



BLAND SHIRE COUNCIL

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SUBMISSION NO. 27

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Ian Dundas
Committee Secretary
House of Representatives
Standing Committee on Transport and Regional Services
Parliament House
Canberra ACT 2600

Secretary: *J. L. L...*

RECEIVED

19 AUG 2002

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES

Subject: Regional Air Services

Dear Sir,

Council fully supports the subject Inquiry and is keen to provide input to assist the consideration of all possible service provision options – and in particular recommencement of an air service to Sydney from West Wyalong, which ceased operation in May 2001.

Council views the cessation of the daily return air service to Sydney from West Wyalong with great concern and one that will continue to have a negative impact on the shires ability to sustain essential services, legal, business, industry and employment generation and the broadening and strengthening of the economic base of the area.

Termination of the local air service means road transport or air travel to Wagga Wagga or Parkes, for persons wishing to travel to Sydney by air. Whichever the method of transport, the cost of travelling to Sydney in terms of travel time and inconvenience has increased, further increasing the isolation of the West Wyalong community.

Background

Bland Shire is located in the Central West region of New South Wales and covers an area of 8482 square kilometres.

The major centre of Wyalong/West Wyalong is located on the junction of the Newell and Mid Western Highways some 480 kilometres west of Sydney with the villages of Ungarie, Weethalle and Barmedman placed to provide a secondary service role to the outlying rural areas.

Agricultural and pastoral industries remain the most significant sectors and land use in the local economy, although larger intensive agribusiness including poultry together with

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extractive industries particularly gold mining and more recently tourism will continue to play an increasingly important role in the development of the area.

Like many NSW country shires, Bland has experienced population decline in the last decade, particularly in the rural areas of the shire, where farm populations have dropped along with structural change in agriculture, farm amalgamations, drought and economic cutbacks.

Air Services

Prior to 30th June 1975 the town of West Wyalong was served by East - West Airlines that operated a Fokker Friendship on the Condobolin - West Wyalong - Sydney route. This service ceased with the withdrawal of the government provided operational subsidy.

Since that time there has been a total of nine (9) different commuter airlines operating the West Wyalong Sydney route with varying sizes of aircraft, frequency of flights and pricing schedules.

All of them have had a link to West Wyalong with other towns to make a viable service and various combinations have been tried including at different times the towns of Condobolin, Temora, Forbes, Cowra and Young.

The viability of the service is marginal, however with Council and community support – Council is of the view that a viable service – along similar lines – can be re-established.

Former Operator

The holder of the licence for the West Wyalong - Sydney route is Country Connection Airlines (CCA), which provided the service up until 20th May 2001.

The airline began operating in West Wyalong in 1991 and operated a 9-seater Piper Chieftain aircraft flying into the Australian Jet Centre and more recently the Impulse Airlines terminal.

The flight schedule provided twice-daily return flights to Sydney each weekday with one round trip on weekends.

In the Council's view the service provided to date is the best that has been available in the past 25 years. The timetable provided local business people and other commuters access to Sydney/West Wyalong daily thus avoiding overnight accommodation.

The availability of such an air service has quite clearly contributed to the ability of West Wyalong to recently attract a number of major agribusiness and mining industry investments and promote the fact that it is "open for business" in the Central West of the state.

Prices are considered to be reasonable.

Passenger numbers for West Wyalong - for the period 1994/95 to 20th May 2001 are detailed below:

1994/95 - 1413
1995/96 - 1771
1996/97 - 1519
1997/98 - 1428
1998/99 - 1449
1999/00 - 1405
2000/01 - 1119 (20th May 01)

Council Support

This Council has identified its airport (and therefore the retention of a Sydney/West Wyalong air service) as a key community service.

Council does not collect landing fees or passenger charges from the present operator and maintains the airport runway and facilities at its own expense.

Airport maintenance expenditure averages \$48,000 per annum.

There is little further scope for local government to subsidise air service operators at the local level however Council is committed to the present support in the long term.

Retention of Slots

The retention of (and initial quarantining of slots) for this important regional service is perhaps the most critical element of service retention. If a regional operator surrenders or loses a slot, other regional operators have first priority for the slot. This is the "ring fence" which currently preserves regional slots.

The incentive to acquire regional slots for internationals or domestics will become intense as KSA approaches capacity.

Pricing weapons could be employed against regional airlines to acquire their slots even if regulatory weapons are not. These could include a return to peak pricing, introduction of higher flat rate pricing or even the auctioning of slots.

Access weapons could be employed by the major airlines to deny or obstruct economic access to terminal facilities and the computer reservation system that is owned and controlled by the major airlines.

Takeover actions could be undertaken by the majors to takeover or eliminate smaller regionals in order to acquire the slots associated with their routes.

Deregulation

This Council has strongly supported the continued regulation of the marginally viable intra-state routes such as the West Wyalong/Sydney route.

The distance to West Wyalong from Sydney and the travelling times of alternative transport methods - car, rail, bus means that a direct air service to the town is the only way that local business people and the broader community are able to make same day return trips to the state's capital city.

The service has been marginal and there are insufficient passenger numbers to support more than one airline.

Competition amongst other factors has, in the Council's view, been destructive and now sees the town without a direct air service altogether.

Council requests the Standing Committee look at all possible options in an endeavour to reinstate a suitable air service – even on a reduced basis to that existing at May 2001, for West Wyalong.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Frank Zaknich', with a long horizontal flourish extending to the right.

**Frank Zaknich
General Manager**