



The Chartered Institute of  
Logistics & Transport

Australia

ABN: 47 367 894 930

22nd January 2009

Mr Stone



The Secretary  
Department of Infrastructure, Transport, Regional Development and Local  
Government  
GPO Box 594  
CANBERRA ACT 2601

Dear Sir

### **NATIONAL AVIATION POLICY GREEN PAPER**

I refer to the call for responses to the National Aviation Policy Green Paper. I am pleased to submit the following feed-back on behalf of The Chartered Institute of Logistics and Transport (CILTA).

The Chartered Institute of Logistics and Transport has the primary objective to assist government and industry in the development of the T&L industry. A particular focus is the professional development of people in the industry.

At the outset, the Federal Government is to be commended for taking the longer term view in planning for the development of the Australian Aviation industry.

There are a number of key issues which have been addressed – in particular:

1. Development of a National Strategy for Aviation
2. Safety as a Priority
3. Preparing for the necessary Work Skills
4. Security
5. Environmental Standards
6. Competition
7. Customer Service

#### ***1. Development of a National Strategy for Aviation***

The Green Paper recognises the need for the development of a National Aviation Security Training Program and for an Air Traffic Management Plan.

Mention is also made of the importance to be associated with the National Long Term Tourism Strategy. However, it is as important, indeed fundamental, to Aviation to have a National Long Term Strategy for Air services across Australia.

Patron: His Excellency Major General Michael Jeffrey AC CVO MC (Retd)  
Governor-General of The Commonwealth of Australia

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It is one thing to acknowledge the need for planning, but it is important to have a long-run strategy which is the basis for the action planning.

## **2. Safety as a Priority**

The Green Paper specifies that safety is the number one priority. Indeed, the future of the Aviation industry in Australia depends upon the real *and* perceived levels of safety. Moreover, safety must be seen as a measure applied to all operators across Australia.

Up until recently, Australian Airlines such as Qantas could boast a good safety record, but more recently with the incidence of a number of maintenance shortfalls involving Qantas, the public may well perceive that safety record to be in doubt. The general impression could be that cost reduction and higher profits have taken the priority one position.

One can understand the economies that may be obtained through outsourcing the aviation maintenance function to overseas groups where the cost of labour is significantly lower than Australia. However, you get what you pay for. As well, arm's length outsourcing brings with it the loss of control in the standard of maintenance – despite specified and documented standards.

Off-shoring is not a bad thing, but it must be measured in terms of the comparative opportunity. One such opportunity is for the aviation industry to utilise the existing resources of Australian companies.

There are companies in Australia that specialise in aviation maintenance. The comparative cost must include the ongoing quality of service. Moreover, there is the opportunity for local companies to reduce costs over time as a result of their specialisation.

Australian-based services provide jobs for Australians. This in itself has a significant economic benefit to Australia in terms of increasing consumption (via the multiplier effect) and providing the incentive for Australian-based companies to develop as they meet the increasing needs of Australian aviation.

Gone are the days of large in-house maintenance facilities. Airlines need to stick to their core business – and that is transporting people and goods in a safe, reliable and valued way.

## **3. Work Skills**

There is a recognised shortage of key work skills in transport and logistics in Australia (Transport and Logistics Industry Strategy – 2008). In the aviation industry current shortages occur particularly in Pilots and Flight Instructors, Air Traffic Controllers and various engineering classifications.

It is important that the industry be in a position to measure the extent of the shortage now and into the future before developing strategies to meet the skills requirements.

This requires one to measure the current workforce by classification of skills and then estimate the workforce requirements (by classification) over the next 5 years.

By doing this one can estimate the *demand* (number of jobs required) against the required *supply* of those skills over time. In turn, this data enables one to measure the “gap” between the demand and supply and to develop practical strategies to bridge this gap over time.

The Australasian Railway Association recently completed a similar exercise for Railways. The Australian Logistics Council is currently undertaking data collection for key positions in the T&L industry.

**4. *Security***

Following the 9/11 catastrophe all international airlines have taken action to strengthen security at airports and in the process of travel.

In Australia, domestic airlines have also strengthened security measures, however, these measures apply only to mainline corridor services. No similar security measures apply to Regional Services.

It should not be a matter of the cost of having such measures; more relevant is the potentially high cost of not providing adequate and comprehensive security coverage across the Australian aviation industry.

**5. *Environmental Safeguards***

The Green Paper states that the aviation industry accounts for approximately 2% of global emissions.

Whilst this proportion does not carry much weight in the total perspective, it is important that the industry establish a structure pathway to gradually reducing emissions.

The Green Paper mentions that a key measure in reducing emissions will be the Carbon Pollution Reduction Scheme (CPRS). This is but the start and industry in Australia (aviation included) needs to work towards improving their own lot beyond the arrangements proposed in the CPRS.

**6. *Competition***

Competition leads to improved levels of service and market-based pricing.

Because of Australia’s isolation, however, there is a need to have some protection against competition that could adversely affect the viability of Australia’s international aviation industry. Mind you, similar to tariffs, Australia should see these guards as short-term and in the longer run be in a position to compete on open grounds.

The domestic airlines are a separate matter with history showing that in Australia and overseas, low-cost airlines are here to stay. In fact, since the introduction of lower air fares in the early 1990s, the number of people travelling by air has increased markedly.

More to the point, since the introduction of lower air fares, there has been a higher demand for travel per se. Simply put lower air fares have induced travel that may have not been undertaken.

7. ***Customer Service***

This subject is not covered in the Green Paper but quality customer service is fundamental to good business. In the past few years the service to the customer offered by Australian airlines has deteriorated.


What has happened is that the corporate emphasis is more focussed on reduced costs and higher profits and this has led to a reduction in service levels, particularly on domestic services. Airlines may argue that low-cost fares have something to do with it but that should not translate to poor customer service

The main contention is late running of domestic services particularly. Domestic planes are regularly late (on departure and arrival) with an on-time performance of approximately 70%. This poor record of reliability is not tolerated in any other form of passenger transport in Australia. One must ask the question "How do the airlines get away with it?"

The situation is about cost reduction. Eliminating standby staff and craft has led to a situation (on tight turnaround) that if one service runs late all subsequent services are affected.

Please contact me directly if you have any inquiries.

Yours sincerely



L.J. HARPER  
Executive Director