

**Submission
No 10**

INQUIRY INTO REGIONAL AVIATION SERVICES

Organisation: Narrabri Shire Council

Date received: 11/03/2014



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SUBMISSION NARRABRI SHIRE COUNCIL

Narrabri Shire Council would like to submit the following submission to the Legislative Council - Standing Committee on State Development – Inquiry into Regional Aviation Services.

By way of background Narrabri Shire Council is located in the North West of New South Wales, half way between Sydney and Brisbane on the cross roads of the Newell and Kamilaroi highways, servicing the Local Government needs of its communities including Narrabri, Wee Waa, Boggabri, the Pilliga, Baan Baa, and Maule's Creek.



The Shire has been predominately rural based with large agricultural properties producing grain, cotton, wool, beef, and prime lamb production. In recent years the Shire has diversified into coal mining and gas extraction and exploration. The emergence and development of these industries and their ongoing expansion has led to the development of ancillary industries to support these major developments along with the expansion of agribusiness related industries.

The Shire has a population of some 14,000 people and is well serviced by road, rail and air.

SUBMISSION

1. Cost Of Services To Sydney Airport , Regional New South Wales Airports And Other Landing Fields

Council imposes a passenger fee of \$16.00 per arriving and departing passenger on Regular Public Transport (RPT) flights.

This fee is considered fair and reasonable in that it covers some of the costs of providing facilities for RPT aircraft including runways with associated lighting and navigational aids, taxiways, aprons and passenger terminal facilities.

While local government bodies sometimes receive grants to provide new or upgrade facilities, the ongoing running costs and maintenance of these facilities is the responsibility of the local council. These costs are significant and need to be covered in part by the airport users. It is also important to point out that a regional airport such as Narrabri does not have the access to non-aeronautical revenues such as duty free shops, retail outlets and car parking that the capital city airports have. The main revenue for Narrabri Airport comes from the aeronautical side.

The Airport Passenger Fees should be more appropriately termed as an Airport Operating Fee and should be included in the fare structure listed by the airline, similar to the International Departure Tax on International Airlines, and paid to the local airport authority within a reasonable time period at the end of each month (i.e. 7 days maximum).

Too often when airlines go into receivership the local government area which the airline serviced is left with a large unsecured debt. In the case of Narrabri with the collapse of Brindabella Airlines the debt amounted to in excess of \$100,000.

2. Financial Management And Viability Matters Impacting On RPT Operations.

This section is mainly for RPT operators to comment on. However the “*hub*” and “*spoke*” system is of concern to Council. Should such a system be introduced to routes with smaller passenger numbers then it would impact on the airline services to such communities in that it would significantly increase the travelling times between such communities and increase the cost.

Traditionally the “*spoke*” operations are at a higher cost than the “*hub*” sector. Some form of government subsidies would need to be introduced to keep airfares at a realistic level and tax offset would need to be made available to airlines to allow them to purchase new and more efficient equipment.

3. Economic Impact On Regional Communities Of Gaining Or Losing RPT Services

It is without doubt that a regular RPT service is important for the economic development of Narrabri Shire. With the development and expansion of the coal mining and gas and agribusiness industries it is important that personnel can have a ready means of access to the Shire. With driving time in excess of six hours to Sydney or Brisbane the reliance on road travel is unacceptable.

However equally important to the economic development is the social benefits of a regular RPT service. Visiting medical personnel and the legal fraternity as well as the broader community wishing to visit friends and relatives rely on a regular and reliable RPT service. This was particularly evident in the recent disruptions with Brindabella Airlines when specialist medical personnel could not attend clinics in Narrabri. This required patients to travel to Sydney to seek urgent medical treatment or follow ups at a considerable cost and inconvenience. The community was left with no choice but to drive to Sydney or alternatively drive to Tamworth for an RPT service to Sydney.

RPT travel is also important for the development of a viable tourist industry in the region.

It is a well-known fact that businesses looking to relocate to a regional area will look for a centre which has a good and reliable air service.

The loss of an RPT service has an economic impact on the financial viability of the Narrabri Shire Airport through the loss of important income revenue. This has a follow-on effect to the Shire as the facilities still need to be maintained at an increased cost to the general rate payers.

Increased economic development and expansion of businesses and the resultant expansion of the community can lead to increased activity in the general aviation arena through increased charter flights and recreational flying activities.

The existing licensing arrangements of a regulated air service for less than 50,000 passengers works well however there needs to be more local community input into the decision making process of the licence which is awarded to the Narrabri – Sydney route.

4. Potential For The Development Of Future Modern RPT Aviation.

As discussed earlier in the submission, for RPT operators to purchase new modern commuter aircraft the Federal Government needs to consider tax incentives for the purchase of such aircraft. Aircraft such as the Metro 23 are now outdated and unreliable and do not have commuter appeal.

Regional airports such as Narrabri can provide opportunities for regional aviation manufacturing and servicing. Adequate land is available for the development of hanger facilities, rental costs are significantly lower than capital city airports and you find that a more stable and committed work force will exist.

Incentives are available to attract trained personnel to regional centers through the Evocities campaign and Tamworth has an excellent training facility in Aviskills for the various aviation skills.

Narrabri already has a daily, Monday to Friday, dedicated freight service through Toll Aviation. Existing RPT aircraft such as the Saab 340 and the Dash 8 have the capacity to carry additional freight however these services can have limitations in hot weather conditions.

5. Any Other Matters Relating To The Provision Of Aerial Regular Passenger Transport Services

Council would also like to raise the issue of movement constraints at Sydney Airport. At the present time the Sydney Airport Demand Management Act 1997 controls the number of movement on an hourly basis at Sydney Airport. The movements at the present time cannot exceed 80 movements in a defined hour period. A movement is classed as either a takeoff or a landing.

Regional services have "*ring fenced*" slots which were put in place following the collapse of Ansett Airlines in September 2001. The numbers of slots which are ringed fenced vary on an hourly basis dependent on the movements at the time.

The existing movement constraints are unrealistic for the premier airport in Australia and when introduced in 1997 was at a time when aircraft noise was a strong social issue. Today's modern generation of aircraft emit far less noise than the aircraft in operation when the Act was introduced. New generation aircraft such as the Boeing B787 and the Airbus A350 will produce even lower noise foot prints than current aircraft.

The Sydney Airport Demand Act is impacting on regional development. There are presently no slots available in the morning and evening peak period times and any new slots which become available are given on a preference basis to international and then domestic services.

The opportunities for Narrabri to expand services to meet their growing community's needs are nonexistent. New services would need to apply for slots in the off peak periods. Such times are not conducive for regional development or visiting medical services.

While long term increase in the movement capacity at Sydney Airport would require changes to Air Traffic Control procedures and increased aircraft parking availability there are two measures which could be implemented immediately.

Change the wording in the Act from “80 movements per hour” to “80 planned movements per hour”. This was recommended by the Slot Coordinated in 2013 but not adopted. Such a small amendment would allow for small variations in hourly movements without causing delays to aircraft.

Remove the regional aircraft flights from the 80 movement per hour limitation. These aircraft by their nature are low noise producing aircraft and have minimal effect on the overall aircraft noise at the airport. Such a move would allow for an increase in all types of movements at the airport on a proportional basis in the peak movement periods.

Both recommendations would receive support from Tourism NSW and Sydney Airport management.

In relation to previous service providers in the Shire and the debt incurred by Narrabri Shire Council due to the folding of previous air service providers, Council must ensure that there is provision with the air service providers agreement that Councils are priority in receiving any recovery of cost as the Council’s are funded by the Communities of which they service.

That all Airport Operators are deemed secured creditors within the licensing agreements granted by the Minister for Transport to ensure all recovery of debt.

Should the Committee hold public meetings into this inquiry then Narrabri Shire would welcome the opportunity to address the Committee in person.