

Secretary: *J. L. Howe*

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES

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

29 August 2002

Dear Sir

Re: Inquiry into Commercial Regional Aviation Services Australia and Transport Links to Major Populated Islands

I refer to your recent invitation for submissions to the above Parliamentary Inquiry.

Gunnedah Shire Council has particular interest in this issue as a regular passenger transport service operated out of Gunnedah for many years. This service terminated in January 2001 when Yanda Airlines ceased operation. Council has been aggressively pursuing resumption of air services and is confident of a successful outcome for residents and businesses of Gunnedah and district.

It is of critical importance to the sustainability of Regional Australia that essential services such as air transport are maintained to a high standard. Attached to this letter is Council's submission which covers three key areas: National Aviation Policy; Aviation Industry Deregulation; and Equitable Access to Airport Facilities.

Should you have any questions with regard to Council's submission please do not hesitate to contact me on 02 67402130.

Yours faithfully

Brett Stonestreet
GROUP MANAGER SERVICES

Contact: Mr Brett Stonestreet (02) 6740 2130

Standing Committee on Transport and Regional Services
Inquiry into Commercial Regional Aviation Services in Australia and Transport
Links to Major Populated Islands
Submission by Gunnedah Shire Council

NATIONAL AVIATION POLICY

The terms of reference for this Parliamentary Inquiry are restricted to Regional Aviation and the outcomes will be fundamentally flawed because of this restricted focus.

Council holds the view that a National Aviation Policy should be developed which would address in a co-ordinated and orderly way the many issues confronting the aviation industry.

Such a National Policy should in turn dovetail into a National Strategic Plan (A Vision for Australia). Such a plan has never been seriously considered but is surely fundamental to the succession of any business/organisation/community.

The National Aviation Policy needs to recognise that there are basically three distinct sets of aircraft operation services in Australia ranging from small regional through to those which move in and out of the Country. The Policy needs to generate a balance so that all three levels can operate effectively and profitably. To address small domestic carriers in isolation is not an appropriate method of generating a long-term solution.

AVIATION INDUSTRY DEREGULATION

There must be a fundamental recognition, consistent with the National Strategic Plan of the value of Regional Australia. A sustainable Regional Australia requires a network of essential services including air transport.

Council believes that total deregulation ultimately results in a compromise in service level to regional communities. Historically both Hazelton and Impulse cross-subsidised their operations into less lucrative ports because they saw themselves as having a service obligation. The reality is, that in a totally deregulated environment, this type of cross subsidy will disappear. There are options which governments at all levels can look at to create economic advantage for those small regional carriers. In the current economic environment it is hard to see any shareholder group endorsing either cross-subsidisation or the service obligation line.

The following are some regional airline cost structure adjustment options:

- Landing charges. (Based on load not movement)
- Regional (Zonale) service fuel rebates.
- Regional passenger carriage subsidies.
- Regional freight service support mechanisms.

Air service is about timeliness and convenience and that is the expectation of the travelling public. Council considers the "hub and spoke" model is appropriate but only for more remote communities where there is a longer haul for the first carrier to the "hub port". The longer haul is necessary for the carrier to recoup the considerable costs involved with take off and landing. The difficulties arise where there is limited total carriage time. In the case of Gunnedah if a smaller operator were to fly from Coonabarabran to Gunnedah and then link with an aircraft from Tamworth to Sydney the cost would be prohibitive.

Kingsford Smith airport needs the lesser noise impact of smaller regional carriers. If they are excluded it will be to the advantage of the larger domestic and overseas bound jet aircraft with an exacerbated noise problem.

Communities whose RPT service has temporarily ceased should retain their time slots into Kingsford Smith Airport for a period of 5 years. Time slots can be temporarily reallocated to other regional services after 3 years.

EQUITABLE ACCESS TO AIRPORT FACILITIES

Consistent with the status/value which Regional Australia should have within a National Aviation Policy and National Strategic Plan, regional airlines should retain equitable access to high standard port facilities. It is understood that Sydney's Bankstown Airport is to be privatised in the short to medium term. At present there is very limited infrastructure at Bankstown to support RPT services and yet regional communities are being encouraged to pressure regional carriers to relocate their services to this airport. Consideration of the diversion of air traffic to Bankstown should be considered only after the preparation of a Business Plan, which includes benchmarking of service levels of Kingsford Smith Airport against Bankstown. Proceeds from the sale of Kingsford Smith Airport should be utilised to improve aviation infrastructure at Bankstown and associated CBD/Kingsford Smith Airport transport links.

The major issue with utilising Bankstown is distance and possible disruption. An efficient link to Kingsford Smith Airport and the City is critical for both people and luggage/parcel transfer. Such linkages need to be carefully thought through in the context of a business plan for Bankstown. The City Rail Link connection between Kingsford Smith Airport and the City is an example of an ineffective service resulting from poor implementation. In the end the balance of usage at all city airports needs to reflect the needs of all of the States communities including the regional community.