

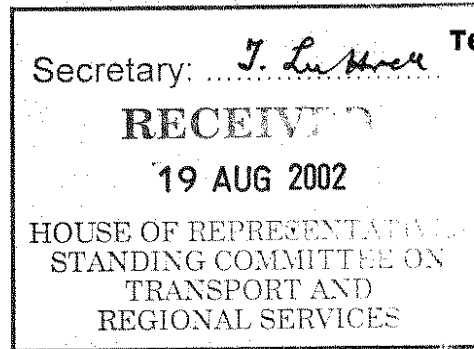
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14 August 2002

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



Dear Sir

Re: Inquiry into commercial regional aviation services in Australia and transport links to major populated islands.

In recent years many regional airlines have closed down. One of the reasons for this is simple – the costs involved in operating the airlines are unnecessarily high. Airlines in Australia have higher costs than airlines in other leading aviation countries, yet costs cannot always be recovered by increasing the cost of the passenger ticket as passengers find alternative methods of transport.

In the USA, commonsense regulations mean that aircraft of under 9 seats flying domestically operate under Part 135 for Air Taxi and Commercial Operations. While still maintaining a high level of safety, they are not required to comply with the same stringent regulations as larger aircraft. For example, a small piston engine aircraft is required to carry a torch for emergency cabin lighting instead of an emergency power supply and in-floor lights.

In Australia, Part 135 “Air Taxi” regulations have not been accepted, and small regional airline aircraft such as Beech 1900s (and even piston engine charter aircraft) are being forced to comply with higher maintenance and operational standards. Clearly, the cost of the additional safety features of a 747 can be spread out over a much larger number of passengers, whereas it would add a substantial amount onto the air ticket for each person in a 9 passenger aircraft. This drives up the cost of regional air tickets, closing down airlines, forcing passengers onto roads and leaving many country towns isolated.

While Chairman of CASA in 1998, I supported the publication of the attached brochure “Aviation Safety Information for Passengers Flying on Scheduled Air Services in Australia”. This brochure made it clear to passengers that there are different levels of safety which are dictated by cost.

The decision to not proceed with Part 135 and to move towards “one level of safety” means that country residents cannot afford an air service and their towns are suffering. They cannot afford the ticket price of Part 121 aircraft. I believe they would prefer to have a regular air service at lower cost provided by aircraft operating under Part 135 regulations, than not have an air service at all and be forced to travel for hours by road.

Another example of extra expenses incurred by Australian airlines is the high cost of rescue and fire fighting services at regional airports because of the lack of competition. At Port Hedland, a BAe146 aircraft is charged \$758 per landing to pay for the provision of rescue and fire fighting services. At Karratha, the cost is \$531. (Note that these charges are just for rescue and fire fighting – not terminal navigation charges or airport landing fees.) In New Zealand, the same aircraft would be charged \$18 because the service is provided by the local airport.

I believe that regional aviation in Australia has great potential, however it cannot survive unless regulatory reform allows the airlines to operate under similar regulations to their counterparts in other leading aviation countries. Only then will airlines be able to allocate their limited resources effectively to achieve maximum safety, efficiency, and reasonably priced air tickets for passengers.

I would be delighted to provide further information or to appear before the Committee if requested.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Dick Smith', written in dark ink on a light background.

Dick Smith

Enc