Tasmania
Explore the possibilities

DEPARTMENT of ECONOMIC DEVELOPMENT and TOURISM

'Towards a National Aviation Policy Statement'

Issues Paper

Commonwealth Department of Resources, Energy and Tourism

Tourism Tasmania Submission on behalf of the Department of Economic Development and Tourism

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Executive Summary:

Air travel is of immense importance to Tasmania and underpins all efforts to market Tasmania as a tourism destination – 84% of all visitors arrive by air.

Australia's National Aviation Policy has a direct effect on the well being of Tasmania's vital tourism industry and, more broadly on the economic and social well-being of all Tasmanians.

Tasmania benefits greatly from the competitive interaction of the six domestic airlines that operate to mainland Australia from Tasmania's four RPT ports – Hobart, Launceston, Devonport and Burnie.

At present, there are no direct international services to Tasmania.

Tourism Tasmania is working to improve air services to Tasmania. Key objectives are to:

- link Tasmania to new destinations in mainland Australia
- increase the frequency/capacity of direct services on existing routes
- ensure pricing on Tasmanian routes remains competitive
- build better domestic connections over Sydney and Melbourne to international carriers serving Australia
- improve the visibility of services to Tasmania in airline and travel industry computer reservations systems around the world
- ensure the Qantas Group maintains full service flights to and from Tasmania

Tasmania has been well served by the entry of new airlines to the market in recent years – 86% of capacity is now operated by airlines that did not exist seven years ago!

Recognising that this change has occurred within an existing Federal Government policy setting, Tasmania's future aviation development capability will depend upon Australia's aviation policy continuing to foster free and open competition for airlines looking to compete in Australia's domestic market and to encourage a highly competitive international market.

Despite this obvious benefit from existing policy settings, Tourism Tasmania considers that there are areas for improvement that should be considered by the Federal Government. These include:

- Regional and Remote Communities - particular attention is needed to ensure the long term viability of air access to these communities;

- Skilled Resources - the current shortage of skilled pilots and air maintenance personnel should continue to be addressed at the National level;

- General Aviation – needs the urgent attention of Government including possible further industry assistance

- Planning – integrated planning at all levels and across all aviation issues is critical for the sustainable future of Australia's aviation industry;

- Growth of international markets may be aided by greater liberalisation of air access policies;

- Domestic tourism growth may be aided by allowing cabotage rights to foreign carriers;

- Aviation Emissions and Climate Change – whilst full support is given to efforts to reduce carbon emissions across the world it is important that aviation and tourism do not carry an unequal share of achieving these vital reforms.

Introduction:

Air travel is of immense importance to Tasmania and underpins all efforts to market Tasmania as a tourism destination - 84% of all visitors arrive by air.

In 2008 (y/e Mar) some 717,000 visitors arrived in Tasmania by air (both domestic and international).

Tourism is a major contributor to Tasmania's economic prosperity – it supports 2400 businesses, generates 7% of GSP and supports 23,000 jobs within the state, some 9% of Tasmanian employment.

Australia's National Aviation Policy has a direct effect on the well-being of this vital industry and, more broadly, on the economic and social well-being of all Tasmanians.

This paper sets out a Tourism Tasmania perspective of what is happening in air access to Tasmania today, how it works, the positives, the negatives and the opportunities ahead.

It outlines how Australia's aviation policy can continue to assist Tasmania to improve air access, particularly for domestic and international visitors.

Tasmania's Air Access Strategy:

Tasmania Tourism is in the process of finalising a Tourism Air Access Strategy that has as its principal objective to:

Enhance Tasmania's tourism capability by developing new and building on existing air services from domestic and international markets.

It will do this by developing business cases to present to airlines in partnership with Tasmanian airport owners and tourism operators to:

- link Tasmania to new destinations in mainland Australia;
- increase the frequency/capacity of direct services on existing domestic routes;
- ensure pricing on domestic Tasmanian routes remains competitive;
- build better domestic connections over Sydney and Melbourne to international carriers serving Australia;
- improve the visibility of services to Tasmania for consumers in airline and travel industry computer reservations systems globally;
- raise Tasmania's profile generally with existing and potential international carriers flying to Australia;

- ensure the Qantas Group maintains full service flights to and from Tasmania;

Background:

Much has changed in the air travel market to Tasmania in recent years – six domestic airlines now compete in the market from Tasmania to mainland Australia - airlines that did not exist several years ago now provide 86% of the seat capacity!

The collapse of Ansett Airlines in 2001 was soon followed by the arrival of Tasmania's first Low Cost Carrier service - Virgin Blue - in November 2001, followed by Jetstar in May 2004.

Qantas has significantly cut its operation to Tasmania in recent years in favour of Jetstar - today, Qantas provides a limited but important full service carrier link to mainland Australia and to international services.

The market has continued to change, with the arrival of Tiger Airways in late 2007 - now operating daily services from Melbourne to both Launceston and Hobart.

Tasmania's smaller airports have seen a realignment of services since 2006, with Qantaslink now focussing its flying on Devonport and REX (another post 2001 airline brand) on Burnie.

Tasmania enjoyed a significant increase in airline capacity following the introduction of Low Cost Carriers – capacity grew by 12% per annum in the first 5 years.

Capacity growth has stabilised in the last two years, although the arrival of Tiger Airways has added some 6 % in capacity, virtually overnight.

Air Access to Tasmania Today:

Tasmania benefits greatly from the competitive interaction of the six domestic airlines which operate to mainland Australia from Tasmania's four RPT airports - Hobart, Launceston, Devonport and Burnie.

Tasmania is connected to mainland Australia with direct services to Melbourne, Sydney, Brisbane and Adelaide. Other cities are accessed by connections, principally over Sydney and Melbourne.

At present, there are no direct international services to Tasmania.

Six airlines currently offer 40,000 seats per week into and out of Tasmania.

286 flights are offered each week – 41 flights per day.

The following Chart gives full details of current services.

Scheduled Services to/from Tasmania as at April 2008 - Weekly flights

	Virgin Blue	**Jetstar**	**Qantas**	**Qantaslink**	**Tiger**	**REX**	**Total**
Sydney-Hobart	14	11	7				**32**
Sydney-Launceston	7	7					**14**
Melbourne-Hobart	28	35	14		7		**84**
Melbourne-Launceston	30	21		14	7		**72**
Brisbane-Hobart	7	3					**10**
Brisbane - Launceston		4					**4**
Adelaide-Hobart	7						**7**
Melbourne-Devonport				28			**28**
Melbourne-Burnie						35	**35**
Total	**93**	**81**	**21**	**42**	**14**	**35**	**286**

Source: Airline Published Timetables via Internet

Note: Jetstar has announced the withdrawal of its 3 per week Brisbane-Hobart services effective July 2008

Whilst Virgin Blue offers the most seat capacity of any single carrier (41%), the Qantas Group collectively offers 50% of all seats:

Seat Capacity into/ex Tasmania by Airline as at April 2008

Airline	One Way Seats per week	Capacity Share
Virgin Blue	16230	41%
Jetstar	14337	36%
Qantas	3276	8.3%
Qantaslink	2100	5.3%
Tiger	2520	6.4%
REX	1190	3.0%
Total	39653	100%

Source: Airline Published Timetables via Internet

Note: seat numbers are approximate as aircraft configurations may vary by flight

Is Air Access a Barrier to Tasmania's Tourism Potential?

Whilst Tasmania enjoys the benefits of competition from Australia's six principal domestic airlines, direct flights to mainland Australia are focussed overwhelmingly on Melbourne, with only a limited number of direct flights to other key markets such as Sydney and Brisbane.

Melbourne acts as the major hub for both domestic and international travel to Tasmania – because of this, the Victorian market is well served with both capacity and frequency of flights.

Airlines concentrate 76% of direct flights and over 70% of direct seats on Melbourne-Tasmania routes.

Many people travelling from NSW and Queensland to Tasmania who might otherwise take a direct flight are channelled on a connecting flight over Melbourne, often doubling overall travel times and adding complexity to the decision to holiday in Tasmania.

For example, Sydney has only 46 direct flights per week compared with Melbourne's 219 flights weekly even though Sydney's population is greater than Melbourne's (4.23m vs 3.6m - ABS 2004), an issue which further hinders a decision to travel to Tasmania for holiday and business needs.

Brisbane has even fewer direct flights - only 14 per week (reduced to 11 from July 2008 with the withdrawal of Jetstar 3pw Brisbane – Hobart) yet the core market between Queensland and Tasmania is the same size as that between NSW and Tasmania.

Significantly more direct capacity is needed from both NSW and Queensland to cater for the identified core traffic (both residents and visitors) moving between these states. Such an outcome would act as a facilitator for regional growth.

South Australia has a daily direct flight from Tasmania which accommodates only half the identified market.

Travellers between Western Australia and Tasmania and between the ACT and Tasmania must currently connect over Sydney or Melbourne.

Travellers from NT connect over Brisbane or Sydney.

The table below illustrates how resources are deployed by airlines serving Tasmania compared with the size of the core market moving between these States (both residents and visitors)

It must be remembered that connecting traffic from international and domestic flights occupies many of the seats ex Sydney and Melbourne not filled by the core market.

Direct Market vs Direct Seats vs Direct Flights

	Core Market One Way Passengers Per Week (y/e Dec 07 TVS)	%	Direct Seats One Way Per Week (Apr 08)	%	Direct Flights (Apr 08)	%
Victoria	10977	48	28172	71	219	76.5
NSW	4108	18	7995	20	46	16
QLD	4087	18	2478	6	14	5
SA	1441	6	1008	3	7	2.4
WA	1313	6	0		0	
ACT	708	3	0		0	

Source: Tourism Tasmania.

It is recognised that airlines deploy their resources where they can operate most efficiently - channelling people over a connecting port such as Sydney or Melbourne allows airlines to lower the risk of operating direct services which may be adversely affected by such issues as seasonality and lower demand on particular days of the week.

For Tasmania, this has resulted in many people who might otherwise have preferred a direct flight being channelled through a connecting port or making the decision not to travel to the state at all.

Tourism Tasmania is working closely with airlines to evaluate the business case for more direct services on existing routes and is exploring options for new flights to cities not currently served direct from Tasmania.

A further indicator of the need for more direct services from major potential visitor markets in NSW and Queensland is to compare the rate of travel per head of population.

Victorians are most likely to visit Tasmania – 250,000 visited by air in 2007 – some 5.2% of the Victorian population.

However, NSW could only generate 125,000 visitors by air – about 2% of the NSW population.

Queensland, Tasmania’s third largest visitor market, generates more visitors per head of population than NSW – 100,000 visitors each year or 2.7% of the Queensland population.

Why such a difference? What role does the significantly lower number of direct flights from these markets play in converting interest in visiting Tasmania to actual travel?

The Holiday Tracking Survey (Roy Morgan Research 2007) shows that people's intention to visit Tasmania in the next two years does not vary greatly between States.

The following table compares the relative proportion of visitors to Tasmania by State compared with people's stated intentions to visit Tasmania in the next two years.

Intention to Visit Tasmania vs Actual Travel 2007

	Visitors as a % of Population	**Intend to Visit Next Two Years**
Victoria	5.2	18.2
Queensland	2.7	14.3
NSW	2.0	13.3
Sth Aust	2.9	12.8
West Aust	2.2	11.1
ACT	5.8	19.7
Total	3.2	14.5

Source: Roy Morgan Research Holiday Tracking Survey.

The potential of the NSW and Queensland markets to visit Tasmania appears to be particularly constrained. Tourism Tasmania, as well as advocating more direct flights to better tap this potential, is working with airlines to identify the business case for direct flights into more cities in each State.

A further barrier to growing visitor numbers to Tasmania has come to light in recent research commissioned by Tourism Tasmania (Perceptions Research – Colmar Brunton 2007).

This study found that, although Tasmania met the underlying needs of many potential visitors (aspiration, accessibility, lots to see and do) tourism marketing efforts were not only hampered by a significant lack of awareness of Tasmania's many tourism attractions, but also by substantial uncertainty about how to get to Tasmania by air, the length of the journey and the available carriers. Much of this is caused by the lack of visibility in airline reservation systems through limited direct services and the business practices of low cost airlines with limited connecting services.

Potential impact on Tasmanian Air Access from Australia’s Rapidly Changing Aircraft Fleet:

Australian airlines have placed significant orders for the delivery of new aircraft for their domestic fleets in the coming years although the current fuel crisis is causing domestic airlines to reassess their capacity needs.

It was expected that overall seat capacity would expand at an average rate of 7.5% for the next few years with a higher than average growth expected in 2008. However, Qantas, Jetstar, Qantaslink and Virgin Blue have all announced a reduction in flights in the coming months due to an expected downturn in the market from rising fuel prices impacting fares.

It will be critical for Tasmania to secure a share of the overall increase in whatever additional capacity is introduced over the coming years and ensure that the State also benefits from the new types of aircraft being introduced to domestic fleets.

Chief among these is the fleet of 20 Embraer E170/E190 aircraft (74/108 seats) being introduced by Virgin Blue – these aircraft can operate at close to B737-700 seat mile costs bringing many otherwise smaller regional routes within the range of commercial profitability.

The Embraers offer the potential of jet service to Tasmania’s North Western coastal cities – Burnie and Devonport.

As with many smaller regional airports served by turboprop aircraft across Australia, jet service to these ports would require a significant upgrade of security procedures at increased cost – new jet services may also result in a reduction of turbo prop services currently operated by REX and Qantaslink.

The introduction of small jet aircraft onto thinner routes Australia wide normally the domain of regional carriers, may therefore further exacerbate the future of regional carriers who cannot compete with pricing, network connections and the perception of jet aircraft vs turbo prop from the consumers’ perspective.

The gradual introduction of higher capacity aircraft such as the B737-800 to the Qantas fleet and the A321 to Jetstar will allow a significant capacity increase on existing routes without increasing frequency.

Tiger Airways will introduce a 144 seat A319 aircraft to complement its existing fleet of 180 seat A320s – these may have a role in Tasmania, allowing these smaller aircraft to operate on thinner routes.

Domestic Air Access:
Visibility of Low Cost Carrier Connecting Flights to Tasmania

Tasmania is highly dependent on visitors reaching Tasmania over a connecting city such as Sydney or Melbourne – yet many of these potential connections are not displayed by some airlines even in their own computer reservations system.

The Low Cost Carrier business model depends for its success on keeping its operations as simple and uncomplicated as possible – flights are generally operated point to point and interlining of passengers and baggage from one flight to another (even an airline's own connecting services) is not generally offered.

Similarly, on LCC computer reservations screens, possible connecting flights are at present not generally displayed. For example, Jetstar only shows its three direct flights per week from Brisbane to Hobart, even though multiple connections can be made each day over Sydney (note- Qantas/Jetstar connections can be seen on the Qantas reservations system, but not on Jetstar's).

This is a particular problem for Tasmania as LCC carriers such as Jetstar and Tiger operate some 43% of the capacity into and out of Tasmania – many potential connecting flights are simply not displayed.

Jetstar, however, is trialling an alternative approach which displays possible connecting flights on its network but requires passengers to collect their bags from the first flight and recheck onto the second flight ('DIY hubbing'). While promising, it will need clarity for customers to ensure baggage is collected given awareness of how through fares normally work.

This approach is currently being trialled on Gold Coast to Hobart services which connect 8 times per day over Sydney or Melbourne.

If successful, this alternate approach is expected to be extended to other cities, greatly improving Jetstar's visibility of flights to Tasmania in both online and offline markets across Australia.

Tiger Airways currently only displays its direct flights into and out of Melbourne – as its network expands, it plans to display 'combo flights' which are in effect 'do it yourself connections' - again this will improve visibility of air access to Tasmania but its success (as with Jetstar) may depend on customer understanding of this concept

Domestic Air Access:
Direct Flights

Direct flights are vital to tourism growth to Tasmania – they are critical to improved access and market growth.

Direct flights -

- Cut connecting travel times in half;

- Reduce decision complexity;
- Clarify how to get to Tasmania;
- Give certainty on how long the trip takes;
- Through fares are generally cheaper than connecting fares;

It is recognised that direct flights carry higher risk for an airline than channelling passengers over Sydney or Melbourne (seasonality, day of week).

Tourism Tasmania and Tasmania's airports are working with airlines to help reduce the carriers risks from introducing new direct flights, particularly on new routes through airport incentive programs and targeted marketing programs – the Tasmanian tourism industry is also ready to support additional direct services.

Tourism Tasmania is working with airlines to present a business case for additional direct services on existing routes.

Top priorities are to secure additional services:

- Sydney – Hobart/Launceston
- Melbourne – Hobart/Launceston
- Brisbane – Hobart/Launceston

Tourism Tasmania has identified the core traffic on these routes using data from the Tasmanian Visitors Survey – business cases have been presented to airlines advocating increases in flights and capacity.

Domestic Air Access:
New Direct Routes

Similarly and from the same data sources, Tourism Tasmania has identified four new cities in mainland Australia which have the potential for direct links to Tasmania (to either Launceston or Hobart or both). These include:

- Gold Coast – Launceston/Hobart
- Perth- Launceston /Hobart
- Canberra – Launceston/Hobart
- Newcastle – Launceston/Hobart

In addition, the potential of a direct Adelaide – Launceston service has been identified.

Tourism Tasmania is working closely with airlines to help bring these services to fruition over the coming years.

International Air Access:

The Federal Government has, through its international aviation policy settings offered unlimited access for international carriers to fly to 'second tier' ports outside Sydney, Melbourne, Brisbane and Perth – this approach has had only limited success, with such ports as Adelaide, Darwin, Gold Coast and Cairns attracting limited service from international carriers

It is Tourism Tasmania's view that the possibility of direct international services to Tasmania in the near future is remote (a combination of distance and lack of passenger numbers) - with the possible exception of New Zealand.

However, it is also clear that international visitors are of great value to Tasmania and remain a strong focus of Tourism Tasmania's marketing effort.

Currently, some 13% of all visitors to Tasmania are from international source markets – a proportion that both Tourism Tasmania and the Tasmanian tourism industry is determined to dramatically improve in coming years.

Major international source markets are:

International Visitors to Tasmania

	Y/E Mar 2008	**Market Share**
United Kingdom	**21,152**	**22.6%**
Total Continental Europe	**18,019**	**19.3%**
Japan	**4,077**	**4.4%**
Other Asia	**12,946**	**13.9%**
New Zealand	**12,122**	**12.9%**
North America	**21,398**	**22.9%**
Other Overseas	**3,749**	**4.0%**
International	**93,464**	**100.0%**

Source: Tasmanian Visitors Survey

Currently most international air visitors access Tasmania via Sydney and Melbourne – it is estimated that only some 15% of travellers directly connect to Tasmanian services (Aspirion 2007), most people electing to stopover en route.

The ability for airlines serving Tasmania to readily transfer international visitors to domestic services to Tasmania reflects each carrier's business model.

Qantas offers full online connections for flights to/from Tasmania for both passengers and baggage whether connecting to international Qantas or interline partner flights – Virgin Blue has baggage transfer handling agreements with such international carriers as United and Etihad. Jetstar connects only to its own international services and Tiger currently has no online connecting facilities to/from Tasmania.

International Air Access:
Visibility of Flights to Tasmania from Origin Markets

Not all flights from mainland Australia to Tasmania can be seen in international markets - in fact many flights cannot be seen by potential international travellers unless they directly access an airline's computer reservations system.

LCC carriers generally do not participate in Global Distribution Systems such as Amadeus and Galileo, which for a fee, carry airline schedules to travel agents and link with other airlines' booking systems across the world

43% of seats operated into and out of Tasmania are operated by LCC carriers which do not participate in GDS systems (Jetstar and Tiger), for the most part, limiting their visibility to their own computer reservations system.

This means that potential visitors need to be aware that a particular carrier serves Tasmania and that their flights can be accessed on the airline's computer reservations system in Australia.

Australian LCC brands may be well known domestically but this is not the case in international markets where many of these flights may remain undiscovered by potential visitors.

The Qantas Group is doing most of the heavy lifting in promoting air access to Tasmania in international markets.

Qantas is a GDS carrier and its services and the flights it publishes under a QF flight number can be seen by international airlines and travel agents across the world.

Qantas displays connections from its global network (including codeshare partner flights) to the three airports it serves in Tasmania – Launceston, Hobart and Devonport.

The disconnect between the service offered by LCC business models and full service carrier models is clearly seen when international visitors on a full service airline wish to connect to an LCC carrier such as Jetstar – whilst Qantas would transfer both passengers and baggage from their own international service to a full service Qantas domestic flight, this is not the case for Jetstar, where passengers must make their own transfer arrangements. This creates a level of customer dissatisfaction.

Many international carriers operating to Australia do not show any connections to cities in Tasmania beyond their point of entry to Australia – as the Qantas Group only has around 30% of the market into and out of Australia this further limits visibility for international visitors using airline booking systems direct.

It is unlikely that airlines will change their approach to schedule display – however, Tourism Tasmania is discussing with some of the GDS operators ways in which greater visibility of LCC flights might be obtained.

Tourism Tasmania is working closely with strategies with airlines/others to address these issues.

International Air Access: Potential Contribution of New/Developing Airlines to Tasmanian Air Access

Tasmania stands to benefit from the development of new airlines in the region that can potentially open new international markets for Tasmania.

Jetstar International is establishing itself as Australia's first long haul Low Cost Carrier with services to Asia, Japan and the Pacific. Although its focuses its marketing effort on Australians travelling overseas, its growing network offers significant new opportunities for Tasmania to attract international visitors.

Jetstar will receive the new generation B787-800 aircraft from 2010 allowing the development of one stop services to Europe (eg Athens, Rome, Munich) and non-stop to the US West Coast.

The B787-900, to be introduced around 2012, will have the capability of reaching Europe and mid west USA (eg Dallas and Chicago) non stop from Melbourne or Sydney, bringing Tasmania closer to International markets.

The Qantas Group also operates Jetstar Asia, based in Singapore which has a small but growing intra Asia network and Jetstar Pacific (based in Vietnam) will be launched later this year - the Jetstar family brands will have capability of linking their services to create a significant family of airlines in the Asia Pacific region.

Virgin Blue is also creating a family of airline brands that may bring more international visitors to Tasmania - V Australia will commence services from Sydney to Los Angeles at the end of 2008, with wide body B777 equipment. V Australia is expected to grow its route network in the coming years to other international destinations.

Tiger Airways has commenced service in Australia as an Australian domestic carrier. Tiger Australia will link its services with its parent airline based in Singapore, creating new opportunities for Asian visitors to Australia.

Rising Aviation Costs:

Airlines have successfully worked to bring down costs in recent years - however, significant cost rises are currently being experienced which could impact on an airline's ability to grow existing services to Tasmania or to consider the development of new direct routes.

Mandated airport charges (including safety and security) have risen significantly in recent years – one LCC advised that airport/enroute charges have recently overtaken labour charges as the airline's second highest expenditure item after fuel.

The current 'wildcard' for the growth of air services in Australia is the rising cost of fuel.

Australia's major domestic carriers have all announced cuts to services in recent weeks including a decision by Jetstar to cut three flights per week Brisbane-Hobart from July 2008.

Virgin Blue is reducing domestic flying and withdrawing aircraft from its fleet and Qantaslink has also announced a reduction in services and withdrawal of four aircraft from the fleet.

Rising fuel costs are likely to have an increasingly adverse impact on tourism to Australia and on domestic tourism within Australia – Tasmania, at the furthest point from most international and many domestic markets is particularly vulnerable to rising fuel costs

It is noted that airlines are seeking the early introduction of new, more fuel efficient aircraft to their fleets and seeking more efficient means of operating the aircraft through improvements in air navigation procedures.

Current Australian aviation policies allow the freedom of Australia's domestic airlines to respond to the many extraordinary business challenges that impact airlines from time to time.

Policy Implications for the Commonwealth Government:

1. Critical importance of having a free and open competitive domestic market

It is vital that Australia's aviation policy continues to foster free and open competition for airlines looking to compete in Australia's domestic market.

Tasmania has been well served by the entry of new airlines to the market in recent years – **86% of capacity is now operated by airlines that did not exist seven years ago**!

A range of business models employed by the six domestic airlines that serve Tasmania has kept fares and service frequency at competitive levels.

There is room in the Tasmanian market for all current domestic airline business models and room also for any future business models.

There is a clear need to maintain the benefits of full service carriers, especially Qantas, with its critical links to Sydney and Melbourne (connectivity and visibility in domestic and international markets) plus Qantas is the only carrier offering Business Class to/from Tasmania.

Virgin Blue also offers full connectivity to its own domestic services and to a limited number of international services (Etihad, United, V Australia etc). Virgin Blue provides important visibility in GDS systems.

Low Cost Carrier brands may not offer connectivity and full visibility for Tasmanian air services but they do stimulate the development of new markets and new direct routes and have become a vital element of Tasmania's air services.

Tourism Tasmania would like to see more capacity/frequency on existing routes and the introduction of new direct services introduced to high potential routes – Tourism Tasmania is working in close partnership with Australia's principal domestic airlines and with Tasmania's key airports to present and evaluate the business cases needed to support these strategies.

Tourism Tasmania would also like to see greater visibility of air services to Tasmania in airline and GDS computer reservations systems and is evaluating strategies to make such services more visible to potential visitors.

2. Critical importance of having a highly competitive international market

Tourism Tasmania is seeking to increase the absolute number of international visitors to Tasmania – currently some 93,500,(TVS y/e Mar 2008) - and the proportion of international visitors (currently 13%).

Tasmania fully supports the development of new Australian international carriers such as Jetstar International and V Australia.

Tourism Tasmania also supports the growth of international air access through greater liberalisation of air access policies at Government level.

Such liberalisation could have as its goal, the free and open development of international markets by carriers from any country of origin.

Whilst this approach may not be supported by Australian origin carriers, their interest could perhaps be best protected by a 'first right of refusal' to any new route proposed by a foreign carrier - this may provide sufficient scope for the development of innovative new international routes to Australia.

Liberalisation of Australia's aviation policy could also include offering some form of cabotage rights to foreign carriers operating to Australia where such a service is not considered viable by Australian operators.

New business models are constantly being developed in international markets with such foreign carriers as Lion Air, Air Asia X and no doubt, other new entrants in the future that can stimulate new international visitor traffic to mainland Australia and to Tasmania.

Tourism Tasmania is working with Qantas, Jetstar International and other international carriers to increase visibility of Tasmania in airline computer systems and to improve the ability of international travellers to readily access services to Tasmania.

3. Regional and Remote Communities:

Air services are critical to the survival of Bass Strait communities - Flinders Island and King Island.

Air services provide vital links for accessing medical and other professional services in mainland Tasmania and Victoria, provide links for families, bring tourists and business travellers and provide such basic necessities as mail, newspapers and some freight.

Flinders Island has a limited service to Essendon in Melbourne (3pw) and a twice daily service to Launceston on most days.

King Island has a daily service to Melbourne (Tullamarine) plus 12 services per week to Melbourne (Moorabbin) – it also has one or two flights per day to both Launceston and Burnie

The key issues facing these communities are the limited and sometimes unreliable air (and sea) access provided by commercial operators and the continued rise in costs of providing such services, particularly in view of rising fuel costs and the use by some operators of an ageing fleet of aircraft.

Whilst air services to these islands remain limited, the prospect of significant tourism growth remains poor.

While many of these matters are considered state issues, increased support by the Federal Government to underpin the cost of travel to isolated locations is seen to be pivotal to the continuation of such services along with support to the general aviation sector.

4. Skilled Resources:

The current shortage of airline pilots and skilled aviation industry labour in Australia has recently been highlighted by REX and, to a lesser extent, Qantaslink, having to cancel services due to a shortage of pilots.

Australia's rapidly expanding domestic airline jet fleet, including the introduction of small regional jets, is placing a considerable strain on Australia's ability to maintain a supply of regional turbo prop pilots with a consequent risk to regional airline services, not only in Tasmania but across the country

The risks are particularly high for remote services to such destinations as King Island and Flinders Island in Bass Strait

Although air services to Tasmania have not been directly affected by this current skilled labour shortage, it serves as a timely reminder of the critical importance of having a fully integrated aviation policy that identifies such resource shortages in advance and works with the airline industry and educational institutions to provide for the long term needs of the industry.

5. General Aviation:

Tasmania's regional and remote ports such as Burnie, Strahan, Flinders Island and Bass Island are served by General Aviation operators.

Tourism Tasmania notes the decline of general aviation across Australia – increased costs of fuel, new security requirements at airports and an ageing general aviation fleet have contributed to this decline.

From a tourism perspective, this negatively impacts on the longer term viability of such services (including charter based tourism services) and contributes to the lack of a strong aviation skill base in the community.

The Federal Government could consider introducing such measures as tax concessions for General Aviation operators, accelerated depreciation rates for the introduction of new aircraft and fuel subsidies similar to those in place for the primary producer sector of the economy.

6. Planning:

Tasmania is well served with aviation infrastructure - five airports are certified with CASA (Hobart, Launceston, Devonport, Burnie and King Island).

Both Hobart and Launceston support significant jet service operations to mainland Australia and are served by Australia's major domestic airlines (Qantas/Qantaslink, Jetstar, Virgin Blue and Tiger Airways).

Burnie is served by REX with frequent daily turboprop services to Melbourne – REX can interline baggage over Melbourne with Virgin Blue services.

Devonport is also well served with frequent daily Qantaslink turboprop services to Melbourne.

Tasmania's Certified Airports

Certified Airport	**Brief Details**
Hobart International	One sealed main runway, 2,251 metres suitable for heavy jet operations including Boeing 747 Large and recently rebuilt domestic airline terminal, adequate international terminal Approximately 50 RPT aircraft movements per day with no curfews Air Traffic Control Tower
Launceston	One sealed main runway, 1981 metres suitable for medium jet operations (eg B767) Large domestic terminal Approximately 27 RPT aircraft movements per day with no curfews. Air Traffic Control Tower
Devonport	One sealed main runway, 1,838 metres, suitable for turboprop and possible limited light/medium jet operations. Adequate passenger terminal. Approximately 10 or more RPT movements per day
Burnie/Wynyard	One sealed main runway 1,650 metres, suitable for turboprop aircraft Small terminal Approximately 10 or more RPT aircraft movements per day
King Island	One sealed main runway 1,585 metres suitable for turboprop aircraft Small terminal Up to 10 RPT aircraft movements per day

Source: Tasmania Department of Infrastructure, Energy and Resources

Tourism Tasmania encourages an integrated approach to planning airport infrastructure issues, not only in Tasmania but across Australia.

Communities, businesses and the many levels of Government have important roles to play in planning immediate and longer term airport needs.

It is vital that planning processes are clear and accessible and that full value be obtained from expensive airport infrastructure.

It is also important that the potential for existing airports to meet the air access needs of their communities not be compromised by inappropriate development in designated airport planning zones including approach and departure zones. Likewise and noting the rapid expansion of non aeronautical revenues in commercially owned airports across Australia, it is also important that there to be consistency of effort and an equal playing field for commercial endeavour in respect of planning processes for non aeronautical development on airport land and similar development on adjacent or nearby private lands.

7. Aviation Emissions and Climate Change:

Tourism Tasmania supports the many positive initiatives being introduced by airlines and by the aviation industry to reduce carbon emissions (more fuel efficient aircraft, more efficient air navigation).

International aviation, in particular, is coming under increasing pressure for the introduction of compulsory carbon taxes on passengers travelling across the world.

Whilst all sectors of the global economy should take measures to reduce carbon emissions, it is important that aviation and tourism in particular are not required to carry an unequal share of this vital effort.

The question of how a future carbon tax is to be introduced to the Australian community has yet to be determined.

Tourism Tasmania submits that any carbon tax which impacts on aviation and tourism be carefully considered - the implications for destinations such as Tasmania on increasing travel costs from any source can be profound.