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21 August 2014

The Committee Secretariat
C/O: Madeleine Foley (**Director - Committees**)
NSW Legislative Council
Standing Committee on State Development
Inquiry into Regional Aviation Services

Dear Madeleine

Questions on Notice: Moree Plains Shire Council – Public Hearing, 23 July 2014

In addition to our correspondence relating to supplementary questions (dated 16 August, 2014), please find below a response to the one Question on Notice that was put by Mr Scot MacDonald. Please note that this question is similar to Question One that was put as part of the supplementary questions.

Mr SCOT MacDONALD: My last question relates to the lost money. I put this to some other witnesses yesterday. Would you support something like an Ansett fund of 10¢ or 20¢ a ticket where you build up a fund so if a Brindabella falls over there might be a reserve that you can call on? I will leave that with you on notice if you like.

Mrs HUMPHRIES: I think that would be practical.

Moree Plains Shire Council would offer in principle support for a fund that would protect Councils and Ratepayers in the event that RPT airline operators could not meet their debts or obligations to communities such as Moree Plains.

The Moree Regional Airport operates to provide a vital community service. Funds received from landing fees are vital to ensure ongoing maintenance for the provision of a safe and viable airport. Funds are also required for future capital replacement or expansion to meet community, regulators and airline operator's expectations.

The business collapse of Brindabella has highlighted the need for a level of protection for community airport assets. This is of particular poignancy when, as a Council, we have had no direct input into the decision making process that appoints an operator, as was the case with Brindabella.

As the Committee heard during the hearing, there is enormous pressure on local governments to encourage and support passenger air services. If local governments are placed in a position to recover outstanding debts, which may be the cause or contributor to that airlines insolvency and/or demise, then our community suffers greatly.

It is of vital importance that the development and design of such a scheme be undertaken with due consultation to key stakeholders and that the scheme would not place further undue pressure on regional aviation services.

It would perhaps be appropriate to have such a levy spread over the passenger airline industry in its entirety, encapsulating movements between major urban centres such as Sydney/Melbourne.

Thank you for your time and consideration of this response. For further information on this matter, please do not hesitate to contact me if you have any further questions on

Yours faithfully

David Aber
GENERAL MANAGER

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Dear Madeleine

Supplementary Questions: Moree Plains Shire Council - Public Hearing, 23 July 2014

We thank the Standing Committee and the Chair, The Hon R. H. Colles, for their attendance in Moree on 23 July 2014. The community of the Moree Plains Shire appreciates the opportunity to have their voice heard in relation to the vital issues pertaining to regional aviation services.

Please find below responses to supplementary questions as requested.

1. *Would Moree Plains Shire Council consider a levy on tickets to build a Reserve/Scheme to recompense airports in the event of the failure by carriers to pay their passenger landing fee?*

Yes - Moree Plains Shire Council (MPSC) would support a levy in principle. However, it is of vital importance that the development and design of such a scheme is undertaken with due consultation to key stakeholders and that the scheme would not place further undue pressure on regional aviation services.

It would perhaps be more appropriate to have such a levy spread over the passenger airline industry in its entirety, encapsulating movements between major urban centres such as Sydney/Melbourne.

2. *You mention in your submission (page 12) that the vast majority of airline passenger trips through Moree are business related or to support the medical needs of the community, while only 1/5th relate to Tourism. Is Council working with tourism organisations to promote the region and ultimately increase passenger numbers for this purpose?*

Yes - MPSC, and particularly Moree Tourism Incorporated, is highly focused on growing tourism in the Moree Plains and greater region. Moree Tourism is a multi-award winning organisation that is part funded by MPSC and promotes the Moree Plains product both nationally and internationally. Moree Tourism are 'Hall of Fame' recipients at an Inland Tourism level, have won state awards 2 years running and won bronze at the Australian Tourism Awards in 2013. The experience with Brindabella has damaged the industry's credibility and it will take a considerable effort by our community to repair over time.

MPSC has recently injected over \$7 million into the redevelopment of the Moree Artesian Aquatic Centre (MAAC). This facility showcases the Moree Hot Artesian Waters and combines health, wellness and fitness into a single complex. The MAAC is now administered by a board and is a separate entity to MPSC which allows greater commercial flexibility to seek out quality partnerships to grow the tourism market.

The new MAAC continues to refine their business model and Moree Tourism and MPSC will continue working together to market Moree as the Hot Artesian Spa Capital of Australia; a mantle that we hold in high regard as a community.

In addition to the Artesian experience, Moree Tourism work to grow fly and stay packages so visitors can experience eco and farm tourism, the art deco architecture of Moree, our rich Aboriginal culture, renowned art gallery and big sky country atmosphere.

3. *You note that local trade with global markets has been helped by regular economic and business delegations visiting Moree from across the world. Can you expand on the nature of the delegations and type of local business that is attracting global interest?*

The Moree Plains is a proud exporter of high quality agricultural produce. This has attracted delegates and merchants from around the globe.

Delegates and business people from China and Thailand have routinely visited to inspect the cotton growing and the ginning industry. The Moree Plains and region supplies between 25% and 35% of Australia's total cotton export. End users, such as yarn and garment manufactures, have a keen interest in the products they are importing overseas and a desire to see how they are produced. In addition a local cotton grower now markets directly in China and has a permanent presence there.

The Moree Plains also produces some of the highest quality prime hard grain that is sought after by world markets. Many farmers are also moving into technology that can certify their produce as 'pest and pesticide free', thereby feeding world demand for clean and green produce. This continues to attract interest from overseas buyers.

On farm technology and farming practices within the Moree Plains is also leading world standards. Moree Plains continues to host delegates from the United States, Canada and Europe to showcase the advancements made within the industry.

4. *You discuss in your submission (page 23) that Sydney Airport Slots should be allocated permanently to specific routes for regional areas. Do you acknowledge that this could create problems for Kingsford Smith Airport if the region ceases to have an RPT operator and there is no other provider interested in servicing the route?*

We believe that the principle of this request relates to ensuring regional aviation has the best chance to succeed, be viable and to ensure that stronger urban markets do not squeeze out vital links to rural communities.

We also submit that this request is part of a much larger picture in relation to sustaining regional aviation services. A holistic approach may be required in the future by State and Federal Governments that includes (for example) schemes such as the Essential Air Service model used in the USA (page 32 of our submission) and a hub and spoke link to outer regional and remote communities.

In relation to problems for Kingsford Smith Airport; in the event that slots would be vacant over a long term or indefinite period, we are confident that appropriate legislation and regulation with review mechanisms can be designed to manage the slot allocation process. We were alerted to the problem during the handover between Qantas and Brindabella when Brindabella had to negotiate new slots to commence the service.

Furthermore, the Moree to Sydney route remains a viable route so long as our community has appropriate input into the decision making process for RPT services.

5. *You make a point (page 24) that the slot management system needs to ensure that the growth in regional city centres such as Coffs Harbour does not interfere with the slots for routes such as Moree to Sydney. Can you expand on this?*

A generic minimum slot allocation requirement for “regional” airports linking to Sydney may have the potential to disadvantage various towns with regional and rural NSW.

For illustration purposes; if slot allocation for Sydney Airport is managed so that there is a minimum number of slots that remain in a general pool that are mandated to be allocated to “regional areas”, the rapid growth of some centres that are defined as “regional” has the potential to ‘crowd out’ centres such as Moree. While Coffs Harbour or Dubbo can be classified as “regional”, their respective populations and demands for air services make them more competitive in a passenger aviation context.

The point to be made is that simply mandating slot allocations for regional areas is not sufficient or satisfactory to offer service protection for areas like Moree and the regional area. Therefore, slot allocation in the first instance must be embedded with the individual route to prevent larger routes poaching favourable slots from routes like Moree and changing the departure/arrival times to those less favourable for smaller regional areas. This community needs to maximise the time available in Sydney for medical and business appointments.

6. *The committee has heard evidence from QantasLink that its fleet is gradually being upgraded and the Q300 (50 seat aircraft) will eventually be replaced by a larger aircraft. Is the airstrip at Moree equipped to accommodate larger aircraft and if not, are there plans to modify it so that it is capable?*

The Moree Airport has the existing capability to suit operations by Code 3C turboprop aeroplanes. This enables the following aircraft types to operate:

- 30-34 seat Jetstream 41
- Saab 340
- **50-seat Dash 8-300 (Qantaslink)** – Currently flying into Moree on a regular basis
- **70-seat Q400 (Qantaslink)** – Currently used on routes such as Melbourne to Devonport
- ATR 72

The Moree Regional Airport Master Plan (2013) has identified an interim capability that would suit operations by Code 3C jet aeroplanes. This would enable the 74-seat E170 and F70, the 100-seat F100 and the 115-seat B717-200 to operate. This has been identified as a medium term goal for airport operations, which may be completed within the next seven to ten years depending on demand and funding availability.

Ultimate capability of the airport would be designed to suit operations by all **Code 4C aircraft** including A320 and B737 types to meet our long term projections in the master plan.

Whilst it is not possible to put a timeframe on the demand for each stage of development, based on growth continuing at the long-term historical passenger traffic growth rate of 5.2% per year, provision for the ultimate capability is not expected to be required for approximately 20 years. However, this may be brought forward as efforts by MPSC to attract additional international investment and business opportunities reach fruition.

Thank you for your time and consideration of these responses. For further information on this matter, please contact me on

Yours faithfully

David Aber
GENERAL MANAGER