

Secretary: *J. L. ...*

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES

GJH.JCC A40/005

30 August 2002

The Secretary,
House of Representatives Standing Committee
On Transport & Regional Services,
Parliament House,
CANBERRA. 2600.

Subject: *Regional Aviation Services in Australia*

Dear Sir,

I refer to your letter to Council's Mayor, Cr. Alister Lockhart, dated 5 July 2002 inviting a submission into the committee's enquiry into Commercial Regional Aviation Services in Australia.

Regional Aviation Services are of particular concern to Forbes Shire Council. The Forbes district, together with Cowra, Cootamundra, Young and West Wyalong, lost our regional air service connection to Sydney in May 2001 when Country Connection Airlines Pty Ltd, ceased to operate.

The reasons given by Country Connection Airlines for their cessation of operation summarised the difficulty faced by small operators and are repeated as follows:-

- 1). A combination of astronomical fuel price rises and the dramatic decline of the Australia dollar over the previous twelve months have created an increase in operating costs, which can no longer be absorbed.
- 2). Deregulation of the airline industry has caused a proliferation of operators who continually recruit flight crews from the small regional airlines. The high cost of training replacement flight crews has placed an additional financial burden on the company.
- 3). The company was involved in negotiations to upgrade the aircraft fleet to larger more cost affective types. However, the changes to the taxation laws in relation to "rollover" provisions concerning the sale and purchase of aircraft on 22 September 1999, had the affect of making the replacement of the aircraft fleet unacceptably more expensive.

The above three were the core reasons that Country Connection Airlines ceased to operate.

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Forbes Council is of the particular view that a efficient and timely air service is essential for all regional areas. This air service must also be cost affective. It must be affordable to the persons and businesses utilising it.

In Forbes' instance we are fortunate in-so-far as there is a regional air service to Parkes Airport, only 37 kms distance. In the case of the other centres that lost their air service when Country Connection Airlines stopped operating, they have a much further distance to travel to a commuter air service.

Council is now in the unfortunate position of maintaining an airport to a set standard should it be able to attract another regional airline to its area. It is doubtful if Council will be able to do this in the short term, but it still must maintain the airport to an appropriate standard, at a reasonably large cost per annum. In order to encourage a regional airline service Council had only a nominal landing fee set for regional airlines, being \$1 per passenger.

Council believes that a reasonably priced air service is essential for regional centres so that businesses can conduct their operations in an efficient manner and for access to government services and specialist medical services.

Council has been advised of instances where Solicitors and Barristers travelling to Forbes for court hearings have been inconvenienced by the inability to fly direct to Forbes.

Discussions with Country Connection Airlines, prior to them ceasing operations, indicated that this experienced operator did not believe that regional hub services were the answer, in closely settled areas. The example of Forbes and Parkes in particular is that Parkes Airport is only 37 kms from Forbes Airport and it is impractical for an air service to hop a small distance such as this. It is just as impractical to fly to Orange before proceeding to Sydney.

When flying from Parkes to Sydney it is quite common for the aircraft to travel via Dubbo a further 120 kms away to the north. This adds a considerable time to the journey and in affect it takes 2 hours to fly from Parkes to Sydney when in affect it should be approximately 1 hour.

The timing of flights is also important. A person should be able to travel from the regional area to the capital city of a morning, be able to conduct their business in Sydney and return that evening. It is essential that flights arrive in sufficient time into Sydney so that the person conducting business in Sydney can attend a 9.00 am meeting and complete their business before 5.00 pm.

Forbes Council sees the role of Local Government in attracting regional air services by maintaining its airport and its airport landing charges to a low level to enable a reasonably priced air service to continue.

Council feels that one of the largest impediments, as advised by Country Connections Airlines, is the taxation on aircraft on "Rollover" to a newer and larger aircraft type.

This was the final straw for Country Connection Airlines. Council was advised by the operator, that had these taxation rules been more favourable, Country Connection Airlines would still be operating.

Yours faithfully,



G.J. Haley,
GENERAL MANAGER.

Please quote Council's reference in your reply