the passenger transport system.</li> </ul> <p>These actions recognise the importance of connectivity for regional communities to key regional centres. Transport plays a vital function in regional NSW, connecting communities with services, educational opportunities, jobs and recreational activities. By improving the existing services and integrating modes, Transport for NSW will improve the connectivity and accessibility of travel by regional passenger transport services.</p>
13	<p>That the NSW Government considers the role of the Australian Airports Association, Regional Development Australia, and representative bodies including regional organisations of councils could play in providing advice and support on grants funding and application processes.</p>	<p>Supported.</p> <p>The NSW Government strives for continuous improvement in grant application processes to enhance outcomes and reduce application costs. Some funding assessment panels already include industry and community representation.</p> <p>There are also existing opportunities for community and industry representative bodies to communicate their views to the NSW Government, and the NSW Government takes these views into account when establishing and reviewing grant funding and assessment application processes.</p>

	<b>Recommendation</b>	<b>Government Response</b>
14	<p>That the NSW Government to continue to support aviation through grant programs and ensure that the application processes are uncomplicated and easy to follow.</p>	<p>Supported.</p> <p>The NSW Government will continue to support regional aviation through the current Regional Industries Investment Fund and the new Regional Tourism Infrastructure Fund. These programs complement a suite of other NSW Government programs aimed at supporting regional economic development, including the Regional Relocation Grant and the Jobs Action Plan.</p> <p>Up to \$50 million is available through the Regional Tourism Infrastructure Fund for the development of regional airport infrastructure that services 30 eligible regional tourism destinations. Expression of Interest Guidelines for regional airports are available online, to assist local councils and other airport owners with project submissions. Expressions of interest to Infrastructure NSW for funding are open until 31 March 2015. All proposals are assessed on merit against clear criteria to demonstrate economic benefit for NSW.</p> <p>The NSW Government will continue to provide business advisory, support and facilitation services to companies considering investing in, establishing or expanding a business, as a means of stimulating economic growth in the State.</p>
15	<p>The current NSW Government assessment of air services in the Orana region be finalised promptly.</p>	<p>Supported in principle.</p> <p>The investigation into opportunities to restore air services to the Orana Region is an action in the Orana Regional Action Plan and the Western NSW Regional Transport Plan.</p> <p>More than half of the population in the Western region (which encompasses Orana) lives in remote areas, which presents a unique transport challenge.</p> <p>Travel between smaller, dispersed populations and major centres across vast distances is difficult to serve by conventional public transport. No other region in NSW has lost its air service and is classified as remote. Air travel is important for the Western region as it provides access to services in major regional centres and capital cities.</p> <p>The Department of Premier and Cabinet, supported by Transport for NSW, has led the feasibility study into expanding commercial air services to remote communities in western NSW, including Lightning Ridge, Walgett, Brewarrina and Bourke.</p>



	<b>Recommendation</b>	<b>Government Response</b>
16	That the NSW Government undertake studies similar to the Orana regional assessment, in other regional and remote communities that are without air services.	Supported in principle, subject to the outcomes of the assessment of air services in the Orana region.  Transport for NSW, through the NSW Long Term Transport Master Plan and the Regional Transport Plans, acknowledges the importance of regular passenger transport services in regional NSW and understands air travel is vital to the economies and communities of regional NSW.  Transport for NSW supports an integrated approach to transport planning and supports in principle undertaking similar studies in other regional and remote communities without air services. However, such studies need to consider the entire transport task and take into account all modes of transport in the region.
17	That Transport for NSW consult with local councils who currently have a regulated air route to discuss if deregulation is preferable to regulation.	Supported.  Transport for NSW will consult with local councils prior to the commencement of the new <i>Passenger Transport Act 2014</i> (NSW) as it relates to air services.
18	That Transport for NSW consult with local government in a transparent and open way throughout the licence tender process and on the appointment of an airline, and continue to make improvements to consultation processes.	Supported.  Transport for NSW will continue to consult with local councils and communities as part of any future licensing process.
19	That Transport for NSW develop a guide for local government that clearly explains the department's role, and the responsibilities of council in relation to managing the relationship with the airline.	Supported.  Transport for NSW will develop a guide for local government and other relevant stakeholders.

	<b>Recommendation</b>	<b>Government Response</b>
20	That regional air services be located within the portfolio responsibilities of the Minister for Regional Infrastructure and Services.	<p>Not supported.</p> <p>Transport for NSW has already established, through the NSW Long Term Transport Master Plan and the Regional Transport Plans, a framework for planning services to, between and within regional communities in NSW.</p> <p>Transport for NSW supports an integrated approach to transport planning. The right transport modes need to be determined for the right tasks. Improving access to transport requires the right balance and mix of transport options across regional NSW. Regional air services should not be separated out from the transport task, and therefore the responsibility of licensing for intra-state air services should remain with Transport for NSW to ensure an integrated planning approach is maintained.</p> <p>The Regional Infrastructure and Services portfolio plays a role in supporting regional aviation infrastructure in a similar way to its investment in infrastructure in other sectors. For example, the NSW Government has recently provided funding support for airport and runway upgrades in regional NSW through the Regional Tourism Infrastructure Fund.</p>
21	That the NSW Government establish a regional aviation taskforce under the direction of the Minister for Regional Infrastructure and Services, supported by a parliamentary secretary that takes into consideration the concerns raised by this report and the recommendations of the committee.	<p>Not supported.</p> <p>The NSW Government is committed to continuing to work with aviation and airport stakeholders to ensure continued access via air from Sydney Airport to the regions.</p> <p>Transport for NSW has already established, in the NSW Long Term Transport Master Plan and the Regional Transport Plans, a framework for planning services to, between and within regional communities in NSW.</p>