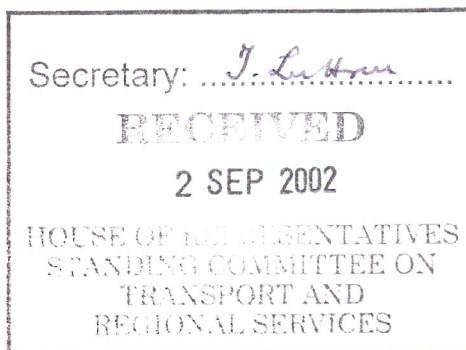


SUBMISSION NO. 108

KW 510/02

21 August 2002

Committee Secretary
House of Representatives
Standing Committee on Transport and Regional Services
Parliament House
CANBERRA ACT 2600



Emailed 30/8/2002

Dear Sir/Madam

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

Over 200 airports are owned and operated by Local Government. They are the major component of infrastructure required for the provision of aviation services to regional and rural Australia and are often critical for the social and economic development of local and regional communities.

The collapse of Ansett has led to a reduction of regular aviation services to regional and rural Australia and a direct loss of approximately \$10 million in revenue arising from unpaid airport charges to Local Government. The reduction in aviation services to regional and rural Australia has resulted in:-

- Increased isolation of communities; and
- Diminished viability of many Local Government operated aerodromes/airports across Australia which may see the closure of some aviation support facilities.

It is not the intention of the Australian Local Government Association to address each of the Terms of Reference of the Inquiry, rather to outline the broader issues regarding the provision of air services affecting Local Government. There are many specific issues regarding the upkeep and maintenance of aerodromes and the importance of air services to the sustainable development of regional and remote communities. These issues are raised in individual submissions by Local Government.

1. The provision of aviation services to regional and remote Australia

In remote and regional communities, basic services such as public transport and delivery of fresh food, medical supplies, mail, educational materials, and urgent supplies rely on the use of airport infrastructure. Airports gain further importance as entry gates to regions for business and industries that support and encourage ongoing regional and economic development.

ALGA seeks the introduction of a universal service plan by the Federal Government, to ensure that all Australians, regular aviation services are provided to regional and remote communities at a reasonable cost. Such a plan would enable aviation providers to tender and compete for provision of services to regional and rural areas. The universal service plan would enable the Federal Government to ensure that all Australians, regardless of where they live and work, have reasonable access to affordable aviation transportation.¹

Cross-subsidised pricing structures in effect produce a community service obligation (CSO) ensuring remote Australians are not disadvantaged compared to their counterparts in more populated regions of the nation. In the deregulation of telecommunications, the government took steps to ensure that remote Australians were not disadvantaged.²

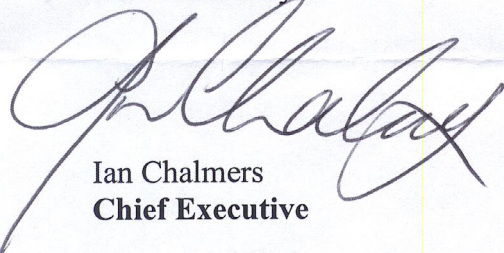
2. Ongoing costs of maintenance

Local Government continues to play a major role in ensuring that regular aviation services are provided to regional and rural communities. However, there is concern with the ongoing cost of aerodromes, including maintenance and any possible liability claims that may be made. In some areas, the air services provided are critical to the livelihood of the community, who have the expectation of regular, safe and affordable aviation services. It would appear that funds provided under the ALOP scheme at the time of transfer from FAC to Local Government are not sustainable in the long term. Where there is a deficit of operating an aerodrome, it is most likely to be borne by the local community, which raises an equity issue for access to services by members of that community.

ALGA seeks clarification on and encourages the linkages between the aviation industry and policy and the Federal Government's regional policy to support the ongoing sustainability of regional and remote Australia.

We thank you for the opportunity to make a submission to this inquiry.

Yours sincerely



Ian Chalmers
Chief Executive

¹ ALGA, *Australian Local Government Association Federal Budget Submission 2001-2002*, ALGA, 2002, 9

² Snowden, Warren, *Public Infrastructure and Remote Australia: A Social Justice Agenda for Labour*, MHR, 1994, 12