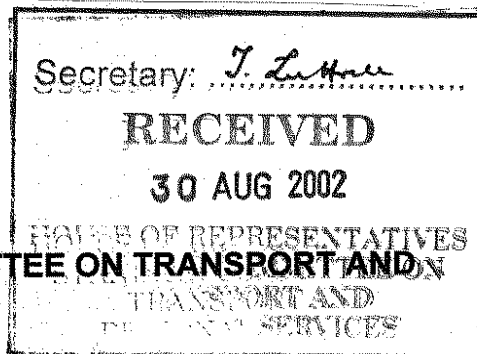


578

SUBMISSION TO
HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES

BY SNOWY RIVER SHIRE COUNCIL

AUGUST 2002



Introduction

This submission concentrates on aspects relating to air services to the Snowy Mountains Region of Southeast NSW incorporating the Snowy Mountains Airport (Cooma).

Terms of Reference.

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

Air services throughout Australia have undergone tumultuous change coincidental to the air services around the world following a number of well documented events and associated insurance implications. The impact has not been beneficial to the Snowy Mountains Region having placed air services to this region in jeopardy.

The Snowy Mountains Airport is owned and managed by the Snowy River Shire Council.

The current flight schedules to this Region are based on approximately 29 flights per week during the busy snow season (June long weekend to October long weekend) and two flights per day the rest of the year (one early morning and one evening flight).

In brief, Impulse Airlines Pty Ltd. successfully tendered for the rights to service the Snowy Mountains Regional Airport and as a result of the impact of the airline industry turmoil ceased servicing this Region in its own right following the initial leasing of aircraft and eventual sale of the company to Qantas. Qantas via Qantaslink continued to service the flight schedule of two flights per day into this Regional Airport using Impulse identified aircraft.

Discussions with Qantas resulted in Horizon Airlines beginning air services to this Region in late July 2002 and continue to the present. Qantas openly stated that it was never their intention to continue to service this Sydney – Snowy Mountains route due to its objective of becoming the major domestic air market share holder in Australia.

This service is now in jeopardy for the following reasons:

- Cut price airfares operating on the lucrative and populous eastern seaboard. This has resulted in previous customers of the Snowy Mountains Airport driving extra hours to fly from a location operating with cheap airfares. (in this case Canberra)

- The increase cost of operating small airlines servicing the rural and regional airports, and
- The increasing reluctance of people to fly in small aircraft e.g. no flight attendant and no toilet facilities.

The Current air services to the Snowy Mountains Airport are adequate but do not have a high degree of ongoing certainty.

2) Policies and measures required to assist in the development of regional air services

The current policy and attitude of the Federal Government to the plight of regional and rural communities regarding air services can be summed up by the following statements to this Council in correspondence from the Office of the Deputy Prime Minister and Minister for Transport and Regional Services, 12 March 2002:

“The Federal Government understands the concerns of the people in regional communities about the need for safe, reliable and sustainable air services. However, the provision of air services is a matter for the market to deliver where there is sufficient support from the community.”

“Where communities consider services are essential then this is a matter for State Governments as it relates to intra-state trade.”

The current policy and attitude of the State Government can be gauged by the NSW Parliamentary Secretary for Transport statements to this Council in correspondence received 21 March 2002:

“The post September 2001 reality in the NSW regional airline industry is that the Ansett subsidiaries struggle to rebuild. Only one small operator (Air Link) remains.”

The letter further states: “While the NSW Government is doing its best to assist regional airline operations, there is a limit to what can be achieved. The whole aviation issue is for the Federal Government to resolve.”

The inference that can be drawn from these statements is that there appears to be a divisive approach by the Federal and State Governments to regional and rural communities regarding air services.

Therefore, it would be greatly appreciated by rural and regional communities who continue to rely on air services for their current and future economic survival, that a policy of cooperative Federal/State approaches to ensure ongoing reliable and regular air services is implemented as a matter of high priority.

This policy may include the necessity to subsidise regional routes on a formulae based “break even” foundation to encourage existing and new entrants into the smaller end of the market.

3) The role of all three levels of Government in supporting and assisting the development of regional air services.

There are other Councils, like ours, that own and manage country airports on behalf of the local community for the greater benefit of the wider community. The costs of managing these essential facilities continues to rise due to influences both within and external to the industry.

The cost of managing the Snowy Mountains Airport in light of the previously stated realities has reached a level where it is questionable as to whether this Council can continue. In view of this situation Council commissioned an independent public consultation process and report on the future options for this airport.

A copy of that report is available upon request should the Standing Committee feel that it may assist their Inquiry.

Should Council continue to incur losses on behalf of the community owned asset, it will consider implementing whatever options are feasible to lessen the financial, risk management and maintenance burden.

The Standing Committee may wish to seriously consider providing financial assistance to Councils for managing these important and necessary facilities to lessen the burden on the community. Alternatively, the establishment of an independent Regional Body to administer and manage Regional airports could be a way forward to ensuring ongoing sustainable air services to Regional and Rural communities.

Should the Standing Committee wish further information please contact the author of this submission.

Ross McKinney
General Manager
Snowy River Shire Council
30 August 2002