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STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES**SUBMISSION TO THE INQUIRY INTO COMMERCIAL REGIONAL
AVIATION SERVICES IN AUSTRALIA AND TRANSPORT LINKS
TO MAJOR POPULATED ISLANDS****STANDING COMMITTEE ON TRANSPORT AND REGIONAL
SERVICES****Prepared by CEO Collegiate Pty Ltd****Introduction**

On 18 June 2002, the Minister for Transport and Regional Services referred the matter of regional aviation services and transport links to major populated islands to the Standing Committee on Transport and Regional Services. This submission, prepared by CEO Collegiate Pty Ltd – a group of policy advisors with particular interests in tourism, regional aviation services, the availability of professional services in regional Australia and the broader economic development of regional and rural Australia – focuses particularly on the fourth of the terms of reference.

The fourth of the terms of reference reads as follows:

- [4] Interconnectivity between regional air transport systems, major national air services and international services (including on-carriage, through ticketing, freight handling, timetabling and airport slotting).

This submission also addresses, in part at least, the second and fifth of the terms of reference, which read as follows:

- [2] Policies and measures required to assist in the development of regional air services, including
- regional hub services
 - - small scale owner-operator services, and
 - - the deployment of most suitable aircraft types
- [5] The role of all three levels of Government in supporting and assisting the development of regional air services and island transport systems.

Key Points

The key propositions on which this submission rests are:

- Links between regional air services, extended national air transport services and international services are the core issues in any consideration of interconnectivity.
- Bankstown and Sydney Kingsford Smith International Airport (KSA) need to work cooperatively, leveraging off the differing capacities of each facility to create a “virtual single airport” and maximise the efficiency of aviation in the Sydney Basin Airspace.



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- Central to the creation of a single Sydney aviation entity is the development of fast and reliable ground links between the two airports

These propositions lead us to advance five key recommendations, which are elaborated at the end of the submission:

- The Commonwealth Government in consultation with key stakeholders needs as a matter of urgency to establish an integrated Sydney Basin Airspace Management Plan and Infrastructure Management Plan.
- The Commonwealth needs as a matter of urgency to establish clear and comprehensive guidelines relating to the future development of Bankstown Airport.
- A Bankstown Airport Master Plan needs to be developed in conjunction with the above.
- Airservices Australia should offer pricing concessions for operators who use Bankstown Airport as the main regional hub for air traffic into the Sydney area.
- The Commonwealth Government needs as a matter of urgency to examine a range of issues affecting regional commercial aviation.

Submission

Interconnectivity

The Terms of Reference specifically mention “interconnectivity”. In large measure, this concept establishes the vision for commercial regional aviation services in Australia. Interconnectivity is at the core of any modern transport infrastructure. The concept embraces not only the core elements of civil aviation but extends to the road, rail and sea links that are such critical elements in generating a strong and competitive national economy. While this submission is not designed to explore important road and rail linkage issues – particularly as they affect regional Australia – it will be important that the Standing Committee remain sensitive to the broader infrastructural issues that “interconnectivity” comprehends.

While an integrated approach to commercial regional aviation will necessarily examine the ancillary issues, it is evident that links between regional air services, extended national air transport services and international services are the core issues in any consideration of interconnectivity. Indeed, for members of the travelling public – and especially those who live outside the major capital cities – the ability to travel quickly, efficiently and affordably from their homes or workplaces to distant centres (including internationally) is a key demand. Any comprehensive policy designed to address the needs of Australians living in regional or remote areas that overlooks the significance of a functioning and viable commercial regional aviation sector will, quite simply, fail. The general commercial aviation industry is a key component, as well as a major stakeholder, enabling regional Australia to be economically prosperous and socially resilient.

Interconnectivity is about two things: people and infrastructure. Good and reliable air services are not just about allowing people who live in the regions to have regular access to the major cities – they are also about delivering first class professional services to the

country. And, of course, infrastructural connectivity is the key enabler of this two-way flow.

The interconnectivity between the components of the general aviation industry across Australia is important for all regions. But it has particular significance for Australia's principal international gateways namely Sydney and, to a lesser extent, Melbourne and Brisbane. These are the principal destinations for overseas visitors, as well as being the major national financial and professional services centres. And Sydney, for reasons of size, location and history, is Australia's major port of entry and exit

The following table indicates the number of air movements (excluding helicopters and military aircraft) at Australia's three major international/domestic airports during the 2001-02 Financial Year. It clearly demonstrates the fact that KSA is the nation's major aviation centre, carrying almost three times as much heavy traffic as does Brisbane, and almost 60% more heavy traffic than does Melbourne. The number of small aircraft movements is interesting, reflecting the nature of the general aviation industry (principally regional aviation) in southern Queensland and regional NSW. But the relative densities of heavy, medium and small aircraft also suggest that increases in the numbers of heavy and medium aircraft movements can only be achieved at the expense of small aircraft movements. As KSA approaches its peak-time capacity limit (the current best estimates put this at around 2007-08) the pressure to limit small aircraft movements at KSA will grow. This imminent pressure has major implications for regional commercial aviation services, especially in NSW.

| Location | Heavy Aircraft > 136 tonnes | Medium Aircraft > 7 tonnes < 136 tonnes | Small Aircraft < 7 tonnes | Total Annual Air Movements |
|---------------------------------------|---|--|---|-----------------------------------|
| BRISBANE | 25 762 | 102 484 | 22 836 | 151 082 |
| MELBOURNE Tullamarine | 45 994 | 106 422 | 4 262 | 156 678 |
| SYDNEY Kingsford Smith | 76 784 | 153 138 | 19 450 | 249 372 |

Air Movements for FY 2001-02

Source: Airservices Australia 2002

The current industry estimate for KSA's maximum capacity is 365,000 movements per annum. While peak-time capacity will be reached by 2007-08, IATA has forecast that, under current constraints (the curfew and the cap of 80 movements per hour), KSA's current runway configuration will be sufficient to meet total demand (around 62.8 million passengers per annum) until 2020¹.

¹ Quoted in Southern Cross Fliers Trust Prospectus, 5 July 2002.

Sydney Basin – Australia’s premier international and domestic gateway

The commercial success of the privatisation of KSA creates incentives to bolster the intent that the Sydney Basin will dominate as the nation’s premier gateway. Thus it is imperative that commercial air services, international, domestic and regional, are fully integrated, and efficiently linked to the broader urban transport infrastructure (principally rail and road) in order to maximise both the value of aviation assets and infrastructure and the utilisation of airspace, facilities, aircraft and infrastructure. This, in turn, will serve to maximise both the economic return on the very substantial investments already directed to aircraft and fixed assets and the amenity of those aircraft and fixed assets to the travelling population.

There are numerous economic modelling studies that have demonstrated the critical wealth and value creation capacities of the Sydney CBD and surrounding suburbs. Sydney is the largest centre of economic activity in Australia, generating a GDP of more than \$125 billion per annum. Half of Australia’s top 2000 companies are located in Sydney. As the national economy continues to grow at around 4% per annum, Sydney’s importance as a domestic and international travel destination will only increase.

But what is less well recognised is the economic importance of Greater Western Sydney as an engine of future economic growth. Currently generating a GDP of over \$36 billion per annum, Greater Western Sydney is the nation’s third biggest centre of economic activity, behind the Sydney CBD and Melbourne. It has a present population of more than 1.7 million and the fastest rate of population growth of any region in Australia. Over 150 of Australia’s top 500 companies are located in Greater Western Sydney (GWS). On current projections and policies, GWS’s population will increase by a further 700 thousand, generating 350 thousand additional jobs.

The major growth sectors in GWS are knowledge creation industries such as IT and telecommunications, education and training, health (Westmead hosts what is arguably the highest concentration of advanced medical services in the southern hemisphere), advanced manufacturing and transport and distribution. Tourism is also a major sector of the GWS economy². It is noteworthy that these growth areas in GWS are identical with those which are most often held out as the prospective saviours of Australia’s aspirations for remote and regional Australia.

Sydney Basin – The need for a “Virtual Single Airport”

There has been a reversal of the immediate major decline in the number of international services into KSA from overseas following the World Trade Center bombing on 11 September 2001, there is some stability returning to the domestic aviation sector following the ructions caused by the demise of Ansett and the privatisation of KSA, and the volume of aircraft and passengers accessing Sydney over the next decade will continue to grow. Despite the introduction of new-generation long-range aircraft with greater carrying capacities, and improved passenger and baggage handling capabilities,

² Further data on the economic growth projections for Greater Western Sydney can be found at www.gws.org.au.

KSA – as presently configured – is projected by IATA to reach capacity under current constraints around 2020.

KSA's peak-time capacity limit will be reached well before then. It has become received wisdom in the aviation sector that, by 2007-08, KSA will not be able to absorb further peak time movements, with a consequent expectation arising that there will be significant downstream pressures on both the aviation and land transport sectors.

Sydney Basin's aviation infrastructure, however, has more than one player in the airport arena. In the development of any fully integrated aviation plan for Sydney pursuant to which the major national carriers and the regional airline operators are enabled to provide high quality aviation services profitably, Bankstown Airport must be brought into the equation. Through the development of a Sydney Basin Airspace Management Plan and the operational integration of KSA and Bankstown Airport (albeit under separate ownerships and operators) Sydney Basin's aviation needs, together with those of regional NSW, can continue to be met well into the rest of the 21st century. The question posed by the Minister to the Standing Committee is: what needs to be done *now* to achieve the best aviation outcome for Sydney, regional NSW and Australia as a whole?

The key to solving this question lies in the progressive development of a single and fully integrated airspace and aviation infrastructure concept that will deliver maximum utilisation of existing aviation assets. With the construction of a high-speed and reliable passenger, baggage and freight connection between Sydney's existing airports, KSA and Bankstown, Sydney will have what no other major city in the world has been able to achieve – a "virtual" airport capable of meeting the needs of domestic and international passengers seamlessly.

The issue here is not the distance that separates the two airports, but the speed with which they can be linked by land transport. Developing this concept as the key will provide a solution both to the constraints imposed on KSA's future growth until it reaches its capacity, and to the requirements that exist in GWS and remote and regional Australia for improved aviation services during that same period.

The Role of Bankstown Airport

In March 2001, the Commonwealth Government identified Bankstown Airport as providing overflow capacity for Sydney airport, and as a viable alternative to KSA for regional aviation. In the wake of a decision which in all likelihood will lead to the second airport at Badgerys Creek not being built, there is an urgent need for a clearer role for Bankstown Airport, and its operational integration with KSA within a unified airspace management plan and an integrated aviation infrastructure plan in the Sydney Basin.

At present, regional airlines have 'grandfathered' guarantee of access and landing slots at KSA, and those which use it are reluctant to change their centres of operations from KSA to Bankstown. There is also the issue of access by the citizens of regional Australia to KSA as the nation's principal national gateway, which is being vigorously advocated by a variety of interests and for a variety of reasons. For many of the regional aviation operators, including those who have no access to KSA but whose operations depend on ready links with carriers that do, denial or constriction of access to KSA raises the

potential of increased cost for all followed by commercial uncertainty in uncharted territory. And, as Sydney's aviation infrastructure currently operates, the regional aviation operators (and those served by them) are justified in holding on to what they have got. But the fact is that the present system is probably not sustainable in the long term. What is needed by the nation is far-sighted and equitable policies at the Commonwealth and State level, supported by a regulatory and competition regime that not only affords all operators a level playing field, but also provides the travelling public with the best possible aviation services.

It is precisely here that the regional airline operators, the major domestic carriers, the international carriers the airport owners and the policy makers need to be both realistic and strategic. It is a matter of record that in just the last few weeks, aeronautical charges at KSA have increased as the new airport owners seek ways to increase their return on their investment. Both aeronautical and land-side charges will inevitably increase further over time, particularly penalising the smaller operators who cannot generate the passenger loads on small commuter aircraft to offset increased landing fees and associated air navigation charges.

The following table provides an insight into the current cost differentials between KSA and Bankstown Airport, based on a Saab 340 aircraft (approximately 12 tonnes). To the extracted data, however, there needs to be added the fact that the taxiing times at KSA are significantly longer than at Bankstown, as are the inflight delays, currently averaging between 5 and 6 minutes, with historical delays of up to 15 minutes. At an operating cost of approximately \$3,600 per hour for a Saab 340, the cost of in air and on ground delays alone may amount to \$500 per flight, and up to \$900 if there is a return to the historical congestion at KSA.

| Location | Combined Landing/Tkoff Fee (ex GST) | Pax Terminal Fee (ex GST) | Aircraft Parking Charge Adjacent Terminal (ex GST) |
|------------------|--|----------------------------------|---|
| BANKSTOWN | \$58.44 | \$68.00 (indicative) | \$1 per tonne per day after 3 hours |
| SYDNEY | \$82.80 | \$59.23 | \$35 per 15 mins |

Moreover, the airport infrastructure at KSA is optimised for jet operations carrying interstate and overseas passengers. At present, pending resolution of the use of the 'old' Ansett terminal, inconvenience levels to passengers travelling on the non-jet commuter aircraft remain high, particularly when aircraft land to the south. Long taxi times, together with remote parking, bus-commute to the main domestic terminal, security screening and subsequent baggage collection procedures confer second-class citizen status on non-capital city commuters, and most Canberra commuters. In the future this may translate to the allocation of the most inconvenient gate locations on any new or revised terminal arrangements. For passengers connecting to international flights, it is not the exception for the total transit time at KSA from touch down to reaching the Immigration barriers to amount to an hour or more.

The important issue to note here is that Bankstown and KSA airports are not in competition for the regional aviation market. Their respective sizes and locations suggest that they are actually in different segments of the aviation market, though their operations

take place in the same Sydney Basin airspace. The fact is that Bankstown and KSA need to work cooperatively, leveraging off the differing capacities of each facility to maximise the efficiency of aviation in the Sydney area, and to provide a better total service to the travelling public. It would be beneficial to consider them as comprising one 'virtual' airport facility and to plan accordingly.

Central to the concept and creation of a single Sydney aviation entity is the development of fast and reliable ground transport links between the two airports. Whether the link is road or rail, or most likely a combination of the two modes, it needs to be separated from the urban and suburban road system, where congestion, accidents and delays are inevitable. While a rail link may appear unaffordable on current cost-benefit analysis, in the broader context of an integrated aviation infrastructure servicing the whole of Sydney for the rest of this century, such a link may well be the most attractive option to the airport operators. The efficiency of operation of aviation in the Sydney region is not just a "Sydney issue" – it is the key driver of the efficient and effective connectivity both between Australia's cities and its regions, and between Australia and the rest of the world. Accordingly, a whole of system approach must be taken to assessing the benefits of developments in Sydney's aviation infrastructure.

The following table indicates just how complementary Bankstown and KSA are even in present circumstances.

| Location | Runways | MTOW | Operating Restrictions | Terminal Characteristics |
|------------------|--|--|---|---|
| Bankstown | a) 11C/29C 1415×30 mtrs | Rated at 20 tonnes, limited at 50 tonnes | 24 hour operations | Basic infrastructure handling 200 pax per hour with great expansion potential |
| Sydney | a) 16R/34L 3962×45 mtrs b) 16L/34R 2438×45 mtrs c) 07/25 2529×45 mtrs | > 400 tonnes > 136 tonnes > 136 tonnes | Curfew operates from 2300 to 0600 daily | Extended aerobridge infrastructure handling up to 5000 pax per hour with limited expansion potential for small aircraft |

Bankstown Airport's current infrastructure is a mixture of ageing and modern facilities. The facility has the potential for considerable redevelopment and additional development to enable significantly greater numbers of small aircraft to operate, and significantly greater volumes of cargo to be handled – all away from KSA. The length, strength and capacity issues relating to the runways, taxiways and aprons are amenable to easy and affordable solutions for the regional aviation market.

In order to support the future development and equitable provision of regional aviation operations in NSW and to lower the hurdles that impede regional commercial aviation operators in considering a move to Bankstown Airport, it is essential that the airport owner construct a new, purpose built terminal with sufficient capacity for current and future regional traffic. This new terminal would have to be conceived as an up-front investment and funded accordingly. It would require commercial and conference facilities, together with secure parking for up to 1000 cars, vehicle rental facilities and taxi/bus bays. Bankstown has the potential both to provide critical feeder services to KSA, and to provide a solution to the future aviation needs of Western Sydney.

Moreover, a well-planned integrated airspace and aviation infrastructure system would offer the optimal base for meeting the future aviation needs of regional NSW. Regional aviation is a powerful enabler of most of the economic activities of regional Australia. Indeed, the provision of safe fast and timely aviation services is a matter inextricably linked with regional development: as Australia's regional economy grows, so too does the demand for aviation services and the capacity to pay. Facilitating the development of this virtuous circle must be seen as an important objective in planning the future development and role of Bankstown Airport and its contribution to the "virtual Sydney airport".

The key to securing an aviation infrastructure in the Sydney Basin that is both efficient and viable into the long term is "infrastructural interconnectivity". It is imperative that new and improved transport links between the Sydney CBD and KSA be put in place. The upgraded M5 and the proposed orbital will permit shorter transit times to the CBD, as well as to KSA. Although perhaps not essential to the role of Bankstown as currently conceived, consideration must be given to a frequent, high speed rail link to KSA, similar to the rail link between Gatwick and Heathrow in the UK, which would offer a viable long-term solution to the operational integration of Bankstown, Sydney Airport and the Central Business District.

Benefits of an Integrated Sydney Basin Airspace Management Plan and Aviation Infrastructure Plan

The benefits emerging from the development of an integrated Sydney Basin Airspace Management Plan and an integrated Aviation Infrastructure Plan, the operational coordination of Bankstown and KS Airports, and the development of Bankstown into a premier RPT and non-RPT airport for regional services would accrue to four major groups:

- The regions of Australia, but most notably the regions of NSW;
- Regional commercial aviation operators and those who service and supply them, including airports in remote and regional Australia;
- Greater Western Sydney; and most importantly in every sense
- The travelling public, moving for personal, recreational and business reasons both from the country to the city and from the city to the country.

Over the longer term, both Sydney itself and Australia as a business and tourist destination would also benefit substantially, and some of those benefits would accrue almost immediately to remote and regional Australia.

The Regions: The main benefits to regional NSW, as well as northern Victoria and southern Queensland, lie in the expansion of the civil aviation infrastructure, generating new air route development, improved service standards, and lower costs through lower aeronautical charges and reduced operating costs for regional airline operators. Bankstown is at the centre of GWS as the fastest growing region of Sydney that supports an economy greater than that of Brisbane. It also serves some two thirds of Sydney's population, and its proximity to Sydney's major hospitals, specialist medical centres and other professional services centres would suggest that some of the other major users of general aviation services at KSA – notably the New South Wales Air Ambulance – could efficiently and profitably relocate to an upscaled Bankstown airport. It will be important, of course, that regional NSW is fully involved in both the planning and implementation of any changes that would position Bankstown Airport as a major metropolitan aviation facility, and that the development of Bankstown airport's infrastructure be fully integrated with the NSW State Government's transport and other development plans for western Sydney.

Regional Commercial Aviation Operators: As a group, the regional commercial aviation operators are justifiably extremely sensitive to any moves by Airservices Australia, the major interstate operators (in present circumstances, particularly QANTAS), and the airport owners that might further erode their financial base, profitability or long term viability. They are particularly sensitive to any suggestion that they be squeezed out of KSA, and see a significant risk that QANTAS could effectively develop a stranglehold on the regional aviation market through its dominant role at KSA and control of all peak hour landing slots at KSA. There have been recent failures of regional aviation companies which go to emphasise the point. This is an important issue, one that demands the careful attention of the ACCC and the Commonwealth Government more broadly if the interests of the regional aviation operators and of regional and remote Australia are to be well served.

But, as noted earlier in this submission, the future of general aviation in the Sydney Basin Airspace demands careful planning and preparation now if the long-term interests of all operators and the travelling public are to be protected. It is as much in the interests of the regional commercial aviation operators to join with policy-makers in planning for their future as it is for the KSA owners and the national domestic operators. The following table illustrates the comparative air movements between Bankstown airport and KSA.

| Location | Heavy Aircraft > 136 tonnes | Medium Aircraft > 7 tonnes < 136 tonnes | Small Aircraft < 7 tonnes |
|-----------|--------------------------------|---|------------------------------|
| Bankstown | 0 | 1 062 | 310 828 |
| KSA | 76 784 | 153 138 | 19 450 |

Source: Airservices Australia 2002

While many of the small aircraft movements at Bankstown Airport are related to pilot training and recreational flying, the figures illustrate KSA's capacity to shed the

movement of aircraft less than 50 tonnes MTOW (most of which are unable to employ aerobridge access) to Bankstown Airport, with Bankstown Airport itself shedding some of the flying training burden and recreational flying, through charging regimes, to Camden Airport.

For the regional operators, the critical benefits of relocation to Bankstown as part of an integrated Sydney Basin Airspace Management Plan would be the lower operating costs, reduced inflight delays, the availability of the aerospace industrial cluster and associated aviation technical support, and access to a large skilled population base. The essential offsetting issue is that of access to KSA, the principal gateway and hub for the nation's aviation operations. It is that offsetting issue, having its taproot in concerns about equity and the level playing field for all, which today dominates the debate on policy.

Greater Western Sydney (GWS): As noted in the introduction to this submission, GWS is already one of Australia's biggest and most productive conurbations. The personal, social and economic links between the residents of GWS and the rest of Australia are growing, as is demand for improved communications between them and the rest of Australia.

With respect to civil aviation, other major cities of the world offer some instructive models of how unplanned aviation growth (both aircraft and infrastructure) can, in fact, compound aviation management problems. Whereas London is able to manage the relationship between Gatwick and Heathrow reasonably well (particularly using the rail infrastructure), cities such as Paris (Charles de Gaulle and Orly), Rome (Leonardo da Vinci and Ciampino) and Los Angeles (LAX and Burbank) are significantly less well provided for. In the case of Los Angeles, for instance, a great amount of regional aviation centres on San Diego (100 kms to the south) and Burbank (30 kms to the west, near Pasadena), with some general aviation using Orange County airport. While air traffic in the Los Angeles Basin Airspace is more-or-less centrally directed, the lack of any dedicated ground transport assets (especially rail) means that access to international flights is dependent on crowded freeways. Sydney is in an excellent position to provide for an efficient and safe aviation environment through integrated planning and infrastructure development.

The Travelling Public: The principal benefits to the travelling public from the 'virtual airport' concept and cooperative approach recommended in this submission derive from lower costs, faster turnaround times and greater convenience. Moreover, for many Sydneysiders and residents of regional Australia, the ancillary costs of their air travel will foreseeably be lower under this approach. Also the fact that the travelling customer can expect at Bankstown to occupy a higher position on the customer service value ladder (compared with, say, what they can expect from the large national operators or the airport owner at KSA) will tend to afford customers greater satisfaction in their use of regional aviation services.

Overcoming the Constraints

There are, of course, evident political, social and economic obstacles in the path of creating a "virtual" single Sydney airport. The transfer of regional air services away from KSA in a peremptory way on the grounds of inconvenience to larger aircraft, cost of terminal space or the availability of more lucrative uses for the currently reserved slots

would in the present circumstances be perceived as tantamount to conferring second-class citizen status on travellers from regional Australia

For the regional aviation operators (whether or not they access KSA directly or per medium of another linked operator) any removal from KSA would constitute a direct threat to their economic viability in a competitive market (especially if QANTAS were to continue operating regional services into KSA).

There are, however, some ways of overcoming these constraints. They include the development of a comprehensive policy to promote a vigorous regional aviation industry at the Government level, the development of a long-term regional aviation strategy by the regional operators, the creation of a level playing field for all operators – big and small – and permitting operators to trade slots or otherwise realise the capital value of their landing slots.

Policy Development: The development of a comprehensive and integrated approach to the development of regional Australia and the necessary economic support infrastructure has still some way to go. There is a commonly-heard cry in remote and regional Australia, that regional aviation is a policy-free zone today. So an important central element is the articulation of a regional aviation policy that confers equitable benefits on all travelling Australians at reasonable cost. The creation of a thriving, efficient and low cost regional aviation centre, such as this submission proposes, would constitute an essential step in meeting this policy need.

Strategy Development: Over time, it would appear that a combination of capacity, cost and infrastructure issues will serve to constrain the growth of regional aviation into the Sydney basin, and even to impose further limits on the operators' access to KSA. While this submission does not regard it as a foregone conclusion that the smaller operators will be pushed out of KSA, and in fact argues against any abrupt or peremptory move to force a departure, it is important that the policy-makers engage them now in developing appropriate growth and infrastructure strategies that will both support their own viability and deliver improved services to regional Australia.

The policy-makers and the operators will need to look closely at all operational issues from the regional perspective as well as the trunk-route and international perspective if the Sydney Basin is to become a virtual single integrated aviation centre.

A Level Playing Field: Equally, it will be critical that the Commonwealth Government – through its legislative and regulatory powers – ensures that all operators are treated equally in an integrated Sydney aviation market. There cannot be one set of rules and standards for the big players and another for the smaller operators. The ACCC, in particular, will have an important role to play, as will Government aviation planners and airport operators.

Slot Trading

Consideration should also be given to allowing the regional operators to realise the capital value of their slots – especially their peak time slots – into KSA. There are precedents to be observed and lessons to be learned overseas in this exercise.

Some sound policy in this area would not only serve to provide a prospect of useful capital injection into regional operators' businesses, but, more importantly, might provide them with greater flexibility at the other end of the 'virtual' alternative airport – Bankstown – thereby allowing them to operate on an equitable basis at peak times so as to complement the long-haul and interstate operators.

Moreover, their ability to operate on an equitable basis at peak times would serve to distribute the aviation load in the Sydney basin and alleviate the congestion that already occurs at KSA at peak times during the week.

The Way Ahead

In order to consolidate the future of general aviation in Sydney and, more broadly, in New South Wales as a whole, to enhance the long-term viability of regional commercial aviation in Australia, to provide improved services in terms of both frequency and costs to the travelling public (particularly in regional Australia) and to guarantee the long-term availability of high standard aviation services to all inbound and outbound travellers, this submission recommends the following five initiatives to the Standing Committee on Transport and Regional Services.

- First, the Commonwealth Government, in full consultation with the Government of NSW, the major domestic operators, the regional commercial aviation operators, and the Sydney Basin airport operators, should as a matter of urgency establish an integrated Sydney Basin Airspace Management Plan and Infrastructure Management Plan to ensure that the future development of KSA and Bankstown airport is fully coordinated – including integration with future rail and road infrastructure development.
- Second, the Commonwealth Government needs, as a matter of urgency, to develop clear and comprehensive policy guidelines relating to the future development of Bankstown Airport, to confirm the earlier identification of Bankstown Airport as a viable alternative for regional aviation, and to establish Bankstown Airport as a premier regional regular passenger traffic airport.
- Third, a Bankstown Airport Master Plan, including approach airspace independent from KSA, needs to be developed in conjunction with progress made on recommendations one and two.
- Fourth, to encourage regional commercial aviation operators to use Bankstown and relieve pressures on KSA, Airservices Australia should offer pricing concessions for operators who use Bankstown as the main regional hub for air traffic into the Sydney area.
- Finally, the Commonwealth Government needs as a matter of urgency to examine a range of other related issues affecting regional commercial aviation and operators. In particular, issues relating to the ageing of the light commercial aviation inventory (with the associated maintenance and safety issues), capital gains tax arrangements, slot trading for regional operators, depreciation and investment concessions, support for the development of new aviation technology, taxes and charges and other imposts

that have pushed the costs of regional commercial aviation operations to unsustainable levels.

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