

**REGULAR PASSENGER TRANSPORT (RPT) ROUTES and PORTS**

**1. What are the trade and competition considerations of an RPT route?**

**1st Group**

Customer driven

Market Forces

Frequency

Identification of markets

De-regulation

Existing RPT services underwritten by mining companies on marginal routes

CASA considerations:

- impact on airport services
- definition of RPT / and others

**2nd Group**

No reduction in service levels (minimum requirement)

Define when services are required

Business demands

**3rd Group**

Market Dynamics (ongoing)

Public demand

Government requirements

Defined service level

If cannot be met → regulate

Seasonality (factors)

Profitable

Cherry picking

Market management

Sustainable year round competition

Route demand

Aircraft type

Route characteristics

Return passenger numbers

Time / Port characteristics / bench marks

Tender for ports - contract

- for services eg 5 years at a time

Analysis of route by route should be done

Industry defines routes/networks

Higher level strategic considerations

Subsidies - the system

Frameworks - financial mechanisms

- Pricing
- Return on the dollar

Framework for deciding when competition should begin

Government should know when operator can accept competition.

Tourism driving market

Rate at which markets change

Facilities at each port  
2004 vs 2008 - change in market dynamics

## **2. At what level or in what circumstances should competition be introduced at a Port?**

### **1st Group**

Performance - measure to be determined  
De-regulate (allow market forces to dictate)

### **2nd Group**

No enticement to use RPT  
No single purpose to port leisure, mining and other  
Flexibility of ports  
Ability to change with circumstances.  
Business cycles

### **3rd Group**

Social obligation - service to all customers / community  
Community consultation  
They are RPT route (not Port)  
Community need is there - cannot be met profitably  
Wording in TCA 1966

## **3. What Criteria should define an RPT port?**

### **1st Group**

Mining leases eg Kambalda; Argyle  
The operation rather than the Port  
Open to public

### **2nd Group**

Passenger considerations  
On aircraft  
Remove confusion between RPT & Charters

### **3rd Group**

Which ports are protected within RPT routes  
Government services at present at minimum levels  
Meeting COAG.NCC guidelines  
Government agreed to meet

#### **4. What should be the route configurations? (City pairs, triangulations and networks, including or excluding Perth)**

##### **1st Group**

Matching operator to port demand (no subsidy) (Geraldton, Monkey Mia, Shark Bay)  
Change plane type at Geraldton - Plane matched to onward route and destination.  
Hub and Spoke?

##### **2nd Group**

Output focus (Tourism)  
Network sufficiency  
Aircraft types to suit port demand  
Network separation  
Federal security requirements  
Smaller aircraft (Loss of standards)  
Link to international routes  
Increasing flexibility to service demand (differing)

##### **3rd Group**

Routes (Networks) determined on individual basis  
Continuation of subsidies  
Size of networks  
Uniqueness of ports  
Ports subsidises others  
Levy on all passengers to cost recover  
Per head / Tax - all pay

- Charter
- RPT Pax

Additional charges to royalties already paid / collected - Federal / State

## **RPT and CHARTER MODEL (CONTROL MECHANISMS)**

### **5. How do we ensure charter clients get choice of operator and should that determination be controlled?**

**Should charter volumes be allowed to exceed RPT volumes and, if so, why and under what circumstances?**

#### **1st Group**

Why should RPT have preference?

Increasing resource needs not always supported by RPT provider

Currently max 1 service per customer per week for charter

- not able to provide more services under current regime

If government decides RPT required, market should be able to determine other factors

Should RPT operator have first preference for resource sector needs?

RPT restrictive and non-flexible

Level of RPT service often capped/restricted by license conditions

Consultation with resource company and RPT before seeking charter

Resource companies need high level of flexibility

RPT services have some flexibility after consultation

Back-up solution for increasing needs.

Charter is greater than RPT in some circumstances

Driver is the client

- needs flexibility
- needs efficiency

Safety conditions changing

- Will this affect cost of charter?

If RPT aircraft and service meet resource needs, may be utilised.

Predominant charter could be RPT?

Tender process (free market) for charters to RPT port

Introduce competition at a nominated threshold

Build RPT around a particular model/criteria ie PAX, level of service

If RPT operator not able to increase capacity, go to market

Incumbent RPTs allowed to grow market exclusively

- when is competition introduced?

Make volumes transparent

Cross-subsidised method allows growth of some markets

If requirements for different aircraft, open market.

If customer so chooses

RPT would be first choice

Route is regulated for a reason

Narrow timeframes should be considered

What was RPT ;license based on?

RPT operator allowed to bid for charter

Charter volumes currently exceed RPT in some ports (ie Leinster) - should continue

RPT should have continued level of service (safety net?)

Commercially sustainable

## **2nd Group**

Why is charter required?

- Resource industry boom
- Lack of RPT services
- inflexibility

Can charter operators be considered for RPT?

Block bookings affect public accessibility

If market can grow, then route should go to tender...?

If RPT grew with advertising, should it be made available?

Is industry supporting government or government supporting industry?

If unregulated port, unregulated for everyone )RPT / Charter)

## **6. What criteria should be used for charter licence approvals?**

### **1st Group**

Consultation with RPT

Surge capacity should RPT not be able to supply.

Price competitive

Explanations for short-term charter to be acknowledged

Reduce administration as much as possible

Criteria should be adaptive depending on circumstances

Could company go to agree market if RPT not able to provide without administration?

Ensure RPT operator not adversely affected by charter.

Cross hire under RPT?

### **2nd Group**

Leave time between air movements to ensure safety and efficiency.

Increase number of allowed services/week over RPT route

- Need increased volume/capacity
- Need flexibility in timing

Special markets to have different criteria?

Emergencies exempt

Each situation evaluated separately

Volume-based

License for specific aircraft.

### **3rd Group**

Availability

Aircraft type

RPT provider considered first

Based on nature of requirement.

Flexibility

Cost, tender process, contract, capacity

- requirement should be scoped.

## 7. How do we make intra-town services more viable?

### 1st Group

Find a way to minimise cost incurred by deviating aircraft

- compensation

Do they need to be viable?

- some mining companies recruit direct from towns (not Perth)

Subsidisation

Often market-driven (ie Busselton)

License conditions

Different approach needed in consultation

Price is prohibitive

Resource industry could link key towns (RPT)

Direct international flights to northern ports

- Supported by resource industry

Dedicated hub (ie Broome) to link northern towns

Code sharing

Airlines working together

Some voluntary cross-subsidisation

Client-driven demand

Landing fee concessions

Negated head taxes

Can only be hubs if services available in towns (amenities)

Ensure outcomes of review are not detrimental to communities

Currently catered where there is demand

Seasonal

Cross-subsidised

Subsidisation

Accommodation

East coast - mine site direct?

Based on FIFO

Part-subsidisation (link to hub)

## **INFRASTRUCTURE and REGULATION**

### **8. What can we do to work more effectively around the current problems at Perth Airport to deliver services to the regions to expected standards?**

#### **1st Group**

Not sure how question affects regulation of intrastate services.

Already in discussion with airport to solve/address these issues.

Definitely is a con

Issues: size of aircraft and access to airport

Solutions: Airport might say runway 4 is the solution 3-5 year.

No solution , just have to deal with it?

Issue: access to terminals

Issue: access at peak times

Issue: airside issues are a factor

Conflict between airport max utilisation and Maximum load factor.

#### **2nd Group**

Issue: parking a problem/access

Cars serve need for flexibility - most people who access port are from out of the city.

Public transport only starts at 6.30 consequently cars will always be an option.

Solution: Shuttle services to the airport . Public transport necessary.

Things are happening medium term, but the demand is for short term solutions.

Shuttle services./ juggling to improve access (Private), happening, Airport needs to contribute.

Service firms in Perth Airport need to contribute to improve access/amenity

Issue: Perth Airport closes 1 opens up 5, maybe there is some scope to work around this area.

Weekend work has not been successful.

Solution: de-regulating off-peak.

#### **3rd Group**

Issue: Airport 50 years old - need to work constructively  
- medium to long term

If own terminal → control their destiny / schedule.

T3 when shared a lot of competition happens → not constructive (eg flights dropped out)

Airlines should take responsibility

Airspace - poor scheduling

→ slot coordination → solution??

### **9. What are the current transport infrastructure and security impediments to air service development to/from intrastate ports?**

#### **1st Group**

Increase in security will add to the cost (regional airports) and passed on to consumers.

Communities / local government cannot afford upgrades. maintenance eg Carnarvon

Increased security costs may be unsustainable when passed on to customers.

Solution: RADS needs to continue. State government needs to have role

## **2nd Group**

Most regional airports / local governments cannot afford upgrades.

Difference between charter (not screened)/RPT (screened).

Security costs will not be recovered by customers due to decreased demand.

Action: Lobby Federal Government.

Issue: Depreciating assets

Solution: Government subsidy

Maintaining airports in towns following mining deterioration to original status despite low volume is not reasonable

Solution: attach cost of maintenance tax to all Air-tickets to help fund regional airport development.

## **3rd Group**

Screening issue for FIFO (cost, etc)

Interferes with schedules

Too much security screening can become unmanageable

Threat if low - PAX (Cost recovery?) smaller airports may need financial assistance to acquire equipment.

Can we implement some sort of risk assessment not on size but type of flight?

## **10. Should charters be regulated and, if so, what reporting and regulatory/penalty regime is appropriate?**

### **1st Group**

Issue: conflict between regulate? / not regulate?

Companies should have choice of when to fly charter for greater flexibility, should not be regulated.

Why should aircraft type determine regulation?

Impact of deregulation needs to be taken into account, however, situation has changed from Ansett collapse

Base regulation on destination or what it's used for?

RPT can be a restriction for business in some cases

Charter or RPT: What we're looking for is flexibility

Structure/framework needs to be created to factor in possible decline of mining/resources industries

Tourism has to be flexible about flyout times.

### **2nd Group**

Issue: regulation on charters too tight

Difficult to understand what penalty rates/requirements to enforce if regulatory framework uncertain.

Charter operator should be providing information to Government on passenger nos.

### **3rd Group**

Criteria eg: can RPT provider Sustain demand...

Once a week or once a week per client?

Issue: companies go around the rules

Demand should be filled by RPT first. Charter should complement when RPT cannot sustain demand.

Once a week rule reduces the scope to fulfil the demand.

Regulation: protecting communities not airlines.

Once a week not enough. Reaction time to demand too long.