



PHOENIX AERO CLUB

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Department of Infrastructure, Transport,
Regional Development and Local Government.
GPO Box 594
Canberra ACT 2601

Dear Sirs,

This document is a response to the "Towards a National Aviation Policy Statement" Issues Paper dated April 2008 issued by the Australian Government - Department of Infrastructure, Transport, Regional Development and Local Government.

We include responses in relation to statements and questions from the Issues Paper (shown in italics) regarding general aviation and flying training that the members of this Club wish to address.

The Australian Aviation Industry

Key challenges-general aviation

"The Australian General aviation industry is in transition, with some sections of general aviation growing whilst while others are in decline with some individual businesses struggling to remain viable".

Many sections of the general aviation industry in Australia are in decline, mainly as a result of lack of support of the industry by the previous Federal government, which failed to realize the value of the industry to Australia during a time of economic hardship and disposed of many aviation facilities in the pursuit of "reduction of government debt".

"In particular the recreational sector wall of the industry is growing strongly which is a positive development in its own right but also a challenge for the traditional general aviation environment."

The recreational sector of the industry (ultra light aircraft in particular) is growing strongly but it is wrong to assume that this growth benefits general aviation or the aviation industry in general, just as it is wrong to assume that growth in catamaran sailing benefits the Navy.

Participants in the recreational sector are faced with vastly lower costs and a completely different regulatory environment to that faced by the general

aviation sector, due (for example) to the absence of the need for aviation medical examinations and much lower regulatory costs. The general aviation industry operates within the same regulatory framework as larger operators such as airlines, and is the beginning point and stepping-stones towards a career in aviation. On the other hand, training and skills acquired within the recreational sector cannot be simply transferred to general aviation without starting at the bottom of the general aviation ladder.

Consequently, the recreational sector is not a panacea for the industry's difficulties and merely represents a form of recreation.

“The rapid growth of commercial airline activity worldwide and the consequent demand for airline pilots, has created export opportunities for pilot training services. Australia’s flight training industry needs to be able to meet its growth potential.”

Whilst there are export opportunities for pilot training, government policy toward the flying training industry, or simply lack of support for the flying training industry means that the industry is now in a very poor state generally to respond to the export opportunities available and the growth potential available. Beginning flying training either for occupational purposes or recreation (in the GA environment) is now so costly and difficult that many potential students are deterred.

“Micro-economic reform, and in particular the privatization of secondary airports, has resulted in general aviation operators be exposed to a commercial charging regime not experienced under the previous system of government ownership.”

“How has micro-economic reform impacted on general aviation businesses and what strategies need to be put in place to ensure that access to airport infrastructure does not impede industry viability and growth? Do the needs of general aviation operators warrant any changes to airport regulatory and planning arrangements?”

Micro-economic reform, particularly about the privatization of secondary airports has had a devastating effect on general aviation businesses. This is not at all surprising because the investment yield of land used for aviation purposes is much lower than the investment yield of land used for our commercial or residential purposes. Consequently, the new owners of Australia's secondary airports have (as a matter of commercial necessity), attempted to transfer as much land as possible to non aviation uses. Privatization has encouraged investment in the airport infrastructure at the major airports but the limited investment undertaken at secondary airports has been for non-aviation purposes.

As a result, the outcome of the previous government's micro-economic reform agenda has been to erode facilities available for general aviation.

Where general aviation facilities are still available, lessees of these facilities have been faced with rent increases of up to 300% and refusal by the new owners to renew leases.

The spectre of rapidly rising costs, shrinking facilities and overbearing behavior by the new owners of secondary airports (with the aim of the dislodging general aviation tenants} has created a pervasive negative sentiment in the industry.

The effect of microeconomic reform has consequently been to severely damage, rather than enhance, the facilities available to the general aviation in Australia's capital cities. Unless the government realizes that secondary airports need protection, there will be progressive further erosion of these facilities.

Australia is a very large country, which relies heavily on aviation. Unless government protects secondary airports, they will inevitably disappear as soon as a more remunerative use of the land in question evolves in a particular location.

“The overall strength of the Australian economy, coupled with worldwide growth in aviation has look also created the increased demand general aviation and regional airline pilots, flying instructors and engineers. There are many small businesses involved in general aviation and pilots have traditionally worked in the industry of low wages, sometimes under difficult conditions, as a means of accumulating flying hours towards their commercial or air transport pilot licenses. These pilots are now being offered lucrative positions in other sectors in some and some general aviation operators struggling to attract skilled staff in the current employment market.”

Australia is now facing a shortage of trained pilot and most critically, a shortage of experienced flying instructors.

“Access to airport infrastructure outside the major capital cities is an increasing concern to general aviation. Most general aviation airports owned by local councils and fall under the state and local government planning and regulatory environments. Ensuring these those airports continue to invest to support the industry is critical.”

This comment is perfectly true but it is equally applicable to airport infrastructure inside the major capital cities, which are the largest centres of population and the largest source of the potential flying training students. Paradoxically, the major capital cities are the most poorly served by airport infrastructure suitable for general aviation.

“The marginal nature of many small general aviation businesses has placed pressure on general aviation operators ability to plan and invest for the longer term and they now face a difficult short-term challenge in upgrading of their aircraft fleet.”

“How can the general aviation industry provide the necessary investment to renew the ageing aircraft fleet? Is there a role for governments?”

A viable general aviation industry should be able to self-fund replacement of its aircraft fleet.

“How can general aviation operators, particularly small businesses, establish viable business models that allow them to take advantage of the current buoyant conditions in the aviation market? In particular, how do these businesses meet the increased cost of skilled labour and improve recruitment and retention of their skilled workforce?”

General aviation operators, particularly the flying training industry, are in a crisis due to a conjunction of series of factors including

1. Loss of general aviation facilities
2. Loss of skilled staff and instructors to more remunerative positions
3. Rising operating costs and increasing burden of compliance with regulation
4. Increasing costs of flying training decreasing numbers of students

Whereas the current buoyant conditions in the aviation industry would have at one time resulted in more pilots being trained, the situation is that the industry is having great difficulty in responding to buoyant conditions, and has been demoralized to the point where taking advantage of these conditions is extremely difficult.

Aviation Infrastructure

Future airport needs

“What role should all levels of government hands in protecting secondary airport infrastructure and in providing for new infrastructure?”

The closure (and redevelopment as industrial land) of Hoxton Park Airport in western Sydney in October 2008 and the impending sale of the former Schofield’s aerodrome site in western Sydney will be seen in the future as examples of shortsighted government policy which is not consistent with the needs for airport facilities in future.

Thank you for the opportunity to present our views,

Geoffrey Parker
Vice President