



RAAA Response to the National Aviation Policy Green Paper

The RAAA and its Members

The Regional Aviation Association of Australia (RAAA) was formed in 1980 as the Regional Airlines Association of Australia to protect, represent and promote the combined interests of its regional airline members and regional aviation throughout Australia.

The Association changed its name in July 2001 to the Regional Aviation Association of Australia and widened its charter to include a range of membership, including regional airlines, charter and aerial work operators, and the businesses that support them.

The RAAA has 26 Ordinary Members (AOC holders) and 47 Associate/Affiliate Members. A list of RAAA members is attached to this submission. The RAAA's AOC members directly employ over 2,500 Australians, many in regional areas. On an annual basis, the RAAA's AOC members jointly turnover more than \$1b, carry well in excess of 2 million passengers and move over 23 million kilograms of freight¹.

RAAA members operate in all States and Territories and include airlines, airports, engineering and flight training companies, finance and insurance companies and government entities. Many of RAAA's members operate successful and growing businesses providing employment and economic sustainability within regional areas.

Some examples of RAAA members' significant presence in regional Australia is the REX hub in Wagga Wagga, Sharp Aviation in Hamilton, Australian Wings Academy at Gunnedah, Airnorth's Northern Territory network, West Wing Aviation in Mt Isa and Skytrans operations from Cairns, to name a few.

Many of the fly in/fly out operations for the mining sector are flown by RAAA members. These members are providing a vital service to an industry sector that still underpins the Australian economy.

1. These figures do not reflect members that conduct specialist operations such as the Royal Flying Doctor Service.

Members such as Basair, Australian Wings Academy, Sharp Aviation, Rex and Brindabella Airlines have established flying schools to cater for increasing demand for commercial pilots. Other members, such as Aviation Australia and Alliance Airlines have first-rate apprenticeship programmes and are continuously developing their engineering training courses to ensure that their new engineers receive up to the minute training.

RAAA Charter

The RAAA's Charter is to promote a viable regional aviation industry. To meet this goal the RAAA:

- promotes the regional aviation industry and its benefits to Australian transport, tourism and the economy among government and regulatory policy makers;
- lobbies on behalf of the regional aviation industry and its members;
- contributes to government and regulatory authority policy processes and formulation to enable its members to have input into policies and decisions that may affect their businesses;
- encourages high standards of professional conduct by its members; and
- provides a forum for formal and informal professional development and information sharing.

The RAAA provides wide representation for the regional aviation industry by direct lobbying of Ministers and senior officials, through parliamentary submissions, personal contact and by ongoing, active participation in a number of consultative forums.

Issues

The sixteen priority areas identified by Government in the Green Paper are general goals that the RAAA supports. However, the RAAA proposes that they be expanded to include a focus on increased aviation research and development, as well as support for growth in aviation manufacturing capability.

It is important that the construction of Australia's first national aviation policy is not simply a mapping exercise or a statement of high level intent but a serious attempt to chart a course for the future of aviation. It is also important to co-opt those who need to participate to achieve the policy's objectives.

Aviation is an international industry and Australia has an opportunity to regain its place as an air-minded, technologically innovative country if the correct policy settings are applied.

This paper does not repeat all of the points raised in the response to the 2008 discussion paper except where it is necessary to emphasise ongoing challenges for the regional industry or to reinforce emerging new challenges.

The regional aviation industry is taking the development of a national aviation policy very seriously. The opportunity cannot be lost in 'motherhood' statements or by the setting of unrealistic goals. Future generations will assess the success or otherwise of the policy by the simplicity and achievability of the outcomes.

Australia is traditionally a first mover in the use of new technology and has access to modern aviation products. However, in the aviation field, Australia can be more than simply a consumer of aviation products. We should be looking to develop industries and add value in areas such as pilot/ engineer/ cabin crew training, avionics, UAVs, fuel technology, engines, sub-assemblies, ATM systems, aviation management, airport development and security analysis to name just a few. The efforts of existing businesses in these areas can be enhanced and supported by coordinated Government policy leading to further employment opportunities and increased capital spending in all states and territories.

The government's interest in air freight to regional businesses is noted and encouraged. Air freight links regional businesses domestically and internationally. RAAA members are keen to work with government to further develop Australia's air freight networks. The growth of more sophisticated, dispersed air freight infrastructure will assist Australia's recovery from the current downturn.

Regional and remote Australia relies on safe, reliable aviation transport like few other nations. The decline in the number of airports being serviced by RPT, from 278 in 1984 to 170 in 2005, is a worrying trend. If Australia is to develop its regional areas and build industries to grow wealth then a modern, efficient and expanding aviation industry and network is essential. This can be achieved if the private sector and government work in partnership to provide essential aviation services to regional Australia.

Government Policies, Services and Charges

CASA

CASA, AsA, ATSB and the Department of Infrastructure, Transport, Regional Development and Local Government all provide important services regulating and supporting the aviation industry.

However, CASA could play a more active role in fostering and promoting the industry in parallel with its regulatory and safety responsibilities. These dual roles work well in Europe and the USA with the FAA, in particular, underpinning and developing a just safety culture across all forms of aviation. The FAA communicates and interacts frequently with industry and appears responsive to industry concerns. Aviation participants are encouraged to admit mistakes and are not punished for these admissions.

Contrast this with the CASA point-penalty system - a system that could silence mistake admissions, and kill the chance of a just safety culture developing within Australia. Penalising people for honest mistakes is not consistent with a sound aviation safety system. In the long run, encouraging admissions will save lives and therefore the points penalty system should be scrapped, in order to build a new just safety culture across the whole industry, public and private sectors included. Such a culture is already promoted in SMS development and audits. The protection under the Civil Aviation Act of one mistake in five years is small comfort for busy individuals working on different aircraft types or who fly hundreds of hours per year. Of course, this issue is different to habitual reckless or negligent behavior which may require an enforcement response.

The RAAA and its members support public consultation on CASA proposals. However industry consultation must be brought to a close. The industry is very pleased that the government has set a final deadline for the current regulatory process which has been ongoing for 25 years. The delay in the process has resulted in a loss of confidence within the industry so it is important that the government's commitment to finalise the reform process is met.

Whilst there may be drafting challenges, the government must ensure that the necessary resources are allocated to meet the deadlines. The government deadline is achievable and supported by industry. The bottleneck that has occurred previously between agencies may need to be addressed at ministerial level.

It should be noted that New Zealand developed a full set of new aviation regulations in three years. Should Australia consider adopting the New Zealand model or at least how they achieved their timeline?

Another issue of concern is the need to increase the consistency of decision making across CASA offices. Industry feedback highlights concerns about the consistency of decisions across CASA offices for the same or very similar set of circumstances. While some variability is expected it has reached levels that may require further investigation by CASA management.

A NEW TRANSPORT DEPARTMENT?

Aviation policy is developed within the transport area of an already complex bureaucracy. The current Department of Infrastructure, Transport, Regional Development and Local Government is simply too large for aviation policy to receive the focus it deserves.

As a minimum there should be a separate Department of Transport so that aviation policy can play a significant role and have a Minister who can focus on transport solely. Aviation has, in the past, had its own federal department and a dedicated minister but is now regarded as an adjunct to other important policy areas. Whilst this is not a criticism of the current minister it is an acknowledgement that he has been set an almost impossible task given the size of his current portfolio. It is ironic that while other countries have expanded their government support for aviation at a time of rapid growth in aviation internationally, Australia appears to have reduced its aviation focus.

GOVERNMENT CHARGES

It is timely to review Airservices and CASA charges. These charges are imposed by monopoly government suppliers who are not subject, in any way, to market forces. The large amount of administration that surrounds the recovery of these charges as well as the arbitrary way in which hourly rates and other charges are set does not fill the industry with confidence and adds unnecessarily to tension between agencies and the industry.

In its 2006 report on the Review of the Price Regulation of Airport Services, the Productivity Commission noted the number of government agencies providing services at airports and that “total charges for providing these services are greater than those for airport-provided aeronautical services”. In 2005-06 over \$1b was collected by government providers from airport users. These are the costs to industry of only airport related services. They do not include the myriad of other charges for non-airport services.

The CASA charges appear to be particularly arbitrary. There have been a number of instances where significant charges have been reduced on complaint from the operator. While downward charging flexibility is encouraged such charging behaviour lessens overall confidence in the CASA charging regime.

The RAAA would support a benchmarking process being undertaken to ensure that government agency charges and services are at least consistent with levels and standards in other developed markets and countries.

AIRSERVICES AUSTRALIA

It may be difficult to dismantle the Airservices’ charging regime but it is worth asking whether the current model is the most appropriate given it is also a government owned monopoly. It is subject to the same lack of market discipline and influence as CASA.

In addition, the industry’s confidence has been shaken by the regular disputes that seem to occur between management and air traffic controllers whenever the certified agreement is up for its three year renewal. There has to be a better way to manage these industrial negotiations than bringing the ATM system to the brink of collapse every three years. The protagonists continue to get paid no matter how long the dispute drags on while the industry must suffer directly any financial consequences of delayed or canceled flights.

These regular disputes are harming the industry and causing doubts in the minds of our major trading partners. Air traffic services are essential to Australia's economy as well as our towns and should be protected by legislation. Air traffic controllers could fall under essential services laws, be paid accordingly, and trade off any ability to disrupt vital aviation routes.

SECURITY

On the security front, the RAAA understands the significant role that the Office of Transport Security (OTS) plays in mitigating terror threats against Australian citizens. The industry supports ongoing discussions with industry to ensure that any proposed security measures do not impose oppressive costs on regional operators. The RAAA is encouraged by the dialogue around the trigger points for checked bag screening (CBS) on jet and larger turbo-prop aircraft.

While an MTOW lower limit is one option, the RAAA recommends that 60 seats and above be used as the level at which CBS is imposed. This would capture most passenger jets and the new, larger turbo-props but not impose unjustifiable extra costs on smaller regional aircraft. OTS needs to consider this point carefully because setting the bar to capture medium sized turbo props could have serious business consequences for those operators, given that they have a lesser ability to disperse costs across their passenger loads.

It is important that detailed risk assessment regarding any threat is undertaken before further security costs are imposed on the industry. In the current economic downturn this analysis and the possible economic effect of new security measures has never been more important. It is the RAAA's belief that little specific threat analysis has gone into each regional destination that is captured by significant security imposts. OTS seems to have used a one size fits all approach which has potentially left some airports under-secured and others over-secured with resultant unsustainable costs to regional aviation.

Aviation is highly regulated and monitored by government. It is incumbent on government agencies to understand the effect that new regulations or security requirements will have on operators and aviation businesses. It is clear that policies are often developed in isolation from business realities. While the separate roles of the agencies is understood, it is usually up to the operators and businesses to understand and integrate any policy changes. The consequences of regulations and decisions must be fully analysed and coordinated by government agencies first.

Government officers make it clear that business concerns are not their first priority. Whilst the industry understands this, it must be balanced with a clear understanding of the importance of business issues to the industry. Aviation bureaucracies exist to serve the travelling public and the industry.

Air Traffic Management and ADS-B

For some years the industry has been discussing the benefits of ADS-B, particularly if it is linked to vertical guidance, and if necessary, supported by wide area augmentation.

The topic is important to regional operators as the vertical guidance aspect of ADS-B would provide ILS type approaches into most registered airfields. This is a significant enhancement to aviation safety in regional and remote areas.

The supporting satellite systems are available now and an almost identical system is operating across the USA. The technical expertise resides within CASA and Airservices Australia to implement the system. All that is required is the political will and the appropriate finance.

The industry is keen to continue to support the implementation of such a system but must see some movement from government. This state of the art approach- technology is in danger of taking the same path as the regulatory reform process, ie years of discussions followed by years of inaction.

Airport Privatisation

The decision to sell major gateway airports to private interests has been a problematic. It should be revisited and some of the negative consequences ameliorated. These airports are part of the national transport infrastructure and it has not been in the public interest to create domestic monopolies that have the potential to hold operators and tenants to ransom. While there are some protections under the Trade Practices Act most operators/tenants do not have the means to conduct protracted legal disputes with the large consortia that control these airports. All parties are well aware of this imbalance in power.

The government may wish to repurchase a stake in the major airports to reinforce the public interest aspects of these important pieces of national infrastructure and mitigate monopoly behaviour. Having the federal government on the board of the airport may curb predatory or draconian business practices. The government may also wish to enforce more rigorously the public interest clauses in the airport's leases to ensure that all businesses have reasonable access to the airport's facilities. The government should consider making public the terms of these leases and engaging more broadly, including with industry, in the lease review process.

There have been a number of circumstances where long-standing successful businesses have been forced to move from airports after being presented with unreasonable terms by the new airport owners. As mentioned some businesses would need to risk a large proportion of their funds to take action, and therefore make the decision not to proceed. Government support for these legal tests would send a message to the major airports that sharp practice or unconscionable behavior will be scrutinised.

It is reasonable to re-include Darwin and Canberra Airports in the airport pricing and service oversight regime administered by the ACCC. These airports are an important part of the national aviation infrastructure and it appears unusual that they enjoy less ACCC oversight than the other major airports. These airports were covered in the original oversight policy but were unexpectedly removed following the Productivity Commission review. However, the PC has some difficulty with the question, finding the issue 'finely balanced' in respect of Canberra Airport.

A monopoly will usually act to maximise the benefits of its position and major airport owners are no different. The ACCC is often asked to redress this imbalance but the current situation is the result of poorly designed government policy that established privately owned aviation monopolies. This change was not in the public's long-term interests except for a short-term, albeit substantial, financial gain to the government. A monopoly also existed when the government owned the major airports but at least there was a clear requirement to act in the public interest. That requirement has been very much diluted. While not ideal, the current situation is a direct result of the privatisation policy with airport owners primarily focused on shareholder returns.

Regional airports owned by local councils have sometimes fared better given the council's interest in attracting businesses and some healthy public/private partnerships have occurred. There are now numerous examples of councils and the private sector working in partnership to improve their local airport. These improvements are creating regional jobs and possibilities for local young people. In a regional context the importance of job creation should not be underestimated.

Very remote airports should attract more government support. By any test these are vital pieces of infrastructure for the towns and communities they serve, as well as providing vital infrastructure that gives access to remote Australia. They must not be forgotten during the development of national aviation policy.

Aviation Training

RAAA members have carried a disproportionate load with respect to pilot and engineer training including the loss of recently trained personnel to other carriers in times of high demand for these skills. While the larger carriers were once net suppliers of skilled labour to industry today the large companies tend to harvest labour from the smaller operators. This has been and will be a significant mitigating factor affecting the growth of regional aviation. This is a reason given by smaller companies for not hiring apprentices. CASA's proposed B3 licence may address this point partially and should be given priority.

The RAAA suggests the following;

1. Given the ongoing shortage of pilots and instructors, the government decision to make VET Fee Help assistance available, is welcome. Even with current softening of employment there is an urgent need to train the flight crew the industry will need in the medium term. Given this concept is a loan scheme which is repaid with interest, it is the RAAA's view that the scheme is a timely and prudent investment in skills that will add significantly to the growth of the national economy.
2. However, the VET Fee Help and other types of government assistance have not been able to be readily accessed by students and industry players. The assistance is mired in red-tape and bureaucratic entry barriers that actively discourage aviation training businesses from fully exploiting the potential of the programmes on offer. From an aviation standpoint the schemes seem designed to advantage the tertiary education sector rather meeting industry needs. In addition overly complex entry requirements for CASA registered flying schools to become RTOs and CRICOS providers have dissuaded a number of established businesses from taking advantage of domestic and international demand for new flight crew.
3. Part of the problem is that in order to access the assistance for flight training, the industry has to rework its training programmes and systems rather than having a straightforward acceptance of the current ICAO/CASA endorsed curriculum.

Aviation is an international industry and Australia should be promoting itself as open for business to train students across all the aviation disciplines. With respect to flying training Australia has considerable market advantages including a large selection of excellent flying schools, good weather and large amounts of unrestricted airspace. There is no reason why Australia, with the correct policy settings and public/private partnerships, could not lead the world in professional pilot and technical training.

In addition Australia has high quality VET providers that offer a wide range of aviation engineering, management and cabin crew courses. These leading institutions already provide Australia with a considerable market advantage.

4. encourage the early introduction by CASA of the proposed new licensing arrangements for aircraft engineers, including gaining mutual recognition with the European regulator (EASA) and other regulatory authorities.

Research and development, Manufacturing

Australia has lost ground as a designer and manufacturer of aviation products, albeit with the notable exception of smaller utility aircraft, UAVs, light sport aircraft/engines and avionics. These areas of development should not be underestimated and have to an extent maintained Australia's development credentials.

It does not make sense for Australia to attempt to become a large aircraft manufacturer but there are many niche markets within which Australia could excel eg avionics, sub-assemblies, bio-fuels, specialist airframes and interiors to name a few. There is no reason why these industries could not grow and provide employment in regional areas, similar to the successful Gippsland Aeronautics (La Trobe Valley), as well as Jabiru and Microair in Bundaberg.

Canada, Brazil and Spain have successful regionally based aviation industries that, in partnership with their respective governments, export high quality products world-wide. Even in a looming recession these countries continue to develop their aviation markets. If Australia had a comparable vision and strong aviation champions within its own government there is no reason why this country could not compete in a market that will continue to grow for the foreseeable future, particularly as large countries such as China and India foster their middle-class.

Regional Aviation

Demand for regional aviation services is growing but the growth is not even. While growth during the 1980's and 1990's was less than 1.5% per year (less than the rate of economic activity), some growth rates over recent times have improved. It is noted that the BITRE statistics skew significantly the real regional aviation picture because they include Jetstar, Virgin and Tiger operations into larger regional centres operating large A320 and B737 aircraft. If these aircraft are excluded from statistics the picture is quite different.

In real terms many rural and remote towns have lost or had their regional air services significantly reduced. Operators to these smaller centres run on very tight margins and are coping with significantly increased fuel, airport, security, operational costs as well as escalating government charges, in particular, CASA service charges. In the last three years at least 7 regional airlines have ceased operations due to this demanding environment causing a loss or disruption of service to a significant number of towns..

Government policies with respect to climate change will also have industry-wide ramifications and must be backed by rigorous, independent research and not interest-group lobbying. The RAAA asks that given the difficult economic conditions likely to prevail over the next three years, can Australia afford an ETS? The environment must be protected but does it require an ETS to do it? Given that aviation is always trying to use fuel more efficiently, the imposition of an ETS is simply a dead weight tax on the industry. The application of the ETS on aviation will not reduce aviation emissions at all. It is noted that the aviation industry contributes 1% to the nation's carbon emissions.

It is imperative that regional aviation is seen in the same light as health, education, telecommunications, rail, port and road services, that is, essential parts of the national infrastructure. For this view to become reality governments, federal and state, need to maintain their understanding of the essential economic and community support role played by regional aviation.

Caveats on the above are the fluctuating cost of fuel and an inefficient regulatory regime. The regional aviation industry has little or no control over these variables and must pass on most of the cost to its customers. If fuel costs, excessive regulatory and security charges continue to rise at the current rate it could have a significant effect on passenger demand as a result of higher ticket prices. Government can assist measurably by reviewing taxes and regulated charges to ensure that there are not unnecessary or arbitrary charges on the aviation industry.

Regional Aviation Policy

Aviation services are a vitally important part of the national infrastructure. Many rural communities depend on air services for their social and economic wellbeing. Regional aviation is a means of transport to and from far-flung places and is critically important to delivering the workforce to the mining industry, a key driver of Australia's strong economic results over the last decade. Regional aviation is also a link to metropolitan centres and the important services required by people living in regional and rural communities such as medi-vac, health, education, telecommunications and financial services.

The RAAA believes that all Australians regardless of their home location, should have a reasonable degree of access to the services necessary for their social and economic well-being. Distance, road conditions, weather and the small size of many regional and remote communities all conspire to limit true equity of access in keeping with services available to those living in metropolitan areas. Nevertheless, it is critical that regional and remote Australians have reasonable access to at least the major centres and vice versa. For many people based in regional and remote areas, regional aviation services (of various kinds) are frequently the **only** practical means of gaining access to their markets and essential services. This being the case, regional aviation services are an essential part of the national infrastructure.

Regional and remote areas are continually experiencing demographic change. There has been significant growth within mining areas as well as coastal regional areas that are supporting increasing tourist numbers. At the same time there has been a population shift to larger centres such as Dubbo, Wagga Wagga and Hervey Bay – often at the expense of smaller towns.

Reasonable levels of infrastructure allow regional economies to develop and grow. An investment by government and business in infrastructure and services can support this change and even act as a catalyst to the local economy and enterprises.

Whilst there have in the past been a number of welcome and targeted policy measures and responses provided for regional aviation by government, a more structured, cohesive and national approach to policy making will be of benefit.

The RAAA supports the notion that the Australian Government policy focus for regional aviation should facilitate the best possible level of sustainable air services within a market based framework and encourage a strong, safe and viable regional network of air services. The RAAA supports policy settings that recognise the industry must be largely self-sustaining and that permit the market itself to determine optimal service levels.

It must be recognised however that government support for regional aviation has been significantly underfunded compared to other areas of transport. While regional aviation has received a paltry \$5.7m in enroute subsidies, over the same period, rail transport has received over \$400m in government subsidies.

Government enjoyed enormous financial windfalls from the sale of Qantas and the FAC airports and yet has re-invested very little of those funds in regional aviation, or in aviation in general. It needs to be again emphasised that the government made handsome profits from sales of airports, airports that had been improved by long term-lease holders and sold without any financial recognition of these improvements and very little re-investment in regional aviation.

Many regional airports were gifted to local government by the Commonwealth with some funding attached to help with servicing and upgrade requirements. By and large Councils have absorbed this money and now often regard the airport as a source of revenue or an investment that must make a return rather than as an important piece of public transport infrastructure. This may be applicable to larger regional communities whereas smaller ones often struggle with the financial aspects of maintaining a regional airport. It is noted that the government does provide some support to identified remote airports.

Clearly, there are areas within regional and remote Australia that cannot sustain aviation services and yet rely on such services for their well being. Market forces have necessitated industry adaption to the reality of shrinking populations in some areas with the result being the loss of air services to the smaller communities at the rate of approximately five services per year.

There remains a significant role for government where the market cannot effectively operate and, where appropriate, various types of assistance being provided to ensure that regional air services are maintained.

As demographic shifts occur, an ongoing challenge for government is to determine what level of service should be maintained and where assistance may be required.

Whilst regional areas cannot always expect metropolitan levels of infrastructure and services, it is the responsibility of government to ensure that there is adequate infrastructure provided to support **all** Australian communities – including those in regional and remote areas. By supporting people to relocate, remain and thrive in regional centres and towns, government can ameliorate the adverse effects of rapidly growing metropolitan populations placing adverse pressure on road, water storage, power and sewerage systems. It is in the national interest to ensure that there is a sustainable population balance between major cities and regional centres. Regional aviation can assist in achieving this goal.

A regional aviation policy must recognise regional Australia is constantly changing. Larger regional centres are expanding at the expense of smaller towns. New communities are developing around mining activities. While some areas will always be fly in-fly out other communities such as Roxby Downs, SA, have become permanent and developing towns. Regional aviation is playing an essential role in the further development of these new communities.

A regional aviation policy must also recognise the changes occurring in the structure of the regional aviation market – for example, the ongoing effect of the collapse of Ansett and the introduction of low cost carriers onto major trunk routes and, increasingly, some larger regional routes.

A regional aviation policy must sit within the broader policy framework – including policies focused on infrastructure, transport and regional development. The RAAA notes Minister Albanese’s Regional Development Australia policy and the Australian Government’s overall commitment to supporting regional Australia. The Government has also committed to the ongoing development of Australia’s infrastructure with the creation of Infrastructure Australia and substantial Budget funding for key infrastructure priorities for the future. Regional aviation can support the development and delivery of a broad range of national infrastructure initiatives.

It is noted with disappointment that the recent priority list released by Infrastructure Australia contained only one aviation specific project out of 94 recommendations.

State and Territory governments have important roles to play in an aviation policy but the Federal government can have the greatest impact on aviation, since the Federal government regulates aviation as a whole and can respond to and facilitate the industry within a national framework. More and more, regional aviation companies are operating across state borders. 80% of RAAA members operate in more than one state. National aviation policies need to reflect this reality and encourage further inter-state aviation growth. It may be timely to place all aviation policy under the federal government given the highly mobile, inter-state nature of the regional industry.

While a successful aviation policy environment requires the collaboration and cooperation of Federal, State and local governments, the Australian Government should have a vision to foster and sustain the regional aviation industry as a subset of a coordinated aviation, transport, regional development and infrastructure policy.

The RAAA welcomes and supports the Rudd government’s proposal to develop a National Aviation Policy.

Key Issues of concern to RAAA Members

In September 2006 the RAAA set out a series of proposals in its 'Blueprint for Recovery' which was shared with industry and government. Following on from that work, the RAAA sees the key issues facing regional aviation as:

- The emerging recession and its impact on regional aviation
- Workforce issues – ongoing supply of pilots, engineers and air traffic controllers
- Climate Change challenges and potential imposed costs
- The high cost of security, regulatory and air traffic services
- Ageing aircraft
- Access to finance
- Tax system disincentives to capital purchases
- A modern, settled ATM system
- Rising fuel costs

Where upgrading of aircraft is an option, there are, however, a number of disincentives, including:

- liability for capital gains tax (CGT) on sale of aircraft in preparation for upgrading;
- low depreciation rate; and
- CASA delays in approving new aircraft for inclusion onto an Operator's AOC due to 'lack of resources' or 'conflicting priorities'.

The RAAA recommends the removal of the liability for CGT for aircraft disposed of as part of an upgrade, and the introduction of accelerated depreciation of new or less old aircraft being used for RPT and charter operations to encourage upgrading to better aircraft with their attendant advantages in relation to level of service, safety and environmental impact.

The RAAA also recommends that CASA be required to process an application for inclusion of a new aircraft onto an Operator's AOC within a reasonable time frame – no longer than three months. This may require additional resourcing for CASA or a reallocation of resources but is a key issue for industry which bears the cost of delays while CASA responds within its own timeframe.

Summary

As noted above, the RAAA provided an extensive response to the Government's 2008 Aviation Discussion Paper. It is yet to be seen whether these ideas will find their way into the White Paper.

The government needs to understand how seriously the development of the White Paper is being taken by the industry. If the result is a mapping exercise with vague goals it will disappoint all in the industry. If the result is a realistic blue-print for the next 10-20 years the government will find many willing partners amongst industry. The heavy lifting will be done by the industry but it is imperative that the industry understands the government's vision for Australia's aviation future.

As technology advances, regional aviation will become the dominant transport mode to regional and remote Australia. A strong partnership must grow between the regional aviation industry and government to ensure that Australia continues to develop its natural resources, and supplies towns and communities with the goods and services that will underpin their success.

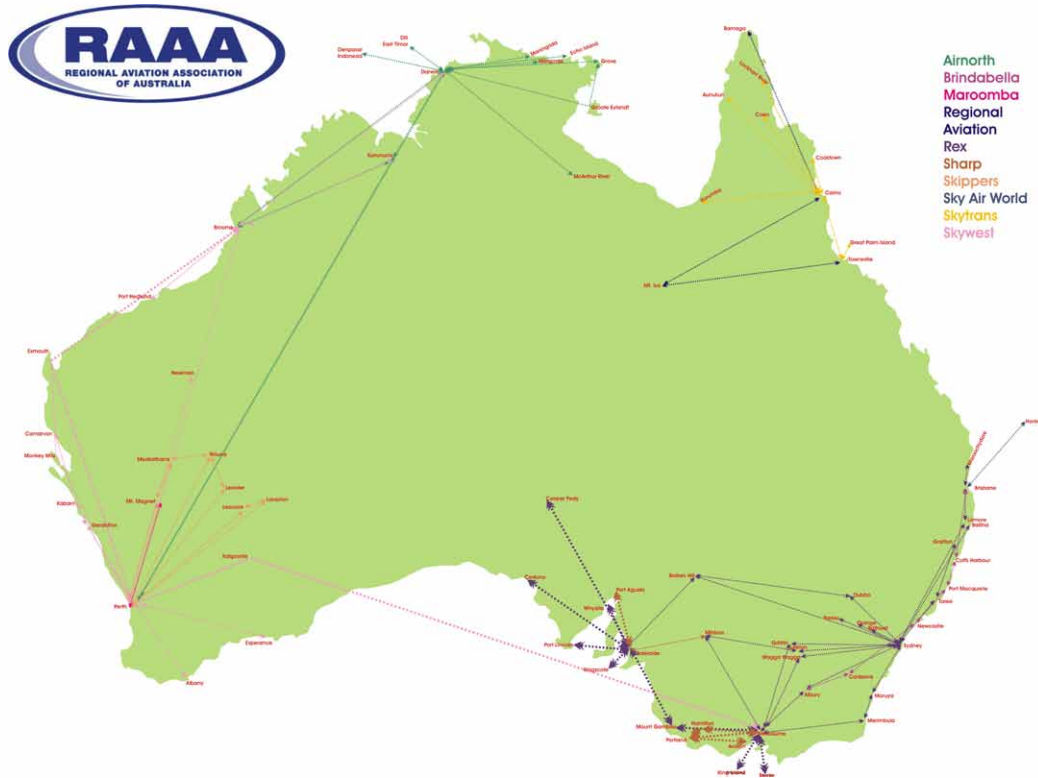
Aviation is an industry of the future as well as the present. Australia needs to decide now what role it will play.

Paul Tyrrell
Chief Executive Officer
RAAA

RAAA Membership List

Ordinary Members	Associate Members	Affiliate Members
<ol style="list-style-type: none"> 1. Air Link Pty Ltd 2. Airnorth Regional 3. Air Resources Australia Pty Ltd 4. Alliance Airlines Pty Ltd 5. Australian Wings Academy Pty Ltd 6. Basair Australia Pty Ltd 7. Brindabella Airlines Pty Ltd 8. Complete Aviation Services 9. Corporate Air 10. General Aviation Management (GAM) - (Stewart Aviation) 11. Toll Aviation (prev. Jetcraft) 12. Macair 13. Maroomba Airlines 14. Regional Express (REX) 15. Regional Pacific Airlines 16. RFDS - Central Operations 17. RFDS - Qld Section 18. RFDS - SE Section 19. RFDS - Western Operations 20. Rossair Charter 21. Sharp Aviation 22. Skippers Aviation 23. SkyAirWorld 24. Skytrans 25. Skywest Airlines 26. University Of SA Aviation Academy 27. West Wing Aviation 	<ol style="list-style-type: none"> 1. Aero Enterprises Pty Ltd 2. Aeromil (Australia) Ltd 3. Air BP 4. Aircraft Equipment Overhauls and Sales (NSW) Pty Ltd 5. Airline Technical Services Pty Ltd 6. AirServices Australia 7. Ansett Flight Simulator Centre 8. Aon Aviation 9. Ascend Asia Pacific (prev. Willis Aerospace (Pacific)) 10. ATR Avions de Transport Regional 11. Australian Maritime Systems 12. Australian Transport Safety Bureau 13. Aviation Australia 14. Aviation Development Australia Ltd 15. BAE Systems Regional Aircraft 16. Bombardier Regional Aircraft 17. Broome International Airport 18. Capital Finance 19. Civil Aviation Training Academy 20. Complete Avionics Pty Ltd 21. Embraer Australia 22. GE Aviation Systems Australia Pty Ltd (Previously Smiths Aerospace/a Chapman Avionics) 23. Goodrich Control Systems 24. Hawker Pacific Pty Ltd 25. IFS 26. Interconnect Systems Pty Ltd 27. Jeppesen Australasia 28. Lea Insurance Brokers 29. Lufthansa A.E.R.O. Gmbh 30. Macdonald Technologies 31. Macquarie Airfinance 32. Marsh Aviation Services 33. Michelin Australia Pty Ltd 34. Mobil Oil Australia Pty Ltd 35. Newcastle Airport Limited 36. Norton White Lawyers and Notaries 37. Pilatus Australia Pty Ltd 38. Pratt & Whitney Australia Pty Ltd 39. QBE Aviation 40. Rockhampton Airport 41. SAAB Aircraft Leasing 42. Shell Company of Australia Ltd 43. Standard Aero Australia Pty Ltd 44. Tenix Aviation 45. Vero Insurance Ltd 	<ol style="list-style-type: none"> 1. SA Dept. for Transport, Energy & Infrastructure 2. Airport Coordination Australia <hr/> <p style="text-align: center;">Honorary Members</p> <ol style="list-style-type: none"> 1. Bill Davey 2. Max Hazelton 3. John MacKnight 4. John Roworth

RAAA Member RPT Routes



RAAA Member Destinations

