



Minister for Transport; Planning; Ports

Our ref: 72-43239

The Hon Catherine King MP
Minister for Infrastructure, Transport,
Regional Development and Local Government
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Dear Minister King

AVIATION WHITE PAPER TERMS OF REFERENCE – WESTERN AUSTRALIAN SUBMISSION

The Western Australian Government welcomes the released terms of reference for the Aviation White Paper.

Aviation has played—and will continue to play—a key role in our country's prosperity. Aviation operates in a complex environment involving airlines, airports, industry, community and all levels of government. Efficient and affordable air services are crucial not only to the community but also to the tourism and resources sectors that rely on air services to get in and out of capital cities or larger regional hubs. Similarly, airport infrastructure across the country needs to be fit for purpose, particularly to support remote communities, providing for essential health care and emergency services.

Western Australia covers nearly one-third of Australia, and aviation plays a critical role in moving people within the State. Western Australia's isolation and distances make aviation an integral part of the State's economic and social wellbeing.

Western Australia strongly supports the outcomes identified in the White Paper terms of reference and acknowledges its scope. The notion in the terms of reference of "*an efficient, safe, sustainable and competitive Australian aviation sector*" and "*the role of airlines and airports in supporting regional economies*" is supported. Western Australia suggests the terms of reference be expanded to better address aviation policy settings to regional and international prosperity, including affordable regional airfares, freight and supply chain logistics.

Western Australia recommends that the terms of reference specifically reflect the following two strategic aspects as standalone items:

- *Affordability of air services as a key factor contributing to the liveability of regional Australia* - Access to affordable airfares is central to the liveability of our regional towns. Regional air services help reduce isolation, are essential to health services, and play a key role in supporting growth, economic development and job creation in the regions.
- *Fit for purpose airport infrastructure and access to air services that meet the needs of remote communities in Australia* - Fit for purpose airport infrastructure and access to air services are critical to the liveability of many remote communities across Australia. Air services are the only reliable means of transport for remote communities when road access is cut during the tropical wet season and in times of emergency.

More details on the proposed standalone terms of items is at **Attachment 1**.

To focus on regional and international prosperity, it is also suggested the following changes could be made to the terms of reference:

- expand the purpose to reference 'freight users and those reliant on aviation in the supply chain'.
- amend the scope and themes to reflect Australia's commitment to building local manufacturing capability by updating the following theme: 'Changing aviation technologies and ways to position our policies, regulations and systems to encourage uptake and local manufacturing of new, more efficient, transport technologies.'

The scope could also be expanded to consider the role of aviation in the development of specific industries, such as:

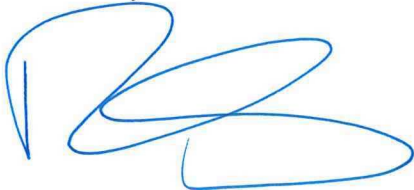
- opportunities to increase direct flights to enhance opportunities for international markets to visit, study and do business in Australia, thereby supporting key sectors such as tourism and international education.
- opportunities for partnerships with the aviation industry to provide enhanced defence infrastructure.

Finally, from a planning viewpoint, Western Australia recommends the following additional terms of reference be considered:

- Airports and local communities – consideration of the impacts of commercial and retail development within airport estates on surrounding centres and businesses, and the impact this has on the availability of services to surrounding communities. In addition, the impact this type of development can have on surrounding infrastructure (i.e. transport network).
- Airport development planning processes – the proposed terms of reference currently focuses on noise considerations only. It is recommended that this consideration be expanded to include other potential impacts to/from communities including but not limited to commercial/retail development (as above), protected airspace, public safety areas and other matters as reflected within the National Airports Safeguarding Framework.

Thank you for the opportunity to comment on the terms of reference. Western Australia looks forward to the release of the Green Paper later this year.

Your sincerely



HON RITA SAFFIOTI MLA
MINISTER FOR TRANSPORT

11 APR 2023

cc: Aviation White Paper Branch
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Affordability of air services as a key factor contributing to the liveability of regional Australia

The scope and themes in the Aviation White Paper's terms of reference do not specifically highlight the importance of affordable airfares on regional Australia.

The high cost of regional airfares has been a long-term concern for the regional community in Western Australia (WA), as well as in other parts of Australia. The issue of the cost of airfares across the country has been debated by both Commonwealth and State Governments. The WA Parliamentary Inquiry into Regional Airfares conducted in 2017 elicited a strong response from the regional community, who called for action on reducing airfares. Similarly, the Senate Standing Committee on Rural and Regional Affairs and Transport undertook an inquiry in 2018 that also focused on airfare pricing.

In WA there is a mix of air operations. Airline competition occurs on some routes, however, there are also natural and regulated monopoly intrastate operations. In a WA regional context, airline competition on regional routes has not always seen affordable airfares. Retail airfares between Perth and a regional town, such as Kununurra, can vary between \$350 and \$1,450 one way. The WA Government has worked to ensure accessibility, safety, and equity for regional and remote communities across WA and has prioritised aviation affordability through policy, such as the \$19.8 million State-funded capped airfare scheme.

The WA Government has implemented Australia's first Regional Airfare Zone Cap Scheme to provide direct relief all year round for regional residents travelling to Perth, whether for medical reasons, to see family, or to enjoy a holiday. The Regional Airfare Zone Cap was implemented under a partnership arrangement with the airlines that serve regional WA (currently these are Airnorth, Qantas, Rex, Skippers Aviation and Virgin Australia). Cheaper flights through the scheme have been available to regional residents in WA since 1 July 2022. The Zone Cap is \$199 one-way for regional residents living within 1,000 km of Perth, and \$299 one way for those living over 1,000 km from Perth. The Zone Cap fare is for personal travel only and must be booked as a return trip starting from the region. The capped airfares are making flights to Perth more accessible and affordable for regional WA and also helping families with the cost-of-living pressures. The scheme has been successful so far. Demand for the Zone Cap fares has been strong, with over 66,000 Zone Cap fares used by regional residents in the 6-month period July-December 2022.

Inter-regional connectivity is another aspect of aviation that the WA Government has prioritised with the most recent policy to support the upgrade and expansion of the Inter-Regional Flight Network. The current network connects Karratha, Port Hedland, Newman and Broome using Beechcraft 200 Super King Air nine-seater aircraft. The WA Government has committed over \$4 million funding over four years for the network, with the improved services expected to commence in mid-2023. The initiative will see the upgrade of the aircraft from nine to 76 seats, as well as adding new direct flights between Geraldton and Karratha. The project aims to enhance the liveability in the regions by enabling the provision of discounted fares through the increased seat capacity and connecting three regions: Mid-West, Pilbara, and Kimberley. Without passengers having to fly via Perth, the services will significantly reduce travel times, supporting jobs and the local economy.

Fit for purpose airport infrastructure and access to air services that meet the needs of remote communities in Australia

The scope and theme in the Aviation White Paper's terms of reference do not specifically highlight the importance of fit for purpose airport infrastructure and adequate air services for supporting the liveability of remote communities.

It is important to recognise the value and challenges of providing air services to remote areas in Australia. Over 90 per cent of WA is classified as 'remote' or 'very remote'. Remote communities require fit for purpose airport infrastructure to ensure safe and reliable air access, particularly clinical health visits and Royal Flying Doctor Service emergency operations. Air services are often the only option available to remote communities to access goods and services for months at a time. This issue was dramatically demonstrated by the emergency air services response to the recent flooding of the Fitzroy River Valley in the Kimberley region of Western Australia. A strategic approach to this challenge is required, as the frequency and intensity of flood events in the Kimberley region are expected to increase in future.¹

There are overlaps between Commonwealth and state governments for airport infrastructure and air service funding schemes. For example, both the Commonwealth (i.e. Remote Airstrip Upgrade Program) and WA Government (i.e. Regional Airports Development Scheme) provide grants to regional and remote airport owners to support the funding of airport capital works. Similarly, the WA Government subsidises regular public transport air services between Broome and Derby as well as flights between Kununurra, Halls Creek and Balgo (all towns with substantial Aboriginal community residents) to ensure public access and freight to these communities is available all year round. The Commonwealth's Remote Air Services Subsidy Scheme provides subsidised "Mail Plane" to remote communities across Australia. Opportunities and synergies should be considered by state and Commonwealth agencies to improve the efficiency of aviation subsidisation schemes.

In summary, it is imperative for government to maintain focus on improving the liveability of regional and remote communities through aviation. Australia's future policies and regulatory environment need to foster affordable airfares, improved regional connectivity and ensure that our aviation infrastructure is fit for purpose and continues to support air service access by remote communities.

¹ Western Australian Climate Change Projections, pp.18, 22, September 2021 www.wa.gov.au/system/files/2022-01/Western_Australian_Climate_Projections_Summary.pdf