



AUSLINK (NATIONAL LAND TRANSPORT) BILL 2004

AUSLINK (NATIONAL LAND TRANSPORT – CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2004

The Senate Rural and Regional Affairs and Transport Legislation Committee is inquiring into these bills. The following pages represent the submission from the Australian Airports Association (AAA) with particular regard to one of the issues under consideration for "extending the criteria for Roads to Recovery projects to include public transport, cycling, walking infrastructure and regional airport runways".

The AAA was founded in 1982 in recognition of the real need for the one coherent, cohesive, consistent and vital voice for all aerodromes and airports throughout Australia. It is a non-profit organisation that represents the interests of over 300 member aerodromes and airports Australia-wide, from the local country council-owned and operated community service landing strip, to the major privatised international gateway airports.

Most of the AAA member airports are owned and operated by rural and regional communities throughout Australia, and as a consequence, we have a special interest in seeing the criteria for "Roads to Recovery" funding and projects to now include rural and regional airport runways. We believe there are many compelling arguments as to why such an initiative should become a recommendation from the Committee. The following comments are offered in support of such a recommendation.

- *In the 1980s the Commonwealth withdrew from the funding and operation of regional airports with the introduction of the ALOPS program. In some instances, at that time, minimal contingency funding was also provided by the Commonwealth to cover 'future operational and infrastructure requirements'. However, in most instances this process actually left many communities with insufficient long-term funding to maintain and develop their airports. Current anecdotal evidence suggests that the infrastructure 'back-log' throughout the country represents an investment of around \$100M to ensure the continued viability of most 'marginal' rural and regional community-owned and operated airports. By way of example, the industry in South Australia estimates that \$35M is required for that State.*
- *Just because airports are perceived to be privately owned does not mean that they are any less a part of the national transport infrastructure. The Commonwealth contributes*

to State/ Territory and local government controlled roads why not their other infrastructure investments such as airports?

- *Most of Australia's rural and regional airports fulfil a valuable community service role, currently meeting the expectations of the communities they serve. Many of these airports do not have access to regular income-producing streams that provide the managed cash flow to provide for future upgrades, let alone day-to-day maintenance. All rural and regional communities depend upon their airport for access to medical and judicial services, the timely delivery of mail, newspapers and fresh foodstuffs. During times of personal hardship and bereavement, an operational airport and a regular air service is paramount.*

- *In 2003/2004 the Royal Flying Doctor Service (RFDS) operated into over 350 airstrips across Australia on a regular basis. As well as the 'local community', international and interstate travellers and tourists depend on the rural and regional airports for access to medical evacuation and support services, should it be necessary. The RFDS also provides important health services to remote locations and Aboriginal communities throughout Australia. All-weather access to operational (sealed) airfields is an absolute necessity for the maintenance of acceptable service levels.*
- *Local 'councils' and 'progress associations' throughout Australia currently fund most rural and regional airports. In most instances, State Governments are not responsible (nor have the ability) for the funding of rural and regional airports. It should be said that, in some States/Territories, under special circumstance guidelines, exceptional funding assistance may well be provided. Most communities unfortunately have to rely heavily on volunteer labour to keep their airport facilities open and maintained to an acceptable level that meets the statutory requirements of the Civil Aviation Safety Authority (CASA).*
- *In many of the remote rural and regional areas of Australia, the road system (as we know it) is subject to seasonal flooding and the only access for many months of the year is by air. Without an airport maintained to an acceptable operational level that satisfies the CASA certification regime, these communities would be seriously disadvantaged. Why should these communities, making their own contribution to the economic and social wellbeing of the country, be treated any differently to those of us 'fortunate' enough to live in heavily-populated coastal areas, with ready access to all services – services that most of us take for granted on a day-to-day basis. The upgrading of many roads throughout Australia to an 'all-weather' capability is not economically feasible. By way of cost comparison, the maintenance of runways and airfield infrastructure is infinitesimal. Simply put, the cost of maintaining and upgrading as appropriate, the rural and regional airfield, in most cases would be significantly less than the cost of upgrading the roads. As a suggestion why not let the affected communities themselves have a say on what basis the "Roads to Recovery" funding is apportioned? Give communities the flexibility to determine their own local transport needs and priorities – if they want the funding for roads, so be it. If they want the funding for their local airfield infrastructure, that is their own decision and not a decision imposed upon them by some politician or bureaucrat in far away Canberra.*
- *In a more hard-nosed commercial context, a large proportion of Australia's wealth is generated in remote mining communities. The capability for business to successfully continue production relies heavily on the ability to obtain spare parts and critical production pieces of equipment in a timely manner so that production is maintained and maximised. With the increased emphasis on 'just in time provision of parts' and*

when considering business continuity needs, runways and regular air services are playing an increasing significant and important role in terms of access, efficiency and viability of business in rural and regional Australia.

- *The looming 'ageing aircraft' crisis in regular RPT air services throughout rural and regional Australia will only compound access opportunities for many communities. For regional airlines to re-equip (quite apart from existing trunk route carriers expanding their operations to certain parts of regional Australia) with new and more modern aircraft will also place an added financial burden on many already cash-strapped communities.*

- *The current funding problems being experienced by Australia's rural and regional airports was acknowledged and recognised within the "Neville Report – Regional Aviation and Island Transport Services: Making Ends Meet." Substantiated submissions to that Inquiry documented many factual and actual cases of the difficulties rural and regional councils have in fully funding their local airports and highlighted the economic impact of aviation for rural and regional Australia.*
- *There are numerous examples of 'sea change' local communities, as well as inland centres, where part of the ongoing funding problems are due to the dilution of the working population with retirees and the loss of the higher rate paying businesses, through the economic reforms that have shut down banks, retailers, medium sized manufacturers and educational institutions – a problem that would be accelerated with any further closure of airports and the cessation of air services. In the last 15 years, nearly 100 communities across Australia have lost a regular air service, while other more sustainable routes have been serviced without the benefit of competition.*
- *Dr. Craig Shepherd, principal economist from the National Institute of Economic and Industrial Research (NIEIR) recently reported that regional communities with competitive air services have twice the rate of economic growth of those without competitive air services. According to his statistical data, those communities grew 1.6 times faster than average, where all towns within 200 kms. or comparatively easy driving distance from the nearest capital city, were subtracted from the analysis. Where competition exists between Qantas or Virgin Blue and another regional carrier, growth was 2.1 times higher than regions supported by a single airline. In terms of regional population growth, a similar link was apparent according to the NIEIR study. Regional communities with competitive air routes are growing 1.4 times faster than those without frequent air services.*
- *Since 2001, population growth in regional communities which are serviced by Qantas or Virgin Blue in competition with another regional carrier, increased their annual population growth rates by 42% compared to the figures for 1996–2001. Regional communities without such services had stagnant population growth, presumably reflecting the fact that without air access, they can't attract new residents or business activities.*
- *The AAA contends that within the terms of reference, the definition "regional airport runways" is far too limiting and does not take into account other infrastructure cost components. We would recommend that the Committee consider broadening the definition to include such things as "airport aeronautical infrastructure". There is much more to maintaining an airfield operation (to fulfil the statutory requirements of CASA)*

than just a runway in its own right and therefore all airfield operational infrastructure should be given every consideration.

- *Finally, we do not advocate a 'shot-gun' approach to any future airfield operational funding, rather every individual case should be cognisant of the broader community it serves and treated on its merits. The AAA offers its unbiased expertise and assistance to the Department of Transport and Regional Services, should the proposal be progressed as a result of the Committee's current deliberations.*

Submission dated 31 March, 2005