

**Submission  
No 32**

## **INQUIRY INTO REGIONAL AVIATION SERVICES**

**Organisation:** Central NSW Councils (Centroc) & Central NSW Tourism

**Date received:** 14/03/2014

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# Regional Aviation Services

Joint SUBMISSION

Central NSW Tourism and Central NSW Councils

March 2014



Centroc's Mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional co-operation and sharing of knowledge, expertise and resources; effectively nurturing sustainable investment and infrastructure development.

[www.centroc.com.au](http://www.centroc.com.au)

14 March 2014

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

**Re: Regional Aviation Services**

Central NSW Councils (Centroc) represents over 220,000 people covering an area of more than 64,000sq kms comprising the Local Government Areas of Bathurst, Blayney, Boorowa, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes, Upper Lachlan, Weddin, Young and Central Tablelands Water.

Centroc's vision is to be recognised as vital to the sustainable future of NSW and Australia.

Its mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional cooperation and sharing of knowledge, expertise and resources.

Centroc has two objectives:

Regional Sustainability - Encourage and nurture suitable investment and infrastructure development throughout the region and support members in their action to seek from Governments financial assistance, legislative and/or policy changes and additional resources required by the Region.

Regional Cooperation and Resource Sharing – Contribute to measurable improvement in the operational efficiency and effectiveness of Member Councils through facilitation of the sharing of knowledge, expertise and resources and, where appropriate, the aggregation of demand and buying power.

The Centroc Board is made up of the 30 Mayors and General Managers of its member Councils who determine priority for the region. These priorities are then progressed via sponsoring Councils.

For more advice on Centroc programming and priorities, please go to our website and download our annual report at [centroc.com.au/publications](http://centroc.com.au/publications)

Central NSW Tourism will raise the tourism profile of the Central West Region of NSW amongst key target markets, internally and externally by facilitating education programs, co-operative marketing

and product development designed to maximise the social and economic benefits of tourism to the Region.

The membership of Central NSW Tourism includes local government areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Mid Western, Parkes, Orange, Weddin and Wellington.

Aviation is of significant importance to both organisations and so this submission is being lodged jointly.

Of note is the regional policy to ensure regional slots remain at Kingsford Smith Airport. Further, this region is well positioned in air corridors for consideration by the State for an aviation strategy. Key stakeholders in this region including Central NSW Tourism and Centroc seek engagement with the State Government about progression of such a strategy.

Centroc and CNSWT understands the terms of reference as the following italicized with the region's responses included at each head of consideration;

*That the Standing Committee on State Development inquire into and report on the provision of aerial regular passenger transport (RPT) services to regional centres in New South Wales, and in particular:.*

- 1. Cost of access to Sydney Airport, regional New South Wales airports and other landing fields including:
  - a) airport operator landing fees imposed at various airports and services and facilities included in those fees;**

**Response:**

Ensuring regional slots remain at Kingsford Smith airport is essential for communities in Central NSW. Visiting medical specialists and locums, business, medical travel and the like all need access into and from the heart of Sydney.

It is noted that there is a significant disparity between airfares inter-capital and airfares into the regions. This generates disincentives for air travel into the regions.

Landing fees are a small part of the problem though are regularly rolled out as of concern to air passenger service providers.

Local Government is very concerned that the balance is right. Our members have been gifted airports in the past from other levels of government, there have in the past been non-competitive grants to assist with airports. All regular passenger airports in this region are owned and managed by Local Government. Costs of running airports including compliance costs for security and the like are escalating. Given that Local Government exists in a rate capped environment, where possible it tries to get some cost recovery from airport management though typically members pay between 10-20% of operational costs as a service to communities.

It should also be noted that fees and charges set by Local Government will vary as a result of the differing levels of service provided.

- b) methodology for calculating landing fees for different classes of aircraft.*

**Response:**

See advice above.

2. *Financial management and viability matters impacting on RPT operators, including:*
  - a) *economics of operating various types of aircraft, including modern single engine turbine compared to older twin engine piston aircraft;*
  - b) *impacts of compliance costs, including per passenger costs;*
  - c) *suitability of “hub and spoke” systems for potential routes for smaller passenger numbers;*
  - d) *the viability of passenger loading for different classes of aircraft.*

**Response:**

Where it is anticipated that RPT service providers will respond to this item, the following advice is provided:

- Our members are keen to ensure that there is no unnecessary compliance burden for either service providers or airport operators.
- While hub and spoke systems are not ideal, this region recognises that they are necessary in some situations to ensure a level of service into the more remote areas of NSW.

3. *Economic impact on regional communities of gaining or losing RPT services, including:*
  - a) *the local business community;*
  - b) *the impact on general aviation and regional airport management of the gain or loss of RPT services to regional centres;*
  - c) *the potential for future economic development;*
  - d) *impacts for local, state and Federal governments, including licensing arrangements for services less than 50,000 passengers per annum.*

**Response:**

Ensuring regional slots remain at Kingsford Smith airport is essential for communities in Central NSW. Visiting medical specialists and locums, business, medical treatment travel and the like all need access into and from the heart of Sydney. Consideration of RPT must include the retention of slots at Kingsford Smith.

Members in this region manage airports that both have and do not have RPT. There is a clear preference for communities to have RPT and they regularly go into bat to attract and retain services. Councils find themselves making significant contributions to airports where of the three RPT destinations in this region, only one has passenger numbers over 50,000.

Considerations for RPT need to be more than passenger numbers. For example, Bathurst have fewer passengers than 50,000 but a substantial and rapidly growing population. It is also a substantial education hub in the region. Parkes also has less than 50,000 but with the growing number of mines in its surrounds is a logical destination to access this part of the State.

The region has expressed concern that the use of larger capacity RPT aircraft would more than likely trigger the Aviation Transport Security Act’s requirement of the need to provide screening of passengers and luggage. This would be cost prohibitive for many smaller regional RPT ports.

Concerns have also been raised over the limited input that member Councils have, as owners and operator of airports, with the appointment of an airline to the licensed route. Whilst members are requested by the Department of Transport to identify servicing needs, information regarding the

conditions of licensing with respect to service level agreements are not always supplied. This means that members may not as to whether the current RPT operator is meeting the agreed standard. This has an affect when services are cancelled.

Further, members would like to be involved in any selection process for licensed operators.

Over recent decades there has been a growing trend of reduction of RPT destinations. Cowra is an example of such a community. The volatility of the RPT sector leads Councils to be fearful of sinking assets and knock on effects of service withdrawals. Mid Western Regional Council has had RPT services coming and going for the past decade and has invested a significant amount of time and effort into securing continuity. At the time of writing, with the demise of Brindabella Airlines, Mid Western are once again looking for service provider.

At the same time the region is going through a growth phase in international tourism in line with State and Federal priorities. Please see the table below from the Central NSW Destination Management Plan 2013.

Table 9: 2000–2012 trend – total international visitors ('000)

	Year ending December:													% change 2000–2012	% change 2008–2012
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
<b>Australia</b>	4,567.8	4,476.9	4,463.2	4,385.5	4,797.1	5,048.2	5,098.8	5,196.5	5,166.8	5,174.7	5,440.9	5,439.3	5,691.8	+ 10	+ 9
<b>New South Wales</b>	2,714.4	2,619.3	2,524.1	2,411.9	2,641.9	2,751.7	2,780.0	2,838.3	2,757.1	2,706.6	2,830.5	2,755.8	2,889.2	+6	+ 5
<b>Regional NSW</b>	552.8	528.1	491.1	515.5	551.7	556.5	565.5	621.0	593.7	591.3	619.8	582.5	584.3	+3	- 1
<b>Central NSW</b>	37.6	29.9	32.9	36.2	46.5	38.8	34.4	41.6	34.5	40.1	35.2	39.3	38.9	+3	+12
<b>% share of New South Wales total</b>															
<b>Regional share</b>	20.4%	20.2%	19.5%	21.4%	20.9%	20.2%	20.3%	21.9%	21.5%	21.8%	21.9%	21.1%	20.2%		
<b>Central NSW share</b>	1.4%	1.1%	1.3%	1.5%	1.8%	1.4%	1.2%	1.5%	1.3%	1.5%	1.2%	1.4%	1.3%		

Source: International Visitor Survey (IVS), YE Dec 12, TRA

Ensuring RPT services linked to transport and other support services and tourism experiences is critical to enabling the growth of the region’s international visitation.

Other points for consideration in a growing need for communities to have RPT include the:

- growing number of businesses employ “just in time” procedures;
- region’s growth in the mining sector;
- State Government’s decentralisation platform; and
- national resurgence of interest in best value for agriculture.

4. *Potential for development of future modern RPT aviation including:*

- a) *opportunities for regional aviation manufacturing and servicing; regional aviation strategy;*
- c) *the development and supply of sufficient numbers of trained and skilled aviation personnel;*
- d) *local, state and Federal government arrangements for staff travel;*
- d) *opportunities for dual use RPT services to include both freight and passenger legs on the same routes.*

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

**Response:**

This region is highly supportive of a regional aviation strategy and would be keen to partner with the State Government in such an activity. Such a strategy could explore the heads of consideration such as:

1. opportunities for regional aviation manufacturing and servicing with special reference to the region's location in air corridors and proximity to Sydney, Canberra and eastern capitals. The relatively unencumbered location of the region's airports are suitable for aviation manufacturing growth;
2. community/aerodrome owner decision making and compliance regarding RPT including licensing;
3. RPT and its role in tourism, specifically international tourism;
4. the development and supply of sufficient numbers of trained and skilled aviation personnel;
5. local, state and Federal government arrangements for staff travel;
6. opportunities for dual use RPT services to include both freight and passenger legs on the same routes; and
7. any other matter relating to the provision of aerial regular passenger transport services.

Further advice in regards to this submission please contact the Executive Officer Ms Jenny Bennett

Representatives of both Centroc and Central NSW Tourism would welcome the opportunity to meet with the Standing Committee to discuss matters further.

Yours sincerely

Cr Ken Keith  
**Chair**  
Central NSW Councils (Centroc)

Ms Lucy White  
**CEO**  
Central NSW Tourism