

**Submission
No 26**

INQUIRY INTO REGIONAL AVIATION SERVICES

Organisation: Moree Plains Shire Council

Date received: 13/03/2014

MOREE PLAINS SHIRE COUNCIL
Submission to the Legislative Council's
Standing Committee on State Development

Inquiry into Regional Air Services



MARCH 2014

TABLE OF CONTENTS

INTRODUCTION.....3

1 Cost of Airport Access.....5

2 Financial Management/Viability Matters Impacting on RPT Operators8

3 Economic Impact on Regional Communities 12

4 Potential for Development of Future Modern RPT25

5 Other Matters29

6 REFERENCE LIST.....35

7 COMMENTS WELCOME36

INTRODUCTION

The following submission is made by Moree Plains Shire Council and is authorised by Council resolution, res: 14/02/27, made on Thursday 27 February 2014.

The Moree Plains Shire is a strong and vibrant regional community that makes a significant contribution to the state and national economy. Our community is diverse and sustainable with economic and technology opportunities, industry, employment, educational facilities, a community atmosphere, rural and town living, and a family-friendly and healthy lifestyle.

The people of the Moree Plains Shire and the greater surrounds depend on a reliable, safe and sustainable air service to Sydney. This link is vital for businesses, education services, health services and the social wellbeing of our greater community.

The recent collapse of Brindabella Airlines has highlighted the importance of regional aviation; not just for local communities but also for the NSW and national economy. The state and federal governments also utilise regional air services (in particular RPT routes) for effectively delivering a range of community services.

The following submission addresses key components of the Regional Air Services Inquiry that relate to the Moree Plains community.

Figure 1: The Moree Plains Shire



1 Cost of Airport Access

Cost of access to Sydney Airport, regional New South Wales airports and other landing fields.

a) *Airport operator landing fees imposed at various airports and services and facilities included in those fees:*

Moree Plains Shire Council (MPSC) is responsible for the maintenance and operation of the Moree Regional Airport which serves an RPT service from Moree to Sydney. The airport also plays a vital role in providing services for the agricultural industry, medical sector and emergency services and other state and federal government services.

Similar to many regional airports, the Moree airport does not function with a view to return profit to the Council. Revenue fee structures are set in order to fund long term asset maintenance and replacement programs and meet operational expenditure.

The recent collapse of Brindabella Airlines has cost MPSC over \$200,000 in lost revenue and created a deficit of approximately \$127,000 for the 2014 financial year. This has negatively impacted airport operations and deferred important capital programs by over 12 months.

In order to continue to provide an acceptable, compliant and safe level of service, the airport must recoup revenue via landing fees from airport users. MPSC has to balance the cost of future asset maintenance and annual operations with the need to encourage and support a viable RPT service to Sydney.

While there are a variety of airport users, the income derived from the RPT service is vital and contributes approximately \$369,000 to airport operations (based on 28,000 pax at \$13.20). This income is used to fund annual operations and important infrastructure upgrades (and maintenance) over the next 10 years. The capital expenditure required through to 2024 is estimated to be over \$2 Million.

MPSC would also like to make the following points:

- The costs of fees charged by the Moree Airport is a small percentage of the overall fares charged by airlines for services, ranging from 2.2% to 10.2% of ticket prices (approximately).
- One off grants for infrastructure are always welcome but don't help with ongoing operating costs of maintaining airports to meet a variety of regulations and to allow for the increasing size of RPT aircraft.
- MPSC is reliant on the landing charges paid by RPT services to undertake major maintenance works such as runway, taxiway and apron resealing, line marking, lighting and navigational aid improvements.
- The Moree Airport does not realise enough revenue from General Aviation landings or leases to support major maintenance. If the airport isn't maintained to a level deemed acceptable by CASA, then it would be at risk of being closed down.
- The landing fee of \$13.20 (incl GST) has been in place since 1995 and is a reflection of the balance between the needs of the community having a reliable RPT with that of future asset requirements of the airport. This is set to a backdrop of increased operational costs being placed on regional aviation and impacts on route viability.
- The minimum standards for airport regulation and operations in relation to RPT services have little consideration of airport capacity and the relative financial imposts of compliance. A core regulatory issue relates to security screening, which can rise following the utilisation of larger aircraft. Any further lowering of the screening threshold would have a major viability impact on the Moree Regional Airport.

b) Methodology for calculating landing fees for different classes of aircraft.

No comment.

2 Financial Management/Viability Matters Impacting on RPT Operators

Financial management and viability matters impacting on RPT operators.

- a) *Economics of operating various types of aircraft, including modern single engine turbine compared to older twin engine piston aircraft:*

No comment.

- b) *Impacts of compliance costs, including per passenger costs:*

No comment.

- c) *Suitability of “hub and spoke” systems for potential routes for smaller passenger numbers:*

MPSC and the Moree community would welcome and support a “hub and spoke” concept that would see the **Moree Regional Airport as a central hub to Sydney and Brisbane.**

Qantaslink has announced that they will recommence return services between Moree and Sydney and will incorporate a 50 seat aircraft on some schedules (this follows the collapse of Brindabella Airlines). This will be providing additional seating and capacity to grow the route and further cement Moree as a regional centre for North West NSW. The estimated weekly capacity will be approximately 1,000 seats.

The Moree Regional Airport offers a primary runway of 1,613 metres long and 30 metres wide and is orientated in the north south (01/19) magnetic direction. The pavement is sealed and has a pavement classification number (PCN) suitable for aircraft up to ATR72 or Q400 (68- to 74-seat turboprop) in size.

The “hub and spoke” concept may include a mixture of air and road transport options linking into Moree then air transport to Sydney with the possible addition of Brisbane.

Plate 1: Moree as Central Hub

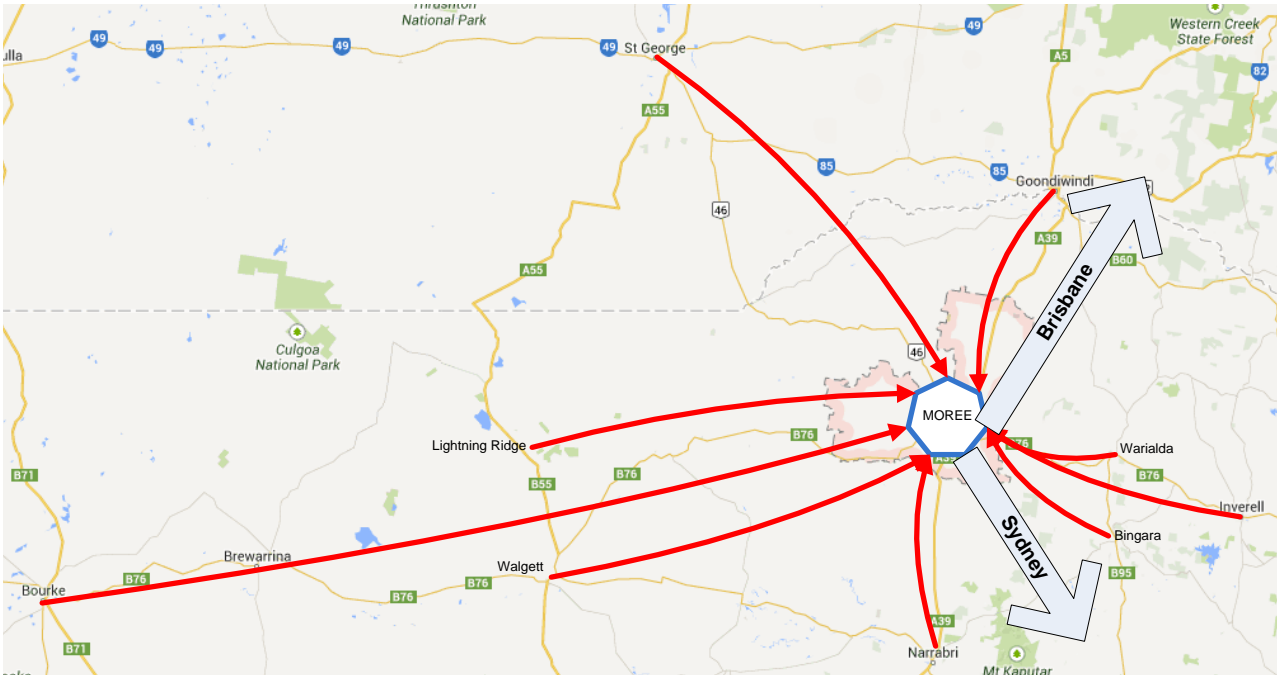


Plate 2: Moree Regional Airport



The Moree Gateway Project – Moree Regional Airport ‘Hub and Spoke’

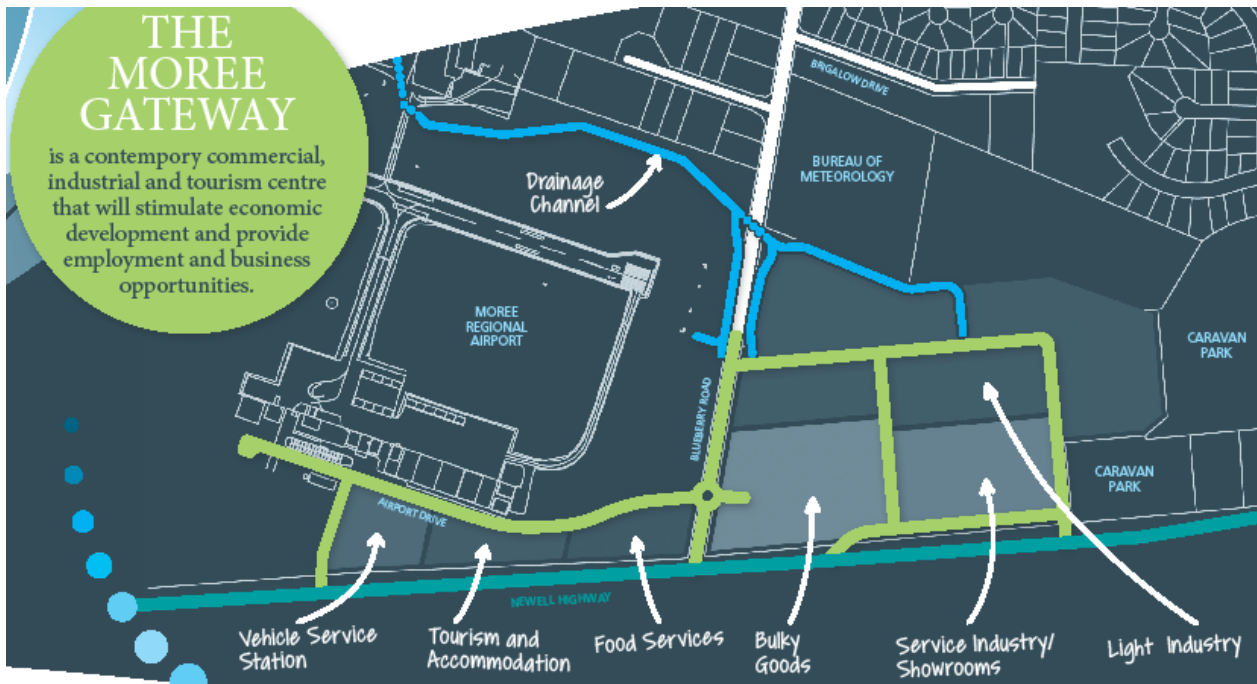
MPSC has recently broken ground on a new development centred on the Moree Regional Airport. The development will see a mix of light industrial, transport logistics, fast food, service centres, fuel stop and accommodation developments on the site. The development will see an unprecedented level of services accessible at a north western Regional Airport and the final stage will see some \$300 Million in economic activity.

The Moree Gateway development creates a strong argument for increasing the air traffic through the Moree Regional Airport. This will create the opportunity to capitalise on the economic advantages the development will bring by linking airport users with a range of additional services and through providing direct access to the Newell Highway.

Plate 3: Moree Gateway Project – 3D Sketch



Plate 4: Moree Gateway Project – Map Sketch



d) *The viability of passenger loading for different classes of aircraft.*

No comment.

3 Economic Impact on Regional Communities

Economic impact on regional communities of gaining or losing RPT services.

Many of the points made in the following paragraphs are not based on theory or supposition but on very real experiences following the collapse of Brindabella Airlines in 2013. The negative impact on the economic and social wellbeing and the health of the Moree community and surrounds was severe and will be long lasting.

a) The local business community:

The value of a regular and reliable air service to the business community cannot be overstated. The recent Brindabella fiasco was thought to have cost our community over \$1.5M in direct costs, indirect costs and lost productivity.

The significance of RPT services in the local economy is indicated by an analysis of travel purpose. The vast majority of airline passenger trips through Moree are business related, or in support of the medical needs of the local community, with only approximately one-fifth of trips attributable to leisure and personal travel. These estimates are exclusive of the travel undertaken by corporate and charter, the Royal Flying Doctor Service (RFDS) and Air Ambulance or the bank and parcel freight aircraft.

Moree and surrounding communities rely on RPT services for training, client contact, sales, marketing, financial, technological and legal services. Any loss or reduction of transport services would affect the ongoing viability of businesses as well as the viability of associated enterprises, such as suppliers, and the employment prospects of persons living in the Moree Plains.

The Moree region has a high concentration of industry within the agricultural sector and this sector has become increasingly complex over the last decade. Primary production and

associated industries are hi-tech and reach directly into global markets. This has increased the importance for local business to remain connected to major city centres.

Below are some brief case studies of the estimated cost implications for real local firms of losing an RPT service for the Moree Plains Shire. These studies assume that alternate travel arrangements are made connecting through an alternate airport to Sydney.

Case Study 1: Moree Law Practice

This example is a highly respected local firm with 15 full time staff that has been servicing the community for over 30 years. Clients include large scale farming enterprises, large agri-business firms, local accountants, property developers and the general public.

Frequent travel to Sydney is required for a range of operational matters and court appearances. The firm often imports Sydney based professionals for critical matters.

The absence of an RPT service would see a negative impact of approximately \$27,000 per month to this business, totalling \$324,000 annually. This includes allowances for travel, accommodation and lost professional time. This would be a significant impact to the ongoing viability of the firm. The estimates shown above were borne out of real costs incurred to the firm during the Brindabella Airlines operations.

Case Study 2: Local Banking Institution

The Moree region is represented by all the major banking institutions. These institutions manage a wide variety of complex portfolios for local business. Frequent travel to Sydney and Melbourne occurs for internal training, management meetings and strategic reviews.

Case Study 2 is a local branch of a major banking institution with 2 senior and 2 mid-level managers. The absence of an RPT service would see a negative impact of approximately \$10,500 per month to this business, totalling \$126,000 annually. This includes allowances for travel, accommodation and lost professional time.

Case Study 3: Agri-Business Firm

Primary production in the Moree Shire is the single largest sector contributor to GDP. As production has become highly technological the need for specialised agri-business support has increased. These agri-business firms conduct regular travel to Sydney, Melbourne and Perth.

Case Study 3 is a large agri-services firm with 2 senior managers and 3 highly specialised technical staff. The firm has between 2 and 5 staff travel to Sydney an average of 2 times per month.

The absence of an RPT service would see a negative impact of approximately \$23,760 per month to this business, totalling \$285,120 annually. This includes allowances for travel, accommodation and lost professional time. This would be a significant impact to the ongoing viability of the firm. The estimates shown above were borne out or real costs incurred to the firm during the Brindabella Airlines operations.

Food and Fibre Hub

An additional important consideration is the contribution of the Moree Shire to the NSW and National economy. The Shire contributes between \$700 million and \$1 Billion to the economy each year.

Of greater importance than the economic significance is the fact that the Moree Shire is the most productive agriculture area in the country and plays a vital role in food and fibre production

for national and international markets. Our producers and their support industries all rely heavily on reliable RPT services.

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

The most significant impact on airport management from losing an RPT service is the loss of income required to sustain the airport operations and its infrastructure. For the Moree Regional Airport this equates to approximately \$369,000 per annum, representing 62% of total revenue sources.

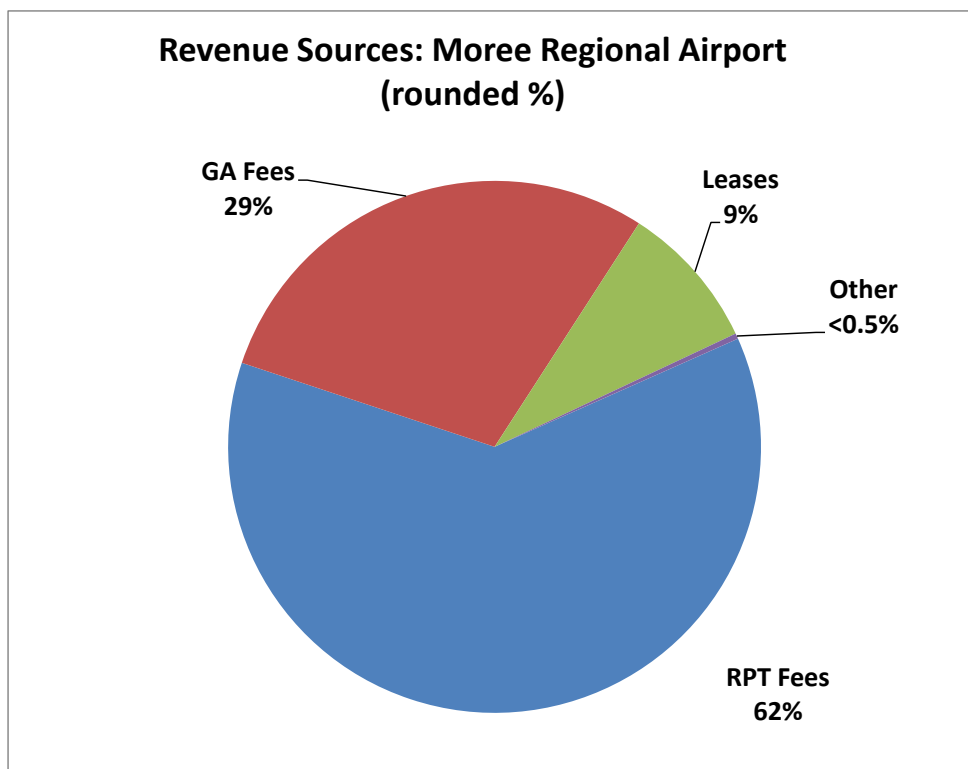
This would essentially lead to the deterioration of airport assets to the point that they would become non-functional. There are three enterprises located at the Moree Regional Airport whose business depends primarily on the airport operations. Together with employees of Air BP, MPSC and Qantaslink, they make a direct contribution to the local economy of at least 31 jobs and at least \$660,000 in wages.

Flow-on effects have not been formally evaluated, but other studies – within Australia and overseas – are consistent in identifying a multiplier between 2.5 and 4. At a conservative estimate, the aggregated contributions of the continued operations of the Moree Airport to the economy are therefore 78 to 124 jobs and spending power of between \$1.6 million and \$6.6 million. This does not include the capital expenditures of businesses operating at the airport, the direct economic value of the RPT service to the community or the other catalytic impacts.

Airport deterioration would also negatively impact on General Aviation (GA) and businesses that rely on airport services such as agricultural spraying services and aircraft maintenance services. Ultimately the agricultural sector would be severely disadvantaged by increased costs to deliver

farm inputs as they utilise ag-spraying to undertake weed and insect control and deliver various fertilizers to crops.

Plate 2: Moree Regional Airport Revenue Sources



c) *The potential for future economic development:*

The Deloitte Access Economics report, *The economic and social contribution of Australia's airports*, notes the following:

"The use of air services has become exceedingly important in light of the greater economic integration between national and global markets. Airports provide easier access to suppliers, staff and customers, particularly over longer distances, increasing business efficiency and thereby contributing to stronger productivity performance and economic growth."

REGIONAL AIR SERVICES INQUIRY: MARCH 2014

The above is of particular significance for the Moree Region and the Moree/Sydney RPT service is a key driver in securing and sustaining employment, development and other services. The RPT is also an important prerequisite for attracting investment into the region. It assists in maintaining the community's liveability and is important for the productivity and profitability of the region.

The RPT also brings new visitors and incremental spending in local hotels, attractions, and other businesses. It is directly related to the amount of economic activity in the area and additional flights contribute to a community's economic wellbeing. Regular and reliable air transport promotes social and economic inclusion by enabling communities to participate and gain from the growing Australian and world economies.

The table below provides a summary the types of impact the RPT service has on the wider Moree Region.

Type of Impact	Description
Direct	Operation of airlines and Moree Regional Airport (technical support and handling, catering, fuel, security, cleaning), commercial activities (current and future shopping, restaurants, car rental, parking), land transport and air cargo.
Indirect	Sub supplies (goods and services) to direct activities (covered in the region)
Induced	Spending by employees in activity 1 and 2
Catalytic	Location impacts (firms and labour) Tourism and trade Productivity and investment

Maintaining the Moree to Sydney RPT is of vital importance to future economic development (and hence social development) of the Moree Shire and greater region. The following points are summarised for the Inquiries' consideration and include Direct, Indirect, Induced and Catalytic examples:

- RPT and airport operations are critical to sustain and improve economic development in highly specialised economies such as the Moree Region (agricultural sector). The RPT service will play a vital role as the Moree Region diversifies its economic base over the next 5 to 10 years and beyond.
- It is well recognised that on a global scale that a majority of businesses rate air services as a critical driver for location choice. This is of greater importance in rural areas.
- The Moree RPT service contributes to sustainable development by facilitating tourism and trade opportunities.
- RPT and airport operations have a significant impact on the performance of all industries (Ag, Finance, Tourism, Medical and others) and as a facilitator of their growth. These are “catalytic” in nature and affect industries across the whole spectrum of economic activity.
- The Australian Bureau of Transport and Regional Economics Working Paper 54 describes the challenges faced by regional communities in the following terms:

“In regional Australia, lack of transport access can have a far more dramatic effect than it would in an urban centre. This is because smaller populations mean that many regional towns do not enjoy the same level of services (for example, health, education and banking) as metropolitan areas. The outcome of this is that, regional residents need to travel long distances to the next major town or

capital city to access essential service that are not available locally” (BTRE, 2003: 12).

The average drive time to Sydney from Moree is 7.5hrs.

- RPT links to Sydney also reflect the perceived “liveability” of an area. This will influence the decisions of those wanting to remain or potentially relocate to a regional area such as Moree. This flows on to health, education, employment and training/skill delivery services, all having a significant impact on economic development.
- RPT and transport services define the availability and cost of household items and goods and services critical to sustaining rural-based industries.
- The RPT service widens the sphere of employment opportunities within, across and between regional areas.
- The tourist market provides valuable service sector income for Moree and is of particular importance as Moree seeks to diversify the economy and grow the Hot Artesian Spa market. Tourism can also hinge on service reliability as the tourist market is sensitive to changes to regular passenger transport services particularly changes to air service frequency or aircraft size.

Continued RPT services for the Moree Region will facilitate passenger entry and exit to the area, generating income and employment in the tourism industry and related sectors of the economy. Segments of the Moree tourism industry in which RPT services will contribute to further growth include; short domestic breaks, conventions and exhibitions and long haul tourism.

- Education and skills development are of critical importance to economic growth and career success. There is currently a skills shortage in a number of key areas in regional NSW. If there were sub-standard or no RPT transport services in the Moree Plains it would further compound this skills shortage as it makes relocating to – or remaining in – the Moree Shire less attractive than for towns with good quality transport services.
- RPT services receive a strong element of travel for secondary, tertiary and industry-based education/training.
- Airports have become a part of multi-modal transport hubs. As road and rail links to airports improve, airports with large areas of available adjacent land are able to capitalise and develop as national or regional centres of logistics. This is the case with the Moree Regional Airport and the opportunity exists to integrate future development with the Melbourne to Brisbane Inland Rail project.
- Moree has a high-value services composition that necessitates the frequent use of air travel to coordinate with suppliers and liaise with customers and staff.
- Air travel enables organisations in Moree to be managed more effectively, by making it easier for executives to visit subsidiaries or parent companies in another location. In this way, management expertise can also be transferred across offices. The propensity for collaboration, innovation and networking is also increased.

Additional Catalytic Impacts

The Moree RPT service has a wide range of positive impacts for economic development within the greater region that are facilitated by the immediate contribution of daily air service delivery.

These catalytic impacts include:

- *Global Accessibility and Trade*

One of the most significant advantages of RPT services is to facilitate better access to larger markets for the Moree Region. Keeping Moree connected to Sydney has assisted in making trade with distant and global markets possible for all types of organisations.

For the Moree agricultural sector international trade is commonly recognised as a key driver of economic growth. Direct trade with global markets is being facilitated by regular economic and business delegations into Moree from all parts of the world.

- *Productivity*

The Moree RPT service facilitates increased mobility and plays a vital role in supporting other parts of the economy to operate more productively. Mobility is a predicator of economic activity and enables organisations in rural and remote areas to exploit geographical comparative advantages and promote the development of economies and scale through the access to air services.

RPT Services and Health Services

Future economic development is reliant on a number of core pillars for support. One such pillar is the delivery of sustainable and adequate health services. The cost of health services not only includes direct economic costs but also the cost of basic human lifestyle quality.

The Moree to Sydney RPT service enables health specialist to commute to Moree on a regular basis. The daily return service is vital to attracting and retaining city based specialists for the ongoing health care across a range of practices.

During the recent Brindabella operations a visiting Orthopaedic Doctor was effectively prevented from servicing the community in November and December 2013. This resulted in the postponement of approximately 15 surgeries and over 50 consultations.

The community rely on the RPT services for:

- The continued provision of specialist Gynaecology services including; early detection and treatment for women with abnormal Pap smears, hormone replacement and urology dynamics.
- Provision of Ears, Nose and Throat (ENT) specialist services including the treatment of tonsillectomies and grommets through theatre time at the Local Moree Health District.
- Provision of Rheumatologist specialist who sees clients with severe and debilitating arthritis joint pains.
- The provision of Cardiology and Ophthalmological services.

Further comments are summarised below:

- Without reliable RPT services children, women and the township would be deprived of important specialist health services.
- Patients would have to travel 3 hours to these services in Tamworth but those most vulnerable do not have immediate and ready access to road transport or suffer with the travel time. If patients don't have a car then they catch the train to Werris Creek and from there they either bus to Tamworth or take the train to Sydney.
- Travel to services can equate to one day travel, accommodation for one or more nights, specialists appointment then return. Many patients won't travel due to financial restraints and being away from the family.

- When the cost of immediate and preventative care becomes excessive and inaccessible then treatment is simply not sought. This inevitably adds a significant cost to human quality of life and **a future cost to governments with an increased cost on the health care system**. The economic value of preventative health care is well understood by the state and federal government.

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

The following points are summarised for the Inquiries' consideration:

- Evidence suggests strong long-term growth in Australian air traffic and hence demand for access to the Kingsford Smith Sydney Airport.
- It is vital that the Moree RPT has slot access that enables the operation of a viable RPT schedule.
- MPSC does not support market mechanisms (for regional aviation) such as auctioning slots to the highest bidder or slot sales by tender.
- MPSC supports the "regional ring fence" for slots into Kingsford Smith Airport originating from Moree.
- **MPSC also requests that regional slots are permanently allocated to specific routes for regional areas. For example, the current morning and evening schedules from/to Sydney are reserved for the Moree to Sydney air route and cannot be purchased or traded, or relocated to a secondary airport with increased isolation from Sydney CBD.**

- The slot management system also needs to ensure that the growth in some semi regional (regional city) centres such as Coffs Harbour does not interfere with the slots for routes such as Moree to Sydney.
- MPSC does not support de-regulation for the Moree/Sydney RPT route without further consultation, detailed investigation and long term examination of the potential impacts.
- MPSC requests that there is also support for Moree to expand slots into the future to support the growth of the centre and the air route (e.g. potential midday schedule).
- The Long Term Transport Master Plan for NSW supports regional air services to and from Sydney Airport (Section 6.7):

“Air travel is vital to the economies and communities of regional NSW. We will work with airport owners and airline operators to continue to support service access between our regions and Sydney Airport” (Section 6.7).

4 Potential for Development of Future Modern RPT

Potential for development of future modern RPT aviation.

a) *Opportunities for regional aviation manufacturing and servicing:*

The opportunity exists to enhance the role the Moree Regional Airport and the RPT service plays within the community through continued growth of the passenger market, and by facilitating airport development and activity to increase the direct contribution from the airport to the local economy.

The Moree community would welcome Qantas or a company such as Pratt & Whitney (and others) setting up a maintenance and service outlet at Moree Regional Airport. The community would also support further airport utilisation to improve regional aviation manufacturing and servicing. The Moree Regional Airport boasts:

- Less restricted airport operations than city areas or large regional cities (Coffs Harbour).
- Increased service centre with the Moree Gateway project development.
- Ideal flying conditions with very limited (to almost none) winter obstacles.
- Direct access to the Newell Highway.
- Close proximity to town amenities.

The Moree Regional Airport Master plan provides for the following future development potential:

- *Eastern Commercial Precinct*

The Eastern Commercial Precinct is located directly to the south of the proposed passenger terminal precinct. Direct aircraft access could be provided to these development sites from the runway, via the staged development of a parallel taxiway, ultimately accommodating up to Code C aircraft if required.

This area could be expanded further to the south in future, when the proposed extension to Runway 01/19 is developed. Surface access to these sites would be provided through the development of an internal road linking to the main airport access road. This arrangement is consistent with proposals set out in the Moree Gateway Master Plan.

- *Western Commercial Precinct*

The Western Commercial Precinct is located to the north of Runway 05/23. Lease sites are proposed to be developed in an 'L'-shaped formation along the northern boundary. Code B aircraft access can be provided to these sites through the provision of a taxiway linking to the proposed parallel taxiway to Runway 05/23.

- *Private Hangar Precinct*

The Private Hangar Precinct is located to the north of Runway 05/23 and west of the Western Commercial Precinct. There is potential to release some freehold sites located in the north western corner of the private hangar precinct away from key aeronautical infrastructure and development areas.

b) *The development and supply of sufficient numbers of trained and skilled aviation personnel;*

No Comment.

c) *Local, State and Federal government arrangements for staff travel;*

The following points are summarised for the Inquiries' consideration:

- MPSC is heavily reliant on a reliable RPT to effectively conduct the business of Council and the community. The cost to the community for MPSC to have alternate travel arrangements would be two fold;

1. Direct economic cost for travel via an alternate airport, estimated to be over \$200,000 annually.
 2. Reduced level of professional service to the community as Council would be forced to forgo some travel plans due to budget constraints and this would disadvantage us compared to city counterparts (professional development, DLG meetings, industry best practice forums, etc.).
- MPSC suggests that a further review be made in relation to the current travel costs of state and federal government agencies to provide services to the Moree Region and what would be the impact of not having an RPT.

The point being, we believe there would be a significant cost impact to health, community services, law enforcement, education and other government service providers if their staff had to access Moree via an alternate distant airport due to no reliable and regular RPT service.

This data may provide a financial argument for state and federal governments to offer support via subsidies to RPT routes where absence of such a route would cost the government more to deliver a comparable level of service.

- Where possible, government employees, officials, representatives or agents should utilise the RPT service and avoid direct charter flights.

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

The following points are summarised for the Inquiries' consideration:

- MPSC supports this principle on the condition that there would be no negative impact to RPT service to Moree.
- MPSC supports increased freight movement and the employment opportunities that would be created.

5 Other Matters

Any other matter relating to the provision of aerial regular passenger transport services.

State Government RPT Airline Selection Process

The following points are summarised for the Inquiries' consideration:

- The process that was conducted by Transport for NSW in 2012 to appoint the successful RPT operator (Brindabella) on the Moree to Sydney route was abysmal and of great disappointment to the community of Moree.
- The future process of tender and appointment needs to be more open, transparent and consultative.
- A high level of appropriate due diligence and scrutiny needs to be applied in the selection process.
- Rigorous review of an airline's capacity and/or their proposed capacity to deliver a reliable and safe service needs to be undertaken.

What is Important to the Community in Relation to RPT Service Providers

At a meeting with Transport for NSW on Tuesday 14 January, community members developed a list of items they wanted Transport for NSW to take into consideration when they weigh up the relative merits of applications for the Moree–Sydney air route licence. The list, with explanations, is provided below for Inquiries' consideration:

- Proven safety and reliability – This was considered by community members present at the meeting to be imperative and Transport for NSW was asked to be extremely diligent in conducting checks into service history (including on-time flights), maintenance history and financial stability.
- A return daily service on weekdays, with the flight from Sydney first – if the flights are ex Sydney (i.e. Sydney to Moree and back) it means that visiting medical specialists can spend a whole day working in Moree without having to stay overnight.
- An aeroplane the size of a Dash 8 or larger in size – the de Havilland Dash 8 (200) – a 36 seater – is the aeroplane Qantas used previously on the route, while Brindabella used smaller planes such as the BAE Jetstream 41 – a 30 seater. Many people felt that planes smaller than the Dash 8 were not an option because of:
 - The lack of head space/leg room
 - Inability to store carry-on luggage
 - Reduced baggage allowances
 - It was also mentioned that the smaller capacity engines did not cope well with hot weather
- One Saturday service – another flight would be desirable but was not a necessity.
- One Sunday afternoon/evening service – another flight would be desirable but was not a necessity.
- Disability access – a definite necessity and includes the ability to transport mobility aids.

- Provision for unaccompanied minors, including transshipping – as well as minors being able to travel unaccompanied on the Sydney–Moree route, there was also a need for assistance for minors catching connecting flights/other means of travel.
- Through check-in for connected flights – thereby reducing the amount of time spent at the airport between flights.
- A baggage allowance of 32kgs or more – 32kg was the baggage allowance on the Dash 8 size aeroplane, while the baggage allowance on Brindabella's smaller plane(s) was 19kg.
- Direct Sydney–Moree service – a direct route to Sydney, not a triangulated route (for example Moree–Narrabri–Sydney).
- No bundling with other routes – community members and Council want Transport for NSW to consider applications for the Moree–Sydney route in isolation. That means they do not want Transport for NSW to award the licence to an airline because it has said that it will take on other, less viable flight routes if they are given the Moree–Sydney license.

NSW Long Term Transport Master Plan

Ensuring the operation of a reliable, safe and effective RPT service to the Moree Region will address many aspects of the state government's Long Term Transport Master Plan for NSW.

The NSW Transport Master Plan recognises the importance of 'preserving the amenity and character of regional towns' (section 6.5):

“Transport capacity is needed in these regional towns and centres to meet the diverse transport requirements of local communities ensuring access to health, education and other essential services. Where possible, the local amenity and character of regional towns and centres should be preserved and impacts limited.”

In addition the RPT service will help ‘meet the needs of and ageing regional population’ (section 6.6):

“As the population ages, the demand for public and community transport connections between towns and larger regional centres will grow. We will need to find ways to respond to this increasing demand to maintain equity and reduce disadvantage.”

RPT provides better safety outcomes for travel. By improving accessibility, and the attractiveness of passenger transport in the Moree region, there are less vehicles operating on NSW roads than there would otherwise be. This results in better safety outcomes for NSW as air travel is safer than private vehicle travel. Road safety remains a critical issue for rural NSW. Longer travelling distances, high speed limits, driver fatigue, wildlife hazards and the distance to emergency retrieval services and specialist medical care all combine to increase risks for rural and remote travelers.

Essential Air Services Model – United States of America (USA)

Excerpt from the *Air Transport Services in Remote Regions Discussion Paper 2011-13*, Svein Bråthen:

After deregulation in the USA, the conditions for small communities have been an issue of concern. The Essential Air Service Program (EAS) has been the most important instrument for supporting small communities. EAS subsidizes carriers to provide service on specific routes. The carriers are selected through a competitive tendering process,

REGIONAL AIR SERVICES INQUIRY: MARCH 2014

where the airlines submit proposals containing response to minimum requirements defined by EAS.

Such requirements are connected to number of daily flights, weekend frequencies, size of the connecting hub, aircraft equipment and fare schedule. EAS funding is provided by FAA's revenues from user fees. In order to qualify for EAS, a community is required to have received services since the time of the Airline Deregulation Act (1978)...In 2009, 35 states received EAS funds. Excluding Alaska, EAS funding was around \$150 million for 107 communities (U.S. DOT (2009), in Metrass-Mendes and Neufville (2010). Reynolds-Feighan (1995).

The EAS program in the USA is a direct subsidy to maintain the vital RPT services to rural and regional communities. This is representative of the recognition that the US government has for the significant level of importance of air services to these communities.

An example of the EAS program is summarised below:

Regional Community	Hattiesburg, Mississippi, USA
Population	47,000
City Hub (Destination)	Atlanta, Georgia, USA
Air Operator	Silver Air
Aircraft Type	Saab 340
Weekly Round Trips	12
Yearly Passengers	20,825
Total Revenue	\$1,906,945 (US)
Economic Cost of Service	\$4,872,612 (US)
Annual Gov't Subsidy	\$2,965,667 (US)

The subsidy example above highlights the importance placed on the social and economic benefits of air services to remote and regional areas in the USA. MPSC and the community understands the ever increasing costs facing state and federal government in Australia however, we believe that an appropriate cost/benefit analysis may produce a financial argument for some level of direct financial subsidy to airline operators to support the continued operations of regional RPT routes.

6 REFERENCE LIST

Moree Plains Shire Council would like to acknowledge the following information sources used in compiling this submission:

- Deloitte Access Economics, *The economic and social contribution of Australia's airports*, May 2012, Prepared for the Australian Airport Association.
- RAAA Submission – *Economic Regulation of Airport Services* – Public Inquiry
- Oxford Economics, *Measuring airline network benefits*, 2005; *The economic contribution of the aviation industry in the UK*.
- NSW Government, *NSW Transport Master Plan*, December 2012.
- Department of Innovation, Industry and Regional Development, Regional Development Victoria, *Evaluation of Regional Aviation Developments under the Regional Development Infrastructure Development Fund*, September 2010 (Ernst and Young).
- Airport Cooperative Research Program (ACRP), *Passenger Air Service Development Techniques*, Steven C Martin et al, INTERVISTAS-GA2 CONSULTING, INC. Washington, DC.
- Air Transport Action Group, *Air transport drives economic and social progress: The economic and social benefits of air transport 2008*.
- International Transport Forum, *Air Transport Services in Remote Regions Discussion Paper 2011*, Svein Braathen, Molde University College, Norway.

7 COMMENTS WELCOME

Comments and feedback on this document are welcome. These can be emailed to:

council@mpsc.nsw.gov.au

Comments can be sent to:

Moree Plains Shire Council

Address: Level 2, Max Centre
30 Heber St,
Moree NSW 2400

Postal Address: PO Box 420, Moree NSW 2400

Telephone: (02) 6757 3222

Fax: (02) 6752 3934

Office Hours: 8.30 am to 5.00 pm



Top: Vista of the productive Moree Plains Shire.

Left: Children enjoy the Hot Artesian Water.

Right: Grain silos and high grade grain produced in the Moree Shire.

