

**Submission  
No 11**

## **INQUIRY INTO REGIONAL AVIATION SERVICES**

**Organisation:** Cobar Shire Council

**Date received:** 11/03/2014

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The Hon Rick Colless MLC  
Chair  
Standing Committee on State Development  
Legislative Council  
Parliament House  
Macquarie Street  
Sydney NSW 2000

11 March 2014

### **Inquiry into Regional Aviation Services**

Dear Rick

Cobar Shire Council welcomes the inquiry into regional aviation services, particularly in light of the recent developments around Brindabella Airlines and the resulting lack of interest in the Cobar – Sydney regulated route. Council will focus on addressing points 3 (Economic Impact) and 4 (Potential for Development) of your inquiry.

Having access to RPT services in Cobar is critical to the economic development of the western region of NSW. Our mining industry relies on access to Sydney, to bring mining workers and professional consultants to Cobar, and to reduce the isolation of Cobar, and therefore increase the attractiveness of the region to potential employees. Prior to their collapse, Brindabella Airlines reported that around 92-95% of all passengers using their service were directly mining related.

#### **1. Economic impact of RPT services:**

- on the local business community

As mentioned, the local business community relies heavily on having a passenger service into and out of Cobar. Cobar's economy is dependent on a healthy and viable mining industry that is able to access technical and professional staff and consultants affordably.

A key issue for the mining industry is workforce health and safety. Without air services operating out of Cobar, staff are forced to drive three hours to Dubbo with the resulting travel risk, often heightened by shift work (including night shifts and the effect on the body clock). There are also additional travel and accommodation costs and impacts on rostering with the additional travel time requirements. It is more difficult to attract staff to Cobar when they lose at least six hours of their 'time off' between shifts in additional travel time.

There is also a large mining contractor based in Cobar (that operates a mining camp). Most staff are Fly-In, Fly-Out (FIFO). This company is currently utilising charter flights to bring staff into Cobar but would prefer to go with a RPT service should one be available as it is cheaper and fits better within their operation - allowing greater flexibility (at present shifts must work around when the charter is available).

- Impact on general aviation and regional airport management

RPT services are critical to the affordable management of the airport that must be maintained irrelevant of the volume of air traffic. Council is unlikely to ever be able to adequately cover the operational costs of the airport, so it goes back to the ratepayers to fund the shortfall. Cobar has a small rate base with about \$3m of income coming from general rates. A lack of RPT services means an even larger proportion of these scarce funds are used to maintain and operate the facility.

- Potential for future economic development

In the role as transport provider, and a much-needed link to city areas, the airport is critical to Cobar's future economic development and to encouraging new business development. Access to flights is critically important as it allows affordable access to inputs, including staff and to markets outside of Cobar. There are several new mining developments that are expected to come into production in the medium term in the Shire. Again, exploration and developmental staff, funders and company representatives, need to be able to access the sites in a timely manner – a viable RPT service maintains investor confidence in Cobar.

Recently, Peel Resources moved their headquarters from Cobar to Griffith due to the lack of reliability in Brindabella flights and the subsequent loss of an air service. Their exploration activities required reliable RPT services which they could not access in Cobar. This is a loss of jobs and economic activity for our town.

Access to aviation services is important to social service providers as well – particularly medical service providers. With access to direct flights, allied health services and specialists operate out of Cobar. For example, when RPT flights were operating, Cobar was able to access specialists two days a week as they flew into Cobar and then travelled to Bourke to operate out of the hospital for another two days. This service is no longer available to Cobar residents. Dentists are currently setting up a new practice in Cobar, however they are having logistical issues without access to RPT services in the western area. This dentist service will also be operating in Bourke and Brewarrina. They need to be able to get back to Sydney where their main practice is – without an air service in the region, this is difficult. RPT services can assist in improving the quality of life for our residents.

Cobar has very limited hospital services. An RPT service is needed to allow patients and their families to access hospitals and health services in Sydney that are not available here. This goes some way to reducing the inequity in health service provision in our area.

- Impacts for local government

Cobar aerodrome is regulated by the Australian Government with the Civil Aviation Safety Authority (CASA) which is charged by the Government with overseeing industry safety and regulations. It is classified as a Registered Aerodrome under the

regulations (CASR Part 135) and can handle RPT or charter airplanes with up to 30 passengers.

Whether or not there is an airport, Council must still maintain the airport. The runway must still meet CASA and other regulatory standards, the terminal building is maintained (albeit at a lower level), fuel is kept on-site and the general area including gardens maintained. However, with an RPT service, Council is actually able to recoup some of these costs and when the Brindabella service was fully operational, Council was nearly able to recoup the full operational costs. The airport is currently costing around \$260,000 a year to maintain. This is a large cost, that without an RPT service cannot be recouped. On top of this, large capital investment is required in the facility, with \$2.5m worth of work required to bring the pavement up to standard and to ensure the lighting is CASA compliant. Funding for these works are required through grant funds as Council simply cannot afford the works.

Council must continue to have staff trained and ticketed appropriately, including with Dangerous Goods Handling (for fuel), ASICS card to access the apron, radio operators tickets and security cards. Whilst the deterioration in the apron and runway may not be as rapid without an RPT service, maintenance costs are high. Cobar has between 18 and 31 Royal Flying Doctor Service collections and an average of 80 private planes land at the airport per month. Cobar is a regional airport and a central location to stop and refuel for small private operators.

Council requires financially viable operators for any RPT service. Given our tight financial situation, Council cannot be at the mercy of operators who are bad payers (for landing fees, fuelling and baggage services, which Council provides). Additionally, should the airline default, as in the recent case of Brindabella Airlines, Council cannot afford the loss of income or the loss of work to people employed to undertake these activities – they then have to be redeployed in other areas of Council's operations. As the viability of the airport falls, so does the level of service provision Council can provide in other areas due to the strain on our overall budget.

## 2. Potential for development of future modern RPT aviation

Cobar to Sydney is about 700kms – or over 8 hours travelling by car or train. Reliable RPT services give people the peace of mind that they can routinely obtain access to essential medical, financial, and educational services and also be able to get away to access cultural and sporting opportunities or to see friends and family without having to undertake an arduous car or train trip. RPT services provide a quality service to city dwellers and people in the bush.

Governments at all levels need to focus on the implications that the market based approach that the Government has been relying on for air services in Australia is not effective in all situations. Equitable air transport should be available to all Australians regardless of where they live - not just those living in the cities and other major centres. Governments at all levels need to start looking at aviation services in regional and remote parts of Australia from a social justice perspective and start working with the regional aviation industry to find solutions to the implications above.

Cobar Shire Council strongly believes that a return to a system of subsidised routes, similar to that operating in Queensland or to the system that operated in NSW prior to 2008, is required to make regional and remote air services viable in our region. Another alternative may be for Government's to guarantee that they will buy a certain number of seats per year from the service provider to make the route viable. This would work in other towns that receive high levels of government service provision.

Council strongly encourages the Standing Committee to look at ways of making RPT services to our communities in the west viable. RPT services are critical to reducing our geographical isolation, to improving the health of our communities, to fostering economic and business growth and encouraging employees to make Cobar their home. It also goes a long way to assisting Council to operate a viable airport operation at a smaller cost to the community.

Yours sincerely

Gary Woodman  
**General Manager**