

Secretary: *J. Luff***RECEIVED**

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES30th August 2002House of Representatives
Standing Committee on Transport & Regional Services
Parliament House
CANBERRA 2600**Commercial Regional Aviation Services in Australia & Transport Links to Major Populated Islands**

Dear Committee Members

The Launceston Chamber of Commerce is committed to ensuring that the social and commercial well being of Northern Tasmania is maximised. The Chamber believes that maintenance of a positive economic and community environment is inextricably linked to ensuring adequate (capacity and regularity) sea and air access at competitive prices.

The Chamber does not have the resources required to conduct formal research about the issues raised in the Inquiry Terms of Reference. However, as a representative business group, it can provide anecdotal information of real and perceived barriers to air access into the State and Northern Tasmania.

The Chamber distributed information about the Inquiry to all Members and invited feedback. The following issues reflect combined Member responses along with key points raised in the Legislative Inquiry into Bass Strait Air Access undertaken last year.

Before addressing perceived deficits, the Chamber believes that it is vital to note that current air and sea services are providing the greatest capacity, regularity and price competition for many years.

North Eastern Tasmania, the Chamber's key area of focus, is well catered for with the present access options. Reports indicate that Virgin Blue and Qantas are fulfilling the current requirement for air access. It would appear that there is a need for increased access at peak periods particularly times of special events and activities, i.e. AFL Football, festivals, Agfest, etc.

The commencement of TT Lines Spirits 1 & 2 will provide additional sea access capacity for vehicles, passengers and freight. The opportunity created by the provision of additional capacity and reliable access has generated enormous confidence in the tourism industry and stimulated aggressive investment in infrastructure and increases in property prices.

It would seem, for most areas of Tasmania, the concerns about access appear to have been addressed. However, there are some issues that should be investigated and addressed.

POLICIES & MEASURES REQUIRED TO ASSIST THE DEVELOPMENT OF REGIONAL AIR SERVICES

Airport Charges – some Chamber members have expressed concern regarding the changing processes for airport fees. Launceston Airport owner, Australian Pacific Airports Corporation (APAC) now bases charges for passenger aircraft on a 'fee to passenger' as opposed to the previous charges based on landed tonnage.

This change results in a significant increase in landing charges for passenger aircraft. The increased charges will be borne by 'locals' and visitors.

Whilst of concern to the Northern region, research indicates that this 'fee per passenger' process is being implemented at the majority of airports around the country and that the Launceston fee (\$4.00 per passenger) can be considered 'the norm'.

The Chamber's major concern is that there is no process to prevent airport operators from increasing the passenger levies without a high level of scrutiny that taxpayers would expect for monopoly businesses upon which all regions rely so heavily for economic health and social well being.

There is a view that the ACCC should have power to monitor future increases and implement processes that provide a level of security to consumers and the regions that depend on competitive airport services.

ROLE OF ALL LEVELS OF GOVERNMENT IN SUPPORTING & ASSISTING THE DEVELOPMENT OF REGIONAL AIR SERVICES & ISLAND TRANSPORT SYSTEMS

Regional hub services – There is a widely supported view that Launceston should be developed as the freight hub for Tasmania. Its geographical location positions it as a central point for freight from all areas of the State; it has a trained freight-handling workforce, suitable facilities and is closer (therefore cheaper to service) to mainland ports.

Existing seaport, rail and road infrastructure all combine to increase the potential of the Launceston freight hub concept from geographic, economic and environmental perspectives.

Whilst Launceston appears to be the logical area for a State freight hub the concept is being supported but not 'driven' by any key body or group. This inaction appears to be a symptom of inadequate funding and resources rather than lack of commitment to the concept.

Owner operated services – Private investment will only come with the prospect of adequate and consistent volume to ensure financial viability and sustainability. The level of viability and sustainability for any operator will be affected by the freight hub decision.

If there was a commitment to develop Launceston as the State's freight hub, potential freight volumes, consumer and market needs and market share assessments could be undertaken to determine viability and encourage investment.

General enquiries indicate that export producers would welcome a consistent and reliable solution to ensure competitive freight costs along with regularity and reliability of services to meet international links and mainland markets.

THE ROLE OF MAJOR AIR TRANSPORT CARRIERS IN PROVIDING REGIONAL SERVICES, & THE ISSUE OF INTERCONNECTIVITY.

Investigation of potential to encourage more international carriers to offer 'common rated' fares to Tasmania – the current range of domestic airfare structures and pricing could, in Tasmania's case, be a deterrent to international visitors.

Whilst it is understood that international visitors receive a discount on domestic travel, the restrictions and rules (relating to minimum distances, etc.) for these fares, often result in Tasmania being deemed ineligible.

The more budget conscious international visitor can quickly learn that a 'cocktail' of discount fares (consistently available on mainland routes) will often be cheaper than the standard discounts offered to international visitors. The complexity of securing anything but a full priced fare from key international ports around Australia would be challenging to even the most seasoned traveller.

The alternative of paying full price for single airline access to Tasmania, in most cases, would be cost prohibitive and encourage international visitors to opt for alternative domestic destinations that are cheaper to access via air or can be reached by road or rail.

Need for permanent 'open jaw' policy - Tasmania promotes itself, and is uniquely positioned, as a fly drive destination. However, on the majority of regular existing air services (excluding one way 'special discounts') there are price disincentives to arrive at one port and depart from another.

- Whilst there are some seasonal specials offering 'open jaw' tickets, these are generally limited and for short periods only.
- In response to Tourism Tasmania reports of an increase in the numbers of 'short stay' visitors, it would seem vital to promote permanent 'open jaw' pricing that would enable visitors to enter and leave the State from different ports without the fare price being increased.

An 'open jaw' pricing policy could form part of a strategy to ensure the maximum geographical spread of 'short stay' visitors' dollars.

Tasmania air access (passenger & freight) should have National Sea Highway status - National Highway access to regional Australia is a responsibility of the Federal Government. Federal funding equivalent to that required to provide and service a land based access should be redirected to providing subvention to air access in addition to sea access. This is not suggesting the need for a Federally funded subsidy – it is suggesting the need for equity in the provision of access to all regions & States of Australia.

Air access for freight, residents of and visitors to Flinders & King Islands should be provided under the National Sea Highway model – both are regions of Tasmania and should enjoy reliable, cost effective access that maximises tourism, trade, agriculture, access to health & education services and social opportunities.

Whilst there are air access linkages between Tasmanian mainland, King Island and mainland Australia it would appear that Flinders Island does not enjoy an equitable level of flexibility, service or pricing.

This is a barrier to the Islands potential to maximise growth in the tourism and export markets for 'time sensitive' freight. The most serious implication of this impediment to growth will be a reduction in economic activity and employment.

There is a strong view that air access to the Bass Strait Islands does present an extraordinary situation where State and Federal funding would be required to ensure financial viability for a commercial operator. Previous experience has demonstrated that the current traffic volume may not be sufficient to support and sustain private enterprise investment.

CLOSING COMMENTS

These above points reflect feedback and provide an overview of air access issues raised by Chamber members, the broader business community, business and leisure visitors and local residents.

Reliable air access, adequate capacity and competitive pricing are essential to the commercial and social well being of Tasmania. Tasmania must be offered equity with other mainland regional centres. Facilitation of an equitable operating environment is the responsibility of the State and Federal Governments.

The Chamber trusts that the above provides useful information to stimulate formal in-depth research and positive long-term outcomes.

The issue of reliable access affects all industries and plays a key role in stimulating and encouraging investment.

Yours faithfully

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