



HERVEY BAY
CITY COUNCIL

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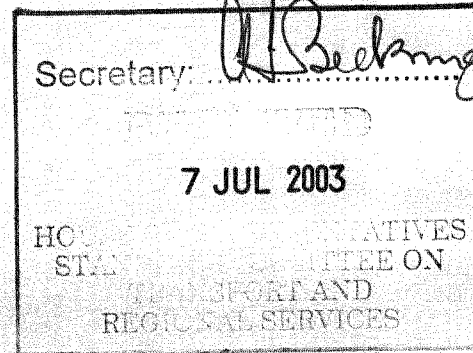
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SUBMISSION NO. 186

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The Inquiry Secretary
House of Representatives
Standing Committee on Transport
And Regional Services
Parliament House
CANBERRA ACT 2600



Dear Sir

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

Thank you for the opportunity to make this submission on behalf of the Hervey Bay City Council which is the operator of the Hervey Bay Airport.

BACKGROUND

Hervey Bay is located 300km north of Brisbane by road and is a 45 minute flight from the Queensland capital. It is one of Australia's fastest growing cities with a population approaching 50,000, a milestone which is expected to be reached within the next 12 months. Approximately 80,000 people reside within a 30 minute drive of the Hervey Bay Airport, an area which includes the adjoining City of Maryborough and parts of adjoining Shires.

Development in Hervey Bay is proceeding at an unprecedented rate and the new tourist resort styles of development which are now being proposed in the Bay are set to change the face of tourism in Hervey Bay and the region. It is expected that in the next 3 to 4 years an additional 400-500 tourist units will come on line mainly in upmarket resort developments.

As the owner and operator of the Hervey Bay Airport, Council envisages there will be a major increase in airport traffic in the short to medium term having regard to development of not only the tourist industry but residential and business development. According to the Australian Bureau of Statistics the Hervey Bay City population will increase by a further 70% by the year 2020.

Hervey Bay is destined to be the most significant tourist and residential centre in the Wide Bay Region and with a combined population in the near future of in excess of 100,000, the Fraser Coast (Hervey Bay, Maryborough and adjoining shires) will also become the business and industrial hub.

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ADEQUACY OF REGIONAL AIR SERVICES

Until the demise of Flight West Airlines, Hervey Bay was served by 2 RPT airlines operating up to 7 flights per day to and from Brisbane. Since September 2001 only one airline has operated out of Hervey Bay, initially Qantaslink and currently Sunshine Express, a Qantas affiliate.

When Sunstate/Qantaslink and Flight West Airlines were servicing Hervey Bay, direct access was provided to the two major Australian airlines at Brisbane Airport, ie. Qantas and Ansett. There is currently no link to Virgin Blue which is now Australia's second largest domestic airline carrying around 30% of passenger traffic in and out of Brisbane.

Since the collapse of Ansett and Flight West the number of passengers using Hervey Bay Airport has declined by 30% which coincides with the percentage of passengers carried by Virgin Blue. These statistics would tend to indicate that services to Hervey Bay are inadequate because of the lack of access to Australia's second carrier.

Another aspect of passenger services to Hervey Bay is the inability to travel north by air. For their own commercial reasons airlines have not provided north-bound services which presents an inconvenience to the many tourists, local residents and business people who would prefer to fly to northern ports without the necessity of back-tracking to Brisbane. The reverse also applies, particularly with the overseas tourists who wish to access Hervey Bay and Fraser Island from Cairns and other northern cities.

Reference has already been made to the rapid rate of development occurring in Hervey Bay and while it is currently essentially a drive market it is evident this will change in the next 3 to 5 years with the large scale tourist and other developments taking place.

The case has been put that commercial air services to Hervey Bay are inadequate and competition should be encouraged between regional carriers to rectify this situation. However, there is also the need to have significantly reduced air fares to encourage people to use regional airline services. This would seem to be a problem for most regional airports across Australia.

MEASURES TO ASSIST IN DEVELOPMENT OF REGIONAL AIR SERVICES

Regional Hub Services

Hervey Bay Airport is already the headquarters for flights to Lady Elliot Island and Fraser Island and has the potential to serve other Southern Barrier Reef Islands in conjunction with Fraser Island which is one of the best known and most popular tourist destinations in Australia. With the anticipated future expansion of air services to Hervey Bay it is ideally situated to become the hub for the Fraser Coast and the Wide Bay Region with the potential to provide link services to other centres.

Small Scale Owner Operator Services

Hervey Bay is already the base for Air Fraser Island and Lady Elliot Island and a number of other tourist based activities such as skydiving, joy flights and scenic tours. A helicopter service also operates to the major resort on Fraser Island and offers tours of the Bay, Fraser Island and environs. It is expected that these types of services could be expanded as the inevitable increase in Hervey Bay Tourism and business occurs.

Deployment of the Most Suitable Aircraft Types

The use of the Shorts 360 to service Hervey Bay from Brisbane results in complaints from some users of the service who experience difficulty in non-pressurised aircraft. It would be preferable to see an upgrade from this type of aircraft.

Interconnectivity

Ideally the Hervey Bay community and tourists to the area would like to see northern flights on a regular basis.

The existing RPT operator to Hervey Bay is affiliated with Qantas and its flights tend to connect with Qantas interstate flights in Brisbane. There is no connection with Virgin Blue.

The Role of All Three Levels of Government

The transfer of regional airports to local government control effectively transferred the responsibility for upgrading and future development to the Councils concerned. In many cases the airport usage makes it impossible to fund the required infrastructure improvements as expansion occurs without resorting to the use of ratepayer funds.

In the case of Hervey Bay the population of the City has almost doubled since the airport was handed over to Council and within the next 10 or 12 years will increase by a similar amount. The population increase combined with the rapid development that is taking place, particularly in the tourist industry, is putting pressure on the Council to upgrade airport facilities to cater for expanded services.

The growth pressures in Hervey Bay are placing a considerable strain on the Council's limited resources to upgrade the City's infrastructure. The airport is an additional important facility which requires considerable capital expenditure to increase its capacity yet it does not, at this stage, generate sufficient revenue to fund the works required.

In a case such as Hervey Bay it is considered the State and Commonwealth Governments should work closely with local government to devise funding solutions involving all 3 levels of Government.

The Role of Major Air Transport Carriers

Hervey Bay's experience has shown that without competition, regional air fares remain high and are out of the reach of many local people and tourists. Another major factor is that without access to the major domestic airlines the full potential number of air passengers will not be achieved. The major airlines and their link services are essential for any regional airport to reach its optimum passenger capacity.

Conclusion

The opportunity to make this submission is appreciated and Council representatives would be prepared to respond to any questions your Inquiry members may wish to ask.

We look forward to a positive outcome from the Inquiry's deliberations.

Yours faithfully



for **LEIGH BENNETT**
CHIEF EXECUTIVE OFFICER