

Mr John Young  
Committee Director  
Standing Committee on State Development  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Young

Thank you for your letter regarding the Standing Committee on State Development Inquiry into Regional Aviation Services.

Please find attached the documents you requested.

I trust the above information is of assistance.

Yours sincerely

**Tim Reardon**  
**Deputy Director General, Policy and Regulation**  
Encl.

**ANSWERS TO QUESTIONS ON NOTICE**

Question on Notice	Response
<p>1.</p> <p><b>The Hon. MICK VEITCH:</b> Mr Reardon, we have heard some evidence and you have read the transcripts. I will probably pinch the Hon. Catherine Cusack's question, but what is the process for getting a CountryLink bus to stop at a regional airport?</p> <p><b>Mr REARDON:</b> I suppose my comment on it is if it is made hard, we should make it less hard. I run policy and regulation and if anyone claimed that there was a regulatory instrument that was a barrier, I would probably be able to advise to do something about that. As I said, we have put out regional plans across each region of New South Wales. In terms of the customer expectation, if there is something locally that we need to look at, I am more than willing to look at it.</p> <p><b>The Hon. MICK VEITCH:</b> It just seems eminently sensible that if a bus is driving from one of those outlying towns—</p> <p><b>CHAIR:</b> Bourke to Dubbo, it should go via the airport and a railway station.</p> <p><b>The Hon. MICK VEITCH:</b> Instead, it goes to the train station—</p> <p><b>The Hon. STEVE WHAN:</b> It is TrainLink not "PlaneLink".</p> <p><b>The Hon. MICK VEITCH:</b> It goes to the train station and then you have to get a taxi back to the airport having just come past the</p>	<p><b>Response:</b></p> <p>There are no regulatory barriers to NSW Trainlink services stopping at regional airports.</p>

<p>airport.</p> <p><b>Mr REARDON:</b> I will take on notice the details about the cost of service going from train station to train station. As I said, if there was some regulatory barrier, implied or otherwise, that is within my remit I would certainly take a view on that and I am happy to hear what the Committee has to say about that. I have read it all and I have been on those CountryLink coaches and it reminded me that I had never stopped at an airport, as you correctly point out. It also reminded me of the fact that when we put in land transport for Cobar, Moree and Narrabri, particularly leading up to Christmas last year to ensure that people can get back and forth for school holidays and medical services et cetera, we ran those services, I think, to the airport. We did it during that period. So I take your point. (Page 8)</p>	
<p>2.</p> <p><b>The Hon. STEVE WHAN:</b> That is specifically running from the airport to Cobar. Can you tell us or take on notice what that is costing to operate and what the patronage is like at the moment?</p> <p><b>Mr REARDON:</b> In terms of the cost, I will take that on notice. The patronage, I will make one quick comment. Those services were put on board to fill when an airline fell over. We made the comment last time in Wagga about the flexibility and agility to do that when needed—generally, about regional services. That is why it was done. In terms of some of those services, their patronage was quite low, but in terms of providing a net to allow people to travel to Dubbo airport, that is why they were put in. (Page 9)</p>	<p><b>Response:</b></p> <p>This service was funded under existing contractual arrangements with the coach operator.</p>

<p><b>3.</b></p> <p><b>CHAIR:</b> I have a follow-up question. Mr Green has raised an important issue. We need to look at the net cost of delivering transport services within metropolitan areas, particularly in relation to trains, buses and ferries. Sydney is very well serviced with public transport but really air transport is the only public transport required by those who live in the more remote regional areas. It would be useful to the Committee if you would take on notice to give us some figures on the net cost of delivering train, bus and ferry services in metropolitan areas.</p> <p><b>Mr REARDON:</b> I will take that on notice. (Page 10)</p>	<p><b>Response:</b></p> <p>The net cost of operating public transport (train, bus and ferry services) in metropolitan areas in 2013-14 was approximately \$2 billion.</p>
<p><b>4.</b></p> <p><b>The Hon. PAUL GREEN:</b> Have we ever had transport providers fall over and the New South Wales Government has had to foot the bill?</p> <p><b>Mr REARDON:</b> Not that I am aware.</p> <p><b>The Hon. PAUL GREEN:</b> In any of the services: ferries, buses or trains?</p> <p><b>Mr REARDON:</b> I will have to take that on notice.</p> <p><b>The Hon. PAUL GREEN:</b> Thank you. When Brindabella fell over some local councils were left to carry a financial burden. Do you think it would be a reasonable thing for the New South Wales Government to carry the burden of the financial loss of Brindabella rather than local councils?</p> <p><b>Mr REARDON:</b> I will respond by saying that I will take on notice the issue of landing fees between a council and an operator. Secondly, the regime with a licensed instrument is a bridge between Kingsford Smith Airport and the local region and nothing else. Do you want me to come back to an update on Narrabri? (Page 11)</p>	<p><b>Response:</b></p> <p>Alternative transport arrangements were put in place for communities impacted by Brindabella groundings. Together with NSW TrainLink, Transport for NSW arranged additional coach services to connect those customers affected by the groundings (Moree, Narrabri and Cobar).</p> <p>The cost of accessing airports, including landing fees, has always been a commercial arrangement between the airport owner and the airline operator. Transport for NSW does not have any role in negotiating access, and is not party to any commercial contractual arrangements that exist in relation to airport access or the fees imposed.</p> <p>It is understood that when an airline goes into receivership or administration, responsibility for the discharge of any outstanding debts becomes a matter for the Administrator or Receiver pursuant to the Commonwealth's Corporations law.</p>

<p>5.</p> <p><b>Mr REARDON:</b> Narrabri—again the comments were made at previous hearings—are actively seeking out what operators may wish to fly to Sydney. Again, it will be the same process. We will work with Narrabri as quickly as required if there is a bona fide licence application provided to us and we understand they are in active discussions on that. Again, for ourselves, if an operator or operators and council wish to come forward then we will move as quickly as we need to.</p> <p><b>The Hon. PAUL GREEN:</b> The New South Wales Government allocated \$5.9 million to support upgrades at Narrabri. Do you know if that is going to be carried through given the outcomes?</p> <p><b>Ms CHADWICK:</b> Money was allocated from what is called Resources for Regions, which is a program funded from Restart NSW. It is about communities that have been impacted by mining. So it is a grant process by which each of those communities can come forward with particular applications that best mitigate the impacts of mining on those communities. Funding of \$5.9 million was announced in March of this year by the Deputy Premier for the Narrabri upgrade. It is an upgrade and an expansion. I do not have an update as to whether or not that particular project is proceeding, but it does proceed against milestones. Those milestones are about actions and on the basis of those actions—</p> <p><b>The Hon. PAUL GREEN:</b> That is my point. Would the withdrawal of Vincent Aviation have had an impact on those milestones?</p> <p><b>Ms CHADWICK:</b> I will take the question on notice. I just add that investment in airports to make them more viable is obviously something that we would continue to do if it would increase the chances of an airline using that route. I will on notice where that contract is at. (Page 11-12)</p>	<p><b>Response:</b></p> <p>Through the Resources for Regions program, the NSW Government is supporting upgrades and expansion at Narrabri Airport. A funding agreement is in place. Narrabri Shire Council is on track to meet project milestones.</p>
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<p><b>6.</b> <b>The Hon. CATHERINE CUSACK:</b> Mr Reardon, do you know how many planes the New South Wales Government owns? <b>Mr REARDON:</b> I do not. <b>The Hon. CATHERINE CUSACK:</b> Is there any means of finding that out? <b>Mr REARDON:</b> I can take that on notice but I do not know. (Page 12)</p>	<p><b>Response:</b>  Transport for NSW does not own any planes.</p>
<p><b>7.</b> <b>The Hon. CATHERINE CUSACK:</b> Can I just stop you again, because I listened carefully to the process you went through the first time? My question is: Why did Brindabella get the licence over Qantas? <b>Mr REARDON:</b> I believe I just answered that. <b>The Hon. CATHERINE CUSACK:</b> No, you did not. You explained the process that you went through but you did not say what rated Brindabella ahead of Qantas. <b>Mr REARDON:</b> In the selection criteria and tender valuation Mr Wing might want to comment on the evaluation. <b>The Hon. CATHERINE CUSACK:</b> Not more process, if that is okay. I would really like to know why Brindabella was better than Qantas under your criteria that resulted in Brindabella getting the licence? <b>Mr WING:</b> The panel looked at the various things that were required by the Act, for example, what was offered to the community, the number of services that were being offered. Brindabella was offering more services during the week. They looked at all those different things. They were the kinds of things they looked at. <b>The Hon. CATHERINE CUSACK:</b> They are the kinds of things I</p>	<p><b>Response:</b>  Brindabella Airlines proposed to run 36 services a week, up from the 20 services per week that were being offered by QantasLink, between Moree and Sydney. The Brindabella Airlines schedule for Moree introduced the following services over and above those offered at the time:</p> <ul style="list-style-type: none"> <li>• a Wednesday morning return service to Sydney</li> <li>• an additional midday return service each weekday</li> <li>• a Saturday return service</li> <li>• an extra Sunday return service.</li> </ul> <p>Transport for NSW clearly outlined the consultation process to councils at the start of the licensing program in August 2012. Prior to Transport for NSW assessing the tenders Councils were asked for their input on matters they and the local community require from a regional air service to Sydney.</p> <p>All input received from councils assisted in guiding the decision making of the evaluation panel. Transport for NSW facilitated a meeting between Brindabella Airlines and Council so that the operator could address matters raised by Council.</p>

<p>want you to tell me about because I do not know what they are. The Committee does not have that information. What was it? Was it the number of services that Brindabella offered?</p> <p><b>Mr WING:</b> Certainly the number of services was an important factor, yes.</p> <p><b>The Hon. CATHERINE CUSACK:</b> Is there anything else?</p> <p><b>Mr WING:</b> I would have to go back and look at that. Certainly the number of services was definitely an important factor. (Page 15)</p>	
<p><b>8.</b></p> <p><b>Mr SCOT MacDONALD:</b> I have raised with a few witnesses the concept of a possible fund for airline failure being generated from the landing fees. Does the department have an opinion on that? I suppose it is not your function, but we are all drawn into it.</p> <p><b>Mr REARDON:</b> We do not have such a function at the moment. I would leave that with the Committee. I can take it on notice but my expectation is that they are some of the things that the Committee will deliberate on. (Page 17)</p>	<p><b>Response:</b></p> <p>Landing fees are a commercial arrangement between and airline and a regional airport. Any proposal for such a fund would need input from airport owners and operators, local councils and airlines.</p>
<p><b>7.</b></p> <p><b>The Hon. PAUL GREEN:</b> Do you have anything to do with the regulations relating to where the Blue Emu Bus that comes from the long-term parking area to terminal one at Sydney Airport can and cannot stop?</p> <p><b>Mr REARDON:</b> I am not aware. I will take it on notice.</p> <p><b>CHAIR:</b> Sydney Airport would run that service, would it not?</p> <p><b>The Hon. PAUL GREEN:</b> I know, but I want to clarify it because when the witnesses from Sydney Airport are here I do not want them to say that it is a matter for Transport for NSW.</p>	<p><b>Response:</b></p> <p>No.</p>

**Mr REARDON:** I actually do not know the service but I will take it on notice.

**The Hon. PAUL GREEN:** It is just that with the street service from the car park there are some private places along there where you cannot get off the bus to get access to that service. I would have thought that it would be smart to have at least one official stop somewhere. I just wanted to make sure that it was not a Transport NSW issue?

**Mr REARDON:** If it is only on Sydney Airport Corporation land, I think that is exactly where—

**CHAIR:** It is on Ross Smith Drive. That is what you are referring to, in particular.

**The Hon. PAUL GREEN:** It is on the current route.

**Mr REARDON:** I think that question is best directed to the Sydney Airport Corporation but I will take it on notice. If we know anything about it, we will bring it back. (Page 18-19)



**ANSWERS TO SUPPLEMENTARY QUESTIONS**

Supplementary Question	Response
<p><b>1.</b> Is Transport for NSW involved in any industry groups that deal with the issues currently being faced by regular passenger transport services?</p>	<p><b>Response:</b></p> <p>Transport for NSW engages with local councils and local communities, airline operators, the Civil Aviation Safety Authority and Airport Coordination Australia, as required.</p>
<p><b>2.</b> In your submission (page 14) you mention that transport for NSW is currently conducting a review of passenger transport legislation and that a discussion paper released as part of the review recommends that all intrastate air transport services be deregulated. If this recommendation is adopted, what impact will this have on the role Transport for NSW play in relation to regional aviation services within NSW?</p>	<p><b>Response:</b></p> <p>The <i>Passenger Transport Bill 2014</i> was introduced to the Parliament on 18 June 2014 and has passed the Assembly. The Bill is the result of a comprehensive review of passenger transport legislation.</p> <p>The Bills seeks to repeal the <i>Air Transport Act 1964</i>, and bring the provisions in that Act into the broader passenger transport legislation.</p> <p>The key reforms for air transport will result in:</p> <ul style="list-style-type: none"> <li>• Reversing the presumption of regulation, that is, all intrastate air transport services will be deregulated unless declared to be regulated by the Minister for Transport. Current air transport licences will be unaffected by this change.</li> </ul>

	<ul style="list-style-type: none"> <li>• Disbanding the State Aviation Working Group, noting that Transport for NSW will continue to consult broadly on any proposed changes to the regulation of air transport services.</li> <li>• Introducing a requirement for operators to provide patronage figures for all NSW intrastate routes, not just those that begin or end at, or pass through, Sydney (Kingsford-Smith) Airport.</li> </ul> <p>The Bill provides for Transport for NSW to grant an exclusive licence to airlines that provide services on a commercial basis on those routes operating with fewer than 50,000 passengers.</p> <p>The Bill also establishes a power for Transport for NSW to issue a temporary licence for a regulated route where there has been a service failure, should there be another airline willing to operate the service.</p> <p>A temporary licence can be more easily issued to communities left isolated due to unforeseen issues related to the airline that holds the licence. This will give Transport for NSW greater flexibility to respond to service disruptions for communities.</p>
<p><b>3.</b> In your submission (page 38) you mention that in 2014 NSW Trade and Investment will be delivering a Regional Economic Development Strategy to position the regions for long term growth and align federal, state and local regional development activities. When will the strategy be released and will issues relating to regional aviation and regular passenger transport services be addressed?</p>	<p><b>Response:</b></p> <p>The <i>Economic Development Strategy for Regional NSW</i> is being finalised.</p> <p>The Strategy will articulate the Government's commitment to regional economic development. It will identify high-level goals to focus NSW Government efforts on actions that position the regions for long term growth.</p> <p>The Strategy's goals will be framed around the promotion and development of key drivers and enablers of regional economic growth including human capital and skills, innovation, infrastructure and connectivity to markets and labour.</p>



	<p>Whilst the Strategy does not specifically address issues relating to regional aviation and regular passenger transport services, it does recognise the importance of aviation services to regional economic development.</p> <p>Reflecting this importance, the Strategy identifies a number of actions to enhance regional aviation capability. These include the continuation of the:</p> <ul style="list-style-type: none"><li>• <b>Resources for Regions program</b> (provides infrastructure funding to mining-affected communities, including to projects to upgrade and expand regional aviation infrastructure).</li><li>• <b>Regional Tourism Infrastructure Fund</b> (enables destinations to develop their visitor economy infrastructure, including airport upgrades).</li><li>• <b>Regional Industries Investment Fund</b> (seeks to address infrastructure barriers impeding business investment and job creation for specific projects in regional locations).</li><li>• <b>State Investment Attraction Scheme</b> (aims to attract new jobs and investment to NSW).</li></ul>
<p><b>4.</b> Given that Vincent Aviation is not providing RPT services to either Narrabri or Mudgee could the tables on page 19 and page 24 of the NSW Government submission be updated?</p>	<p><b>Response:</b></p> <p>The amended tables are provided below.</p>

**Patronage of Regulated Routes**

ROUTE	2013/14 PATRONAGE	OPERATOR
Merimbula	32,581	Rex
Parkes	24,704	Rex
Lord Howe Island	27,707	QantasLink
Moree^	23,214	QantasLink
Broken Hill	22,666	Rex
Bathurst	19,427	Rex
Moruya	17,905	Rex
Taree	15,495	Rex
Grafton	12,080	Rex
Narrandera	12,328	Rex

^operated by QantasLink until March 2013, and Brindabella Airlines from March 2013 until 15 December 2013. QantasLink commenced services 24 December 2013.

**Sydney-Linked Routes Withdrawn since March 2002**

Route	Annual Patronage	Year Withdrawn
Glen Innes – Sydney	609	2002
Gunnedah – Sydney	1,763	2006
West Wyalong – Sydney	2,476	2007
Bourke – Sydney	1,526	2008
Coonamble – Sydney	184	2008
Lightning Ridge – Sydney	791	2008
Walgett – Sydney	1,207	2008
Inverell – Sydney	5,581	2009
Cooma – Sydney	1,834	2013
Cobar – Sydney	11,496	2013
Narrabri-Sydney	14,137	2014
Mudgee-Sydney	11,705	2014