INQUIRY INTO REGIONAL AVIATION SERVICES

Organisation: Inland NSW Tourism

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The Director General
Standing Committee on State Development
Legislative Council   March 2014
Parliament House
Macqaurie Street, Sydney NSW 2000

Via: statedevelopment@parliament.nsw.gov.au

RE: Inquiry into Regional Aviation Services

Dear Sir,

As per our submission to the *Inquiry into tourism in local communities* in June 2013 to the General Purpose Standing Committee No 3, tourism and visitation is a major economic driver for regional communities, with 46 cents in every dollar of tourism expenditure spent in regional Australia. The tourism and hospitality industry is also a major employer, with tourism related employment in regional areas having generated over 220,000 jobs in 2011.

Responding to point 3 in the Inquiry's Terms of Reference (Economic impact on regional communities of gaining or losing RPT services), and within the tourism context, we recognise that the viability of a route (RPT) is a commercial matter for the airlines delivering the service, in consultation with government for subsidies, however it is important to also recognise that these routes play a vital role in contributing to the sustainability and economic viability of the regions.

While Tourism Research Australia's National Visitor Survey (NVS) has identified that a significant proportion of visitors to Inland NSW travel by private car, regional aviation continues to play a pivotal role in the delivery of tourism and visitation amenities as well as essential business, medical and educational services for regional communities, in addition to contributing a percentage of the 4.6 million visitors to the Inland NSW region annually.

An extensive consumer research program conducted in late 2012 clearly identified key 'hub' destinations within the Inland NSW footprint that were well recognised by consumers. These destinations correlate with population centres and access factors, and include centres such as Armidale, Broken Hill, Dubbo, Tamworth and the Southern Highlands. Many of these destinations have existing air services, as outlined in Appendix A of this submission. Through the continuation of a 'hub and spoke' model, it is possible to extend the demand for ancillary services within these hub locations, such as car hire, to extend stays and increase dispersal into the wider region. Adequate air services are also essential to leveraging the growing international visitation, increasing dispersal of international visitors to regional areas.

Likewise, the viability of flights between intra-regional 'hub' destinations should be considered as research has demonstrated that a significant percentage of regional visitation is intra-regional, not from capital cities.

There are a number of issues that we request the Inquiry consider in their deliberations:

1) Aviation provides regional areas with access to certain social services they would not otherwise have across the education, medical and business sectors. This is particularly important for specialised medical services for regional areas, which often operate as 'fly in

fly out' practitioners to a region on a day-a-week or day-a-month type arrangement. The provision of these services is often particularly reliant on early morning flights ex-Sydney coupled with a late afternoon /evening flight ex-region to Sydney.

2) The availability of peak slots designated for regional services in/out of Sydney affects the commercial viability of flights that service primarily the needs of the business and medical sectors. Consideration should be given to the Sydney Airport slots being attributed to the destination and not owned by the carrier, to permit continuity of service in the event a carrier ceases to service a region or operate commercially.

3) Bundling of viable routes with less viable routes: This is not advisable as it has the potential to put both destinations at a disadvantage, and may lead to less favourable operating conditions for viable routes, making them less attractive to commercial carriers.

4) Challenges of building capacity: New capacity needs to be brought online gradually so a region can assimilate this increased capacity, and build demand accordingly. It is not possible to increase capacity significantly and expect the route to be viable; there needs to be a correlation between the increased services and increased consumer/business requirements.

5) There is a hidden potential / 'lost opportunity' factor that needs to be considered with limited or restricted capacity to individual regions, particularly to fulfil the requirements of the business events and conferencing market, which is a key strategic priority for Destination NSW. The commercial airlines generally will not consider chartering solutions to deliver additional services for peak periods of demand since demand is usually one directional (i.e. to a conference / event, festival, etc).

6) It is important to consider the impact of service delivery on disabled access; certain aircraft are not amenable to servicing the disabled community, leaving them potentially without adequate transport options.

There have been no new routes introduced within the Inland region within the past five years; in fact services to regional NSW have decreased. It is our understanding that a number of submissions have been made to the enquiry by Inland constituents seeking to introduce or maintain aviation routes due to the economic benefits of air access.

Appropriate air services have the potential to help ensure regional destinations remain viable and competitive.

Yours sincerely,

Graham Perry
Chief Executive Officer

Appendix A

The existing serviced airports within the Inland region and the approximate catchment areas they serve, are as follows:

Location	2012-13 Passenger Numbers	Catchment Area Served	Catchment Population
Armidale	107,781	Armidale, Uralla, Walcha, Guyra, Glen Innes, Inverell	66,000+
Broken Hill	25,679	Broken Hill, Unincorporated Area, Central Darling, and other Outback locations	21,000+
Dubbo	166,121	Dubbo, Warrumbungle, Coonamble, Warren, Gilgandra, Narromine, Lachlan, Wellington, Bogan, Brewarrina, Bourke, Walgett, Cobar	107,000+
Tamworth	137,778	Tamworth, Liverpool Plains, Gunnedah, Gwydir, Moree, Narrabri, Walcha, Uralla	113,000+
Moree Plains	~27,000 (service interrupted with the demise of Brindabella)	Moree, Narrabri, Gwydir, Walgett	40,000+