



Submission to

# Infrastructure Australia

October 2008

*Serving regional aviation, and through it, the people and businesses of regional Australia*

Unit 11, 26-28 Winchcombe Court, Mitchell ACT 2911

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# The Regional Aviation Association of Australia (RAAA)

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### The RAAA and its Members

The Regional Aviation Association of Australia (RAAA) was formed in 1980 as the Regional Airlines Association of Australia to protect, represent and promote the combined interests of its regional airline members and regional aviation throughout Australia.

The Association changed its name in July 2001 to the Regional Aviation Association of Australia and widened its charter to include a range of membership, including regional airlines, charter and aerial work operators, and the businesses that support them.

The RAAA has 26 Ordinary Members (Air Operator Certificate holders (AOC)) and 48 Associate/Affiliate Members. The RAAA's AOC members directly employ over 2,500 Australians, many in regional areas. On an annual basis, the RAAA's AOC members jointly turnover more than \$700M, carry well in excess of 2 million passengers and move over 23 million kilograms of freight.

RAAA members operate in all States and Territories and include airlines, airports, engineering and flight training companies, finance, fuel and insurance companies and government entities. Many of the RAAA's members operate successful and growing businesses providing employment and economic sustainability within regional areas.

Some examples of RAAA members' significant presence in regional Australia is the REX hub in Wagga Wagga, Sharp Aviation in Hamilton, Airlink in Dubbo, Airnorth in Darwin, Skywest in Perth and Skytrans in Cairns to name just a few.

Many of the fly in/fly out operations for the mining sector are flown by RAAA members such as Alliance Airlines and Jetcraft Aviation. These members are providing a vital service to an industry sector that is driving the Australian economy.

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Members such as Basair, Sharp Aviation, Rex and Brindabella Airlines have established flying schools to cater for rapidly increasing demand for commercial pilots. Other members, such as Alliance Airlines, are continuously developing their engineering training courses to ensure that their new engineers receive up to the minute training.

**RAAA Charter**

The RAAA's Charter is to promote a viable regional aviation industry. To meet this goal the RAAA:

- promotes the regional aviation industry and its benefits to Australian transport, tourism and the economy among government and regulatory policy makers;
- advocates on behalf of the regional aviation industry and its members;
- contributes to government and regulatory authority policy processes and formulation to enable its members gain input into policies and decisions that may affect their businesses;
- encourages high standards of professional conduct by its members; and
- provides a forum for formal and informal professional development and information sharing.

The RAAA provides wide representation for the regional aviation industry through discussions with Ministers and senior officials, through parliamentary submissions, personal contact and by ongoing, active participation in a number of consultative forums.

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## **Aviation Infrastructure**

### **Airports**

Australia has an extensive aviation history extending from the earliest days of controlled flight. This country saw early on the possibility of using air travel to link a small but widely dispersed population scattered across a large land mass. The growth of aviation has been an enormous boon on many development fronts, including mining and industry, aero-medical, tourism and access to education to name just a few.

Beginning in the 1920s and 30s but rapidly expanding during WW11, Australia developed a large network of regional and major city airports. The majority of this network is now under civil control and forms the basis of Australia's airport infrastructure. In the last ten years larger airports have been privatised and regional airports handed over to local councils to operate. The wisdom of these privatisation policies is contestable given that it is has created large private monopolies at the larger airports and gradually deteriorating infrastructure due to underfunding at many regional airports.

Regional airline operators are willing to be a pay a reasonable price for the services provided but it is impossible for regional airports to be supported by operators alone. It should be noted that it is the regional operators that fly to the greatest number of airports and provide most of the air travel links between regional Australia and the capital cities. These operators, on any day, are flying into major airports from regional bases and even remote communities. It is these operators that have the deepest understanding of the nation's aviation infrastructure needs. They resent being treated as an annoyance by the owners of major airports given that it is regional Australia that is growing the bulk of the nation's wealth.



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National aviation infrastructure must be developed as a whole and not as a series of loosely connected entities. This infrastructure is a vital part of Australia's total transport infrastructure and a vital part of the nation's future.

It must be said that some regional councils have displayed considerable enthusiasm for their airport and developed parallel income streams such as light industry parks, residential airparks, retail outlets and new training facilities. This increased income has enabled the upgrading of facilities which has encouraged air travel by local citizens. Such creative use of regional airfields should be further encouraged as it broadens the income base and decreases the reliance on income from regional operators. As long as the safety of operations is not impaired, the land within regional airports could be used more creatively to the benefit of the local community and the facility itself.

A national audit of all the nation's airports is essential in developing hard data on the extensive aviation legacy that was initially developed in the 1940s and 50s. While the major airports are undergoing rapid expansion and improvement, the same cannot be said for most regional airports. If people are provided with reasonable facilities they will tend to use it, but deteriorating infrastructure undermines confidence and discourages use of that infrastructure. Aviation is rightly obsessive about safety and yet an increasing number of regional airport owners are forced to do the minimum due to income constraints or seek income from unusual sources. There are increasing instances of regional airports being closed to traffic while the runway is used for non-aviation purposes such as vehicle testing or even car racing.



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Australia's airport network is a highly significant national asset and should be developed as such. Aviation, relative to other transport modes, is still developing rapidly and can benefit Australia further by having a safe, dispersed and well maintained airport network. The Remote Aerodrome Safety Scheme is one attempt to improve more remote airfields but given the small annual funding of \$5m/annum nationally it is unlikely to lead to the sustainable development of these airports.

The recent extensive report by the Bureau of Infrastructure, Transport and Regional Economics alludes to some problematic trends with respect to regional aviation eg the total number of regional airports served by regional airlines fell from 278 airports in 1984 to 170 airports in 2005. In addition the level of market concentration has increased over time. Passenger numbers on intra regional routes have declined by 1.5% from 1984-2005 while major city to regional areas numbers have increased by 4.2% . Of note is that between 2000-05 passenger numbers on intra regional routes had negative annual growth rates of -6.2%. Finally, there has been a 50% decline in the number of regional air routes from 1984-2005 mostly due to a rationalising of intra regional air routes. While much of this rationalisation was due to declining passenger demand for RPT services there is still a significant role for smaller regional airports in supporting charter, aero-ag, aero-medical, fire-fighting, business, pilot training and private/recreational flying. Even without an RPT service, a regional airport offers significant business and community support infrastructure. This latter point is often overlooked.

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## **Asset Sharing Agreements and PPPs**

Over the past ten years there have been a number of attempts to develop asset sharing agreements (ASMs) where communities within reasonable driving distance of an airport decide to support the ongoing maintenance and development of the airport.

It may be timely to consider combining government financial support for regional airports with encouragement for more ASMs. It is often difficult for individual councils to run airports alone due to the relatively high costs but a sharing of the load between local and state governments could be a viable model.

State governments could play a leadership role in suggesting regional areas where ASM arrangements might work. Local councils would not only share the costs of running the airport but would also benefit from the income generated, particularly where new business or residential developments were undertaken.

The ASM model appears complimentary to the exploration of public-private partnerships (PPPs). As well as government entities combining their resources to develop their regional airports, private investors could also be encouraged to enter the market and form partnerships with local councils to redevelop the facility. The sharing of risk may encourage a more creative use of the airport, as long as the primacy of safe aviation operations was maintained.

The asset sharing arrangement should provide the ability to grow an air route especially if supported by multiple levels of promotion by local, state and federal government, as well as the ongoing promotion by the airport and the regional operator. This should provide the maximum potential for the airport to become financially self reliant over time.



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Mangalore Airport is a typical example of the possibilities mentioned above. In recent years private investors have improved the airport considerably and encouraged three flying operations to establish permanent operations. The Mangalore district has major viticulture and thoroughbred horse breeding businesses nearby. Executive jets use the airport frequently to access these ventures.

The airport is situated in the middle of the Goulburn Valley food bowl and could be developed further to compliment this fertile region. For example, the airport has bore water but town water is available only 5 kms away. The main runway is 2020m long but needs redevelopment of the surface and sub-base to ensure its availability to aircraft up to medium/heavy weights in the long-term. The army base at Puckapunyal is nearby and the Mangalore airport could provide an important strategic back-up. Electricity supply to the airport is problematic and in need of a capacity upgrade, particularly if further development is encouraged.

A regional airport such as Mangalore would be ideal for the ASM and/or the PPP models. It is a vital legacy asset in a developing area that, with the right level of shared investment, could continue to support the communities and businesses of the Goulburn Valley for generations to come.

Other strong examples are the regional cities of Wagga Wagga, Griffith and Narrandera. These local councils in conjunction with their development boards have been pro-active in attracting regional carriers to their airports. They are unequivocal regarding the benefits of having regional operators develop services to their towns. They are also united in wanting to develop their airports further and are actively seeking government and private sector partners to invest further in what are now essential assets to their communities.



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These examples can be repeated often across regional Australia. Even though many airfields were initially developed because of war-time necessity they now provide a great infrastructure network for Australia and it would be seriously negligent not to develop this network further.

As well as continuing to encourage existing and future regular public transport (RPT) operations, regional airports provide basic infrastructure for emergency, aero-medical, charter, business and private flying operations. In many regional areas, such operations are of equal importance to the RPT service.

As noted in a recent NSW regional development paper, access and not equal distribution should be the key driver of regional transport infrastructure policy. Australia has an extensive regional airport network that is holding its own in some regions and is significantly degraded in others. Turning this deterioration around and encouraging investment in regional airports will ensure that regional and remote communities will have access to the widest possible range of aviation services.

The above concepts should also assist in reversing the city drift trend by increasing services, accessibility to facilities, and convenient access to major centres for people living within the particular region.

### **Air Traffic Management**

On a related matter, but not exclusive to regional Australia, the RAAA supports Airservices Australia's push to replace the ageing enroute secondary radar system with a GNSS-based ADSB system. If implemented effectively the ADSB system will improve tracking options for regional aircraft, with the consequent fuel savings and decreased carbon emissions.



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It should also be noted that a major multi-level advantage of the ADSB system over the current radar system is the amount of Australia that will have active air space surveillance.

If operational costs are decreased sufficiently, operators may be encouraged to reconsider services to regional communities that were previously considered marginal or non-viable.

Paul Tyrrell  
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15-October-2008