

**Submission
No 46**

INQUIRY INTO REGIONAL AVIATION SERVICES

Organisation: Riverina Eastern Regional Organisation of Councils

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REROC

RIVERINA EASTERN REGIONAL
ORGANISATION OF COUNCILS

14 March 2014

The Director
Standing Committee on State Development
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sir

Response to Inquiry into Regional Aviation Services

The Riverina Eastern Regional Organisation of Councils (REROC) is a strategic alliance of fifteen local government bodies located in the eastern Riverina region of NSW. Originally formed in 1992 the aim of the organisation is to assist councils to operate more efficiently and effectively through working together to achieve economies of scale and scope and present a better informed and representative voice for its members.

The members of REROC are the councils of Bland, Coolamon, Cootamundra, Corowa, Gundagai, Greater Hume, Junee, Lockhart, Temora, Tumbarumba, Tumut, Urana and Wagga Wagga as well as Riverina Water and Goldenfields Water County Councils.

The REROC region covers an area in excess of 45,000 sq kms and a population base of approximately 140,000 people. The region is serviced by two airports, one at Wagga Wagga and the other at Albury, which services members in the south of our region. Both airports provide daily services to Sydney and Melbourne, each are serviced by Qantaslink and Regional Express Airlines and Albury is also serviced by Virgin Airlines.

In making this response REROC has focussed on the third and fourth terms of reference as these are the ones of greatest relevance to our membership.

Economic Impact on Regional Communities of Gaining or Losing RPT Services

Access to regular, affordable air passenger services is vital to the economic and social wellbeing of our region.

Residents of the REROC region, which encompasses 13 local government areas, are serviced from either Wagga Wagga or Albury. Consequently, residents of some of our member communities travel in excess of 100 kilometres to avail themselves of air transport services. This issue is further exacerbated by the lack of public transport in the region. Outside of Wagga Wagga and Albury there are virtually no public transport options and certainly none that would allow commuters the opportunity to link with an airline service.

For those people that are able to access air services from Wagga Wagga and Albury the services are certainly adequate with a number of flights to choose from to both Sydney and Melbourne. Early morning, mid-morning, afternoon and evening flights are available to Sydney each day and early morning, afternoon and evening flights are available to Melbourne.

councils working together

Losing any of the services offered at either Wagga Wagga or Albury would have a significant negative impact on the communities that REROC represents. Not only are the services providing connections for businesses to Australia's two major capital cities, it is also a vital link for the many regional people who must utilise capital city based medical and health specialists.

The ability to travel to and from Sydney or Melbourne in a single day means that capital city services are more accessible to the residents of our region. Those that are unable to access air travel are forced to take long car journeys with the inevitable cost of overnight accommodation often in the Sydney or Melbourne CBD.

Access to quality air transport can be a significant decision factor in determining whether or not a business is prepared to establish in a regional or rural area. While our members recognise the growing importance of digital communications in bridging the gap between city and country locations for business, there is no question that business still pivots on face-to-face negotiations and interactions. Consequently access to regular and reasonably priced air transport is imperative to economic growth in the regions.

In addition many regional communities are still highly dependent on accessing medical specialists in Sydney or Melbourne. If regional communities are to continue to attract new residents then we must be able to demonstrate that our residents have easy access to city-based health and medical specialists, this ease of access is dependent on regular and reasonably priced air passenger transport.

The reverse is also occurring with clinicians from a range of medical specialist areas regularly visiting the region for the day for consultations and to provide treatment to residents, they arrive by plane. This is a vitally important service because it reduces the need for regional people to make an expensive journey to a capital city.

Important in meeting the needs of business and the community in our region is the continued access to Kingsford Smith Airport. Our members believe that the ability of regional residents to fly into KSA and then link with other flights around Australia and internationally is an extremely important to the continued viability of air passenger transport services.

Potential for Development of Future Modern RPT Aviation

The last decade has seen services to regional areas reduced, where once flights departed on a regular basis from small communities in our region, such as Cootamundra and West Wyalong, these services are no longer offered.

The costs involved in operating an air service are very high while passenger volumes in regional areas are limited, therefore it is unlikely that we will see new entrants to the market. Our members cannot see any significant opportunities arising for new air passenger services in regional areas unless the costs of operating are in some way subsidised, in the current economic climate this seems highly unlikely.

Our members seek assurances through the Committee's final report that the government will monitor the charges that are levied on airlines servicing the regions to ensure that they do not become a disincentive to the provision of services. In particular we are concerned about increasing fees for access to KSA. Regional air services are usually operated using small volume planes, therefore any increase in charges impact directly on ticket prices in a significant and immediate way or if not on ticket prices then on route viability.

Similarly new Commonwealth regulations can also impact on the viability of an airline's operation. The cost of running screening at regional airports is an example of additional costs imposed on regional services that must be carried by a relatively small volume of passengers.

The REROC region is already showcasing the ways in which rural and regional communities can leverage economic development from the aviation industry. Our members believe that there are opportunities for development into the future in regional aviation manufacturing and maintenance.

Wagga Wagga City Council has actively pursued not only maintenance opportunities but also training opportunities for the aviation industry. The City is home to the Australian Airline Pilot Academy which provides pilot training for Regional Express and has recently been accredited to provide training to United Arab Emirates' carriers. Regional Express also headquarters its heavy aircraft maintenance division at Wagga Wagga. The RAAF's aircraft maintenance training school is also located in the City. Recently Douglas Aerospace established premises at the Wagga Wagga City Airport, the business operates an aircraft painting service.

Temora Shire has also actively pursued the aviation industry as part of its economic development strategy. Temora is home to the Temora Aviation Museum and the Council has leveraged off this development to create further opportunities for growth. Council included a residential sub-division that catered for the needs of plane owners as part of the extensive development of the Museum site. The sub-division includes space for plane hangars, it has sold out and the new occupants include not only plane owners but new small businesses that have been established to service the aviation industry.

Cootamundra Shire was home to Masling Industries for 20 years, the firm provided maintenance services for a variety of helicopter and turbo-prop engine fuel control and aircraft engine starter/generators. It was unfortunately relocated to Adelaide at the end of 2013; however its successful operation prior to its buyout by TAE, demonstrates the capacity of rural and regional areas to provide first-class service in avionics when the opportunity arises.

Our members believe that further opportunities could be initiated for avionics based industries because of the availability of land particularly around airports and, as in Temora's case, airports that no longer have regular passenger transport services. We believe that the State should put into place incentives that encourage companies to actively consider locating manufacturing and servicing activities in regional areas.

Our members believe that the first step in promoting the establishment of avionics based industries in regional NSW is for the government to develop and commit to strategy that supports that growth. Regional areas have competitive advantages that support the growth of the avionics manufacturing and maintenance; however government support that recognises those advantages and encourages their promotion is imperative for the establishment of new industries.

Our members welcome the opportunity to provide feedback to the Inquiry and look forward to receiving the Committee's final report.

Yours sincerely,

Julie Briggs
Executive Officer