

TASAIR PTY LTD
A.C.N. 009 487 101

Tasmania's Regional Airline

Mr Ian Dundas
Committee Secretary
House of Representatives
Standing Committee on Transport and Regional Services
Parliament House
Canberra ACT 2600

Secretary: *J. Luff*

RECEIVED

26 AUG 2002

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES

Dear Sir,

Re: Inquiry into Commercial Regional Aviation Services in Australia and Transport Links to Major Populated Islands.

Thankyou for your letter inviting Tasair Pty Ltd to make a submission to the inquiry.

Tasair Pty Ltd was established in 1965 to conduct air charter, aerial work and flying training. Since 1998 the company has been engaged in regular public transport between Hobart, Devonport and Wynyard, and between Devonport, Wynyard and King Island using Piper Chieftain 10 seat and Aerocommander 7 seat aircraft.

The adequacy of commercial air services to major populated islands.

When Tasair commenced RPT operations between King Island and Tasmania there were three operators flying for a very limited customer base; Tasair, Ausair and Geelong Flight Services. Within eighteen months Tasair was the only survivor and has continued to provide a reliable, viable and regular passenger and freight service to the Island.

With six aircraft Tasair has the flexibility to meet peaks in demand and cut back when demand drops off over winter months. It is this ability to select the right aircraft and the required number of aircraft to meet the demand that accounts for Tasair's success in the industry.

Over the years many operators have come and gone causing incredible disruptions to the Island community and businesses because it has been proved that there is room for only one operator.

In March 2001, after much political lobbying at all levels of government, Kendell commenced a service between Wynyard and King Island utilising a SAAB thirty four seat aircraft. The introduction of this aircraft decimated our business by halving our loadings overnight. However, the loadings on the SAAB were totally uneconomical and eventually would have been discontinued without the advent of the Ansett collapse, which obviously saw an end to this service.

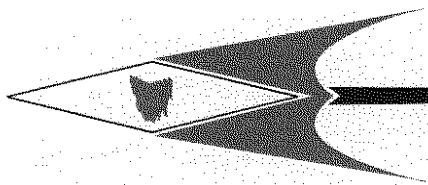
Following the demise of Kendell, Tasair resumed flights out of Wynyard to King Island and have continued with a full service.

There is now talk of the re-vamped Kendell Company trading as Regional Express once again considering re-entry to the Wynyard - King Island route. If this happens it will once again disrupt services to the detriment of the residents of the Island.

CAMBRIDGE AERODROME

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TASAIR PTY LTD

Established in 1965

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Tasmania's Regional Airline

It has been demonstrated time and time again that the demand to and from the island will not regularly support aircraft greater than ten-seat capacity. The King Island Council, despite all of the evidence, will not accept this fact and continues to lobby for thirty-four seat aircraft. They will eventually be successful in pressuring the government and an operator to do this. These grandiose ideas will eventually result in having no air services to the island whatsoever.

- The role of all three levels of Government in supporting and assisting the development of regional air services.

Most small regional airlines operate piston aircraft. These aircraft will become more scarce and expensive to operate and will ultimately need to be replaced by turbine aircraft.

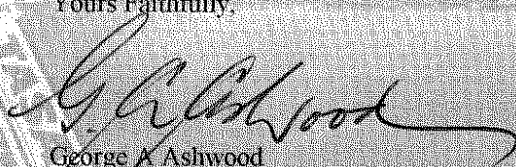
It is a quantum leap from piston to turbine types. Not only is it expensive to place turbines on an AOC, amend operations and maintenance Control Manuals but the Capital cost to acquire a turbine of say the same seating capacity as a Piper Chieftain is about four to six times the cost of a piston engine aircraft.

For most G.A. operators the costs associated with upgrading to turbine powered aircraft are beyond their financial capacity. In particular, the capital outlay to purchase or lease such an aircraft is beyond the small 3rd level regional airlines' ability to service such arrangements.

To ensure the provision of regional airline services into the future, it is imperative that government put in place means to enable small operators to upgrade their aircraft. The essential assistance that the government must give is financial backing to acquire new or late model turbine aircraft. This could be achieved by government guarantees for interest and repayment loans and subsidies to marginal revenue routes.

While the push has been to deregulate the industry it is this very policy that has lead to the unprecedented demise of many operators. Most regional routes do not have the population to support more than one operator. Re-regulation should be considered because without this there is no security for the operator which is essential before investment in aircraft upgrades can take place.

Yours Faithfully,



George A. Ashwood
Managing Director

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