

**Submission
No 27**

INQUIRY INTO REGIONAL AVIATION SERVICES

Organisation: Airlines of Tasmania Pty Ltd (T/A Par Avion)

Date received: 13/03/2014

From: Shannon Wells
Sent: Thursday, 13 March 2014
To: State Development
Subject: RE: Inquiry into regional aviation services - Invitation to lodge a submission

Thank you for the opportunity to discuss

As a very small regional airline, Airlines of Tasmania, trading as Par Avion, is a predominately Tasmanian based airline, we have recently sought approval, (and will commence in mid-march), RPT services between Griffith NSW, and Essendon, Victoria, therefore we feel we are in a position to make a position to this committee.

Airlines of Tasmania operate single pilot, RPT aircraft, up to the size of a 10 seat, twin engine Cessna Titan aircraft. We are by no means a major operator, however are well entrenched into General Aviation, owning an airport (Cambridge Aerodrome), an award winning tourism business, a flying school and operating an charter/airline service. We believe that the General Aviation industry has some significant issues facing it, and this extends to "Regional Aviation", while we don't believe we have all the answers, we wish to highlight some issues which we believe are an issue for the industry.

- Costs
 - The costs of operating an aviation business, are far exceeding the costs of inflation
 - Fuel price, both due to carbon tax, overseas markets, and the fuel excise duty, makes aviation fuel a significant expense for an operator, which we have little ability to control
 - AVGAS refineries are closing, which will further lead to fuel price increases – alternative fuels for example Diesel engines, are still in development for "higher performance" piston twin engine aircraft and don't appear to be on the market for the foreseeable future.
 - CASA "fee for service" approach, i.e., amending manuals, expositions, or even a checklist in an aircraft, result in a fee being charged by the regulator to "approve" the change.
- Regulation for RPT, as opposed to Charter aircraft, has increased. As we operate RPT aircraft, we are mandated to have various positions within our organisation – "key personnel" (quality managers, continuing airworthiness managers) as well as Safety Management Systems and other mandated manuals. While don't necessarily disagree with these positions, it does significantly increase our costs, and where non –RPT organisations, who can compete on charter flights, don't have these costs. It seems odd that Low Capacity RPT, which already operated under higher standards than charter operators, have been subject to further increased regulation in the last 3 years, whereas charter operators have been left relatively unchanged – CASA are claiming that "Part 135" will change this, but there are many questions left unanswered regarding this.
- Questions regarding the "Caper" decision. There is some confusion in industry as to the ramifications of the "caper" decision (Civil Aviation Safety Authority v Caper Pty Ltd 2012) – in relation to "closed charters"
- Part 42 / 145, new maintenance regulations have significantly restricted the ability to conduct maintenance on our aircraft. For example, under the former regulations (prior to June 2013), we could conduct maintenance in Griffith using a local maintenance provider, however post these regulations, the maintenance provider there can't maintain our aircraft (however can still do charter aircraft)
- Experienced staff – higher wages attract our senior staff to the airlines, it is difficult to retain experienced staff, meaning higher staff turnover and increased costs – this is not a new issue for the industry, however with increased "key personnel" required for an operator, staff turnover is now more of a critical issue
- New Aircraft: Aircraft are aging in Australia, substitute aircraft to replace 8 – 35 seat aircraft are not made in mass quantities, if at all. Parts are expensive and in some aircraft types impossible to get and if not, very expensive. New regulations make parts more difficult to obtain or repair.

- Landing fees – many local councils, also now bound by increased regulation, need to meet costs of operating their aerodromes, through increased landing fees, these are directly passed to customers. There is further impacted by security screening at some regional ports, and the non flexibility this creates, especially for smaller aircraft
- Passenger expectations – passengers expect “cheap” airfares into regional locations, especially as they see heavy discounted fares between capital cities.

Thanks again for the opportunity to present some brief dot points, should the committee be seeking clarification, I’m happy to expand on the above

Yours faithfully

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