



Submission to:

Standing Committee on Transport and Regional  
Services

**Inquiry into commercial regional aviation  
services in Australia and Transport links to  
major populated Islands.**

## **Executive Summary.**

Changes over the past two decades have resulted in a significant reduction in the availability of air services throughout regional NSW.

Currently, many regional centres that were previously serviced by commercial carriers no longer have an air service available. In addition, many regional centres that still have a commercial air service available now have only one carrier providing a service, and frequently the service is both expensive and inconvenient.

The Association believes there are a range of measures available to Governments to assist in the development of better commercial air services in regional Australia.

These include;

- Governments reviewing a variety of fees and charges to ensure that small commercial providers are not significantly disadvantaged,
- Governments ensuring small commercial air service providers have ready access to facilities and slots at major Australian airports, and
- Governments assuming greater responsibility for infrastructure costs at regional airports as part of a community service obligation.

In addition, the Association believes that there is a need for the Commonwealth Government to seriously investigate the potential implementation of a levy on commercial air services as a mechanism to generate funds to underwrite the provision of air services to regional Australia.

## **1.0 NSW Farmers' Association.**

The NSW Farmers' Association welcomes the opportunity to provide a submission on the adequacy of commercial air services in rural and regional Australia.

New South Wales Farmers' Association is a voluntary organisation that represents the interests of farmers in New South Wales. The Association and its precursor organisations have sought to exert influence on behalf of farmer members with Governments, bureaucracies and the wider community for over 100 years.

The Association's 14,000 members are involved in a wide variety of agricultural enterprises, including both broadacre and intensive farming, as well as industries such as horticulture and aquaculture. In addition, the Association has close ties with commodity specific farm organisations including the dairy, cotton and rice industries.

Policy of the Association is initiated with the Association's 400 branches that are located throughout the State. Members come together to discuss issues at local and district meetings, and to generate matters for consideration by the Association at quarterly Executive Council meetings, or to be debated at the Association's Annual Conference, which is attended by over 400 delegates each July.

New South Wales Farmers' Association is a foundation member of the National Farmers Federation, the peak national body representing the interests of Australia's farmers. The Association is also a member of national councils that deal with commodity-specific issues in the grain, cattle, wool, sheepmeats, pork, poultry, horticulture and goat industries.

With a Head Office based in Sydney, the Association employs a staff of approximately sixty people. These include Regional Managers who are located throughout country NSW, and Policy and Administration staff who are located in Sydney. Staff represent, advise and service members interests in a variety of ways ranging from the preparation of submissions to lobbying Parliamentarians and representing members in industrial tribunals.

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

The last two decades have seen some significant changes in the provision of commercial airline services in regional Australia. The deregulation of the commercial airline sector has seen the emergence and subsequent decline of a number of operators. As a consequence, centres in regional NSW that are currently serviced by a commercial airline often have only one provider available. In addition, centres that have, at different times over the years had a commercial airline service available no longer do.

Centres no longer serviced by commercial air services include Cooma, Inverell, Deniliquin, Walgett, Cobar, Coonabarabran, Gunnedah, Taree, Bega, Cootamundra, Bourke, Scone, Hay and Mudgee. This list is probably not exhaustive.

The following table provides a broad overview of the centres in NSW that are currently serviced by commercial airlines. It highlights the lack of competition that exists in servicing the majority of centres in regional NSW.

**Table 1: Centres in NSW currently serviced by commercial airlines.**

Centre	No. carriers	Virgin Blue	Qantas	Rex
Albury	2			
Armidale	1			
Ballina	2			
Bathurst	1			
Broken Hill	1			
Coffs Harbour	2			
Dubbo	2			
Grafton	1			
Griffith	1			
Lismore	1			
Narrandera	1			
Narrabri	1			
Mildura	2			
Moree	1			
Merimbula	1			
Moruya	1			
Orange	1			
Parkes	1			
Port Macquarie	1			
Tamworth	1			
Wagga Wagga	2			

The consequences of these changes are significant for farmers, regional businesses and regional communities. These include;

- increased isolation of these communities due to lack of access to air travel – combined with a decline in the standards of road and rail infrastructure and services,
- increased costs for businesses (including farmers) in these areas due to the added difficulty associated with interactions with professional service providers and Government departments. It must be noted that these same communities are also one that have poorest access to electronic communications.
- increased difficulty in attracting skilled professionals to jobs in regional areas. Lack of a regular, reliable air service is seen as a significant disincentive to relocation away from coastal and metropolitan areas.
- increased difficulties in accessing skilled technical support in areas such as computers and computerised control systems – an increasing feature of farm businesses.
- a loss of opportunities for the development of industries such as tourism. The lack of regular air services makes visits to regional areas both more expensive and less convenient, meaning these areas are deleted from travel itineraries.
- even where commercial air services are available but only via a single carrier, there seems to be an increasing tendency for the service to be provided in the middle of the day, when other high-volume inter-metropolitan services are in less demand. The consequence of such arrangements is that personnel coming to that centre for a short-term purpose need to set aside 3 days for the trip, rather than being able to complete it in a single day.
- while objective data has not been collected, it is clear that for most routes that are serviced by a single carrier, the cost of air travel via that carrier has increased dramatically.
- for many centres, the nearest access to a commercial air service may now entail a two to four hour drive, adding to the cost of travel, but also increasing the risk of road accidents etc.

All these factors in combination with other changes in regional Australia have made it increasingly difficult for regional centres to maintain a viable population base, and to retain young people within those communities.

### **3.0 Policies and measures required to assist in the development of regional air services.**

NSW Farmers' Association has participated in a range of different forums and Task Forces to try and overcome some of these difficulties. These include;

- The NSW Legislative Council Standing Committee on State Development inquiry into rural and regional air services in NSW (1998).
- A report by the Tourism Task Force into aviation access for NSW Regional communities in 1999
- The NSW Regional Airlines Summit Working Group, which reported to the NSW Government in July, 2001, and provided a submission to the Australian Transport Councils working group review of costs impacting on small regional airlines.

Each of the various initiatives that NSW Farmers' Association has been involved in over recent years has made a number of recommendations about ways to enhance the development of regional airline services. The recommendations range from changes to slot management and charges at Kingsford-Smith Airport, through to Government assuming responsibility for some of the costs of infrastructure associated with regional air services.

Current Association policy in relation to regional air services is as follows;

#### **REGIONAL AIR SERVICES**

- 01 Oct EC      That the Association calls on both the Government and Opposition to urgently review areas where government policy, regulation or practice imposes an unfair cost burden or barrier to entry on small regional airline operators and act to remove or reduce that burden.
- 00 May GC      That the Association vigorously pursue a policy that includes the right of regional airlines to operate to and from Sydney Kingsford Smith Airport on an economic basis.

The Association seeks that:

- (a) The intrastate airline industry should be deregulated.
  - (b) Deregulation should go hand in hand with the review and overhaul of regulation and air traffic management and rescheduling at Kingsford Smith Airport.
- 96 Feb GC      That the NSW Farmers' Association request that the Federal Government:
- (a) as a community service obligation, provide further assistance to regional communities in the form of funds for major repairs and maintenance projects to selected regional airports, such as resealing runways which is beyond the means of smaller communities and the aviation industry; and

- 94 Oct GC
- (b) abolish peak period surcharges and give regional airlines equal priority access to Kingsford Smith Airport; and
  - (c) not apply any new airport tax, such as the proposed noise abatement tax, to regional commuter flights.

While a number of these initiatives would, if fully implemented, assist the viability of smaller regional airline companies, it is becoming apparent that these measures alone may not be sufficient to retain even the current level of service.

The Association believes that the availability of regional air services needs to be considered from the context of the broader community interest (both urban and regional). As population pressures continue to increase in coastal and major metropolitan areas, the question of what is needed to foster increased population growth in inland Australia becomes increasingly significant. Whilst population growth is of necessity driven by economic opportunity, the availability of appropriate levels of commercial and Government services and infrastructure are key elements in ensuring that economic opportunity in regional areas is able to be utilised to advantage.

Just as Governments justify substantial subsidisation of urban public transport systems on the basis of the spillover benefits the greater use of public transport generates, so there is a need to consider the case for Government subsidisation of commercial air services in regional Australia.

Mechanisms, such as the "Ansett tax" could generate revenue that would allow Government underwriting of a minimum level of service to regional areas, which would assist in making smaller commercial air services viable, and affordable. This would, in turn, generate additional benefits in the form of lower costs for regional businesses, less isolation for regional communities, and greater attractiveness of these communities to tourists and new residents.

The Association believes the point has now been reached where such a proposal requires serious consideration. The alternative may well be that vast areas of Australia no longer have access to commercial air services, a situation that would have significant long-term negative consequences.

## **APPENDIX 1.**

### **Terms of reference**

- 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-operator 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.