

Secretary: *J. Lubbock***RECEIVED**

29 AUG 2002

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICESAlan & Margaret Wheatley
Killiecrankie Enterprises
Pte Bag 29
Whitemark
Flinders Island 7255
23.08.02Committee Secretary
House of Representatives
Standing Committee on Transport and Regional Services
Parliament House
Canberra ACT 2600

Dear Sir / Madam,

Re: Inquiry into commercial regional aviation services in Australia and transport links to major populated islands.

We would like to thank the Federal Government for setting up this inquiry into air services in regional Australia and giving us an opportunity to make a submission.

Our submission is about air and sea transport as they relate to Flinders Island. We have both lived all our lives on Flinders Island and have been in our own business since 1979. We wholesale rock lobster, have two shops, holiday accommodation, and two charter boats. Our three children grew up here and now one lives here with her young family, one lives on King Island with her partner and child, and the other lives in Launceston.

We send wholesale quantities of live rock lobster to Melbourne, usually by charter aircraft, and we get stock for our shops by boat freight, airfreight and mail. Our guests for the holiday accommodation come with commercial airlines, both RPT and charter, from Victoria and Tasmania, or fly themselves. Very few come by boat.

Term of reference: 1 - The adequacy of commercial air services in regional and rural Australia.

Currently Flinders Island is served by one RPT (Regular Passenger Transport) operator - Island Airlines Tasmania, and a number of charter operators. Island Airlines Tasmania are using Navaho Chieftains to carry 8 passengers maximum per flight between Flinders Island and Launceston in Tasmania, and Flinders Island and Traralgon and Essendon in Victoria. They offer 32 seats a week direct to Victoria and 120 seats a week to Launceston. They frequently cannot fit all the luggage in with the passengers and take up to a week to get it here. This service is not adequate to cater for the approx 850 residents of Flinders Island and their families and friends, all the business and professional people who must travel to and from the island as well as around 250 licensed tourist beds currently here. Our major tourism market is Victoria, with tourism seen as a growth industry and Flinders Island's economic saviour by a number of local people. Tourism Tasmania is only permitted to book tourists on RPT airlines, so they cannot access the charter operators who are using aircraft the same size or smaller than those used by Island Airlines Tasmania.

Our accommodation can hold a single group of 10 people and it is impossible for them all to travel on one aircraft, with the maximum number on any flight being 8 people. This also shows the inadequacy of the aircraft being used by the local airline. Island Airlines Tasmania are doing virtually no promotion so that even travel agents find it difficult to find out who they are and how to contact them, which means that only those people with direct contacts to Flinders Island are likely to find enough information.

The most common reasons for people who want to come to Flinders Island not to get here are; difficulty finding information on how to get here, the size and age of the aircraft and the frequency of flights. A large number of people have told us that they will come here when there is a larger plane.

Term of reference: 2 - Policies and measures required to assist in the development of regional air services, including

- **Regional hub services**

The terminal buildings for Island Airlines Tasmania at Launceston and Essendon are not near the terminals for connecting flights, which makes life very difficult for anyone who does not understand the vagaries of our system. It is extremely difficult to connect with flights conducted by other airlines, if indeed the people who need this service can find this information.

- **Small scale owner – operator services: and**

Any small scale owner – operator must have links to a larger airline in order to provide the type of operation which will be able to be accessed from anywhere in the world, to the benefit of all the people in isolated areas like Flinders Island. Small scale owner – operators must have enough financial backing to be able to promote themselves, carry out all necessary maintenance, and have security of employment, superannuation etc for their employees.

- **The deployment of most suitable aircraft types**

Flinders Island needs some measures available to assist in the purchase and use of newer, more reliable, larger aircraft. Assistance is necessary for Flinders Council to develop and seal a suitable runway for use by these aircraft. The Piper Chieftain aircraft currently being used here are nearing the end of their useful life, and will need to be replaced within the next few years. We consider it to be highly likely that CASA will bring in a ruling that all small public passenger aircraft have two pilots as well so that larger aircraft will need to be used to keep an airline viable. As we see it a major consideration in the policy needed to assist in the development of services to Flinders Island would be a similar system to the Federal Bass Strait Equalisation Scheme to include both air and sea services to the Bass Strait Islands in both directions, north to Victoria and south to Tasmania, given that Bass Strait is our highway and if it were dry it would be covered, in both directions under the Federal Highway Scheme. Some of the aircraft coming into Flinders Island are here to refuel before going on to other places, rather than having this as their final destination. Therefore the airport would need to be kept in reasonable condition even if the locals were not using it. So some of the financial aid for maintenance needs to be provided by other sources.

Term of reference: 3 - The adequacy of commercial air services to major populated islands and the adequacy of alternative sea services.

Southern Shipping operate a trading service between Flinders Island and mainland Tasmania once a week and Port Welshpool in Victoria on an irregular basis when there is enough cargo. The ship has a limit of 12 passengers and for three out of four trips from Bridport, Tasmania, the boat travels via Inspection Head where it picks up fuel, which means that passengers are aboard for 24 hours. The return cost of bringing an average size car to Flinders Island from Tasmania is approximately \$800.00. This means that air transport is really the only option for most residents and visitors to Flinders Island. As outlined in our response to Term of reference 1, the service we have here at the moment is not adequate for the needs of the residents and visitors of Flinders Island.

Island Airlines Tasmania appear to have a struggle to fit passengers on their aircraft when the people need to travel. We all, sometimes, need to take trips at short notice and the airline has at times been known to tell people that they don't have a vacant seat in either direction for up to a week. This has led to a lot more use of charter services. We know this is true because we have given our friends and guests the numbers of charter operators because they have not been able to access RPT (Regular Passenger Transport) flights when they have required them, even in winter. Flinders Council has always advocated the use of RPT services rather than charter, however more people than ever are being forced to use charter services because the RPT operator does not appear to be able to cope with the numbers wanting to travel.

The frequency of services to and from Launceston from Flinders Island is adequate. The capacity of the aircraft is inadequate. Both frequency and capacity to and from Victoria are inadequate to cater for the travel needs of people seeking to go in this direction. We have a number of forward accommodation bookings for December to the end of March. Some of these people have been informed by Island Airlines Tasmania that there are no flights available when they want to travel.

Officers from State Department of Infrastructure, Energy and Resources, have only looked at the adequacy of the service as a commuter service to move residents and some business people between Flinders Island and Launceston. They have not considered that we need a connection to Victoria, and we need to be able to move tourists from both Victoria and Tasmania.

Now that the State Government has introduced the new ships to Tasmania and the Federal Government has widened the Bass Strait Equalization the gap between Flinders Island and the rest of Tasmania has grown larger. We simply cannot compete with subsidised transport to tourism businesses in Tasmania and our economy cannot grow. We must have financial aid to put us on an even footing with the rest of Tasmania.

Michael Roberts, chairman of Tourism Council of Tasmania was quoted in The Examiner 04.12.01 as having said that price and capacity were the two factors that influenced the growth of tourism across Bass Strait. Each time tourism capacity across Bass Strait was increased, demand rose to meet it. Therefore the same applies

here and the demand will rise to meet new capacity, especially if it's accompanied by lower airfares.

Flinders Island is now at a stage where more people are prepared to put their money into improving and increasing infrastructure. Some businesses have already made an effort to upgrade in the hope that the airline service and other business will upgrade as well, and now have a large amount of debt that is difficult to service, because visitor numbers are still very low, following the liquidation of several RPT airline services and the Mobil fuel crisis. With a sound airline service and cooperative promotion, we should get an increase in travellers, and then other businesses will be in a position to build up infrastructure.

We realise that there are a few residents of Flinders Island who oppose tourism, but if things stay as they are, some of the residents here now will have to leave, as with current circumstances they are not earning enough money for their businesses to survive. We are now getting to the point where the air service will have to be on the way to major improvement within eighteen months if we are to have enough money to retire on, or we are going to have to sell our business for what ever we can get for it, leave the place where we grew up and go somewhere else to earn as much as we can in the fifteen years to retirement.

It is our view that the number of licensed beds on the island, currently around 250, could double, and most people would find their current lifestyle barely affected. We need to find work for as many people as we can. On this basis, because tourism is a labour intensive industry even those who oppose tourism see the benefit it provides with jobs. More tourists would mean more jobs, as tourism is a labour intensive industry. Most of the people, who come here for a holiday, are here for a quiet stay in a beautiful place. Thanks to responsible promotion, most visitors know they can't expect organised entertainment every night of the week. Flinders Island needs the employment opportunities, which come from tourism. Extra visitors = extra residents as employment opportunities increase.

We are still finding that many people will not travel in smaller piston engine aircraft with one pilot because they don't feel safe. There are others who would like to bring golf clubs, pushbikes or fishing rods, and find they can't. Many have been turned off coming here by being told that there isn't a flight available when they want to travel. They only need to be told this a few times before they are turned off forever. A lot of people who have been recently have commented on the tattered interior of the aircraft, the size of the aircraft and late planes etc and have said that they will not recommend Flinders Island to their friends and neighbours until a better air service is available.

The tourism industry on Flinders Island has a lot of room for growth and could be a major provider of jobs if more people had access to Flinders Island, where the fishing and farming sectors now have very little scope for growth.

Term of reference 4 - Interconnectivity between regional air transport systems, major national air services and international air services (including on-carriage, through ticketing, freight handling, timetabling, and airport slotting)

Having had to live, for many years, with the reality that major airlines did not seem to know that Flinders Island exists, let alone which airline flies here, we consider that it would be great to have an airline with a connection to at least one major national and international carrier, so that passengers could find out about Flinders Island and book on a through ticketing system. To go along with this, there are a number of people who would like to be able to make use of frequent flyer points. As well a large number of visitors would prefer to be able to book and pay through a national carrier, for a number of reasons. They see an airline with an affiliation with a national carrier as being better organised and safer, and their money is more secure. They also prefer to go through the same terminal building on connecting flights or be provided with transport between terminal buildings. The airline must also be seen to be regular and safe and people appear to worry less about flying with a national carrier or subsidiary. The slightest rumour of any unsafe practice, whether it has any truth or not puts a lot of people off. Bad news always travels faster than good.

There has been a suggestion that we only need to concentrate on the Launceston to Flinders Island route because people from Victoria will do a round trip. The visitors we have discussed this option with have almost all said that if they have to go to mainland Tasmania they might as well just tour the state and would not consider spending the extra money and time coming here, especially when they only have a short time for their trip. We are only an hour away direct from Melbourne and they don't want to spend a couple of days travelling.

Our daughter who lives on King Island comes home with her partner and 2 year old daughter once a year only because in order to get here they must go via Tasmania or Victoria. This costs almost \$1000.00 return for just the two adults, whichever route they take. The trip via Victoria means that they fly to either Tullamarine or Moorabbin, take a cab to Essendon, and fly here. The trip via Tasmania means that they fly to Burnie / Wynyard or Devonport, catch a bus to Launceston and then fly here. They normally have to stay in either Melbourne or Launceston overnight because of timetabling and lose a day and a half in the journey each way. Therefore they usually end up with a total of three days of travelling, which is very difficult with a small child and it also takes several days for their daughter to settle after so long travelling, so they don't feel that they can do the trip more often.

We and other fish wholesalers and fishermen have a large freight requirement. Our charter freight account for a year is around \$20,000.00. We could have purchased and sold more rock lobster if we could have been able to send small quantities, instead of having to try to fill a whole aircraft. The fishermen who catch scale fish for fresh market get a much better price selling their catch in smaller quantities, than if they have to fill a plane as they have had in the past few years. There are also some days, which have better market prices than others, and with an airline, which can take smaller quantities, the fishermen can manipulate the markets to their advantage. Any airline which services Flinders Island requires both freight and passenger capacity,

without jeopardising either. This is not possible with chieftain aircraft, with current CASA requirements and regulations.

We need the following:

- Upgrading of the airport as the major priority so that no airline has an excuse not to come here because of the standard of runways.
- An airline with enough financial backing to do effective promotion.
- An airline with a connection to a national carrier, so that anyone who wants to can organise a trip to here from anywhere in Australia or the world.
- Aircraft which can carry passengers, and up to 500 kgs freight and not have it put off at the last minute because passengers take priority.
- Aircraft of larger size to give travellers – both local and visitor - more confidence in the security of the service.

Term of reference 5 - The role of all three levels of Government in supporting and assisting the development of regional air services and island transport systems.

Council were pushed into taking control of the Flinders Island Airport a number of years ago and have done well to keep it in the condition it is in at the moment. However they will need support to upgrade and maintain it, for the future, with the increased needs of a larger airline with larger, more efficient aircraft. Council must maintain the airport to the standard needed and in the future may not have the financial ability to do this as it is becoming increasingly more expensive.

The areas of responsibility between the three tiers of government need to be properly determined so that there is no argument over whose problem any section of the system is, and the necessary steps are taken to ensure that the people don't suffer because no-one will take responsibility.

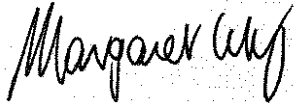
As the State Government has an interest in the growth of tourism in Tasmania, as evidenced by their assistance to Impulse and the new ships for the TT Line, it would indicate that they should assist in some way with the provision of air services to Flinders Island. Their role could be to pay for upgrading of the airport runway and the council role could be maintenance. Federal Government role would then be to assist by putting in place a similar system to the Bass Strait Equalisation Subsidy to put us on an equal footing with the rest of Tasmania. As we have "highway" on both sides, that is to Tasmania as well as Victoria, we definitely need to have financial assistance for both air and sea transport interstate and intrastate, so that people on low incomes can afford to travel.

Term of reference 6 - The role of major air transport carriers in providing regional services.

The minimum role of major air transport carriers should be to act as ticketing and information agents, for a smaller regional airline. The ideal option is for a major carrier to be the first in line so that anyone who wants to can book through tickets from anywhere in the world to Flinders Island, so that they can go from one place to another with a minimum of fuss, and with minimum waiting times between flights.

In conclusion, when your committee plans to come to Flinders Island we would like
be given the opportunity to discuss our concerns in person.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Margaret Wheatley".

Margaret Wheatley and Alan Wheatley
Partners – Killiecrankie Enterprises