

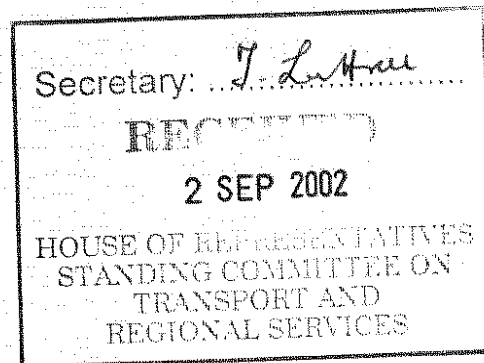


SUBMISSION NO. 110

AER/1200

30th August 2002

Mr Ian Dundas
Committee Secretary
House of Representatives Standing Committee
on Transport & Regional Services
Parliament House
CANBERRA ACT 2600



Emailed 30/8/2002

Dear Sir

Submission from Flinders Council to House of Representatives Standing Committee on Transport and Regional Services

Attached is Council's submission to the 'Inquiry into Commercial Regional Aviation Services in Australia and Transport Links to Major Populated Islands'.

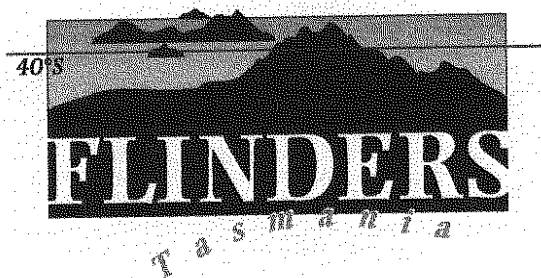
In making the submission Council requests the Standing Committee to visit Flinders Island, one of Australia's major populated islands, to inspect local facilities and take submissions from residents. Council also requests the Committee to use regular passenger transport service to experience the transport mode available to Islanders on a daily basis.

Council looks forward to meeting the Committee in the course of its Inquiries.

Yours faithfully

L E Connors
GENERAL MANAGER

Davies Street, PO Box 40, Whitemark, Flinders Island, Tasmania, 7255



**Submission from
Flinders Council
to
House of Representatives
Standing Committee
on
Transport and Regional Services

Inquiry into
Commercial Regional Aviation Services
in Australia and
Transport Links to
Major Populated Islands**

Summary

Since the Hawke Government initiated the Airport Local Ownership Plan successive Federal Governments have continued to withdraw from the provision or support of Australian air services, except for its regulating functions.

Regional aerservices provided by small scale owner operators using ageing and high maintenance cost piston engined aircraft need assistance to upgrade to more modern turbine powered aircraft. Remote and locationally disadvantaged communities reliant on aircraft for daily, scheduled transport needs will need support to upgrade infrastructure to cater for higher performance aircraft.

The Federal Government needs to address the recommendation of the Australian Transport Council and the Standing Committee on Transport now if ongoing service delivery is to be assured for locationally disadvantaged communities.

The Federal Government can use its fiscal capacity and taxation authorities to provide the financial support needed to upgrade the capacity and adequacy of air service to remote and isolated communities. The Access/Remoteness Index of Australia is an existing policy tool that can be used to extend Federal Government support to regional Australia in supporting the provision of safe and reliable air services.

In the Year of the Outback the Federal Government needs to reassess its support of air transport services to locationally disadvantaged communities, and help to generate appropriate support for the people of those communities to sustain the social capital required for a vibrant and growing regional Australia. If the Federal Government can assist in the funding of air services to regional Australia not reliant on air transport, it can similarly respond to the needs of communities reliant on air services for the daily movement of people and time sensitive freight.

AVIATION SUBMISSION

The Municipal Area

The Flinders Municipality includes the Furneaux Group of Islands and other islands in eastern Bass Strait, located within an area which begins a short distance from the north east coast of Tasmania to 16 kilometres south of the Victorian coastline. Flinders Island, the principal island in the Furneaux Group, has an area of approximately 1600 square kilometres and is located some 160 kilometres from Launceston. The second largest island is Cape Barren Island with an area of 403 square kilometres.

The attached map (Annexe A) shows the geographic location and extent of the Council District. Virtual visit Flinders Island at www.flindersislandonline.com.au. The development of the website is one of the self help initiatives referred to later in this submission.

Community Profile

The Census 2001 data provides the following snapshot.

| | |
|--------------------------------|---|
| Population | 864 people (475 males and 389 females). Decrease of 60 people (6.5%) since 1996 and a decrease of 41 people (4.5%) since 1991. |
| Age | The median age of people in 2001 was 42 years. In 1996 it was 37 and in 1991 it was 37. |
| Income | The median weekly income for people aged 15 years and over in 2001 was \$300-\$399. While not directly comparable, the median income recorded in 1996 was \$200-\$299 and in 1991 it was \$200-\$299. |
| Families and households | In 2001, there were 100 couple families with children (which comprised 42% of all families in occupied private dwellings), 108 couple families without children (45%), 28 one-parent families (12%) and 3 other families (1.3%). There were 6 people (.72% of persons) in occupied private dwellings in group households and 103 people (12%) in lone person households. |

Aerodrome History

The Flinders Island Aerodrome is situated 5km north of Whitemark and is approximately 175kms from Launceston and 360kms from Melbourne.

The Flinders Island Aerodrome opened on 16th February 1935. The Council borrowed £600 to build the aerodrome. The aerodrome operation was taken over during World War II by the Commonwealth Government, and operated by the Royal Australian Airforce (RAAF). It comprised two grass strips - one in the existing 14/32 direction and the other in a 245° magnetic direction (07/25). The 07/25 runway was subsequently realigned in the 05/23 direction. After the war, control was transferred to the Department of Civil Aviation. The Commonwealth retained ownership of the aerodrome until it was transferred to the Flinders Council in 1993 under the Aerodrome Local Ownership Plan (ALOP). Since local ownership a number of improvements have been carried out including a new passenger terminal and the sealing of runway 05/23.

The aerodrome currently has a two runway configuration - a sealed 1070 metre long runway in the 05/23 direction and a 1720 metre long gravel runway in the 14/32 direction. Both runways are 30 metres wide and have permanent lighting with standby power available. Pilot activated lighting is available and day and night monitored navigation aids are installed. An electric fence 6.5km long is maintained at the airside perimeter for operational safety. The layout of the aerodrome is shown on the Plan at Annexe B.

The Flinders Island Aerodrome is the only licensed aerodrome within the Furneaux Group and the only aerodrome used by RPT services.

In addition to the Flinders Island Aerodrome there are a number of privately owned airstrips on Flinders Island and the State Government owns and operates the landing strip on Cape Barren Island.

History of Service Providers

Back in 1932 an air service commenced to Flinders Island from Launceston to carry mail on a regular weekly schedule, and carrying one or two passengers if it was possible to fit them into the tiny aircraft. It was operated by Laurie Johnson. In 1935 it was taken over by Holyman Air Services, which carried out regular air services to Flinders in De-Haviland Dragon four seater aircraft, and also to Melbourne, via Flinders, about once a week.

In 1936 an air service from South Australia amalgamated with Holymans and there began the long service (to the Australian aviation industry) of Australian National Airlines (ANA).

ANA purchased the first modern airliner to come to Australia, a DC2 with capacity for 14 passengers, along with three DH86 aircraft capable of carrying 8 passengers and 2 pilots. The Company also owned several DH89 Rapides with the capacity for 6 passengers and 1 pilot. They were able to open up many services in southern Tasmanian and the eastern states with this modern fleet. ANA purchased the first DC3's to come to Tasmania, and from there they commenced RPT services right through the war and beyond.

ANA operated Monday, Wednesday and Friday, commencing at Melbourne via King Island, Wynyard and Launceston and return from Flinders on a reciprocal route, arriving back at Melbourne late in the evening. This was a DC3 service carrying 24 passengers and 3 crew.

From 1952 the boom years in aviation for Flinders Island came about with the commencement of the Land Settlement Scheme. There were so many more people to travel to and from the Island that RPT services were stepped up to each week day, but not at weekends. On some days there would be 3 passenger DC3's and heavy freighters operating. The Commonwealth Government paid ANA a subsidy for each empty seat on RPT services.

In 1957 an air service named Southern Airlines commenced an RPT service, Melbourne to Flinders daily using 2 De-Haviland Heron and 2 De-Haviland Dove aircraft.

The Company obtained permission to service Launceston return 3 days a week. In response ANA commenced a DC3 service from Melbourne to Flinders and on Launceston. The competition resulted in Southern Airlines selling their aircraft in 1959 to Ansett-ANA.

Ansett purchased ANA in 1959. Ansett stopped the Melbourne scheduled service, but put on charter services whenever needed direct from Melbourne in the 1960's.

From the 1960's to the 1980's there were 60 – 70 school children attending high schools in Tasmania, and when holidays came about it would need 3 Fokker Friendship or 2 DC4 aircraft to transport the children and other passengers. The State Government paid a subsidy for so many trips per year, the children flew for one-half fare.

From 1980 to the present we have seen the demise of these RPT services: H C Sleigh, Executive, Air Tasmania, Flinders Island Airline, Promair, Airlines of Tasmania, Aus-Air, Island Air, Par Avion, and numerous charter operators also disappeared during this period. When Airlines of Tasmania failed, a regional carrier from Tamworth, Tamair, also went into receivership as the Company was cross hiring a Metro-liner to Airlines of Tasmania to service the Islands, Launceston and Gippsland.

Cost of Operating the Aerodrome

The financial results for the Flinders Island Aerodrome since Council resumed ownership in 1993 is shown in the following table. The table shows the effect on the overall financial position of the Aerodrome as the impacts of National Competition Policy and accounting standards imposed on Significant Business Activities and Local Government accounts applied.

The note discloses that Total Expenditure includes provisions for Doubtful Debts. Unfortunately the majority of the provisions ended up being written-off as under-resourced RPT operators ended up in administration or liquidation.

The Corporation Law processes resulted in Council writing off the following debts:

| | | |
|------|----------------------|---------|
| 1997 | Airlines of Tasmania | \$23089 |
| 1999 | Aus-Air Pty Ltd | \$16865 |
| 2001 | Island Airlines Ltd | \$61398 |

The financial losses to the community are compounded in that the economic losses resulting from foregone fare purchases and normal trade creditors are not brought to account; the disruption to services experienced while alternative arrangements for aerservices are put in place is not validated or costed; and the loss of visitor traffic due to the unreliability of service provision is not provided for in the municipal accounts. The failure of RPT operators only widens the gap in the deficit of the aerodrome operations, and reinforces the inability of the aerodrome operator to set higher than reasonable fees and charges for aerodrome use whilst trying to maintain a business focus against the continued provision of an essential commuter aerservice.

The financial analysis reinforces the need for the Commonwealth Government to become involved in supporting, as a community service obligation, aerservices to locationally disadvantaged communities reliant on those services for daily transport services.

FLINDERS ISLAND AERODROME FINANCIAL ANALYSIS

| Item | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------------------------------------|-------|--------|--------|--------|---------|---------|---------|---------|----------|----------|
| Income | | | | | | | | | | |
| Landing charges | est | est | 134320 | 128287 | 119734 | 127670 | 116667 | 117256 | 95203 | 79636 |
| Passenger Service Charges | | | | 3492 | 9086 | 11635 | 10196 | 7257 | 8164 | 4150 |
| Terminal Rent | | | | 83645 | 83008 | 51432 | 36571 | 35920 | 42885 | 28774 |
| Interest | | | | 1140 | 5732 | 350 | 10005 | 10421 | 3320 | 3219 |
| Other | | | | | | | | | | 830 |
| Total Income | 36365 | 200000 | 219105 | 220519 | 180602 | 185881 | 173204 | 170718 | 135360 | 114144 |
| Expenditure | | | | | | | | | | |
| Payroll Costs | | 56000 | 60674 | 81141 | 70229 | 68685 | 71333 | 84378 | 62381 | 67556 |
| Depreciation | | 4000 | 4451 | 18535 | 51727 | 58377 | 54791 | 43001 | 81344 | 81786 |
| Insurance | | 5000 | 8365 | 12755 | 14102 | 14787 | 13953 | 10693 | 19420 | 19476 |
| Operating Expenses | | 15000 | 25148 | 43050 | 77501 | 52536 | 51384 | 44328 | 62736 | 51770 |
| Other | | | | 549 | 1767 | 1996 | 25070 | 47398 | 41089 | 10373 |
| Total Expenditure | 31862 | 80000 | 98638 | 156030 | 215326 | 196381 | 216531 | 229798 | 266970 | 230961 |
| Cash Surplus / (Deficit) | 4503 | 124000 | 124918 | 83024 | 17003 | 47877 | 11464 | (16079) | (50266) | (35031) |
| Operating Surplus / (Deficit) | 4503 | 120000 | 120467 | 64489 | (34724) | (10500) | (43327) | (59080) | (131610) | (116817) |

Notes

1. The 1992 and 1993 results are taken from summaries produced at that time from cash based accounting records.
2. Included in Expenditure - Other are amounts specifically set aside for Provision for Doubtful Debts. In particular Aus-Air \$17,000, Island Airlines \$61,000 and Schutt Aviation \$9,500 are included.

Terms of Reference

The Adequacy of Commercial Air Services in Regional and Rural Australia.

An effective and efficient aviation service is critical to the economic and social well being of the residents of the Council district. Air services play a pivotal role in:

- providing essential services such as medical, mail and perishable or time sensitive freight;
- providing community services to the Island's service centre and national network hub at Launceston;
- stimulating economic activity and supporting relationship building as a necessary component of regional economic development;
- building the social capital of the Council district. The World Bank provides the following definition of social capital:

“Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society - it is the glue that holds them together”;

and

- connectivity and lifeline to the world for a remote and isolated airservice reliant community.

Adequacy can also be correlated with capacity. RPT and charter operators servicing Flinders Island use Piper Chieftain 9-seat twin piston engine aircraft. Chieftains are the workhorse of Australian regional airservices. The Chieftain aircraft was produced between 1973 and 1984, and the great majority of these aircraft in use in Australia (approximately 105 currently registered) are approaching the end of their RPT service life. Maintenance and fuel costs are high and as a result, adequacy of service can be impacted by fewer scheduled services with restricted passenger and freight capacity the outcome.

The introduction of National Competition Policy and the deregulation of regional aerservices has impacted on service adequacy. Deregulation increased the use of charter operators on what had been licensed and protected air routes. Charter operators dilute the available market, and the thinness of the trade to RPT operators does not provide the RPT service operator with sufficient volume and certainty to take the decision to upgrade to turbine powered propeller driven aircraft. It is interesting to note that medical, government, and law enforcement agencies use turbine powered aircraft for services but commuters and visitors to remote and isolated communities are relegated to older piston engine powered aircraft.

The lack of adequacy of Chieftain aircraft is evidenced by the restricted freight capacity of the plane. Changes to rules and regulations by CASA restrict the use of the cabin space to passengers only or freight only. The enforced configuration does not allow the operator to use available space for the movement of time-critical freight. At the local level those rules and regulations have seen the contract with Australia Post for the movement of mail transfer from RPT services to a charter operator, with a consequent adverse impact on the economic viability of the RPT operator.

As stated earlier, the passenger capacity of the Piper Chieftain aircraft is 9 persons. The aircraft imposes limitations on group travel to remote locations. The operator, either RPT or charter, can be reluctant to operate a "dead leg" return trip to a destination to carry the next group or subsequent number of persons comprising groups larger than 9 people. Thus capacity of Chieftains can be a barrier to the development of remote locations as a tourist destination.

Adequacy of service and capacity of aircraft is a critical element in a non-discretionary market. Residents and visitors do not have the time to use the weekly shipping service, nor do they have the time and often knowledge to arrange and use alternatives such as charter services. Professional service providers do have the discretion not to offer services to the resident population because of the limitations or restrictions faced in accessing and egressing the Islands. Air services are the Island's commuter services and unlike numerous public transport systems do not receive any government financial support or operational assistance.

At Annexe C is the Council's Aviation Policy. The policy was developed in consultation with the community, and establishes the minimum and ideal service arrangements for the residents of Flinders Island.

Regional Hub Services

The principal regional service centre for the Furneaux Group is Launceston. RPT services connect to Launceston on a twice daily return basis Monday to Friday with one daily return service on Saturday and Sunday. Scheduled services are available to Essendon on Monday, Wednesday and Friday, with a Sunday service available according to demand during winter and scheduled during summer.

The terminal facilities at both Launceston and Essendon limit the "seamless" transfer of passengers and baggage to the national system. The Launceston facility is 1km south of the national service terminal building and provides no integration with national carriers. Essendon airport is south of Tullamarine Airport and requires a twenty minute taxi ride to connect to the national air transport system. The scheduling of air services from Flinders Island, the winter schedule to Launceston especially, discourages connectivity with national carriers, due to the time lost waiting to connect to the national or regional service.

Commonwealth and State Governments should facilitate the integration of regional and national services. Support should be provided to regional/remote service providers to access the national route system directly through gateways at regional hubs, or by way of assisting the transfer of people and goods from land based facilities used by regional carriers by infrastructure provision to regional hubs. Integrated scheduling would encourage productivity and support of transfer services would encourage the appropriate investment in support services to provide timely integration with the national systems.

Transport hubs tend to be linked to service centres. Service centres are the places people from remote locations travel to for less accessible or not provided services in the remote locations. Service centres are also the places from which people travel to provide services in remote locations. The services delivered can be mandated as a result of governmental policy, or elective according to the needs of the persons and the skills of the provider. Mandated services need to recognise cost efficiencies and as such must use non-discretionary transport modes to secure effective resource utilisation. In the case of the Furneaux Group that transport mode is air transport.

In the same way the Federal Government protected access to Sydney Airport for regional operators, the Government should support and underwrite the cost of regional operators accessing regional hubs and non-airside facilities thereby providing linkages to the national system.

Small Scale Owner - Operator Services and Aircraft Types

The problem confronting most operators providing services to remote locations is the capital and operating costs of upgrading aircraft to replace small and ageing piston engined propeller driven aircraft. In a similar manner to the way the Federal Government financially supports the provision of health related services in remote locations, the Federal Government could assist small operators who provide commuter airtservices to remote and isolated communities. The Oxford Dictionary defines remote as “. . . far away, far off, distant from some place, thing or person; removed, set apart . . .”.

Over the years, the Federal Government has attempted to develop indices of remoteness. In 1996 the Department of Health and Family Services in conjunction with the National Key Centre for the Social Applications of Geographical Information Systems at the University of Adelaide reviewed geographical approaches to remoteness indices to develop the Access/Remoteness Index for Australia (ARIA). The principal focus of ARIA is to measure access to services in non-metropolitan areas of Australia using remoteness as a geographic variable and a characteristic of place not directly related to population.

ARIA is used by the Federal Government as a policy tool to support the delivery of health and health related services in Australia. The application and use of ARIA as a remoteness index is fully discussed in Health and Aged Care Occasional Paper No.14. Under ARIA Flinders Island has a score of 9.8031 against a possible maximum of twelve and is categorised as Very Remote - locationally disadvantaged - very little accessibility of goods, services and opportunities for social interaction.

Just as ARIA is used to support the delivery of health services to remote locations, ARIA could be used by the Federal Government to financially support the provision of aerservices to locationally disadvantaged communities. The financial support could be provided directly to the service provider - the small scale operator - or to the local Council to underwrite a service agreement with an aerservice provider.

The Federal Government responded financially to support Kendell and Hazelton Airlines in the provision of regional services following the collapse of Ansett in September 2001. Both airlines provided services primarily to locations which had access to alternative transport modes. The supported airlines could not be classed as small scale operators. But the Federal Government provides virtually no support or assistance to small scale operators providing commuter services to locationally disadvantaged communities. ARIA is an existing policy tool that could be used by the Federal Government to calculate financial assistance and support for small scale operators providing commuter services.

The Federal Government could also support aerservices to remote and locationally disadvantaged communities by supporting operators to move to newer turbine powered aircraft. The support could be by meeting loan costs for capital purchases; underwriting operational costs to an agreed value; providing accelerated depreciation allowances or other tax incentives; underwriting air crew training/upskilling costs. Small scale operators servicing thin trade commuter routes do not have the resources to replace ageing aircraft. Why should people who live in remote communities be required to rely on old, piston engined aircraft for daily commuter services when politicians, emergency services and defence personnel use modern, turbine powered aircraft to access locationally disadvantaged communities?

The equipment used by small scale operators is a barrier to the growth and development of regional Australia. Small, ageing aircraft do not create an image that encourages discretionary travellers to use the service. The application of the analytical processes established by ARIA would support service upgrades for airservice reliant communities without precedent being established.

Small scale operators also face the problem of marketing and promoting their services. Most revenues produced are absorbed in the operations of the carrier. Growth of a market needs promotion of the services provided, the destination and easy connection to regional hubs. Small operators cannot afford to join the booking/ticketing systems used by national carriers, thereby reducing exposure to discretionary travellers. Small scale operators cannot afford the cost of operating from the airports used by the national carriers. Small scale operators can be excluded from the major airport facilities due to the rental agreements in place with national carriers.

Sea Services

The Furneaux Group has a shipping service provided by Southern Shipping Company Pty Ltd. The operator provides 300t capacity stern loading vessels. The Company is based at Bridport, Tasmania, and under an agreement with the State Government, provides at minimum a weekly service between the Islands and Tasmania with other services provided according to freight volumes. The Company provides an as-needed service to Port Welshpool in Victoria. The service to Victoria is also subject to cost recovery principles established by the agreement with the State Government. The shipping service is the principal transport mode for the movement of bulk goods and non time sensitive freight.

In addition to the movement of freight, including livestock, the Company's vessels are licensed to carry twelve (12) passengers. Passengers share crew facilities, and access is available to tea and coffee facilities. No other services are provided.

The Company's operations at Bridport are determined by tidal conditions in the Brid River. Accordingly, departure times are not scheduled and sailing's coincide with high tide. Passengers are required to be at the terminals used by the ship at least one hour before the advised sailing time. Travel time directly between Tasmania and Flinders Island is 8-9 hours depending on sea conditions.

In addition to the movement of general freight, vehicles and livestock the Company has the contract to deliver fuel to the Furneaux Group. For this purpose, the trading vessel operates via Bell Bay on the Tamar River to allow the fuel tank-tainers to be craned onto the vessel. One weekly sailing per month is excluded from this route, and travel time via Bell Bay then becomes around 22 hours in good sea conditions. Most passenger traffic on the vessels are people accompanying vehicles.

Inter Government Roles

Flinders Island sits in a hiatus between Federal and State Government. Territorially the Flinders Municipal Area is under State Government jurisdiction but all air-transport/community transport issues fall within the province of the Federal Government.

The Federal Government is responsible for policy development for the aviation industry at a national level. The Federal Government oversees the activities of Civil Aviation Safety Authority (CASA) for the provision of safety standards and airservices operations, and Air Services Australia for airspace management and the provision and operation of navigation aids and services. Federal Governments since 1986 have progressively withdrawn from the provision of airservice infrastructure except for defence force purposes. The Aerodrome Local Ownership Plan (ALOP) initiated by the Hawke Government effectively passed control of national infrastructure to under resourced local communities. Those communities now pay for using a service and also fund the cost of the facilities used by the service provider without any support or assistance from the centralist government financial resources. Council has proposed to the Department of Transport and Regional Services that the outcomes of ALOP should be reviewed to establish the economic impacts of the Federal Government divestment programme.

The Federal Government embraced and applied National Competition Policy (NCP) without addressing the impact at the micro level. The policy and the associated accounting standards applied impact on locationally disadvantaged communities. NCP removed regulation from thin traffic routes and exposed struggling service providers to un-equal competition by charter operators.

Proposals by CASA to rewrite Parts 121B and 139 of the Civil Aviation Safety Regulations applicable to small aircraft operations have the potential to provide a level playing field for RPT operators competing against passenger carrying charter operations.

NCP applied new accounting standards to aerodrome owners. The accounts for those aerodromes must now include depreciation expense. The aerodrome operator had trouble "balancing the books" using cash accounting procedures. The addition of non-funded depreciation widens the gap, and requires a reduction in equity to achieve a balanced outcome. Local Government is required to treat aerodromes as a Significant Business Activity to comply with NCP thereby adding further complexity to municipal activities.

The Federal Government has established the Standing Committee on Transport (SCOT) and the Australian Transport Council (ATC). The Nation Aviation Working Group reported to the ATC on an investigation of the financial pressures on small regional air operators. At the time of preparing this submission it is understood that none of the recommendations made by ATC or SCOT have been considered for action by the Federal Government. A recommendation that CASA investigate the future of Avgas availability is critical if Chieftain aircraft are to be the ongoing workhorse of small scale regional aerservices.

The Federal Government subsidises the cost of crossing Bass Strait under the Bass Strait Passenger Vehicle Equalisation Scheme, but ignores the transport needs of residents of the Bass Strait Islands who must use air transport for daily commuter needs. The principle of the Passenger Vehicle Equalisation Scheme is to equalise the cost of the interstate movement of people and vehicles. The principles of the Scheme should be applied to the air services to Flinders Island because there is no alternative transport mode to the trading vessel service discussed earlier. The application of the Scheme and the use of the ARIA policy tool would allow the Federal Government to financially support interstate and intrastate air services to the Bass Strait Islands.

The Tasmanian Government plays no role in the delivery of airtservices following the deregulation of air routes following the introduction of NCP. The State Government plays a facilitative role in helping re-establish airtservices after the collapse of an RPT operator.

The State Government owns some landing grounds despite an active programme to divest itself of that infrastructure. The Tasmania Government has recently enacted legislation to empower aerodrome owners to recover fees payable for the use of aerodrome facilities and services. The effectiveness of the legislation is yet to be proved.

Local Government through the application of the Airport Local Ownership Programme became the owner - albeit reluctantly - of community infrastructure divested by the Federal Government. Local Government receives no financial assistance or support to operate essential infrastructure for locationally disadvantaged and air service reliant communities. The Federal Government argues that the transfer of Financial Assistance Grants (FAGs) support Local Government aerodrome operations.

This opinion is contrary to a statement made by the Hon Wilson Tuckey who, in a media release dated 20th August 2002, recognised the limited revenue opportunities available to locationally disadvantaged Councils by saying:

“A cornerstone of our arrangements is that councils which, through no fault of their own, have relatively higher costs in providing services or relatively lower ability to raise revenue, should receive relatively higher grants”.

The “relatively higher grants” are for standardised core activities. Aerodrome ownership is not a core activity for grant purposes.

Flinders Council is burdened by both factors acknowledged in the Minister’s statement.

Quite clearly the use of newer generation aircraft by small scale RPT operators needs central government support, and aerodrome operators need financial assistance to upgrade infrastructure as necessary to provide facilities for higher performance aircraft. This support applies where licensed aerodrome operators cannot generate sufficient revenue to meet the full cost of annual operation and maintenance because of low volumes of air traffic and the need to charge reasonable fees and charges. The Federal Government should assist aerodromes and associated facilities for locationally disadvantaged and air service reliant communities as a community service obligation.

Local Government “Self Help”

Flinders Council has established an Area Marketing and Development Office. The creation of the Office has been assisted with a grant from the Regional Solutions Programme. The cost of the Office to Council this financial year is budgeted at \$186,000. The commitment of that magnitude of funds supports the community belief that to stimulate economic activity and reverse population decline, the Council district should be promoted and marketed.

The Area Marketing & Development Office was started in February 2001, and has the following as its primary objectives:

1. Increase visitors to the region.
2. Encourage more people to move to Flinders Island.
3. Help local businesses improve what they do and increase their market penetration.
4. Identify new opportunities for local businesses and entrepreneurs.
5. Help locals turn their ideas into businesses.
6. Provide access to training and skill development.
7. Encourage businesses to move to the region (ie. encourage developers in the aquaculture and eco-tourism fields).

The Area Marketing & Development Office works closely with the Furneaux Enterprise Centre Inc, Flinders Island Tourism Association, Gateway Tasmania and Tourism Tasmania.

The Flinders Council in establishing the Area Marketing & Development Office is looking for a way to reverse the decline in local population and looking for opportunities for the young people, especially in relation to employment locally. Population growth is seen as important to develop the critical mass necessary to sustain and grow services including aerservices.

In addition to attempting to facilitate economic and population growth, the Area Marketing & Development Office has gathered data which records events affecting the promotion of the Council district as a visitor destination.

The tourist season for Flinders Island closely follows that for the rest of Tasmania. Bookings start in September and the flow of tourists starts around mid-October. This flow peaks in mid-January and at the Easter break. As mentioned earlier, charter flights dilute the available market for RPT services.

During this period, Island Airlines of Tasmania is flying its "Summer Schedule" using two (2) Chieftain aircraft supported by cross hired aircraft as necessary and available.

As mentioned earlier charter operators also fly into the region, the most active of which would be Dreamtime Flights, owned and operated by Max Quartermain. Dreamtime Flights would average (across the entire year) two flights a week in Chieftain aircraft.

AMDO attempted to document the service delivery problems being experienced by people wanting to enter and leave Flinders Island. In responses from the community on issues with service delivery by the RPT operator, it has been established that the problems for the travelling public with the aircraft operations fall into two main areas:

1. Lack of capacity;
2. Breakdowns.

From the responses, the problems for the RPT operator appear to fall into two main areas:

1. Insufficient loadings on the return journey;
2. Insufficient aircraft to cover any breakdowns.

Aircraft breakdowns - mechanical misadventure.

Even with well-maintained aircraft, mechanical breakdowns occur, and Island Airlines Tasmania is no different. When an aircraft cannot fly, it is often located in a non-Victorian port (Whitemark or Launceston).

This means that a replacement part must be flown in with another airline. Passengers are either:

- Stranded until the part arrives
- Flown out with the second Chieftain if it is available
- Flown out with a chartered aircraft if one is available.

The problem here seems to be the number of times this happens. And this is probably magnified by the fact that, with only two aircraft in the fleet, Island Airlines Tasmania cannot easily provide alternatives when a breakdown does occur.

Lack of capacity.

Servicing an area like Flinders Island with 9-seat aircraft means that each aircraft must fly more often to meet demand. However, this also increases the likelihood of breakdowns. The problem stems from the fact that much of this traffic is one-way traffic. For example, a lot of people want to fly onto Flinders Island at the start of the holiday break, and to leave at the end of the holiday period. The return legs are either empty or lightly loaded. Island Airlines Tasmania is thus unwilling to offer increased flights or larger aircraft if the probability of making a loss by providing extra services is high.

Passengers have found that they cannot travel without booking a month or more in advance, and that they must extend or shorten their visit to accommodate the lack of passenger capacity. For visitors to the region, this can mean extra expense in accommodation and car hire as well as lost time at work.

For Flinders Island residents doing business off the Island, this can make the running of an enterprise very expensive. Extra accommodation, extra car hire, additional land costs must be budgeted for because it is not always possible to plan both legs of your journey to suit the traveler, even when booking four to six weeks in advance.

Business people have found:

- They cannot always fly return to Launceston on the same day, even though the number of flights would indicate that this is possible.
- They cannot easily fly to and from Melbourne, even when booking six weeks in advance.
- Mechanical breakdowns cause meetings to be missed, connecting flights to be missed, and extra expense to be incurred.
- Meetings are arranged around flight times, and when these change at short (or no) notice, these meetings are missed - and with no mobile phone service on Flinders Island it is often difficult to let those waiting at the other end know what is happening.

- Freight capacity, even for regular orders (ie 20 kg of product each week, every week), is not always available. This results in extra transport expense and risks the spoilage of perishable or time sensitive goods.
- Flying specialist tradesmen and their tools of trade to and from Flinders Island means having to pay them for any extra days wasted while waiting for a flight, or in chartering an aircraft to carry the tradesman. Problems occur, and it is often not possible to use local tradespeople to solve them. Often, the required expertise is only available off - island.

Visitors have found:

- When travelling in a group, it is not always possible for the group to travel together.
- When travelling in a group, it is not always possible for the group to travel on the same day.
- Mechanical breakdowns incur extra expense, at either end of the journey
- Baggage is left behind (to arrive on the next flight, or the next day, etc). This has meant that a recent visitor from Melbourne had only had the clothes she wore onto the plane for four days (the next flight was also full).
- Lack of information causes confusion. Travellers often do not know where the off-island terminal is, what their baggage allowance is, until they arrive at the airport. They are also not given any options when a flight is delayed or cancelled. These are customer service issues within the operation of Island Airlines of Tasmania, and point to a lack of adequate (or ongoing) staff training.
- They have to wait while refuellers (at Launceston and Whitemark) are located, and the service provided. The wait could be 2 hours or more.

Flinders Island residents have found:

- Flight times have been brought forward and the traveller has been left stranded.
- Other family members cannot provide support when one them has to go off the island for medical reasons (child birth, hospital procedures and operation).

- Due to lack of seat availability, family members cannot always travel together. If travelling to Victoria, this can mean a difference of two or three days between family members arriving in Melbourne or Traralgon.

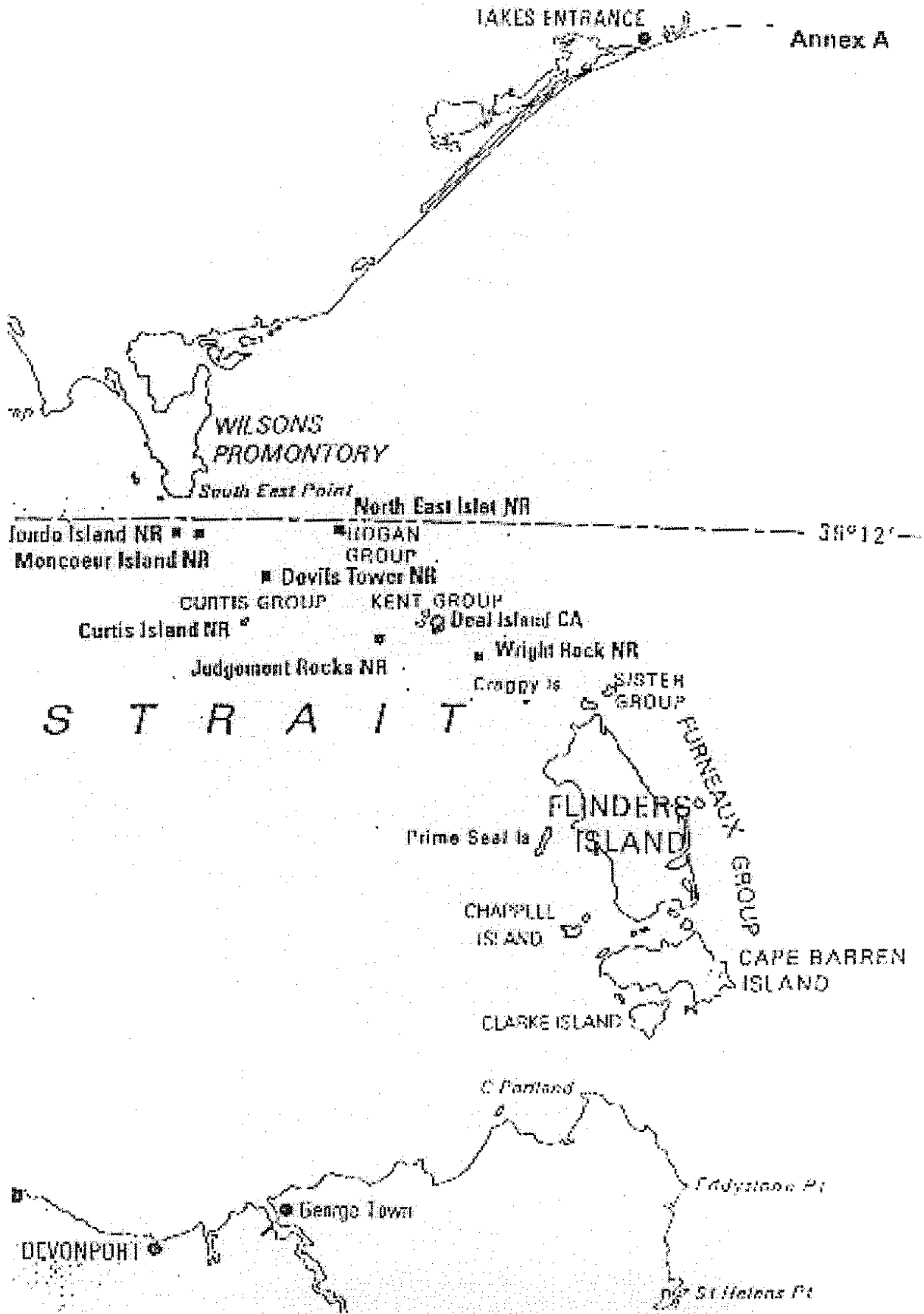
Non-resident landowners have found:

- They cannot fly to the Island for the weekend as the first flight out is on a Monday morning.
- There have been flights where more passengers have been booked than there are seats available.

All classes of traveler have found:

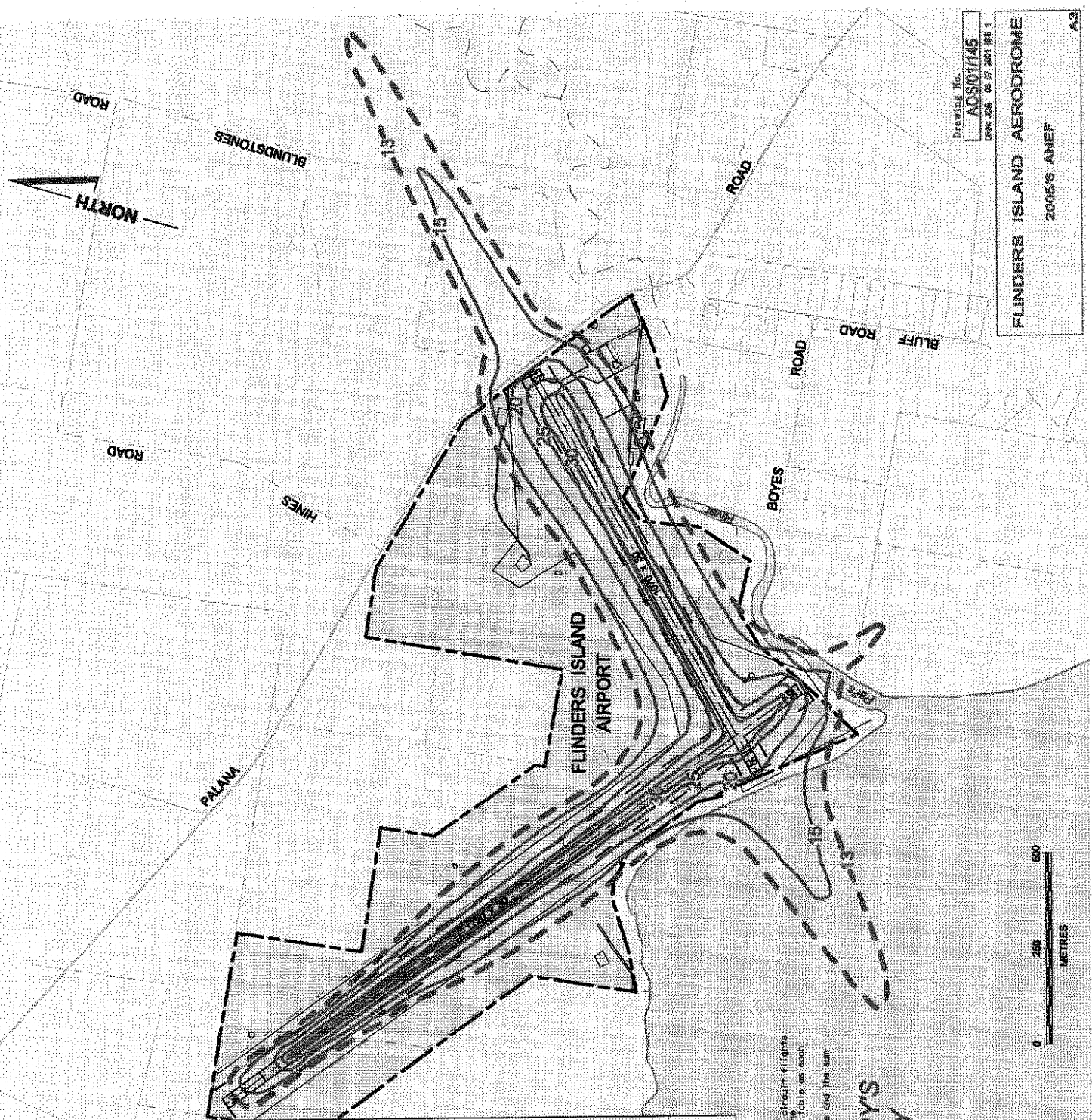
- The lack of customer service causes unnecessary stress.
- There are delays in the flight without explanation being offered.
- Unable to book a ticket when it is a public holiday in Hobart (ie. Hobart Show Day)
- Tickets contain the wrong information about flight times, dates, etc
- Passengers have booked and paid for flights only to find that no ticket is issued, and when they arrive at the airport they are not on the passenger manifest and there is no seat for them.
- Passengers are asked to change flights at short notice (ie less than 24 hours before the flight), to accommodate the airline's needs.
- Tickets are not always issued at the time of booking, and travellers are told "it should be okay."
- When a schedule is changed, not all passengers are notified of the change. Booking with confidence is often difficult - at times, the booking staff do not seem to know how many seats are available.
- Booking irregularities occur.

As can be demonstrated by the public's response, the RPT operation servicing Flinders Island is, to say the least, under resourced. The operator does not have the ability to enhance the services provided without some form of external financial assistance.



Drawing No. **AOS01/145**
 DATE: 2006/06/17 09:01:05.1

FLINDERS ISLAND AERODROME
 2006/6 ANEF
 A3



AVERAGE DAILY AIRCRAFT MOVEMENTS

| Runway 05 | Arrival | | Departure | | All Movements |
|-----------|---------|-------|-----------|-------|---------------|
| Aircraft | Day | Night | Day | Night | Total |
| A550 | 0.02 | 0.00 | 0.02 | 0.02 | 0.04 |
| BE0200 | 0.01 | 0.00 | 0.01 | 0.01 | 0.02 |
| BE038P | 0.07 | 0.00 | 0.07 | 0.00 | 0.07 |
| CH44H1 | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |
| DC3 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| DH68 | 0.17 | 0.01 | 0.18 | 0.18 | 0.35 |
| FR27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| GASFPV | 0.03 | 0.00 | 0.03 | 0.03 | 0.06 |
| HELICO | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| HS148A | 0.01 | 0.00 | 0.01 | 0.01 | 0.02 |
| S-76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.39 | 0.02 | 0.41 | 0.41 | 0.81 |
| Runway 14 | | | | | |
| Aircraft | Day | Night | Day | Night | Total |
| A550 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BE0200 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BE038P | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CH44H1 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| DC3 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| DH68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FR27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| GASFPV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| HELICO | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| HS148A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| S-76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SP340 | 0.03 | 0.00 | 0.03 | 0.03 | 0.06 |
| Total | 0.06 | 0.00 | 0.06 | 0.06 | 0.12 |
| Runway 23 | | | | | |
| Aircraft | Day | Night | Day | Night | Total |
| A550 | 0.12 | 0.11 | 0.12 | 0.11 | 0.23 |
| BE0200 | 0.07 | 0.07 | 0.07 | 0.07 | 0.14 |
| BE038P | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| CH44H1 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| DC3 | 1.00 | 0.95 | 1.00 | 0.95 | 1.95 |
| DH68 | 0.02 | 0.02 | 0.02 | 0.02 | 0.04 |
| FR27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| GASFPV | 0.30 | 0.29 | 0.30 | 0.29 | 0.59 |
| HELICO | 0.06 | 0.06 | 0.06 | 0.06 | 0.12 |
| HS148A | 0.04 | 0.04 | 0.04 | 0.04 | 0.08 |
| S-76 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| Total | 2.50 | 2.19 | 2.50 | 2.19 | 4.69 |
| Runway 32 | | | | | |
| Aircraft | Day | Night | Day | Night | Total |
| A550 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| BE0200 | 0.04 | 0.00 | 0.04 | 0.00 | 0.04 |
| BE038P | 0.01 | 0.00 | 0.01 | 0.00 | 0.01 |
| CH44H1 | 0.01 | 0.00 | 0.01 | 0.00 | 0.01 |
| DC3 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| DH68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FR27 | 0.04 | 0.04 | 0.04 | 0.04 | 0.08 |
| GASFPV | 0.04 | 0.04 | 0.04 | 0.04 | 0.08 |
| HELICO | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| HS148A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| S-76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SP340 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 1.05 | 0.06 | 1.11 | 0.06 | 1.17 |
| TOTAL | 3.79 | 3.87 | 3.70 | 3.87 | 7.74 |

NOTES

* Total AD movements were composed of 83% take-off landings and 17% aircraft flights to 15 16 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000



SUBJECT: Aviation Policy

FILE NO: COM/0104

ADOPTED BY COUNCIL ON: 13 June 2002

MINUTE NO: 253.05.02

That it be Council policy for aerservices to the Furneaux Group.

1. It is the aim of Council that Flinders Island is serviced by a safe and reliable air service provided by a licensed RPT operator.
2. It is the preferred option of Council that any operator be linked to a national booking system.
3. To seek a timetable built around:
 - twice daily return flights to Launceston Monday to Friday;
 - at least one return flight to Launceston per day at the weekend;
 - three return flights per week to Melbourne; and
 - temporary increments to this schedule to reflect demand.
4. It is the aim of Council that Flinders and Cape Barren Islands are provided with reliable air freight services.
5. (a) Council recognises that the capital cost of replacing aircraft, together with higher operating costs, may be beyond the means of operators serving Flinders Island.

(b) Council will continue to lobby governments at Commonwealth and State level to consider the provision of financial assistance to offset the impact of these costs.
6. To seek government assistance for an RPT operator providing a safe and reliable service, with Council input into fare and freight prices.
7. Council will continue to lobby the Commonwealth Government for specific assistance to the Flinders and Cape Barren Island communities in recognition of the community's reliance on air transport.
8. To encourage the local community to improve facilities and infrastructure to support the attraction of more visitors to the region.
9. To liaise with the management of Launceston Airport to ensure that the organisation continues to be aware of the importance of the facilities at that Airport to the residents of Flinders and Cape Barren Islands.