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### Regional Aviation Summit spotlights issues, but is government listening?

Doug Nancarrow

The Regional Aviation summit held in Canberra yesterday was precise in its targeting of issues, but the politicians who count right now didn't seem to be listening.

The summit, a commendable initiative by the Regional Aviation Association of Australia (RAAA), was designed to present the business case for reassessing some of the imposts the industry sector faces in the next few months.

Holding the summit not only in Canberra but in Parliament House was a smart move; and it resulted in several relevant politicians putting in an appearance, including ministers Albanese and Ferguson.

The trouble was that, while expressing understanding of the issues that were on the table for the day, Minister Albanese was clear in his rejection of any further negotiations; to the extent that, as first speaker, he effectively undermined much of the value (if not the accuracy) of some high quality presentations to follow.

Albanese defined most of the issues which would dominate the discussions throughout the day, but he seemed to be generally out of kilter with the RAAA, except when it came to Sydney Airport.

On the enroute charges payment scheme he said that it "was introduced as a transitional measure following the Ansett collapse in 2001 and was only intended to operate for a limited time.

"In our first budget in 2008, when the scheme was due to end, we extended it but determined that it would conclude on the 30<sup>th</sup> of June this year. That was to provide certainty for operators with four years notice.

"Some airlines have argued that it should continue. Not many industries argue that subsidies should cease. They say that its removal makes some routes unviable. I urge those who are concerned to perceive the subsidy in some perspective. The size of the subsidy supplied is on average around \$2 per passenger. I don't believe that this should affect to the commercial viability of any route."

Regional aviation stalwart Jim Davis was succinct with his response to this:

"The Government's own White Paper mentioned that there was a need for a replacement scheme. It identified the need for an enroute scheme to be changed to something else and that was meant to come into place on 1<sup>st</sup> July 2010. Well it hasn't come into place and we sit here today losing the scheme on the 1<sup>st</sup> of July with no replacement."

On the carbon tax Albanese said that, "The Government makes no apology for our commitment towards a clean energy future. Pricing of carbon pollution is integral to that.

"The Government understands that there will be some impact on your costs and that you may need to pass these on to passengers. We've included that as part of the assistance package.

“The carbon price on a regional airfare, depending on the flight length, will be between one and two dollars per seat. I would ask you to recognize that these costs are only a small fraction of the fluctuations in oil prices you have weathered over the last decade.”

Jim Davis responded to that, but later, unfortunately without the Minister within earshot:

“The carbon tax is not just a cup of coffee... the annual cost to RAAA members is over \$20 million... The Minister stated that this is going to be for our clean energy future. Well it doesn't make any difference. You can tax regional aviation all you like, you can add to the cost of fuel, but we will not be burning less fuel unless we go out of business.

“We are already as efficient as you can be. Years and years of high oil prices have made aviation extremely efficient. So hitting us with a tax is just going to raise money, it is going to be a cost to the industry and a stress to the industry, it is not going to produce a clean energy future.

“In contrast, the private motor car is a very real competitor where there is huge scope to reduce emissions and it has no tax at all. The same with the trucking industry which has an exemption until 2014.”

And RAAA President Michael Bridge:

“If we keep adding just another two dollars here and there, this industry will become unviable. Interestingly the Rex chairman about 12 months ago addressed this issue and his comment was that if any regional operator could get another two dollars out of any airfare we'd all be negligent in not doing it and adding it to our bottom line. We just simply cannot continue to keep passing these one, two or in some cases eight dollars on to our passengers and expect that our markets will not change.”

To beef up his case for not listening to the sector's pleas, the Minister detailed the latest report, which appears to show healthy growth in regional aviation:

“The report finds that passenger movements at regional airports between 2005 and 2010 increased from 16.8 million to 22.5 million. That is growth of more than six per cent, ahead of the 5.7 per cent growth at our major city airports... It's an even stronger picture at our remote and very remote airports. They grew 6.5 per cent and 9.7 per cent respectively. This is an impressive turnaround from the preceding five years... (In 2011) passenger numbers jumped by just over 10 per cent...”

Yes Minister, but there's a strong fly-in-fly-out influence on those figures. And, as was clarified later, the bureaucracies have a strange way of defining “rural”, “regional” and “remote. As the RAAA's Michael Bridge said, “We do not consider Pt Macquarie or Newcastle or Townsville or Cairns as regional Australia anymore; as part of our regional aviation infrastructure”.

The Minister glossed over Security, in much the same spirit with which the Office of Transport Security itself seems have stopped listening to the regional aviation sector.

The Minister did manage to score some points when it came to Sydney Airport, restating that regional access was sacrosanct as long as the current government is in power.

But the most concise summation of the fate awaiting the sector in three months time was delivered by Jim Davis:

“The total cost to Rex from the measures coming into place from 1<sup>st</sup> July is about \$6 million. To put that into context, if you were to apply this to Qantas, if you take the difference in revenue, that’s adding \$300 million to Qantas’ bottom line and no government would do that. Yet it is happening to the regional operators.”

And, if yesterday’s summit is anything to go by, no one (of direct import) is listening.

The RAAA needs to repeat the lobbying exercise at the earliest opportunity; and with all the eloquence that was on show yesterday.

Maybe it should consider moving its annual Convention from the Sunshine Coast to Canberra. The ambiance wouldn’t be as pleasant but it just might be more useful.