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Submission to National Aviation Policy Statement Issues - Member for Flinders Mrs Liz Penfold

1.3 Regional and General Aviation - Key Challenges

Only two centres on Eyre Peninsula – Port Lincoln and Ceduna – have a regular commercial air service to Adelaide. Regional Express fly SAAB turbo prop aircraft to both centres. Both Port Lincoln and Ceduna airports are planning the upgrading of their terminals, runways, aprons, etc to cater and encourage greater activity.

Port Lincoln Airport, the busiest regional airport in South Australia with 140,000 passengers annually, is owned and operated by the District Council of Lower Eyre Peninsula with a district population 4,402. However the City of Port Lincoln (population 14,500) is the major city closest to the airport (approx 15kms). Port Lincoln is 675 kms by road from Adelaide and in comparison it is only a 35 min flight across Spencer Gulf to Adelaide. The bus journey to the capital city of Adelaide takes up to 16 hours one way (barring hold ups).

The District Council of Ceduna, owner of the Ceduna Airport has a population of 3,572. Ceduna, the last town before heading west across the Nullarbor Plain, is 796 kms from Adelaide, 408 kms from Port Lincoln and 1208 kms from Norseman the next significant town in Western Australia.

My electorate in South Australia takes in most of Eyre Peninsula (an area about the size of Tasmania) covering 72,000 sq km with a population of approximately 34,500. The City of Port Lincoln is the largest of 10 regional towns. Agriculture has traditionally been the region's major economic industry. In recent years however the aquaculture and fishing industries have grown dramatically with commercial farming of a range of species becoming large export earners and presently the region is developing huge deposits of minerals for export.

The objective of both Councils is that their airport operates at no cost to their ratepayers, that they are sustainable and self funding from user charges and that the cost of air travel to and from Adelaide is kept as affordable as possible as part of the community service obligation. In many

instances it can take longer for someone to drive from their home to either of these airports than for the air journey involved. For those who are ill, or for whom time is of the essence, this is an impossible situation. Public transport bus and taxi services are not a viable option in most cases.

A number of other smaller towns no longer receive a regular air service which has had a detrimental affect. As a result a range of government agencies, doctors and dentists no longer provide a regular service to these small rural communities. All these small towns still maintain airstrips suitable to land the RFDS plane in emergencies. These are likely to be used more often now that the State Government has decided to downgrade 8 hospitals on Eyre Peninsula, leaving only Port Lincoln and Whyalla with fully equipped regional hospitals. The District Council of Wudinna is investigating options to use their airstrip for 'fly in fly out' charters to Roxby Downs and Prominent Hill mines.

Tourism is a major growth area and opportunity for Eyre Peninsula. The region was rated the most visited destination in regional South Australia. However developing and improving the region's opportunities is contingent on the ability of the region to break down the cost and tyranny of distance. It is therefore crucial that the current regular passenger flights are retained and further developed. The introduction of regional jets opens up a range of new options and the provision of additional flights and alternative routes from Melbourne to Port Lincoln for example present a real opportunity to increase tourism numbers to the region.

Virgin Blue has expressed an interest in introducing a regional jet service to Port Lincoln as part of their recently announced EJet Program. The possible introduction of a regular jet service and the accompanying passenger and baggage screening requirements mean that additional space is needed. The District Council of Lower Eyre Peninsula is investigating possible options, including a new terminal. Council has indicated they have a broad strategy to enable this to happen and are planning to upgrade most of the airside facilities including the taxiway, apron and lighting this financial year. They have also included funding for concept plans for a terminal upgrade and intend to finalise a business plan for the airport to help them plan for future operations and development.

However, the benefits of a jet service is something the small rural District Council will have to consider carefully because the capital expenditure on a new or upgraded terminal, security equipment and recurring costs will be significant. Ceduna Council is also planning and costing an upgrade of their facilities and have been seeking financial assistance to build a new terminal.

These Councils can address the ongoing maintenance issues however funds for major new capital works to support growth in air services are extremely limited. Runway reseals, which are currently viewed as maintenance, should be viewed as capital works not maintenance as the cost is prohibitive for regional airports. Federal Government financial assistance would help ensure that regional airports can continue to provide the best service for their community and the travelling public by providing the necessary facilities to maintain regular commercial air services at an affordable cost.

If the Federal Government does not pay or assist with the necessary security measures then ultimately the cost will be passed on to the passengers through higher air fare or higher landing fees, thus putting further pressure on the viability of regional services. Passengers already have cost pressures of fuel and accommodations cost when leaving their homes to access the closest airport to visit Adelaide for health and education services. Airports can not become run down like the rail networks. Increased funding to local authorities through the Federal Assistance Grants (FAG) to ensure current airport infrastructure can be maintained and very importantly improved. This funding could be as tied grant, specifically for those airports which do not have the capacity to raise sufficient funds through airport charges.

The 2003 "Making Ends Meet" Inquiry reported that "The transfer of airports to local ownership has significantly reduced the pool of affordable expertise in airport operations and maintenance". In 2008 the shortage of suitable trained and experienced airport staff has reached such a significant

level that unplanned rescheduling or flight cancellations are occurring. In some instances airlines have cancelled routes due the pilot and other staff shortages.

It is pleasing to see the industry responding by provide pilot cadet programs. The Federal Government should consider introducing a “HECS” fee for pilots to help them and the industry with training costs. This in turn might encourage more flight training centres and I am sure many of the regional airports would see flight training as a potential business operation.

Aircraft maintenance engineers and air traffic controllers are also in short demand and incentives should be provided to assist young people pursue these careers. In regional areas trade skills are essential in keeping necessary infrastructure – airports, roads, utilities, etc – functioning for the benefit of the local community. Without the appropriate level of local expertise responsible for the safe and secure running of the airport, there would be not RPT services. The loss of an RPT service would have a devastating impact on the local economy and tourism, quite apart from community service obligations. Young people leaving high school need to be made aware of career paths in aviation industry.

Rural and regional airports are under various financial, community and legislative pressures to operate and improve their airports. All airport owners recognise that their airport is a significant community asset, which plays a crucial role in the sustainability and growth of their community. For many local council-owned and operated airports multi-skilling of their workforce is the only way they can meet all the necessary requirements and the introduction of aviation security regimes for all RPT airports has added another element.

Eyre Peninsula is currently experiencing significant mineral exploration. When mining commences local councils will face additional pressures as staff are attracted by the high wages offered by the industry making it difficult for local councils to retain their skilled workforce.

The introduction of Low Cost Carriers and other changes in the industry have changed the face of aviation. More people are choosing to fly because of affordable fares and many new routes are opening up. However traditionally regional fares have been high and remain so. A one way fare to and from Ceduna can range from \$160 to \$248 while Port Lincoln fare varies from \$107 to \$269 one way. Therefore Government assistance to help regional airlines and airport operators is important even as a social justice issue just to enable access to our capital city facilities and services by regional people.

The aviation industry faces challenges relating to fuel costs and green house gas emissions. Recently the increase in fuel costs has resulted in some routes being abandoned and older less efficient planes retired. More needs to be done to investigate alternate fuel options for airline industry. Today’s aircraft are up to 70% more fuel efficient than 40 years ago however there is more room for improvement and possibly alternate fuel sources. If every aircraft in the world was grounded, the impact on the global economy would be catastrophic. Any imposition of another layer of taxes by the Government for carbon or environmental offsets will result in significant additional costs and the industry will absorb or pass the cost on to consumers. As aviation has so many advantages compared to road and its carbon costs there will be little reduction in air travel just a higher cost on regional communities.

The provision of air services cannot be considered as a simple matter of supply and demand to any economy, regional or otherwise in the modern world. The enormous technological advantage aviation has over other forms of transport, especially in Australia, which lacks high speed land-based alternatives. With our vast distances the differences in travel times and access is significant when air travel is removed. Regions that are vibrant, diverse, tolerant and open-minded tend to attract high-skilled and well educated people. For the creative population of our successful regional cities, the maintenance of reasonable connections to the city is non-negotiable. Regional airports play a major role in the social well-being of regional communities and their future viability.

Small general aviation businesses are struggling and rising fuel prices and possible introduction of environmental off-sets will exacerbate their financial viability. Their small margins make it difficult for operators to plan and invest in replacement aircraft. It is equally difficult for small regional aviation airports to replace or upgrade inadequate infrastructure to meet the changing market and keep their landing fees as low as possible to ensure that the cost of air travel is kept as affordable as possible and not jeopardise their rate payers.

I ask that the Federal Government recognise that regional airports are vital to the sustainability and growth of local and state economies and provide an aviation fund as a means to assist regional airports to provide suitable facilities for regular passenger services. They are an integral part of the nation's transportation scheme and without the provision of timely and reliable access to and from major centres for government, tourism, medical, family, legal and commercial activities many regional and remote communities which would otherwise be severely isolated.

Yours sincerely,

A handwritten signature in black ink, reading "Liz Penfold". The signature is written in a cursive style with a large, prominent initial "L".

Mrs. Liz Penfold MP
Member for Flinders