



Submission No. 08

Norfolk Island Economy

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AUSTRALIAN
AIRPORTS
ASSOCIATION

Committee Secretary
Joint Standing Committee on the National Capital and External Territories
PO Box 6021
Parliament House
Canberra ACT 2600

17 April 2014

Inquiry into Economic Development on Norfolk Island

Dear Secretary,

I am writing to you in relation to the Joint Standing Committee on the National Capital and External Territories' Inquiry into Economic Development on Norfolk Island. The Australian Airports Association (AAA) welcomes the opportunity to provide a response to the Inquiry and believes that identifying and removing unnecessary barriers to airport services and infrastructure is vital to ensuring that Norfolk Island's economy remains sustainable and afforded ample opportunities for growth.

By way of introduction, the Australian Airports Association (AAA) is the national industry voice for airports in Australia. The AAA represents the interests of more than 260 airports and aerodromes Australia wide – from local country community landing strips to major international gateway airports. The AAA's members include Adelaide, Brisbane, Cairns, Canberra, Darwin, Gold Coast, Hobart, Perth, Melbourne and Sydney airports. There are a further 100 corporate members who provide goods and services to airports. The Charter of the AAA is to facilitate co-operation among all member airports and their many and varied partners in Australian aviation, whilst maintaining an air transport system that is safe, secure, environmentally responsible and efficient for the benefit of all Australians.

Regional airports, such as that on Norfolk Island, play a vital role in ensuring the survival of the local community. Australia's network of airports, across both major urban centres and regional areas, form an integral part of the national and local economic infrastructure and are critical to connecting communities and enhancing broader economic performance.

Airports are capital intensive businesses, underpinned by their principal role as critical transport infrastructure providers and as such, airports are deeply linked into most economic activities. In the case of Norfolk Island these linkages are most evident when considered in the context of the leisure tourism market, which is the primary driver of the local economy.

Airport infrastructure, whether terminal facilities or runway works, are among the most expensive forms of commercial and civil construction. Due to the tyranny of distance, the costs of maintaining and expanding regional airport infrastructure are far higher than those incurred by airports in the major population centres – often up to three times in some remote locations, and for some particular specialist services even more. Norfolk Island Airport is a case in point, where major works (such as pavement overlays) require specialised plant, equipment and materials to be transported to the island via tug boat and barge – significantly increasing the costs.

Maintaining and developing the capacity of any regional airport so that it is able to be used by regular public transport (RPT) aircraft is not only expensive but carries a high degree of risk that assets may be “stranded”, as airlines give no guarantee to continue to maintain RPT services either at current schedules, by current size aircraft, or at all.

The remote location of Norfolk Island and lack of a nearby alternate airfield restricts RPT aircraft types to larger 3C to 4C reference code aircraft. This is something of an anomaly (utilising 4C aircraft) on a commercial route carrying only 54,000 passengers per annum. The 4C type aircraft required on the route have greater seating capacity than the popular domestic route turbo-prop or regional jet type aircraft, thereby requiring fewer movements to carry comparable passenger numbers (currently 5 operations per week on Norfolk Island). Given the limited operations, the airport facility is greatly underutilised, yet it must still be designed and maintained to service the largest 4C aircraft type, such as the B737 (800). This imposes significant costs on the airport operator, without any appropriate cost-recovery mechanism.

The remote location of Norfolk Island, coupled with infrequent flights, also drives up the costs of specialised maintenance. For example, a normal three hour screening equipment maintenance task can be pushed out to three days, simply because there are no suitable outbound flights. As a result, the airport operator incurs the additional costs associated with the technician requiring accommodation, car hire, and incidentals coverage, in addition to the air fares to travel to the Island. Whereas airports operating on the mainland do not necessarily face these same challenges, with technicians usually able to travel freely between ports to provide the required services.

Staff training and development is also a challenging and costly issue for Norfolk Island Airport. Given its remote location and lack of local resources and expertise, there are difficulties in sourcing appropriately skilled personnel when a vacancy arises and as a consequence, additional funding may be required for training and development.

There are also some regulatory requirements that are imposed on Norfolk Island Airport that AAA considers to be particularly onerous and costly to comply with, taking into consideration the limited resources of the airport. The requirement for Norfolk Island Airport to provide Aviation Rescue and Fire Fighting Services (ARFFS) based on one international flight per week is a significant impost. It is also worth noting that the other trigger for an airport providing an ARFFS is handling more the 350,000 passenger movements per annum – approximately seven times Norfolk Island’s current passenger movements.

The need for Norfolk Island Airport to provide Customs and Immigration facilities for arrivals from Australian ports (at an Australian Territory such as Norfolk Island) is also a significant additional expense without any clear net-benefit to the community or economy.

While some of the above issues are unique to Norfolk Island, many are common place at other remote regional locations such as Hamilton Island, Kangaroo Island, Christmas Island and Cocos Island. As part of the Federal Government’s deregulation agenda, AAA believes that it is critical that the regulatory requirements imposed on airports (particularly those in remote and regional areas) be reviewed. AAA looks forward to working closely with the Government to ensure that airports are able to operate in an efficient, effective and safe manner, without being unduly impacted by over-reaching regulation that provides no material benefit to the community or the wider-economy.

When taking into consideration the impact of a unique geographic location on capital and operational expenses associated with running an airport business, AAA considers that it is vital for airports such as that on Norfolk Island, to receive some form of financial assistance from the Federal Government. This assistance is essential to ensure the survival and operation of many remote and regional airports, which play such a critical role in connecting communities, facilitating essential services and enhancing broader economic performance.

I would welcome the opportunity to discuss these issues with you further and please do not hesitate to contact me should you have any questions.

Yours sincerely,

[Caroline Wilkie](#)
Chief Executive Officer