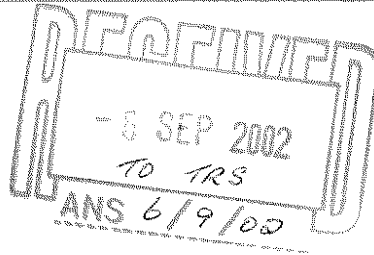


# King Island Council



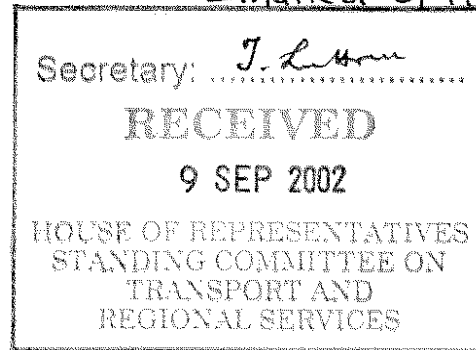
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( Air service Inq)

Enquiries: Jeff Sowiak

*Emailed 6/9/02*

Wednesday, August 28, 2002

Mr Paul Neville MP  
Chairman  
Parliamentary Inquiry  
Regional Aviation Services  
Parliament House  
Canberra ACT 2600



Dear Sir,

## Submission to Parliamentary Inquiry

I attach Council's submission to this inquiry and ask that Members appreciate the unique characteristic of King Island and its entire dependence on commercial forces to provide reliable, cost effective and appropriate air and sea services for the movement of all people, produce, livestock and freight, on or off the Island.

King Island has suffered the collapse or withdrawal of four regional and one national air carrier and today is serviced by aircraft that are, in most cases, over 20 years old and a purpose built cargo ship, the lease upon which is set to expire within two years.

Council is more than justified in its belief that the services that are being provided are inadequate to meet the current and future needs of this remote, populated Island and that the uncertainty concerning air and sea services is a cause for grave concern.

Council is firmly of the view that there is a desperate need for both State and Commonwealth Governments to work together to provide a range of incentives to remote and isolated Islands like King Island. The package should include the offer of comparable travel subsidies for passengers, incentives to ship operators to renew contracts for shipping, and funding / tax incentives to enable aircraft operators to upgrade aircraft.

Council would also ask that King Island be included on a tour by the members of the Committee, so that you might experience this unique transport infrastructure first hand, inspect the aircraft and the ship, meet with ordinary Islanders and hear of their experiences.

Council would be most pleased to facilitate such a journey, but cannot provide any firm guarantee as to the type of aircraft, the schedule, cost, operator or the weather, such is life on one of Australia's major populated Islands.

Yours faithfully

  
Jeff Sowiak  
GENERAL MANAGER

# KING ISLAND COUNCIL



## **Submission**

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

**AUGUST 2002**

Jeff Sowiak  
GENERAL MANAGER

**Submission from King Island Council**

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## **Submission from King Island Council**

### **INQUIRY INTO COMMERCIAL REGIONAL AVIATION SERVICES IN AUSTRALIA AND TRANSPORT LINKS TO MAJOR POPULATED ISLANDS**

#### **Terms of Reference**

The House of Representatives Standing Committee on Transport and Regional Services is to inquire into:

- The adequacy of commercial air services in regional and rural Australia.
- Policies and measures required to assist in the development of regional air services, including:
  - ⇒ Regional hub services;
  - ⇒ Small scale owner-operators services; and
  - ⇒ The deployment of most suitable aircraft types.
- The adequacy of commercial air services to major populated islands and the adequacy of alternative sea services.
- Interconnectivity between regional air transport systems, major national air services and international services (including on-carriage, through ticketing, freight handling, timetabling and airport slotting).
- The role of all three levels of Government in supporting and assisting the development of regional air services and island transport systems.
- The role of major air transport carriers in providing regional services.

## Submission from King Island Council

### Executive Summary:

Council's submission seeks to address the unique characteristic of King Island and its entire dependence on commercial forces to provide reliable, cost effective and appropriate air and sea services for the movement of all people, produce, livestock and freight, on or off the Island.

King Island has suffered the collapse or withdrawal of four regional and one national air carrier and today is serviced by aircraft that are, in most cases, over 20 years old and a purpose built cargo ship, the lease upon which is set to expire within two years.

Council is more than justified in its belief that the services that are being provided are inadequate to meet the current and future needs of this remote, populated Island and that the uncertainty concerning air and sea services is a cause for grave concern.

Council is also concerned that it has not been invited to the negotiating table when issues concerning air and sea services, contracts and regional links are being discussed and yet has every justification for doing so, given that the very livelihood of the people of King Island, is entirely dependent on those services.

The future of air and sea services to the Island are in doubt because of aging aircraft, competition from State operated and subsidized services, under-resourced operators and a general lack of Government assistance or cooperative effort.

Air and sea services are an essential part of the Island's economy and social infrastructure and both are entirely independent of Government Support, or subsidy and subject to cancellation without notice or penalty at any time.

Commonwealth subsidies under the Bass Strait passenger transport equalization scheme fail to recognize the needs of Island residents who have no choice and are not offered any subsidy to fly, whilst those who choose to travel across Bass Strait to mainland Tasmania have the choice of a heavily subsidized sea service on State owned and operated ships, or a variety of discounted air services.

Council believes that the Bass Strait subsidy should be applied to air services to King Island because there is no alternative sea route. More so, that the subsidy should apply to all Bass Strait Islands and include travel from Victoria as well as travel from mainland Tasmania. The Commonwealth should not differentiate between State borders but provide a subsidy for freight movement between Islands.

Clearly, both King and Flinders Islands are at a comparative tourism disadvantage given the aggressive competition from the State owned TT lines, backed with generous Commonwealth subsidies. The new Spirit one and two can only have an adverse impact on the number of visitors to the Islands, the cost of air and sea transport and the continued viability of the services that are currently being offered to the Island.

## **Submission from King Island Council**

Council is firmly of the view that there is a desperate need for both State and Commonwealth Governments to work together to provide a range of incentives to remote and isolated Islands like King Island. The package should include the offer of comparable travel subsidies for passengers, incentives to ship operators to renew contracts for shipping, and funding / tax incentives to enable aircraft operators to upgrade aircraft.

Council would also ask that King Island be included on a tour by the members of the Committee, so that you might experience this unique transport infrastructure first hand, inspect the aircraft and ship, meet with ordinary Islanders and hear of their experiences.

Council would be most pleased to facilitate such a journey, but cannot provide any firm guarantee as to the type of aircraft, the schedule, cost, operator or the weather, such is life on one of Australia's major populated Island.

## **Submission from King Island Council**

### **Background:**

#### **About King Island**

King Island is situated at the western entrance to Bass Strait midway between Victoria and mainland Tasmania, being centrally located some 120 kilometres or forty-five minutes flying in either direction. All visitors to the Island travel by air and three Regular Public Transport (RPT) airlines service the Island on a daily basis, as well as numerous private planes and air charter operators.

The Island, which is 64 kilometres north to south and 27 kilometres east to west, enjoys a reputation for excellence in the production of fine beef and superior dairy products as well as magnificent seafood. King Island Dairies, King Island UHT Milk, and King Island Meat Company are major employers on the Island and contribute along with primary industries, seafood and the Kelp Industry to the Islands economy. There are also significant mining interests on King Island and together with tourism developments these offer the greatest opportunities for future growth.

King Island has a population of approximately 1,800 permanent residents of which 800 reside in the township of Currie, situated on the west coast. There are two other villages, being Naracoopa on the east coast and Grassy (a former mining town now a tourist resort village and home to private school students from Ballarat) to the southeast.

The township of Currie has a modern hospital, two doctors, public primary and secondary school, a hotel, two motels, restaurants, two licensed clubs, two supermarkets and several speciality shops. As well it has most sporting and recreational pursuits including golf, bowls, tennis, squash, music, drama, hockey, netball, Australian Rules football etc. Westpac have a branch on the Island and there are agencies for a number of other major banks.

Visitors to the Island enjoy the many natural attractions and are well catered for with currently over 400 beds, three hire car companies, taxi and tour bus operators.

#### **Why Travel to King Island**

King Island has achieved world acclaim for its food industry, principally dairy, beef and seafood products and is promoted extensively as a short stay tourist destination for travellers from out of Melbourne and within Tasmania. King Island is also being recognised and appreciated for its unique relaxed "old fashioned" way of life, now lost to most urban Australians.

King Island has an infamous maritime history with over 60 recorded ship wrecks, two magnificent historic lighthouses and a maritime museum. With the number of shipwrecks around the Island it is no wonder that there has not been a regular sea passenger service to the Island for over 50 years. Consequently, air travel by both private and commercial

## Submission from King Island Council

means is a way of life for Islanders and the only way in which the 14,000 plus visitors can travel to King Island each year.

The number of visitors has been steadily increasing over the years due to successful marketing campaigns and the availability of an airline operating out of Tullamarine, with links to major regional routes and an offering of packaged holiday tours that included airfares and the regular promotion of King Island across South Eastern Australia.

The Island hosts a number of major events that attract visitors including, a six week racing carnival, the Imperial 20 foot race, golf and bowls tournaments, as well as a number of other sporting and recreational festivals.

The predominate market for air travellers is as a tourism destination (estimated to exceed 80%) however, there are significant manufacturing industries on the Island and a growing demand for business passenger seats as many businesses, Government Agencies and the Council are required to hire in consultants and staff from off Island.

Doctors, surgeons and other health care professionals are regularly flown to the Island to conduct consultations and clinics. There are also approximately 37 children who regularly travel off Island for schooling. Also the Clarendon College from Ballarat have established a private school at Grassy to cater for approximately 50 students on rotation each semester.

Islanders also need to travel to either Burnie or Melbourne for medical and specialist appointments and the larger pressurised aircraft operated by Regional Express (Kendell successor airline) are more suited to the needs of the elderly or infirm. Alternative transport via air ambulance is only available for emergency airlifts.

The success of promoting the Island as a tourist destination is in no small way a product of the relationship between King Island operators and the former Kendell Airlines. The airline had consistently expanded its operations and upgraded the number and type of aircraft to meet the demand. Don Kendell was well known on the Island and his airline supported and fostered growth in packaged tours and weekend escapes.

Council has also recently created the King Island tourism web page and you are welcome to visit our web site [www.kingisland.org.au](http://www.kingisland.org.au) to find out more.



## Submission from King Island Council

### History of Passenger numbers:

The table below indicates the number of RPT sector bookings for the King Island route.

Passenger Flights to / from King Island					Total
Airport	2000	%	01/02	%	Change
Devonport	4080	16%	1156	5%	-72%
Moorabbin	4408	17%	6048	26%	37%
Melbourne	13710	52%	9428	40%	-31%
Wynyard	4080	16%	7040	30%	73%
	<u>26278</u>	<u>100%</u>	<u>23672</u>	<u>100%</u>	<u>-10%</u>

Source: + DOTRS avstats

The Chart indicates that the Melb-KI route provided around 52% of all air travel to the Island with 13,710 passenger flights during the year ended December 2000, as compared with 9,428 for the twelve months ended 30<sup>th</sup> June 2002. These figures do not include charter or private aircraft operators.

They show the dramatic impact of the collapse of Kendell Airlines in September 2001, with a loss in almost 10% in overall passenger numbers, with King Island Airlines (Moorabbin) picking up a substantial portion but, clearly not all, of the passengers who would otherwise have flown through Tullamarine.

The figures for Wynyard and Devonport have transposed since Kendell withdrew from the Wynyard Airport and Tasair resumed flights from this location, however the total number of passengers carried has not significantly increased.

Over the proceeding decade, the growth in passenger numbers to Melbourne had increased steadily since Kendell first commenced operations in the late 80's, with 11,000 segments recorded in 1995/96 to just over 12,000 in 1998/99. Also, despite two months of almost no activity during the airline crises last September/October, Kendell Airlines still carried significantly more passengers than either of their competitors. More so when one considers that for the period from 1<sup>st</sup> July til Sept 12 Kendell had maintained a service through Wynyard to King Island and some of the number attributed to this location would be on Kendell flights.

Clearly the size and comfort of the aircraft and the attractiveness of the route for Melbourne travellers has contributed to the success of Kendell Airlines. Even under administration King Island was seen to be the most successful holiday destination for the airline. No doubt this contributed to the decision of Regional Express to continue with a service between King Island and Melbourne.

## Submission from King Island Council

### Adequacy of Existing Services:

#### Frequency of service and number of operators:

At the present time three Airlines provide Regular Passenger Transport (RPT) services to and from the Island. These operators are:-

- Regional Express Airlines (REX) – who provide a daily air service to and from Tullamarine. .
- Tasair who operate daily air services to and from Devonport via Wynard.
- King Island Airlines operate daily air services to and from Moorabbin.

REX airlines predominantly operate the 19 seat Fairchild Metro and as demand lifts the 34 seat SAAB 340 aircraft, both of which are turbo prop pressurized aircraft. The larger SAAB aircraft also comes with a Flight Attendant.

Both Tasair and King Island Airlines operate smaller non-pressurised aircraft, with seating capacity limited to the type of aircraft being used and the amount of freight that is to be transported. Tasair also provide postal and freight services and operate charter aircraft in addition to RPT flights. King Island Air also provide charter aircraft in addition to RPT flights and move substantial airfreight in and out of Moorabbin.

The smaller aircraft operators are not able meet the demand for air services to the Island, particularly from Melbourne and both are unable to cater for those persons who, because of age, medical reasons or personal preference choose to fly in the larger Metro or Saab Aircraft.

Whilst these two operators have normally only carried around 40% of all passengers to or from the Island, they do carry the majority of airfreight including cheese and seafood exports, perishable goods and the mail.

Whilst operating under the Ansett banner, King Island had access to other destinations, better networks and the larger pressurised aircraft preferred by both tourists and business people.

Since the Kendell collapse there has been an increase in the number of Charter aircraft visiting the Island. These are geared to a clientele that are prepared and able to meet the significantly higher cost and are prepared to accept the discomfort associated with travel in smaller aircraft.

Current Flight Schedules and prices from the three airlines are included as attachments.

Regional Express Airlines are currently in the process of reviewing their flight schedule and representations have been made to the airline by Council, to ensure that the early am arrival/ departures on Saturday and subsequent late arrival/departure on Sunday are maintained. In meetings with the airline, Council has stressed the importance of the schedule being able to deliver weekend escapes for both visitors to and Islanders travelling off the Island.

## Submission from King Island Council

Prior to the collapse of Ansett and consequently the Kendell network, Kendell Airlines ran two services using either Saab or Metro planes on Monday through Thursday from Melbourne – King Island – Burnie, one such service on Friday and Saturday and a direct flight Melbourne to King Island and return on Sunday.

The smaller operators offer both morning and evening flights two and from Moorabbin and Devonport / Wynyard weekdays as well as flights in the early morning Saturday and late Sunday flights.

The timetables that are currently in place are well suited to the Tourism and business market although the community and the many visitors to the Island, would like to see a return of pressurised aircraft on the King Island to Wynyard route, even if only three times a week enabling medical and business trips as well as weekend escapes.

Because King Island is a leisure destination the timetable should recognise peak loads on Fridays through to Mondays with a drop off during midweek, particularly in winter and out of school holidays.

Even with the Saab regularly flying on the route it was difficult on occasions to obtain seat allocations on weekends and therefore it is important that any airlines that are to provide a service have the flexibility to expand services, as required, to meet demand.

The Racing Carnival, Imperial 20 and school holidays are particularly heavy transport days and special charters for Clarendon College, school excursions, boarders and racegoers are a feature of the market.

The accommodation, transport and tourism facilities are geared to operate on capacity and as the visitor numbers have steadily been increasing the airlines have accommodated and facilitated that growth. Council and this community, would not be able to cope with a service out of Melbourne that only provided 19 seats a day, seven days a week. Even in the off season this would mean a loss of at least 70 less visitors a week to the Island.

The ability to Travel to Melbourne or Burnie and return in the same day would be highly desirable and whilst this is possible with the smaller aeroplane operators, a daily flight in the larger aircraft with an overnight stay is seen as important for business and medical services.

King Island must also retain a service that operates out of Tullamarine and that is geared to a Melbourne based traveller with links to other destinations. The service should also have a southern port of call and to that end, Wynyard or Devonport would be desirable.

Council was pleased to see that Rex airlines are providing a daily service between King Island and Tullamarine, but would like to see a return of flights between Melbourne - King Island - Wynyard and return on at least three, or four times a week. These would cater specifically for weekend tourists travellers and midweek business or medical travellers to/from the South.

## **Submission from King Island Council**

As stated earlier one of the key ingredients to the success of the King Island as a tourist destination has been the ability to link flights with major airlines through Tullamarine.

The convenience of being able to walk off a flight from a major capital city, or regional centre, onto a King Island flight is essential to the success of both the King Island air service and the tourism operators. Access to Hobart via Melbourne or Burnie was also important for business travellers.

It is also important to ensure that flights are scheduled so that weekend escape packages both to and from King Island allow sufficient time on or off the Island to make the experience worthwhile, given the significant cost of airfares.

Both Tasair and King Island Airlines have schedules that cater for this and whilst operating older and smaller aircraft, have always maintained schedules that suit the Islands needs.

### **Recommendation:**

- 1. That the Government acknowledge the efforts of existing RPT operators in providing services to King Island and provide appropriate incentives to have Rex airlines recommence flights on the Melbourne – King Island – Wynyard (or Devonport) return service.**

## Submission from King Island Council

### Age and Type of Aircraft:

The table below depicts the type and age of aircraft currently servicing the Islands RPT needs. This information has been sourced from CASA registration files and the date shown may, in some cases, not reflect the true age of the aircraft, but the date the aircraft was first registered in Australia.

**Chart 1: Type and age of aircraft servicing King Island**

Airline: <b>TASAIR</b>				
Rego	Registered	Type	Passengers	
VH EXF	5/08/74	Aero Commander	6	
VH EXC	21/07/75	Aero Commander	6	
VH TZY	24/04/78	Piper PA 31	9	
VH MZI	26/11/87	Piper PA 31	9	
VH LTW	9/08/89	Piper PA 31	9	
VH LST	21/08/89	Aero Commander	6	
Airline: <b>King Island Airlines</b>				
Rego	Registered	Type	Passengers	
VH DMV	17/01/75	Piper PA 31	9	
VH KGN	24/05/79	Piper PA 31	9	
VH MYQ	30/04/80	Piper PA 31	9	
VH HRL	13/10/89	Piper PA 31	9	
VH KGC	17/11/89	Embraer EMB 110	16	
Airline: <b>Regional Express (Former Kendell)</b>				
Rego	Registered	Type	Passengers	
VH EKD	9/08/89	Saab 340	34	*
VH KDT	9/09/92	Fairchild Metro	19	*
*		Pressurized Aircraft		

As can be seen from the table, the newest aircraft servicing King Island is the Fairchild Metro liner operated by REX Airlines and this is now over 10 years old. The oldest airline still flying RPT flights is 28 years old with most at least 20 years old.

There is clearly a need to address the age and type of aircraft in use and to provide capital assistance to enable smaller operators to upgrade their fleets. Council is not aware of the design life of this type of aircraft however, it is probable that a day will come when the aeroplanes currently in use will be uneconomical to maintain.

Council is not aware of any airline that has in place plans for the upgrade of aircraft and this is of particular concern given that this is, an essential service. There are also no plans by the smaller aeroplane operators to upgrade to larger, more modern, pressurised aircraft which would make the journey across Bass Strait more comfortable.

## **Submission from King Island Council**

Council acknowledges that the problem of ageing aircraft on regional air services is not unique to King Island, however, unlike other areas, air services to King Island are an essential service, people do not have a choice as to the mode of transport. Clearly there is a significant issue when, for the most part, the average age of aircraft that provide this essential service are well over 20 years.

There must be, at some level in Government, recognition that there is a community service obligation to provide air services to remote populated Islands. Council would ask that the Government investigate ways in which it can assist operators with finance, tax incentives or subsidies that will enable them to upgrade or replace aircraft that service rural and remote islands. If this is not done now, then the day may very well come when it is the Government that will be required to provide the service.

### **Recommendations:**

- 2 That the Government offer appropriate tax or other incentives to encourage RPT air operators to upgrade and modernise their fleet in order to meet both the demand and the essential service requirements of remote populated Islands.**

## Submission from King Island Council

### Fares and taxes:

The airfares applicable to King Island flights appear in the attachments and reflect the nature of the market and the lack of competition between routes.

The cheapest return airfare for someone travelling to King Island is:

Ex Melbourne Flying Rex

\$286

Ex Moorabbin Flying KIA

\$250 or

\$205 for resident

Ex Wynyard / Devonport with Tasair

\$297

The comparable cost of return travel between Melbourne to Wynyard / Devonport is

TT Lines overnight seat to Devonport

\$200

Normal 14 day purchase Rex

\$188

People travelling across Bass Strait from the North West of Tasmania have a choice of whether to use a plane, or ship and three airlines to choose from. Whatever mode they choose, the cost is still less than any return journey in either direction from King Island. The cheapest through fare, Moorabbin to King Island and onto Wynyard is \$502.00, more than double the comparable fare for crossing Bass Strait by either ship or plane.

The introduction of the TT Line dual ferry operation and heavily discounted freight and passenger travel will have an adverse impact on the viability of airlines that service the Bass Strait Islands. Those who would otherwise have chosen to holiday on King or Flinders Island can now holiday in Tasmania, for a fraction of the price and have the luxury of their own car at no extra cost.

Whilst the State and Federal Governments have consistently argued air and sea services to the Bass Strait Islands are matters for commercial forces, both are heavily involved with providing substantial capital investments and direct subsidies on competitive services. The State Government owns, financed and operates the TT lines and its operation is underpinned by Commonwealth subsidies.

## **Submission from King Island Council**

The service on the Spirit of Tasmania is a public transport service owned and operated by the Tasmanian State Government and supported by the Commonwealth. This is only possible to some extent because of export earnings and taxes from the people who live and businesses that operate, on the Bass Strait Islands.

The people of the Bass Strait Islands are Tasmanian's and should be entitled to comparable subsidies and comparable fares for travel across Bass Strait. It is Council's submission that both the State and Federal Governments have a role to play in ensuring the viability and equity of public transport services to remote, populated Islands through the provision of appropriate subsidies for the passengers they transport.

The subsidy should compensate for the equivalent cost of road transport infrastructure and to that extent not focus on travel between States, but exist to support travel between Islands, where travel by road is not possible. The subsidy should be applied to air or sea travel between Islands so as to reduce the cost of travel to a more equitable, comparable basis.

Given the essential nature of the services to the Bass Strait Islands it is also important that airlines provide booking and payment facilities that cater for the needs of the population. The movement to internet bookings and e-ticket facilities might be cost effective in an environment where there are alternatives to flying by commercial airline. However, on King Island only two of the three airlines provide any payment facility other than credit card or internet and this is particularly concerning to residents who must use the airline but have no access or acceptable credit card facilities.

### **Recommendations:**

- 3 That the State and Federal Governments address the inequity that exists in terms of passenger transport across Bass Strait by providing appropriate subsidies to the airlines that operate to the Islands for the passengers they carry.**
- 4 That the Government, recognise a Community Service obligation to either establish or use an existing service centre to cater for the needs of travellers that do not have internet or credit card facilities (e.g Service Tasmania) or offer a subsidy that will facilitate the full range of private ticketing services.**



## Submission from King Island Council

### Landing Charges and aerodrome costs:

King Island Council owns and operates the aerodrome and has done so since it took over that responsibility from the Commonwealth in 1992. Despite considerable downsizing of staff, the refurbishment of the terminal to reduce maintenance and other cost saving initiatives the aerodrome has consistently operated at a loss.

The current airport landing charges of \$17 per tonne of maximum takeoff weight for RPT operators and \$11.50 for others is comparable if not higher then at other aerodromes with some charging a lower charge per tonne together with a passenger levy.

The table below indicates the current charge for typical aircraft based on an average 60% loading factor per flight:

#### Aircraft Landing Charges

Type	Weight	King Is	Wynyard	Devonport	Launceston
Saab 240	12,700	215.90	206.22	205.59	78.23
Fairchild Metro	7484	127.23	117.79	117.42	46.10
Embraer EMB	5670	96.39	95.02	94.74	34.93
Piper Chieftan	3175	53.98	53.36	53.20	19.56
Aero Commander	3357	57.07	43.76	43.59	20.68

#### Comparable charges for 60% load factor:

##### Wynyard

\$6.60 per tonne plus \$6 per passenger

##### Devonport

\$6.55 per tonne plus \$6.00 per passenger

##### Launceston

\$6.16 per tonne

The landing charges do not cover the full cost of operating and maintaining the aerodrome and for this year the estimated shortfall between operating costs and income is estimated to be over \$49,000.

However, this annual operating loss does not include the cost of previous airline operator failures. Airlines of Tasmania folded in 1997 leaving \$16,274 in unpaid landing charges, followed by Australian Air Charters \$30,065 and now Kendell Airlines with a debt outstanding of \$23,791.20. Over \$70,000 in landing charges has been written off in the past few years.

The cost of upgrading aerodromes to meet increasing technological requirements is also of concern with Council currently using reserves set aside at the time of the ALOP transfer to meet capital costs of owning the aerodrome. The remaining reserve of \$470,000 is not sufficient to fund any significant aerodrome upgrades or sealing.

**Submission from King Island Council**

**Recommendation:**

**5** **That the Government review the impact of transferring aerodromes into local ownership (ALOP program) with a view to establishing and if possible reducing the cost imposts on rural and remote Island communities.**

## Submission from King Island Council

### Shipping Services:

Apart from air services the only other means by which goods and exports arrive or leave the Island is by ship and the only commercial shipping line that moves this freight is Patricks who operate the Searoad Mersey out of the Port of Melbourne once per week (Weather Permitting).

The Searoad Mersey is a custom built vessel somewhat shorter than its sister ship the Searoad Tamar which also operates on the Melbourne – Devonport route and this is due to the need for Mersey to manoeuvre in the harbour facilities at Grassy (King Island) which are unable to handle a larger vessel.

The service is currently cost effective for the operators because the ship sails on Sunday, a lay-day when it would otherwise be in port. The Searoad Mersey has a capacity of 4,000 tonnes and is capable of taking and delivering almost all of King Island's regular needs at one berthing.

Up until 1991 the Tasmanian State Government operated the shipping service to King Island. At that time it let a contract to Holymans (Now Patricks) to provide a shipping service to King Island and provided a subsidy of approximately \$230,000 a year to the Company to guarantee that service. This meant that on the occasion when the vessel ran aground and was out of service for repairs, the shipping company was required and did provide a replacement vessel.

However, that contract expired in April last year and the service has been operating without subsidy and without any guarantee as to continuity since that time. Negotiations on a new contract have faltered and the service could be withdrawn at any time. As evidence of this, the shipping agents on the Island have only negotiated short-term freight forwarding contracts with some of the major exporters on the Island, leaving the entire Island exposed to the commercial whim of a major national shipping agency.

Council believes that the service is also under threat given the decision on the TTLines fast ferry service to Tasmania. This service will compete with Patrick's operations and its existing six-day a week service for the Sea road Mersey. The obvious question is should Patricks choose to upgrade to a larger vessel to move freight more economically then King Island will be left without a service.

Commercial forces would in time provide some form of comparable service however the size of the vessel its ability to take up all freight at one berthing etc are all issues that would be of concern and no doubt expense to Island shippers.

Council is aware that the ship, which currently provides this service, is currently leased and that this lease expires in two years and there for is concerned to ensure that its replacement will meet the needs of Island shippers. Given the lead time for construction of such a vessel Council is also concerned that a replacement has not as yet been planned

## Submission from King Island Council

Council is concerned about the manner in which the shipping contract has been progressed and the general lack of involvement of the Council as representatives of the community, in that process. Clearly a shipping contract needs to be in place as a matter of priority.

Council has also learned that another company, Southern Shipping have recently acquired a new ship similar in size to their flagship the Mathew Flinders and that the State Government may be considering the use of this ship as an appropriate replacement to meet King Island's needs.

To put this issue in perspective the Searoad Mersey is 127 metres long and carries 4,000 tones of cargo. The Mathew Flinders is 35 metres long and carries 250 tones of cargo. The Searoad Mersey calls once a week and is able to offload and load all cargo in one day. Wharfage is therefore significantly lower then for a smaller ship that may be required to be loaded and unloaded a number of times during the week.

The mathematicians may argue that a smaller ship calling several times a week might be able to move as much cargo as the Searoad Mersey but the economists and the people of King Island will tell you that the cost of wharfage would be significantly higher for multiple small loads. Also, given the importance and value of King island exports to the world markets cargo destined for overseas needs to be transported in time to be offloaded onto international vessels.

This community needs a replacement ship and a service that has the capacity to meet the Island's export needs and now is the time to plan that service with Council as part of the negotiations.

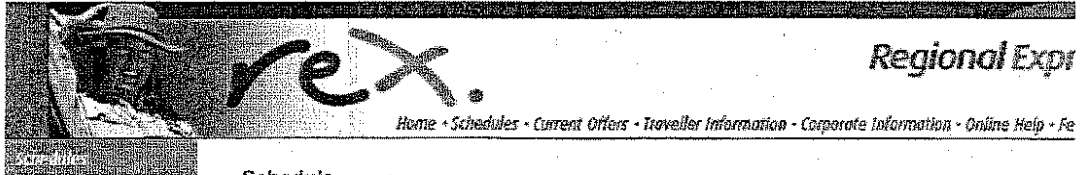
### **Recommendations:**

- 4     The Council asks that the Commonwealth Government intervene in the negotiations over shipping services and provide appropriate incentives that will ensure a long term, reliable and cost effective lifeline to King Island.**

# Submission from King Island Council

Rex : Regional Express

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## Schedule

Regional Express has made every effort to ensure that these schedules are correct and up to date. However, schedules are subject to change without notice.

Schedule effective from: Friday, March 01, 2002 to Saturday, August 31, 2002

Flight No.	Departing From	Destination	Departure Time	Arrival Time	Days Available						
					Mon	Tue	Wed	Thu	Fri	Sat	Sun
KD250	King Island	Melbourne	08:10	09:00	No	No	No	No	No	Yes	No
KD250	King Island	Melbourne	13:30	14:20	Yes	Yes	Yes	Yes	Yes	No	No
KD250	King Island	Melbourne	17:30	18:20	No	No	No	No	No	No	Yes

Schedule effective from: Sunday, September 01, 2002

Flight No.	Departing From	Destination	Departure Time	Arrival Time	Days Available						
					Mon	Tue	Wed	Thu	Fri	Sat	Sun
ZL552	King Island	Melbourne	13:35	14:25	Yes	Yes	Yes	Yes	Yes	Yes	Yes

*Our heart is in the*

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# Submission from King Island Council

Rex : Regional Express

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## Web Specials

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## Web Specials

\*All prices listed are one-way and inclusive of all taxes applicable to that route. Prices are based on non-refundable, non-transferrable fares. Specials valid for booking until 31 August 2002.

[From Melbourne](#) | [From Sydney](#) | [From Adelaide](#)

### From Melbourne

To	Price From
Albury	\$141
Burnie	\$99
Canberra	\$100
Devonport	\$99
Kings Island	\$143
Merimbula	\$188
Mildura	\$125
Mount Gambier	\$135
Port Jackson	\$150
Sydney (via Canberra, Albury or Wagga Wagga)	\$200
Wagga Wagga	\$155

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### From Sydney

To	Price From
Albury	\$155
Ballina	\$163
Bathurst	\$111
Broken Hill	\$277
Canberra	\$100
Coffs Harbour	\$150
Griffith	\$191
Lismore	\$163
Merimbula	\$189
Moruya	\$158
Narrandera	\$183
Orange	\$126
Parkes	\$140

<http://www.regionalexpress.com.au/specials/index.aspx>

16/08/02

Submission from King Island Council

# *King Island Airlines*

## **Passenger and Freight Services**

Daily flights to King Island  
from Moorabbin Airport.

### **FLIGHT SCHEDULE**

	Flight No	Depart Moorabbin	Arrive King Island	Flight No.	Depart King Island	Arrive Moorabbin
Mon - Fri	710	7.30 am	8.30 am	711	9.00 am	10.00 am
Mon - Fri	714	3.30 pm	4.30 pm	715	5.00 pm	6.00 pm

Saturday	710	7.30 am	8.30 am	711	9.00 am	10.00 am
Sunday	714	3.30 pm	4.30 pm	715	5.00 pm	6.00 pm

FOR RESERVATIONS

## **King Island Airlines**

PHONE : (03) 9580 3777

FAX : (03) 9580 7361

## Submission from King Island Council

sent by: King Island Airlines, 08 8300 0001, 1000 00 11100, 1000 00 11100

### GST RETURN PRICES AS OF 4th JULY 2002

	COST	GST rate	GST	CHARGE PAX
<b>NON RES</b>				
ECON	268.18	10%	\$28.82	\$295.00
ADV7 (limited seat availability)	227.27	10%	\$22.73	\$250.00
ECON O/W	134.09	10%	\$13.41	\$147.50
CHILD (3-15yo)	158.18	10%	\$16.82	\$185.00
CHILD O/W (3-15yo)	84.09	10%	\$8.41	\$92.50
<b>RESIDENTS</b>				
RES	195.45	10%	\$19.55	\$215.00
7R	186.30	10%	\$18.64	\$205.00
ORES (one way)	109.09	10%	\$10.91	\$120.00
CR+ (13-15yo)	145.45	10%	\$14.55	\$160.00
CR (3-12yo)	118.18	10%	\$11.82	\$130.00
OCR+ 13-15yo O/W	77.27	10%	\$7.73	\$85.00
OCR 3-12yo O/W	68.18	10%	\$6.82	\$75.00

To qualify for a resident fare, passengers must have lived permanently on King Island for at least 6 months. Return resident fares can only originate from King Island. Flights from Moorabbin must be ORES.

**Advance Purchase Fares should be paid within 48hrs of booking.**

#### ONE WAY RATES FOR EXCESS AND EXTRAS

GOLF CLUBS*	25	10%	\$2.50	\$27.50
SURFBOARDS*	30	10%	\$3.00	\$33.00
BIKES*	30	10%	\$3.00	\$33.00
DOGS - SMALL	25	10%	\$2.50	\$27.50
DOGS - MED	35	10%	\$3.50	\$38.50
CATS	25	10%	\$2.50	\$27.50
DOGS - LGE*	Subject to space availability, price on application.			
EXCESS BGE PER KG; 15kg allowance per adult, 10kg per child, nil per infant	1.14	10%	\$0.11	\$1.25

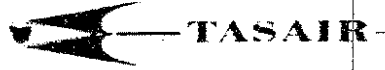
\* Large items and excess baggage will only be carried if space permits.

#### FREIGHT CHARGES

MIN. CHARGE (UPTO 5 KG)	5.68	10%	\$0.57	\$6.25
6KG & OVER (PRICE PER KG)	1.14	10%	\$0.11	\$1.25



Submission from King Island Council



TASAIR FLIGHT SCHEDULE

Devonport / Wynyard to King Island	Flight Number	Depart: Devonport	Depart: Wynyard	Arrive: King Island
Monday to Friday	904	8.00 am	8.30 am	9.20 am
Monday to Friday	906	3.00 pm	3.30 pm	4.20 pm
Saturday	910	<del>7.50 am</del> 8.00 am	<del>8.20 am</del> 8.30 am	<del>9.10 am</del> 9.20 am
Sunday	908	3.00 pm	3.30 pm	4.20 pm

King Island to Wynyard / Devonport	Flight Number	Depart: King Island	Arrive: Wynyard	Arrive: Devonport
Monday to Friday	905	9.55 am	10.45 am	11.15 am
Monday to Friday	907	4.35 pm	5.25 pm	5.55 pm
Saturday	911	<del>9.25 am</del> 9.55 am	<del>10.15 am</del> 10.45 am	<del>10.45 am</del> 11.55 am
Sunday	909	4.35 pm	5.25 pm	5.55 pm

TASAIR FARE SCHEDULE

Fare Type	One Way	Inc GST	Return	Inc GST
CH = Children	\$80.00	\$ 88.00	\$160.00	\$176.00
SD = Student	\$115.00	\$126.50	\$230.00	\$253.00
SP = Senior / Pensioner	\$115.00	\$126.50	\$230.00	\$253.00
A7 = 7Day Apex	\$135.00	\$148.50	\$270.00	\$297.00
CF = Corporate Fare	\$145.00	\$159.50	\$290.00	\$319.00
AD = Full Adult	\$150.00	\$165.00	\$300.00	\$330.00