

**Submission
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INQUIRY INTO REGIONAL AVIATION SERVICES

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COFFS HARBOUR CITY COUNCIL SUBMISSION TO THE INQUIRY INTO REGIONAL AVIATION SERVICES

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Preface.

Coffs Harbour Regional Airport (CHRA) is the third largest airport in New South Wales behind Sydney and Newcastle.

The runway is 45m wide by 2080m long and is capable of handling wide body jet aircraft up to B767 type.

As such CHRA is not exposed to some of the issues that affect other regional airports in NSW.

Coffs Harbour is serviced by three major carriers in Virgin Australia, Tigerair and Qantaslink.

Issues:

Access to Sydney Airport.

The most crucial issue impacting on the Coffs Harbour route is the lack of access to Sydney during peak periods.

As a consequence this route does not have competition in the peak am/pm time slots which results in high air fares for business, medical and other necessary travel during those times.

Other airlines have indicated a desire to provide flights at peak times but are unable to get slots at Sydney airport at the required times.

As the Committee would be aware, the issue of regular public transport (RPT) access to and from Sydney Airport is a primary area of interest to many regional airport operators including this Council. A slot management scheme administered under the Commonwealth's *Sydney Airport Demand Management Act 1997*, limits planned aircraft movements (a landing or take-off) to a maximum of 80 per hour over the airport's primary operating period of 0600-2300 hours.

Under the slot laws there is a mechanism that preserves a certain number of slots for regional airlines in an effort to guarantee access to Sydney Airport for regional communities. While Council is appreciative of this mechanism, the demand on the available slots is such that during the critical peak periods, Sydney is basically closed for additional intrastate business between 0530-1100 and 1500-2000 hours.

Currently, there is no ability for any additional carrier to enter the market during peak periods and provide any competition to the current single operator.

Notwithstanding any announcements of future airport capacity for Sydney, it is unlikely there will be any relief available for perhaps the next ten years, meaning a future unmet demand for Coffs Harbour air services. This will result in higher air fares and operating costs for business, medical and other necessary travel during those times. Strategies such as aircraft up-gauging is a practicable response by airlines to meet unmet demand on the major trunk or international routes but is far less viable and cost effective on shorter sector lengths, such as Coffs Harbour-Sydney.

While recognising the Federal Government's primary role in administering Sydney Airport accessibility, Council believes the Committee should nevertheless be proactive in advocating some changes to the current regulatory regime to mitigate the worst effects of the current constraints on peak hour capacity. These could include for example:

- increasing the movement cap slightly, noting the 80 movement/hour limit is an environmental rather than physical capacity constraint. Sydney Airport's parallel runway system would be physically capable of sustaining movement rates of at least 85/hour;
- introducing a variable cap such as 85 during peak periods, reducing to say 75 in non peak periods such that the total allowable number of movements over a day does not change i.e. the overall environmental impacts would remain the same; and
- removing regional turbo-prop aircraft from the movement cap noting their relatively small noise footprint compared with larger jet aircraft.

NSW Government's Role in Aviation

The Committee's Terms of Reference include the regional economic and development considerations of RPT and aviation more generally.

It is noteworthy that unlike some other states, NSW does not appear to have a significant aviation interest or involvement at a government level. Transport for NSW's main role is to regulate and license RPT operators on routes to and from Sydney Airport where there are less than 50,000 passengers per annum. This can be contrasted with the following states which in addition to the licensing role where applicable, are actively involved in promoting aviation development and economic activity, and participating in airport funding, particularly in regional communities.

Queensland

Queensland has an Aviation Strategy with three main components.

Commercial and Tourism Aviation Plan

This plan is structured around five priority areas that will drive airline route development in the state: improved access, regulatory and strategic policy, research and analysis, partnership development and government leadership and coordination.

Aviation Sector Action Plan

This plan sets out the key objectives required to ensure the continued rapid expansion of the local aerospace industry and the establishment of Queensland as an important aviation hub for the Asia-Pacific region.

Airports and Regulated Air Transport Plan

Queensland Transport prepared this plan which addresses the delivery of air transport infrastructure and services to remote and regional communities in Queensland to ensure essential access to a range of business, educational, medical and social opportunities. It outlines policies for airport grants, the regulation and/or subsidy of air services and development in the vicinity of certain airports.

Victoria

Victoria has a Minister responsible for the aviation industry and aviation responsibilities fall under the Department of State Development, Business and Innovation. The Department recognises that regional airports form an important part of Victoria's economic, social and community infrastructure, from an access, emergency services, and tourism perspective.

The Department supports the development of Victoria's aviation infrastructure through consideration of long term planning across the sector and protecting airport environs and assisting with the upgrade of infrastructure at regional public airports.

The Victorian Government has established the \$20 million [Regional Aviation Fund](#) to assist with the upgrading of regional public use airport infrastructure across Victoria. It recognises the potential for regional airports to boost economic development in regional Victoria.

Applications for the grants are considered from councils, state government agencies, regional infrastructure providers, regional organisations, business groups and the private sector located in regional Victoria.

Western Australia

WA has a draft State Aviation Strategy aimed at supporting the economic and social development of WA through the provision of safe, affordable, efficient and effective aviation services and infrastructure. It seeks to respond to current deficiencies in the State's aviation infrastructure, airport governance and levels of aviation service competition.

The draft strategy proposes a suite of actions whereby the State will work in partnership with airports, regional shire councils, airlines and the resources and energy sector to ensure adequate services continue to meet the state's demands.

The draft strategy is designed to provide a sound framework for policy setting, and future planning and investment in WA international and domestic air services and airport infrastructure. The draft strategy will be finalised in 2014.

Additionally, WA operates the Regional Airports Development Scheme which provides funds to improve regional air services and air safety. It is clear from the above examples that some other states appear to be much more aviation focussed than NSW. Council believes the Committee should make recommendations for a more proactive NSW Government role in aviation as has been the case in other states. For NSW to remain competitive with other jurisdictions, particularly in terms regional development and economic activity, aviation offers excellent skill and employment pathways.

A first step might be the preparation of a State Aviation Strategy or Plan.

Opportunities:

Hubbing.

Due to the ideal location of Coffs Harbour Regional Airport and its capacity to handle high frequency large jet operations it is ideally suited to the development of Hub and Spoke type services in future.

This would alleviate to some extent the slot problems at Sydney airport while providing access for smaller communities to high frequency jet services at affordable prices.

This would involve strategically placed airports such as Coffs Harbour Regional Airport being nominated as regional hub airports with feeder services provided by smaller airlines and/or coach and road connections.

Decentralisation of airline and aviation service industries.

There are significant opportunities for aviation support and service industries to relocate from large airports such as Mascot and Bankstown to regional centres such as Coffs Harbour.

Businesses such as Avionics, General Aviation maintenance (rotary and fixed wing), freight, logistics and training could be accommodated at Coffs Harbour Regional Airport which is centrally located between Sydney and Brisbane, the second busiest air corridor in Australia.

This would free up aircraft movements associated with those operations in the Sydney basin and provide a valuable economic stimulus to regional centres such as Coffs Harbour.

