

# First Year Report

## October 2016



# Access 2020

## Five-year Sea and Air Access Strategy 2015-2020

[ Access Working Group ]



Hobart International Airport

## Chairman's Message

In October 2015, the Premier released Access 2020, Tasmania's five-year sea and air access plan. This first year progress report outlines the significant improvements to frequency and connectivity of air and sea services to Tasmania made over the past year.

In the year to June 2016, capacity to Tasmania increased by 173 658 new seats on the key routes between Hobart and Launceston and Melbourne, Sydney and Brisbane. This is above the annual target of the 140 000 required to meet our Access 2020 goals. We also gained a new domestic route with the introduction of a Hobart to Avalon service targeting visitors from regional Victoria.

There's also good news for Tasmanian exporters and the Tasmanian economy with the introduction of direct airfreight services to China and Hong Kong from Hobart a game-changing win. Targeted in the Access 2020 strategy, we achieved this quicker than expected following the acquisition of the Van Diemens Land business by Moon Lake Investments.

International visitation also grew by 13 per cent in the year to the end of June 2016 to 224 000 visitors. This growth was helped by new international codeshare agreements that made accessing Tasmania considerably smoother with connecting schedules, joint ticketing and through-checked luggage. Qantas commenced codeshare flights to Hobart and Launceston with China Eastern and American Airlines and Virgin Australia and Singapore Airline Group's low-cost, medium-haul carrier, Scoot, commenced a codeshare services from Singapore via Melbourne with flights to Hobart and Launceston.

This is in addition to the Singapore Airlines, Etihad and Air New Zealand codeshare arrangements in place for all Virgin Australia flights to and from Tasmania.

These are important steps as we work toward the introduction of direct international flights to Hobart, with the extension of the Airport's runway. Codeshare agreements and cooperative marketing partnerships build demand for Tasmania in key markets and are important in building market driven business cases for future direct international flights.

I would like to thank the Access Working Group for their hard work and commitment. The combined commercial and government structure of the group has allowed us to successfully take a whole-of-economy approach to access. Visitor and residential passengers, inbound and outbound freight, Australasian and international Antarctic programs as well as international student programs all support the economics of sea and air passenger services. These are provided in a complex and competitive commercial environment where Tasmania competes with other destinations to retain and build capacity. Our combined achievements over the year to end June 2016 provide an excellent footing for us to reach our 2020 targets.

**Kim Evans**  
Secretary Department of State Growth



Westerway Raspberry Farm

# Overall Growth in Tasmanian Access Demand

In the year to end June 2016, there were 1.17 million visitors on scheduled air and sea services to Tasmania, up 2 per cent from 1.15 million the previous year, while visitor expenditure in Tasmania increased to \$2.05 billion or 9.1 per cent of Gross State Product (GSP).

Of these, 224 000 visitors arrived from international source markets, representing an increase of 13 per cent on the previous year. This increase was supported by three new codeshare agreements by international carriers and is a significant step towards introducing a direct international service.

Capacity on the main air routes between Hobart and Launceston and Melbourne, Sydney and Brisbane grew by 173 658 seats, well above the target of 140 000 a year.

Of all Tasmanian visitors, 88 per cent arrive by air and 12 per cent arrive on the Spirit of Tasmania.

Visitors arriving on the Spirit of Tasmania increased 12 per cent to 149 000. Tasmanian traffic was also strong following TT-Line's \$31.5 million refurbishment program. Additional demand led to 45 additional day sailings over the 2015-16 summer season.

A further 163 328 cruise ship visitor arrivals over the 2015-16 summer periods are not included in the 1.17 million total scheduled visitors.

Tasmania's fresh freight traffic also expanded with Virgin increasing their freighter capacity into Tasmania, commencing a four times a week Boeing 737 Freighter service on the Launceston – Melbourne – Perth route that especially benefits northern Tasmanian fresh food exporters.

Successful development for an early 2017 introduction of an international airfreight service will deliver fresh milk to Ningbo and Hong Kong two nights a week, all year round. This will not only raise awareness of Tasmanian produce in China but also provide a new pathway to market for other premium producers.

Cruise ships present a long-term opportunity to grow visitation and yield. There are opportunities to increase yield by growing shore excursions, overnight stays, fly-cruise connections and seasonal base port and ship provisioning solutions. Cruise visitor numbers to Tasmania are expected to increase two fold over 2017-18, and will include increased numbers of overnight stops and dedicated Tasmanian itineraries.

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The Spirit of Tasmania in dock

## Improvements to Enabling Infrastructure

During the year, there were significant investments in Tasmania's gateway airports and seaports.

Tasmania's ports and airports are a complex mix of ownership and responsibility. The Tasmanian Ports Corporation (Tasports), is a government-owned entity that operates Tasmania's main seaport infrastructure as well as Devonport Airport. Local government owns and operates Burnie Airport, Flinders and King Island Airports; the Tasmanian Gateway Consortium, a partnership between Macquarie Global Infrastructure Fund and Retirement Benefits Fund, owns and operates Hobart Airport; while Australia Pacific Airports is the majority owner of Launceston Airport in partnership with Launceston City Council. Australia Pacific Airports also owns and operates Melbourne Airport, a key gateway for Tasmania.

### Spirit of Tasmania

TT-Line completed a \$31.5 million refurbishment program for both ships in September 2015, boosting traffic on Spirits of Tasmania I and II. The refurbishment included a refreshment of the passenger decks of both vessels, a new restaurant area offering a fresh selection of dishes, a new grab-and-go shop offering food and beverage and Tasmanian products, two new cinemas, a fully refurbished accommodation lounge with new recliners, more spacious seating layout and added comfort. TT-Line also refurbished the cabins and lounge areas.

Demand has grown significantly following the upgrades with 45 additional day sailings introduced over the 2015-16 summer period. Demand was high with visitors as well as locals. The total number of visitors travelling by Spirit of Tasmania was 149 000, or 12 per cent more than the previous year.

### Hobart Airport

Hobart Airport is investing \$100 million to improve Tasmania's connection to domestic and international destinations and ensure it delivers quality service to customers.

In the year to end June 2016, Hobart Airport increased passenger numbers by 5.5 per cent with 136 550 more passengers than the previous year and 127 628 more seats flown on key routes to Melbourne, Sydney and Brisbane.

Hobart Airport is currently implementing two significant development projects – a runway extension and a terminal redevelopment.

The \$40 million runway extension will lengthen the runway to 2750 metres, adding 500 metres and enabling larger aircraft to travel further afield from Hobart. This will allow wide-body aircraft to fly direct to Asia and provide more flexible and larger-scale operations to Antarctica. Hobart Airport has commenced preliminary work on the runway with the project due for completion by mid-2018.

A \$25 million investment in the Hobart Airport terminal will improve the passenger experience and allow for international passenger processing. The terminal will add Tasmanian retail and restaurant offerings and improve comfort and efficiency for operations and passengers.

The first stage of the Hobart Airport terminal redevelopment is well underway. This stage will see the northern end of the terminal converted into a new arrivals hall for all carriers and will include improvements to the traffic and pedestrian arrangements outside the terminal. Hobart Airport will complete subsequent stages of the terminal redevelopment over the coming 20 months with the project completed in 2018.



Launceston Airport

## Launceston Airport

In the year to the end of June 2016, passenger numbers through Launceston Airport grew more than four percent over the previous year to 1.35 million due to additional capacity added by Jetstar during summer and Virgin Australia launching a series of Brisbane services over the peak months.

Launceston Airport completed a \$3.5 million transformation of the passenger terminal. It now features northern Tasmania regional iconic tourism imagery, showcases the best local products and provides unparalleled views of the airfield and Ben Lomond National Park beyond.

Most of the produce sold in the new dining facilities is sourced locally and can be enjoyed with a Tasmanian wine or whiskey at the world's first Boag's Upper Deck Bar and Restaurant. Meanwhile, a 'Launceston Store' showcases high quality creative Tasmanian retail products and a 1947 Austin Ute centrepiece straight from the farmers' market brimming with local produce.

Other enhancements include free public Wi-Fi, dedicated charging points for mobile devices and improved ambience in the gates, toilets, and car rental areas as well as the terminal and forecourt, with both now featuring new energy-efficient LED lighting and new signage incorporating Mandarin Chinese language elements.



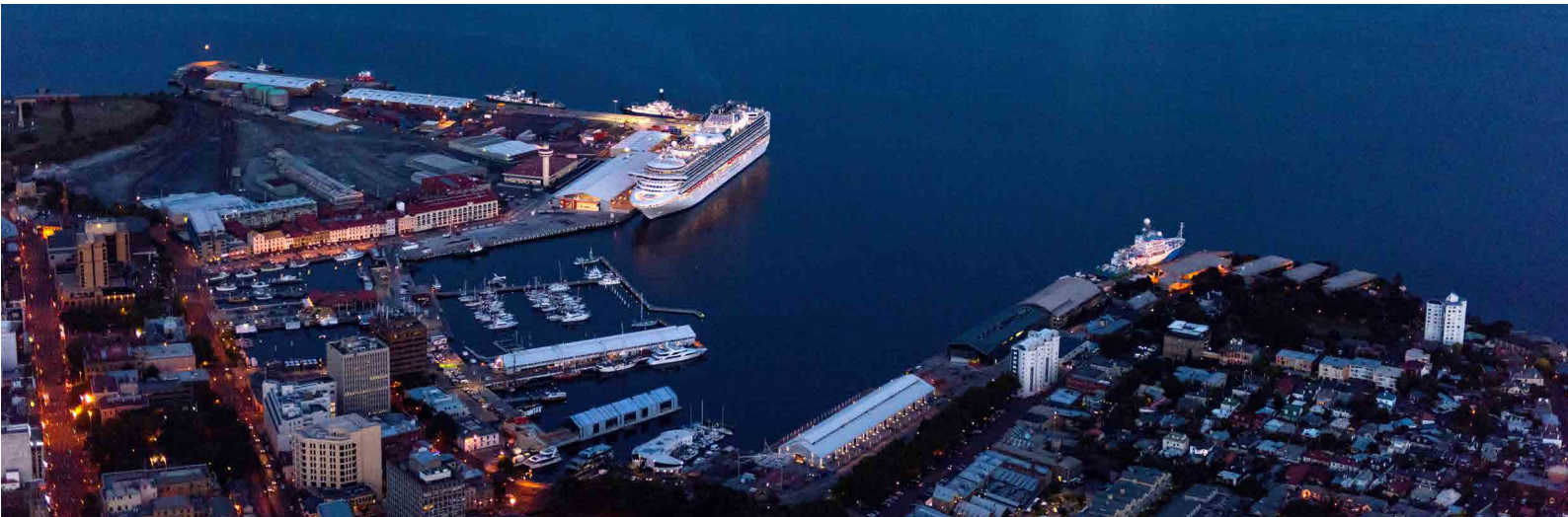
## Burnie Port – cruise ship dolphin

Over the past 15 years, Burnie has become a destination of choice for cruise lines with many passengers taking the opportunity to walk around the city or bus to some of the surrounding attractions, including Cradle Mountain.

Tasports has started work on a \$1.5 million mooring dolphin that will allow larger cruise ships to berth in Burnie. This has the potential to increase the number of cruise ship visits as well as secure the future of cruise shipping in the region.

Currently, there are 19 ships over 285m in length operating in Australia that are unable to berth at Burnie due to their length. The new mooring dolphin will accommodate ships up to 315m long, allowing for almost all cruise ships sailing in Australian waters to berth at Burnie.

There were 11 port calls in Burnie during the 2015-16 cruise ship season, with 19 port calls booked for 2016-17 and 30 calls booked for 2017-18.



Hobart Port

## Hobart Port

A record 95 port calls are booked statewide for the 2016–17 cruise season, an impressive 64 per cent increase over the previous year.

Tasports' ongoing investment in port infrastructure upgrades is driving the increasing statewide capacity for larger cruise vessels and allowing for future growth in the market.

Tasports is currently delivering a major project to enhance and upgrade the capability and capacity of the Macquarie Wharves 2 and 3 through a \$2.9 million project that includes seabed maintenance, a new gangway and installation of fenders and bollards.

The project will allow vessels up to 348 metres and 10 metre draft to berth alongside the Mac 2 cruise terminal in the 2016-2017 season.

This continues Tasports' investment into cruise infrastructure following its \$7 million redevelopment of the Macquarie 2 cruise terminal in 2013.

## Devonport Airport

Devonport Airport is a vital gateway for business and tourism in the state's northwest. The 1838m runway carries 145 000 passengers to and from Devonport each year. Devonport Airport successfully completed the resurfacing of the runway in 2016. The \$5 million project involved the installation of an asphalt overlay to the runway surface to maintain the runway's structural integrity, safety and performance and will extend the lifespan of the runway by 15 years.



Sharp Airlines



Bridestowe Lavender Estate

## Access Working Group

The Access Working Group, led by the Secretary, Department of State Growth, contains a comprehensive mix of skills that provide direction in effectively implementing the plan's goals. The group takes a coordinated 'whole of government and industry' approach to overseeing the implementation of the Access 2020 plan and is responsible for monitoring the effectiveness of the plan and progressing outcomes through commercial and government channels.

The group's main focus is passenger access, airfreight issues and those aspects of freight that impact on the economics and development of passenger services. The working group considers access in the context of direct and connected services that link Tasmania with interstate and overseas destinations, including air and sea services and the key infrastructure that supports them, mainly ports and airports.

### The members of the Access Working Group are:

Kim Evans (Chair)	Secretary, Department of State Growth
Greg Johannes	Secretary, Department of Premier and Cabinet
John Fitzgerald	CEO, Tourism Tasmania
Rod Parry	CEO, Hobart Airport
Paul Hodgen	General Manager, Launceston Airport
Kevin Moore	General Manager, Commercial and Trade, Tasports
Paul Weedon	CEO, Tasports (from Oct 2017)
Bernard Dwyer	CEO, TT-Line
Hans van Pelt	Director, Access and Aviation



Hobart International Airport

# Goals and Strategies

## Domestic air access development

### Goals

- Grow capacity across the key routes of Melbourne, Sydney and Brisbane to Hobart and Launceston by 700 000 seats by 2020
- Improve connectivity, frequency and low fare availability on existing domestic routes to support and drive visitor growth
- Develop and support new direct domestic routes
- Flatten seasonality through increased demand in new and existing markets to retain capacity viably year round

### Progress

- In the financial year 2015-16, air capacity grew by 173,658 seats on key routes into and out of Hobart and Launceston Airports while capacity to the regional airports remained the same.
- Qantas added 69 extra flights over December 2015 and January 2016, including a double daily service between Sydney and Hobart. After successful take up of this additional capacity over the summer, Qantas commenced the permanent addition of 11 new services a week from Hobart to Sydney and Melbourne in March 2016, adding 2420 seats a week to Tasmania (125 000 new seats a year) and improved the frequency to Melbourne and Sydney.
- From March 2016, Qantas based two additional B717 aircraft in Hobart, resulting in 25 new pilot and crew jobs for the state.
- A new four times a week Hobart-Avalon Jetstar service began in March 2016 connecting Hobart with regional Victoria and adding 74 880 seats a year.
- Virgin Australia provided direct, weekly services between Launceston and Brisbane for six weeks over the 2015 Christmas period.

### Planned additional capacity for 2016/17

- Qantas has scheduled capacity increases for December 2016 and January 2017. Qantas will upgrade flights between Hobart and Melbourne over the peak period to a 168-seat B737 aircraft and additional services from Sydney to Hobart will run on 31 December and 7 January.
- Qantas has added 11 services between Launceston and Melbourne on peak days using the 110-seat B717 jet aircraft.
- Qantas advised they will reintroduce flights between Hobart and Brisbane on selected dates in December and January.
- Virgin Australia made a small capacity increase across its Tasmania network this year and will trial a Saturday Launceston to Brisbane service from October 2016 to end of January 2017.
- Tigerair announced 54 additional services between Hobart and Melbourne from December 9 to January 29, the equivalent of 9720 extra seats.





Cradle Mountain

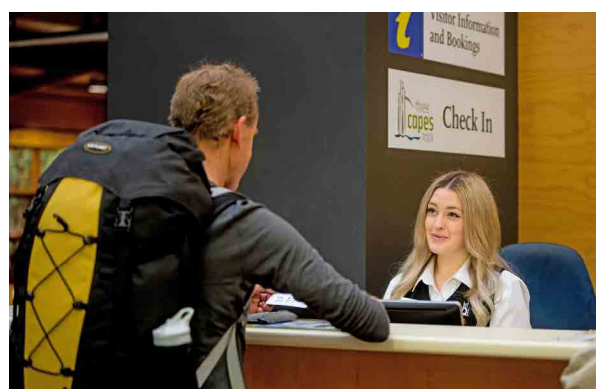
## International air access development

### Goals

- Grow international visitation by improving connections to Tasmania through Melbourne, Sydney and Brisbane hubs to Launceston and Hobart
- Secure the introduction of a direct, triangulated or tagged international service from Asia-Pacific hubs to Hobart

### Progress

- During the year, three new international–Tasmania codeshare agreements commenced, in addition to the existing agreements with Qantas Group partner Emirates and Virgin's partners Air New Zealand, Etihad and Singapore Airlines.
- Qantas commenced new agreements with China Eastern Airlines connecting their network with Hobart, Devonport and Launceston.
- Qantas and American Airlines extended their codeshare agreement improving connectivity to Hobart from anywhere on the global American Airlines network.
- Virgin commenced a new codeshare in November 2015 with Singapore Airline's low-cost, medium-haul subsidiary, Scoot, to Launceston and Hobart.
- In the 2016 Budget, the Tasmanian Government established an Aviation Development Fund to build international visitor source market growth with targeted international airline organisations. The fund is \$1.25 million over two years.
- Tourism Tasmania is developing a marketing strategy for the aviation development fund, working with target airlines to increase market demand and passenger numbers on potential direct routes.



Port Arthur Historic Site, Three Capes Track check-in desk

- Tasmanian was invited to present direct flight business cases to a number of international airlines. This is a significant step and an indication of firm interest in delivering direct international services to Hobart upon completion of the runway extension and the terminal redevelopments that include the ability to process inbound and outbound international passengers in Tasmania. Details of any service proposal are treated on a commercial in confidence basis.



Cruise ship from Adventure Bay, Bruny Island

## Sea access and cruise development

### Goals

- Grow visitor numbers arriving in Tasmania via TT-Line
- Grow yield from the cruise ship sector through overnight stays, ship provisioning and increased air lift requirements

### Progress

#### TT-Line

- TT-Line's refurbishment programs have generated significant additional demand for the Spirit of Tasmania.
- TT-Line operated 45 additional scheduled day sailings in the 2015-16 summer.
- Visitors to Tasmania arriving on TT-line increased by 12 per cent to 149 000.
- TT-Line, via the new MOU with Tourism Tasmania, collaborated on marketing schedules and campaigns over the previous 12 months.



Coral Expeditions, Cape Pillar

### Cruise Ships

- There were 59 port calls by cruise ships in Tasmania during the 2015-16 summer season.
- A total of 95 port calls are confirmed for 2016-17.
- There are 129 port calls booked around Tasmania for the 2017-18 summer period.
- Larger ships such as the Queen Mary 2 and Ovation of the Seas, as well as higher-end luxury cruising like the Azamara and the Europa 2, are visiting for the first time this season.
- Tourism Tasmania, the Australian Cruise Association and Tasmania's Regional Tourism Organisations hosted eight Australian cruise executives and shore excursion operators for a familiar and cruise exchange program in August 2016, with 28 Tasmanian Tourism operators showcasing their products in order to increase bookings through shore excursion programs.
- Coral Expeditions operated their inaugural Tasmanian-based cruise season in 2015-16 with eight, seven-night expedition cruise departures from Hobart. Coral Expedition has since released dates for its 2016-17 Tasmania sailings, adding nine new departures throughout December and January and taking the planned season to 15 departures from November to February.



Par Avion

## Regional air access development

### Goals

- Grow visitors and yield to regional areas of Tasmania – dispersal via access points
- Improve sustainability of regional access infrastructure

### Progress

- Par Avion Flight Training established agreements with two overseas organisations, AVIASI in Indonesia and GAERO in Malaysia, for the promotion and recruitment of students to Tasmania for a Diploma of Aviation (Commercial Pilot Licence), with opportunities for China and India.
- Under the partnership, Indonesian and Malaysian students can receive flight training and experience in Hobart. The program's expansion will provide opportunities for other parts of the state including Burnie, Devonport and Launceston. With pilot shortages across South East Asia, this is a significant and timely agreement that demonstrates the high business confidence in our state and promotes our comparative advantages in the aviation training space, which includes varied weather and terrain and our clear, safe and uncongested skies.
- Par Avion was also successful as a preferred flying training provider for Vietnam Airlines and are formalising a partnership with the carrier for an anticipated training start date in the second half of 2017.

## Air freight access development

### Goals

- Introduce effective airfreight solutions, particular for new, growing export and domestic markets beyond New South Wales and Victoria
- Air freight uptake adds air service viability and provides a greater opportunity to increase domestic and international air capacity

### Progress

- A direct Hobart China airfreight service will commence early 2017.
- A total of 6,750,000 kg of fresh milk was committed under an air freight solution scheduled to begin flying from Hobart to Ningbo and onto Hong Kong from January 2017.
- Traditional Tasmanian exporters (stone fruit, seafood) have also committed to this aircraft solution, which will depart Hobart two nights a week, year-round. This development was announced on 26 October 2016 at Mona as part of the VAN Premium Tasmanian Dairy brand launch.
- Work is ongoing with Infrastructure Tasmania to build a forward-looking freight demand profile to aid delivery of more effective airfreight solutions under Tasmania's Integrated Freight Strategy.
- Virgin Freight has increased dedicated freighter capacity to Tasmania.
- Virgin will operate a Launceston – Melbourne – Perth service, four times a week from August 2016, with significant benefits for northern producers of premium fresh produce.



Hobart International Airport

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