
REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

**INQUIRY INTO PROVISION AND OPERATION OF RURAL AND
REGIONAL
AIR SERVICES IN NEW SOUTH WALES**

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At Griffith on Wednesday, 22 July 1998

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The Committee met at 10.00 a.m.

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PRESENT
The Hon. A. B. Kelly (Chairman)
The Hon. J. Gardiner, The Hon. I. M. Macdonald

HELEN IVY BRAYNE, Mayor, Griffith City Council, and

DAVID WILLIAM TULL, Director of Engineering, Griffith City Council, sworn and examined:

CHAIRMAN: Mayor Brayne, what is your full name and occupation?

Cr BRAYNE: Helen Ivy Brayne, Retired.

CHAIRMAN: In what capacity are you appearing before the Committee?

Cr BRAYNE: As Mayor of Griffith City Council.

CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Cr BRAYNE: I did.

CHAIRMAN: Are you conversant with the terms of reference of this inquiry?

Cr BRAYNE: Yes.

CHAIRMAN: You have made a submission to the Committee, and the Committee has your letter. Would you like both of those documents to be included as part of your sworn evidence?

Cr BRAYNE: Yes, I would.

CHAIRMAN: Mr Tull, what is your full name and occupation?

Mr TULL: David William Tull, Director of Engineering, Griffith City Council.

CHAIRMAN: In what capacity are you appearing before the Committee?

Mr TULL: As a representative of Griffith City Council.

CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr TULL: Yes.

CHAIRMAN: Are you conversant with the terms of reference of this inquiry?

Mr TULL: I am.

CHAIRMAN: If either of you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will be willing to accede to your request and resolve into confidential session. Mayor Brayne, would you like to start by making an oral statement?

Cr BRAYNE: Yes. We appreciate the opportunity to speak to you. As we indicated in our submission, we would like to table the items that I have here. Those are our submissions to the IPART inquiry. We feel that they are still relevant to some of the items that are included within the terms of reference of this inquiry.

In regard to the landing fees at Kingsford Smith airport, we see the new fee regime that is to be introduced later on this year as a welcome change. Certainly, regional domestic users will feel the benefit of that new fee regime. We feel that it is a significant improvement. However, we would like to see some mechanism in place to ensure some continuity and stability, so that the structure is not subject to change too frequently. Our particular concern would be that, with the major capital works that will take place at Kingsford Smith airport, there is no indication whether that structure will remain, and whether it will be able to cope with the demands given those costs. We are concerned to see that that structure to be introduced can be maintained for the benefit of regional and rural New South Wales.

In general, Council is supportive of the full cost recovery principle specific to an aerodrome operation, and we implement that to a fair degree in respect of our own airport. So we have no problem with that principle. But we believe that it needs to be fair and equitable, and that it is not used as a vehicle for deriving any excess income for other purposes, or that a disproportionate amount of it would be allocated to any particular user.

Also, in relation to the cost recovery principle, we still see that there could well be a community service obligation, as part of Federal and State government commitments, to support Kingsford Smith airport as it is the primary gateway into Australia. But, in general, we are happy with the way in which those new fees have been apportioned.

In regard to the landing fees at regional airports, we have made our comments specific to the Griffith aerodrome, because it is difficult for us to comment on aerodrome rates without knowing any relevant factors relating to other aerodromes. We have outlined in some detail the parameters that we have used in setting the criteria in respect of fees for our airport, mainly highlighting the fact that the fees structure is based on defined criteria, rather than just an arbitrary figure that comes off the top of the head or anything like that. To a large extent, it was based on what had happened in the past with the operational aspects of the aerodrome before we took it over in 1993.

When we developed our fee regime in the beginning, we did allow a shortfall of income, because we wanted to make sure we could get a good service. We regard it as an essential asset, and we wanted to ensure that the fees did not work against the attraction of services to this area. The use of the service and the flight services offered by the operator, Hazeltons, have now increased quite significantly. We now have taken the opportunity to review the charges, and are now recouping a sustainable cost recovery income for the air side infrastructure, but we still subsidise the land side component of the aerodrome—that is, the car park, road work, landscaping, and that sort of thing—because our feeling is that the aerodrome is important to the social and economic well-being of our community, and it is particularly vital to us if we are to attract increased growth and development.

I think it has been pretty well documented in other areas that to attract development to a region, one thing that is considered is a good and reliable and effective air service. So, our fee structure applicable to the RPT operator is \$9.25 per tonne or part thereof for landing, and the terminal charge has been fixed for this year at \$9,838, and that equates to approximately \$5.30 per passenger.

In regard to the allocation of slot times at Kingsford Smith airport, generally we feel that the operator authority at Kingsford Smith should be in a position to suggest and recommend the functions for the aerodrome to benefit the users. But, of course, we preface that with the comment that we feel it must include total access to Kingsford Smith airport by regional airlines, and in a manner that enables an effective and desirable to be maintained in regional centres, including peak time use and at an equitable landing fee cost.

We are particularly concerned about the decision-making process for that, and how it can be assured that that slot time will prevail. We are concerned about how that could be changed, whether it is by ministerial direction or by the

airport authority. We would like to see measures introduced to preserve the current philosophy, and to prevent the erosion of those slot arrangements, particularly for peak times, to ensure access to and availability of regional airline services. We would be particularly concerned to ensure that the number of those slots available for regional services are maintained and that there be a guarantee that they will not be moved across to one of the other pools, the international or the interstate pools. It is our real concern that that slot be maintained.

In relation to the proposal to limit access to Kingsford Smith airport and to direct country services to Bankstown, we have very real concerns. There are a number of issues that we would be very concerned about. We have highlighted those in our submission. The service that is operated from Kingsford Smith airport, with the bus, taxi and train services, does provide passengers with a good choice of access to the central business district and with the potential to link with other transport terminals if they are going to Sydney for business purposes.

One of the real problems that we see with being moved to Bankstown is that that type of service is not at this stage available. When you travel to Bankstown for other reasons, the peak hour traffic is enormous. There is a real traffic logjam. A lot of our people who are using this service—in the order of 70 per cent—would be business users of our air services. They are travelling at peak times, so those delays would be particularly frustrating. The other fact is that it is very expensive to get a taxi cab fare in and out of Bankstown. We know from experience that just to go to the centre of Bankstown from Kingsford Smith airport is \$45 to \$50, and you are in a traffic jam both ways. So it is not a very convenient service in that way.

Another major concern is that the 340 Saab aircraft that currently service Griffith are very well used and have good loading. It would be forced to reduce its payload by 50 per cent of the aircraft capacity to get into Bankstown, and that would be quite disastrous for our services. Our passenger movements have increased. In 1991 they were of the order of 13,842 passengers movements per year, and they are now up to 33,385. So there is a significant growth and development of our services.

CHAIRMAN: Can you table that information?

Cr BRAYNE: Yes. I would be happy to table that information. That would be a real concern to us. In addition, there would be an inevitable reduction in aircraft size. If that happened, then there would be a reduction in the type of service that could be provided. We have had submissions made to us on previous occasions relating to the air service from users who are disabled. There is a very strong concern that it is very difficult for disabled people to use those smaller flight services.

There are a significant number of people who have to access the air service to get to Sydney for medical reasons who come into that disabled category, not just from Griffith but also from the surrounding area. They have expressed serious concerns to us about an air service that would not meet the needs of the disabled. The other thing is that this service meets the needs of some people who come from distances that involve a two-hour journey to come here to catch the aeroplane. So the on-flight service we have at the moment is very much appreciated, the fact that you have toilet facilities and food services. So we would be reluctant to see those types of changes made.

We are also concerned about what would happen with the disruption of the present use of Bankstown aerodrome at the moment. It is a heavily used airport, and the *Air Services Bulletin*, which we would also table, indicates that there are more than 400,000 flights in and out of Bankstown per year, as against 280,000 into Mascot. There is no radar control there. But, also, what will happen to the training that currently takes at Bankstown? Mixing those two types of traffic at Bankstown could be a major problem. Bankstown is already heavily used, and we are very concerned about that proposal.

We have also highlighted the convenience of having access to the international and interstate flights. We feel that Sydney should have an airport that provides a domestic-international service at the one centre, as well as being able to

satisfy the needs of residents of the State that use our domestic airlines. As I said, we would be concerned if there was any limitation of the aircraft by size or carrying capacity, and we would be opposed to the suggestion about the hub and spoke or anything like that. We are very well served at the moment.

In regard to the impact of deregulation on the smaller centres, we are very strongly of the view that what we have at the moment really does meet our needs very well. We feel that there is still a competitive element existing in the way that the airline route is awarded and that there is the opportunity and the capacity to ensure that those services do meet the needs of the consumer. If it was deregulated, we could only think that the result could well be a reduction in aircraft size, that there would be a removal of onboard services and of special provisions for the disabled which I have already mentioned, and perhaps frequent adjustments to services, so that they might not meet the current demand, particularly business demands relating to the use of early-morning and late-evening services, which has been one thing contributing to the sustained use of our air services.

We believe—as has been expressed by the Air Transport Council—that routes with a patronage round the 30,000 passengers should remain regulated, with regular reviews to ensure adequate service provision. So it is our strong view that the Sydney-Griffith route should remain managed, with the one provider. We feel very strongly about that. As I have mentioned before, that service is being well used. There is significant growth in it, as is evident from the documents I have tabled, and we do not necessarily subscribe to the view that the air fare must be diminished to the absolute minimum. Many of our people who use the service are business people. To them, time is money. If the service is not meeting, or if they have those additional costs imposed, as they would at Bankstown, then that will make them look critically at whether the air service is meeting their needs and look for alternative sources of transport. We have indicated the costs of alternatives to Sydney from Griffith.

Basically, we do not feel that cost is the only factor. Service is certainly one factor. We note that there is now quite an incentive for people to travel at other times, particularly on the mid-day services, and enjoy a different costing regime.

We feel that those things are being addressed. We are very conscious of the fact that any opportunity to deregulate may not give us what we currently enjoy. If you look at banking and other areas, deregulation has not always provided the desired results for rural communities.

We see the Sydney-Griffith as being managed competition. It takes quite a time to establish in the community the feeling that they have a good and reliable air service, and we would like to see that maintained. So we would strongly urge that the regional airlines continue to have access to Kingsford Smith airport, that no moves be made to relocate to Bankstown, particularly the long-term future of Kingsford Smith airport is determined, and we do not support at all the concept of freeing it up at this stage.

CHAIRMAN: David, did you want to add anything to that?

Mr TULL: No. I would prefer to answer questions.

CHAIRMAN: I have a number of questions that I would like to ask you, Councillor Brayne. Did you ever see the IPART report, released at about this time last year, entitled "Review of Regulation and Licensing of Air Service Operators in New South Wales"?

Cr BRAYNE: Yes, we did see it.

CHAIRMAN: There are some interesting comments in the foreword to that report:

The overwhelming conclusion that emerges from this Inquiry is that the state as a whole will benefit considerably from deregulating air services. Larger rural towns—such as Albury, Wagga Wagga, Coffs Harbour, Tamworth, Armidale, Dubbo, Port Macquarie and Ballina—are likely to see more innovative services

and more competitive fare packages. Deregulated air routes across Australia generally have lower per kilometre fares than comparable regulated air routes within NSW. Tourism across the state undoubtedly will benefit.

It is only for the very small rural centres, where air services are currently marginal, that deregulation might lead to some reduction in service levels.

I see, from the shaking of your head, that you do not agree with much of that.

Cr BRAYNE: No, we do not.

CHAIRMAN: Letters that I got, particularly from places like Albury, Wagga Wagga, Dubbo and Tamworth city councils, as well as from Griffith, did not seem to hold to that view either. They were very much against deregulation.

Cr BRAYNE: We did see that report. I know that when we made the submission to the IPART inquiry we put our view quite strongly, but we rather got the feeling that it was not sinking in.

Mr TULL: That the decision had been made.

Cr BRAYNE: Yes, that the decision had been made, and they were not really listening.

CHAIRMAN: There was out of the Wagga Wagga country summit a proposal for a charter of user rights to guarantee continued access, at realistic prices, to Kingsford Smith airport. Tony Windsor has written to the Premier, and he has forwarded to this Committee a letter from Minister Carl Scully in which the Minister states:

Member for Tamworth, Mr Tony Windsor, has written to the Premier asking that the Government become involved in the construction of a Charter of Users Rights for Kingsford Smith airport to guarantee regional airlines a fair landing charge and slot allocation system for Sydney's main airport.

The inquiry currently being undertaken by your Committee is well placed to consult with interested parties to develop such a Charter.

Therefore, the Premier has asked me to refer to the Standing Committee on State Development Mr Windsor's proposal to be included in your deliberations on regional air services.

I appreciate that I am sort of dropping this question on you now, but we would ask you to give some thought to what you see as reasonable provisions to go into such a charter and write to us in that regard.

Cr BRAYNE: Yes.

CHAIRMAN: I will table that letter, because this is the first opportunity that the Committee has had to receive a copy of it. We might make sure, as we go to other centres, that we let the councils see it first so that they can make some submissions on it, because they are basically using this Committee as a sounding board to get information for the structure of such a charter. Do you see that as a reasonable proposition?

Mr TULL: Very positive.

CHAIRMAN: Perhaps you might write to us on that.

Cr BRAYNE: Basically, we suggest in our submission that we would like to see something along those lines enshrined, and that it not be at a political whim.

CHAIRMAN: Basically, in my area, if we had to go to Bankstown, it would be easier to drive because, given the time frame, by the time you drive to airports and so forth, it would be quicker to drive than go by air. Griffith is a little bit further away from Sydney, but if you were going to Melbourne you would not bother flying to Bankstown, driving into the city, and hopping on an aeroplane to Melbourne. Would it be marginal if you had to fly to Bankstown? You are probably a bit further away.

Mr TULL: Yes. We are about a six-hour drive to Sydney.

CHAIRMAN: I am about five hours away. But you have an hour at the outer end, plus delays in the air. I have to drive to Dubbo, so with the air service here you are probably better off.

Mr TULL: Yes.

CHAIRMAN: How many scheduled air services are there a day from Griffith airport?

Mr TULL: Four.

CHAIRMAN: You have already given us details of the air numbers, at 33,000 a year. How do you find the Sydney-Griffith-Narrandera-Sydney connection to be working out? You have said that local people are happy with the service that you are getting now and that they are not terribly concerned with the fact that some flights have to go via Narrandera.

Mr TULL: It is only about 10 to 15 minutes extra on the trip. We have a direct route to Sydney.

CHAIRMAN: If it was deregulated, might that change at all, and might services go to other towns as well?

Cr BRAYNE: That could be one of the concerns. They probably have more idea than we would on that, but I would think that could be a possibility.

CHAIRMAN: I think you have answered this question already. Is the community satisfied with the level of services provided by Hazelton Airlines?

Mr TULL: I think the thing is, Mr Chairman, that we have experienced a 10 to 12 per cent growth every year, for the last five to six years. So I think the figures speak for themselves.

CHAIRMAN: What size planes are scheduled on the services, and are those appropriate? I think they are mainly Saabs.

Cr BRAYNE: They are all Saabs, which have 34 seats.

CHAIRMAN: What is the largest aeroplane that Griffith airport can handle?

Mr TULL: The Fokker 50s used to come in here before Airlines of New South Wales, which is a 50-seater. We cannot take F28s, which were the next jet.

CHAIRMAN: The F28 was a 28-seater, was it?

Mr TULL: They were larger. Our runway length probably precludes the Fokker jet, but the Fokker 50 propjet can get in here. So probably around a 50-seater would be the maximum size.

CHAIRMAN: How do you think your landing fees compare with those at other airports? I would make the comment that Hazeltons suggested that your per head landing fee was about \$3.90, whereas you were suggesting it was \$5.30. The difference might be that the \$9,000 terminal charge for leased space probably is not included in their figure for the per head landing fee. They may see that as a separate deal. That might make the difference.

Mr TULL: I think that would be the case.

CHAIRMAN: What is the capital value of the airport, and what rate of return are you getting?

Mr TULL: I cannot answer that. We could give you some details on that.

CHAIRMAN: You might take that question on notice. If you would outline that in a letter, that would be appreciated. What is the level of general aviation usage at Griffith airport? And, if you have some statistics on that, you might like to send that along to us as well.

Mr TULL: We use the Avdata service to pick up all those flights. So those figures are available.

CHAIRMAN: Does the airport require any expansions, and if so, how would they be funded? Have you got a five-year management plan?

Mr TULL: We have a development plan. Most of the development that is occurring is in the GA area. With the removal of the Federal aerodrome local ownership plan (ALOP) the Council put in almost half a million dollars of its own moneys to upgrade the strip, with a corresponding amount from the Federal government. That has been followed each year by expansion of the GA area and gradual upgrading of the terminal. We see probably the GA area and the development of the aircraft industry on the aerodrome as our main area of development over the next few years.

CHAIRMAN: If you have a copy of that development plan, you might send us a copy of it, along with proposals on

funding costs. If deregulation proceeds, what would the council like to see the government do to ensure that services are maintained? You might take that on board and let us know in writing. Basically, your proposal is for there to be managed competition in the way it is now.

Cr BRAYNE: Yes.

Mr TULL: Yes, basically the status quo.

Cr BRAYNE: I wonder whether there should be something that does not have the same prescription for the whole of the State. We seem to have this mentality that one size fits all for any of our State activities. I think some consideration should be given to where the prescription will fit and where it will not fit.

CHAIRMAN: So you are suggesting possibly partial deregulation in some parts of the State?

Cr BRAYNE: Yes. If the government is keen to do that, perhaps it should look at areas in which it could well be successful and not have the same prescription for all across the State.

The Hon. J. GARDINER: In terms of your development plan and the terminal at the airport, are there plans to upgrade that with the increase in popularity of flights, or do you consider it is adequate for the foreseeable future?

Cr BRAYNE: I suppose, in respect of passenger capacity, at the moment it is adequate. We are trying to do some minor things to assist the comfort of the passengers, such as snack bars, coffee bars and a television set for those coming from out of town. They are mainly things for the comfort of the passengers. The size of the terminal is reasonably adequate at this stage.

Mr TULL: The floor area is quite sufficient. We would be proposing, in the next few years, to upgrade the service delivery areas, as well as refurbish the ceilings and so on, because it is getting a little dated in that respect. So the work will be mainly cosmetic, like the banks are doing with upgrading their customer service areas and making the surroundings a little more pleasant.

The Hon. J. GARDINER: Most New South Wales terminals have undergone substantial upgrades in the last 10 years.

Mr TULL: Yes.

CHAIRMAN: Thank you for coming along. If you would send us any additional information that you feel is relevant, the Committee would appreciate that.

(The witnesses withdrew)

(The Committee adjourned)