Western Australian State Aviation Strategy
PART 1
MINISTER’S FOREWORD

It can be argued that Western Australia is the true birthplace of civil aviation in Australia, having the first scheduled passenger service and the earliest and largest state civil aviation network.

WA is an enormous state covering one-third of the Australian continent, where effective transport and communication are heavily dependent on reliable aviation services. This has been the case ever since some of the world’s first airline services were established here in the 1920s by aviation pioneers like Sir Norman Brearley, Horrie Miller and Charles Snook.

WA is the engine room of the Australian economy, generating 51 per cent of the nation’s merchandise exports by value in 2013-14, more than the exports of all the other States and Territories combined. Much of this output depends on reliable air services. Whether it is ferrying tens of thousands of resources and energy industry fly-in/fly-out workers to mines in the Pilbara, the Eastern Goldfields and gas fields of the North-West Shelf, sending tourists to Broome and Exmouth, connecting Western Australians everywhere to friends and relatives, or allowing vital social services, aviation plays a pivotal role in the State’s economic and social development.

With the State’s economy and population growing at rates roughly double the national average, demand for air services in Western Australia has experienced extraordinary growth that has placed great strain on our airports to keep up. Just about everybody who has flown anywhere from Perth in the past five years has experienced congestion and delays at Perth Airport owing to the rate of growth in aircraft and passenger numbers. The problem is by no means confined to Perth, with the Pilbara airports also struggling to keep up with the necessary expansion of terminals, runways and other airport infrastructure.

At Perth Airport, good progress has been made in developing the new Terminal 2, alongside the current international terminal, which opened in early 2013. This terminal is initially servicing Alliance Airlines, Virgin Australia and Tiger Airways. This will be followed by a new terminal facility to service Virgin Australia and, later, an expanded international terminal. Perth Airport will also be well-served by the $1 billion Federal and State Perth Gateway project, which will upgrade all of the major arterial roads in and around Perth Airport, making it much easier for people and freight to get to and from the airport.

These developments notwithstanding, it is imperative that Perth Airport brings forward the development of a third runway to avoid damaging and disruptive delays to traffic, particularly during the weekday morning take-off and afternoon landing peak periods depended on by the State’s resources and energy industries.

While aviation is largely a matter of Commonwealth jurisdiction, the risk to WA’s economic and social development from our air services and airports failing to keep up with demand is now too great for the State not to play a more active role in the aviation sector. This strategy includes a suite of actions whereby the State will work in partnership with airports, airlines and the resources and energy sector to ensure adequate services continue to meet our needs. It also prudently encourages private investment in our regional airports, which will serve the State well considering the significant demand on public funds for investment in health, education, roads and public transport to meet the needs of our rapidly growing population and economy.
This State Aviation Strategy is the first developed for WA. It complements the State’s other key transport strategies covering freight and public transport services. It is aimed at supporting the economic and social development of WA through the provision of safe, affordable, efficient and effective aviation services and infrastructure. It provides a sound framework for policy setting, future planning and investment in Western Australia’s international and domestic air services and airport infrastructure.

The State Aviation Strategy has been prepared by the Department of Transport in conjunction with key government agencies covering economic development, planning, tourism, local government and regional development. It reflects close consultation with airport owners, airlines, the resources industry, and key players in general aviation, as well as the results of aviation strategy workshops held in regional centres across the State. It also reflects the extensive feedback provided on the draft strategy released for public comment in September 2013.

Implementation of the State Aviation Strategy will commence immediately and will be reviewed in five years’ time.

Hon Dean Nalder MLA
Minister for Transport
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The sheer size and isolation of Western Australia mean there is little choice but aviation for travel between Perth and other states and between Perth and most of the State's major regional centres. In recent years the State’s dependence on aviation has been brought into sharp relief by the resources industry’s increasing reliance on fly-in/fly-out (FIFO) workforces. From these perspectives, aviation plays an utterly pivotal role in both economic and social development of the State.

The aviation industry in WA caters to the air service needs of the resource, corporate, tourism and leisure sectors and local communities. In the past 10 years, aviation passenger and aircraft movements in WA have grown considerably. It has been a challenge for our major airports to keep pace with the growth in demand, leading to shortfalls in airport capacity causing congestion and delays, especially at Perth and the Pilbara airports. These shortcomings have affected productivity around the state as well as causing inconvenience to the travelling public.

This State Aviation Strategy is the first developed for WA and complements the Federal Aviation Policy and the State’s other key transport strategies. It has been prepared by the Department of Transport (DoT) in conjunction with key government agencies covering economic development, planning, tourism, local government and regional development. It reflects close consultation with airport owners, airlines, the resources and energy industry, and key players in general aviation, as well as the results of 10 aviation strategy workshops held in regional centres across the State. It also responds to extensive feedback provided on the draft strategy released for public comment in September 2013.
Western Australian Aviation Strategy vision and objectives

The vision for the strategy is that Western Australia will have a world-class aviation network and infrastructure that supports and promotes the State’s economic and social development.

The vision will be attained through the pursuit and achievement of the following objectives for the strategy:

a. To support the economic and social development of Western Australia through the provision of safe, affordable, efficient and effective aviation services and infrastructure.

b. To provide a sound framework for policy setting and future planning and investment in Western Australian international and domestic air services and airport infrastructure.

Future aviation activity

Perth Airport is the fastest growing capital city airport in Australia. The Pilbara regional airports are the fastest growing airports in Australia, with Newman Airport experiencing growth of 46 per cent in 2012-13.

According to Perth Airport statistics, 13.96 million passengers travelled through the Perth Airport domestic and international terminals in 2013-14 more than double the 6 million passengers through the airport ten years ago. The longer-term passenger growth rates at Perth Airport, have been:

- 5 years since 2008-09 — 7.5 per cent per annum.
- 10 years since 2003-04 — 8.7 per cent per annum.

Forecasts of WA aviation activity have consistently underestimated actual growth. In 2004, Perth Airport forecast that annual passenger movements through the airport would reach 12.6 million in 2026. In fact, passenger movements reached this level in 2012.

In 2009, Perth Airport published its forecast passenger movement in the Perth Airport Master Plan. This estimated that regular public transport (RPT) passenger movements would increase from 9.2 million in 2007-08 to 18.9 million a year by 2028-29, a figure that would be reached if annual compound growth over the 21-year period is 3.5 per cent per annum. Perth Airport expected lower growth flowing from the fall-out of the global financial crisis (GFC) and slowing economic growth.

As it turned out, passenger movements through Perth Airport proved to be unaffected by the GFC and reached 13.7 million by 2012-13, a level 25 per cent higher than forecast and reached five years ahead of Perth Airport’s 2009 projection.

The rapid growth in passenger throughput at Perth Airport has been driven by:

- WA’s extraordinarily high economic growth rate, which in the past 10 years has averaged 4.9 per cent per annum;
- the resources industry’s increasing dependence on FIFO workforces;
- WA having the highest population growth in Australia, of more than 2.5 per cent per annum;
- increasing levels of WA personal disposable income, now 10 per cent above the Australian average;
- increased seat capacity on interstate routes, with the major airlines switching to wide-bodied jets. In the two years to 2012-13, interstate seats grew by 17.6 per cent;
- increased low-cost carrier presence on international and interstate routes to and from Perth;
- cheaper interstate and international airfares; and
- increased destination choice within Australia and internationally.

Current reporting of passenger movements does not fully capture charter flight passenger numbers, a significant component of WA aviation activity. The Bureau of Infrastructure, Transport and Regional Economics (BITRE) analysis of charter flight passenger numbers suggests that charter flights are accounting for an additional 14 per cent of domestic passenger movements through the airport.
Reliable forecasts of aviation activity are crucial to the scale and timing of investment in aviation infrastructure. Forecasts also have an important role to play in building confidence among stakeholders about an airport’s infrastructure planning. Underestimates of growth in aviation activity are likely to have contributed to delays in investment in aviation infrastructure and services, which in turn have led to congestion and delays at Perth Airport and the Pilbara regional airports.

FIFO workforces are crucial to the development and operation of the resources industry. It is likely that the trend towards the use of FIFO workforces will continue. There has been a dramatic effect on levels of aviation activity by FIFO workforces, especially among the Pilbara airports. FIFO traffic is the major contributor to congestion at Perth Airport and the Pilbara regional airports during peak morning and afternoon periods.

Congestion puts strain on aviation and land transport infrastructure at Perth Airport and the Pilbara airports. FIFO has also driven the proliferation of private airstrips close to mine sites, which can detract from the ability of public airports to benefit from economies of scale and the ability to consolidate infrastructure, services and demand.

The Chamber of Minerals and Energy of Western Australia (CME) commissioned a study into the extent of current and projected aviation services demand by the resources industry in WA.

Drawing upon projections by leading WA resource companies, the CME assessed resources industry demand out to 2017.

The CME analysis found that on the basis of committed, probable and potential projects the resources industry would:

- create an additional 640,000 annual passenger movements through Perth Airport by 2017; and
- require an additional 10 flights per weekday in the morning peak or an increase in passenger loads of 21 people per flight.

Under a second scenario limited to only committed and probable projects, the CME analysis found an additional 390,000 passenger movements would be created, peaking in 2014 and requiring an additional six flights per weekday in the morning peak or an average increase of 13 passengers per flight.

The CME assessment confirms that the resources industry itself will overload the current morning peak periods, which are essentially at full capacity.

To improve the reliability and scope of aviation forecasting, the State Government will directly engage and consult with Perth Airport, the resources industry, major regional airports and BITRE to improve forecasts of aviation activity, particularly in relation to master planning. The State Government will also independently assess aviation activity forecasts for Perth Airport and major regional airports, helping to coordinate planning across the WA aviation network.
Airport planning

Airport planning and management is the responsibility of airport owners. Oversight of airport planning in Australia is largely the responsibility of the Commonwealth Government (capital city airports) and local government (regional airports).

Airport planning in WA is not coordinated on a state-wide basis. Unlike other aspects of essential WA transport infrastructure, State Government has little planning involvement at a metropolitan level and no State or Commonwealth Government planning involvement at a regional level. While there has been some good coordination by Perth Airport with State planning and land transport agencies in the past, there is significant scope for more active State participation in airport master and major development planning processes.

Under the WA Planning Commission, State Planning Policies (SPP) exist in relation to land use in the vicinity of Perth Airport (SPP 5.1) and Jandakot Airport (SPP 5.3), which have recently been reviewed. The reviews incorporated the revised Australian Noise Exposure Forecast approved by Airservices Australia in August 2009.

There is no requirement on any local government owner of a regional airport to develop a master plan (although most do) or an asset management plan. There is no mechanism for the State to require, review, or approve airport master plans. There is no specific State Government requirement of local governments to plan regional airports for financial sustainability.

In the case of busy and fast-growing regional airports critical to the efficient operation of the resources industry, the lack of any planning oversight or coordination across the aviation network presents risks of delays in airport infrastructure investment to the State and national economies as well as the regional communities concerned.

For smaller regional airports that may have limited revenue streams and that rely on local government subsidy, a basic master plan and asset management plan could provide guidance on the efficient use of scarce resources.

Airport planning in WA should be coordinated at a network level to reduce the risk of under-investment in key airport infrastructure and a lack of airport capacity acting as a restriction on economic and social development.

Pearce Air Base is essential to the Royal Australian Air Force’s (RAAF) pilot training and is unsuited for civil aviation requirements. The potential use of Pearce Air Base for civil requirements is not contemplated.

To improve airport planning across the State, the State Government will work with stakeholders to establish a policy framework for master planning of local government-owned major regional airports. The State Government will also engage and cooperate with Perth Airport, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network.
Perth Airport infrastructure

Perth Airport is under stress owing to unpredicted levels of growth, which have resulted in runway capacity being reached at peak mid-week morning and afternoon periods.

The extraordinary levels of growth at the airport are primarily a result of resources industry FIFO activity. Also contributing are high levels of economic and population growth, which have been at levels double that of the national average.

There is little opportunity for peak loads at the airport to be spread to other times owing to the operational limitations of the resources industry requiring shift changes to be effected in the course of a single day.

Congestion at Perth Airport is creating additional costs and inefficiencies across the community, commerce and industry and is contributing to delays and inefficiencies at regional airports across the entire State aviation network.

An independent review of Perth Airport’s airspace and airfield operations by Airservices Australia’s UK equivalent (UK NATS) identified more than 20 ways to improve runway capacity at Perth Airport. These have the potential to improve airfield efficiency by 20 per cent over two years, subject to meeting safety and operational requirements. The recommended improvements include pilots reacting quicker to take-off clearances, planes exiting the runway much faster, the installation of high speed taxiways angled off the runway to provide a speedier exit and the closer sequencing of planes. Nevertheless, these potential gains in operational efficiency will soon be swallowed up in the event that traffic at the airport continues to grow at the rate seen in the past five and 10 years.

The UK NATS report highlighted that mid-week morning congestion, driven by FIFO departures, could only be addressed by continuing to spread airline schedules, or by constructing a third runway. Reinforcing this view, Airservices Australia concluded from the UK NATS report that “only a new third runway will give us the 50 per cent increase the airport needs.”

A third runway will provide the step-change in capacity needed to cope with current peak hour demand as well as accommodating continuing high levels of growth at the airport.

To assist in the timely development of infrastructure at Perth Airport, the State Government will liaise closely with the Commonwealth Government, Perth Airport, the resources industry and airlines in the development and assessment of a proposal to construct a third runway. This assessment will review whether the additional peak hour capacity provided by a third runway does not overwhelm capacity at regional airports, particularly those in the Pilbara.

The State Government will also actively engage with Perth Airport, Commonwealth Department of Infrastructure and Regional Development (DIRD), Airservices Australia, airline and aircraft operators, the resources industry and major regional WA airports in Perth Airport’s master and major development planning processes.

WA regional airport infrastructure

Regional airport master plans are key long-term planning documents for airports, the region and the State. While most, if not all, major regional airports are undertaking them, coverage of key planning issues is not strong when measured against best practice planning. This is of some concern as poor quality planning may lead to poor outcomes for airport owners and stakeholders.

The cost of providing security across the aviation network falls disproportionally on passengers travelling from smaller regional airports and adds considerably to the already very high airfares borne by regional Western Australians.
The State Government will seek to establish a master planning policy and asset management planning framework for local government-owned major regional airports within a state-wide aviation network-planning context.

The State Government will actively engage with Perth Airport, DIRD, Airservices Australia, airlines, resources industry and major regional WA airports in the master planning processes of the WA major regional airports.

The State Government will engage and cooperate with Perth Airport, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network.

The State Government will take up with the Commonwealth the disproportionate cost of aviation security borne by passengers at small regional airports and seek that the cost be shared equally by passengers across the entire network.

WA regional airport ownership and governance

Funding major investment at fast-growing regional airports is limited by local governments’ capacity to fund infrastructure. In particular, local governments are prevented by the Local Government Act from using assets to secure loans since they may only borrow against the security of their general funds, rates and untied government grant income.

Major airport infrastructure is normally funded by borrowings since cash flow from airport operations is often insufficient. Local government capital funding processes are complex and not well-suited to funding major airport infrastructure.

New governance options are required for local government-owned airports, particularly those that are constrained by access to capital funding, that will allow them to be run on fully commercial lines.
The current local government ownership and governance model offers integration with local planning and economic development and some economies of scale from council resourcing. The model has worked well in several locations and has delivered significant investment at Karratha, Newman, Geraldton and, previously, at Kalgoorlie. However, the Pilbara airports’ management arrangements in particular lack both governance depth and the flexibility to operate commercially in areas such as charging, borrowing and industrial relations.

In the case of the State’s larger and fast-growing airports, whose role goes far beyond that of servicing the needs of a local community, the option of a long-term lease to the private sector enables private capital and professional airport management expertise at board, executive and operational level to be mobilised. This allows effective and efficient management of the airport in a way that minimises risk to major users and facilitates continued State economic growth.

The State Government will encourage private sector investment in, and management of, regional airports to improve their effectiveness and efficiency.

**Regional Airports Development Scheme**

The Regional Airports Development Scheme (RADS) was established in 1997 with the objective of ensuring that “regional aviation infrastructure and airport services are developed and maintained to facilitate air access and enhance economic growth in Western Australia.”

RADS is administered by DoT. In the process of developing the State Aviation Strategy, a review of RADS concluded that the limited funding available to the scheme could be better targeted to maximise the aviation benefits accruing to the community.

As a result of the review, RADS priority will now be given to aviation-related infrastructure that provides clearly defined community benefits where the project is not capable of being funded through other means. Lower priority will apply to regional airport development projects where the benefits are primarily commercial or will benefit a limited number of people.

The amendments to RADS will better prioritise projects to maximise benefits to regional communities. RADS funding will be directed where it is most needed, especially to regional RPT airports that do not have sufficient passenger throughput to make them financially self-sustaining.
Tourism and aviation route development

The tourism industry is, to some degree, being crowded out by the growth in the resources industry. The strength of the resource industry is resulting in very high accommodation and hospitality prices. While the impact of this effect is strong in Perth, it is particularly acute in the Pilbara region. Tourism in the Pilbara faces the dual effect of particularly high airfares and accommodation shortages and is in decline.

Given the relatively high cost of Perth compared to other Australian destinations the capacity to grow the interstate market is constrained. Growth in international tourism will be important in the current environment, particularly through the further expansion of low-cost carriers. In this context, growth of tourism from Asia resulting from an expanded middle class will be important.

Intrastate tourism in WA is at least to some degree constrained by high airfares. The majority of passengers who travel into the regions have a business or work-related purpose and the cost of travel is met by employers. Intrastate tourism would benefit from the operation of a low-cost carrier in WA, given the range of factors that influence air fares, including distance, competition and size and type of market.

In Queensland, which is also a resource-based state, Jetstar flies a large number of intrastate routes. Airfares in Queensland are much lower than in WA.

Broome represents the best opportunity for a low-cost carrier to enter the Western Australian regional tourism market. Internationally, low-cost carriers can stimulate traffic growth on a route by 300 per cent, as evidenced by AirAsia X’s operations between Perth and Kuala Lumpur in 2008.

To encourage tourism, the State Government will aim to attract new airlines, including low-cost carriers, to Perth and regional WA with the goal of introducing non-stop linkages from core and emerging international and interstate markets; and will seek to foster and facilitate code-sharing agreements between overseas airlines and Australian domestic carriers.

The State Government will also identify, facilitate and develop additional gateways into the State outside Perth (such as Broome) and encourage the Commonwealth Government to actively manage international air services agreements between countries to ensure that international tourism into WA is not constrained.
Developing quality and affordable air services

The State Government regulates a number of intrastate aviation routes to ensure the provision of regular public transport (RPT) aviation services on routes where traffic is considered too light to sustain open competition. The regulation of these routes is reviewed from time to time. The most recent review resulted in the deregulation of the Geraldton – Perth route and the introduction of limited competition on the Perth – Exmouth route.

DoT will complete a review of regulated air routes in 2014, and recommend to the Minister for Transport whether to re-tender, renew or deregulate the RPT routes servicing Albany, Esperance, Carnarvon, Kalbarri, Monkey Mia, Leinster, Wiluna, Meekatharra, Mount Magnet, Leonora, Laverton and Exmouth. DoT will also review the provision of the subsidised Kimberley regional service that operates between Broome, Derby, Fitzroy Crossing and Halls Creek.

WA regional airfares are generally the highest in Australia, both in absolute terms and in terms of cost per route kilometre. The predominance of the relatively price-insensitive business-corporate market for aviation in WA is likely a major factor in the high cost of WA intrastate airfares.

The high level of resource industry-related traffic in WA may contribute to the high cost of WA regional airfares, particularly as resource companies frequently make block bookings of seats, taking up available discount fares well in advance of a flight.

Improved levels of competition are likely to reduce the cost of airfares, suggesting that WA should deregulate routes wherever feasible, and encourage low-cost carriers to operate on intrastate routes (as they do in Queensland).

To improve competition and help lower airfares, the State Government will seek to encourage a low-cost carrier to operate intrastate services within WA.

The State Government will also seek to deregulate RPT routes wherever feasible as a means of stimulating competition, increasing choice, introducing more flights, and lowering airfares.
Aviation training in Western Australia

There are opportunities to improve and develop aviation training in WA, building on the State’s strong track record and its inherent advantages of clear skies and good flying weather. Development of aviation training or the provision of aviation training assets by the State should be based on a strategic assessment of needs, rather than the case-by-case proposal-based approach utilised to date.

The Department of Training and Workforce Development is best placed to lead the development of an aviation training strategy in WA, with the Department of State Development (DSD) and DoT providing specialist advice on investment attraction and infrastructure aspects of aviation training respectively.

Training organisations in WA need to develop a consolidated view with respect of where to locate new navigation facilities (instrument landing systems, or ILS, and non-directional beacons, or NDB) and how they might be funded. The locations of additional ILS and NDB and any other aviation training assets should be informed by a strategic assessment of aviation training needs led by the Department of Training and Workforce Development.

Key actions

To improve the reliability and scope of aviation forecasting, the State Government will:

1. Directly engage and consult with Perth Airport, major regional airports and BITRE to improve forecasts of aviation activity, particularly in relation to master planning.

   → Actively participate in Perth Airport’s Planning Coordination Forum to provide the airport with state-specific information and perspectives on demand drivers and work to gain a closer understanding of the airport’s infrastructure planning process.

   → Consult with the CME and the resources industry and monitor major resources projects to ensure that the scale and timing of FIFO is taken into account in forecasts of aviation activity.

   → Encourage the CME to undertake and share with Government and airport operators its projections of resources industry aviation demand.

   → Request that BITRE extend its reporting of charter flight passenger numbers and that it consider greater WA specificity in its future Perth Airport forecasting, particularly relating to the minerals and energy sector.

   → Independently assess aviation activity forecasts allowing for different economic scenarios for Perth Airport and major regional airports to help coordinate planning across the WA aviation network.

2. To improve airport planning across the State, the State Government will:

   → Seek to establish a master planning policy and asset management planning framework for local government-owned regional airports within a state-wide aviation network-planning context.

   → Engage and cooperate with Perth Airport, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network.

   → Coordinate planning of transport linkages and the provision of public transport to Perth Airport and major regional airports.
→ Consider existing land-use planning controls for land around airports to ensure airports are not constrained by inappropriate development (such as noise-sensitive developments).
→ Seek to establish a transport approval process for the development of new airstrips and airports, especially those servicing resource companies, in close consultation with Commonwealth air traffic and safety agencies.

3. To provide for the long-term aviation and airport capacity requirements of the Perth metropolitan region, the State Government will cooperate with Airservices Australia and other Commonwealth agencies in planning studies to locate suitable sites for a future second Perth metropolitan airport and a future second general aviation airport.

4. To assist in the timely development of infrastructure at Perth Airport, the State Government will:
→ Liaise closely with the Commonwealth Government, Perth Airport, the resources industry and the airlines in the development and assessment of a proposal to construct the third runway.
→ Actively engage with Perth Airport, Commonwealth Department of Infrastructure and Airservices Australia, airlines, resources industry and major regional WA airports in Perth Airport’s master planning process.
→ Cooperate with Perth Airport, airlines, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network.
→ Request that Perth Airport invite the CME to join its Planning Coordination Forum to better enable resource sector factors to be taken into account in air traffic forecasting and airport planning.
→ Actively engage with Perth Airport, DIRD, Airservices Australia, airlines, resources industry and major regional WA airports in the master planning processes of the major WA regional airports.
→ Engage and cooperate with Perth Airport, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network.

→ Cooperate with local government and the Commonwealth in seeking to resolve airport land tenure issues that restrict the development of land holdings at airports and inhibit the airports’ commercial viability.

5. To improve infrastructure planning and development at regional airports the State Government will:
→ Develop, in consultation with regional airports, a preferred master plan template. Completion and public availability of a current master plan and asset management plan will be an eligibility condition for all airports applying for RADS funding that are above a specified minimum size.
→ Seek to establish a master planning policy and asset management planning framework for local government-owned regional airports within a state-wide aviation network planning context.

6. The State Government will take up with the Commonwealth the disproportionate cost of aviation security borne by passengers at small regional airports and seek an approach to aviation security cost-recovery based on network pricing.

7. The State Government will encourage private sector investment in, and management of, regional airports to improve their effectiveness and efficiency.

8. To foster the development of tourism through improved aviation services, the State Government will:
→ Encourage expansion of inbound air services (international, interstate and intrastate), primarily through WA’s major aviation gateway of Perth.
→ Foster competition and grow frequency and capacity with existing carriers on existing and new intrastate, interstate and international routes.
→ Attract new airlines to Perth and regional WA with the aim of introducing new non-stop linkages from core and emerging international and interstate market.
→ Foster and facilitate code-sharing agreements between overseas airlines and Australian domestic carriers.
→ Continue with partners in route development to offer stakeholder support (such as airport aeronautical rebates and route marketing support funds) to attract and support new air services.

→ Identify, facilitate and develop additional gateways into the State outside Perth (such as Broome) and encourage the Commonwealth Government to actively manage international air services agreements between countries to ensure that international tourism into WA is not constrained.

→ Request that the Commonwealth Government review its policy regarding how the costs of providing security across the aviation network are met.

→ Examine the commercial environment with an aim of encouraging greater low-cost carrier presence in WA as a means of stimulating tourism.

→ Ensure Tourism WA is consulted in the reviews of a regulated or deregulated route wherever tourism is an important factor on that route.

9. To encourage competition and seek to reduce the high cost of intrastate airfares, the State Government will:

→ Seek to encourage a low-cost carrier to operate intrastate services within WA.

→ Seek to deregulate RPT routes wherever feasible.

10. DoT will complete a regulated route review in 2014, and recommend to the Minister for Transport whether to retender, renew or deregulate the RPT routes servicing Albany, Esperance, Carnarvon, Kalbarri, Monkey Mia, Leinster, Wiluna, Meekatharra, Mount Magnet, Leonora, Laverton and Exmouth.

11. The Department of Training and Workforce Development, working closely with the Department of State Development, DoT and industry stakeholders, will develop an aviation training and related services strategy for Western Australia.

Strategy implementation

Implementation of the State Aviation Strategy will commence immediately. Action in implementing the strategy across the WA Government will be overseen by an inter-agency steering committee led by DoT.

Key priorities in implementing the strategy are as follows:

→ Aviation infrastructure planning and development
  – working with BITRE, Perth Airport and the major regional airports to improve aviation forecasting;
  – improving planning and asset management at regional airports; and
  – cooperating with the Commonwealth Government, Perth Airport, the resources industry and the airlines in the development and assessment of a proposal to construct a third runway.

→ Regional airport governance and investment
  – encourage private sector investment in, and management of, regional airports to improve their effectiveness, efficiency and access to capital.

→ Intrastate airfares
  – foster competition by deregulating RPT aviation routes where feasible;
  – encourage a low-cost carrier to operate intrastate services; and
  – engage with the Commonwealth to reduce the cost of aviation security per passenger at regional airports.

Strategy review

The State Aviation Strategy will be formally reviewed in five years’ time.
Western Australia’s demography and geography result in vast distances between population centres within the State as well as between Perth and other Australian cities.

Within the State, Kununurra is farther from Perth than London is from St Petersburg. Beyond the State, Perth is closer to Jakarta than it is to Canberra or Sydney, while the distance between Perth and Brisbane is greater than that between London and Cairo.

These vast distances result in there being a virtual absence of modal choice for travel between Perth and other states and between Perth and most of the State’s major regional centres. In recent years the State’s dependence on aviation has been brought into sharp relief by the resource industry’s increasing reliance on FIFO workforces. From these perspectives, aviation plays an utterly pivotal role in both economic and social development of the State.

The aviation industry in WA caters to the air service needs of the resource sector, corporate sector, tourism and leisure sector and local communities. In the past 10 years, aviation passenger and aircraft movements in WA have grown considerably. It has been a challenge for our major airports to keep pace with the growth in demand, with consequential shortfalls in airport capacity causing congestion and delays to be commonplace, especially at Perth and the Pilbara airports.

These shortcomings are already seriously affecting productivity around the State as well as causing considerable inconvenience to the travelling public.

Largely owing to the historical antecedent of aviation and airports being a Commonwealth responsibility, the State previously has not had an aviation strategy beyond a policy aimed at ensuring continuity of regular passenger transport air services to all of the State’s principal towns and cities.

Nevertheless, the phenomenal growth of demand for aviation services within WA means the time has come for the State to play a more active role in working with the aviation industry and its principal customers to avoid a shortfall in aviation infrastructure that could detract from the State’s economic and social development.
3.1. Scope

The scope of the State Aviation Strategy extends to:

- The ability of the State’s metropolitan, regional and remote airports to service current and projected passenger, aircraft and airfreight movements over the next 30 years.
- The governance of regional airports.
- Aviation infrastructure funding at regional airports.
- Land planning and development controls, to ensure the growth of aviation services to meet the State’s needs is not inappropriately restricted.
- Aviation’s service of the State’s resources and tourism industries.

- Consideration of:
  - an alternative to Perth Airport for emergency use;
  - a future second Perth Airport; and
  - a future second metropolitan general aviation airport.
- Goals, objectives and priorities for the development of aviation infrastructure and services across the State.
- Strategies to achieve these goals and objectives.
- An implementation plan for the delivery of these goals and objectives.
3.2. Relation to other State strategic transport plans

The State Aviation Strategy forms part of a suite of Western Australian strategic transport plans covering the movement of people and freight across the State.

These other plans are:

- Regional Freight Transport Network Plan
- Perth CBD Transport Plan 2012
- WA Bicycle Network Plan
- Public Transport Plan 2031 (under development)
- State Ports Strategy (under development)
- Moving People Network Plan
- Metro Freight Transport Network Plan

3.3. State Aviation Strategy governance

The Minister for Transport initiated the development of a State Aviation Strategy in December 2011.

Steering committee

A steering committee chaired by the Deputy Director General of the Department of Transport, was established with membership of the steering committee comprising:

- Chamber of Minerals and Energy of Western Australia
- Chamber of Commerce and Industry
- Commonwealth Department of Infrastructure and Regional Development
- Department of Local Government
- Department of Planning
- Department of Regional Development
- Department of State Development
- Department of Transport
- Perth Airport
- Regional Aviation Association of Australia
- Royal Australian Air Force

GHD was appointed as technical consultant to provide specialist advice to the steering committee on forecasting of aviation activity, adequacy of airport master and investment planning, and governance of regional airports.

A draft State Aviation Strategy was released for a public comment in September 2013 over a three-month period closing on 23 December. Over 60 submissions on the draft were made.
The development of WA has long been dependent on an extensive network of air services for passenger and cargo transport, airmail, search and rescue and medical services. With a driving distance of over 3500 km between WA towns of Albany and Kununurra, and a very limited country passenger rail network, air travel is often the only practical long-distance travel option for Western Australians.

In the 21st century, we are accustomed to sophisticated jet aircraft in our skies and are able to travel to anywhere within the world in fast, safe and comfortable aircraft. Yet only about 90 years ago this was still a dream.

In the early colony, the search for sources of prosperity and income and for land suitable for agriculture and pastoral use led to settlements in Kalgoorlie, Goldfields and pearling ports in the north. Settlements also grew in the south and Mid West around fishing, whaling, sandalwood, timber, cattle, crops and wool.

Travelling to these remote regional outposts and providing them with services and communications was extremely difficult, costly and time consuming. Movement on land as the few existing roads relied on horse-drawn carriage until the development of motor vehicles in the 20th century. Rail networks in WA did not extend beyond the south of the State, with the exception of a handful of small isolated branch lines. Coastal shipping services were the only practical way to reach distant ports like Port Hedland, Broome and Wyndham.

The story of how aviation overcame the “tyranny of distance” in WA is a fascinating tale of brave, pioneering Australians with vision and perseverance succeeding in the face of great adversity. Horace (Horrie) Miller, Sir Norman Brearley and Charles Snook are familiar and important names in the State’s aviation history, with many others helping forge the air network we now enjoy.

Some claim that WA is the true birthplace of civil aviation in Australia, having as it did the first scheduled passenger service and the earliest and largest State civil aviation network.

Rapid developments in world aviation following the Wright Brother’s historic flight in 1903, and innovations spurred on by military application during World War I, created great interest in aviation in WA. The local press fed a public appetite for information about new developments and attempts at record flights.

The first recorded flight in WA was by New Zealander Joseph Hammond in 1911. He flew a Bristol Box Kite biplane from a makeshift aircstrip at the Belmont Racecourse over the city and Kings Park and back – a distance of 32 km.

In 1919, Norman Brearley used the Western Australian Cricket Association Ground for demonstration flights and joy rides. Brearley used Langley Park, facing Perth city, from 1920 to 1925 as an unofficial airport for his fledgling airline, West Australian Airlines, until Maylands Aerodrome was completed in 1924.

In 1921, the Federal Government called tenders for the nation’s first air service on the 2000 km route between Geraldton and Derby. The service was not extended to Perth for fear it would compromise the rail service to Geraldton. Norman Brearley’s Western Australian Airways (WAA) Ltd won the tender and used six Bristol tourer aircraft on the service commencing in November 1922. One of the WAA’s first pilots was the young Charles Kingsford Smith. In 1924 the service was allowed to extend to Perth.

In 1928, 20,000 paying spectators watched from Loton Park (Perth Oval) as the famous Australian aviator Bert Hinkler arrived in Perth in his Avro Avian 534 following his record-breaking first solo flight from England to Australia. During the 1930s the West Subiaco Aerodrome, now the McGillivray
playing fields of the University of Western Australia, were used for “Aerial Pageants”. Numerous temporary airfields were established during World War II for use by the Australian military and its Allies.

Crawley Bay was used from 1928 to 1945 as a base for Catalina flying boats. The Middle Swan Airfield, also known as Caversham, operated from 1942 to 1946.

By the late 1930s, Maylands was proving too small to handle the growing air traffic and larger aircraft. Land was purchased in Guildford for a new facility in 1938 but the outbreak of WWII necessitated its use for military purposes in addition to Pearce Air Base, established in 1939. By 1944, as Maylands was inadequate for larger commercial aircraft, the Government agreed to allow Australian National Airways (ANA) and Queensland and Northern Territory Aerial Services (QANTAS) to operate from Guildford, despite objections from the RAAF.

The first commercial flight from Guildford was by an ANA DC-3 in May 1944. On 17 June 1944, a modified Liberator bomber took off on its inaugural Kangaroo Service flight from Guildford to Ceylon via Exmouth, which resulted in a greatly improved airmail service between England and Australia.

The airlines moved their bases to Guildford and, in 1948, Trans-Australia Airlines (TAA) made its first Melbourne – Adelaide – Perth night flight using a Douglas DC4, setting the basis for the “two-airline system” of scheduled parallel flights in conjunction with the privately operated ANA. The Guildford Aerodrome was officially renamed Perth International Airport in 1952, following the first direct international flight of the Qantas “Wallaby” service from Sydney to South Africa via WA.

In 1962, the old hangars of the post-war period made way for the first combined domestic and international terminal. This coincided with the inaugural Qantas Boeing 707 flight from Perth to London and the Commonwealth Games being held in Perth. In 1986 a new Perth International Airport was built on the eastern side of the old airport, which then became used for domestic use and was upgraded and expanded.
PART 5
POLICY CONTEXT

The State Aviation Strategy takes into account the broader national aviation policy context and is designed to complement the Federal Aviation Policy and the National Airports Safeguarding Aviation Group Framework.

5.1 Federal Aviation Policy

The Federal Government Policy for Aviation aims to strengthen the aviation industry and allow it to be more competitive. The policy is directed at ensuring the aviation sector is safe, reliable, efficient and competitive.

The principal measures to support growth in the aviation industry as set out in the Federal Policy for Aviation are as follows:

- abolish the carbon tax to help reduce the price of fuel and aviation industry costs;
- establish a formal Aviation Industry Consultative Council to meet regularly with the Minister;
- establish a high level external review of aviation safety and regulation in Australia;
- ensure that the Australian Transport Safety Bureau is adequately resourced;
- reform the structure of the Civil Aviation Safety Authority;
- focus on the better utilisation of Australian airspace;
- support regional aviation by introducing a new and better targeted En Route Rebate Scheme;
- recognise the importance of Australian airports to the economy;
- revitalise the General Aviation Action Agenda;
- continue to promote aviation liberalisation;
- enhance aviation skills, training and development; and
- ensure that aviation security measures are risk based.
The Federal Aviation Policy White Paper 2009, as a long-term policy and planning document, recognised the need to move away from an ad hoc approach to policy and planning for the aviation industry to a more coherent, strategic approach. The White Paper acknowledged the first priority of the Australian Government for aviation is the safety and security of the travelling public and that high levels of safety and security must continue to underpin the industry’s future growth.

The Federal Aviation Policy White Paper’s objectives for the industry were to:

→ give the aviation industry the certainty and incentive to plan and invest for the long term;
→ maintain and improve Australia’s excellent aviation safety record;
→ give proper consideration to the interests of travellers and users of airports; and
→ better manage the effect of aviation activity on communities and the environment.

5.2. National Airports Safeguarding Framework

The Commonwealth is seeking to establish a National Airports Safeguarding Framework (NASF) comprising a set of principles and guidelines as a national land-use planning regime to balance and protect both airports/aviation operations and community safety and amenity expectations, especially in relation to aircraft noise.

Western Australia intends to use the NASF as guidance for strategic planning, taking it into consideration along with all other relevant economic, social and environmental factors.
PART 6
STATE AVIATION STRATEGY
VISION AND OBJECTIVES

6.1 Vision
Western Australia will have a world-class aviation network and infrastructure that supports and promotes the State’s economic and social development.

6.2 Objectives
a. To support the economic and social development of Western Australia through the provision of safe, affordable, efficient and effective aviation services and infrastructure.

b. To provide a sound framework for policy setting, and future planning and investment in Western Australian international and domestic air services and airport infrastructure.

The State Aviation Strategy focuses on those factors that most strongly affect the economic and social development of Western Australia including airport infrastructure, access to investment funds, governance of regional airports, aviation services to the resource and tourism industries, and the high cost of intrastate airfares.
7.1. Background

Passenger forecasts are an essential input in airport planning. Sound assumptions are required if forecasting models are to produce results that provide a reliable assessment of likely levels of demand in the medium to long term.

Perth Airport uses passenger forecasts to work out the scale and timing of investments in terminal and airfield infrastructure, including runways, taxiways and aprons. The forecasts are also combined with aircraft load factor and airline fleet mix assumptions to develop the forecast for passenger aircraft movements. General aviation aircraft movements are also forecast, based on trend analysis in the industry sectors that these operators service. Freight aircraft movement forecasts are added to passenger aircraft movement forecasts to produce the total aircraft movements forecast.

Airport infrastructure capacity must be able to reach targeted levels of efficiency and customer service at peak demand periods. A critical element of airport planning is, therefore, the combination of activity forecasts with future airline schedule assumptions to forecast peak hour demand for airfield terminal and surface transport infrastructure.

7.2. Perth Airport passenger and aircraft movements

Perth Airport is the fastest growing capital city airport in Australia.

According to Perth Airport statistics, 13.96 million passengers travelled through the Perth Airport domestic and international terminals in 2013-14. This represented an increase of 2.2 per cent on the previous year and was more than double the 6.0 million passengers through the airport in 2003-04. The longer-term passenger growth rates at Perth Airport, have been:

- 5 years since 2008-09 — 7.5 per cent per annum.
- 10 years since 2003-04 — 8.7 per cent per annum.

Neither Perth Airport nor BITRE passenger movement numbers take account of large numbers of passengers on charter flights to and from mine sites in the Pilbara, Kimberley and the Eastern Goldfields that do not transfer through Perth Airport own terminals. BITRE’s analysis of charter flight passenger data suggests that these charter flight passenger numbers account for around an additional 14 per cent of total domestic passenger movements through Perth Airport.1

1 BITRE Research Report 133 Air passenger movements through capital and non-capital city airports to 2030-31 November 2012.
The rapid growth in passenger throughput at Perth Airport has been driven by:

- WA’s extraordinarily high economic growth rate which in the past 10 years has averaged 4.9 per cent per annum;
- the resources industry’s increasing dependence on FIFO workforces;
- WA having the highest population growth in Australia of more than 2.5 per cent per annum;
- increasing levels of WA personal disposable income, now 10 per cent above the Australian average;
- increased seat capacity on interstate routes, with the major airlines switching to wide-bodied jets. In the two years to 2012/13, interstate seats grew by 17.6 per cent;
- increased low-cost carrier presence on interstate and international routes to and from Perth;
- cheaper airfares; and
- increased destination choices within Australia.

The scale of intrastate air services at Perth Airport, including closed charters, is unusual for a large capital city airport, and reflects both the dispersed nature of WA’s population and the FIFO mode of workforce deployment commonly used by the resource sector in WA.

Perth Airport data indicates that intrastate demand comprises almost one-third of total demand at the airport, with international travel activity comprising a quarter, and interstate two-fifths. Owing to the FIFO workforce needs of a fast-growing minerals and energy sector, intrastate passenger traffic in WA has grown at nearly 14 per cent a year since 2004-05 (figure 2), compared with 6.1 per cent a year (between 2005 and 2010) for all Australian regional routes.

**Figure 1: Total RPT passenger growth at Perth Airport**

![Figure 1: Total RPT passenger growth at Perth Airport](image1)

Source: BITRE.

**Figure 2: Perth Airport interstate and intrastate passenger growth**

![Figure 2: Perth Airport interstate and intrastate passenger growth](image2)

Source: Perth Airport. Data includes charter passengers from Perth Airport-owned terminals.
In recent years, intrastate passenger growth has been strong in both the charter and regular public transport (RPT) sectors in WA. Flights chartered by mining companies operate to the growing number of company aerodromes, as well as public regional airports across the State, especially the Pilbara airports at Karratha, Port Hedland and Newman. Aircraft sizes are predominantly in the 50 to 120-seat range (such as F50, F100 and B717 aircraft), rather than larger 170 to 200 seat jets (B737 and A320), to meet the requirements of specific mines and their workforce shift rosters. While data availability is limited, it is likely that charter flight growth is the largest single contributor to the growth in general aviation movements (5.9 per cent a year since 2003-04) at Perth Airport (as shown in figure 3).

**Figure 3: Perth Airport aircraft movements**

![Figure 3: Perth Airport aircraft movements]

Source: Perth Airport.

### 7.3. Resource industry demand

FIFO workforces are crucial to the development of the resources industry. It is clear that the flexibility of FIFO workforces offers advantages to resource companies and their employees. It is likely that the trend towards the use of FIFO workforces will continue. There has been a dramatic impact on levels of aviation activity by FIFO workforces, especially in the Pilbara where the airports at Karratha, Port Hedland and Newman have consistently been among the fastest growing airports in Australia for the past decade.

FIFO traffic is the major contributor to severe congestion at Perth Airport and the Pilbara regional airports during mid-week peak morning and afternoon periods. Such is the demand at peak periods that Perth Airport handles a greater number of aircraft movements during peak times than does Sydney Airport, despite Sydney handling three times Perth’s passenger movements. Congestion results in a strain on aviation and land transport infrastructure at Perth Airport and the Pilbara airports. For safety and logistical reasons, including avoiding long commutes by mineworkers from regional public airports, FIFO has driven the proliferation of private airstrips close to mine sites.

Nevertheless, local government and the Pilbara Development Commission have some concerns that the proliferation of these mine site airports may detract from the ability of public airports to benefit from economies of scale and the ability to consolidate infrastructure, services and demand.
The resources industry has little flexibility in spreading its flight schedules as shift changeovers need to be made in the course of a single day for health, safety and workforce productivity reasons. The actual extent of FIFO passenger traffic is unclear due to the lack of a requirement for charter flight operators to report passenger numbers to airports or BITRE.

Following on from aviation strategy discussions between DoT and the CME, the CME commissioned a study into the extent of current and projected aviation services demand by the resources industry in WA. Drawing upon projections by leading WA resource companies, the CME assessment was made of resources industry demand out to 2017. The CME analysis found, on the basis of committed, probable and potential projects, the resources industry would:

- create an additional 640,000 annual passenger movements through Perth Airport by 2017; and
- require an additional 10 flights per weekday in the morning peak or an increase in passenger loads of 21 people per flight.

Under a second scenario that considered only committed and probable projects, the CME analysis found that an additional 390,000 passenger movements would be created, peaking in 2014 and requiring an additional six flights per weekday in the morning peak or an average increase in passenger numbers of 13 people per flight. The CME assessment confirms the resources industry itself will overload the current morning peak periods, which are essentially at full capacity now.

A number of resources companies are now sourcing FIFO workers from interstate as well as from WA regional centres including Albany, Busselton and Carnarvon.

Technical consultants to the State Aviation Strategy, GHD, report there are five powerful drivers, as follows, which suggest that the FIFO share of the mining workforce could well remain at its current high level, if not increase:

1. The substantial cost advantage for companies in using a FIFO rather than a residential workforce.
2. Companies’ drive to source skilled labour from across Australia and internationally – labour which in the construction context is required only for relatively short periods (perhaps three months).
3. Today’s two-income family social norm, which greatly increases the costs for households of permanent relocation.
4. Relatively low amenity for residential communities close to mines — which may be addressed in places such as Karratha and Port Hedland, but which will continue and possibly get worse as mining moves further east and inland.
5. Australia’s efficient and resilient aviation system, which thus far has proved equal to the large labour movement challenge.

### 7.4. Aviation activity forecasts

Owing to aviation policy largely being a Commonwealth responsibility, the State Government in the past has not sought to provide any input into the framing or review of Perth Airport’s aviation activity forecasts.

Aviation activity forecasts have consistently underestimated the extent of growth at Perth Airport.

In 2009, Perth Airport published its forecast passenger movement in the Perth Airport Master Plan. This forecast estimated that RPT passenger movements would increase from 9.2 million in 2007-08 to 18.9 million by 2028-29, based on 3.5 per cent annual compound growth over a 21-year period.

In the same year, BITRE published its Research Report 117: Aircraft Movements Through Capital City Airports to 2029-30. BITRE forecast that slower economic growth in Australia and overseas would see a reduction in the long-term average growth rate of movements (1991-92 to 2008-09) of 6.8 per cent per annum to 4.7 per cent per annum over the 21 years to 2029-30, by which time there would be 24.8 million passenger movements through Perth Airport (23.9 million in 2028-29). BITRE’s forecast for 2028-29 was 26 per cent greater than that forecast by Perth Airport.

Passenger movements through Perth Airport proved to be unaffected by the global financial crisis (GFC) and reached 12.6 million by 2012-13, a level 25 per cent higher than forecast and reached five years ahead of Perth Airport’s 2009 projection.
Figure 4: Perth Airport passenger movements, actual vs. 2009 forecasts

Actual passengers
BITRE forecast passengers
Perth Airport forecast passengers


Figure 5: Perth Airport passenger movement scenario

Source: Perth Airport and GHD analysis.
Perth Airport’s 2012 forecasts

Perth Airport in 2012 estimated total passenger medium-case average annual growth of 3.6 per cent from 2012 to 2032 (domestic 3.4 per cent, international 4.0 per cent), involving some tapering of growth rates from 6 per cent and 5 per cent in early years down to rates below the estimated 20-year average from the mid-2020s. Average annual growth is 4.4 per cent in the first 10 years and 2.8 per cent in the second decade. The airport also has a high case of 4.4 per cent a year (domestic 4.1 per cent, international 5.0 per cent).

The airport envisages a substantial slowing of international resident traffic growth, which has increased at an average of 12 per cent a year over the past seven years. Market stimulation associated with low-cost carrier activity, particularly in serving Bali, as well as the strong Australian dollar and prevailing domestic economic climate, have been key contributors in the recent past. However, Bali market growth has slowed and may not be repeated elsewhere.

With regard to inbound international visitor growth, Perth Airport has averaged 3.6 per cent growth compared to an average of 2.6 per cent for Australia as a whole. While this level of outperformance could continue, Perth Airport considers that the top three inbound markets (United Kingdom, Singapore and China) are unlikely to do so.

Currently, small markets such as China and India can grow at 15 to 20 per cent a year without lifting total visitor growth above 4 per cent to 5 per cent. However, Perth Airport notes that continued labour migration into WA driven by shortage of workers is a factor driving international inbound visitor travel above the national average.

Perth Airport expects high short-term interstate growth, with airline capacity increases and competition for market share. However, Perth Airport is not confident that the 7 per cent a year growth of recent years will continue for a prolonged period, unless the resource sector remains buoyant for an extended period. Perth Airport’s expectation is for the growth of intrastate aviation to slow materially from 2015, as mining construction projects wind down, possibly even declining. In the longer term, Perth Airport states that development of regional centres in the Pilbara could be expected to result in more resource sector operational employees living in towns such as Port Hedland and Karratha. This might reduce costs and FIFO activity for resource sector companies.

Improving information on aviation demand from the resource sector for infrastructure planning faces some hurdles. There is a mismatch of time horizons, with the resources sector finding it difficult to provide reliable employment estimates and resulting aviation demand information beyond about three years.

Table 1: Perth Airport’s 2012 central and high passenger forecasts

<table>
<thead>
<tr>
<th>CASE</th>
<th>FINANCIAL YEAR</th>
<th>DOMESTIC EST. PAX (M)</th>
<th>ANNUAL GROWTH (2012 32)</th>
<th>INTERNATIONAL EST. PAX (M)</th>
<th>ANNUAL GROWTH (2012 32)</th>
<th>TOTAL EST. PAX (M)</th>
<th>ANNUAL GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>2011</td>
<td>8.2</td>
<td>7.0%*</td>
<td>3.3</td>
<td>7.3%*</td>
<td>11.5</td>
<td>7.1%*</td>
</tr>
<tr>
<td>High</td>
<td>2032</td>
<td>20.6</td>
<td>4.1%</td>
<td>9.5</td>
<td>5.0%</td>
<td>30.1</td>
<td>4.4%</td>
</tr>
<tr>
<td>Medium</td>
<td>2032</td>
<td>17.7</td>
<td>3.4%</td>
<td>7.6</td>
<td>4.0%</td>
<td>25.3</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

*1992-2012 average annual growth rate
Resource companies have become significantly more proactive in forecasting their aviation demand, however. In 2012, the CME extended its State Growth Outlook to include a sector aviation demand survey. The results of these surveys will be a valuable additional input for forecasting purposes.

In the case of aircraft movement forecasts, both Perth Airport and BITRE have previously underestimated the extent of growth in aircraft movements at Perth Airport as shown by figure 6. In the five-year period from 2007-08, aircraft movements at Perth Airport increased by 40.8 per cent from 107,489 to 151,333 in 2012-13, a rate nearly three times that of the 14.8 per cent forecast by Perth Airport.

It would be useful were forecasts to provide for different economic scenarios.

Regional airports rely in part on aviation activity forecasts generated by Perth Airport and BITRE. The Pilbara airports at Karratha, Port Hedland and Newman have all underestimated levels of aviation activity and, like Perth Airport, have found themselves under extreme pressure to cope with growth (further discussed in Part 10, WA regional airports’ infrastructure).

**Figure 6: Perth Airport aircraft movements, actual vs. 2009 forecasts**

7.5. Findings

- Reliable forecasts of aviation activity are crucial to the scale and timing of investment in aviation infrastructure.
- Forecasts also have an important role to play in building confidence among stakeholders about an airport’s infrastructure planning in the short, medium and long term.
- Current reporting of passenger movements does not fully capture charter flight passenger numbers, a significant component of WA aviation activity.
- Forecasts of WA aviation activity have consistently underestimated actual growth.
- Underestimates of growth in aviation activity are likely to have contributed to under-investment and delays in investment in aviation infrastructure and services, which in turn have led to congestion and delays at Perth Airport and the Pilbara regional airports.
- Analysis by the CME of projected resources industry aviation services demand out to 2017 concludes that the resources industry will create an additional 640,000 passenger movements per annum through Perth Airport, and require an additional 10 flights per weekday during already full morning peak hours.
- The CME can play an important role in identifying, aggregating and communicating forecast levels of aviation demand by the State’s resources and energy sectors.

7.6. Action

To improve the reliability and scope of aviation forecasting, the State Government will:

- directly engage and consult with Perth Airport, major regional airports and BITRE to improve forecasts of aviation activity, particularly in relation to master planning;
- actively participate in Perth Airport’s Planning Coordination Forum to provide the airport with state-specific information and perspectives on demand drivers and to gain a closer understanding of the airport’s infrastructure planning process;
- consult with the CME and the resources industry and monitor major resources projects in ensuring that the scale and timing of FIFO is taken into account in forecasts of aviation activity;
- encourage the CME to continue to undertake and share with the State Government and airport operators its projections of resources industry aviation demand;
- request that BITRE extend its reporting of charter flight passenger numbers and that BITRE consider greater WA specificity in its future Perth Airport forecasting, particularly relating to the minerals and energy sector; and
- independently assess aviation activity forecasts, allowing for different economic scenarios, for Perth Airport and major regional airports in helping to coordinate planning across the WA aviation network.
PART 8
AIRPORT PLANNING

8.1. Public airport planning

Airport planning is the responsibility of airport owners. Oversight of airport planning in Australia is largely the responsibility of the Commonwealth Government (capital city airports) and local government (regional airports).

The WA Planning Commission’s State Planning Policies (SPP) exist in relation to land use in the vicinity of Perth Airport (SPP 5.1) and Jandakot Airport (SPP 5.3). SPP 5.1 has recently been reviewed to reference the revised Australian Noise Exposure Forecast (ANEF) approved by Airservices Australia in June 2014. SPP 5.3 will be similarly revised once the draft ANEF for Jandakot Airport is approved by Airservices Australia.

Airport planning in WA is uncoordinated and, unlike other aspects of essential WA transport infrastructure, has little State Government planning involvement at a metropolitan level; and no State or Commonwealth government planning involvement at a regional level.

Under the terms of their respective leases with the Commonwealth, Perth Airport and Jandakot Airport are required to produce a five-yearly master plan for the approval of the Federal Minister for Transport. The State Government is invited by the Commonwealth to offer comment on these draft airport master plans.

In the past, the State Government has provided comment from a land planning perspective in relation to matters like buffer distances, development of surrounding areas and transport linkages. Comment has not been provided on forecasts of aviation activity nor airports’ airside infrastructure development plans.
8.2. Perth Airport planning

Perth Airport, including its 2105 hectares of land, is owned by the Commonwealth and leased to Perth Airport Pty Ltd (PAPL). PAPL operates Perth Airport under a 50-year lease with a 49-year option granted by the Federal Government in 1997. The lease also covers the rights for the commercial development and subleasing of land on the estate. One-third of the airport land (700 hectares) is available for a wide range of non-aviation property development. The scale and location of this land development is significant in the Perth metropolitan context due to its size, location and governance arrangements.

Land-use planning and building approvals at Perth Airport are regulated under the jurisdiction of the (Commonwealth) Airports Act 1996. The regulations dealing with the approval of building activities, as defined in this Act, are the Airports (Building Control) Regulations 1996. The Regulations set out the way in which applications are made for approval of building activities, as well as the role of the Airport Building Controller (ABC). PAPL issues development approvals and the Commonwealth DIRD approves and issues building licenses through the ABC. The ABC considers and approves building applications. State Government laws and regulations do not apply within the airport and, more importantly, the State Government may have little or no advance knowledge of the submitted development and any approvals issued.

Land development on Perth Airport consists of the following uses: office, commercial, aviation support, logistics and freight transport, including warehousing and distribution, and other industrial activities. Future redevelopment and relocation of the present domestic terminal land has potential for intensive, more urban-type land uses.

The aviation activities and land development at Perth Airport contribute substantially to the Western Australian economy. The airport precincts directly employ some 8500 people and the broader contribution to employment is estimated at 18,700 jobs, including downstream employment.²

Good public transport links are necessary to service not only air travellers but also the airport precinct workforce. Land development at Perth Airport raises potential land-use policy issues for the State Government. The Federal Government has an expectation that airport land development should complement and actively support the land-use planning objectives of State and local government agencies administering the surrounding metropolitan urban areas.

These metropolitan objectives are articulated through the Directions 2031 and Beyond planning framework and its subregional implementation strategy documents.

PAPL is required to update its airport master plan every five years for the approval of the Federal Government. The draft master plan is subject to public consultation and provides opportunity for the State Government to understand the directions of Perth Airport’s future planning and provide comments.

The current Perth Airport Master Plan is dated 2009 and describes the development of the commercial precincts as well as all the infrastructure and environmental aspects of Perth Airport. Perth Airport is revising its Master Plan in 2014.

The 2009 Master Plan includes reference to Perth Metropolitan Region Scheme zonings, planning documents at State and local government level, and WAPC 5.1 (Land Use Planning in the Vicinity of Perth Airport). PAPL adopted land uses for guiding land development within its commercial precincts from the town planning schemes of adjoining local governments, making the development within the airport estate consistent with those areas immediately outside the airport boundary. This reduces the likelihood of land-use conflicts with development on the surrounding land.

In the past the State Government has expressed concerns regarding the effect of non-aeronautical land development on the surrounding land uses and pressures on State infrastructure. Particularly important are the road network interface and potential rail links to and in the vicinity of Perth Airport, the effect of external traffic on the metropolitan road network and the effect of commercial development within the airport on the planned pattern of commercial centres around the airport.

² The Impact of Perth Airport on Western Australia [ACIL Tasman, February 2009]
In addition to the master planning process, ongoing engagement between PAPL and the State Government, in particular the Department of Planning, as well as engagement with relevant local government authorities, will help in managing the external effects and land-use interface of major land development proposals on airport land.

The Western Australian Planning Commission and its Infrastructure Coordinating Committee, which advises on the planning and provision of physical and community infrastructure around the State, should be kept informed of and have the opportunity to provide appropriate input into any such proposals. This will promote synergies in urban development, including alignment with strategic metropolitan initiatives such as Directions 2031 and the Economic and Employment Lands Strategy, and benefit both PAPL and the State Government.

A similar approach would also be beneficial in relation to increased engagement between the State, local and Commonwealth governments and the operator of Jandakot General Aviation Airport as well as in relation to regional airports and identifying regional infrastructure priorities.

8.3. Regional airport planning

With the exception of Broome Airport and Paraburdoo Airport, all of WA’s regional airports were disposed of by the Commonwealth to local governments more than 20 years ago.

There is no requirement on any local government owner of a regional airport to develop a master plan. Airport planning at a regional level is entirely at the discretion of the local airport owners. There is no mechanism for the State to require, review or approve airport master plans. There is no specific State Government requirement of local governments to plan regional airports for financial sustainability.

Of the 12 major regional airports reviewed in the course of the development of the State Aviation Strategy all have master plans except the two RAAF airports: Curtin-Derby and Learmonth-Exmouth. Development planning is commencing at Derby airport, which the local council owns and intends to expand. A master plan is to be prepared for Exmouth airport, where development is aimed at overcoming non-military (civil aviation) space constraints at Learmonth.
All current regional airports master plans are less than five years old. This would appear to be a response to growth and, for some airports, aspirations for growth. In the case of the three publicly owned Pilbara airports, Karratha, Newman and Port Hedland, the master plans have to be revised within three years. This reflects growth exceeding expectations (Newman), changed land development strategies (Newman and Port Hedland) and new management perspectives and dissatisfaction with the earlier plan (Karratha).

In the case of busy and fast-growing regional airports critical to the efficient operation of the resources industry, the lack of any planning oversight or coordination across the aviation network presents risks to the State and national economies, as well as the regional communities concerned, of under-investment in airport infrastructure.

An independent assessment of six major regional airports’ master plans was made. Two of the six plans were rated highly, with the airport owners capturing most of what would be expected as good practice master plan content. The other four plans were well below good practice expectations.

The overall result is consistent with a situation where some councils have the technical skills and experience required to develop a comprehensive master plan and others do not. It is concerning, however, as poor planning is likely to lead to suboptimal physical and commercial outcomes for owners and stakeholders.

For smaller regional airports that have limited revenue and rely on council subsidy, a basic master plan and asset management plan could provide guidance on the efficient use of scarce resources.

There is no clear way under current arrangements for the Government to exercise any oversight of planning at regional airports, whether publicly or privately owned.
8.4. Private airport planning

Most new private airports in WA are developed by mining companies. These airports are approved as part of an overall mining development approval by the Western Australian Minister for Mines. Thereafter, the only other approval required is that of the CASA, which licenses the airport for operation providing it meets relevant safety standards.

Concern has been expressed by a number of regional local governments about the proliferation of private airports in the Pilbara and Eastern Goldfields owing to their potential to detract from the consolidation of infrastructure, services and demand. This must be balanced against the need for efficiency and effectiveness of mining operations that makes it impractical to deploy workforces from airports at much more than 30 minutes’ driving distance.

Examples of new private airports with potential network effects include the Dave Forrest, servicing FMG’s Cloudbreak mine, and the Ginbata airport, servicing the Roy Hill project.

8.5. A second Perth metropolitan airport

Preliminary work is being undertaken by the Department of Planning and DoT to identify a suitable site for a proposed second metropolitan airport. Experience in NSW strongly suggests identifying and protecting a suitable site for a second Perth metropolitan airport now represents good forward planning, even though the current airport is likely to meet Perth’s requirements for the next 40 to 50 years.

Planning for a second airport will need to integrate with regional structure plans.

8.6. A second Perth general aviation airport

Jandakot Airport is heavily utilised. While there has been a decline in aviation activity levels at Jandakot due to the GFC, Jandakot remains one of the busiest airports in Australia.

The Department of Planning and DoT are undertaking a preliminary investigation to identify a site suitable for the development of a second Perth metropolitan general aviation airport.
8.7. An emergency alternative to Perth Airport

To operate safely airlines must be able to land at an alternative airport if unable to at the destination airport due to weather, or other unforeseen events. This is the airlines’ responsibility. Learmonth-Exmouth Airport and Adelaide Airport are used as emergency alternative airports, generally in the case of fog or bad weather affecting Perth Airport. Smaller aircraft, including most domestic passenger aircraft, are also able to use the airports at Kalgoorlie and Geraldton as emergency alternatives.

The criteria for a new official emergency alternative airport include a suitable runway and airside infrastructure, separation from weather systems affecting Perth, and being within an hour’s flying distance from Perth. Were a WA airport to become an official alternative emergency alternative, it would require both its airside and landside infrastructure to be improved to cater for the full range of aircraft expected to use it.

While there are competing claims for emergency airport status from a number of WA airports, the decision regarding the selection and appropriate development of an emergency alternative airport to Perth Airport is made by airlines themselves in conjunction with Perth Airport.

Perth Airport advises that the costs of establishing an emergency alternative airport outweigh the benefits at this stage.

8.8. Royal Australian Air Force Base Pearce

Suggestions are made from time to time that the RAAF Base at Pearce could be used for FIFO or other civil aviation traffic to reduce the pressure on operations at Perth Airport.

The RAAF Base Pearce is located 35 km north of Perth and is home to a number of military flying and ground-based organisations, with a uniformed Air Force, public servant and Defence contractor workforce of approximately 1000 people. Pearce and its associated personnel maintain a military presence in WA and it is a significant contributor to the WA economy, through the provision of substantial support to the local civilian and business communities.

Due to the large number of flying training activities that occur at RAAF Base Pearce, the base also utilises a satellite airstrip at RAAF Gingin for training activities to reduce overall traffic congestion. Pearce is the RAAF’s busiest Air Force base, with more than 100,000 aircraft movements annually (including those at Gingin) related to flying training and operations.

In addition to the satellite airfield at Gingin, there is also a remote navigation aid, not associated with an airfield, established in the Pearce training areas for military navigation training.

RAAF Base Pearce is an important base for operations and continues to be a critical piece of Defence infrastructure that serves two main functions. Firstly, it is the premier aircrew training facility for the Australian Defence Force, an essential role that enables all other military aviation capabilities. Secondly, it acts at the primary Defence air base for military operations in WA. These operations include the movement of the Special Air Services Regiment, maritime patrol operations and search and rescue operations in our western and southern approaches. In addition, Pearce is considered to be well-placed for maritime patrol, search and rescue and potential airlift operations in the Southern Ocean and Antarctica.

There are currently three permanent flying units at Pearce: No. 2 Flying Training School, No. 79 Squadron, providing lead-in training for the F-18 Hornet capability, and 130 Squadron Royal Singapore Air Force, providing advanced flying training for Singaporean military students.

To enable training operations to efficiently operate at the base, a unique air traffic environment has been created to provide for high intensity training activities that rely heavily on visual separation and pilot situational awareness to allow multiple aircraft operations in close proximity. This is an extremely challenging environment for both aircrew and air traffic control.

In 2010-11, Perth Airport had 131,536 aircraft movements. In the same period Pearce had 84,866 aircraft movements and Gingin had 19,220 aircraft movements. Although the total movements for Perth has surpassed Pearce and Gingin’s movements combined, Pearce and Gingin’s movements occur in just over one-third of the activation time of Perth Airport.
There are no plans for any reduction in current operations at Pearce. The airfield facilities and infrastructure will be upgraded to accept new Defence capabilities, such as the Joint Strike Fighter, KC-30 Tanker and the P8 Maritime Patrol aircraft.

The close proximity of Pearce and Perth require special airspace procedures to be invoked to allow departure and circuit operations at Pearce to occur concurrently with arrivals and departures at Perth Airport. These procedures are closely coordinated between military and civil air traffic control agencies to ensure the safe and expeditious use of airspace in the Perth region.

Pearce airspace is normally active between the hours of 8 am to midnight Monday to Thursday and between 8 am to 3 pm on Fridays. Defence airspaces associated with Pearce flying training are activated approximately 230 days per year for a maximum of around 70 hours in any week.

When Pearce airspace is active, Defence allows civil aircraft to move through its airspace unless the intensity of the military traffic precludes transits.

During 2010-11, nearly 10,500 civil aircraft were provided clearance to transit through Pearce airspace while military operations were in progress. Introduction of the joint civil/military Terminal Control Unit at Perth has improved efficiencies in managing air traffic around Pearce and other military airspaces. When Pearce is closed there are no restrictions on airspaces surrounding Perth.

Military Restricted Areas (Naval, Air Force and Army) are only activated for periods where non-compatible military flying, firing or gunnery activity is anticipated. At other times, the Restricted Areas are deactivated and are therefore available for unrestricted access to civil aircraft.

RAAF Base Pearce is not an appropriate airfield for civil operations due to their incompatibility with high-intensity Defence training operations.
The unique training environment at Pearce relies on specialist separation and traffic procedures to process large volumes of aircraft movements. These specialist procedures cannot be applied to civil aircraft and therefore any civil operations would have a significant effect on the ability of the air base to operate at normal capacity. The potential disruption created by the operation of civil aircraft would restrict Defence’s ability to operate flying training, which in turn would have an equally negative effect on Defence’s ability to generate military capability. The procedures at RAAF Base Pearce have been optimised to create military capability as efficiently as possible; civil operations would have a detrimental effect on that optimisation.

Another critical restriction in allowing commercial operations at Pearce is the complete lack of civil infrastructure to support the activity. Pearce does not have a civil airport terminal or associated taxiway structure to support civil operations. There is limited parking space available for visiting aircraft, but these facilities are essential in enabling visiting military aircraft to undertake periods of exercise or operations.

While operations around Pearce’s airfield are the primary concern, there are also issues involved in allowing civil aircraft to transit the surrounding military airspace. Specialised training operations are being undertaken within most of Pearce’s military airspace; these include aerobatics, formation flying and recovery from unusual attitudes, air-to-air manoeuvres and air-to-ground weapons delivery. These operations require the airspace to be free of aircraft not involved in these activities. This requirement complicates the ability of Pearce airspace to accept transiting civil aircraft through the airspace. Military air traffic control attempts to allow civil aircraft transit of Pearce airspace whenever military operations allow, and, on occasions, military operations are restricted to allow transits to occur. While it is the intent of Defence to allow as much civil transit as possible, constant interruptions to military training cause a reduction in overall training effectiveness.

8.9. Findings

➔ Airport planning in WA should be coordinated at a network level to reduce the risk of under-investment in airport infrastructure and a lack of airport capacity acting as a restriction on economic and social development.

➔ Planning for a future second Perth metropolitan airport and a future second general aviation airport is important and will need to integrate with regional Structure Plans.

➔ RAAF Pearce Air Base is essential to the RAAF’s pilot training and is unsuited for civil aviation requirements. The potential use of Pearce Air Base for civil requirements is not contemplated; however the good level of cooperation between the RAAF and Airservices Australia needs to continue into the future to make the best use of available airspace.

➔ A decision regarding the selection and appropriate development of an emergency alternative airport to Perth Airport is best made by airlines themselves in conjunction with Perth Airport.

8.10. Action

To improve airport planning across WA, the State Government will:

➔ seek to establish a policy framework for master planning of local government-owned major regional airports within a state-wide aviation network-planning context;

➔ engage and cooperate with Perth Airport, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network;

➔ coordinate planning of transport linkages and the provision of public transport to airports, in particular Perth Airport;

➔ consider existing land-use planning controls for land around airports to ensure airports are not constrained by inappropriate development (such as noise-sensitive developments); and

➔ seek to establish a transport approval process for the development of new airstrips and airports, especially those servicing resource companies.

To provide security for the expansion of airport services for the Perth metropolitan area, the State Government will cooperate with Airservices Australia and other Commonwealth agencies in planning studies to locate suitable sites for a future second Perth metropolitan airport and a future second general aviation airport that integrate with regional Structure Plans.
PART 9
PERTH AIRPORT INFRASTRUCTURE

Perth Airport, located 12 km west of the Perth CBD, is WA’s principal airport. It is the fourth busiest airport in Australia in terms of passenger movements after Sydney, Melbourne and Brisbane. The remoteness of the State and a virtual absence of choice of other modes of transport for long-distance travel make the efficiency and effectiveness of Perth Airport vital to WA’s economic and social development.

9.1. Introduction

Perth Airport is under stress due to continuing high levels of growth. The airport is severely constrained at peak periods on mid-week mornings and afternoons, primarily as a result of resources industry FIFO activity. There is little opportunity for peak loads at the airport to be spread to other times owing to the operational needs of the resources industry to effect shift changes in the course of a single day.

Congestion at Perth Airport creates additional costs and inefficiencies across the community, commerce and industry and contributes to delays and inefficiencies at regional airports across the entire State aviation network.

Perth Airport is actively pursuing a range of efficiency measures including infrastructure upgrades, which have the potential to improve aircraft handling capacity by up to 20 per cent at peak times. These efficiency gains will soon be swallowed up however, should the pace of passenger and aircraft movement growth continue at the rates seen in the past five and 10 years.

9.2. Perth Airport terminal development

Considerable investments in terminal and other landside infrastructure are well underway at Perth Airport, including the construction of the new Terminal 2, alongside the current international terminal, which was completed in early 2013. This project represents the first major infrastructure development at the airport since construction of the existing international terminal began 30 years ago.

Terminal 2 is accommodating Virgin Australia and Tiger airlines initially, with Qantas to follow at a later date if the airline determines that the current precinct no longer meets its capacity, customer service or competitive needs. The design allows inexpensive and quick (within 12 months) expansions, as and when required.

The construction of Terminal 2 will be followed by new domestic pier and international departures expansion, the largest and most complex of the current $800 million airport redevelopment project, expected to be completed in late 2014.

9.3. Perth Airport runway capacity

The most important constraint facing Perth Airport is runway capacity and additional runway capacity is required to cope with peak demand if the airport is not to be a bottleneck, reducing the efficiency and competitiveness of WA’s resources and energy industries.

The CME has aggregated aviation demand data from WA’s leading resource companies in projecting that the resources industry on its own will create an additional 640,000 passenger movements through Perth Airport by 2017, requiring an additional 10 flights per day during already full morning peak hours. Given the inflexibility of mining rosters, with shift changeovers needing to be completed in the course of a single day, it is apparent this growth can only be catered for by the creation of additional runway capacity.
Perth Airport has commenced planning for a new north-south (third) runway and is in negotiation with the airlines regarding its technical design and financing. This responds to the current situation where mid-week morning demand (Tuesday to Thursday) exceeds capacity and airlines have experienced departure delays of up to an hour. With a four to five-year lead-time, a new runway could be in place by 2020.

The 2009 Master Plan (PAPL 2009) noted three long-term options for expanding runway capacity:

a. extending the secondary (cross) runway from 2163 metres to 3000 metres;

b. extending the primary runway from 3444 metres to 3800 metres; and

c. constructing a new north-south runway of 2700 metres.

However, as of 2009, the airport considered it unlikely that any of the runway developments would be required during the 20-year planning period of the plan, forecasting just 2.7 per cent annual growth over the next five years.

In 2007, at the same time the airport was determining that its terminal capacity would need to be significantly expanded, total aircraft movements had been growing at an average of just 2.7 per cent a year for five years. Existing airfield capacity was adequate, with total movements barely greater than they had been in 1999, on account of a fall in movements between 1999 and 2002. In contrast, passenger numbers over the period since 1999 had increased by 7 per cent a year.

However, aircraft movement growth in the 7-136 tonne category, which includes FIFO mainstay aircraft such as the F50, F100, B717 and B737, had averaged 8 per cent a year, implying that the mid-week morning peak period was becoming busier.

This category’s growth increased to 9.5 per cent over the following five years, including a flat 2010 and very strong growth in 2011 and 2012 (11 per cent and 10 per cent).

The key factor here is that the airport expected that as the peak hour filled to capacity, the peak would spread across the day, improving the overall use of the infrastructure, as is the norm at other airports. In reality, the peak spread from the 6 am to 7 am to 8 am and 5 am to 6 am (see table 2), but not beyond that.

### Table 2: Mid-week peak period aircraft movements

<table>
<thead>
<tr>
<th>90TH PERCENTILE AIRCRAFT MOVEMENTS*</th>
<th>WEDNESDAY</th>
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</thead>
<tbody>
<tr>
<td><strong>FINANCIAL YEAR</strong></td>
<td><strong>5 6 AM</strong></td>
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<tr>
<td>2008</td>
<td>14</td>
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<td>2009</td>
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<td>2012</td>
<td>40</td>
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<tr>
<td>2013</td>
<td>23</td>
</tr>
<tr>
<td>2014</td>
<td>29</td>
</tr>
<tr>
<td><strong>Annual growth</strong></td>
<td><strong>12.9%</strong></td>
</tr>
</tbody>
</table>

Note: 90th percentile aircraft movements are the number of aircraft movements below which 90 per cent of aircraft movements fall – and that is exceeded by 10 per cent of movements. They can be considered as practical maxima. The reduction in movements between 6-7am and 7-8am since FY2012 can be attributed to a decrease in demand and the introduction of a slot management system that spread the peak to reduce delay and increase reliability of on-time performance. Source: Perth Airport.
9.4. Perth Airport airfield capacity enhancement

While the move to plan new runway capacity at Perth Airport is only recent, the airport has had an airfield expansion program underway for the past three years that is planned to continue for the next two years to support maximising throughput on the existing two runway configuration.

The airport considers that its airfield capacity enhancement (ACE) initiative can improve the capacity of the current infrastructure and airspace. The ACE initiative includes:

- reduced arrival and departure separation;
- standard instrument departure modification, allowing jets to be released behind turboprops with less time separation;
- increased/tactical arrival rates and tactical management of spacing;
- increased air traffic control resourcing; and
- airspace agreements with Jandakot and Pearce Air Force Base to allow coordination of traffic through existing dedicated airspace by way of conditional/flexible use of airspace.

The airport notes that an estimated 10 to 15 per cent improvement in airfield performance has been achieved in the past 12 months.

Key contributors in this period have been:

- additional taxiway and apron delivery, resulting in less backtracking for the shorter runway;
- new departure management procedures;
- the impact of demand pressure on the overall airport and airspace system, causing an increase in movement capacity ‘by habit’; and
- the introduction of the Metron air traffic flow management system (albeit to the cost of regional airports where aircraft are held on the ground longer before departure).

Some airlines have been critical of the time taken to introduce new taxiway capacity, noting that with extra taxiways and entry points to the runway, ground-based infrastructure is much improved. The airport responds that taxiway construction activity has been constant for several years and the airport has operated as many work sites as it safely could at one time.
Unlike other airports, Perth previously had no domestic slot management system. With a ‘free-for-all’ peak period in which airlines and aircraft operators select a departure time without consultation, excess demand was the result, with 60 aircraft wishing to depart between 6 am and 7 am, against an absolute maximum possible of 47.

To maximise throughput and manage delays, Airservices Australia introduced the Metron traffic management system early in 2012, allocating airlines precise departure windows. This was a refinement of its earlier traffic management system, but for the first time involved penalties for non-compliance.

The Metron system, however, is not a slot coordination system. Under Metron, Airservices Australia assigns a time window to every aircraft that presents for departure. In contrast, under a slot coordination system, an airline or aircraft operator cannot fly unless the airport has allocated it a slot. A slot coordination system – which will limit the number of flights scheduled per hourly period – has now been introduced.

Perth Airport considers that, with the infrastructure already run hard, morning departure capacity is unlikely to increase by more than 5 to 10 per cent, or up to a maximum of 47 movements per hour. The new measures should benefit afternoon arrivals the most (with a 30 per cent or more increase in capacity).

As part of the ACE program, Perth Airport and Airservices Australia jointly sponsored an independent review of the airport’s airspace and airfield operations by UK NATS, Airservices Australia’s UK equivalent. The UK NATS report identified more than 20 ways to improve runway capacity, with a potential improvement of up to 20 per cent over two years.

The recommended improvements include pilots reacting quicker to take-off clearances, planes exiting the runway much faster, the installation of high speed taxiways angled off the runway to provide a speedier exit and the closer sequencing of planes.

The report, according to Perth Airport, “highlighted that mid-week morning congestion, driven by FIFO departures, could only be addressed by continuing to spread airline schedules, or by constructing a third runway.” Reinforcing this view, Airservices Australia concluded from the UK NATS report that “only a new third runway will give us the 50 per cent increase the airport needs.”

9.5. Constraints of nearby airports

Airservices Australia considers that RAAF Pearce does not affect Perth’s airfield capacity. Pearce’s normal operating hours (9 am to 5 pm) do not affect Perth’s critical early morning peak; at other times flight paths are affected to some degree, requiring aircraft destined for Perth to carry additional fuel. However, the number of feasible arrivals and departures is not affected.

Flights from Jandakot Airport requiring air traffic control clearance (such as Royal Flying Doctor Service flights) reduce capacity to a small extent at Perth Airport, as the next flight clearance from Perth must wait until the aircraft taking off from Jandakot is observable on radar. Such instances are not common, however.

9.6. Aircraft upsizing

Aircraft upsizing can help relieve pressure on runway capacity, particularly in the period until an additional runway is constructed at Perth Airport.

One hundred-seater aircraft (such as F100 or B717 aircraft) or smaller (F50) are the mainstay of charter operations that service mining company aerodromes, which have increased in number in recent years. Mining companies and airlines consider carefully the optimal aircraft size, having regard to workforce shift requirements.

Thus at Cloudbreak, where 1300 people are on site at night, FMG has not felt the need for a B737 (170-seat) service. In contrast, at Christmas Creek, with a workforce of 1650 together with a large adjoining construction camp, B737 services make commercial sense. B737s are also used on the majority of flights between Perth and the public Pilbara regional airports, Karratha, Newman and Port Hedland.

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3 Operational Performance and Capacity Assessment for Perth Airport NATS Consultancy Version 4.1 25 Jul 12
4 “Perth Airport Inefficient” Geoffrey Thomas The West Australian 19 Nov 19
5 “Runway Key to Capacity” Geoffrey Thomas The West Australian 5 Nov 12
In general terms, airlines and their resource-sector customers have an incentive to use the largest aircraft that can be filled to a high load factor (70 per cent or higher), as this will enable them to capture economies of scale and minimise unit costs. Regional airport capacity constraints come into play in moving from B737 to B767/A330, due to significantly greater apron space and other requirements.

9.7. Additional runway capacity

In theory, there are two options for additional runway capacity to accommodate new movements — extending the existing cross-runway or building a third runway. While a cross-runway extension would be quicker and less expensive, it offers additional capacity only about 60 per cent of the time, when wind conditions are conducive. It is therefore not a viable option. In contrast, a third runway will increase peak capacity from the current maximum possible of 47 movements an hour to 75 movements (a 60 per cent increase in capacity); or from 94 to 150 aircraft movements over a two-hour period.

Key issues in implementing a new runway will include how to reach a commercial agreement with the airlines so planning and construction can proceed. Perth Airport considers that its seven-year agreements with major airlines covering terminal consolidation will make it easier to reach other agreements between now and 2018. The agreements include matters such as the weighted average cost of capital and how to deal with unplanned capital expenditure. There are now quarterly meetings covering infrastructure, service improvement and commerce.

The cost of a third runway, even at $450-500 million, is likely to be relatively insignificant compared to the long-term economic efficiency gains across the State, particularly in the resources industry.

A successful commercial agreement to construct the third runway will need to consider:

- the risk to Perth Airport arising from its exposure to demand from a single economic sector and the way its workforce is organised;
- the risk to airlines from their reliance on demand from the resource sector, governed by maximum five-year charter contracts; and
- the reality that once in place, a new runway will benefit all users, improving reliability, reducing delays and permitting peak-period demand growth across interstate and international sectors, as well as resource and other intrastate users.
9.8. Implications for aircraft noise from additional runway capacity

The Commonwealth Government, primarily through Airservices Australia, is committed to ensuring the effects of airports and aircraft noise are minimised and to finding balanced and practical solutions to limit those effects on communities.

Apart from land-use planning around airports, the State Government has no direct role in the management of aircraft noise.

The Federal Aviation Policy includes a number of strategies aimed at protecting communities from the effects of aviation noise directed at:

- reduction of noise at the source (such as quieter aircraft);
- land-use planning controls;
- noise abatement operational procedures; and
- aircraft operational restrictions.

The Australian domestic fleet is one of the newest in the world, with the majority of aircraft meeting the latest international noise standards. However, some older, noisier aircraft still operate within Australian airspace and their operation at major airports has been restricted.

To better manage the impact of noise, it is important that airport development plans and land-use planning around airports be properly integrated. The Federal Aviation Policy provides for the development of a national land use-planning framework aimed at improving community amenity by minimising aircraft noise-sensitive developments near airports.

The National Airports Safeguarding Advisory Group, comprising of Commonwealth, state and territory government planning and transport officials, the Department of Defence, CASA, Airservices Australia and the Australian Local Government Association, is developing a National Airports Safeguarding Framework (NASF).

The NASF comprises a set of principles and guidelines to assist in a nationally consistent approach to land-use planning around airports.

It is aimed at achieving a balance between the efficient and effective operation of airports and air services on the one hand, and the safety and amenity of surrounding communities, especially in relation to aircraft noise, on the other. Western Australia intends to use the NASF as guidance for strategic planning around airports, along with all other relevant economic, social and environmental factors.

As required by the Federal Aviation Policy, Perth Airport has established a Community Aviation Consultation Group (CACG). Around Australia, these groups are the primary forum for community engagement with airport management and other stakeholders. They provide the opportunity for community views to be put forward on airport-related issues, including noise, and allow members of the community to obtain information about airport operations.

CACGs are attended by a range of aviation industry stakeholders, including Airservices Australia, airlines and the Commonwealth DIRD. The guidelines issued by the DIRD highlight that CACGs are for information exchange and are not decision-making bodies.

In 2010, the Office of the Aircraft Noise Ombudsman (ANO) was established by the Commonwealth. The ANO conducts independent administrative reviews of Airservices Australia’s management of aircraft noise related activities, including:

- the handling of complaints or enquiries made to Airservices Australia about aircraft noise;
- the community consultation processes related to aircraft noise; and
- the presentation and distribution of aircraft noise-related information.

Where Perth Airport is proposing the development of new infrastructure, such as a third runway, there are specific regulatory approvals required from the Federal Minister for Transport, including matters associated with the noise impacts of the third runway. Commonwealth Government approval for the construction of a third runway will require a full assessment of its implications for aircraft noise.
A third runway will not increase the overall level of aircraft noise emissions at Perth Airport, as it will not by itself increase the number of aircraft using Perth Airport. Rather, it will allow more of those aircraft to take off and land during mid-week peak early morning take-off and late afternoon landing periods. In this way aircraft noise will tend to be redistributed rather than increased.

While the ultimate noise level contour map provided in Perth Airport’s 2009 Master Plan already takes into account a third runway, Perth Airport will be required to undertake detailed investigations and community consultation into the potential noise impact of a third runway as part of the project approval process. These investigations will be assisted by the Commonwealth Government’s decision to install four additional noise-monitoring stations in the Perth southern suburbs of Willetton, Canning Vale, Leeming and Bibra Lake.

A curfew at Perth Airport is not contemplated for several reasons:

- aircraft noise is not a major problem in Perth;
- a curfew in Perth would reduce aircraft utilisation in Australia by preventing them from flying overnight on the long-haul routes across Australia to and from Perth, in turn reducing aircraft efficiency, increasing costs and adding to airfares; and
- the frequency of air services to and from Perth, both domestic and international, would be substantially reduced with severe consequences for the Western Australian economy.

9.9. Findings

- Perth Airport is under stress owing to unpredicted levels of growth, which have exceeded the runway capacity at peak mid-week morning and afternoon periods.
- The extraordinary levels of growth at the airport are primarily the result of resources industry FIFO activity. Also contributing are high levels of economic and population growth, generally at levels double that of the national average.

- There is little opportunity for peak loads at the airport to be spread to other times, owing to the operational needs of the resources industry to effect shift changes in the course of a single day.
- Congestion at Perth Airport is creating additional costs and inefficiencies across a broad spectrum of the community, commerce and industry, and is contributing to delays and inefficiencies at regional airports across the entire State aviation network.
- A range of operational efficiencies are being pursued by Perth Airport that have the potential to improve the number of take-offs and landings an hour, but these gains will soon be swallowed up in the likely event that traffic at the airport continues to grow at the rate seen in the past five and 10 years.
- A third runway will provide the step-change in capacity needed to cope with current peak hour demand as well as accommodate continuing high levels of growth at the airport.
- Commonwealth Government approval for a third runway will require a full assessment of its implications for aircraft noise. Perth Airport will be required to undertake detailed investigations and community consultation into the potential noise impact of a new runway as part of the project approval process.

9.10. Action

To assist in the timely development of infrastructure at Perth Airport, the State Government will:

- liaise closely with the Commonwealth Government, Perth Airport, the resources industry and the airlines in the development and assessment of a proposal to construct a third runway;
- actively engage with Perth Airport, Commonwealth DIRD, Airservices Australia, airlines, resources industry and major regional WA airports in Perth Airport’s master planning process; and
- cooperate with Perth Airport, airlines, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network.
PART 10
WA REGIONAL AIRPORTS’ INFRASTRUCTURE

The future capacity of WA’s regional airports, particularly in the Pilbara, is critical to the efficiency of the resources industry and to State and national economic growth. It is imperative that infrastructure at these airports is developed in a timely manner to meet growing demand.

10.1. Introduction

Infrastructure at a number of large, fast-growing regional airports is inadequate to meet current levels of demand. Significant upgrades are required to meet forecast growth in air traffic. Failure to make timely upgrades may impose significant costs and limitations on the State’s economic development, particularly in the Pilbara.

Funding the expansion of the local government-owned and operated airport infrastructure in the Pilbara is the biggest challenge for these airports. A related issue is the funding of the repair and replacement of ageing infrastructure at those local government-owned airports where levels of airport usage and revenues are insufficient to meet the costs involved.

This part concentrates on the larger regional airports which, for the purposes of the State Aviation Strategy, DoT defined as those airports servicing RPT passenger movements of 30,000 or more per annum. The status of smaller airports is covered in Part 10.11.

Failure to make timely upgrades may impose significant costs and limitations on the State’s economic development, particularly in the Pilbara.
10.2. Regional airport traffic scale and growth

Karratha has only 5 per cent of the passenger volume of Perth, but with its pivotal position in both the iron ore and petroleum industries, along with other supporting industries including ammonia and salt, it is by far the largest of WA’s regional airports (727,798 RPT passengers in 2013-14). Karratha’s 10-year passenger growth rate (14.5 per cent per annum) is comparable to that of the other three Pilbara airports, Newman, Paraburdoo and Port Hedland, and also of the much smaller Learmonth-Exmouth Airport.

Another small airport, Curtin-Derby, has recorded the highest 10-year growth rate of the 12 regional airports, at 33.2 per cent.

Broome, Geraldton and Kununurra airports have experienced 10-year growth of between 6 and 9 per cent a year. Broome, as an internationally recognised tourism location experienced very strong growth in the eight years to 2009-10 but passenger numbers have flatlined since. The three slower-growing airports (around 4 to 6 per cent a year) are Albany, Esperance and Kalgoorlie. Kalgoorlie (237,396) has a sizeable passenger base, compared to Albany (59,784 passengers) and Esperance (52,233 passengers).

Aircraft movement growth rates are almost always lower than passenger growth rates, as airlines employ larger, more economical aircraft as passenger volume increases. Karratha shows the highest 10-year growth rate (12.1 per cent, see figure 8), followed by Newman, Paraburdoo, Port Hedland and Learmonth. Notably, Broome has experienced negligible aircraft movement growth, while 10-year growth at Kununurra has been negative, reflecting aircraft upsizing.
10.3. Regional airport revenues

Although airline charges for passengers and aircraft movements are not the only source of revenue for airports, aeronautical revenue comprises the vast majority (88 per cent) of total operating revenue. Opportunities for non-aeronautical revenue (such as from building and hire car leases or car parking) vary with a range of factors including location, population size, management capability and the land tenure (including whether the land is freehold or Crown land vested for airport uses).

Airport revenue is closely linked to passenger numbers, with Karratha by far the strongest revenue performer ($21.4 million in 2012), followed by Port Hedland ($13.5 million), Newman ($7.8 million) and Kalgoorlie ($6.8 million).

Figure 9: Aeronautical and non-aeronautical revenue percentages

![Figure 9: Aeronautical and non-aeronautical revenue percentages](image_url)

Source: Consultation; Council budget papers for 2012-13 and GHD estimates.

Figure 10: Profile of total airport revenue versus RPT passenger, 2011-12

![Figure 10: Profile of total airport revenue versus RPT passenger, 2011-12](image_url)

10.4. Regional airport infrastructure requirements

Regional airports face significant and often overlapping infrastructure challenges of upgrades, expansion and asset replacement.

With very strong passenger growth at the Pilbara airports, all four airports require terminal expansion. Similarly, the related growth in aircraft movements is stretching apron (aircraft parking) capacity.

Karratha, Port Hedland and Newman can accommodate medium jets (B737, A320), albeit only on the basis of a time-limited exemption from CASA in the case of Newman. Yet none of the airports can adequately accommodate large wide-body jets (B767, A330), given the required runway strengthening, larger parking bays and hydrant refuelling needed.

The privately owned and operated Broome Airport has coped well with strong growth in passenger movements over the past 10 years, with significant investments made by the airport in upgrading the airport terminal and runway as well as world-class helicopter facilities to service offshore oil and gas developments in the Browse Basin.

The Shire of Exmouth and Shire of Derby/West Kimberley are positioning themselves to service strong offshore oil and gas sector growth, both with RPT and helicopter operations, in a situation where they are outgrowing the RAAF Learmonth and RAAF Curtin aerodromes.

With very strong passenger growth at the Pilbara airports, all four airports require terminal expansion.

Small airports often need to upgrade some assets and replace others. Albany Airport needs end-of-life runway pavement enrichment, but also runway extension and widening to accommodate aircraft, upsizing to F100s for Rio Tinto charter FIFO flights. Kununurra airport has a time-expired runway with poor drainage, which it plans to replace to better serve the airport’s RPT and extensive general aviation traffic. Carnarvon airport has a seriously degraded runway that requires resurfacing and possible replacement but has difficulty in funding maintenance and capital works owing to modest traffic throughput and airport revenues.

10.5. Regional airport investment planning arrangements

Investment planning arrangements for the 12 local government-operated RPT regional airports investigated vary in terms of frequency of planning timeframe, breadth and depth of information, and the amount of documentation. All 10 council-owned airports prepare an annual budget, although only Karratha and Port Hedland prepare a five-year capital works program.

Asset management planning is an important adjunct to investment planning, involving regular asset condition monitoring and a forward-costed program of rehabilitation and maintenance. Albany commented that, while its new master plan will go to council, it is more important for council to approve an asset management plan that will include priorities for the next five years with firmer cost estimates.

Four airports have an asset management plan in place and five airports have commenced their asset management planning process.
10.6. Recent and future regional airport infrastructure investment

Regional airports have invested an estimated $145 million over the past five years. Airports have undertaken investments in runways (seven), aprons (four), taxiways (three), services infrastructure (three), helicopter facilities (one) and terminal buildings (seven, including accommodation for new regional airport security requirements from July 2013).

Three airports, Karratha ($48.4 million), Broome ($32 million) and Newman ($30 million) make up more than three-quarters of total investment as shown in figure 11.

By comparison, for the next five years, the total projected investment is nearly twice that of the previous period ($279.8 million; see figure 12).

Airports nominate runway investments (10), aprons (four), taxiways (four), services (five), hangars (four) and terminal buildings (nine), as shown in table 3.

The three main Pilbara airports make up more than 60 per cent of the projected investment over the next five years. Increases are significant for Albany, Kununurra, Newman and Port Hedland, while continuing at a high level for Karratha and declining at Esperance.

The total estimate excludes runway widening at Newman to properly accommodate B737s (currently operated on time-limited exemption from CASA) or a further upgrade to allow wide-bodied flights from the east coast (B767, A330). The estimate also excludes any further development at Karratha or Port Hedland for wide-bodied aircraft.

Figure 11: Regional airports' infrastructure investment for five years to 2012-13

Note: Government funding includes both Federal and State Governments.
Source: Consultation with airports; airport master plans; Council budget papers for 2012-13; 2010-11 council annual reports; Department of Transport; RADS data and GHD analysis.
Table 3: Infrastructure investment requirements for five years to 2017-18

<table>
<thead>
<tr>
<th>AIRPORT</th>
<th>ESTIMATED COST ($M)</th>
<th>RUNWAY</th>
<th>TAXIWAY</th>
<th>APRON</th>
<th>TERMINAL</th>
<th>HANGERS</th>
<th>SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
<td>15</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Broome</td>
<td>35</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Derby-Curtin</td>
<td>1.7</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Esperance</td>
<td>2.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geraldton</td>
<td>109.2</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Kalgoorlie</td>
<td>n/a</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karratha</td>
<td>46</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kununurra</td>
<td>27</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learmonth-Exmouth</td>
<td>7</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Newman</td>
<td>60</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Paraburdoo</td>
<td>not available</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Port Hedland</td>
<td>70.5</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>374</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Consultation with airports; airport master plans; 2012-13 council budgets and GHD analysis.

Figure 12: Regional airports’ past and projected infrastructure investment

Source: Consultation with airports; airport master plans; Council budget papers for 2012-13; 2010-11 council annual reports; Department of Transport; RADS data and GHD analysis.
10.7. Regional airport infrastructure investment funding sources

The local government-owned regional airports surveyed have directly supplied nearly 80 per cent of investment funds over the past five years, either from airport reserves (sourced from past-year depreciation expenses and operating surpluses) or directly from current year operating surpluses.

The State Government, through grants under the Regional Airport Development Scheme (RADS), has provided 10 per cent of funds, with council borrowings comprising a further 10 per cent and the Commonwealth Government (terminal security grants) a further 5 per cent. Of the three Pilbara airports, only Port Hedland has received RADS funding. Government funding represents a higher proportion of funds for smaller airports.

Regional airports in the past have also benefitted from significant financial support provided by resource companies, including BHP Billiton, Rio Tinto and, most recently, Chevron, which is funding a major upgrade of the airport at Onslow in support of its Wheatstone project.

For the future, airport reserves will continue to be vital, with passenger growth and continued high passenger numbers able to supply substantial revenues for a number of airports.

Table 4: Source of funds for infrastructure investment by local government-owned airports for five years to 2012-13

<table>
<thead>
<tr>
<th>SOURCE OF FUNDS</th>
<th>$ MILLION</th>
<th>PERCENTAGE OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airports</td>
<td>87.6</td>
<td>77.5%</td>
</tr>
<tr>
<td>State Government</td>
<td>10.3*</td>
<td>9.1%</td>
</tr>
<tr>
<td>Commonwealth Government</td>
<td>5.3</td>
<td>4.7%</td>
</tr>
<tr>
<td>Borrowing</td>
<td>9.8</td>
<td>8.7%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>113.0</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

* Estimates based on information provided by councils. RADS funding totals $10.0m over 5 years to 2012-13.
Source: Consultation with airports; airport master plans; 2012-13 council budgets; 2010-11 council annual reports; GHD analysis.
Land development for ancillary businesses is also of significant interest to a number of local government councils, notably Kalgoorlie, Karratha, Kununurra and Newman. Land development is to provide significant revenue for Port Hedland, with BHP Billiton’s Airport Village project to be established on freehold airport land to accommodate a construction workforce. However, the existing Crown land title situation for Kalgoorlie, Karratha and Newman – whereby the land is vested in the council for airport uses only and there is a requirement that vacant Crown land is purchased at market value – is seen as a constraint. Certainly land development issues contribute to the low proportion of non-aviation revenue at WA regional airports (see figure 9 page 52). Newman Airport is nevertheless actively pursuing freehold title to two adjoining blocks of land of more than 800 hectares.

Numerous smaller revenue sources are also being pursued at particular airports, such as instrument landing system training in Albany, paid parking in Geraldton, and review of leasing arrangements at Port Hedland.

RADS will continue to be an important source of investment funding, particularly for smaller airports. The ability to apply for and access part-funding capital arrangements provides a strong incentive for airports to plan and implement improvements, which otherwise may be beyond the limit of their reserves. The resource sector should also be considered as a possible direct source of funding where upgrades are benefitting individual companies.

As part of the development of the State Aviation Strategy, DoT conducted a review of RADS, resulting in some amendments to its objective and guidelines. The resulting changes to RADS are explained in Part 12 of this document.

### 10.8. Regional airport reserve funds

All council-owned airports have reserves for maintenance and replacement of assets. These are very important to the capacity of the airport to be self-reliant within the council structure, for work other than major capital upgrades. Airport reserves vary significantly in size, ranging from less than $1 million (Derby-Curtin) to more than $15 million (Karratha) – see Table 5.

Several airports noted that they are currently unable to build reserves to the desired level, because of high growth-related capital investment needs.

Three airports (Kalgoorlie, Karratha and Port Hedland) indicated the council requires a return on investment (quasi-dividend) annual payment. This can be around 9 to 10 per cent of operating revenue. A fourth airport (Shire of Exmouth-Learmonth) indicated airport revenues are on occasion used for council purposes outside the airport and when this occurs, the use of the funds is clearly badged as ‘from the airport’. At other airports, all funds remain allocated to airport uses.

Three of these four airports above have the highest airport reserves and are well placed to afford this payment. It is also notable that Kalgoorlie and Port Hedland commission annual independent competitive neutrality reviews, which provide advice on whether the return the airport is making on its assets is fair and reasonable and not excessive.

Conversely, Geraldton, located only four hours from Perth by car, targets a maximum return on assets cap of just 1.5 per cent, in order to minimise demand substitution away from air travel.

It is important the priority uses for an airport’s operating surpluses are asset maintenance and replacement, followed by infrastructure upgrades. On the information provided, the level of return on investment paid to council, in the minority of cases where this arrangement applies, appears quite high in the context of the airport infrastructure challenges that councils face. However, councils make reference to their restricted general revenue position and the high cost of living, doing business and employing staff in the north of the State.
Regional airport security

From 1 July 2012 new Commonwealth aviation security requirements took effect across all Australian airports requiring the:

- grouping of airports into bands with similar operating environments and threat and risk profiles following the assessment of a number of relevant factors; and
- maximum take-off weight (MTOW) to replace the method of propulsion as the trigger for screening of RPT and open charter services.

Airports that service aircraft with MTOW of 20 tonnes or more are required to conform to Office of Transport Security requirements for airport security, including the screening of passengers. The Commonwealth’s funding model is such that the costs of the provision of airport security are the responsibility of each airport and are passed onto the airlines in the form of a security charge per outgoing passenger. As a substantial portion of the costs of security is fixed, and others are semi-variable at best, the cost of airport security per passenger at smaller regional airports can be very high. For example, the airport security charge at Esperance airport at $40 per passenger is more than eight times the security cost at Perth Airport.

Delays at Perth Airport have also affected the security screening operating costs at regional airports due to increased staff overtime needing to be paid to wait for delayed flights.

Infrastructure funding requirements are expected to be higher over the next five years than the past five years. Three major issues need to be addressed to ensure investment planning is adequate to the task:

- councils’ ability to access borrowings to at least part-fund their investment requirements, where necessary, outside the limit of their general funds cap;
- land tenure, so related business opportunities are not constrained by non-freehold title conditions for those airports in this situation, and, for some airports at least, potentially resolved through freed-up access to borrowings; and
- the management and commercial acumen of airports, so they can most effectively plan, fund, implement and manage their investment programs.

### Table 5: Estimated local government airport reserves as at 1 July 2012

<table>
<thead>
<tr>
<th>AIRPORT RESERVES AS AT 1 JULY 2012</th>
<th>AIRPORT (AIRPORT RESERVE AS % OF 2011 12 OPERATING REVENUE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1 million</td>
<td>Derby-Curtin (3.4%)</td>
</tr>
<tr>
<td>$1-2 million</td>
<td>Albany (n/a), Esperance (142.9%), Geraldton (58.0%), Learmonth-Exmouth (26.2%), Newman (18.4%)</td>
</tr>
<tr>
<td>$2-5 million</td>
<td>Kununurra (n/a)</td>
</tr>
<tr>
<td>$5-10 million</td>
<td>Kalgoorlie (139.4%), Port Hedland (55.7%)</td>
</tr>
<tr>
<td>Above $15 million</td>
<td>Karratha (72.5%)</td>
</tr>
</tbody>
</table>

Source: 2012-13 council budgets and GHD analysis
The high cost of security at these airports adds to the already high fares borne by regional WA businesses and communities and acts to deter regional tourism. In some cases major airlines are taking the initiative to average out the costs of airport security across their networks, but this stratagem is not available to smaller regional service airlines.

Qantas ceased operating security screening services at regional airports in May 2014. A number of these airports will have to establish their own screening services and impose charges to cover costs that are not ameliorated by Qantas’ economies of scale.

The resulting effect of the new Commonwealth aviation security legislation has been:

- a substantial increase in airfares to some of the State’s regional airports to cover passenger screening operations and security screen infrastructure replacement;
- that trials of larger aircraft on a route has resulted in airports moving into higher security bands, increasing operational and infrastructure requirements; and
- that marginal air routes of the Coral Coast and Goldfields cannot afford to upgrade their airports to meet security requirements for aircraft with MTOW greater than 20,000 kg. These regional hubs will be limited to a small number of airlines that operate aircraft with a MTOW of less than 20,000 kg (such as Skippers, Network and Maroomba).

There is a sound argument that the provision of airport security at Esperance or other small regional airports provides benefits to the entire aviation network and not just the passengers boarding their flight to Perth. If the costs of airport security were treated as costs of providing security across the aviation network, and therefore shared equally per passenger across the network, there could be substantial decreases in costs per passenger at small regional airports in return for relatively minor increases in costs per passenger at major airports.

The Commonwealth applies this logic to the provision by Airservices Australia of air traffic control and aviation fire and rescue services at major airports. The cost of these services is paid by airlines and shared equally amongst all aircraft passengers.

The Productivity Commission Report #57 Economic Regulation of Airport Services (December 2011) in discussing the matter found that: “The issue is whether the benefits of an airport’s security measures accrue solely to those passengers travelling through that airport, or whether there are broader benefits for all air travellers, or the community more generally.”

The report found there were two broad ways that security benefits might accrue to individuals other than direct passengers at an airport.

Firstly, as a result of the procedures at all Counter-Terrorism First Response airports, passengers may not need to make assessments about the individual level of security on any particular route they wish to fly.

Secondly, “the general non-travelling public may receive a benefit from aeronautical security arrangements. While the primary beneficiaries of aviation security are those travelling on aircraft, following the 11 September 2001 attacks in the United States, the public is more aware that aircraft can be used to cause harm and damage to the public more broadly. Thus, someone who is not travelling in an aircraft likely receives (at least) some benefit from knowing that it is less likely an aircraft can be used to harm him or her.

“While these rationales provide a theoretical basis for a move to network charging (in the first case), or even some form of government contribution (in the second case), in practice, the extent of any benefit is an empirical question. Altering the current user-pays charging arrangements in a way that made the Australian community better off overall would require analysis of all the costs and benefits of the various options.”

The matter of disproportionate expense suffered by passengers utilising smaller airports was taken up with the Commonwealth by the Northern Territory Government in relation to the cost of security at Alice Springs and Darwin airports. In seeking to share the costs of protecting the aviation network more equally, and ending the disadvantage suffered by WA regional communities, it would be worthwhile for the WA Government to join the Northern Territory Government in taking up the issue with the Commonwealth.
10.11. Status of smaller airports

Western Australia’s smaller regional airports play a vital role in connecting their local communities to Perth and the wider world. These airports typically service regulated routes, judged by DoT to be too thin to sustain direct competition. The airports service the Eastern and Northern Goldfields (Laverton, Leonora and Wiluna airports); Murchison region (Mount Magnet and Meekatharra airports), Gascoyne region (Carnarvon and Monkey Mia airports); the Margaret River region (Busselton airport); and the inland Kimberley (Fitzroy Crossing and Halls Creek airports). They service insufficient traffic (see table 7) to be financially self-sustaining and rely upon operating subsidies from their local government owners. The Government’s Regional Airport Development Scheme, discussed in detail in Part 12, provides assistance with the maintenance and development of aviation infrastructure at small regional airports.

Table 6: Small WA regional airports Security Levy 2014

<table>
<thead>
<tr>
<th>AIRPORT</th>
<th>PASSENGER SECURITY LEVY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
<td>RPT and charter departing passengers: $40.60 per head (children $30.70)</td>
</tr>
<tr>
<td></td>
<td>Charter passengers (no screening) $19.80 per head</td>
</tr>
<tr>
<td>Busselelton</td>
<td>RPT departing passengers: $21 per head</td>
</tr>
<tr>
<td>Esperance</td>
<td>RPT departing passengers: $40 per head</td>
</tr>
<tr>
<td>Ravensthorpe*</td>
<td>RPT passenger handling fee (arrivals and departures) $36.00 adults (children $9.00)</td>
</tr>
</tbody>
</table>

*Note: Passenger handling fee includes a proportion of security cost for operation and infrastructure.
Table 7: RPT passenger movements at WA small regional airports

<table>
<thead>
<tr>
<th>REGIONAL AIRPORT</th>
<th>2012-13</th>
<th>2013 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Busselton</td>
<td>1077</td>
<td>1849</td>
</tr>
<tr>
<td>Carnarvon</td>
<td>25,137</td>
<td>24,605</td>
</tr>
<tr>
<td>Laverton</td>
<td>5294</td>
<td>2981</td>
</tr>
<tr>
<td>Leonora</td>
<td>15,144</td>
<td>7524</td>
</tr>
<tr>
<td>Meekatharra</td>
<td>5822</td>
<td>4746</td>
</tr>
<tr>
<td>Monkey Mia</td>
<td>4351</td>
<td>3632</td>
</tr>
<tr>
<td>Mount Magnet</td>
<td>1907</td>
<td>1670</td>
</tr>
<tr>
<td>Ravensthorpe</td>
<td>3146</td>
<td>4564</td>
</tr>
<tr>
<td>Wiluna</td>
<td>2559</td>
<td>3585</td>
</tr>
</tbody>
</table>

10.12. Findings

- Regional airport master plans are key long-term planning documents for airports, the region and the State. While most, if not all, major regional airports are undertaking them, coverage of key planning issues is not strong when measured against best practice plan content criteria. This is of some concern as poor quality planning may lead to suboptimal physical and commercial outcomes for airport owners and stakeholders.
- The cost of providing security across the aviation network falls disproportionately on passengers travelling from smaller regional airports and adds considerably to the already high airfares borne by regional Western Australians.
- Land development for ancillary businesses is of significant interest to a number of councils (notably Kalgoorlie, Karratha, Kununurra and Newman). The type of land tenure at regional airports varies and, in some cases, acts to restrict the development of airport land holdings and the ability of airports to become commercially viable.
- RADS will continue to be an important source of investment funding, particularly for smaller airports. The ability to apply for and access part-funding capital arrangements provides a strong incentive for airports to plan and implement improvements, which otherwise may be beyond the limit of their reserves.
- The resources sector should also be considered as a possible direct source of regional airport funding where upgrades are directly benefitting individual companies.
- Investment in airport infrastructure by local government councils is affected by their ability to access borrowings; airport land tenure conditions; and their ability to plan, fund, implement and manage their investment programs.

10.13. Action

To improve infrastructure planning and development at regional airports the State Government will:

- develop, in consultation with regional airports, a preferred master plan template. Completion and public availability of a current master plan and asset management plan will be an eligibility condition for all airports applying for RADS funding that are above a specified minimum size;
- seek to establish a policy framework for master planning of local government-owned major regional airports within a state-wide aviation network-planning context;
- actively engage with Perth Airport, DIRD, Airservices Australia, airlines, resources industry and major regional WA airports in the master planning processes of WA major regional airports;
- engage and cooperate with Perth Airport, other major airports and the resources industry in coordinating aviation infrastructure planning across the State’s aviation network;
- cooperate with local government in resolving airport land tenure issues that restrict the development of land holdings at some airports and inhibit the airports’ commercial viability;
- engage with local government regarding their ability to raise capital for airport infrastructure; and
- take up with the Commonwealth the disproportionate cost of aviation security borne by passengers at small regional airports and seek an approach to aviation security cost-recovery based on network pricing.
Local government ownership and operation of airports came about approximately 20 years ago, when the Commonwealth divested itself of its airports around Australia. Most airports were handed over to local governments, although the larger capital city airports were effectively privatised through public tender of 99-year leases.

11.1. Introduction

WA council-owned airports typically operate as separate and self-financing units of council. They are charged an annual administration fee for central council services that they receive (such as human resources, information technology and cleaning). Only two of the 10 local government-owned regional airports surveyed during the development of the State Aviation Strategy have airport committees (Kalgoorlie and Port Hedland), a number having dispensed with committees in recent years in favour of clear, CEO day-to-day responsibility and direct reporting to council.

Strengths of local government ownership and operation include:

- small, low-cost teams, often with long-serving, experienced staff;
- a regular financial return to the council for those airports in a position to provide it, which can help supplement a council’s rates income; and
- the opportunity to integrate with the council’s regional development strategy; a ‘control our own destiny’ factor.
Weaknesses of local government ownership and operation include:

- a management expertise gap, as airports grow and become more complex, requiring financing, implementation and subsequent management of major investment programs;
- exposure of council ratepayers to the commercial risk and financial consequences of operating a complex non-core business;
- local government red tape and slow processes, for example with budgeting and procurement, a particular problem in a fast-changing environment;
- fees and charges that are set on a whole-of-council basis, without commercial negotiation with, or transparency for, user airlines;
- a lack of protection and certainty for private partners under the Local Government Act, including restrictions on joint ventures;
- airport investment proposals having to compete with other local government priorities;
- a severely restricted ability to fund infrastructure;
- that the Local Government Award and job classification structure restrict ability to attract and retain skilled and experienced personnel;
- a lack of skilled and experienced board members to direct and manage the business;
- that for larger fast-growing airports (such as those in the Pilbara) there are significant risks to the State's economic efficiency and economic growth. These risks are associated with nationally significant transport assets being operated by under-resourced local government entities under legislation not designed or intended for the conduct of large commercial transport service businesses.

11.2. Alternatives to local government ownership

Council-controlled organisation

The council-controlled organisation model involves establishing an arm’s-length relationship with the airport, with an independent professional board, rather than the council or a committee of council, exercising governance control. The model is in place at a number of locations in Australia, including Newcastle, New South Wales and Gladstone, Queensland.

Advantages of the model are that it:

- removes the airport from council control, where there can be a degree of changeover of personnel with four-year councillor terms and where councillors may lack the commercial and professional expertise to successfully oversee a large airport business; and
- allows the appointment of a professional board, charged with ensuring the airport’s long-term commercial success and obliged by law to operate commercially.

As set up in Queensland, the council can continue to benefit from airport ownership financially, through receiving both tax equivalent payments and returns to shareholders, and strategically, by being able to influence the airport’s commercial strategy if it so desires, albeit with full transparency.
Disadvantages of the model include the:

→ additional governance costs involved;
→ requirement for legislative amendments (to the Local Government Act), the timetable for which would be most unlikely to match the pressing need for infrastructure investment at airports crucial to the State’s economic performance; and
→ degree of public financial and economic risk associated with local government owning and managing major transport infrastructure assets in an environment where there is no apparent shortage of private capital and expertise.

Private leasing

A second alternative model is long-term private leasing of an individual airport, similar to capital city airport arrangements under Commonwealth legislation, or of a group of airports.

Compared with the status quo, the key advantages of this model (as highlighted in table 8) are that it provides access to professional commercial management expertise and an end to ratepayer exposure from potential investment mismanagement. Additionally, in the event that privately owned airports are linked, such as joint privatisation of more than one Pilbara airport, or linkage of a regional airport to a capital city airport (along lines of the Melbourne Airport and Launceston Airport joint ownership), there is potential for management economies of scale and access to a wider range of expertise.

Private airports

A third model is that of privately owned and operated airports. Two private airports service RPT flights in WA – Broome and Paraburdoo. With no shortage of access to capital to invest in infrastructure to meet growing demand, both airports have coped well with growing demand.

State Government role

The State Government will assist local government airport owners in evaluating governance options that best suit their particular situation.

In the case of long-term leases, the State Government will assist in developing appropriate terms of lease, lease documentation and procurement strategies, and in ensuring measures are put in place to ensure that airport monopoly power is not abused.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management capability</td>
<td>Loss of day-to-day council control</td>
</tr>
<tr>
<td>→ Professional board and management team with improved capacity to plan,</td>
<td>‘Eggs in one basket’ if management misfires (airport group leasing only)</td>
</tr>
<tr>
<td>implement and secure a commercial return on investment programs</td>
<td></td>
</tr>
<tr>
<td>Engaging the private sector</td>
<td>As seen elsewhere, airlines may consider that charging remains non-consultative and non-transparent</td>
</tr>
<tr>
<td>→ Capacity to enter into commercial agreements with airlines and other</td>
<td></td>
</tr>
<tr>
<td>partners</td>
<td></td>
</tr>
<tr>
<td>Local council finances</td>
<td>Ratepayers are not at risk from investment mismanagement.</td>
</tr>
<tr>
<td>→ Ratepayers are not at risk from investment mismanagement.</td>
<td>Annual lease payments can ensure a long-term revenue stream for local governments</td>
</tr>
<tr>
<td>Borrowings</td>
<td>Borrowing strategy benefits from management capability</td>
</tr>
<tr>
<td>→ Borrowing strategy benefits from management capability</td>
<td>Long-term lease allows private capital to be sourced for airport infrastructure, overcoming scarcity of public funding</td>
</tr>
<tr>
<td>Regional development</td>
<td>Commercially run airport focusing on customers should also benefit regional development</td>
</tr>
<tr>
<td>→ Commercially run airport focusing on customers should also benefit</td>
<td>Risk of under-investment in order to satisfy shareholders before customers</td>
</tr>
<tr>
<td>regional development</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Private leasing of one airport or group of airports — strengths and weaknesses
11.3. Findings

→ The current local government governance model is limited in its capacity to fund major infrastructure investment at fast-growing regional airports. In particular, local governments are prevented by the Local Government Act from using assets to secure loans, since they may only borrow against the security of their general funds (rates and grants) income.

→ Major airport infrastructure must be funded by borrowings, since cash flow from airport operations is insufficient. Local government capital funding processes are complex and not well-suited to funding major airport infrastructure.

→ New governance options are required for local government-owned airports, particularly those constrained by access to capital funding, which will allow the airports to be run on fully commercial lines.

→ A capacity to borrow funds where an adequate business case can be made appears essential to regional airports being able to meet the demands of growth on their infrastructure capacity. Borrowing capacity is also a particular issue for airports with larger capital requirements and smaller rateable populations, in view of borrowing security being limited to the council’s general funds under the Local Government Act. Borrowing may also be especially important for those councils that do not hold freehold land title and need to pay market value prices to acquire adjoining vacant Crown land for business development purposes.

→ The current council ownership and governance model offers integration with local planning and economic development and some economies of scale from council resourcing. The model has worked well in several locations and has delivered significant investment at Karratha, Newman, Geraldton and, previously, at Kalgoorlie. However, the Pilbara airports’ management arrangements in particular appear fragile and the model lacks both governance depth and the flexibility to operate commercially in areas such as charging, borrowing and industrial relations.

→ In the case of the State’s larger and fast-growing airports, whose role goes beyond that of servicing the needs of a local community, the option of long-term lease to the private sector enables private capital and professional airport management expertise at board, executive and operational level to be mobilised. This allows the effective and efficient management of the airport in a way that minimises risk to major users and facilitates continued State economic growth.

11.4. Action

→ The State Government will encourage private sector investment in, and management of, regional airports to improve their effectiveness and efficiency.

→ In cases where the operation of regional airports might be transferred to the private sector, the Government will consider measures to ensure that airport monopoly power is not abused.
RADS was established in 1997-98 with the objective of ensuring that “regional aviation infrastructure and airport services are developed and maintained to facilitate air access and enhance economic growth in Western Australia.”

12.1. Introduction

Regional Airports Development Scheme (RADS) is administered by DoT. From 1997-98 to 2007-08, regional aviation projects worth over $58 million were completed. These projects received funding support from RADS of approximately $21 million. The annual appropriation to RADS through this period was $1.94 million.

In 2008, additional RADS funding totalling $27 million was sourced through the Royalties for Regions program administered by the then Department of Regional Development (DRD).

This funding is being allocated to WA regional airport development projects over a period of seven years from 2008-09 to 2014-15.

Since the additional Royalties for Regions funding was made available, more than 150 projects have received RADS grants totalling more than $29 million, in support of projects valued at $67 million.
12.2. RADS review

In the process of developing the State Aviation Strategy, a review of RADS concluded that the limited funding available to the scheme could be better targeted to maximise the aviation benefits accruing to the community.

As a result of the review, RADS priority will now be given to aviation-related infrastructure that provides clearly defined community benefits and where the project is not capable of being funded through other means. Lower priority will apply to regional airport development projects where the benefits are primarily commercial, or benefit a limited number of people.

The amendments to RADS are intended to better prioritise projects in a way that maximises benefits to regional communities and ensure that RADS funding is directed where it is most needed, especially to regional RPT airports that do not have sufficient passenger throughput to make them financially self-sustaining.

12.3. Revised RADS objective and guidelines

The revised objective of RADS is to improve regional air services and air safety and promote regional development for the benefit of regional communities.

In support of this objective, the following guidelines applied with effect from the opening of the 2013-14 RADS funding round:

→ RADS funding is aimed at providing common-user transport infrastructure to improve air services and/or air safety for regional development, tourism and communities.
→ RADS funding is prioritised to maximise the number of regional Western Australians who benefit.
→ RADS may provide funding assistance for regional airport planning.
→ RADS funding is reserved for projects not able to be fully funded through other means.
→ A matching contribution from the applicant organisation is normally expected.
→ Airport owners should meet their own maintenance, terminal and airstrip upgrades where they have the capacity to do so.
→ RADS funds are not to be used to develop privately owned infrastructure, except where clear and substantial community benefit results.
→ In general, RADS funds are not to be used as seed funding as part of an investment attraction strategy (such as attraction of aviation training).
In the calendar year 2011, more than 90 per cent of international visitors and interstate visitors to WA arrived by air. These statistics support the premise that for the State’s visitor economy to continue to grow and prosper, WA must be competitive in growing airline capacity, ensuring the supply of reasonably priced air seats into and within the State remains ahead of demand.

13.1. Economic benefits of tourism

Direct international services into WA deliver significant economic returns for the WA economy. The economic benefits for the State resulting from the introduction of direct services by Emirates between Dubai and Perth in 2002 amounted to an injection of an additional $30.1 million directly into the WA economy in the first year of operations.\(^6\)

Considering the State Government’s goal is to double the value of the visitor economy in WA to $12 billion by 2020,\(^7\) expanding aviation access on both the international and domestic fronts is a key component to achieving that goal. Tourism WA has projected that international aviation capacity to WA has to increase by more than 50 per cent, with a corresponding increase of more than 20 per cent in domestic capacity, between now and 2020 to achieve this aim.\(^8\)

13.2. Intrastate tourism

Intrastate tourism in WA is constrained by high airfares. The majority of passengers travelling by air into the regions are on business and their employer meets the cost of travel. The number of leisure passengers who buy their own ticket travelling by air into regional WA is small.

This was confirmed by DoT in 2013 when it arranged for passenger surveys to be conducted on three air routes seen as important tourism destinations – Esperance, Albany and Exmouth. The surveys showed a virtual absence of tourists travelling by air on the regulated Esperance and Albany routes. The route to Exmouth serviced by competitors Qantas and Virgin Australia, by contrast, showed relatively high levels of tourist traffic (about 45 per cent).

13.3. Tourism aviation objectives

The State’s primary tourism aviation objectives are to:

- expand inbound air services and overall capacity, primarily through WA’s major aviation gateway of Perth;
- to facilitate economic, social, cultural, trade and industrial development and increase competitiveness, viability and profitability of the WA visitor economy; and
- identify, facilitate and develop additional gateways into the State outside Perth (such as Broome and Busselton/Margaret River).

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\(^6\)Brown A, Wood J, Lee A: The Impact of Emirates Direct Flights to Perth, Edith Cowan University, February 2004

\(^7\)State Strategy for Tourism in Western Australia 2020

\(^8\)Tourism Western Australia’s analysis based on Tourism Research Australia, International and National Visitor Surveys, YE March 2012; Australian Bureau of Statistics, Overseas Arrivals and Departures, YE March 2012; IATA SRS Analyser YE March 2012
Aviation development is a strategic pillar for growing WA’s tourism industry. Tourism has a wide definition: the World Tourism Organisation and the United Nations Statistical Office define tourism as “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”.

The Australian Bureau of Statistics and Bureau of Tourism Research have adopted this definition in Australia, so that tourism is comprised primarily of holiday-makers, visiting friends and relatives, business travellers and students. The value of WA’s tourism industry is $8.76 billion, representing 3.6 per cent of Gross State Product.  

The State’s tourism goal is to double the value of tourism from $6 billion in 2010 to $12 billion in 2020. For this goal to be achieved, annual growth in tourism expenditure of 7 per cent is required through this period.

13.4. Western Australia’s tourism industry segments

Table 9 identifies the importance of the various industry segments, particularly as far as tourism expenditure is concerned. International tourists stay longer and expend a much higher amount per person. Table 10 identifies the growth in the various tourism sectors in 2013.

The growth of tourism from Asia, resulting from an expanded middle class, is important for WA. Table 11 identifies that four of the top 10 tourism markets for WA are in Asia and tourism growth out of China is dramatic. Malaysia is the sixth most important tourism market for WA.

The Australia – Malaysia air service arrangements were liberalised in July 2013 to provide sufficient capacity to support the expansion of air services between Malaysia and Australia, including WA.

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9 Tourism Research Australia, State Tourism Satellite Account 2012-13
### Table 9: Tourism expenditure in Western Australia 2013

<table>
<thead>
<tr>
<th>VISITORS (MILLIONS)</th>
<th>SPEND ($ BILLIONS)</th>
<th>SPEND PER VISITOR ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td>0.76</td>
<td>2.20</td>
</tr>
<tr>
<td>Interstate</td>
<td>1.25</td>
<td>1.52</td>
</tr>
<tr>
<td>Intrastate</td>
<td>5.31</td>
<td>2.42</td>
</tr>
<tr>
<td>Day Trip</td>
<td>14.48</td>
<td>1.59</td>
</tr>
</tbody>
</table>


### Table 10: Growth in visitors and tourism expenditure in Western Australia in 2013

<table>
<thead>
<tr>
<th>VISITORS</th>
<th>SPEND</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td>2.1%</td>
</tr>
<tr>
<td>Interstate</td>
<td>12.8%</td>
</tr>
<tr>
<td>Intrastate</td>
<td>3.0%</td>
</tr>
<tr>
<td>Day Trip</td>
<td>1.2%</td>
</tr>
</tbody>
</table>


### Table 11: WA’s top international tourism markets — expenditure by country 2013

<table>
<thead>
<tr>
<th>INTERNATIONAL TOURISM MARKETS – EXPENDITURE BY COUNTRY</th>
<th>EXPENDITURE ($M)</th>
<th>CHANGE 2013 VS. 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>346</td>
<td>9.5%</td>
</tr>
<tr>
<td>Singapore</td>
<td>169</td>
<td>15.9%</td>
</tr>
<tr>
<td>China</td>
<td>165</td>
<td>-2.6%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>159</td>
<td>-13.8%</td>
</tr>
<tr>
<td>Ireland</td>
<td>147</td>
<td>16.6%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>139</td>
<td>-25.6%</td>
</tr>
<tr>
<td>USA</td>
<td>112</td>
<td>-5.0%</td>
</tr>
<tr>
<td>France</td>
<td>79</td>
<td>46.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>77</td>
<td>18.4%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>76</td>
<td>-21.3%</td>
</tr>
</tbody>
</table>

13.5. Findings

- The tourism industry is, to some degree, being crowded out by the growth in the resources industry. The strength of the resource industry is resulting in very high accommodation and hospitality prices. While the impact of this effect is strong in Perth, it is particularly acute in the Pilbara region. Tourism in the Pilbara faces the dual effect of high airfares and accommodation shortages and is in decline.

- Given the relatively high cost of Perth compared to other Australian destinations, the capacity to grow the interstate market may be constrained. Growth in international tourism is important in the current environment, particularly through the further expansion of low-cost carriers.

- Intrastate tourism in WA is constrained through high airfares. The majority of passengers who travel into the regions have a business purpose and the cost of travel is met by their employer. The number of leisure passengers who purchase their own ticket travelling by air in regional WA is small.

- The absence of a low-cost carrier in WA is a contributing factor in the high cost of WA intrastate airfares. In Queensland, also a resource-based state with a number of long-range routes, Jetstar flies a significant number of intrastate routes. Airfares in Queensland are substantially lower than in WA.

- Broome represents the best opportunity for a low-cost carrier to enter the WA regional tourism market. Internationally, low-cost carriers can stimulate traffic growth on a route by 300 per cent, as evidenced by AirAsia X’s operations between Perth and Kuala Lumpur in 2008.

- An important issue for the regional tourism and intrastate aviation is the policy of route regulation. At the present time, the following routes remain regulated: Albany, Derby, Carnarvon, northern Goldfields, Esperance and Monkey Mia.

- From a tourism viewpoint, it is important to provide certainty regarding aviation services so as to underpin investment in marketing, accommodation and visitor facilities in the tourism regions. Regulation of routes provides for certainty of air services, however, the maintenance of regulation will ensure continued high airfares. Deregulations of services into Geraldton, and the introduction of limited competition into Exmouth, have assisted in a substantial increase in passenger movements and a reduction in the cost of airfares on both routes.

- It is likely that tourism routes such as Monkey Mia, where there is very thin demand, will continue to be regulated, however, important tourism destinations such as Albany and Esperance will bear closer examination in the future. Due diligence is required as part of this examination, in determining critical route analysis parameters such as market size, demand profiles and travel seasonality.

- Regional airports have made clear their frustration about the increases in airfares that are attributable to the Federal Government’s requirement to meet minimum security standards. The measures are aimed at improving security across the aviation network but the cost impact can fall disproportionately on smaller regional airports and their passengers.

- For smaller regional airports with low passenger throughput the cost impost can be as high as $40 per passenger (representing nearly 20 per cent of the cheapest one-way fare from Esperance to Perth for example).
13.6 Actions

To foster the development of tourism through improved aviation services, the State Government will:

→ Encourage expansion of inbound air services (international, interstate and intrastate), primarily through WA’s major aviation gateway of Perth.
→ Foster competition and grow frequency and capacity with existing carriers on existing and new intrastate, interstate and international routes.
→ Attract new airlines to Perth and regional WA with the aim of introducing new non-stop linkages from core and emerging international and interstate market.
→ Foster and facilitate code-sharing agreements between overseas airlines and Australian domestic carriers.
→ Continue with partners in route development to offer stakeholder support (such as airport aeronautical rebates and route marketing support funds) to attract and support new air services.
→ Identify, facilitate and develop additional gateways into the State outside Perth (such as Broome) and encourage the Commonwealth Government to actively manage international air services agreements between countries to ensure that international tourism into WA is not constrained.
→ Request that the Commonwealth Government review its policy regarding how the costs of providing security across the aviation network are met.
→ Examine the commercial environment with an aim of encouraging greater low-cost carrier presence in WA as a means of stimulating tourism.
→ Ensure Tourism WA is consulted in the reviews of a regulated or deregulated route wherever tourism is an important factor on that route.
14.1 Aviation route regulation in Western Australia

Background
The Minister for Transport issues aircraft licences to airlines operating for hire or reward within WA under the authority of the WA Transport Co-ordination Act 1966. The Minister may place conditions on these licences, which can restrict the area of operations of airlines. It is this mechanism that enables the Minister and, through him or her, DoT, to regulate air services within the State.

The WA Transport Co-ordination Regulations 1985 (TCR) take a slightly broader definition of RPT services than the CASA, defining RPT services as those that “operate according to a published schedule”. Charter services are defined as an “air service that is not an RPT service”.

The regulatory model set up by DoT following the collapse of Ansett was to identify non-competitive or marginal routes, award the rights to operate RPT services on these routes to a single operator, and annotate this on the successful airline’s aircraft licence (referred to as “regulated RPT”). No other airlines were given the right to operate RPT services on these routes. While charter services were historically undertaken across the entire State without monitoring, all aircraft licences for operators in the State were affixed with a condition stating that charter services of a frequency of more than once per week per client could not be operated on these RPT routes without the express permission of the Minister for Transport.

The intention of allowing a single charter per client per week on each route was to prevent another operator from reducing the potential passenger load on RPT routes (and thereby affecting the viability of the airline operating the RPT route) while allowing ad hoc charter for business, tourism or emergency purposes that have little effect on an ongoing RPT service.

In the review prior to the establishment of “networks”, which were in place from 1 January 2006 to 27 February 2011, the National Competition Council requested that the State Government undertake a review of the network model within three years, as it had concerns with the hidden cross-subsidisation of regulated routes. This was of particular concern on the ‘Coastal Network’ operated by Skywest Airlines, which bundled routes of (then) approximately 2000 passengers per annum with routes of approximately 90,000 passengers per annum. The ‘Northern Goldfields Network’ operated by Skippers Aviation bundled similar routes, subject to rise and falls of the resource industry, which have continued to fluctuate over the past five years.

Review of regulated intrastate aviation services
The 2009 comprehensive review of intrastate air services was undertaken three years after the network model was introduced, in accordance with advice from the National Competition Council, and involved significant stakeholder consultation. The review straddled the GFC and resulted in significant amendments to the network model to reflect the potential volatility of several of the regulated RPT routes. The revised model (March 2010) separated the existing networks, deregulated Geraldton (93,000 passengers per annum), allowed regulated limited competition into Exmouth (approximately 70,000 passengers per annum) and tested competition for services to Albany and Esperance (51,000 and 44,000 passengers per annum respectively), while providing assurance to communities that no town would lose its RPT air service.
As a result, Geraldton has had competing services since November 2011, with more choice, cheaper fares and larger aircraft operating on the route. In the year following deregulation, passenger movements on the Geraldton route increased by 28 per cent. At Exmouth (Learmonth), over the period when Virgin Australia and QantasLink competed, average fares also decreased. Passenger numbers on the Exmouth route increased by 36 per cent in 2011 and by a further 35 per cent in 2012.

Virgin Australia operates regulated RPT services to Albany and Esperance, with additional non-regulated services through Busselton and Ravensthorpe respectively, while Skippers Aviation was successful in retaining all of the routes which comprised the previous Northern Goldfields Network and winning the rights to operate services to Kalbarri, Monkey Mia, Carnarvon as well as the Kimberley regional service between Broome, Derby, Fitzroy Crossing and Halls Creek. Feedback from communities as to the success of this model has been mixed.

Air services in WA have changed drastically over the past 10 years, with FIFO operations underwriting dozens of RPT and charter flights each day. Many charter services fly direct to mine sites and are therefore outside of the existing restriction on aircraft licences, which apply only to RPT routes. However, there are also many charter services operating to regional centres along with RPT services and, in some cases, the charters operate at a higher frequency and in larger aircraft than the RPT. The State Government’s position has been to prioritise RPT services while seeking to accommodate industry’s needs as best as possible.

To maintain the viability of RPT air services, charter air services over RPT routes are restricted to one flight per client per week, unless permitted by the Minister for Transport, as per current aircraft licence conditions. Where an operator would like to undertake charter air services over an RPT route, the operator is required to submit a business case to the Minister for Transport.
In determining whether to recommend Ministerial approval, DoT takes into account the possible effect of the proposed charter on the existing RPT service.

There are a relatively small number of such applications to the Minister for Transport to overfly RPT routes each year. The objectives of the charter policy appear to be generally well accepted by the charter operators and the resources industry.

Closed charter services and RPT services are separately defined by CASA, with RPT services required to operate at a higher safety standard than charter services.

CASA has released a proposal to remove the distinction between RPT and charter from the viewpoint of aircraft safety compliance. The proposed legislative change by CASA would see all air services operated at the same standard of safety and consistently labelled “air transport operations”. CASA’s proposed legislative changes will not affect current requirements and processes for security screening of baggage and passengers in the ATSA.

Route regulation policy

Service coverage and reasonable access to air services have been the primary policy objectives of previous route regulation reviews.

The route regulatory model used to date has met the State’s policy objective of ensuring RPT services of appropriate standard are provided. Nevertheless, the policy objectives of competitive environments, service quality, reasonable airfares, adaptability, minimal government intervention, limited subsidies and consistency with National Competition Policy are ideally best met through a primarily deregulated environment. Government route regulation policy is not to regulate unless there is a clear case for doing so.
Route regulation policy into the future

The existing Deeds for services to Albany, Esperance, Carnarvon, Kalbarri, Monkey Mia, Leinster, Wiluna, Meekatharra, Mount Magnet, Leonora, Laverton and Exmouth will be in place until February 2016, unless surrendered by the operator or in case of a breach of the Deed. A regulated route review, to be completed in 2014, will recommend to the Minister for Transport whether or not to exercise the option of extending the Deeds for these routes for up to five years.

The Deed for air services in the Kimberley will be awarded to the successful proponent of a tender process in 2014 for an initial five-year term. Air services between Perth and Derby (Curtin) are regulated but with no Deed in place, with the arrangement approved by the Minister for Transport to February 2016.

There is no general consensus as to what passenger volume might suggest that a route could be successfully deregulated.

Routes vary significantly in yield and distance and the demography can affect the certainty of financial viability for one or more operators.

However, it has been seen through previous tender processes that services to Geraldton, Albany, Derby and Exmouth that carry significant passenger volumes are attractive to operators and are likely to be capable of sustaining active competition. Of these, Geraldton has been successfully deregulated with pleasing results, including lower airfares, more services and greater customer choice all leading to a significant increase in passenger numbers on the route. The licensing of more than one operator (regulated competition) on the Exmouth route also proved successful.

Deregulation is no guarantee of perfect market outcomes; however, it provides the operators an unregulated opportunity to meet demand effectively. After deregulation of a route such as Geraldton, DoT monitors key operating statistics as provided by the Commonwealth’s BITRE. Any noticeable decline in service levels is reviewed and action is taken on a case-by-case basis if and where required, primarily through proactive and cooperative relationships with airlines, airports and key users.

In extraordinary circumstances, should a deregulated route prove incapable of sustaining RPT air services (that is, there is complete market failure), the Minister for Transport may consider as a last resort whether re-regulation of a route is required, depending on the level of demand and the proximity of the community to other towns receiving RPT air services. In this case, a direct subsidy might also be considered.

Where a route is regulated, the Department is required to manage a Deed with the operator, meeting regularly with the operator and twice yearly with regional stakeholders, and collecting and assessing statistics provided by airlines each month, such as on-time performance and passenger volumes. Regular reviews measure the airline’s performance against set key performance indicators.

Route deregulation would reduce this regulatory workload at DoT, thereby saving costs and facilitating work on other key strategic projects.
Balancing the needs of the resource industry and the needs of the community can be difficult. Under the *Transport Co-ordination Act*, in assessing applications from operators for aircraft licences, the Minister for Transport can consider the impact the proposed services will have on existing operations. In respect of charter services, any support of the RPT service by the resource industry minimises this effect and makes the charter proposal more tenable.

Ideally, where all viable routes are open to competition, charter services would also operate in response to the market and would not be regulated by State Government.

The collection of charter passenger statistics by BITRE will assist any future assessment of routes without the need to require these directly from the operators.

### 14.2. Western Australian intrastate airfares

At all 10 of the aviation workshops conducted around regional WA, the high cost of intrastate airfares was raised as a pressing issue.

Analysis by DoT demonstrates regional WA's concerns are well founded.

It’s generally cheaper for Perth holiday makers to fly to Bali, Singapore, Phuket or even Hong Kong than it is for them to fly to Broome, Kalgoorlie or Esperance.

A comparison between WA and Queensland (both resources industry-intensive states and sharing substantial numbers of long-distance intrastate air routes) showed cheapest available airfares booked three months ahead on a cost-per-kilometre basis cost twice as much in WA.

The difference is not explained by economies of scale on a route. For example, Perth – Port Hedland has nearly twice the number of passengers on the route than does Brisbane – Mt Isa and yet a flexible return airfare to Port Hedland bought three months in advance costs $1142 or $0.43 per km versus $900 or $0.29 per km for the same type of fare to Mt Isa. Newman also has a greater passenger throughput than Mt Isa, yet a flexible return airfare to Newman on a cost-per-kilometre basis is 90 per cent more expensive than the same type of fare from Brisbane to Mt Isa.

A comparison of principal leisure routes in other States versus those in WA underlines the uphill battle faced by the tourism industry in WA.

In Queensland, a tourist can fly from Brisbane return to Mackay (802 km) for $150; or Proserpine (895 km) for $198; or Cairns (1430 km) for $230; all for somewhere between $0.08 (Cairns) to $0.17 (Mt Isa) per kilometre.

In WA, a tourist wanting to fly to Broome (1692 km) is faced with a return fare of $570; Exmouth (1095 km) for $513; Kalgoorlie (572km) for $410; or Albany (372 km) for $423; at a cost ranging from $0.17 (Broome) to $0.45 (Albany) per kilometre, an enormous cost impost compared to Queensland. WA fares no better in comparison with the other states.

In NSW a tourist can fly return from Sydney to Ballina (612km) for $208; or Albury (451km) for $170; or Mildura (827km) for $304; all for between $0.17 and $0.19 per kilometre.

In SA a tourist can fly return to Alice Springs (1291km) for $358; or Cairns (2120km) for $554; or Kalgoorlie (1667km) for $580; all for between $0.13 at $0.18 per kilometre.

In Victoria a tourist can fly return to Mildura (475km) for $238 at $0.25 per kilometre; or Coffs Harbour (1124km) for $298 at $0.13 per kilometre; or Kalgoorlie (2322km) for $764 at $0.16 per kilometre.

A tourist must pay around $0.40 per kilometre for a return flight to Kalgoorlie from Perth; the same tourist can visit Kalgoorlie from Adelaide at $0.18 per kilometre; or Melbourne at $0.16 per kilometre.

Why are WA intrastate airfares the highest in the nation? While airlines cite lower passenger numbers (hardly true for the Pilbara airports and Broome) and higher costs and lower load factors in WA, the most likely reason is that airlines can maximise their yields in WA on the back of the predominantly business-corporate travelling market in WA. Western Australia is the only state in Australia where the relatively price insensitive business-corporate market predominates over the price sensitive markets for leisure and visiting friends and relatives. Airlines in WA can fill their planes with passengers paying high fares in a way they cannot in other states. In this situation, there is little or no incentive for a low-cost carrier to operate (such as Jetstar in Queensland).
Air freight facilitates exports that generate revenue directly for the Australian economy and imports that bring goods and services demanded by consumers, as well as equipment, materials and components required by Australian industry. Although air freight represents less than one per cent of Australia’s trade by volume, it makes up over 20 per cent of trade by value. This is because air services are utilised to facilitate the flow of high-value and time-sensitive exports and imports. High-value air freight relies on the speed and reliability of air services.

Over 680,000 tonnes of freight, worth more than $100 billion, was carried on international flights to and from Australia during 2008–09. Exported freight accounted for just over 40 per cent of the total cargo carried, with a value of $38 billion, while $63 billion worth of air freight imports arrived in Australia in during this period. Air freight also contributes significantly to the economic viability of passenger airlines, with the holds of passenger aircraft typically containing significant amounts of cargo in addition to luggage.

According to the Australian Logistics Council, major airports must do more to facilitate the efficient movement of freight and airport managers must treat freight as a core part of their business and regard it with the same importance as the efficient movement of passengers. The Australian Logistics Council believes freight is not afforded the priority it deserves at many of Australia’s major airports, which is impacting upon supply chain efficiency.

The Commonwealth Government is seeking fully open arrangements for dedicated cargo services to support Australia’s vital air freight export industries.

A 2011 WA air freight study, commissioned by the WA Chamber of Commerce and Industry, concluded the State had a substantial surplus of air freight capacity, and there was ample opportunity for WA industry to utilise available interstate and overseas air freight capacity for trade development purposes.

\(^{10}\) National Aviation Policy White Paper 2009
14.4. Findings

- The existing Deeds for regulated air services to Albany, Esperance, Carnarvon, Kalbarri, Monkey Mia, Leinster, Wiluna, Meekatharra, Mount Magnet, Leonora, Laverton and Exmouth are in place until 27 February 2016, unless surrendered by the operator or there is a breach of the Deed.
- Route deregulation will reduce the regulatory workload at DoT, saving costs and/or facilitating work on other key strategic projects.
- A comparison between WA and Queensland (both resources industry-intensive states and sharing substantial numbers of long-distance intrastate air routes) showed that cheapest available airfares to regional destinations booked three months ahead on a cost-per-kilometre basis are around twice as expensive in WA.
- WA regional airfares are consistently the highest intrastate airfares in Australia, both in absolute terms and in terms of cost per route kilometre.
- At all 10 of the aviation workshops conducted around regional WA, the high cost of intrastate airfares was raised as a pressing issue.
- The predominance of the relatively price-insensitive business-corporate market for aviation in WA is most likely a major factor in the high cost of WA intrastate airfares.
- The high level of resource industry-related traffic in WA may contribute to the high cost of WA regional airfares, particularly as resource companies frequently make block bookings of seats, taking up available discount fares well in advance of a flight.
- Improved levels of competition are most likely to reduce the cost of airfares, suggesting WA should deregulate routes wherever feasible, and encourage low-cost carriers to operate on intrastate routes (as they do in Queensland).
- WA has a substantial surplus of air freight capacity and there is ample opportunity for WA industry to utilise available interstate and overseas air freight capacity for trade development purposes.

14.5. Action

- DoT will complete a review of regulated air routes in 2014, and recommend to the Minister for Transport whether to re-tender, renew or deregulate the RPT routes servicing Albany, Esperance, Carnarvon, Kalbarri, Monkey Mia, Leinster, Wiluna, Meekatharra, Mount Magnet, Leonora, Laverton and Exmouth.
- The Deed for air services in the Kimberley will be tendered in 2014.
- The State Government will seek to encourage a low-cost carrier to operate intrastate services within WA to improve competition and help lower airfares.
- The State will seek to deregulate RPT routes wherever feasible as a means of stimulating competition, increasing choice, introducing more flights, and lowering airfares.
PART 15
GENERAL AVIATION

The term ‘general aviation’ refers to the mix of generally non-airline operators who use smaller aircraft to perform the broad range of aviation support services required by our community. They range from pilot training to helicopter charters supporting the offshore oil and industry and the mining industry to the operation of the Royal Flying Doctor Service.

15.1 Jandakot Airport

Jandakot Airport is the major general aviation Airport in Western Australia, and is one of the busiest airfields and largest aviation training bases in Australia.

Plans for Jandakot Airport began in the mid-1950s when it became clear that the capacity and infrastructure of the Maylands Aerodrome was insufficient for the strong growth in air traffic. Light aircraft operations continued at Maylands following the relocation of civilian aircraft services to the Guildford Aerodrome (now Perth Airport) in 1946, but within a decade the ageing infrastructure at Maylands was not able to support the light aircraft demand. Land acquisition for a new general aviation airport began in 1959, with 520 hectares of unproductive farmland in Jandakot acquired by the official opening of Jandakot Airport on 1 July 1963. Over the next 11 years the land size was increased to 617 hectares, and today the airport site is 622 hectares.

The primary function of Jandakot Airport is “air work” aviation rather than passenger transportation. Due to its Mediterranean climate, the airport has excellent flying conditions almost all year round with long hours of sunlight and good weather.

Flying training accounts for about 80 per cent of the total aircraft movements and there are approximately 500 aircraft based at the airport that belong to aviation schools and charter/hire companies, aircraft distributors, maintenance companies, aerial photographic services and individual operators.

The airport provides access for essential service organisations such as the Royal Flying Doctor Service (RFDS), DEC/DFES Bushfire Water Bombers, RAC Rescue Helicopter and the WA Police Air Wing.

The three major flying schools at Jandakot Airport are the Royal Aero Club of Western Australia, China Southern West Australian Flying College (which also operates a training base at Merredin airport) and Singapore Flying College. There are additional training organisations that also provide competitive flying training at the airport in a variety of aircraft, including helicopters. To complement the aviation tenants, numerous maintenance organisations are on location to service, repair and maintain any aircraft types.

15.2 Royal Flying Doctor Service

The RFDS began as the dream of the Rev. John Flynn, a minister with the Presbyterian Church. He witnessed the daily struggle of pioneers living in remote areas where just two doctors provided the only medical care for an area of almost 2 million square kilometres. Flynn’s vision was to provide a ‘mantle of safety’ for these people and on 15 May 1928, his dream had become a reality with the opening of the Australian Inland Mission Aerial Medical Service (later renamed the Royal Flying Doctor Service) in Cloncurry, Queensland.

The Victorian section established a base in Wyndham in 1935, shortly before the Western Australian Section commenced operations, on 10 October 1935. Its first base was Port Hedland, using a de Havilland Fox Moth. An Eastern Goldfields Section was established in 1937, although medical flights had been operating there since the early 1930s.
An account of the history of the RFDS includes a good indication of the job of the flying doctors: In 1936, Dr Vickers (at Port Hedland) recorded a day’s work at Marble Bar:

“Yesterday I went to Marble Bar, 100 miles from Port Hedland, where I saw 12 patients, performed two minor operations, held an inquest as coroner on a man who had been found dead in his camp, renewed the licence of five hotels (as chairman of the licensing board), and reviewed several applications for mining leases (as mining warden). Not a bad day’s work.”

By the 1950s, the RFDS was acknowledged by former Prime Minister Sir Robert Menzies as “perhaps the single greatest contribution to the effective settlement of the far distant country that we have witnessed in our time.”

Today the RFDS operates bases in Western Australia at Derby, Meekatharra, Kalgoorlie, Jandakot and Port Hedland. The Government’s Regional Airports Development Scheme helps to develop and maintain infrastructure at remote and regional airports to ensure access for the RFDS.
For several decades, successive WA governments have encouraged the development of aviation training facilities in WA. The objective has been to attract international pilot and other aviation skills training to provide increased economic opportunities for WA’s aviation industry and infrastructure.

16.1. Introduction

China Southern Airlines and Singapore International Airlines have established pilot training operations at Merredin and Jandakot airports, while the Singapore Airforce operates a training squadron at RAAF Base Pearce.

Support from the State Government in the past has principally been through the provision of funds towards infrastructure development to encourage and facilitate overseas pilot training.

The State Government is regularly faced with competing claims and applications from regional airport operators as well as flying schools for aviation training infrastructure assistance. These claims in the past have been treated on a case-by-case basis, in the absence of an aviation training strategy or an independent analysis of the need for training infrastructure and in what form it should be provided and where.

The general aviation sector, through the State Aviation Strategy General Aviation Reference Group, has identified concerns about access to common-user aviation training infrastructure, both for instrument landing systems (ILS) and non-directional beacons (NDB).

An ILS is a ground-based instrument approach system that provides precision guidance to an aircraft approaching and landing on a runway. Currently, an ILS is only in place at Perth, Pearce and Albany. An ILS does not need to be in controlled airspace. Access into Perth for ILS training is difficult to organise, often delayed and regularly cancelled. This occurs during both peak and off-peak periods. Students are required to do 20 to 30 instrument approaches each.
Any instrument approach at Jandakot Airport requires all other aircraft to remain on the ground or operate on Visual Flight Rules. Installing a new ILS at Jandakot is generally not considered efficient by members.

Many pilots fly to Albany to access its ILS to undertake approaches to gain/retain accreditation. Albany has recently increased its ILS access charge to $100 per approach. Between charges, aircraft operation cost and flight time to Albany, it can cost $12,000 for one crew to undertake an ILS approach in an ILS-capable helicopter.

Key issues for establishment of a new ILS are location, cost and responsible agency. The ILS will need to be maintained in order to be accurate. It costs approximately $2.5 to $4 million to install an ILS and approximately $300,000 per annum to maintain.

A user-pays system is considered appropriate. It would be prohibitive for one training organisation to fund the full cost of the ILS.

Training organisations have also highlighted the need for a new NDB, a radio transmitter at a known location used as an aviation aid.

As the NDB at Busselton is no longer easily accessible to training organisations (due to noise restrictions), a new NDB is also required. Other NDBs exist at Rottnest and Cunderdin, but these areas can be congested with other air users. Narrogin could be a possible site for a new NDB.

DoT is encouraging the major training organisations in WA to form a consolidated view in respect of where to locate a new ILS and NDB and how they might be funded. A decision on the location of a new ILS and NDB should otherwise be informed by a strategic assessment of aviation training needs led by the Department of Training and Workforce Development.

The Department of Training and Workforce Development (DTWD) is responsible for the State Priority Occupation List (SPOL). The SPOL is an annually produced list of occupations considered critical to the State and/or that have demonstrated significant unmet demand. A key purpose of the SPOL is to help guide purchasing for the training system in WA. The SPOL is based on relevant labour market data and compiled each year in consultation with key stakeholders including the State’s 10 industry-linked training councils.

The current SPOL for 2013 identifies aeroplane pilot, flying instructor and helicopter pilot as being State priority one occupations. In addition, aircraft maintenance engineer (avionics) and aircraft maintenance engineer (structures) are priority three occupations. Further information on the SPOL is available on the Department’s website at www.dtwd.wa.gov.au.

DTWD is responsible for broad training strategy and planning as well as the provision of funds to registered training organisations for certain types of training delivery. These organisations, which include both public and private providers, are responsible for the actual delivery of the training.

16.2. Findings

- There are opportunities to improve and develop aviation training in WA, building on the State’s strong track record and its inherent advantages of open skies and good flying weather.
- Development of aviation training or the provision of aviation training assets by the State should be based on a strategic assessment of aviation training needs, rather than the case-by-case, proposal-based approach utilised to date.
- The DTWD is best placed to lead the development of an aviation training strategy for Western Australia, with the Department of State Development and DoT providing specialist advice on investment attraction and infrastructure aspects of aviation training respectively.
- Aviation training in WA is restricted by the lack of ILS and NDB.
- Aviation training organisations in WA need to develop a consolidated view in respect of where to locate a new ILS and NDB and how they might be funded.

16.3. Action

- The Department of Training and Workforce Development, working closely with the Department of State Development and DoT, will develop an aviation training and related services strategy for Western Australia.
17.1 Strategy implementation

Implementation of the State Aviation Strategy will commence immediately. Action in implementing the strategy across the WA Government will be overseen by an interagency steering committee led by the Department of Transport and including representatives of:

- Department of State Development;
- Tourism WA;
- Department of Regional Development;
- Department of Local Government; and
- Department of Training and Workforce Development.

The key priorities in implementing the strategy are as follows:

**Aviation infrastructure planning and development**
- Working with BITRE, Perth Airport and the major regional airports to improve aviation forecasting;
- Improving planning and asset management at regional airports; and
- Cooperating with the Commonwealth Government, Perth Airport, the resources industry and the airlines in the development and assessment of a proposal to construct a third runway.

**Regional airport governance and investment**
- Encourage private sector investment in, and management of regional airports to improve their effectiveness and efficiency and access to capital.

**Intrastate airfares**
- Foster competition by deregulating RPT aviation routes where feasible;
- Encourage a low-cost carrier to operate intrastate services; and
- Engage with the Commonwealth to reduce the cost of aviation security per passenger.

The steering committee will prioritise actions taken in implementing the strategy. The four reference groups covering airports, airlines, resources industry and general aviation established for the purposes of developing the strategy will be retained for the purposes of ongoing advice and consultation during the strategy’s implementation. Interagency project teams, reporting to the State Aviation steering committee, will be formed to carry out the work necessary to complete each of the principal initiatives.

17.2 Strategy review

The State Aviation Strategy will be formally reviewed in five years’ time.
<p>| <strong>Airport Building Controller (ABC)</strong> | The Commonwealth Department of Infrastructure and Regional Development appoints an ABC at each leased Federal airport. The ABC is responsible for ensuring that activities at leased airports meet appropriate building and engineering standards. All construction and building activities must be notified to the ABC including new buildings, terminals, hangars, shop fit-outs, runways, taxiways, roads and drains and demolition works. |
| <strong>Airfield Capacity Enhancement (ACE)</strong> | A program by Perth Airport designed to improve the efficiency of aeronautical operations and increase the capacity of its airfield. |
| <strong>Airport Master Plan</strong> | A principal airport planning document; under the <em>Commonwealth Airports Acts 1996</em> each Federal leased airport, including Perth Airport, must prepare for the approval of the Commonwealth an airport master plan with a 20-year time horizon. |
| <strong>Aircraft Noise Exposure Forecast (ANEF)</strong> | A system developed as a land use-planning tool aimed at controlling encroachment on airports by noise-sensitive buildings. ANEFs are the official forecasts of future noise exposure patterns around an airport and constitute the contours on which land use-planning authorities base their controls. |
| <strong>Aircraft Noise Ombudsman (ANO)</strong> | The ANO was established by the Commonwealth to oversee the handling of aircraft noise enquiries and complaints; conduct independent reviews of noise complaints handling; and make recommendations for improvements in complaints handling where necessary. |
| <strong>Aviation Transport Security Act 2004</strong> | The <em>Commonwealth Aviation Transport Security Act 2004</em> establishes a regulatory framework to safeguard against unlawful interference to aviation. It establishes minimum-security requirements for civil aviation in Australia by imposing obligations on persons engaged with civil aviation related activities; and obliges certain aviation industry participants to develop, and comply with, aviation security programs. |
| <strong>Bureau of Infrastructure Transport and Regional Economics (BITRE)</strong> | BITRE is part of the Policy and Research Division of the Commonwealth Department of Infrastructure and Regional Development. It specialises in providing economic analysis, research and statistics on infrastructure, transport and regional development issues. |
| <strong>Community Aviation Consultation Group (CACG)</strong> | The establishment of CACGs flowed from the Commonwealth’s National Aviation Policy White Paper. The CACGs aim to ensure the broad community is informed of any major issues at each Federal leased airport. They allow exchange information on issues relating to airport operations and their impacts, and enable issues to be raised and discussed. |</p>
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<tr>
<th>Term</th>
<th>Description</th>
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<tr>
<td>Fly-in / Fly-out (FIFO)</td>
<td>A method of employing people in remote areas by flying them temporarily to the work site instead of relocating the employee and their family permanently. It is often abbreviated to FIFO when referring to employment status. FIFO is commonly used in the resources industry in Western Australia.</td>
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<td>Instrument Landing System (ILS)</td>
<td>An ILS is a radio navigation aid that supports the movement of air traffic into an airport, particularly during fog or bad weather.</td>
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<td>Metron Traffic Flow</td>
<td>An air traffic flow management tool operated by Airservices Australia at Perth Airport.</td>
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<td>Maximum Take-Off Weight (MTOW)</td>
<td>Maximum Take-Off Weight is the maximum allowable weight for an aircraft on take-off. It is a fixed weight.</td>
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<td>National Airports Safeguarding Framework</td>
<td>A national land use planning framework that aims to improve community amenity by minimising aircraft noise-sensitive developments near airports including through the use of additional noise metrics and improved noise-disclosure mechanisms; and improve aviation safety by ensuring safety requirements are recognised in land use planning decisions.</td>
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<td>Non-Directional Beacon (NDB)</td>
<td>An NDB is a radio transmitter at a known location, used as an aviation or marine navigational aid. Its signal does not include inherent directional information. NDB signals follow the curvature of the Earth, so they can be received at much great distances at low altitudes. However, NDB signals are affected by atmospheric conditions, mountainous terrain, coastal refraction and electrical storms, particularly at long range.</td>
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