

Introduction

The Aircraft Owners and Pilots Association of Australia (AOPA) represents the bulk of aircraft owners and pilots in Australia. In representing these interests, we essentially represent the Australian General Aviation community¹. The AOPA does not however restrict its representation on this basis but rather such representation is a natural constituency.

AOPA does not seek to represent the interests of major air transport operators such as; Qantas, Ansett Airlines and the larger regional airline operators such as, Kendall Airlines and Hazelton Airlines.

AOPA in providing such representation seeks to protect our members' rights to fly without unnecessary restrictions or costs. The AOPA maintains a much wider brief on behalf of our members than just political representation. Through AOPA's member services and publications we provide a forum to publicise, discuss and improve aviation in Australia by providing information to members about: trade shows, air displays, youth programs, technology, aircraft maintenance, flight training and education.

AOPA is thus a keen advocate of providing an economic and regulatory environment in which aviation can develop and flourish in Australia.

AOPA is of the view that the major impediments to the development of aviation in Australia are:

- Economics,
- Infrastructure, and
- Excessive Government Regulation

AOPA's submission to the Committee will briefly address these issues.

GENERAL AVIATION - A SNAPSHOT

Economic Contribution

General Aviation (GA) in Australia is an industry that contributes some \$500,000,000 plus per annum into the national economy².

GA businesses fall in the small to medium size firm category with Charter businesses having median incomes of \$102,000 per annum. Flying Training businesses having median incomes of \$156,000 per annum. Aerial Agriculture having median incomes of \$213,000 per annum, Aerial Work businesses having median incomes of \$35,000 per annum. The median level income for GA businesses is only \$157,000 per annum³.

GA operators and businesses employ some 7,000 people directly in aviation related activities and a further 3800 in business activity not directly related to their aviation businesses⁴.

General Aviation carries some 24,000 tonnes of freight every year in Australia⁵.

Contrary to popular belief that most other aviation activity is just the rich or weekend pilots, the 1995 BTE study demonstrated that the aeroplane is a vital part of the way Australians conduct business, especially in providing economic and efficient travel to and within rural and regional areas. The average expenditure by a recreational private pilot on his or hers chosen recreational activity is less than \$3000 per annum⁶.

¹ General Aviation is for all intent, all aircraft below a legally defined weight of 5700 kilograms.

² Source: Bureau of Transport Economics (BTE) General Aviation Study, AGPS 1995.

³ Source: BTE, *ibid*.

⁴ Source: BTE, *ibid*.

⁵ Source: BTE, *ibid*.

⁶ Source: AOPA marketing study.

Types of General Aviation Activity

The bulk of general aviation flying is undertaken for the purpose of:

- Low capacity Scheduled Public Transport Operations (Small Airlines)
- Charter (Air transport of persons and freight from place to place on non-scheduled flights)
- Aerial Agriculture Operations (Crop spraying, seeding, dusting, baiting etc.)
- Aerial Ambulance/Aero-medical flights
- Flight training (Educational flying activity)
- Business Aviation (Aeroplane travel or use to support business and commercial activity)
- Recreational Flying

GA aircraft fly some 1,291,687 hours per annum. This represents 62 percent of all the total hours flown in Australian Aviation. However, in terms of output the GA sector may appear to be overshadowed by high capacity RPT operations (Qantas and Ansett)⁷.

AOPA estimates that this translates into some 193,753,050 air miles flown per annum or 310,000,000 kilometres per annum⁸. AOPA estimates that on average GA accounts for the undertaking of some 516,674 individual trips and would carry 1,0333,349 people per year in small and medium sized aircraft⁹. These figures are only educated estimates. No data is kept by either the Australian Statistician or the Bureau of Transport Economics on passengers carried by GA, other than for those persons carried by regional airlines.

AOPA is of the view that the above estimates, while conservative, are reasonably accurate. Sheer numbers however cannot measure the **importance** that each of these trips represents to people travelling to or in regional and rural Australia.

The General Aviation Fleet

There are currently 11,129 active GA class aircraft throughout Australia¹⁰. In 1995, 2886 of the then 9000 aircraft on the Australian Aircraft Register, or 32 percent, were engaged in licensed commercial general aviation activity¹¹. Private ownership and operation accounted for 5302 of the 9000 aircraft on the register in 1995 (68 percent). AOPA is of the view that despite the fleet increase in overall numbers the allocation between commercial and private ownership would remain the same in percentage terms.

One third of all licensed commercial aircraft (Holders of Air Service Operator Certificates issued by CASA) were operated from aerodromes outside of Australian capital cities or in rural and regional centres¹².

Personnel

There are approximately 29,000 licensed pilots, engineers and air traffic service personnel in Australia¹³. The bulk of these licensed persons are made up of pilots, some 25,000 in total. The AOPA represents

⁷ Source: BTE, *ibid*.

⁸ We have applied an average speed x distance calculation for the GA fleet of 150 nautical miles per hour or 240 kilometres per hour, multiplied by the fleet hours flown data supplied by BTE.

⁹ This figure assumes an average passenger load of two persons and assumes an average trip length of 2.5 flying hours per trip.

¹⁰ Source: CASA 1997-1998 Annual Report.

¹¹ Source: BTE 1995 Study, *ibid*.

¹² Source: BTE, *ibid*.

17,000 of this group or over 59% of all licensed pilots in Australia. The figures are similar for AOPA's representation of aircraft owners.

Distribution of General Aviation Activity in Australia

The findings of the 1995 BTE study were that NSW-ACT had the highest number of commercial operators. On a population basis, WA-NT had the highest ratio of commercial operators and Victoria-Tasmania the lowest.

The highest number of operators were undertaking Charter work followed by Aerial work. Operators engaged in agricultural aerial work, the traditional view of rural or regional aviation, now only accounts for 11 percent of all commercial operations¹⁴. Charter operations (passengers or freight) dominates GA activity (35 percent), followed by other types of aerial work (17 percent) and flying training (15 percent)¹⁵. These figures emphasise the importance of aircraft and the aviation industry in providing transport and supporting other business and commercial activity in rural and regional Australia.

Over one third of commercial operators (AOC holders) were based at non-government (the former Federal Airports Corporation) aerodromes.

While NSW-ACT also contained the highest levels of non-commercial GA owner/operators, on a population basis Queensland had the highest ration of non-commercial aircraft owner/operators and Victoria-Tasmania the lowest.

More than 50 percent of the non-commercial aircraft fleet were based at unlicensed aerodromes¹⁶. AOPA is of the view that a trend that is now occurring in the provision of this vital infrastructure facility to Regional Australia is for licenses to lapse and aerodromes to revert to meeting only minimum standards for distances and landing areas, and maintenance to provide obstacle free take-off and landing areas or for repairs to runway surfaces and other structures to be neglected. Similarly, terminal buildings at many regional aerodromes are now poorly maintained, if at all.

In summary, aircraft ownership is concentrated in NSW and commercial activity is equally concentrated in Australia's most populous state, confirming the importance of aviation to that State. The available information and statistical data also shows that the aeroplane plays a vital and important role in the economies of rural and regional Australia. It is a vital necessity to many rural communities and land holders, supports mining and other extractive industries and provides a vital transport link to private citizens and public works. The aeroplane is inexpensive in relative cost terms for rural travel and work supported applications because it is efficient and productive, saving time and money for its users.

Economics

An industry capable of generating a contribution to the Australian economy of some half a billion dollars per annum is not insignificant. The available studies show via the distribution of activity and aircraft the importance and size of aviation activity in regional Australia. It does not need to be emphasised, given the current population distributions, which favour the eastern coastal belt of Australia, that aviation provides a critical transport service to the rest of Australia. No other means of transport can provide economically

¹³ Source: CASA 1997-1998 Annual Report.

¹⁴ Source: BTE, *ibid.*

¹⁵ Source: BTE, *ibid.*

¹⁶ Aerodrome licenses are required for aerodromes that have scheduled public transport operations, where the aircraft have 30 seats or more (Boeing Dash-8 and SAAB 340 type aircraft). Most local government owned and operated aerodromes are licensed.

affordable services with the speed, comfort and safety of aviation transport over the vast inland of Australia.

AOPA would ask the Committee to consider the cost to regional communities and economic activity that the loss or diminution of such a transport capacity would incur. AOPA would recommend that the Committee initiate or recommend that a thorough cost-benefit analysis be undertaken that would measure the cost to the community of any further degradation in aviation infrastructure in regional Australia.

Air transport is vital to regional communities that lose rail services and are poorly serviced by bus services or are difficult to gain access to in times of floods. The size of that transport sector of the economy is covered in the previous section of this submission. Further, the impact of infrastructure development on regional tourism development is self evident from the provision of international class airports to support tourism in: Broome, Western Australia; Hamilton Island, Queensland and Cairns, Queensland.

The fact that Australia is able to be a viable contender in the developing Satellite Launch and Recovery industry is primarily due to the existence of facilities such as; Woomera in South Australia, and the ability of regional Australia, to provide low cost suitable geographic areas to establish other sites.

It is clear from the studies available that the current static condition of many sectors of the Aviation Industry in regional areas can be attributed to economic change and climatic problems, recession and drought.

AOPA believes the lack of growth in aviation can also be attributed to the changing nature of the Australian economy, government inaction and excessive government regulations. AOPA does not have any reliable data or information that it can provide to the Committee other than to make the argument that removal of ineffective and unnecessary regulation has fostered the development of aircraft industries and this has particularly been the case in regional Australia.

Aircraft manufacturing plays an important role in some regional towns in Australia, either by producing parts and other articles, or whole aircraft. They are predominantly located in rural and regional centres. The low cost structures regional areas offer is obviously an incentive to some developing industries that do not rely on access to capital city commercial and manufacturing services.

There are now over a dozen viable aircraft manufacturers producing light aircraft for the local and overseas markets. Some are standard type aircraft¹⁷, others a what are referred to as Ultra-light aircraft¹⁸. The important point for the House Committee to note is that these manufacturers are for the most part located in regional Australia. The following list is indicative of the distribution and number of such aircraft manufacturers:

- Gippsland Aeronautics (6-8 seat aircraft and agricultural aircraft in production, manufactured in Sale, Victoria)
- Millicer Aircraft (Re-configured Victa Airtourer, manufactured in Sale, Victoria)
- Eagle Aircraft (New design, Jandakot, Western Australia)
- Skyfox Aircraft (New designs, Caloundra, Queensland)
- Slepcev Aircraft Industries (New Design, Beechworth, NSW)
- Jabiru Aircraft (New design, Bundaberg, Queensland)
- Seabird Seeker (New design Urangan, Queensland)

In addition there are many others and this includes those building to other aircraft standards¹⁹. On top of this activity are those businesses or concerns producing component parts and providing other engineering and maintenance services for the aviation industry.

¹⁷ Aircraft certified to CASR23, CASR25 or the rotary wing equivalent.

¹⁸ Aircraft below 544 kilograms in maximum weight.

¹⁹ AOPA is aware that for every one aircraft built to certification standards, there are another 20 which are built to the lesser experimental or ultra-light categories.

INFRASTRUCTURE

It is clear that much of the aviation infrastructure in regional Australia was developed and provided during World War Two or in the late nineteen forties. There has been little further development of this infrastructure in regional areas excepting where a State benefit was perceived and development and funding for development was provided by the Commonwealth alone or jointly with the States. The Commonwealth has now sold off those primary airports, including larger coastal aerodromes, to private interests and consortiums²⁰.

Many airports were constructed and then funded on an ongoing basis by the Commonwealth Government through the former Department of Civil Aviation and the Department of Defence. As a result of policy changes in the early nineteen eighties, the Commonwealth divested itself of this infrastructure by a process of devolution known as the Local Ownership Program. Regional airports and aerodromes now are the responsibility of the local government body in whose area they are located

Any development of regional aerodromes and facilities for air transport is now the responsibility of local government and/or private business interests. In a few cases, private business has shown no interest in developing aviation facilities unless a significant need exists, such as to support a mining development, a resort development or a clear profit can be made from such a development. In terms of the latter, very few, if any regional airports could be regarded as even self-funding or profitable, the burden for upkeep and development thereby passes to those local communities and ratepayers who own them. There is a real risk of further decay and degradation of these facilities unless a means can be found to mitigate or fund running or development costs.

AOPA would not argue for recurrent subsidies or cross subsidies no matter how expedient and hence attractive as a short term solution to infrastructure problems. AOPA believes this would lead to long term inefficiencies developing and would be an inappropriate allocation of community resources. Clearly, a means needs to be found by which local government or regional interests can fund or develop aviation infrastructure at low cost. The AOPA would recommend to the House Committee that it commission studies to determine the most cost-effective means of providing regional airport infrastructure development.

Much of the infrastructure required for aircraft radio navigation was provided through Commonwealth installed ground based facilities. The advent of satellite Global Positioning Systems means that much of this infrastructure will be withdrawn and funding of its maintenance and development through the Commonwealth's user charge systems, cease. The AOPA believes that the removal of this cost to aviation should be reflected in a reduction in charges currently levied on the users of regional aviation facilities, particularly en-route navigation charges.

The Commonwealth currently funds the provision of air traffic services in Australia via the imposition of user charges levied by Airservices Australia on aircraft operators and users. There has been considerable controversy over the introduction of charges and the consequent changes to services, most of which have impacted on and affected all of rural and regional Australia.

AOPA seeks a commitment by government for the provision or otherwise of Air traffic Services consistent with the ICAO risk models. For much of Australia this means enhanced "alerted see and avoid" in contrast to current unsatisfactory arrangements. AOPA supports the ICAO (International Civil Aviation Organisation) principles for the provision of ATS (Air Traffic) services, the provision of a level of service that is consistent with and complies with 'alerted see and avoid'. Further, adequate meteorological information services need to be provided to regional air transport users. The application of an ICAO based level of ATS services is the only sensible means by which cost levels to regional airspace users can be dropped and curtailed into the future. Further, such a level of service would mean that current regional

²⁰ The Sydney basin airports being the only exception.

airspace users would not be required to pay for unnecessary services and inflated staffing levels within Airservices Australia.

It is not possible, nor desirable for regional areas to continue to support a level of service appropriate to capital cities and international air operators. AOPA is of the view that a thorough examination of the current staffing and resource use levels of Airservices Australia is required. The AOPA submits to the House Committee that it is manifest that improvements in Air Traffic Management are not happening.

More recently, a Bill to allow for the provision of Air Traffic Services by outside providers or competitors to Airservices Australia, failed to pass the Senate. AOPA strongly supports this Bill as it will enable local and regional areas to fund and provide a level of air traffic services within their area at a lower cost than a union-dominated, government-owned monopoly business could provide. This has particular ramifications to regional Australia as the legislation, if passed, would have allowed regional areas to seek competitively priced services and to provide a mix of services (which still comply with air safety requirements) most applicable to those communities.

The inability of regional areas to provide lower cost air traffic services is a significant impediment to their development. We would draw the Committee's attention to the example provided by Coffs Harbour Airport. The Coffs Harbour City Council wish to make Coffs Harbour an international holiday destination. The airport has been significantly upgraded to take medium and heavy jet transport aircraft. The airport currently has a control tower, introduced when jet services were introduced. On current movement rates the airports does not warrant a tower based control service at all. Coffs Harbour travellers and business development is impeded by the imposition of artificial ATS Airservice Charges and services for a service and facility that is no longer required.

The private sector is quite capable of providing air traffic services. This is done quite routinely overseas. Until this situation changes, regional operators will either be provided with no service or penalised by unrealistic cost impositions resulting from the actions of a monopoly service provider.

AOPA would recommend that the House Committee examines the current provision of basic air traffic services in regional areas and seek to support the provision of these services at minimal cost to regional airspace users.

The issue of timely and cheap fuel supplies in regional areas is of concern to the AOPA. While the major oil companies are providing adequate fuel facilities in regional areas, the cost continues to escalate to regional users, despite the removal of the excise imposed under the previous Labour Government to fund CASA. In this regard the aviation sector is at the same disadvantage as other transport operators in regards to fuel costs and accessibility. Aviation however suffers a clear disadvantage by the requirement for fuel to be provided to strict standards of cleanliness and stock accountability, which reduces its desirability as a product line to many regional distributors. Fuel sales, which at the time of sale, may be quite large as individual purchases, are not as regular as for road users. While this situation continues regional air transport operators will be at a cost disadvantage and the cost of air services in regional areas will be higher than in cities.

The AOPA believes that aviation, because it has been at the forefront of much of the technological development, has been well placed to take up new technology, particularly in the areas of electronics and telecommunications. The source of such expertise in regional areas is one which is perhaps overlooked when taking into account skill levels in regional Australia. AOPA cannot say with any certainty whether or not regional development is impeded by a lack of courses and educational opportunities for training in aviation related technologies. Anecdotal evidence would suggest that aviation training is impeded by a lack of access to educational facilities and training.

The Committee should be aware however that nearly all of the pilot training conducted in Australia is undertaken through private flying schools and colleges, and is always self funded by the participants in those courses. The cost of flight training has remained relatively steady over the past five years, nonetheless it is still very expensive and inhibits the ability of people in regional areas to obtain additional

skills or qualifications. Aviation like other industries and areas suffers the same skill loss as experienced staff seek higher paying positions or better opportunities for career development in capital cities.

EXCESSIVE GOVERNMENT REGULATION

Aviation is a higher cost activity than it should be in Australia. Aircraft are expensive to maintain and operate due to erratic and at times irrational maintenance requirements imposed by the Regulatory Authorities (CASA) on owners and operators, without justifiable safety standards to support the regulations in many instances. In the United States which does not have the same approach to regulation, aircraft operating costs are half what they are in Australia and safety standards are statistically better. This latter situation gives rise to a justified criticism that much of Australian regulation is unnecessary and costly.

The approach by Australian Regulatory authorities has historically been to disregard the experience, wisdom and expertise of overseas manufacturers (95 percent of the Australian fleet is built outside of Australia) many if not most of whom have been manufacturing aircraft for over half a century. Clearly, these manufacturers stand or fall in the market by the quality of their product. They have a vital economic incentive to produce safe, efficient and cheaper aircraft. The Australian experience with regards to regulation, aircraft certification and maintenance regulations was well documented by the former Chairman of CASA, Mr Dick Smith, in his book, 'Two Years in the Aviation Hall of Doom'²¹.

A further example of the cost of excessive government regulation was evident by the state of the Australian aircraft manufacturing industry until up to a few years ago. It is well recognised that in aviation technology and design, Australia has been more than innovative and a leader²². That innovation and its translation into a productive Australian industry, was stifled at every turn by a Regulator that regulates by punitive and negative methods rather than supportive and positive methods. Australia was well placed in the mid-nineteen eighties to take advantage of the introduction of US product liability laws which in the space of a year led to the decimation of the American light aircraft manufacture. This did not happen, as it was simply not possible to establish a viable aircraft manufacturing industry given the then current regulatory regime.

Further, the Program Advisory Panel of the CASA Review, instigated by the then Minister for Transport and Regional Development, the Honourable John Sharp MP; established that the CASA Office of Legal Counsel routinely recommended disapproval of projects that met aircraft normal regulatory criteria. This was done on the basis that the very act of CASA approving a project within the criteria, where legislation actually requires an approval, could result in a potential liability to CASA by the granting of the required approval. This doctrine was developed by the Office of Legal Counsel on the basis of the "Sutherland Shire Council case", a precedent on liability issues. This doctrine produced a very negative environment for any form of aviation development in Australia and AOPA believes it is still given significant weight in the CASA approval or disapproval process. The negative effects of this doctrine are well illustrated in the transcripts of evidence in the Hevi-Lift case, and by the continued frustrations for the certification of aircraft in Australia despite the enactment of CASRs, the Trans-Tasman Mutual Recognition Treaty and similar provisions.

In spite of the discouragement by CASA, the AOPA wishes to draw to the Committee's attention to the resurgence of light aircraft manufacturing in this country since some reforms in the certification and the regulation of the manufacture of light and ultra-light aircraft were introduced in the last two years. These were reforms that the AOPA championed and lobbied government continuously. The current level of activity is a clear measure of the success of the withdrawal of government from unnecessary interference and the economic benefits to all Australia and particularly regional areas of providing a simplified and easier means by which industry can develop and flourish. This evidence shows the industry to be

²¹ "Two Years in the Aviation Hall of Doom" - Dick Smith (Smith self-published) 1986.

²² That innovation is not necessarily as a builder of aircraft, but of aircraft components, radio and electronics, material repair methods and other component design or manufacture.,

innovative and resourceful, despite CASA's continued attempts to use its bureaucratic powers to unnecessarily frustrate the development of the industry and individual projects.

AOPA has continuously sought from Government a re-appraisal of the rules and regulations applicable to aviation. Like tax legislation, aviation regulation has, over time, accumulated into a formidable body of unwieldy and obscure regulation and rules. That regulatory regime has its origins in the early development of aircraft as a form of transport. Much of what is currently required of owners and operators is anachronistic and unrequited, given the current levels of technology and knowledge about aircraft and their operation. In short, the jet aircraft has now been around for 50 years, the Boeing 747 for 30 years, yet the approach and theme persistent in Aviation regulation treats the aeroplane in much the same way as it did in the 1930's and 1950's. The overarching philosophy of these regulations is that aircraft are still in the experimental stage of development.

Although initially a high priority of the micro-economic reform agenda of this Government, the review process which involved industry consultation and working groups, has apparently been allowed to lapse. The provision of simple rules and regulations based on the US FAA regulations, the world's most widely used, successful and understood regulatory framework, is critical to the reduction of costs and the development of aviation in regional Australia. This is the path taken by New Zealand and we have already lost a significant aircraft manufacturing facility from regional NSW. This particular aircraft is now produced in Hamilton and re-exported to Australia under the provisions of the Trans-Tasman Mutual Recognition Treaty. The AOPA recommends to the House Committee that it seek and obtain a commitment from Government that this review be restarted and completed.

CONCLUSION

The AOPA acknowledges that aviation safety comes at a cost. AOPA acknowledges there is a need for those costs to be accurately reflected in the cost structures of aviation in Australia.

The AOPA also well recognises there is a need for a strong and capable air safety regulator.

The AOPA seeks the House Committee's appreciation of the significant role aviation plays in regional Australian as outlined in this brief paper.

The AOPA seeks the removal of unnecessary and negative bureaucratic interference in aviation in Australia, sufficient to allow regional operators and aircraft owners to operate at minimum cost and with maximum efficiency. The AOPA is of the view that regulatory inefficiencies translate into costs which impede the regional development of the aviation industry.

The AOPA is of the view that regional development is impeded by the lack of air transport infrastructure in some areas but has benefited from technological change in other areas. Overall the AOPA is of the view that the major impact to regional development and infrastructure will come from the removal of unnecessary government intervention from community enterprise

The AOPA is also of the view that significant community benefit can come from a sensible and harmonious regulatory environment that meets the needs of various aviation interests. In simple terms, it would allow the energies currently employed in seeking change and confrontation to move to constructive development and communication.

In conclusion, the AOPA would seek the House Committees support in having the aviation industry freed up to provide further opportunities for the development of rural and regional Australia.

RECOMMENDATIONS

The House Committee initiates or recommends that thorough cost-benefit analysis be undertaken that would measure the cost to the community of any further degradation in aviation infrastructure in regional Australia.

The House Committee commission studies to determine the most cost effective means of providing regional airport infrastructure development.

The House Committee examines the current provision of Air Traffic Services in regional areas and seeks to support the provision of those services at minimal cost to regional airspace users.

The House Committee seeks assurances from the Government that further cost impositions without thorough on-going reform of the Civil Aviation is halted.

The House Committee seeks and obtains a commitment from Government that the Regulatory Review Program of Aviation Law be restarted and completed.