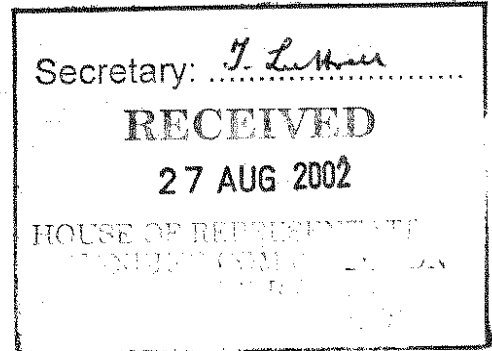


AP 7.7 (12074.02)

27 August 2002

The Chair
Standing Committee on Transport and Regional Services
Parliament House
Canberra ACT 2600



ATTENTION: IAN DUNDAS

Dear Sir

YOUR REF: INQUIRY INTO COMMERCIAL REGIONAL AVIATION SERVICES IN AUSTRALIA AND TRANSPORT LINKS TO MAJOR POPULATED ISLANDS

I refer to your letter dated 5 July 2002 from the Hon John Anderson MP, Minister for Transport and Regional Services, requesting submissions from organisations and people to the House of Representatives Standing Committee on Transport and Regional Services inquiry into commercial regional aviation services in Australia and alternative transport links to major populated islands.

Council is pleased to have the opportunity to submit to the Committee, Council's views on the issues listed under the Terms of Reference.

A National Aviation policy should be developed coordinating the needs and interests of the three levels of government, commercial organisations, the regulatory authorities, Defence and recreational activities.

There should be Regulated Markets below 250,000 passengers per annum

- Ports with 0 – 75,000 passengers per annum be restricted to one RPT Operator. The Airline Operator would be required to submit schedule, air fares and type of aircraft for consideration by the Airport owner and Regulatory Authorities for a five-year period to gain exclusive access to the Port.
- Ports with 75,001 – 250,000 passengers per annum be restricted to two RPT Operators. The Airline Operators would be required to submit schedule, air fares and type of aircraft for consideration by the Airport owner and Regulatory Authorities for a five-year period to gain exclusive access to the Port.
- Ports with 250,001 or more passengers per annum would be Unrestricted Ports subject only to Regulatory Approval.

Airport Owners should have more control over which airlines operate at their aerodromes. A standard "Conditions of Use" agreement should be signed by airlines before access to operate is granted.

"Conditions of Use" agreement to include but not be restricted to:

- Landing fees
- Facilities to be provided by Airport Owner
- Scheduled flights timetable
- Air fare structure
- Bank Guarantee for Payment of landing fees
- Aircraft type to be provided by airline operator
- Agreed auditing methods to account for passenger throughput
- Appropriate level of Insurance cover

Incentives for regional airline operators to be considered:

- Provision for tax incentives to upgrade aircraft to turbine engine aircraft
- Direct subsidies to regional airline operators to defray the cost of air fares
- Reduction in compliance costs associated with air safety regulation
- Reduction in landing fees by Airport Owners could be offset by an increase in Federal Assistance Grants to Local Government (This would be a tied grant specifically for the maintenance and capital improvements to country and regional airports)

A Review of the proposed airline insurance obligations (carriers liability provisions extended to domestic passengers) should be conducted to ensure this proposal is necessary.

No increase in the fuel excise to fund the Civil Aviation Safety Authority's anticipated shortfall in operating revenue due to the Ansett Airlines collapse.

Retain some of the funds from the sale of SACL to provide for the upgrade of security measures at country and regional airports. If the cost of providing these measures (DOTARS have not announced if there will be any change to the existing legislation) were to be funded by either the airport owners or the regional airlines, the cost of airfares would increase to the point, which would inhibit passenger travel and indirectly regional development.

Airservices Australia should be requested to conduct an extensive survey to determine what regional air traveller's want and what they are prepared to accept.

The Federal Government review the Airport Demand Management Bill to ensure that the legislation to protect regional slots at Sydney's Kingsford Smith Airport (KSA) will not be compromised due to the upheaval in the aviation industry at this time. i.e. allocated peak period slots which may be unused for more than 20% of the days in a slot season, can be returned to the regional slot pool and if not utilised by regional airlines during the corresponding slot season in the following year, may be lost permanently from the total allocation of slots to the regional slot pool for regional airlines.

By encouraging hub and spoke operations to regional centres so that passengers can change aircraft to use larger aircraft to maximise KSA capacity will require some regional centres to upgrade their runway and taxiway pavements, aprons and Terminals. Local government may not have the funds to provide these infrastructure improvements and may require assistance from the Federal Government. The funding from the Aerodrome Local Ownership Plan (ALOP) has long been expended.

Council is requesting the Federal Government to consider the funding of these proposals under a Community Service Obligation scheme to ensure that country and regional centres have access to air services commensurate to their present and future needs.

Regional air services are a significant community asset, which play a crucial role in sustainability of regional communities. These air services are critical to support and encourage the ongoing regional development by allowing access to and from other centres for tourism, medical, legal, government and commercial activities.

Council has commented on some of the issues raised in the Terms of Reference as they relate to Dubbo City Airport and the communities surrounding Dubbo. Council also recognises that the matter is complex with many competing issues to be considered.

Submitted for your consideration.

Yours faithfully

Clr. Allan Smith
Mayor