

Response to

Tasmania's Place in the Asian Century

Issues paper

Thank you for the opportunity to respond to the Tasmania's Place in the Asian Century issues paper. The Hobart Airport sees this paper as an important opportunity to look at the opportunities and barriers for Tasmania to define its place with Asia among a competitive market.

Hobart Airport's responses focus on the areas of interest and expertise that we can offer to the process.

Discussion Questions responses

1.3) The Middle East is a growing market place particularly for specialised food produce and tourism. It would be beneficial to include it as part of the Asian opportunity work while recognising it is a separate market with different operational and political environments. The market is accessible by frequent air transport from Australia. This is especially the case with the recent Qantas Alliance with Emirates Airlines which will positively impact Australian market access to the Middle East.

2.1) Given Tasmania's size, population and product types (not bulk broad acre crop growing) key opportunities can be seen in specialised services (renewable industries), high value food produce, Antarctic, climate change, research and education. Tourism particularly the nature experience that can be offered in Tasmania is a key draw card providing operators are Asia ready.

2.4) Practical considerations particularly in terms of logistics and developing strong supply routes should be considered. Focusing on specific geographic markets can be advantageous in transportation and marketing costs.

2.5) Tasmania can better engage with the FIFO market. Other Governments for example; the NZ government have worked directly with mining companies to understand the mines' needs in terms of human capital. From this they actively developed training programs that would assist in filling the mines' skill requirements (TAFE and University level). This has been supported by access incentives for Airlines to have better connectivity to mining centers. A key issues for Tasmania in regards to FIFO is the time and cost of travel in part due to 3 – 4 flight legs required to reach an end destination. Direct access to new ports such as Perth would also bring other economic benefits such as improved tourism access and general business opportunities. The relationship the Government develops with mining companies could also open doors for provisioning or product supply. This issue has been discussed but not focused on as part of the Access Working group and Hobart Airport has additional information on these opportunities.

3.1) Tasmania currently does receive Asian tourists – normally on a tour or of individuals who are educated and English speaking. There is a lot that could be done to improve tourism operators and general interactions with our destination, their needs and what will drive demand. Easy access to these markets is an area that can be improved through working with Hobart Airports and airlines on better connectivity through Melbourne and Sydney in particular. Tasmania is well positioned with Melbourne in terms of frequency and proximity but work the airports and airlines needs to occur to capitalize on this opportunity.

3.6) A mixture of all three options could prove successful, eg an online format with residential schools to drive student numbers into Tasmania. Undertaking partnerships with other universities is popular in European and US universities where semesters can be spent in exchange in another country at a sister university. This would also be valuable for Tasmanian students who could undertake an exchange in an Asian country.

Section 4 Can Tasmania access Asian Growth

General comment

It was disappointing to note the access section did not mention air transport in way of background. It would have been useful for other respondents to have a background in this area as well as shipping.

It is important to note Asian Antarctic programs may require the ability to connect with Asia directly through air transport. At the very least it is expected that strong interconnectivity to international flights via Melbourne or SYD needs to be a focus to serve Asian markets for passengers and high value freight would be required.

Moving into the future, if Asian Antarctic programs base operations in Hobart, they may require the ability to fly directly between home country and Hobart.

4.5) Freight – currently time critical and high value freight – stone fruit, fresh/live seafood, fresh flowers fly from HBA via mainland Airports to reach Asian markets. The interconnectivity of flights and available 'belly space' from HBA to the end destination is essential for exporters. Connectivity and current belly space available on commercial flights can be a limiting factor in the growth of high value export areas.

It is hypothesised that the quantity and type of freight currently sent by air is skewed due to the implications of the Bass Strait Freight equalization scheme. This has an unintended negative impact on the viability of air services to and/from Tasmania. Strategy development, active engagement between Government and the Airport with Airlines and airports to develop and implement ways to enhance and enable connectivity and capacity to markets is essential.

Planning from Government and industry regarding future Airfreight demand and handling facilities required at Hobart Airport does not currently exist.

4.6) Consideration to equalising any government subsidy across different transportation modes should be seriously considered. Freight that is shipped to Melbourne to then flown from Melbourne Airport is of concern to the airport as it impacts on revenue margins and thus market attractiveness for airlines using Hobart and also opportunities to develop larger air freight handling facilities.

4.7) Cool store freight handling facilities at Hobart Airport could improve product handling if the demand for such facilities exists.

4.8) Hobart is a long way from Asia and requires longer range aircraft to fly direct. The overall runway length could be an inhibitor to growth in the Asian market in the future.

Currently passenger and or cargo aircraft types are unable to fly the distance to Asia from Hobart non-stop, or are restricted in their operations due to the length of the Hobart runway. The take-off weight of suitable aircraft with sufficient fuel on board to fly non-stop into central Asia with a commercially realistic payload requires a longer runway than currently exists at Hobart Airport. At the moment, aircraft flying to Asia requires a refuelling stop if leaving from Hobart, the cost and practicality of this this impacts on the viability and attractiveness of such as service.

Based on current demand direct passenger services on a regular basis are unlikely to occur in the near future. Charter aircraft may be a possibility, at an airport business level are of limited economic benefit and are not easily managed with current Airport infrastructure.

4.9) If the demand existed (it needs to be inbound and outbound) then direct Asia air services would obviously benefit the Airport and the state. The physical infrastructure required to achieve this is a hurdle.

If Asian or other countries want to base a significant Antarctic program in Hobart, their needs, and what is currently achievable from the Hobart runway length need to be a key part of their operation planning. The runway length could prove an infrastructure limitation that requires significant investment that due to commercial realities would be beyond the financial capacity of the privately owned Hobart Airport.

4.11) Tourism - The constraint of accommodation in Hobart continues to be an issue. It is an issue that has a feedback loop into aviation access. Hobart Airport can negotiated additional seats but if tourists cannot find accommodation in Hobart they will not book the seat which then leads to the removal of capacity from the market as aircraft passenger loadings do not meet a profitable level for airlines. It is naive to believe that visitors particularly international will be content not obtaining overnight accommodation in Hobart during their visit; they will want it at an appropriate standard and location.

Experiences; do Tasmania's current experiences State Government (Parks, Port Arthur, TMAG, QVMAG) and private appeal or serve the broader Asian tourism market.

4.12) Airport infrastructure namely runway length and international passenger processing ability should be highlighted as potential constraint to growth.

4.13) Government's role is to assist in market development. From an aviation perspective this involves working with the airport to achieve through joint initiatives support for better interconnectivity and new aviation routes.

4.22) The next phase of Asian growth will see continued increase of interaction, travel and export to the Asian market. Convenient, efficient, consistent and economical access to and from Tasmania to Asia is essential to facilitate Tasmanian's economic growth in an Asian market. A strong joint strategic aviation access relating to the Asian market should be developed with Government and Hobart Airport to achieve connectivity and end market demand. The increase in tourism, education and high value perishable goods that require air transport will see a demand in and expectation of air services to and from Hobart.