



COUNTRY WOMEN'S ASSOCIATION OF NEW SOUTH WALES

SUBMISSION ON

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

**THE ADEQUACY OF COMMERCIAL AIR SERVICES IN REGIONAL
AND RURAL AUSTRALIA**

TO: The Committee Secretary,
Inquiry into Commercial Air Services
in Regional and Rural Australia

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Submission to the Inquiry into Commercial Regional Aviation Services
in Australia and Transport Links to major populated Islands
The Adequacy of Commercial Air Services in Regional and Rural Australia

The simple response to this part of the enquiry is that services are not at all adequate. Whether people wish to travel by plane from the Far North Coast or the Far West, the answer is the same.

At Coffs Harbour, which is an international airport controlled by the Coffs Harbour City Council, passenger numbers have fallen by over 1000 per week since September 2001. The demise of smaller carriers, with the loss of Ansett and its subsidiaries, higher fares with the lack of competition, the scaling back of services and routes have all played a part.

The collapse of Ansett meant that many centres, even larger regional ones, faced a cutback of air services. The delay in settling the sale of Hazelton and Kendell Airlines, with the "on-again, off-again" mentality of the players made those who would have been air travellers hesitant to sign up for flights. There was no guarantee that if either airline in its insolvency phase was unable to run a service, the cost of tickets would be refunded. More telling though was the general uncertainty, partly fuelled by both the major groups interested in acquiring the services conducting a large part of their competitiveness via the media and party fuelled by the Federal Government seeming to be content to sit on its hands since this was "a commercial matter". In any case, there were no flights for weeks to towns which had previously had services available and many towns no longer have any service and perhaps not even the prospect of one.

Cowra and Young in the South West of the State no longer have any passenger services. Each town has an airport, maintained through the rates of the local shire residents, but no passenger service. To travel from Gunnedah one has to travel by road to either Narrabri or Tamworth, but services to Sydney leave the former in the middle of the day – necessitating an overnight stay in the city. Coonabarabran has no service – would-be travellers from there have to drive to Dubbo, catch their plane to Sydney, stay overnight (the flight does not consider "business hours"), keep appointments in Sydney and, if lucky enough to catch a plane back that afternoon, decide between fighting the roos, particularly prevalent after dark in these days of drought, on the road between Dubbo and Coonabarabran or spending another night away from home, this time in Dubbo. Most frustrating for the people of this Shire is that there is a carrier willing to bring in a service to cover Coonabarabran, Gunnedah and Scone, but who has met negative responses from government both State and Federal in his endeavours. Once again, it is "a commercial matter".

Passengers wishing to travel from Inverell no longer have a service, so must drive to Tamworth or Armidale, with the result they can no longer make a return trip in the day. Places like Condobolin lost their services about eight years ago. Now the traveller from there has to drive to Parkes Airport. Over an hour away, driving into the sun, if it is a morning flight.

These are only a handful of examples of lack of services. Add to the actual non-existence of a plane service in an increasing number of towns, the unsuitability of flight times, the infrequency of flights and the cost of flying and the conclusion that even when country people can access services they most often do not allow a same-day return flight and cost an amount outside the average person's budget. For example, the cost of a discounted fare between Orange and Sydney is \$282. Then the cost of getting to your destination in the city has to be factored in, the risk you undertake by leaving your vehicle at Orange Airport, the possibility/probability of having to remain in Sydney overnight. Unless the traveller is wealthier than the average person, the decision to catch a plane must have an imperative of urgency indeed.

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It does appear that travel by plane in outback New South Wales is the prerogative of the wealthy and/or those travelling on company money.

About 30% of air travellers from country NSW were seeking medical advice, keeping medical appointments, coming home from medical treatment, including hospitalisation, in Sydney. Such people are often too ill or handicapped to undertake long road journeys, yet with the current system of airline availability, they have the choice of adding to their unwellness or ignoring their medical condition. In spite of lobbying for medical facilities in the bush so that sick people do not have to travel long, uncomfortable distances to capital cities for treatment, our medical services do not meet our needs. Yet the same government which makes noises about this situation and still does little to rectify it, now stands by and watches country people being stripped of their air services and refuses to intervene.

This year was designated "The Year of the Outback" and touted as a time when government would not forget the people of rural and regional Australia. We even have Federal Ministers including the Prime Minister undertaking media opportunities at Longreach, etc – but none of them pays his own fare nor catches a commercial flight, because too often they do not exist.

POLICIES AND MEASURES REQUIRED TO ASSIST IN THE DEVELOPMENT OF REGIONAL AIR SERVICES, INCLUDING:

1. REGIONAL HUB SERVICES

People prefer not to have to catch a plane, fly a shortish distance, change to another plane to reach their destination. You have to remember many country travellers have already driven for over 100 kilometres to reach the first flight. Often when faced with this changeover, they will eschew the first leg of the trip by plane and drive to the larger airport, then make the direct flight only. When some centres lose travellers this way, air companies feel justified in further downgrading services to and from there, because as in most aspects of our lives in Australia in 2002 the yardstick for success or failure is "the bottom line", the profit factor. Service or obligation to the public or the community is less important than dividends for the shareholders. Small, locally based carriers are not sustainable without government intervention. The cost of fuel, the taxes imposed for using airports, landing fees, for example, and the cost of regulatory compliance, mitigate against the smaller operators. High costs have to be passed on through expensive tickets; the ability to offer discounted fares and compete with larger operators is non-existent.

New players are actively discouraged from starting up especially by the aggressive policies of the larger established airlines. When Ansett was competing with Qantas and Virgin Blue trying to break into the market, when Impulse was trying to establish itself, Qantas was suddenly able to match, and occasionally beat, the \$99 air fares offered by the new players on major routes. When Ansett died, Impulse having succumbed after only a brief struggle, Qantas increased its fares to Darwin for example by over 200%. Did the Minister for Aviation step in? No – it was "a commercial matter".

Hub services, almost by definition, need to be allowed to operate smaller planes, 10 seaters for example, and need to be subsidised by all levels of government.

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SMALL SCALE OWNER-OPERATED SERVICES

Again, government intervention is necessary if such operators are to be competitive. Virgin Blue is a major corporation, with a history of success in flying from England, yet is still struggling to break the almost monopolistic stranglehold Qantas enjoys in the Australian airline industry. What chance then, not just of survival, but actually of success, for the small operator-owner airline? Yanda could no longer afford to compete in rural NSW. A carrier based in Brisbane who is willing to provide the service Yanda did, cannot get past government red tape. Nor will his service survive without subsidisation to meet the costs already mentioned in the hub material: fuel, airport taxes and regulatory compliance costs.

Large airlines, for example Qantaslink, are not going to fly small, unprofitable routes; it would like to establish links with outreach air companies – but there appear to be fewer and fewer outreach companies. The result is that outback people have no easy access to an airline service. All levels of government need to recognise that financial profitability and economic rationalism are ripping the heart out of rural Australia. Politicians need to understand that the bottom line is just that, the bottom, and need to dare to aspire to something higher, like keeping communities viable and assisting in the survival of country Australia.

THE DEPLOYMENT OF MOST SUITABLE AIRCRAFT TYPES

For many country routes, 19 seaters are suitable aircraft. If there were not enough passengers to fill them each trip they were used to be used to carry freight. This was a bonus for the company, which did not lose revenue; for the local people, because their airline could afford to continue flying, and for companies who needed goods delivered expeditiously. Yet Qantas has withdrawn such aircraft from many routes, including the Brisbane-Roma route which has no direct service now.

Others argue, however, that even small operators have to increase the size of planes, so that they meet the needs of all those wishing to travel and not leave passengers having to book another flight.

INTERCONNECTIVITY BETWEEN REGIONAL AIR TRANSPORT SYSTEMS, MAJOR NATIONAL AIR SERVICES AND INTERNATIONAL SERVICES

The cost of flying is high; the need for passengers to be able to connect to either a major national service or an international service, therefore becomes important, for failure to secure connecting flights means extra accommodation costs, for example, as well as the frustration of not being able to get on with your journey.

The inconvenience of having to collect luggage, itself a time consuming exercise, then of ferrying it to the next terminal and of booking it through again, is considerable and can add to the stress already being experienced by many travellers facing long journeys.

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In Canada recently a member of our committee was able to book luggage at Toronto for Sydney. In spite of travelling on three different airlines, national and international, her luggage arrived with her at Sydney airport. Yet in Australia we alight from an international flight, collect our luggage, drag it down to the Domestic Terminal, book it through again and hope we see it at the other end. Why?

When we fly from a country centre we book our luggage there, pick it up at the terminal, drag it along to the next booking desk – no easy task if flying with Virgin Blue, for example, then re-book for that flight. If you fly both legs with the same carrier you can sometimes bypass this double handling, but the chances of doing that are not great and often preclude you from taking advantage of a more convenient schedule or a discounted flight.

Smaller airlines often have to be content with airport slotting that necessitates unfriendly schedules and again, assists in their losing customers and profitability. The privately owned Sydney Airport will undoubtedly be tested by those players who are left in the air service game. The fiasco between the airport and Virgin Blue's access to suitable terminals, as well as the airport's obvious willingness to charge increased fees for terminal space is a case where in the interests of the industry itself, the well being of travellers and general common sense, the Federal Government could be expected to intervene, but yet again, it is "a commercial matter in which it would not be right to interfere" – not even to mediate?

THE ROLE OF ALL THREE LEVELS OF GOVERNMENT IN SUPPORTING AND ASSISTING THE DEVELOPMENT OF REGIONAL AIR SERVICES

All State Governments in recent months have argued that the Federal Government should play a more hands on role in this area, with exemption from relevant taxes and actual subsidisation of regional carriers. At the same time, all State Governments should look to how and where they could assist, for example in reduction of payroll taxes. Queensland has already pledged \$6m to recreate some of its regional lines.

Local Government in many cases is already subsidising the regional companies, through maintenance of their town's airport. They could ensure that both freight and personnel travel on regional airlines, but if there is no such thing in their area or the schedules are simply not accessible for them, they cannot do this.

The Federal Government, particularly, could play a more direct role when events are hurting the industry, for example, the current confrontation between Sydney Airport and Virgin Blue, or the massive discounting by the larger, established player(s) when a new company seeks to enter the business. If governments at any level refuse to become positively involved in rebirthing and then sustaining a viable regional airline industry, they should at least make sure that the roads on which we country people have to travel when we lack access to air travel, are safe. In reality, regional airlines no longer service many towns, the rail network disappeared years ago and our roads are having their grants cut by half this financial year. It would appear that both levels of government responsible want country people to stay home.

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THE ROLE OF MAJOR AIR TRANSPORT CARRIERS IN PROVIDING REGIONAL SERVICES

Major transport carriers in Australia are corporations whose function is seen as returning dividends to their share holders. They will therefore fly routes their management see as profitable and unload what is seen as working against their "bottom line".

As successive Australian governments have divested themselves of ownership of our resources, whether airlines, banks, telecommunications or other transport systems, we as the electorate have been assured each time of the increased benefits to us. Competition according to popular government wisdom, begets reductions in costs and increases in benefits. That philosophy is still being preached in spite of all evidence to the contrary. We shall probably have to content ourselves with watching our country towns becoming a little less viable while somehow knowing we were not meant to have access to air travel

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