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**REPORT OF PROCEEDINGS BEFORE**

**STANDING COMMITTEE ON STATE DEVELOPMENT**

**INQUIRY INTO REGIONAL AVIATION SERVICES**

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**At Dubbo on Thursday 24 July 2014**

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**The Committee met at 9.00 a.m.**

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**PRESENT**

The Hon. R. H. Colless (Chair)

The Hon. C. E. Cusack

The Hon. P. Green

Mr S. MacDonald

The Hon. M. S. Veitch (Deputy Chair)

**CHAIR:** Welcome to the sixth hearing of the Standing Committee on State Development inquiry into regional aviation services. The inquiry is examining the provision of aerial regular passenger transport services to regional centres in New South Wales. Before we commence, I acknowledge the Talbraggar people of the Wiradjuri nation who are the traditional owners of this land on which we meet. I also pay respect to the Elders past and present of the Talbraggar people and extend that respect to other Aboriginals present.

Today is the sixth of seven hearings the Committee plans to hold in this inquiry. We will hear today from Dubbo City Council, Regional Development Australia Orana, Central NSW Councils, Central Tourism NSW, Coonamble Shire Council, Cobar Shire Council and the Mid-Western Regional Council. Before we commence, I would like to make some brief comments about the procedures for today's hearing. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings.

It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. So I urge witnesses to be careful about any comments they may make to the media, or to others after they complete their evidence, as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. The audience is advised that any messages should be delivered to committee members through the committee staff. Finally, I ask everyone to turn their mobile phones off for the duration of this hearing. I now welcome our first witnesses.

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**MR LINDSAY MASON**, Airport Operations Manager, Dubbo City Council,

**MR MARK RILEY**, General Manager, Dubbo City Council and

**MR JOHN WALKOM**, Chair, Regional Development Australia Orana, sworn and examined:

**CHAIR:** Mr Mason, thank you for the inspection of the Dubbo City Regional Airport conducted yesterday afternoon. The Committee was provided with a lot of very good information. We would now like to get some of that information onto the public record.

**Mr MASON:** Thank you.

**CHAIR:** Would one or all of you like to make a brief opening statement?

**Mr RILEY:** I might give the Committee an overview of our airport and fill in some of the gaps in respect of the discussions yesterday. Firstly, welcome to Dubbo. The mayor is out of town and sends his apologies. The Dubbo City Regional Airport is very appropriately named because it services not only Dubbo but also the entire western region. Dubbo has a population of 40,000 people; the airport services a total population of 130,000 people. Dubbo is very well serviced by the regular passenger transport [RPT] airlines: QantasLink and Rex Airlines. There are some 150 flights per week on the Dubbo to Sydney and Sydney to Dubbo route. In 2013-14 some 186,000 passengers flew in and out of Dubbo. Of those passengers, 181,000 flew Dubbo to Sydney to Dubbo and 4,500 flew Dubbo to Broken Hill to Dubbo. Currently, the market share between the airlines is 67 per cent to QantasLink and 33 per cent to Rex.

In terms of what council charges at the airport, in 2014-15 we charge \$13.95 per head for the first 75,000 passengers and it reduces to \$6.95 after that as an incentive to get more people to travel. That is an all-up fee—landing and terminal use. The airlines pay no other fee except in respect of security screening, which I will talk about in a moment. Our landing fees or passenger fees are \$13.95. That is an increase of 2.7 per cent on the previous year, when fees were \$13.60 and \$6.80 for the incentive. In the past when Air Link operated a hub and spoke operation into Dubbo there was a fee. We have continued to have that fee. So for the western ports to come to Dubbo it is \$3 per head. Mr Walkom will talk about the impacts of that hub and spoke operation in his presentation.

In respect of security screening, which I alluded to earlier, council took the decision in early 2013 that all passengers utilising the airport would be screened and the airline companies are invoiced on a pro rata basis. So whatever the costs are—last year they were \$868,000 for security screening—that is split between the two companies in terms of how many passengers they actually carry. The Committee would probably be aware that council has recently successfully defended its actions in respect of that security screening issue in the Land and Environment Court.

Fees are kept to a minimum from our perspective to maintain the assets in good condition, and certainly council is very proud of its airport. What the Committee saw yesterday in its inspection of the airport and the terminal with Mr Mason reflects the vitality of Dubbo and that is very important from council's perspective. The last thing I would add is that we are very well serviced. We fly into Sydney (Kingsford Smith) Airport [KSA] but obviously council is concerned about what may happen in the future with Badgerys Creek. Those concerns are obvious in respect of being so far away from the Sydney central business district. I am happy to discuss that further if necessary. Thank you for the opportunity. Mr Mason and I are happy to take questions.

**CHAIR:** Mr Riley, I can inform you that every person who has appeared before this Committee has mentioned the KSA issue.

**Mr RILEY:** Yes.

**CHAIR:** Mr Mason, did you want to add anything?

**Mr MASON:** No, thank you. Mark has pretty well said it all.

**CHAIR:** Mr Walkom, would you like to make a short statement?

**Mr WALKOM:** Yes, if I may. Just to give the Committee a brief overview. The region is made up of 13 local government areas: Bourke, Brewarrina, Walgett, Cobar, Bogan, Warren, Coonamble, Narromine, Gilgandra, Warrumbungle, Dubbo, Wellington and Mid-Western councils, many of whom are preparing their own individual responses to this inquiry. However, Regional Development Australia Orana, being the lead agency from a regional development point of view to both the State and Federal governments, certainly feels the need to make this submission.

We have consulted with each of those local government areas [LGA] and support their submissions. There is certainly an unmet need for aviation services across our region but good regional planning is vital. Through discussing the intricacies of the relationships between the various LGAs and the nature of their own submissions, it has become apparent that this issue needs greater research and assessment at a regional level. We know that not every town in the region could sustain a RPT service but there are certainly opportunities to improve and expand services and explore the options to set-down services to link parts of our region. It will only be possible to uncover these opportunities through in-depth research and assessment to see the viability.

A regional network assessment of transport services is needed. Such a study would assess the current and hidden demands for services, examine other transport linkages, including road and rail, and consider the interdependency between the region's major towns. It would uncover the potential of expanding cost-effective RPT services in this region. We will be pursuing the opportunity to develop this evidence base. Discussions of where RPT services could operate and be economically sustainable should be based on good research and we would ask for the Government's support in this endeavour.

Past studies have shown that an area with a RPT service will grow six times faster than an area without an RPT service. The Committee has specifically requested information on the impacts of gaining or losing RPT services on the local business community. This is inextricably linked to the strength of our economy, as health and community services are the region's third most dominant sector—next to agribusiness and mining. All these services need air linkages into regional areas. It would be easy to spend pages listing statistics on the comparative disadvantage of towns in the region but the high standing of health and community services in our regional economy demonstrates this clearly enough. Currently, the lack of RPT services prevents health and community services accessing our most disadvantaged communities. In closing, Dubbo is the capital of western New South Wales and air travel is an important linkage for the communities within our region to metropolitan services such as those in Sydney.

**CHAIR:** Mr Walkom, I refer you to the hub and spoke model that many communities in the local government areas you represent experienced through Air Link in Dubbo. In those days they were using twin-engine piston aircraft.

**Mr WALKOM:** I believe so.

**CHAIR:** When you were talking to your constituent councils was there any discussion about whether they would be prepared to see a different type of aircraft used? I am talking about a single-engine turboprop aircraft. There are quite a number of 10- or 12-seaters available on the market. They may well be suitable given their lower operating costs and better reliability. Do you think people would be prepared to travel on single-engine aircrafts?

**Mr WALKOM:** From the people I have spoken to I would hazard a guess that they would be. I could certainly take that question on notice and have that confirmed for you.

**CHAIR:** The Committee would like to get some feedback on that. Anecdotally it has been raised with me that people simply will not travel on single-engine aircraft, although we heard evidence yesterday that the newer turboprop engines are inherently more reliable than some of the old twin-engine piston aircraft that are currently being used for some of these services.

**Mr WALKOM:** Yes.

**CHAIR:** Mr Riley, you mentioned the costs involved with landing fees and so on. Can you tell us what the screening charge worked out per head?

**Mr RILEY:** Yes, around \$4.60 per passenger.

**CHAIR:** That is on top of the landing fee.

**Mr RILEY:** On top of the \$13.95.

**CHAIR:** In your submission you mention the impact on those smaller communities that had a spoke service into Dubbo. You mentioned a figure of 8,300 when it was at its peak. How does that compare with the number of passengers from those communities who are now coming to Dubbo by other means of transport?

**Mr RILEY:** Interestingly, you take a flight to Sydney for a local government event and there will be local government representatives on the plane from the whole western area. For instance, you will see the mayor of Bogan, as well as the general manager and mayor from Coonabarabran on the plane. So they have obviously driven down. I do not think we can actually quantify whether the 8,000 people who used to fly hub and spoke are all now driving to Dubbo; I would suspect not. In terms of passenger numbers last year was a record for us, which is very pleasing. Obviously people from the western area and Dubbo are continuing to utilise air travel and it is growing, but unless Mr Mason has got some data I do not think we can track specifically.

**Mr MASON:** We have no specific data. It is interesting to note, and I think I mentioned it yesterday, that even though we had the air service to the west with Brindabella Airlines which used to fly over us we still had a lot of workers coming in early in the morning to hub and spoke into Sydney to get on interstate connections. A lot of the mining community do not live in New South Wales. Also they are using those existing slots into Sydney whereas I think the Brindabella Airlines service was a 10.30 a.m. departure from Cobar, which may not have been convenient. Certainly we get a lot of the mining traffic coming through early in the morning. Miners come off shift at different times and may not want to wait around for a mid-morning service. We have always seen that even though the other service was operating.

**The Hon. MICK VEITCH:** I was very impressed with the development out at the airport which we toured yesterday. It is probably one of the more welcoming terminals which I have been in. As you would appreciate, all of us get to spend a fair bit of time in airport terminals. What involvement did the airline operators themselves have in the development of that facility? Was there any consultation with them about their requirements?

**Mr MASON:** We certainly had discussions with the airlines about the facilities. I think we made an offer to both QantasLink and Regional Express Airlines [Rex] about lounge facilities should they need them in the future. Certainly we had discussions with them about what we were doing. They were certainly part of that.

**The Hon. MICK VEITCH:** One of the airline operators in their submission to the inquiry stated that they were not happy with what they perceive as the overdevelopment of airport facilities in New South Wales and what that actually means for them. What are your views about that?

**Mr RILEY:** I understand their perspective. They are about making as much for their shareholders as they can. Conversely, as I said earlier, for us it is about our residents and the region and also projecting an image. Often people from the western area do get to Dubbo airport, and they get there early. They need a good facility, and they deserve a good facility. Certainly if you look at what has happened in Sydney in terms of the airport terminal facilities there then you see that they are first-class facilities. There is no reason why people in western New South Wales should not also have first-class facilities, and I think that is what we have provided. Yes, it does come at a cost; but it is a manageable cost. Our landing fees are certainly not at the high end of the spectrum; they are probably mid-range. I would add in respect of our fees that for a period of four or five years we have maintained them at a level of \$12 per head. We take our responsibilities seriously in terms of finding a balance, and I am confident that we have achieved that.

**The Hon. MICK VEITCH:** Is there any consultation with the airlines in the development of your landing fees?

**Mr RILEY:** Yes, we have an airport working party and the airlines are invited to attend those meetings. One of the airlines will say, "Yes, we have a concern about that," or "No, we are happy with that." Earlier this year we presented a full report to council providing those comments. So they certainly do have the opportunity to provide input. There is a structure to local government. In terms of adopting an operational plan every year you put that on exhibition. Certainly the community, and, more specifically, the airlines, have an opportunity to have their say. We do consult prior to going on exhibition, and they can also have their say then. Council takes that into consideration and makes its determination.

**Mr MASON:** We actually produce a business plan each year which feeds into our management plan process. That is adopted by council separately.

**CHAIR:** Is that a public document?

**Mr MASON:** Yes, it is.

**CHAIR:** Would you be able to furnish the Committee with a copy of that?

**Mr MASON:** Yes.

**The Hon. MICK VEITCH:** In regard to landing fees, one of the airline operators has stated in its submission to this inquiry that it is of the view that there should be an independent arbiter—for instance, someone like the Independent Pricing and Regulatory Tribunal [IPART]—which determines what the landing fees should be at regional airports. I would be very keen to get your view on that?

**Mr RILEY:** That is an interesting perspective. You end up with a whole system of bureaucracy looking at how you are running a fairly small business. Our income at the airport is some \$3 million. We are at the lower end of the chain. One could say, "Well, why don't we regulate passenger charges of the actual airlines themselves." Where do you stop and where do you start? We are running a business.

**The Hon. CATHERINE CUSACK:** I think it is normally a case of bullying by the airlines not the other way around. The idea that they are victims is amusing.

**Mr RILEY:** We are trying to run a business. As I say, we take our social responsibilities very seriously. They are very important to Council. At the end of the day, we want as many people as possible to fly. The more people who fly the better it is for us. We are not at that high end. We have consultation with the airlines. From the airlines point of view, they would love it if there was no charge; and that is understandable from their perspective. But to go off to an independent arbiter on such a small amount of money relatively speaking in terms of their operation to me seems to be overkill.

**Mr MASON:** And you need to compare apples with apples. We have a large runway which is 45 metres wide. Most of our neighbours have runways that are 30 metres wide. You cannot compare the two. Then there is the question of how those runways which we have inherited were constructed in the past. Most of the time we do not actually know what is underneath the surface. So it is really hard to compare infrastructure. We have two runways and five taxiways—compared to, say, Orange, which has one or two taxiways and one runway.

**The Hon. MICK VEITCH:** Mr Walkom, we heard evidence earlier in the week from another region which is in the process of looking at a regional airport strategy. Do you think that would work in the Orana region of western New South Wales?

**Mr WALKOM:** It would certainly assist, given my comments earlier in my opening statement around regional planning. That is all part of it. It is about the viability of having regular passenger transport [RPT] services to different towns in the region.

**The Hon. MICK VEITCH:** How difficult do you think it would be to put together a regional airport strategy? How long would it take?

**Mr WALKOM:** I would suggest that you would be looking at at least three months as a minimum, and probably a bit longer.

**The Hon. MICK VEITCH:** I am someone who sees a lot of strategies and plans. I always get a bit worried that they will be put on a shelf and gather dust. What do you see as the value of having a regional airport strategy?

**Mr WALKOM:** I guess the important thing would be how that would be linked. We now have regional plans and then there are the regional action plans. Then you have local government and their community plans. So, as you say, there are lots of plans. But I think that if you have it linked in and presented in

reference to those plans so there is a linkage then it will not get put on a bookshelf to gather dust but rather does actually drive some sort of outcome, particularly with aviation. Aviation is one of the fastest growing industries in the world. Passenger travel on aviation is increasing. I think it is something that is going to have some real worth so that once you have got it you are able to do things with it.

We have just finished doing an economic strategy on the Golden Highway, and that was launched back in February. That took about six months to do. The strategy was done and we were able to put it to government. As part of their budget, Government then came up with a couple of million dollars to look at the long-term planning and development of that Golden Highway. It was all linked together. You would do the same with this. Our economic profile is the same.

**The Hon. MICK VEITCH:** Mr Riley, do you have any views about whether a regional airport strategy would add any benefit or provide any value to the region?

**Mr RILEY:** I certainly think it would. The challenge for local Government, and this is what is coming forward in terms of the local Government review, is the need for this regional planning. I think there is value in getting together all the councils as they currently exist and identifying what the issues are. Obviously air transport is an issue. If we as a whole region can develop a strategy so that everyone is on board and we all move forward at the same level then I think there is value in that.

**Mr WALKOM:** Just to add to that, at Regional Development Australia we are currently looking at doing a regional infrastructure plan. That certainly could be part of that strategy.

**The Hon. MICK VEITCH:** It is certainly infrastructure.

**Mr WALKOM:** It certainly is, exactly; it is a very important part, as has been identified. It certainly could be part of that. That is the whole idea of doing it—so we can link in with all of the local Government infrastructure requirements so that we get the big picture.

**The Hon. PAUL GREEN:** You might have already mentioned this in your preamble—and please excuse me for being late; I do apologise—but the slots flying into Sydney (Kingsford Smith) Airport [KSA] are pretty important from what I understand. What is your view about the opportunities presented by Bankstown and Badgerys Creek airports into the future?

**Mr RILEY:** In my opening statement I certainly raised concerns about the need for continued access to KSA. In relation to the Badgerys Creek airport there are just so many unknowns. We do not know whether there is going to be a high-speed train connection that takes passengers into Sydney. Who knows? As I understand it, that has not really been determined. At the moment if you get to KSA you might hop on a bus and you might end up pulling up to a set of stairs. You are into a taxi fairly quickly and you are in the CBD in 15 to 20 minutes.

The concern of people out this way is: What is the length of time needed to get from Badgerys Creek into the CBD? That is really the issue. Time is money, and everyone recognises that. That is just in respect of business. In respect of tourist passengers, if they have to connect with transport from Badgerys Creek to KSA to catch a plane to Hong Kong or wherever then that is inconvenient. So there are a lot of balls in the air in terms of how that would operate. Obviously it is quite a few years away. Certainly we need to keep that issue of access for the regions into KSA on the agenda.

**The Hon. PAUL GREEN:** Dubbo airport yesterday played host to a very good tour for us. In terms of your master plan, have you considered anything to do with defence contracting?

**Mr MASON:** No.

**The Hon. PAUL GREEN:** In terms of future growth, because you still have a bit of growth to go there, do you collect any section 94 contributions for the expansion of the airport?

**Mr RILEY:** No, we do not. The airport is a self-sufficient operation of council. Normally it contributes some \$280,000 per year back to council. This year that probably will not be the case. I suspect that council's general fund will probably offset some of the costs of security screening that are yet to be paid by one of the carriers. So funds from the airport will not go back into the general fund this year. Certainly for the last 20 years

that I have been involved the airport has contributed to general revenue. So it is self-funding and, no, we do not charge section 94 contributions.

**The Hon. PAUL GREEN:** Is it a business that makes a surplus normally?

**Mr RILEY:** We contribute funds from the airport in terms of surplus. We also put money into restricted assets. For instance, we are paying off an internal loan in respect of the airport facilities.

**The Hon. PAUL GREEN:** Is that the \$1.7 million?

**Mr RILEY:** Yes.

**The Hon. PAUL GREEN:** How far are you into that? Is it a 10-year loan?

**Mr MASON:** We start paying it this year.

**Mr RILEY:** It is a 10-year loan. Council operates a series of other businesses as well.

**The Hon. PAUL GREEN:** Is that money borrowed from the section 94 contribution fund?

**Mr RILEY:** No.

**The Hon. PAUL GREEN:** So it is from a different silo again?

**Mr RILEY:** It is borrowed from council's general revenue internal restricted assets. As I was saying, we also operate other businesses such as the saleyards and the caravan park. So \$340,000 goes back to general revenue, that is a contribution from surpluses generated.

**The Hon. PAUL GREEN:** You have a great operation there. It is probably one of the best, as Mr Veitch said. It would be our hope that regional airports could look something like Dubbo's really. That would be terrific in terms of productivity. I wonder, in terms of productivity, do you have any equations where you have looked at the productivity of using cars and buses and what that impact is on the growth of Dubbo, because of your great air services?

**Mr RILEY:** No, we have not done an analysis like that, unfortunately, but certainly the value of the airport to Dubbo, I think it has been from Regional Development Australia [RDA] that it is growth by six times when you have got a regular passenger transport [RPT] operation. Certainly the growth of the airport over the many years reflects the growth of Dubbo. So I think they are intrinsically linked. For the western towns it is so important to have some sort of service so that those people can get to Sydney. What has happened in the past probably two or three years to those towns in not having that service is just obvious: not being able to get the doctors out there, lawyers, those sorts of professional people, to service those towns and it has had an impact; there is no doubt about that.

**The Hon. PAUL GREEN:** To paraphrase a little bit, are you saying that in a situation like Dubbo that the growth has come because of the good air services operation and you believe that probably a lot more people could or would relocate in regional areas if the air services were up to scratch?

**Mr RILEY:** Yes, I would go so far as to say that. We have been very lucky in Dubbo over many years; we have had two strong operators. You look at the ups and downs of some other regional cities where airlines come and go, it has an impact on them; there is no doubt about that. I think in terms of the western area it certainly becomes more attractive if people have the services from an airline industry that can service those western ports and it will have an impact in terms of how those towns grow.

**The Hon. PAUL GREEN:** As to relocation grants, we know that the Government has tried to get people to relocate to regional areas. Do you think that would have been better spent on air services or opportunities to improve access for people in and out of Sydney in regional areas?

**Mr RILEY:** I will not go as far as to say that. The Government has the same issues as local government in terms of the pot is only so big, and they have made a decision and that is their decision. We



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would certainly like to see en route subsidies provided to the western ports. Where the Government gets that money from is their issue.

**The Hon. PAUL GREEN:** How would en route subsidies work?

**Mr RILEY:** Basically they provide an airline with a subsidy so it is viable for them to operate from those western ports. The hub and spoke operation was very successful. We talked earlier about some 8,000 passengers flying from the western areas into Dubbo and then moving on to Sydney or some people would just stay in Dubbo and do their business and then return that night. But without those subsidies—my understanding is those subsidies are provided by all State governments except New South Wales and certainly that would make it more attractive for operators to come on board.

**CHAIR:** The en route subsidy that was operating previously was a Federal Government subsidy.

**Mr RILEY:** Was it? My apologies.

**CHAIR:** It was for aircraft with the maximum take-off weight under 8 tonnes.

**Mr MASON:** That is correct. The Beechcraft 1900, which Air Link ran out there, is less than 8 tonnes. In respect to the western fees we used to charge for that route, it was less than \$3.00. I think at the time when it ceased it was about \$2.55 a passenger, not the full \$13.00. Even now we have a fee in our fees and charges for the Air Link charter operations, which still happen out to the west, and I think this year it has gone to \$3.00. It has gone from about \$2.50 to \$3.00 within 10 years; so it has not been a big increase.

**The Hon. CATHERINE CUSACK:** Mr Mason, can I ask you for more information about the leased flights coming through Dubbo, flights leased by mining companies? Does the airport have any data on how many there are?

**Mr MASON:** No. I am just speaking from being on the deck out there.

**The Hon. CATHERINE CUSACK:** Anecdotally?

**Mr MASON:** Yes.

**The Hon. CATHERINE CUSACK:** I suppose the impact this has on the viability of a commercial passenger route is of concern if the mining companies are leasing aeroplanes?

**Mr MASON:** Certainly I believe that the mining companies had arrangements with Brindabella, as did Cobar Council. There are two or three operators on the airport that are doing charter services and there is also the mining company doing their own charter services, which business is not related to Dubbo airport.

**The Hon. CATHERINE CUSACK:** I understand that. Those local communities do not have any access and will never get access to a service if you have got the biggest customer making separate arrangements. You say they get slots into Sydney early in the morning?

**Mr MASON:** Brindabella had a slot in around lunchtime, not early in the morning. When Air Link were operating hub and spoke they were meeting that 8 o'clock service that used to go back to Sydney with Rex, so you would see half a dozen little aircraft coming in from the outlying towns—Bourke, Cobar, Lightning Ridge, Walgett, Coonamble, all those towns—coming in to meet that flight, which works well because people, especially those guys that are travelling elsewhere, can get into Sydney and home; they do not want to spend the whole day travelling, which can happen.

**The Hon. CATHERINE CUSACK:** I thank the community of Dubbo for not gouging its ratepayers by having car parking fees. I think the money should be made in the terminal and the tarmac not in the car park. It must be a great relief to people travelling having to drive—

**CHAIR:** Is that a message for Ballina?

**The Hon. CATHERINE CUSACK:** Don't get me going on Ballina. You sink all the money into parking voucher machines—that is where all the money goes.

**The Hon. MICK VEITCH:** As the General Manager makes a note about a possible revenue stream.

**The Hon. CATHERINE CUSACK:** Mr Walkom, I thank you for your eloquent statement "Connecting access to service for social equity". I note in the council's submission that six communities have lost their air services to Dubbo. Do you have any more examples of people losing their access to community services and so on?

**Mr WALKOM:** I know that there was an audit carried out by Premier and Cabinet just in terms of the access; one was about the cost of getting the service delivered back to the community and from that I would suggest that maybe some evidence about the reduction in the services because they did not have access to those communities.

**The Hon. CATHERINE CUSACK:** Was that an actual study that was done?

**Mr WALKOM:** I could take that on notice and we could get some information in relation to that. But I certainly know that that is something that Premier and Cabinet carried out in terms of that.

**The Hon. CATHERINE CUSACK:** That would be great. You referred to a study that shows economic growth as six times faster.

**Mr WALKOM:** Gross regional product of an area with an RPT service will grow six times faster than an area without RPT services.

**The Hon. CATHERINE CUSACK:** Is it possible to get the reference for that?

**Mr WALKOM:** Yes, you certainly can.

**The Hon. CATHERINE CUSACK:** Your submission today has been terrific but I have to ask: where is the Department of Transport at this hearing?

**Mr WALKOM:** I am unable to answer that.

**The Hon. CATHERINE CUSACK:** Is there anyone from the Department of Transport in Dubbo?

**Mr WALKOM:** I am not sure.

**The Hon. CATHERINE CUSACK:** There might be something more important in Dubbo than Dubbo's role in the region as a transport hub but I do not know what it is. I am interested to know how we can have regional transport plans if we do not have anyone from the Department of Transport here. I do not mean just here at the hearing, I am talking about in Dubbo.

**CHAIR:** You were not present that day but we have heard from the Department of Transport and we will be hearing from them again in Sydney in a couple of weeks' time.

**The Hon. CATHERINE CUSACK:** Mr Mason, in terms of the 20-year master plan that you have for the airport, is your management of it guided by any best practice or any standards in the way that you approach the management and the benchmarking of what you are achieving in Dubbo or is it just left to the council to devise for itself best practice?

**Mr MASON:** Everything we do we hope to be best practice environmentally and also financial sustainability.

**The Hon. CATHERINE CUSACK:** It is; it is great.

**Mr MASON:** Certainly a lot of our guidance for the master plan comes from the stakeholders and the public, and also, in conjunction with that, we survey our passengers each second year to gauge what they need in the terminal, and a couple of things that have come out of that recently have been the secure parking and the terminal information screens, kids facilities, extra toilets—which you saw yesterday that the kids facility is

probably the most important thing we have put into the terminal and the most popular. We have a second set of toilets in the building.

**The Hon. CATHERINE CUSACK:** Without going through it all I thought the promotion of regional tourism was great as well. It does strike me as best practice; I am wondering if it is just something devised locally and if those standards could be studied and applied more widely around regional New South Wales.

**Mr MASON:** I guess it could. We certainly try to look at what is best for Dubbo initially in an airport and that consultation process does take a long time. We are just launching into our new master plan now and we will be meeting with government departments, the stakeholders on the airport, stakeholders off the airport, the airlines, and also members of community groups, RDA. So it is wide-ranging and it takes a lot of preparation to put it together. We will have a good product going forward for the next 20 years. Aviation in the last 10 years has changed so much. I talked a bit yesterday about the 2005 remodelling of the terminal and we thought that that might last us another 20 years. Here we are, eight or nine years behind and things have changed. They can change dramatically and the costs associated with change can change dramatically too. Certainly we made a lot of investment from our last master plan into our aprons and taxiways to support bigger aircraft. Going forward that is probably going to be even bigger in the medium to long term.

**Mr SCOT MacDONALD:** Mr Walkom, the figure you got there of six times gross regional product for a region with an RPT versus without is interesting. As we have gone around, the big seem to be getting bigger and the small are struggling for a range of reasons. Mr Mason talked about security costs and all those sorts of things. Are we looking at almost a perverse outcome that Dubbo is getting stronger, bigger, and you might even get a third carrier in years to come with Virgin looking at you, but you are meeting those future needs, the costs and that sort of thing, and even though you might not desire it, is it having the outcome that you guys are getting bigger and producing that sponge effect and making it even more difficult for the western areas? I know that is not what you want but is that the sort of aviation development trend we are looking at?

**Mr WALKOM:** That is an interesting observation. Regional cities like Dubbo do get tagged with the sponge effect, and that might happen in various ways. In terms of the aviation component, the people that are living in those remote areas when they had the connectivity utilised that significantly to fly into Dubbo, whether that was to go to another destination or whether it was to do business in Dubbo, and that now they cannot do. If they want to fly anywhere they have to drive into Dubbo to get that flight where before it was a connector. If you lived in Coonamble you would just jump on the plane and you would come on in to Dubbo and then you could fly off to wherever you wanted to go to, into Sydney.

**Mr SCOT MacDONALD:** How can the State Government respond to that if we do not want to stop Dubbo getting better and better and meeting the future needs but also accommodate the Coonambles and the Walgetts and the Cobars and whatever? Is it buses? Is it doing the very difficult job of the single engine?

**Mr WALKOM:** I think there are a couple of things. If you were to do a study and go out and ask those questions in those communities you would probably get a better feel for it, but at the moment I would suggest that they would all say if they had the flights to connect into Dubbo they would utilise those flights, and then government could assist by offering subsidies into those communities to the carrier, because at the end of the day it is commercial viability. So if it is not commercially viable it is not going to happen and I think that there is an opportunity there for government to sit down if it is around using the single-engine aircraft but look at then what government could do to assist that community to have connecting air services into Dubbo.

**Mr SCOT MacDONALD:** And keep up to date with Civil Aviation Safety Authority [CASA], keep up to date with terminal improvements, and keep up to date with the runway improvements and all. Is that possible, do you think?

**Mr WALKOM:** I think the comments, I would suggest, that we have heard from both Mark and Lindsay today that the Dubbo City Council is committed to their facility.

**Mr SCOT MacDONALD:** Yes, and they have the volume to do it, though, have they not?

**Mr WALKOM:** Exactly. But if you have the discussions with the majority of the local government areas that have equal facilities in their local government area, they are fine. They are all up to standard. It is just that they do not get used. I think what you will see happen is that they will pull away from maintaining them if there is not going to be an air service, and then you have infrastructure that just becomes out of date.

**Mr SCOT MacDONALD:** And will never meet CASA and will never meet other standards.

**Mr WALKOM:** Exactly. Therefore, it becomes totally cost prohibitive because it is not only just the service but the actual infrastructure has become below par.

**Mr SCOT MacDONALD:** It is a real conundrum, is it not? It is feeding on itself, almost. Dubbo get stronger and stronger and stronger and better and better, but in some ways it is sort of pushing out or making it more difficult for the smaller communities.

**Mr WALKOM:** I think that Dubbo will even get stronger if you had those connecting flights in because with the hub and the spokes fitting in, that has gone now. There is charter activity but there is no regular passenger transport [RPT] activity. If you were to have that—Mr Riley quoted a figure of some 8,000 people previously who were using that—that is very small now. It is not there now.

**CHAIR:** We are out of time.

**Mr MASON:** I guess you are taking people off the roads, too.

**CHAIR:** Indeed. This whole issue of maintaining smaller airports is very important from an aviation safety perspective—anyway, in terms of emergency landing grounds and so on—and it is another issue.

**Mr MASON:** Yes.

**CHAIR:** I will ask one last question: Yesterday, Mr Mason, you gave us some figures about the numbers of Royal Flying Doctor Service [RFDS] movements from Dubbo. Do you have any idea what proportion of those are not medical retrieval or clinic work that I know the RFDS does? Yesterday we had evidence that the RFDS was in fact taking medical doctors and those sorts of things to some of those more remote communities that previously would have flown out on a regular passenger service.

**Mr MASON:** I guess that is a question for the RFDS to speak to. Certainly, they are providing a great service there.

**CHAIR:** Indeed.

**Mr MASON:** Their dental program, the tooth program, is certainly doing great things, but I do not have those numbers. You would have to speak directly to them.

**Mr RILEY:** We could make those inquiries.

**Mr MASON:** We could ask them.

**CHAIR:** We can probably write to them and ask them ourselves, but I think it is something that we need to get a bit of a handle on because obviously it is a cost to government through the RFDS to supply that, which could be better focused on a regional passenger service. Gentlemen, thank you very much for your submissions and for your attendance today as well as for Mr Mason's time spent in showing us around the airport, which was very worthwhile.

**Mr MASON:** Yes.

**CHAIR:** You took some questions on notice.

**Mr MASON:** Yes.

**CHAIR:** If you could, please get those responses back to us within 21 days. The staff will be in contact with you to confirm the issues. After that, if you would, try to get the responses back to us within 21 days, which will be very much appreciated.

**Mr RILEY:** That is fine. Thank you very much.

CORRECTED

**CHAIR:** Once again, thank you for your attendance and for your submissions.

**(The witnesses withdrew)**

CORRECTED

**LUCY WHITE**, Executive Officer, Central New South Wales Tourism, and

**JENNIFER BENNETT**, Executive Officer, Central New South Wales Councils [CENTROC], affirmed and examined:

**CHAIR:** Would you like to begin by making an opening statement—perhaps commencing with you, Ms Bennett?

**Ms BENNETT:** Our priority, the priority of the Central New South Wales Councils [CENTROC] board, regarding regular passenger transport [RPT] and much of anything to do air flight, is retaining those ring fence slots down in Sydney for a number of reasons, particularly for just being able to ensure that visits and those types of things can happen on a daily basis. It is an absolute passion of the board and that is the message they want to send across to you. In the scheme of things—looking at new airports and all the other conversations that we are just beginning to hear trickling out into the regions—we are feeling a little threatened and we would like to ensure that we keep those slots ring fenced. It is absolutely essential to the communities of Central New South Wales and regional New South Wales.

**CHAIR:** As I have said to other witnesses throughout this inquiry, we have heard that same story from everybody who has appeared before us, so we do understand that issue entirely.

**Ms BENNETT:** Yes. I would add that it is absolutely important to the board. This is one of our priorities and it is absolutely our priority. Beyond that, another priority of the CENTROC region is looking at some type of strategic approach to aviation, including RPT. You will see in our submission that we have suggested some heads of consideration. We do not know everything in that space at all, but taking some type of strategic approach across New South Wales—and we would be happy to partner with you and talk to you about what that might look like—we see would be of great and effort, particularly given the location of Central New South Wales in relation to the air corridor space. I guess that is the next thing.

Another thing is the cost of maintaining airports. For some of our councils I have put some numbers in there that are probably smaller than they should be for a number of our councils. They do see it as an investment in regional development in their community, but it is a growing cost in that compliance space. One of our airports in the region, Orange, is that getting even larger, and they will be looking again at even more increased costs of compliance around that security space. That is a matter of concern to us. Another one is engaging in being able to engage more with the licensed RPT services about who is doing what in the zoo. We would like to see local government having a greater role in that space—rather than being a taker of advice, perhaps to help shape that advice.

**CHAIR:** Thank you. Ms White, is there anything that you would like to add?

**Ms WHITE:** We are certainly working with CENTROC closely on echoing all the same points. The only thing I would add is that certainly endorsing a strategic approach and perhaps working with you to develop a regional aviation strategy and a consideration of charter services into some areas—given the issues that we have had, particularly with Cowra and Mudgee, in providing regular RPT services—it may be that some negotiation possibilities around that would be very helpful.

**CHAIR:** Okay. I will begin by asking a question that I have asked a lot of other witnesses and that is the issue of single-engine aircraft. A lot of the smaller aircraft that have been providing services over the years have been older twin-engine piston aircraft and some of them have been flying since 1960. In this day and age there are single-engine turboprop aircraft that are available of that 10-seat size, approximately. Do you think people would be willing to travel on single-engine aircraft that, although it has only one engine, is far more reliable than the old twin-engine piston aircraft? We did hear evidence to that effect yesterday.

**Ms BENNETT:** I do not have a particular view in that space but we would certainly be happy to provide any support, particularly with medical services going into our smaller communities. We would be very happy to engage in doing some survey work with the specialist services that we have lost.

**CHAIR:** Sure.

**Ms BENNETT:** I know that there are some really very passionate stories and some very sad stories that have happened in a number of our communities as a result of the loss of those services. We would certainly be happy to put our hands up to provide some investigative work in that space and in that community in particular because it probably is a priority community that will be getting on those planes.

**Ms WHITE:** I would agree with that. I would say that at the moment there are medical services that are absolutely critical, particularly in the Mid-Western region. I do not think anyone would really care what sort of plain they hopped on so long as they could get off at the other end and do what they need to do, which is service the community needs.

**CHAIR:** We did hear from the Bourke people yesterday that the people of the north-west are not worried about travelling on single-engine aircraft because that is virtually all they have ever known, but it is people coming from Sydney and the larger centres out to those smaller centres and being confronted with a single-engine aircraft that may cause the concern.

**Mr SCOT MacDONALD:** Just quickly, I am a bit confused. Does CENTROC include Mid-Western?

**Ms WHITE:** No.

**Mr SCOT MacDONALD:** It does not, but your tourism group does.

**Ms BENNETT:** Yes.

**Mr SCOT MacDONALD:** Right.

**Ms WHITE:** Yes. Central New South Wales represents 10 local government areas. CENTROC represents more. It is slightly confusing but I represent Mudgee mid-western as tourism but CENTROC does not.

**Mr SCOT MacDONALD:** But not the local government area [LGA].

**Ms WHITE:** Yes. We also have Wellington in our membership base, but they are also with the Orana Regional Organisation of Councils [OROC].

**Mr SCOT MacDONALD:** I just want to ask about Mudgee. You lost the licensed operator there. Was that last one Brindabella?

**Ms WHITE:** Brindabella.

**Mr SCOT MacDONALD:** Would you be aware if the council lost money out of that in fees or outstanding fees?

**Ms WHITE:** No. I think the next speakers, Brad and Julie, will be able to address that.

**Mr SCOT MacDONALD:** Okay. Do you have any sort of opinion on this: When you go to Mudgee, you see the charters dropping in all the time there. I have been at the airport and they are just bang, bang—they are coming in for the miners. What sort of leadership role could the State Government take to convert some of that to RPT? Do you have any thoughts around that?

**Ms WHITE:** Yes. I think that Brad and Julie—I have a different hat—who are from the Mid-Western Regional Council want to talk to you about that that. I think that is dealing with the Civil Aviation Safety Authority [CASA] and regulations so I will leave that to them. But, most definitely, we would be very keen to see an opportunity there.

**Ms BENNETT:** We do see a role working with the State Government as an advocate for doing something in that CASA space around converting exactly what you are saying, but being able to get those charter flights able to do more and perhaps closer to the RPT task where RPT will not go into that space. There has got to be some room in some of those communities where RPT is not delivering the services required. There has got to be some flexibility from CASA, we believe, because it is really critical for those small communities.

**SCOT MacDONALD:** Can I conclude with a tourism question? We were at Tamworth and Qantas has jumped into the Country Music Festival with lower fares and packages. Do many of the carriers in your tourism group or tourism areas offer anything like that?

**Ms WHITE:** Central has not been resourced adequately to be able to do that sort of work. We are planning on doing that next, now that we have got some additional funding and some campaign work going. To my knowledge, no, but the opportunities would be into Parkes and Bathurst certainly with the events and recreations. Parkes may well have. I will just make a statement from Mid-Western about the charter. They have just said that in relation to one of the issues " ... a possible solution is licence requirements for charter operators. Numerous charter operators have expressed interest in providing services between Mudgee in Sydney. Current CASA rules do not permit this.

We understand proposed changes would open up the operation of regular air services to current charter operators by abolishing the distinction between smaller regular public transport operations and charter flights. Smaller aeroplanes with a maximum of nine seats would operate under part 135, which would provide common levels of maintenance and safety for current charter and RPT operators. These changes would increase the ability of regional communities to attract or re-establish a regular air service. It is important that the timing of introducing these changes changes sooner rather than later. The proposed changes would bring Australia into line with international standards."

**Mr SCOT MacDONALD:** Thank you. I suppose we will hear more from Mid-Western later on in relation to that.

**Ms WHITE:** Most definitely.

**CHAIR:** I know that later on we are going to hear from a group called the Aviator Group in Sydney on 15 August. That particular organisation is very concerned about that section 135 component. We will be having a better look at that as we go along.

**Mr SCOT MacDONALD:** Thank you.

**The Hon. CATHERINE CUSACK:** Broadening out from the charters, one of the challenges is that the demand is fragmented for those routes, so there is a demand in terms of freight, mining, health, and then there is the passenger demand. If we could aggregate that demand then we would have a great viable service. Who should take a leadership role in trying to channel or coordinate that demand in a way so that it becomes a viable market service?

**Ms BENNETT:** I imagine that you have that problem statewide. As a region we certainly would be very supportive. It is one of our priorities to be talking about aviation strategy. I am sure it is statewide. In my view, the State should be taking that role if it is a statewide issue. There is certainly scope, and I cannot speak for the other Regional Organisation of Councils [ROCs], but I know that they are a very helpful group on the whole and our region would be very supportive of working with you on what that would look like.

**The Hon. CATHERINE CUSACK:** Can I ask you to expand on the actual nuts and bolts of a way forward on this?

**Ms BENNETT:** We have suggested that we would be up for doing an aviation strategy. In my view, you would be looking at a regular passenger transport [RPT] statewide strategy that brings in the advice that you folk have heard around charter and many other things. There are lots of other opportunities and things that would need to be managed. Like any other strategic process, that will come up with some lower hanging fruit and certainly it seems to me that advocacy with the Civil Aviation Safety Authority [CASA] with all the muscle of the New South Wales Government with our regional organisations coming in behind you, and I can send you a large flock of mayors who would happily come along and do some work in that space.

**The Hon. CATHERINE CUSACK:** You would see the State Government convening this?

**Ms BENNETT:** That would be my recommendation. Managing the productivity side of it, you do not want to be repeating things in a multiplicity of ways across the State. At the same time, you want to pick up the regional flavour and nuances and so some type of work—



CORRECTED

**The Hon. CATHERINE CUSACK:** A task force for air services in Orana or something along those lines?

**Ms BENNETT:** You might do it that way. You might do it through your Department of Premier and Cabinet. You have a variety of ways that you can outreach into the communities.

**The Hon. CATHERINE CUSACK:** I understand that. From a community point of view, I am asking you what would be the optimum partnership arrangement for this to go forward. If you want to give some more thought to that, you are very welcome to. In terms of our inquiry, we will obviously write a report on the evidence we have received and then make recommendations on the way forward. It is the recommendations that the Government then considers. If you can assist us in shaping those—

**Ms BENNETT:** I would not mind taking it offline, if that is all right.

**The Hon. CATHERINE CUSACK:** Absolutely.

**Ms BENNETT:** We have a meeting of our general managers next week and a number of them are in that strategic space, so they might have a view and we will provide some advice back to you.

**CHAIR:** That would be very useful.

**The Hon. CATHERINE CUSACK:** It looks to me that you have lost seven passenger services in the Orana. Could we very quickly go through that list? Bourke has lost its—

**Ms BENNETT:** You are speaking about the Orana now. Going into Central New South Wales Councils [CENTROC] you would be looking at services—I know Cowra are very passionate and have done a lot of work in this space. Certainly Mid Western—

**Ms WHITE:** Mid Western has lost the flights in this region.

**Ms BENNETT:** Then there has been some hub and spoke stuff that comes and goes and is currently being managed totally by the—RPT is not doing it anymore. Charter flights are doing the balance of the work for us. At the moment we have three airports: Bathurst, Orange and Parkes. Two of those airports have less than 50,000, so they have always felt a little bit at risk. I guess the message that we put in our submission is that it is not just about numbers. There are many other considerations in that space.

**The Hon. CATHERINE CUSACK:** Can you say which airports have lost a service?

**Ms BENNETT:** It is Cowra and Mid Western. About 10 years ago Cowra lost their service and Mid Western is very recent.

**Ms WHITE:** It has had a pretty rocky road for the past five years with Brindabella, Vincent and Mudgee.

**The Hon. CATHERINE CUSACK:** Thank you.

**The Hon. PAUL GREEN:** If we start looking at those other areas, we note on page 3 that CENTROC aims to achieve regional cooperation and regional sharing. Do you think that a regional approach to airport management is feasible where several councils who have residents that use a single airport such as Dubbo, Wagga or Parkes will contribute to its operation costs, given that it is a regional resource?

**Ms BENNETT:** Very interesting question. I think another interesting element to that is that the specific needs or usage of each of those airports is quite different at the moment. I certainly think the region could have some input into it. You would have to look at the regulatory space to know what you can get away with. We could certainly provide support. I have noticed from a lot of the work that CENTROC does that we provide a lot of support in that strategic place. When I was interrogating budgets and things of airports in our region, there may be some operational efficiencies that we could provide support to in that space. In terms of owning and maintaining airports, our council is absolutely passionate about retaining control over its assets. I would be hesitant to say anything in that space at this stage but there certainly would be some strategic and perhaps operational efficiencies that could be delivered by looking at them regionally.

**The Hon. PAUL GREEN:** Loosely, in terms of tourism, I know from my experience in tourism that there are regional tourism organisations and all local councils contribute a fee to make sure that tourism thrives. Would you not think that that same approach could happen with regional airports?

**Ms WHITE:** Possibly. I think they are two different issues. So far as the maintenance and funding of regional airports, it does not matter to us who owns them or who administers them. Our job is to make sure that people get out here and have tourism experiences and build the visitor economy. We would love to see more passenger flights, obviously, to build the business, but I do not know that we would get into the debate of who would own them or maintain them.

**The Hon. PAUL GREEN:** Would you not think that the model would be rather like how you built tourism in a regional area, that you all come to the table and work out how you can get more for your buck and get people through your area? I would not see it much differently, which is why it is a very interesting question.

**Ms BENNETT:** In my view you need to look at where you get the best bang for your buck and also time. If you are going to introduce the sort of change you are talking about, I would suggest looking at it over the long term. In the short term there would be some scope in the regional aviation strategy for a tourism component, for sure. If you look at the community of Young with its Chinese history, there is really interesting work that could be looked at such as a statewide Chinese tourism strategy, what is the fit there, for example, and how can we get people flying into Cowra and then make that beautiful drive up the hill to Young. There are all sorts of possibilities or they can fly straight to Young. I am not quite sure what it would look like, but there are enormous possibilities if we start to look at it strategically across the region. To manage the whole thing regionally is probably one step too far at this stage of the game.

**The Hon. PAUL GREEN:** You talk about the slots in the city. We have heard from the Chair that it is a message that will be reflected in our report. Are you supportive of using Bankstown or Badgerys Creek as other options?

**Ms BENNETT:** For what?

**The Hon. PAUL GREEN:** Landing in the future. Sydney is getting jammed and if Bankstown has got quite a bit of latitude of timing and slots, would they be something that you would consider?

**Ms BENNETT:** You would have to look at who is using the planes and what they are using the planes for. One of our big concerns is medical folk. Again, if we start to do some work on whether these folk are prepared to get into a one-engined plane, the next question you would ask is, "Are you prepared to get into a cab or drive out to Bankstown and then get on a plane?" Any barriers that you put between the services that we need in regional New South Wales would not be accepted. I would suggest to you that it is a significant barrier to ask the people who provide the services that we need out here to go to Bankstown.

**The Hon. PAUL GREEN:** The consistency of the replies that we are getting is that everything is Sydney centric—Sydney central business district [CBD] centric, but we must remember that Parramatta is, geographically, the centre of Sydney, and there is a lot of business and commerce that will be built around Badgerys Creek airport so potentially that will have the same pull as the city CBD. Would you not think in the light of those comments that it is premature to say people will not travel from Badgerys Creek into the city when a lot of those services will decentralise?

**Ms BENNETT:** When they do, we will seriously be very happy to look at an alternative to our current position on Kingsford Smith Airport [KSA] rethinking those slots.

**CHAIR:** The other thing is that we have not yet seen the transport model surrounding Badgerys Creek. If you look at a map, it is a straight line from Badgerys Creek to Bankstown to KSA. If there was a good fast train or fast transport link put in there, then the whole equation changes quite dramatically.

**Ms WHITE:** Absolutely. It is not a case of no, we would not use Bankstown. It is a case of access to Bankstown as it is currently and you cannot get a train or a fast train out there, so you will spend half a day getting there and half a day getting back. It is a very big disincentive, not so much for tourism, because that is a leisure decision; it is a different mindset. But medical staff is the most critical issue we are facing at the moment; they are not going to do it.

**CHAIR:** I can tell you from the different Parliamentary Committees that many of us have served on, we have flown out of Bankstown on charters before and it is an hour to get back into the city.

**Mr SCOT MacDONALD:** A \$110 taxi fare.

**Ms WHITE:** Yes, that is right. It is cost prohibitive, it is time.

**CHAIR:** Yes. More questions?

**The Hon. PAUL GREEN:** No. I am not suggesting that that is the way we go. I understand regional areas very well and landing in Sydney is the highest priority. It is trying to get people to think 20 or 30 years ahead because that is what is going to happen.

**Ms WHITE:** Sure. If we can ensure people there would be transport infrastructure by then, that job would be easy.

**The Hon. MICK VEITCH:** In the submission from Rex to this inquiry, they were very critical of what they said was the overdevelopment of Orange airport and their lack of involvement in the development process. Did CENTROC and its members have any involvement or consultation around the development of the Orange airport?

**Ms BENNETT:** I can take that question on notice. I do not know specifically about Orange's discussions with its neighbours and I do not know about its discussions with Rex either, or other providers into that airport. If you do not mind, I will take that question offline and take it back to Orange and provide it back to you.

**The Hon. MICK VEITCH:** Thank you. I think Orange have provided a response to the Rex statements in a Sydney hearing as well in a right of reply. The next issue for me around regional aviation services is that each council in CENTROC would have its own airstrip. I am trying to think about your constituent members and they all have an airstrip.

**Ms BENNETT:** Yes, everyone would have an airstrip of some type.

**The Hon. MICK VEITCH:** When I was on Young Shire Council and the Monarch disaster occurred, we lost our air services and never got them back. I am fully aware of what happens and there is a lot of work to be done at the Young airstrip before they can land commercial flights there again. Some councils are spending significant amounts of dollars on their own airstrips. In essence they have a community service obligation to provide facilities for emergency services. Your submission talks about regional aviation strategy. We heard elsewhere that someone else is organising a regional airport strategy. Do you see them as one and the same thing; aviation services including passengers and freight, for instance?

**Ms BENNETT:** Absolutely.

**The Hon. MICK VEITCH:** A more coordinated approach to airstrips?

**Ms BENNETT:** The regional aviation strategy is on the list after the food and fibre strategy and a few other things that we have got in front of us at the moment. It is a great opportunity to come to a discussion like this and put on the table that we are interested in doing that and we would like to do it in partnership with you. New South Wales has got a real opportunity to do this consistently across the State. It would really be a good thing, we believe, for New South Wales to do.

We are happy to put our hand up and make some suggestions about how we could work with you on that, which we will take off line and do in more detail later. But I would say anything would be on the table. You and the other stakeholders would bring what you want to get out of the exercise to the table and we would bring what we want to get out of the exercise to the table. Then hopefully we will have a really sound, strong product at the end of it.

**Ms WHITE:** We would certainly contribute to that via Destination NSW and the Visitor Economy Task Force report. Our goal is to double overnight visitor expenditure in New South Wales by 2020 to get ahead

of Victoria and Queensland which are currently snatching some market share. Aviation is a big part of that and we would welcome input into that.

**The Hon. MICK VEITCH:** Moree council was very critical of Transport for NSW and its involvement in what happened up there. To quote the mayor, she said the community felt like they were shafted. Do you see a role for the regional organisations of councils in general but CENTROC in particular in the future in the preparation of tender documents for regular passenger transport [RPT]? Is there an involvement at that level?

**Ms BENNETT:** I would probably have to take that question off line too. But just what we are seeing overall at the moment from a regional organisation of councils [ROC] perspective is an enormous amount of engagement at the strategic level with the State. We see that it is iterative. A lot of things that are happening around regional action plans and transport plans, they are at the beginning of a journey that will improve dramatically over time.

**The Hon. MICK VEITCH:** At this stage no-one has really articulated to me what an aviation strategy or an airport strategy would look like, how long it would take and what it would involve. It just seems to me that some really nice words are being used and the phraseology sounds fantastic but no-one can tell me the nuts and bolts of the strategy. I am concerned that we will head down the path of having a strategy but what does it actually mean? Where does it go? That is my concern. I am not going to support a recommendation from this Committee that we have a strategy unless I am certain that it is going to be acted upon and it is going to work.

**Ms BENNETT:** You are talking to local government and we really like to make sure things are happening on the ground. We are just not resourced. Remember, we are rate capped. We are not resourced to be developing pie in the sky documents and so we would not even be buying into it unless we got something out of it. You know us: we will be in there battling to make sure that we get some real outcomes. On the other side we will be looking for documents that will help us negotiate with you and negotiate with the Federal government on improving the liveability of our communities.

**The Hon. MICK VEITCH:** You took on notice the issue around your constituent councils and their airport maintenance costs. Can you check if they all charge landing fees?

**Ms BENNETT:** I can, yes. My understanding is that they all do but there is some variability. I am aware that some communities experience a lot of pressure to keep those landing fees down. You will see in our submission that we do not see landing fees as being the be-all and end-all, but they tend to become the hub of the discussion. We do not really think they are the guts of the discussion around RPT.

**Ms WHITE:** They seem to become a big issue for negotiations, not that I have had them directly, with the service providers. Particularly for Mudgee it is a contentious point which I would suggest you speak to Mid-Western Regional Council about when you speak to them because it has been a big issue.

**The Hon. MICK VEITCH:** In its submission Rex suggests that there should be some sort of independent arbiter or independent process to determine what the landing fees are because it considers the process not to be working. It is suggesting there be something similar to an Ombudsman or an Independent Pricing and Regulatory Tribunal [IPART]. What is your view on that? We hear councils say that landing fees are not really that important but the operators are telling us that they are.

**Ms BENNETT:** If landing fees start becoming like IPART cost recovery I do not think Rex would be very happy. Let us put it that way.

**The Hon. MICK VEITCH:** That is what they are asking for. I want to explore Mr Green's comments about neighbouring councils contributing to the regional airports that are provided. I know there is some real parochialism in local government and "we will maintain our own silo and no-one else can eat the wheat out of our silo" type stuff. The reality is that some of the neighbouring councils to some of these regional airports are getting bigger. Mr MacDonald spoke with Dubbo City Council about some of the regional airports getting bigger and more viable but at the expense of the smaller routes. Eventually there has to be some give. Do you see there is the potential for some of those regional airports to obtain some sort of assistance from their neighbouring councils?

CORRECTED

**Ms BENNETT:** You are asking should the big councils be subsidised by the smaller councils for their bigger airports?

**The Hon. MICK VEITCH:** No, I am asking if there should be a contribution. What is the responsibility of the large regional airports to sustain these smaller airports?

**Ms BENNETT:** The larger regional airports should be sustaining the smaller airports, is that what you are asking?

**The Hon. MICK VEITCH:** Yes.

**Ms BENNETT:** So Orange and Bathurst and Parkes, because they have got the bigger airports, would be making a contribution to Forbes?

**The Hon. MICK VEITCH:** Not a contribution. How do they support them? What is the process for supporting those communities? I will tell you that once we lost our air service in Young the assumption was that people from Young would go to Orange or Wagga to catch their flights. Do you know what has happened? They go to Canberra. That is because people make a decision. Their habits are not as people expect. If people have to get to a city they go to Canberra because they can go to Melbourne and Sydney from the one spot. What I am saying is I just do not think local government in New South Wales is being fair dinkum in some parts of this State about regional air services. Young made a decision a long time ago. It said it was not going to happen for it and so it would back the Cowra option. Some councils have to make that decision, but the reality is Dubbo in particular and other regional services have become the catchment base. What is their obligation? This leads to the hub and spoke question and your view about that.

**Ms BENNETT:** We see hub and spoke, if it is workable—it looks as though hub and spoke in the past into Cowra did not work that well.

**The Hon. MICK VEITCH:** That is right.

**Ms BENNETT:** We see hub and spoke, if it is workable, that would be great. We probably see the other options that we are talking about perhaps with these charter flight services being something that will be higher up the list that you folk might want to explore as low hanging fruit. But in terms of local governments supporting each other with their infrastructure, it is a growing likelihood that those types of things are happening. Our region is very cooperative and collaborative and they are interested in how they look after each other over neighbouring borders. You will find at the moment that Young and Boorowa are doing great work together. They are really sensational. There is a lot of it going on. Again, it is early days, similar to the strategic work being done in the regions across the State at the moment. It is early days but promising, I think. We really have not scratched the surface of what the collaboration on airports could be but it is certainly something that is worth looking at without a shadow of a doubt.

**Ms WHITE:** I would agree with that. I would say that there is big scope for tourism to be involved from a business level. As a practical example, if you were to fly into Orange we would work with operators in Forbes to make accommodation packages or visitor experiences more attractive so there would be more incentive for them to share the love, if you like. I think there is definitely scope for that. The way to pitch it would be because of the sharing there will be economic flow benefits. That is how we are trying to work in tourism at the moment because that has been the State directive and it is actually working really well. If we were to apply that kind of thinking that to make a contribution we have to guarantee you a particular return on investment [ROI] but you have to come up with the goods and the experiences to make us seal the deal and for us to promote it and track it I think that could work that way, if that makes sense.

**CHAIR:** You made the comment that the hub and spoke at Cowra did not work. Was Cowra operating then as the hub or one of the spokes?

**Ms BENNETT:** Both. It outreached but it also in-reached, if that makes sense. I think it went Bathurst, Cowra and then out. There are a number of reasons listed why it did not work.

**CHAIR:** It was a triangulated route more than a true hub and spoke.

**Ms BENNETT:** Yes, I suppose you would say that.

**CHAIR:** I used to live in Cowra many years ago. They had a triangulated route with Parkes at that time.

**Ms BENNETT:** Right. I think the iteration has changed over time. I could not tell you exactly the whole history of it. There is an absolutely fantastic 1966 video about air services into Cowra. I will send you the link. It is delightful. There is a long and proud history of flight. Even the balloon festival in Canowindra at the moment I think grew out of the work that those folk were doing in those days. That is an interesting thing that we could capitalise on going forward. But I am concerned. I like the idea of hub and spoke as an idea but because of the workability of it in the past I have some concern.

**CHAIR:** I think that reflects what you were saying earlier about the need to have a proper strategy in place to make that happen. In the past it was a bit hit-and-miss in how it was applied. The sort of options that we will need to consider particularly in relation to hub and spoke is that we could have a system where the hubs are the Wagga Waggas, Tamworths, Dubbos and the major centres. Their air services are not at risk but many of the services in the smaller centres are. It would be towns like Mudgee, Parkes, Cobar and Cowra. Do we make some of those smaller centres the hubs to put a 30-seater flight into Sydney every day from there but bring a number of those other smaller centres into those secondary airports to underpin their service going into Sydney, or do we simply just go into the bigger hubs and make their empire bigger?

**Ms WHITE:** I think you have got to look at the regional hubs as you are talking about with the hub and spoke. My information is that the commercial operators are not interested in doing those.

**CHAIR:** Because the passenger numbers are not there to fill a 30-seater plan.

**Ms WHITE:** I do not know why but certainly the experience at Mid-Western Regional Council is that they have talked to carriers about going from Mudgee to Cobar and Narrabri and doing a milk run as they call it but they cannot talk the operators into doing it.

**CHAIR:** That is a different model. That is what we might call a triangulated model where you have one aircraft doing a number of stops on the way to Sydney as opposed to a Saab 340 flying into Parkes as it currently does, and they struggle a little for numbers at times, but then you would have four or five other smaller aircraft flying into Parkes and filling up that aircraft to make sure they have got a full load every day when they go to Sydney. That is as opposed to those smaller aircraft flying into Dubbo, like happened here with Bourke, Cobar, Lightning Ridge and so on.

**Ms BENNETT:** It is certainly worth investigating. I would probably need to see the numbers before I would get too excited about it, but it is certainly worth investigating.

**CHAIR:** Those sorts of issues are things that this Committee is going to grapple with as we get to the recommendation stage. It is certainly something that this strategy that you are talking about could provide an opportunity to do some sound research and explore some of those numbers.

**Ms BENNETT:** It is the decision to get into a car or get into the plane, or at the moment, for example, the Bathurst Bullet or into a plane. That is a critical one. There are some really interesting modal choices that get made. Let us say you are in a plane if you are in Condobolin. If you are in Lake Cargelligo you would probably fly into Parkes. If you are in Condobolin would you fly to Parkes or would you get in the car? You would have to be quite strategic about where those links would go. With the mining thing, it might work. Certainly if you can bundle up the passenger services there is some really good potential there.

But I do not know. I think you would have to do a lot of work particularly to interrogate that because, as we heard from Mr Veitch earlier, they were all going to fly out of Orange and they all went to Canberra. I think we have to do some really good work. We cannot get away from that strategic work. Maybe we are pinning our hopes on a hub and spoke strategy. I have often found when I come in with my brilliant idea for a strategy and I come in to see elected members of Parliament with pictures of kids and corgis and the like and say, "Let's fund this", when we do the work we find it was not what we thought it was going to be. We come up with a great product and lots of really good serendipitous advice, so I just trust the process.

**CHAIR:** That is good.

CORRECTED

**The Hon. PAUL GREEN:** If you were writing the Committee's report, what would the recommendations look like—other than the slot issue because I think that is a no-brainer?

**Ms BENNETT:** The slot thing has to stay. I think you are looking at recommending a statewide strategy and talking to the regions. Even in the scoping of the strategy you need to think about who you are talking to. I often find that at the State level you guys talk to each other and your own departments and come up with some ideas. In this process of talking to people in the region you would have found a number of people who would be very useful in scoping up the feasibility piece. It would ensure you had the right people in the room and then they would go through a process. Having the right people in the room is the key step.

**Ms WHITE:** The recommendations should include the licence requirements for charter operators. That is a big issue.

**CHAIR:** That issue has been brought up this week in particular in relation to mining towns. The Committee will be looking at that.

**The Hon. PAUL GREEN:** Lucy White brushed over it, but she nailed the fact that the New South Wales Government has an interest in increasing tourism by 7 per cent by 2020. She mentioned the importance of regional air in that. Sydney Airport is the gateway and it has to continue out to the regions. That is a very good point if we are going to reach the targets the Government has set.

**Ms WHITE:** That is right. We have a lot to do out here, but we need to get them out here.

**CHAIR:** Thank you for your submission and your very worthwhile contribution this morning. We will take on board the issues you have raised. You have taken a few questions on notice.

**Ms BENNETT:** Thank you for that.

**CHAIR:** Yes, work offline as you call it. The Committee secretariat will provide the questions on notice.

**Ms WHITE:** We need to provide the feedback on the Orange airport development for Rex and the landing fees.

**CHAIR:** The secretariat will confirm that. That information should be provided to the Committee within 21 days. That would be very useful. Thank you again for your submission.

**(The witnesses withdrew)**

**(Short adjournment)**

**DANNY KEADY**, Deputy Mayor, Coonamble Shire Council, and

**LEE O'CONNOR**, Economic Development Manager, Coonamble Shire Council, sworn and examined:

**CHAIR:** Would you like to make an opening statement?

**Mr KEADY:** I thank the Committee for the invitation to address the inquiry into regional aviation. Our shire of Coonamble is 10,000 square kilometres with a population of approximately 4,700. We are an agricultural service centre servicing a large and productive cropping and livestock industry. Our production of grain for the domestic and export markets has increased exponentially with new technologies over the past 20 years. We have growing businesses that are directly involved in agriculture such as feedlot, abattoir and grain exporters, as well as those servicing the area dealing in machinery, earthmoving and add-on industry.

The production value of our base industry has increased and the amount of export dollars earned out of the district has multiplied, yet the essential services have declined. In some ways the ongoing centralisation of government-funded services and infrastructure is as much a threat to our community's future as drought or climate change. Having no regular passenger air service in a remote community is a deterrent to economic growth. It reduces our chances of attracting the skilled people we need for both private business and government services such as schools. It stifles business connectivity and it is a disincentive to enterprise and initiative. The current configuration of transport services excludes many users. There is no connection between TrainLink bus services and the flights from Dubbo airport, and there is no service from Dubbo train station to the airport as far as we are aware. Connectivity is a bit of a problem.

Anyone needing to fly must have access to a vehicle and a licensed driver. They need to be able to pay fuel and running costs to Dubbo of approximately \$125, plus security parking and accommodation on top of airfares and transfers at Sydney. Having no air service is a contributing factor to further embedding the financial, social, educational, health and economic disadvantage that is characteristic of communities like Coonamble. The Aboriginal community comprises 30 per cent of our population and is well serviced by the Coonamble Aboriginal Health Service. Currently the service pays to fly locums and health professionals on a weekly basis from Sydney to Dubbo and then provides a hire car for travel to Coonamble. That means a three-day cost for a one-day visit, or a five-day cost for three days. The same issue arises with the primary and high schools.

Coonamble has a well-maintained airport and passenger terminal funded by our ratepayers to the tune of \$90,000-plus per year. It currently supports the Achieve Aviation flying school based in Cessnock with 20-plus students as well as existing pilots who need further accreditation. We are also looking to set up a licensed aircraft maintenance engineer at the site to service the greater area. Our airport used to have a regular air service to Sydney via Mudgee. When that changed to a hub-and-spoke service out of Dubbo, the cost of flying became prohibitive due to ticket inflation and the service was eventually terminated in 2008. We recommend the consideration of a business model that allows an affordable service once or twice weekly return to Sydney from Coonamble via either Dubbo or Mudgee. To provide real benefit to families and commerce, it would need to be a Monday and Friday service.

We have no problem with Coonamble becoming a spoke to Mudgee's hub if that, in turn, ensures that the Mudgee-Sydney route becomes viable. We would be happy to work with anyone who has a vision for the development of a true network of air services across New South Wales that are well connected with other forms of public transport such as rail and bus. We believe that the Government needs to invest in enterprises that are willing to service routes that will yield fewer than 6,000 passenger movements a year and possibly routes up to 20,000 per year. This investment would create direct employment and would also support economic development across the State. It could take the form of public-private partnerships that are so palatable to government when it comes to building infrastructure. I thank members for their time and we are happy to answer any questions.

**CHAIR:** Ms O'Connor, would you like to add anything?

**Ms L. O'CONNOR:** No.



**CHAIR:** You have raised the issue of lack of discounted fares when you had the hub-and-spoke system. Can you expand on that and perhaps suggest how that might be overcome if a hub-and-spoke system were reintroduced?

**Ms L. O'CONNOR:** The flight from Coonamble to Dubbo that went through to Walgett and Lightning Ridge ended in about 2008-09. At that time it cost \$272 to fly from Coonamble to Dubbo and whatever the fare was from Dubbo to Sydney. If you booked a flight from Coonamble, you could not access any discounts on the leg from Sydney to Dubbo regardless, even though you had to disembark and wait to change planes. It was essentially two separate trips. That was just the way the ticketing was configured. That meant that we were paying a premium. The \$272 fare was also comparatively dear.

**CHAIR:** That fare for the Dubbo to Sydney leg was charged at the full fare rate.

**Ms L. O'CONNOR:** Always the full fare rate.

**CHAIR:** Always the full fare rate, even though you might have booked six weeks ahead?

**Ms L. O'CONNOR:** Yes, that you were not eligible to access any of the discounts. And someone suggested to me the other day that perhaps one thing that could help is that a lot of the discounted fares go quickly and get snapped up by regular travellers and whether or not there is a potential for offering discounts based on a postcode basis, to the outlying towns that have to bear the extra cost of traveling into the centre, but that for us is second preference to having at least a once or twice weekly service to Coonamble.

**Mr KEADY:** And we had very low quoted passenger numbers back around 2007 and 2008. That was chiefly because everyone had just stopped flying.

**CHAIR:** It was too expensive.

**Mr KEADY:** Because of the expense.

**Ms L. O'CONNOR:** Yes. It was pretty much \$470, sometimes more, to fly from Coonamble to Sydney.

**The Hon. CATHERINE CUSACK:** Return or one way?

**Ms L. O'CONNOR:** One way.

**CHAIR:** Councillor Keady, you mentioned the cost to your airport, of managing your airport, of \$90,000 per year. Do you have any income coming into the airport fund from operations at the airport?

**Mr KEADY:** Only from the flying school. We do not charge landing fees, so we do have an arrangement with the flying school. But basically, it is funded by ratepayers. Council do a good job, it is well maintained. We have agricultural aircraft that use it as well, for spraying and that sort of thing.

**CHAIR:** Do they pay a fee for the use of the airport?

**Mr KEADY:** Yes, it did come up last year where they were going to pay a lease for a block of land adjacent to the runway. So we were approached by two operators, both operators were going to pay a lease to the shire.

**Ms L. O'CONNOR:** They lease the land to run their operation and also private pilots, a couple of them have leased land and built their own hangars, but we do not charge landing fees.

**CHAIR:** So the ag. pilots, are they a permanent fixture there or do they come in in the season?

**Mr KEADY:** It is a bit seasonal but their idea was to have a permanent base, to do with the lease, but because the last couple of years have been very dry they just have not been able to operate.

**CHAIR:** You mentioned that the instrument approach equipment, the remote access lights, the fuel availability and so on, that is all underpinned, I guess, by the fact that the agricultural industry uses that pretty much?

**Ms L. O'CONNOR:** I think it is more underpinned by the activity of the local aero club and the commitment of the local aero club. It has been strengthened by the flying school and the ag. services. But I think the bulk of their businesses in fuel sales, because the aero club offers that as a voluntary service, the bulk of that is passing traffic that goes from central Queensland down into Victoria and that sort of thing.

**Mr KEADY:** We have a very strong aero club and in the last couple of years there has been a big push towards getting local people licensed and they have gone and bought planes. So we have got the chap that owns the local feedlot, a pretty big business, he flies to Brisbane and back because there has been no regular air service out of there, so that is the path he has chosen to take.

**Ms L. O'CONNOR:** People access that flying school from Wee Waa and other areas further out of our immediate district but probably within 200 nautical miles or sorry, 100 nautical miles.

**CHAIR:** One of the issues that has come up over the last couple of days is the issue of types of aircraft and when you had the service to Dubbo, I think it was a Navajo or something like a twin engine piston engine aircraft.

**Ms L. O'CONNOR:** Yes.

**CHAIR:** There have been suggestions made to us that some of the more modern single engine turboprop aircraft that are available today might be a better alternative, certainly in terms of reliability. The turboprop engines are a lot more reliable than piston engines and, of course, they are newer aircraft. Do you think that your community would be willing and ready to travel on a single engine aircraft as a commercial alternative?

**Mr KEADY:** It depends who was operating it. That is the other thing I was saying to Lee the other day, people like to fly with someone they know and trust, so if that is a well-known and trusted operator, then I do not think they would have a problem. The type of aircraft I do not think would make a difference, it would be who is operating the aircraft.

**CHAIR:** We did hear from Bourke the other day that the people of the north west would be happy to travel on it but it would depend on people coming out of Sydney, whether or not they were.

**Ms L. O'CONNOR:** That was going to be my comment. I think city people get a bit of a shock when they step into anything under—some people find the 36-seaters small. I think towards the end of that service we were down to a four or six-seater? A six-seater, I think.

**CHAIR:** Which was still a twin engine aircraft though, was it?

**Mr KEADY:** Yes, it would have been. See, even the smallest AirLink plane, people used to roll their eyes when they got on to that to Dubbo. I think the people of Coonamble, honestly it would not matter whether it was a bi-plane, they would get on it if it meant that it was only two hours to Sydney.

**CHAIR:** I did mention to you earlier, and I will have to mention it again, the fact that you state in your submission that Coonamble is one of the first regional towns to have had a daily air service to Sydney and for a small centre, that is pretty remarkable. I have a photo of my grandmother stepping off a commercial flight to Coonamble in 1946 or 1947 as she went out there to meet my father's parents, before my mother and father got married. So certainly, it is a town that has a long history of air services.

**Mr KEADY:** It sure is. It is a sign of the times, I suppose, that back then, as I was saying to you earlier, I had to go to hospital a lot as a kid and it was always: go to the Coonamble airport, fly to Sydney and you had a cooked meal on the way. And you could actually get an operation done in the Coonamble hospital and get a passenger train from Coonamble to Sydney.

**CHAIR:** And they reckon this is progress.

**Mr KEADY:** Yes, but you have heard that a lot.

**CHAIR:** Indeed.

**The Hon. PAUL GREEN:** In terms of the aero club and ag. spraying, how many flights a week are there, roughly, lifting off the ground?

**Mr KEADY:** I would not know. I am not qualified.

**The Hon. PAUL GREEN:** Do you know how big the aero club is?

**Ms L. O'CONNOR:** The aero club has more than 50 members and a number of those are students. The flight training happens fortnightly and runs over three days and they are up and down.

**CHAIR:** Of those 50 who are licensed, do they fly on a regular basis?

**Ms L. O'CONNOR:** Some of them are older pilots like my father, who is 77. He still flies. He does not necessarily fly in and out of Coonamble airport because he has his own strip. There are probably two or three that are semi-retired in that way but the rest are members because they fly.

**The Hon. PAUL GREEN:** One of the reasons they put back their flights was pilot shortage, so maybe you are recreating your own pilots.

**Ms L. O'CONNOR:** Yes.

**Mr KEADY:** They are certainly aiming to train a fair few more pilots and to build up the training school there.

**Ms L. O'CONNOR:** One of the things that they are looking at, Coonamble is part of the Clontarf program and they are in the process of putting together a dual scholarship where they are offering one aboriginal student and one non-aboriginal student from the high school each year a pilot training scholarship, so they are certainly moving into that area. The other thing about that training school is that they have already attracted student pilots or even airline pilots from overseas to come and do their training in Coonamble. It is just a fact that you get a lot more flight time in a small strip like that than you do in the bigger centres where there is more congestion, where you have to sit on the taxi way and wait for a spot to get into the air. At Coonamble, if you have a 40-minute lesson, you have 37 minutes up in the air.

**The Hon. PAUL GREEN:** So the cost to council for the airport, do you run in negative figures during the year?

**Mr KEADY:** It is all cost borne by council.

**The Hon. PAUL GREEN:** What sort of cost is it?

**Mr KEADY:** I think we have quoted \$90,000-odd.

**Ms L. O'CONNOR:** Yes, the general manager told me 90-plus. It is quite regularly used by the air ambulance for inter-hospital transfers and in emergencies.

**Mr KEADY:** We have got air ambulance and bank planes.

**Ms L. O'CONNOR:** Angel Flight, Care Flight and the Royal Flying Doctor Service [RFDS] uses it a bit. There is a bank plane, Toll Air, they go in and out every day.

**The Hon. PAUL GREEN:** It is quite diverse.

**Ms L. O'CONNOR:** Yes.

**The Hon. PAUL GREEN:** One of the comments that we heard yesterday is that regional airports and particularly regional flights, are not a luxury but a necessity. What are your comments on that quote?

**Ms L. O'CONNOR:** I would agree with that. I have read that the rise of the Internet has reduced the need for air travel and I would agree to a certain extent but it cannot replace being there physically. We have quite a number of people, particularly in the schools and those sorts of services, who have family in Sydney. There is no way at the moment that they can get on a plane, have a whole weekend in Sydney with their family, and be back in time for work on Monday, unless they drive the two hours to Dubbo after work on Friday, late afternoon, with a risk of kangaroos and all that sort of thing and get back either late Sunday night or early Monday morning. So air travel is the only thing really that reduces physical isolation. For remote communities it is the only way you can get to—

**The Hon. PAUL GREEN:** Do you have flooding issues?

**Ms L. O'CONNOR:** We do have flooding issues where the roads are cut off, sometimes for a week or two.

**Mr KEADY:** Absolutely.

**The Hon. PAUL GREEN:** And that is your only way out.

**Ms L. O'CONNOR:** Yes.

**The Hon. PAUL GREEN:** In terms of productivity, has the council done any study of the productivity of driving to Sydney or driving to Dubbo or driving to another airport, as opposed to having some flight leave from Coonamble?

**Ms L. O'CONNOR:** No.

**Mr KEADY:** Back in 2003, when we had a similar type of inquiry, it came up then. I do not know that it has ever been quantified. But the wear and tear and the time taken, it is not just drive to Dubbo and back, it is probably overnight and it might be two nights, motels, you know. If you can arrive off a plane fresh, either in Coonamble or in Sydney, do your day's business and get back, it makes a big difference. And particularly for the older population, they have to drive to Dubbo—somebody who is 75, 80. My father is turning 80 next year and regularly, in order to get Sydney, he has got to drive to Dubbo and that is getting harder and harder. Otherwise, if you are not driving, you are on a bus.

And the bus does not link up with the plane, it goes to Dubbo train station, so then you are in a cab or something, trying to get a lift to the airport. It is probably not going to link up with the time, so you might be there for a couple of hours before your plane leaves. The older population and the population that does not drive, or the ones not licensed to drive, are significantly disadvantaged. Also the professionals, if you are going to set up a business in Coonamble—and we have got the opportunities to set up some pretty good businesses there with the grains industry and the add-on industries—but if you cannot get down to Sydney to do your business and get back in the time you need to, or get people here easily, then it is a pretty big disincentive for the growth in the region.

**Ms L. O'CONNOR:** I think it is 11 or 12 per cent of households at the moment in Coonamble that do not have access to a motor vehicle. And it is a very high proportion of people who do not have licences. We work on programs to try to address that situation with the licensing, but that is a major barrier to people. The other thing is the time cost. If you have a family, you need two cars. If someone is going to spend three days taking a trip to Sydney it means that whoever is left at home needs a car to be able to get around because there is no public transport in the community. Or if both adults have to go, children have to be farmed out. It is a logistical thing for families always. And there is quite a large number of families from our district that have children in boarding school in Sydney and they are removed from being functioning members of our community for up to 20 weekends a year at least, and they are gone for four days mostly, unless they do a lot of night time driving which, again, is dangerous.

**Mr KEADY:** One of the cancer sufferers locally—having been involved with a few of them, I know that is a big haul from Coonamble, where you cannot get the cancer treatment, to Dubbo. And sometimes you cannot get it there, so you have to move on to Sydney. So you have those big legs of driving or patient transport, to Dubbo and then on to Sydney. If you can get those cancer sufferers on a plane from Coonamble to Sydney for their treatment, they would be able to go down and back per treatment, rather than having to bus or car and

plane or train and then stay down there for two or three nights or whatever it is and back. It makes a big difference for those people.

**The Hon. PAUL GREEN:** I think you have articulated some very good points of how it is for remote areas. When you take the car to the airport, you do not have a car at home for someone else necessarily, unless you are a two- or three-car family. You get to Sydney, you have to get your treatment and you have to get back. If you are aged, which is a point we have not really exercised a lot of time on in this inquiry because it has never really been brought out but with an ageing population, you are absolutely right, getting accessibility to the airport, getting on a plane, standing around, sitting around, needing the services that go with being aged in a lot of ways, those things are not always there. So it is a very good comment that you make in terms of patients.

**Mr KEADY:** A lot of our retirees, if they have family in Brisbane, Melbourne or wherever, are looking to move to Sydney so that they can get on a plane and visit; they cannot do that from Coonamble.

**The Hon. PAUL GREEN:** You say they are going to Sydney. I guess NSW Health is trying to get people out of Sydney. Does Orange have a cancer care centre?

**Mr KEADY:** I cannot tell you the variety they need but I know that a lot of people end up getting their radiation in Sydney. My sister was a cancer sufferer and she ended up being down there a fair bit. I think it depends on where you can get in, the timing and the type of treatment. It is all varied. For one type of treatment you might need to be in Sydney and you might be able to get the next type in Dubbo.

**The Hon. PAUL GREEN:** Then there are the other complications of flights and the vulnerability of regional flights being cancelled. We heard earlier in this inquiry that you only get one shot at some of these appointments.

**Mr KEADY:** That is right.

**The Hon. MICK VEITCH:** I want to explore the issue around linkages. When the bus comes from Coonamble to Dubbo it does not go past the airport. Has the council raised that with any State Government bodies?

**Mr KEADY:** Not really. Lee and I only thought of it when we were talking about it the other day. We were trying to work out the linkages and we were not actually aware whether there was one from the train station to the airport. I am pretty sure there is not.

**The Hon. CATHERINE CUSACK:** I thought of it when it happened to me.

**Ms L. O'CONNOR:** We have asked some people this morning—

**Mr KEADY:** You do get backpackers who have got to link up. A lot of backpackers now work out in remote communities and they get the bus into Dubbo. So they would be getting the bus to the train station and then if they have to fly somewhere they are getting taxis.

**The Hon. MICK VEITCH:** It seems obvious that the bus would swing by the airport.

**Mr KEADY:** I am pretty sure it does not, but I might be wrong. We would need to check it out.

**The Hon. MICK VEITCH:** I was just wondering whether the council had advocated it.

**Mr KEADY:** I dare say they would not have a shuttle operating; it would not pay.

**The Hon. MICK VEITCH:** The Committee has been exploring evidence around a regional aviation strategy, a regional airport strategy or something along those lines. Does Coonamble council see any value in some sort of a regional approach to aviation services?

**Mr KEADY:** It has got to be regional. We cannot just have a standalone Coonamble plane service to Sydney and that is it. There needs to be a regional approach. To make it viable and all connected it has absolutely got to be regional.

**The Hon. MICK VEITCH:** Has there been a regional approach in the past or has it been more fragmented?

**Mr KEADY:** I am sure it has been brought up in the past by the regional development bodies and Orana Regional Organisation of Councils [OROC] and that type of thing. I am probably not qualified to say whether they have actually had a real good crack at it. It has been an ongoing issue ever since we all lost our air services. Lilliane Brady would probably know more than me about that.

**Ms L. O'CONNOR:** I think it has been left to the air operators to put routes together that make sense for them and their fleet, what pilots they have available and that sort of thing. Certainly for those communities in the same sort of situation as us, where passenger numbers are low, there is possibly an opportunity to take advantage of the lower costs of operating the smaller aircrafts—for example, you have only one pilot, no cabin crew, no catering, less fuel costs and those sorts of things. It is only when you factor in the rest of the costs such as access to Sydney airport and the operating costs. If there was some way of taking advantage of those sorts of things and supplementing another service—

**Mr KEADY:** And getting slots into Sydney too. If you have a smaller operator that is not one of the current ones then that is probably going to be a problem as well.

**The Hon. MICK VEITCH:** The importance of the slots has been raised a lot with this Committee.

**Mr KEADY:** There is no way out for the Government from investing in regional air. Call it a subsidy, call it what you like, there is going to have to be a level of investment that is going to be needed regionally to be able to make it work.

**The Hon. MICK VEITCH:** How do you see that being applied—namely, per seat subsidy or an en route subsidy?

**Mr KEADY:** I hate the word "subsidy". It could take the form of ownership of actual aircraft—like we heard from Walgett—the Government part owning aircraft or leasing them back. There are many more qualified people than me who might be able to find a model to make that work. I mean what do they do for Sydney buses, trains, ferries? How do they subsidise that? That is all needed and it is all provided by the Government from what I can gather. So the same approach needs to be taken to regional air.

**The Hon. MICK VEITCH:** Has council conducted any research or put together any data around the number of government bureaucrats who are travelling into Coonamble—for instance, Aboriginal Medical Service health professionals?

**Mr KEADY:** The chief executive officer of the medical service was meant to be here today and it is unfortunate that he is not because he would have had a good handle on that. It is quite a big number. We have got a lot of agencies working in Coonamble with schools, social services, Aboriginal health and the hospital. We probably do need to get a handle on the actual numbers but there is a lot. A lot come in and they drive in.

**The Hon. MICK VEITCH:** Do they drive into Coonamble or do they fly to—

**Mr KEADY:** Fly to Dubbo and drive to Coonamble.

**Ms L. O'CONNOR:** Council participated in a survey earlier in the year that was conducted through Transport for NSW and also Premier and Cabinet did one just lately. I have rung to see if we could get some of the results of that but I did it through a third person and we were told that it was going to be used for commercial-in-confidence—I found that pretty interesting. Certainly council has not seen it as its role to undertake a formal survey. I sort of assumed that we would be able to use the information that was gathered in the other survey.

**Mr KEADY:** That would be worthwhile following up all the same.

**The Hon. MICK VEITCH:** What other activity is there at the airport? You spoke of some of the development around the flight school and the agricultural services. Is there a master plan for your airport?

**Mr KEADY:** They recently had a conference about airports—I forget where it was—and I was contacted by someone who was running that conference. He wanted to know whether we were interested in making our airport more profitable. I said, "Well until we get a regular air service it is hard to make a plan. You cannot plan without a regular air service." What we are trying to do is to use it as much as we possibly can to attract as many people as we can. The aero club approached council and said they could see a need and demand for a maintenance engineer at the airport for people to be able to fly in, get their plane serviced and fly back to Cobar, Bourke, Walgett or Nyngan.

They identified a need there so we are going to promote that and try and get someone in there. It is just little things like that at the moment until we can see a direction from somewhere that we can base a plan around. We do not really have the resources to spend loads of time on it. Until we can get a direction from the Government as to what our future might be with the airport then all we can really do is keep the maintenance up and try and attract as many planes as we can.

**The Hon. MICK VEITCH:** Has the council or any other body that you may be aware of conducted research into how much it has cost since the Coonamble community lost its air service? What was the dollar impact? Is it quantifiable?

**Mr KEADY:** Unquantifiable. It would be hard to quantify.

**The Hon. MICK VEITCH:** Was there an impact?

**Mr KEADY:** Absolutely, and the impact is economic growth. It has stifled things as simple as teachers or professionals who would normally have come to town. If they can see that there is a good school, good health services and flights out of Coonamble then they are more likely to stay and bring their families. If they see that they are in a town where there is no regular air service then all of a sudden they are thinking about if they are critically ill and cannot get to Sydney or they cannot get to see their grandmother when she is crook in Eastwood or somewhere.

**The Hon. PAUL GREEN:** Have you got any evidence to back those comments?

**Mr KEADY:** Not on me. It is hard to quantify. It would take quite a few resources.

**The Hon. PAUL GREEN:** We understand that that is certainly what has happened around the area. The relocation from Sydney, which is on the Government's agenda, seems to be conditional on good air services being available in these areas. It would be great to quantify that in a more formal way through survey or some situation?

**Mr KEADY:** It is certainly something that we should do.

**The Hon. MICK VEITCH:** Thank you. It is critical to have comments on the anecdotal evidence of the impact of losing an air service in a regional community on the transcript.

**CHAIR:** One suggestion a previous witness made to the Committee was that we needed some sort of a task force or a strategy put in place with some sort of design to it. As Ms O'Connor said before, a lot of the air services you had before were determined by the airlines as to what fitted in with their schedules and pilot numbers et cetera, rather than what was in the best interests of the community at large.

**Ms L. O'CONNOR:** Council would put the resources into that sort of inquiry if they felt that there was a glimmer of hope for something productive to come out of it. If I could just make comment about the potential for development around the airport—namely, we are lucky in that we have quite a bit of land surrounding the airport. Currently council farms that—we grow grain off it. We have had periodic demand from people wanting to build around the airport residences and we have made some initial inquiries into that. At this stage it did not proceed because of the cost of the development. Certainly we have focused more on allowing the leasing from those agricultural companies and private companies to work from there. But it is certainly an opportunity for us. It has been identified as an opportunity that we could attract both commercial businesses and private residents to that area around the airport.

**The Hon. PAUL GREEN:** Do you have the infrastructure to absorb that?

**Ms L. O'CONNOR:** Yes.

**Mr SCOT MacDONALD:** You commented that it is costing council roughly \$90,000 a year. The Committee has heard from Tamworth and other airports that it is either close to cost neutral or might even be returning money to council. At the moment I calculate it is costing you \$19.50 per resident. I wonder if at the smaller end of the range, Cobar and Coonamble, you perceive the day where council will say: "We are sick of this cost shifting, our roads are more important and we have some other priorities. Sorry, we cannot do this anymore. We will either sell the airport or shut it down. CASA is getting too difficult."? Do you ever see that as a possibility?

**Mr KEADY:** No.

**Mr SCOT MacDONALD:** You see it as a social—

**Mr KEADY:** Once you shut the airport down there is no way out and, critically, there is no way in. If you shut the airport down you shut the maintenance of the airport down, you shut the tarmac maintenance down, the landing lights, all that goes and you are left with possibly a grass strip.

**The Hon. MICK VEITCH:** I think Mr McDonald is asking if council sees maintaining the airport as a community service obligation.

**Mr KEADY:** That is what it has done.

**Ms L. O'CONNOR:** Absolutely.

**Mr SCOT MacDONALD:** Just to explore the cost shifting, you are effectively subsidising medical retrieval and all those other users. If you do not have the capacity or you might have other priorities, at what point do you say to the State Government that it needs to come to the party on this? It is not getting any easier or better. You were saying that it is very difficult to plan, yet other councils are planning for 20 years or 25 years. The difficulty for you in planning a year or two years is because you are basically bleeding \$90,000 a year or \$19.50 a resident. Where does that end?

**Ms L. O'CONNOR:** Also our residents are effectively paying twice because their rates pay for our airport and the passenger charges that they pay to Dubbo City Council go towards maintaining Dubbo's airport and any capital improvements there. We are led to believe that Dubbo City Council actually makes a profit out of their airport. So effectively our residents are paying twice.

**Mr SCOT MacDONALD:** That is a good point. What is the solution? We heard the previous witnesses from Dubbo City Council saying that it is getting better for them in many ways—they are getting greater volume and they are getting better facilities. Their airport is either making a profit or coming very close to it—it may be up and down a bit in some years. But that is coming at some cost to you.

**Mr KEADY:** If we had the solution then we certainly would not be here today. That is what we are trying to arrive at. All we can do is to keep everything maintained. I see what you mean about trying to pass that cost onto somebody, whether it is a private operator who is going to charge the right amount of landing fees et cetera. But will you get the planes arriving once you start to charge them that amount? You will be able to charge all of the regular users who need to use the airport. If you start to charge the drop-in air traffic, will you still get any? We do not know. Maybe that is something we can look into.

**Mr SCOT MacDONALD:** But \$90,000 is not a small impost upon a council the size of Coonamble Shire Council.

**Mr KEADY:** No. I do not know whether it is \$90,000 every year, but certainly in the last couple of years we have taken it up a notch in order to get a bit of this development done around the airport and maintain it really well so that we can attract some of these operators. I would have to go back and look at what our historical cost of maintenance was, but that is what it has been more recently.

**The Hon. PAUL GREEN:** What is your ratepayer base?

**Mr KEADY:** Our population is 4,700.



**Ms L. O'CONNOR:** Our population is 4,700 but that would not be the rate base. We would have to check.

**The Hon. PAUL GREEN:** If you could check and get that figure to us, that would be helpful.

**Mr KEADY:** Yes, I can get that figure.

**The Hon. CATHERINE CUSACK:** In your submission you refer to the daily freight services and their potential for use as passenger services. That has been raised previously with the inquiry. I am just wondering if you have pursued that issue at all.

**Ms L. O'CONNOR:** I have spoken to the country New South Wales manager at Toll Aviation. At the moment the freight run, which Coonamble is part of leaves Bankstown airport and goes via Mudgee to Coonamble, Walgett, Brewarrina and Bourke and then back again later in the day. The volume of freight after Mudgee is quite low. If it were not for the bank mail, which is predominantly paper, then there probably would not be much of a service. He did indicate that if there was a regular passenger service then they would probably utilise it.

**CHAIR:** What size aircraft does that come in on? Is it a two-seat aircraft?

**Ms L. O'CONNOR:** I will have to get back to you on that. I do have notes on that.

**CHAIR:** And what time does it come in?

**Ms L. O'CONNOR:** It comes in the morning and leaves at about 4 o'clock in the afternoon. They go to Bourke, sit there, reload and then come back in the afternoon.

**The Hon. CATHERINE CUSACK:** We understand from earlier evidence that the Civil Aviation Safety Authority [CASA] is a bit of a stumbling block to getting a licence to be able to carry passengers. I have been sitting here trying to work out where CASA is up to. Mr Chair, are you aware that there has been a major review of aviation safety that has just been delivered to the Federal Government? Public comment on the final report closed on 30 June. It just seems to me that, in terms of the red tape and the difficulties we have heard of in talking to people who have wanted to start up pilot schools and things like that, this issue of safety is perhaps one that is opening up in our inquiry as a real obstacle.

**CHAIR:** We will be talking to CASA in Sydney.

**The Hon. CATHERINE CUSACK:** The issue is a very live one with the Federal Government at the moment. It would be great to get this sort of evidence before them to consider. The other issue is the idea of a New South Wales Government owned airline. It struck me as initially unlikely but then it does occur to me that the New South Wales Government has a massive number of aircraft that it owns that are potentially underused. So I guess just by way of following up on that comment it would be worth finding out how many aircraft we have sitting in Bankstown and at Sydney (Kingsford Smith) Airport.

**CHAIR:** I think the member is getting into an area that we should discuss at a deliberative meeting. I think it would be best to focus on questions to the witnesses here.

**The Hon. CATHERINE CUSACK:** Has Coonamble Shire Council ever looked at having State Emergency Service [SES] or Rural Fire Service [RFS] training facilities or those sorts of New South Wales government facilities co-located at the airport?

**Ms L. O'CONNOR:** The north-west regional headquarters for the RFS is based in Coonamble. They recently constructed brand new premises, but not at the airport. We also have an SES facility in the town, but again it is not located at the airport. They certainly utilise the airport during any emergencies.

**Mr KEADY:** Particularly when there is flooding. There is pretty heavy use of the airport by helicopters and fixed wing aircraft during flooding. When there is flooding Coonamble and Walgett are bases for the whole of the north-west area that goes under water.

**CHAIR:** And those areas are essentially isolated from any road transport at that stage, are they?

**Mr KEADY:** Yes, absolutely.

**The Hon. CATHERINE CUSACK:** The New South Wales Government is a clear stakeholder in the future of that airport?

**Mr KEADY:** Sure, absolutely.

**The Hon. CATHERINE CUSACK:** But it is not necessarily a financial contributor at the moment.

**Mr KEADY:** Not that I am aware of.

**Ms L. O'CONNOR:** I would say not. Council does access periodic grants from the Commonwealth for improvement type work. Those are predominantly safety based. A few years ago we did get some funding for fencing, lighting and that sort of thing. As far as I am aware, the State Government does not contribute. I think for any future air service a partnership arrangement, such as a public-private partnership arrangement, would be well worth looking at.

**The Hon. CATHERINE CUSACK:** Councillor Keady, I hope you do not mind me asking these questions but earlier you referred to your sister who was a cancer patient. Would you mind sharing a little more what her requirements were and any expenses incurred.

**Mr KEADY:** Unfortunately she had pancreatic cancer and passed away. She lived 40 kilometres west of Coonamble on a farm with her husband and kids. She was regularly either driving to and from Dubbo or getting someone to drive her to and from Dubbo, particularly during the later stages. She then ended up having to go to Sydney for more aggressive treatment. So it was a case of either driving down and staying for a week or being driven to Dubbo and flying down for various appointments. That all became so draining towards the end. That it really became a crunch time of deciding what level of treatment to get.

**The Hon. CATHERINE CUSACK:** It must have been very difficult for the family to continue with daily life such as children going to school and that sort of thing.

**Mr KEADY:** It is very difficult. If you talk to any cancer sufferer they will tell you that it is hard on everyone around them. It does not matter whether they are in Sydney, Coonamble or Dubbo. But clearly the travel requirements make it really hard for those living in remote areas such as Cobar, Bourke, Walgett and Coonamble—anywhere where you have to travel by car for two or three hours to get to a plane or a major hospital where you can have chemo or just get someone to rub your back to make it better.

**Ms L. O'CONNOR:** The other thing about that is that we have quite a few residents who attend Sydney for radiotherapy and stay in hostels down there. Securing the funding for hostels has been another fight. There is also the fact that they are isolated from their families as well. I had a girlfriend who was undertaking treatment and had two or three weeks living in the hostel someone in central eastern Sydney. The husband was home working and it was very difficult for him to pop down on the weekend to see her. I think he got there once while she was there for three or four weeks. So another issue is that isolation factor. It got to the point back in the 1970s when isolation was not such an issue for us, but we are potentially more isolated now, apart from telecommunications. We are more physically isolated now than we were in the 1970s.

**The Hon. PAUL GREEN:** I would like to follow up on that and labour that point Mr Keady made about the situation of his sister. That is reflective. I know in the Shoalhaven there are people who would even question going through therapy with a drive of an hour and a quarter to Wollongong. I just want to reiterate for the record that people's quality of life is compromised being in remote and regional areas and quite often that could be resolved in the way of better access to public transport or, as someone at morning tea said, CountryLink in the air. Why would regional and rural areas that are compromised in their air services to get decent medical care have an opportunity for CountryLink in the air?

**Mr KEADY:** I see it all the time, particularly for the lower socio-economic group. They just do not get the access. They cannot afford to go to the appointment.

**The Hon. PAUL GREEN:** I think it is even bigger than that, and you have just reiterated that point. It is not just about the person who is getting the care, the patient. You cannot have a love one visit you on the weekend because they have to get back to the farm and you have to arrange for children to have access to accommodation and transport, for example, if they are doing weekend sport. It just ripples out. Then someone has to feed the pets and the animals. It is bigger than just one person needing medical care.

**Mr KEADY:** I suppose we have become used to it. It is just part of life now that we get someone to look after the dogs et cetera.

**The Hon. PAUL GREEN:** But that does not mean that we leave it at that. In our civilised aviation system maybe we should be doing better and making sure that regional and remote areas have access to sustainable flights.

**Ms L. O'CONNOR:** Absolutely.

**CHAIR:** We are out of time. I thank you very much for your submission and for appearing before the Committee today. It has an extremely worthwhile to hear from one of the smaller communities in this debate. It is all very well to hear from the larger towns such as Dubbo, Wagga Wagga and Tamworth but it is important to hear from those in smaller communities where the impact has been greatest. Thank you very much for sharing quite personal experiences, particularly Councillor Keady. You have taken some issues on notice. Committee staff will be in contact with you over the next couple of days. If you would not mind trying to get answers to those questions back to us within 21 days then we would appreciate that very much.

**(The witnesses withdrew)**

**LILLIANE BRADY**, OAM, Mayor, Cobar Shire Council, and

**GARY WOODMAN**, General Manager, Cobar Shire Council, sworn and examined:

**CHAIR:** I welcome our next witnesses: Mayor Lilliane Brady from Cobar Shire Council and Mr Gary Woodman, General Manager of Cobar Shire Council. Mayor Brady, you have never been known to be short of words and I do not anticipate that that will happen today. I invite you to make an opening statement.

**Ms BRADY:** I started at council 40 years ago. I was the first woman on council. My husband was a very quiet doctor; he did not even know that I had stood for council. I was the first woman president of the western division and I have now been mayor for going on 16 years. Cobar is very important to me, as you all know. Since I have been in Cobar I would say that we have had four air services. Air Link came to Cobar and I could not understand why Air Link left because the Cobar route was definitely making them money, and it was the same with Brindabella Airlines. Brindabella Airlines left owing us all money. We have been trying to negotiate with Regional Express Airlines [Rex]. They pulled out. We now have another chap we are trying to negotiate with.

Air service is very important to Cobar. We have four mines operating at the moment and two more ready to go. Mining is a very large industry in our town; agriculture is still there. We have lots of fly in, fly outers, which I do not agree with but they are a part of our mines. The other thing I think the Federal Government should be looking at, but we are remote so we probably could not, but with fly in, fly outers if you are not remote you can get a subsidy from the Government. That is why mining companies like to have fly in, fly outers.

**The Hon. CATHERINE CUSACK:** Can you explain that a bit more?

**Ms BRADY:** My general manager will do that; that is why I pay him. I believe that the Government should subsidise rural New South Wales air services. They do it in Queensland, why can we not do it here? We charge a very high landing fee—it is \$22, \$20 plus GST—because it costs us a lot of money to keep our air services going and our air services are important because of the distance; we cannot have babies, we cannot have anything in Cobar now and I think we could have something like two Flying Doctor services a day, which cost \$4,000 to go to Dubbo.

It would be cheaper for people to go to Sydney and places like that, but if you had a service we could go to Dubbo or straight to Sydney; it is much better when most people are used to flying. We have lots of mining engineers come up. We have got to drive three hours. Yesterday I was to leave Sydney in the morning. At 8 o'clock there was a fog and I did not leave until 11. I then had to get in a car and drive three hours. We did it; we have got to go home this afternoon and then have a council meeting. There are roos on the road, deers on the road, goats on the road, everything. There are more accidents. At the end of the day we need an air service and I think that the Government should be kicking in.

**CHAIR:** Thank you, Mayor Brady. Mr Woodman, would you like to add anything to that?

**Mr WOODMAN:** Yes please. Today it took us three hours; it would be a 600-kilometre round journey. On Friday I had to attend a matter in Sydney—a 300-kilometre journey, three hours, an hour flight without the wait at Dubbo, then come home again on Sunday, a late flight, three hours into the evening, the last 60 kilometres dodging stock, kangaroos, lots of things on the road. We are a population of 5,000 in the town and probably at least 500 in the villages in the rural area. We are the fifth highest per capita income shire in the State and we have not got an air service at the moment.

We have three major operating mines—a medium-sized one and two hopefully just about to start and an unemployment rate of less than 3.1 per cent. We have got excellent road and rail facilities and, of course, up until December 2013 a pretty reasonable air service, an RPT air service with Brindabella. It was December 2008 when Air Link, for various reasons, said goodbye. We then, over the next 12 months, attracted Brindabella with three major mines and council subsidising the trial and it turned out to be a trial that Brindabella described as the best trial route they had ever seen; it was a 63 per cent realisation and there were six flights a week initially.

What has happened at the moment is that the three major mines are just trying every way possible to get people in and out at much higher cost. They feel that the charters are much dearer than the normal RPT

services. What is also happening is as soon as Brindabella disappeared many of the health specialists that used to come from Sydney to Cobar for two-day periods to see everyone are no longer there. It has also affected towns like Bourke and Nyngan for the same reason; those specialists used to grab a hire car, drive 160 kilometres to Bourke and do two days at Bourke, come back and then go back to Sydney. Nyngan has two mines as well, just on our boundary. Our RPT services, instead of going to Dubbo they would come in the smaller distance to Cobar.

We are experiencing up to 31 Royal Flying Doctor Service visits a month—sometimes two a day, sometimes none, we hope. We have about 80 other aircraft movements a month. We are very lucky, we have just been successful with the Resources for Regions grant to fix up our lighting and upgrade our pavement. The lighting needs to be done because by December 2014 CASA will not allow us, if we do not have it fixed up, to have evening or any flights at night. We are hoping that the pavement upgrade will eventually allow us to go from a registered aerodrome to a certified aerodrome; instead of 30 passengers or less, RPT SAAB 340 will be able to come in, or even smaller Dashes.

Unfortunately, at the beginning of 2014 NSW Transport expressions of interest have not been able to attract any real interest for Cobar. In 2012-13 we had just under 11,500 RPT passengers. We believe it was the most profitable route for Brindabella and, by the looks, the only profitable route, and the averages were \$700 a passenger return. So it was a pretty good route for Brindabella Airlines. At the moment the three major mines and council have been trying their best to try to find someone interested. The major mine, CSA, has started a charter service that hopefully may turn into an RPT. All the mines have been very supportive. The problem is that otherwise they have a lot of people just travelling back and forth to Dubbo at the end of their shifts. There are safety concerns at the risk.

It has also got to the stage that a lot of mines policies are not prepared to have a single-engine plane so they are looking always for that 18-, 19- or 23-seat plane or even up to the J41 Jetstream 30-seat. We do charge a reasonable cost for airport landing fees, RPT charges, for both charter and normal RPT services, but that still does not cover our costs. We certainly never ever cover our depreciation costs. We have got the New South Wales Government saying that we need to be more sustainable. The first thing is if you do not cover your depreciation you are totally unsustainable. Sometimes we do not cover all our operational costs; we only just covered them in that really big year of 2012-13 of 11,496 passengers, otherwise the ratepayers of Cobar shire are subsidising the airport for anyone who uses it.

We also need airline operators that will not go broke. We have got a \$51,000 unpayable debt from Brindabella Airlines. That is a lot of money for Cobar shire that has a rate base of \$3.6 million. If we want to go to Sydney it normally takes me 10 hours to drive to Sydney, so imagine having those essential medical things in Sydney or wanting to go to some cultural or sporting event. You get to the event and go home the next day. It is not much of a weekend. People do not want to live in the outback. If you live and work in the outback you have those sorts of things. Council thinks that an equitable air transport should be available to all Australians. It seems that relying on the market-based air services in New South Wales is not effective in all situations. Everyone needs to start looking at the provision of aviation services in regional and remote parts of Australia.

From the social justice perspective, start working with the aviation industry to find solutions so that these services are not lost or the risk of service level viability is reduced for those operators. Perhaps the idea of some sort of guarantee of seats by government departments? We do have a great deal of drive in, drive out services by the New South Wales Government, whether it is from Dubbo or other locations. Cobar will always consider whether there needs to be a service just between Cobar and Dubbo. We would prefer a service from Cobar to Sydney return, but there are ways where instead of those government department officials driving three hours to Cobar, doing two hours work and driving three hours back, perhaps they might be there for seven hours instead of all the travel time. Thank you very much.

**CHAIR:** Thank you very much. The number of mine workers that are currently going in and out of Cobar.

**Ms BRADY:** FIFOs—fly in, fly out?

**CHAIR:** Yes. They are coming in now by charter. Is that correct?

**Ms BRADY:** The State Government has been good to us; they put a bus on that goes twice a day from Cobar to Dubbo. So it is costing them a fortune. But not too many use it; most of them use the charters.

**CHAIR:** Have you got any figures as to how many people are coming in each day on charter flights in a month?

**Mr WOODMAN:** In the height of our boom in 2012-13 we felt that there was at least 500 fly in, fly out, and a mix of that 500 being drive in, drive out. There was a fair amount of development work: a couple of mines, a couple of increased shafts—

**CHAIR:** Over what time period was that?

**Mr WOODMAN:** Mostly the end of 2011-12.

**CHAIR:** That was over 12 months, was it?

**Mr WOODMAN:** Eighteen months or so. Normally I would suggest that right at the moment it would be down to somewhere between 150 and 200 people flying in and flying out with some of the major contractors who are working for the mines or developing some of the smaller mines.

**CHAIR:** So again that 150 to 200 is a week or a month?

**Mr WOODMAN:** A week.

**CHAIR:** You would think that would underpin an air service, would you not?

**Mr WOODMAN:** It is, yes.

**Ms BRADY:** Cobar has a lot of development but I would say in 10 years time there will be 10 mines there because it is going to increase. We really have got to—and the Government is encouraging us—to look at our infrastructure and things like that. They have been very generous to us in Resources for Regions. But it is no good, when the mine is going to come, trying to organise it. You have to have everything there.

**CHAIR:** I know it is everybody's preference to have a direct flight to Sydney. Have you ever had a flight that comes via Dubbo? AirLink did provide that service.

**Ms BRADY:** No. We flew AirLink to Dubbo and then we got on another.

**CHAIR:** Yes.

**Ms BRADY:** But I think we are looking at one now that possibly will link up with Qantas. That is okay. It does not worry me—

**CHAIR:** As long as you can get on a plane.

**Ms BRADY:** —as long as we can get on a plane and go to Sydney. If you have to go to meetings, we have to stay overnight and it is a cost to our council because you usually meet at nine o'clock. You just cannot do it.

**CHAIR:** Yes. I think you mentioned the fact that the mine charter people will use only twin-engine aircraft.

**Ms BRADY:** Yes.

**Mr WOODMAN:** Not all of them, but a good percentage of the major mining companies have made decisions that the single screw, single pilot just is not suitable. It is too much of a safety risk. I think the same way. I do not really want to get on a nine, 10 or 12-seat plane. It is much nicer to have the engine on either side and two pilots, which we have been used to since late 2010 now.

**CHAIR:** We have taken a lot of evidence from people around the State about the fact that they have had Fokker Friendships and Dash 8s and things like that operating out of their small communities over the years. Those days have gone by us.

**Ms BRADY:** Gone.

**CHAIR:** A lot of the smaller twin-engine aircraft that have been operating have been piston-engine aircraft that are sometimes 50 or 60 years old, which are questionable in terms of their longevity, safety and everything else. The Committee has taken evidence to suggest that some of the newer single-engine turboprop aircraft of that 10-seat size, roughly, are probably a lot safer and more reliable than some of the old twin-engine piston-engine aircraft. Given that evidence, it is something that I think we need to have a look at—the suitability of the aircraft types and the costs of operating those aircraft. The turboprop aircraft are very reliable in terms of their engines and they have a lower maintenance requirement than some of the old piston-engine aircraft do.

**Ms BRADY:** When Brindabella were operating, you would go down. I go to Sydney quite a lot. It was a 19-seater.

**CHAIR:** Yes.

**Ms BRADY:** Sometimes you would if flat out to get on it.

**CHAIR:** That is a good thing. You would think that if those numbers are there, there would be plenty of takers ready to take that route on again.

**Ms BRADY:** Yes. Well, that was the case.

**Mr WOODMAN:** Unfortunately, we had some positive thoughts about Brindabella for the first two years, but we have had instances where they started to just—the planes just were not suitable because, by the looks, something was going wrong. It was quite obvious.

**CHAIR:** It was not passenger numbers that was your downfall.

**Mr WOODMAN:** Certainly not with us.

**Ms BRADY:** It was the planes, maintenance.

**CHAIR:** It was the actual operator.

**Mr SCOT MacDONALD:** You have answered a couple of questions of mine but I want to explore that Brindabella debt of \$51,000. This is a question that I have put to other councils that have lost money from Brindabella or Vincent. You can take this on notice if you like. Would you support a levy to build a fund in the event of future failures—say, 10, 20 or 50 cents a passenger—to build up a bit of a reserve to compensate councils in future?

**Ms BRADY:** I would.

**Mr SCOT MacDONALD:** You can take that on notice, if you like.

**Ms BRADY:** Yes. I would.

**Mr WOODMAN:** The council has actually considered to even bond the next user. To a certain degree we will always be the contractor for most airlines to provide baggage services and gear like that. With the community having less than 3.1 per cent unemployment, there are not the people there who are prepared to do those sort of thing. It is us who have to provide those services. We are very lucky that we did not get caught with fuel costs. Aero Refuellers probably got caught with fuel costs. We just were paid to put the fuel in the planes.

**Ms BRADY:** We got \$30,000 just before they finished, did we not?

**Mr WOODMAN:** Yes.

**Mr SCOT MacDONALD:** So it could have been worse. It could have been \$80,000.

CORRECTED

**Ms BRADY:** I think we were the cheapest, were we not?

**Mr WOODMAN:** Yes.

**Mr SCOT MacDONALD:** Okay. You mentioned there is an impost on ratepayers for running the service, the airstrip and all. Can you give us a rough idea about the annual cost? I appreciate it goes up and down.

**Mr WOODMAN:** I understand. In a good year—we will talk 2012-13—we would have had income of \$200,000 and expenses, including depreciation, of \$250,000 or \$260,000.

**Mr SCOT MacDONALD:** So it cost \$50,000 to \$60,000 a year.

**Mr WOODMAN:** But for the years when there was no service the gap was easily \$120,000 to \$140,000 a year

**Mr SCOT MacDONALD:** No RPT?

**Mr WOODMAN:** No RPT, and there were several,.

**Mr SCOT MacDONALD:** Over a relatively small number of ratepayers—I think the last we were talking to was Coonamble—I have worked it out at roughly \$19 or \$20 a ratepayer. That is a fair impost on your ratepayers, is it not?

**Mr WOODMAN:** We have about 2,500 assessments, but only \$3.6 million for the general rates. It does not go very far.

**Mr SCOT MacDONALD:** At the moment it is a social community service.

**Ms BRADY:** It is not only social. It is important to our mining industry and our mining is important to the country, to the economics. It is real. We have got to have planes, whether it is chartered or not.

**Mr SCOT MacDONALD:** Do you think those users are paying their fair share?

**Ms BRADY:** We charge them \$22 and you told me that is the highest you heard.

**Mr SCOT MacDONALD:** I think that is the highest I have heard, yes.

**Ms BRADY:** So I cannot screw them anymore, can I?

**Mr SCOT MacDONALD:** You are doing all right so far.

**Mr WOODMAN:** We are not because it just does not cover our costs. We wish we were like, perhaps, Dubbo.

**Mr SCOT MacDONALD:** Can we quote you?

**Mr WOODMAN:** Certainly. And making profits, or certainly covering their costs. Let us hope they are covering their costs because we are in the time of sustainability and at the same time we are having to provide these types of services that cost the ratepayer anywhere between \$50,000 and \$150,000 and make our books look unsustainable. It just keeps adding on to all the types of services that we provide.

**Mr SCOT MacDONALD:** And CASA will be more demanding and compliance will be more expensive in years to come, you would imagine?

**Mr WOODMAN:** Certainly when going from regulated to certified; however, that also gives us the chance to also have the larger planes.

**Mr SCOT MacDONALD:** To tackle the Federal Government.



CORRECTED

**Mr WOODMAN:** To perhaps have the proper large milk run. It is only in our thoughts at the moment—it may never happen—of Sydney-Cobar-Broken Hill return, or something like that.

**Mr SCOT MacDONALD:** Thank you.

**Ms BRADY:** You did ask something about fly in, fly out [FIFO], did you not?

**The Hon. CATHERINE CUSACK:** Yes. In your opening remarks, there was a suggestion there that there is a Federal Government policy that is encouraging or discouraging local employment.

**Mr WOODMAN:** If Cobar was not in the remote area, if we were just out of the remote area, instead of the costs of FIFO being a tax expense—and you want to put people into subsidised housing and keep them as residential mines—those costs are subject to the fringe benefits tax. As soon as you are slightly back into the non-remote area it is cheaper and better for the mines to be flying people in and flying people out.

**The Hon. CATHERINE CUSACK:** From Cobar's point of view, they should be subject to fringe benefits tax.

**Mr WOODMAN:** Because we are in the remote area you just do not have as much fringe benefits tax on subsidised housing in comparison to, perhaps, another 200 kilometres farther east.

**The Hon. CATHERINE CUSACK:** It is fully tax deductible at the moment. I understand. You believe there would be a discernible improvement or effort on the mining companies' parts to employ locally.

**Ms BRADY:** Oh, much better. The other day I flew home—Nymagee is 100 kilometres away from our town—and this gentleman flew on the plane with me. He caught a bus and went straight out to Nymagee. He comes back and catches a bus and train. They do not spend any money in our town, yet we have to have all the facilities there.

**The Hon. CATHERINE CUSACK:** Thank you. It is a little bit tangential, but it is a very valuable point. I appreciate hearing about it. Do you have any statistics on the medical flights? Is it the Royal Flying Doctor Service—

**Ms BRADY:** Yes.

**The Hon. CATHERINE CUSACK:** —or the Air Ambulance? It is the Royal Flying Doctor Service.

**Ms BRADY:** And we have Wingaway. We have more. We have about three.

**Mr WOODMAN:** That would be part of the 80.

**The Hon. CATHERINE CUSACK:** Would your airport have any statistics on the number of movements, by any chance? You did indicate two a week, I thought.

**Mr WOODMAN:** It is an average of 31 Royal Flying Doctor Service flights a month, plus another 80 of normal aircraft that would include some of the smaller ones.

**Mr SCOT MacDONALD:** Angel Flights.

**Mr WOODMAN:** Angel Flights or whatever—things like that.

**Ms BRADY:** Yes.

**The Hon. CATHERINE CUSACK:** The issue that seems to be coming to light here is that the demand for the service is quite fragmented and you have big stakeholders, like mining and health, all doing their own thing. If only we could all get them to all work together, we could have a more efficient passenger service and a more open one for everybody.

**Ms BRADY:** You see, particularly for medical services, they used to fly to Cobar and then their drive is an hour away.

**The Hon. CATHERINE CUSACK:** That is doctors in?

**Ms BRADY:** Doctors in and doctors out.

**Mr WOODMAN:** Specialists.

**The Hon. CATHERINE CUSACK:** Yes. I am thinking that now, as the doctors cannot come in, now you are going to have to have more patients having to leave the area to get their treatments.

**Ms BRADY:** Yes.

**The Hon. CATHERINE CUSACK:** So it is a real catch-22, is it not?

**Ms BRADY:** Yes, it is.

**Mr WOODMAN:** And are they really doing it when it is now a three-hour trip to Dubbo, get on a plane and go to Sydney?

**The Hon. CATHERINE CUSACK:** They are not.

**Mr WOODMAN:** No.

**Ms BRADY:** I heard the other council before us say that, you know, the patients can get isolated subsidies. What do they call it—IPA or something?

**The Hon. CATHERINE CUSACK:** The Isolated Patients Travel and Accommodation Assistance Scheme [IPTAAS].

**Ms BRADY:** But their husbands and that cannot get it, so it is costing families a lot of money to live. Everyone is trying to encourage everyone to leave Sydney income to the bush. Why would you come to the bush when you cannot have a baby in the town?

**The Hon. CATHERINE CUSACK:** I must say that there is a big drama going on about the \$7.50 Medicare co-payment at the moment and the suggestion that people are not getting the service.

**Ms BRADY:** Well, that is quite easy. You should charge doctors, young doctors, a Medicare number and they can go to the bush.

**The Hon. CATHERINE CUSACK:** Talk about a deterrent to getting health care. I mean, this is like \$750.

**Ms BRADY:** I know.

**The Hon. CATHERINE CUSACK:** Thank you very much. My time has expired.

**The Hon. PAUL GREEN:** Do you know how much the mining company that is in your area makes annually?

**Ms BRADY:** We pay about \$30,000 or \$30 million.

**The Hon. PAUL GREEN:** How much do they make?

**Ms BRADY:** I was talking about royalties.

**The Hon. PAUL GREEN:** Is there a general figure?

**The Hon. CATHERINE CUSACK:** We think they do not pay any tax, so they do not make anything.

**Mr WOODMAN:** Between the three major mines, they are earning anywhere between \$630 million and the \$1,000 million turnover. I believe that before gold went from \$17.50 to, say, \$1,300 Peak Gold, which is the second largest, had profits close to \$100 million.

**The Hon. PAUL GREEN:** Can you maybe explain to the inquiry how mining contributes to your local town in the way of the airport services?

**Ms BRADY:** The airport services?

**The Hon. PAUL GREEN:** Yes.

**Ms BRADY:** They are really behind this. Without them, we would not be where we are today—without Cobar mines taking it up and paying for it. Our mines are very generous. I know people say that mines are not, but ours are. We have got a nursing home that is called the Lilliane Brady Village, which I fundraise for.

**CHAIR:** How did it get that name?

**Ms BRADY:** Because I started it and it is council operated. Anyway, that is not the point. We needed and did not have a dementia room and it was going to cost \$90,000. Peak Gold came to me and said, "How much do you need, Lilliane?", and gave me \$45,000—just like that. So the mines are very generous. I know they should put more money in and I am on a mines-related council and we are looking at the voluntary planning agreements [VPAs] now and things like that, but I have still got to say that our mines are good to us because in our small country town in one year we raised \$104,000 for the hospital, \$77,000 in the same year for Relay For Life and \$66,000 for the Lilliane Brady Village—in one year.

**Mr SCOT MacDONALD:** How do they contribute?

**Mr WOODMAN:** Through all that. I mean, all of them have community programs where any of them are spending between \$250,000 and \$350,000 a year each, not just directly to us. For example, Peak has got \$95,000 out of most of the contribution to go with the Commonwealth contribution for a new skate park; \$45,000, \$95,000—you hear these figures all the time. They do have community officers who are trying to work with everyone. They have systems to support sporting bodies. Over the last 30 years most of the plaques around town are saying exactly which mine provided most of the facilities. We would have a \$3 million or \$4 million in value sporting and cultural centre, or a youth and fitness centre, and that was all provided by the mines.

**The Hon. PAUL GREEN:** That is the mines. Do you feel that anything has come from Federal or State Government where Cobar has have received royalties for those mines?

**Ms BRADY:** State Government.

**The Hon. PAUL GREEN:** Have you got your fair share?

**Ms BRADY:** It is just starting. We got \$33 million this year and I hope it continues.

**The Hon. PAUL GREEN:** We start with \$33 million, do we?

**Ms BRADY:** We just got \$33 million from the Resources for Regions and we pay about \$30 million a year, too.

**Mr WOODMAN:** \$2.5 million for the airport lighting and pavement upgrade; 2.1 million out of 2.2 million for a sewerage system upgrade and extension. We have 7.8 million out of 8 million for our water treatment plant replacement, and at Nyngan there is a \$10 million water security for the regions project. Cobar Shire Council and Cobar Water Board are the two main partners.

**CHAIR:** That is the channel, is it?

**Ms BRADY:** Yes.

**Mr WOODMAN:** It is a storage facility, somewhere between 1,300 megs and 2,000 megs, to try to drought-proof both Nyngan and Cobar. So we are starting to get the money.

**Ms BRADY:** And then we did get funding for the pipeline, but not much. Our mines are generous but we would like more.

**The Hon. PAUL GREEN:** I could use the particular word you used earlier as to how much you can get out of them, but I am reluctant to do that on record.

**Ms BRADY:** Mine is on record.

**The Hon. PAUL GREEN:** You talked in your submission about subsidised routes. What are you suggesting this could look like? How would it be outworked?

**Ms BRADY:** I would suggest that we get another particular day and I would not care if we flew to Dubbo on to Sydney. That would do me fine. At least the mining industry would develop. Economically it would be good for my town because investors would come in and buy houses. We have a real estate agent on council who works hard for that. So really it would improve my town. Medical wise it would be good, not only for my town, it would also help Bourke and Nyngan.

**The Hon. PAUL GREEN:** Those other projects you were talking about, were they just for the current town in its capacity or was it thinking about building further capacity for Cobar, such as further housing?

**Mr WOODMAN:** A little bit of development, but our water treatment plant has had it.

**The Hon. PAUL GREEN:** So the revamp is not going to increase by 2,500 more capacity?

**Mr WOODMAN:** No, very similar, probably keeping to that 6,500 EPA. During 2010-11, 2011-12, we think that our population probably swelled easily 6,300, with those extra 500 and perhaps even more. Ninety per cent of the users of Brindabella were mining related. That is why the mines are trying to support and trying to help themselves and to help the community. The other 10 per cent are the health allied specialists and members of the community trying to make their life better.

**The Hon. PAUL GREEN:** In terms of regulation, in your view, is there any unnecessary or unreasonable regulatory issues by the Civil Aviation Safety Authority [CASA] for your area?

**Ms BRADY:** Ask me that in about three months time, will you?

**The Hon. PAUL GREEN:** Okay.

**Mr WOODMAN:** We do not understand the regular passenger transport [RPT]/charter problem and I do not know how your Committee is going to determine how to get those rules changed where planes can be half charter and half RPT, or something like that.

**The Hon. PAUL GREEN:** Or freight.

**CHAIR:** What you are talking about is that the mines take a number seat guarantees on every flight.

**Ms BRADY:** Yes.

**Mr WOODMAN:** Every potential operator that we have spoken to wants exactly that, "I need a guarantee of seats." The mines have been trying, risking some. One has decided to take that risk. As we say, we are hoping that within the next three months the risk will turn into an RPT service, but those operators and those funders are just so scared in relation to their financial risks, it is not funny. It is just stopping everything.

**The Hon. PAUL GREEN:** There are a stack of agencies up your way that probably need to fly staff in. Surely that would swallow up some of those seats.

**Ms BRADY:** It does.

**Mr WOODMAN:** It certainly will help if it was a Cobar-Dubbo/Dubbo-Cobar return flight. Exactly what we have said, instead of having two or three hours work in the middle of Cobar, you might get seven hours of work. I believe there is this big trail of cars coming out of Dubbo to Cobar almost every day.

**Ms BRADY:** What we need is subsidies, Mr Chair.

**CHAIR:** In whatever form it is offered.

**Ms BRADY:** Yes, for the airlines and their investors, that is what we need. We want something permanent. We do not want anyone to go broke again. You know, Queensland can do it.

**The Hon. PAUL GREEN:** That is my point. Coming back to that \$51,000 debt left by others, you have to carry that.

**Mr WOODMAN:** Yes.

**The Hon. PAUL GREEN:** I see that as being somewhat unfair. Have you asked the State Government to buy into that debt and share some of the load, cost shift back for a change, Lilliane?

**Ms BRADY:** I will try, but I do not think I will get it. I try a lot of things.

**The Hon. PAUL GREEN:** You do not have huge ratepayers carrying the load. It is unfair.

**Ms BRADY:** But then there has been a few of us. There is Moree and Tamworth and Narrabri.

**The Hon. PAUL GREEN:** It is half a million dollars in total. Half a million is not a lot to seven councils, given all the mining royalties they are clawing in. My point is half a million could take a lot of burden off a lot of councils and a lot of ratepayers.

**The Hon. MICK VEITCH:** I want to talk about your landing fees.

**Ms BRADY:** \$22.

**The Hon. MICK VEITCH:** If I can quote you Councillor Brady—

**Ms BRADY:** No, do not.

**The Hon. MICK VEITCH:** —you said you cannot screw them down any further.

**Ms BRADY:** Up.

**The Hon. MICK VEITCH:** First of all, did Brindabella speak to you about the landing fees to see if there was any sort of amelioration or potential for reduction in the landing fees?

**Ms BRADY:** It went up after they left, did it not?

**Mr WOODMAN:** No, what happened originally is that we had a landing fee and an RPT fee. It was added to our aircraft landing fee. It was pretty harsh on them because they can only get the RPT cost from their passengers. We put them together, as we were asked, and we were originally looking at prices around \$11 per passenger in and out. With the financial crisis at Cobar Shire, looking at absolutely every area, they started to say, "Why are we only charging \$11 when the true cost is around \$28 to \$30?" It started to creep up and eventually at \$22 they were saying, "We have to pass it on. We are passing it on to the passengers." Do not forget 90 per cent of the passengers are mining related and it was still not covering our costs.

We did not feel good about having to do those sorts of things, but at the same time the State Government is saying, "Councils, make yourselves sustainable." How do you make yourself sustainable except by having appropriate income coming in? We are still not sustainable because we do not cover our depreciation. I would suggest that when the \$2.5 million for the capital works gets done, our depreciation will get even higher and it will look even more unsustainable. Of course we did the comparison, who was 11, who was 13, who was

16, et cetera. The bottom line is that in the end the council said at least try to cover most of your operational costs.

**The Hon. MICK VEITCH:** There appears to be a different process around the State amongst councils on how to determine the landing fee—essentially how to arrive at a landing on the landing fees. What is your methodology? Is it historically driven or do you have a formula that you use?

**Mr WOODMAN:** Originally it was the historical \$7.70 per passenger, plus the typical plane divided by the passengers. We added them together. We negotiated them. We sat down with Brindabella and said—it was almost \$10.95—"We will make it \$11". Then the council realised that we are not covering costs and we started to increase it over time.

**The Hon. MICK VEITCH:** One of the airline operators of New South Wales has suggested in their submission that there be some sort of independent arbiter, Ombudsman, or an Independent Pricing and Regulatory Tribunal [IPART] process around the determination on landing fees. What is your view on that? I should ask Councillor Brady if she has a view, because I know she has a view on everything. Councillor Brady, what is your view?

**Ms BRADY:** My view is that every council would have its own balance sheet and you have to cut your costs. You have to do it and if you have got a chance you have to change it, but you should not lose an air service over it.

**The Hon. MICK VEITCH:** That is the balancing point.

**Mr SCOT MacDONALD:** That is the line in the sand.

**Mr WOODMAN:** We are very fortunate because 90 per cent are mining related. The tickets were being paid. It did not affect too many. It is not as if we have raised the entrance to the swimming pool and then half the people did not go away. It did not happen like that at all. What IPART would most probably do, for example, is highlight that the fee should be much more than \$22. It may even do the opposite and show justification.

**Ms BRADY:** I have got two years as mayor and then I am finished.

**CHAIR:** You will run again.

**Ms BRADY:** I will not. Sixteen years is too long.

**Mr WOODMAN:** She has at least another 17 years in her.

**The Hon. MICK VEITCH:** With regard to Brindabella scenario, what sort of monitoring of their performance and financial stuff was there? Did council have any heads up at all?

**Ms BRADY:** We used to ring them every week because they got so far behind.

**The Hon. MICK VEITCH:** In paying the bill?

**Ms BRADY:** Yes.

**Mr SCOT MacDONALD:** What was their excuse?

**Ms BRADY:** Every excuse under the sun.

**Mr WOODMAN:** We did enough work that we did get a \$30,000 payment before the end. I do not think anybody else did. We were on their backs much more quickly. Very fortunately it was much smaller than the others. Because the route was making them serious money they needed to look after us because there was a chance that there were ways for us to not provide any service—stop it and then completely ruin their best route. That is probably why we got a little bit more help before the final thing.

**The Hon. MICK VEITCH:** If this Committee is to make any recommendation around a monitoring regime on RPT providers, do you have a suggestion on what the monitoring regime would be so that this does not happen again?

**Mr WOODMAN:** We got to the stage of thinking of bonds.

**The Hon. MICK VEITCH:** You can take it on notice if you want and come back to us.

**Ms BRADY:** Perhaps the Government could back them up.

**The Hon. MICK VEITCH:** I am happy for you to take that on notice, think it through and come back with a more detailed response. With regard to the current expression of interest and that process, was council involved up-front in the drafting of the specifications for the expression of interest or were you involved after the expression of interest was made?

**Mr WOODMAN:** No to the first part. However, we were involved because I was going to be on the committee to be part of the process for selection or certainly discussions, but we did not get to that stage.

**The Hon. MICK VEITCH:** So you were not involved in the development of the specifications for the expression of interest?

**Mr WOODMAN:** Apologies, they did do a fair amount of work. I would come into Cobar to ask the Cobar community what they wanted for those types of air services. So they did a fair amount of work that way.

**The Hon. MICK VEITCH:** Where are you at now in trying to find someone?

**Ms BRADY:** We sort of have someone.

**The Hon. MICK VEITCH:** We do not want to delve too far there.

**CHAIR:** Commercial-in-confidence.

**The Hon. MICK VEITCH:** Yes, commercial-in-confidence gets used a lot, I notice. What was the impact in real terms on the Cobar community?

**Ms BRADY:** I could have killed them.

**The Hon. MICK VEITCH:** People will often talk in dollar terms about what the impact was on the Cobar community, but we previously heard compelling evidence about personal impacts.

**Mr WOODMAN:** Whole shifts changed. You had 80 to 120 people of some major contractors coming in that suddenly could not get home and then not wanting to come back because of it. That was just one major contractor who was doing development work for the mine. It got to the stage where the last three or four weeks of Brindabella was just a complete disaster. The CEOs and the general managers of the mines were just pulling their hair out. They were having to organise buses, cars and absolutely every way possible to get people home to Dubbo. People were coming off 12-hour shifts straight to cars, which was just not appropriate.

They knew it was not appropriate and that is why they had straightaway concerns about how we are going to get this thing back or get them back. We sat around council meeting tables waiting for Brindabella to turn up three times to sit down with them. It even got to the stage of trying to find out how we could help them to get a service back to us or to get a regular service, because it is even worse when a plane—Madam Mayor, I believe you should try to describe your Melbourne trip.

**Ms BRADY:** I flew down and I was hours and hours waiting. Then the plane was late. Then I had to jump off a wing because they could not get the door shut. When they shut it they had to then open it and then they could not get it open. For a little old lady like me it looked a long way down.

**Mr WOODMAN:** It was the first time ever we actually knew what you are supposed to do with an emergency window.

CORRECTED

**Ms BRADY:** There was a big FIFO behind me and he said, "Okay, madam, what do you think of me now? What do you say?" I said, "Hold your hands out while I jump."

**Mr WOODMAN:** So a plane that was supposed to leave at 8.40 a.m. does not leave until 3.40 p.m. The poor Brindabella people were trying to make sure that the mayor was moved to appropriate flights but in the end there is a limit to even that.

**Ms BRADY:** And it happened again on the way back. I was supposed to get the 6.00 plane and I boarded at 7.00 that night.

**Mr WOODMAN:** People with families trying to do the same thing to get home started not to want to come back to Cobar.

**CHAIR:** We are out of time.

**Ms BRADY:** Thank you very much for hearing us.

**CHAIR:** Thank you for your submission and your succinct evidence today. It is important to communities like yours. We all understand that. We hope we will be able to provide some solid recommendations to Government to see if we can do something about it. You have taken some questions on notice. The Committee staff will be in touch with you over the next few days to clarify those issues. If you would not mind attempting to get your answers back to us within 21 days we would very much appreciate it.

**Ms BRADY:** He will.

**(The witnesses withdrew.)**



**JULIE ROBERTSON**, Economic Development Officer, Mid-Western Regional Council, and

**BRAD CAM**, General Manager, Mid-Western Regional Council, sworn and examined:

**CHAIR:** Would either of you like to make a short opening statement before we commence questions?

**Mr CAM:** Thank you for inviting Mid-Western Regional Council to this hearing. The reality for us is that there are no regular passenger transport [RPT] service providers that are willing to take over small passenger routes with less than 20,000 passengers. That is reality. Unless you have more than 30,000 passengers they are not interested. It is difficult for places like Mudgee to get a flight from Mudgee to Sydney. The current model of regional aviation is not financially viable, it does not work and we need to fix it. Rex, Brindabella and Vincent Aviation have all withdrawn from the Mudgee to Sydney service in the past five years due to financial reasons, not passenger reasons. The planes were always full. It does not work. It is not viable if you have got a regional air service with less than 20,000 passengers. Despite this, we still continue to have strong demand; we just do not have an airline.

**Ms ROBERTSON:** That demand for us is due to a very strong and diverse local economy. We have three of the largest coalmining operations in New South Wales based in the mid-western region. We also have a very strong viticulture region with over 30 cellar doors, 500,000 tourists to the region each year and then all of the business services that go along with that. It is a strong and viable local economy and certainly the demand is there from an economic point of view to have a diverse service. Medical and social reasons are another key driver for us to have an air service. Certainly it was something that meant there was regular utilisation of the service from a health perspective. We have visiting medical specialists coming on those flights to come in and do a day's service and then fly back to Sydney. Then, as other councils have indicated, we also have people that require medical treatment or operations that travel to Sydney as well on the plane service.

The reality is that if we do not have regional air services—we have been without one now since December—people are back on the roads. The 14,000 passengers a year that we had at the peak of the operation when Aeropelican were operating the air service, all of those 14,000 passengers are now back on the road. Obviously, time on the road is money when you are operating a business but also it increases the travel time and risk for sick and elderly people travelling to Sydney.

We have done a lot of thinking and we have turned over a lot of stones trying to find that one commercial operator willing to look at the Mudgee to Sydney route. The reality is, as the general manager has alluded to, there is no-one interested in doing that. We have tried to look at some other solutions. The hub and spoke model is obviously something that has had a lot of attention. In terms of Mudgee being a spoke and coming out of Dubbo, that was certainly something Rex had talked to us about but investigation of that means a smaller plane, the time travel is actually backwards to go forwards and there is also an increased associated cost in that. At the end of the day people would still get in their car and travel 3½ hours to Sydney.

We would actually work as a hub though. We have done some work and talked to the other councils about their interest to support, for example, a hub and spoke model that would service Narrabri, Coonamble, Coonabarabran on alternate days potentially that would come via Mudgee into Sydney. Again, that would make sense. The difficulty we have with the hub and spoke model is there is no-one interested in that either. Although it is out there as an option in regional aviation we genuinely do not think that Qantas or Rex want to do this. They sort of see it as the milk run service and for them it increases the cost of going up and down in the bigger planes.

We of course, like others, would like to raise the issue of regional aviation subsidies. We know that they have been used in other States and particularly Queensland. That has seemed to work very well in terms of getting a very good regional aviation service out into inland areas in Queensland. What we are suggesting there is, yes, there is the option of guaranteeing a certain number of seats on a plane but there is also the return on some pre-agreed costs associated with an airline. It might be a 5 per cent return on their costs or something. At the moment they are just not getting a return on their costs at all. We think that is something that should really be explored.

Finally, and I do not profess to have any degree of expertise on the matter of the Civil Aviation Safety Authority [CASA] and the regulatory requirements, but we have a lot of charter operators contact us and talk to us extensively about delivering a service between Mudgee and Sydney using smaller aircraft. But the

restrictions obviously are that they are charter operators and the minute they advertise that they leaving at 7.30 in the morning and that you can buy a public seat on that they obviously become RPTs and they need to have the licence. There are implications for them in terms of obtaining the licence. FlyPelican is very interested in converting from a charter operator to an RPT provider but it is a very costly process for them to go through, once again staring down the barrel of financial distress that the predecessors on the routes have experienced.

What we understand from these charter operators is that there are proposed reforms to the CASA regulations that will allow under part 135 for nine-seat aircraft on smaller passenger routes to be able to actually take on these scheduled services. You would lose that distinction between RPT and charter operators. We think that is something that we would strongly support. It makes sense at least to have it. When Brindabella and Aeropelican were operating they were doing two return services a day with pretty good capacity on those. If it was a smaller plane twice back a day again you get that day in Sydney and it services the need of the community and it is better than nothing, which is the reality of what we are facing now.

**Mr CAM:** Our last contact is with FlyPelican, trying to interest them. FlyPelican last week gave us a letter requesting that they would still be interested if council would consider taking a 30 per cent equity in their aviation company. It is not something that we have considered at this stage but I think that is how desperate regional airlines are to try to get services. They know it will not work. The model does not work. It is not financially viable for them to operate when you have got less than 20,000 passengers on that route. As Ms Robertson said, we were at our peak at 14,000 passengers and the plane was full but they are not viable. No-one is coming to any of the regional areas to run an airline service because it does not make business sense.

**CHAIR:** Do you think it is fair to say that it does not make business sense given the current regulations from CASA and others? If Rex could be guaranteed to have 25,000 passengers annually from Mudgee would it be willing to operate? Is that the nature of the discussions you might or might not have had with Rex?

**Mr CAM:** That is what they are saying. But, interestingly, even larger airlines when they are at 30,000 passengers we have been told that their profit margin per seat is less than \$2. It is a very marginal service and business that they are running. When we are talking over 30,000 passengers there is a profit margin of less than \$2, there is no-one who is actually going to take on a regional airline service when we are talking 14,000 passengers.

**CHAIR:** You talk about hubbing with Coonabarabran or somewhere like that or a hub and spoke as opposed to a triangulated route. A triangulated route has more hassles with it because somebody on one of the legs has got to go backwards to go forwards somewhere along the road.

**Mr CAM:** That is right.

**CHAIR:** The sort of model we have been thinking about is to have a certain number of passengers flying from Mudgee. If you have got 14,000 of your own you need to pick up another 10,000 or 12,000 from smaller centres who will come in on smaller aircraft that may fall under these revised charter regulations. They may be 10-seater planes or something like that, which is a true hub and spoke model as opposed to a triangulated route. Mudgee, given its location, is probably reasonably well suited to attract those sorts of services from the north and the west into Mudgee and then on to Sydney. Do you have comments about that sort of model?

**Mr CAM:** That is the model we are trying to promote with some of the regional airlines—exactly that—because we have the capacity and facilities to be able to do that.

**CHAIR:** This company, which is called FlyPelican—

**Mr CAM:** It used to be Aeropelican, which sold to Brindabella Airlines. It is the same company. The people who own that company now have several aviation businesses, and one of them is FlyPelican. That is who is speaking to us at this point. They offered the same deal to Narrabri. Narrabri Shire Council, without having a business case—which is what I have asked FlyPelican to give us—has come up with its own figures and at this point it is not interested in taking on 30 per cent equity. We have some other ideas. We are actually even thinking about purchasing our own plane for that hub and spoke.

**CHAIR:** When you say "our own plane for that hub and spoke", would it fly from Mudgee to Sydney?

**Mr CAM:** Yes.

**CHAIR:** And you would try to attract others to come to you and fly on.

**Mr CAM:** That is right.

**The Hon. CATHERINE CUSACK:** But you would then also need a licence.

**Ms ROBERTSON:** Absolutely. It is a little tongue in cheek, but we are seriously that desperate. There is such a demand from our community. It is not as though we are saying it is a service we need that might get used. It is a service that absolutely has the numbers. We have two large mines in our area that are just about to go into the next phase of development. The workforce for one of them will double. Another 500 staff will come to live and work in the region; we do not have the fly in, fly out need. Mines in the development phase generate a high level of demand for consultants, visiting technicians and specialists to provide services.

Because it is such a livable, lovely region to be in we have a lot of business travellers who work in Sydney and live in Mudgee. They were utilising the service, flying down on Monday morning and back on Friday night. They are the sorts of things that we already see falling off; people are not doing that so much anymore. Talking to business in my role as economic development officer I find they are not interested in coming to a region that does not have an air service. It is essential. Again, that runs counter to things like the Regional Relocation Grant Scheme, which is trying to encourage people to come to live in regional communities. They are the sorts of things that they want and that cause them to decide not to move.

**CHAIR:** Ms Robertson, I understand that you prepared for the council a document about the economic impact of losing the air service.

**Ms ROBERTSON:** Yes.

**CHAIR:** What was the outcome?

**Ms ROBERTSON:** We did an extensive community survey to start with in terms of where they wanted to travel to and from. That report is available. It was several years ago—prior to our attracting Aeropelican. But we also then looked at the numbers and did some desktop research in terms of the economic benefits. That is, what contribution it makes to gross regional production. The conservative result is that an air service increases the gross regional product of a town up to sixfold. That is a pretty big impact. It obviously means hundreds of millions of dollars of economic growth a year is jeopardised by not having an air service.

**CHAIR:** Is that document publicly available?

**Ms ROBERTSON:** Those figures would have been included in a presentation to council that I made at the time of launching the Aeropelican service, and so is the community survey. I could get copies of both of them.

**CHAIR:** That would be fantastic.

**Ms ROBERTSON:** They are not a detailed report, but they are information.

**CHAIR:** Thank you very much.

**The Hon. MICK VEITCH:** It is my understanding that you conducted a survey to establish what the community would like to see in an air service. They wanted an air service, but how much were they prepared to pay for an airfare?

**Mr CAM:** That is always a problem; that is the balance.

**The Hon. PAUL GREEN:** Very little.

**The Hon. MICK VEITCH:** That is right.

**Mr CAM:** The one-way fare was normally \$140 from Mudgee. Then they had deals where you could get return airfares for about \$200. The plane was always full.

**Ms ROBERTSON:** The average person would wonder why the return airfare was not \$29 when they can fly from Sydney to Melbourne for that amount. There is always that question. We heard from Cobar about price sensitivity. The service was not actually very price sensitive. It means that people would pay more because they want the service. We sometimes drive to Sydney for a half-hour meeting. The costs involved mean you could have paid the airfare. The mining community has the capacity to pay. It is worth visiting specialists coming because they can see their patients and cover their costs. It is seen as a business cost and is probably then less sensitive.

**The Hon. MICK VEITCH:** I regularly make the trip from Sydney to Mudgee on a Sunday with my son.

**Ms ROBERTSON:** For the soccer.

**The Hon. MICK VEITCH:** Yes. You have a fantastic sporting facility.

**Ms ROBERTSON:** Brad built that venue.

**Mr CAM:** I built it.

**The Hon. MICK VEITCH:** Congratulations.

**Mr CAM:** Thank you.

**The Hon. MICK VEITCH:** It is the envy of every Sydney soccer team that plays there.

**Mr CAM:** That is what we were trying to achieve.

**Ms ROBERTSON:** One of the things that our region is focused on is attracting major events and conferences. We have had an NRL Gold Coast Titans game, a city-country rugby league game and a trans-Tasman international touch football game. We have also had people visiting from New Zealand. They were all able to utilise the air service, but we no longer have it. That will be a key factor in being able to attract those events in the future. The service adds to tourism and that provides economic stimulus in our community. We have been notified that one of the conferences planned for Mudgee later this year has been moved. That involved 200 people.

**Mr SCOT MacDONALD:** Was that the subject of the 7.30 story?

**Ms ROBERTSON:** Yes. They have cancelled that conference because they cannot get the delegates here.

**The Hon. MICK VEITCH:** Because there is no air service?

**Ms ROBERTSON:** That is right.

**The Hon. MICK VEITCH:** Your submission refers to an aviation subsidy. We have heard about this from a number of people giving evidence. What is your preferred model? Is it a seat-guarantee model or a bums-on-seats model?

**Mr CAM:** Julie and I have spoken at length about this. I do not think the bums-on-seats model will work because it is broken now. You have to have more than 20,000 passengers. We had full planes anyway without the guaranteed seats and we still could not get an airline. It is about the regulations and the fees that are charged. Because FlyPelican does not have the RPT they said it was going to be somewhere between \$150,000 and \$200,000 just to get a licence and then there were further fees. They suggested that council could pay those fees. Those types of subsidies need to be provided.

I spoke only two weeks ago to Kevin Humphries about this very matter. He said that there was no way in the world that New South Wales would provide subsidies like the Queensland model for regional aviation. If

that is the State Government's view, we have to find other ways. That involves breaking down the barriers of the fees and charges. There are so many fixed costs for airlines. Whether they have three passengers or a full plane, they still have these fixed costs. We believe there should be only one pilot. Why does there need to be two pilots when you have twin-engine, turboprop planes? As stated earlier, they are very reliable planes, unlike the Brindabella planes. We can share as many stories as Cobar can about Brindabella, its planes and the problems we had. That is taking it from a difficult angle rather than just implementing the Queensland model of a guaranteed 5 per cent profit margin for regional airlines.

**The Hon. MICK VEITCH:** They are some of the things the State Government could do. Is there anything else the Government could be helping you with? Are you working with the State Government in trying to attract your RPT?

**Ms ROBERTSON:** As we said, there is no one else to attract. Qantas and Rex have made it absolutely clear that they will not contemplate a regional aviation route with less than 20,000 passengers. They say 30,000, but we believe they will start to consider it at 20,000.

**CHAIR:** That was Rex?

**Ms ROBERTSON:** Qantas actually said no because we are far too small. Rex has been more interested.

**CHAIR:** You are probably aware that Qantas told the Committee that it is moving away from the Q200s and Q300s and will eventually have only Q400-76 services.

**Ms ROBERTSON:** That is right.

**CHAIR:** They are not interested in smaller aircraft.

**Ms ROBERTSON:** That is right. We can certainly handle the 34 seaters. We had 19 seaters with Brindabella and Aeroperican. Vincent Aviation had planned to fly the 34 seater in and out. We asked why they would fly in a 34 seater when they could fly in a 19 seater. Surely that would be cheaper and make more sense. They said that the costs were the same.

**CHAIR:** It was a Jetstream 41, was it?

**Ms ROBERTSON:** That is right, or the Saab 34. We do not think the economics stack up in the free marketplace to provide regional aviation services to routes like Mudgee. If you ask what we would like to see from the New South Wales Government, it would be to find ways to make that work more as an essential service as opposed to a commercial activity.

**The Hon. MICK VEITCH:** That is the bottom line.

**Ms ROBERTSON:** On the smaller routes.

**The Hon. PAUL GREEN:** We heard earlier about having TrainLink in the sky. The city has rail, buses, taxis and everything else we need for transport, but regional areas need different services to provide the same quality of life.

**Mr CAM:** To have choice.

**The Hon. PAUL GREEN:** As you say, it is not a luxury; it is a necessity. I like that you highlighted the true costs. The miners will hire a car and go from a different airport. However, you miss out on sports tourism and conferences. That is not bad for Shoalhaven, but it is terrible for Mudgee. We have good soccer fields, too.

**Mr CAM:** Not as good the Mudgee's.

**Ms ROBERTSON:** You will have to come and look at it.

**The Hon. MICK VEITCH:** Have you put a dollar value on the impact of the loss of the conference?

**Ms ROBERTSON:** Absolutely. We know that every visitor to the region spends \$300. You can multiply that over a number of days. The multiplier effect is huge. It is easy for us to do that. It is equal in terms of lost ability to attract an event involving 10,000 people.

**The Hon. PAUL GREEN:** Not to mention how much you spent on the bid for the conference.

**Mr CAM:** Absolutely.

**The Hon. PAUL GREEN:** It flies in the face of what I believe the New South Wales Government is trying to achieve in making this State number one again. This is a no-brainer. One way for regional and remote areas to succeed is to invest and not to look at these things as a cost. The other side of the equation is not simply how many people are on a plane but also their accommodation, food and so on. They are generating income.

**Mr CAM:** That is why council has accepted the fact that we are supporting our airport. We spend \$175,000 a year running the airport without depreciation. That is just running the airport. It runs at a loss.

**The Hon. PAUL GREEN:** What is the loss?

**Mr CAM:** Last year when we had a service we made \$80,000. That meant a cost of about \$100,000. Some flights are still coming in and out, but we will be subsidising them to the tune of about 90 per cent this year.

**The Hon. PAUL GREEN:** It is not the council carrying that loss; it is the ratepayers.

**Mr CAM:** That is correct.

**The Hon. PAUL GREEN:** It is mums and dads.

**Mr CAM:** That is \$10 per person.

**The Hon. PAUL GREEN:** It adds up on top of all the other costs.

**Mr CAM:** That is right—all the other services we provide.

**The Hon. PAUL GREEN:** You have talked about the different other services that you have, but the medical health services, you have not really talked about that. Could you maybe give us a snapshot of what role your airport plays in that area of medical services?

**Ms ROBERTSON:** Do you mean in terms of outside of the regular passenger transport [RPT]?

**The Hon. PAUL GREEN:** Yes.

**Ms ROBERTSON:** Well yes, we do provide all of the same, so Angel Flight comes in, the Flying Doctor Service, air ambulance.

**Mr CAM:** Yes, air ambulance, the banks come in.

**Ms ROBERTSON:** All of those normal—we have not done a lot of work, I guess, in talking to them about their needs because we have a very good airport and we are continuing to maintain it, so we probably have not focused too much on—

**Mr CAM:** And we have a commercial helicopter base there, and flight training there as well and then a firefighting training base there as well and a couple of other hangars that have charter operations out of it. Then there are private planes there as well, large private planes.

**Ms ROBERTSON:** So there is other activity at the airport, which is good.

**The Hon. PAUL GREEN:** So what about the future? Have you got a master plan with a 20:20 vision?

**Ms ROBERTSON:** No, we have just started that so we have just started an airport master plan. We were fortunate to get a \$2 million grant from the Resources for Regions program for upgrade works at Mudgee airport and also to include a new master plan, because the last one was about 15 years out of date, so we have just started that process. Something that we want to look to is: what is the best way that we can try to make it more commercial out at the airport and leverage off the existing businesses that we have out there as well.

**The Hon. PAUL GREEN:** I do not know Mudgee airport very well, I can quickly bring it up and have a look at the size of it, but do you bid for a defence contract or is there any room for that sort of—

**Mr CAM:** There is certainly room because we have purchased further land around the airport and part of our master plan is to actually start looking at other services and bidding for other activities.

**The Hon. PAUL GREEN:** Have you got the infrastructure there to build into that or would you have to do that from scratch?

**Mr CAM:** In terms of buildings for it?

**The Hon. PAUL GREEN:** Yes.

**Mr CAM:** No we would have to build.

**The Hon. PAUL GREEN:** Electricity, water—

**Mr CAM:** Oh, electricity

**The Hon. PAUL GREEN:** Capacity to service plane contracts.

**Mr CAM:** That infrastructure, yes we have that.

**The Hon. PAUL GREEN:** In terms of this inquiry, we are hearing lots of different things but what would you like to see come out in terms of this inquiry's recommendations, in terms of what you are facing and how it affects Mudgee or the mid-western?

**Ms ROBERTSON:** I guess, reiterating something that we said before is to be able to deliver a view to the long-term delivery of regional aviation services. So, highlighting those smaller routes with low passenger numbers but that are still viable routes. So certainly Mudgee is a viable route but it obviously just does not commercially stack up. So what can be done to make that at least break even for an operator, but potentially deliver them a small return so that they can reinvest that into their aircraft? Because that is the other thing, from a business perspective a business does not work for very long, year after year, if it does not even have that spare money to reinvest into the capital and maintenance part of the operations. So I think that is what we would like to see. Just something that is a model, a new look at a new model for regional aviation in under 20,000 passengers.

**Mr CAM:** I will briefly suggest that perhaps some of the money that has been collected for Resources for Regions that is going out to certainly worthwhile projects, and we are a recipient of that, but some of that perhaps needs to be earmarked, to be able to allow regional airlines to actually operate with under 20,000 passengers.

**Ms ROBERTSON:** Because some of the main communities that are impacted do have mining as one of the drivers—Narrabri.

**CHAIR:** Before I hand over to Ms Cusack, you mentioned before that FlyPelican had offered you, or requested, that you put a 30 per cent equity into the business. Did they pack any dollars around that?

**Mr CAM:** No, that was the question I asked, for them to actually give us a business plan so that we could take it to council. I feel that if it was reasonable, council would seriously consider doing that because that is how important it is for the mid-western region. But we have not got that business plan. I know Narrabri put their own figures together and came up with \$20 million a year and I thought that that was crazy. I do not know how they came to \$20 million and I don't believe that would be the figure.

**CHAIR:** If it was \$20 million, well it is not going to happen.

**Ms ROBERTSON:** No chance.

**Mr CAM:** There is no way in the world it would happen and subsequently it has not in Narrabri but we have not got those figures. Certainly, it is something we will probably talk to Resources for Regions about in the next round, about perhaps earmarking some of the money for that.

**The Hon. CATHERINE CUSACK:** Thank you for your evidence. The Committee has received evidence from Qantas and Rex that suggests you are on the right track there, that they are just not interested and that they see their role in a particular way. So we are looking at smaller operators. Is there anyone, apart from FlyPelican, that you have been talking to?

**Mr CAM:** Vincent Airlines beforehand.

**The Hon. CATHERINE CUSACK:** What do you think is going to happen with them? They have got aircraft. Are they going to have a new life in some form?

**Ms ROBERTSON:** We do not know. We certainly have not had any further contact with them, despite trying to contact them after their announcement of going into receivership, so we are not sure and we are not sure who owned the planes. So I do not know what future they have.

**The Hon. CATHERINE CUSACK:** Just in terms of the potential out there, and I suppose somebody is going to get them at some stage, those planes will not just sink into the ocean.

**Ms ROBERTSON:** Like the Aeropelican planes, yes.

**The Hon. CATHERINE CUSACK:** Exactly. But FlyPelican is the only one you are aware of at the moment?

**Mr CAM:** It is the only one that has spoken to us that is still on the table. No-one else is interested.

**The Hon. CATHERINE CUSACK:** Like the Chairman, I would be very interested in the details of the business case because it does seem to me, the issue of getting the licence, you could arguably present that as an establishment cost for a service, it is a one-off amount. It is unlikely that government is going to want to get involved providing the service that private industry is not providing. Government is going in the other direction at the moment. And secondly, poor funding has a far greater appetite for capital and one-off and where there is a case for sustainability, it is far simpler to organise assistance in that way. So I am just wondering if the licence issue might be a good way, potentially, for government to support.

**Ms ROBERTSON:** And it certainly would be. But when I put on my economics hat, I just wonder—and we have even talked about this from a council perspective—why you would support something that might eventually fail anyway. I think the commercial risks are still so high, in terms of how the current operations work, that you would need to be convinced that even providing a subsidy for those Civil Aviation Safety Authority [CASA] fees or for us investing 30 per cent into the airline, that we are still convinced it is going to be here in 15 years' time. We would probably pay half if we knew it was going to be here in 15 years' time.

**Mr CAM:** We know, in our hearts, that it is not going to be there.

**The Hon. CATHERINE CUSACK:** I know what you are saying but can I just put it to you that there are different ways that government can support, other than the Queensland model.

**Mr CAM:** Exactly right.

**The Hon. CATHERINE CUSACK:** For example—and I am not going to go into it because the Chair has indicated we will discuss it later—but as all these services have collapsed across regional New South Wales, I am in no doubt that government departments have been buying their own aircraft because they still seem to be getting in and out and doing things. But that is another conversation. So I just wondered, if you do get that business case, if you would let us know.



**Mr CAM:** We will, we will send it on to you.

**The Hon. CATHERINE CUSACK:** Because we really are missing the dollars aspect of the problem to know what the scope and level of risk is that we are dealing with.

**Mr CAM:** I am wondering whether the reason we have not got it is that perhaps the dollars are not as bad as we think. But nobody seems to want to part with that business case, to give us the evidence. If it is reasonable, we might consider it but we do not know what that figure is.

**Ms ROBERTSON:** I suspect that maintenance is a big part of it. I know they all talk about the access into Sydney airport and that that can be expensive as well by the time you add up all the parts. But it seems that the maintenance—and I think that the other observation would be that what Aeropelican did successfully in Narrabri and Mudgee was to only focus on a few routes at a time. Where they tend to run into problems is where they are trying to expand too quickly and they have lots of different routes to operate on. Because, as soon as one plane is out of the system, they are playing catch-up all day and they have got to then send planes off in different directions.

**The Hon. CATHERINE CUSACK:** The issue seems to be the standing cost of the aircraft, from what Qantas says. And that is why they are trying to say they then over-extend. I even wonder, working with the general aviation industry, if you could not have, rather than a CountryLink air service, a kind of Taxis Combined air service, where you have got a group of farmers participating and supporting each other in that way. It could be quite interesting.

**Mr CAM:** We are even considering that maybe we set up a training school in Mudgee for training trainee pilots and part of their training, we have got the air service and the costs of that pilot is not as great as it would normally be. We are just looking—

**The Hon. CATHERINE CUSACK:** We need to provide a space here for small business to operate in. In my opinion, trying to make the current aviation model fit this problem is a dry gully, so what we need is to work with CASA and deal with those compliance costs, so that we can have a sustainable small business role.

**Mr CAM:** Exactly.

**Ms ROBERTSON:** And once again, finding a way to let these charter air operators into the system.

**Mr CAM:** They seem to be so keen, the charter, but there just seem to be so many rules and regulations, that they step aside.

**CHAIR:** Yes, too many hoops.

**Mr CAM:** There are too many hoops and yet they are knocking on our door wanting to do it but they just cannot get it off the ground.

**Ms ROBERTSON:** And these Part 135 changes, which you would know about, but apparently those will then make that happen and Australia is the only place internationally, I understand, that does not adopt this standard. So it does happen.

**The Hon. CATHERINE CUSACK:** We have apparently gone with European, rather than New Zealand standards. But it is in this report—the one-size-does-not-fit-all aspect of the Federal report—where general aviation is berating the Federal Government to address this, so it could be very timely, and your evidence as well.

**Mr SCOT MacDONALD:** I cannot quite understand that \$150,000 to \$200,000, is that for the operator or is that for the route?

**Mr CAM:** FlyPelican said that was the cost for them to get their regular passenger transport [RPT] licence.

**Mr SCOT MacDONALD:** Not just Sydney-Mudgee?

**Mr CAM:** They were only talking to us for Sydney-Mudgee, so—

**Ms ROBERTSON:** Well, that is probably a combination of both, so I would say it should be an RPT operator but then also to get the licence. Not so much. I do not know what the costs are with Transport NSW, the licensing side of things.

**The Hon. CATHERINE CUSACK:** We don't licence any more, I don't think.

**Ms ROBERTSON:** So it must then just be the cost of establishing that route from an authorisation, a regulatory point of view.

**Mr CAM:** From Mudgee to Sydney.

**The Hon. CATHERINE CUSACK:** The accreditation.

**Ms ROBERTSON:** Yes, the accreditation.

**Mr SCOT MacDONALD:** But they have still then got to get a slot too, there are no guarantees.

**Mr CAM:** No, we have slots ready; we have been told our slots are still set aside for us.

**Ms ROBERTSON:** We understand from Transport for NSW that that is the case. But we do not actually know from Transport for NSW what they are planning to do next, because they only went out to tender or for expressions of interest in February or March. We do not know if they are going to go back out and do that again or really what they are planning to do about that.

**The Hon. MICK VEITCH:** How long will they hold the slots?

**Mr CAM:** They have not told us but at this point—

**CHAIR:** Well, we can find that out, or certainly ask Transport for NSW those issues because we will be talking to them in another couple of weeks again.

**Ms ROBERTSON:** I do not think they are sure really about what to do at this point.

**CHAIR:** They probably don't know themselves at this point in time.

**Mr SCOT MacDONALD:** Did you incur a loss from Brindabella?

**Mr CAM:** A very small amount because we were one of the few councils that did not provide any services to Brindabella. They had their own contractors doing the baggage handling, ticketing and fuel.

**Mr SCOT MacDONALD:** Is that why the passenger landing fee is so low, at \$6 a passenger? That was my next question. You seem to be quite low.

**Mr CAM:** In terms of landing fee?

**Mr SCOT MacDONALD:** In terms of passenger landing fee.

**Mr CAM:** Yes. Council has always wanted to encourage people to come to the airport and has consciously ensured that our landing fees were low. Not to say that when Aeropelican first started and then Brindabella, council provided a helping hand of \$120,000 start-up as well as waiving the landing fees until we reached a critical mass of 10,000 passengers for the year.

**Mr SCOT MacDONALD:** So that was a business decision you made?

**Mr CAM:** A business decision that Council made, yes.

**Mr SCOT MacDONALD:** Do you now look at that fee annually? We have heard that some places look at it annually.

**Mr CAM:** Yes, we do, it is in our fees and charges that council is very conscious of and wanting to attract as many people to our airport as possible, so they make that business decision to keep our landing fees low.

**Mr SCOT MacDONALD:** It is quite a contrast.

**Mr CAM:** I listened with enthusiasm and I am going back to council to change that to see if we can get more money but our council is very much in the mind of attracting people and not raising fees.

**Mr SCOT MacDONALD:** They have made that conscious decision.

**Mr CAM:** Yes, they have.

**The Hon. CATHERINE CUSACK:** On the issue of conferences, have you had a declining conference activity, in addition to the one that has been cancelled?

**Ms ROBERTSON:** Not a decline yet, it is too soon but I am guessing, for next year. We tend to put in conference bids six, eight, nine months out from an event.

**Mr CAM:** And everybody still believes we are not far away from FlyPelican coming.

**The Hon. CATHERINE CUSACK:** It is seen as an interruption?

**Ms ROBERTSON:** We have not exactly made it obvious that we do not have an airline.

**Mr SCOT MacDONALD:** That was quite high value, wasn't it? Were they doctors or specialists or something?

**Ms ROBERTSON:** Yes, medical.

**Mr CAM:** A medical one.

**Mr SCOT MacDONALD:** So they would have spent a lot of money?

**The Hon. CATHERINE CUSACK:** Did you have an estimate of the value of the conference on the economy?

**Ms ROBERTSON:** No, we did not have those figures.

**CHAIR:** I will call it to a close. Thank you very much to you both and to your council for making the submission and for making your time available to us. It has been extremely worthwhile. We appreciate what you have gone through because we have heard a similar story from a number of other councils, as you would know. You have resolved to take some issues on notice, so we would like answers to those within 21 days. The Secretariat will be in touch with you to clarify those issues and if you could get those answers back within 21 days we would very much appreciate that. Thank you once again for your very clear submission and also the succinct evidence you gave today, it was very useful.

**Mr CAM:** Thank you again.

**Ms ROBERTSON:** Thank you.

**(The Committee adjourned at 1.15 p.m.)**

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