

**Submission
No 51**

INQUIRY INTO REGIONAL AVIATION SERVICES

Organisation: Regional Development Australia Riverina

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The Director
Standing Committee on State Development
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RE: Submission to the 'Inquiry into regional aviation services'

www.rdariverina.org.au

Regional Development Australia (RDA) Riverina welcomes the opportunity to make a submission to the NSW Legislative Council Inquiry into Regional Aviation Services. RDA Riverina is part of a National network part funded by the Commonwealth and State Governments to provide a two way conduit between community, business and government. RDA Riverina region covers an area of 68,354sq km and services a population of approximately 145,000 people. RDA Riverina encompasses 14 Local Government Areas including Bland, Carrathool, Cootamundra, Coolamon, Griffith, Junee, Leeton, Hay, Lockhart, Murrumbidgee, Narrandera, Temora, Gundagai and Wagga Wagga. Transport infrastructure has been identified in RDA Riverina Regional Plan 2013-2016 as an important economic driver and as an important tool for social inclusion. RDA Riverina as part of its plan aims to encourage the integrated and collaborative approach to the development of road, rail and air services within the Riverina region and within the National transport framework.

The RDA Riverina Plan can be accessed from this link <http://www.rdariverina.org.au/regional-plan.aspx>

RDA Riverina in its submission will address questions 3 and 4 listed in the Inquiry's terms of reference. The key recommendations from RDA Riverina submission are as follows:-

1. The NSW Government work collaboratively with the Commonwealth Government to reintroduce the En-Route Rebate scheme.
2. The requirements for all airlines to pay all fees related to accessing the regional airports in a timely manner be included in the licence agreements terms of operation.
3. That the NSW Government commissions the development of a NSW Aviation Strategy.
4. That the NSW Government and the Federal Government work collaboratively to reduce the cost of regulatory compliance for regional airports, acknowledging that a one size fits all regulatory approach to aviation regulation is both costly and unnecessary. In particular the RDA supports a risk based and intelligence led approach to aviation security.
5. Reserve affordable access at Sydney Airport (Kingsford Smith Airport) at peak times for regional services and investigate the slot allocation rules to determine if there is a more efficient way to coordinate airline movements (take-off and landing) within the defined hour period.

Note: Recommendations 2-4 are supporting recommendations made by the Australia Airports Association submission.

Question 3: Economic impact on regional communities of gaining or losing RPT services:-

a) The local business community

Regular passenger transport (RPT) services are conducted into three airports in the RDA Riverina region including Wagga Wagga, Griffith and Narrandera/Leeton. These centres provide a service to their local community as well as a number of outlying communities that do not have RPT services. RPT services provide vital timely access for community members to metropolitan centres (predominantly Sydney & Melbourne) for business, health and education/ training activities. Business expansion across the region in agriculture, manufacturing (particularly in relation to agriculture such as food processing & engineering) health services and education requires access to metropolitan centres where parent companies, suppliers, clients, government legislative bodies, industry networks and training providers are located.

In conjunction with business activity many regional residents use airport travel to visit family and friends. The region is also attracting new residents to the region, relocating for employment opportunities (the Riverina region has an unemployment rate of 5%¹ just under the State & Commonwealth unemployment rate). The ability to access metropolitan centres within NSW & interstate on a regular basis provides comfort to those relocating who may wish to stay in touch with family and friends. With the use of technology and the ability to work remotely instances are arising in the region where couples and families due to financial costs of living in the city are relocating to the regions and working from home. A changing culture within the workplace is allowing valued employees to work remotely with trips to their workplace (in Sydney) perhaps once a week or fortnight by air. RPT services are an enabler for this new workforce change that reduces the congested population in the metropolitan centres and supports growth of the population in the regions.

The use of RPT services by the community accessing medical or health specialist is significant as is the number of medical staff and specialists that visit the region to provide services in our regional hospitals.

Losing RPT services will inhibit greatly the activity described and also increase the challenge faced by many businesses and government departments and agencies in attracting qualified employees.

The other extremely important benefit of RPT services for the community is the access provided to regional areas in emergency situations such as flood, fire and other disasters. In the recent floods (2012 & 2013) a significant number of access roads within and to the region were closed so the only access was via air. The RPT services provided access for government agency staff, volunteers assisting with the emergency as well as community members or family members travelling in or out of the region.

b) The impact of general aviation and regional airport management of the gain or loss of RPT services to regional centres.

The management of airports is the responsibility of Local Government. Local Government is increasingly under pressure to improve and maintain transport infrastructure as well as many other community assets and facilities, within a diminishing rate base. The requirement to manage airports within this framework is extremely challenging, especially in the smaller local government areas. Feedback from Wagga Wagga City Council, Griffith City Council, Narrandera and Leeton Shire Councils reinforced this challenge for Riverina airports. Regardless of the number and frequency of

¹ December Quarter 2013, DEEWR Small Area Labour Market publication

RPT services the maintenance costs for the airport remains constant and often increase due to improving standards and legislative requirements for providing safe aviation services. Local Governments endeavour to keep access charges to a minimum to attract or retain airline services but are mindful of the additional burden this places on Councils limited budget resources.

An additional factor for Local Government in attracting airlines or aircraft that can carry larger passenger loads is the requirement to have additional airport infrastructure such as runway extensions and resurfacing, terminal expansions, checked bag screening and front of terminal security. These are all essentially fixed assets that have a significant financial outlay but also ongoing maintenance and compliance costs. Often in the early stages of a new airline route operating airport access fees may be reduced or waived in order for the airline to offer competitive and affordable tickets prices. Once ticket prices increase and passengers determine there are more economical methods of transport the use of the route declines. The airline may or may not continue the RPT service with minimal notice but the airport operating costs remain. This incidence occurred at Griffith Airport with the Griffith-Melbourne route operated by REX with a SAAB 340 aircraft. Due to the limited timetable of flights and ticket prices, passenger numbers declined and the route became unviable so REX withdrew the service. Again the risk and financial burden is borne by the Local Government managing the airport infrastructure. This challenge has also been highlighted in the Australian Airports Association submission² that has sought feedback from 25 of the regional airports in NSW.

It is also noted that the airline industry is extremely competitive, volatile and facing challenges of its own, thus impacting airlines capacity to deliver passengers on lessor travelled regional routes. This factor reinforces the need for reinstating the Commonwealth Government successful 'En route rebate scheme'

c) The potential for future economic development

The Riverina region has a strong aviation industry that supports RPT as well as numerous other value adding industries. The following is an overview of the facilities and services offered at each of the Riverina Airports that offer RPT services.

Griffith City Airport:

- Serviced by REX Airlines with SAAB 340's aircraft with flights to Sydney (some via Leeton/Narrandera) with multiple flights every day of the week.
- Newly extended apron, airport terminal refurbishment and extension, car park extension (\$2.5 million investment) opened 2013.
- Starting 17th March Par Avion (www.paravion.com.au) will offer flights from Griffith to Melbourne 3 times a week in a twin propeller 10 seater plane. Approximately 68,000 passengers per year.
- Emergency services, Commercial pilot services also use the airport

Narrandera/Leeton Airport:

- Serviced by REX Airlines with SAAB 340's aircraft with flights to Sydney twice daily in conjunction with Griffith airport.
- Emergency services, Commercial pilot services also use the airport

Wagga Wagga City Airport:

² AAA Submission to the NSW Legislative Council Inquiry into Regional Aviation Services

- Serviced by REX Airlines with SAAB 340's aircraft with multiple flights to Sydney every day of the week.
- Serviced by Qantas with flights to Sydney
- Wagga Wagga Airport has invested \$22 million into their airport over the last 6 years including Commercial Aviation & Light Aircraft Precinct, Aircraft Pavement Upgrade – Runway, ILS, Terminal Works, Security Screening, Stage 1 Apron Refurbishment and car park extension
- Australian Airline Pilot Academy (AAPA) facility that provides a 32 week full –time course for trainee pilots to meet current & future demands for Regional Express Pilots. AAPA have also recently received approval to conduct Integrated Airline Transport Pilot License (ATPL) for UAE carriers
- REX Engineering heavy maintenance facility is also based at Wagga Wagga for their fleet of 40 SAAB 340 aircraft.
- Douglas Aerospace provide a modern aircraft painting and refurbishment facility able to cater for domestic and international aircraft up to a Boeing 737-800 and Airbus A321.

Another significant aviation hub in the region is Temora. Temora is home to the Temora Aviation Museum. Temora Council has value added to the interest in aviation and subdivided residential land near the airport that has provided space for hangars and residences for aviation enthusiasts.

Gaining RPT services has the capacity to add value to the existing airline industries as well as providing access for business and community members improving economic activity in the region.

Continuing access to slots (at critical timeslots) at Kingsford Smith Airport for regional airline services has also been identified by stakeholders across the region as imperative for future economic development for business, service sector and government agencies. The location of Kingsford Smith Airport and the improved train service between the domestic terminal and the city centre enables passengers with meetings and appointments to travel to Sydney within the day. This is critical remembering that in many instances people have had to travel to reach the airport in their regional location. There is also the opportunity to link with connecting domestic and international flights in a timely manner. RDA Riverina supports the idea of further development at Bankstown airport to relieve congestion at Kingsford Smith Airport but believes transport infrastructure from Bankstown airport into the city needs to be dramatically improved. Regional Airlines should continue to have available slots at the peak times for those regional passengers requiring timely access to the city centre.

d) Impacts for local, state and Federal governments, including licencing arrangements for services less than 50,000 passengers per annum.

Feedback from Councils has indicated that the licencing and compliance requirements, although necessary from a safety perspective, are very onerous particularly for smaller Councils that have airports with limited RPT services or none.

RDA Riverina supports the key recommendations made by the Australian Airports Association that include:-

- The requirements for all airlines to pay all fees related to accessing the regional airports in a timely manner be included in the licence agreements terms of operation.
- That the NSW Government Commissions the development of a NSW Aviation Strategy.

- That the NSW Government and the Federal Government work collaboratively to reduce the cost of regulatory compliance for regional airports, acknowledging that a one size fits all regulatory approach to aviation regulation is both costly and unnecessary. In particular the AA supports a risk based and outcomes driven approach to aviation security.

The desire to reduce regulatory red tape for business and within government is a commitment that has been outlined by the current State and Commonwealth Governments.

As indicated previously the Commonwealth Governments En Route rebate scheme should be reintroduced to enable viable tickets prices from regional locations.

Question 4: Potential for development of future modern RPT aviation including:-

- a) Opportunities for regional aviation manufacturing and servicing

Wagga Wagga City Council and Temora have already demonstrated and leveraged opportunities from the aviation sector in regard to maintenance and the servicing of aircraft. There is certainly further opportunity to grow this sector including those airports that currently don't have RPT services. Regional areas have the available land and open airspace, this is an advantage from a maintenance and servicing perspective for large volumes of aircraft. The region is also conveniently located halfway between Sydney and Melbourne the two major capital cities with the fifth busiest airline route in the world³.

Griffith City Council has just expanded its airport terminal and upgraded the runway. This airport has potential for increasing RPT services particularly with the agriculture sector expanding and the increasing demand for health services across the western Riverina region. Griffith is a service centre for many communities in the west of the region, similarly as Wagga Wagga is for the east.

- b) The development and supply of sufficient numbers of trained and skilled aviation personnel.

The region has prided itself on quality training and education facilities at Charles Sturt University, TAFE NSW Riverina Institute and at a number of other providers. These education and training services have already provided numerous qualified, trained and experienced professionals for the aviation sector. The Australian Airline Pilot Academy is one example of the training provided to the airline industry. Since 2009 TAFE NSW Riverina Institute has been working in collaboration with Airservices Australia to deliver the Diploma of Electronics and Communications Engineering and more recently the Diploma of Electrical Engineering. This unique partnership contributes to regional prosperity and provides access to state-of-the-art facilities for trainees.

A representative from Airservices Australia stated "Working with TAFE NSW Riverina Institute, Wagga Wagga City Council and the Riverina Regional Development Board, enabled Airservices to deliver a successful training model which will ensure the future of the national air navigation system is in good hands. This is an ideal opportunity for young people and those with an interest in combining theoretical and practical learning

³ Australian Business Traveller Magazine, May 2013 <http://www.ausbt.com.au/melbourne-sydney-is-world-s-fifth-busiest-airline-route>

to gain an industry-recognised qualification while learning skills for which there will be ongoing strong demand in the future."

TAFE NSW Riverina Institute is also working with Douglas Aviation in Wagga Wagga to deliver training for apprentices in aircraft structural maintenance.

The Temora Museum also has its own maintenance team and specialises in historic Australian military aircraft.

A major additional asset for the region is the Royal Australian Air Force (RAAF) base which is located in Wagga Wagga. This brings to the region very significant numbers of highly qualified defence personnel with a wealth of aviation experience and knowledge. This provides a critical mass of aviation expertise, services and facilities in the region

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c) Local, state and Federal government arrangements for staff travel

Employees from the three tiers of government already utilise airline services frequently and there is even greater opportunity if a more decentralised approach to government service delivery is adopted enabling more government employees to live in the regions and commute to Sydney or other centres as required. With improved technology and communication capacity a more regionalised workforce is certainly more of a reality now than it has ever been before. Service delivery as close to the people as possible is arguably the preferred delivery method. Regional areas provide affordable and increasingly vibrant places to work and live. Improved communication systems (video conferencing, skype, mobile devices) and connectivity via more frequent and affordable airline services provides the mechanism for government agency employees to be based in the regions. New technologies and communications systems are an enabler but there will always be the need for face to face contact. Affordable and frequent RPT services provide the solution.

d) Opportunities for dual use RPT services to include both freight and passenger legs on some routes.

The opportunity for dual use of RPT services for both freight and passenger services on some routes is certainly a possibility in the Riverina region. Airports such as Griffith, Narrandera/Leeton and Wagga Wagga are where this is most likely to occur as they currently have existing RPT services. To ensure compliance with the additional safety and regulatory requirements when carrying freight, regional airports may need to be supported with funding to ensure their facilities and personnel are equipped to handle freight as well as passengers.

RDA Riverina believes that affordable, frequent airline transport is a critical factor for the Riverina region not only from an economic perspective but also in terms of general social connectivity. If you have any further questions or need further information then please contact |

Yours faithfully,

Tom Watson
Chair
RDA Riverina

