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REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

INQUIRY INTO REGIONAL AVIATION SERVICES

At Moree on Tuesday 23 July 2014

The Committee met at 9.30 a.m.

PRESENT

The Hon. R. H. Colless (Chair)

The Hon. C. Cusack

The Hon. P. Green

Mr S. MacDonald

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

The Hon. S. J. R. Whan

CHAIR: Ladies and gentlemen, we will make a start. I welcome Councillor Humphries and Mr Aber to our hearing. It is nice to see you both again.

Ms HUMPHRIES: Thank you.

CHAIR: Welcome to the fifth hearing of the Standing Committee on State Development's inquiry into regional aviation services. The inquiry is examining the provision of regular aerial passenger transport services to regional centres in New South Wales. Before I commence, I acknowledge the Gomeroi and the Kamilaroi people who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Kamilaroi Nation and extend that respect to other Aborigines present. Today is the fifth of seven hearings we plan to hold for this inquiry. We will here today from the Moree Plains Shire Council, the Walgett Shire Council, the Bourke Shire Council and the Narrabri Shire Council. Before we commence, I will make some brief comments about procedures for today's hearing.

In accordance with the broadcasting guidelines, all 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 their evidence at the hearing. I urge witnesses to be careful about any comments you may make to the media or to others after you complete your evidence, as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for broadcasting proceedings are available from the secretariat at the table behind me.

There may be some questions that a witness could answer only if they had more time or had certain documents to hand. In those 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 who are seated behind me. I ask everybody to please turn off their mobile phones for the duration of the hearing or at least put them on to silent mode. I now welcome our first witnesses.

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KATRINA HUMPHRIES, Mayor, Moree Plains Shire Council, and

DAVID ABER, General Manager, Moree Plains Shire Council, sworn and examined:

Ms HUMPHRIES: I extend to the Committee a very big welcome from the community of Moree. It is wonderful that you have come here to have this inquiry.

CHAIR: Thank you very much. Would either or both of you like to commence by making a brief opening statement? Afterwards, we will turn our attention to questions.

Ms HUMPHRIES: Thank you, Mr Chairman. David can start and I will comment later.

Mr ABER: Thank you very much for the opportunity to speak with you today. What I want to do is just to give a bit more colour around our submission. We take it you have read the submission.

CHAIR: Indeed.

Mr ABER: I thought we would just give you a bit more background. Also we want to give you as much time as we can for questions.

CHAIR: Thank you.

Mr ABER: In our submission, we did highlight that we are the highest agricultural-production area in Australia. We are pretty proud of that, and you have probably no doubt heard that every time you have come here, Mr Chairman.

CHAIR: Indeed.

Mr ABER: We have about 15,000 people who inject between \$800 million to \$1.1 billion into the Australian economy, which is a pretty productive effort. But in saying that, our air service is vital for sustaining that economy. I think that the economy has been transformed into a high-tech environment and it depends on highly skilled people to make it happen. This means we are highly dependent on fly in, fly out to support that economy, particularly in the agricultural sector but also to provide key professional services within the community now. A lot of people choose to live in other areas but fly in, fly out and they provide professional services here.

The recent collapse of the Brindabella Airlines service is a clear example of what can cost a region such as ours if the airline collapses. It is quite a bitter pill to swallow and a difficult one for us to work through. From that, consultation is important in these matters and I am pleased to have the opportunity to provide further input to the inquiry because of that. Key specialist services come into town as part of it. There are medical services, specialist business services, and we also need it for emergency support, increasingly for tourism and education of our kids and for further education of people who are resident in the community as well. Our air service provides a key access point into Sydney and beyond. I note the hub and spoke concept was put in there. In some sense we are the spoke to Sydney's hub and then on from there.

The facilities at our airport are managed, operated and owned by the Moree Plains Shire Council. The council does not seek to make a profit from its operation but rather our policy is to recover the costs of owning and operating and to some degree improving the facility, but increasingly in terms of the pressures on us to maintain and operate the facility the funding we are able to raise from landing fees and charges is not going to cover a lot of the major capital upgrade costs. You will probably see us at some future time trying to talk to the State Government about what we can do to actually raise additional funds to do an upgrade.

We are severely constrained by our ability to fund and cross-subsidise. There is a lot of pressure on us from airlines to cross-subsidise to reduce our fees. As many of you have actually been here before know, we have a network of around 3,000 kilometres of road with a significant shortfall in our budget to look after it. In fact we estimate a shortfall to be around \$8 million a year. It is a major challenge for this council to keep those assets operating and running. We really think you need to have that in mind: It is not just the area operations we are looking at but also our road systems and a whole heap of other major assets that we have to look after to sustain our economy and sustain the operations out here.

I think the plight of airport operators is often overlooked in favour of the airline operators when maintenance costs of versus airfare costs are under discussion. The pressure is placed on local councils to subsidise the service at the expense of other services. For us, we are trying to maintain the principle of long-term sustainability in how we set that and in how we view the maintenance and the longer-term maintenance activities with our airport. Airfare costs are publicly available and definable. However, the projected costs of maintaining the very important infrastructure at airports is rarely publicised and I think often underappreciated, particularly for regional-rural areas. I do not think we have a lot of discretion in how we can operate, particularly in some of the more western areas. There is pressure there to maintain an airfield but there is no way of actually generating an income.

For example, in regional airports the costs associated with resealing aprons and taxiways for us can be in excess of \$300,000 every seven to 10 years. That does not include the costs of line marking, runway lights or ongoing maintenance of the airfield itself. To renovate and repair our runway will cost between \$750,000 and \$1 million and we need to do that every 20 years because of the movement of our soils out here. The way we set our fees and charges is to raise the revenue to sustain that activity over the longer-term period, so we have a 25-to-30-year focus in how we generate that plan. I think it is also difficult to factor in significant increases to our costs that may occur as a result of changes in standards. A lot of the talk about security and regulation upgrades means increasingly we are being asked to implement higher and higher standards. We understand the safety reasons and the need for that, but it does put a higher draining on our ability to raise funds and use the funds to do that.

To us, an alternative to the air services is to spend eight hours on the road or eight and a half hours on the train to Sydney or six hours on the road to Brisbane in the other direction. The key points in our costs of airport access are that our landing fees make up about 2.2 per cent of the full fair price and about 10.2 per cent of the discount price of airline tickets offered. We do not see that as a major imposition in comparison to some of the other costs that are generated on air tickets. One-off grants are important to us for capital improvements, as I said earlier, but we are also mindful of the ongoing operational costs created by the provision of new facilities as well so we need to re-factor those in, as we look at upgrades. We also factor in then the maintenance requirements for the next long-term period.

Our fees are used to cover the airfield and aprons. These are important assets and must be maintained at a serviceable standard and in compliance with council requirements. The recent audit period has put a lot of stringent requirements on us. We have had two very carefully go and through and close out some of the non-conformances that have been raised. We will need to be spending a lot of money now on upgrading our lighting system because it has been there for about 20 years. To meet that challenge of providing a reliable regular passenger transport [RPT] service that meets our community's need with the budget increasing all the time, it is increasingly coming under significant pressure. We have not raised our fees for the RPT service in the last 10 years. There has been constant pressure on us to do that, particularly with Brindabella Airlines coming in the. There was a lot of pressure on us to even reduce it to help them along.

Increasingly, local communities are being asked to help and stump up air services. I think, where possible, the solution should be commercial and not totally reliant on subsidy. I think that one of the traps I think coming, if we go too far into subsidisation of the actual service, is that the service becomes lazy and reliant on the government subsidy. The danger in that I see is that, okay it might be all right in the short to medium term, but in the long term sooner or later we are going to wake up as the Government is saying, "Why are we funding this?", and pulls out. Then the community loses that service. It is better in the long term to be lean and hungry and actually operating efficiently than to be fat and lazy. I think we really have to watch that in any consideration of subsidies and how we actually do that. As a council we are saying that we would like to look at that because you have to balance the need to have the service and to keep our economy running with not having a service and actually starting to wind back our activity and losing the economic value of that.

We continue to explore options for additional services, such one to Brisbane. That has been something that we have been looking at. We have parked that for the moment because we are really looking at how we can expand our tourist operations before we go further. It has had a number of starts. It is a bit like a beaten favourite: It has had a lot of starts and never quite made it to the finish line. Am I allowed to do that in this Committee? The last time, if it was actually running a successful plan, because of the added attraction of the mining activity in Narrabri the service was transferred to the Narrabri airport from ours. They felt that people would travel from here to Narrabri to go further, which does give us a lesson in terms of the hub and spoke ideas. It is that people will not go backwards to go forward. That was pretty clear from that experience. If you

are going to have a triangulated route or something like that, people will not go back to go forward, or they do not like it and they would prefer to go by some other method, if that is the case.

For us, we are looking for a more open and very transparent method of selection for airline operators. I think the process needs to encourage a long-term relationship. The current contract provisions of four years—or four to five years, I think it is—is a bit short. I think we need to consider even options for renewal at the end of that period. We are in such a sensitive area now that I think we need a longer-term relationship with the airline to provide the service and to be able to manage that. I think the community and particularly councils are going to have to get closer to that and develop a stronger partnership with the airline supplier and to work out how we can actually work with community and to maintain a strong service into the area. The key selection criteria for our community have been proven safety and reliability, which is number one—that was very clear during discussions on Brindabella and Qantas coming back to us— and a return daily air services for us. We need to be able to go to Sydney and do business and come back in a day. A lot of our people do not want the expense of staying in Sydney overnight, which is probably the most expensive place to stay, whereas the reverse is cheaper for people to come here and stay overnight before they go back.

The other thing is that a lot of our public health patients have to go to Sydney to receive treatment and then come back. The airline service is a major mainstay of providing that service. With the changes to the way the health system is working—in aggregating the higher-cost services into Newcastle for us—Newcastle is our main centre, which is six hours away from Moree and seven hours from Mungindi or more and does not make a lot of sense. There is no direct access to Newcastle. The plane has to go to Sydney. For private patients there is an option of going to Brisbane, which is something we may explore with our Brisbane services, but the important thing is to get in there that day, have the treatment, and come home. It is important to them. It is also important for access for the family as well, if someone is on extended care.

I think the other thing that has happened to us is that the Brindabella collapse placed a dent in our airport reserve, which we are going to have to work closely to fill and work very carefully about how we do that. The first reaction to that is to defer important maintenance works for 12 months, but you can appreciate that airline safety is paramount and you have to make sure you are hitting it on time and on target, otherwise you are leaving your operation to claims if something does happen, which would be very costly.

CHAIR: Mr Aber, have you got much more to add?

Mr ABER: No, that is it.

CHAIR: Thank you. We want to have some time for questions. Councillor Humphries, is there anything you would like to add?

Ms HUMPHRIES: Yes, I have a few things and five minutes will pull me up. I will be fairly direct as to what I say. I need to declare first up that I am a capitalist and I believe we cannot expect the rest of Australia to fund an airline service and the Moree-Sydney/Sydney-Moree air service route is viable. That is why we were so incensed when we were shafted—and I say that word with every meaning that you would like to put to it—over the Brindabella circumstances. We were dumped, a dud. We were used as a guinea pig in a test case to see if there was another airline that could be made regionally functional, and it was dysfunctional. The due diligence was not done. I will not linger too long on my absolute horror at the lack of respect shown to the Moree community by the Department of Transport, and senior officers—mainly Tim Reardon and Barbara Wise—showed nothing but contempt for the people of the Moree Plains. Terry Hickey was probably our saving grace in the Department of Transport because he is a man who has some serious guts and can actually count, so that was a good start.

We have been extremely responsible with the maintenance and the upgrading of our airport. We understand that our airport is absolutely crucial to the operations of the Moree Plains, not just for passengers and for freight, but we also have a lot of ag services running out of there and emergency services. We have CareFlight, Angel Flight, State Emergency Service [SES]. It is the hub for the north-west when there is flood, which we get from time to time. To be \$200,000 short because we got sold a pup with Brindabella and then the Department of Transport—we have actually billed the Department of Transport for that shortfall and they are not even remotely interested in paying it, which I think is appalling because we had no say, and I mean no say. If anything comes of this inquiry—and I think it is very timely that this inquiry has happened—we can only learn from the debacle that was Brindabella. It has to go down in history that the Department of Transport, no matter how big their ego, must—simply must—consult with local communities.

I do not know whether many of you have seen what has been on Facebook and things like that over the QantasLink thing. The only reason we got Qantas back was because of the way that the local community put it to QantasLink and it really wanted them back. Thank goodness they came back. There was no-one else to fill the void. We know firsthand that this experiment did not work. Probably one of the most important aspects of the whole of the rural air service inquiry is if it ain't broke, don't try and fix it, because there is nothing wrong with what we had. We had an air service for 21 years. It took away our credibility, it took away a lot of people. I had women ringing me in tears because they could not get down to see their daughters who had had emergency caesarean sections. They could not get to have their chemo therapy. It was pushing Christmastime; kids could not get home. It was an absolute debacle, but you guys know that.

I think it is hugely important that the hub and spoke system be looked at and I am not going to sit here and criticise the Department of Transport if they have not got some better ideas. I think it is hugely important that the hub and spoke thing can work. It needs to be practical. They are not a subsidised air service for the airlines that run the spoke system, but perhaps tax breaks or something that does not cost the Government directly. Two trips a week return to Bourke connecting with either Moree or Dubbo. Of course I would like Moree, but it is not up to me, it is what other communities want. We are the doorway for the outback, not just to western New South Wales, Bourke and Walgett and Collarenebri and Lightning Ridge, but also to south-west Queensland. It is a very important area. If we stop producing, if we stop being, city folk are not going to have anything to eat. That is quite simple. We are also a very big tourism destination. Our artesian waters are world renowned and we work on that very hard. We are primarily agricultural, the most productive agricultural shire in Australia, then we have tourism, which is also very important.

In winding-up, there are two points that I want to make. In 2014, it is not a luxury to have an air service, it is a necessity. Everybody is busy, everybody needs a way. We have a right to have an air service. We had a perfectly good one. We are lucky we got it back and we want to keep it. The other thing it is that there is an issue with time slots at Mascot. We would like to keep Mascot as our entry into Sydney because it is only 40 minutes into the city in a cab. People can have their medical appointments. My primary thing is business is business, but medical stuff will not wait. When you have had an appointment for three months and all of a sudden you find out your wings have been taken away from you, it causes huge issues. If we can stay at Mascot, that would be absolutely fabulous. That is what needs to happen.

When Brindabella went belly up, Korda Mentha became the holders of the time slots, not Moree community, and it left us nowhere to go because we had no time slots into Mascot. We could not even charter planes ourselves to get into Mascot because we did not have those key time slots. I would be very, very appreciative if, in this inquiry, you could look at and consider the time slots. Whether you give them to the shire or the council at the time, but the time slots have to stay with the bush. These accesses to Mascot are vital for not only our wellbeing but also our business wellbeing. We have 10 banks in Moree. We have got 9,500 people; we have 10 banks. Banks were falling over all over the north-west, all over Australia, and they were coming here. We are very proud of that. It shows that we are a business centre. We need to maintain that and to have time slots that need to be owned by the community. There are other things that need to be looked at but we are running out of time and I would rather you ask questions because I do not know what you need to know.

CHAIR: Thank you both very much for the comprehensive dissertation. I can tell you that the issue of time slots has been raised with us on a number of occasions before, and it is something the committee will be considering. With respect to the hub and spoke issue, Mr Aber, you mentioned that people want to travel forward on the spoke leg, not back, and that is certainly anecdotal evidence that I have received many times before. Given that the provision of future air services in some of the smaller centres is undoubtedly going to rely on some sort of hub and spoke type system, what sort of model to do you envisage would be in place, particularly in relation to the area that the spoke might cover and the types of aircraft that would be used on those spokes?

Mr ABER: While Brindabella were in their start-up phase, we were in discussion at one time about doing exactly that, having some sort of hub and spoke arrangement, because they were looking at what services they could provide as far back as Bourke, although we felt at the time that the Bourke to Moree and then to Sydney was a backward step. Related to those areas, you would be looking to go to Dubbo and then on. One of the major discussions was not so much about Bourke, but providing the option to Brisbane. That picks up a lot of the passenger numbers from areas such as St George and around there, because it is a short hop to Moree. That is the dilemma you get when looking up in this area. If you are looking purely at containing flights within

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the New South Wales border then you are not seeing what is happening around here because this community has a much larger footprint which crosses into Queensland.

In terms of hub and spoke, we have the facilities here. We have a company that maintains turboprop aircraft and engines. It is a very successful business. So the ability to provide hangar space and maintenance facilities for an operation like that are already here. What it comes down to is what is the main direction and how you want to operate and the travel needs of the communities that you are trying to serve. We can certainly provide an option, but it has to come down to how you run it. I think hub and spoke needs to consider some of the parcel deliveries, mail delivery and other aspects, not just the passengers. There is a need for other air services here. In this community there is a Metro line that comes in every day and goes out every evening, and that is purely for banking.

Ms HUMPHRIES: That is Toll.

Mr ABER: Toll. It is all the banking information going backwards and forwards.

Ms HUMPHRIES: The 30-seaters that Brindabella had, those Jetstream 41s, would not be a bad thing for the hub and spoke, but not the 18-seaters. They still had ashtrays. It really does not give anybody any confidence when you sit there on a plane and there is a bloody ashtray in front of you. Oh, my God. This has been rejected by a third world country. There has to be something a little more upmarket than the 18-seater Aeropelicans.

CHAIR: If we are looking from the perspective of Moree being a hub, then you would expect to have something like a Dash 8 going into Sydney?

Mr ABER: Oh, yes.

Ms HUMPHRIES: Absolute minimum of a 36-seater. What we often get now are the 50-seaters. In our dreams, because things are growing, we dream that one day we might have the bigger Bombardiers, the 70-seaters. The 50-seaters are often full. We get that service twice a day.

CHAIR: I am talking about the spokes that come in to Moree will ultimately come in to Moree, be it going to Sydney or the other way to Brisbane. One of the issues that people have raised with us is that members of the community will not travel on single engine aircraft on a commercial basis. Given that a lot of the older smaller twin engine piston aircraft are a bit like a Metro in that they are the same sort of age and manufactured in the 1960s, the newer single engine turboprop aircraft that are available today are probably a lot safer than are some of those old twin engine piston aircraft.

Ms HUMPHRIES: Definitely. I think that is an education thing, Rick.

CHAIR: How do we get that message out to the community? Do you believe that people who live in some of those outlying centres would be prepared to travel into Moree on a 10-seater turboprop single engine aircraft and then get on to the Dash 8 into either Sydney or Brisbane?

Ms HUMPHRIES: You would have to ask them, and some of their representatives, I believe, are addressing you later on. I think so, I really do. It is an education thing. Really, the people that say, "I only want to go on a twin engine", do not totally get it. Maybe they have not travelled a lot. There is nothing wrong with a turboprop. We have heaps of them. Our crop dusters are all turboprops. You can talk to Conrad about that later; he knows about turboprops going down. I would not have a fear of it. I would jump on one. It would not be a problem. I think a lot of people would, and I think the people who would be looking at using the service would be people who are well enough informed to know that a single engine plane, especially in our conditions—we are flat. If a motor goes down, most of the pilots are experienced enough to glide in and find a flat—they can land on the Carnarvon road.

CHAIR: You would hope that would not happen.

Ms HUMPHRIES: Yes, we all hope. I think it is an option. I think it is definitely a better option. I would get on a single engine aircraft before I got on one that had bloody ashtrays, I have to tell you. That was just tormenting. It was terrifying.

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Mr ABER: One of the key things that did come up with us is that tall lanky country blokes do not like being crammed into tight conditions. The headroom in the aircraft is one of the deciding factors.

CHAIR: So a better designed single engine 10-seater aircraft might be more comfortable than are the old Metros?

Ms HUMPHRIES: Oh, yes. You get in those ones—I am not that tall but I am fairly wide—and you get out and literally have to put everything back in place and because you have to have your hand luggage under the seat in front of you, you have nowhere for your legs. A Dash 8 for us, Moree Sydney/Sydney-Moree, is really the baseline. I think, as you say, a well-designed single engine—a good plane will do the job.

The Hon. MICK VEITCH: Councillor Humphries, during your opening statement you said that the community of Moree was shafted by the process.

Ms HUMPHRIES: Absolutely.

The Hon. MICK VEITCH: I want to explore how you feel that process could be improved. The Brindabella experiment, as you call it, did not work. How can future governments improve that tendering process?

Ms HUMPHRIES: We have a restricted air route and we are not frightened of a restricted air route. A restricted air route is not a bad thing. Like I said, I am a capitalist. It gives surety to the company that is vying for that air route. They know that they have got it for five years and they are not going to have any opposition. But I feel the Department of Transport let us down seriously because they did not come to the community and they did not ask us what we wanted. That had always happened before. There might be a couple of companies. I remember Rex and Qantas back in 2007 and 2008 came to the community. Both companies got to present what they had. They brought aircraft here. People were able to get on the aircraft and have a look and see what they were actually getting. There was none of that this last time.

Mr SCOT MacDONALD: There was no consultation?

Ms HUMPHRIES: Absolutely none. I got a phone call from Barbara Wise saying, "We have selected your provider for the next five years and it's Brindabella." I swore and I swore badly. I make no apology for it. I said, "That's just not going to happen." We were floored. We had had QantasLink for 21 years.

The Hon. MICK VEITCH: Did the council have any involvement at all in that process?

Ms HUMPHRIES: There was a letter sent mid-year on what we would like, which Mr Aber responded to. As general manager he is entitled to respond to a letter like that. Mr Aber said that a 36-seater Dash 8 was the bare bones minimum and that we did not want anything smaller. He said that we would like a Wednesday and Saturday service if we could get it and other things that are critical for us, like disability access and things like that. All that sort of stuff. That was it. Then we were told that we had Brindabella and that was the story.

The Hon. MICK VEITCH: Once you were advised that you had Brindabella did the council have discussions around things such as landing fees and supports it required to deliver the service?

Ms HUMPHRIES: Yes, we did. We had some fairly fast meetings with both Brindabella and the Department of Transport at the time, which I may say were completely unsatisfactory. I do not like being told by a bloke that is the Deputy Director General sitting back in his chair when I have said, "What if we can't come to agreement? What if we don't allow them to land at our airport?" and he just shrugs. That is the arrogance that I am talking about. He had his arms folded, head to one side and shrugged his shoulders as if to say, "Well, you're done because this is it."

CHAIR: Take it or leave it.

Ms HUMPHRIES: Yes. It was totally unacceptable.

The Hon. MICK VEITCH: In your opening statement, Mr Aber, you said that Brindabella put a bit of pressure on you to maybe reduce your landing fees.

Mr ABER: Yes, as part of those initial discussions.

The Hon. MICK VEITCH: These are the same landing fees that you have not increased for how long?

Mr ABER: In my time as general manager they have not increased in probably 12 years.

Mr SCOT MacDONALD: Since 1995.

Mr ABER: Yes.

The Hon. MICK VEITCH: Do those landing fees go towards the improvements and your longer term asset maintenance program for the airport?

Mr ABER: Yes.

The Hon. MICK VEITCH: There is obviously a gap between what you need to charge and what you are charging. Have you ever thought about bringing that onto the books as some sort of community service obligation [CSO]?

Ms HUMPHRIES: We do have that. We top it up. Now we have got to top it up by more than \$200,000 because we have lost so much money. We do not make any money out of it. We have a reserve. All our airport income from leases, usage and all that sort of thing goes into the reserve. It is quarantined for the running of our airport because it is so strategic and so important. There are other avenues that we can and have looked at but it has been important for us because the numbers have been going up in our passengers so that has sort of compensated.

Mr ABER: It has been cushioned by the growth in passengers but it has also been cushioned because we have stopped looking to fund capital improvement. We have gone back to the bare needs of the airport. That is how it comes back.

The Hon. MICK VEITCH: My last question relates to the improvements and your planned works. We have heard previously from the airlines that they are a bit—my words—cheesed off by what they see as overdevelopment of some airports around regional New South Wales and the lack of involvement they have in those planning processes. Have you involved the airline in your master plan or your longer term plans?

Mr ABER: We have just advertised a revision of the master plan for comment. We spoke to Qantas last week and we are setting up a meeting to discuss our master plan options with them directly. As you flew in you probably noticed there is a very significant development going on around there. The other aspect of that is that we are looking at how we can use commercial opportunities to provide an opportunity to do further work there as well.

The Hon. STEVE WHAN: Did the discussions you had with Brindabella in which they were trying to get your charges reduced happen after they were given the contract?

Ms HUMPHRIES: Definitely.

Mr ABER: After the contract.

The Hon. STEVE WHAN: They had you over a barrel, essentially. They had exclusive rights.

Ms HUMPHRIES: We had nowhere to go, Mr Whan. We had nowhere to go. We were told that these were going to be the people that were going to supply us a service and we had to make it work. It was not easy.

The Hon. STEVE WHAN: You mentioned that you were happy with having a regulated route and the exclusivity of that route. Do you think that is an effective way of allocating these routes? Do you think having regulation adds value and guarantees you a service in the longer term?

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Ms HUMPHRIES: Yes, I do. I also think the quality of service we get is better. I also think that having the guarantee of that service allows the Civil Aviation Safety Authority [CASA] to do its job, which irrespective of anything—

The Hon. STEVE WHAN: But it is not a guarantee of a service to you, is it? It is a guarantee to the company that they have an exclusive arrangement.

Ms HUMPHRIES: But that is business. Really, that is business. I do not have a problem with that because we have now experienced firsthand what it is like not having an airline. If they have exclusive rights to that service and we have to pay a bit more it is unfortunate but there are good package deals that you can get if you are organised down the track. If you walk in today and want a ticket for tomorrow you are going to pay a premium price. It happens. I booked the other day in advance for \$129.

Mr ABER: Having some cut price ticketing is an important thing, particularly for the people who cannot afford to pay full premium. Just on the point you were raising, after Brindabella collapsed we considered whether we would ask for our route to be deregulated. We did a bit of research on that and spoke to a lot of councils around us, ones who were unregulated and those that were regulated. Generally the consensus and the advice we received back from those councils was do not do it; stay with the regulated route. But there are aspects that we really need to work on to improve it.

The Hon. STEVE WHAN: That might be because in places such as Cooma it had already fallen over so deregulation did not matter.

The Hon. PAUL GREEN: You said the airport was a necessity, not a luxury.

Ms HUMPHRIES: That is right.

The Hon. PAUL GREEN: In light of the fact that this area is the food and fibre hub what use does the airport serve in terms of freight?

Ms HUMPHRIES: There is a lot of paper freight. The banks have a return service every day. A lot of the legal document exchange stuff also comes in. There is normal airfreight. Qantas carry a bit of normal airfreight. I could not tell you how many planes come in and out of that airport with stuff. But in flood time it is critical. We were flying in milk and bread and all sorts of things because the airport is high and dry.

The Hon. PAUL GREEN: You talked about your management plan. How much room is there for future expansion in terms of industrial and commercial?

Mr ABER: We have built in plans to extend the runway to 2,300 metres.

The Hon. PAUL GREEN: Which would equate to what sort of aircraft?

Mr ABER: It will equate then for the small passenger jets as an option. One of the things we are mindful of is some of the industries that are looking to establish here. There was fish farm producing dried fish that was looking to export into China and other areas like that. As we were doing the master plan we had that in mind. We had some of the preplanning in place so we knew we could accommodate that if it became necessary for us to do it. Our technique with the master is we are going to look at it in terms of trigger points. Where these conditions prevail then council would move into starting to trigger this project in advance.

The Hon. PAUL GREEN: You talked about the \$200,000 loss from Brindabella and about not having the ratepayer base to sustain your roads never mind your airport. How do you balance up this opportunity to even go as far as thinking about exporting into China? Where do you see the funding of what you dream about coming from?

Mr ABER: A number of mechanisms. First of all, the industry has got to establish or look to establish. Partly it then comes down to whether it is a joint venture in terms of a company that wants to do that and sees it as an important part of that. I think a crucial partner for us has to be our State and Federal government partners.

The Hon. PAUL GREEN: What part do you see the State government playing?

Mr ABER: Things like your Local Infrastructure Renewal Scheme [LIRS] program has been handy in terms of loans. If you can look at it in terms of a business decision where you can get an income back from providing the facility and then pay the loan off there are aspects of that. It may well not pay the whole cost and then we are probably looking at some sort of grant or something to do the work as well. We tend to isolate our airport as more of a business operation as much as we can and to look at it in those terms. They are probably the two key things that we would be looking at in terms of what business partners are going to be part of it, because we are never going to do it on our own.

There is going to have to be some sort of business partner involved. Then in terms of outside the business arrangement we need to look at what else we need to do that. One of the key things that is happening particularly for areas like Moree and in regional Australia it is populate or perish. It is as simple as that. If we do not populate these regions and start getting things happening here Australia is going to be left with a huge infrastructure bill for very few people.

The Hon. PAUL GREEN: That is why I come back to it being not a luxury but a necessity. You talked about people having chemotherapy or other medical appointments in Sydney. You do not get to reschedule appointments with specialists in Sydney too often; you either make the appointment or it falls off the radar for a month or two. It is very disappointing if people cannot access air services to get to their appointments. Do you have a comment on how you see Badgerys Creek affecting the future plans of Moree?

Ms HUMPHRIES: I think Badgerys Creek would be a fantastic international airport. Like I said, we would love to be able to stay at Mascot. If you kept Mascot regional and Badgerys Creek international that would be a wonderful outcome for us. But we do not have great bargaining power here. Badgerys Creek would make it extremely difficult for our people to fly down in the morning, get into the city, have their treatment, have their appointments and get back out. It would make it really difficult. Mascot is our option and we would really like to stay at Mascot.

CHAIR: That point has also been very clearly made to us in the past.

Mr SCOT MacDONALD: I will go back to the regulated route and the tender. In August last year I asked Mr Reardon about some of the problems that were already started to crop up in budget estimates. There did not seem to be any mechanism at that stage for the problems to be highlighted. I think already in August last year you were starting to have missed flights and the community was starting to agitate about cancellations. I know some people in the gallery were quite active about it. Is there any sort of feedback mechanism or monitoring now if you are unhappy or if the wheels start to fall off?

Mr ABER: By that time we were actually in payment arrangement with the airline to pay the bills that they had not been paying.

Mr SCOT MacDONALD: August last year was about six months into it?

Ms HUMPHRIES: No, it was only four. It was the end of March.

Mr SCOT MacDONALD: In only three or four months the wheels were starting to fall off. Was there any mechanism for you to go back to the Department of Transport?

Ms HUMPHRIES: We did. We went straight to the Minister. She just threw her hands up in the air and said, "No. This is a commercial thing. It's between you and Brindabella."

Mr SCOT MacDONALD: Basically, the Department of Transport awarded that contract and then they walked away.

Ms HUMPHRIES: That is exactly it.

Mr ABER: There is no mechanism once the company is defaulting on payment and stuff like that as part of the contract to take any action directly.

Mr SCOT MacDONALD: But it was not just defaulting on payments. There were missed flights and other issues that were starting to crop up pretty quickly.

Mr ABER: All of that.

Ms HUMPHRIES: It was appalling. And we raised that. We raised that with the department on many occasions.

Mr SCOT MacDONALD: There is no six-month or 12-month review?

Ms HUMPHRIES: No review. No call to order.

The Hon. MICK VEITCH: There is no performance monitoring regime at all?

Ms HUMPHRIES: Nothing. They just left us high and dry.

Mr SCOT MacDONALD: My last question relates to the lost money. I put this to some other witnesses yesterday. Would you support something like an Ansett fund of 10¢ or 20¢ a ticket where you build up a fund so if a Brindabella falls over there might be a reserve that you can call on? I will leave that with you on notice if you like.

Ms HUMPHRIES: I think that would be practical.

The Hon. CATHERINE CUSACK: I received a lot of representations at the time from Hollie Hughes, who I acknowledge is here today. She also made representations to the Minister and her office. I concur with the description of the response as "abysmal". It was really disappointing. Hollie has suggested to me that the New South Wales Government owes the people of Moree an apology. Do you have any comment on that?

Ms HUMPHRIES: Apologies do not pay the bills. We would actually like to be reimbursed the \$200,000 we are short.

The Hon. CATHERINE CUSACK: I understand that.

Ms HUMPHRIES: We know that we are not going to get that. I think an apology now would be far too little, far too late. It is past the time for apologies; the damage is long done and it is very deep-seated. I am not usually such a snarly cow, but the damage is deep-seated.

The Hon. CATHERINE CUSACK: You do not think that any acknowledgment that the wrong thing was done—

Mr ABER: I think the best acknowledgment would be to ensure it does not happen again and to put in place the things we need to do to ensure we do not get into that situation.

Ms HUMPHRIES: I think it is truly past apology time. Transport for NSW needs to get its act together.

The Hon. CATHERINE CUSACK: I would like to ask one more question in relation to the tender. Did you ever see the tender document? In particular, I note things like a reduction in luggage capacity and a clear dilution of service.

Ms HUMPHRIES: No, that all came after Transport for NSW awarded the contract.

The Hon. CATHERINE CUSACK: What process would you like in terms of partnering for a future tender to ensure that that type of issue, which is critical to the community, does not drop off the radar?

Mr ABER: We have to be involved and consultation has to happen through the local community in terms of these groups. To ignore the passenger requirements and to make a decision on high does not work. It will not work because we will not get support. The hard part for me was that the only input we had was to provide a list of what we saw the council doing. It had to be done in such a short time frame that I could not even take it to the council. It was a letter response. If you read that letter you will see that I specified the Dash 8 aircraft without saying it. It is a minimum standard for us. I knew that was what the community wanted because we had been through this exercise with the previous contract where we did have community consultation.

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The Hon. CATHERINE CUSACK: I would like a concrete suggestion about what would overcome that in the future. Would you like a committee? How would you see that relationship working?

Mr ABER: There needs to be a direct partnership on the letting of the contract.

Ms HUMPHRIES: With council.

Mr SCOT MacDONALD: A seat at the table.

Ms HUMPHRIES: We said that we would be happy to help. We would go to the community and talk. We do that well.

Mr ABER: I think we have to be part of the contracting.

CHAIR: We are out of time. Thank you for your very comprehensive submission and the evidence you have given today. It has been a very worthwhile session. We understand the trauma you have been through. The Committee was initiating this inquiry at that time and we watched it very closely. We thank you for being forthright and for your submission. The secretariat will provide the questions on notice. The Committee would appreciate responses within 21 days after you receive the questions.

Ms HUMPHRIES: That will not be a problem. We are happy to do so.

CHAIR: Again, thank you for appearing before the Committee today.

Ms HUMPHRIES: Thank you for your time. Once again, thanks for coming to the bush. We appreciate it.

(The witnesses withdrew)

DONALD RAMSLAND, General Manager, Walgett Shire Council, sworn and examined:

CHAIR: I acknowledge students and staff from St Philomena's School, Moree. Welcome. You are attending a Standing Committee on State Development hearing. The Committee is inquiring into the provision of regional aviation services in New South Wales. This is our fifth day of hearings. We have previously had hearings in Wagga and Bega, and inspections in Cowra, Tamworth and Sydney. We will be going to Dubbo tomorrow. This is part of the democratic parliamentary process we have in New South Wales. We hope you enjoy the experience. Mr Ramsland, would you like to make a short opening statement?

Mr RAMSLAND: On behalf of the Walgett Shire Council I thank the Committee for the opportunity to make this presentation. As members are no doubt aware, Walgett shire covers approximately 22,000 square kilometres, is just under 300 kilometres from Dubbo, which is three hours by road, 250 kilometres from Moree, which is about 2½ hours by road, and more than 700 kilometres from Sydney. The road network extends over 3,000 kilometres. In 2010-11 Walgett was the third largest agriculture producer in New South Wales behind Moree and Griffith.

I have been employed in the local government sector in western New South Wales and western Queensland for more than 30 years. While serving as general manager in Cobar, I had personal involvement with the Airlink Airlines' entry into the provision of western RPT services in 1993 following the withdrawal of what was then Hazelton Airlines. We believe a daily air service is not a luxury but essential in western New South Wales. Our alternative means of travel is by road coach or rail. As a result, a trip to Sydney and return would take three days once any business commitments were taken into consideration. We are seeking the reintroduction of services into both Walgett and Lightning Ridge on a hub-and-spoke basis through Dubbo. We also believe it is essential for the Dubbo service to have access to Kingsford Smith airport at Mascot.

The previous owner of Airlink Airlines confirmed with me in 2010 that the route was financially viable but only marginally so during the off-peak tourist season. We believe the use of fast, pressurised aircraft, even single-engine aircraft, would increase passenger volumes above those recorded prior to the service being withdrawn in 2008. In turn, that would impact favourably on the viability of the service. Travel by road is not only time-consuming but it also has inherent safety and occupational health issues. The tyranny of distance without an RPT service impacts adversely not only on council but also on other employers in our shire in relation to being able to attract and retain appropriately qualified and experienced professional staff. Previous experience shows that about 40 per cent of passengers are government staff, with the balance comprising either local residents or tourists.

There is a number of ways of underwriting the cost of the service. Prior to services being suspended in 2008 it is believed that government staff travel costs were affecting the viability of these organisations to the tune of about \$1.3 million annually. One of the issues in the past has been the competition between commercial operators and other service providers coming into the area. Council's submission provides three options and I am happy to discuss them further. We spend about \$170,000 a year to maintain the airport facilities within our shire. We have three airports, but the main airports being considered for RPT services are Lightning Ridge and Walgett. In addition to the expenditure there, we have spent more than \$2 million upgrading infrastructure in Walgett in the past couple of years. We are not about making a profit out of RPT services but, rather, providing a valuable and essential community service. We do not charge landing fees for the use of our facilities. We also believe that a reliable air service is essential during natural disasters such as flooding. Road links to the outside world can be cut for days or even weeks. That was the case in 2012 when the road between Walgett, Lightning Ridge and Dubbo was cut for three weeks. With those brief comments, I once again thank the Committee for the opportunity to make this brief presentation and welcome questions.

CHAIR: Thank you. As you pointed out, Walgett had a hub-and-spoke arrangement when Airlink was servicing the area. What sort of aircraft did Airlink fly from Lightning Ridge and Walgett to Dubbo?

Mr RAMSLAND: They were primarily using eight-seater Navajo Chieftain aircraft.

CHAIR: That is a twin-engine, piston-driven aircraft.

Mr RAMSLAND: Yes. They also had a number of Cessna 386 aircraft. Again, that is a twin-engine, piston-driven aircraft. They used that to complement the service. If they had more than eight passengers they would put on an additional plane to satisfy demand. That flexibility was appreciated when David Miller was

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operating Airlink. Again, as I said, I had quite a lot of experience over eight years with Airlink when I was at Cobar shire. We often had two Navajo Chieftains bringing in passengers.

CHAIR: That is an eight-seater.

Mr RAMSLAND: Yes.

CHAIR: That is a pilot plus seven.

Mr RAMSLAND: That is correct.

CHAIR: You referred to single-engine, turboprop aircraft that are available today. Do you think that members of your community would happily board a 10 seater turboprop aircraft to fly to either Dubbo or Moree?

Mr RAMSLAND: Yes, I believe so. Education is part of the equation in this instance. Some PC12 aircraft were operating out of Dubbo on a commercial basis. They were being used in the mining industry. They were very well fitted out with woollen seats and so on.

CHAIR: David Miller showed me one at Dubbo airport.

Mr RAMSLAND: I do not believe that people would have any hesitation in using that sort of aircraft provided there was adequate leg room and so on. Many people do not realise that if that single-engine aircraft had an engine failure it could almost glide all the way from Walgett to Sydney without any problems. It would be operating at about 18,000 feet. It would take that aircraft 38 minutes to get to Dubbo compared to three hours by road.

CHAIR: Just in relation to the spoke arrangements, you heard the previous witnesses say that people would not be prepared to travel backwards to go forwards to Sydney, what is your view on that and do you think that the people of Walgett Shire would be more predisposed to travelling either to Moree or to Dubbo, given that Dubbo's air service is pretty well underpinned anyway because of the size of Dubbo itself, whereas Moree probably needs the extra passengers. Would it be better for people to travel via Moree or would they be much happier traveling via Dubbo?

Mr RAMSLAND: I think their preference would be to travel via Dubbo. They would also have the option, if there was some sort of hub and spoke arrangement, to travel not only via Moree but possibly via Narrabri as well. I think a lot of the issues that were raised by Moree Shire are common to not only Walgett but other western councils. The point that they made, that if you were traveling from Walgett to Brisbane, hub and spoking to Moree and then on to Brisbane would not be an issue but the hub and spoking to Moree to go back to Dubbo and then on to Sydney, I believe there would be some sort of resistance to that. But if it were the only alternative available, I am sure people, with the appropriate education, would come to accept that option.

Again, one of the options that we possibly would have would be a triangular route, working with Bourke to our west and I think the traveling time between Walgett and Dubbo, with a smaller aircraft of the type we mentioned before, single engine, would be 38 minutes. I think it would be another 38 minutes across to Bourke and then probably round about an hour back into Dubbo, if you were to use a triangular route. So there would be a bit of reluctance to fly back.

CHAIR: AirLink did have a direct service from Bourke to Dubbo though, didn't they?

Mr RAMSLAND: Yes, they had a direct link into Dubbo from Bourke. At times, if passenger numbers were high, they may fly in through Cobar. They used to have, sometimes an afternoon flight during the summer was a bit rough between Bourke and Dubbo where you only got up to about 3,000 feet and people would get off the plane at Cobar on their way home green and wanting the facilities before they continued on their flight. Again, we had the same sort of issue at times with Walgett to Lightning Ridge and returning back to Dubbo.

The Hon. PAUL GREEN: You mentioned that air service is not a luxury but an essential service and something that we are hearing around the regional areas is that air services should be called an essential service. Given that, you also mentioned about your access to Mascot. Why is it important to have access to Mascot as

opposed to something that might be cheaper or more freed up as Bankstown or even, in the future, Badgerys Creek?

Mr RAMSLAND: Again, I believe that Badgerys Creek ideally would be the international airport and Mascot would be the airport for domestic flights. If we travel to Sydney, at the moment Mascot into Sydney on the train link is 13 minutes. If you have the right sort of service down in the morning, you can be in Sydney by 9 o'clock and you have got all day to do business. You get back out to Mascot and get a plane out about 4 or 5 o'clock, you are back home. So that is a return daily air service. That is the sort of thing that we need. Ideally, when AirLink were operating into the area, they had a twice daily service. The planes used to be overnighed at the western ports and then they would fly into Dubbo, leaving the towns around about 7 o'clock in the morning. They would be into Dubbo to meet the first flight out to Sydney in Dubbo in the morning and then they would return to the western port, dropping passengers coming from, to go on to Sydney and then picking up people coming from Sydney going back out to those western ports.

And then in the afternoon, about 3.00 or 3.30 the reverse would apply. They would then fly the people who came in in the morning back into Dubbo and on to Sydney and the people that went down to Sydney in the morning would then get on the plane and get back out into the western port anywhere between 5 and 6 o'clock. That was the ideal situation, because you avoided the accommodation costs and you avoided the traveller costs. As I said, if we go by road, more times than not it is going to cost us three days out of the life of our professional people and it is probably going to involve a couple of nights' accommodation. In Sydney those couple of nights' accommodation would run anywhere between \$200 and \$250 twice so you are looking at \$500. It makes sense for us to put that money towards the airfare, rather than put that money towards the travel by road or by rail.

The Hon. PAUL GREEN: Thank you for your submission. In number 7, which was your conclusion, you have been part of the solution rather than part of the problem and I like number 2, where you have got:

Aircraft provision: That the NSW Government purchase two suitable aircraft at a cost in the order of \$2 million or \$2.5 million each and then lease those aircraft to commercial operators at a negotiated rate for a 5-year period.

I guess, in light of Sydney, where you have your NSW Government buses, you have taxis, trains, a tram—you have got everything when in Sydney. But out here in regional areas you do not have much option. So maybe a NSW Government sponsored situation like that—could you maybe clarify that a bit further, how it would work?

Mr RAMSLAND: Yes, one of the costs that repeatedly gets thrown at us when we are having negotiations is the fact that the, the average aircraft are around about 30 years old and so the air frame is just about nearing the end of its useful and safe working life. So we need to get involved with some more modern aircraft and the cost of those aircraft would be in that order, at least \$2.5 million, maybe \$3 million, maybe more, depending on how large they are. Obviously, it is that capital cost and, for an independent or a small airline operator to be able to get the bank finance to borrow the \$5 million required to run an airline, is almost prohibitive, because they do not have the security to offer. And we believe that that is where the Government could step in, provide the aircraft and then lease those back so that all the airline operator would have to worry about would be the running costs and maybe the lease payments and not have to have that capital debt and the associated bank loans and things that are involved.

The Hon. PAUL GREEN: You mentioned fare subsidies. Do you want to quickly give us the upshot of how that could work?

Mr RAMSLAND: Yes, we believe that one of the incentives for any airline operator may well be to have some sort of fare subsidy. I think it probably should be based on the number of bums they actually put on seats in the plane, rather than being some sort of blanket subsidy that they can sit back and rest on their laurels and not work to make sure they get optimum usage of those aircraft. It may well be that the Government could buy, prepurchase, a number of seats on each aircraft, for example, and that would give the operator a degree of certainty as to the viability of his operation on a daily basis. There are a lot of Government employees who currently drive backwards and forwards between the outlying ports. Quite often those people drive because there is an overnight accommodation allowance that they can pick up, in addition to their normal salary. If they fly in and out, they do not pick that sort of thing up. But the Government would be able to reduce some of its operating costs I think if there were the option of having prebooked seats.

The Hon. PAUL GREEN: Thank you for that, it is very helpful. In terms of future plans for the airport, do you have infrastructure needs?

Mr RAMSLAND: With the airstrip at Walgett, we recently completed a complete refurbishment and resealing of the tarmac itself. We have upgraded the navigational aids into the area. All three of our strips are now equipped with night landing. We are working at the moment to put animal proof fencing around or to improve the standard of the animal proof fencing because, quite often, if the roos get over the fence and say the Flying Doctor comes in at midnight or something like that, we need to run the strip to chase the animals off the strip and that is an added cost. That happens both at Walgett and Lightning Ridge. At Lightning Ridge we have a proposal to extend the strip by about 300 metres, to make it a little bit safer for landings in adverse weather conditions, because we have a problem up there with low cloud.

The Hon. PAUL GREEN: So who is paying for all this?

Mr RAMSLAND: Basically, it is coming out of council funds. Where possible, we get access to Federal Government funds through the Remote Aviation program, that is matching funding, and we are taking that money out of the Local Infrastructure Renewal Scheme [LIRS] funding from the State Government, the local infrastructure program, by loans, and then get an interest subsidy.

The Hon. STEVE WHAN: Can I come back to the proposal to use State Government travel essentially to subsidise or to guarantee—it is really a seat guarantee on an air service. Has your council done any work on exactly what the quantum is of the number of State Government employees who travel to the area, what the expenditure is? Have you got any basis to work out how much that would be?

Mr RAMSLAND: At the moment, we have only got anecdotal evidence in recent years. We do have detail of what was happening prior to the service being suspended in 2008.

The Hon. STEVE WHAN: You have got detail in terms of the State Government usage of that service?

Mr RAMSLAND: Yes. The prospects of State Government employees using those services is increasing because of the centralisation of government services, particularly in Dubbo and Orange.

The Hon. STEVE WHAN: If you were designing a system, do you have any suggestions on how government should go about designing which centres should have a system like that apply? In other words, how would you determine which are the critical centres that need to be given some sort of seat guarantee subsidy to enable them to have an air service? Obviously, you would say Walgett first. Is there a criteria that you think we should be applying to that?

Mr RAMSLAND: Yes, the criteria that I would use would be the distance from say, Dubbo as the centre point of the hub and spoke and probably apply some sort of radius, a figure of say 280 to 300 kilometres, and also put a figure of the population of the centre that you are servicing. So it would have to be one to 10,000 or under 12,000 people population in that centre to attract that sort of guarantee.

The Hon. STEVE WHAN: Under or over?

Mr RAMSLAND: Under, so it would be people in Walgett, where there is a population of 7,000; people in Cobar, for example, where there is about 9,000; people in Bourke, where there is a similar sort of population figure, it may be slightly less, but you would not want to be subsidising travel into a centre of over 10,000 or 14,000 people and there may be some of those centres drop into that radius.

The Hon. STEVE WHAN: If you have a centre though that is of that size and does not have a service, surely they would argue for a similar sort of guarantee.

Mr RAMSLAND: I would imagine so.

The Hon. STEVE WHAN: Have you done an assessment in your area of the number of—obviously the State Government is one, but the number of things like medical services and so on that need to fly in or that do not access the area now that would if you had facilities?

Mr RAMSLAND: There is regular use of the Royal Flying Doctor service to bring medical practitioners into the area and also allied health staff.

CHAIR: So they come from Dubbo to Walgett?

Mr RAMSLAND: They come in either from Sydney out of Bankstown or come in out of Dubbo and hub and spoke in through Dubbo. There are times when AirLink operates a commercial flight into Walgett now. They happen two or three times a week, where they are bringing those people in and that, I think, is to the disadvantage of the commercial operator, where they virtually take passengers that you normally would expect to fly on the commercial plane.

The Hon. STEVE WHAN: Who is operating that at the moment?

Mr RAMSLAND: The Royal Flying Doctor Service [RFDS] comes in and also charter operators come in. Air Link, which was the previous regular passenger transport [RPT] service, still operates regular charters in and out of Walgett and I am pretty sure to other ports like Bourke and Cobar to a lesser degree. Normally with the Aboriginal Medical Service [AMS], some of that originates because of their need to bring in the medical practitioners and allied health services.

The Hon. STEVE WHAN: On what basis does the RFDS bring visiting medical people in? Is it for people who have regular appointments in town? What arrangement do those people make with that service?

Mr RAMSLAND: As I understand it—the AMS at Walgett would probably be the people you would get more detailed clarification from—they bring in the actual medical practitioners and allied health staff on a Monday and take them back to Sydney or wherever on either a Wednesday or a Friday.

The Hon. MICK VEITCH: What did it cost council last year for the two airstrips at Lightning Ridge and Walgett?

Mr RAMSLAND: In overall maintenance, and to a lesser degree the strip we have at Collarenebri which is basically for emergency medical evacuation, we are spending around about \$170,000 per year on the maintenance of those strips.

The Hon. MICK VEITCH: What is the degree of maintenance? Mowing?

Mr RAMSLAND: Mowing, daily inspections of the strip, maintenance of the terminal facilities, maintenance of the fencing around those facilities and that sort of thing.

The Hon. MICK VEITCH: Have you had discussions with airline providers about reintroducing a service?

Mr RAMSLAND: We have had extensive discussions with Air Link—that was the main people we spoke to—over the last two to three years, all to no avail. We did have a brief flirtation with Brindabella but, thankfully, that came to nothing in no time flat. There was a promise when they came into Moree that they were going to start-up a hub and spoke mechanism but they never even got to the stage of following up on the contact that was made.

The Hon. MICK VEITCH: You said in your opening statement that you do not charge landing fees?

Mr RAMSLAND: No.

The Hon. MICK VEITCH: How long has that been council policy?

Mr RAMSLAND: I have been at Walgett now for four years and it dates back quite substantially.

The Hon. MICK VEITCH: It predates that?

Mr RAMSLAND: It predates my time. I think it has basically been a council policy in the past as a means of encouraging airline operators to use the facility and also because of the community service obligation to endeavour to reduce the cost of airfares for local residents.

The Hon. MICK VEITCH: Do you have a management plan or master plan for the two main strips at Lightning Ridge and Walgett?

Mr RAMSLAND: We have a management plan for each strip and we are also working at the moment on a long-term shire airport management strategy. We are basically looking at the methods in which we can increase tourism travel into both of those.

The Hon. CATHERINE CUSACK: On page four of your submission you recommend that the State Government purchase two suitable aircraft at approximately \$2.5 million each and lease them to a commercial airline operator to service, including Walgett in particular. The Committee has received other evidence that the aircraft might cost more than that. Can you give the Committee more information on how you got your costings and the particular sort of aircraft you were referring to?

Mr RAMSLAND: Basically we did some preliminary checking with the industry. We were asking what a reasonable sized single engine like the PC-12 would cost if it were purchased second hand.

The Hon. CATHERINE CUSACK: A second hand aircraft?

Mr RAMSLAND: Yes, but with a reliable time life ahead of it.

The Hon. CATHERINE CUSACK: What is the exact capacity of the Walgett airstrip—namely, its size and the type of aircraft it can accommodate?

Mr RAMSLAND: At Walgett it is 1,650 metres. We have had aircraft of the size of the Caribou and Hercules land there. We have also had Hercules into Lightning Ridge as well—that was as recently as the 2012 floods.

CHAIR: What about commercial aircraft? Would the 36-seat Dash 8 be capable of landing there?

Mr RAMSLAND: I could not comment on that. I would have to seek some advice from the operators. I would have thought that the weight of that sort of aircraft would be similar to the weight of a Hercules. On that basis the weight would not be an issue, but it would be a case of runway length.

The Hon. CATHERINE CUSACK: Have you lost any New South Wales Government services from your community since the loss of the regular passenger service?

Mr RAMSLAND: There has been a slow reduction of services right across our shire and a lot of those services have been withdrawn into Dubbo—things like the Lands department services, where officers from the Lands department are now based out of Dubbo. We have had a reduction through the Livestock Health and Pest Authority [LHPA] and the withdrawal of the catchment management services to the stage where people like the vet who used to be based at Walgett is now based in Narrabri. There has been a constant trickle of positions away from the local area.

The Hon. CATHERINE CUSACK: Would you be able to provide some more detail about that on notice? When I was in Deniliquin—not with this inquiry—I noticed that the tarmac was not of a quality to have a routine service. Since the airlines have stopped servicing Deniliquin it has lost head offices and regional offices because it seems that a locational decision factors into access to an air service.

Mr RAMSLAND: One of the other issues that plays on from that is the existing people that you have—teachers, police and other government agencies—and the lack of a direct air service, particularly a service out on Friday afternoons and back in either Sunday afternoon or Monday morning so they can get away for a weekend. That has an adverse effect on both attracting and retaining those suitably experienced and qualified professional staff.

Mr SCOT MacDONALD: Is there much mining activity at Walgett? I suppose it is more particularly at Cobar or Lightning Ridge.

Mr RAMSLAND: Lightning Ridge would be the centre of our mining activity but it is opal mining, whereas a place like Cobar or Nyngan these days have large metalliferous mines and they employ a couple of

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hundred staff. Most of the opal mines are individual operations and there is not the traffic for professional reasons coming in and out of there, but there is tourist traffic because of that.

Mr SCOT MacDONALD: Do you see any means to leverage off that? For example, if you have traffic into Cobar with the mines can any of the charter work be commercialised to regular passenger transport?

Mr RAMSLAND: I know the service at Walgett was suspended prior to my arrival but when I worked at Cobar quite often we would charter the plane on the ground to go to various meetings around the area. If we were part of the Western Division of the Shire Association, for example, we would charter that plane and probably go to a meeting in Balranald, Broken Hill or somewhere so that we would be in and out in a day.

CHAIR: You have spoken about three airports in the shire—namely, Walgett and Lightning Ridge, where is the other one?

Mr RAMSLAND: Collarenebri, but that is basically for essential services. With all of our airports we see the RFDS planes come in almost on a daily basis, sometimes more than a daily basis, and quite often those services are coming in overnight.

CHAIR: Do agricultural operators mainly use Collarenebri and Moree?

Mr RAMSLAND: We do have a number of agricultural spray operators working out of both Walgett and Lightning Ridge. Once it rains, quite often there will be three or four agricultural operators based in Walgett, for example, for periods of four to six weeks.

The Hon. PAUL GREEN: How does tourism play out at Lightning Ridge? What is the percentage?

Mr RAMSLAND: There have been approaches for regular tourist flights to come from the Gold Coast and that sort of thing. There were a number of people who used to take advantage of the Air Link service to fly in, fly out and quite often weekend charters come to Lightning Ridge bringing tourists from Sydney, particularly opal buyers and people looking for that sort of gemstone.

CHAIR: We all appreciate the difficulties that towns like Walgett, Bourke and Lightning Ridge have gone through over the years losing their air services. As you are probably aware, 15 or 16 towns in New South Wales have lost their air services over the past 20-odd years. Unfortunately, you share this issue with many other smaller centres. Thank you for your submission and recommendations as well as the evidence you have given today.

Mr RAMSLAND: Once again, I thank the Committee for the opportunity to make a presentation and discuss our issues.

(The witness withdrew)

(Short adjournment)

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ROSS EARL, General Manager, Bourke Shire Council, and

ANDREW LEWIS, Mayor, Bourke Shire Council, sworn and examined:

CHAIR: I welcome witnesses from the Bourke Shire Council. Would one or both of you like to make a short opening statement before we move to questions?

Mr LEWIS: Thank you for inviting us here today to address the Standing Committee on State Development inquiry into regional aviation services. I am the Mayor of Bourke Shire Council. I live 90 kilometres north of Bourke. Just after I became Mayor six years ago, Bourke lost its air service. Bourke is a long way from anywhere so we relied on our air service. If I want to go to Sydney on shire council business then it is virtually a three-day trip nowadays because I have to drive to Dubbo, fly to Sydney, fly back to Dubbo and then drive back home. My home is 460 kilometres from Dubbo. If we had services flying out of Bourke then I could just drive into Bourke and fly to Dubbo and then on to Sydney. All of the medical services have charter planes. There are no direct flights to Bourke any more. All of this is affecting the community. If we could get a service back into Bourke, and if the Government could assist somehow, that would be an excellent outcome for Bourke.

Mr EARL: I cannot add too much more. I have submitted to you today a briefing note on the major things we are talking about. We have a great airstrip and great refuelling facilities at our airport. We have an airstrip that will take regular passenger transport [RPT] services. It costs us in the vicinity of \$200,000 to keep that facility running. We are heavily reliant on the facility for medical services in particular, and there are a lot of other medical services which perhaps would come into Bourke if we did not face that tyranny of distance. Specialists are pressed for time generally. They face a minimum of four hours driving to Bourke from Dubbo and then have to drive back. With all the plane waiting times it is probably a minimum of five hours. Obviously when specialists come out they gear their trip around their travelling time as well.

If you look at the socio-economic situation at Bourke you will see that we have a lot of people from lower socio-economic backgrounds. For those people travel to Dubbo is expensive. They can go down and back in one day but, depending on the time of your appointment, if you spend four hours driving there and then another four hours to drive back—and, say, two hours for your appointment—it becomes a 10-hour day. Anyone who is elderly would feel the stress of that. As Andrew said, he is making an 1,100-kilometre round-trip today. It will probably be 14 hours on the road for us today. That is not to make a point; it is just a fact of life for the people living in that area.

When we talk about air services generally we are talking about getting a passenger service into Bourke, which would be great. We also maintain airstrips at Wanaaring and Louth. Those airstrips are both lit and sealed. The Royal Flying Doctor Service uses those. We have three unsealed airstrips as well. When you are out as far as Wanaaring and Louth, the Royal Flying Doctor Service is heavily dependent on those airstrips. As perhaps previous witnesses have mentioned, we have to have kangaroo-proof fences. The maintenance of something which is 200 kilometres away is difficult. In some ways you can leave that sort of maintenance work to volunteers if you want to. But, given the impact on the aircraft and the lives at stake, it has to be done by trained personnel. It makes it an expensive exercise. You have probably heard a lot of the information before so we are more than happy to answer any particular queries or give any advice we can to add some weight to the arguments other witnesses have put forward to you today.

CHAIR: I have flown into the airport at north Bourke on a number of occasions. It is a very good facility. What sort of usage does it get now that there is no regular passenger service? Do you have any figures on the number of landings per day or month?

Mr EARL: In the presentation I have given to you today there are indicative figures for the Royal Flying Doctor Service flights. In addition to that there is a regular bank or freight plane that comes in every day. There are a number of tourist planes that fly in because we do have good refuelling facilities. We have 24-hour refuelling facilities whereas some other airports in the area do not have that and have a callout fee. People are aware of that and patronise our airport in that regard. There are a few local aircraft owners who use the airport.

The presentation I have given to you today mentions a guy who flies out of Bourke, for example. His name is David Treacey. He is a sonographer. He services Cunnamulla, Cobar and Broken Hill. He lives at

Bourke. He could not service that area he services and deliver that valued service to the range people he does without having his own plane. It is 600 or 700 kilometres to Broken Hill so obviously he could not drive—it would be time where he would be not providing his services and he would then have to travel at weekends or at nights or lose his income potential. I spoke to David briefly about the advantages of flying. He made the comment that it saves money not only for the patients but also for the hospital service more generally because they do not have to transfer patients if they avail themselves of the services he offers.

CHAIR: For those non-regular passenger transport services that use the airport there do you charge any sort of landing fees?

Mr EARL: Currently we do not. I suppose it is a matter of weighing it up against the cost of running something like Avdata. When the regular passenger service dropped off the fees and charges dropped off our schedule. It would be something that we would certainly look at if in fact we get a regular passenger transport service there. Obviously passengers create traffic and transport and if you want to offer them a good, clean and modern facility then it has to be maintained.

CHAIR: So council was charging landing fees when there was a regular service?

Mr EARL: Yes, it is my understanding that that was the case.

CHAIR: I would like to explore your thoughts on the hub and spoke type model. Bourke is a community that has had a hub and spoke model in the past. We have heard already today that Air Link operated a twin-engine piston aircraft in those days. What is your view on those services being provided by single-engine turboprop aircraft, probably 10-seat aircraft or something like that, as opposed to the older twin-engine piston aircraft?

Mr EARL: I am not conversant with the various safety regulations of the particular aircraft but I think that if it passed all the safety—

CHAIR: I am trying to get a bit of a feel for what the community would think about travelling on a single-engine aircraft rather than a twin-engine aircraft.

Mr LEWIS: The local community are probably used to the single-engine aircraft. A lot of us have been brought up with little planes. But when you talk to other people they hesitate about getting into anything other than a twin-engine plane. I think the locals would be keen but I do not know what the people flying in would think.

CHAIR: Yes, you do not know what people travelling the other way would think.

Mr LEWIS: People might say it felt small. The 20-seat aircraft may feel small to them, whereas some of us have been up in gyroplanes and powered hang-gliders. So I think is a case of what you are used to.

Mr EARL: Speaking of the hub and spoke model, there was a school of thought that perhaps running a service from Narrabri or from Moree to Bourke. I think Bourke's community of interest is with Dubbo. It makes more sense to go to Dubbo because people can do other work as well. In addition to that, a lot of our regional departmental heads are based out of Dubbo. If they could actually fly from Dubbo to Bourke and travel there and back in a day then that would make their lives a lot easier. We have to bear in mind that when you have four hours on the road travelling either early in the morning or late at night then you have to contend with wildlife as well. It is a matter of convenience. Our centre of community of interest is with Dubbo. We are a member of the Orana Regional Organisation of Councils [OROC]. So that is where we gravitate. I suppose we are getting closer to Sydney travelling that way as well, whereas going further north-west or up north we are getting away from our destination, if you like.

CHAIR: Do you have any figures for the number of passengers flying to and from Bourke before the service was suspended?

Mr EARL: I do not, but we should be able to get those. I am happy to forward those to the Committee as soon as I can.

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CHAIR: That would be good. Do you believe that if a service was reinstated then the community would embrace it again?

Mr LEWIS: Certainly the local community would embrace it. It would be more about the people coming into Bourke. The people who need to get into Bourke are the ones who are going to be using it—rather than the locals so much.

CHAIR: So we would need an education program for the other end.

Mr LEWIS: Yes, certainly.

Mr EARL: You would probably be aware that at the moment the Department of Premier and Cabinet [DPC] are doing some work in relation to trying to re-establish a service—and underpinning the service on the basis of various Government agencies which are regular users being prepared to commit to a certain number of seats. I think they have asked council to do the same thing. We have given an indication that we would. I would hope that we could probably get Brewarrina on board as well. When you start talking about going up to meetings in Sydney for a day then, as Andrew says, it can be a three-day trip at the moment depending on the time of day the meeting is to be held.

Certainly we think that if you could fly there and back in a day then it would make things like training easier and bring professionals and consultants back into Bourke. Again it is a matter of making them aware of the service because at the moment people are well aware that the service is not there and they are used to that. It would require a community awareness campaign to ensure that people patronise any new service. The triangulation service which has been talked about would pick up at Bourke, Walgett and Dubbo. So it goes between the centres of Walgett and Bourke—

Mr LEWIS: Cobar.

Mr EARL: —and Cobar as well. If you could pick up Brewarrina at this stage obviously there is some traffic going into there as well. When the feasibility comes back and is finalised from the DPC the figures should hopefully justify the patronage and usage of the facility.

The Hon. PAUL GREEN: I have got a map here. Bourke to Moree, what is the flight time?

Mr LEWIS: It is 440 kilometres but I do not know what the flight time would be.

Mr EARL: An hour probably.

CHAIR: An hour and a half.

Mr LEWIS: By the time you get on and off and fly across. As I say, I do not fly that much; there was no plane service so I am not used to flying.

CHAIR: It would be an hour flying time but with taxiing and so on it would be an hour and a half.

Mr EARL: When you get to Moree you have got to then link up with a plane going to Sydney. I am not quite sure what the air services are currently in Moree but certainly there are more regular air services out of Dubbo and obviously when you are trying to look for slots—

Mr SCOT MacDONALD: The DPC is asking council, and possibly some of the other State departments. Are they reaching out to the commercial sector: the banks, the larger tenderers, those sorts of people?

Mr EARL: They are trying to identify the bigger users, yes, and get a commitment, but at this stage obviously they would be looking at some of the law firms and different things. It is difficult probably for them to justify outside the sectors to identify the regular users but I would hope that once we establish it we would be pushing hard to make people utilise the service—not make them but certainly encourage them and notify people of the availability.

Mr SCOT MacDONALD: Is there anything you can identify to DPC that the State Government has got costs or regulation in there that are a bit of a burden we could look at and the Committee could maybe make recommendations?

Mr EARL: From Dubbo you have got four or five hours travel time—

Mr SCOT MacDONALD: So you are saying cost to government then?

Mr EARL: Yes, and certainly when you look at that it is unproductive time and you have got to cost that in.

Mr SCOT MacDONALD: Time on the ground, you call it?

Mr EARL: Yes. You have got travel costs anyway by vehicle and then if you look at WHS, they are not doing additional hours, they are staying overnight and you have got overnight costs of somewhere between \$200 and \$300 probably, whatever the allowances are these days for public servants. When you add all those things together—

Mr SCOT MacDONALD: That is what you will be pointing out to the State Government: the opportunity cost, basically, of maximising time on the ground? That is the big thing for you?

Mr EARL: Yes.

Mr LEWIS: If they drive our from Dubbo, they only spend about an hour or two in Bourke by the time they get out because if they are doing it in a day, they drive up, they do their hour or two and drive back.

Mr SCOT MacDONALD: Dodging roos all the way home.

Mr EARL: I ask any of the members sitting around this table today is it easier to block out one day to make a visit to Bourke by plane or to block out two or three days? The answer is obviously that it is easier to block out the one day and you can be there and back in the one day.

Mr SCOT MacDONALD: In your submission under "current situation" there is something I did not understand: "The Department of Premier and Cabinet are undertaking a feasibility study in relation to the re-establishment of the air service to Bourke which in all impossibility would be a triangulation service". Should we strike out the "im"?

Mr EARL: Yes, sorry, it should be "possibility". We have got the two centres like Bourke and Walgett; the feasibility is a triangulation service.

Mr SCOT MacDONALD: I did ask this question of Walgett. Is there much chartering for mining activity happening in your shire?

Mr EARL: Currently not.

Mr LEWIS: Not in Bourke.

Mr EARL: I do not know how many charter planes would come in; I would need to get those figures, but a number of charters do come in on a regular basis, but certainly not to the extent like Cobar has got with its mining services.

The Hon. CATHERINE CUSACK: Why is the Department of Premier and Cabinet looking at this issue for you and not the Department of Transport?

Mr EARL: I think it is something that has been pushed for a while. I think the Minister for Western NSW, Mr Humphries, has been looking at it and the Department of Premier and Cabinet are looking it because it is looking at a range of agencies and it is more of an agency cooperation of all the different agencies that are regular users of the services coming in and out of Bourke and they will coordinate the information in one area.

The Hon. CATHERINE CUSACK: The implication to me is that the Department of Transport is not taking that approach in relation to rural air services, which, to me, is the logical approach, the one you have just described.

Mr EARL: I cannot really comment, but we are very grateful for the fact that the DPC are doing the homework and I daresay once they get their study up and running and they are convinced that it is feasible they will be looking to the Department of Transport—

CHAIR: I think it is probably an issue of a whole-of-government approach rather than a single agency approach.

Mr EARL: It is, yes, and it is an issue that has been braised. We have got law, education, Family and Community Services, health, all come in on a regular basis, so I suppose someone had to take the running with it and the DPC have done it.

The Hon. CATHERINE CUSACK: I have to confess an interest in this. I got stuck in Bourke once—I have been through Bourke quite a few times, we have driven there many times; it is a great place to go on family holidays there and other places. I had to get back to Sydney from Bourke and it was a nightmare. The Countrylink bus does not connect to even a train service—it certainly does not bother to get you to the airport. Why you would not go that extra couple of kilometres I do not understand, but I wondered whether if you have any sort of transport strategy covering the Bourke area. Can I throw in one more thing? When I look at my map of New South Wales, Bourke is the regional centre. It is like a great gaping hole that there is no air service there. Is there any kind of transport strategy that the New South Wales Government has worked with you on to connect Bourke to the rest of the world?

Mr EARL: We have Countrylink coming in I think three days a week where it comes up and stays overnight and then goes back. It comes in about 7 o'clock at night and leaves about 9 o'clock in the morning.

The Hon. CATHERINE CUSACK: But that is a service not a strategy. A strategy would ensure that those services were connecting to other services so there was a wholistic approach of transport services.

Mr EARL: The Countrylink bus links up with the XPT going down to Sydney.

The Hon. CATHERINE CUSACK: It gets there an hour and a half early. It kind of links up but why would it not link up with the other transport infrastructure in Dubbo, which is the airport?

Mr LEWIS: It goes straight past the airport.

Mr EARL: You are right: it is only a matter of going in a kilometre and a kilometre out.

Mr LEWIS: Probably the answer is no to your question: there is no strategy, I suppose.

The Hon. CATHERINE CUSACK: A customer-friendly, kind of looking at the needs of people, I cannot see any evidence of that in what is occurring. It just astounds me.

Mr EARL: I think that is an extremely valid point. I have not considered it because I basically drive; I do not take the Countrylink bus, I drive, so it has not worried me, but certainly people who do not want to spend four hours in the car, elderly people or people who do not own a car and they need to fly, it is an option that should be considered.

The Hon. CATHERINE CUSACK: When do you expect to hear back on the proposal?

Mr EARL: Imminently. I spoke to the Department of Premier and Cabinet two weeks ago and I am just waiting on some information back from one of the other department governments to put it together and then they will hopefully be in a situation where they can make some preliminary testing of the marketplace.

The Hon. CATHERINE CUSACK: You think that the Government will go to a tender?

Mr EARL: As part of their feasibility study they will look to it, yes. They will probably have to go to a tender given the amount of money involved.

The Hon. CATHERINE CUSACK: And you are expecting there will be a subsidy for the service?

Mr LEWIS: No, not a subsidy, we are not talking subsidies; a guarantee that your departments need that many seats is the term rather than a subsidy.

The Hon. CATHERINE CUSACK: Using their purchasing power.

Mr EARL: What they are saying is if the Department of Health would send 100 or 200 people out a year they would say, "Will you undertake to follow those people out and basically guarantee the seats?"

The Hon. CATHERINE CUSACK: We pay subsidies in all forms. I just do not understand why it is not an approach that is taken.

Mr EARL: You made the comment about Bourke being a regional hub. Of course, people think Dubbo is a regional hub, but when you live at Wanaaring or out even further—

Mr LEWIS: Hungerford.

Mr EARL: Or Hungerford, you come into Bourke for those regular services; we then go to Dubbo, then Dubbo goes to Sydney. So we are a regional hub but a lot of people do not see it in that sense.

The Hon. CATHERINE CUSACK: You are 360 kilometres from Dubbo.

Mr EARL: Our shire goes for 140 kilometres or 120 kilometres.

Mr LEWIS: Yes, 220 kilometres to Wanaaring. Bourke is only two-thirds of the way across the State. There is a lot further State the other side.

The Hon. CATHERINE CUSACK: That is what I am saying: there is nothing until Broken Hill, is there? That is the next air service.

Mr LEWIS: Once you get past Wanaaring they need to go Broken Hill or Bourke—there are big, long distances.

The Hon. CATHERINE CUSACK: There is no air service between Moree and Broken Hill. You have got Bourke, which is a really important economic centre and it has also got the railway line and the road crossings through it.

Mr LEWIS: No, no railway line. We lost that 20 years ago.

CHAIR: The flood in 1975, was it?

Mr LEWIS: No, 1990.

Mr EARL: There is a railway line but there are big gaps in it.

Mr LEWIS: What you are saying is what I have been pushing as mayor for the last six years: we need to get an air service back to Bourke. We are trying hard. As you say, Countrylink is not perfect but it is a service; people are prepared to travel on it and you know your times. But certainly if we get an air service it would be excellent.

The Hon. CATHERINE CUSACK: When you did have a service what were the airfares like? A bit pricey?

Mr LEWIS: Exorbitant. When you think that my daughter just flew from Darwin to Sydney for \$110 each way, or something, and back then I think it was \$800 a return trip when we did have a service, it makes it hard for the average wage earner to be able to afford it. But it is there. In the matter of a family emergency or something if it is available you use it, whereas it is cheaper for government departments to use an

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air service rather than send somebody out and drive all the way. On per hour what you are making whether you use those air services or not—

Mr EARL: When you look in the context of an overnight stay in Sydney as well, if you can avoid that you are probably looking at saving yourself probably \$250 a night in accommodation, let alone meals, et cetera.

The Hon. CATHERINE CUSACK: I guess I am just trying to highlight that the market is there even though the prices are high.

Mr LEWIS: A lot of people just do not like driving so they will pay money. But to the average person in Sydney they think they are pretty high prices to fly to Bourke than they were. It depends on what you want to do: if you are coming from Sydney it is 20 hours travel by car or you fly to Dubbo and then travel by car from there.

The Hon. CATHERINE CUSACK: What has the impact been on the hospital losing the air service?

Mr LEWIS: The Government have been using the Royal Flying Doctor Service to fly the specialists out. That plane goes in there once a week or twice a week just to fly specialists out. The Government is paying that; they are paying charter planes.

Mr EARL: But when you start talking to a specialist—I am not saying this is definitive by any means—if you say to a specialist you have got to get to Dubbo and then you have to drive four hours there and four hours back, why do they not just stay in Dubbo? They say, "It is another four hours of productive time I've got". When you look at any sort of specialty services, whether it be medicine, computers or other consulting work, if you take 10 hours out of someone's week it is a significant chunk of time.

The Hon. CATHERINE CUSACK: And taxpayers are paying that at the consultant rate.

Mr LEWIS: Someone is paying it somewhere.

The Hon. CATHERINE CUSACK: It has got to be cheaper to have a service.

Mr LEWIS: If people are not paying, people are missing out.

The Hon. CATHERINE CUSACK: Has the loss of the service impacted on having head offices of government agencies or other businesses in the town?

Mr EARL: Probably not directly. I think there are probably a lot of other reasons why any decisions have been made to move departmental staff out. That is probably not for this forum but it certainly is one of those things which, if you tried to mount a case to re-establish it or expand it, would be used against any sort of proposal.

The Hon. CATHERINE CUSACK: They would be looking for a town with an air service, would they not?

Mr EARL: Yes, because generally you want people to be able to come in and out in a day.

The Hon. MICK VEITCH: What is the council currently spending on the maintenance?

Mr EARL: I have just put together a brief handout today. It is roughly \$200,000 a year; it is about \$170,000 for the Bourke strip and about \$20,000 for the other strips around the shire. We have maintained it. We have got CASA accreditation so we could take up a regional passenger transport service. We are conscious of the fact that we have got to maintain the airstrip for that because it is one of those things where you have to ensure you maintain your facility to cater for it.

The Hon. MICK VEITCH: And that was my next question: If you were successful in securing regular passenger transport [RPT], it would be ready to go. There would be no capital investment required on the airstrip to receive that.

Mr EARL: That is my understanding, yes.

The Hon. MICK VEITCH: Okay. With regards to the Department of Premier and Cabinet's current exercise around trying to use its purchasing power of government to provide a service or at least underwrite a service or something similar, are you aware if they are doing that and in any other part of the State?

Mr EARL: Not that I am aware of.

Mr LEWIS: Not in New South Wales. I know Queensland was doing it but, yes, not New South Wales that I know of.

The Hon. MICK VEITCH: How was that process initiated?

Mr EARL: As I said I think it was somebody—

The Hon. MICK VEITCH: Was it by a local member?

Mr EARL: Yes, through a local member and the Minister for Western New South Wales.

Mr LEWIS: And certainly from pushing from us to try to get something. You know, we have been pushing for six years now.

The Hon. CATHERINE CUSACK: It sounds like a good job then.

Mr LEWIS: Even under the previous Government, we were pushing hard. I do not know if it was moving much, but it is certainly getting somewhere. Maybe the process started then and it is just moving on.

The Hon. MICK VEITCH: With regards to maintenance and if you need to do any further capital works out there, how would you fund that—out of general revenue, just out of your rates base—or are you looking at funding that through grants?

Mr EARL: We are looking to reseal the airstrip in the next few years and we will probably end up having to borrow that money, probably. We have a small reserve, which is nowhere near the capital cost of the reseal.

The Hon. MICK VEITCH: What will the reseal cost? Do you have an estimate?

Mr EARL: Yes, \$300,000, in round figures. We actually have a quote for that.

The Hon. MICK VEITCH: There is no other way, really, other than out of general rates.

Mr EARL: I think when the council makes a decision to allocate their budget, we say that \$300,000 is a pretty significant portion of our budget to maintain a service, but it is an essential service for those people and those areas. Not just focusing on Bourke for a moment, Wanaaring is primarily 100 or 200 kilometres of dirt road and probably 50 kilometres of fill.

Mr LEWIS: Yes.

CHAIR: Is there an airstrip at Wanaaring?

Mr LEWIS: Yes, there is an airstrip.

Mr EARL: Yes, sealed.

CHAIR: A sealed airstrip.

Mr LEWIS: Yes, a sealed airstrip.

Mr EARL: Yes, again, it has to be maintained as well.

Mr LEWIS: It is a service we have to hold up for the Royal Flying Doctor Service [RFDS].

Mr EARL: The Royal Flying Dr Service does clinics at Louth and Wanaaring as well, so it is not only the emergency stuff but the regular service as well. Wanaaring has a health clinic, which is staffed on a Monday to Friday basis, plus emergency. At the moment they have someone on a temporary basis but they are having trouble recruiting someone. But, certainly, when you look at the emergencies—we are talking really rural, Bourke being rural or outback—when you go another 200 kilometres farther west, it is further isolation and a dependence on regular and a reliable air services is critical.

The Hon. MICK VEITCH: You would say, then, that the State and Federal governments have their own community service obligations to provide some sort of funding?

Mr LEWIS: Certainly. The Federal Government has put money into the Wanaaring strip and the Louth strip, and even ours in the fencing of it—to keep the 'roos off. I do not know: We get grants sometimes for the tar and stuff, certainly.

The Hon. STEVE WHAN: We are all a bit fascinated by the Department of Premier and Cabinet [DPC] process.

The Hon. MICK VEITCH: Yes, I know.

The Hon. STEVE WHAN: I wonder whether or not you have had information given to you about how the DPC has gone about assessing the number of trips made by New South Wales public sector workers to Bourke. Have they shared any of that information with you about how many there are, firstly, but also how they have gone about collecting the information?

Mr EARL: Yes. They have approached the various government departments for the information. They have asked us as well to give our indicative figures.

The Hon. STEVE WHAN: Have they asked the Federal Government as well?

Mr EARL: I cannot answer the question, no.

The Hon. STEVE WHAN: It would be very interesting to talk to the person who is working on that.

The Hon. MICK VEITCH: Yes, it would be.

The Hon. STEVE WHAN: You mentioned earlier that there is some use of the strips by charter aircraft or charter operators. Who is it who is using charter is to come into town moment, other than the flying doctors bringing some medical people in? Who would be the bulk of the people coming in from charters? Is it business, government use or what?

Mr LEWIS: Mostly government, I would say, yes.

Mr EARL: A smattering of all. We get occasional charter planes come in and use us as a stopover.

The Hon. STEVE WHAN: Okay. It is often not the destination, Bourke?

The Hon. MICK VEITCH: Tourists?

Mr EARL: Most times or a lot of times it is, and other times other people use it as a refuelling stop. Because it has 24-hour refuelling facilities, it is attractive there and it is a lit airstrip. Occasionally people going out further, like to Lake Eyre, et cetera, have used it. Certainly, other people charter in. If it does not suit, obviously we have people who fly in and fly out for different reasons. When you look at the timetabling for Dubbo and the four hours to and from, you have a link in. Depending on how many people are coming up, they might opt for charter.

The Hon. STEVE WHAN: I am interested to know whether or not government is now replacing with charters some of those seats that they used to take on commercial services and whether or not that is a big market. I had not heard anyone talking about that until we had Walgett earlier today. Is there a way of finding that out, or not?

Mr EARL: I supposed to get an opinion answer might be difficult, but certainly by making a few inquiries you would get an indicative response. The charter would be a lot lesser figure, I think, than the persons who would actually fly to Dubbo and drive up.

The Hon. STEVE WHAN: You mention in your submission and the one you gave us today as well that there is no maternity unit at the hospital there. What are people doing at the moment? Are they driving off to somewhere else well in advance?

Mr LEWIS: Most are going to Dubbo. You might have noticed in one of the weekend papers there was an article on birthing units at Bourke. One of the girls at Enngonia recently was having a bit of trouble. She had to go to Dubbo but they were in a bit of trouble again, so my wife actually rented her our house for three weeks so she could go down and the family could be there with her. We own a house in Dubbo. Unless you know somebody down there or something, some of them have to spend two weeks. They thought the baby was due and it was two weeks later that they were waiting in Dubbo until they could have the baby. Bourke has got the unit but it just does not have the staff. It is a lack of government will. I think that is what it is.

The Hon. STEVE WHAN: Would an air service improve that, or would most people still need to go well in advance?

Mr LEWIS: I think the air service would be there for emergencies or when you are in a big hurry.

The Hon. STEVE WHAN: I could not necessarily see it being on the night.

Mr LEWIS: I cannot answer that one. I am not sure.

The Hon. STEVE WHAN: In terms of the airport itself and its usage, you have spoken about emergency use and things like that. What are the other drivers of business at the airport? Is there anything else you are planning in the master plan? Basically, is it a stand-alone?

Mr EARL: Yes. Basically, it is stand-alone. Obviously, if someone was keen to operate a repair business or refurbishment or something like that, or wanted to relocate, it would be a great facility given the fact that it is a big area and we could probably accommodate that. But I think it is not something that is generally located in rural areas. However, if somebody had any industry related to the aircraft industry, we could accommodate it there. Any sort of industry we would welcome with open arms, certainly when you have a facility like we have out there.

The Hon. STEVE WHAN: What about agricultural use? Is there much agricultural-related use?

Mr LEWIS: There had been up to 2002-03 when there was the previous drought, the cotton dropped and the Government took 63 per cent of the water away. There was one bloke who was permanently there with his aircraft, crop spraying and stuff like that. He has left. He is not there anymore. There is another bloke who owns part of the airstrip and he has aerial mustering out of there. If the cotton picks up again, I have no doubt somebody would come back in and do that job again.

The Hon. PAUL GREEN: My question is a simple one. In terms of the recommendations of this inquiry, what would you like to see come out of it to help you guys?

Mr LEWIS: I am not sure about our actual recommendation on this one.

Mr EARL: Our recommendation is the critical importance of air services to persons in rural and remote New South Wales, basically for the welfare of the people in the regions. You could argue that a passenger service is probably a luxury. I could weigh a counterargument to that, but certainly the service it provides in relation to health and those ancillary industries is not a luxury; it is a necessity. That is indicative of the fact that we have airstrips at Wanaaring and Louth. One of the other reasons is look at the number of landings that the flying doctor has made in the last 12 months and the actual figures from the RFDS. It is basically four or five a week. It is a lot. When we start talking about people's lives and the absence of a sealed and fenced and regulated airstrip, it is critical.

But certainly when you look at the lack of an airstrip, the increased travel time and the increased cost of doing business, we ask why the DPC is looking at it. The crux of our argument is the cost of doing business and going to Bourke. It could be significantly reduced. It is just taking a coordinated approach and perhaps one person cannot do it, but the DPC, having the coordination role if you like can weld all these potential uses together and look at the economics, particularly when we look at this triangulation service with Walgett as well and Brewarrina. Certainly I understand the logistics of flying from Bourke to Brewarrina. Considering up and down, it is probably hardly or maybe not worth the trouble. Certainly, they could travel the extra hour.

The Hon. STEVE WHAN: Brewarrina does not have a sealed strip, does it?

Mr LEWIS: Yes, it is a sealed strip.

Mr EARL: Yes, it has.

Mr LEWIS: It is a sealed strip, yes.

The Hon. STEVE WHAN: Does it?

Mr EARL: It has, yes.

Mr LEWIS: It is not as long as Bourke. When the Prime Minister came out, he could not land at Bre' but it could land at Bourke.

The Hon. STEVE WHAN: That is interesting. I remember landing them once and it was gravel, but maybe that was a while ago.

Mr LEWIS: At Bre'?

The Hon. STEVE WHAN: Yes.

Mr LEWIS: Would it have been? I thought it was always tar.

The Hon. STEVE WHAN: Or it was grass or something. I know they have mowed it.

CHAIR: Mowed it? That must have been a long time ago.

Mr EARL: The crux of the council's argument is that it is the social fabric of our society. Rural areas need an air service. You are looking at the tyranny of distance and it makes it extremely difficult. Without an air service, it makes things extremely difficult and a lot harder to do. Like we often get invited to, say, go down to Sydney for a seminar, which you would like, in terms of professional development, to go to, or a meeting through Local Government NSW, which we have a keen interest in. They say it is on at 11 o'clock in the morning or whatever, which means that you have to go to Dubbo the night before.

The Hon. STEVE WHAN: It takes three days.

Mr EARL: It is an exercise and you ask yourself: Can you justify being out of the office for two or three days for a two-hour meeting? The answer a lot of the time is no, so we probably forgo those opportunities to make a positive contribution to our industry on the basis of just logistics, basically.

CHAIR: Are there any other questions?

Mr SCOT MacDONALD: No.

CHAIR: Thank you, gentlemen. Your comments regarding the spokes system and the use of single-engine aircraft will be something that we will really have to address in this inquiry. I do thank you for your submission and your comments as well as the additional information you submitted today. Mr Lewis, did you want to say something in conclusion?

Mr EARL: I just want to ask one question I was going to ask: In terms of reference we talk about the combination of maybe freight and passenger services. I am not aware of the passenger regulations so I am

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assuming by that statement in terms of the reference that there is some regulation which governs the carrying of freight and passengers on planes. Is that the case?

CHAIR: That is something we are going to pursue, but the general model that we were thinking of is if you have something like a Saab 340, for example, which is a 36-seater, but you had only a regular passenger potential out of a certain centre of 15 or 18 seats, would it be possible to partition the rest of that aircraft off for freight and use it more as a joint freight-passenger service. The other option is whether the passenger aircraft sitting on the tarmac during the day can have their seats removed and do freight runs during the normal passenger period of the day. Those things are all in the mix. We do not have any preconceived ideas at this point in time about what sort of model that may take.

Mr EARL: I asked the question today on the basis of both our submission today and last week. A bank playing does come in, so obviously it is coming in and going out. If that could be utilised as an additional arm in a package of costs, it would be certainly worth exploring.

CHAIR: It does seem to be a duplication of services, does it not, when you have an aircraft running there purely for bank documents?

Mr EARL: I think that an aggregation of services can be negotiated. It would certainly be beneficial, I would have thought.

The Hon. CATHERINE CUSACK: Who organises that? Is the central organisation for a bank because they have to exchange cheques every day? Cheques, in particular, every day have to be collected and taken to certain points. There is a central agency that organises that.

Mr LEWIS: That one flies out of Bourke every day. It sits on the tarmac at Bourke and does a lap back. I do not know where it lands or what towns it drops into, but it is out there nearly every day, I think. It is a twin-engine, is it not?

Mr EARL: Yes.

Mr LEWIS: If you are flying the plane out just for papers, it might be worth knowing whether they could work in some passengers or something.

CHAIR: We are out of time. Once again, thanks very much. We do appreciate the fact that you have had to do a 1,100-kilometre round trip, Councillor Lewis. It has been a big day for you.

Mr EARL: Yes.

CHAIR: Thank you very much for that. Obviously, if there had been some reasonable air services, it might have been a much shorter day for you.

Mr LEWIS: We could have got into Dubbo at a quicker time and met you down there. Thank you very much, Mr Chairman and members, for listening to us. Let us hope that we get some good outcomes out of this.

(The witnesses withdrew)

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DIANE HOOD, General Manager, Narrabri Shire Council, and

CONRAD BOLTON, Mayor, Narrabri Shire Council, affirmed and examined:

CHAIR: Welcome. Would one or both of you like to make a short opening statement before we start questions?

Ms HOOD: I would like to thank the inquiry for the opportunity to be here. Air services are extremely important to Narrabri Shire at the moment, particularly with the recent demise of Vincent airlines. It is very critical to our community. It is a hot topic and it is something that council are interested in making sure works well and we get another player on board and up and running.

CHAIR: Councillor Bolton, is there anything you would like to add?

Mr BOLTON: This is one of the first inquiries I have ever been to, so I am going to see how it works out, just be kind to me.

CHAIR: We understand the trauma that Narrabri has been through with the loss of Vincent. As I have said to other witnesses, there are a lot of other towns in New South Wales that have suffered a similar fate in the past 20 years. It is a serious issue. My first question to you is about that situation. I understand there are now charter operators coming into Narrabri bringing the fly-in, fly-out workers for the mine. Where are those flights coming from, where are the people on them coming from and how can we restructure that so that they use a regular passenger service?

Ms HOOD: In parallel with the Vincent regular passenger transport, and ongoing since its demise, we have had the charter services. They come from Sydney and Brisbane and occasionally Newcastle. We are interested in getting some of those charters converted to the regular passenger service, and there have been some discussions in that regard, which I will throw to the mayor, who has been leading most of those.

CHAIR: How many people are we talking about arriving and departing from Narrabri by air on those charter flights?

Ms HOOD: We are happy to leave the aircraft movements with the inquiry, if you like.

CHAIR: You will table it. Thank you.

Ms HOOD: We have 2013 and 2014. At the moment, this is aircraft, not passengers. In the past two months, we have had 370 and 372 aircraft landing in the month, and they are a variety of services.

CHAIR: Do you have any passenger numbers?

Ms HOOD: We do not have explicit passenger numbers since the Vincent demise. We have passenger numbers from when they were operating.

CHAIR: These are passengers on Vincent rather than charter flights?

Ms HOOD: On Vincent, yes, rather than charter. I will note that in April it had not had a big opportunity to grow. It had grown to 647 passengers in the month of April and it started at 459 passengers in the month of March. It was part way through February when it commenced, so there were very few in February. From our point of view and what we understood from Vincent is that the numbers were growing. They were either at or very close to a break-even point already, and it was broader implications than the Narrabri route that caused the demise of Virgin airlines. I have been at Narrabri Shire since January and I have heard anecdotally that at its peak with the Brindabella service it was getting upwards of double that number in a month.

CHAIR: The charter operators—principally Virgin—was an ATR aircraft?

Ms HOOD: Virgin have the big aircraft, the big charter, but there are smaller ones.

CHAIR: Sixty-eight seats, yes.

Mr BOLTON: Air Alliance, I think. We have a 77-seater jet coming in and out that started operations on 30 June.

CHAIR: 70-seater yet, did you say?

Mr BOLTON: Yes. We also had the BAe 146, which was a four-engined jet that was coming in and out. The Civil Aviation Safety Authority [CASA] was a little bit reticent about that and pulled that operation because apparently you need to have a visual approach instrumentation or approvals in place, which is backed up by approach lights and things like that, which we did not have. They ran into a bit of trouble when they tried to regionalise that jet. The upgrades for the Narrabri airport, which is in our master plan, includes the approach lighting and things like that.

CHAIR: What about the runway length?

Mr BOLTON: The runway length is fine. We can get a 737 off our runway with a 200 metre gravel overrun. We are doing that instead of putting bitumen because it is an area that probably would never be used in 50 years, so just a good well-formed gravel overrun is all you need on the end of the runways.

CHAIR: Councillor Conrad I understand that you are involved in the aeronautical industry and you have some experience with agricultural aircraft, is that correct?

Mr BOLTON: Yes.

CHAIR: What is your view of some of the more recent single engined turboprop aircraft being used as commercial commuter aircraft?

Mr BOLTON: The first thing you have to realise is that there are several brands of turbine engines. For instance, the Pratt and Whitney engine is quite an expensive engine. They are the engines we ran. You very much had to schedule maintenance of those engines. The other type of engine—you can imagine with the agricultural industry that those engines get a pretty hard time because the atmosphere is not always clean; there is a lot of dust and things around. It is a good test for reliability on engines. The other engines that we use are the Garrett engines. They have reliability issues where unscheduled maintenance comes up quite a bit more often than the Pratt and Whitneys, so it is a matter of what type of engine you have got up-front as to what sort of confidence you can have in the reliability. You pay a lot of money for the top shelf engines up-front. We are known to schedule maintenance intervals in between, or you can buy an engine that is not as expensive but you can expect some unscheduled servicing.

CHAIR: I think you said the Pratt and Whitney engines were the top of the line engines. What is their regular service schedule and what sort of money is involved in servicing those engines?

Mr BOLTON: Like I say, you either pay for the hourly rate up-front, and with that comes the reliability, or you pay for it along the way, depending on what make of engine you get. You have to amortise the engine operating hours over the life of the engine. I am not quite clear on the question.

CHAIR: We had an inspection of the SAAB facility in Wagga where they do their scheduled maintenance. Every 4,000 hours every one of those engines is pulled down and rebuilt. Would it be a similar scheduled maintenance for a smaller aircraft?

Mr BOLTON: Yes, very much. With agriculture, because you are not carrying any passengers, some on-condition arrangements are in place so you can extend those hours out. If you look at the airline industry their engines are usually leased to the airlines and they are on conditions, so the beauty about a turbo engine is that you can actually trend performance in a turbine engine. You can see degradation in performance and know that you need to pull it apart and have a look inside to see what is going on. It is not like a piston engine, that when it starts using oil you think, okay, things are getting a bit sloppy, but a piston can break down, a con rod can let go, and you would not anticipate that. A turbo engine is so reliable that you can actually trend the data, and you do that. Every five hours you do a trend on what is happening with the engine.

CHAIR: The commercial operators would also do that?

Mr BOLTON: Yes, absolutely, and a lot of it would be automatic so it is not a load on the pilot or crew to transmit it back to their operations, I would expect.

CHAIR: In terms of running small passenger aircraft, we have heard from other witnesses today that when Air Link was running from towns such as Wagga and Bourke, it was running twin engine Navajos, which have a piston engine, as you would know. Would some of the more modern single engine turbo passenger type aircraft be a more reliable option than a 50- or 60-year-old piston engine aircraft?

Mr BOLTON: My word. Absolutely, yes. You would have seen there was a plane parked in the pilliga scrub recently and that was a Malibu. That is top line Piper single engine aircraft and it has a piston engine in it. They fly above 20,000 feet. For private use, they are like the Rolls Royce of cars. What the hell was it doing in the middle of the scrub because at that altitude you should have been able to fly clear of—

CHAIR: Any sort of weather.

Mr BOLTON: Yes, and found yourself a wheat paddock or something like that to put it in. I do not know what was going on there. That shows that piston engine aircraft—you would be extremely unlikely to see a turbine engine aircraft end up in that predicament because of the reliability of it. We would have done 100,000 hours plus with the agricultural aircraft in my time of the game, and we had eight aircraft running. It is extremely, extremely rare to have even little things go wrong outside of our scheduled maintenance program, and we are working those engines hard.

The Hon. MICK VEITCH: Ms Hood, you spoke about the charter flights coming in with the mining companies. How many flights did you say there were?

Ms HOOD: It was in our last report and I am happy to table it. It has gone down in terms of our total flights to 372, and it would have been all charter in May. Last year in May it was 746. Part of that decline is we have moved from the smaller eight-seater to 10-seater aircraft to the big 70. I did realise, to add to what I was asked previously, on the second page of this report our total May passenger numbers were 1,490. Virgin was 647 of that total.

The Hon. MICK VEITCH: With those mining company charter flights is the council charging landing fees?

Ms HOOD: Yes, we are charging fees. We do rely on the Avdata and I do have, I guess, a to-do to look at how that is all working and whether or not we are getting accurate passenger numbers through. We get absolute clarity of reporting on aircraft; it is not always so concise on how many people are on the plane.

The Hon. MICK VEITCH: How are your landing fees determined? What methodology do you use to come up with the final charge?

Ms HOOD: It is something we are actually looking at at the moment but I can take that on notice and get back to you with the formula.

The Hon. MICK VEITCH: Thank you. I want to ask a couple of questions about the debt that you were left with after the demise of Vincent. Were there any early indications that Vincent was going to default?

Mr BOLTON: We were following this through and their director of corporate services was keeping a close eye on it. Our real exposure to them was the landing charges. They were pretty well up to date. It is a real sadness for our community and for Vincent because they were providing 110 per cent service. It was amazing. They were always on time. I think they were late once because the fuel truck broke down. Talking with the CEO, he said the Narrabri-Sydney route was washing its face. Obviously other things have dragged the company down and they have run out of cash. It was really unfortunate for our community that Vincent ended up in the position that they did but their exposure to us was that they were staying right up with the payments.

The Hon. CATHERINE CUSACK: It was Brindabella that left you with a debt.

Mr BOLTON: Brindabella was quite different. They took six months to die once things starting going awry for them. We could not step in. We discussed whether or not we would step in and actually stop the service. In doing that we thought that the council would then be exposed to some sort of legal ramifications

because we had compromised their business opportunity or whatever. I think the State had the same sort of opinion. Basically, we just had to sit back and just wait until they got to the final song.

The Hon. MICK VEITCH: Brindabella owes you about \$100,000. Did Vincent leave you with any debt that it had not paid?

Ms HOOD: It was very small. It was in the order of \$25,000. I could get the exact figure for you.

The Hon. MICK VEITCH: That is okay; I just wanted to get an idea. What action has council taken to try to recoup those costs? Are you essentially going to write those off?

Mr BOLTON: As far as I know they are in administration at this stage. So that is a work in progress.

Mr SCOT MacDONALD: You will just sit in line as an unsecured creditor.

Ms HOOD: That is right. One of our recommendations in our submission is that having councils become secured creditors perhaps could be looked at, particularly for smaller operators. That would assist but not necessarily resolve everything.

The Hon. STEVE WHAN: Would that be written into the State government's contracts on regulated routes? Is that what you are suggesting?

Ms HOOD: That was our suggestion, yes.

Mr BOLTON: One thing that the State could help out with is the ongoing due diligence in regard to these services' financial situations. You do it in the initial part of it and you say, for instance, Vincent had a good view of 2012-13. What happened in 2013 to the time of their demise? Who is keeping an eye on that? We certainly cannot and we do not have access to that sort of thing. Especially when you have got someone new—I mean, Ansett went belly up. There is a significant airline that ended up in the bin. I think from a small community's point of view, because the money is significant to us, that there should be some sort of ongoing oversight just to make sure that things are stacking up behind the scenes.

Mr SCOT MacDONALD: Some ongoing monitoring?

Ms HOOD: You just have a look at a snapshot in time of their financials and say they are healthy, but anything could happen in six to eight months and who is aware of it? Some sort of oversight there from some sort of body would protect our interests as much as if there were something going strange then how can we help?

The Hon. MICK VEITCH: What was the council's relationship with Brindabella and Vincent? Did you have regular discussions with them?

Mr BOLTON: Brindabella was toxic. It was toxic with Brindabella. Absolutely we had had it, and we had had it several months before they left. I would have Vincent back tomorrow. They were great.

The Hon. MICK VEITCH: Did you have discussions with Brindabella about the landing fees?

Ms HOOD: I was not actually with council during that stage but I can take it on notice and find out.

The Hon. MICK VEITCH: Can you take it on notice and let us know whether you had the discussions and, if you did, what the nature of the discussions were and whether they challenged the landing fee.

Mr BOLTON: Landing fees are not an operational thing. I do not know why people get tied up in this landing fees thing because they are an extra. It is a bit like if you bring in security, they are an extra to the operation regardless of who is doing it. If they are doing their sums on their operation that is their passenger cost. The tax is on top of that. It is an extra and it should not be interfering with their operational needs as far as cash goes, because it is an extra. All this squabbling about landing fees and things like that that people like Rex are very precious about, what has it got to do with them? I cannot understand it.

The Hon. MICK VEITCH: Rex are suggesting to the Committee that maybe there be a mechanism similar to the Independent Pricing and Regulatory Tribunal to act as some sort of arbiter on landing fees.

Mr BOLTON: They just need to suck it up and pay it. That is what it costs to run an airport. The community will more often than not, unless you are a big player like Tamworth—because they do not have the infrastructure and things around them to help fund that infrastructure, businesses and industry and things like that, something has got to pay for those facilities. Ultimately or usually it runs at a loss as far as the community goes but the intrinsic value of that and all the things that it brings to the local economy far outweighs the cost of running at a deficit.

The Hon. MICK VEITCH: With regard to the development of the master plan or any strategic plan for your airport facilities and infrastructure, were the airlines involved in discussions about enhancements? It may well be that the mayor will take it on board.

Ms HOOD: We certainly did, to my knowledge, talk to the industry as a whole. I am not aware that we specifically talked to either Brindabella or Vincent. In the latest update to the airport master plan it kind of fell between the two of them. We did get comment from a consultant who was an expert in the area. I think we have got a pretty good airport master plan, actually. It won us some Resources for Regions funding to upgrade the airport, which we are pretty pleased about and we are commencing that this fiscal year.

The Hon. MICK VEITCH: Were the mining companies part of that consultation for their fly in, fly out contractors?

Ms HOOD: I do not believe the mining companies were directly consulted but certainly we did look at the numbers of the fly in, fly out and get some input in terms of where those numbers were likely to go.

Mr BOLTON: Is this in regard to Brindabella?

The Hon. STEVE WHAN: No, the charter companies for the mining companies.

The Hon. MICK VEITCH: Were they involved in discussions about your master plan, enhancements and developments?

Mr BOLTON: They were. We had to get a clear vision of what it was going to look like in regard to their expectations of fly in, fly out and all of that. We had to engage with them and we did that on an individual basis and we have taken that information. Then going up to Roma and having a look at what is going on up there. We went to Emerald and had a look at their gas. They also have coal. The thing about Narrabri Shire is it is coal and gas. When you look at the operations going on up in those areas there is a significant upgrade needed for the airport, but a staged one. At this stage we have got some funding from Resources for Regions to strengthen the runway. Probably the critical thing with the infrastructure at Narrabri is the strength of the runway. We have got what they call a pavement classification number [PCN] rating of 20 at the moment, I believe. We need to get it up to 30 to be able to take those higher tyre pressures.

The Hon. STEVE WHAN: You mentioned earlier that you have been having discussions about converting one of the charters to a regular service. Who have you been talking to and what sort of response have you got?

Mr BOLTON: We have obviously spoken with the Virgin regional managers to see if they had some interest because at the moment they are running a charter for Leighton, I believe, into Narrabri. They are coming in with ATR aircraft, which are 68 seaters, at the moment. I am certainly keen to see some competition in the bush.

CHAIR: Is that from Sydney or Brisbane?

Mr BOLTON: From Sydney.

The Hon. STEVE WHAN: Is that related to construction activity at the new mine or is that ongoing work?

Mr BOLTON: Yes, that is it. They have got a contractual arrangement, I believe, with that charter until Christmas. Obviously, due to the uncertainty of the air services going in and out of the Narrabri airport, they had to organise themselves, which is fair enough. They have got a job to do at a certain time.

CHAIR: It was not just an issue of scheduling at the time that the regular service was coming in and out but it was capacity?

The Hon. STEVE WHAN: It would be capacity. That is a much bigger plane than the regular service was providing.

Mr BOLTON: Capacity. That aircraft is landing on concession at the moment. It is the same with the F70, which is coming in and out, and the same with the Dash 8s that are coming in and out. If you can understand, most of those aircraft could land on a dirt strip as long as it is dry and hard. One of the problems that they have, particularly the bigger brands like Qantas and Virgin, is that they are protective of their brand as much as they are about their cash flow. If they came in, for instance, and we went through a wet period the moisture soaks down through bitumen. Bitumen is porous, it will go down and soften the substructure and we could have runway failures with the strength we have got there at the moment. Until we get that strengthened it becomes uncontrollable for those brands. That is why it was so important to get some Resources for Regions funding so we could actually get in and effect those strengthening things so it gives them surety of continued service regardless of what the weather is doing.

The Hon. STEVE WHAN: Are they showing an interest in converting to a passenger service or not?

Mr BOLTON: At the moment they are out there having a look. They are talking to the mines and the mines are talking to the contractors. They are doing their due diligence and seeing if there is a service that they can engage with. That is where it is at the moment. Regardless of the media and one thing and another, they are basically having a look to see if they can make it work for themselves as well as for us.

The Hon. STEVE WHAN: Is it just Virgin? Rex does mining charters as well. Are they showing any interest?

Mr BOLTON: No, Rex has not shown any interest. Qantas basically has a good service going to Moree and a good service going to Tamworth. To put one in the middle would probably just erode those other services so I can probably understand their position. But also our runway is not up to strength for Qantas.

The Hon. STEVE WHAN: Are there any regulatory constraints on a charter company introducing a passenger service? If it is Virgin I suppose not because they are already operating them, but are there other companies who would have a difficulty in converting?

Mr BOLTON: Any company can go through the process. It takes six to eight months to become a regular passenger transport [RPT] provider if they satisfy the requirements of the Civil Aviation Safety Authority [CASA]. That is a Federal licensing set up, not a State set up. There are plenty of wannabes out there looking to see how they can get in. After our experience with two companies that were trying to make a go of it in the bush, they have come unstuck for whatever reason. To make money in aviation is extremely difficult. You might luck it and get a good position where you are but there is so much competition out there. From our point of view we are looking for someone who has a bit of financial grunt behind them and a lot of experience. That would be a good result for our shire.

The Hon. STEVE WHAN: What engagement have you had from Transport for NSW in that process?

Mr BOLTON: Facilitation is about the only engagement we have had at this stage. We asked Virgin whether it was interested, and the response was that they would have a look at it. They are having a look at it and we are waiting for a response.

The Hon. PAUL GREEN: Do you have a comment about the future of Badgerys Creek airport?

Mr BOLTON: Not really.

The Hon. PAUL GREEN: What about Bankstown?

Mr BOLTON: Our report states—and it is probably right—that regional air services should be outside 80 movements an hour in Sydney. You have a capacity to handle at least 125 movements an hour with the airport infrastructure there. If in the first instance you took the regional air services outside the 80 movements per hour you would probably have a fair bit of capacity left at Sydney Airport. That is my layman's opinion.

The Hon. PAUL GREEN: What recommendations would you make if you were in our shoes?

Ms HOOD: The recommendations we have highlighted. We are recommending that the regional area services be taken outside of the 80 movements an hour or that that be changed to 80 planned movements. Consideration should be given to the lower noise levels of the smaller planes within that calculation. That is a key recommendation. I mentioned earlier that we would like airport operators to be deemed secured creditors within the licensing agreement. That gives some risk mitigation, primarily to councils. We do not think it changes the onus on us to do our due diligence properly. They are our two major recommendations.

Any streamlining of the process that would assist regional services would be appreciated. I understand there is also a mix of health and safety considerations that have to be considered. But we had positive experiences with Transport for NSW, at least from my position operationally as the general manager. They have been open in the process of Virgin being granted the licence. They kept me informed and advised and were open and transparent in the discussions, which was fantastic. They are the two major recommendations.

The Hon. PAUL GREEN: The Committee notes Councillor Bolton's ongoing due diligence checks.

Ms HOOD: That is a third one.

Mr SCOT MacDONALD: I want to follow up on a question asked by Mr Veitch. I did not understand the question. You are charging a landing fee for aircraft. Did I hear you say that you are also charging a passenger fee?

Ms HOOD: That is correct.

The Hon. PAUL GREEN: It is the same rate for the RPT—\$16.

Ms HOOD: That is my understanding. However, I note that we are looking at that at the moment and possibly trying to simplify how we go about imposing those fees.

The Hon. PAUL GREEN: You said that you want greater monitoring once the licence is granted after six or 12 months to establish how things are going, the viability and whether they are meeting requirements. I do not think there is any monitoring at the moment. That is what the Committee was told in Moree. I think that was their experience.

Ms HOOD: Yes.

Mr SCOT MacDONALD: Can you make any comments about the process when the licensed operator has fallen over? You were not here when Brindabella or Vincent fell over. It seemed a pretty tortuous process to get someone to fill that gap and reasonably quickly and to abide by the Civil Aviation Safety Authority rules and so on. Do you have any comments?

Mr BOLTON: The community had no engagement in regard to Brindabella Airlines. That was probably poor performance by Transport for NSW. They were saying, "This is what it is. You can take it or leave it."

Mr SCOT MacDONALD: You had virtually no input.

Mr BOLTON: We had no input in regard to that. They turned it around and started to fully engage the community in regard to the next operator coming in. I thought that was appropriate.

Mr SCOT MacDONALD: Then they own it.

Mr BOLTON: That is the position they were in. We had no financial monitoring in the background. We just knew they were in trouble, but we had no access to their finances to allow us to say we that we needed

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to cut them off because they were not meeting their corporate obligations. The weight was on Transport for NSW in regard to the decision to put Brindabella into our skies. It then becomes a question of who is responsible for the \$100,000 still owed to us.

Mr SCOT MacDONALD: I would like to look into whether it is appropriate to have a small Ansett-type levy—10¢, 20¢ or 30¢ a ticket—to build up a reserve. If you have a failure there will be funds to draw down. I will leave that question on notice.

Mr BOLTON: There are probably various mechanisms you can put in place to do that.

Mr SCOT MacDONALD: It sounds like you are reasonably happy with the state of your airstrip, its capacity and what it will need in the future. Can you give the Committee any idea about your finances or reserves? Do you have money set aside?

Ms HOOD: In terms of finances, I brought along a dump from our financial system looking back over the past three years. It has been running at a substantial loss over those three years, so there are no reserves.

Mr SCOT MacDONALD: Even at \$16?

Ms HOOD: Yes. One of the things we needed to do was tighten up our expenses. You can see from these numbers that we have tightened expenses in the 2013-14 year quite considerably. However, the loss of the big swinger in the numbers is the aerodrome fee. When you lose passenger transport you have a sudden drop in revenue, but you still need to maintain a lot of your operational expenses and depreciation on other items. On a year-on-year comparison, we lost \$300,000 in revenue and \$150,000 in expenses. That compounded into a worse bottom line. I believe if we looked more accurately at the landing fees and the management of the airport, we should be able to approach a breakeven position.

Mr SCOT MacDONALD: At the moment it is an impost on the community?

Ms HOOD: Yes. I am happy for the Committee to look at these numbers. They are not official numbers.

CHAIR: That would be fantastic. Thank you.

The Hon. CATHERINE CUSACK: I return to the issue of charter flights. I note that in Queensland Qantas was looking at providing a service from Brisbane to Miles gas operations and took bookings on that service. However, the local coal seam gas industry decided to charter flights and the Qantas proposed route collapsed and money had to be refunded. The impact on a commercial service of having charter flights is obviously pretty huge for Narrabri. Is that accurate?

Mr BOLTON: Yes.

The Hon. CATHERINE CUSACK: Can you see a commercial service being provided without that demand from the coal seam gas industry and the coal industry?

Mr BOLTON: If you were going to get one of the major players in they obviously use larger aircraft and efficiencies or economies of scale come into play. If I understand the question correctly, getting the major industry to hub the departure point and not use charter aircraft—all that does is diminish the—

The Hon. CATHERINE CUSACK: Viability.

Mr BOLTON: Yes, the viability of the RPT. They are the discussions we are having with the mining, gas and other industries. They should not go and do their own thing because we have all sorts of aircraft turning up at the moment, depending on where they are departing from. All that does is undermine the really good service that could be available to the community. That would happen if they did not fragment the delivery of those fly in, fly outs or whoever else is coming in.

The Hon. CATHERINE CUSACK: The market.

Mr BOLTON: That is correct.

The Hon. CATHERINE CUSACK: I have been to Narrabri a few times and you did have a service then, including to Brisbane. I thought that was fantastic; fancy having a choice. The feedback was that the mining companies were using them and the airfares were very expensive. While I guess people were pleased to have the service, I detected in the community some ill-will towards the mining industry because of the many costs being carried by the Narrabri community and not much was being put back in by the industry.

Mr BOLTON: It depends on how you look at how it is being put back in. We are only about six years into the mining industry. Council had to spend a lot of community money to do planning and to understand where we were going with this. That was coming out of the community's coffers. I thought the State Government would have stepped up a lot earlier in regard to planning. How much does the mining industry pay? It pays into the royalty system and we would expect the receiver of those royalties to reinvest them in that business area. We are seeing that happen now. In the last round of Resources for Regions we picked up nearly \$20 million. We have another \$20 million worth of bridge work going on in the shire on top of that. We are starting to see a return to the community on its initial investment. It is about looking at it holistically as opposed to the comments you are hearing about the direct cost to the community of the mining industry.

The Hon. CATHERINE CUSACK: I hear that and in terms of the investment in infrastructure. I understand the Western Australian Government has policies that require the companies to utilise local services, not to bring in a container full of cars and take them to Perth to get them repaired. The policy ensures that the local community reaps some of the benefit. I have driven past those incredible portable villages that they bring in for the miners at Narrabri. It is very confronting given the promise and how little of the money churning through seems to be sticking in the local community. A contribution could be made, for example, by committing to support a local air service. Would that not be a good thing for Narrabri?

Mr BOLTON: It is pretty basic stuff.

The Hon. CATHERINE CUSACK: I would have thought so.

Mr BOLTON: It is not a big ask. However, the mining companies say that they will be employing locally. They say that it will not look like the fly in, fly out in outback Western Australia and outback Queensland because they will employ locally. Obviously they are talking regionally; there are a few shires in the mix. There is capacity for 890 MAC villages in Narrabri and 850 in Boggabri. That is the anticipated growth of the MAC plus possibly a doubling of the size in Boggabri. They do not house locals; they are fly in, fly out.

The Hon. CATHERINE CUSACK: They are. The companies have also employed every electrician in a 200 kilometre radius, so no-one else can access those services. Is there more opportunity for people to partner with mining companies in terms of how they make a contribution to the community? I know the Royalties for Regions program is appreciated, but my sense is that local businesses are not feeling that.

Mr BOLTON: The community would probably be wise not to engage in providing the infrastructure or the equipment needed to get from construction to operational because of the cost. The bigger companies come in and do the job to get the mine in a position where it can produce. You do not want a local company engaged in that because after six months when it is finished—

The Hon. CATHERINE CUSACK: I am thinking more about a buy-local policy. I was not suggesting a project—

Mr BOLTON: We have all that sort of thing. You have to be in there to see it. The MAC villages tip \$2 million to \$2.5 million a year into the local economy from that operation sitting there.

CHAIR: So, as well as the MAC villages though, surely the companies are investing in housing in the town as well?

Mr BOLTON: Yes, I think they have got to build 10 homes, I believe is one of the requirements as far as the consent approvals and things like that.

Ms HOOD: Yes.

Mr BOLTON: You do not want to see this massive expansion, because if the price of coal goes through the floor—and I think it is pretty low at the moment—and they shut the gate because the operation becomes completely unviable, well the last thing we want to be doing is sitting there looking at a whole heap of empty houses and infrastructure.

The Hon. CATHERINE CUSACK: Yes, I agree.

Mr BOLTON: We are quite encouraged by the MAC village because they can just sit there.

Mr SCOT MacDONALD: It is like a safety valve.

Mr BOLTON: My word it is, and we need to grow on the back of the induced industry and the secondary industry that will come into the shire because that is our real growth, because that is hugely sustainable.

The Hon. CATHERINE CUSACK: I just put it to you that, if the mining companies were to invest in a regional air service to Narrabri, that that would be one of the smartest moves they could make and the most important move for the community and particularly that proposed service to Coffs Harbour, that was a wonderful thing.

Mr BOLTON: That is the investment of the actual operation of the aircraft. Whitehaven, for instance, have got through a voluntary planning agreement [VPA], and it is always really nice to set a VPA when the price of coal is twice as much as it is now. Where it is at the moment is just a squabble. We are squabbling over cents.

The Hon. CATHERINE CUSACK: There are contracts, there is long-term planning for that.

Mr BOLTON: They are putting \$5 million into the Narrabri airport as well. So I think that is a pretty healthy investment.

The Hon. CATHERINE CUSACK: Just one other question, it might seem funny but we have not had any evidence of it. The Government accepts responsibility to pay for roads, why should not government also pay for the tarmac? Just because it is an airplane that is using it, it does not make any difference.

Mr BOLTON: It was interesting that, when the Federal Government divested themselves of the regional airports, probably in the 1990s they decided: "We will do the airport up to 100 per cent and then we will give you \$300,000 over the next 10 years, at \$30,000 a year, for the maintenance and upkeep of it and after that, it is yours". So that is what they did and so they divested themselves of the responsibility for regional airports, even though it is really a Federally controlled and licensed operation. So I guess most councils said, "Thank you very much—\$300,000 of extra income and we get to own our own airport". It might have sounded pretty good then. I was not in the mix with the decision-making. I know that, after 10 years no more income comes in and then you see regional airports starting to close.

The Hon. CATHERINE CUSACK: All I have seen is a slow disaster over 10 years, one by one, and New South Wales has lost more than anyone.

Mr BOLTON: Yes.

CHAIR: Just one last question, there has been a suggestion made to us that the logical thing to happen for Narrabri would be to have a Brisbane-Narrabri-Sydney and reverse commercial route. Has that been discussed in any of the discussions you have had with the industry?

Mr BOLTON: It is a want. And yes, I think for instance Santos Queensland, there is a lot of workforce up there that needs to come south, especially if they get approvals and they are into their construction phase you will see 1,200 construction workers come in to get that up. So yes, there would be a need there for the Brisbane-Narrabri dimension. And if we become the region delivering a service to Brisbane, then that would be great too.

CHAIR: It would attract people.

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Mr BOLTON: My word and it will improve our bottom line, so if they can see a way forward there in making that service work, I think that would be great.

CHAIR: We are out of time. So I thank you both very much for your evidence and your submission. It has been a really worthwhile session we have had this morning and obviously, a shire like Narrabri has been impacted, not only by losing an air service but by the fact that you have got a lot of aircraft coming in every day, on charter operations. It must be very frustrating for the community to see all these aircraft arriving and leaving and not being able to get on them.

The Hon. CATHERINE CUSACK: Water, water everywhere.

CHAIR: Yes. Thank you very much. You have taken some issues on notice. The staff will be in contact with you over the next couple of days, to clarify those issues. And if you are able to get those responses back to us within 21 days, we would very much appreciate that.

Ms HOOD: Yes.

CHAIR: So thank you once again for your submission and for your evidence and that concludes today's hearing.

Ms HOOD: Thank you.

Mr BOLTON: Thank you.

(The Committee adjourned at 12.49 p.m.)