

# Western Australian State Government's submission to the Department Of Infrastructure, Transport, Regional Development and Communications

## The Future of Australia's Aviation Sector – Issues Paper

### Draft WA Aviation Strategy

In February 2020, the WA Government released the draft WA Aviation Strategy 2020, which focuses on the future of aviation in WA. The draft strategy sets out the future policy approach and practical actions to foster improved airfare affordability and to ensure the aviation industry supports the future growth of WA.

The release of the draft strategy follows the McGowan Government's election commitment to have a Parliamentary Inquiry into Regional Airfares (Parliamentary Inquiry). The four main objectives of the strategy are:

- affordable airfares;
- connected communities;
- fit for purpose airport infrastructure; and
- informed and future ready, through better data analysis and planning.

The draft strategy recognises that community access to air services is critical to regional liveability and attracting jobs to the regions. It also seeks to identify and realise tourism opportunities by drawing more visitors to our State through expanding the air route network.

The 13 recommendations from the Parliamentary Inquiry have been taken into account in developing the draft strategy, and reflects the feedback collected from more than 240 stakeholders and community members at the nine workshops and community drop-in sessions held across WA in 2019. The draft strategy can be found at:

<https://www.transport.wa.gov.au/aviation/wa-aviation-strategy-2020.asp>

### High Regional Airfares

The Issues Paper does not recognise the impact on regional Australia of high airfares. This matter should be specifically included in this Issues Paper.

The Parliamentary Inquiry was conducted in 2017 and can be found at:

[https://www.parliament.wa.gov.au/Parliament/commit.nsf/\(InqByName\)/Inquiry+into+regional+airfares+in+Western+Australia](https://www.parliament.wa.gov.au/Parliament/commit.nsf/(InqByName)/Inquiry+into+regional+airfares+in+Western+Australia).

The 122 submissions received represented a record for a Parliamentary Inquiry in the Legislative Assembly. The Parliamentary Inquiry elicited a strong and clear response from the WA community who wanted action taken on airfares.

The Senate Standing Committees on Rural and Regional Affairs and Transport undertook an inquiry in 2019 which also focused on high regional airfares.

## Regional Airports

The importance of airports to those living and working in regional and rural WA aligns with the work that is currently being undertaken in the planning jurisdiction. Projects underway include:

- Assisting local governments to recognise and safeguard regional airports in the local planning framework, particularly in terms of the inter-relationships with the impact of mining aerodromes catering for Fly-in Fly-out (FIFO) traffic. This aims to achieve a consistent approach throughout the State and implements one of the recommendations of the 2017 Parliamentary Inquiry into the Perceptions and Realities of Regional Airfare Prices in WA.
- A holistic policy review to address all matters in relation to land use planning and development near airports throughout WA. This includes the incorporation of the Commonwealth National Airports Safeguarding Framework (NASF) guidelines.

Local decision making is an important element of regional development. The Aerodrome Local Ownership Plan (ALOP) (page 26) was introduced in support of this. Under the ALOP, the Commonwealth Government divested itself of significant responsibilities and many regional local government authorities were left with airports running at a financial loss and held under strict terms that did not enable them to raise funds for development.

The Commonwealth Government provides a wide range of grant programs to support regional aviation (Page 28). However, a framework is required which enables the industry to operate on a sustainable basis without requiring applications to grants programs for essential maintenance and upgrades.

## Commonwealth's National Airport's Safeguarding Advisory Group

WA has been an active member of the Commonwealth's National Airport's Safeguarding Advisory Group (NASAG). A review is currently being undertaken to incorporate, where appropriate, the NASF guidelines into WA's State Planning Framework. Early in 2019, NASAG embarked on a review of the NASF guidelines seeking feedback from state and territory jurisdictions on implementation issues.

It is unclear from the report what the future role of NASAG will be and the status of the existing NASF guidelines (and potential for new guidelines such as to address new technology including remotely piloted aircraft systems, alternative fuels, and electric propulsion and electric vertical take-off and landing).

## Draft State Aviation Training Strategy

Prior to the advent of COVID-19, the Department of Training and Workforce Development (DTWD) had been working on a draft State Aviation Training Strategy. DTWD's consultations reiterated many of the findings of the Expert Panel Report and the recommendations to government, including interaction with the Civil Aviation Safety Authority (CASA) and the impact of Australia's aviation regulations on the sustainability of the industry; consideration of where government policy has impacted on the industry with unintended consequences; and opportunities for growing the aviation training export market.

Throughout the consultation process, there was a strong message from industry of the importance of a collective approach to addressing the key issues by all levels of government, including stronger partnerships between the aviation industry, major training providers and government. Although the key issues identified may have temporarily abated as a result of the current crisis, the secondary impacts of COVID-19 in terms of loss of currency and skilled personnel leaving the sector mean that they may well return with a vengeance once the sector starts to recover.

There are opportunities to improve and develop aviation workforce training in WA, building on the State's strong track record and its inherent advantages of open skies and good flying weather.

### General Comments

The paper does not acknowledge WA's strategic role and position as Australia's western gateway to the world and the nation's main link with the Indian Ocean. The WA Government recommends consideration of WA's strategic role and position in the paper:

- It is suggested that a plan needs to be developed to increase the number of direct flights to Australia, in particular WA. This will support the growth of WA's trade and investment with key markets in Asia, including India, Vietnam and the Philippines and the aviation sector's recovery from COVID-19.
- It is suggested that Australia's Five-year Aviation Plan needs to prioritise the essential role of cross-border mobility in supporting the growth and recovery of the State's international education sector.
- Any changes to air regulation, policy and strategy should be designed in consultation with states and territories to address strategic and socio-economic challenges.

Aviation is a critical part of the supply chain of WA's key export industries, resources and agrifood, both for the exports of products (e.g. gold, lobster) and the imports of IT components. The issues paper should reflect the economic significance of these industries which are essential to the nation.

WA has a number of strategic aviation-related risks that need to be identified in the paper, including:

- the availability of training facilities, including aviation simulators, and other facilities to ensure the continuous training and licensing of pilots operating in WA;
- the proliferation of airstrips in largely unregulated or uncontrolled airspaces (particularly in the Pilbara) creates challenges that need to be managed in the future;
- the need to support sustainable communities by not diluting air traffic through regular transport service supported airports; and
- the recently announced closure of BP oil refinery, to be replaced with a fuel import terminal increasing risks associated with aviation fuel availability.

While there is currently no second major airport in the Perth metropolitan area, the State Government, in consultation with the Commonwealth and Airservices Australia, will progress planning studies to locate suitable sites for a future second Perth metropolitan airport and future second general aviation airport.

The significant thought that has gone into the development of the Issues Paper is acknowledged; however, a refocusing of the Commonwealth Government's efforts to address the following key areas is proposed:

- expand beyond a special interest in Indigenous communities and Australia's external territories to cover all regional routes in WA for which a commercial solution cannot be found;
- address real shortcomings in the ALOP (see further details below and in Attachment 1);
- consider how the ongoing need for regional aviation grant programs supports the argument that the current regional aviation model is broken, and a new framework is needed; and
- urgently address the need for a short-term transitional plan to move freight aviation services off government support and back to a commercial basis.

The Issues Paper details the impact of COVID-19 and the substantial investment (\$1.3 billion) by the Commonwealth Government to support its objectives of maintaining essential air connectivity, preserving critical capacity and maintaining supply lines for air freight exports and imports. The provision of the significant aviation support by the Commonwealth Government in response to COVID-19 supports the argument that regional aviation is an essential service in many parts of the State. It was too important to allow to fail.

The Commonwealth Government's policy objectives acknowledge the essential service nature of regional aviation services and the paper (page 14) indicates that this is a shared National, State and local government responsibility. The objectives identify the provision of aviation as an essential service for Indigenous communities and those living in remote and regional areas and Australia's external Territories. This objective may need to be expanded to cover all key regional routes in WA for which a commercial solution cannot be found.

The broad policy areas that the Commonwealth Government is considering includes a reduction of the regulatory burden and ensuring greater local decision making (page 15). While important, these do not address the key issue which is cost of air services/cost of operation of airports and when and how a subsidy should be applied. The third policy area of targeted assistance is the critical one and it needs to be broader than suggested by the examples highlighted in the paper. To support regional aviation, there needs to be an established measure of what level of service is essential and when government(s) should intervene with or without a subsidy.

Further comments are provided in Attachment 1 across the matters raised above.