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→ Mr. Stone 3/2

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Aviation Green Paper
Department of Infrastructure, Transport,
Regional Development & Local Government
GPO Box 594
Canberra, ACT 2601



Dear Minister

I write this response in respect to the National Aviation Policy Green Paper published in December 2008.

To me the authors of the Green Paper have missed an enormous opportunity to look at aviation as a driver of regional development. The document as drafted will in my view continue to encourage an environment where international air services consolidate into the major ports. While this may suit the four major international airports and airlines with a strong focus on business travel and freight it does little to encourage new players with a greater focus on the leisure traveller while at the same time utilising aviation as a means to assist regional development. To the tourism industry, direct or secondary port access is essential. There is no substitute in the competitive international market we find ourselves. From a regional development perspective reviewing the aviation policy provides the government an opportunity to stimulate growth and prosperity for a number of significant regional communities particularly those that rely on tourism - that must benefit Australia as a whole.

I do believe the government needs to be prepared to consider solutions to regional regulatory issues on a case-by-case basis and not issue an outright rejection of opportunities that could result in a regional and national benefit. I believe the current Green Paper has failed to address problems with the current policy that has to date failed regional airports and communities.

In the case of Cairns, air services are critical to the sustained development of our region, not just for tourism but also for other sectors of our local economy including education, mining and health services. Regrettably, due to the failure of past policy to evolve with a changing industry, regional airports such as Cairns currently face considerable challenges in maintaining (let alone expanding) air access.

As a primarily leisure based destination, Cairns provides a much lower yield for airlines compared to metropolitan airports. This is particularly the case for international carriers where in recent years Cairns has experienced a significant decline in the number of airlines servicing the city. International air capacity into Cairns from its primary Japanese market declined by two thirds in December 2008 alone, but this is just the latest in a long and steady decline going back more than a decade.

The Green Paper I believe fails to adequately address this problem or deliver anything of substantial value to Australian regional airports. It recognises that the current regional package has not worked but puts forward no significant alternatives. Despite the Federal Government working on a strategic approach to economic development in regional Australia the Aviation Green Paper has missed the opportunity to make a connection between a supportive policy framework for regional airports and economic development.

To achieve this the Australian Government needs to develop a policy framework for Aviation in Australia that ensures major regional airports are in a position where they are more attractive to international business.

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I believe the following three options would provide incentives for airlines to operate international routes to regional airports:

1. Offering 'beyond rights' capacity to international airlines on flights operated out of regional airports.
2. Triangulation rights with a major airport could increase the number of services to regional airports.
3. Australian carriers holding an Australian Air Operators Certificate irrespective of principle place of business or ownership should be permitted to operate international air services to and from major regional airports.

As indicated earlier, regional development in Cairns and Tropical North Queensland is reliant on a successful tourism industry, which in turn given our location is totally reliant on aviation. The ability of international tourists to gain direct access to several specific regional centres is pivotal to the economic well being of those economies. To the extent that the present commercial bias and broader competitive imbalance favours major gateways over regional airports, I believe governments have an opportunity to initiate policy responses on the grounds of regional development.

There is an apparent error on page 110 of the Green Paper where it is stated that low cost carriers are seeking out low cost regional airports. I am advised in Australia our regional airports (such as Cairns) are in fact lumbered with higher costs due significantly to Federal Government pricing policy.

From a Cairns perspective the Green Paper is disappointing as it rejected or remained silent on all regulatory issues raised by our tourism association TTNQ and Cairns Airports in their submission. It has delivered a 'status quo' outcome that will continue to deliver an approach that has for many years failed regional economies.

Rather than close the door on all of the initiatives that were put forward by TTNQ and Cairns Airports. I believe the government needs to examine air access initiatives on a case by case basis with the outcome based on the best outcome for Australia having due consideration for benefits to regional communities.

Yours sincerely

Tony Baker
Managing Director
Quicksilver Group

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