

**Submission  
No 42**

## **INQUIRY INTO REGIONAL AVIATION SERVICES**

**Organisation:** Snowy River Shire Council

**Date received:** 14/03/2014

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Submission to NSW  
Legislative Council Inquiry  
into Regional Aviation  
Services  
March 2014

### **Terms of reference**

That the Standing Committee on State Development inquire into and report on the provision of aerial regular passenger transport (RPT) services to regional centres in New South Wales, and in particular:

1. Cost of access to Sydney Airport, regional New South Wales airports and other landing fields including:
  - a) airport operator landing fees imposed at various airports and services and facilities included in those fees;
  - b) methodology for calculating landing fees for different classes of aircraft.
2. Financial management and viability matters impacting on RPT operators, including:
  - a) economics of operating various types of aircraft, including modern single engine turbine compared to older twin engine piston aircraft;
  - b) impacts of compliance costs, including per passenger costs;
  - c) suitability of "hub and spoke" systems for potential routes for smaller passenger numbers;
  - d) the viability of passenger loading for different classes of aircraft.
3. Economic impact on regional communities of gaining or losing RPT services, including:
  - a) the local business community;
  - b) the impact on general aviation and regional airport management of the gain or loss of RPT services to regional centres;
  - c) the potential for future economic development;
  - d) impacts for local, state and Federal governments, including licensing arrangements for services less than 50,000 passengers per annum.
4. Potential for development of future modern RPT aviation including:
  - a) opportunities for regional aviation manufacturing and servicing;
  - b) the development and supply of sufficient numbers of trained and skilled aviation personnel;
  - c) local, state and Federal government arrangements for staff travel;
  - d) opportunities for dual use RPT services to include both freight and passenger legs on the same routes.
5. Any other matter relating to the provision of aerial regular passenger transport services.

### **Background**

The question of the sustainability of regional air services has been the subject of a number of inquiries by both the Federal and State Governments over many years. These inquiries have included:

- The NSW Legislative Council Standing Committee on State Development inquiry into rural and regional air services in NSW (1998).
- A report by the Tourism Task Force into aviation access for NSW Regional communities in 1999

- The NSW Regional Airlines Summit Working Group, which reported to the NSW Government in July, 2001, and provided a submission to the Australian Transport Councils working group review of costs impacting on small regional airlines
- The 2003 House of Representatives Standing Committee on Transport and Regional Services Inquiry into Commercial Regional Aviation Services in Australia and Transport Links to Major Populated Islands

In its submission to the 2003 Standing Committee on Transport and Regional Services Inquiry into Commercial Regional Aviation Services in Australia and Transport Links to Major Populated Islands the WA Department for Planning and Infrastructure succinctly identified the issues facing regional air services as:

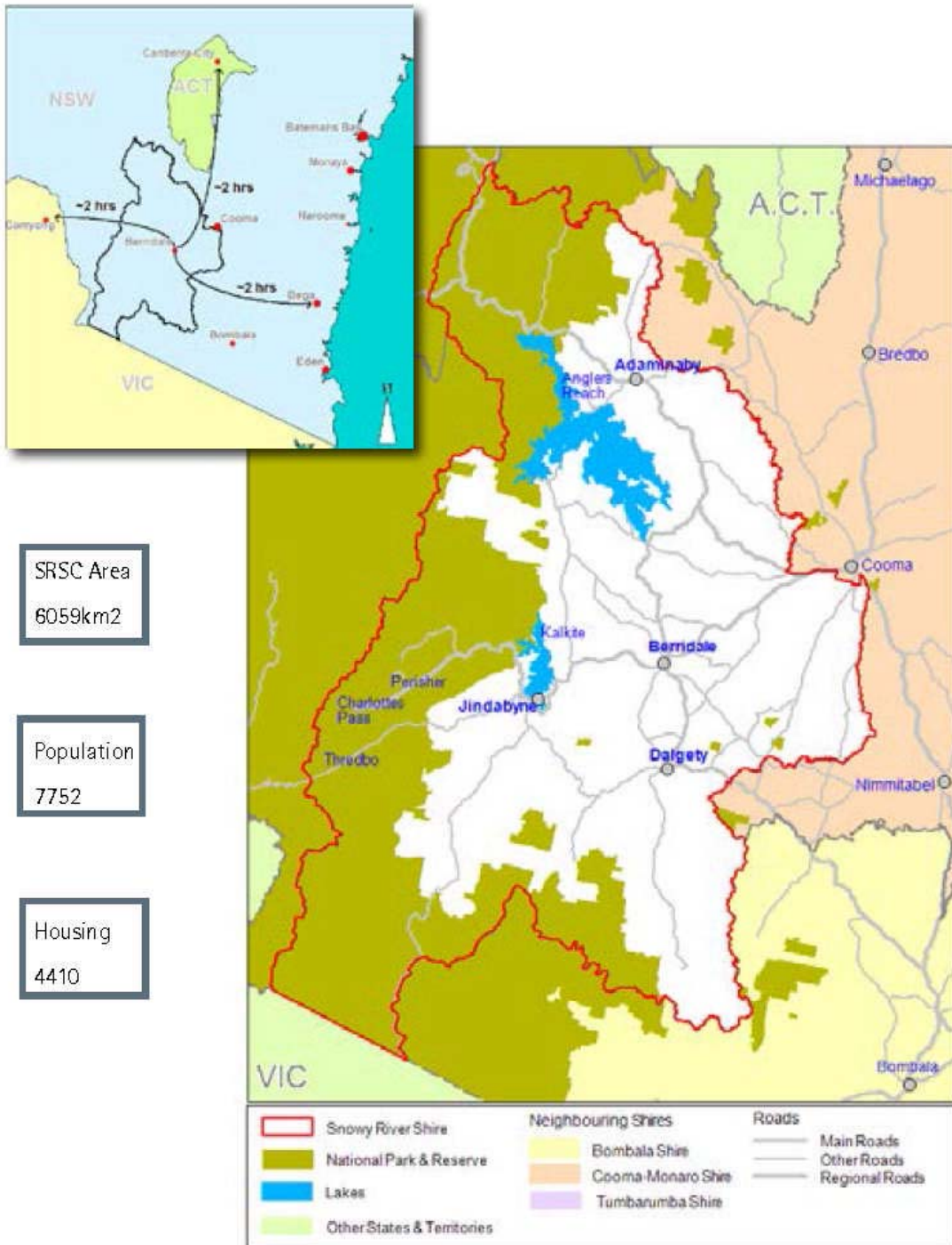
1. The fragile nature of regional airlines in maintaining profitability with many routes being marginally viable from a commercial perspective.
2. The difficulty for intrastate air services in meeting the needs and expectations of regional communities.
3. The traditional dominance of one carrier in WA and the advantages and disadvantages this brings.
4. The difficulty for regional airlines to operate independent of large carriers including issues of access to Computer Reservation Systems (CRS) and on-carriage of passengers.
5. The importance of air services to regional centres from a business, government, tourism and social perspective.
6. The costs of operations for regional carriers such as airport charges, Commonwealth service charges including en-route fees and other imposts such as compliance with Civil Aviation Safety Authority (CASA) regulations.
7. The need for Commonwealth incentives to encourage intra-regional Fly In/Fly Out operations.
8. The need for the Commonwealth to join with the states in financially supporting regional air services that are not commercially viable but serve a need for the community.
9. The need for the Commonwealth to provide funding to upgrade airports and airstrips including Remote Air Service Subsidy (RASS) scheme routes.

### **Introduction**

The purpose of this submission is to provide a response to the Legislative Council General Purpose Standing Committee on State Development Terms of Reference for an Inquiry into Regional Aviation Services. Snowy River Shire Council is pleased to be able to provide information that supports our views and raise issues that are of most concern for the Council and its communities.

With regard to Snowy River Shire it is important to remember that it is the premier ski destination in Australia. Tourism is one of the three main economic drivers for Snowy River, together with agriculture and water/electricity generation.

The following map of the Shire shows our major areas of settlement, and highlights the distances that residents of our community need to travel to obtain services.



SRSC Area  
6059km<sup>2</sup>

Population  
7752

Housing  
4410

The lack of transport options is a major impediment to residents who wish to access services delivered outside the Snowy River Shire. Residents are totally dependent upon private vehicles as a means of transport except during limited times within the seasonal peak period.

Few post secondary education, training, health and social services are located locally and currently individuals have to travel large distances to access these. This impacts

significantly on the most vulnerable members of the community, including young people, older people, the disabled, unskilled workers, the unemployed and carers.

Extensive community consultations undertaken by Council as part of the Integrated Planning and Reporting Framework as well as previous consultation as part of the Jindabyne Action Plan, and the Learning Needs Analysis have clearly demonstrated that the distance from education and training providers as a major impediment to residents wishing to undertake skills development.

### **SRSC Reliance on Tourism**

Tourism plays a significant part in the Australian economy, contributing 2.6% to Australia's GDP and 4.5% to Australia's employment in 2009–10. With 46% of tourism expenditure in Australia spent in regional areas, tourism is also of considerable importance to many of Australia's regional communities – but also comes at a cost.

Tourism in particular presents the Shire with challenges somewhat different from those of otherwise similar councils. The 2011 Census was taken on Tuesday, 9 August – a weekday in the middle of the ski season. The data show that there were 11,579 visitors in Snowy River Shire on Census night compared with 6,967 residents counted at home – almost double. On a good ski weekend in the season, this number could treble with almost 20,000 visitors in the Shire.

Australia's regional tourism industries are not all equal in size, and visitor numbers, tourism output, and tourism expenditure can vary greatly from region to region. To gauge the size of regional tourism industries, Tourism Research Australia has used modelled estimates of regional tourism expenditure using data from the National Visitor Survey and International Visitor Survey.

Tourism Research Australia's report "The Economic Importance of Tourism in Australia", 2011, (ISBN 978-1-921812-27-9 [tourism.research@ret.gov.au](mailto:tourism.research@ret.gov.au)) indicates that in terms of ranking, the economic importance of tourism is highest in Central NT followed by Phillip Island, Whitsundays, Snowy Mountains Region (incorporating the LGAs of Snowy River Shire; Cooma-Monaro; Bombala; Tumburumba; and Tumut) and West Coast – each with estimates of economic importance of over 15%. The Snowy Mountains ranks 4<sup>th</sup> in Australia and highest in NSW at 17.1%.

Tourism Australia has recently disaggregated these numbers which allows breaking the data down into the importance of tourism for each LGA. The data are then comparable with a later Australian Alpine Resorts study ("THE ECONOMIC SIGNIFICANCE OF THE AUSTRALIAN ALPINE RESORTS" (2012) © The State of Victoria, Alpine Resorts Co-ordinating Council). This calculation shows 53% reliance on tourism for Snowy River Shire compared with 57% in the Alpine Resorts paper. And tourism expenditure both in Adaminaby and in Dalgety – while relatively small – is not part of the Tourism Australia dataset and will bring the percentages closer together

Tourism regions whose economies are dependent on tourism are more likely to be vulnerable to shocks that affect the tourism industry. Whether their economies are large or small, the importance of these local tourism industries to their regional economies is considerable, as unexpected shocks could impact on the entire local economy. Given the SRSC area, being part of the Snowy Mountains, to be reliant on Agriculture, tourism (with Australia's two pre-eminent ski fields) and electricity generation, any 'shock' or even a gradual decline over years can have a significant impact on the SRSC region's businesses and constituents.

Since the merger of Brindabella Airlines and Aeropelican the service provided during the winter season has proven to be unreliable with limited access to cheap fares resulting in a sharp decline in numbers of passengers compared to the service provided by Aeropelican in previous years and Rex a number of years ago. The operators of Snowy Mountains-Cooma Airport should be able to provide the inquiry these statistics.

Tourism operators and patrons to the Snowy Mountains have expressed the strong view that the air services during the peak snow season are very market oriented in meeting demand projections. However, the tourism industry would also like to see an all-year-round RPT service as current marketing intelligence is indicating an upsurge in tourism activity demand during the summer and other seasonal months. Council's Cooma Visitors Centre has records of enquiries received for both coach and air travel and supports this upsurge in air service demand outside the winter months.

### **Projected Population Growth Within Snowy River**

Since European settlement of the area in the early 1800s, the Shire's population has grown to around 8,000 and is projected to increase to 9,200 by 2031. Today, the Shire reflects a degree of cultural diversity that has its roots in early gold mining, the Snowy Mountains Scheme and skiing industries.

The Shire has three core economic drivers: Agriculture, Tourism and Water/Electricity Generation. The Environment and Education sectors are smaller, but growing drivers of the local economy. A large number of people are employed in the construction, cultural and recreational services so they are also major generators of employment. Future opportunities for the economy are primarily: value adding within existing sectors, promoting our natural capital and capitalising on our physical proximity to markets.

Given the projected population figures from the Department of Planning it is imperative that our economy grow to provide employment opportunities for this projected population. This can only happen if Council's planning is right to ensure we provide infrastructure, facilities and services to respond to this increasing population. A regular RPT service is considered essential to ensuring that our present and future residents and visitors have access to services that are likely to only be available from major cities such as Sydney.

The following table from the Department of Planning's latest population projections indicate a 19% increase in population over a 20 year period from 2011 to 2031.

**Table 184.1: The past and projected population of Snowy River LGA, 1996-2031**

Year	Total population	Growth rate (%)	Growth Index (2006=100)
<b>Past</b>			
1996	6,300	n/a	83
2001	7,200	2.78	95
2006	7,600	1.02	100
2011	7,800	1.02	102
<b>Projected</b>			
2016	8,200	1.05	108
2021	8,600	1.05	113
2026	8,900	1.03	117
2031	9,200	1.03	121

Source: past data – Australian Bureau of Statistics;  
Projections – Department of Planning.

Challenges associated with Population and demographic change include properly accommodating and caring for an increasingly older and diverse population, while welcoming and creating opportunities for newcomers. The ABS 2011 Community Profile for Snowy River clearly shows that our Shire does not fit the typical profile for a remote rural Shire in NSW.

**Percentage by Age Group in 2011 Compared to 2006**

- Year group                      Change from 2006
- 0-4 years                        + 5.2%
- 5-14 years                       + 4.2%
- 15-19 years                     + 30.1%
- 20-24 years                     + 8.1%
- 25-34 years                     - 14.1%
- 35-44 years                     - 5.8%
- 45-54 years                     + 3.4%
- 55-64 years                     + 10.3%
- 65-74 years                     + 23.9%
- 75-84 years                     + 30.5%
- 85 years and over            + 19.3%
- (Source: ABS Community Profile 2011)

This table reveals that overall numbers in the 0-4 age bracket are slightly up, and that this demographic still forms a significant percentage of the population (6%). By way of contrast, both the absolute numbers and percentage of the over 80s is on the increase – even though the numbers and percentage remain very small.

By far the most significant changes are in the 15-19 year age group. While many rural areas are experiencing a decline in the number of young people, this is not so in



Snowy River Shire. Whether one looks at the absolute numbers or at the numbers of young people expressed as a proportion of the population, the increase is significant. Conversely, losses in principal wage earning groups (25–44 years) are of concern, with implications for the Shire's economy. It is important that a RPT service be available to ensure that transport and access to major cities such as Sydney does not become a factor in increasing the decline in the principal wage earning group.

The data also shows big jumps in the number of retirees (>60yrs) and elderly (>75 years), as expected from the larger cohort moving in to these age groups. Again an RPT service will be essential to enable access to major cities for health and other services that will not be provided locally.

### **Impacts of geographic/physical location of Snowy River**

Aside from the challenges of catering to significant population fluctuations, there are some matters of particular concern to residents of the Shires which arise as a consequence of its geographic/physical location.

These matters provide a context for many of the other issues which are identified in the Snowy River Shire's Social Plan (2005 - 2009) and impact on the strategies which can be developed in regard to issues. They include:

- a severe winter climate
- an extremely large visitor and seasonal worker population during the winter months
- the location of Kosciuszko National Park with its urbanised ski resort centres and growing permanent populations within the boundaries of the shire
- the presence of Snowy Hydro as the single largest landholder in the shire
- economic and social issues associated with tourism

Snowy River Shire Lands Study (2002) carried out by SRSC identified some specific social issues for Snowy River communities that still remain relevant today. Of particular significance is the ageing farming family demographic and the increased pressure that places on services. While a number of challenges confronting Snowy River are also encountered in many other rural areas, Snowy River is one of the few areas in the State of NSW that has neither access to services such as Countrylink nor a regular year round air service.

During 2009 SRSC undertook a learning needs analysis to determine the level of demand for local delivery of education and training services. Transport and travel issues were the second most commonly identified among young people in relation to barriers to undertaking further study after cost and financial constraints. Interview participants from the business sector reported that the cost associated with sending staff away to attend short courses or other training was high, particularly in terms of transportation costs.

The lack of a regular year round air service is a major impediment to residents who wish to access services delivered outside the Snowy River Shire. Residents are totally

dependent upon private vehicles as a means of transport except in recent years during limited times within the seasonal peak period.

Very few post secondary education, training, health and social services are located locally and currently individuals have to travel large distances to access these. This impacts significantly on the most vulnerable members of the community, including young people, older people, the disabled, unskilled workers, the unemployed and carers.

Extensive community consultation undertaken by SRSC as part of the Integrated Planning and Reporting Framework as well as previous consultations as part of the Jindabyne Action Plan, and the Learning Needs Analysis has clearly demonstrated that the distance from education and training providers as a major impediment to Snowy River residents wishing to undertake skills development.

The largest township in the region is Cooma, where most health, government and other services exist and therefore where residents of Snowy River can access them. Cooma is 125 kilometres south of the business Centre of Canberra, and around the same distance to the coast and Bega, which, with Canberra, are where most (but not all) of our medical transports are destined. Cooma is the location of the closest access to Countrylink services for residents wishing to access air services from Canberra Airport or they must rely on the private vehicle.

With regard to medical services MRI representations indicate that the call for air servicing between the Snowy Mountains/Cooma region and Sydney is growing and is vital to meeting community medical and social needs. It is in the form of specialist medical services for elderly patients and children with intellectual disabilities, and other serious medical issues including supportive training and development provisions from Sydney.

To meet these specialist medical needs, flexible RPT services are mandatory to enable patients, careers and support staff to meet their medical and support training and career requirements. The flight schedules to Sydney and return by the previous carrier will meet most of the requirements of the patient needs and medical specialists that service the region. However, the concern is that in growing the airline business, a year round service is required that, at the minimum level, caters for same day early start and a not too late return flights to and from the region so that patrons do not have to stay overnight in Sydney when attending to their appointments.

Business groups have also raised issues with Council relating to air service requirements in the development of the region. More flexible RPT services are being sought to attend to networks and business transactions. Potential economic development and growth opportunities within the region will only be enhanced with regular all-year-round services. The issue of high fares and in some instances, the non existence of advertised cheap fares or cancellation of services in some instance has been raised as a major concern.

Demand for such community medical and business services will undoubtedly increase as air service delivery is progressed and business patterns are established in line with confidence levels in the further supply of air services. The current closure of the licensed carrier has been received with some disappointment by the community in growing their business. Desirable service delivery needs to be established up front to generate the demand for viable air transport services to and from the region in meeting the flexibility of business people and recognising the capacity of rural patrons to meet the proposed airfare structures.

In this context, this Inquiry must balance the supply and demand factors when considering regional airline services, with appropriate support funding when addressing the viability of the regional airline in meeting community needs; and in addressing realistic schedules at the Sydney end terminal.

### **Recommendations**

Snowy River Shire believes that the Inquiry needs to ensure that its recommendations address the following:

- It is important that appropriate time slots are maintained at Sydney Airport for regional airline services, for example when REX operated the Sydney to Snowy Mountains Airport/Cooma the times were leave Sydney at 5 pm return to Sydney at 8 pm enabling people to spend a full day with an overnight stay this was in marked contract to the Brindabella Service which left Sydney at 12 PM and returned at 3 pm meaning two days and nights were required for a full day.
- Regional airline services must continue to have access to Sydney Airport and not be transferred to either Bankstown or the proposed second Sydney airport. The distances from both Bankstown and Badgerys Creek are such that the resultant travel to the city would erode the time available for appointments and meetings.
- Need to ensure that the Sydney Airport Agreement between the Federal Government and the Operator maintains a community service obligation that assists in the sustainability of regional airline services.
- Need to ensure that regional airline services meet their responsibilities to the communities they serve and not push rural Councils or private operators to waive the local landing fees so that the community subsidises the maintenance of local airports at a cost to the provision of other Council services and facilities or make privately owned airports unsustainable.
- Need to implement a similar system to the one provided by the Queensland Government to regional airline services whereby certain regional routes have a guarantee for a minimum seats. The issue will be how to identify appropriate routes for the government to provide a guarantee. Council would suggest where the airline service enhances development, tourism and access to services should be included in the assessment of routes to obtain a guarantee.