

Tourism Tropical North Queensland's Response to Australian Government's National Aviation Policy Green Paper

January 2009

Background

The Federal Government's Aviation Green Paper was released on 2 December 2008. It is the discussion paper prior to the Federal Government's new aviation policy which will be finalised in the first half of 2009. The Green Paper focused on safety and the four themes of economic productivity, competitiveness, infrastructure and the environment.

In June of last year, Tourism Tropical North Queensland (TTNQ) and Cairns Ports commissioned Access Economics to prepare a submission to the National Aviation Policy Review.

Key Issues for Tropical North Queensland Region and Regional Australia that will result from the Green Paper's Policies

The key issues raised in the TNQ tourism industry's submission centred on existing Government policies that had resulted in a incremental and continuing decline in the viability of airports and economies in regional areas of Australia. These policies can be summarised as:

1. Australia's Aviation Policy Framework was originally introduced to provide protection to Australian based airlines, but now acts as a barrier to allowing international based airlines to operate from regional airports that are not considered a business priority by nationally based airlines. The Green Paper's rejection of the Regional areas' proposals seems complete, but we wish to at least open the door to "case by case" analysis in the National interest as a method of evaluation of the economic worth of any particular airline or air regulatory restriction.



2. Airport-Related Costs have been introduced as compulsory Government requirements and have resulted in an inequitable (compared to major capital city airports) impost on regional airports. Cairns Airport's Government imposed charges make it one of the most expensive airports in the world to land at. This is inconsistent with the situation identified in the paper where low cost carriers are seeking low costs regional airports. The proposal of sending this to a review is laudable but may need some Government support against the established and powerful votes of the existing major city airports.

Lack of Systems Thinking in the Development of the Green Paper

The contents and policy proposals outlined in the Green Paper are particularly disappointing to Cairns and the surrounding region as they substantially ignore the recommendations outlined by Tourism Tropical North Queensland and Cairns Airport Ltd. Instead, the Government would appear to have only considered the views of the powerful stakeholders in the aviation forum – the major Australian airlines and the larger metropolitan airports. This has serious impacts for the economy of regional Australia. The policies in the Green Paper do not seem to have even considered any cohesive relationship with other developing Government policy in other areas.

The Australian Government has articulated a commitment to regional Australia through initiatives such as 'Regional Development Australia' (RDA) and the 'Office of Northern Australia' (ONA). These laudable initiatives indicate that the Government, as a whole, recognises that regional and northern Australia has specific issues that need to be addressed on a case by case basis.

One of the priority issues identified in the ONA program is "*Routes to market and transfer infrastructure needs – a key plank of this initiative is to secure existing and develop new transport links*". This issue was obviously not considered in the development of the Green Paper, as if its stated policies are implemented, there will be major negative impacts for existing and for future passenger and freight international linkages in regional areas..

There are similar implications for the domestic market. The proportion of international travelers accessing Cairns is closing on the numbers of Cairns destined domestic travelers and could even outstrip these in the future.. This could exacerbate the issue (passenger and freight capacity) referred to above and seriously impact on the cost of travel for health, work, family and education reasons of local people.

The Green Paper is also inconsistent with the Government's Carbon Pollution Reduction Scheme Green Paper – it will result in significantly higher carbon emissions and associated costs of offsetting. It is highly likely that the populations of the Tropical North Queensland Region and regional Australia will meet these increased costs.

Simple and Easy Solutions to Resolve the Issues

There is scope to further develop the current policy of 'open skies' for regional airports in ways that would help to make these destinations more desirable to international carriers, and in a manner which would benefit both regional airports and international carriers. There are four primary options available to create further incentives for airlines to operate international routes out of regional airports:

1. Offering 'beyond rights' capacity to international airlines on flights operated out of regional airports would provide greater incentive for airlines to operate such routes.
2. We recommend that international carriers who are presently constrained by their allowable weekly limits into the four major airports should be able to augment their allowable limit through a route to a regional airport. Thus, foreign carriers would be allowed to increase their capacity to a major metropolitan airport basis provided they increased services to regional destinations by the same number of seats. While this would be contingent upon capacity constraints at the major airport, it would nonetheless provide a significant incentive for those airlines to offer services to regional airports.
3. Australian carriers holding an Australian Air Operators Certificate - irrespective of 'principal place of business' or ownership - should be permitted to operate international air services to and from regional airports. The world aviation regulatory system needs shaking, and regional Australia has the most to gain. For example, if Tiger Airways wishes to operate between Cairns and Manila, and Australian Carriers do not, then why should regulation get in the way?
4. Airport-Related Costs. Remove the current charge on a per passenger basis and fund Government imposed charges from consolidate revenue as proposed by the National Aviation Advisory Group.

The Green Paper did not discuss some of the above items and for others it rejected outright. However, complete rejection is a failure of the Paper to look at issues on a case by case basis where there could be "national benefit". We ask for nothing more than consideration of national benefit rather than complete rejection of proposals that would benefit Regional Australia. This, at least, keeps the door open for review rather than outright rejection of outcomes that would benefit Regional Australia.

Conclusion

In summation, the Green Paper fails to deliver anything of substantial value to Australia's regional airports. It recognises that the current "Regional Package" has not worked but puts forward no alternative to solve the issue. From our region's perspective, this is the Green Paper's major failing, and suggests the Paper's authors have given up trying to resolve the problem. TTNQ urges the Australian Government at the highest level to immediately review the policies in the Green Paper from a whole of Government perspective and regional spread, and develop new policies that will have a whole of community benefit and not just increased benefits to major metropolitan centres. To this extent, the Green Paper's rejection of National Benefit as a criterion for evaluation of individual case by case proposals seems a lost opportunity.



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