



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON TRANSPORT AND REGIONAL
SERVICES

**Reference: Commercial regional aviation services in Australia and alternative
transport links to major populated islands**

TUESDAY, 25 FEBRUARY 2003

FLINDERS ISLAND

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to: **<http://search.aph.gov.au>**

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES

Tuesday, 25 February 2003

Members: Mr Neville (*Chair*), Mr Andren, Mr Gibbons, Mr Haase, Mrs Ley, Mr McArthur, Mr Mossfield, Ms O'Byrne, Mr Schultz and Mr Secker

Members in attendance: Mr Gibbons, Mr McArthur, Mr Neville, Ms O'Byrne and Mr Secker

Terms of reference for the inquiry:

To inquire into and report on:

Commercial regional aviation services in Australia and alternative transport links to major populated islands.

WITNESSES

BICKFORD, Mr Anthony Southwood, Finance and Administration Manager, Flinders Council.....	153
CHAPMAN, Mr Robert John, Director, Flinders Island Quality Meats	132
CONNORS, Mr Lee Edward, General Manager, Flinders Council	153
COOPER, Mayor Helen Diane, Mayor, Flinders Council.....	153
COX, Mrs Carol, Partner, L.J. & C.D. Cox.....	132
IRELAND, Mrs Lois Elizabeth, Secretary, Flinders Island Tourism Association	83
KLUG, Councillor Terence George, Deputy Mayor, Flinders Council	153
LUDDINGTON, Mrs Christina Mary Lindsay, Owner-Operator Partner, Flinders Island Adventures	112
LUDDINGTON, Mrs Christina Mary Lindsay, Vice-President, Flinders Island Tourism Association.....	83
MASON, Mrs Louise, President, Flinders Island Tourism Association	83
SELL, Mr David Charles, Secretary, Furneaux Enterprise Centre	103
WALKER, Mr Gerard, Owner-Manager, Flinders Island Cabin Park.....	112
WALKER, Mr Leedham John, Owner-Manager, Flinders Island Transport Services.....	132
WELLS, Mrs Barbara Wendy, Owner-Manager, Castle Cottage	112
WHEATLEY, Mr Alan, Partner, Killiecrankie Enterprises.....	112
WHEATLEY, Mrs Margaret Mary, Partner, Killiecrankie Enterprises.....	112
WHEATLEY, Mrs Margaret Mary, Vice-President, Flinders Island Tourism Association	83
WITTEN, Reverend Robert Eric, Rector, Anglican Parish of the Furneaux Islands	132

Committee met at 9.15 a.m.

IRELAND, Mrs Lois Elizabeth, Secretary, Flinders Island Tourism Association

LUDDINGTON, Mrs Christina Mary Lindsay, Vice-President, Flinders Island Tourism Association

MASON, Mrs Louise, President, Flinders Island Tourism Association

WHEATLEY, Mrs Margaret Mary, Vice-President, Flinders Island Tourism Association

CHAIR—I declare open this public hearing of the House of Representatives Standing Committee on Transport and Regional Services in its inquiry into commercial regional aviation services in Australia and transport links to the major populated islands. Today's hearing is part of the committee's program of visits and hearings to different parts of Australia. The visits and hearings allow us to pursue some of the issues raised in 164 written submissions to the inquiry and to examine those submissions with the authors of many of them. Yesterday the committee held public hearings in Launceston. The committee will be holding public hearings in Melbourne tomorrow. At today's public hearing we will be hearing evidence in relation to submissions from the community of Flinders Island.

I welcome representatives of the Flinders Island Tourism Association. I thank you for your attendance. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are hearings of the federal parliament and they warrant the same respect as proceedings of the House of Representatives itself. The giving of false or misleading evidence can be considered a contempt of the parliament. Having said that, I repeat that you are very welcome. Mrs Mason, as you are the president, I presume that you would like to make an opening statement.

Mrs Mason—Thank you. We certainly appreciate the opportunity to speak with you today. We welcome this inquiry, because our community is particularly affected by air and sea services. We have suffered considerably over many years with losses of air services and difficulties with our shipping services, which I think are pretty much resolved at present. We live in constant fear about our air services remaining with us and we are very pleased this year that we have had a service in place all summer, because, aside from last year, for many years we have had a service fail in each tourism season. So that has made it very difficult for our tourism industry to remain viable and profitable. Aside from the residents who live here requiring a good service, our tourism really does hinge on a reliable and adequate air service. I have made some additional notes addressing the criteria. If that is useful to the committee, I would be happy to—

CHAIR—That is over and above your submission, is it?

Mrs Mason—Yes.

CHAIR—Have you brought copies for the whole committee?

Mrs Mason—No, I have not.

CHAIR—Could the council do that for us?

Mrs Mason—They certainly could.

CHAIR—We will take that as a supplementary submission.

Resolved (on motion by **Mr Gibbons**):

That the supplementary submission provided by the Flinders Island Tourism Association be received by the committee and authorised for publication.

CHAIR—We will get copies of that and distribute them. Did you want to speak to that as well? We have not seen it so it would be helpful if you spoke to it now to give us the flavour of it.

Mrs Mason—Yes, certainly. I have added some additional information to the information we originally presented. In relation to the adequacy of commercial air services in regional and rural Australia, we talk about the adequacy of commercial services, but how do we measure adequacy? What is considered adequate by a resident, who may only use the service once or twice a year with no strict time limits, will be quite different from the point of view of a business person or a resident attending medical appointments with deadlines to meet or a visitor to the island who has limited holiday time. The holiday-maker considers 'adequate' to include reliability and the ability to have their baggage travel with them. Unfortunately, we have had a considerable lack of reliability in recent weeks due to aircraft breakdown and booking systems failures. This does not present a professional image to visitors and threatens the brand image of Tasmania, and Flinders Island in particular. This situation can only be expected to worsen with the ageing aircraft currently servicing Flinders Island.

We also note that travel industry wholesalers are pursuing group travellers as a significant part of their business. The current aircraft pose limitations to this emerging market, and suitable replacement aircraft and businesses with the capability of operating them must be considered as a key part of this inquiry. It may well be that government need to assist small regional carriers to find a way to step up to more reliable aircraft with the capacity to meet demand. Would you like me to go on with the additional information?

CHAIR—No, not unless there is something that you want to highlight. To start the questioning, the population of the island is between 850 and 900, as I understand it.

Mrs Mason—Just over 900, yes.

CHAIR—And you have 40 members in your association?

Mrs Mason—That is correct, yes.

CHAIR—Could you give us any other statistics? For example, how many motel or hotel rooms, or units, do you have?

Mrs Mason—We have 58 rooms available. That is spread over about 15 or 20 properties. For instance, the Interstate Hotel in Whitemark has 18 rooms and the Furneaux Tavern at Lady Barron has 12. Then we have a range of self-contained holiday houses spread around the island which may have the capability of accommodating—

CHAIR—Are they farm stay or are they individual houses available for rent?

Mrs Mason—They are individual houses available for rent. There is some farm stay accommodation, but some houses happen to be located on a farm and are not necessarily set up as a farm stay. The farm stay is not necessarily part of their experience.

Mrs Luddington—The figure of 58 includes complete cottages with three bedrooms that sleep up to six or even 10. That is packaged as one unit.

CHAIR—What would you pay, per night or per week, for one of those cottages?

Mrs Ireland—It ranges from about \$85 to \$110 per night.

CHAIR—What is the weekly rate?

Mrs Ireland—The weekly rates would vary. Individuals will change that. I would say from \$560 upwards.

Ms O'BYRNE—How many people can you accommodate at one time?

Mrs Mason—It could be up to 600, but it is never going to happen because you would never have every house fully occupied. A room at the Interstate might have a single occupant in it but it might actually have a double and a single bed. It would be most unlikely that it would ever happen that they would be occupied to that full extent.

Mrs Luddington—We can accommodate approximately 250 comfortably, when we are not using full capacity.

Mrs Wheatley—As an example, our accommodation is for 10, but the average we are getting is about five.

CHAIR—You have a unit yourself?

Mrs Wheatley—We do, yes.

CHAIR—Is it a farm stay or a hotel type of unit?

Mrs Wheatley—No. It is very close to the beach. It is a single unit which accommodates 10 people and has five bedrooms.

Mr GIBBONS—What would be the occupancy rate?

Mrs Wheatley—Last year it was 32 per cent; this year it is 18 per cent.

CHAIR—What do you put that down to?

Mrs Wheatley—People not knowing how to get here, basically.

CHAIR—That was the problem you mentioned before.

Mrs Mason—Yes.

Mr McARTHUR—Could you give us a very brief overview of what the community is like, before we get into some of the detail. You all live on Flinders Island. We come from the mainland. I know you hate us, but—

Mrs Mason—No, we think you are lovely.

Ms O'BYRNE—I do not necessarily subscribe to that view.

Mr McARTHUR—Most of us come from the mainland. But just give us an overview of what the little community is about. Is it about tourism? Have you grown up here? How did you all get here?

Mrs Mason—Some of us are blow-ins. Some of us are born and bred.

Mr McARTHUR—Give us an overview of what happens here.

Mrs Mason—The community is made up of a good cross-section of people—a very interesting cross-section of people. Traditionally, industries on the island would have focused on farming and fishing. The soldier settlement scheme in the 1950s and 1960s brought a big influx of people to the island when the scheme was under development, then when all the settlers moved in with their families. That really opened the island up. As time went on and commodity prices lowered, it was no longer the case that one farm was capable as a single unit of supporting a family. So when the settlers sold up, the farm next door bought them out. That started the decline in the population of Flinders Island. That was when tourism, in some respects, started to take a bit of a hold, because some of those people turned their second houses into holiday accommodation. It was not their core business but it was a way that they could see to make a little extra money out of the second property.

The fishing industry has fluctuated over the years, depending once again on its commodity prices. We used to have a very good and buoyant scallop industry on the island, but that industry was fished out. Currently there is abalone, crayfish and some scalefish. That seems to plod along at a reasonable rate. We used to support two fish factories here on the island, 15 to 20 years ago, which is not the case now. Aquaculture is emerging. Farming, I am pleased to say, over the last couple of years has lifted again with the rising commodity prices.

With regard to tourism, for a number of years people did not consider it, although they were quite happy to see visitors come to the island. But I think that is changing and people are understanding the benefits of tourism much more. The tourism industry backs up a lot of the regular services that we have. Our population cannot really sustain an air service on its own. The tourism industry helps to make it viable. That is the case with a lot of our retail traders as

well. If they were to rely totally on our own population they would probably find it very difficult to get through the year without the visiting trade.

Mr McARTHUR—Thank you. I would like to get a feel for who you relate to. Do you relate to Melbourne or Launceston? Do you relate to the Tasmanian government or to the mainland?

Mr GIBBONS—Where is your community of interest?

Mrs Mason—We are a global community. However, I think most people here consider themselves to be part of Tasmania. Launceston is our closest trading link. Some people who came originally from the mainland—the big mainland, as opposed to the Tasmanian mainland—

Mr McARTHUR—What is the difference?

Mrs Mason—Probably the time spent in getting there and the cost of the airfare.

CHAIR—Five million square kilometres.

Mr GIBBONS—Is there infrastructure on the island to support the hospitality industry? Is there an industrial laundry or anything like that or does everybody do their own?

Mrs Mason—Everyone does their own.

Mr GIBBONS—So there is no infrastructure at all for the hospitality industry? It is a case of everybody making their own arrangements.

Mrs Mason—It is self-sufficient, which is the way this community operates.

Mr McARTHUR—How did you import the building materials?

Mrs Ireland—My husband is a builder. We get all our material in on the barge which comes out of Bridport once a week and sometimes more often than that on demand. It adds about 20 per cent to the cost of building. If you think about a price per square for building a house in Launceston, by the time you get material onto Flinders Island—

Mr McARTHUR—How many tonnes does the barge shift each week? The barge brings your basic provisions, does it?

Mrs Ireland—Yes, it does.

Mr GIBBONS—It is their lifeline really.

Mrs Ireland—It is our lifeline. It comes in very regularly. It has been fantastic really. It comes into Lady Barron on a Tuesday and carries our general cargo and food. You go to the supermarket on a Tuesday afternoon after the boat has been in and there is fresh milk and fresh bread.

Mr McARTHUR—What about the weather factor? Does the barge always get to you?

Mrs Ireland—Pretty much; it does get held up occasionally but not often.

Mr GIBBONS—How big is the barge? What tonnage?

Ms O'BYRNE—300 tonnes capacity.

Mrs Ireland—Thank you.

Ms O'BYRNE—I just looked it up.

Mr McARTHUR—Why is it called a barge? Is it because you put it on—

Mrs Ireland—It is a roll-on, roll-off vehicle which is why we refer to it as the barge.

Mr McARTHUR—How long has that been operating?

Mrs Mason—Six years.

Mrs Ireland—Previous to that there was a shipping company with small boats that came in at Whitemark. They did the job, but they were old ships and old technology and this new boat is more modern.

Mr GIBBONS—Who operates the barge? Is it a private company?

Mrs Ireland—It is a private company with Tasmanian government support—quite substantial support for that.

Mr McARTHUR—Sounds as though the arrival of that boat is a very big psychological factor?

Mrs Ireland—It is.

Mr McARTHUR—And that it dominates the thinking?

Mrs Ireland—We feel joined.

Mr McARTHUR—That has been very helpful, Chair. We have a feel for it.

CHAIR—I am a bit surprised because the other aspect of our terms of reference, apart from air travel, is the sea connection. The state government is supporting it yet it still adds 20 per cent to all your commodities?

Mrs Ireland—Yes. The cost of freight per cubic metre went up with the new boat—not for all our commodities, I am talking about building material.

CHAIR—Why building material? Is it because of its bulkiness?

Mrs Ireland—Because of the size of it, yes.

Mr GIBBONS—Does that barge service King Island as well?

Mrs Ireland—No. They have the *Sea Road Mersey*.

Mr GIBBONS—It is exclusively for Flinders Island? Is Flinders Island the only island in this group that it visits?

Mrs Ireland—No. It has been out to Badger Island which is a small island to the west.

Mr GIBBONS—Can it carry passengers?

Mrs Ireland—A minimal number. I think it is—

Mrs Mason—It is 12.

Mr GIBBONS—How long does the journey take?

Mrs Ireland—It takes 10 to 12 hours on a good trip and 24 hours on a bad one. It does not have good accommodation.

Mr GIBBONS—That is a round trip, is it?

Mrs Ireland—No. It is one way.

Mrs Wheatley—Three weeks out of four the boat picks up fuel from Bell Bay. It leaves from Bridport, goes to Bell Bay to pick up fuel and then comes here, so passengers are on the boat for 24 hours.

Mr McARTHUR—Is the fuel a bulk container?

Mrs Wheatley—Yes.

Mr McARTHUR—Does that keep the whole island going?

Mrs Wheatley—It does.

Ms O'BYRNE—What is the current fuel price here?

Mrs Ireland—Is it \$1.30? I do not buy it at the bowser. Does anyone else?

Mrs Mason—No, none of us buys it at the bowser, but it would be about \$1.25 or \$1.30.

Mr McARTHUR—Is that diesel? Diesel to keep the electrical power; is that the key thing?

Mrs Ireland—Petrol and diesel.

Mr McARTHUR—Diesel drives the power?

Mrs Wheatley—It does.

Mrs Ireland—Diesel drives the power stations.

Mr McARTHUR—Do you have reserve supplies in case of winter?

Mrs Ireland—Yes, there would be a supply in case the boat could not get here one week or something like that.

Mr McARTHUR—You have never had a problem with that?

Mrs Ireland—I do not remember us ever running out.

Mrs Mason—No.

Mrs Ireland—We were just talking about the accommodation on the boat. There is seating accommodation below deck. They have lifted their game a little, but you would not encourage people to come on it as visitors to the island. There are those hardy people who come. It is not exactly custom built.

Mrs Mason—It is a small enclosed space.

Mr GIBBONS—It is not the *Queen Mary*.

Mrs Ireland—It is about \$1,000 return for your car. Is that right?

Mrs Luddington—I am not sure.

Mr McARTHUR—There is no potential for sea transport, you say, because of the weather?

Mrs Ireland—Not on this particular vessel.

Mr McARTHUR—If you had a new greenfield site and you said, ‘We’ll ship some of the tourists in here,’ you would have to purchase a vessel and say, ‘We’ll bring the tourists in and out on a regular schedule at a price.’ Is that a possibility?

Mrs Mason—I suspect we do not have the capacity for that—the island would not want to see that number of people come in either.

Mrs Luddington—With vehicles.

Mrs Mason—Certainly not with vehicles because, if they were able to bring their vehicles in, it would threaten the livelihood of the local car hire operators.

Mr GIBBONS—No, we just meant a passenger liner—where there are cabins and it is comfortable.

Ms O'BYRNE—I remember there was a discussion at one time about the fast cat ferry doing a stopover here. That analogy might assist the committee.

Mrs Mason—When you consider that currently we have about 6,000 visitors per year coming to the island, if you were to have a dedicated boat service, how often are you talking about it coming in and with how many people? If it only travelled, say, once a week, which would probably be all that you could possibly cater for, what does it do for the rest of the time? I think there would be so much dead time and down time that it would not be viable.

Mr GIBBONS—Surely it would carry freight and that sort of stuff as well.

Mrs Mason—A vehicle trying to do all things for everyone in a community like ours becomes a problem, because the importance of the existing vessel is that—

Mr GIBBONS—It seems to me that you want a little bit of sea, you want a lot of air—

Mrs Mason—A lot of air is good!

Mr GIBBONS—They are pretty unrealistic expectations, I think.

Mrs Mason—If you are an adventurous traveller, or do not mind a bit of discomfort, you can certainly travel on the *Matthew Flinders*. It is licensed to take 12 people. But certainly, as a tourism industry provider, when people inquire we say to them, 'Yes, you may come by boat but you must remember that it is our trading vessel; its main purpose is to supply the island with our cargo and it is not a passenger experience.' It certainly does not fit with—

Mr GIBBONS—The P&O.

Mrs Mason—the industry standards that Tasmania is trying to meet.

Mr GIBBONS—What would it cost for a single fare?

Mrs Mason—If you travel with your vehicle—

Mr GIBBONS—No. No vehicle.

Mr McARTHUR—What about a backpacker who wanted to come here?

Mrs Wheatley—It is about \$77, something like that.

Mr GIBBONS—So what is the airfare?

Mrs Mason—It is \$230.

Mr GIBBONS—It is not a bad option, is it?

CHAIR—Is that \$230 each way, or return?

Mrs Mason—Return.

Mrs Luddington—If you came on the boat, you would be committed to staying for eight days to be able to get off again by boat. That is another thing that would narrow the attraction.

Mr GIBBONS—Before Ansett and Kendall went down, were the air services adequate?

Mrs Ireland—They were never really adequate. Ansett has not been here since 1972 and we have never had a Kendall service.

Mrs Mason—We have only had small owner-operators servicing the island.

Mrs Wheatley—Since 1972, we have lost about 17 airlines.

CHAIR—Before we move on to the nitty-gritty of the air services, could you give us a bit more colour: how many people live on Cape Barren Island and how many live on the other island that you mentioned?

Mrs Ireland—No-one lives on Badger Island.

Mr GIBBONS—Which is the island that has the tiger snakes?

Mrs Mason—That is Chappell Island. You will fly over that.

Mr McARTHUR—Where are the tiger snakes?

Mrs Wheatley—Almost all the islands have tiger snakes.

Mrs Mason—The population on Cape Barren fluctuates, depending on what is happening over there.

Mrs Ireland—There are 40 people living on Cape Barren at the moment, in the community known as The Corner, at the far end.

CHAIR—They are the descendants of the original Aborigines, are they, that married the whalers?

Mrs Ireland—A lot of people come and go from there. It is very transient. There are a group of core people who live there all the time and there are fairly transient people who come and go. Up the other end of the island there are a couple of families who live and farm there and have been there for a number of years.

CHAIR—What sort of farming do you do here?

Mrs Mason—Grazing of beef and sheep.

Mr GIBBONS—And turkeys.

Mrs Mason—And turkeys, yes. A lot of wool production.

Ms O'BYRNE—There has been a bit of diversification recently into some other crops.

Mrs Mason—There has. In recent years there have been some attempts at diversification into poppy growing with varying degrees of success, and in the last couple of years there has been vegetable seed production—cauliflower, cabbages and broccoli. The fires this year posed some slight difficulties for those crops. We also have one farmer who has been growing vegetables for sale off the island, but he is winding down that part of his business for this season. We have someone doing some trials of hemp.

Mrs Wheatley—And olives.

Mrs Mason—Yes, there are a couple of olive groves in progress.

Mr SECKER—Is there any irrigation available on the island?

Mrs Mason—No, not a central scheme. One farmer has recently put in a sort of turkey's nest dam and he is operating a centre pivot irrigator. That is probably in its first full year of use. That is quite unusual and unique for the island.

Mr GIBBONS—Where does the domestic water come from?

Mrs Mason—The two townships have their domestic water supplied by council. They have a reservoir system, but everyone else has their own rainwater tanks.

Mr SECKER—Don't they have a bore at Lady Barron for their town supply?

Mrs Mason—Yes, they do. That is the council supplied system.

Mr SECKER—I am wondering if you could have a bore for the town supply—whether you would have the capacity to put a bore down for irrigation.

Mrs Mason—A lot of people do have some bores on their properties for their own use. Limited irrigation takes place with the crops we have referred to. In normal seasons—and no-one knows what they are any more—we do have a very good growing season and get reasonable rains throughout the year.

Mr McARTHUR—What is your rainfall?

Mrs Mason—About 32 inches.

CHAIR—We have a bit of a feeling for the dynamics of the island. I want to cut now to the actual tourism dimension of it—primarily the part the air services play and, to a lesser extent, the barge, and whether there are any problems with that. We heard some conflicting evidence yesterday about what is needed here. One school of thought is that if we upgrade the cross strip—the current gravel strip—and we attract the larger 30-seater aircraft, it could damage the

regularity of the smaller aircraft services. One witness told us that the current sealed runway was quite adequate for the island's needs. I would like to hear your views on that.

Mrs Mason—There are probably conflicting thoughts on that here on the island as well. If I can approach it slightly differently, there are a number of twin turbo aircraft with passenger capacity ranging from 11 to 26 seats in the marketplace. Our market is not yet to the stage of being able to support the type and size of aircraft that the major regional carriers use, such as the Dash 8s—the 30-plus seaters. It seems that the current operators must think that, otherwise perhaps they would be looking more strongly at providing a service to Flinders Island. I think it is important to note that the smaller aircraft are out there—they are available—and they are possibly the next generation of aircraft for destinations like Flinders Island. They should be considered as replacements for the ageing piston engine aircraft that are in current use. A lot of those do have short take-off and landing capability, so perhaps we need to be looking at those rather than at the 30-plus range, which do have additional runway requirements, as in length and realignment of the runway.

CHAIR—Do you all share that view?

Mrs Ireland—There is that problem: do we get a bigger plane coming less often or do we still have our bus service? Those of us who live and work here need that bus service to Launceston. We would not be able to go away in the morning and come back in the afternoon.

Mr McARTHUR—Around the island?

Mrs Ireland—Yes. We want to be able to go to Launceston, do our business and come back. People do that quite regularly.

CHAIR—So you see the plane as a bus?

Mrs Ireland—Yes, we see the plane as our bus service and that strip up there is the beginning of our highway—flying from here to Launceston is our highway.

Mr McARTHUR—What does that cost you?

Mrs Ireland—It costs \$230.

Mrs Mason—For us it is just over \$200.

Mr McARTHUR—As individuals, can you give us a feel for how often you would do that trip?

Mrs Ireland—I would do it six times a year. Other people might go only once every two years.

Mrs Mason—I could do it up to 15 times a year because I travel off the island for business reasons.

Mr McARTHUR—So how often would the average islander do it? You are saying it is the bus.

Mrs Ireland—Between six and eight times on average.

Mr McARTHUR—So they would normally do that trip six or eight times a year.

Mrs Ireland—As a tourism association our members want to see more people coming to the island. We feel we have the capacity to deal with more people, and it would make our businesses more viable. Perhaps, as Lou was saying, it would take them from being a secondary business to being our primary business. Therefore we would earn more money—and pay more taxes. We could probably deal with that three or four times a week.

Mr SECKER—I want to ask two questions. One of the submissions we had yesterday basically said, ‘Services here are adequate. If the market were there, more planes would come in. The market would fit the services.’

Mrs Ireland—It is chicken and egg stuff.

Mr SECKER—That was from the state government submission.

Mrs Luddington—The state government is really only concerned with our travel from here to Tasmania, rather than to Victoria. For island living, to some degree that is a case in hand. Until this previous year, our tourism trade from Tasmania has been very limited. That has actually been growing quite a lot in the last 18 months. Our main tourism interest in coming to Flinders Island is from the north of here. We have very much had a cap, a ceiling, put on us so that we have stayed where we are.

CHAIR—Who has put that cap on you?

Mrs Luddington—The amount of access has. The amount of access has been more than it is at present. At one stage we actually had three small operators coming from Victoria.

Mr SECKER—Why have they stopped?

Mrs Luddington—One was a private business. Eventually they sold and went to other interests. We had Island Airlines and I think we still had Aus-Air at the time. Island Airlines was supported by the state government at the time.

Mrs Mason—Airlines of Tasmania.

Mrs Luddington—Oh yes, Airlines of Tasmania was at the time supported by the state government. That ceased operations and then another one came in and operated in conjunction with Aus-Air and so we still had two until quite recently. This is in fact the first time we have only had one operator. In the meantime, those of us who were in the tourism industry grew a bit. Sometimes we were actually full on a few occasions, which was lovely, and we hoped that it would continue going on that way. We are certainly not full now, and in the meantime some of those operators became full time, so there is a percentage of those that are actually dedicated

tourism operators. It is not only that we cannot grow. We would very much like to be able to reach our full capacity as it is now, which is not likely at all.

CHAIR—Then which way do you come down—to stay with current arrangements, to seek more subsidy from the state government for a variation on the current arrangement, to see an upgrade and a cross runway in the hope that bigger aircraft might change the dynamic?

Mrs Luddington—Ideally I would like to see the third option, because I think that the amount of people we have—and there are a lot of people who would like to come and who do not come here because of the limited capacity to get here—are there despite the fact that we are not even marketing it. When that happens, we have far more means of marketing ourselves to support that market.

Mr SECKER—There is actually nothing stopping a private airline or a charter or anything coming in, is there, as far as—

Mrs Mason—History.

Mr SECKER—So history is stopping them?

Mrs Mason—It is because all the others have gone broke.

Mr SECKER—I suppose that does not help you very much.

Mrs Mason—I would like to make a response about trying to attract a new airline. One of the problems that I see is that it is actually very expensive for an airline to establish new routes by the time they pay set-up costs, route proving, pilot training and simulation work. If CASA and the federal government are serious about developing tourism in regional Australia, they need to minimise these costs to allow operators a more realistic chance of developing new routes.

Perhaps the federal government could consider providing ongoing financial support in the running of the Flinders Island airport, which would reduce the financial impost to the council and the RPT operator. That may allow the community and the RPT operator to attract dollar for dollar joint marketing funding from Tourism Tasmania to market Flinders Island as a destination. Marketing the island is really the key to it. We need to increase the demand to be able to provide a better service. The marketing has to come first to actually increase the demand to make it viable for the operators.

Mr GIBBONS—I see you have a web site—it is not the one I looked at last week. Do you have any way of measuring how many strikes you have on this web site?

Mrs Mason—We have a very comprehensive hit report and I certainly would be happy to furnish you with hit reports for the last couple of months.

Mr GIBBONS—It would be very interesting to see, because it would give an indication of how many people are interested in the place.

Mr McARTHUR—Referring to a couple points in your submission, you talk about the taxi fare from Tullamarine to Moorabbin. Is there any way to overcome that? Also, you might help us with this Mobil fuel contamination problem. What do you think it will cost to seal the runway?

Mrs Mason—The council has received costings on that. It is nearly \$2.3 million.

Mr McARTHUR—There seems to be a bit of an argument about that. Is your association happy that that is approximately the right figure?

Mrs Mason—They have used engineers who, I am sure, are far better qualified to give an estimation than we are.

Mr McARTHUR—Some of our witnesses are challenging that by saying that it would be a much greater figure to upgrade the runway.

Mrs Luddington—I believe there are quite high contingency figures contained in the argument, but the council would be better at answering that claim.

Mr McARTHUR—Are you supporting the upgrade? Are you all behind it?

Mrs Mason—Yes.

Mrs Luddington—Yes.

Mrs Mason—That is the sealing of runway 32. The realignment of a runway would be a very different ballgame; a much higher figure.

Mr McARTHUR—I just spoke to an aircraft pilot a minute ago. The gravel is the problem with the runway at present; it gets into the aircraft. Is that right?

Mrs Ireland—Exactly.

Mrs Mason—That is if you are flying on very special planes!

Mr McARTHUR—Can you give us a comment on the Tullamarine to Moorabbin taxi argument?

Mrs Mason—It is just a connectivity problem. The travelling public is not used to changing from one airport to the other. We are used to doing it because we are resourceful and we know that that is what you have to do. Moorabbin being on one side of town and Tullamarine or Essendon being on the other, travel agents actually find it a challenge if they have to say to their clients, ‘Oh, by the way, you’ve got to get into a taxi and travel across to the other side of Melbourne.’ It is too hard for them; they are just not interested. The fact that it costs \$80 actually adds to the cost of your holiday.

Mr McARTHUR—Do have any recommendation on that—running your own minibus?

Mrs Ireland—Our planes should land at Tullamarine, then we would not have to travel across the city.

Mr McARTHUR—What about Essendon?

Mrs Ireland—Essendon is another difficult example. It is not very far, but just try getting a taxi from Tullamarine to travel to Essendon. The taxi driver will not like it.

Mrs Luddington—It is not always a good start to a holiday!

Mr McARTHUR—You are telling us that you have a fundamental problem at the beginning of this whole tourist operation?

Mrs Ireland—Yes.

Mrs Mason—The other option is that, if the airlines were running at a more profitable level, they could perhaps support a vehicle of their own between Essendon, say, and Tullamarine. There are some difficulties with a small service using Tullamarine as well.

Mr McARTHUR—One of the arguments put to us yesterday was about this sort of incremental creep—when the tourist trade improves, the aeroplane possibilities will improve. You cannot really fix it overnight. Do you agree with that general thesis?

Mrs Mason—Yes, it cannot be fixed overnight. I think operating out of Tullamarine at this point may well be just too large a financial impost on the type of carrier that would service here, because they cannot afford the rental space; they cannot afford to get put onto the landing circuits because it costs them too much money to fly around and around. They cannot build that into the cost of a ticket to Flinders Island.

Mrs Wheatley—Unless they were a carrier already operating to somewhere else from Tullamarine and they were willing to come here.

Mrs Mason—Yes, that is right.

Mr McARTHUR—Tell us about the fuel contamination problem.

Mrs Mason—Imagine business closed down completely for several weeks. That is almost what happened.

Mrs Luddington—We were solely dependent on piston aircraft rather than having a diversity, and we were fairly unique in that.

Mr McARTHUR—What are you saying is a future possibility? What did you learn from that?

Mrs Mason—The piston engine aircraft that are currently servicing the island are coming to the end of their life anyway. That is a given, because they are running out of hours, they are running out of time. We need to be looking at aircraft to replace them. The modern passenger

requires—or has a perception that they need to travel in—turboprop aircraft. Aside from them having that perception, the Chieftains and the other types of aircraft that are travelling here are not going to be flying in a few years time. CASA is putting that ruling on them; that is not our ruling. They are running out of life. So we need to investigate very strongly alternative aircraft to take the place of the aircraft that are currently flying here.

Mr McARTHUR—What has your association been saying to the aircraft operators? What is your proposition to them? Have you been saying, ‘We will get some more fee paying passengers’? What are you doing to help them?

Mrs Mason—We market the island. In fact, our tourism association is really the only organisation that does market the island as a destination in any way. We do that through our membership fees. When we go to travel shows to promote the island, obviously we promote the airline that flies here as the means of getting here. So we are trying to increase the capacity for them, to give them the ability to step up to the next level.

Mr McARTHUR—What do they say to you? Are the current companies saying to you, ‘We want more people’? Are they saying, ‘We are going to pull out shortly’?

Mrs Mason—No. The one RPT operator that services here is very supportive of and cooperative with our association and certainly assists us with airfares to attend the promotions that we do. Its argument is that it has to be running at a much higher seating capacity than it currently is. That is the term for occupancy on an aircraft.

Mr GIBBONS—Bums on seats.

Mrs Mason—That is it. They have to be running at consistently higher loadings before they can increase the number of services or go to the next stage of aircraft.

Mr McARTHUR—Do you see the problem as being the bums on seats argument or the fluctuation of the school holidays and the locals using the service during those peak times?

Mrs Mason—It is both, because we have a very high demand in the summertime which flattens out over the wintertime and makes it very difficult for the operators. The role that the association has to take on is to try to increase the length of our tourism season. We are certainly working on doing that.

Mr McARTHUR—Nobody comes here in the winter because they think it is too cold.

Mrs Mason—They think it is, but in fact it is really very pleasant.

Mrs Ireland—It is better than Canberra!

Mrs Luddington—It is a temperate climate—mild in winter, maritime. So it is a good place to escape the cold in Victoria.

Ms O’BYRNE—I have two questions. You touched on the life expectancy of Piper Chieftains. We had a submission yesterday which indicated that the ones operating to Flinders

Island were not suffering from any life expectancy issues. Could you fill us in on what stage you see the Chieftains being at? My other question is to do with the evidentiary basis you have for the potential tourism market—that is, the number of people who have advised that they would travel but not in small planes or who have found it all too difficult to get here. Have you had any evidentiary basis for that?

Mrs Mason—To respond to your first question, I can quote Tony Matthews from Southern Australian Airlines. He attended the value management study that was conducted here on the island in 2000 by the state department of energy.

Ms O'BYRNE—The Department of Infrastructure, Energy and Resources.

Mrs Mason—That is the one. He actually stated quite clearly there that the Chieftains and the Navajos are coming to the end of their lives. It is something that is being imposed by CASA. I cannot give the details of that, but I think it is quite an accepted view.

Ms O'BYRNE—What evidence do you have that indicates that the lack of tourist numbers is directly related to either difficulties in getting here or concern about the type of aircraft servicing the island?

Mrs Mason—Last season our area marketing and development office collected a lot of really strong data—that office is a section of the council—regarding problems people were having with travel. It seemed to fall into two main categories: one was unreliability and the other was people not being able to get here when they wanted. People then often chose a second destination. With an aircraft taking eight passengers—and people might come in as a family or a couple of families together—if they cannot all travel together on the same day at least, and hopefully with their baggage, it gets too hard; they go somewhere else. We do lose those people. I do not have hard numbers for you but there are certainly a lot of people who have recorded that information. You can probably get that from the area marketing office when they speak to you later.

Unreliability is a problem too. It causes people to miss connecting flights. The difficulty is that, if you have a service that only has two aeroplanes, and one breaks down and one is flying the other route, you have to wait for them to cross-charter from somewhere else—if there is a plane available. There is constant disruption to people's travelling routines.

Mrs Wheatley—Also, because we cater for 10 people in our accommodation, you cannot get them on one aircraft. There are four scheduled flights from Victoria a week, none of which can bring 10 people on any given day. They cannot fill us up in one hit.

Mrs Luddington—As an operator with a product for group packaging, I have had inquiries from Tourism Tasmania, the UK, because people have wondered about the possibility of coming here, and, through Tourism Tasmania, inquiries from New Zealand about bringing people over here. Unfortunately, the New Zealanders tried to book themselves onto the island rather than through me and decided that they could not come here. That was it. They were looking at groups of 30 people and they could not come here. That could be a regular happening. With regard to UK tourism, I happened to be going over there so I arranged to meet the person involved at the time. He had received a product from me and had taken it to a travel agency in London who thought it was a good product. But he said to me that the general feeling was

that—and at that time we did not have the lodge in operation down at Lady Barron as we do now—until we had the lodge going and until we had an air service that could get people to the island, they were not interested in doing business with us.

CHAIR—Summing up, you would favour an upgrade of the runway, even at the risk of some of your existing service being downgraded? Because that is the risk, isn't it? If you have 36-seaters coming here two or three days a week, and the other operator cannot get enough carriage to justify his coming here, you may have a drop back. I want to read you right for our report.

Mrs Mason—I believe that there is a step in between there. There are aircraft with capacity between what we currently have and that level.

CHAIR—But does that justify the upgrading of the runway?

Mrs Mason—No, and that was what I was trying to point out before. If we look at the type of aircraft first that have short take-off and landing requirements, we may be able to get around that.

CHAIR—Is there any capacity to add a couple of hundred metres to the existing runway?

Mrs Luddington—I think it is the difficulty of either going into the sea or getting too close to the hills. It has been looked into. Also, what other aircraft are available has been looked into, although possibly that could be pursued a bit more. If we got a 19-seater and went step by step, I am convinced that once we have it and we market it more effectively—and that could happen (a) through that new carrier and (b) through our greater ability to support that—we would be needing a 36-seater within a couple of years.

Mrs Wheatley—One of our major problems at the moment is that our RPT airline does absolutely no marketing itself. It is relying on us to do it all. If we had an RPT airline which was willing to market itself as well as us, and if we kept on with our marketing, we would increase numbers rapidly.

Mrs Mason—This is a comprehensive report on the requirements for sealing the runway that the council have. It may well be a useful document for you to have a look at; it would give you the factual information I think you are looking for.

Mr McARTHUR—Could each of you give a one-liner about why we should come to Flinders Island as a tourist.

Mrs Mason—‘I think you need a break.’

Mr GIBBONS—Asking a question like that, obviously!

Mrs Luddington—‘Complete unspoiltness. Being on a beach totally on your own and being in one of the most incomparably beautiful places but totally deserted.’

Mr McARTHUR—Unspoiltness, okay. What do you say?

Mrs Wheatley—Whenever I see somebody come to my shop, because I have a couple of souvenir shops, I say, ‘Another beautiful day in paradise.’ Even if it is windy they will agree with me.

Mr McARTHUR—We say that in Apollo Bay as well.

Mrs Ireland—I believe Flinders Island is a unique part of Australia with a fascinating history, wonderful wildlife, maybe not unique scenery—there are mountains and beaches everywhere else—but even with an increased population of visitors, you would still be able to walk on a beach on your own and swim in clean water.

Mrs Mason—Aside from all the scenic beauty, it gives you the opportunity to really wind down and relax, and I think that is what so many people are looking for in a holiday these days.

Mrs Ireland—And it is safe. Safety is a big point, too, now.

Mr SECKER—Serenity and serendipity.

CHAIR—I would like to thank all of you for your evidence today. It is a very tricky question, there is no doubt about that, and I commend you for having so vibrant a tourist association in such a small community. I think a lot of things, especially in tourism, are governed by the quality of leadership, and the more you give that leadership, the more likely you are to be successful. No-one is going to go out and do it for you; you have largely got to do it yourself. Whether that is pushing the state or federal governments in certain directions it still, in the final analysis, comes back to yourselves. Your evidence has been impressive and it had a lot more certainty than the evidence we got yesterday in Launceston. You will each receive a *Hansard* transcript of today’s proceedings to which you can make editorial corrections and return it to the secretariat. We trust we can come back to your association if we need more material.

Mrs Mason—Yes, you are welcome.

CHAIR—We shall suspend proceedings for morning tea.

Proceedings suspended from 10.08 a.m. to 10.24 a.m.

SELL, Mr David Charles, Secretary, Furneaux Enterprise Centre

CHAIR—Welcome to this hearing of 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. Both of these issues have relevance to Flinders Island. Mr Sell, do you have any comments to make on the capacity in which you appear?

Mr Sell—The Furneaux Enterprise Centre is a loose grouping of producers who are looking at the future development of the region. I am here to present their submission to the inquiry.

CHAIR—Although the committee does not require you to take an oath, I should remind you that these are formal proceedings of the parliament and warrant the same respect as meetings of the House itself and the giving of false or misleading evidence could be regarded as a contempt of the parliament. Mr Sell, I would like you to give us a five- to seven-minute overview of your submission, then we will break into questions and a bit of interaction.

Mr Sell—When I read the submission this morning I thought there was one point in it which was quite weird.

CHAIR—If you want to alter anything or add to it that is quite in order, provided you let us know.

Mr Sell—Just one thing: I do not know how this got through me but it says that ‘a Cessna Caravan would be an ideal freight aircraft for this region’. I do not think that is quite true; I do not think CASA would ever license a single-engine aircraft to fly over water.

CHAIR—Would you like that withdrawn?

Mr Sell—I think it would be ideal to withdraw that.

CHAIR—Does the committee agree with that? There being no objection, it is so ordered.

Mr Sell—Thank you. The Furneaux Enterprise Centre put in a submission because they feel there are a couple of issues—

CHAIR—Before you go to that, could you give us a bit more of the flavour of the Furneaux Enterprise Centre—what does it do, how many members have you got and what sort of innovative things are you looking at?

Mr Sell—The Furneaux Enterprise Centre was originally set up prior to council setting up its area marketing and development office, which had a much wider role. I believe it was originally set up under the Business Enterprise Centre scheme and was looking at employment and economic development opportunities within the region. Since council opened its area marketing and development office, the Enterprise Centre has let a lot of its role slip to that office and it is probably in the throes of winding up its main role within the community over the next six to

nine months. This does not mean its members no longer care about what happens in the community: they put in this submission because they are still very involved, but they see that the council area marketing office has taken over that role.

The centre was set up mainly to look at economic development opportunities. One of the main ones it originally looked at was aquaculture: what impact that could have on the region, what opportunities lay there, what species and things like that. The centre got a government grant and did a whole study on that. Its brief was not just aquaculture; it looked much more broadly at economic development and was concerned with issues that affected that, such as access, population and the skills base on the island. It is now down to about half a dozen members as it slowly winds up its activities.

CHAIR—Now give us a bit of the flavour of your submission.

Mr Sell—The flavour of the submission, as I read it this morning, is fairly solidly tied by the looks of things to tourism issues, which is not really where the FEC would necessarily like it to be seen to be tied. A lot of the issues talk about the tourism or the passenger side of things, whereas a lot more of the FEC issues are really related to freight. The mixing of the two was the point they were trying to make in their submission.

They look at things from a small businessman's point of view and how that small businessman can access freight on and off the island. Access is no big secret—it is a problem for islands everywhere and for the Furneaux Enterprise Centre. It does not matter where you go in the world, if you live on a small island access is always going to be your issue. Their issues are really with access for passengers and freight on and off the islands. They see that the Tasmanian link is probably pretty well suited to the current service. The growth in business and tourism is probably going to happen from the north so that is where they are looking for a lot more help.

That was the ethos behind their submission. They looked at the current situation and, at the time of the submission, various things in this reflect that. At the time it was free to take your car from Victoria to Tasmania on one of the Spirits. Now that is a winter period activity and, while it is free to do that then, it is very expensive to bring your car here. They were saying that the access for that sort of activity was not equitable for Flinders Island. They were just looking at trying to bring some equity back into the whole situation.

CHAIR—There are two or three points of view on the airport as the pivotal method of attracting tourists and business to the island. One view is to leave it as it is because it is adequate. A second view is to perhaps upgrade the existing runway, and the third one is to seek a special grant and build the cross-runway. The downside of that is that you might lose some of your smaller RPT carriers if you have a Dash 8 or something like that coming in three days a week. What is the feeling of your group on that? Which do you favour?

Mr Sell—The group as a whole would probably favour the sealing of the long runway and would like to see the introduction of a larger carrier especially on the Melbourne-Flinders run. The problems they see at the moment are that it is very difficult to mix passengers and freight on the aircraft we have, partly because they are limited in size and partly because there is only one door through which everyone goes, so you cannot have the movable bulkhead situation. This limits a lot of economic activity on the island. It is fairly well recognised that the charter

operators would suffer from the sealing of the long runway and encouraging a larger plane to come in. These are the guys who are currently carrying freight.

A good example is one of our local fishermen. He would love to be able to move his fish, a hundred kilos at a time, so he can maximise his price at the markets. At the moment he has to amass 470 kilos and send it out all at once with one charter operator. He would like to be able to ship out smaller loads more often and maximise his prices. To do that on the RPT he has to put the fish in very small boxes to fit in the wing lockers, and he cannot get a guaranteed freight base anyway. So I think the Furneaux Enterprise Centre recognises that the charter operators will lose out in that sort of situation. They also recognise there is no easy answer to the whole equation, that this is a really complex issue.

Mr GIBBONS—We noticed that.

Mr Sell—Yes, really, really tough.

Mr SECKER—You have already got a tourism committee on the island—

Mr Sell—Yes, we do.

Mr SECKER—and you have got fishing and agriculture. What other businesses would you be involved in that we are looking at?

Mr Sell—We are looking at a number of opportunities. There is some downstream processing to be done. I was talking to one of the locals who had some expertise in smoking meat products about the possibility of us taking smoked fish and smoked game products to the same level that King Island have taken cheese to, but again, your problem is freight out, because you are talking about a high-end product. You cannot move it all in one great big lump; you basically have to be able to supply on demand. These are the issues that stop people even thinking about taking ventures any further. It really does slow them down because the first thing they think is, 'How am I going to get my product to market?' That is a side of things we are looking at as well, outside tourism.

Mr SECKER—Is there anyone on the island who owns a plane and would be interested in taking things on demand to start something up and get things moving?

Mr Sell—There certainly are but, as the fisherman said, it does not matter if you put 100 kilos or 470 kilos on the plane, it is going to cost you \$650 to get it to Yarram.

CHAIR—Where is that?

Mr Sell—In Gippsland, Victoria. And then it will cost another \$100 to send it on to Melbourne markets. It does not matter how much you put on that plane, it is flying for that price. That is the cost of running the plane; you cannot expect the charter operators to lose money on a flight like that.

Mr SECKER—So it is charter operators on the island?

Mr Sell—Yes, they use local charter operators.

CHAIR—So you are paying 80c a kilo premium to get it there.

Mr Sell—Four hundred and seventy kilos at \$650.

CHAIR—It is the other way, isn't it?

Mr Sell—Yes.

CHAIR—So it is \$1.20 or \$1.30.

Mr Sell—There are other options: putting it on the mail plane that will take it to Bridport, then to Launceston and then to Melbourne. When you are talking about fresh produce that can be problematic even for things like abalone. The abalone guys regularly want to send out less than a plane load of abalone, and they cannot have it sitting out on the tarmac at any stage because it is a live product and it suffers very quickly. These are the real struggles that everyone has.

Ms O'BYRNE—Could you explain to the committee the efficiency of sea transport to mainland Australia.

Mr Sell—That is one of the main points of the Furneaux Enterprise Centre. We have the Tasmanian Freight Equalisation Scheme but it does not really apply to Flinders Island at all. The boat goes once a month at best; it is an ad hoc system, which means you cannot really rely on it and put a circle around the calendar until they are about a week out and they finally decide when they are going. This means that, if you want to send freight north, you have to send it by airfreight to guarantee it is going to get there.

CHAIR—There is no northern barge whatsoever?

Mr Sell—Once a month. It is infrequent; it is not on the second of every month or anything like that.

CHAIR—It averages once a month.

Mr Sell—It averages about once a month, which makes it very difficult to attract northern tourists with their vehicles and it also makes it more difficult for the fishermen because they are paying top dollar on their freight and there is no freight equalisation to help them cope with that. The same is true for the abattoir with their freight, although they are currently sending their meat products through the Launceston loop—so they are processing it here and sending it through that way. But I am sure they would love to be able to send it directly. It is just that costs get in the way of things like that.

Another good example is that we have a potato grower on the island who is growing gourmet potatoes. They are about to come to harvest. He has two options: one is to harvest the lot and send them all to the markets on the boat; the other is to try to maximise his market, go for the top end—the gourmet delis and restaurants—and supply on demand. But the boat does not go

often enough for him to do that so he has to airfreight everything out. When you are paying \$1.20 a kilo for freight for potatoes, that puts the price of potatoes through the roof. Both of the people in these examples would employ a couple more people each—I asked them this very question—if they were able to maximise their markets without going overboard with freight costs. So it is a really tough issue.

Ms O'BYRNE—The submission refers to reregulating the route to give RPT operators security. Can you expand on that?

Mr Sell—The problem with the Furneaux Enterprise Centre—and I have no problems with that—is that they do not have a lot of aviation expertise on their committee. They are working on what they feel is good advice. They are looking at reregulation of the route because they see it happening in other states to protect the areas that are being hard-hit by cutbacks in air services. There are feelings about break-even guarantees on seat numbers, reregulating routes and giving people tenure of time—like a five-year guaranteed time frame—so they can build a proper service into the region. The problem is that, every time they ask for advice from experts, they get different advice. The pilots will say one thing and the engineers will say another. So they have come up with what they think is the best advice. I think they recognise that they really will not know until they suck it and see, and see what happens.

Ms O'BYRNE—What do you think the solution is?

Mr Sell—Thanks very much, Michelle!

Ms O'BYRNE—I am taking on board that there are a range of options that your group has suggested. Are there further suggestions as a mechanism to resolve them? Are there some that you feel carry a bit more weight?

Mr Sell—They are looking at break-even guarantees. They are looking at things like this because of advice they have had from pilots, airline operators and people like that. That, to my mind, does not hold a lot of weight. I think the attitude of the airline operator is more important than anything else. Looking at the bare statistics of what the current operators are doing, they have been more than breaking even over the last six months, but there has been no room to expand. That is where the Furneaux Enterprise Centre sees the problem: there needs to be room to expand. We are currently looking at trying to attract an ecotourism developer to the region. We had some guys here a little over a year ago and their first comment was, 'We can't build a tourism development on 24 customers a week.' That was their comment. You take that to an airline operator and they say, 'We can't come in unless there is a much bigger demand.' For FEC, it is a really tough one. It is a real chicken-and-egg problem. All they can do is say, 'Here's what we think.' They think that perhaps guaranteeing seat numbers will attract a bigger airline, which would then mean that development can happen.

Ms O'BYRNE—What about the suggestion that the next step is not going to a sealed runway and a larger aircraft but to a slightly larger aircraft to allow the gradual building of some capacity?

Mr Sell—Personally, I think that has got to happen. The development has to be gradual. Everyone needs to grow back into a bit of growth on the island, on that side of things. The island has to be a partner in that growth, in whatever form it takes. As I explained to the tourism

association, if we get a major airline in here they are all going to want marketing money off the operators. By making too big a jump, it could be detrimental to a lot of people's cash flow. That is a personal opinion.

Ms O'BYRNE—I accept that we have a written submission from your organisation. I was just interested in any additional comments.

Mr Sell—I think everyone looks to the 19-seaters as the next size aircraft, which is about the size of a Metroliner or something like that. The reality of it would need to be tested. It is very difficult because all we have are a lot of rubbery figures and promises. The main problem associated with any larger aircraft coming in here is that people will always try to get—and I am being honest here—the lowest price which means they often end up putting their customers on charter aircraft. As a community we need to say, 'We're past that; we will fully support a larger aircraft' because it has to have a time frame in which it pays for itself. I think the Furneaux Enterprise Centre is really aware of that in that, if there is to be any government help with this, it is going to be short term.

Ms O'BYRNE—What sort of government help would you envisage?

Mr Sell—They were looking at things like guaranteeing minimum seat numbers, reregulating the route and locking others out of the route to try to give any RPT service the ability to properly build their business.

Ms O'BYRNE—Because insecurity in the industry really has grown substantially after the deregulation in the seventies.

Mr Sell—Yes. Again, you talk to different people within the industry and they say different things. Some say reregulation and some say no reregulation. It is really difficult. The enterprise centre people feel that with reregulating the route we are guaranteeing seat numbers and are saying, 'Okay, you've got a five-year time frame to build your business,' for example. That then gives somebody the confidence to come in and do something that would possibly help the region grow tourism wise, freight wise, producer wise—the whole lot.

Ms O'BYRNE—It would not necessarily guarantee anything beyond the five years. Once again, the history of aviation on the island, as we heard in a previous submission, is—

Mr Sell—Woeful—absolutely woeful. The islanders, as you well know, are heartily sick of that. The one thing they really do not want to see is what happened last year with two airlines competing against each other. It did not work to the betterment of the island; it took profits away from what should be the main operating airline on the island. The one thing I do not think anyone wants to see again is the competitive situation that drives everybody broke.

Mr McARTHUR—Would it be fair to say that you favour the upgrade of the runway?

Mr Sell—The enterprise centre certainly does favour the upgrade of the runway, yes.

Mr McARTHUR—And that you are looking for an extension of the freight subsidy—the equalisation scheme?

Mr Sell—Yes; in some way, shape or form. The enterprise centre talked to one of the guys at the Tasmanian freight equalisation office and was told quite clearly that in 26 years it has never applied to airfreight and that the only way that could ever happen would be to keep political pressure on, so this was a part of this.

Mr McARTHUR—Have you done any studies since—about what it means to Tasmanian freight? Does it save 25 per cent or 30 per cent? I do not know.

Mr Sell—I do not know the answer to that question. I know that the figures are 100 per cent of the first \$335 in freight per 200-foot container equivalent; 75 per cent of the second \$335; and 50 per cent of the third \$335—apart from that I do not know.

Ms O'BYRNE—I think it was contained in the state government submission we received.

Mr McARTHUR—Who should pay for the upgrade of the airstrip?

Mr Sell—That is a very good question.

Mr McARTHUR—Who do you think ought to pay?

Mr Sell—Me or FEC?

Mr McARTHUR—Both.

Mr Sell—I think FEC feels that there are roles for all three levels of government to play in that and that the whole burden should not fall on one particular level of government. Personally, I look at it from a much broader point of view. It comes down to what I have come up with on a number of projects on the island—putting it in is okay, but how do you maintain it? I think therein lies the critical part to sealing the long runway: how you maintain it.

Ms O'BYRNE—What is your view of the process whereby councils took ownership of regional airports?

Mr Sell—My personal view?

Ms O'BYRNE—Yes. I am not sure whether FEC has approached it as an organisation.

Mr Sell—FEC has not looked at that as an issue. From what I have seen, a number of smaller regions have really suffered by having to take over the role of airport controllers and owners. I do not think we are any different. We have suffered through a lot of things; the lack of expertise is one of them—the lack of good expertise in running an airport and the lack of the ability to make an airport pay for itself. They are expensive things to run.

Mr McARTHUR—If you are asking three tiers of government to provide financial support for the runway, you can be guaranteed nobody will do it.

Mr Sell—Absolutely.

Mr McARTHUR—Why haven't you developed an argument whereby you press one particular section of government to have a go? The former federal government shifted the administration of local airports over to local government.

Mr Sell—Yes.

Mr McARTHUR—The question is whether these would be unique circumstances where a federal government grant might be helpful. Have you argued that case?

Mr Sell—For a long time the feeling of FEC and the community was that the council should pay for it—as simple as that. The feeling was the burden should fall on the council and no-one else.

Mr McARTHUR—I understand that the council does not have enough money.

Mr Sell—Absolutely.

CHAIR—You do not have a sufficient rate base for that, surely?

Mr Sell—No. It comes down to a fundamental lack of understanding of the rate base and what it really means.

Mr SECKER—They could build it if they wanted to put a levy on every resident for 10 years.

Mr Sell—They essentially do that already. With the current system, there is essentially a levy on every resident because of the airport.

Mr McARTHUR—What is the local politics regarding the runway?

Mr Sell—That is a difficult question, because it depends on the advice they are currently getting. I think a lot of people look at the long runway with a cargo cult mentality, which is essentially, 'If you put it in, we will get 747s flying here.' That is not going to be the case. The tourism association are very aware that they need to grow their product if there is to be any hope of making a long runway pay. They recognise that they have work to do on that side of the equation and that the growth of their product is not just going to happen because there is a long runway in place. So, in answer to your question, I think there is still a fair cargo cult mentality out there.

Mr McARTHUR—Is the alternative view that you need the runway to grow the market quietly?

Mr Sell—Yes. I think to achieve any sort of growth we need a runway that can deal with larger aircraft. Whether that will be achieved by sealing the long runway or identifying an operator who will agree to gravel-kit a plane and use that on the run, I do not know. I know that gravel-kitting is a whole lot cheaper.

Ms O'BYRNE—What is the cost of gravel-kitting?

Mr Sell—\$US75,000, I think, for a Dash 8 aircraft. So it is about \$120,000, which is significantly cheaper than \$2 million for a runway. I think you have to look at those possibilities as well.

CHAIR—On that note we thank your centre for its work. As you say, it is winding down; nevertheless you have a resource that you have built there. It will no doubt be useful to the island as it tapers off, as it was in the past. You will receive a *Hansard* draft of your evidence today, to which you can make editorial adjustments. I trust that we may contact you if we need any further information?

Mr Sell—Certainly.

CHAIR—We will have a five-minute break.

Proceedings suspended from 10.54 a.m. to 11.01 a.m.

LUDDINGTON, Mrs Christina Mary Lindsay, Owner-Operator Partner, Flinders Island Adventures

WALKER, Mr Gerard, Owner-Manager, Flinders Island Cabin Park

WELLS, Mrs Barbara Wendy, Owner-Manager, Castle Cottage

WHEATLEY, Mr Alan, Partner, Killiecrankie Enterprises

WHEATLEY, Mrs Margaret Mary, Partner, Killiecrankie Enterprises

CHAIR—I welcome a group of tourism operators from Flinders Island to this hearing into commercial regional aviation services in Australia and alternative transport links to major populated islands. It is being conducted by the House of Representatives Standing Committee on Transport and Regional Services. Although the committee does not ask you to give evidence on oath, we stress that these are proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is considered a serious matter and could be taken as a contempt of the parliament. Thank you all for coming. Do you wish to make individual statements, or will someone make a group statement?

Mrs Luddington—We have not actually got together to that extent.

CHAIR—Then you might each like to speak for about two minutes and give us your views on tourism and how transport and various maritime based services might improve your operations.

Mrs Wheatley—Tourism on Flinders Island has been fairly static for quite a while, and nothing should remain static. In order to grow, we have to be able to get more people here. Our major market is from the north, from Victoria and parts of Australia other than Tasmania. At the moment the service in that direction is not adequate in terms of the size of the aircraft. The frequency would possibly be okay for the time being but it may need to be increased as our market grows.

Our current RPT operator is not doing marketing. The tourism association is, and several of us operators are doing some of our own marketing, but we need more assistance to do that. To get the numbers we need, it appears to us that we need the longer runway at the airport to be sealed so that any operator is not limited in the type of aircraft they wish to use.

CHAIR—Do you want to add anything to that, Mr Wheatley?

Mr Wheatley—Yes, I want to talk about larger aircraft. We have a real problem getting our crayfish out. Years ago Aus-Air and some of the other operators had larger aeroplanes called Bandeirantes, which carried plenty of freight and passengers. I would like to stress that we have to have the facility to carry passengers and freight. We cannot at the moment. You cannot even get 10 kilograms of crayfish out when you want to.

CHAIR—Do you send the crays out live or chilled?

Mr Wheatley—Live, in bins.

Mr G. Walker—I would like to emphasise the lack of seating capacity on the planes. At the cabin park I talk to a lot of people. I can give you examples of people who cannot get on the planes when they want to go. A computer technician stays about every three weeks. He gets the early morning flight one morning, stays overnight and goes on the late flight the next day. At one stage, through the winter, he could not get an early morning flight on a business day for three weeks. That is an indication of the lack of capacity. You get tourists who want to come on a particular date. They get their holidays on a certain date, so they are restricted as to when they can come. If they cannot get on the plane when they want to, they will say, 'We will go somewhere else.' They will go somewhere they can drive to. I think there is a potentially large impulse market that we are missing out on. If people cannot get on the plane, they will go somewhere else.

One way or another we need to increase the capacity, like the twin ferries have in Devonport. They have increased the capacity, then they have marketed it and increased the demand to meet that capacity. At present the tourism operators here are reluctant to spend money on marketing because they know that we cannot get people here when they want to come. It is an embarrassment. One way or another, capacity is the problem. Whether that is the fault of the airline or of the system that the airline works under is something for someone else to figure out.

I also think the sealing of the runway would help because it would create many more options regarding the types of aeroplanes an operator could bring in here. You cannot drive here. The airport is our road. Maybe it could become part of the national highway system or something like that. We have a great deal to offer here on Flinders Island and we cannot market it because we cannot get the people here.

Mrs Wells—I agree with what has been said already. I agree with Margaret that most of our people come from the north, but I am finding more and more that I am getting a lot of people from Hobart and a few from other parts of Tasmania. Even though we have the more regular service from Tasmania, they also find difficulties in coming and going when they need to. I think even the local people would agree on that. You cannot just fly off at a moment's notice, because there are not always seats available. Of late I have found that a lot of our tourists are faced with major delays. People wanting to get back at certain times are told, 'Your plane has been delayed,' for two, three or four hours. Quite often that affects connecting flights and connecting buses et cetera.

Also, I think the cost of flying in and out is an issue. Most of my visitors, and I am sure you would agree, Mr and Mrs Wheatley, are aged 40-plus. Our island has a lot to offer younger people: bushwalking, beaches, fishing and all that sort of thing. But for most of those people, that is beyond their capabilities. They can fly off to Queensland or somewhere else and have a much cheaper holiday than what is on offer here. As Gerard said, the only way is to seal the longer runway and to bring in bigger aircraft. Hopefully, with the bigger influx of people, that will allow airfares to come down a bit. Perhaps we could get some support from government for airfares.

Mrs Luddington—A lot of things have been said, most of which I completely agree with. I did not mention that we are an operation that has a charter boat for cruises, fishing groups and tours and we also have four wheel drive tours. We also deal with groups. Our group situation is important to us to keep us viable because otherwise you could not operate a boat on twos and threes, and even a four wheel drive, if that is all you have got, is not really going to make much of a business for you. So groups are very important.

Groups are wanting to come but we have great difficulty getting them in. Like accommodation operators, we have all had people cancel bookings when people have thought they could get transport easily and they have not been able to. We have also lost groups because they could not come when they had arranged to have their holidays. We are only just beginning with the group situation. We have a whole lot of product that, at the moment, has been sitting there until such time as we can get people in.

Tourism Tasmania niche marketing is looking much more at groups and encouraging groups to be brought in both to Tasmania and here particularly. They have been over here and have seen a number of operators and have presented a number of different options for new product in group situations, which they consider very good. They would like to market them throughout Australia. They think that they are suitable for being marketed throughout Australia. That is great—except for the problem of getting people here. A lot of the Tasmanian tourism wholesalers have said that they have a problem in getting people to Flinders because it is not direct. Once we could get people here direct they would like to really push for us. So we do feel that we can get people here when we have got the means of bringing them here.

CHAIR—Could you give us a bit of a feel for the percentage of your clientele that comes from Melbourne and Victoria and the percentage that comes from Tasmania or through Tasmania?

Mrs Luddington—I would have said 18 months ago, and before that, that about 20 per cent came from Tasmania and 80 per cent from the mainland—mostly Victoria but that has been growing. Now I think that the Tasmanian side is growing a little bit more, but the bulk is still very much from the north.

CHAIR—In what proportion do you reckon—two-thirds to one-third?

Mrs Luddington—Not quite.

CHAIR—Is that your experience?

Mrs Wells—Yes. It is probably 70-30, I would think.

Mr G. Walker—I would imagine probably fifty-fifty.

Mr Wheatley—Ours is more like 80-20. We have a lot more from the north.

CHAIR—Taking an average of all you have got, it is about 70-30.

Mr G. Walker—Yes.

Mrs Wells—Gerard has quite a few businesspeople, don't you?

Mr G. Walker—We have quite a few. It is also a bit more of a budget accommodation place so you get more Tasmanians.

CHAIR—So when business people come here they tend to use your operation?

Mr G. Walker—Not necessarily. They use Lois Ireland's as well—Whitemark places anyway.

Mrs Wells—I get quite a few too. TAFE use my place a lot and some of the professional doctors and so on stay with us.

CHAIR—One of the themes that is emerging—although not quite central to our inquiry but I suppose it is part of making the overall thing work—is that there seems to be a lack of marketing other than what you have derived yourselves locally. Your air charter operator is not doing it and you are only a small group yourself. What support are you getting from the Tasmanian government, from Tourism Tasmania?

Mrs Luddington—Very limited. Most of the arrangements for marketing the state are for places you can drive to, basically. Whether we like it or not, we are a separate destination. If people have decided to go to Tasmania then only a very few will make a side trip. We can work with some operators from the mainland. Some of them send people down and give that as an option but often only ones or twos pick that option. Therefore that is not easy. As far as our marketing goes, if we were attached to the mainland or closer to it, then we would probably have much more benefit from it. But because of that stretch of water it always sort of falls through the grid.

CHAIR—Is this the basic argument that you are putting to government: that the Freight Equalisation Scheme should be extended to travel?

Mr SECKER—To air services.

Mrs Luddington—Yes, because that is our highway, it is our road. And we are the one place that does not benefit from it. There are possibly places similar to us, such as King Island. Tasmania benefits greatly from its shipping capacity. We do not have that. If we went down the road of getting a boat, that would cut out our short stay market, because of the time factor—

Mr SECKER—It only comes once a month from the north, doesn't it?

Mrs Luddington—Even if we went for a regular sailing boat, it would take too long, and it would also be complicated. To get the right sort of boat we might as well spend that amount of money on what we feel would be more advantageous to us: a highway in the sky. If you had a small boat it would be limited by when it could sail, because our weather can be lovely but it can be variable and we do not know when that is going to happen. If it were to be a bigger boat, then we are not equipped with the infrastructure to cope with 200 people at a time arriving at a dock, half of which are going to spend the day and go off again. Only a few of those would stay on and put money into the community.

CHAIR—How many hire cars do you have on the island?

Mrs Luddington—Margaret, have you got the figure on that?

Mrs Wheatley—No.

Mrs Luddington—I am not absolutely certain. I think somebody in the audience has a figure.

CHAIR—We would have to authorise that. We cannot just take it.

Mrs Luddington—We have three operators at the moment. It would certainly be less than 30 cars.

Mrs Wells—Somewhere between 20 and 30, I would think.

Mr Wheatley—There are five operators including—

Mr McARTHUR—What about minibuses? Do you have a minibus?

Mrs Luddington—We have a few minibuses. We have two eight-seaters and three 12-seaters, and then there are coaches on the island.

CHAIR—What is the daily car hire rate?

Mrs Wells—It varies from \$60 to \$80.

Mr Wheatley—It averages out at about \$66.

Mr McARTHUR—What happens with the minibuses?

Mrs Luddington—The minibus rates are from \$80 to \$140; they vary from operator to operator.

Mr McARTHUR—Who drives them? Do you drive them around for a tour? What goes on? Could you quickly give us a feel for it.

Mrs Luddington—They can be hired like a hire car for a similar use, or they can be cross-hired to tour people around.

Mr G. Walker—I have worked out that there are 28 hire cars.

Mr GIBBONS—It seems to me that the problems on the surface are very simple. You need to get more tourists in; you need to get more freight out. I would have thought that a maritime solution would be the most beneficial. You can build vessels these days that can handle rough water very well through the design and they use less and less horsepower because of the design, so they are economical. If you had a larger vessel that came two or three times a week that had a

capacity for, say, 20 passengers and a huge freight capacity, wouldn't that be the answer to all the problems?

Mrs Wheatley—It would depend partly on the speed of the boat. A lot of the time you are dealing with time-sensitive freight because we have crayfish.

Mr GIBBONS—Most freighters go at about nine knots. The big powerful cats go at 30 knots.

Mr Wheatley—It would not matter what speed you had; you could not send live crayfish out with that type of operation because they would be dead by the time you got them there, unless you put them into a tank, and then you would have to cool the tank. The expense would be too high. You have to get live fish out quickly. Also, there are a lot of people who do not like going on boats, and one of the roughest stretches is between here and Welshpool.

CHAIR—I was just about to ask you about that. Is the whole of Bass Strait rough or is it just the part from the tip of the islands to the Victorian mainland?

Mr Wheatley—The biggest percentage of it is rough, but there are a lot of tides to contend with from Flinders to Port Welshpool so that would be one of the roughest areas.

CHAIR—I was just watching the trees today: there is no roaring forties coming through here today, is there? It is quite still, if anything.

Mr Wheatley—It is about time!

Mrs Wells—Come down in September.

Mr Wheatley—Yesterday afternoon was a more usual day, with a fresh north-easterly.

Mr McARTHUR—Have a go at the deputy chairman's point of view, though. Yesterday and today you have been arguing a case to us that we need to improve the aircraft arrangement. Now argue the case that sea transport has no potential here. Are you just saying it is too hard?

Mr Wheatley—It is only too hard for certain parts. I am pointing out—

Mr McARTHUR—The proposition is to bring people in on a regular set-up. We read all the evidence, and what it is saying is that there is no regular transport, you cannot get a ticket, it is too hard to get from Essendon and Moorabbin and all that sort of stuff. The deputy chairman is just suggesting the option of a regular, sea based transport so everyone knew what was going on.

Mr G. Walker—I suppose we are promoting the airline idea because we have had good airlines before. When I was a kid we had Fokker Friendships.

Mr GIBBONS—The airline ticket is roughly \$250, in round figures, and a ticket on the barge is \$70. If it was a much cheaper fare to get from Tasmania or Victoria to the island, wouldn't that equate to more people coming as tourists?

Mrs Luddington—But the cheapness of the present boat is related to the facilities provided, too. I do not think that would—

Mr GIBBONS—But what if the voyage from Tasmania, which is nine hours by freighter, was cut down to four hours?

Mrs Wheatley—You would also have port infrastructure to consider, at both ends, and that would probably be even more expensive than sealing a runway and so forth.

Mr McARTHUR—Where are you suggesting? At Whitmark and then where?

Mrs Wheatley—Whitmark and Lady Barron. Whitmark is a tidal port—you cannot get there at low tide—so you would not be able to have regular sailings to Whitmark because half the time there would not be any water.

Mr Wheatley—So it would be Lady Barron if you were using a ship.

Mrs Wheatley—You also have to have port facilities at wherever you go to in Victoria and Tasmania. So you would have three lots of port facilities plus a boat to provide.

Mrs Wells—I do not know if it is the same for the others but I have a lot of people coming in for two or three nights. If they have to travel all the way to Welshpool and then another four hours on a boat, and then the same to return, they are losing a full day out of those two or three days, whereas if they can fly they are here—

Mr GIBBONS—A lot of people would see the voyage as part of the holiday.

Mrs Wells—Yes.

Mr McARTHUR—We have had the same arguments about trains. People said that you would never make a train work. We have been on the Ghan in recent times and that has become part of the tourist experience. So that whole inland network is now part of the tourist thing, but for 50 years people said that network would not be profitable. We are hearing a bit of the same argument here. The airline operators have not been able to make a profit here, for reasons you have talked about, and we are just exploring this option of a sensible, sea based transport with a more modern type of vessel. You ought to refute on the record the argument that the option of sea transport is just not a goer for Flinders Island. Hearing your comments I am not quite convinced that you have really looked at it.

Mrs Luddington—It has certainly been discussed before, on more than one occasion. A lot of us have talked about it between ourselves too. Personally, as a resident I would find it very inconvenient, time wise, as a way to go to Victoria for the reasons I would be going there, which are often for events or visits or appointments. It would mean I would have to have two extra days for the visit. The other thing is that I would not mind doing it on a very clear and calm day, but I would hate to do it on a rough day, for the amount of time that it would take.

Mr McARTHUR—You are rejecting it on the weather conditions?

Mrs Luddington—Weather and time, basically. Also, the infrastructure needed at our ports is a very strong factor. At the moment, Lady Barron is a fishing village and the port is a fishing port for small boats.

Mr McARTHUR—You want to spend a couple of million on the airstrip though.

Mrs Luddington—I think that would be more advantageous as it gives us time and comfort and avoids us being seasick.

Mr McARTHUR—But all the evidence is that the aircraft operators have gone broke. You say that small airlines have withdrawn and that 17 have gone broke. So the evidence before us is that the small airlines are not doing too well in this particular location.

Mrs Luddington—Yes, that is absolutely true. Because they are small planes they have the restriction of only being able to do one job at a time to only one destination. The main factor is that they cannot utilise that flight to its full capacity by mixing freight and passengers, and that has made it very difficult. They could previously, when they had bigger planes here, and that made it far more cost effective.

CHAIR—These were the Fokkers, were they?

Mrs Wells—Yes, and DC3s.

Mrs Wheatley—I used to go to boarding school in Launceston on a Fokker Friendship in the late sixties. Ansett pulled out of Flinders Island in 1972, I think. Before that there was a federal subsidy to keep them going and, when that subsidy was pulled out, they pulled out. Since then no airline has lasted—I think the longest they have lasted is about five years.

Mr McARTHUR—What a terrible federal government to do that to you! Which terrible government was that?

Mrs Wheatley—I was too young at the time to remember!

Ms O'BYRNE—Well done! Mr McArthur knows the answer to his question.

Mr GIBBONS—A typical politician's question, isn't it?

Mr McARTHUR—Could have been McMahan.

Mr GIBBONS—A good combination.

Ms O'BYRNE—There are a couple of points I want to clarify from things that have been raised already in submissions. I want to see whether as individual tourist operators—and I know that some of you have answered these questions in other submissions—you have an analysis of how much your business could grow should you get greater capacity. I would like your views on the position that we could at this stage continue to use the shorter runway with a larger capacity plane to allow businesses to grow, which would then present a stronger argument for the extension of the runway. I know that Margaret and Lindsay have made comments in

previous submissions about the additional numbers their businesses could take, so perhaps Gerard and Barbara might have some comments.

Mrs Wells—Comments that come to me on a regular basis are with regard to small aircraft. I speak to people away from the island and they say, ‘We’d love to go to Flinders Island, but my wife won’t travel on small aircraft’ or ‘I won’t travel on small aircraft.’ And then there is the freight factor—it is up to 15 kilograms. If you are going on holidays for a week or two weeks, 15 kilograms means that you are going to have to be washing every day, which you do not want to be doing on holiday. As far as my capacity, I think at the moment on average I am working on—I gave Lindsay the figures—about 36 per cent. That means I am working at about one-third of capacity only. Through winter it is way down—it is virtually nil. I get some professional people through the winter months—from TAFE, doctors and so on—but as far as tourists are concerned the number is practically nonexistent.

Mr G. Walker—You are very rarely going to have 100 per cent of beds full because people are coming and going—sometimes holidays overlap and that sort of stuff, so there are a few days in between—but I reckon the size of my business could easily double. Lindsay worked out that we are at about only eight per cent capacity over the whole year.

Mrs Luddington—At 18 per cent capacity on average—over all the operators.

Ms O’BYRNE—What is your view about a slightly larger aircraft? Does that deal with the issues that you hear about people not wanting to fly in small planes or will it not go far enough?

Mrs Wells—I think it will. The other problem we encounter with smaller aircraft is when we have two couples wanting to come in. I can cater for two couples or a family of four. Quite often, unless they book two or three months in advance, two can come in on one aircraft, another one can come in that afternoon and perhaps another one the next morning. If they book the holiday only a week or two in advance, it is very rare that they can all get on that plane together, especially from Victoria.

Ms O’BYRNE—What negotiations do you as individual operators have with the airline? We have heard a lot comments about the fact that the current RPT provider chooses not to advertise and that you cannot get the capacity you want. What action do you take in direct consultation with the provider about those concerns?

Mr Wheatley—It is very hard to get contact with the owner of the airline. You can ring him up but you can never get him to ring you back, so you do not get a chance to have your say even if you want to. There is not much communication between him and the operators. He promised to ring me back when he first started the airline. He promised he was going to have the Bandeirante, and that did not happen. I want to talk to him about freight, but it has never happened. It is a waste of time.

Mrs Wells—Their being based in Hobart makes it difficult. If their main centre was here, you could just go in, confront them and say, ‘What’s happening here? What can we do about this to improve your situation as well as ours?’ But, as Alan said, you telephone Hobart and, if you can get through on the telephone, they are fairly non-responsive.

Ms O'BYRNE—Have you spoken to them about mechanisms to improve onward bookings and interconnectivity? One of the things we have noticed in submissions is that you ring up Qantas and say, 'I am going to fly to Tassie and I want to go to Flinders,' and they cannot immediately respond to you. Have you had any discussions with them about their ability to have a better relationship with the larger providers so that those connections can be dealt with?

Mr Wheatley—The only time that that came up was when we had a workshop with the council, and Bob Pratt was here. They promised that they were going to have good communication with them, but there is no evidence of that.

Mrs Luddington—The cost of our airmfares is relevant to the structure that is in existence for a one-destination operation in that there is the office here, an office in Essendon and an office in Hobart. They need that office in Hobart to act as a travel agency. When they opened that, well over two years ago now, they were invited by a number of us to come to Flinders, to spend a couple of days and to go around and see the product. They were also supplied with all the information, such as brochures or pamphlets, for individual items within that operation. They were furnished with these for their office. My business is a dual operation: a boat charter business and four-wheel drive tours. After two years I was asked by that office, 'Do you do four-wheel drive tours?' Another operator, who has a cottage in Lady Barron, learnt even more recently that that office thought there was only the lodge in Lady Barron for accommodation. It actually has the biggest concentration of holiday cottages on the island. There are a number of them there, as well as all over the island. They have not taken up the invitation to come and see what is here, and they have not read all of the information that was sent down. So bookings have been slightly limited in some places.

CHAIR—You have led me to my next question. What do you see as your marketing edge? What makes you a better island than any other island like this off the Australian coast? What does this have that is unique, distinct and different from those islands? Because that is why they will come.

Mrs Luddington—I think there are two things: the extent of the visual beauty on the island—the mountains and the sea—together with a feeling of being the only person here and being able to unwind.

Mr McARTHUR—Mrs Wells, can we get to the three that did not tell us about that last time?

Mrs Wells—I think the same thing. We always laugh: if we go to the beach and there are footprints or there is someone else there, we go to another beach. I do not think there are many places in Australia where you can do that. If you go the beach, you go to the beach. It does not matter whether there are 10 people there or 10,000 people there; you stay there. But with Flinders Island you know you can have your own private spot. There are even cottages et cetera out of the way where you can go and stay and you can just be in that little unique area.

I think we have a lot to offer. Most places you go to are very much geared to the tourism situation, whereas here we have remained more with the island. There is beautiful bushwalking. It opens itself to photography, to flora and fauna and many other aspects that are available here that you cannot get all in one package on most of the other islands.

Mr G. Walker—It is all those things, plus there is its rugged beauty. Even on a rough day, it is still a beautiful place in a rough sort of way. It also has a lot of history, if people are interested in history. Cape Barren Island was the second settlement after Sydney, with sealing colonies. Also, there is Aboriginal history from when they tried to take the Aborigines off the mainland of Tasmania and resettled them here. There are all those sorts of things. No doubt other places have got history, but I think we have a fairly unique history.

Mr Wheatley—Another part of it is that the expense is in getting here. Once you are here, you are not spending big money. You do not have to go around putting your hand in your pocket to do something. You just go off and do your bushwalking, diving or whatever you want, without spending money. That is one of the main things they really enjoy: being here without it costing them much.

CHAIR—We do not have a restaurateur here. Do you have restaurants at night?

Mrs Luddington—Yes.

Mr Wheatley—Yes, we have the tavern, the golf club and the Interstate Hotel for those sorts of things. There is also Sweet Surprises, but that is only during the day. So there are those three.

Mr McARTHUR—Do you think that industry is sustainable and that it will expand? We have this problem with transport; it does not look as though there is an easy solution on the horizon.

Mrs Luddington—We have a very good existing bakery who have catered for us, by tradition, and they would love to go back into catering, operating out of their bakery. There are people standing by and, if they see a business proposition there, they will step in. In terms of the hire car situation, we have had offered to us two means to improve that, should the need arise. They have not been utilised because we have not had sufficient people in, but they are standing by and we can utilise them when we need to bring more cars in.

Mr G. Walker—You said, ‘Is it stable?’ I do not think it is stable. It has gone backwards. It is worse.

Mr McARTHUR—Is it sustainable? Is it progressing? Is it just an add-on to some of the farming enterprises or is it something you did to get a couple of dollars extra? Or will it be an industry that will survive and prosper in its own right?

Mrs Luddington—It has every reason to be able to do so. There are more full-time tourism operators now and there are others who would like to be. And there are others standing by who would come in with more infrastructure, should they see the opportunity.

CHAIR—I think you are missing the point. We know what the marketing edge is now, and we know tourism has somewhat plateaued at present, and we want to take it up to the next level, but one of the big problems that you appear to have is perception, because—and I was not going to introduce this until you mentioned it—you find that some people just do not like travelling in small aircraft. They like to travel in nothing less than a Dash 8 or a Brasilia or a Saab, and that is true all the way up the Queensland coast. There are plenty of interesting places up the

Queensland coast, but the ones that have those aircraft seem to attract a market of their own. I can understand why you are interested in getting that runway done.

I think that you might be missing the other part of the equation, which is marketing. I would like to hear your comments on this. If your airline will not market, then you have to go out and do it yourselves. Also, I heard one of you complain about people not accepting familiarisations. I think you have to just go and badger them. Go to Melbourne travel agents and to Tourism Victoria. The point is that it is important to bring here those people who are selling the holidays. That is the important thing—to bring them here. I worked for a tourism authority and one of the most difficult things was to create the impetus to get people to come. The attention of journalists and travel agents is absolutely essential. If you get a good travel writer giving you half a page in the *Sydney Morning Herald* or the *Melbourne Age* or something like that, all of a sudden it triggers a huge groundswell of interest. An article in the Qantas magazine may also be useful.

Mr Wheatley—It is all very fine to do all this advertising ourselves.

CHAIR—No, not advertising.

Mr Wheatley—Or marketing. There is no point in doing marketing if you cannot get people here. That is our problem.

Mrs Luddington—We do have the means to do that. Tourism Tasmania has areas that we can utilise—and we do to some extent—for getting journalists to visit us. They have a visiting journalists program and sometimes organise familiarisation trips.

CHAIR—When is the last time a familiarisation trip was organised?

Mr G. Walker—It would have been last winter, wouldn't it?

Mrs Wheatley—It was last September.

CHAIR—Was that a group or just a one-off?

Mrs Luddington—It was a small group of about six travel agents.

Mr McARTHUR—Victorian ones?

Mrs Luddington—Yes.

CHAIR—When is the last time you had a travel writer visit you?

Mr Wheatley—I had one in about September—the diving guy.

Mrs Luddington—We have an area marketing and development officer, who helps us with that. He brings people in, too. Over time, we have had a lot of visiting journalists, but we could always do with more.

CHAIR—Do you target the wilderness writers?

Mrs Luddington—We target wherever we can, yes.

Mr SECKER—I think you will come back to that same problem. You can attract as many as you like, but if you cannot get them here—

Mrs Wheatley—If you cannot get them here, there is no point.

CHAIR—If you improved your airstrip and attracted an operator with expertise and financial backing, would you people be committed to the tourist industry?

Mr G. Walker—Well and truly.

Mrs Luddington—It is my main business.

Mr McARTHUR—If the local council or the federal government make a couple of these commitments and make some changes on charter and regular transport operators—the change that CASA is putting up—and you spend the \$2 million on the airstrip, say, will the island tourist operators be committed to the industry, or is it just an add-on?

Mr G. Walker—Absolutely.

Mrs Luddington—Yes.

Mrs Wheatley—Our business has put \$200,000 into the industry in the last five years. Most of that money has been borrowed. At the moment, we are only paying the interest on those loans, because we do not have enough people to pay the capital. We are getting to the stage where we are not going to have anything to retire on if we do not get more people coming here.

Mr McARTHUR—So you are telling me you have made a commitment. Have other operators made a similar commitment?

Mrs Wheatley—Some others have, and there are others waiting in the background until something actually starts to happen before they put their money into it.

Ms O'BYRNE—What percentage of the market would be wholly tourism focused—not just the tidied-up soldier settlement farm? How many people would derive their entire existence from tourism?

Mrs Wheatley—Not very many, because it is impossible.

Mr Wheatley—You cannot afford to run it.

CHAIR—Do you need to have a second strand of income?

Mr G. Walker—I do, and I am a hundred per cent tourism focused.

Mr McARTHUR—Mr Walker, is yours a family run operation? Do you pay people? Can you handle the ups and downs?

Mr G. Walker—I do most of it myself, but I get a bit of help.

Mr McARTHUR—So you can withstand the ebbs and flows of the market?

Mr G. Walker—Yes. I just do not spend too much money.

Mrs Luddington—We represent 10 per cent of the tourism membership and we are all dedicated operators, but there are a few others as well. I would say it would be about 15 to 20 per cent who are dedicated operators at present, and I know there are others who would be.

Mr McARTHUR—Are you all united? There are no little political arguments amongst yourselves?

Mrs Luddington—We present an almost united front when we represent the industry.

Mr McARTHUR—Move over to this side. We are all united on this side.

Mrs Luddington—The other thing is that if we grew tourism we could give more business to other businesses—and we do give the little business that comes in to other businesses—and that would help non-tourism businesses on the island. It would also help the council to grow the resident base, because we have lost two or three people who would have bought here who said that they cannot because their relatives and families would not visit them at this stage, as things are at the moment. The council does want to grow the resident base. It is important to us. I think it would lead to things growing and becoming more viable for the whole community. I honestly believe that.

CHAIR—So if you had those larger aircraft, you could get your fish out every day and things like that.

Mr Wheatley—You could get out small lots of fish—and large ones—but that is where the problem is. I normally send out 800 or 900 kilos on a Chieftain—I charter the whole plane to do that—but it would be good if I could send out three bags to you and two bags to you on a daily basis. We used to do that when Promair and Aus-Air were going. That was because there were fewer restrictions on how you carried the freight in those days. You cannot put it with people anymore, so that is what took that away. If there had been a different type of aircraft, yes, we could have done that.

Mr McARTHUR—Who introduced those terrible regulations?

Mr Wheatley—The government, I suppose.

Mrs Wheatley—It was CASA.

CHAIR—We are coming back all the time to the cross-runway, aren't we?

Mrs Wheatley—Yes.

CHAIR—It keeps coming back to that, and to getting aircraft of a sufficient size that tourists are comfortable with—

Mr Wheatley—That can take crayfish.

CHAIR—with a company that will probably have some marketing expertise as well as owning the aircraft, that can take some of your freight out and that will create more reliability both for business and for tourist visitors. So we keep coming back to that point, don't we? We could go around the island and say, 'We could build it up to 19 and then to 22,' but it needs a leap of faith. Is that what we are saying?

Mr Wheatley—That is right.

Mrs Wheatley—The state government made a similar leap of faith with the two ferries. They put the money into those two boats knowing that the demand would rise to meet what was available. I think the same thing would happen here: if we had the larger aircraft coming in, the demand would rise considerably.

CHAIR—How long do you think it would need to be subsidised before it became self-sufficient?

Mrs Wheatley—How long is a piece of string?

CHAIR—We have to make a recommendation to the government. That will be our job.

Mr SECKER—That will be the question they will ask us: what is the cost?

CHAIR—We have to make something realistic. If we put a pie in the sky thing there, the minister will read our report and say, 'No way; they are wasting their time.' But if we craft a good recommendation—for example, the Commonwealth puts so much into the upgrading of the runway and the air services are subsidised three days a week for six or 12 months or whatever it might be—are you reasonably confident that that would create the impetus? Do you know what I am trying to say? We have to come up with a realistic proposal. It has to be bankable; not a wish list.

Mrs Luddington—I think that the figure required for support for an airline coming in is 60 per cent. It wants to be guaranteed 60 per cent. Once that is being reached on its own merit and beyond, then I do not think a subsidy on the air component will be needed so badly.

Ms O'BYRNE—What size plane would you be looking at?

Mrs Luddington—I am looking at a 19-seater, say, three times a week. I think their requirement would be that they would want to be guaranteed 60 per cent.

Mr McARTHUR—Would your association be prepared to put a proposition up, as the chairman suggested, that if the airstrip was fixed you would give a definite time line and a figure for how much subsidy might be required to ensure the reliability of the aircraft? And you will make up the shortfall when it goes wrong?

Mrs Luddington—No. We have done that already!

Mrs Wheatley—It is extremely difficult to quantify. It is extremely difficult to put a time line on it. It would have to be a build-up between at least five to 10 years, I would say. But it probably would happen faster—

Mr McARTHUR—But you made a commercial decision in your own enterprise. It was pretty risky data on how many people come in and how you handle it and how you have gone to the bank—you have told us that. Why can't we be making a similar proposition at the bigger level?

Mrs Wheatley—Because we are one enterprise—and I do not know what anybody else along here is thinking about what they can do with their business. We know we have a certain amount of support because of the operation we have. We have the whole experience because we have the charters and the hire cars and the accommodation all set up ready for people just to come along. We do not know what other people might be deciding to put into the island. A number of people I have spoken to have said that they would put in some sort of a development—they have not said what—if the number of people was attractive enough.

CHAIR—So you have got to have that airline for a certain given time to allow the thing to develop.

Mrs Wheatley—Yes.

CHAIR—What is the time needed—one year, two years, three years?

Mrs Wheatley—It would have to be a minimum of five years, I would think.

Mr McARTHUR—Getting back to the Fokker Friendship argument you mentioned earlier, that was a subsidised service and it was suddenly withdrawn in 1972—

Mr Wheatley—It was.

Mr McARTHUR—If that service had been continued, where do you think you might be now? Government at that time did subsidise it.

Mr Wheatley—We would have enough money to go and have a holiday. It is as simple as that.

Mr GIBBONS—Great Keppell Island!

Mr Wheatley—No.

Mrs Wheatley—If that had continued, we possibly would have a similar sized but more modern aircraft coming here now.

CHAIR—A Saab or something like that.

Mr Wheatley—Yes.

Ms O'BYRNE—Did Ansett pull out immediately after the removal of the funding or did they operate for a while and then decide it was unfinancial?

Mrs Wheatley—I do not know.

Mrs Luddington—Council would know.

Mr GIBBONS—We will ask them that this afternoon.

Mrs Luddington—I am personally convinced that if we had a 19-seater plane coming in, within three years we would need a larger one or we would need more flights. If that were a fact, it would already have surpassed its 60 per cent.

CHAIR—Will a 19-seater—with great respect to the smaller operators—give you that linkage into the mainstream aviation field and the ability to have someone to co-promote with you? QantasLink and Flightwest, which is now Alliance, and Rex, which was the old Kendell, and Hazelton, are not keeping much in their fleet under the 32- or 34-seater. If you go for a 19-seater or something between 18 and 22 seats, is that really going to do the job?

Mrs Luddington—That is a very good question. We have plumped for a 19-seater because people say we should not bite off more than we can chew. But even a 19-seater, if it were three times a week and full and every one of those people were coming to stay on the island, would mean one person in every unit—not even a couple in every unit. We have the infrastructure here for dealing with a 32-seater but the marketing would have to work quicker and harder to make sure that they did come.

CHAIR—Does that airline service need to be triangular—Melbourne, the island, Launceston, Melbourne—or something like that?

Mrs Luddington—Either dedicated to that, or we could be an extra run for a service that is already operating to other places.

CHAIR—That would give them a backload to Melbourne.

Mrs Wheatley—Yes.

Mr Wheatley—You could include King Island and do a complete circle. You could try to encourage Rex or someone like that.

Mr McARTHUR—Is that run—Melbourne, Flinders et cetera—possible?

Mr Wheatley—That is how the Fokker Friendship used to do it. That was one of its jobs.

CHAIR—What was the Fokker?

Mrs Wheatley—When Ansett did it.

CHAIR—Can you describe the route?

Mr Wheatley—It used to go Melbourne, Flinders Island, Launceston, King Island and back—it would do a circle.

Mrs Wheatley—It went Melbourne, Flinders, Launceston, King, Melbourne, King, Launceston, Flinders, Melbourne.

CHAIR—Reverse every second day?

Mrs Wheatley—Yes.

Mr McARTHUR—In what time frame?

Mrs Wheatley—I cannot really remember. I was a teenager and I was not particularly interested.

Mr McARTHUR—A day trip?

Mrs Wheatley—It was all day trips. There were no lights on the runway here so it had to be during the day.

Mr Wheatley—Yes, it was only each day. They did not double up.

Mr GIBBONS—People did not mind landing at a port they had no interest in and spending hours and hours waiting to get to the port of their destination?

Mr Wheatley—It did not seem to worry us too much. I remember doing that trip when I was fairly young. We dropped in to King Island and away we went again and I did not even get out of the aeroplane.

Ms O'BYRNE—You don't think that people's interests and demands for efficient and fast travel now would mean that their expectations would be somewhat different?

Mrs Wheatley—Their expectation is quite possibly different now.

Ms O'BYRNE—In Queensland there are still those sorts of runs—going to Blackall and Barcaldine.

CHAIR—They are still subsidised.

Mrs Wheatley—People will not mind one stopover, but I think they would object to a couple.

Mr Wheatley—They object already to the Island Airlines one—Melbourne to Traralgon and then to Flinders. They complain: 'We're dropping in to Traralgon again. It should have only taken an hour and 15 minutes but it has taken over two because of that.'

Mrs Wells—A triangular one opens it up to further tourism. If we are a separate destination, people who are going down to Tasmania may decide not to come across to us. But if they could come back through us or come down through us they might decide to have a couple of days on Flinders on the way.

Ms O'BYRNE—You would have to market that as an individual package.

Mrs Luddington—There are pros and cons on both aspects.

Mr McARTHUR—The \$2 million proposition to fix up the airstrip: where is it physically, is it costed, who has got the document and who is being lobbied to do it?

Mrs Luddington—The council.

Mrs Wells—The council have it.

Mr McARTHUR—Has the council put a proposition to any other authority?

Mrs Luddington—I do not think so as yet, but you would have to ask them that. I do not think we can talk for council.

CHAIR—We will talk to them later.

Mrs Wheatley—One of our problems is that couriers cannot find us because we are not connected to any other airline. We have a particular problem where Westpac will only send our merchant vouchers and so forth for the credit cards by courier. I have suggested that the courier take them to the post office, which would be preferable to them sitting somewhere in limbo for about three or four weeks before they find their way onto the boat and then to here.

Mr Wheatley—That is how it happens.

Mrs Luddington—Just going back to your previous question about marketing for a 19-seater, it would be greatly helpful to us if whoever does come here is part of or attached to a national system with respect to the booking system. We need that national booking system. That would also qualify them with Tourism Tasmania for industry partnership. They would want to market us too. They may want to be solely responsible for marketing but they would want—

CHAIR—You would have on-carriage from all over Australia.

Mrs Luddington—They would have dollar-for-dollar backing on that from Tourism Tasmania—we have been assured of that—for marketing their latest destination, which is Flinders Island. Then we would be able to be more supportive of that as well.

CHAIR—Thank you all very much for your contribution. We trust that if we need to come back to you, either individually or as your association, that would be in order.

Proceedings suspended from 12.01 p.m. to 12.59 p.m.

CHAPMAN, Mr Robert John, Director, Flinders Island Quality Meats

COX, Mrs Carol, Partner, L.J. & C.D. Cox

WALKER, Mr Leedham John, Owner-Manager, Flinders Island Transport Services

WITTEN, Reverend Robert Eric, Rector, Anglican Parish of the Furneaux Islands

CHAIR—We will now recommence this hearing of the House of Representatives Standing Committee on Transport and Regional Services in its inquiry into commercial regional aviation services in Australia and alternative transport links to major populated islands. The committee has already taken evidence in a number of parts of Australia. Yesterday we were in Launceston and tomorrow we will be in Melbourne. It has been the operational focus of this particular committee to always try to include a very small community, as well as one of the remote communities in Western Australia, in our deliberations. We have done that almost religiously over the years.

I call to the table the business and community leaders of Flinders Island. We thank you for accepting our invitation to join us in this discussion. Do you have any comment to make on the capacity in which you appear?

Mr L. Walker—Good afternoon, everybody. We have the main supermarket, shop and general hire of cars and buses in town.

CHAIR—Are you appearing in your capacity as a businessman?

Mr L. Walker—That is correct.

Mrs Cox—I am here as a representative of a family partnership which operates in scalefishing and tourism, and a separate family partnership that operates in farming. I am here as a partner in each of those partnerships.

Rev. Witten—I am representing parishioners' and other people's welfare.

Mr Chapman—I am from Flinders Island Quality Meats. We operate an abattoir on the island, plus the butcher shop.

CHAIR—Let me introduce my colleagues. Patrick Secker is the Liberal member for Barker, in South Australia. The secretary of the committee and the head of its secretariat in Canberra is Ian Dundas. My name is Paul Neville. I represent the Central Queensland seat of Hinkler. I am a National Party member. Steve Gibbons, the deputy chair, is the Labor member for Bendigo. Michelle O'Byrne is the Labor member for Bass, and your local member. Stewart McArthur is the Liberal member for Corangamite, in southern Victoria.

Although the committee does not require you to give evidence today under oath, I caution you that these are proceedings of the parliament and warrant the same respect as proceedings of

the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Having said that, you are most welcome here. Is anyone going to make an opening statement or have you come as four individuals?

Mr Chapman—I am quite happy to start.

CHAIR—If you do not have one corporate statement, give us two or three minutes each on your perspective, then we will go to questions. We are interested in what happens on the island in general, but we have two focuses. One is the air services and the second is the maritime services. If in any way what you are doing impacts on that, feel free to comment.

Mr Chapman—As I said earlier, we operate the abattoir on the island, as well as the butchers shop. We export a lot of produce to the mainland, mainly to Melbourne and Sydney. We rely very much on the air service, more so than on the shipping service. We are having a lot of problems at the moment in getting product out. At the moment we cannot get any product directly from Flinders to Melbourne, so we are going via Launceston, which is costing us 60c to 70c more per kilogram. That is having a very big effect on our business margins because we have to compete with everyone else. As for the shipping service, we have a good service back to mainland Tasmania, but it only trades to Victoria on demand. So we cannot rely on the shipping service from Flinders to Victoria. If there were some form of subsidy to send it around via Launceston, we could do it that way. But at the moment the cost that we have to pay from Flinders to Launceston is 45c a kilo, and it is only 20c a kilo from Launceston to Melbourne. We are caught up whichever way we go. I think at this stage that is all I have to say.

Rev. Witten—I would like to talk about families and the impact it has on families. I have been in a lot of isolated communities, but there were always alternatives—a bus, a car or something. On Flinders Island, as far as the transport of people is concerned, the boat is there but it is not a realistic alternative for people travelling. The airline is the one thing. I see that this community is not big enough to support and improve the air service that we have. We are such a small community, so there has to be some input from other levels of government. I come along to plead for an agreement between federal, state and local governments to stabilise the air services. I have brought along a piece of paper that shows we had 12 flights to catch to go to Melbourne. Two were on time and for the rest it varied—there were delays of up to an hour and a half and other flights were totally cancelled, so the air service left a lot of people stranded in that particular instance.

Mr SECKER—Was that due to weather?

Rev. Witten—No, that was the aeroplanes. Weather was not a factor. That sort of disruption is happening to lots of people. I know people who have had to fly out to a meeting or something like that and, if they can go on the nine o'clock plane, that is fine, they can go to the meeting and come home that night. But they cannot do that when it does not leave until four o'clock in the afternoon and that sort of thing. Something needs to be done to stabilise the air services, and that is the angle that I come from.

Mrs Cox—The one that concerns us most is the scalefish, but I would like to comment briefly on tourism. The impact on us is that, as boat charter operators, we operate mainly with groups and, once the Chieftain aircraft with the RPT operator is partially booked, there is no way you can book a group on it. As well as that it does not advertise, so a lot of people do not

seem to be able to find it or know how to get here if they have heard of Flinders Island. Going back to scalefish, we have much the same problems.

CHAIR—Forgive my ignorance: what are scalefish?

Mrs Cox—Our main scalefish are garfish and gummy shark—flake. During the winter it is mostly garfish and during the summer it is shark. Fresh fish caught at night hopefully gets on the plane the next day, but that is mostly impossible.

CHAIR—As live fish or as fillets?

Mrs Cox—As unprocessed fish.

CHAIR—Scaled and gutted, but with no further processing?

Mrs Cox—Yes, with no further processing.

Mr L. Walker—The sharks are about this long when she cleans them up.

Mr GIBBONS—You have to clean them too?

Mrs Cox—No, I do not do that. If we fillet them, the market in Victoria does not want them. We do not have facilities to fillet large amounts anyway. We send them through to the fish market in Victoria. Basically, they are very dependent—if you put a lot of fish in at once, the market drops. Because we are small operators, we do not always have big catches. We had a small catch last night. I rang today to see whether I could get fish off to Melbourne and the planes are full until Friday.

CHAIR—What do you do with your fish in a case like that?

Mrs Cox—We have managed this morning to sell the small catch we had locally—and some to Bridport—but that is a very limited market. If we have another small catch tomorrow, we would not be able to touch that same market.

Mr GIBBONS—What would you do with it? Would it spoil?

Mrs Cox—It is dependent on the weather. If the weather looks good, you store them and hopefully you can get enough to charter a plane out towards the end of the week. You would put it all on the market at once.

Ms O'BYRNE—How much would you need before you would charter a plane?

Mrs Cox—Over 400 kilograms. If the weather does not look like being good enough, you just say, 'I won't go tonight.' So that is our biggest problem with the set-up with the airlines that we have at the moment.

CHAIR—Do you have a tourist operation as well?

Mrs Cox—Yes, fishing charters.

CHAIR—Mr Walker?

Mr L. Walker—My family have been on Flinders in retail business for 100 years. We currently have the fourth generation behind the counter; the fifth generation is in training. My family have been involved in shipping and airlines at various stages, mainly in the 1970s, 1980s and 1990s, so I have a little bit of background in that regard. What John and the others are saying about the airline currently is dead right. My feeling on the airline situation is that perhaps Mr Pratt's organisation could be involved with a Southern Airlines type of organisation where an airline, with a broader base off the mainland and a better marketing situation, could come this way—whether they go into Launceston, I do not know, because they have jets into Launceston—and Mr Pratt's aeroplanes could still be maintained for the frequency of service. You cannot expect a Southern type airline to cover the frequency of flights that we are used to, and the frequency is most important. For people going to Launceston on business, rather than pay for overnight accommodation, it is very handy for them to come back the same day.

For various reasons, this tourist season has been the most dreadful we have seen, to the point where I am saying today that we will be withdrawing from the hire car business which we have been in for many years. This has been the situation for several reasons—whether it has been September 11, the Whyalla problem or the mobil dispute—and despite the good efforts of our council, our local marketing manager, our local tourist organisation and the Tasmanian tourist department. But the bottom line is bums on seats, and aeroplanes, beds and hire cars have not eventuated. I am hoping that you people can turn that around.

CHAIR—You come from very diverse backgrounds but it comes down to the one thing: the reliability of getting things on and off the island in a timely fashion. To what extent would a 30- to 35-seater aircraft like a Saab, a Dash8 or a Brasilia help—say, three times a week?

Mr L. Walker—That operator would probably have to have a subsidy of some sort from, say, the Tasmania government—but that is for you people to organise. Obviously, you could not do this with the size of the population as it is, so you would have to have help from somewhere. I think the three times a week would probably have to vary depending on the season and those sorts of things. If it could be advertised at three times a week, for argument's sake, and the other aeroplane continues as well, perhaps under the Southern banner rather than an Island Air type banner, it may be better off. We tried this as a local ownership thing with Island Airlines Tasmania some years ago and with our own shipping company. At that time, Flinders was just about big enough to maintain it all. But in recent years, with farms being joined up with other farms and so on, the numbers have gone down, so the population is not here as it used to be.

Mr GIBBONS—Reverend Bob, you seem to have ruled sea transport out without any hesitation, saying that air transportation is the way to go. Why is that? Why can't an appropriate maritime solution be devised?

Rev. Witten—It could be, but you could not use the boats that are there at the moment.

Mr GIBBONS—Why couldn't you do that?

Rev. Witten—Could I tell you a story of what I could envisage. We have some difficulty with tourists driving around who comment on the wallaby kill on the road. It usually happens because of the huge number of wallabies we have. Could you imagine what would happen with a Melbourne tourist if a cow broke its leg on the boat?

Mr L. Walker—Because the ship has both facilities: stock and passengers?

Rev. Witten—It takes stock and cargo, so if an animal broke its leg or something, with a Melbourne tourist on board, that would be the end of it anyway.

Mr GIBBONS—Why?

Rev. Witten—I think farmers can handle the death of a beast or something like that, but I just do not see tourists doing it.

Mr GIBBONS—Melbourne people eat beasts!

Rev. Witten—It comes out of a nice clean butcher's shop.

Mr SECKER—A very clean butcher's shop!

Mr GIBBONS—I have yet to be convinced that an appropriate maritime solution could not be devised.

Rev. Witten—One of the difficulties with a maritime solution using the current boat is the irregularity of services—the time of the service. I was talking to a very experienced fisherman the other day who went to Bridport and for the second time only in his life he was seasick. He said that was the roughest trip he had ever had. I am a landlubber, basically, and I wonder how I would have coped.

Ms O'BYRNE—Bob, in your submission on the second page you talk about the support needed from all levels of government. You say that the state 'needs to establish and care for infrastructure' at airports, the federal government should do the capital expenditure and the local government 'needs the room to move to establish vision'. Where do you actually see the local government role in your view of how you would deal with the airport issue?

Rev. Witten—Because they are on the ground—they are here—they would have to see the vision, which is presumably a realistic thing. Also, they need an injection of cash, I think, just to say, 'We own whatever is done.' I do not see it as realistic for federal and state governments to give the money and for us to use it as we see fit. The local government needs to be in there with a vision trying to get it to work and putting some money in so that the ownership of the whole project belongs to the island.

Ms O'BYRNE—John, can I get you to take the committee through how the freight equalisation works for you? As it stands at the moment, if you were looking at the Sydney market, you would ship your product to Launceston. Then from Launceston to Sydney, you will qualify for TFES.

Mr Chapman—From Launceston to Melbourne by sea, yes.

Ms O'BYRNE—If the goods leaving Flinders Island were destined for Melbourne and the route therefore became less of an issue, what progress would you make in any discussions about that being the case? Have you ever attempted an application under those circumstances?

Mr Chapman—We have put an application in for assistance by sea but every case has failed. Actually we put an application in three times while Senator Newman was in parliament and she pushed it for us a few times but in every case it failed. At the moment we have no choice—we have got to go via Launceston and there is no freight equalisation by sea from Flinders to Launceston. But we get it from Launceston to Melbourne—

Ms O'BYRNE—There has been no ability to have the Flinders to Launceston leg included in an overall transport mechanism?

Mr Chapman—No. We have tried and tried to get that in and they said that it could be offloaded in Launceston. I said that could be easily got around if it were all sealed up and it was just going with a transport company straight through—

Ms O'BYRNE—Do you have any paperwork on when you have made an application and got a response?

Mr Chapman—I should be able to get that.

Ms O'BYRNE—If we had that, Chair, we could then look at the arguments they have presented.

CHAIR—When could you get that to us?

Mr Chapman—It would probably take me a couple of days to dig it all up.

CHAIR—Could you send it to the secretary?

Mr Chapman—Yes.

Ms O'BYRNE—You are now saying that you are at the point of actually pulling out of the hire car market? If the problems that Flinders Island face in terms of getting the tourist numbers that you require for a sustainable industry are not resolved, how long will it be before things fall apart? How long can this situation go on before providers like you decide to simply sell off their goods and not invest anymore? Will they say that they are going to put it to bed as a done deal and that it has not worked for them? Do you have an assessment of that?

Mr L. Walker—The cake is only so big, and the cake has been diminishing rapidly. I have made my decision and I rather feel that other hire car people are facing the same situation. As to when, that would be more of a private matter.

Ms O'BYRNE—If the committee came up with some sort of workable solution and if the government then adopted that solution—and these are both very big 'ifs'—I am wondering

whether, given the issues you are facing, there would be an area to sustain anymore or a tourism industry to pick it up. Do we get to a point where dealing with the tourism issues is no longer the problem and what we are dealing with is solely a primary industry freight issue?

Mr L. Walker—That is a big question.

Ms O'BYRNE—Yes, and I do not know the answer.

Mr L. Walker—It is tied together. Let us say the aeroplane brings tourists in. That same aeroplane could take John Chapman's goods out.

Ms O'BYRNE—So you see it as a matter of back loading anyway. Carol, how often have you been in a position of not being able to offload your goods?

Mrs Cox—Basically, we try very hard not to get caught with fish. Towards the end of the week I usually ring around and if there is no freight available, depending on the weather and my husband's knowledge of fishing, we will make a decision whether he goes or not. Quite often he has decided not to go on a Thursday night.

Ms O'BYRNE—Do you employ people?

Mrs Cox—We do now. We employ our son.

Ms O'BYRNE—So that would have an impact for your son or whoever else you might employ in that position?

Mrs Cox—Yes.

Ms O'BYRNE—Their ongoing employment would still be based on whether or not you can get freight?

Mrs Cox—Yes.

Ms O'BYRNE—You would be looking at 400 kilos before you could reasonably look at chartering?

Mrs Cox—Chartering a plane—yes. Again, because we have no freight subsidy, we are paying quite a fair percentage of the fish income—

Ms O'BYRNE—If you could get it onto a regular boat, one that was going nightly, that would not be so much of an issue?

Mrs Cox—No, but we have no boat—

Ms O'BYRNE—Coming back to the deputy chair's point about a viable maritime solution: should that be an option? Should there be a boat doing that run nightly?

Mrs Cox—To Victoria would be fantastic. We tried to source markets in Tasmania to cut down on the freight problems, but the money paid for fish in Tasmania is nowhere near what is paid in Victoria.

CHAIR—Would an aircraft service of the standard of, say, a Dash 8 give you more flexibility?

Mrs Cox—If they have the cargo carrying capacity, yes.

CHAIR—How do they compare in price per kilo or per 100 kilos?

Mrs Cox—Having no experience with a Dash 8, I do not know.

Ms O'BYRNE—John, you use the Sydney market as well, don't you?

Mr Chapman—We use the Melbourne market and the Sydney market, and it is our biggest market. We find the market in Tasmania is very limited; they will not pay the price for product that people will pay in Melbourne and Sydney. Our problem in the past has also been when we cannot get it there on time—of course, straightaway you lose your market.

Ms O'BYRNE—What time do you have to have it there in the morning?

Mr Chapman—We have virtually got a couple of days to get it there.

Ms O'BYRNE—So you have that flexibility. Would you have a couple of days flexibility, Carol?

Mrs Cox—We do. We have set up storage facilities so we do have that couple of days. But coming to the end of the week we do not have the flexibility.

Ms O'BYRNE—So if you had some sort of facility that operated Monday, Wednesday, Friday, that would be as useful to you as a daily service?

Mr Chapman—We could work around that, yes.

Mr SECKER—Mr Chapman, are the meat products you export to the mainland chilled or cryovac?

Mr Chapman—All cryovac.

Mr SECKER—So it is not absolutely necessary to have the stuff there overnight?

Mr Chapman—No. We have got a couple of days to get it there, especially in polystyrene boxes.

Mr SECKER—So, if there is a problem getting it out one day, if you can get it out the next day it still okay?

Mr Chapman—It would not be a problem to us at all.

Mr SECKER—You cannot store it and then send it all over to Melbourne on that one trip a month?

Mr Chapman—No, because they like the milk lambs fresh. They like to virtually have them in the restaurants within a fortnight.

Mr SECKER—So you have made quite an investment in the cryovac packing plant here. How many beasts and lambs are you killing per week?

Mr Chapman—The milk lambs is a new industry that we have just got going. We were killing up around 5,000 a year of those. We are probably killing around 10,000 prime lambs and only about 150 head of cattle. But it is all restricted, because we cannot get the product to the market. If we could get the product to the market, we could double our kills without any trouble at all.

Mr SECKER—You have the slaughterhouse facility—

Mr Chapman—We have the capacity to do it.

Mr SECKER—Is it working two days a week now, instead of four?

Mr Chapman—We are working five days a week, but we have had to diversify into other things—but they are low-cost operations into which we have had to diversify.

Mr SECKER—And flying is too expensive, because it is \$1.20 per kilogram or something to—

Mr Chapman—No. We can live with \$1.20 to Melbourne, but we cannot live with \$2.50, which is what we are paying at the moment by going around. We only have to target specific products—

Mr SECKER—It is costing you \$2.50 to go via Launceston, Hobart, Melbourne and Sydney? Is chartering a plane not an option?

Mr Chapman—You can do that occasionally. We do it through the milk lamb season, but the milk lambs are not running at the moment so we are only shipping small quantities out every second day or so by air, and it is costing us \$1 a kilogram to Launceston plus \$4 a box. Then you have all your other costs from Launceston on top of that. If we could go straight into Tullamarine from Flinders for \$1.20, then it only costs—I have been quoted—60c from Tullamarine to Sydney.

Mr SECKER—When you say ‘milk lamb’, are these lambs that are still on the mums and weaned straight off mum at 16 kilograms—that sort of thing?

Mr Chapman—They are only six kilograms dressed.

Mr SECKER—Oh, they are tiny little things.

Mr Chapman—They are only four weeks old.

Mr SECKER—At that size it would only take about 30 seconds to skin them, wouldn't it?

Mr Chapman—It does not take long.

Mr SECKER—So that is where you get those little chops when you go to the flash restaurants.

Mr Chapman—They mainly bone them out whole and serve them up in portions. But right in the peak of the season, we could only get 60-odd out a week and we had orders for around 200. We just could not get them out. It has a big effect on your business, because you lose your credibility.

Mr SECKER—And you source all your stock here on the island?

Mr Chapman—All on the island, yes.

Mr SECKER—There would be no problems about getting the extra stock to fill your orders?

Mr Chapman—There is no shortage of stock on the island. There is plenty of stock to source.

Mr SECKER—How many people do you employ in the slaughterhouse?

Mr Chapman—With the butcher shop and the slaughterhouse we employ eight people.

Mr SECKER—So if you had the freight you could probably employ 16 people?

Mr Chapman—It is quite a possibility, yes.

Mr SECKER—Mr Walker, getting back to your problem with the hire car set-up, there are two other operators on the island, aren't there?

Mr L. Walker—No, there are three others.

Mr SECKER—Would they be likely to take your vehicles? Or wouldn't they, because they have seen a drop down in business as well?

Mr L. Walker—There would be not much encouragement there, I should think.

Mr SECKER—Have you got 25 per cent of the market?

Mr L. Walker—No. It would be hard to say—perhaps 20 per cent.

Mr SECKER—So if you dropped out, the other three might survive a little better?

Mr L. Walker—That is right, yes.

Mr SECKER—Are they all based from here or are some down at Lady Barron?

Mr L. Walker—It is all down here.

Mr SECKER—That is where they fly in.

Mr L. Walker—This is where the main airport is—have you got the picture?

Mr SECKER—Yes. You do not have that many people coming over in the boat?

Mr L. Walker—Heck, no.

Mr SECKER—So if you did have some coming on the boat, they would have to get from Lady Barron up to here to hire a car?

Mr L. Walker—That is right.

Ms O'BYRNE—How would they do that?

Mr L. Walker—They can either come FOC on a school bus or get a taxi.

Mr SECKER—One of the problems we seem to have—and I have to say I was not aware of this with CASA—with small planes is that you cannot have freight and people on the same plane, for safety reasons.

Mr L. Walker—That is right.

Mr Chapman—That is another problem we run into. With freight they will only handle the small ice boxes, which are a low box. We can only get two milk lambs into those boxes, and then the airlines say they are too light for them to carry because they are not making enough money out of them. So we are caught out all the time.

Mr SECKER—If it is a safety thing, I would have thought you could have had some sort of mesh set up between the passengers and the cargo, but apparently that is not okay with CASA. That is probably a question for CASA.

Mr L. Walker—I can probably tell you about the mesh. There are some aeroplanes—and Bandeirantes are one of them, but I am not too sure with the later model ones—that when the aeroplanes are built there is a built-in stronger section where mesh can be fitted. To fit mesh in a Chieftain aeroplane, say, that has not been built that way in the first place would be pretty expensive, because it would have to be surveyed, have architectural plans and have a whole lot of other rigmarole gone through. It would too expensive an exercise to do that on a Chieftain.

Mr SECKER—I would have thought it would not be that hard to secure luggage.

Mr L. Walker—It is not impossible.

Mr SECKER—Obviously, the standards would be higher than those for on the back of the ute on the farm or something like that.

Ms O'BYRNE—This is for dedicated freight though, isn't it? This is freight you want to send independent of you travelling. If you decide to travel with things, there are not quite the same restrictions, are there? Last time I flew over to Flinders there was a dog behind a curtain.

Mrs Cox—It is not actually a restriction. A small amount—I think it is about 90 kilograms—is allowed behind the back seats. Then they have weight restrictions in the wings and the nose. So, even if they have only one passenger, I think their maximum weight component is about 250 kilos.

Ms O'BYRNE—It is not a blanket 'you cannot take freight'; it is a slightly more complicated affair than that.

Mrs Cox—Yes.

Mr SECKER—It is probably something, Chair, that we could raise with CASA.

Mr GIBBONS—I think a lot of that is down to the aircraft manufacturers and the weight that they specify that it is safe to carry.

Mrs Cox—In each compartment.

CHAIR—The old Fokkers used to have mesh. There was one model that had a mesh screen—at the front, surprisingly, not the back.

Mr SECKER—That is right.

Mrs Cox—I think though that the passengers have to be able to get to the door, so it is difficult to set up a screen in a Chieftain.

Mr Chapman—The problem at the moment is that the planes we have are just not suited for passengers and freight. When you get seven or eight passengers on and their luggage, there is no room for freight.

Mr SECKER—That is right.

Mr Chapman—The problem is that the planes are unsuitable.

Mr McARTHUR—So it is the luggage and the passengers or it is the freight.

Mr Chapman—The freight stays behind.

Mr McARTHUR—Which would you prefer—take the passengers off?

Mr Chapman—You can understand what they want to do, but this is the dilemma we have.

Mrs Cox—That is the other problem: the cost return on freight for the airlines is much less than for carrying a passenger. They would like to be able to charge us a lot more than \$1.20 a kilo, because freight does not make them the same sort of money that a passenger does. They know we cannot afford it. The only way that could be evened out would be if we could get a subsidy for the air freight of perishable goods off the island.

Mr SECKER—If I wanted to, for example, go down to your butcher shop—the one down there with the flag flying—and take a case or a package of meat back home, I could probably do it?

Mr Chapman—You could do it, yes.

Mr SECKER—You never know; I might do that.

Mr Chapman—As long as you can fit it on the plane.

Rev. Witten—Chair, I do not know anything about Dash 8s, but it seems to me that, if the plane were flexible enough to be fully booked with passengers or modified for half passengers and half freight, that would be the ideal vehicle to have.

CHAIR—I must admit I have never seen one in a Dash 8, a Saab or a Brasilia.

Mr L. Walker—That aeroplane has probably been to Mildura or elsewhere in Victoria before it comes on our run. There would be a fair bit of toing-and-froing to adjust the seating of a passenger plane into a half-and-half before it came this way. But if there is time in the schedule, that might happen.

CHAIR—The secretary has made an interesting observation that I would like to put to you. Have you ever considered the possibility of the businesses here—you have fish, meat and so on—forming some sort of freight cooperative? You could form a company for the dispatch of your own product and try to coordinate your freight of fresh material outwards to market and perhaps the back loading of groceries and other things—milk or whatever it might be—for your supermarket? Have you looked at things like that? You could form a Flinders Island freight co-op, and as a co-op you would probably get tax concessions from the government. We might even be able to recommend that you be given a regional solutions grant.

Mr L. Walker—Are you thinking of aeroplanes or ships?

CHAIR—Whatever you chose, but particularly aeroplanes. We could perhaps get you a grant to allow you to thoroughly investigate that. Would that be an option?

Mrs Cox—I do not know. It does happen to a very limited extent between fishermen. If we have a part load and we think someone else might also, we do ring around. It does not always happen, and it is very limited. It has always been an idea, but I am afraid it probably needs someone with more energy than time—which we do not have at the moment.

CHAIR—What is the maximum capacity that you can get onto a chartered aeroplane? How many kilograms?

Mr Chapman—It is about 500 kilograms.

Mr SECKER—On a Piper Chieftain?

Mr Chapman—Yes.

CHAIR—Have you ever sent meat and fish together?

Mr Chapman—No, because—

Mrs Cox—It is different.

Mr Chapman—It probably sounds as if it could happen in theory, but it cannot happen because, as Carol said earlier, they revolve so much around the weather. We have product going out every second day or so, and it has to go out; whereas they could probably go a fortnight without being able to go out to sea to fish.

Ms O'BYRNE—Would there be enough industries available to make it viable on those occasions when the fishing industry could not be part of it?

Mr Chapman—I think in the long term it has to be a combination of tourists, passengers and freight.

Mr BYRNE—For it to be viable?

Mr Chapman—Yes.

Mr SECKER—In the existing situation, you cannot have freight and passengers with the Piper Chieftains.

Mr Chapman—Not with the Piper Chieftains, no.

Mr SECKER—But if you had the longer runway and you had a Saab or a Jetstream—I am not sure that a Metro can carry too much freight, but certainly a Jetstream can—

Mr Chapman—You said that we could have, say, a flight three times a week and we know we could move that three times a week; you could work around it.

Mr SECKER—Yes. If you had the longer airstrip and that sort of guarantee of a back load to Melbourne three times a week, I would have thought that would have been fairly attractive to an operator.

Mr Chapman—The thing with this, as someone mentioned earlier, is that there has to be some type of assistance for two or three years for them to get up, get going, get the tourists coming in, be able to build up the freight and give the people confidence. At the moment, there is no confidence there.

Mr SECKER—Certainly operators have been gone through there in 28 years.

Mr Chapman—No-one has had suitable planes for the service.

Mr McARTHUR—You are a pretty representative group, but it seems to me that the dilemma is whether you have a lot of tourists coming in here or not too many. Your one unique feature is that you are untouched by massive numbers of tourists. So it seems you have a bit of a dilemma. What do the local people really want? Do they want to have a break-even number of tourists coming here, a great influx of tourists to make the transport option work or Flinders Island remain as is? During lunch, I was talking with one of your local citizens and he said: 'I choose to live here. I'm happy with what is going on. That's my lot.' I wonder what the local people really think about that. Reverend Witten, you say it is a very isolated place and that you chose to come here and help. It is an interesting philosophical problem that we have, and I am interested to know what you think about it.

Rev. Witten—We have worked in small, isolated places most of our lives. Flinders Island is not unique in that respect, except for the transport: it is such a narrow option. I think there is a mixed bag on the island. There is increasing infrastructure being developed to handle more tourists and to handle a wider variety of tourists. There has been work going on to try and extend the tourist season so that you do not have a great big influx of a lot of people but steady tourist numbers all year. In the winter they tend to drop off a bit and they miss all that beautiful clean air.

Mr McARTHUR—What if you get too many and you lose the unique feature?

Rev. Witten—That is one of the reasons they are trying to extend it right across the year. I think there is increasing infrastructure to handle the tourists.

Mr McARTHUR—I am asking, philosophically, what the locals down the street think? Do they want them to come in, to get a dollar, or do they want to keep it as it is?

Rev. Witten—You had better ask a local.

Mr Chapman—If the island wants to survive we have got to have tourists. It can be controlled by the number of beds. At the moment all the business houses are doing it hard. We are debating whether or not the butcher shop should keep going, because you cannot operate a butcher shop with 800 or 900 people. We have to rely on the tourist season to give us that kick-start to keep us going through the wintertime. I can see this happening to a lot of businesses. If we cannot get a tourist flow going, the island is going to have big problems down the track. We supply the hotel and the tavern with meat. It has a flow-on effect in terms of employment. At the end of the day, if we do not get tourists in, it will virtually be a case of: last person out, shut the shop.

Mr L. Walker—I agree with what John is saying. It is most important.

Mr McARTHUR—You have been here for 100 years, you are still wealthy and going well.

Mr L. Walker—I am wealthy in terms of health.

Mr McARTHUR—You are going all right, though. Why would you want all these terrible tourists to come and wreck the environment?

Mr L. Walker—Because we are in the same situation as John: we have opened our shop in recent years on a Sunday afternoon, which we traditionally did not do, and I am rather wishing we had not. Next Sunday it will be on and the Sunday after it is finished because there is no-one around. We normally open on weekdays and Saturday mornings.

Mr McARTHUR—The fundamental question is: do you want more tourists?

Mr L. Walker—Yes.

Mr McARTHUR—Why do you want more? It will upset 100 years of lifestyle.

Mr L. Walker—That is right.

Mr McARTHUR—Is that good or bad?

Mr L. Walker—We want to share what we have got. When you fly over Melbourne and look at suburbia, with three million people living down there, wouldn't you think that you could get 30 people in a Dash 8 out of three million on a regular run? You would have to think that, surely.

Mr SECKER—If the price is right.

Mr L. Walker—That is right; it all comes into it.

Mr McARTHUR—Will they meet you? Will they say g'day to you when they come down here? Is that part of it?

Mr L. Walker—No, they greet Jimmy first.

Mr McARTHUR—Mrs Cox, what is your view on more tourists?

Mrs Cox—I think we need tourists, but I do not think we need Gold Coast type tourism. We have got to look after what we have got.

Mr SECKER—An eco style tourism market?

Mrs Cox—Yes. I think we can accommodate that. The locals probably will not even know they are here, to a certain extent.

Mr McARTHUR—But you are advocating quite a big change in infrastructure—you talk about the airstrip all the time. I come from the Great Ocean Road area and we are suffering terrible problems in terms of infrastructure. It would be my judgment that in another 10 years you will not be able to move along a particular piece of roadway. You ought to be addressing that problem now.

Mr L. Walker—As John said, it will be governed by the number of beds, for a start.

Mr McARTHUR—Are you going to restrict them, so everyone gets a quid, or are you going to expand them?

Mr L. Walker—That is right. That will be a decision the local operator will have to make, and the size of aeroplane—all that comes into it.

Mrs Cox—You were just talking about 30 seats, three times a week—that is an extra 90 people. We would not notice.

Mr McARTHUR—If you expand this airstrip for \$2 million and you put on some bigger and more capitalised aircraft to fulfil the need, you are talking about some quite big business investment that would change the whole context of what Flinders Island offers.

Mrs Cox—True.

Rev. Witten—I think that is already changing in the way that the tourist operators are setting up their beds now. Then they run into the difficulty of them not coming—the plane being cancelled or something like that. That is a real problem.

Mr McARTHUR—I am a bit confused. Are you really advocating big tourist numbers or not?

Mr L. Walker—What you call ‘big’ is different to what we call ‘big’.

Mr SECKER—If there were 4,000 now, would you think 8,000 would be acceptable?

Mrs Cox—Double what we have now would be fine.

Mr SECKER—But you would not want to go to, say, 160,000, which is what Kangaroo Island gets?

Mrs Cox—No.

Mr McARTHUR—The investment of this infrastructure really demands a very big influx of tourists to support the whole set of arrangements—be it for the butcher shop or anything else. That changes Flinders Island, doesn’t it?

Mrs Cox—We are not just looking at change. If nothing happens, that also changes Flinders Island because it is going to sink back down and people are going to start leaving again because we will not have anything here.

Mr McARTHUR—Is that what they have done in the past?

Mrs Cox—Yes, it has happened in the past.

Mr Chapman—The way things are heading at the moment, we will become a welfare island if we do not go ahead.

Mr McARTHUR—So if you cannot get work, you go on the dole—is that the idea?

Mr Chapman—That is what is going to happen, because the businesses will not be able to keep going. Everyone has to come up to a certain standard every year, as far as a butcher shop or the abattoir goes. We have to keep our standard all the time. If we have not got the throughput and we cannot invest that money to keep our standard up, we just have to shut down at the end of the day.

Mr McARTHUR—So would you like to double the tourist numbers?

Mr Chapman—Yes, I certainly would.

Mr SECKER—It has been suggested that getting the airstrip done should be a joint federal, state and local thing. We are talking about \$2.3 million—you could add an extra \$100,000 because it always costs more than you think it will. So we are looking at, say, \$800,000 from each level of government. I have just done some very rough calculations. If it were borrowed over 20 years, that might mean that each ratepayer would pay an average of \$200 extra a year for the next 20 years. Do you think most ratepayers would be happy with that?

Mr Chapman—I think that, at the end of the day, it is going to reduce their costs.

Mr SECKER—I would agree. I think you would all get the benefit and it would go through the system—the butcher would sell more meat, the hotel would sell more beer—

Mr Chapman—Then you could put out specials.

Mr SECKER—That is right. The post office would sell more stamps, the local topaz seller would sell more topaz, so everyone benefits in one way or another. Even if it is not direct, they would benefit indirectly.

Mr McARTHUR—Such as on the Gold Coast, Mr Secker.

Mr SECKER—No, even Kangaroo Island, which has 160,000 visitors a year—

Mr McARTHUR—That is the Gold Coast of South Australia.

Mr SECKER—has still kept its pristine valleys, because one-third of it is national park and remains that way. I think that is quite achievable. If a federal government or a state government is ever going to do anything—and I think we got the message from the state government yesterday that they were not really keen, but if we put on enough pressure they might—there would have to be a commitment from the local community. The days of the federal government saying, 'Here's \$2.5 million,' and writing out a cheque—we might get a picture shot and think it is all very nice—just do not happen any more.

Ms O'BYRNE—I will take a leaf out of Mr McArthur's book and ask you all to answer a question. You represent the business and tourism industry in the community here, so you are quite a good cross-section. Where do you see Flinders Island being in five to 10 years time? What is your image of what Flinders Island will be, given that you get the infrastructure requirements that you want? What is the vision for Flinders?

Mr Chapman—In 10 years time, if we get the infrastructure and the tourists are coming in, we will be a very prosperous island. If it does not happen, we will become a backwater.

Ms O'BYRNE—Will you be prosperous because you are a tourism island or because you will make a living from primary industry?

Mr Chapman—We will be have a flow of tourism. In our situation with the abattoir we would be able to kill a lot more stock and get the stock of the island; therefore, we will employ more people and, hopefully, pay the farmers a premium for their stock. At the moment, the majority of the stock is going out live to the mainland states. If a lot of that could be done on the island it would be a big benefit to the island at the end of the day.

CHAIR—You want to value add here.

Mr SECKER—That is right.

Ms O'BYRNE—Bob, where do you see the place being in five to 10 years time if all these changes take place?

Rev. Witten—In the community there is a critical mass that is required to make things work. I see the tourists as a means to an end. They would increase things, and that would increase employment, increase the number of people living here and lift the whole level of services that could be provided. Those services are struggling at the moment. It is probably not good to see the tourists just as a means to an end, but they would allow that and also add to the community as well, because a lot of tourists come and do things in the community that help the community. As John says, if that does not happen we are going to lose the critical mass.

Ms O'BYRNE—Are you at critical mass point now? The top population was 2,000 in the soldier settlement days.

Rev. Witten—Almost that.

Mr L. Walker—It was about 1,500.

Mr Chapman—We are losing all our younger generation. That is the biggest problem.

Mr McARTHUR—That is not unique to this island.

Ms O'BYRNE—That is a regional problem. I find Tasmania is much better at tracking that because you can actually see people leaving the state. In central Victoria and those sorts of areas it is harder to track that.

Mr L. Walker—I have gone against the trend.

Ms O'BYRNE—You have stayed here and remained young here.

Mr L. Walker—Our four nippers are all still here. So are the eight grandkids.

Ms O'BYRNE—You have stapled their feet to the floor! Carol, in five to 10 years time, with a successful fishing industry and tourism business, what will you do? How do you see things?

Mrs Cox—Where do I see Flinders Island being? I think it would put Flinders Island on the map because it would allow John and us and others in the fishing industry—crayfish, abalone—to develop their niche markets again. Once we lost the ability to put small amounts of freight on the Chieftain aircraft when the CASA regulations changed, we lost all the ability to service niche markets. We could not get a restaurant to ring up and say, 'Can we have 20 kilo of crayfish tomorrow?' because we could not get it out to them.

Ms O'BYRNE—You wish to get back to where you were?

Mrs Cox—The niche markets are the ones that pay the highest values. They are the ones, if we can service them, that can make up for our airfreight.

Ms O'BYRNE—If you are really successful in that, if you are able to pick up your niche markets and do what you want to do with your fishing industry, would you dump your tourism side?

Mrs Cox—No, probably not.

Ms O'BYRNE—But not definitely not?

Mrs Cox—I would say definitely not, simply because of the way our business is set up. Hopefully, we have got someone younger coming on to do the harder fishing part and someone older to take over the charter part.

Mr McARTHUR—Did you put a submission in to CASA on the change of arrangements that was going to affect your business?

Mrs Cox—For most of the regulations that come out of CASA, no, because we just do not know they are happening until suddenly someone says that we cannot do something.

Mr McARTHUR—CASA were not aware of the impact of the change of regulation on your business in this location?

Mrs Cox—I do not know.

Ms O'BYRNE—Leedham, what is your view of the future?

Mr L. Walker—In terms of all those things that John has been saying, if we get on the tourist map that will fix a lot of things, and bigger aeroplanes and all the requirements we are talking

about would have to be better. Could I change the subject a little bit regarding the aerodrome? I fly aeroplanes as well and I have flown that aerodrome in most weather on many occasions. I find that the way the runway is set up at present pretty much suits the conditions. I think it would be a mistake in the decision-making process if you put in another runway in a different direction. It would help on some days surely, but the cost involved, I would suggest, should go towards the bitumen of the 32/14 strip.

Ms O'BYRNE—But that is not your submission. I think Bob was suggesting building the third strip.

Rev. Witten—That was indicated to me by one of the people who worked there. I just passed that on.

Ms O'BYRNE—That is fine.

Rev. Witten—I will bow to a pilot.

CHAIR—This has been a very good session. It has not clarified the issues a lot more than the last group did, but we are seeing other layers of the community overlaying the raw tourism and the need for interaction with the mainland. I thank all four of you for your evidence today. The secretariat will be sending you a *Hansard* draft of your evidence. If you note any inaccuracies in that, would you be kind enough to correct that and return it. We trust that if we need to come back to you for other material you will be able to help us out with that. I thank you for your attendance.

Proceedings suspended from 1.56 p.m. to 2.10 p.m.

BICKFORD, Mr Anthony Southwood, Finance and Administration Manager, Flinders Council

CONNORS, Mr Lee Edward, General Manager, Flinders Council

COOPER, Mayor Helen Diane, Mayor, Flinders Council

KLUG, Councillor Terence George, Deputy Mayor, Flinders Council

CHAIR—We resume the hearing of the House of Representatives Standing Committee on Transport and Regional Services inquiry into commercial regional aviation services in Australia and transport links to major populated islands. Our final witnesses on our visit to Flinders Island are from Flinders Council. We on this committee have always made a point of doing two things when we go out and about: firstly, to visit at least one very small community as part of our inquiry and, secondly, to try to fit in remote places like Western Australia. I remember we visited Barraba, a little place west of Tamworth, in one of our inquiries, and we visited a tiny little place called Walpole in Western Australia. We find that that gives us a balance with some of the big ticket things that we see as we move around.

The Flinders Council witnesses are very important to us. Welcome. Before we proceed, I need to let you know that we will not be requiring you to give evidence on oath. But I remind you that these hearings are proceedings of the federal parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is considered a serious matter and could be regarded as a contempt of the parliament. However, having said that, you are most welcome. I presume, Madam Mayor, that you will be leading.

Mayor Cooper—That is correct.

CHAIR—Could you give us an overview of your submission, then we will go to questions and interaction.

Mayor Cooper—Firstly, the council would like to express to the committee its thanks for the committee's willingness to come to Flinders Island to hear the submissions of the community here. If I could sound one little note of disappointment, it would be that you were not able to experience RPT travel as we do on an almost daily basis. But never mind; at least you got here. I would also like to share with you some good news that came through to council just minutes before we took our seats here, which was that, under the Regional Solutions Program, Flinders Council has been given \$10,000 to help to fund the financial analysis of sealing or not sealing the runway at the airport. That is hot off the press.

Mr McARTHUR—Good local member.

CHAIR—Good government.

Mayor Cooper—Good council submissions, I am sure, too.

Mr GIBBONS—So everybody is taking the credit for it.

Mayor Cooper—Yes, that is right.

CHAIR—Actually, it was the minister. He was terrified of this committee.

Mayor Cooper—I do not know how far \$10,000 is going to go divided amongst all of us, so I think Flinders Council would be grateful to accept it, thank you. I will give an overview of our submission. In its written submission, council has attempted to address the criteria that you have set out, with the exception of the final one, the role of the major air transport carriers in providing regional services. We did not feel (a) that we were qualified or (b) that it was relevant to our particular situation. We have attempted to address all the other criteria set out in your terms of reference from the perspective of this community of islands which we represent here today. I am sure you already know that we are a community of 52 islands and we are almost totally reliant on regional air services for links to the rest of the world. I emphasise that we would be one of the few communities within Australia in this situation of almost total reliance on regional aviation services. From there we go to addressing the dot points. Would you like me to continue?

CHAIR—Sure.

Mayor Cooper—I refer to the adequacy of commercial air services in regional and rural Australia. One of the main problems, from council's perspective, is that regional services are usually provided by small-scale operators using ageing and high-cost maintenance piston-engined aircraft. These operators, in our opinion, will need assistance to upgrade to the more modern turbine-powered aircraft, which are going to be the next generation to follow what we have now. Generally, the remoteness of the location of the community to which these airline services are now flying does not generate sufficient volume of traffic to factor into their fare structure a realistic margin for the replacement or upgrading of aircraft, nor does the community that they are servicing usually have the capacity to pay any additional charges built into the fare that would cover that. Council views this as a really important point and suggests that the federal government use its fiscal capacity and taxation authorities to provide the financial assistance that would be required to upgrade the capacity and adequacy of air services.

We are serviced—and I am sure you have been told this—by Piper Chieftains, with a very limited capacity of nine seats. Their ability to meet the flexibility of loadings that a community such as ours requires is a problem. I am afraid the older look of the aircraft does not really appeal to the discretionary market or the odd one-off traveller; it does little to allay concerns about perceived safety issues. I am not saying they are safety issues; they are perceived ones. So, from a community point of view, we need to look to an aircraft with variable configuration that will adjust to the market demands and fluctuations of passenger and freight requirements. With a community such as ours, that is a very important point. The capacity of the Chieftains is imposing a severe limitation on any group travel to destinations such as ours. Evidence from the tourism operators would indicate that visitor numbers have been reduced recently and that some of that reduction could be attributed to the inability of groups to access the area with the current RPT operators. It certainly would be a factor in the reduction of their occupancy rates.

National competition policy and deregulation have impacted on service adequacy, and the removal of any licences and subsidies has seen further dilution of the RPT market with the

increase of charter operators. Visitors and residents of remote and isolated communities such as ours probably have every reason to feel as if they may be second-class citizens relegated to the older piston-engined aircraft when generally—and I add that today—government, medical and law enforcement agencies use turbine-powered aircraft to come here; we see that so often. We realise that the current RPT operator does meet the demands of council's aviation policy, but the limitations are the capacity of the current planes, the life of the current planes and their ability to service this community fully. It is the capacity and the scheduling that is questionable at this point in time. I do not know whether you would like me to go on to regional hubs. Perhaps you would like to deal with each section in turn. How would you like me to go about this?

CHAIR—I think that might do us for the moment. Would you like to add anything, Councillor Klug?

Councillor Klug—Helen has mentioned the ageing fleet of planes that come here and the fact that we have to go in planes with limited capacity and with one pilot in some fairly rough conditions on occasions. Bass Strait is well known for its rugged weather—fortunately the pilots have high skills—and we have all experienced landings of going on at least one or two or three wheels and then back to one or two or three and then finally settling down. That is a bit difficult to control in turbulence and does put a colossal strain on the one pilot in that situation. These planes are 30 years old; that is a long time. I believe that, when we talk about adequacy of the services, we are not necessarily talking about a lack of scheduling—it is very good—but we are talking about the lack of capacity of the planes that come here under RPT.

CHAIR—Mr Connors, did you want to add anything at this stage?

Mr Connors—One thing I would like to add, and it builds on what Councillor Klug just said, is that when we talk about the age and the capacity of the aircraft, not only are they generally in the 25- to 30-year age bracket but they are also coming to the end of their RPT life. The youngest RPT in operation that I can find in the register was built in 1982. But they have a 25,000-hour RPT life. They call it two wingspans. At the end of 25,000 hours, the operators have two options. They can go through a refurbishment of the aircraft to bring it back up to CASA standards, which is virtually a total rebuild. I cannot substantiate this, but I have been told that doing that is not cost effective because you end up with an aircraft that is still only worth $\$3/4$ million to \$1 million in the marketplace, even if you might spend upwards of half a million dollars doing that work. Alternatively, they then become the aircraft that the charter operators use in competition with the RPT operator.

CHAIR—You are probably aware that, in the evidence we have received thus far—although we received some contrary evidence at Launceston yesterday—the general opinion seems to be that the cross runway needs to be upgraded. Is that the view of the council? I am not asking who would pay for it but I would like to know about the principle of upgrading, at this stage.

Mayor Cooper—In terms of the principle of upgrading, the council's position currently is that an upgrade would be wonderful but it is going to be a huge cost so therefore we have had to come back and look at it. We have commissioned AOS Consulting to have a look around Australia at the types of planes that could possibly come in here, should we not have the five Chieftans that we have now. There is nothing that we can find through operators around Australia with a bigger plane that would need the longer runway. Council takes the position that the runway, from the advice given by our engineers, would have a 15-year life span and would

need to be replaced after that. It would have a huge cost of depreciation. It is not currently needed for the planes that we have at the moment. Our position is that we have put ourselves ready. Should we need to seal, we would be able to. We have done the necessary drainage work and upgrading of the subsurface of that particular strip so that, should we get pressure upon us—let us say that we have a wonderful development come in here and say, ‘We do want to land 30-seat aircraft in here in three months time’—we would be in the position to roll that seal out if need be.

CHAIR—Is the figure of about \$2.3 million to \$2.4 million the right figure?

Mayor Cooper—I think that is currently the figure that was—

Mr Connors—The engineering estimate in October last year was \$2.071 million.

CHAIR—A little bit less, if anything.

Mr Connors—But that is—

CHAIR—You are never quite sure until you do the job.

Mr Connors—That is correct. The mayor has said that the work we have done on runway 14/32 in respect of drainage and some surface work is to cater for today’s traffic demands, not future demands. Part of that \$2 million is to substantially upgrade the sub-base of what would be sealed.

Mr GIBBONS—Would you have to scrape it off and fit some heavier-duty material underneath it and then resurface it again?

Mr Connors—We would have to remove some of the poor-quality material in the existing sub-base, but more important is thickening it, because it varies in thickness from about 300 millimetres through to 550 millimetres. The Dash 8 aircraft was used as the design aircraft for the construction standards. The same aircraft was used for the sealing of the shorter runway. To get the strength in the runway—and it is impact versus impact—the depth has to be in the foundation. That is a significant cost in the total spending in the project.

Councillor Klug—I believe it is fair to say that council is not in love with sealing strips or sealing anything because there is a tremendous cost associated with that. However, realistically we acknowledge that there is a limited life for a piston aeroplane and we cannot find any feasible replacement for the existing Chieftains. The next planes will be prop-driven and they require sealing. The first thing all the operators ask is, ‘Is the strip sealed? If not, we’re not interested in coming in simply because of the gravel damage to the fuselage.’

CHAIR—One way or another, you are going to have to face this dilemma in the next four or five years. We have received a fair body of evidence which shows that the leap of faith scenario is likely to stimulate a different style of traffic which will bring with it reliability, more passengers and more freight capacity. Is that your view? For example, let us say that we were to get a Dash 8, a SAAB or a Brasilia coming in three days a week, perhaps on a triangular route with Launceston, what would your view of that be?

Mayor Cooper—The council's view would be that the leap of faith will be taken once the aircraft or service provider is identified. It is foolish fiscal management on the part of council—and this is my personal view—to go out there and seal a strip putting perhaps a \$2.1 million burden on a very small rate base when we have had expert advice that there is no-one out there. Surely from our point of view it would be better for us to be in the financial position, and to be in the position at the airport, where we are able to seal should that development occur. No plane is going to come in next Friday.

CHAIR—What you are saying now we heard this morning, but that was on the basis of an 18- to 22-seat turboprop. What if you take the leap of faith to the 30-plus aircraft? You would almost certainly require the next step for the runway.

Mayor Cooper—We would require the runway to be sealed.

Mr SECKER—You would even need it for the 19 seaters. A Metro would not land on 1,070 metres.

Mayor Cooper—No-one on council denies that, if we take the next step to the 19- or 20-something seaters, the strip will need to be sealed. We are saying that currently we cannot find anybody to come in.

Mr SECKER—Because the strip is not sealed.

Mayor Cooper—No, because of the unavailability of planes and operators willing to take up this route.

CHAIR—We have the feeling that council has a sinking fund in hand for this. How much of the \$2.1 million would you have available now?

Mayor Cooper—I will defer that to the general manager.

Mr Connors—From airport reserves, the funds we have access to were part of the funding parcel passed over to the council when the airport was transferred in 1992-93 under the Aerodrome Local Ownership Plan, and that is of the order of \$550,000. That is specifically allocated to aerodrome activities.

Mr McARTHUR—Do you have that in cash in an account, and can you put your hands on it?

Mr Connors—Yes, we can. At the moment, we use the interest derived from it to assist in the operational expenses of the airport.

CHAIR—Obviously you would have to keep some of that for a sinking fund for your apron and other things.

Mr Connors—That is right.

CHAIR—Let us talk about this for argument's sake. How would you react to a scheme—and Mr Secker put something similar to this to another witness—where the remaining amount of money that you would require is a 60:30:10 arrangement from federal, state and local governments respectively?

Mr Connors—Our KPMG report shows that, if we were to get funding of that magnitude, real rate increases for the Flinders community would have to be of the order of 15 per cent per annum for the next five to 10 years.

CHAIR—Even for 10 per cent of the money?

Mr Connors—Sorry, no; that was \$500,000. It would come back to be half that.

CHAIR—Ten per cent of the remainder. Let us say you spent \$500,000.

Mr Connors—No, eight to 10 per cent rate increases.

CHAIR—Say you had to put in \$160,000, what would that represent on your rate base?

Mr SECKER—They already have it.

CHAIR—No, I am saying, if you were to put up \$500,000 and the Commonwealth and the state said they would come in with 90, 60 or 30, but they required you to put in another 10 per cent from the loan, how would you react to that?

Mr Connors—Without going back and testing the model that we have used to see if it is sustainable for the community, I have no comment on that at this point in time. However, the indications from KPMG show that half a million dollars is not an affordable cost for this community.

Mr SECKER—I am sorry, I did not catch that.

Mr Connors—Putting in half a million dollars to the \$2 million is not affordable to this community.

Mayor Cooper—But you are talking about \$250,000, which is something we would have to revisit.

Mr Connors—And the depreciation costs, maintenance expenses and all the rest of it of the aerodrome. Michelle has a copy of that.

Mr SECKER—So you would not be prepared to go on a one-third basis and borrow \$800,000?

Mr Connors—I did not say that; I said we would have to go back and look at the numbers and make an assessment of the bottom line impact on the council's and the community's funds.

CHAIR—What is your rate base? How many ratepayers do you have?

Mr Connors—We have 560-odd ratepayers. It is a very static revenue base.

Mr SECKER—Quite a few would be multiple ratepayers?

Mr Connors—Yes. Rates revenue is of the order of \$750,000 a year.

Mr SECKER—It is very easy to be wise in hindsight, although I might have felt differently at the time, but it would have been so much easier if you had sealed 1,070 metres of the long strip originally. Then you would be looking at only an extra, say, 600 metres now.

Mayor Cooper—That claim can be made, and it has been made many times. It is my understanding—I will be corrected by the general manager here—that even if we had done that, there was a requirement for us to seal the taxiway as well. It was part of the decision making process that the strip that is already sealed required sealing, albeit not to perhaps the same quality or same width. Is that correct, gentlemen?

Mr Connors—That is true, and their analysis of the data and the climatic factors for the aerodrome showed that sealing 02/53 provided 70 per cent or greater efficient and effective use as opposed to sealing 14/32. The westerly wind is our prevailing wind.

Mr SECKER—I am not sure whether you were in the room when I suggested the one-third share basis. I noted your earlier comment that you thought that the federal government, with its fiscal power, should pay for basically all of the sealing. That is the feeling I got.

Mayor Cooper—No, I did not mention the sealing. It is infrastructure that is required. In particular, I am thinking of airport ownership more than actually sealing. We would be looking to them for assistance, of course, but not necessarily to fund the whole. It would be very nice but—

Mr SECKER—But I do not think it is going to happen.

Mayor Cooper—No.

Mr SECKER—Realistically, if I were the local member—I am sure that Michelle has her own ideas—I would not even go to my minister without saying, ‘We’re going to have a commitment from the local community of at least a third; we’ll try and get a third from the state and a third from the federal government.’

Mayor Cooper—Exactly.

Mr SECKER—Otherwise, they will just not look at it.

Mayor Cooper—I would agree with that. You would have to take a tripartisan approach, but I do not know whether each paying a third would be acceptable to those levels of government. I think that would be wishful thinking.

Mr SECKER—It is interesting. I asked some people from the community—I had worked out \$150 to \$200 a year for 20 years; it might be a bit more than that if it is over 15 years—and they said they would give that return back and that they would be more than happy to.

Mayor Cooper—It is a judgment on their part. I do not think I am here to make judgments on behalf of individuals in the community. If they are tourism operators, they would see the growth of their business. I do not deny that. I also have to represent people who are just residents of the island, who are on salaries, wages et cetera and who are not in business and cannot see leaps forward. I am representing both.

CHAIR—What is the average rate per year?

Mr Connors—I would have to defer to our finance manager, Mr Bickford.

Mr SECKER—If they are \$500,000 and you have 500 ratepayers, it is about \$1,000.

CHAIR—Mr Bickford, did you hear the earlier caution about these being proceedings of the parliament?

Mr Bickford—I did.

CHAIR—Proceed, please.

Mr Bickford—The average rate payable would be a residential rate of the order of \$500.

CHAIR—Per six months or per year?

Mr Bickford—Per year. The minimum rate that we have is of the order of \$440.

CHAIR—Does that include water?

Mr Bickford—That includes water, general and a rate including the fire service levy.

Ms O'BYRNE—What are the land valuations like at the moment?

Mayor Cooper—In what respect?

Ms O'BYRNE—Have you participated in the boom happening on mainland Tasmania?

Mayor Cooper—On very select properties; just one or two properties at this stage. No, not across the board.

Mr Connors—Whilst there might have been some elevated property sale prices, they are not being reflected in our rating system because we have another two or three years before we are due for a revaluation.

CHAIR—You do not have a rolling revaluation like some?

Mayor Cooper—No.

Mr Connors—We have a cycle that is supposed to be five years, but generally through the Valuer-General's office it becomes somewhere between seven and 10.

Ms O'BYRNE—What is the percentage you need to obtain a mortgage to purchase property on Flinders Island?

Mr Connors—I can only tell you anecdotally that most people are required to have 50 per cent of the property valuation before they will be entertained by a financial institution.

Mr SECKER—Rather than the normal 20 per cent?

Ms O'BYRNE—Just in terms of the ability to increase the rate base?

Mr Connors—There are some financial institutions that will not deal with things along rate base.

CHAIR—Do you get any special consideration from the Tasmanian Grants Commission in the distribution of the FAGs grants because of your isolation?

Mayor Cooper—Yes, we do.

Mr Connors—We get recognition in two ways. We get a higher dislocation factor because of our distance from the seat of government in Hobart, which recognises our increased cost of doing business with government—phone, fax, mail and so forth. We also get a special allocation because of our Indigenous community. Beyond that we are treated the same as all other councils.

CHAIR—How do you do roadworks? Do you bring contractors from the mainland?

Mr Connors—No. We do as much as we can internally. We have our own old bitumen kettle truck, which we use to spray seals. We do not have access to hot mix or any of the other modern paving materials. Most of the other works and our gravel roads we maintain ourselves.

CHAIR—Is the mix system you use adequate for the island's needs?

Mr Connors—It is adequate for our island's needs; it was not adequate for when we sealed the shorter runway at the airport. We had to tender that out because of the sophistication and the need to be so strict with the application of bituminous product to get the job done properly. The logistics of doing that were horrendous.

Ms O'BYRNE—I asked this question of tourism providers earlier: what steps has the council taken to try and hook the current RPT provider into the national booking system?

Mr Connors—I suppose you could say we can encourage them, but we cannot make them join them.

Ms O'BYRNE—I know promoting that is one of the council's policies. What steps have you taken?

Mr Connors—I know you are meeting with Mr Pratt tomorrow, but I think he will tell you that he inquired about the Amadeus system, which is used by Qantas. The cost he was quoted and the umbrella airline under which he was going to be paired, which was actually based in Western Australia, did not provide him with any comfort about using the system.

Ms O'BYRNE—Have you worked on developing a relationship with APAC, who own Launceston and Tullamarine airports, in terms of the provision of services? One of the things identified in an earlier submission was the fact that this is a regional council, this is not an airport managing body. You are a regional council that manages an airport, rather than having come to it with the experience beforehand. Have you ever looked at any other arrangements with the airport providers? I only mentioned APAC because of your connection with Launceston.

Mr Connors—No, we have not. At management level we have a talking relationship with the Launceston people. We have been able to intervene on occasions when they have closed long-term car parking facilities there, and they have provided alternatives. Beyond that we have had no other discussions about management.

Ms O'BYRNE—According to the council's forward planning, where will Flinders Island be in five to 10 years time? What is the population base that you would be seeking? What infrastructure level would you expect to have?

Mayor Cooper—Council's strategic planning has identified a population of about 1,200 in five years time. It is currently about 930. That is what we have identified working towards. Are you talking about island infrastructure or are you restricting this to air services?

Ms O'BYRNE—No, I am not restricting it to air services; I mean the island.

Mayor Cooper—It is crystal ball gazing at the best of times, I guess.

Ms O'BYRNE—But in your strategic plan you would have an idea of where you would like to be.

Mayor Cooper—Yes. We would like to see a tourism development, but probably more along the lines of an ecotourism development, as I heard mentioned earlier by Mr Secker. That has been identified by council as being the appropriate way to go, given the environmental sensitivity of the area in which we live. We have also identified gradual small business growth, which will come with visitor numbers and population increase. We have tried to portray the Furneaux Group, and Flinders Island particularly, as being a place that is a good place to live, not necessarily somewhere to fly in and out of and to never come back to. I realise that to live here you have to make your first visit to be impressed, so one leads to the other. With the increase of population you get infrastructure. But if you are asking whether we have identified a particular major project to work towards, the answer is no, other than the ecotourism idea.

Ms O'BYRNE—I was trying to get a picture for the committee of what council are looking for as a major investment from one level of government and what environment that investment

could take place in. Could I just clarify: you said 1,200 people; you would not be looking for 1,200 ratepayers.

Mayor Cooper—No. I said 1,200 residents.

Ms O'BYRNE—So you would still be looking at the same ratepaying base effectively.

Mayor Cooper—Hopefully a few more.

Ms O'BYRNE—What is the current capacity to increase your ratepaying base on properties?

Mr Connors—I think, having had our soil classification work done, that the potential to change down the line the economic base of the island—which is primarily agriculture—is going to be very difficult. We do not have the soils or the climate, according to that report, which will allow more intense agricultural activities. Whilst we continue to follow grazing, whether it be sheep or cattle, the scale will probably stay much the same as it is now.

Mr SECKER—Would the population increases come from the enhancement of tourism?

Mr Connors—That is seen as being one of the factors that will help to drive population growth because, as the tourism needs grow, it will generate more jobs and employ more people to provide the services that the visitor wants.

Ms O'BYRNE—Do you have accommodation for the additional people that you want?

Mr Connors—No. That is a problem that has to be addressed. Whilst council does not see itself at this point in time in the role of housing provider, we are in discussions with Housing Tasmania about how some of those matters might be addressed. The attitude we take is that it is a private enterprise issue, not necessarily one for local government.

Ms O'BYRNE—I just wanted to get a picture of how you saw it.

Mayor Cooper—Could I add to that? What council sees as one of the impediments to this particular type of growth is planning. Currently, we have no zoning which we would like to call rural-residential. Everything outside the towns is called 'rural', which has limitations on it and which also takes up all the land right down to the coast in many areas. It is marginal land for rural activity anyway and has the requirements of minimum subdivision—lot sizes et cetera. Council has been trying to show for some time that the type of people whom we would attract as residents would very definitely come here for the lifestyle change, yet we have limited blocks that we can offer to them in the real estate market, because of the planning restrictions.

Ms O'BYRNE—Have you progressed with the soldier settlement farm issues? I know a lot of people wanted to sell off their soldier settlement farms but were caught under the planning rules.

Mayor Cooper—You mean sell off the house block?

Ms O'BYRNE—Yes.

Mayor Cooper—Yes, some of them have gone through with the assistance of DED.

CHAIR—Have they become five-acre or 10-acre rural-residential blocks?

Mayor Cooper—The original soldier settlement allotments of about 700 acres have now proved to be non-viable as one. People generally own two or more, which means that there are three house blocks on them. Previously, because of the fee farm title and the option to purchase price which applied across the whole of the single property, it was impossible to subdivide off the house on one so that a farmer could keep the three farms but sell off the extra houses. That has just started to happen in the last two years.

Mr Connors—In answer to the chair's question, there is no prescribed lot size; it is based on environmental performance and the ability of the lot to be self-sufficient in that respect as well as being based on the overarching theme of maintaining the available agricultural land in agricultural production.

CHAIR—Would you allow one of those houses to be sold off, say, on a five-, 10- or 20-acre block as rural residential, if someone wanted it just for lifestyle?

Mr Connors—No, we could not do that. I will go back to what we were saying: it might be down to 5,000 metres squared rather than five acres; it might be 10,000 metres squared, because that is what is needed for effluent management processes or whatever else.

Councillor Klug—I have a comment about the use of our reserves for the improvement of the runway. At the moment it is a bit over \$500,000. The airport runs at a significant deficit at the moment. We have a budget figure, because of the AAS27 standards, of about \$230,000, of which we raise about \$110,000. The net difference has to be accounted for and/or picked up by the ratepayers and the ratepayer reserves. If we were to use all of that reserve—\$500,000—towards the sealing of this long strip, leaving us with a zero fall back situation, it would make life terribly difficult. We are a small community and I am sure that we would make a reasonable contribution, but whether it would be one-third, I do not know. I am not sure whether it is going to be \$2.4 million, or \$2.1 million, or \$1.7 million, because the engineer said to us initially that it would be \$1.7 million with add-on contingencies of \$320,000-odd. There is a fair amount of latitude in the quotation that they have given us. If we do not run into significant problems, let us hope we would be looking at a much more reasonable cost for sealing the strip. I think it is important that your committee does not walk away thinking that we have \$500,000 to put into that particular improvement, because we do need to have that for other—

CHAIR—No, I was only asking for your reaction, and I wanted to hear it. I was not suggesting that we would make that assumption or a recommendation to government.

Mr McARTHUR—By way of background, could you tell us how many councillors you have?

Mayor Cooper—We currently have seven councillors. We did have nine, and we requested that we reduce in line with the movement in Tasmania to reduce council numbers. We thought that seven better reflected the size of our municipality.

Mr McARTHUR—Speaking tongue in cheek, what does your council actually do here on Flinders Island?

Mayor Cooper—The council here, believe it or not, has a broader role than the lot of other councils. With everything there are economies of scale, so obviously our budget is small compared with others. For example, until recently we owned a bakery. We own the airport. We are the local undertakers.

Mr McARTHUR—You are the only undertaker?

Mayor Cooper—On the island, yes.

Mr McARTHUR—Do you have plenty of customers out here, or not?

Mr Connors—Revenue is down at the moment!

Mr GIBBONS—What plans do you have in place to do something about that!

Mayor Cooper—Let me put it this way: we do not call it a sunrise industry, we see it is a sunset one, but it does have possibilities, I guess.

CHAIR—Everyone is dying to get into the business!

Mayor Cooper—That is right! Our council has a much broader brief, I think, than an urban council would. We have significant population numbers here identifying as Aboriginal. We have an Aboriginal community on Cape Barren Island, which has particular needs. We are responsible, as you can see, for a lot of transport issues. We liaise especially with air and sea transport bodies that other councils do not deal with.

Mr McARTHUR—Are you subject to takeover?

Mayor Cooper—I think we have felt threatened in the past, but we survived that round.

Mr McARTHUR—It is just as well you are not in Victoria, because you would have been taken over!

Mayor Cooper—We would have been, that is right! But we are still here and battling on.

Mr McARTHUR—On a more serious note, what was your attitude to ALOP? Were you a willing participant when the Hawke government was taking over local airports, or were you forced into that position?

Mayor Cooper—I think that basically we were forced into that position. I was not on council until just after it occurred, and the general manager can probably add to my comments on this, because I think he was at a council where they did have to face this. Flinders Council put up opposition to it right until the end. King Island finally capitulated, which left us with nowhere to go.

Mr McARTHUR—Was King Island against it?

Mayor Cooper—Yes, but they finally—

Mr McARTHUR—Could you have foreshadowed this possibility, where there would be a requirement for capital to upgrade the facility? Was that foreshadowed back when the ALOP argument was on?

Mayor Cooper—Yes, it was. That is why we have reserves to do it. May I defer to the general manager to answer?

Mr Connors—I was not here when it happened but the file shows that when the airport was transferred from the Commonwealth to the council, the council was given a sum of money which was also to be banked so that it could derive future income to assist in the operation of the airport. That was originally \$750,000-odd. But the initial aim was to have a higher value available for that purpose because, as part of the Commonwealth's handover, things like runway lighting, the construction of the new terminal building and some other enhancements had to be done. They made a financial allocation at the transfer time, which was subsequently shown to be inadequate to meet the costs of those. So the reserve fund, if we can call it that, that was passed over at that time was used to finance those works that had to be done.

Mr McARTHUR—So it went down from \$750,000 to \$500,000.

Mr Connors—No. I think it went down from \$830,000 to \$750,000.

Mr McARTHUR—Where has the other \$250,000 gone?

Mr Connors—The other \$250,000 was allocated to sealing the shorter runway.

Mayor Cooper—I think you are saying that \$250,000 appears to be missing now. Is that what you are saying?

Mr McARTHUR—You started with \$830,000 and you lost a bit on the facilities.

Mayor Cooper—We had to fund the terminal.

Mr McARTHUR—So you have \$500,000 left in the bank.

Mayor Cooper—We had to fund the terminal. Prior to there being the terminal that you probably entered through today there was just a basic structure. We had to put money into the upgrade in 1996 or thereabouts.

Mr Connors—No. The other money was put into sealing the shorter runway, 05/23. The cost of doing that was in the order of \$554,000, of which we were able to get a grant of \$200,000 from the Commonwealth government and \$100,000 from the state government.

Mr McARTHUR—The Commonwealth government gave you money under what heading?

Mr Connors—I do not know under what heading they gave it, but we were able, if you like, to use—

Mr McARTHUR—Was it a remote type allocation?

Mr Connors—No, it was not. We were able to use the position that Senator Harradine found himself in at that time to get some money. I think it came out of the Telstra—

Mr McARTHUR—It is unusual for Tasmania to have such undue political influence, isn't it?

Mr Connors—We were very fortunate.

Mr McARTHUR—Your \$250,000 was Telstra money.

Ms O'BYRNE—Which, frankly, the federal government could have found anyway.

Mr McARTHUR—Could I ascertain the politics of your council in relation to the airstrip? Is the community supportive of it, do they think it costs too much money, are they not sure about it or do they think it is absolutely the next big project?

Mayor Cooper—You are asking me to be the litmus paper, are you? I am not quite sure of the question. Are you asking me what I feel the community thinks about sealing the runway?

Mr McARTHUR—Obviously it is an issue, as we picked up from the submissions. I am asking you as mayor: what do the ratepayers think about it? If they were asked to make the contribution, as one of our members said, of \$200,000 or \$300,000 in extra levies to service the loan, would they see it as the No. 1 project in the community?

Mayor Cooper—I would have to say as mayor moving around in the community that I would find opinion evenly divided on the issue. There is very strong representation from tourism operators, which you have no doubt heard today. Sealing the strip will address the problems that they see in their industry. On the other hand, there is fairly strong representation from what I would call non-tourism operators or—if I could use the word without being disparaging—ordinary residents, the people who live here and have other jobs, who see the sealing of the runway as a financial impost on them with limited benefit and who perhaps take the view that—these are my words—there is a little bit of a cargo cult mentality in putting in a strip and hoping the planes come in to land. I feel I am sitting in the middle of those two pressures of opinion.

Mr McARTHUR—Finally, would the local community make a contribution if the federal government made an offer and the state government put in money?

Mayor Cooper—Again, I am speaking for myself and I am only one person around the council table, but I would assume that, yes, they would very much consider it. But we would have to look at the ongoing financial ramifications for the ratepayers. If I could add, one of the things that I think has alarmed some people in the community is that it is all very well to have that runway put in, but the depreciation and maintenance factor will also have to be picked up by this council and passed on to the ratepayers.

Mr McARTHUR—Finally, I commend your submission and the detail it incorporates.

Mayor Cooper—Thank you.

Mr SECKER—On several occasions I have encouraged the Kangaroo Island Council to contact your council or that of King Island or the Tiwi Islands in the Northern Territory to form some sort of local government islands group, as you have different problems from other local governments around Australia. I am wondering whether anything has been done. I am quite happy to gather your cards and pass them onto the council to make it easier for them to contact you. I think it is a pretty useful proposition that you as councils get together a couple of times a year.

Mayor Cooper—I think there would be some benefit in that. There is no formal structure that I know of in place at the moment, but we do definitely seek one another out if we go to any national type of conference.

Mr McARTHUR—The member for Barker would be very pleased to support your submission and not his own to Kangaroo Island!

Mayor Cooper—Right. I need to read the Kangaroo Island submission then.

Mr SECKER—The member for Corangamite does not know what he is talking about!

Mr GIBBONS—You are on the same side, though, at least!

Ms O'BYRNE—Fortunately, you are represented by the member for Bass!

Mayor Cooper—Yes, I think that might be preferable!

Mr SECKER—The Kangaroo Island Council bring up the same arguments you do about Tasmania having the freight equalisation scheme and the passenger vehicle equalisation scheme. They feel that they are just like Tasmania—and you probably feel like you should be just like Tasmania, except you do not get it unless it is coming from Melbourne. I was thinking you could get together with the other councils.

Mr Connors—At management level we have chatted about it.

CHAIR—In support of what Mr Secker says, I serve on the territories committee, and we have similar problems with Norfolk Island, although it is much bigger than the other islands in population and tourism. It is a good lesson in what can be done. They now have 40,000 tourists and they are holding them for an average of 7½ days—a week. That is nearly 300,000 bed nights, which is a lot of bed nights. They have also formed an association within the Commonwealth Parliamentary Association of semi-independent islands like Gibraltar, the Cayman Islands, the Falklands—all those small islands that are British, Australian, South African or New Zealand dependencies. They now have a voice in the Commonwealth, as a group. I cannot see why, when you have the national forum of local government, as Mr Secker is suggesting, you could not go there two days earlier or stay two days after, meet with these people and try to go to government with some sort of united voice, because your problems must be very similar.

Mayor Cooper—I am sure they are, yes—a lot of them would be.

CHAIR—We will take it that Flinders Island will make it happen.

Mayor Cooper—We will try.

Ms O'BYRNE—There are two parts to my query: what is, one, your view of the proposal of reregulation and, two, your general view on regional councils owning airports?

Mayor Cooper—I will take the latter first. Regional councils owning airports is fraught with financial difficulty for small municipalities such as our own. As I said, we were not willing participants in owning the airport; it was something that we just had to go along with under the Aerodrome Local Ownership Plan, and we just tried to do our best. One of the problems is that we obviously have to impose landing charges, and landing charges are very difficult to recoup. I am sure you have heard this before. We constantly have a problem in this department, but there is no legislation in place as yet—

Ms O'BYRNE—Tasmania has brought in legislation just now.

Mayor Cooper—Just now?

Ms O'BYRNE—Do you think that is going to be efficient?

Mayor Cooper—I do not think we have tested it yet.

Ms O'BYRNE—And you are hoping you will not have to.

Mayor Cooper—Yes. But up until now there has been nothing we can do. We cannot stop aircraft landing at our airport so we have to watch that happen and watch the fees outstanding to us rise. That has been a very difficult thing.

Mr Connors—I have written to Mr Matthews, the secretary of DOTARS, suggesting that 10 years down the track ought to be the appropriate time for the Commonwealth government to review the outcomes of ALOP not just on Flinders Island but also in all the other council areas or communities that have been required to take ownership of aerodromes. The only response I have had so far is that DOTARS have agreed they will review the terms of the transfer to remove the requirement to consult them if we want to lease part of the aerodrome proper to another party.

Mr McARTHUR—What did the Commonwealth do when they were running the airports?

Mr Connors—I do not know. I was not here then.

Mr McARTHUR—It would be worth checking the precedent, just to see how they recouped the money.

CHAIR—They would not have got rid of them if they could have done it cheaper, I can assure you.

Mayor Cooper—I was going to say that the fact that they got rid of them probably indicates what a burden they were to them.

CHAIR—I would like to broach a question now—

Ms O'BYRNE—Could I just get the answer about deregulation.

Mayor Cooper—The question concerned what we think of reregulation.

Ms O'BYRNE—Reregulating the industry is something that has been put in a few of the written submissions to the committee—that is, that the insecurity occurred around about the time that the industry was deregulated—

Mayor Cooper—That is correct. Council has taken the position that it would like, if anything, to see a tendering process whereby we could set out what this community, at the particular time this took place, saw as its minimum requirements from an RPT or that type of operator. I do not think that we would like to see total reregulation again but I cannot really speak for everybody on that. I will defer to the general manager on that one.

Councillor Klug—I would certainly like to add that the committee should bear in mind that since 1972 we have had 18 services into and out of this island. That is a lamentable history and if we do not learn from that we will not progress at all. In order to give any operator a chance to survive there is a need for some form of legislative protection, whether it be minor or via a tender process—I have got no objection to that; at least it says to the open market, 'We give you all an opportunity to supply planes of a particular type under the following scheduling, but you will be given that protection for five years.' Without that, in a small market open competition cannot and will not survive and we will not get the sorts of planes that we want. If we have not learnt that lesson we have not learnt anything.

Mayor Cooper—For clarification I would like to add that that may be correct—about the number of airlines that have been forced out of the air with financial difficulties—but not all of those have been since deregulation. Many of those were under regulatory processes at the time.

Mr Connors—I would like to add that the evidence from interstate—from New South Wales and South Australia in particular—would indicate that where those state governments have gone back to some sort of licensing regime for low-volume air routes the operators have gone back to reinstate the service.

CHAIR—That is the case in Queensland too, albeit with a subsidy as well.

Mr Connors—I am not aware of the Queensland situation.

Mayor Cooper—I do not know of it.

CHAIR—I am still troubled that we have not come to the nub of a marriage between what council thinks and what the community thinks. I know you have got to be the adjudicator and that you are responsible—you are the elected representatives of the people and you have to hold the purse strings for the community. I understand that. Nevertheless, we have received evidence

here today that would not indicate that you will grow from 900 to 1,200 but that the community, in terms of both business and tourism, has plateaued. There have been contributing factors such as September 11 and there have been other contributing factors such as collapses of airlines. But I think we got the flavour from your tourist groups this morning and from your business groups this afternoon that there is a perception that the island is in the first stages of a decline or at least will stay plateaued and that various things like fish and meat are not meeting their market opportunities because of transport problems.

I find it difficult to understand how council could take such a sanguine approach to this. Someone has to lead the community out of this. You are in a circle and you are going round the circle but to break out of that circle someone is going to have to lead. I wonder if there are other solutions such as the one we were proposing, which is that there be a Commonwealth and state subsidy to help with the upgrade of the cross runway or, alternatively, a subsidy to a larger operator for a set number of years—one, two or three years, and some of your own people say it would need to be five years—so that you could generate a new dynamic in the community.

For example, what would be your view about a plane from Melbourne three or four days a week that stopped here, went on to Launceston and back to Melbourne, which on the next trip went the other way: from Melbourne, to Launceston, to Flinders Island and back to Melbourne? It seems to me that you have told us what your problems are, but that it is business as usual. Your community are saying to us, 'We want to break out of the circle.' How do we as a committee make a recommendation to satisfy those two positions?

Mayor Cooper—It comes back to looking at it from two points of view. I guess you have had evidence presented to you by people who say that putting in a new, long, sealed runway will fix everything, that it is the panacea.

CHAIR—I did not say that, but there is a component of it.

Mayor Cooper—There is very much a component of it. Council say that that is probably part of it, but before we go down that path we need to establish whether there is anyone out there who is, firstly, willing to come in and, secondly, willing to provide the service necessary. I also question the criteria used to establish whether something is stagnating. From council's perspective, we look at development applications, and I would say that we have had a 300 per cent increase in those in the last 12 to 18 months. I would have thought that would indicate some sort of health in the island economy.

It is easy to say that sealing the strip will fix things and that we should take a leap of faith. What if it does not? Council also has to be a responsible financial manager because, no matter how it is funded, there will be an impost on the ratepayer. I am sure that if somebody said to us, 'We can come in and provide you with the service you are asking for in your policy,' and we require the strip to be sealed, I cannot promise but I am sure the council would look favourably at working with that particular developer. That is the best assurance that I as an individual can give you on behalf of council. That is my reading of what may happen around the council table. Does that answer your question?

CHAIR—Fair enough.

Mayor Cooper—It is easy to sit here and say, ‘It will be fixed by this or that,’ but are they providing facts and figures for the things that are, in someone’s opinion, stagnating? It is easy to say that, but you have to also prove it. From the point of view of population and council—everything is at such a small economy of scale for you; it is almost laughable for me to quote it—our population is rising slowly. This will probably make you smile: we have our own population census, which I do with one of the staff in the office. We go through it, pass it around the community to a few people to check and cross off those who have died—we know because they have come through here—and all those who are born we add. Everybody is named, and we know that at last count there were 937 people, which is about 40 or so more than when we did the survey nine months or so before. So there is growth.

Councillor Klug—I believe that the council policy is an optimistic document. It is only one page, but it virtually says the same things as all the commercial interests on the island are saying. It wants flexibility in flights, it wants reliable and safe air services, it wants connection with national booking services, it wants access to major terminals—all of these things will complement those industries. Believe it or not, we are continually very seriously looking at sealing that strip. With the realisation that piston-driven planes have a limited life, we may even have no option but to proceed on those lines, together with help from the federal and state governments. I hope that you will not go away with the feeling that council is out of sync with the community.

CHAIR—No, I did not say that.

Councillor Klug—The seven councillors are all from commercial backgrounds, and they fight very hard for progress and development. I believe that our policy document has in it everything that the tourism people want, except for stating a desire for a 19-seat turboprop plane. But we do say that we want a modern, reliable and safe RPT operator whom we can work with to come here. I believe that is about as far as we can go.

CHAIR—Fair enough.

Mayor Cooper—Council sees a real value in perhaps looking at the Access/Remoteness Index for Australia as being a tool for measuring the disability of various rural and remote communities. It has as its principal focus the measurement of access to services in non-metropolitan Australia and it uses remoteness as a geographical variable and a characteristic of place. It is not related directly to population. The possible score is 12 and we currently come in at about 9.8, so we are very high up on that scale. I think our request for assistance with our only line of transport to the outside world, if I could put it like that, is a reasonable one. This indicator is used to underpin financial support for all sorts of health and health related services. I serve on the board of the Tasmanian Divisions of General Practice and I know that that comes very much into play when they are allocating whether or not they are going to support rural and remote doctors with packages et cetera. You may say health is a long way from transport, but we feel it is a very valid tool for measuring one’s requirements for air transport services in a rural and remote community.

CHAIR—Do you get the flying doctor here?

Mayor Cooper—Yes, we do.

CHAIR—Is it out of Hobart?

Mayor Cooper—It is out of Launceston.

Ms O'BYRNE—Over the last two or three years, what negotiations with air service providers have taken place? Who has expressed an interest in being here and have there been any impediments?

Mayor Cooper—I am not sure whether I am at liberty to name all of them.

Ms O'BYRNE—Are there any that are in the public—

Mayor Cooper—Yes. Southern Airlines—

Ms O'BYRNE—If you can give me a number, that is okay.

Mayor Cooper—We have had approaches from at least two. One of them—Southern Airlines, of course—is no longer, but I understood, from Mr Matthews's representation to me, that he would have required the runway to be sealed—

Mr Connors—Eventually.

Mayor Cooper—eventually. That was something council was considering, but the decision from them to withdraw from the provision of what I think was a weekly service—but I stand to be corrected—into here was based on the fact that there was insufficient tourism infrastructure of the type required for the type of market he was going to target, which was four-star people—for example, 35 people coming into the one area and having beds within the one area et cetera.

Ms O'BYRNE—Were there similar sorts of issues with the other unnamed provider?

Mayor Cooper—No, they required other conditions, which perhaps I am not at liberty to discuss with you now.

Ms O'BYRNE—But there were significant barriers to them being here—is that right?

Mayor Cooper—Yes, there were significant barriers outside of the sealing of strip.

CHAIR—On that note, I would like to thank Flinders Council for its evidence here today. You obviously run a good council and none of my remarks or those of my colleagues should be interpreted as being critical of you. We sometimes fire off searching questions because we do not want to write reports that are just palpable nonsense. We want to try to probe the issues. I hope that if we need more information we can come back to council.

Mayor Cooper—Most certainly.

CHAIR—Finally, I thank you for your hospitality, for the use of your premises and for the courtesy of your staff, Mr Connors. When politicians descend on a place they are generally a tiresome bunch—they are always wanting to use your phone where there are no mobile phones

and you have to round them up all the time—but you have been most patient and courteous to all of us. You can be assured that these Bass Strait islands and in particular Flinders Island will figure prominently in our report.

Mayor Cooper—Thank you very much for that assurance.

Resolved (on motion by **Mr Secker**):

That this committee authorises the publication of evidence given before it at public hearings this day.

Committee adjourned at 3.15 p.m.