

Dr Jane Thomson
Committee Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Dr Thomson,

**Inquiry into the operation, regulation and funding of air route
service delivery to rural, regional and remote communities**

I hereby make the following submission to the above inquiry. In particular, I comment and make a recommendation with regard to funding for regional and rural airports, their relationship with users and approach to investment and operations in the context of the reference: "The determination of airport charges for landing and security fees, aircraft type and customer demand."

About the Respondent

I am a retired regional airline senior executive, private aircraft and hangar owner and private pilot with over 30 years involvement in aviation from Commonwealth economic regulator to regional airline CEO.

The catalyst for making this submission has come from a very recent experience where Wagga Wagga City Council decided to introduce a set of new aircraft parking charges on top of current landing and other charges without proper consultation with the airport's users. In objecting to Council's approach, social media was used to rally support behind an on-line petition, a letter writing campaign and subsequently the establishment of an informal social media group called the Regional Airport Users Action Group (RAUAG). I am the convener of this group and it currently has 125 members.

The actions of the local users including the regional airline users and others in the broader aviation community, resulted in Council not introducing the new charges and referring it to a newly established Airport Advisory Committee. Further, Council was proactive in extending the Committee's Terms of Reference to include a full review of the management, operation and improvement of the airport facilities together with its financial performance budgets and long term financial objectives.

This is the first time in my memory a Council is working with users to fully review objectives and financial performance.

Setting the Scene

Since the transfer of ownership of Commonwealth airports to local government, airport users have continually witnessed poor planning, poor management and poor financial performance at regional and local airports. In many cases this has involved significant waste, cost blow outs and severe pressure to increase user charges.

In almost every case, Council bureaucracy has made recommendations to Councillors on investment and charging without any input from users. Specialist advice has not been a feature in many cases and unfortunately, Councils have made poor decisions.

This has led to much conflict between the airlines and other users and the Council owners. The conflict has centred on the number and level of charges and the facilities and services provided. There are numerous media examples of such conflicts.

For many years, Federal and State grant funding has been made available for infrastructure works at local government airports. Again we have witnessed many infrastructure works both new development and restoration, where the local Council has applied and proceeded with work on the basis that "...the money is available so we should go for it." However, in these cases the approach has not involved proper consultation with users, has not involved a proper long term cost - benefit analysis - especially when the infrastructure improvements lead to increased operating costs and significantly higher maintenance costs over the life of the asset - and has not been the best outcome for users and the long term development of the airport.

Airport Advisory Committees

With the transfer of airport ownership to local government (which commenced mainly from the 1980s), councils were encouraged to establish Airport Advisory Committees and many did in the initial period. However, over the years most have disappeared or have become ineffective. One suspects Council bureaucrats have preferred to make recommendations without such "interference".

This has led to a lack of effective user input and specialist advice.

Recommendation

It is recommended that both State and Federal Governments require Local Government airport owners/operators (Councils), as a precondition of applying (and specifically enforced when approval is given) for any grant funding for any airport infrastructure development, restoration, repair and maintenance or any expenditure at their airport, to establish and maintain an Airport Management Committee or Airport Advisory Committee. The purpose and objectives of such committees would be to overview, review, investigate, report and make recommendations to the Council on the

effective operation, management, planning and development of the airport and airport services by:

- a) facilitating effective communication and consultation between airport users and airport stakeholders with Council;
- b) contributing directly to the ongoing planning and future development of the airport via the Airport Master Plan and other long term financial planning activities;
- c) achieving high standards of ongoing financial and operational performance of the airport in the context of relevant budgets, good practice and safety compliance requirements;
- d) making recommendations to Council on annual financial and operational budgets including capital investment and recurrent expenditure proposals in concert with recommendations on charging regimes and proposed fees and charges;
- e) providing advice and recommendations on the care, protection, management, operation and improvement of the airport's services and facilities;
- f) signing-off on any recommendations for State and Federal Government funding for any expenditure on the airport;
- g) encouraging public interest and support for the airport and its contribution to the economic, social and cultural needs of the community; and
- h) carrying out such other tasks and activities as required or directed in furtherance of the broad aims and objectives of the Committee.

It is suggested this initiative will lead to better planning, more appropriate infrastructure development, improved efficiency and cost / waste reduction, improved financial performance, more effective charging regimes and levels and reduced conflict. It also has the potential for the industry to work together with common goals.

Yours sincerely,

Geoff Breust