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Dear Sir/Madam

**Re: VTIC, VEIC, HMAA and BOAV Comments in Response to the
Issues Paper - *Towards a National Aviation Policy Statement***

The Victoria Tourism Industry Council (VTIC), in conjunction with the Victoria Events Industry Council (VEIC), the Hotel, Motel and Accommodation Association (HMAA Victoria), and the Backpacker Operators Alliance of Victoria (BOAV) welcome the opportunity to respond to the Issues Paper – *Towards a National Aviation Policy Statement*.

We collectively recognise the strategic importance of the aviation industry in both Victoria and Australia and the significant contribution it makes to metropolitan and regional businesses and communities.

VTIC and VEIC recently released the Tourism and Events Strategy 2016. Included in this strategy is the following vision statement, which outlines some of the key aviation policy objectives for Victoria:

By 2016, Victoria will have the aviation capacity to support international visitation targets, a transport network that encourages regional dispersal, and an aviation policy setting that allows the industry to adapt to change.

Policy

We believe that aviation policies must take into account broader tourism objectives, and that there should be greater alignment between aviation, transportation and tourism policies. This is important given the interrelationships between these three areas and the overall importance of the tourism industry to the economy.

In order to enhance tourism industry competitiveness, there must be further liberalisation of international air access arrangements. Priority must be given to increasing direct inbound services to Melbourne, including low-cost carrier services. Priority should be given to key routes, high-yield inbound destinations, and growth areas including Asia.

While our membership is based in Victoria, we support policies to increase direct flights into all Australian airports, and recognise the significant benefits for the tourism industry nationally.

It is imperative that Melbourne maintains its curfew-free status, as this plays a vital role in boosting airline services in the state, including passenger and freight services. With a careful and balanced approach, these services can continue to grow without adverse impacts on neighbouring suburbs and communities.



Investment

We are supportive of the privatisation of airports, and recognise that this has contributed to the acceleration in airline and aviation terminal investment. However, we recommend a balanced approach, where consideration is given to the impact of growth. This includes the growth of non-aeronautical services (such as retail developments) and the impact on other businesses in the area. We believe that the provision of primary aeronautical services must not be negatively affected by growth in non-aeronautical services.

It is important that appropriate land use planning and zoning is in place to allow for future development and expanded airport use.

There should be coordination between the leased federal airports and privatised airports, to ensure the long-term requirements for infrastructure are met, including the provision of safe and reliable services.

There must be consultation with State and local authorities and the community to ensure a coordinated and considerate approach to investment and development.

It is imperative that there is transparency and certainty surrounding aviation policy to ensure investment is encouraged.

Domestic Market

We are supportive of a deregulated domestic airline market, with greater competition and pricing flexibility, and believe this has, and will continue to, lead to greater economic efficiencies for both industry and end-user customers.

The Importance of the Regions

While growth has occurred in the major aviation routes, we recognise that services to less populated areas have in many cases declined over recent years.

The tourism industry recognises the importance of regional areas, and VTIC and VEIC in particular recognise the importance of regional Victoria. The March quarter 2008 International Visitors Survey shows that expenditure by international visitors in regional Victoria increased by 35 per cent over the past year, compared to an 11 per cent increase for Melbourne. While expenditure by international visitors in regional Victoria currently contributes only 9 per cent towards total international visitor expenditure, the strong growth indicates a growing interest in regional destinations.

Regional Victoria is also a significant destination for domestic visitors. Regional destinations currently receive 52 per cent of total expenditure by domestic visitors in Victoria (excluding airfares and long distance transport costs).

The tourism industry, and in particular operators in regional destinations, are currently facing a number of challenges, including higher petrol prices, higher interest rates and generally moderating economic conditions, which are expected to continue to reduce discretionary spending over the short to medium term.

Aviation policy therefore needs to encourage and support reliable, affordable and frequent services to regional Australia. Integration of policy is also required, to support the development of packaged fly-drive holidays and the promotion of these options to visitors.

Skills

VTIC, VEIC, HMAA and BOAV acknowledge the importance of addressing the skills shortage both within the aviation industry, and the tourism industry. This is particularly important given the labour intensive nature of the industry. We are supportive of strategies which improve long-term workforce planning.

Examples of possible strategies include: appropriate remuneration, the effective use of long-term career development plans, ongoing up-skilling of existing staff, greater flexibility to attract mature-aged workers and those currently underemployed, and where there is a shortfall of available domestic employees, the use of international employees and/or skilled migrants. We are also supportive of moves to expand pilot cadet programs.

Sustainability and Climate Change

Climate change presents a major challenge to the aviation and tourism industries, particularly given Australia's position as a long-haul destination.

It is essential that a cooperative, solutions-based strategy is developed, in conjunction with a regulatory framework that supports appropriate development, innovation and investment. For example, there are potential opportunities available in the area of nature-based tourism, which can capitalise on Australia's extensive natural resources and help promote Australia as a 'green' destination. Equally, a drier climate generally will present new challenges for other tourism industries and support for this adjustment task must be forthcoming.

Concluding Comments

VTIC, VEIC, HMAA and BOAV collectively recognise the strategic importance of the aviation industry in both Victoria and Australia and the significant contribution it makes to both metropolitan and regional businesses and communities.

We support a coordinated approach to aviation policy, giving appropriate consideration to the long-term needs of industry, government and the community. We also believe that there must be alignment between aviation, transportation and tourism policies.

Should you have any queries in relation to this correspondence, please do not hesitate to contact Bindi Gove, Deputy CEO, Victoria Tourism Industry Council, on telephone (03) 8662 5438 or e-mail bgove@vecci.org.au.

Yours sincerely



Wayne Kayler-Thomson
Chief Executive Officer