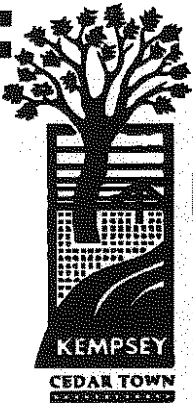


0265617211

SUBMISSION NO. 60



**Kempsey & District
Chamber of Commerce
& Industry Inc.**

PO Box 542, Kempsey 2440
President: 6561-7157

Secretary/Treasurer: 6563-1022

Secretary: *J. Luthrae*

RECEIVED

30 AUG 2002

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES

30 Aug 02

The Committee Secretary
House of Representatives
Standing Committee on Transport and Regional Services
Parliament House
Canberra
Fax : 6277 4424

Dear Sir,

Our response to the terms of reference are as follows:-

1. The adequacy of commercial air services in regional and rural Australia.

The number of rural airports operating now is greatly reduced from the level of the 1950 – 1980 era. We were not able to ascertain the exact reduction in rural airports which had a regular passenger service to Sydney but it will be significant.

Whilst road access to alternative airports has improved, most communities which have lost their direct connection to the state capital believe that the service currently provided entails additional travel both to and from the distant airport, thus diminishing the attraction and therefore the viability of the air service.

Not all country towns desire or need a direct service, but many towns which provide an airport which is capable of handling commercial aircraft see a costly asset being under utilised.

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

regional hub services;

0265617211

small scale owner- operated services; and
the deployment of most suitable aircraft types.

The provision of subsidies to maintain air services will be costly and whoever bears the expense will, with increasing costs, find the burden too great

Regional hub services at first glance seem to be an attractive concept, but with the bulk of Australia's population resident on the seaboard, including all capitals, then the capacity to act as hub centres is limited.

With the increasing cost of aircraft, and their maintenance, together with the infrastructure needed, the capital required to set up and operate a regional airline is becoming too great for owner – operators. Most persons who would have the financial capacity to fund a small regional airline would also examine the alternatives to investing in such a high risk venture and decide to invest in a lower risk with an enhanced return.

The deployment of the most suitable aircraft types is a subject on which we do not have sufficient knowledge to offer useful input.

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

Our knowledge is limited to Lord Howe Island and Norfolk Island and these two islands appear to be serviced on a regular basis. The sea service for freight is regular but perhaps only the islanders can advise if it is frequent enough.

4. Interconnectivity between regional air transport systems, major national air services and international services.

With the capacity to book one's luggage to the final destination from country airports and seat allocation at major terminals for the remainder of the journey, some of the frustrations experienced by travellers has been reduced.

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

Both the federal and state governments have the main role in regulating the conduct and route operations of airlines and it is at these two levels of government that the responsibility for supporting airline development should remain. Local government, with its limited authority, and even more limited financial resources, has a role in the support of such rural air services as trade within its local government area, and on a wider scale the support of rural services generally.

0265617211

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

As air travel, particularly international air travel, becomes more commonplace, the large airlines tend to focus on the major profit making centres in their operations. This is understandable, but when the overheads of a large corporation are built into the cost structure of a small regional air service, then routes become unprofitable unless fares are increased substantially. If fares are increased, then patronage will probably decrease and lead to the closure of that service. Unless there is a discrete costing of costs relating solely to regional services, it would appear that large airlines may not be able to offer the most efficient method of air travel for rural people.

Kempsey & District Chamber of Commerce & Industry Inc.

T. Hunt Rev

Brian England

President