CLONCURRY SHIRE COUNCIL SUBMISSION TO

THE RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

INTRODUCTION

Cloncurry Shire Council would firstly like to thank the Rural and Regional Affairs and Transport References Committee for the opportunity to make a submission on behalf of our community. Connectivity through aviation is an essential service to regional and remote areas of Australia.

The topic of airfare pricing has far reaching social and economic implications for our residents. The cost of airfares to and from Cloncurry is on average two to three times higher than airfares on Eastern Coastal routes of Australia. The option of a two hour flight between Cloncurry and Townsville as compared to a nine hour drive would appear to be a simple one, however airfare pricing makes this simple decision cost inhibitive. The high cost of airfares has crippling impacts to residents in our community being able to attend unexpected family medical emergencies, funerals, returning children to and from boarding school, children attending representative sporting carnivals, employers sending staff to training courses and the list goes on. It is a regular occurrence that residents will opt to drive long distances due to the oppressive cost of air travel.

Cloncurry is serviced weekly by five QantasLink flights to Townsville and three Virgin Airlines flights to Brisbane. In addition Cloncurry Airport services approximately five chartered flights catering for the mining sectors Fly-In, Fly-Out (FIFO) workforce. Approximately 50,000 passengers per annum pass through the Cloncurry Airport.

We have attached submissions from individuals within our community who wanted to share their experiences. Many were unsure how to make a submission directly to your review committee. In order to expedite the process we invited our residents to simply forward their experiences and feedback to us so their voices will be heard.

The people of Cloncurry Shire are humble and often reluctant to speak out, we are conditioned to grin and bear many hardships whether it be long periods of drought, isolation or the excessive cost of air travel.

The premise of our submission is that our residents of rural and remote Australia should be granted the same opportunities as those living in proximity to larger cities and the current inequality needs to be addressed.

ABOUT CLONCURRY

Cloncurry is a small rural community situated in North Western Queensland which is located 783km West of Townsville, 1,704km North West of Brisbane and 122km East of our bordering city of Mount Isa.

Cloncurry has a population of approximately 3,000 people and is the second largest regional community in North West Queensland.

Cloncurry is the geographical focal point of the North-West Minerals Province which generates billions of dollars for the Australian economy and significant taxes for Federal and State Governments. The local economy is built on four major pillars which are agriculture, mining, tourism and transport infrastructure.

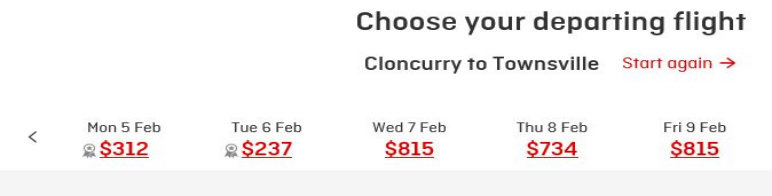
Due to the geographical position of Cloncurry our remote community is challenged with the ongoing issue of connectivity to major cities.

AIRFARE COMPARISON

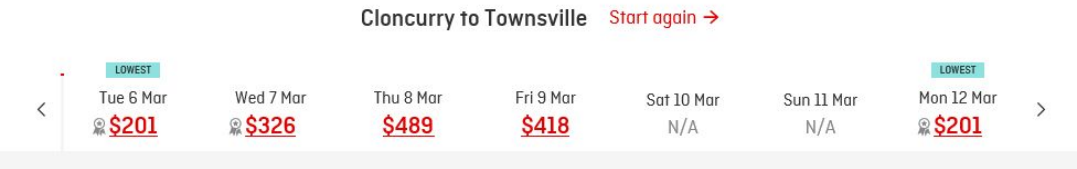
Historically a high level of variability exists for flights arriving and departing Cloncurry. Airlines encourage travellers to book as far in advance as possible however it is found in regional areas that this does not regularly equate to affordable flight prices.

Based on the Qantas website the general lead in fare for a flight from Cloncurry to Townsville is $201. The following screen shots illustrate the prices that Cloncurry passengers experience.

Short lead time airfares prices to Townsville

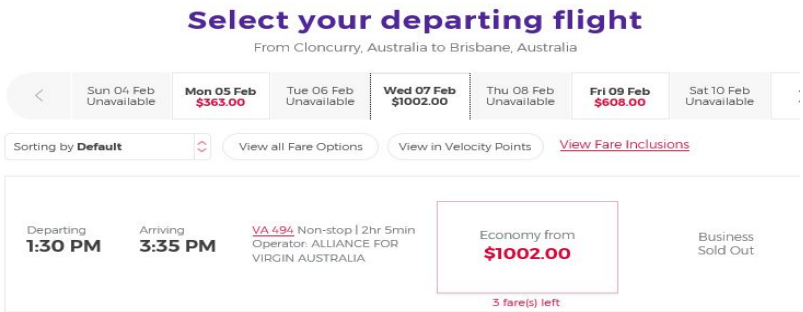


More than one month lead time to Townsville

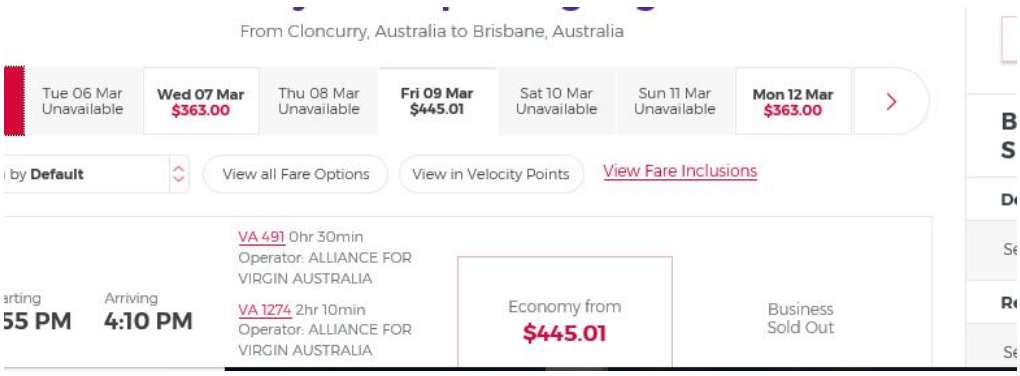


Similarly, the lead in fare from Virgin Australia for a flight from Cloncurry to Brisbane is generally $363.

Short lead time airfares prices to Brisbane



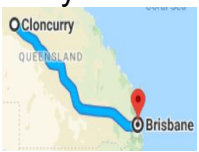
More than one month lead time airfare prices to Brisbane



Furthermore, we compared the cost of return flights for a family of four between Cloncurry and Brisbane versus Brisbane and Melbourne on the same dates with the same airline. As displayed below, the cost is almost three times more expensive at best. This disparity only increases with shorter periods of time before flight dates.

Our example illustrates how the current high cost of air travel impacts economically and socially on families, and all but puts air travel beyond the scope of families living in our region.

Cloncurry Shire Council

	Cloncurry to Brisbane	Brisbane to Melbourne
		
07 Feb 2018 to 14 Feb 2018	**Departing Flights** Freedom VA494 **Depart: Cloncurry** Wed Feb 07 2018 1:30 PM Economy **Arrive: Brisbane** Wed Feb 07 2018 3:35 PM **Returning Flights** Freedom VA493 **Depart: Brisbane** Wed Feb 14 2018 10:10 AM Economy **Arrive: Cloncurry** Wed Feb 14 2018 12:50 PM **Guests: 4** **Price Summary** Fares $ 5551.60 Taxes & Airline Surcharges $ 996.40 Fees Travel Extras Seats TOTAL $ 6548.00	**Departing Flights** Getaway VA304 **Depart: Brisbane** Wed Feb 07 2018 5:35 AM Economy **Arrive: Melbourne** Wed Feb 07 2018 8:55 AM **Returning Flights** Getaway VA303 **Depart: Melbourne** Wed Feb 14 2018 6:00 AM Economy **Arrive: Brisbane** Wed Feb 14 2018 7:10 AM **Guests: 4** **Price Summary** Fares $ 1171.04 Taxes & Airline Surcharges $ 349.00 Fees Travel Extras Seats TOTAL $ 1520.04

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02 Apr 2018 to 09 Apr 2018	**Departing Flights** Getaway VA1005 **Depart: Cloncurry** Mon Apr 02 2018 10:30 AM Economy **Arrive: Brisbane** Mon Apr 02 2018 12:40 PM **Returning Flights** Elevate VA1273 VA1005 **Depart: Brisbane** Mon Apr 09 2018 6:00 AM Economy **Connection: Mount Isa** Mon Apr 09 2018 8:50 AM Mon Apr 09 2018 9:25 AM Economy **Arrive: Cloncurry** Mon Apr 09 2018 9:55 AM **Guests: 4** **Price Summary** Fares $ 2537.08 Taxes & Airline Surcharges $ 694.96 Fees Travel Extras Seats TOTAL $ 3232.04	**Departing Flights** Getaway VA304 **Depart: Brisbane** Mon Apr 02 2018 5:55 AM Economy **Arrive: Melbourne** Mon Apr 02 2018 8:20 AM **Returning Flights** Getaway VA303 **Depart: Melbourne** Mon Apr 09 2018 6:00 AM Economy **Arrive: Brisbane** Mon Apr 09 2018 8:10 AM **Guests: 4** **Price Summary** Fares $ 872.84 Taxes & Airline Surcharges $ 319.16 Fees Travel Extras Seats TOTAL $ 1192.00

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06 Jul 2018 to 13 Jul 2018	**Departing Flights** Elevate VA491 VA1274 **Depart: Cloncurry** Fri Jul 06 2018 12:55 PM Economy **Connection: Mount Isa** Fri Jul 06 2018 1:25 PM Fri Jul 06 2018 2:00 PM Economy **Arrive: Brisbane** Fri Jul 06 2018 4:15 PM **Returning Flights** Getaway VA491 **Depart: Brisbane** Fri Jul 13 2018 9:45 AM Economy **Arrive: Cloncurry** Fri Jul 13 2018 12:25 PM **Guests: 4** **Price Summary** Fares $ 2391.60 Taxes & Airline Surcharges $ 680.40 Fees Travel Extras Seats TOTAL $ 3072.00	**Departing Flights** Getaway VA304 **Depart: Brisbane** Fri Jul 06 2018 5:55 AM Economy **Arrive: Melbourne** Fri Jul 06 2018 8:20 AM **Returning Flights** Getaway VA303 **Depart: Melbourne** Fri Jul 13 2018 6:00 AM Economy **Arrive: Brisbane** Fri Jul 13 2018 8:10 AM **Guests: 4** **Price Summary** Fares $ 800.08 Taxes & Airline Surcharges $ 311.88 Fees Travel Extras Seats TOTAL $ 1111.96

THE ILLUSION OF LOCAL RESIDENT DISCOUNTS

Recently some airline carriers have announced “local resident discounts” but these schemes are typified by a lack of transparency in relation to who is actually eligible and how to participate. Carriers regularly exert pressure on local Councils like ours

to reduce landing fees and assert that if these demands are not met they may withdraw all local resident discounts within our region.

Cloncurry Shire Council actively seeks to identify ways in which air travel can be made more affordable for our residents. As of 1 July 2017, rather than increasing the passenger tax by CPI increases the Council purposely reduced the passenger tax for regular passenger transport (RPT) flights, however due to the complexity of the airfare structuring it is difficult to identify if this saving has been passed on to the passenger.

Airlines encourage customers to book ahead to access the best deals, however the discrepancy between regional and metropolitan flight costs remains. On the rare occasion that there are cheaper seats available these are often quickly secured by large mining conglomerates and/or government departments, leaving little availability for local residents.

SOCIAL AND ECONOMIC CONSEQUENCES OF UNAFFORDABLE AIR TRAVEL

The demographics of our community are such that we have a high percentage of both senior citizens and Indigenous Australians. We also have a significant number of residents that are welfare dependent. These members of our community possess the least capacity to afford air travel inferring that they will too often be unable to attend funerals, birthdays, anniversaries and other special occasions. An inability to attend such events fosters social isolation which can compound their socio-economic vulnerability.

Flight services in and out of Cloncurry are provided by an ageing fleet which is often outsourced to Alliance Airlines despite booking through Qantas or Virgin. The ageing aircraft offer little in the way of comfort or entertainment for passengers who have had to pay extravagant amounts of money for the service. The likelihood of cancellations due to reliability concerns is also compounded by the age of the aircraft servicing our region.

In recent times there has been a shift for heavy freight to be transported via roads rather than the rail network. This shift has markedly increased the number of large road trains on our highways, increasing the risks to those travelling by road who cannot afford the high cost of air travel. The dangers or risks of travelling by road are further compounded by the lack of investment in our road networks further placing those that can’t afford air travel at greater risk.

Children of our community love sport and their parents and caregivers do everything they can to afford their children the same opportunities as those in metropolitan areas. Parents within our Shire will often travel over six hours by car so that their children can participate in different sporting activities like Junior Rugby League, Cricket and Rodeo. Unfortunately the prohibitive cost of airfares means that young rural sport enthusiasts lack access to elite competition and coaching which impedes

their development, whereas metropolitan families have easy access to development camps and competitions. In the hope of providing greater cultural, academic and sporting opportunities to their children some parents opt to send their children to boarding schools. However, meeting the financial commitments of a boarding school education can mean these families cannot afford the cost of flying their loved ones home for the holidays leading to social disconnection of the family unit.

Given our geographical isolation we do not have local access to medical specialists. Funding through the patient travel subsidy scheme can be difficult to access and is not an overarching solution. Particular areas of healthcare such as orthodontics and specialist dental work do not currently come under the umbrella of the current scheme. Patients in rural and remote Australia are often forced to incur the travel costs themselves if they wish to receive a second opinion or explore alternative treatment options.

Our community also has restricted access to politicians and policy makers because of the high cost and infrequent scheduling of flights. To gain an audience with politicians we have to fly to metropolitan areas at great expense. As a result community needs and concerns are rarely heard.

THE FALLACY OF THE LANDING FEE DEBATE

Cloncurry Shire Council has subsidised fees to encourage airlines to offer lower prices for our residents but we are yet to see any benefits to the consumer. Airlines often suggest that a major component of the fare price is landing and passenger taxes. This argument deflects and confuses earnest assessment of the impact of landing and passenger fees, as illustrated in the bellow example.

Cloncurry Airport charges - Qantas and Virgin Airlines.

Qantas – Dash 8-400 with 74 seats
Passenger Tax = $32.27
Landing Fee = $ 4.84 (average of $358 per flight by 74 seats)
TOTAL FEES = $37.11

Virgin – Fokker 100/Embraer 190
Passenger Tax = $32.27
Landing Fee = $ 5.65 (average of $565 per flight by 100 seats)
TOTAL FEES = $37.92

Assuming a return fare cost of $800, passenger and landing taxes levied by Cloncurry Shire Council equate to less than 5% of the fare. What airlines often fail to acknowledge is that every cent collected at Cloncurry Airport through these fees is injected back into the local community to offset the lack of royalties and government assistance being provided to an area that produces a significant amount of wealth for the nation.

RECOMMENDATIONS

In an effort to move towards affordable flights for our local residents and to encourage visitors to our region there are a number of alternative strategies that may produce more equitable outcomes.

A small percentage of the royalties generated in our region could be utilised to offset the inflated cost of air travel. To participate in such an initiative airlines might be asked to offer a certain quota or percentage of seats at a discount.

Alternatively, government assistance could be offered to private charter providers wanting to offer services in rural or remote locations. This could be achieved through fuel credits or tax incentives to encourage competition where little is currently present.

There is a need for urgent change and we encourage the committee to be a champion for rural and remote Australians. This is a wonderful platform to address the current state of inequality and create an environment where air travel is affordable to all.