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30/8/02

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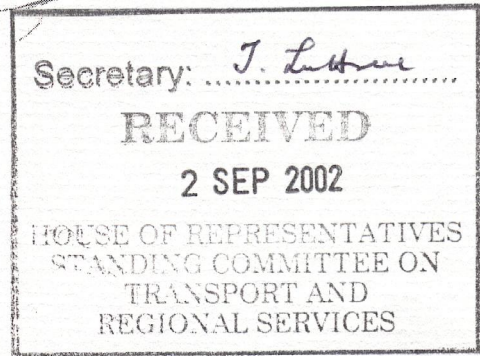
contact: Mr Craig Kelly

LISMORE REGIONAL AIRPORT

August 30, 2002

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

Attention: Ian Dundas
Committee Secretary



Dear Sir

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

I refer to your letter dated July 5, 2002 regarding the above matter. Please find enclosed Council's submission regarding this inquiry.

Yours sincerely

Craig W Kelly
**GROUP MANAGER -
BUSINESS & ENTERPRISE**

Encl

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Inquiry Into Commercial Regional Aviation Services In Australia And Transport Links To Major Populated Islands from Lismore City Council

The House of Representatives Standing Committee on transport and Regional Services are to inquire into:

- ***The adequacy of commercial air services in regional and rural Australia***

Lismore is currently serviced by Regional Express Airlines with 26 flights between Lismore and Sydney with stopovers at Port Macquarie. As of September 1, 2002 the port of Lismore will continue to be linked to Sydney but with a combination of direct flights and triangulated flights with Ballina. This change in connectivity to Port Macquarie will, in part, diminish services to Lismore, however direct flights for the business community will be welcome from September 1.

There has been strong support to establish a service that links North Eastern NSW with the Brisbane, giving access to domestic and international destinations. Development of these services would greatly enhance to economy in this region, which is the "Business Centre" of the Northern Rivers by giving daily access to this region and improved connectivity through Brisbane.

- ***Policies and measures required to assist in the development of regional air services, including:***

In reference to policies that affect our region, cross border policies are already in place to assist in the establishment of an air service to the north. (e.g. free trade agreement between states) The only impediment to establishing such a service is the time required by CASA to issue an Air Operators Certificate. These costs and the time required present a substantial barrier to entry for a new operator entering the market. There are operators that have the expertise and compliant equipment to foster new and niche routes, however the regulatory framework and machinery must accommodate alternate providers to the major operators.

- ***Regional hub services***

Lismore is ideally located in the coastal hinterland and is a major service centre to the region. Feeder airlines from North-Western NSW area could use Lismore to link both for North and South bound travel without the need to greatly increase capacity or infrastructure. This would help to focus the regional traffic from Sydney to Brisbane for domestic travel and provide an alternative gateway to international travel.

Studies of larger regional hubs indicate that there are two or three NSW regional centres that may be able to support hubbing. The regional airlines have services at present that are either direct or have one ten-minute stopover without the need to deplane. Hubbing would be resisted by both airlines and passengers, due to the logistics involved in changing aircraft at the hub airport and utilisation of aircraft to feed these routes. The only way hubbing would be adopted by the market is if it was mandated through reduced access to Sydney for regional aircraft.

- ***Small scale owner-operator services***

Small-scale operators are the cradle of Australian intra state air services. Regional airlines like Hazelton and Kendall developed from these types of operations. The present day regulations on equipment often preclude the use of aircraft that were used to establish those former services. The outcome of this regulatory framework is an

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unaffordable safety emphasis that drives operating costs for rural/regional services to an unprofitable and uneconomical position.

- ***The deployment of most suitable aircraft types***

If it is the intent of the regulators and the government to update the fleet of aircraft that are essential for rural and regional small operators, it therefore follows that small scale owner/operators should be financially supported by the Federal and State government to acquire modern aircraft suitable for these services. Without some reasonable support given to these operators, more and more of rural Australia will lose their air transport links, further isolating communities already under social and economic pressure.

- ***The adequacy of commercial air services to major populated Islands and the adequacy of alternative sea services***

The only off shore destinations close to this region are Lord Howe and Norfolk Islands. Both destinations are presently serviced from other regions.

- Interconnectivity between regional air transport systems, major national air services and international services (including on-carriage, through ticketing, freight handling & timetabling, and airport slotting).

At present, air services are centred on Sydney for both domestic and international travel. The development of air services from this region to Brisbane will help to focus more attention on Brisbane as a domestic and international destination. Our view is that pressure can be taken off Mascot and further delay the need to establish a second Sydney Airport.

Regional carriers are now sought after by the larger operators to feed into their national services. As the larger carriers rationalise their route structures (Qantas have dropped destinations under 20,000 passengers p.a.) the smaller regional operators will be the only carriers in regional and especially rural (under 50K passenger) Australia. These operators that will provide services to communities with small aircraft of up to 19 seat capacity.

- ***The role of all three levels of Government in supporting and assisting the development of regional air services and island transport systems***

In the face of strong passenger decline since the dual effects of September 11 terrorist attack and Ansett collapse, there will be extreme pressure to retain the airport access fees at their present level. Local government will be hard pressed to restrain such fees in the light of the recent high access fees to be charged at Sydney Airport combined with the losses from unpaid landing charges incurred with the collapse of Ansett.

Costs have continued to escalate and aviation based revenue has continued to fall in line with passenger numbers. With the returning passenger confidence and returning passenger numbers, there is a need for short-term assistance to cover the revenue shortfall experienced by virtually all regional airports.

The attraction of other compatible industries to broaden the income base would assist in the subsidisation of airport access fees. An example such as the Aspect North / Mapping Australia proposal at Lismore Regional Airport would be typical of a regional initiative to help reduce revenue pressures and should be strongly supported by State and Federal Government as it is by Lismore City Council.

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- ***The role of major air transport carriers in providing regional services***

Specialist regional carriers not only fly into these areas, but also support them by establishing a presence in the communities, for example Hazelton and Kendall Airlines now replaced by Regional Express Airlines. They are regional/rural service providers and should be supported in operating these regional air services with an “arms length” affiliation to one of the major air transport carriers.

Ideally, regional services should be able to stand alone separate to the major carriers in such a way as to avoid the debilitating effects of corporate collapse and shareholder driven decisions that have far reaching effects on the regional economies.