

**Submission
No 12**

INQUIRY INTO REGIONAL AVIATION SERVICES

Organisation: Regional Development Australia Sydney

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Standing Committee on State Development
Legislative Council
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Committee Members,

Thank you for this opportunity to provide input to the *Inquiry into Regional Aviation Services*.

We have included in our submission relevant information on some key projects and initiatives undertaken by RDA Sydney related to aerospace and defence as well as recommendations to questions relevant to the work of RDA Sydney and its partners.

Please do not hesitate to contact _____ should you have any further questions. We are very interested in initiating a dialogue with government in relation to these issues.

Yours sincerely,

Alan Pendleton
Chairman
10/3/2014





**Regional
Development**
Australia
S Y D N E Y

Submission on the Inquiry into Regional Aviation Services

Standing Committee on State Development

February 2014

Regional Development Australia Sydney brings together people to promote collaborative decision making for the sustainable and just economic development of Sydney, with a focus on employment growth.

Background on RDA Sydney Position

Regional Development Australia, Sydney (RDA Sydney) welcomes the opportunity to comment on the *Inquiry into Regional Aviation Services* issued by the Standing Committee on State Development of the Legislative Council.

RDA Sydney is a COAG initiated partnership between the Australian and State governments created to strengthen communities. It is part of national network of 55 RDA committees made up of local leaders representing government, business, community groups and other key regional stakeholders to provide targeted advice to government on key issues affecting the economic development of the Sydney region.

For some time now RDA Sydney has been working with all levels of government, industry groups, business, research and development, education organizations and community representatives to identify needs and opportunities within Sydney and facilitate the development of new ideas, projects and initiatives across the regions.

We progress agendas through the establishment of or the participation in interest groups, round table discussions and leadership networks.

This response underpins the objective of RDA Sydney of improving access to markets - trading partners, clients and labour to allow competitive industries to grow and increase the availability of goods and services. Airports are an intrinsic part of access to markets.

RDA Sydney has been involved in the development of the *NSW Freight & Ports Strategy*, the Western Sydney Airport Alliance, a coalition of community group, business and trade unions that support the development of a second Sydney airport in Western Sydney at Badgerys Creek.

RDA Sydney was the founder and facilitator of the Sydney Airspace and Defence Interest Group (SADIG) which has attracted 170 member companies, to pursue opportunities and further development of the aerospace and defence industries This is a forum and informal cluster where companies and key government agencies come together on a collaborative basis to share information, knowledge, expertise and future applications of technology. And where there are opportunities for technology advanced applications at airports, or clustered activity for aviation manufacture, repair and maintenance, the SADIG aerospace and aviation stakeholders can have significant economic impacts.

This RDA Sydney submission focuses its recommendations on those questions with particular relevance to the work of RDA and its partners.

3) Economic impact on regional communities of gaining or losing RPT (Regular Passenger Transport) services, including:

a) The local business community

Regional airports have the potential to boost some of the regions and local economies as businesses will have fast access to Sydney, Australian and international markets for services, goods and people.

Industries to benefit more significantly from regional airports are those with strong links to the air transport sector, flight training services, aircraft charter services, and other aviation-related industries, tourism visitations, travel activity, retail, aircraft maintenance, passengers and aircraft transfers.

It would be a step backward therefore, for NSW regional economies to be deprived of or endure reduced RPT services. The economic implications for rural businesses would be negative. The impact of that loss would cause a loss of employment since businesses would be reduced or would fail. There would be a loss of tourism, visitations, health treatment service support, affordable freight and efficient supply-chain access.

Regional airport accessibility also makes important contributions to agriculture, utilities, finance, health services, and real estate industries by providing such services as crop-dusting, transport of staff, visitors and clients, and aerial surveys and photography. Thus without even counting businesses that use airports to transport inputs or outputs, regional airports can provide millions of dollars and hundreds of jobs to a local economy. On the other hand, the potential to use the land around regional airports for the development of aviation related and other industries, technology hubs, smart work centres etc, must not be underestimated.

A consultation and feedback from our colleagues in regional RDAs has shown that regional stakeholders are concerned about the future of regional airports. They indicated that access to Sydney Kingsford Smith airport is vital to their regional airports, as the services provided by REX, Qantas Link and other RPT services are the only ones able to get business people to and from Sydney and back in one day.

Regional RDAs have insisted that their airports are crucial for their local economies, for business commuters and for their 5,000 or so tourist businesses, which have potential for expansion. Such expansion should be carried out in a regionally strategic and well planned manner.

According to those consulted, lack of broadband capabilities in the some areas of regional NSW means more business people need regular access to Sydney in order to develop their business opportunities. However they also believe that once they gain more efficient high speed broadband coverage, this will reduce the need. At the same time, as *virtual networks* become easier to develop, larger companies may seek to potentially relocate to regional NSW creating an increasing demand for RPT services.

The location of the major Sydney regional air hub at Kingsford Smith or say Bankstown airport, has always been an issue, with the sited ability to interconnect to other flights domestic and international flights. Whilst Bankstown airport could take more regional air traffic, the logistics and the travel delay to and from Kingsford Smith has been a cause for concern. They also fear that additional commuting within Sydney –either as destination or hub to other regional or national destinations from Badgerys Creek airport would be the end to their already fragile regional air increased travel time services.

On the other hand, restrictions on the growth of air travel in Sydney through less available time slots, could have the effect of higher fares, increasing direct costs to the regional residents which would prevent many people from flying at all.

There is also the question of providing equitable access to Sydney as a destination and as a hub for business, leisure and professional service needs :-

- For example, those consulted by RDA Northern Rivers were concerned that **Lismore airport** (c35K Pax pa) would be closed if REX RPT's services were to be cancelled permanently, as it has nowhere to expand freight services. Those consulted suggested it could expand into more GA services and potentially flight schools.
- On the other hand, **Grafton airport** (c16K RPT Pax pa) has adjacent land available for industrial zoning and since it is located on the Pacific Highway it is already showing potential as a road-transport hub, with further opportunities for growth, including air-road freight, should the REX RPT service (via Taree) end. Grafton airport is also a main base station for the Rural Fire Service operations for the north east.
- Dubbo and Broken Hill airports (REX, Virgin, Qantas Link) are vital for tourism and services.
- Regional airports are community assets that play other roles to help communities with natural and man-made disasters (air ambulance, heli-med, aerial fire-fighting services, aerial surveying).

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

Bankstown Airport

NSW intrastate aircraft movements comprise approximately 20 per cent of all slot allocations and RPT activity at Sydney Kingsford-Smith airport (KSA), yet only carry 6 per cent of the total airport passengers. *A Joint Study on Aviation Capacity in the Sydney Region* found that while the protection of regional access is an important policy objective, a large number of operations by small aircraft do not represent an efficient use of limited airport capacity.

Strain on capacity will only grow at KSA. According to the *Study* RTP traffic growth is expected to double in less than 25 years to nearly 88 million passenger movements, creating RTP capacity shortfalls to meet the forecast demand. The *Study* recommended the operation of smaller aircraft be taken into another airport in the region such as Bankstown airport.

RDA Sydney agrees with the Committee of this *Study* and has strongly recommended in the past that some regional passenger flights land on Bankstown airport, rather than on Sydney, thus creating additional landing slots for bigger aircraft and alleviating pressure which will only increase with time.

Regional visitors not needing to access the Sydney CBD might find Bankstown airport a quicker and more convenient option, particularly since Badgerys Creek, if built, will take about 15-20 years to become fully operational. At the same time, visitors would avoid the growing congestion in the road network serving KSA.

Note: We therefore support additional passenger aircraft flights at Bankstown airport to meet existing and future leisure and business travel needs.

c) The potential for future economic development

RDA Sydney is concerned that there is no detailed data on the current economic benefits generated through having regional airports in place. We believe there is a need to undertake a comprehensive study on the economic drivers, particularly on the future potential for the development of regional aviation transport hubs, rather than focus the debate solely on the cost and limitations of access to Sydney airport. It is our belief that the maintenance and expansion of regional airports transport hubs does generate significant economic benefits for the NSW regional local economies as outlined previously. The industries to benefit most significantly are those with strong links to the aviation and air transport sector but the benefits would be dispersed.

Bankstown airport: There is potential for additional development in flight training, maintenance, air freight and passenger services and other related industries, which would provide employment for local residents living in areas with current high unemployment levels and also new business opportunities. In order to maximize the current freight services, new additional business opportunities could be created to attract and ship high-value manufactured spare parts in industries such as transport and mining equipment Australia wide. There is already existing capability at Moorebank, Bankstown, Ingleburn and around Milperra which could be further maximized.

For the past few years RDA Sydney has shared the vision of further developing the Bankstown Airport/Milperra employment precinct as a designated specialised centre, using Bankstown airport as the magnet attractor for additional new aerospace and defence industries, as well as for new and expanding current industries. This vision aligns well with the objectives of the State Government's *Metropolitan Strategy for Sydney*, Bankstown Council's economic development objectives, Bankstown Airport Limited (BAL) current and future *Masterplan*.

The development of a technological centre of excellence built around the current CRC located at Bankstown airport (specialised in advanced composite structures and technology and product development) would enable BAL to develop and encourage new business and investment.

Infrastructure considerations: Road access to and from the area needs to be improved. To the west it might be important to maximize access to the BAL site directly from the Henry Lawson Drive to new improved the access ramps on and off the M5 in both directions, in an effort to minimize the use of back streets to the north along Marion Street, and improve traffic flows around the Henry Lawson drive and Milperra Road intersection.

Building appropriate entry and exit points onto the M5 would open up the Bankstown airport/Milperra Precinct area. It would enable drivers travelling from either direction to drive into the Precinct and exit easily. It would also more importantly reduce the travel time to and from KSA , one of the perceived impediments at present.

Internal traffic flows: In order to ensure traffic flows adequately internally, we believe that the internal road within the airport should be maintained, wherever possible, between industry sectors particularly the north to south route form Marion Street to Milperra road via current ring road.

Investment on public transport such as regular and accessible bus services, taxi access will be needed.

4) Potential for development of future modern RPT aviation including:

a) opportunities for regional aviation manufacturing and servicing

Opportunities for regional aviation manufacturing could be created in appropriately selected key airports by attracting investment, new and existing firms using the airports as magnet attractors. For this to take place a new regional aviation manufacturing, maintenance and training strategy should be developed and implemented by the State government.

- The strategy could be linked to other productivity-focused strategies covering international engagement, innovation, small business and tourism and could be underpinned by expanded engagement with local manufacturers and local industry e.g. Tamworth defence training activities
- The strategy would be accompanied by government programs and incentives for new enterprises to relocate invest and drive productivity and improvement; adopt new technologies and connect with overseas markets.
- The strategy would include the creation of productivity and innovation networks: Access to knowledge and resources is crucial, as is establishing collaborative relationships between businesses for the transfer of information, knowledge and technology.
- Collaboration between firms and research institutions and universities in close proximity as well as those in metropolitan areas, is crucial as is the link between university research and aviation manufacturing

- Opportunities also exist for clusters of businesses that are servicing or providing regular maintenance on aircraft. They would benefit from the continuation and increase of RPT services from and to Sydney.
- The benefits of adopting this strategy, supported by research would be significant for the future development of regional economies and communities. NBN access would be vital.

b) the development and supply of sufficient numbers of trained and skilled aviation personnel

Niche and specialist skills in maintenance engineering, airport maintenance, flight retail, aircraft maintenance, passenger and aircraft facilitation are needed.

- There is a need to identify and address priority specialist skills needs for key trades and other professional occupations critical for the future of the aviation servicing and manufacturing workforce. This would involve working with firms, their existing workforces and potential entrants to the industry, industry organizations and training providers to improve the effectiveness and relevance of training provision for the manufacturing industry.
- Persistent skills shortages in specialist and niche occupations are exacerbated by an ageing and declining workforce are threatening the capacity of firms to be globally competitive. At the same time the decreasing number of people entering the manufacturing workforce is putting at risk training for critical niche skills sets.
- The Government should gather and maintain industry intelligence on existing and emerging critical niche and specialist occupations; assess the implications of these shortages to the productivity and competitiveness of the industry, publish a list of occupations at risk, and develop STEM talent for the next generation of workers. Most importantly, it would need to identify failures in the training market that are jeopardising the adequate supply of these skills to meet industry needs and could build effective partnerships between manufacturing and servicing industries and local training providers.

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

Tourism is an important industry for NSW. Whilst Sydney is the international gateway to Australia, Destination NSW data highlights that there is also a key domestic and international market for travel within Regional NSW. Tourism trends may shift from cities to more regional, authentic Australian experiential travel. We need to be able to cater for more efficient passenger movements. The international tourism market forecasts that visitors from Asian countries will expand rapidly over the next few years. Accommodation and tourism efficient RPT services in Sydney and regional centres will certainly enhance the visitor experience and improve the economic impact in regional centres. Cultural awareness training along the RPT air services supply chain will of course be needed.