

**Submission
No 16**

INQUIRY INTO REGIONAL AVIATION SERVICES

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Title: Regional Air Services.

Introduction

- Adequate and Affordable air services are an essential service for country people. Air travel has unique advantages and is vital for regional development.
- Historically, governments acknowledged this essentiality by accepting responsibility for the provision of air services to both urban and rural Australia on an equitable basis.
- Contemporary governments, in pursuit of a deregulated economy, have progressively withdrawn from involvement in air services. The Federal Government now confines its role to safety and security. The NSW Government has deregulated routes to the larger country centres, but retains some degree of regulation on the smaller routes, using passenger numbers per year as its criterion.
- As happens when governments privatize public utilities and services, country people have been significantly disadvantaged in terms of access, and cost, and adequacy of air services in recent years. Many country centres have lost air services entirely; others have been left with a monopoly operator with the ability to manipulate the market. Without genuine competition, seating capacity and service levels can drop, and fares can rise.
- The use of passenger numbers per year as a criterion for regulation, or not, is an arbitrary and unsatisfactory system. It requires periodic review to remain equitable, and does nothing to address the problem of monopoly situations, or loss of an air service.
- Currently there appears to be no strategic involvement by governments in the air service industry. The significant fact that the Federal Government's Aus-link, and the NSW Government's State Plan, make no mention of policies for air services in the future.
- To be considered successful, this Inquiry must re-examine the roles State and Federal Government should play in the provision of sustained, adequate and affordable regional air services, make appropriate recommendations, and ensure that effective policy changes follow.

Recommendations:

1. State and Federal Government should acknowledge the essential nature of adequate and affordable air services for country N.S.W by once again accepting responsibility for their provision on a sustainable and equitable basis.
2. The N.S.W Government should use the National Transport Council to persuade the Federal Government to discharge its responsibilities for the National Aviation Policy, and the operation of interstate air services.
3. The N.S.W Government in collaboration with the Federal Government, develop a Strategic Plan for an optimal, sustainable air services network for

country N.S.W. For the purposes of the Strategic Plan, the State should be divided into 3 Regions, Coastal, Regional and Remote. Appropriate selection criteria would be established to enable towns to be serviced and to be selected.

4. Some form of funding assistance to smaller operator's servicing smaller centres would be required. It may even be necessary to provide "across the board" assistance to all regional operators such as the cost pressures developing. One appropriate concession could be access to fuel at prices equivalent to those enjoyed by city-based operators.
5. A significant number of N.S.W regional centres are being serviced by on-going monopoly operators. The Government must act to regulate fares, as it does with train, private bus, and taxis. Using Ministerial power under 1PART Act 1992.
6. The current State Advisory Group should have its role, objectives and membership reviewed. Current membership excludes any direct representation of consumers (passengers). It is recommended that NSW Farmers Association be invited to provide a representative.
7. Existing legislated access to Sydney Kingsford Smith Airport must be protected against future attacks such as the building of a second airport. Access costs and conditions should be continually monitored.
8. Regional airports, formerly owned by Federal Governments, are now owned and operated by local government. They are therefore monopoly operated and should be transparent and accountable for costs, charges and potential cost or profit shifting. Monitoring and regulation is required
9. Capital expenditure requirements, including, but not confined to, safety and security, for regional airports, should be fully met by Federal Government grants. Regional airports are public transport infrastructure and should be funded accordingly.
10. Scarce resources should not be spent on attempting to quantify the benefits, or conversely, the losses to communities that have, or have lost, air services. We know, in general terms, the answer to this question.

Conclusion:

The reality is that the current system of provision of air services to the country NSW is failing to deliver the stability/certainty, adequacy, and affordability that rural communities need and deserve.

Evidence shows that this situation has become progressively worse since deregulation began in 1990. Left largely to market forces the industry has contracted and many centres have lost their air services. It is fast approaching crisis point.

Structural and operational, strategic and immediate problems are resulting in market failure of this essential, unique public transport system. All these problems need urgent attention. Many can, and should, be addressed without waiting for this Inquiry to report to the Government. In many cases the legislated mechanisms are already in place, they are simply not being applied.

For this Inquiry to be cost effective we need its deliberations to start at the right place. The right place is the construction of a Strategic Plan for a network of air routes across all of regional N.S.W. For too long we have had an 'ad hoc' industry, determined by market forces rather than the need and aspirations of its customers.

I commend the N.S.W. Government for initiating this Inquiry and respectfully request an invitation to attend a Committee Hearing at Armidale or Tamworth in due course to further discuss this important issue.

Appendix:

About the Author:

- ❖ Educated to tertiary level in Sydney
- ❖ Graduated from Wagga Agricultural College (W.A.C) Hons.C. I Dux
- ❖ 12 months overseas travel/working
- ❖ 3 years working on mixed farm in Holbrook district NSW
- ❖ Currently living on grazing Property at Guyra NSW
- ❖ Long period of producer representation at State and Federal level Via N.S.W Farmers Association and National Farmers Federation
- ❖ 2009 collaboration with N.S.W. Farmers Association on policy development for Regional Air Services.
- ❖ Currently, member of Armidale (NSW) Airport Users Advisory Group (an initiative of Armidale Dumaresq Council)