



NSW Legislative Assembly Hansard

Air Transport Amendment Bill

Extract from NSW Legislative Assembly Hansard and Papers Tuesday 28 February 2006.

Second Reading

Mr JOHN WATKINS (Ryde—Deputy Premier, and Minister for Transport) [7.30 p.m.]: I move:

That this bill be now read a second time.

The Air Transport Act 1964 currently requires all air operators flying passengers between one location and another within the State to hold a licence granted by the Minister for Transport. This provision is mandatory and captures all air charter operators as well as providers of regular air transport services. Accordingly, every air charter company operating within New South Wales is required to hold an air charter licence. Similarly regional airlines must hold a licence for each and every intrastate route that they serve. All licences have a common expiry date of 29 March 2008. Licensing policy protects operators serving the smaller end of the New South Wales intrastate airline market from competition, by granting exclusive licences. Currently there are 24 of these exclusive route licences and collectively they account for approximately 25 per cent of passenger volume of the intrastate market. The remaining 75 per cent of the market is accounted for by another nine routes: Sydney airport to Albury, Armidale, Ballina, Coffs Harbour, Dubbo, Port Macquarie, Tamworth, Wagga Wagga and Williamtown.

These nine routes are open to competition in that no restriction is placed on the number of licences issued. However, operators of the open routes currently are required to be licensed and pay licence fees. These routes are not deregulated, nor can they be under the existing legislation because of the mandated licensing requirement. The bill will abolish the mandated licensing and associated fees for both air charter companies and intrastate airlines flying the open routes to remove the burden of red tape and cost on those operators. The other intrastate airline routes will continue to be licensed, to serve the public need by fostering interest by regional airlines in maintaining or entering air links to smaller rural and regional communities. The question of what routes should be exclusive in future will be determined, as is currently the practice, by the Minister. That question will need to be addressed by the Minister in the lead-up to the licence expiry date, as would be the case with or without the proposed amendments to the legislation.

The bill also leaves the established State and Federal aviation roles unaltered, with the Commonwealth regulating all aviation safety and security, and the State regulating operator access to intrastate routes within the national competition policy framework. It should be emphasised that there are absolutely no aviation safety or security issues raised in the bill. Safety and security in the aviation industry remains the responsibility of the Federal Government. For administrative efficiency, licensing functions will be vested in the Director General, Ministry of Transport, and there will be an appeal provision, absent from the Act in its present form, making any disputed matters reviewable by the Administrative Decisions Tribunal. The current practice of allocating exclusive licences by competitive selection processes will continue to be required under national competition policy.

The Air Transport Council will be replaced with a more relevant State Aviation Working Group. The council determines licence fees, which the bill will abolish. Otherwise the council is an advisory group whose role has been diminished by removal of licensing restrictions on the open routes and the evolution of standard licence conditions. It lacks representation from interest groups such as local government and the airline industry, and these groups will be included on the State Aviation Working Group. The bill also prevents any ambiguity arising that might allow charter operators to provide a regular service. The existing Act defines the service level where a charter becomes a regular service as "a service conducted on 5 or more occasions within any period of 28 days over that route". In one case a tour operator proposed circumventing the provision by organising multiple charter companies operating over the same route. The Crown Solicitor advised that, while there is considered to be no ambiguity, it would be desirable to preclude any possibility of an argument of ambiguity arising. The bill does this and, in doing so, merely reinforces the provision in the Act to ensure charter companies provide charter services, not regular services.

Under current licence conditions all airlines are required to submit quarterly passenger statistics for each route, whether open or exclusive, to the Ministry of Transport. To facilitate monitoring of the intrastate airline industry in this State, it is important to continue collecting these statistics on all routes in the future, and provision is made for doing this in the bill. Some eight years ago, in response to the Independent Pricing and Regulatory Tribunal findings, the Government introduced the Air Transport Legislation Repeal Bill 1998, which would have abolished the whole Act. The 1998 bill was referred to the Legislative Council's Standing Committee on State Development, which tabled an interim report in September 1998. The key recommendation was that a decision on deregulation be deferred until the committee could investigate further the impacts of air service deregulation

on small rural communities.

There were 10 other recommendations, all relating to the State needing to urge the Federal Government to maintain access for regional air services to Sydney (Kingsford Smith) Airport, a matter which has since been pursued on many occasions. The 1998 bill subsequently lapsed following the 1999 election. The 2005 bill fundamentally is different from the 1998 bill because it addresses the possible impacts of air service deregulation on small rural communities by continuing to license and regulate air transport services to those communities. At the same time, the 2005 bill abolishes unnecessary licensing and associated fees on air charter companies and regional airlines serving the major regional centres, which clearly no longer need to be regulated, and updates other aspects of the existing legislation as explained in this second reading. I would like to thank members of the Ministry of Transport and my office, in particular Laura'lee Koulouris for her work in bringing the bill to this point. I commend the bill to the House.