

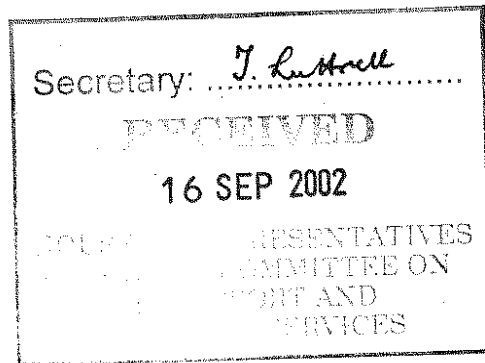


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Regional Aviation

September 2002

Submission to the House of Representatives review

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1. Introduction

The National Farmers' Federation is concerned with the state of regional air services. These services are vital to the ongoing survival and prosperity of many regional communities and farm businesses. This submission outlines the importance of regional aviation to the farming community, recent concerns about declining air services and possible solutions to these problems.

Regional air services are vital to farmers for both economic and social reasons. While farmers export most of their production by sea, air exports form an important and increasing part of Australia's farm-related exports, reaching over \$3bn in 2001-02. Air travel is also vital to ensure social cohesion, access to service, and the ongoing viability of rural communities.

However, it is becoming increasingly difficult for farmers and rural communities to access aviation services. Flights are becoming more expensive, less frequent and less convenient. This has been caused by the collapse of Ansett, increasing costs, as well as fundamental market structure problems. The NFF supports measures to alleviate or remove these problems.

Some suggestions outlined in this submission include:

- Reviewing airline costs, particularly costs that impact disproportionately on regional aviation;
- Reduction or removal of excessive taxes and charges, particularly the Ansett levy, with remaining charges to be levied equitably;
- Examination of measures to prevent anti-competitive conduct in the aviation market;
- Promoting changes to the market structure of the aviation market to promote competition, including:
 - freeing up access to air terminals, reservation systems, and connecting flights;
 - removing cabotage and other restrictions on international flights; and
 - examining the potential for exclusive licensing to address natural monopoly aspects of regional aviation.
- Ensuring regional flights maintain access to hubs, particularly Sydney airport; and
- examining whether government subsidies of regional aviation are required.

The NFF trusts that this inquiry will provide valuable recommendations to support regional aviation so that regional Australia can grow and prosper.

2. The Importance of Farming to Australia

- Farming is a vital part of Australia's economy and society:
- While rural production makes up around 3 percent of Australia's GDP¹, it provides around 21 per cent (\$34.0bn) of our goods and services exports².
- Many rural communities depend upon agriculture for their prosperity. Agriculture contributes more than 30 per cent of employment in 66 per cent of small non-coastal towns³.
- Farmers are vital custodians of the land, with agricultural activities covering 60% of the Australian landmass⁴.
- Agriculture is one of the largest employers in Australia, providing around 320,000 jobs – a level which has actually increased in the past five years, even with substantial improvements in productivity over this timeframe⁵.
- Agricultural productivity increased by 3.3 per cent per year between 1988 and 2000, well above the average of 1.2 per cent and the second highest in the market sector (after communications)⁶.
 - This fact in particular should dispel the myth that the agricultural sector is 'old economy'. Farmers have been adopting new technologies and improving practices with fervour.
- Agriculture also represents a significant input into many other industries, particularly the food processing industry, which had a turnover of \$51.2 bn and a value added of \$14.2 bn in 1999-2000. Food processing is the largest industry subdivision of total manufacturing, both by value added and by employment. It also provides over \$11 bn of exports⁷.

1. Source: ABS, *Agriculture* (Cat no 7113.0), table 1.3

2. Source: ABARE, *Australian Commodities*, table 5

3. Agriculture contributes more than half of total employment in 28 per cent of small non-coastal towns.
Source: ABARE, *Country Australia*, p38

4. Source: ABS, *Agriculture* (Cat no 7113.0), table 5.1

5. Source: ABS, *Agriculture* (Cat no 7113.0), table 1.4, which also shows non-owner employment increased by over 6,000 between 1996 and 2000.

6. Source: OECD, *Economic Surveys – Australia 2000-01*, p82

7. Source: ABS, *Manufacturing Industry, Australia*, (Cat no 8221.0)

3. The importance of aviation

3.1 The importance of aviation to exports

While most of Australia's farm exports travel through other transport modes, there is an increasing reliance on air for export of particular (often high value added) products. The top 25 agriculture-related exports by air are listed at Attachment A. Out of a total \$75.5bn of agriculture-related exports (including manufactured food), 4.1% is exported by air – or \$3bn. From Attachment A (unless otherwise specified):

- Almost all of Australia's exports of pork to Singapore go by air⁸ and 53% of our total pork exports go by air – \$323m out of \$609m.
- The cut flower export market is now worth \$76.9 million a year and is headed for further growth. Flower producers rely heavily on airfreight because of the highly perishable nature of the product. Nearly 90% of the product is exported by air.
- The horticultural industry is making real inroads into Asian and Middle Eastern markets and a lot of product goes by air – for example \$58m of cabbages & cauliflower; and \$53m of apricots, cherries, peaches, nectarines & plums.
- The majority of live seafood exports travel by air – for example, the value of molluscs exported by air was \$203m in 2001-02, or 54% of total mollusc exports.

It is probable that further exports would be carried by air if restrictions and costs were reduced or removed.

3.2 The importance of regional aviation

Lack of reasonable frequency of service and cost imposes a burden on rural communities that is not imposed on their city counterparts. City residents and businesses usually have alternative transport modes or alternative airlines that they can use; many rural communities do not.

Farmers, many of which are small business, depend for their livelihood on their contact with markets and suppliers. Given the state of telecommunication services, farm businesses have a greater reliance on land and air transport to be able to deal with their customers. Like other business travellers, farmers are likely to be relatively price insensitive and therefore the most significant problem is lack of flights and poor interconnections with trunk and international flights⁹. Farm business travellers also need to be able to maximise the time spent face to face with customers and suppliers and minimise travelling times, and hence are vocal in support of their access to major airports. Given the important role of most capital cities as financial and industry centres, it is critical that farm businesses are not hampered from accessing these marketplaces.

Many services in the wider regional communities use air services such as the provision of medical, postal and freight services. Limits on these services have a direct impact on the standard of living of rural Australians. Interest in rural tourism has increased in recent years and can be an important component of supplementing incomes in regional centres. There is potential for growth in demand in this market should tourism and family travel on regional air services become more affordable.

Aviation also provides services directly to farming, particularly through crop dusting. However, these services are outside this Inquiry's terms of reference.

8. Source: Australian Pork Limited, unpublished data.

9. However, we understand that a significant number of air passengers are price sensitive.

4. Concerns over regional aviation

While regional air services were never plentiful, many regional centres have recently lost air services, particularly because of the collapse of Ansett and its subsidiaries. Ansett's collapse was especially felt on regional routes, where there was already a distinct lack of competition. This problem has been exacerbated by inappropriate government policy, including the management of landing slots, terminals, fees and charges. These concerns are discussed further below.

The NFF is concerned that there has been anti-competitive conduct in the airline market, particularly in the aftermath of Ansett's collapse. Some concerns include:

- In the months immediately following the grounding of Hazelton and Kendall, the number of discounted fares available on regional routes was reduced and the 'full fare' increased. On 14 September, *The Australian* indicated that discount fares have increased by 15% since Ansett collapsed.
- Schedule changes have been used to progressively reduce the level of service to a regional centre. The New South Wales Farmers' Association has questioned whether recent actions by Qantas are in line with the undertakings given to the Commission when Impulse was acquired. In altering the schedule to make a day return business trip from Inverell to Sydney – or vice versa – impractical, the Association has argued that they are not offering a service "equal or better than the service provided by either Qantas or Impulse as at 1 May 2000".
- The timetable for flights to Roma in Queensland has recently been changed to be much less convenient and three flights per week have been cancelled (see [Attachment B](#)).
- Port Lincoln, Ceduna, Cleve and Widunna had access to air services previously, but are now battling to retain those services.

More generally, while most Ansett subsidiaries are now operating again, they now have:

- reduced network coverage;
- reduced frequency; and
- less convenient linkages with trunk and international flights.

4.1 Airline costs

The committee would no doubt be aware that many costs have been imposed or increased on airlines in the past couple of years. Regional airlines have not escaped all of these cost increases. Some costs on aviation include:

- Ansett Ticket Levy – \$10 (discussed in detail below).
- Terrorism Insurance Levy – \$2.50 to \$6.50¹⁰.
- Sydney Noise Levy – \$3.58 to \$3.74¹⁰.
- The GST, which provided limited cost reduction benefits to airlines, particularly because aeroplanes are imported (hence did not benefit from the removal of embedded taxes).
- New company tax rules (particularly removal of the balancing charge rollover) that increased costs of fleet upgrading.
- A lower Australian dollar, increasing import costs.
- Increased fuel costs.

10. Source: Sydney Morning Herald, 25 October 2001, *Air fares soar as extra taxes take hold*

- Increased air safety regulations. While all airlines (and the NFF) acknowledge the prime importance of safety, many operators consider that recent regulations are overly bureaucratic, poorly administered, procedurally unfair, inefficient and unacceptably subjective¹¹.
- Increased Airservices Australia navigation charges (increased by 5.1% in July).
- Increased airport fees and charges.
 - There has been much reporting about steep increases in airport charges, particularly at Sydney airport in the aftermath of its privatisation. While there are potential efficiency benefits from airports being run privately, the NFF notes that there can be profound difficulties with natural monopolies (such as airports) being transferred to private hands.
 - At regional airports, we understand that an important contributor to increased airport fees is steep increases in local government fees.
- Higher insurance costs. The increase in insurance costs has not missed the aviation industry; and most carriers have passed these costs on through insurance levies.
- Increased costs of access to airline reservation systems¹².

4.1.1 *The impact of costs on regional aviation*

Some of these taxes and regulations, particularly the Ansett levy, are imposed at a flat rate per flight, with no regard for the length or class of the flight. Others have a minimum dollar figure, such as Airservices Australia charges at Sydney Airport (\$20 minimum). So a passenger flying from Orange to Sydney on a discount economy ticket could have the same charges imposed as another passenger flying from Perth to Sydney on business class – which hardly appears equitable. In addition, these charges can also act as barriers to entry and impede a smaller operator's ability to compete against the large operators.

4.1.2 *The costs and profitability of air transport*

The net impact of these increasing costs is that air transport (particularly to regions) has higher costs and lower profitability than other comparable industries.

A recently released report by the Bureau of Transport and Regional Economics (Information Sheet 19, *Freight Rates in Australia*, 2002) shows that there have been very large falls in road and rail freight costs over the past 35 years; however, air freight rates have “been making some fairly wide swings around a basically flat trend”.

A report to the NSW Air Transport Summit has indicated that large regional airlines are less profitable than national airlines, with small regionals even less profitable (making a loss on average). The report is at [Attachment E](#).

4.1.3 *Ansett levy*

The Federal Government imposed a \$10 levy on most air flights to pay for Ansett workers' entitlements. While small regional airlines were exempted from the levy, regional flights with more than 16 seats were not. This would cover many flights made by our members.

Media reports suggest that the levy will be in place for some time yet. The NFF does not support this levy, as it is both inequitable and inefficient:

- As noted above, the levy is imposed at a flat rate, thus it is a heavier burden on shorter (eg regional) and discount flights.

11. Source: NSW Air Transport Summit Working Party submission to the Australian Transport Council's Aviation Working Group review of costs impacting on small regional airlines.

12. Source: *ibid*.

- Most of the passengers on the flights that are subject to the levy do not have the same protection for their own entitlements.
- There is constant start up and failure of businesses in the regional aviation market, and few people seem to care if these small operators go out of business.
- It appears that the levy may raise more money than will be needed to pay to Ansett workers, and it is envisaged that the surplus funds will be used to support the tourism industry. It is quite inefficient to tax the tourism industry in order to support the tourism industry¹³.
- The collective effect of the various taxes may be contributing to some of the poor state of the regional aviation market; and
- It seems unreasonable to put a tax on successful businesses to pay for the problems of a failed business.

4.1.4 *Comment*

It should be clear from the discussion above that the NFF has significant concerns with the level and increase in costs being imposed on airlines. The NFF asks that the committee examine the nature of these costs, and provides recommendations to alleviate the pressure they place on regional air transport. Some changes that the NFF supports include:

- the immediate removal of the Ansett levy;
- reviewing the decision to remove price regulations from major airports;
- reviewing the costs of new regulations (particularly safety regulations);
- ensuring that regulatory charges are efficiently spent; and
- ensuring that taxes and charges are applied equitably to regional flights (not in the regressive manner of several charges currently imposed – see section 4.1.1 above);

13. Economic theory indicates that taxing an industry and then giving the money back to the same industry causes efficiency losses (that is, the industry is made worse off by the arrangement).

5. Competition

The NFF believes that it is vital that airline competition is encouraged and that market power is not abused. Currently, there appears to be a significant lack of competition, particularly in regional markets. For example, the WA government recently released a Regional Airline Strategy, which found that “only Geraldton could clearly sustain competition, but even this route needed some protection to enable cross-subsidisation of services to smaller centres” – see [Attachment C and D](#).

5.1 Market power

It has already been alleged that Qantas and QantasLink have been abusing their market power. As a response to these allegations, the ACCC has undertaken an inquiry into alleged anti-competitive behaviour in the domestic airline industry. On 7 May 2002, the ACCC indicated that it would not pursue the majority of these concerns, but it did commence court proceedings in relation to alleged capacity dumping by Qantas on the Adelaide-Brisbane route. The NFF expects that the ACCC was thorough in its processes leading to this announcement, but we note that confidentiality restrictions mean that we are unable to examine the process.

A well-resourced operator holding a significant market share has the ability to engage in predatory pricing. A large operator is more than capable of lowering prices so that a new entrant or incumbent small operator cannot compete, thus forcing them out of the market.

Of particular concern to rural communities is the potential for an operator with market power to change the structure of regional flights. For example, a regional operator with the majority share of the air traffic to two nearby towns could discount fares to town A (eg Armidale) and increase fares or make flights inconvenient to nearby town B (eg Inverell), thus encouraging people to drive from B to A for flights. The operator could then withdraw flights to town B, citing lack of demand. This could easily be seen as anti-competitive conduct, and there is anecdotal evidence that supports these allegations.

5.2 Guidelines

The NFF has noted that there may be benefit to introducing guidelines over the conduct of domestic aviation market, particularly as the guidelines may discourage anti-competitive conduct and improve certainty for businesses as to which activities may be considered anti-competitive.

Canada currently has legislation that outlines airline industry activities that are considered anti-competitive. Under the Canada Transport Act if a carrier operates at capacity at a fare that does not cover the avoidable cost of providing the service or increases capacity at a fare that does not cover the avoidable cost of operating a service they are considered to be acting in an anti-competitive manner. A similar approach could be taken by the ACCC in order to determine whether discount fares are indeed being used in an anti-competitive manner.

Particular market conduct (eg discounting) may be anti-competitive in some circumstances but unremarkable in others, guidelines should provide a useful indication of the types of actions and the circumstances in which they would be investigated.

- For example, a carrier introducing or increasing the number of discount or low fare seats after, or in preparation for, the commencement of a new low fare carrier on a specific route may be responding appropriately to protect or grow market share. This delivers benefits – what competition is all about – such as more choice, lower fares and making air travel accessible to more people. However, if the incumbent carrier already has a significant market share and the low fares mean cross-subsidising a loss for a sustained period in order to remove the new competitor, this can constitute misuse of market power.

It is also necessary to ensure that larger carriers do not abuse their market power in order to prevent smaller operators from continuing to offer appropriate services or start new ones.

Without adequate sanction, anti-competitive behaviour can result in the permanent withdrawal of air services from a regional community leaving them with no alternative, and scarce landing slots at Sydney airport are permanently transferred to inter-state or international services. Well-structured guidelines may serve to send an appropriate signal discouraging such behaviour.

However, there are concerns about the use of guidelines. If the guidelines are restrictively interpreted and enforced, they could limit ACCC action against anti-competitive conduct, or conversely they may prevent pro-competitive action in other circumstances. In addition the guidelines could offer certainty to the incumbent operators rather than promote competition, if enforcement of the guidelines were weak.

More broadly, attempts to limit anti-competitive behaviour on major inter-state routes should not restrict competition on regional routes. The need for the protection of competition is arguably greater on regional routes than on the lucrative inter-state routes.

6. Market structure & competition

There are fundamental reasons why the airline industry, particularly in Australia, is not competitive. This section examines some of these "market structure" impediments to competition, particularly in regional aviation.

6.1 Access to air terminals

One of the main disadvantages faced by new entrants to the airline industry is a lack of access to airport terminals. It is argued that this is the main reason why Compass collapsed. In addition, Virgin Blue will be hampered in its expansion unless it can gain access to an adequate number of gates, at a competitive rate.

- Currently, only Qantas passengers go to the Qantas terminal; this provides ancillary benefits to Qantas because most if not all of the retail outlets, taxi ranks, bus stops etc are affiliated with the Qantas terminal. This can make it inconvenient for travellers arriving or departing from another terminal.

The NFF is concerned that some of the old Ansett terminals may be provided for exclusive use to a particular airline; it would be better for these terminals to be made open terminals; that is, without access restrictions. An alternative is for terminals that are operated for a particular airline to be available for use by any other airline on appropriate technical and cost recovery terms. However, it is unlikely that this alternative would be acceptable to current airlines.

6.2 Reservation Systems

Airlines can maintain market power by using exclusive distribution channels, particularly travel agents and websites. This is a complex issue, but it is generally best for product distribution channels to be available to all airlines on equal terms (enabling reasonable returns to the distribution channel). On the other hand, there are cases where special treatment of a particular airline is not anti-competitive, particularly if the airline owns the website. The NFF considers that these situations probably should be the exception to the general rule of equal treatment.

The NFF suggests that the Committee should examine distribution channels, and their independence from airlines, to determine whether they are anticompetitive and if so how to address the problems they cause, such as by requiring greater disclosure of true fares.

6.3 Arrangements with regional airlines

As Qantas provides most of the domestic and international air services in Australia, this provides them with significant power to feed passengers to its own regional airline QantasLink, enhancing its market power and preventing other regional airlines competing on a fair playing field. This causes problems for a country such as Australia, which has a small population, concentrated in some cities and otherwise widely dispersed across a sizeable land mass.

Governments and the community are rightly concerned with the whole market, and not just assuring Qantas' continued success as an Australian international airline.

While the combined operation of Qantas and QantasLink provide synergies and economies (such as from coordinated timetables), these are also a source of potential market power. For example, Qantas can ensure that its flights from regional centres connect smoothly with connecting trunk and international flights while competitors cannot.

A response to this could be to force Qantas to divest itself of QantasLink and be required to operate at arm's length from all regional operators. While this could be an approach for a new airline market, this proposal would face a problem in Australia as it would be difficult to 'unscramble the egg' - it would be difficult to separate the two. The debate over the divestiture

(separation) of Telstra has encountered similar concerns. On the other hand, it appears that Qantas is already examining the potential to operate as a number of distinct airlines, within the one group¹⁴.

An alternative is to consider whether Qantas could be required to deal at arm's length from QantasLink. This may also be difficult to implement. Another possibility is making it easier for regional competitors to operate by requiring Qantas to provide them with appropriate information such as flight times and pricing.

6.4 Natural monopoly aspects of regional aviation

Many regional aviation routes are natural monopolies, that is, it is only efficient for one airline to operate on a particular route. If more than one airline operates, they will operate at a loss and/or provide inconvenient flight times. For example, suppose a regional route can support four flights a day. If one airline operates the route, the flight times could be reasonably convenient, with one in the morning, one at lunchtime, one in the afternoon and one in the evening. However, if two airlines operate on the route, they could each provide four flights a day, which would be inefficient, or each would provide two flights a day, which would be less convenient.

This implies that more hands-on regulation is required of these routes. A possible solution to this issue is to introduce exclusive licensing for the right to fly regional routes. As noted in a recent Productivity Commission report into harbour towage¹⁵, exclusive licensing is generally an appropriate means of addressing the problems with natural monopoly. While competition *in* the market is inefficient, competition can be introduced *for* the market. Airline operators bid for the right to operate a particular route, and the government provides the licence to the airline that will provide flights at lowest cost/highest quality (or will accept the lowest government subsidy, if appropriate). The airline then has exclusive rights to fly on that route for a specified period.

The NFF generally supports exclusive licensing to address the natural monopoly aspects of harbour towage, and we suggest that this option be explored further for air routes that are natural monopolies.

It should be noted that there are costs to exclusive licensing, particularly the costs of putting out a tender, and the inability of licensing to be flexible to changing market circumstances. However, the NFF considers that the issue of encouraging competition on regional routes must be addressed, and exclusive licensing offers a good solution.

6.5 Restrictions on international and overseas airlines

Many anti-competitive restrictions still apply to international aviation, particularly the requirement for bilateral agreements. While not immediately relevant to regional aviation, these restrictions imply smaller feeder traffic to regional flights, indirectly support poor market structure in regional aviation, and harm air exports from regional areas. Most, if not all, of these anti-competitive restrictions are:

- anachronistic, because they date from another era and have not been liberalised;
- inefficient, because they support monopolies and deter efficient competition;
- inequitable as they hurt consumers and small airlines while protecting large airlines; and
- inconsistent with the reform and liberalisation processes being undertaken in other markets (such as the removal of many domestic marketing monopolies).

14. Source: BRW, *The Dixon line*, 29 August 2002.

15. Productivity Commission, *Economic Regulation of Harbour Towage and Related Services: Position Paper*, June 2002.

6.5.1 *Cabotage*

Another particular restriction is on cabotage. Cabotage is not permitted for air passenger travel, which means that only Australian flag carriers are able to carry passengers travelling on domestic routes. As a result, international flights can travel between major cities with many empty seats, which is clearly inefficient. This is particularly problematic at Sydney where there is a great deal of congestion. The NFF supports the removal of cabotage restrictions, including for air passenger transport. While this would help trunk route travel initially, regions could also benefit in the longer term. For example, international flights could go directly to regional centres that are destinations in their own right and have lower landing charges, such as Darwin, Broome, Townsville and Cairns.

7. Landing slots

The New South Wales Farmers' Association has been particularly concerned over problems with the allocation of slots for Sydney's Kingsford Smith airport. The NFF trusts that access to Sydney Airport slots will be maintained for regional service providers, particularly during peak periods. The prospect of being forced to use Bankstown Airport is unacceptable to regional communities. It has been calculated that the additional travel costs for regional people travelling to Sydney CBD from Bankstown Airport are \$45m per year¹⁶.

There may be greater scope for increasing competition for landing slots, within the parameters of maintaining regional landing slots. Instead of bureaucratically allocating slots, they could be allocated through a market mechanism, with airlines bidding for the right to operate a flight at a particular time. The NFF would appreciate the Committee exploring the costs and benefits of moving towards a market allocation for non-regional slots.

Landing slots are less of a concern at airports other than Kingsford Smith, but continual growth in the demand for air transport means that congestion will increasingly become an issue at these other airports. Again, regional communities will be very concerned if these capacity constraints mean a shifting of flights to inconvenient times or to inconvenient alternative airports.

16. Source: NSW Air Transport Summit Working Party submission to the Australian Transport Council's Aviation Working Group review of costs impacting on small regional airlines.

8. Greater government intervention

All of the above suggestions are largely designed to enhance competition. The Committee may also wish to consider whether there is a need for more interventionist policies; specifically whether the Commonwealth government should pay for the provision of air services to particular regional areas. This could operate in conjunction with exclusive licensing (outlined above), with the tendering process for exclusive licences ensuring that the air service is provided at the lowest cost to the government.

It appears that the Commonwealth has never regularly funded particular airline routes; some funding was provided in the aftermath of Ansett's first collapse. The Queensland government funds airlines to fly certain routes and the ACT government funded Hazleton to fly to Canberra until recently. The Committee could bear in mind that the need for these measures may be reduced if other pro-competitive policies are implemented; and it could be argued that this issue may be best addressed at a state level. However, it should be noted that the government has implemented important community service obligations (CSO) on other services that are vital to regional Australia, particularly telecommunications and postage. It is not clear why another important service, regional aviation, should not also have CSOs applied.

9. Conclusion

Regional aviation is very important to farmers and the communities that they live in. These services have been cut back in recent years, particularly following the collapse of Ansett and its subsidiaries. Communities are disappointed and dispirited by the lack of service, increases in costs and policy failures.

It is an opportune time to make policy advances in addressing regional airline services. In particular, it is time that a longer term structural policy approach is taken to regional airline services in Australia, rather than leaving these services at the mercy of carriers that are more focussed on their international and national businesses.

The NFF has identified a number of regulatory reforms that could improve the cost, frequency, convenience and quality of regional aviation. These include the removal of cabotage, addressing the links between Qantas and regional operators, introducing market conduct guidelines, and addressing the natural monopoly aspects of regional aviation.

The NFF looks forward to the Committee examining these proposals and providing valuable recommendations about how to ensure that regional communities can obtain the transport services they need and deserve.

Attachment A – Farm exports by air

Top 25 Agriculture-Related Exports by Air (2001-02 financial year)

Description	Value by air \$m	Total value \$m	% by air
Meat of sheep or goats, fresh, chilled or frozen	351.	2,908.	12.1%
Meat of swine, fresh, chilled or frozen	324.	609.	53.1%
Live horses, asses, mules and hinnies	316.	318.	99.2%
Molluscs & other aquatic invertebrates, live, fresh, chilled, frozen, dried, salted or in brine	203.	377.	53.8%
Meat of bovine animals, fresh or chilled	172.	4,655.	3.7%
Other vegetables, fresh or chilled	167.	185.	90.7%
Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, in brine or cooked by steaming or boiling	157.	1,547.	10.2%
Food preparations not elsewhere specified or included	88.	453.	19.5%
Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	75.	380.	19.9%
Cut flowers and flower buds for ornamental purposes, fresh, dried, dyed, or otherwise prepared	69.	76.	89.7%
Fish fillets and other fish meat (whether or not minced) fresh, chilled or frozen	65.	239.	27.1%
Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled	58.	146.	40.2%
Apricots, cherries, peaches (including nectarines), plums and sloes, fresh	54.	155.	34.6%
Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen	53.	851.	6.2%
Seeds, fruit and spores, of a kind used for sowing	49.	207.	23.8%
Melons (including watermelons) and (papayas), fresh	45.	53.	84.4%
Fish, dried, salted in brine or smoked; flours, meals and pellets of fish, fit for human consumption	44.	47.	92.5%
Other fruit, fresh	43.	63.	68.5%
Animal products not elsewhere specified or included; dead animals, unfit for human consumption	42.	82.	51.4%
Vegetable saps and extracts	40.	69.	58.6%
Grapes, fresh or dried	40.	326.	12.3%
Wine of fresh grapes, including fortified wines	39.	5,238.	0.8%
Meat of bovine animals, frozen	39.	6,992.	0.6%
Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	37.	40.	94.3%
Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	32.	56.	57.2%
Total (includes 194 categories not stated above)	3,082.	75,510.	4.1

Source: ABS, unpublished data (available on request from NFF).

Attachment B – QantasLink Schedule for Roma

Day	Brisbane to Roma		Roma to Brisbane	
	Old departure time	New departure time	Old departure time	New departure time
Monday	12.15pm	10.45am	6.30am	cancelled
			3.35pm	2.05pm
Tuesday	6.50am	10.45am	10.10am	2.05pm
Wednesday	6.50am	10.45am	10.10am	cancelled
	5.00pm	cancelled	6.30pm	2.05pm
Thursday	12.15pm	10.45am	3.35pm	2.05pm
Friday	1.10pm	1.10pm	4.30pm	4.30pm
	5.00pm	cancelled	6.30pm	cancelled
Saturday	12.15pm	7.45am	3.35pm	11.05am
Sunday	8.45am	11.30am	10.10am	2.50pm
	5.30pm	cancelled		

Source: Harvey World Travel.

Attachment C – Regional competition in WA

Lloyd's List Daily Commercial News 25 July 2002

The Western Australian Government will only issue one new intrastate air license for services to the southern part of the state before March 2003 because regional routes can not sustain competition.

A report on intrastate air services found only the Geraldton and Kalbarri route can support competition.

Applications for a new licence to service this corridor three times a week have been invited.

No other licences will be issued until after a review of services in March 2003.

SkyWest is being given an exclusive licence over its current network except in Kalgoorlie and Geraldton. Kalgoorlie was not included in the report as it is already competitively serviced by jet aircraft.

The airline has had to guarantee its service levels and fare structure and an aviation industry observer will monitor the its performance.

Planning minister Alannah MacTiernan said: "Our aim is to develop sustainable competition. However, we must take WA's particularly difficult regional aviation conditions into account.

"These include long, thin routes and relatively small regional communities and mean that there will always need to be a level of cross subsidisation to guarantee that smaller centres are served.

"Intrastate passenger numbers are still 20% lower than they were prior to September 11 even though SkyWest has heavily promoted discount fares."

Ms MacTiernan said comparable North American centres are serviced by only one airline.

The government will pursue the Federal Government for more equitable treatment of WA in aviation policy and assistance.

Mining companies will also be approached for cooperation. The government wants mining companies in the Goldfields and mid-west increased their use of regular services instead of chartered flights.

A second report on routes in the north of the state will be presented to the government in September.

The Hon. Alannah MacTiernan MLA
Minister for Planning and Infrastructure

Statement Released: 18-Jul-2002
Portfolio: Infrastructure, Planning

Government move to secure regional air services

18/7/02

The State Government has moved to secure stable and sustainable air services in regional Western Australia.

Planning and Infrastructure Minister Alannah MacTiernan today announced the Government's Regional Airline Strategy, saying it would achieve a balance between sustainability and competition.

Ms MacTiernan said the strategy was based on the first report of a Review of Intrastate Air Services and would affect routes serviced by turbo-prop aircraft in the southern half of the State excluding Kalgoorlie, which was also competitively serviced by jet aircraft.

"The review found that only Geraldton could clearly sustain competition, but even this route needed some protection to enable cross-subsidisation of services to smaller centres," she said.

"Regional communities gave us a clear message that their primary concern was that we ensure that air services be maintained at least at their current level.

"Our aim is to develop sustainable competition, however we must take WA's particularly difficult regional aviation conditions into account.

"These include long, thin routes and relatively small regional communities mean that there will always need to be a level of cross subsidisation to guarantee that smaller centres are served.

"Intrastate passenger numbers are currently still 20 per cent lower than they were prior to September 11, 2001, even though SkyWest has heavily promoted discount fares."

Ms MacTiernan said the Government would:

- invite applications for one new licence to service Geraldton and Kalbarri three times per week;
- not issue new licences for other routes for the time being, subject to the current service provider, SkyWest, guaranteeing service levels and fare structures;
- review the position in March, 2003, to examine any changes in conditions and see if and where more competition could be introduced;
- appoint a WA aviation industry observer to monitor SkyWest's performance and provide early warning of any significant changes in conditions;
- encourage partnering or other alliances with other airlines to deliver more efficient and cost-effective services;
- adopt a more rigorous approach to considering future licence applications, including requiring comprehensive business plans from applicants;
- actively seek co-operation from the mining industry to help improve regular passenger services in the Goldfields and Mid-West Regions; and

- pursue the Federal Government for more equitable treatment of WA in aviation policy and assistance.

"Skywest will be given an exclusive licence over its current network except in Kalgoorlie, and Geraldton," Ms MacTiernan said.

"Two regional airlines which have expressed interest will be invited to apply for a licence to service Perth, Geraldton and Kalbarri.

"We will review the situation in nine months to see if and where more competition should be introduced, unless there are significant changes in the regional aviation market before then.

"However, the review found that in comparable markets in North America, centres the size of those in WA were usually serviced by only one airline.

"In the Goldfields and Mid-West increased use of regular services, rather than chartered flights, by mining industry employees could increase the viability of these services."

Ms MacTiernan said the Review of Intrastate Air Services had included extensive consultation with regional communities and the aviation industry, as well as examination of interstate and international experience.

The second part of the review, which dealt with routes in the north of the State serviced by jet aircraft, would be presented in September.

Media contact: 9213 6400

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