



Parliament of Tasmania

LEGISLATIVE COUNCIL SELECT COMMITTEE



Bass Strait Air Transport

Members of the Committee

Mr Paul Harriss
Mrs Sue Smith
Mr Don Wing (Chairman)

Secretary: Mrs Sue McLeod

Table of Contents

| | |
|---|------------|
| Executive Summary | 2 |
| Summary of Recommendations | 6 |
| Chapter 1 – Introduction | 8 |
| Chapter 2 – State Government Assistance to Islands | 11 |
| Chapter 3 –Reliability of Air Services..... | 22 |
| Chapter 4 – Suitability and Reliability of Aircraft..... | 31 |
| Chapter 5 – Air Passenger Fares..... | 42 |
| Chapter 6 – Frequent Flyer Award Seats..... | 51 |
| Chapter 7 – Air Terminal Facilities | 67 |
| Chapter 8 – Air Freight | 87 |
| | |
| APPENDIX “A” | 95 |
| LIST OF REFERENCES..... | 96 |
| ATTACHMENT 1 – LIST OF WITNESSES..... | 100 |
| ATTACHMENT 2 – WRITTEN SUBMISSIONS TAKEN INTO EVIDENCE | 103 |
| ATTACHMENT 3 – DOCUMENTS TAKEN INTO EVIDENCE..... | 105 |
| ATTACHMENT 4 – MINUTES OF PROCEEDINGS | 109 |

Executive Summary

MOVING FEAST OR FAMINE

From 1957 to 1990 Tasmania's air services were based on the two-airline agreement negotiated by the Federal Government and Australian National Airways (ANA).

Post 1990 there have been apparent and real changes. We have seen Qantas, Ansett, Southern, Kendell, Impulse, Virgin Blue and, most recently, REX providing air services to and from this State.

The Committee was established in March 2001. It received most of its evidence in the months following, at a time when Tasmania's air services across Bass Strait were being provided by Ansett Airlines and Qantas. During the last two years, Impulse has come and gone, Ansett Airlines has gone, and the State now has Qantas, Virgin Blue and Rex providing interstate air services.

This continuing change, which has caused some turmoil for passengers, has delivered a variety of air schedules and air fares – some being beneficial to travellers and others being quite unacceptable and detrimental – especially to an island State highly dependent on air travel. This moving feast or famine has been highlighted even more over recent times.

It is important to note that the Committee has reported on evidence, much of which was presented to it prior to the collapse of Ansett Airlines. In some cases, an update of information has been requested and is included in the report.

Whilst it is hoped that the current level of air services and discount fares will not deteriorate, past experience points to the risk of an unpredictable future.

Between 1957 and 1990 the main concern of Bass Strait air passengers was probably the parallel air schedules of Qantas and Ansett. Air fares were stable and generally acceptable. How passengers must yearn for a return to the pre-yield management era, prior to the major airlines juggling air fares based on predicted bookings – often varying from day to day. This system of yield management makes air fares something of a lottery, which also seems to be the case with the redemption of frequent flyer points across Bass Strait.

DEPENDENCE ON AIR TRAVEL

It cannot be over emphasised that Tasmanians and visitors to Tasmania are highly dependent on air travel, with approximately 85% of Bass Strait passengers traditionally travelling by air and 15% by sea.

This dependency will continue, at only a slightly reduced rate, notwithstanding the advent of the twin *Spirit of Tasmania* ferries.

It has been forecast that, in the short term, the new ferries will boost the number of sea passengers by 30%. Even if this target is achieved, the ratio will still be approximately 80% air and 20% sea.

While the State of Tasmania owns and controls the two passenger ferries, Bass Strait air travellers are entirely dependent on the airline companies to provide adequate, reliable and affordable air services.

“NATIONAL HIGHWAY” FUNDING

The concept of Bass Strait being treated as part of the national highway for Federal funding purposes has been accepted and adopted for sea transport, but not yet for air passenger transport.

The Committee’s Interim Report presented on 18 October 2001 addressed this issue and advocated the allocation of Federal funds to reduce the cost impact to passengers crossing Bass Strait by air.

For similar reasons the Committee concludes that the State Government should provide funds to reduce the cost impact for travel to and from the Tasmanian mainland and the Bass Strait islands.

STANDARDS OF SERVICE, AIRCRAFT AND COSTS

Since the Committee was first appointed on 20 March 2001, the adequacy, availability, reliability and cost of Bass Strait air travel has fluctuated considerably; at times dramatically.

This period also saw the collapse of Ansett Airlines, the emergence and then cessation of separate Impulse services and the extension of Virgin Blue services from other States; first to Launceston and then Hobart.

One of two airlines ceased regular flights to Flinders Island and significant changes were made to King Island services.

These events not only caused serious dislocations to airline schedules but led to substantial increases in the cost of flying. With increased competition, air fares and services have now reverted to normality, with some increase in the total number of seats available.

Nevertheless, the cost of air fares for seats booked at short notice remains quite exorbitant and travellers are left with no real alternative than to pay them. There is lingering apprehension that circumstances could occur again, maybe rapidly, resulting in adverse consequences to airline schedules and air fares.

Currently there appears to be general satisfaction with the type of aircraft used on most Tasmanian routes and also with the overall standard of air terminal buildings.

The failure of the Federal Government, following the Ansett collapse, to give special and appropriate treatment to Tasmania, notwithstanding its isolation and the calamitous consequences it suffered, provides no assurance to Tasmanians that they could rely on any worthwhile Federal Government help in the event of a serious deterioration of air services or a significant escalation of air fares.

FREQUENT FLYER PROGRAM

Changes made to the Qantas frequent flyer point system, effective from September 2001, are seen to disadvantage Bass Strait air passengers who redeem points, notwithstanding advantages for long distance travellers and in the allocation of points.

FREIGHT

The level of freight services available to and from Tasmania is considered adequate at this stage. There is a concern, however, that there is a changing need and capacity for freight, especially in relation to the movement of seafood.

Witnesses from King Island and Flinders Island expressed concern with the cost of air freight, both to and from Tasmania and the mainland.

REGULATION

Whilst deregulation of air services in Australia has resulted in certain benefits for air travellers, especially on the major routes, there is no

guarantee of adequate services and schedules being consistently available on the less profitable routes.

The level of services and fares for flights across Bass Strait varies according to the level of competition existing at different times. As a result, Bass Strait air passengers are disadvantaged from time to time, often seriously. There is an increasing feeling that some form of regulation is required to ensure adequate schedules, minimum levels of acceptable services and reasonable air fares for Bass Strait air travellers as well as for passengers on other regional air services.

ACKNOWLEDGEMENT

The Committee acknowledges, for the reasons discussed in this summary concerning frequently changing circumstances in air travel, that sections of this report could quickly become outdated.

It is hoped that any changes in the future will be of benefit to Bass Strait air travellers.

APPRECIATION

The Committee values the research and information provided by Dr Bryan Stait, Director of the Parliamentary Research Service, in an area in which he has considerable expertise.

Miss Julie Thompson has very efficiently transcribed the content of this report and each of several draft versions.

Mrs Sue McLeod, as Secretary of the Committee, has undertaken the many and varied duties involved with her customary high degree of efficiency and support to Members.

To each of them and to all who have assisted the Committee in any way we extend our sincere appreciation.

**Parliament House, Hobart
27 November 2002**

**Don Wing MLC
Chairman**

Summary of Recommendations

The Committee recommends that:

Term of Reference 1 (see Interim Report for full details)

1. Federal funds be provided on a permanent basis to reduce the cost impact to passengers travelling across Bass Strait by air.
2. Maximum pressure be exerted where-ever possible by all who have any capacity to do so until the goals set out in Recommendation 1. are achieved.

Term of Reference 2

3. For the purpose of Recommendation 1 in Term of Reference 1, King Island and Flinders Island Airports be treated on the same basis as other Tasmanian Airports.
4. The regulation of air services to and from Flinders Island be re-introduced and that the State Government underwrite the services within the principles of community benefit.
5. Consideration be given to an air service charge, by way of levy, for all planes landing on Flinders Island regardless of where they land. This levy would be passed to the Flinders Council for the upkeep of the major Flinders Island Airport.
6. Although history has shown that the cost of air services to and from King Island is acceptable, the State Government should monitor the situation and be prepared to similarly underwrite these services should the need arise.
7. The Cape Barren Island application to the Commonwealth Government for the Remote Air Subsidy Scheme be supported by the State Government.

Term of Reference 3

8. Airline companies ensure that their public relations policies enable travellers to be notified as regularly as appropriate, of the reasons for and likely duration, of any flight delays or cancellations.

9. Airlines regularly publish the extent of, and reasons for, delays and cancellations as an appropriate service to the public.
10. In the event of the airlines not adopting an un-regulated reporting process, the Committee recommends that the Federal Government introduces a regulated process.

Term of Reference 4

11. The State Government support a joint passenger/freight aircraft service for Flinders Island with an increased capacity adequate to meet the current day requirements of those utilising the service and the growing needs of the tourist industry.

Term of Reference 6

12. The State Government make representations to Qantas :
 - (a) to increase the availability of frequent flyer seats between Tasmania and the mainland; and
 - (b) to reduce the number of frequent flyer points required for redemption to travel between Tasmania and the mainland;
 - (i) to ensure equity for Bass Strait air travellers, and
 - (ii) in the interest of Tasmanian tourism promotion.

Term of Reference 7

13. The owners of Hobart and Launceston Airports reduce their short-term car parking costs to make them more comparable with city parking and most other regional airports.
14. The Launceston Airport owners and the airlines facilitate arrangements for Flinders Island travellers to -
 - (a) utilise the main terminal; or
 - (b) to be transported between the two terminals.
15. Adequate security screening facilities be installed at both Devonport and Burnie Airports as a matter of urgency. This is especially important in view of recent national alerts for terrorist activities.

1.1 APPOINTMENT AND TERMS OF REFERENCE

On Tuesday, 20 March 2001 the Legislative Council resolved that a Select Committee of Inquiry be appointed “to inquire into and report upon:-

- 1) whether the Federal Government should provide funds to reduce the cost impact to passengers travelling across Bass Strait by air;
- 2) to what extent, if any, should the State Government provide funds to reduce the cost impact to passengers travelling to and from Flinders Island and King Island by air;
- 3) the regularity, reliability and adequacy of air passenger services across Bass Strait;
- 4) the suitability and reliability of aircraft used to provide both passenger and freight services across Bass Strait;
- 5) the cost of air passenger fares across Bass Strait and a comparison of these with the cost of fares on other domestic routes;
- 6) the availability and method of allocation of frequent flyer award seats on Tasmanian flights and a comparison in each case with other domestic routes;
- 7) the adequacy and suitability of air terminal facilities at Tasmanian airports and the cost of car parking where charges are made;
- 8) any problems or difficulties associated with –
 - (a) interstate; and
 - (b) international
 air freight to and from Tasmania;
- 9) any other matters relating to the provision of air passenger and freight services to and from Tasmania”.

The Committee comprised three members of the Legislative Council – Mr Paul Harriss, Mrs Sue Smith and Mr Don Wing (Chairman). The

former President of the Council, Mr Ray Bailey, accepted an ex officio role on the Committee, until his retirement from the Legislative Council.

The Committee was disbanded on 1 February 2002 due to the prorogation of the Parliament and re-established on 12 March 2002. On 21 June 2002 the Parliament was dissolved for the State Election and the Committee was re-established on 25 September 2002.

1.2 THE REASON FOR ESTABLISHING THE COMMITTEE

The Committee was established for a number of reasons. In part this was due to the lack of response by the Federal Government to a recommendation of the 1992 Legislative Council Select Committee on Tourism in Tasmania. Report No. 4 of that Committee recommended that the Federal Government be requested to provide funds to reduce the cost of air fares to and from Tasmania in recognition that Bass Strait is Tasmania's National Highway link with the mainland of Australia.

The need for Federal funding has also been made clear in reports produced by Mr John Stanley, a leading Australian transport economist, entitled "Tasmania's Transport Disadvantage : How to Rectify the Problems of Bass Strait" (1993) and "Tasmania's Transport Disadvantage for Passenger Travel : An Update" (1998), prepared by

Another factor was the concern expressed by Bass Strait air travellers, not only Tasmanians, but also people from other States and overseas, in relation to the lack of regularity, reliability, adequacy and cost of passenger and freight services. Many aspects of the air services provided to Flinders Island and King Island were also of concern to many people.

The Committee was established, therefore, to identify and evaluate facts and information relevant to the terms of reference and as a means of highlighting to both Federal and State Governments and air service providers, the issues of concern in relation to air travel across Bass Strait.

1.3 PROCEEDINGS

In advertisements placed in the three regional daily newspapers, the Committee called for submissions and evidence. In addition invitations were sent to key stakeholder organisations and individuals.

Thirty nine written submissions were received and verbal evidence was given by sixty eight witnesses in Tasmania, Victoria and New South Wales.

The Committee met on thirty four occasions. The Minutes of these meetings are set out in Attachment 4.

The witnesses are listed in Attachment 1. Documents received into evidence are listed in Attachment 3.

1.4 INTERIM REPORT ON TERM OF REFERENCE 1

Due to the imminence of the then impending Federal Election, the Committee presented an Interim Report relating to Term of Reference 1 on 18 October 2001.

That Interim Report contained the following recommendations that :

1. Federal funds be provided on a permanent basis to reduce the cost impact to passengers travelling across Bass Strait by air.
2. Maximum pressure be exerted where-ever possible by all who have any capacity to do so until the goals set out in Recommendation 1. are achieved.

Term of Reference 2

To what extent, if any, should the State Government provide funds to reduce the cost impact to passengers travelling to and from Flinders Island and King Island by air?

Air transport to both King and Flinders Island has had a chequered history, with the Islands at times having over capacity that inevitably leads to a price cutting war, followed historically by a loss of service as the competition tightens the financial capacity of operators to survive.

In the shadow of continuing air transport problems, communities on both King and Flinders Island struggle to maintain both economic and social links with mainland Tasmania in the first instance and also to mainland Australia - particularly with product specific economic development to niche markets that their very Island status has successfully captured.

Both Islands have similar concerns – the main one being air transport with a declining population base, when numbers are a vital requisite of a reliable and regular transport system.

The General Manager of King Island Council, Mr Geoff Sowiak recognised :

*“The Island experienced a decline in population and new industries have great difficulty in attracting staff simply because of the high cost of basic necessities such as power, transportation, fuel and groceries”.*¹

and

*“Air travel is not a luxury for the people of King Island. Air services are an essential part of the island’s economic and social infrastructure.”*²

These sentiments were supported by the comments of the Mayor of Flinders Council, Councillor Lynn Mason :

¹ Mr Geoff Sowiak, General Manager, King Island Council, *Transcript of Evidence*, 10 July 2001, p. 1.

² *Ibid.*

*“Let me say at the outset that we do need to establish that air transport is absolutely integral to our way of life here and the continuation of our ability to live in the Furneaux Group of Islands”.*³

Against the background of these difficulties, both Councils have responsibility for the main passenger airports on their respective islands.

King Island took responsibility for the airport in 1992 and whilst at that time submissions were made concerning the extension and sealing of the runways, the Commonwealth insisted that only sufficient funds would be given to maintain standards at the current level. As airports get larger, more modern and have more jets, extensions and sealing of runways are a significant issue.

The General Manager of King Island commented further that :

*“The 2001-2002 budget shows a total expenditure of \$215,000 on operations... gives you a shortfall of \$117,000”.*⁴

Added to this was the issue of the :

*“Loss of approximately \$100,000 in landing charges... and that was a consequence of an airline operator going bust so to speak and those charges being outstanding.”*⁵

In response to a question whether the Commonwealth had considered continuing its ownership of the King Island Airport, the General Manager, Mr Sowiak replied :

*“... from what I read it would appear that the options given to the Council were they either take over the facility or it would be tendered for privately”.*⁶

Evidence from the Flinders Council confirmed a similar scenario. Councillor Mason stated :

³ Councillor Lynn Mason, Mayor of Flinders Council, *Transcript of Evidence*, 11 July 2001, p. 2.

⁴ Mr Geoff Sowiak, *op. cit.*, p. 7.

⁵ *Ibid.*, p. 4.

⁶ *Ibid.*, p. 3.

“This year it is expected that the expenditure will be \$221,000 and the revenue will be \$119,000”.⁷

Councillor Mason confirmed that this shortfall did not include a component for any bad debts which the Council expected to carry.

The financial problems of the Flinders Island Airport are compounded by the number of private landing strips used regularly to the detriment of the Council owned facility.

In evidence, Mr Robert Pratt, Managing Director of Island Airlines Tasmania Pty Ltd, said :

“There is a plethora of airports on Flinders Island, and they are used for private flights, freight operations, charter operations, for all sorts of applications. There is only one airfield, however, that is suitable for RPT operations and that is Whitemark. In most regional centres around Australia it would be fair to say that air services are concentrated around the local airfield, and the airport is the hub of all passenger and airfreight movements in and out of the area. In the case of Whitemark, a large number of operators don’t use the airport and opt for a cheaper landing area but at the same time these operators don’t hesitate to use Whitemark when the facilities are required, such as when conditions become unforgiving or they need lighting or they need fuel ... these operators are using the facilities of Whitemark ... without paying for them”.⁸

As a solution to this issue, Mr Pratt proposed :

“In relation to air services in and out of Flinders Island, I would like to suggest that consideration be given to an application of an air service charge, a levy towards air service charges for planes landing in and out of Flinders Island regardless of what they run to. This levy would then be passed onto the Flinders Island Council for their maintenance and upkeep of the Whitemark Airport for the basic good of the aviation community as a whole ... air service charges are levied on their flight plans ... The moment you lodge a flight plan you get an automatic charge

⁷ Councillor Lynn Mason, *op. cit.*, p. 6.

⁸ Mr Robert Pratt, Managing Director, Island Airlines, *Transcript of Evidence*, 30 July 2001, p. 2.

*anyway and therefore there would be no huge collection problems”.*⁹

The Flinders Council has been pro-active in recognising problems and the need to find solutions, and thus commissioned the Aerodrome Strategic Development Plan. The plan envisages a five-year time frame with the aim of achieving a cost neutral result for the airport. In giving evidence to the Committee, a Report Consultant, Mr Rod Sullivan, Director of AOS Consulting stated :

*“We also believe the Council needs to think about the community value of the asset and therefore whether there is some justification for a subsidy and that may well be a subsidy by council or it may well be a subsidy at a higher level but nevertheless I think that’s an issue that needs to be addressed”.*¹⁰

and

*“I think it is important to recognise that the development of the airport can in fact foster new business on the island itself”.*¹¹

Whilst no evidence was given on the cost of landing charges on King Island, the costs of utilisation of the Whitemark Airport were raised in several submissions. When the question of representation to the Grants Commission was raised, Mayor Mason responded :

*“For many years we made representation to the Grants Commission to try and get our runways recognised as roads. We have finally had some small concession in that area but it is nowhere near what it actually costs us and costs the ratepayers to try to maintain those runways. That it is a foible or a peculiarity or a generosity, if you like, of our current State Grants Commission that they have managed to put a sort of recognition factor in there for us. It depends upon the constitution of the Grants Commission from year to year”.*¹²

The General Manager of Flinders Council, Mr Lee Connors added :

⁹ Mr Robert Pratt, *op. cit.*, pp. 3-4.

¹⁰ Mr Rod Sullivan, Director, AOS Consulting, *Transcript of Meeting*, 3 August 2001, p. 2.

¹¹ *Ibid.*

¹² Councillor Lynn Mason, *op. cit.*, p. 13

“The review of the Commonwealth Financial Assistance Grant is underway at the moment. The draft report came out the other day which indicates that Queensland, Northern Territory, Western Australia and, I think from memory, New South Wales, the local Grants Commission there recognise local aerodromes as a disability factor.”¹³

On a question of any undertakings in the Flinders Council Partnership Agreement with the State Government to get some acknowledgement that the Grants Commission would take this on board at a State level, Mr Connors answered : “No”.¹⁴

With the limited rate base of both Islands and the lack of legislation to ensure a mechanism to enforce the imposition and collection of landing charges, the future viability of the Island airports is in jeopardy. The already significant cost of flying allows no capacity to increase charges.

The two issues raised by Islanders were the continuation of service operators and the cost impost to residents and visitors alike. In the words of Mr Hugh Sinclair of Sinclair Air Charter :

*“We are well aware of what has been going on in Bass Strait particularly in the Furneaux Group. We have noted here that adequate, efficient reliable air transport is fundamental to the economic and social development of the Island. If we don’t get both of those things right, I think that a permanent decline may be inevitable but it is not impossible to fix this ... we have seen sixteen airlines turn their toes up in our time”.*¹⁵

Mr Sullivan commented in relation to Flinders Island :

*“That local residents contribute something like 10,000 passenger trips... We could expect to see nothing changing in the way of resident movements, any change or improvement has to be by external growth of the tourism industry.”*¹⁶

Flinders Island has a Regular Passenger Transport (RPT) service with Island Airlines operating between Flinders Island and Launceston, and Flinders Island and Victoria via Traralgon to Essendon. RegionAir Express, operating as Schutt Aviation Services, provides charter

¹³ Mr Lee Connors, General Manager, Flinders Council, *Transcript of Evidence*, 11 July 2001, p. 13.

¹⁴ *Ibid.*, p. 14.

¹⁵ Mr Hugh Sinclair, Sinclair Air Charter, *Transcript of Evidence*, 22 August 2001, pp. 1-2.

¹⁶ Mr Rod Sullivan, *op. cit.*, pp. 9-10.

services to and from Launceston and Moorabbin. In evidence to the Committee, residents of Flinders were sceptical of the long-term security of the airlines. Their scepticism has proved to be well-founded.

In commenting on cut-price fares being offered, Mrs Louise Mason, representing the Flinders Island Tourism Association said :

*“I think that some people can be fairly sceptical about that sort of thing because whenever we have had discounting wars in the past, it has most certainly resulted in an airline going under and I don’t like it. I think it is leading us down a path ... I don’t see any joy in it whatsoever”.*¹⁷

At the time of presentation of this report, services to the Island have been reduced. In evidence, Mr Grant of RegionAir Express, said :

*“It’s an island that cannot afford an RPT service even Chieftain standard at this point in time”.*¹⁸

This was an interesting comment considering the continuing competition between the RPT service provider, Island Air and RegionAir, their strongest competitor, which applied for an RPT licence.

Since the Committee took evidence, the application for an RPT licence by RegionAir has been rejected and Island Air remains the only regular service provider. Chartered flights are operated by RegionAir and other airlines to and from the Island.

The Committee would question whether one operator with some regulated protection may be able to give the service levels that the Island desires and deserves. De-regulation has created more problems, despite the generally accepted principle that competition brings better service and lower prices.

The issues of Flinders Island are even stronger on Cape Barren where in evidence Ms Kerry Beeton, Administrator of Cape Barren Aboriginal Association explained :

“The main issue which surrounds the plight of Cape Barren Island residents is that of the cost of any kind of air transport be it for people or freight of any type. Because there is no

¹⁷ Mrs Louise Mason, Flinders Island Tourism Association, *Transcript of Evidence*, 11 July 2001, p. 6.

¹⁸ Mr Martin Grant, Director and Operations Manager, RegionAir Express Pty Ltd, *Transcript of Meeting*, 30 July 2001, p. 8.

regular airline service into Cape Barren which there used to be up to about five or six years ago, then everything has to be a charter plane”¹⁹.

In fact, Ms Beeton explained that as she lives on Flinders Island and works on Cape Barren Island she usually stays quite a few nights, as the eight minute flight costs \$121.00 one way. For residents to travel to mainland Tasmania it is necessary to charter an aircraft. Whilst the local mail plane delivers to Cape Barren Island three times a week, it has no legal capacity to carry passengers.

Residents of the Island have applied for assistance from the Commonwealth Government under the Remote Air Subsidy Scheme, but to date, have been unsuccessful in achieving recognition of their remoteness and the problems it creates.

The Committee supports the Cape Barren Island application to the Commonwealth Government for the Remote Air Subsidy Scheme. This is on the principle that support has been given to remote communities in other States because of particular circumstances and the Committee believes that Cape Barren Islanders deserve the same consideration.

As mentioned in the Interim Report, the Committee believes that the Federal Government should provide funds to reduce the cost impact to passengers travelling across Bass Strait by air. In relation to the Bass Strait Islands, it is clearly the responsibility of both State and Federal Governments to provide financial assistance.

Support for the concept of assistance to both Flinders Island and King Island comes from many who are external to the Islands. The General Manager of Burnie City Council, Mr Paul Arnold said :

“There is, in our view, a need for some sort of guaranteed service for the King Island and the Flinders Island people as well, in terms of their link to this State ... it would appear to us that clearly the open skies policy has not worked because of the difficulties in retaining good passenger air services for those islands over time. We would recognise that there is a need sometimes to guarantee a certain number of seats on various flights. We think that that would be a reasonable

¹⁹ Ms Kerry Beeton, Cape Barren Aboriginal Association, *Transcript of Evidence*, 11 July 2001, p. 1.

*approach by the State Government to make sure that those services are there and spread across all airports”.*²⁰

Mr Desmond Hiscutt, a former Member for Emu Bay in the Legislative Council, agreed :

*“I believe the State Government has a responsibility to assist people on the Islands getting on and off”.*²¹

Mr Stephen Parry, President of the Burnie Chamber of Commerce, also commented on the need for the State Government to provide assistance :

*“It’s our belief ... that the State Government has some moral obligation to look after the Bass Strait Islands. ... [King Island is] an Island off an Island which makes it more remote. People do go there – and I believe this is worthy of merit that the State Government needs to take notice of – to assist the community”.*²²

Mr Malcolm Ryan of Burnie supported this view :

*“I believe there should be some subsidy to King and Flinders Islands. I have looked at going to King Island for years and I have never been there yet and it has always been the price which put me off. I can go to Melbourne cheaper than I can go to King Island”.*²³

Mr John Aston-Luscombe, from AusVillas Pty Ltd and Chairman of the Tasmanian Visitor Information Network , recognised the need to support the Islands’ tourist market :

*“I think it’s important from a tourist point of view that we do concern ourselves with both Flinders and King”.*²⁴

Also from a tourism point of view, Ms Jenny Cox, then Chief Executive Officer, Cradle Coast Tourism, stated :

“Cradle Coast Tourism supports a King Island subsidy for its air services, even if it’s only from Tasmania, thus making

²⁰ Mr Paul Arnold, General Manager, Burnie City Council, *Transcript of Evidence*, 22 August 2001, p. 10.

²¹ Mr Desmond Hiscutt, *Transcript of Evidence*, 10 July 2001, p. 11.

²² Mr Stephen Parry, President, Burnie Chamber of Commerce, *Transcript of Evidence*, 17 July 2001, p. 4.

²³ Mr Malcolm Ryan, *Transcript of Evidence*, 10 July 2001, p. 4.

²⁴ Mr John Aston-Luscombe, Executive Director, Ausvillas Pty Ltd, *Transcript of Evidence*, 16 July 2001, p. 5.

*Tasmania a more attractive option for King Island people to use Tasmania as their main service centre rather than Melbourne”.*²⁵

and

*“King Island doesn’t enjoy the market share it should from Tasmania and most of that is about cost”.*²⁶

Mr Martin Grant, Director and Operations Manager of RegionAir Express Pty Ltd, put on record his belief that State Government assistance is essential :

*“Is somebody going to underwrite the air service here to help it grow to development so it may gain perpetual motion where it can actually be self-sustaining? That’s the real question. Unless the Government at whatever level helps to do that to underwrite the air service and put on a service that can help develop the industry it will keep declining”.*²⁷

In a written submission to the Committee, the Flinders Council suggested that :

*“The State Government’s arrangements with Impulse Airlines for the provision of new air services to Tasmania could be repeated by an agreement with an aircraft operator to underwrite the cost of introducing turbine powered aircraft with the uplift capacity to meet the passenger and freight needs of the Flinders Island community. The State Government has a community service obligation to support isolated communities with the provision of safe and reliable air services. Past operators were provided with financial assistance to invest in the equipment needed for appropriate service delivery”.*²⁸

King Island submissions supported this view, as did many other witnesses who gave evidence to the Committee.

²⁵ Ms Jenny Cox, former Chief Executive Officer, Cradle Coast Tourism, *Transcript of Evidence*, 10 July 2001, p. 1.

²⁶ *Ibid.*

²⁷ Mr Martin Grant, *op. cit.*, p. 12.

²⁸ Flinders Council, *Submission to the Legislative Council Select Committee on Bass Strait Air Transport*, April 2001, p. 3.

The Minister for Infrastructure, Energy and Resources, Hon Paul Lennon MHA, commented that :

*“Our involvement has been to try to use our influence to ensure that there is a regular and reliable service available to Flinders Island residents”.*²⁹

The Committee believes that the only way to achieve this is by some re-regulation through Government intervention. In the words of Mr John O’Dell, the Veterinary Surgeon on Flinders Island :

*“When I was in a big practice in Sydney ... we put our order up for tender and then whoever gave us the best deal we said ‘We’ll only deal with you’. That is part of the tender. I know there is competition policy but two airlines at the moment are cutting each other’s throats. We are going to end up with one of them going broke and then somebody else will hop in and the whole cycle will continue. The best way would be if Flinders Island, State Government, Federal Government, whatever, form a working solution”.*³⁰

A further issue was raised in relation to State Government funding for travel from Flinders Island and King Island for students to attend schools on mainland Tasmania and Victoria. Evidence indicated opposition in Tasmania to the State Government providing funds for Tasmanian students to travel to attend mainland schools.

In giving evidence to the Committee, Mr Peter Welch, Headmaster of the Launceston Church Grammar School, indicated that over the last five years enrolments at the school have decreased and that there has been :

*“... a considerable shift in direction from those families on King Island towards Victorian schools and away from certainly the two boarding schools in the Launceston area”.*³¹

Mr Welch believes that the payment of a travel subsidy for students travelling to Victoria has made :

²⁹ Hon Paul Lennon MHA, Minister for Infrastructure, Energy and Resources, *Transcript of Evidence*, 22 August 2001, p. 1.

³⁰ Mr John O’Dell, *Transcript of Evidence*, 11 July 2001, p. 6.

³¹ Mr Peter Welch, Headmaster, Launceston Church Grammar School, *Transcript of Evidence*, 17 July 2001, pp. 1-2.

*“... competition even more difficult for the Tasmanian schools to secure those enrolments”.*³²

In response to this issue, Mr Lennon confirmed that the State Government provides financial support for students travelling from the Bass Strait islands to mainland schools if that *“better suited their curriculum needs”*³³ and if they suffered *“an education disadvantage without that financial support”*.³⁴

The Committee believes that any scheme that facilitates Tasmanian students receiving their education in another State may well cause the students to focus more on that State in terms of future career opportunities.

It is important for the State Government to give consideration to these matters.

Recommendations

The Committee recommends that :

3. For the purpose of Recommendation 1 in Term of Reference 1, King Island and Flinders Island Airports be treated on the same basis as other Tasmanian Airports.
4. The regulation of air services to and from Flinders Island be re-introduced and that the State Government underwrite the services within the principles of community benefit.
5. Consideration be given to an air service charge, by way of levy, for all planes landing on Flinders Island regardless of where they land. This levy would be passed to the Flinders Council for the upkeep of the major Flinders Island Airport.
6. Although history has shown that the cost of air services to and from King Island is acceptable, the State Government should monitor the situation and be prepared to similarly underwrite these services should the need arise.
7. The Cape Barren Island application to the Commonwealth Government for the Remote Air Subsidy Scheme be supported by the State Government.

³² Mr Peter Welch, *op.cit.*

³³ Hon Paul Lennon, MHA, *op. cit.*, p. 2.

³⁴ *Ibid.*

Term of Reference 3**The regularity, reliability and adequacy of air passenger services across Bass Strait.**

The regularity of flight timetables across Bass Strait, as well as the reliability and adequacy of aircraft, are regularly debated and are sensitive matters to most people who choose air travel between Tasmania and mainland Australia.

With the two airline services across Bass Strait over many years passengers, especially business travellers, have been bemused by the 'tailgate' schedules which were offered by Ansett and Qantas, that is, flights departing airports almost simultaneously.

Many factors impact on the reliability of air services, but in Tasmania they revolve primarily around the mechanical reliability of aircraft, and the ability of the airlines to speedily carry out repairs or supply substitute aircraft. This, therefore, is akin to a part of Term of Reference 4.

Tourism is a major Tasmanian economic driver and there is a heavy reliance on air travel across Bass Strait. A number of submissions to the Committee highlighted the frustration experienced by mainland tourists intending to travel to Tasmania, when mechanical failures and other factors cause significant delays to departures. Likewise, significant inconvenience is suffered by the same travellers returning home when delays are experienced. The upshot of this is that because the only alternative choice is sea travel, many tourists choose not to revisit Tasmania.

The short break tourist market is considered to be a most important contributor to Tasmania's economy and aircraft travel has historically been the preferred travel mode for such tourists. This ever-growing short break market relies on a regular and reliable air service across Bass Strait.

Mr Geoffrey Conaghan, the Corporate Affairs Manager of Australia Pacific Airports Corporation, made the following observation about the impact of mainland tourists on Tasmania :

*“The short-break market is highly lucrative because they have a higher yield toleration. They are there for a good time, not a long time, so they will spend more on accommodation and more on everything. They come from a different socio-economic group and they have a different reason for travelling... You have several innate differences between tourists who use aircraft and tourists who use the boat, just in length of stay and their spend per day is going to be very different”.*³⁵

Mr Ian Campbell, of Newcastle, outlined one experience of the frustration experienced by travellers when delays occur :

“... as a fairly frequent visitor and a holidaying-type visitor to Tasmania, on some occasions we come by sea on the TT-Line and other times by air. On this occasion we’ve travelled by air and as usual in Melbourne we were occasioned a 70-minute delay without explanation, without any apologies and without anything at all – this was Kendall this time. I don’t say they are any worse or any better than Qantas because, I think, probably my biggest complaints in that area... would be in respect of the non-performance of Qantas.

... my daughter and my sister-in-law were flying here to meet with us and to have some time with us and they booked direct flights into Launceston. In the case of my daughter, notwithstanding the fact that she had phoned us when we were staying at Preston which is a fair hike, probably 150 kilometres or thereabouts from Launceston; she had phoned us from Sydney and said the flight would be delayed and to check with the Qantas arrival information before doing anything. We drove into Ulverstone, checked the official Qantas flight information, as is given out as being factual. The flight was due to arrive at Launceston that morning at 10.15 am, we arrived into Launceston at eleven and by one o’clock they were still on the ground in Sydney, and by 2.30 pm they were still on the ground in Sydney, and yet the information on the telephone had not told anybody about this. It just meant that the airline didn’t care about people who had to travel, say, a round trip of 300 kilometres to meet

³⁵ Mr Geoffrey Conaghan, Corporate Affairs Manager of Australia Pacific Airports Corporation, *Transcript of Evidence*, 30 July 2001, p. 15.

a plane that wasn't even scheduled to take off, let alone arrive.

Several days later, another one of our guests or visitors was put in the same position and instead of arriving at Launceston at 10.00 am in the morning, they arrived at 10.30 pm, or it might even have been 11.00 pm at night but, if I remember rightly, it was thirteen hours after the flight should have arrived. I was so incensed with the indifference of Qantas to people like ourselves, sitting around at the Airport not being able to get any information, and I thought if the catamaran that's going across Bass Strait has four people sick it gets a front page, but if the airline does something like this they don't seem to attract the same sort of publicity.³⁶

Similar experiences were disclosed by other witnesses. One much-travelled witness made the comment that he was beginning to wonder if Qantas was capable of setting off an alarm clock on time, let alone an aircraft!

The Committee is also aware that some passengers have complained about not being kept informed of the reasons for delays, or given progress reports in relation to the timing of their flight, and this has added to their annoyance and frustration.

Evidence about the adequacy of services focused on the smaller planes being used across Bass Strait.

Ms Ngari McCrindle, George Town Council's General Manager made the following comments:

"Impressions now on size of aircraft is that smaller probably gives a better choice to the community, however, you get to the peak period where there is nothing available and there appears to be no back-up aircraft or no larger aircraft that can come into the system. Actually the Qantas booking staff told me at the time that I was trying to book a particular flight that there had been more than myself asking to book and effectively you either lose customers, I am assuming, or they have to change to a different day, but it is an inconvenience. It appears to be in the peak holiday times that I am talking on that."³⁷

³⁶ Mr Ian Campbell, *Transcript of Evidence*, 10 July 2001, pp. 1-2.

³⁷ Ms Ngari McCrindle, General Manager, George Town Council, *Transcript of Evidence*, 15 June 2001, pp. 2-3.

Flight schedules will inevitably be determined according to demand but will also be constrained by the airlines assessing the profitability of providing the service.

Customer loyalty schemes (frequent flyer awards) are impacted, not only by the regularity of services, but also by aircraft capacity.

Business North in its submission raised this issue and Mr Russell Reid, the Executive Officer, gave the following evidence in support of the submission :

*“... with regard to the Kendell Airlines, the service there is very new and planes probably more suited, as we said in the submission, to the size of the market but the effect of having those smaller planes is that there are less available seats, unutilised seats that can be used for reward flight flights into the State by tourists and also by Tasmanians out of the State. Although we recognise the rights of those businesses to make business decisions, we believe that there has been a clear removal of some of the competition from the marketplace and that will disadvantage in the end all Tasmanians and at the moment particularly northern Tasmanians”.*³⁸

As to the reliability of services from Burnie, Mr Stephen Parry, representing the Burnie Chamber of Commerce and Industry, indicated that he has regularly experienced major inconvenience with the cancellation of flights or unreasonably delayed flights. There was a recent occasion when he was to travel on an 8.25 am QantasLink flight from Burnie and his evidence indicates the frustration which travellers like himself experience :

“... that plane never arrived. I then had to go on to a 10.10 Kendell flight which normally goes via King Island but on Fridays it doesn't so that assisted me somewhat. I had a 10.30 meeting I was chairing in Melbourne, and of course, the meeting was postponed until about 12.45, which inconveniences other people who have flown in for the meeting. But this is a regular event. Once off you don't mind, but this happens to me time and time again. I would have missed

³⁸ Mr Russell Reid, Executive Officer, Business North, *Transcript of Evidence*, 14 June 2001, p. 2.

*easily over the last 18 months, ten meeting commencement times through delayed flights”.*³⁹

Mr Parry further commented that in his view the Burnie and Devonport routes are the first to suffer when flight scheduling is amended by the airlines. Mr Parry said :

*“... I did take this up with Kendell verbally – I think Kendell expanded very quickly and I don’t know whether they had the back-up aircraft to assist when maintenance issues certainly came to the fore. So maybe this is an area where the problem started, but whether or not they look at passenger loadings or whether our routes are low passenger volume routes, I don’t know the answer. I’m just raising questions that probably need to be answered”.*⁴⁰

From evidence presented to the Committee, reliability of air passenger transport was a more dominant issue for concern than regularity or adequacy of those services. Lack of reliability then becomes a major source of frustration for air travellers.

Tasmania’s transport disadvantage of isolation, not distance, exacerbates the inconvenience suffered by passengers when flights from Tasmania are delayed or cancelled due to mechanical failure, because it is almost impossible to arrange replacement aircraft, or alternative means of transport.

Mr David Sice, who frequently travels to Sydney for business, explained to the Committee the problems he has in relation to the scheduling of direct flights :

*“When they [direct flights] were introduced I found myself very rarely being able to avail myself of them because their scheduling was completely wrong for me. They tend to leave at lunchtime from here and Sydney or in the late afternoon from Sydney or maybe here too. What that means, for my purposes, is that they are virtually irrelevant. It means you waste a day getting to Sydney, you waste a day getting back from Sydney, two days gone for every trip of unproductive time”.*⁴¹

³⁹ Mr Russell Reid, *op. cit.*, p. 4.

⁴⁰ *Ibid.*, p. 5.

⁴¹ Mr David Sice, *Transcript of Evidence*, 17 July 2001, p. 26.

Mr Sice said as a result, he finds himself travelling via Melbourne at the extreme ends of the day. Travelling from Sydney back to Launceston he finds it necessary :

*“... to leave Sydney Airport at 4.30 pm [which] is almost the worst possible time to try to get to Sydney Airport and that is because the taxis in Sydney have what they call a ‘changeover’ period between about a quarter to three and a quarter to four and you just cannot get a cab in Sydney at that time, it is impossible, they will not pick you up”.*⁴²

Mr Sice further explained that it is necessary to get a cab before 2.45 pm from the city which means there is little opportunity to do effective business in the afternoon. This departure time is necessary to connect with the last Qantas flight from Melbourne at 6.25 pm to arrive back in Launceston at around 7.30 pm. If the flight from Melbourne left at about 7.00 pm, rather than 6.25 pm, it would be possible to leave Sydney considerably later.

Mr Sice said he felt it also would be better for people leaving Melbourne, because they would not have to endure peak hour traffic in the late afternoon to get to Tullamarine by 6.00 pm. Mr Sice’s ultimate preference, however, would be direct flights to and from Sydney at times which are reasonable for business people.

Mr Sice gave details of many instances of flights being delayed or cancelled resulting in him arriving very late for important business meetings in Sydney. He pointed out that this undermined his ability to operate his business from Tasmania and he could not understand :

*“... why airlines shouldn’t be more firmly regulated about time limits, punctuality and cancellations with a requirement to make a rebate to passengers when these were caused unreasonably or excessively”.*⁴³

He felt it imperative that there should be a monitoring mechanism.

In his submission Mr Sice said :

⁴² Mr David Sice, *Transcript of Evidence, op.cit.*, p. 26.

⁴³ *Ibid.*, p. 29.

"I can't see why airlines ought not be more firmly regulated in this regard. Other industries when promising a service have to deliver on that promise or else penalties apply.

Perhaps a regime should be developed where, after an appropriate window of flexibility, passengers are eligible for rebates which increase in proportion to the severity of delay.

At times when I have vented my frustration by suggesting this strategy to various innocent counter staff, the riposte invariably goes – 'well, you wouldn't want us to fly an unsafe aircraft would you?'

Well of course not, but that can easily be addressed by requiring the airline to register all safety and weather related delays with the Regulator. The Regulator would then have cause to raise its eyebrow upon repeated safety or unusual weather excuses from the tardy airline".⁴⁴

Mr Sice emphasised the importance of Tasmania's dependence on air travel being recognised by the airlines. He said in evidence :

"You often hear the airlines talking about Tasmania as being a marginal market, or it may be a case of market failure, but I don't think that diminishes the need for Tasmania to have an adequate and comprehensive airline service and I think, in fact, it's essential to a vital and vibrant population...

...government intervention might facilitate redistribution of private funds derived from the major carriers. It seems to me reasonable to apply a service obligation to the airline industry, as happens with other industries, where its been judged that the service provided is essential to the social and commercial fabric of society generally".⁴⁵

On the question of regulation Mr Sice added :

"The only aspects of regulation that you seem to hear about are safety-related, not service-related, but I am just suggesting that maybe it's time to revisit that".⁴⁶

⁴⁴ Mr David Sice, *Submission to the Legislative Council Select Committee on Bass Strait Air Transport*, 17 July 2001, p. 4.

⁴⁵ Mr David Sice, *Transcript of Evidence*, 17 July 2001, p. 9.

⁴⁶ *Ibid.*, p. 10.

Mr Sice had a significant ally in Mr Ben Sandilands, Aviation Writer for the Financial Review. Mr Sandilands expressed very strong views on this subject :

“... I think that statistically we are let down very badly in civil aviation and its a constant frustration to me because, on the grounds of commercial confidentiality, you never get accurate market share figures, you have to extrapolate them. You never get statistics on delays, you have to believe the airline – ‘Look, we’ve only had this many delays, not that many’. In the US you can go to the Federal Aviation Administration and they will tell you, ‘this airline has this degree of punctuality, this airline that degree of punctuality’, and there’s full accountability of the performance of the airlines in their public transport duty.

Remember, this is public transport and you would expect that in places in Melbourne the private tram companies are fined if they fail to achieve certain standards of punctuality. I am not suggesting we could do that successfully with the airlines, but it does seem to me that the public should at least know that Qantas is the most punctual or the least punctual, as the case may be. In the US the airlines actually turn this into a plus; they put all sorts of spin on it like, ‘We’re the least delayed’ or ‘We were the least delayed during the snow storm’ or whatever – they dissemble the thing and change it a lot, but at the end of the day the travelling public has much better information”⁴⁷

When asked about monitoring the regularity and reliability of air services, Mr Sandilands suggested that airlines be required to provide returns to the aviation regulator. He believes that :

“...the airlines should have to fill in their reliability reports and in fact they could actually be done by the airports themselves. You don’t have to rely on the airlines for data about adherence to timetables; that can be extrapolated from Airservices Australia and if they find it a problem with their budget then maybe the airlines should be required to fund it”⁴⁸

Mr Sice also believes that there needs to be a way of monitoring the reliability of air services. He stated that :

⁴⁷ Mr Ben Sandilands, Aviation Writer, *Transcript of Evidence*, 1 August 2001, p. 18.

⁴⁸ *Ibid.*, p. 19.

*“... there is no easy way to find out things like loadings and reliability and timeliness of what the airline carriers are up to and I think there needs to be a mechanism for that”.*⁴⁹

Mr Sandilands told the Committee that in the United States of America passengers who had been inconvenienced by airlines' lack of punctuality, cancellations or other matters, expressed their discontent to the airlines in unmistakable terms. He said that in the USA :

*“People despise the airlines with the vigour they reserve in Australia for telephone companies and banks”.*⁵⁰

Mr Sandilands said that by contrast :

*“I think there's a timidity in Australia about problems with airlines and if they don't perform we should say so”.*⁵¹

He believes that an Airline Ombudsman is an excellent idea.

Recommendations

The Committee recommends that :

8. Airline companies ensure that their public relations policies enable travellers to be notified as regularly as appropriate, of the reasons for and likely duration of, any flight delays or cancellations.
9. Airlines regularly publish the extent of, and reasons for, delays and cancellations as an appropriate service to the public.
10. In the event of the airlines not adopting an un-regulated reporting process, the Committee recommends that the Federal Government introduces a regulated process.

⁴⁹ Mr David Sice, *Transcript of Evidence*, 17 July 2001, p. 1.

⁵⁰ Mr Ben Sandilands, *op. cit.*, p. 4.

⁵¹ *Ibid.*, p. 20.

TERM OF REFERENCE 4**The suitability and reliability of aircraft used to provide both passenger and freight services across Bass Strait**

Whilst there is currently general satisfaction with the type of aircraft carrying passengers from the mainland of Tasmania to the Australian mainland, there was considerable dissatisfaction with the use of BAe146 aircraft by Qantas Airlines until they were replaced by larger aircraft some months ago.

The Committee received many complaints about regular and long delays and cancellations of services operated by this type of aircraft leading to inconvenience, exasperation and damage to the tourism industry. Detailed evidence as to this is contained in the section of this report dealing with Term of Reference 3.

The main issue to arise from evidence given to the Committee related to the suitability of aircraft for freight services rather than reliability.

In recent years there has been regular growth in export opportunities for Tasmanian producers. That growth has placed increasing pressure on the capacity of existing infrastructure to adequately meet the demand.

With increased volume, exporters confront problems of aircraft suitability as the airlines have rescheduled both their freight and passenger services. The advent of Impulse Airlines and its subsequent take-over by Qantas saw a change in passenger aircraft which then impacted on freight carrying capacity of the passenger aircraft. Mr Jim McCormack of the Tasmanian Export Council said :

“... it is a moving feast in the sense that every year we see growth in export opportunities and production but it is putting an increasing pressure on the capacity of existing infrastructure to move it out of the State”⁵².

Mr McCormack went on to say :

⁵² Mr Jim McCormack, Chief Executive Officer, Tasmanian Export Council, *Transcript of Evidence*, 21 August 2001, p. 1.

*“... it is becoming a problem year by year as the volume increases and as the air lines re-schedule both their freighter services and their air services we have this constant change”.*⁵³

The challenge for both exporters and airlines is that demand is rarely constant in relation to the capacity that may be available and that there is disparity between in-bound and out-bound freight. The issue is best described by Mr McCormack :

*“... the demand is increasing for bigger aircraft or more frequent scheduling. The problem being that we are now seeing a fairly significant disparity in the busy time of year between what is going out of the State and what is coming in. The problem for the airlines that that creates is how do you pay for the cost of bringing an aircraft in when there is not much cargo, if any, on it”.*⁵⁴

Mr McCormack used the Atlantic salmon industry as a prime example of this fluctuating demand. He said the salmon industry is the largest exporter of perishable product from Tasmania and that :

*“... fish stocks have experienced slow growth rates due to unfavourable water temperatures which has delayed export”.*⁵⁵

The salmon industry is most concerned that when export ready fish need to be air freighted, adequate aircraft capacity will not necessarily be available and, additionally, that inappropriate scheduling will impact significantly on the industry’s capacity to deliver reliable supplies of product. Mr McCormack’s evidence indicated there is :

“... a huge problem for us in the south of the State in particular, in terms of whether they will be able to get all that fish onto aircraft between October and about March next year, which is when most of the fish will be ready. That is something over which no-one has control, ... Even though we thought we had a better picture at the beginning of the year, we haven’t, as it has turned out. We are faced with how do we cope with that, what options are there available to deal with it? We are starting to explore some other things along those lines to try to encourage

⁵³ Mr Jim McCormack, *op. cit.*, p. 1.

⁵⁴ *Ibid.*

⁵⁵ *Ibid.*, pp. 1-2.

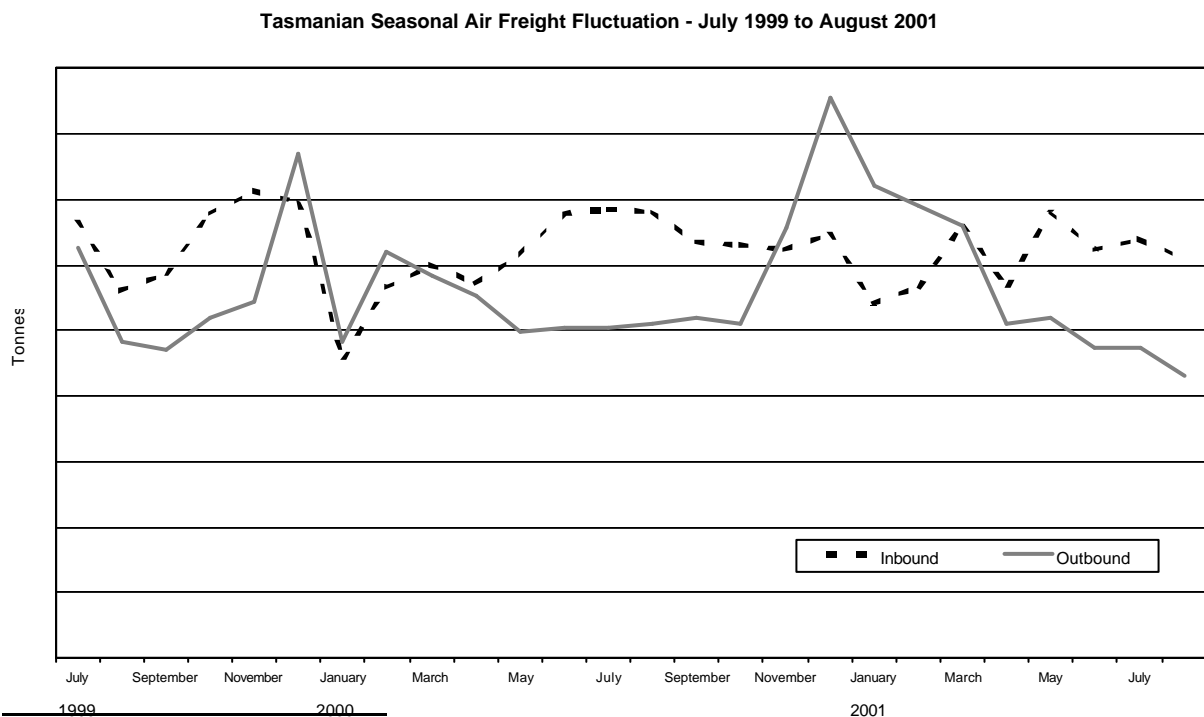
*exporters not to give up purely because they cannot get space to move their product when they want.*⁵⁶

There is a widening gap between exports and imports in the Tasmanian market-place. Mr McCormack said :

*“... that in itself does not seem like too much of an issue, except that it does tend to restrict the type of aircraft that the airlines will schedule for Tasmania. The reason for that is that they don’t want to bring in an empty or half empty aircraft just so they can fill it up with product going north again unless, of course, they have the opportunity to increase the price by a factor of at least 100% to help defray the cost of bringing in such a little load in the first instance”.*⁵⁷

The supply and demand problems facing exporters occur primarily between October and March of the following year, which the industry refers to as ‘the season’. This is created because of high market demand around the Christmas and New Year period. Significant quantities of fish products are exported live due to market demands and the reliability and suitability of freight services are clearly paramount.

Mr McCormack tendered a graph, which has been updated by the Department of Infrastructure, illustrating the Tasmanian seasonal air freight fluctuation between out-bound and in-bound freight.



⁵⁶ Mr Jim McCormack, *op.cit.*, p. 2.

⁵⁷ *Ibid.*

Mr McCormack said :

“... if you actually put trend lines onto that we are seeing a trend line of growth upwards for out bound freight and the trend line for south bound freight, or in bound freight, is almost flat. In fact it’s slightly downhill because that’s the function of population. I hate to say this, but the population issue has as much impact on freight as it does on anything because what comes in is based on people’s demand”⁵⁸.

The greyhound industry may seem to have a rather obscure reliance on air freight, but the suitability of aircraft is fundamental to the industry in terms of both breeding and racing. Mr Paul Bullock of the Tasmanian Greyhound Racing Council gave evidence that some aircraft are highly unsuitable for transporting greyhounds. His evidence related to breeding and the imperative of getting greyhound bitches to a mainland sire within a very small window of opportunity where conception can be achieved. He said :

“... most greyhounds need to be served between the 11th and 13th day otherwise you have got no hope of conception and the big problem with that is when you ring up to get a flight to the mainland, sorry, we can’t fit you on or we have only got small planes on today and we can get the bitch on but we have got to turn her upside down, side ways to get the crate into the freight department on the plane and particularly with Kendell Airlines, the last 18 months, they don’t want to take them because it puts their ground staff under excess pressure to turn the crate on its side, get the dog actually in, turn it back up and I mean there has been two bitches break legs because they are a wire crate and the dog gets its leg through the side of the crate or whatever and all of a sudden you have got a major problem”⁵⁹.

Greyhound breeders spend around \$16,000 per year freighting greyhounds to the mainland and their needs are not being adequately addressed.

The Tasmanian Canine Association also had concerns with the suitability of aircraft. In a letter to the Committee, Mr Kerry Smith, Executive Officer, outlined the continuing difficulties experienced in transporting dogs across Bass Strait by air :

⁵⁸ Mr Jim McCormack, *op. cit.*, p. 3.

⁵⁹ Mr Paul Bullock, Tasmanian Greyhound Racing Council, *Transcript of Evidence*, 15 June 2001, pp. 1-2.

“Since the demise of Ansett Airlines in September 2001 the numbers of mainland exhibitors at major shows held in Tasmania has dropped because of the difficulty experienced in transporting dogs across from the mainland.

Qantas can only fly the larger breeds of dogs into Launceston, the aircraft travelling to Hobart are not able to cater for these dogs.

Virgin Blue will transport smaller dogs from Melbourne to both Hobart and Launceston as accompanied luggage at a cost of \$10.00 each, while larger dogs have to be brought in at great expense as freight.

The impact the fall in interstate exhibitors has had on Tasmanian shows can be seen by the fall in entries of approximately 100 dogs at the 2002 Royal Hobart Show. The fall in entries also effects other shows that are held in conjunction with the Royal.

TCA Inc members have also experienced difficulties in taking their dogs across to the mainland, those members with larger dogs have either had to stop exhibiting on the mainland, send their dogs as unaccompanied freight or travel with TT Line, a trip that takes considerably longer than a 1 hour flight”⁶⁰.

Mr Stephen Parry of the Burnie Chamber of Commerce and Industry made various comments about the imperative of having reliable air freight capacity across Bass Strait.

“Tasmania is building a reputation, I believe, and others certainly, that we have some of the finest fresh produce probably in the world, if I can be a little biased. There seems to be a growing trend certainly in major metropolitan restaurants that they want produce that was fresh that morning and can be eaten that evening, so Tasmania has a potential here to really develop a fine reputation for providing fresh food on the table that evening. If we have risky air freight services or if we have unreliability or we can’t get produce on a plane because of unknown loadings, because of the size of the aircraft and other

⁶⁰ Tasmanian Canine Association Inc., *Letter to the Legislative Council Select Committee on Bass Strait Air Transport*, 21 October 2002.

*issues relating to size and frequency of travel, this could really harm our reputation”.*⁶¹

Tasmania’s reputation as an exporter of the highest quality produce relies heavily on reliable and suitable aircraft, both in terms of capacity and scheduling. Other significant industry sectors also rely on air transport as the primary and most suitable method of conducting business with mainland Australia.

The imperative of appropriate services is self-evident to underpin the viability of Tasmanian industries.

Evidence was also given to the Committee relating to problems in attempting to grow a tourism industry on Flinders Island with the current nine seater aircraft which regularly sees luggage left at airports until the next flight, often the next day. Evidence was given by Mr Dan Donnelly, a resident of Victoria and property owner on Flinders Island. Mr Donnelly commented :

“...over the twelve or thirteen years I have been travelling to the Island, and that certainly was when Airlines of Tasmania had a larger jet because it seemed to have the capacity to take quite a few passengers in terms of themselves and their luggage...

In terms of the Island’s tourism [a larger capacity] would have to assist ...

Several times they have said to me – ‘You have to leave your luggage and we will get your luggage to you at a certain point’ so we have had to go back to the airport to do that.

*... we went to Flinders Island, it would have been in mid-January, and we were told that for a twelve-day stay we couldn’t have more than 8 kilograms of luggage. When we got to the airport we then had to empty out what we thought wasn’t the main thing ...*⁶²

The desire for larger aircraft was balanced, however, by the comments of Captain Van De Wiel of RegionAir Express Pty Ltd :

⁶¹ Mr Stephen Parry, *op. cit.*, pp. 6-7.

⁶² Mr Dan Donnelly, *Transcript of Meeting*, 31 July 2001, p. 4.

*“Serving these small populations is a loss operation to anybody on it. We’re losing [in] the order of \$5,000 a week a bigger aircraft is just not viable because the step up is so great. The capacity would be there but not the demand for it unless that’s created artificially somehow. The large aircraft would provide freight services. That’s one point that you could have a combined passenger and freight carrying capability”.*⁶³

In putting the historical perspective of air services to Flinders Island, Captain Van De Wiel of RegionAir Express said :

*“We’ve put together a picture where the losses over the last twenty years by airlines operating into the Island have been in the order of today’s dollar \$600,000 a year on average”.*⁶⁴

Again Mr Sullivan of AOS Airport Consultants commented :

*“We have to recognise that unless the air service is subsidised that viable operations would dictate that you’d have to fill about 65 per cent of passenger seats ... in general terms in our industry it is recognised that a 65 per cent load factor is break even point for most RPT operators”.*⁶⁵

and

*“We would see for the foreseeable future a continuation of the 9 seater aircraft movements but always with a cloud hanging over their continued operation and a move to a 19 seat aircraft in the future”.*⁶⁶

Members of the Flinders Island Tourism Association referred to the difficulty of getting larger groups to the island and the lack of capacity to bring golf clubs, fishing rods and similar luggage. They also pointed out that the small eight-seater planes deterred some potential visitors.

The Association recognised, through Mrs Margaret Wheatley, that :

“It is one of those chicken and egg things, you get a bigger plane you get more people willing to go in it but until they

⁶³ Captain Stan Van de Wiel, RegionAir Express, *Transcript of Meeting*, 30 July 2001, pp. 2-3.

⁶⁴ *Ibid.*, p. 9.

⁶⁵ Mr Rod Sullivan, *op. cit.*, p. 7.

⁶⁶ *Ibid.*, p. 8.

*show the willingness to fly you can't afford to run the bigger plane".*⁶⁷

The distance between terminals in Launceston and the lack of transport between them also added to the inconvenience factor for both residents and tourists.

The issue on King Island was less concerning due to the larger planes and the Kendall SAAB link on the Melbourne/Wynyard run. Again the General Manager of King Island Council commented that :

*"The dual service is being well supported and is needed."*⁶⁸

Since this evidence was given, Kendall Airlines has gone into voluntary liquidation, as a subsidiary of Ansett. Whilst the service was interrupted for a short time, it continued to provide services on the Burnie/King Island/Melbourne route. However, the services to Tasmania originally provided by Kendall have now been taken over by Regional Express Airlines (REX). Whilst REX is supporting Burnie and Devonport Airports the Burnie/King Island service has been discontinued, although the company is providing a Melbourne/King Island service. It is the belief of some within the industry that the main tourist traffic to King Island is ex-Melbourne and it is only this area that warrants larger aeroplanes. Representatives of REX have confirmed that the Burnie/King Island route was not sustainable and that it is intended to build up the existing network before any extensions are considered.

For those residents coming to mainland Tasmania for business, family or health related reasons Tasair is providing four flights daily to Devonport and Burnie. Utilising five and eight seater aircraft, these flights are well patronised. Whilst Islanders are accepting of smaller aircraft, there is an expectation of larger aircraft being provided as the demand grows. With Tasair providing a continuing service, both pre, during, and post the Kendall era of service, one would assume they may have a hesitancy in investing in larger aircraft if REX introduces a Burnie/King Island leg in the future. This will be a continuing issue until some security is given to both operators and islanders around the future of sustainable air services.

The suitability of aircraft providing passenger services to the north of the State received some criticism, albeit minor, from the Burnie Chamber of

⁶⁷ Mrs Margaret Wheatley, Flinders Island Tourism Association, *Transcript of Evidence*, 11 July 2001, p. 3.

⁶⁸ Mr Geoff Sowiak, *op. cit.*, p. 8.

Commerce and Industry. Mr Stephen Parry, representing the Chamber, said :

*“I have received complaints from business travellers in relation to carry-on luggage, in particular on the SAAB 340 turbo props and also a concern about seat room on those aircraft, in particular for using lap top computers. You physically can’t use one if you are in any row other than row 3 on a SAAB. The new CRJ200s I get a complaint, and this is a very minor complaint, that there are no business class seats. Some business people do need to have that space and a little bit of privacy to transact business and to complete documentation or to read sensitive material whilst they are travelling, and the lack of business class seats does prohibit that to some degree”.*⁶⁹

Qantas Airways Limited provided a written submission to the Committee dated 7 May 2001. Mr John Kerr, Mr Christopher McArthur Mr Darren Peisley and Mr David Callaghan, representing Qantas, gave evidence to the Committee on 2 August 2001. This, of course, was given two months after the take-over of Impulse Airlines by Qantas.

Mr McArthur outlined Qantas’ position in the market at that time :

“If I could update you on developments since Qantas entered into the commercial arrangement with Impulse Airlines back in late May. We, as part of that arrangement, withdrew 737 aircraft from the Tasmanian market and replaced them with the Impulse-operated Boeing 717 jets with a schedule which included broadly nine frequencies a day on the primary Melbourne-Hobart route and added a daily 717 frequency on Sydney-Hobart route. That activity was all in addition to the continued and unchanged Southern Australia Airlines schedule which continues to be operated with the British Aerospace 146 aircraft. So there were no changes to the 146 flying and in essence there was a swap of 737 to 717 activity and that grew the markets quite considerably.

We added approximately 13 per cent capacity on routes like Melbourne-Hobart and we really, over the intervening period, have been monitoring the performance of that revised

⁶⁹ Mr Stephen Parry, *op. cit.*, p. 7.

schedule and looking closely at the loads and the mix of traffic that we are getting.

The submission that Qantas made on 7 May, so you appreciate, we announced in the previous week on 1 May, the intention to enter into the commercial arrangement with Impulse and that commenced on 28 May, so what I was describing earlier was in fact a full replacement of 737s by flying the 717s.⁷⁰

As at 28 May 2001, there were 39 Qantas flights in and out of Hobart daily. Mr McArthur explained further that :

“Tasmania generally, relative to other parts of the Qantas network, has a disproportionately low amount of business traffic per se and that adds to the challenge of trying to operate profitable services without that mix of business and leisure traffic”.⁷¹

Details of the air services from Tasmania to Melbourne and Sydney are detailed in the schedule below.

Air Services from Tasmania

Week 11 to 17 November 2002

To Melbourne

| | M | T | W | Th | F | S | Su | T | Aircraft |
|---------------|----------|----------|----------|-----------|----------|----------|-----------|----------|-----------------|
| Qantas | | | | | | | | | |
| Hobart | 10 | 9 | 10 | 9 | 10 | 10 | 10 | 68 | B717 |
| Launceston | 4 | 5 | 4 | 5 | 4 | 4 | 4 | 30 | B717 |
| Devonport | 5 | 5 | 5 | 5 | 5 | 4 | 5 | 34 | Dash 8 |
| Burnie | 4 | 3 | 3 | 4 | 4 | 3 | 4 | 25 | Dash 8 |
| Virgin | | | | | | | | | |
| Hobart | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 14 | B737 |
| Launceston | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 14 | B737 |
| REX | | | | | | | | | |
| Devonport | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 | Saab 340 |
| Burnie | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 20 | Saab 340 |

To Sydney

| | M | T | W | Th | F | S | Su | T | Aircraft |
|---------------|----------|----------|----------|-----------|----------|----------|-----------|----------|-----------------|
| Qantas | | | | | | | | | |
| Hobart | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 21 | B717 |
| Launceston | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 10 | B717 |

⁷⁰ Mr Christopher McArthur, General Manager, Regional Affairs, Qantas Airways, *Transcript of Evidence*, 2 August 2001, pp. 2-3.

⁷¹ *Ibid.*, p. 4.

Although there is no direct evidence, it does appear to the Committee that since the replacement of the BAe146 aircraft into Launceston, there is no real dissatisfaction with the type of aircraft services in Launceston.

Recommendation

The Committee recommends that :

11. The State Government support a joint passenger/freight aircraft service for Flinders Island with an increased capacity adequate to meet the current day requirements of those utilising the service and the growing needs of the tourist industry.

Term of Reference 5

The cost of air passenger fares across Bass Strait and a comparison of these with the cost of fares on other domestic routes.

At the commencement of the inquiry there were four major passenger airlines serving the Tasmanian domestic market. These were Kendell and Southern serving Hobart, Launceston, Wynyard and Devonport airports and the parent companies Qantas and Ansett, also serving the Hobart Airport.

During the time the Committee received submissions, there were a multitude of differing fare structures applying across Bass Strait and on other domestic routes within Australia.

On 2 April 2001, Impulse Airlines entered the Tasmanian domestic market with 4 daily return domestic flights between Melbourne and Hobart; using B717 aircraft with a seating capacity of 117 passengers.

Ansett Holdings Limited Group (Ansett), provided a written submission dated 17 May. Mr Greg Wells, Mr Brad Voss and Mr Peter Westfield, representing Ansett, gave evidence to the Committee on 12 June 2001. This was given after the take-over of Impulse Airlines by Qantas.

The following are extracts from this evidence relating to the cost of air passenger fares. Mr Voss advised the Committee that :

“... The Sydney-Melbourne-Brisbane, which was referred to as the golden triangle, does have a large component of business travel and what we refer to as high-yield travel. On those high-yield markets you can get a better balance of customers who are prepared to pay a higher fare, trading off the flexibility that comes with a higher fare to the inflexibility that comes with the cheap fare, so we are able to achieve a better balance in the aircraft when there are more passengers available.”

Historically to Tasmania it has been a very low-yield destination, what we refer to as a regional feeder destination, which is predominantly a leisure-based market where there is a very small high-yield component which makes it very difficult for us to find the same balance as you would on a high-volume sector like Melbourne-Sydney. That has led to the reason why we have introduced the Kendell service with a very efficient aircraft and a single cabin service to try to minimise the costs that go with a low-yield market like Tasmania".⁷²

In answer to a question regarding the implementation of a stand-by fare system, Mr Wells indicated that :

"... at this stage it is one of the issues or considerations the airline has at the present stage".⁷³

Mr Voss further explained the Airline's policy on discount fares :

"... So what we try to do is, in terms of when we offer the discounts for a 21-day advance purchase, we at least get some certainty as to exactly how many passengers we will have on the plane which, from a revenue perspective, is a much less risky strategy".⁷⁴

In the written submission provided by Qantas, it was suggested that more than 10.5 million out of 13 million Ansett customers travel on discount fares, and according to Mr Voss :

"... 20 to 25 per cent of people do fly on the business fares or the full economy fares or the high-yield fares.

Our full economy fares and our discount fares, to the best of my knowledge, have always been relatively the same. If you are looking at a Melbourne-Hobart return fare and a Melbourne-Sydney return fare they always have been round about the same, to my understanding".⁷⁵

⁷² Mr Brad Voss, Government and Internationalist Specialist, Ansett Holdings Limited Group, *Transcript of Evidence*, 12 June 2001, p. 21.

⁷³ Mr Greg Wells, State Manager of Kendell Airlines, *Transcript of Evidence*, 12 June 2001, p. 25.

⁷⁴ Mr Brad Voss, *op. cit.*, p. 25.

⁷⁵ *Ibid.*, p. 27.

Evidence provided to the Committee by other witnesses, however, suggests that fares are actually higher and that numerically there are fewer discount seats than on flights between the major cities on the mainland. Mr Wells indicated that :

*“That was the case until Kendell basically came onto this route. Until Kendell came onto this route there wasn’t the capacity and obviously, for that reason, Tasmania did miss out on a lot of discount fares. But with the increase in capacity and frequency – and we grew the capacity by 1000 seats a week with the introduction of the CRJs – Tasmania was able to participate in those discount fares that were being experienced throughout Australia”.*⁷⁶

He also stated that :

*“Historically, particularly over the last four or five years, Ansett has always been and its policy has been to be a price follower. We just haven’t had the financial clout to be a price setter and we have pretty much followed what Qantas has done. We haven’t had the financial strength to really offer very low fares into the market because it would just continue to weaken us financially. So we pretty much follow exactly what the main player in the market does, and that is Qantas; we are in no other position other than to match what the competitor does, and we still do that, irrespective of what competitor comes into the market. If it is a \$66 fare, we will match them because that is the essence of competition”.*⁷⁷

In relation to a question regarding the discounted air fares which remained lower between Hobart and mainland airports, than those between the three northern airports, Mr Callaghan of Qantas, responded :

“The discounted air fares that appeared in Hobart were a response to Impulse entry fares at the time and they were very, very low and we were very conscious of the differential between the Hobart fares and the Launceston fares. It didn’t mean we could, by any means, afford to reduce the Launceston fares to those sort of levels because many of them were introductory type offers and were clearly

⁷⁶ Mr Greg Wells, *op. cit.*, p. 27.

⁷⁷ Mr Brad Voss, *op. cit.*, p. 40.

unsustainable. What we are attempting to do now is to move some of the Hobart fares up to realise more of a balance between the Hobart and Launceston pricing, by no means easy to do because you don't want to scare the horses too much, and pricing is very much a day-to-day activity".⁷⁸

Some witnesses referred to the introduction by Qantas of an 'instant fare'. Mr David Sice was one such witness and he said in his submission :

"New 'instant' fares were introduced and intended to replace advance discount fares for business travellers. As I understand it the pricing of these new fares varies according to a formula based on instantaneous market demand. After many attempts in the past few months I have yet to obtain an 'instant' discount fare. In any case the discount is not significant. The typical discount fare Launceston-Sydney-Launceston was quoted yesterday (16 July 2001) as \$751.74 (ie 95.2 per cent of the full economy price of \$789.14).

"What is even more disturbing is that only one level of discount fare is available to Launceston passengers. This compares to three levels of discount available to passengers on other routes in Australia. For example, prices obtained yesterday for the Melbourne-Sydney-Melbourne route indicate the discount compared with full economy pricing is significant.

| | | |
|---|-----------------|---------------------------|
| <i>Full economy as at 16th July 2001</i> | <i>\$673.74</i> | <i>100%</i> |
| <i>Instant Class B</i> | <i>\$597.74</i> | <i>90%</i> |
| <i>Instant Class H</i> | <i>\$459.74</i> | <i>69.3%</i> |
| <i>Instant Class K</i> | <i>\$399.74</i> | <i>60.2'⁷⁹</i> |

⁷⁸ Mr David Callaghan, Manager, Executive Reporting, Sales and Distribution Branch, Qantas Airways, *Transcript of Evidence*, 2 August 2001, pp. 8-9.

⁷⁹ Mr David Sice, *Submission to the Legislative Council Select Committee on Bass Strait Air Transport*, 17 July 2001, p. 5.

Naturally Mr Sice was interested to know the reasons as to why 60 per cent fares were available elsewhere whereas 95 per cent fares applied to Tasmanian travellers. The Committee was similarly curious.

When giving evidence to the Committee, the representatives from Qantas had no knowledge of an 'instant' fare and Mr Kerr explained :

*"This is not an issue which any of us have had raised with us before. You will appreciate that there are a lot of fares out there in the market that only the experts in that area can advise you on."*⁸⁰

In a letter from Mr Kerr to the Committee, dated 25 September 2001, the following information was provided in response to questions relating to instant fares and the availability of open-jaw routings.

"On the 28th March 2001, Qantas introduced a new package of domestic airfares.

The new tariff saw termination of the previous student, seniors' and children's discounted fares, but introduced discounts (including to/from Tasmania) of up to 79% from the full economy fare. The best deals offered before this had been around a 50% discount.

These changes acknowledged that new, heavily discounted, fares were now a feature of travel in eastern Australia, and the new fares offered more generous levels than these old fare types, which were only available to special groups in the community.

At the same time fare structures were simplified, with greater commonality of fare conditions and a re-balance of the pricing structure, so that many of the increments between fares which had developed for market and historical reasons were made more gradual.

All 'business market' fares are Instant Purchase (or, strictly, 'Late Purchase') fares which can be bought right up to departure, similar to full Economy Class. In Launceston and Hobart these flexible fares range from 13% to 41% discount from the full economy level.

⁸⁰ Mr John Kerr, General Manager, Government and Regulatory Affairs, Qantas Airways, *Transcript of Evidence*, 2 August 2001, p. 21.

'Leisure market' fares are mainly advance purchase fares, with commonality of fare conditions, and discounts in Tasmania of over 70% from full economy. Qantas also introduced an 'instant purchase' fare so that people could walk up and still buy a last minute discounted return fare.

The range of 'Instant Purchase' fares is supplemented regularly throughout the year with highly discounted sale promotions, many of which are also 'instant' purchase.

Additionally, Qantas maintains internet fares, at very high discount, between Melbourne and all Tasmanian ports, and also between Sydney and Hobart/Launceston, that may be purchased right up to departure, depending on availability.

The Qantas web-site provides the same range of internet fares for Tasmania as offered on the mainland cities where they apply. The Committee should note that special internet fares are only available on about 10% of our domestic network.

... Qantas does not have a common tariff 'structure' around the country. There are literally thousands of domestic fares, which include special promotions to/from different regions depending on season, special events, holiday periods, competitor activity, cost of operation, time of day, international visitor travel patterns, and industry promotions. Fares come and go on a daily basis.

Qantas regularly offers deep discount special fares into Tasmania as promotional tools, particularly during the winter low season.

The evidence referred to by the Chairman that fares on the Launceston-Sydney-Launceston route increased seven months ago by 10pc does not accord with our records. The full economy fare LST-SYD increased in two steps by a total of 6.5% overall between March and May 2001. During the same period, the special fares available on this route were reduced by \$30-40 return.

Qantas does not offer every fare type on every route, but we do not believe Tasmania is at a disadvantage beside any other region.

... ‘Open-jaw’ travel into Tasmania has been permitted for passengers to Tasmania for many years. Even though Qantas does not permit it in other parts of the country on deep discount fares, we continue to make an exception for Tasmania, to promote, for instance, ‘into Launceston, out of Hobart’ itineraries’.⁸¹

It was Mr David Sice who told the Committee about the 10 per cent fare increase made by Qantas applicable only to flights in and out of Tasmania. Mr Sice said when giving evidence to the Committee on 17 July 2001 :

“I found particularly galling a few months ago an effective 10 per cent hike in prices, I think generally out of Tasmania – specifically the Launceston-Sydney fare went up 10 per cent in one hit. What is even more interesting is that nowhere else in Australia did the fares change; it was a special rise just for Tasmania’.⁸²

On the same date Mr Sice gave the Committee a comparison of full economy air fares :

“It is now \$789.14 (July 2001) a few months ago it was a little higher than that – about \$814 ... From what I can see from my records, back in 1994 it was about \$500 – it depends exactly when – but it has gone up quite substantially over that period’.⁸³

The following table shows the cost of air fares from Tasmania to Melbourne travelling Qantas, Virgin Blue and REX. The figures were taken from the websites on 4 October 2002 for travel departing on Thursday, 24 October 2002 and returning on Thursday, 31 October 2002.

⁸¹ Mr John Kerr, General Manager, Government and Regulatory Affairs, Qantas, *Letter to the Legislative Council Select Committee on Bass Strait Air Transport*, dated 25 September 2001, Attachment 1.

⁸² Mr David Sice, *Transcript of Evidence*, 17 July 2001, p. 29.

⁸³ *Ibid.*

| Port | Airline | Full Economy | Lowest Available Fare |
|------------|---------|--------------|-----------------------------------|
| Hobart | Qantas | \$450.92 | \$202.30 |
| | Virgin | \$418.00 | \$218.00 (Internet only)/\$238.00 |
| Launceston | Virgin | \$398.00 | \$178.00 (Internet only)/\$198.00 |
| | Qantas | \$439.92 | \$225.42 |
| Devonport | REX | \$524.16 | \$150.16 |
| | Qantas | \$455.87 | \$273.37 |
| Burnie | REX | \$520.74 | \$146.74 |
| | Qantas | \$439.37 | \$263.37 |

Whilst airlines use yield management worldwide, it is difficult to comprehend the wide range of air fares. Qantas General Manager, Government and Regulatory Affairs, Mr John Kerr, outlined the airline industry's use of yield management :

"Yield management is not something which is unique to the airline industry. It is a very fundamental part of the pricing and inventory strategy that airlines pursue ... It is about selling the last seat if you possible can".⁸⁴

Mr McArthur added :

"And managing essentially lumps of capacity and, as a scheduled operator, we put into the market ... a fixed amount of capacity to ensure that the optimal utilisation and return you get from that fixed asset price is clearly one of the major levers that is used flexibly to optimise the final result".⁸⁵

According to Aviation Writer, Ben Sandilands :

"... yield managers ... they are the sort of demi-gods in Qantas and Ansett; they are the people who are paid very good money to ensure that I can't get a cheap flight when I want it or redeem my frequent flyer points when I want to. They are the people who try to ensure that you pay the maximum amount of money under the very interesting new fare regime".⁸⁶

He believes that :

⁸⁴ Mr John Kerr, General Manager, Government and Regulatory Affairs, Qantas Airways, *Transcript of Evidence*, 2 August 2001, p. 10.

⁸⁵ Mr Christopher McArthur, *op. cit.*, p. 10.

⁸⁶ Mr Ben Sandilands, *op. cit.*, p. 4.

*“The new fare regime was designed to ensure that you pay a fare commensurate to the urgency with which you want to travel. If you must fly at 8 o’clock at short notice you will pay the equivalent of \$700 return for a one-way trip up and down the east coast of Australia. If you can wait till 10 o’clock or you can tolerate certain other conditions or indeed if Virgin Blue happens to be flying on that particular route then they’ll give it to you for considerably less money, but it’s no longer a transparent process. You no longer know that certain fares are available for certain conditions. The 5-day advance purchase full economy fare which was the staple of Australian business no longer exists”.*⁸⁷

Mr Sandilands also suggested that instead of trying to fill seats at short notice, airlines could be given an incentive to bring people to Tasmania. The State Government could offer a ‘bounty’ to the airlines of, say \$10 or \$50 per passenger for each airline carrying more than a certain number of passengers into the State.⁸⁸

When asked if he thought Tasmanian people would be more accepting of a general middle of the range fare, Mr Denis Tucker from the Launceston Indoor Sports Arena responded :

*“Personally, if I knew it was \$189 return to Melbourne day in, day out, I’d be happy with it and if you wanted to pay \$280 or \$350 to have a first class seat, that is fine”.*⁸⁹

The Committee concludes that :

- The differences in cost structures discriminate against business people and those who tend to travel at short notice due to emergencies.
- These people are significantly disadvantaged due to the lack of alternative travel options.

⁸⁷ Mr Ben Sandilands, *op. cit.*, p. 4.

⁸⁸ *Ibid.*, p. 8.

⁸⁹ Mr Denis Tucker, General Manager, Launceston Indoor Sports Arena, *Transcript of Evidence*, 14 June 2001, p. 16.

Term of Reference 6

The availability and method of allocation of Frequent Flyer Award seats on Tasmanian flights and a comparison in each case with other domestic routes.

A Qantas Call Centre staff member made a passing comment in a telephone booking discussion with a member of this Committee that Launceston and Broome Airports are the two most difficult airports to redeem frequent flyer points. The Committee believes that this comment would apply equally to the Burnie and Devonport Airports and, to a slightly less extent, Hobart Airport.

The Committee received a large volume of evidence complaining about the difficulty, or even the impossibility, of redeeming frequent flyer points on flights across Bass Strait.

On the other hand little, if any, difficulty was experienced by the same witnesses, and others, in obtaining frequent flyer bookings between airports in mainland states.

Mainland travel agents advised the Committee that this often causes clients desirous of travelling to Tasmania to abandon their plans and to fly to other destinations, because it is relatively easy to use frequent flyer points to obtain bookings to most other airports in Australia, especially Coolangatta.

This situation obviously impacts adversely on Tasmania's tourist industry and the State's economy. Tasmania can ill afford to have intending visitors re-directed to mainland destinations due to the extreme difficulty of redeeming frequent flyer points across Bass Strait.

Tasmanians and visitors flying to Tasmania, especially those who had accumulated frequent flyer points prior to 15 September 2001, are being significantly disadvantaged by the change in Qantas' policy, which now requires 20,000 frequent flyer points for a return booking across Bass Strait, whereas only 9,000 points were required previously. Despite the much greater distance between Melbourne and Brisbane, only the same number of 20,000 points are required on that route.

The extent of this disadvantage is further illustrated by the requirement of only 110,000 points for a return flight from Melbourne or Sydney to London. Quite clearly the changes to the redemption system provide an advantage for distance travel, but not isolation. As the only island State in Australia, Tasmania's transport disadvantage is isolation and not distance.

These and other matters of concern were dealt with by many witnesses who gave evidence to the Committee - some extracts of which are set out in this section of the report. This section also contains details provided by officers of Qantas about that company's frequent flyer program.

The System

Mr Darren Peisley, Manager, Loyalty and Airline Alliances of Qantas explained the way in which frequent flyer seats are allocated by Qantas :

"The way flights are set up is that quite typically flights will be put on for sale at 355 days out from departure. At that point in time on most routes a number of frequent flyer seats will be made available. As those seats are taken and the flight matures you'll find at certain points in time there are no seats available. Flights get reassessed on a daily basis quite close to departure, but a less regular basis some months out from departure. The process is that generally more seats will be released on an ad hoc basis as the flight moves toward departure. So it is actually quite possible that you could ring up on a day looking for seats to Sydney for redemption to find that there aren't any, whereas if you had rung back a week later or a few days, some further seats would have been released. So what that means is that seats are continually getting released and taken all throughout that flight schedule".⁹⁰

When three officers of the former Ansett Airlines gave evidence to the Committee in June 2001, it was apparent that they had no detailed knowledge of the manner in which that company's frequent flyer system operated. Mr Brad Voss said, *"I don't exactly know the details of what criteria are used".⁹¹*

⁹⁰ Mr Darren Peisley, Manager, Loyalty and Alliance Airlines, Qantas Airlines, *Transcript of Meeting*, 2 August 2001, p. 12.

⁹¹ Mr Brad Voss, *op. cit.*, p. 18.

Mr Voss also said “*the redemption of frequent flyer points changes from day to day ...*”.⁹² It seems that very few people, even within the airline industry, understand the detail and specific criteria used by airline companies in operating their loyalty programs. Yield management principles are involved and, as Mr Ben Sandilands suggested, yield managers make it very difficult for people to redeem their frequent flyer points when they want to.

Although it would appear that the size of aircraft and the volume of business passengers are likely to be factors in determining how many frequent flyer seats are allocated on each flight, the actual modus operandi of the system is a matter of speculation for all but a select coterie of people who actually administer each system.

Mr Sandilands also commented :

*“With frequent flyer points, I think it’s almost a lost cause trying to get transparency out of the airlines on that but at least it’s encouraging to see the ACCC’s trying”.*⁹³

If possible, it is obviously an advantage to book frequent flyer seats well in advance. Leading Australian Economist, Mr Saul Eslake, acts on this basis. He told the committee :

*“You can redeem frequent flyer points to get seating across Bass Strait if you book a year in advance. I’ve learnt this the hard way. In fact I’ve learnt that there’s exactly eleven and a half months in advance because the computers only run out to eleven and a half so both the going home – that is to Marrawah and at Christmas time last year and, again, two weeks later for my parents’ fiftieth wedding anniversary – we booked and got frequent flyer seats by booking eleven and a half months in advance. You more or less have to do that. If you try and book say in June or July for flights during the Christmas period between Wynyard and Melbourne you can’t do it”.*⁹⁴

Any booking made closer to the flying date than eleven and a half months may be fraught with danger, but the situation does vary. This is the experience of Mr Stephen Parry who has found :

⁹² Mr Brad Voss, *op. cit.*, p. 16.

⁹³ Mr Ben Sandilands, *op. cit.*, p. 20.

⁹⁴ Mr Saul Eslake, Australian Economist, *Transcript of Meeting*, 31 July 2001, p. 5.

*“That the further ahead you book sometimes the harder it is to get a seat. I have occasionally phoned up just out of curiosity and asked is there a seat tomorrow and I have got one. So you can be very fortunate, but the amount of travelling I do I find it is very difficult to use your points across Bass Strait. When I get to Melbourne I have very little resistance in getting the seats I need, within a certain parameter of time frames or flights”.*⁹⁵

Many other witnesses have found the same difficulty in redeeming points across Bass Strait, but not between mainland airports, or in some cases to New Zealand.

Mr Russell Reid had a similar experience. He told the Committee that :

*“... on a recent trip to New Zealand, it cost me a full flight cost to get to Melbourne and the rest of the trip was on reward points. I guess coming the other way, if I had been a tourist from New Zealand, I could have got to Melbourne on reward points and I could not have got to Tasmania, so I think it is a significant disadvantage”.*⁹⁶

Mr Denis Tucker was another witness who has experienced repeated difficulty in redeeming frequent flyer points across Bass Strait. He told the Committee :

*“There’s certainly no chance of frequent flyer trips unless you have time to use or learn the system. I believe there is a system that’s in place and you can actually beat the system but I don’t know what it is, so I usually can’t get the frequent flyer flights when I want to”.*⁹⁷

Dr Warren Mundy, who is the Manager for Strategy at Australia Pacific Airports Corporation, is another passenger who has found it almost impossible to use frequent flyer points across Bass Strait. He said :

*“I am a person who has a huge frequent flyer points balance ... and I am happy to share my anecdotal experience with the Committee that just about every time I try to get a frequent flyer seat into Launceston, I fail”.*⁹⁸

⁹⁵ Mr Stephen Parry, *op. cit.*, p. 7.

⁹⁶ Mr Russell Reid, *op. cit.*, p. 9.

⁹⁷ Mr Denis Tucker, *op. cit.*, p. 1.

⁹⁸ Dr Warren Mundy, Manager, Strategy, Australia Pacific Airports Corporation, *Transcript of Meeting*, 30 July 2001, p. 21.

Members of the Committee who have had similar experiences to Dr Mundy's, share his sense of exasperation.

Mr John Aston-Luscombe, who has had extensive experience in the tourist industry has given up trying to redeem frequent flyer points across Bass Strait.⁹⁹

It is little wonder that people are questioning the value of participating in airline frequent flyer programs. Mr Ken Hammond of the Tasmanian Canine Association Inc expressed his views as follows :

"We find that quite often when we want to fly with frequent flyer points there are just no flights available, so we're not sure of the value of frequent flyer points".¹⁰⁰

Mr James Altimira has had similar difficulties. He said :

"Just going onto frequent flyers, I think that is a problem. I need to fly to Perth to do some business over there and I can't get a flight out of Tasmania at all. However, if I look on the site to fly from Melbourne to Perth there are a lot of them. Now they tell me with Tasmania's population we have more frequent flyer seats. I haven't looked at the statistics and I don't have them available, but it just seems strange to me. It is very difficult".¹⁰¹

Mr Dudley Atkinson is another passenger who has been unable to redeem frequent flyer points across Bass Strait, but has no difficulty elsewhere in Australia. He told the Committee :

"I think we are discriminated against in Tasmania. I am not a big flyer, an average flyer I suppose; twice a year or something like that we fly interstate. I have a heap of frequent flyer points and they come up with all sorts of reasons why you can't get them across Bass Strait. I can fly from Melbourne, anywhere in Australia. We are going to Coolangatta again for our son's wedding next month and as usual my wife and I have to pay our way across Bass Strait and then use our frequent flyers to fly north. I think the frequent flyers just work against Tasmania because Tasmanian tourism is a big issue, we want people to

⁹⁹ Mr John Aston-Luscombe, *op. cit.*, p. 14.

¹⁰⁰ Mr Ken Hammond, Tasmanian Canine Association Inc, *Transcript of Evidence*, 12 June 2001, p. 7.

¹⁰¹ Mr James Altimira, *Transcript of Evidence*, 10 July 2001, p. 1.

come here and if you have frequent flyer points and go into the Melbourne Airport and say, 'I want a flight to Tassie' you can't get them".¹⁰²

Mr Atkinson also gave the Committee an example of being told by Qantas that there were no frequent flyer seats available for him and his wife on a particular flight in August 2000. Having paid their fares, he and his wife actually flew on that flight to find that there were only five other passengers and twenty-nine spare seats.¹⁰³ Suitably unimpressed he concluded :

"I think they were just telling us a lot of rubbish. To fly out of Tasmania – it is easier to get out of Ashley [Youth Detention Centre] I reckon, than to get out of Tasmania".¹⁰⁴

Mr Atkinson added :

"...I don't know anyone who had a Qantas frequent flyer seat across Bass Strait; I can't find anyone. I don't think there is, I don't know, but I do know someone who got an Ansett one".¹⁰⁵

Regrettably there will be no more Ansett seats. There are people who have redeemed frequent flyer points with Qantas, but it is certainly not easy to do so, although anecdotal evidence indicates that there has been a slight easing of the situation.

Mainland States

Similar difficulties do not appear to occur in travel between mainland airports.

Mr Aston-Luscombe said : *"It's not all that difficult on the mainland".¹⁰⁶*

When asked if he had a theory about why it is more difficult to get frequent flyer seats across Bass Strait than elsewhere, Mr Aston-Luscombe said :

"That's what tricks me. If they were full all the time I would understand it, but what I don't understand is that they can't

¹⁰² Mr Dudley Atkinson, *Transcript of Evidence*, 10 July 2001, p. 1.

¹⁰³ *Ibid.*

¹⁰⁴ *Ibid.*

¹⁰⁵ *Ibid.*, p.5.

¹⁰⁶ Mr John Aston-Luscombe, *op. cit.*, p. 15.

*come to you one day and say ‘we’re flying out, we’ve got too many empties’, when they’ve been knocking back all their frequent flyers, who to them should be cash anyway”.*¹⁰⁷

Sydney travel agent, Mr Brian Mooney, was asked if he had any impression as to whether Tasmania was losing very much business through the difficulty of obtaining frequent flyer seats. He told the Committee :

*“... our senior airfare guy, said that it’s nearly impossible, most of the flights in his opinion only have two or three frequent flyer seats available on it, which means it’s nearly non-existent, which definitely has to have an effect when we know that the Queensland coast has numbers of seats on every flight”.*¹⁰⁸

New system

Qantas made significant changes to its loyalty program which took effect on 15 September 2001. Details of the former and new redemption and accrual point requirements are listed in the following table.

REDEMPTION AND ACCRUAL POINT EXAMPLES¹⁰⁹

| | Redemption Points | | Trips Required | | Accrual Points | |
|-------------------------------------|-------------------|---------|----------------|-----|----------------|--------|
| | Old | New | Old | New | Old | New |
| Adelaide – Mount Gambier – Adelaide | 9,000 | 20,000 | 18 | 10 | 519 | 2,000 |
| Adelaide – Melbourne – Adelaide | 17,000 | 20,000 | 19 | 10 | 900 | 2,000 |
| Adelaide – Sydney – Adelaide | 25,000 | 20,000 | 16 | 10 | 1,632 | 2,000 |
| Adelaide – Perth – Adelaide | 30,000 | 30,000 | 11 | 12 | 2,968 | 2,635 |
| Adelaide – Brisbane – Adelaide | 30,000 | 30,000 | 14 | 15 | 2,271 | 2,016 |
| Adelaide – Singapore – Adelaide | 40,000 | 50,000 | 6 | 8 | 7,561 | 6,712 |
| Adelaide – Honolulu – Adelaide | 80,000 | 80,000 | 7 | 7 | 13,063 | 12,147 |
| Adelaide – London – Adelaide | 130,000 | 110,000 | 6 | 6 | 22,784 | 20,224 |

| | Redemption Points | | Trips Required | | Accrual Points | |
|-----------------------------------|-------------------|---------|----------------|-----|----------------|--------|
| | Old | New | Old | New | Old | New |
| Brisbane – Bundaberg – Brisbane | 9,000 | 20,000 | 19 | 10 | 479 | 2,000 |
| Brisbane – Rockhampton – Brisbane | 9,000 | 20,000 | 13 | 10 | 725 | 2,000 |
| Brisbane – Sydney – Brisbane | 17,000 | 20,000 | 17 | 10 | 1,053 | 2,000 |
| Brisbane – Melbourne – Brisbane | 25,000 | 20,000 | 13 | 10 | 1,933 | 2,000 |
| Brisbane – Cairns – Brisbane | 25,000 | 20,000 | 13 | 10 | 1,947 | 2,000 |
| Brisbane – Adelaide – Brisbane | 30,000 | 30,000 | 14 | 15 | 2,271 | 2,016 |
| Brisbane – Perth – Brisbane | 30,000 | 30,000 | 6 | 7 | 5,054 | 4,486 |
| Brisbane – Singapore – Brisbane | 60,000 | 50,000 | 7 | 7 | 8,954 | 8,220 |
| Brisbane – Los Angeles – Brisbane | 100,000 | 80,000 | 6 | 6 | 17,895 | 15,885 |
| Brisbane – London – Brisbane | 130,000 | 110,000 | 6 | 5 | 24,903 | 23,171 |

| | Redemption Points | | Trips Required | | Accrual Points | |
|--|-------------------|-----|----------------|-----|----------------|-----|
| | Old | New | Old | New | Old | New |

¹⁰⁷ Mr John Aston-Luscombe, *op. cit.*, p. 15.

¹⁰⁸ Mr Brian Mooney, Australian Tourism and Promotions, *Transcript of Meeting*, 21 August 2001, p. 8.

¹⁰⁹ Mr John Kerr, General Manager, Government and Regulatory Affairs, Qantas, *Letter to the Legislative Council Select Committee on Bass Strait Air Transport*, dated 25 September 2001, Attachment 2.

| | | | | | | |
|-------------------------------------|---------|---------|----|----|--------|--------|
| Melbourne – Hobart – Melbourne | 9,000 | 20,000 | 11 | 10 | 865 | 2,000 |
| Melbourne – Canberra – Melbourne | 9,000 | 20,000 | 14 | 10 | 658 | 2,000 |
| Melbourne – Adelaide – Melbourne | 17,000 | 20,000 | 19 | 10 | 900 | 2,000 |
| Melbourne – Sydney – Melbourne | 17,000 | 20,000 | 18 | 10 | 990 | 2,000 |
| Melbourne – Brisbane – Melbourne | 25,000 | 20,000 | 13 | 10 | 1,933 | 2,000 |
| Melbourne – Perth – Melbourne | 30,000 | 30,000 | 8 | 9 | 3,788 | 3,363 |
| Melbourne – Singapore – Melbourne | 60,000 | 50,000 | 8 | 7 | 8,446 | 7,496 |
| Melbourne – Los Angeles – Melbourne | 100,000 | 80,000 | 6 | 6 | 17,850 | 15,845 |
| Melbourne – London – Melbourne | 130,000 | 110,000 | 6 | 6 | 23,692 | 21,031 |

| | Redemption Points | | Trips Required | | Accrual Points | |
|-------------------------------|-------------------|---------|----------------|-----|----------------|--------|
| | Old | New | Old | New | Old | New |
| Sydney – Newcastle – Sydney | 9,000 | 20,000 | 46 | 10 | 197 | 2,000 |
| Sydney – Dubbo – Sydney | 9,000 | 20,000 | 21 | 10 | 433 | 2,000 |
| Sydney – Melbourne – Sydney | 17,000 | 20,000 | 18 | 10 | 990 | 2,000 |
| Sydney – Brisbane – Sydney | 17,000 | 20,000 | 17 | 10 | 1,053 | 2,000 |
| Sydney – Adelaide – Sydney | 25,000 | 20,000 | 16 | 10 | 1,632 | 2,000 |
| Sydney – Perth – Sydney | 30,000 | 30,000 | 7 | 8 | 4,598 | 4,081 |
| Sydney – Singapore – Sydney | 60,000 | 50,000 | 7 | 7 | 8,805 | 7,816 |
| Sydney – Honolulu – Sydney | 80,000 | 80,000 | 7 | 8 | 11,431 | 10,147 |
| Sydney – Los Angeles – Sydney | 100,000 | 80,000 | 6 | 6 | 16,876 | 14,980 |
| Sydney – London – Sydney | 130,000 | 110,000 | 6 | 6 | 23,850 | 21,171 |

| | Redemption Points | | Trips Required | | Accrual Points | |
|----------------------------|-------------------|---------|----------------|-----|----------------|--------|
| | Old | New | Old | New | Old | New |
| Perth – Kalgoorlie – Perth | 9,000 | 20,000 | 12 | 10 | 752 | 2,000 |
| Perth – Adelaide – Perth | 30,000 | 30,000 | 11 | 12 | 2,968 | 2,635 |
| Perth – Melbourne – Perth | 30,000 | 30,000 | 8 | 9 | 3,788 | 3,363 |
| Perth – Sydney – Perth | 30,000 | 30,000 | 7 | 8 | 4,598 | 4,081 |
| Perth – Brisbane – Perth | 30,000 | 30,000 | 6 | 7 | 5,054 | 4,486 |
| Perth – Singapore – Perth | 30,000 | 30,000 | 6 | 7 | 5,473 | 4,858 |
| Perth – Hong Kong – Perth | 60,000 | 50,000 | 8 | 7 | 8,443 | 7,495 |
| Perth – Tokyo – Perth | 80,000 | 50,000 | 8 | 6 | 11,117 | 9,869 |
| Perth – London – Perth | 100,000 | 110,000 | 5 | 7 | 20,625 | 18,308 |

| | Redemption Points | | Trips Required | | Accrual Points | |
|-------------------------------|-------------------|---------|----------------|-----|----------------|--------|
| | Old | New | Old | New | Old | New |
| Hobart – Melbourne – Hobart | 9,000 | 20,000 | 11 | 10 | 865 | 2,000 |
| Hobart – Sydney – Hobart | 25,000 | 20,000 | 18 | 10 | 1,456 | 2,000 |
| Hobart – Adelaide – Hobart | 25,000 | 20,000 | 15 | 5 | 1,765 | 4,000 |
| Hobart – Brisbane – Hobart | 30,000 | 30,000 | 12 | 8 | 2,509 | 4,000 |
| Hobart – Perth – Hobart | 30,000 | 30,000 | 7 | 6 | 4,654 | 5,363 |
| Hobart – Singapore – Hobart | 60,000 | 50,000 | 7 | 6 | 9,310 | 9,496 |
| Hobart – Los Angeles – Hobart | 100,000 | 110,000 | 6 | 7 | 18,715 | 17,845 |
| Hobart – London – Hobart | 130,000 | 110,000 | 6 | 5 | 24,557 | 23,031 |

| | Redemption Points | | Trips Required | | Accrual Points | |
|--------------------------------|-------------------|---------|----------------|-----|----------------|--------|
| | Old | New | Old | New | Old | New |
| Darwin – Gove – Darwin | 17,000 | 20,000 | 19 | 10 | 906 | 2,000 |
| Darwin – Denpasar – Darwin | 30,000 | 30,000 | 13 | 14 | 2,467 | 2,190 |
| Darwin – Adelaide – Darwin | 30,000 | 30,000 | 9 | 10 | 3,667 | 3,255 |
| Darwin – Perth – Darwin | 30,000 | 30,000 | 9 | 10 | 3,711 | 3,295 |
| Darwin – Brisbane – Darwin | 30,000 | 30,000 | 8 | 9 | 3,993 | 3,544 |
| Darwin – Sydney – Darwin | 30,000 | 30,000 | 7 | 8 | 4,416 | 3,920 |
| Darwin – Melbourne – Darwin | 30,000 | 30,000 | 7 | 8 | 4,383 | 3,891 |
| Darwin – Singapore – Darwin | 30,000 | 30,000 | 7 | 8 | 4,672 | 4,147 |
| Darwin – Tokyo – Darwin | 80,000 | 50,000 | 8 | 6 | 10,576 | 9,304 |
| Darwin – Johannesburg – Darwin | 100,000 | 80,000 | 7 | 6 | 15,334 | 13,612 |
| Darwin – London – Darwin | 100,000 | 110,000 | 6 | 7 | 19,894 | 17,659 |

| | Redemption Points | | Trips Required | | Accrual Points | |
|------------------------------|-------------------|--------|----------------|-----|----------------|-------|
| | Old | New | Old | New | Old | New |
| Canberra – Sydney – Canberra | 9,000 | 20,000 | 28 | 10 | 332 | 2,000 |

| | | | | | | |
|-----------------------------------|---------|---------|----|----|--------|--------|
| Canberra – Melbourne – Canberra | 9,000 | 20,000 | 14 | 10 | 658 | 2,000 |
| Canberra – Brisbane – Canberra | 25,000 | 20,000 | 19 | 10 | 1,331 | 2,000 |
| Canberra – Adelaide – Canberra | 25,000 | 20,000 | 19 | 10 | 1,361 | 2,000 |
| Canberra – Perth – Canberra | 30,000 | 30,000 | 7 | 5 | 4,327 | 6,081 |
| Canberra – Singapore – Canberra | 60,000 | 50,000 | 7 | 6 | 9,136 | 9,816 |
| Canberra – Los Angeles – Canberra | 100,000 | 80,000 | 6 | 5 | 17,207 | 16,980 |
| Canberra – London – Canberra | 130,000 | 110,000 | 6 | 5 | 24,182 | 23,171 |

Mr Peisley, of Qantas, gave the Committee details of the new program including the following information :

*“The changes to the program followed some six to nine months of analysis and research and feedback from our customers about what they wanted from a frequent flyer program, what they valued from a frequent flyer program and what they didn’t value from a frequent flyer program. Since the launch we have had a lot of positive feedback from our members on the program changes and we have had some negative feedback from the program changes because there are some aspects that people truly are very excited about, such as international upgrades and non-expiry of points and removal of some of the fees”.*¹¹⁰

Prior to the implementation of this program the number of points needed for a return economy seat, if available, across Bass Strait was 9,000. This has been increased to 20,000.

The new program has decreased the number of points required from 25,000 to 20,000 points between Melbourne and Brisbane. The points required for a return flight from Melbourne to London has been decreased from 130,000 to 110,000 points. The disparities which disadvantage Bass Strait passengers are obvious.

Notwithstanding the fact that there have been other changes, including the use of miles instead of kilometres, it is considered that the new system significantly disadvantages passengers flying across Bass Strait, especially as points are accrued not only by flying, but also through shopping. Shoppers will need to spend twice as much money to obtain the same benefit in terms of a return flight across Bass Strait.

When compared with the same number of points required to fly the much greater distance between Melbourne and Brisbane, it can be seen just to what extent Bass Strait flyers are disadvantaged. The comparison

¹¹⁰ Mr Darren Peisley, *op. cit.*, p. 11.

between Bass Strait flyers and those flying between Melbourne and London is quite odious.

The Committee makes these comments notwithstanding the advantages outlined by Mr Peisley in the following passage of his evidence to the Committee :

*“If we look at the example of, say, Hobart-Brisbane, for instance, assuming a discount economy traveller – which is by far the majority of the Tasmanian market – it used to take someone twelve trips to earn a free trip flying from Hobart to Brisbane. In the new program that’s eight trips, so that is actually a 33 per cent reduction in the number of trips required to earn a free trip on that route. If we took Melbourne-Brisbane, previously it was thirteen trips to earn a free trip; it’s now ten. So we have had reduction in the number of trips to earn a free trip but a smaller reduction than Hobart-Brisbane. In fact, just to summarise that, it’s eight trips Hobart-Brisbane to earn a free one, but ten trips Melbourne-Brisbane to earn a free one. In some ways people living in Melbourne could turn that round and wonder why the Tasmanians have such a good deal with those two services”.*¹¹¹

Mr Tony Peck refuted these alleged advantages in the following terms :

*“I totally challenge ... that because what they are saying is totally correct but it is all designed to only get your points flying on an airplane. What about, say I, ... don’t fly on an airplane, get it by getting my petrol and paying my bill at the Hydro and paying my council rates, everything on my credit card, I don’t fly anywhere and when I do get enough points I fly. So for instance you get generally one point per dollar so I have got to spend - ... on my American Express card, \$9,000, I get 9,000 points. Now, I have got to spend \$20,000 to get the same thing to go to Melbourne and back so they are only quoting – it is all designed to make you fly in an airplane more to get points, not using your card on the ground so to speak and trading around the community where everyone is promoting points, come and use your credit cards here and you get frequent flyer points”.*¹¹²

Mr Peck provided the following example as well :

¹¹¹ Mr Darren Peisley, *op. cit.*, p. 16.

¹¹² Mr Tony Peck, Chairman, Gateway Tasmania Ltd, *Transcript of Evidence*, 15 June 2001, p. 32.

“It is all designed to make you fly and use your points and that is fine if you do a lot of flying. Now my mother might never fly until she gets her frequent flyer points. She just pays with her card and it might take her two years to get her \$9,000 up but now she has got to spend \$20,000 to get the same return on the flight so they are crucifying – they are really saying to you, ‘Sorry folks, your day-to-day routine and using your credit card is more than doubled, you have got to pay to get the same equivalent flight’”¹¹³

One could be forgiven for thinking that Qantas’ revised frequent flyer points system is designed to encourage Australians to travel overseas to New Zealand or the United Kingdom to boost their economies, rather than encouraging travel within Australia. The system certainly disadvantages Tasmania and passengers wishing to fly across Bass Strait.

The effect on Tasmania’s Economy

Several witnesses referred to the impact on Tasmania’s economy and Tasmanian tourism. These witnesses included Ms Josephine Archer of Launceston Chamber of Commerce who said :

“We have a lot of members complain that they have tried to bring in family and business colleagues [but frequent flyer seats] were just not available. I don’t know how you would ever assess what the net loss to the State is from that lack of access, but I’m sure it would be considerable”¹¹⁴

Mr John Aston-Luscombe agreed :

“It does affect us. We’ve already got the tyranny of the system as far as frequent flyer sector things are concerned because they go against Tasmania, unfortunately”¹¹⁵

He was asked if he felt Tasmania was suffering from the tourist point of view by the difficulty people on the mainland have in redeeming frequent flyer points across Bass Strait and he answered, “Yes”¹¹⁶

¹¹³ *Ibid.*

¹¹⁴ Ms Josephine Archer, Executive Officer, Launceston Chamber of Commerce, *Transcript of Evidence*, 17 July 2001, p. 12.

¹¹⁵ Mr John Aston-Luscombe, *op. cit.*, p. 13.

¹¹⁶ Mr John Aston-Luscombe, *op. cit.*, p. 14.

Sydney travel agent, Mr Mark Mooney, gave details showing just how Tasmania misses out on tourists as a result of the frequent flyer system :

*“... quite often what we see – and this is the frustrating bit from our side – we see a client who comes into us who wants to do a trip to Tassie and our consultant spends time with that person or people, detailing what’s available, telling them what they can see and do and how much that side of it is going to cost, and based on the fact that the client still has to go off and redeem points, and quite often we don’t see the clients again because they’re unable to redeem the points when they want them”.*¹¹⁷

Hopelessness

There is a strong feeling that it is quite hopeless to even endeavour to redeem frequent flyer points for seats across Bass Strait. Ms Ngari McCrindle of the George Town Council, expressed this feeling in the following terms :

*“I don’t bother looking for frequent flyer flights out of Tasmania. I wait till I get to Melbourne, then I get on”.*¹¹⁸

Mrs Faith-Layton made the following comments :

*“... we so rarely get the frequent flyers and this is a very big question, frequent flyer access. I think that is almost as hot a potato as the fares, because people get onto aircraft, look around, see spare seats, and they have not been able to use their frequent flyers”.*¹¹⁹

Mr Desmond Hiscutt was critical of the system in the following terms :

“I am a member of both of those reward systems and I’ve only been able to access a free flight on one occasion and this was on dates and flights supplied by the airline and not of my choice. So I regard the free flights by accumulating points as a poor reward system or a bit of a take, really. They’re very hard

¹¹⁷ Mr Mark Mooney, Australian Tourism and Promotions, *Transcript of Meeting*, 21 August 2001, pp. 6-7.

¹¹⁸ Ms Ngaire McCrindle, *op. cit.*, p. 6.

¹¹⁹ Mrs Faith Layton, Northern Tasmanian President, Association of Independent Retirees Inc (Northern Tasmanian Branch), *Transcript of Evidence*, 14 June 2001, p. 6.

to take advantage of, and I'm speaking about from Tasmania

...¹²⁰

Mr Mark Dorling said that he flies out of Tasmania three days every week and that he has never yet been able to acquire a frequent flyer seat from Devonport.¹²¹ When asked if he had tried often enough, he replied “*everytime*”¹²² and he added, “*I think that system is a waste of time*”.¹²³

Mr John Martin, Commissioner of the Australian Competition and Consumer Commission (ACCC) told the Committee that he thought that :

“... a good proportion of our complaints have been in respect of the Tasmanian routes, but it wasn't the only area, there are some others... – other than the sort of main inter-capital routes we have had this problem of the apparent availability or lack of availability”.¹²⁴

Frequent Flyer Seats – Gift or Cost

There is a perception that airlines provide frequent flyer seats as a gift without receiving any payment or financial reward. Although it is not known just what payment the airlines receive, it is apparent that they do receive payment for the seats allocated either from retailers, in the case of frequent flyer points accumulated by shopping, or from their own fare paying passengers who accumulate points through flying. As such, frequent flyer points have a value which imposes an obligation on the airlines to provide a redemption of points on a reasonable basis without causing undue problems or difficulties to the loyalty scheme members.

Mr John Aston-Luscombe was asked if he thought the frequent flyer points have a dollar value to the airlines and he replied, “*Yes, of course*”.¹²⁵ When asked further whether at the end of each financial year their balance sheets should show the dollar value, he replied that they “*should show the liability*”.¹²⁶ Mr Aston-Luscombe went on to say that he thought “*it would be in the mega-millions*”¹²⁷ and said, “*if I had it, the*

¹²⁰ Mr Des Hiscutt, *op. cit.*, pp. 4-5.

¹²¹ Mr Mark Dorling, Managing Director, Aviation Connections, *Transcript of Evidence*, 10 July 2001, p. 32.

¹²² *Ibid.*

¹²³ *Ibid.*, p. 33.

¹²⁴ Mr John Martin, Commissioner, Australian Competition and Consumer Commission, *Transcript of Meeting*, 1 August 2001, p. 5.

¹²⁵ Mr John Aston-Luscombe, *op. cit.*, p. 14.

¹²⁶ *Ibid.*

¹²⁷ Mr John Aston-Luscombe, *op. cit.*, p. 14.

quicker I got rid of it the better I'd be because I would think that its cheaper this year than it's going to be next year".¹²⁸

When it was put to Mr Luscombe that this was similar to unfunded superannuation, he replied, *"it is, very much".¹²⁹*

Mr Michael Steele expressed his view on this aspect as follows :

"... I always had the feeling myself that I've actually bought that ticket in advance and I don't know the realities of it indeed but I'm sure that in the process of purchasing some goods from the supermarket and acquiring some sort of loyalty points in regard to that and then transferring them across to a frequent flyer program. I'm sure that there must be a commission payment made to the airline. I have heard that that commission payment is around about the base level, the bottom, the 40 per cent discount fare rate, that in fact that price has already been paid for even though you may or may not be able to get at it".¹³⁰

He described the seriousness of the matter as follows :

"I think that's a huge issue because it's a perception issue and the way you're treated, to me you're buying a full economy ticket but you've just happened to have pre-purchased it by buying someone else's goods at a slightly higher rate, who is then prepared to flick a bit of discount one way to the airlines to make sure it's theirs".¹³¹

Mr Tony Peck had no illusions about frequent flyer seats being free when he said :

"... the concept of a frequent flyer seat as a free seat is totally wrong. No-one knows how much money the airline gets for a frequent flight fare. That would be a top secret of only the top three or four guys and it would be in the safe somewhere in head office, no-one knows but it is a figure and that figure I could not have a guess at. I have my own personal ideas how

¹²⁸ *Ibid.*

¹²⁹ *Ibid.*

¹³⁰ Mr Michael Steele, *Transcript of Evidence*, 14 June 2001, p. 15.

¹³¹ *Ibid.*, p. 16.

*much it would be but I would not say it because I could be totally way out”.*¹³²

Mr Brad Voss of the former Ansett Airlines said :

*“I do believe that hotels and credit card companies do pay a fee to Ansett to participate in the program, and that is the fee for loyalty to encourage people to go and use their credit card or buy services from these organisations ...”*¹³³

Mr Darren Peisley of Qantas said :

*“We wouldn’t be in a position to give the Committee details of our commercial pricing with our program partner. ... We have commercial arrangements with a number of people for the supply of points to members in their loyalty programs”.*¹³⁴

He was then asked :

“And you have a contract with those people who pay you money and you have a contract with your loyalty customers who accumulate and are rewarded the points? You have two sets of contracts, don’t you?”

Mr Peisley replied : *“Yes, we do”.*¹³⁵

When further questioned, *“Are you paid that money immediately on the purchase of those goods or only on the redemption of frequent flyer points?”* Mr Peisley responded :

“... the arrangements with partners are varied. There are a number of different arrangements out there. There is a general rule, Qantas receives compensation for those points when people earn frequent flyer points in the Qantas scheme, not necessarily when they undertake a transaction, say through a credit card. To take a redemption in the Qantas scheme you have to have frequent flyer points. We generally receive our compensation when people are given the frequent flyer points. That may be at a different time to when they bought some

¹³² Mr Tony Peck, *op. cit.*, p. 30.

¹³³ Mr Brad Voss, *op. cit.*, p. 19.

¹³⁴ Mr Darren Peisley, *op. cit.*, p. 20.

¹³⁵ *Ibid.*

*goods on their credit card and earned loyalty points in a credit card program. So it would be when someone transferred credit card points to Qantas frequent flyer that our commercial arrangement with that party would ...”*¹³⁶

Mr Peisley then agreed that, if a customer had accumulated points with a credit card, Qantas would not get money from the banks until the cardholder transferred points across.¹³⁷

Mr John Rothwell of the ACCC explained that :

“When you buy something on your credit card those points are actually purchased from the airline so they are receiving a cash benefit from that whereas when they are giving out their own points they are not, so in many ways encouraging earning by other methods is in the airlines interests so I do not see they would discriminate or on what basis they would have for doing that”.¹³⁸

Recommendations

The Committee recommends that :

12. The State Government make representations to Qantas :

- (a) to increase the availability of frequent flyer seats between Tasmania and the mainland; and
- (b) to reduce the number of frequent flyer points required for travel between Tasmania and the mainland;
 - (i) to ensure equity for Bass Strait air travellers, and
 - (ii) in the interest of Tasmanian tourism promotion.

¹³⁶ Mr Darren Peisley, *op. cit.*, p. 20.

¹³⁷ *Ibid.*, p. 21.

¹³⁸ Mr John Rothwell, Senior Project Officer, Consumer Protection Unit, Australian Competition and Consumer Commission, *Transcript of Meeting*, 1 August 2001, p. 3.

Term of Reference 7

The adequacy and suitability of air terminal facilities at Tasmanian Airports and the cost of car parking where charges are made.

Air Terminal Facilities at Tasmanian Airports

General satisfaction was expressed in submissions and evidence about the adequacy and suitability of most of the Tasmanian air terminal facilities. There were, however, some exceptions and a desire to have several upgraded if and when this became commercially viable.

Several witnesses expressed the view that although the facilities were generally acceptable to Tasmanians, their adequacy and suitability should be measured also by the views and expectations of visitors to Tasmania, who are often accustomed to better facilities. This encompasses the view that even though facilities may be functionally adequate they should be as welcoming, attractive and comfortable as possible.

Despite its small population Tasmania is well endowed in terms of the number of airports it has. Whilst its dispersed population is largely responsible for this, it does restrict the capacity of airport owners to afford to construct and operate airport terminals to a standard and with facilities equivalent to those available at major mainland airports.

Mr Stephen Parry, President of the Burnie Chamber of Commerce and Industry, recognised this in the following terms :

*“I regard all the airports, for the volume that they handle, as being the best they can be under the circumstances. Possibly if we had less airports we might have improved facilities, but that is a debatable point”.*¹³⁹

Mr Parry went on to say that the only comment he received from business travellers was the lack of business lounge facilities “this end”. In this respect he was probably referring to the lack of such facilities in

¹³⁹ Mr Stephen Parry, *op. cit.*, p. 48.

the Burnie and Devonport terminal buildings, as they are available in both Hobart and Launceston.

Hobart Airport

Hobart International Airport Pty Ltd (HIA) purchased the lease of Hobart International Airport from Federal Airports Corporation (FAC), with effect from 11 June 1998, and has operated it since then. It paid \$35.9 million for a 50-year lease of the airport with an option to extend that lease for a further 49 years.

The domestic terminal building is leased in its entirety to the airlines giving HIA no control over that section of the building. This situation was inherited by HIA as a result of a deal done by a previous Federal Government with the airlines prior to the FAC assuming responsibility for the airport.

The Qantas lease extends to 2012 and the lease to the former Ansett Airlines, initially for about the same period, was extended in 1997 until 2017 on the basis that that former company refurbished its section of the terminal building. In effect, HIA merely manages the tarmac, associated hangars and storage areas associated with the domestic section of the terminal.

This situation is different from the arrangements applying to the international terminal section of the building, which is owned by HIA and not leased to anybody.

The whole building is a single storey structure. There is an elongated car park between the building and the administrative offices of HIA.

The main building is not unattractive and appears to have adequate space for its requirements. The terminal building also contains well-appointed shops and refreshment areas.

Luggage from incoming Qantas flights is delivered into the terminal building by means of a carousel, whilst in the northern section, formerly used by Ansett, the luggage is delivered by trolley to an enclosed area.

The international section is spacious and largely unused. The area has obvious potential.

The Committee received no evidence of a critical nature in relation to the terminal facilities themselves.

When questioned about the difficulty some regional airline operators have in being allocated suitable facilities within the terminal building, Mr Sebastian Roberts of the Australian Competition and Consumer Commission (ACCC) responded :

“A couple of issues: Launceston is different from Hobart, I should add. Hobart Airport actually owns and operates what was previously the international facility and they had converted that for use when Impulse was running there.

*There’s nothing there that prevents the airport operator from building a facility for regional operators. The question then would be: what would the role of the ACCC be, but we don’t have the powers to force them to spend the money and to provide the facility”.*¹⁴⁰

Conscious of the restrictions placed on the operators of both the Hobart and Launceston Airports as a result of the long term leases held by Qantas and Ansett, Mr Wayne Tucker, General Manager of the Hobart International Airport said :

*“... we are talking to the airlines about remodelling the domestic terminal building and how quickly that happens is anyone’s guess”.*¹⁴¹

Launceston Airport

Launceston Airport was purchased by Australian Pacific Airports (Launceston) Pty Ltd (APAL) in June 1998 for \$17 million.¹⁴² Prior to that the airport had been operated by the FAC, as was the case with Hobart International and other Australian airports sold by the Federal Government. The actual management and control by each of these companies has been severely impeded by the long-term leases previously granted to Qantas and Ansett Airlines.

The terminal building is an attractively designed two-storey building built in 1965/66. It is currently used by Qantas Airways Limited and Virgin

¹⁴⁰ Mr Sebastian Roberts, Australian Competition and Consumer Commission, *Transcript of Evidence*, 30 July 2001, p. 11.

¹⁴¹ Mr Wayne Tucker, Chief Executive Officer, Hobart International Airport, *Transcript of Evidence*, 12 June 2001, p. 34.

¹⁴² Mr Gavin Bailey, General Manager, Australian Pacific Airports Launceston, *Transcript of Evidence*, 22 August 2001, p. 16.

Blue Airlines Pty Ltd (which operates from the section previously leased by Ansett Australia). It also accommodates the administrative offices of APAL and the Bureau of Meteorology. To the west of the building is a good standard open air car park.

On the ground floor there is a shop with cafe style licensed catering facilities. At each end of the building there are designated areas for the collection of passengers' luggage from trolleys. The Qantas area is enclosed, but the section at the southern end is covered, but not enclosed.

In the Qantas section there is a large area with a pleasant outlook on the first floor. In past years this has served as a lounge, bar and restaurant, but regrettably, is now largely unused. The Manager for APAL, Mr Gavin Bailey, pointed out that APAL has no control over this.

"It's really again in the airline lease area as to what the airlines choose or are willing to do. They have made a number of attempts over the years to get people to move upstairs in the peak periods ... but with marginal success. In summer time they tend to open it up".¹⁴³

The Committee considers that every effort should be made to put this valuable area to good use in order to assist in reducing congestion and to improve the comfort and convenience of passengers and visitors to the airport.

Mr Bailey explained :

"All the aircraft passenger handling areas are controlled by the airlines. All the ground floor access, walk-through areas, checking areas, security lounges and right down to going on to the apron. They have expansion areas at both ends of the terminal outside the existing lease".¹⁴⁴

The majority of the available seating space is contained in the two departure lounges. Seating is quite limited outside these lounges - especially on the southern end in the area previously occupied by Ansett Australia and now by Virgin Blue Airlines Pty Ltd.

¹⁴³ Mr Gavin Bailey, *op. cit.*, p. 9.

¹⁴⁴ *Ibid.*, p. 6.

This has occurred largely as a result of the floor space designs which were adopted at the time of the installation of the security check-in equipment. This has made the interior of the terminal less attractive and has resulted in crowding and congestion at peak periods, especially following the arrival of in-bound flights.

This is particularly apparent when aircraft arrive after the security and departure lounge areas are closed of an evening, following the departure of the last out-bound flight. There is then inadequate seating for people awaiting the arrival of the in-bound aircraft, a situation which is sometimes compounded by inadequate lighting.

Mr Tony Peck, Chairman of Gateway Tasmania Ltd, who has extensive experience and interests in both the airline and tourism business, attributed these problems to bad designing. He said :

"I think the designer ... putting in security was totally wrong. They are taking over 80% of the terminal for departing passengers. Surely, with a little bit of clever design in there, that could have been arranged another way.

... it really has made it dominate the whole airport and it has spoilt the inside of that terminal".¹⁴⁵

Mrs Faith Layton was critical of the fact that in the Qantas departure lounge they have "very, very hard seats – I think they could do something about that. They're shocking".¹⁴⁶ Mrs Layton referred to the high standard of the terminal building when it was constructed and noted that it was not maintaining its standard in comparison with other Australian airports.

"We had Senator Denham Henty many years ago to thank for our airport, but I think the authorities need to keep an eye on it because it is aging, isn't it?"¹⁴⁷

Mr Gavin Bailey was asked if the airport owners ever attempted to re-negotiate the lease of the entire building with Qantas and Ansett. He replied :

¹⁴⁵ Mr Tony Peck, *op. cit.*, pp. 38-39.

¹⁴⁶ Mrs Faith Layton, *op. cit.*, p. 6.

¹⁴⁷ *Ibid.*

*“There are provisions and we do talk to them on a regular basis about a range of issues ... they are commercially sensitive issues”.*¹⁴⁸

It is to be hoped that it will be possible for APAL to assume greater control of the terminal building to ensure a uniform approach to the management of the building and to overcome perceived problems.

Notwithstanding these specific factors there appears to be a general satisfaction with the conditions in this building.

When asked about this the General Manager of Business North, Mr Russell Reid said :

*“This is just my personal comment because it has not been considered by Business North in any way. My view is that the facilities there are quite adequate. I guess the passenger numbers that we mentioned previously don’t support the investment of a major amount of capital to increase the size of the terminal. It’s unfortunate that the growth is not there, but I don’t believe we would complain about it. The facilities are actually more than adequate, I would say”.*¹⁴⁹

Ms Josephine Archer, Chief Executive Officer of the Launceston Chamber of Commerce and Industry had similar views. She said :

*“I think the facilities there are more than adequate for the market”.*¹⁵⁰

When asked about the adequacy of the seating outside the departure lounges Ms Archer said :

*“It probably could be improved. Ultimately, again, trying to think from a commercially responsible perspective, there has to be volume to create the investment to make that more comfortable. I have never heard of it being a barrier and I must say that we have never had a formal comment, or an informal one for that matter, that indicates that that’s a barrier”.*¹⁵¹

¹⁴⁸ Mr Gavin Bailey, *op. cit.*, p. 7.

¹⁴⁹ Mr Russell Reid, *op. cit.*, p. 8.

¹⁵⁰ Ms Josephine Archer, *op. cit.*, p. 19.

¹⁵¹ *Ibid.*

The Committee visited Flinders Island to take evidence and used the Island Airlines Tasmania Pty Ltd terminal building at Launceston Airport. It was somewhat spartan and left room for improvement.

At the time, Schutt was operating on the Flinders Island route and Mr Terence Klug from the Flinders Council, described its Launceston Airport terminal in the following terms :

*“... at Launceston, Schutt operates out of a very small brick building which is south of the main terminal and Island Airlines operates from a fibro type structure even further south of the main terminal. At times we do feel like the poor cousins of the State rather than part of Tasmania. One of the considerations, we hope, for you might be that Launceston ought to develop a regional terminal. Hopefully it might well be part of the main terminal but it ought to be a springboard for all destinations within Tasmania – and that could be Strahan, King Island, Hobart, Flinders Island, Devonport, but at least when people come into that terminal they don’t have to wander down south. There’s not even a pathway between the main terminal and Schutt’s facility and Island Airlines’ facility. It is near impossible to ask a taxi to take you down there because they are not interested in a \$5 - \$6 fare when they can go into town for \$16 - \$20. Many people have experienced an absolute refusal, which is very frustrating and I don’t quite know what grounds they stand on in refusing to move people”.*¹⁵²

Mr Klug advocated a system whereby Flinders Island passengers could be part of a national network by the following evidence :

*“So, hopefully, you can see that what we would like is to be part of the national network so that when visitors come here they are not inconvenienced by having to tramp down south to the terminal and that in fact they leave from a facility which encourages people to come to Flinders Island. While we do our best to provide a healthy image we would like them all to start with a healthy image as well as being professional, efficient and welcoming”.*¹⁵³

¹⁵² Councillor Terence Klug, Flinders Council, *Transcript of Evidence*, 11 July 2001, p. 9.

¹⁵³ *Ibid.*, p. 10.

Alan and Margaret Wheatley of Killiecrankie Enterprises, Flinders Island included in their written submission the following paragraph :

*“People prefer to go through the same terminal building on connecting flights or be provided with transport between terminal buildings. As a long term solution we would like to see Launceston’s terminal building extended so that people coming in on connecting flights could get to them with minimum fuss”.*¹⁵⁴

Mrs Margaret Wheatley of the Flinders Island Tourism Association expressed similar views. She pointed to the difficulty people flying to and from Flinders Island via Launceston have in these terms :

*“... they get to Launceston, they get to the main terminal and have to change to a different terminal to get here and people don’t always remember to point out to them when they are booking their arrangements that this is the case. It would be much easier if the terminal in Launceston could be extended to accommodate the smaller airlines, the regional airlines”.*¹⁵⁵

Mrs Louise Mason, also of the Flinders Island Tourism Association supported Mrs Wheatley’s views and expressed the hope that :

*“... we could perhaps explore some opportunities of providing better services between the two terminals in some way, if we could not co-locate at the main terminal”.*¹⁵⁶

Mrs Mason went on to say :

“But I think if we were to explore some co-operative arrangements between the larger carriers and our smaller carriers, there would automatically be a greater incentive for some co-operation to exist between the big building and the little building basically because really the main terminal has no idea of what happens down the road a kilometre and has no desire to know what is happening. But really in the interests of the State economy, they should have some self interest in providing that sort of information to people who are coming into their terminal.

¹⁵⁴ Killiecrankie Enterprises, *Submission to the Legislative Council Select Committee on Bass Strait Air Transport*, 25 April 2001, p. 2.

¹⁵⁵ Mrs Margaret Wheatley, *op. cit.*, pp. 1-2.

¹⁵⁶ Mrs Louise Mason, Flinders Island Tourism Association, *Transcript of Evidence*, 11 July 2001, p. 2.

We would like to see at least one of our local carriers have an affiliation with one of the larger carriers so that we can get the continuity and people feel more secure about booking and paying for their trip in advance then too".¹⁵⁷

Devonport

The Devonport Airport is owned and operated by the Devonport Port Authority.

The main terminal building is of modern brick construction which has an attractive, spacious and well appointed interior. It appears to be well maintained and provides comfortable facilities for passengers, staff and visitors.

Although there is sufficient space to accommodate another airline operator, the terminal building which is used by King Island passengers is some distance from the main terminal building. This causes obvious inconvenience to passengers transferring flights. It would be highly desirable if arrangements could be made for all airlines using Devonport Airport to be based in the main terminal building. The Committee understands this would be acceptable to the airport's owners.

There is quite a large, well developed car park located conveniently on the southern side of the main terminal building. The terminal building used by King Island flights has its own car-parking facilities.

Devonport and Burnie

Ms Jenny Cox, then of Cradle Coast Tourism Ltd, was asked her views about the adequacy of the terminal facilities at both Devonport and Burnie. She said that she did not think there were any problems with either of them and said that *"they are both fine; they are both very functional"*.¹⁵⁸

She also made the point that she would like to see a warmer welcome extended to visitors to Tasmania and added :

"The first thing you see, I think, the visual welcome to Tasmania could be a lot stronger, reflecting the brand of

¹⁵⁷ Mrs Louise Mason, *op. cit.*, p. 2.

¹⁵⁸ Ms Jenny Cox, *op. cit.*, p. 23.

Tasmania, reflecting what we are all about in this region. I think we could be cleverer about that. Generally I find the service fine, I don't have any problem with it".¹⁵⁹

Committee Members observed that, unlike Hobart and Launceston Airports, there were no security facilities at Devonport or Burnie Airport. The system for passengers flying out of Devonport Airport, as with passengers flying from Burnie Airport, is that they pass through a security screening upon arrival in the terminal building at Tullamarine Airport in Melbourne.

This system provides no security for passengers en route from Devonport or Burnie and could well imperil the safety of people and facilities at Tullamarine.

The Committee is of the opinion that the airports at Devonport and Burnie provide facilities for a sufficient volume of aircraft and passengers to necessitate the provision of adequate security facilities for screening of passengers leaving those terminals. This would be in the interests of the safety of those passengers and all who may be in the vicinity of the aircraft after landing at Tullamarine.

Should any explosives be left on such an aircraft after passengers have disembarked, then obviously the security screening measures for passengers at Tullamarine would not detect this.

Burnie

The Burnie Airport is located in the town of Wynyard. A section of the terminal building previously used by Ansett/Kendall Airlines was previously owned separately by Ansett Airlines of Australia. That ownership has now been transferred to Regional Express Airlines (REX). Apart from this section of the building, the Airport is owned by the Burnie Airport Corporation, which is a partnership between the Burnie City Council and Australian Regional Airports Pty Ltd.

The terminal building is a single storey and is unattractive externally. The mix of ownership may well have contributed to the overall unattractive appearance of the building and may hamper a co-ordinated re-development of the building, unless there is close co-operation between the two owners or a move to single ownership.

¹⁵⁹ Ms Jenny Cox, *op. cit.*, p. 23.

The building contains a shop and cafe, and it provides a reasonable degree of comfort. Displays and furnishings have given the interior quite a pleasant atmosphere. Car parking is somewhat limited and is logistically inconvenient.

Certainly a better impression would be gained if it were economically feasible for the owners to re-build.

Mr Malcolm Ryan favoured at least an upgrading :

*“We could certainly jazz up the face of the place, and I don’t think they are big costs to do that sort of thing, to make more of an inviting atmosphere to the front door, so to speak. I have been out at both airports [Burnie and Devonport] recently and they are both very comfortable, but our expectations aren’t always the same as somebody else’s from out of town”.*¹⁶⁰

Mr Ryan posed the question :

*“Can you justify spending \$8 million or \$10 million on building a new airport facility, say, at Wynyard? If you are going to make a new facility or a major upgrade it has certainly got to be made into one”.*¹⁶¹

The Committee understands that Mr Ryan was referring to having only one airport on the North West Coast. He reinforced his earlier views as follows :

*“The infrastructure side of it, as I say, it is well and truly serviceable at the present time, but we have got to upgrade to keep in front”.*¹⁶²

King Island

The King Island Airport, which was previously owned and operated by the Commonwealth, was transferred to the King Island Council in December 1992 and has been operated by the Council since then.

Committee members were not able to visit the King Island Airport and have only limited evidence about the terminal facilities.

¹⁶⁰ Mr Malcolm Ryan, *op. cit.*, p. 60.

¹⁶¹ *Ibid.*

¹⁶² *Ibid.*

The Committee received only one submission from King Island and that was from the King Island Council. Mr Geoff Sowiak, General Manager of the King Island Council gave evidence to the Committee when it sat in Burnie. Both the written submission and Mr Sowiak's evidence were detailed and helpful. The only reference in either to the terminal building at the King Island Airport was the following passage in Council's written submission :

*"In 1994 Council built a new air terminal at the aerodrome at a cost of \$350,000. Council feels that the new terminal and facilities are adequate for the current needs of the island. Earlier comment on item three raised the issue of Tasair being located away from the main terminal in Devonport. This arrangement has some inconvenience for King Island residents, the remedy would be to provide space within the main terminal building."*⁶³

When members of the Committee visited the Devonport Airport, the Airport Manager explained that Tasair owned the premises they use at Devonport, several hundred metres from the main terminal building, and that the company finds it convenient to park their aircraft immediately outside that building. Although the company apparently finds that more convenient, it appears that passengers often do not.

In evidence, Mr Sowiak agreed that it would be more convenient for King Island residents if Tasair did move into the main terminal building.

Flinders Island

The airport on Flinders Island is owned and operated by the Flinders Council.

The Flinders Council engaged AOS Airport Consultants Pty Ltd to provide a report containing a Flinders Island Aerodrome Strategic Development Plan. The terminal building is described in that report as follows :

4.4 Building Area

The passenger terminal is the main building on the landside of the airport. Built in 1996 it comprises a passenger waiting area (approximately 65m²), check-in facilities, airline offices

¹⁶³ King Island Council, *Submission to the Legislative Council Select Committee on Bass Strait Air Transport*, 30 April 2001, p. 7.

and public toilets which can also be accessed externally. Shutt Aviation (Region Air) currently has an office located in the terminal.

The passenger terminal is capable of serving the passenger demand generated by two 9-seat aircraft operating concurrently.

Other airport buildings grouped in the service building area include:

- *the Airport Manager's office and residence;*
- *stores; and*
- *stand-by power generator*".¹⁶⁴

The consultants' recommendations for infrastructure development included the following recommendation :

"The plan recommends and provides for :

- *expansion of the terminal as required to provide for the passenger demands likely to be encountered with the introduction of 19 and 35 seat RPT aircraft*".¹⁶⁵

In its written submission relating to this term of reference, the Council concentrated on the inconvenient location of terminal buildings used by Flinders Island passengers at other airports, notably Launceston, Essendon and Moorabbin, when it is necessary to transfer to another terminal building for flights on the national routes. The Council argued strongly in favour of space being allocated in the terminal buildings for Flinders Island passengers flying on national routes in the same total journey.

The Committee has a sympathy with this proposition and feels that every effort should be made to achieve this objective wherever possible.

Mr Terence Klug expressed the following view about the Flinders Island terminal facilities :

"... the terminal we take great pride in; it's a nice welcoming point for people and an exit point and hopefully they will remember that as well, as we regard that as important".¹⁶⁶

¹⁶⁴ AOS Airport Consultants Pty Ltd, *Flinders Island Aerodrome Strategic Development Plan Final Report*, August 2001, p. 23.

¹⁶⁵ *Ibid.*, p. 6.

¹⁶⁶ Councillor Terence Klug, *op. cit.*, p. 9.

Mr John O'Dell, the local Veterinary Surgeon on Flinders Island said of the terminal building :

*"... I have absolutely no complaints with the buildings, they are better than Fiji or places like that... it does lack a few things but that's because the architect said that water tanks detract from the building, so you can't drink any of the water..."*¹⁶⁷

In its written submission the Council did not specifically refer to the suitability or adequacy of the terminal building at its own airport. The Committee understands that the Council, as well as residents, was naturally focussed principally on the adequacy and reliability of air services, schedules and aircraft, as well as the substantial costs incurred by the Council in operating the airport.

The Committee visited Flinders Island to take evidence and formed the view that the terminal building was quite suitable and adequate. That appeared to be the general opinion of users. The only evidence received by the Committee to the contrary was a view that it would be helpful to have refrigeration facilities for perishable air freight.

The location of the terminal building in Launceston for Flinders Island passengers is an issue that was raised by many giving evidence to the Committee and has been addressed earlier in this chapter.

The Cost of Car Parking

Charges are made for car parking at only three Tasmanian Airports – Hobart, Launceston and Devonport.

The cost of parking at Devonport Airport is only \$1.00 and the Committee is unaware of any criticism of this.

The most recent figures available to the Committee for car parking charges at major Australian Airports are for November 2001. These are set out in detail in Table A on the next page.

¹⁶⁷ Mr John O'Dell, *op. cit.*, p. 11.

TABLE 'A'

Airport Parking Charges – November 2001

| | SYD | MEL | BRIS | PERTH | ADEL | DARW | ALICE SP | CAN | HBT | LTN | T'VILLE | CGATTA |
|---------|------------|------------|-------------|--------------|-------------|-------------|-----------------|------------|------------|------------|----------------|---------------|
| 25 min | | | | | | | | | | \$2.00 | | |
| 30 min | \$6.00 | | | \$3.30 | \$3.00 | | | \$1.00 | | | | \$2.50 |
| 1 hr | \$11.00 | \$5.00 | \$5.00 | \$4.60 | \$4.00 | | \$3.00 | \$1.50 | \$3.00 | \$3.00 | | \$3.50 |
| 2 hr | \$16.00 | \$9.00 | \$6.00 | \$5.80 | \$7.00 | | | \$3.30 | \$4.00 | \$4.00 | \$2.00 | \$4.50 |
| 3 hr | \$18.00 | \$11.00 | \$8.00 | \$6.80 | \$8.00 | | | \$5.50 | \$5.00 | \$5.00 | \$4.00 | \$5.50 |
| 4 hr | \$20.00 | \$13.00 | \$10.00 | \$8.00 | \$9.00 | | | \$5.50 | \$6.00 | \$6.00 | \$8.00 | \$7.00 |
| 5 hr | \$26.00 | \$13.00 | \$12.00 | \$9.20 | \$10.00 | | | \$17.50 | \$7.00 | \$7.00 | \$10.00 | \$8.00 |
| 6 hr | \$28.00 | \$13.00 | \$15.00 | \$10.20 | \$11.00 | | | \$17.50 | \$8.00 | \$8.00 | \$12.00 | \$9.00 |
| 1 day | \$34.00 | \$15.00 | \$22.00 | \$16.00 | \$16.00 | \$4.00 | \$7.50 | \$13.00 | \$8.00 | \$10.00 | \$10.00 | \$13.50 |
| 2 days | \$34.00 | \$20.00 | \$38.00 | \$32.00 | \$32.00 | | | \$26.00 | \$16.00 | \$20.00 | \$20.00 | \$27.00 |
| 3 days | \$47.00 | \$26.00 | \$54.00 | \$48.00 | \$48.00 | | | \$39.00 | \$24.00 | \$30.00 | \$30.00 | \$40.00 |
| 4 days | \$60.00 | \$34.00 | \$70.00 | \$50.00 | \$54.00 | | | \$45.00 | \$32.00 | \$40.00 | \$40.00 | \$49.00 |
| 5 days | \$73.00 | \$42.00 | \$78.00 | \$52.00 | \$70.00 | | | \$51.00 | \$40.00 | \$50.00 | \$50.00 | \$57.55 |
| 6 days | \$86.00 | \$50.00 | \$86.00 | \$54.00 | \$80.00 | | | \$57.00 | \$48.00 | \$50.00 | \$60.00 | \$66.50 |
| 7 days | \$99.00 | \$50.00 | \$86.00 | \$56.00 | \$90.00 | | \$40.00 | \$63.00 | \$50.00 | \$50.00 | \$68.00 | \$84.00 |
| 30 days | \$398.00 | \$170.00 | \$246.00 | \$102.00 | \$320.00 | | | \$201.00 | \$80.00 | \$50.00 | \$216.00 | \$292.00 |

Note: Charges taken from airport websites or via phone calls.

This table reveals that the short-term car parking charges at both Hobart and Launceston Airports are more expensive than those at Canberra and Townsville. Thereafter the Hobart and Launceston charges are generally comparable with those at Canberra, Townsville and Coolangatta until the five and six hour period when they become, and remain, cheaper than any of those three other airports.

The long term car parking charges at both Hobart and Launceston Airports are significantly cheaper than at any of the other major airports listed in Table A – those at Launceston Airport being substantially cheaper than any of the other listed airports.

The evidence showed that a variety of factors influence decisions on the level of car parking charges at airports. These factors are given different emphasis from one airport to another. They are part of the budgetary process so that at an airport where landing charges are higher than the average, car parking rates may be set at a lower level than would otherwise be the case.

This was illustrated by Mr Gavin Bailey, General Manager of Australian Pacific Airports Launceston who, when responding to a suggestion that car parking charges at the Cairns Airport were relatively low, said :

*“When you talk about Cairns, they have different charging regimes so they obviously might give their car parking away free but, for example, it will cost you \$1,200 to land a jumbo at Sydney or Melbourne but it will cost you \$5,000 to land it at Cairns”.*¹⁶⁸

Some of the numerous reasons which are likely to influence the level of car parking charges at airports are evident in the comments and extracts from evidence which follow.

Mr Robert Noga, the Hobart International Airports Manager of Business Development and Operations and Company Secretary, demonstrated the significance of car parking fees in terms of airport revenue in the following passage of his evidence :

“I suppose in common with most, or certainly the capital city airports around Australia, you only have limited number of revenue streams. One is your landing charges, second one is your car park, third one is your business licences for car rental

¹⁶⁸ Mr Gavin Bailey, *op. cit.*, p. 16.

firms and the fourth one is your general property revenue. In relation to business licences, the landing charges and the car park, you really have no room to move. So, to some extent, there are marketing constraints in there as well as the ACCC oversees the prices to make sure that you're not taking a market advantage in relation to the public. So all the privatised airports see property development as where their revenue growth is going to be".¹⁶⁹

In determining the level of the various sources of income, Mr Noga made the following observations :

"Again, I suppose, its a question of balancing up all your sources of revenue. One thing is you could have car parking at the airport free and you could pump up your landing charges, but the net result of that would be that planes would not come to Hobart or another airport. Your property rents would be constrained by its market value and all that, so what you would tend to do is take all your revenue stream and try to seek a balance.

As to the charges across airports, we compare favourably, and I am not moving away from saying it is not as cheap as in town, but if you take Hobart City Council, for example, they offer the first hour free and the second hour for 50c, but what they don't say is that the ratepayers pay for the first hour and in actual fact their car parks are subsidised by the parking metres. I had fifteen years with Hobart City Council so I am familiar with their pricing structures and how they arrive at it. They are quite right, they are far cheaper, but I would say that the public would need to be aware that it's actually not free, that the ratepayers and people who use parking metres are actually subsidising it".¹⁷⁰

In his evidence, Mr Noga made comparisons of the short-term and long-term charges between Hobart and some other major airports. His evidence was given on 12 June 2001 and the figures he quoted related to the 30 June 2000. It is interesting to compare the charges he quotes as applying on 30 June 2000 with those at the same airports set out on Table 'A' applying in November 2001.

¹⁶⁹ Mr Robert Noga, op. cit., p. 6.

¹⁷⁰ *Ibid.*, p. 7.

In this context Mr Noga said :

“In terms of the charges, I suppose it is convenient to look at an hourly charge, a daily charge, a weekly charge and a monthly charge. When you look at those out of the regulated and other airports as at 30 June last year (i.e. 30 June 2000) which are the last available figures, I think we were the fourth cheapest on the hour but we were amongst the cheapest in terms of people who wanted to stay for a week or longer. For example, if you wanted to stay at Hobart for 30 days, the maximum charge you would have paid was \$45 as against \$126 at Brisbane, \$150 at Darwin, \$125 at Townsville, \$160 at Coolangatta and \$160 at Canberra.

*I suppose in terms of our charges, you try to balance it in terms of what people are getting. In the case of Hobart, if you wanted to stay for seven days, at the moment you would pay a maximum of \$50. If you wanted to stay for a year – put your car there – you are still only paying that \$50. People are right when they say in one sense it is expensive, but it depends how long you are staying...”*¹⁷¹

In evidence to the Committee, Mr Murray Grose expressed the view that the cost of car parking at Launceston Airport is far too high for the short-term. He felt a \$1.00 parking fee would be appropriate for the usual time it takes to park while delivering or collecting passengers at the airport. He was critical of the fact that it usually costs \$3.00 to do that now.¹⁷²

Ms. Josephine Archer of the Launceston Chamber of Commerce said that she had never received any negative feedback about the costs of car parking at Launceston Airport.¹⁷³

Mr Stephen Parry of Burnie said :

*“The cost of car parking is believed by everyone I speak to as being high in Hobart and I am not familiar with the Launceston costs, but I understand Launceston costs have crept up recently”*¹⁷⁴

¹⁷¹ Mr Robert Noga, *op. cit.*, p. 6.

¹⁷² Mr Edward William (Murray) Grose, *Transcript of Evidence*, 14 June 2001, pp. 3-4.

¹⁷³ Ms Josephine Archer, *op. cit.*, p. 20.

¹⁷⁴ Mr Stephen Parry, *op. cit.*, p. 8.

Mr Tony Peck, Chairman of Gateway Tasmania Limited acknowledged that the car parking charges at Launceston Airport were “*dearer than the Launceston CBD*”¹⁷⁵ but he pointed out that the Launceston Airport provides infrastructure including lighting and security which need to be paid for. He felt the car parking charges in Launceston may be lower than they should be on a strictly commercial basis.¹⁷⁶

The Committee notes that both Hobart and Launceston Airports charge \$3.00 for the first hour of parking. Canberra charges only \$1.50 and for the first two hours Townsville charges only \$2.00. The cost of parking for the first hour at airports in each of the mainland capital cities ranges between \$4.00 and \$5.00 except for an \$11.00 charge in Sydney.

In Hobart most central parking meter charges varied between 45 cents and 80 cents. Off-street carparks provide free parking for one hour and charge 50 cents for the second hour with progressive increases at varying rates.

Launceston parking meter charges are at the rate of 80c per hour on one hour meters and 50c per hour on three hour meters.

The Committee received evidence that in the Launceston CBD the hourly rate for Council operated off-street carparks varied between \$1.00 and \$1.20 per hour, with the exception of the York Street East Carpark where the rate is \$1.50 per hour.

These figures make the Hobart and Launceston Airport charges of \$3.00 for the first hour seem disproportionately high and the Launceston charge of \$2.00 for 25 minutes (the equivalent of \$4.80 per hour) appears to be quite excessive.

Whilst the short-term charges are high at Hobart and Launceston the charges for parking in excess of seven days seem to be disproportionately low and out of kilter with similar term charges in other major Australian airports. It appears to the Committee that patrons parking for long periods are able to do so at very low cost at the expense of those who park for short periods to deliver and collect passengers.

¹⁷⁵ Mr Tony Peck, *op. cit.*, p. 38.

¹⁷⁶ *Ibid.*

Recommendations

The Committee recommends that :

13. The owners of Hobart and Launceston Airports reduce their short-term car parking costs to make them more comparable with city parking and most other regional airports.
14. The Launceston Airport owners and the airlines facilitate arrangements for Flinders Island travellers to -
 - (a) utilise the main terminal; or
 - (b) to be transported between the two terminals.
15. Adequate security screening facilities be installed at both Devonport and Burnie Airports as a matter of urgency. This is especially important in view of recent national alerts for terrorist activities.

Term of Reference 8

Any problems or difficulties associated with –

(a) Interstate; and

(b) International

air freight to and from Tasmania.

At the time of hearing evidence, the level of freight services available to and from Tasmania was considered adequate by many witnesses. Mr Peter Westfield, the Retail Sales Manager for Ansett Cargo provided details of their service :

*“Our freight service actually operates out of Launceston Monday to Thursday night, then operates through Hobart on the weekend on the newspaper services. We run a dedicated road line haul service to and from Launceston, the reason being Launceston being the central cog, if you like, for overnight freight to be distributed to all areas in a timely manner”.*¹⁷⁷

The Chairman of Business North, Mr Russell Reid discussed a report commissioned by Business North about two years ago which :

*“...concluded that there was not a restriction in terms of volume of air freight out of the State”.*¹⁷⁸

Mr Tony Peck, Chairman of Gateway Tasmania, agreed with this statement :

*“...Launceston, through Ansett, enjoys two 767s a night, that is 30,000 kilograms of freight – that’s enormous so I don’t think there is any problem with freight”.*¹⁷⁹

Mr Jim McCormack gave evidence on behalf of the Tasmanian Export Council. He suggested that there were problems associated with the

¹⁷⁷ Mr Peter Westfield, Retail Sales Manager for Ansett Cargo, Ansett Holdings Limited Group, *Transcript of Evidence*, 12 June 2001, p. 22.

¹⁷⁸ Mr Russell Reid, *op. cit.*, p. 4.

¹⁷⁹ Mr Tony Peck, *op. cit.*, p. 39.

capacity of air freight and that rescheduling of aircraft was required regularly to accommodate the growing demand.

Mr McCormack believes that there is a constant change in relation to passenger aircraft services which impacts on freight in terms of the aircraft, as well as the volume and timing of getting product out of the State.¹⁸⁰ This issue has been addressed more fully in Chapter 4.

The Committee heard evidence about the difficulties some consignees of fresh seafood have had, with the fish being left at Tullamarine because of insufficient space and preference being given to other freight. Mr McCormack agreed that this does occur and that :

“It happens often enough for us to consider it as a significant problem and to try to address it. There are a whole lot of factors which impinge on it, one of which is that perishable cargo pays a much lower freight rate than almost anything else. As a consequence of that, it means that the prioritisation of the product being carried by the airlines puts perishable cargo at the bottom.

*... when it comes to prioritisation they don't think in terms of the perishable nature of the product, they think in terms of who's prepared to pay top dollar to get this where it needs to go”.*¹⁸¹

The Export Council also had concerns about the cold storage capacity for perishable products. Mr McCormack highlighted problems with the handling of these goods and suggested a change in procedure.

*“If there was a system developed where there was cold storage capacity available that could be used for other things at other times – in other words, it's off the airport itself – then there's scope to help to overcome this problem. At the moment, when we [have] a load of live lobsters sitting in an airport terminal and it's 30 degrees outside, it's going to be 27 or 28 degrees in the shade anyway and it is way above what the lobster needs”.*¹⁸²

¹⁸⁰ Mr Jim McCormack, *op. cit.*, p. 1.

¹⁸¹ *Ibid.*, pp. 5-6.

¹⁸² *Ibid.*, p. 7.

Mr Wayne Tucker, Chief Executive Officer of Hobart International Airport understood the difficulties involved for both the producers and the airlines. The Hobart International Airport is :

“...looking at having chiller rooms which will take the trolleys in. The difficulty [the airlines] have at the moment is that producers like to deliver their produce to the airport at ... the minimum amount of time before a flight leaves, so you get the produce arriving an hour and a half or an hour before the scheduled flight. The produce has to be loaded onto proper trolleys and weighed and balanced and there just isn't sufficient time for them to take the goods off the deliverer's vehicle, put them in chiller rooms, take them back out and get them all weighed, weighted and balanced to go onto the aircraft”¹⁸³.

According to Mr Reid and others, however, the capacity is not the problem :

“It's the cost for these specific industries that rely on high-speed turnaround and the need to compete with interstate businesses. ...Perishable and specific high-tech requirements ... are the examples that we've found to date. Air freight is also very important to a lot of ... the emerging industries where a number of companies have highlighted the additional cost of that air freight of components that need to be freighted in”¹⁸⁴.

When she was a resident of Tasmania, Mrs Pam Morris, now of Victoria, had visions of operating a business in Tasmania. It was a small wholesale retailing and manufacturing business :

“... and when we looked into the situation of obviously having to sell to the mainland, the problems of getting freight across to the mainland and ourselves at a reasonable price was astronomical, so we decided just to let that go”¹⁸⁵.

Mrs Morris now operates a business from rural Victoria.

Both King and Flinders Island have problems associated with the cost of air freight. Several witnesses on Flinders Island suggested that the

¹⁸³ Mr Denis Tucker, *op. cit.*, p. 14.

¹⁸⁴ Mr Russell Reid, *op. cit.*, p. 13.

¹⁸⁵ Mrs Pam Morris, *Transcript of Meeting*, 21 August 2001, p. 1.

payment of an air freight subsidy should be extended to other products and not just seafood. This would benefit the Islands' producers and enable more economic and competitive pricing of the goods being freighted to the mainland. According to Mr Robert Pratt, Managing Director of Island Airlines Tasmania Pty Ltd :

“Seafood which leaves Flinders Island for the mainland qualifies for a freight subsidy regardless of the type of air transport used. However, other products only qualify for a subsidy if it goes by sea. The sea freight service between Melbourne and Flinders is on a demand basis rather than a regular timetable, and it seems to disadvantage other producers who are trying to move other types of perishable produce.”¹⁸⁶

The Committee can find no evidence of an air transport freight subsidy for seafood being paid by the State or Federal Government.

Mrs Lynn Mason, Mayor of Flinders Council expressed the Council's view that the freight equalisation scheme should apply to all forms of freight :

“... there are times frequently when some of our exporters are unable to use sea freight, it's just simply inappropriate, and yet they are unable to attract any kind of assistance when they do have to use air freight”.¹⁸⁷

Mrs Louise Mason from the Flinders Island Tourism Association agrees that financial assistance for freight should also apply more widely to air transport.

“I would also like to see the freight equalisation scheme apply to air freight because ... sometimes the time frames [of the trading boat] are not suitable when you are in a manufacturing business because you need things more quickly ...”¹⁸⁸

The cost of freight for Islanders was also raised by Mr Gary Sykes on Flinders Island.

¹⁸⁶ Mr Robert Pratt, *op. cit.*, p. 10.

¹⁸⁷ Councillor Lynn Mason, *op. cit.*, p. .11.

¹⁸⁸ Mrs Louise Mason, *op. cit.*, p. 12.

“... I’m aware that there is a freight equalisation system between Tasmania and Victoria, even if we are to freight goods from here to Launceston we’ve still got to pay the full rate before we qualify for the subsidy to get from Launceston to Melbourne. It costs us more to get stuff from here to Launceston than it does to actually get it from Launceston to Melbourne. ...what we would really like to have considered is the possibility of a subsidy for things going direct from Flinders to Melbourne or Victoria so that that northward subsidy applies not only from Launceston departures but from anywhere in Bass Strait departures”¹⁸⁹.

The problems associated with the cost of air freight were also of concern to King Island producers. The General Manager of the King Island Council, Mr Geoff Sowiak, stated that air freight services :

“... come at a premium cost and then that cost is passed on to the procurer of those goods. It does give some sort of disadvantage to producers on King Island who have produce that needs to be air freighted”¹⁹⁰.

Ms June Martin, whose father lives on King Island, explained how the cost of freight impacts on Island life :

“...a topical cream that I wanted to buy for dad, I can buy [on mainland Tasmania] for \$13 – it cost him \$20 on the island and that is mainly because of the freight issues. ...A lot of the islanders come off the island and travel either to Melbourne or to the larger cities to do their shopping so that has also had a grave impact ...”¹⁹¹

The people on Cape Barren Island also have a concern with the cost of freight to be paid on perishable goods. Ms Kerry Beeton said :

“When you’re looking at fresh milk, if you get it from Flinders Island, then it’s already had freight paid on it to get it from mainland Tasmania to Flinders Island, then a mark-up so you’re paying a double lot of freight and another mark-up as well. Fruit and vegies, we sometimes get from Flinders Island.

¹⁸⁹ Mr Gary Sykes, *Transcript of Evidence*, 11 July 2001, p. 2.

¹⁹⁰ Mr Geoff Sowiak, *op. cit.*, p. 13.

¹⁹¹ Mrs June Martin, *Transcript of Evidence*, 13 June 2001, p. 5.

*We prefer to get from mainland Tasmania because of ... the double amount of freight otherwise”.*¹⁹²

CURRENT FREIGHT CAPACITY

Since the collapse of Ansett in September 2001, the freight capacity to and from Tasmania has been constantly changing. The following is a summary of Tasmania’s current air freight situation provided by the Logistics Branch of the Department of Transport.

“Background

The collapse of Ansett on September 14 created a number of difficulties for Tasmanian exporters and importers with regard to interstate air freight services, mainly relating to the significant loss of air freight capacity, and the ability of Australian air Express (AaE) to double its size whilst maintaining the same levels of planning, coordination and customer service that it was previously able to provide. AaE is the only remaining air freight operator with national coverage. AaE operates its freighters at night, providing services between Launceston/Hobart and Melbourne with linkages nationally and internationally.

In the wake of the Ansett collapse, the State government assisted in the establishment of the Air Freight Working Group, consisting of members from government and industry, to facilitate the movement of air freight and the return of air freight capacity to the State.

The cessation of Ansett services reduced Tasmania's air freight capacity to approximately 40% of its previous level. To cope with the significant extra demand placed on AaE's services, AaE doubled their available capacity with the introduction of a second B727 freighter aircraft. This increased Tasmania's overall freight capacity to 71% of that experienced prior to the collapse of Ansett (using a combination of dedicated freighters and some passenger aircraft).

Air freight capacity to the state was again increased on October 28 with the introduction of a revised QantasLink

¹⁹² Mrs Kerry Beeton, *op. cit.*, p. 1.

schedule for Tasmania - increasing passenger flights into and out of Hobart, and significantly increasing capacity to Launceston with the introduction of B717 aircraft to replace the smaller BAe-146 aircraft. This provided the state with an additional 136 tonnes/month air freight capacity inbound and outbound, and raised air freight capacity to 72% of that experienced prior to the collapse of Ansett.

On November 2 Ansett re-introduced air freight capacity to Tasmania on its twice daily service using A320 passenger aircraft. This provided an additional 140 tonnes/month capacity inbound and outbound for exporters, and raised air freight capacity to 82% of that experienced prior to the collapse of Ansett.

Virgin Blue introduced a once-daily service to Launceston on November 8 using B737 aircraft. This provided an additional 70 tonnes/month air freight capacity inbound and outbound, and raised air freight capacity to 87% of that experienced prior to the collapse of Ansett.

On November 26, AaE swapped one of its current B727 aircraft (VH-TBS) with a version that is capable of carrying 3 tonnes/flight more air freight (VH-TXE). This increased air freight capacity by 140 tonnes/month inbound and outbound, raising air freight capacity to 97% of that experienced prior to the collapse of Ansett.

On December 1, Virgin Blue introduced its second daily passenger aircraft into Launceston, boosting air freight capacity for the state by an additional 70 tonnes/month inbound and outbound. From mid-to-late December this capacity was again increased by the introduction of a third daily passenger flight for the Summer and Easter peak periods, increasing the available air freight capacity by another 70 tonnes/month inbound and outbound during those seasonal periods, raising air freight capacity to 107% of that experienced prior to the collapse of Ansett.

December 13 - the Maximum Landing Weight (MLW) restrictions on QantasLink B717 aircraft were lifted to allow an additional 0.9 tonnes air freight capacity per flight. This increased available air freight capacity by another 248 tonnes/month inbound and outbound, raising air freight

capacity to 124% of that experienced prior to the collapse of Ansett.

Late April - Southern Airlines ceased same day air freight services from Devonport and Burnie to Melbourne. The service was re-established after a short absence.

Current Situation

The significant loss of available capacity on September 14 initially led to a number of difficulties for air freight users in getting goods into and out of the state. The solution for some exporters and freight forwarders was to move large quantities of air freight onto Road-Sea-Road (RSR) transport. Despite the increase in transport times, it also had its own advantages - cheaper freight rates and the capacity to use refrigerated containers to keep produce in an optimal condition. It is believed that a number of producers of perishable items will continue to use RSR transport, rather than returning to air freight, as it represents a more cost efficient transport method, with potentially less reduction in product quality by the time it reaches its destination.

Despite the increased capacity available now in comparison to September 14, there is still the issue of air freight capacity during certain peak periods of the day. The state government is monitoring the situation and is in discussions with Virgin Blue regarding the introduction of services to Hobart airport.

NB: All estimates of capacity are conservative i.e they understate the actual capacity available, taking into account a number of variables”¹⁹³

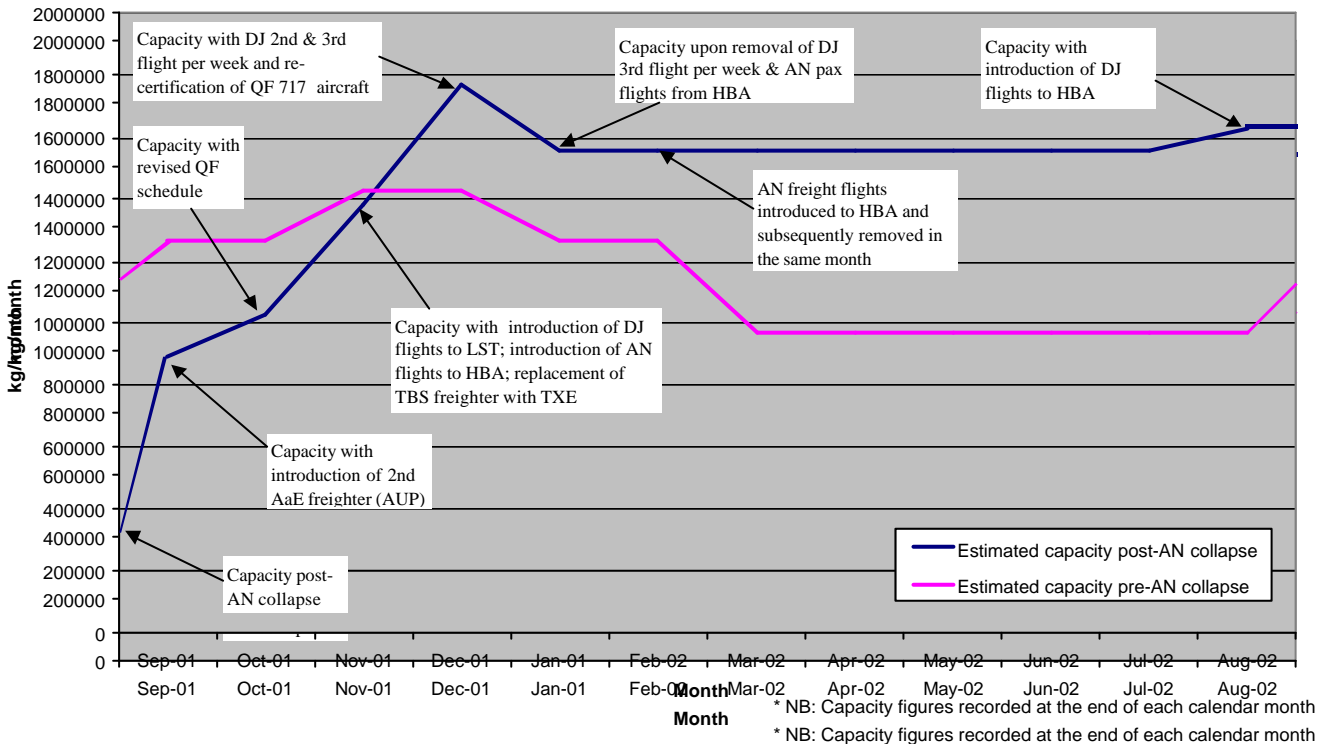
Appendix A shows the air freight capacity between September 2001 and August 2002.

¹⁹³ Department of Transport, Logistics Branch, *Briefing Note prepared for the Legislative Council Select Committee on Bass Strait Air Transport*, 13 May 2002.

From the little evidence submitted, the Committee can only conclude that, except for some general examples, the air freight capacity across Bass Strait is adequate.

Appendix "A"

Tasmania's Air Freight Capacity Sep 2001 to Aug 2002
Tasmania's Air Freight Capacity Sep 2001 to Aug 2002



List of References

1. Altimira, Mr James, *Transcript of Evidence*, 10 July 2001.
2. AOS Airport Consultants Pty Ltd, *Flinders Island Aerodrome Strategic Development Plan Final Report*, August 2001.
3. Archer, Ms Josephine, Executive Officer, Launceston Chamber of Commerce, *Transcript of Evidence*, 17 July 2001.
4. Arnold, Mr Paul, General Manager, Burnie City Council, *Transcript of Evidence*, 22 August 2001.
5. Aston-Luscombe, Mr John, Executive Director, Ausvillas Pty Ltd, *Transcript of Evidence*, 16 July 2001.
6. Atkinson, Mr Dudley, *Transcript of Evidence*, 10 July 2001.
7. Bailey, Mr Gavin, General Manager, Australian Pacific Airports Launceston, *Transcript of Evidence*, 22 August 2001.
8. Beeton, Ms Kerry, Cape Barren Aboriginal Association, *Transcript of Evidence*, 11 July 2001.
9. Bullock, Mr Paul, Tasmanian Greyhound Racing Council, *Transcript of Evidence*, 15 June 2001.
10. Callaghan, Mr David, Manager, Executive Reporting, Sales and Distribution Branch, Qantas Airways, *Transcript of Evidence*, 2 August 2001.
11. Campbell, Mr Ian, *Transcript of Evidence*, 10 July 2001.
12. Conaghan, Mr Geoffrey, Corporate Affairs Manager of Australia Pacific Airports Corporation, *Transcript of Evidence*, 30 July 2001.
13. Connors, Mr Lee, General Manager, Flinders Council, *Transcript of Evidence*, 11 July 2001.
14. Cox, Ms Jenny, former Chief Executive Officer, Cradle Coast Tourism, *Transcript of Evidence*, 10 July 2001.
15. Department of Transport, Logistics Branch, *Briefing Note prepared for the Legislative Council Select Committee on Bass Strait Air Transport*, 13 May 2002.
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17. Dorling, Mr Mark, Managing Director, Aviation Connections, *Transcript of Evidence*, 10 July 2001.

18. Eslake, Mr Saul, Australian Economist, *Transcript of Meeting*, 31 July 2001.
19. Flinders Council, *Submission to the Legislative Council Select Committee on Bass Strait Air Transport*, April 2001.
20. Grant, Mr Martin, Director and Operations Manager, RegionAir Express Pty Ltd, *Transcript of Meeting*, 30 July 2001.
21. Grose, Mr Edward William (Murray), *Transcript of Evidence*, 14 June 2001.
22. Hammond, Mr Ken, Tasmanian Canine Association Inc, *Transcript of Evidence*, 12 June 2001.
23. Hiscutt, Mr Desmond, *Transcript of Evidence*, 10 July 2001.
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25. Kerr, Mr John, General Manager, Government and Regulatory Affairs, Qantas, *Letter to the Legislative Council Select Committee on Bass Strait Air Transport*, dated 25 September 2001.
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27. King Island Council, *Submission to the Legislative Council Select Committee on Bass Strait Air Transport*, 30 April 2001.
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29. Layton, Mrs Faith, Northern Tasmanian President, Association of Independent Retirees Inc (Northern Tasmanian Branch), *Transcript of Evidence*, 14 June 2001.
30. Lennon MHA, Hon Paul, Minister for Infrastructure, Energy and Resources, *Transcript of Evidence*, 22 August 2001.
31. Martin, Mr John, Commissioner, Australian Competition and Consumer Commission, *Transcript of Meeting*, 1 August 2001.
32. Martin, Mrs June, *Transcript of Evidence*, 13 June 2001.
33. Mason, Councillor Lynn, Mayor of Flinders Council, *Transcript of Evidence*, 11 July 2001.
34. Mason, Mrs Louise, Flinders Island Tourism Association, *Transcript of Evidence*, 11 July 2001.
35. McArthur, Mr Christopher, General Manager, Regional Affairs, Qantas Airways, *Transcript of Evidence*, 2 August 2001.

36. McCormack, Mr Jim, Chief Executive Officer, Tasmanian Export Council, *Transcript of Evidence*, 21 August 2001.
37. McCrindle, Ms Ngari, General Manager, George Town Council, *Transcript of Evidence*, 15 June 2001.
38. Mooney, Mr Brian, Australian Tourism and Promotions, *Transcript of Meeting*, 21 August 2001.
39. Mooney, Mr Mark, Australian Tourism and Promotions, *Transcript of Meeting*, 21 August 2001.
40. Morris, Mrs Pam, *Transcript of Meeting*, 21 August 2001.
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63. Voss, Mr Brad, Government and Internationalist Specialist, Ansett Holdings Limited Group, *Transcript of Evidence*, 12 June 2001.
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65. Wells, Mr Greg, State Manager of Kendell Airlines, *Transcript of Evidence*, 12 June 2001.
66. Westfield, Mr Peter, Retail Sales Manager for Ansett Cargo, Ansett Holdings Limited Group, *Transcript of Evidence*, 12 June 2001.
67. Wheatley, Mrs Margaret, Flinders Island Tourism Association, *Transcript of Evidence*, 11 July 2001.

List of Witnesses

Attachment 1

Altimira, Mr J

Ansett Holdings Ltd Group

AOS Airport Consulting

Association of Independent Retirees, Inc (Northern Tasmania Branch)

Atkinson, Mr D

Australian Competition and Consumer Commission

Australian Pacific Airports (Launceston) Pty Ltd

Australian Pacific Airports Corporation

Australian Tourism and Promotions

Ausvillas

Aviation Connections

Barber, Mr W G T

Burnie Chamber of Commerce and Industry – Mr Stephen Parry

Burnie City Council

Business North

Campbell, Mr I

Cape Barren Island Aboriginal Association

Commonwealth Department of Transport and Regional Services

Cotgrove, Mr B

Cradle Coast Tourism Ltd

Donnelly, Mr D

Eslake, Mr S

Flinders Council

Flinders Island Aboriginal Association

Flinders Island Tourism Association

Forwood MLC, Hon Bill

Gateway Tasmania Ltd
George Town Council
Gobel Aviation Pty Ltd
Grose, Mr E W M
Hawthorn Football Club
Hidding MHA, Hon Rene
Hiscutt, Mr D
Hobart International Airport
Island Airlines Tasmania Pty Ltd
Killiecrankie Enterprises
King Island Council
Kings Meadows Travel
Launceston Chamber of Commerce
Launceston Church Grammar School
Launceston Indoor Sports Arena
Lennon MHA, Hon Paul
Livermore, Mr J
Martin, Mrs J
Morris, Mrs P
National Sea Highway Committee
O'Dell, Mr J
Petkovic, Mr T
Qantas Airways Limited
RegionAir Express Pty Ltd
Ryan, Mr M
Sandilands, Mr B
Sice, Mr D
Sinclair Air Charter Pty Ltd
Steele, Mr M

Stempel, Mr L

Sykes, Mr G

TasGrowth Australia

Tasmanian Canine Association Inc

Tasmanian Chamber of Commerce and Industry

Tasmanian Export Council

Tasmanian Greyhound Racing Association

Tasmanian Travel Centre

Taylor Jnr, Mr D

Tourism Victoria

Wilson, Mrs I

Worsley, Mr K

PLUS 1 PRIVATE WITNESS

Written submissions taken into evidence Attachment 2

Ansett Holdings Ltd Group

Association of Independent Retirees, Inc (Northern Tasmania Branch)

Barber, Mr W G T

Burnie City Council

Business North

Cape Barren Island Aboriginal Association Inc

Carney, Mr B

Cotgrove, Mr B

Crown Consulting Pty Ltd

Curtis, Mr P G

Department of Infrastructure, Energy and Resources

Donnelly, Mr D

Flinders Council

Flinders Island Tourism Association

Gateway Tasmania Limited

George Town Council

Gobel Aviation Pty Ltd

Grose, Mr E W M

Killiecrankie Enterprises

King Island Council

Kings Meadows Travel

Launceston Chamber of Commerce and Industry

Livermore, Mr J

Martin, Mrs J

Morris, Mrs P

National Sea Highway Committee

O'Dell, Mr J

Qantas Airways Limited

Sice, Mr D

Steele, Mr M

Sykes, Mr G

TasGrowth Australia

Tasman Goshu Co Pty Ltd

Tasmanian Canine Association Inc

Tasmanian Chamber of Commerce and Industry Ltd

Tasmanian Export Council

The Furneaux Enterprise Center

Tourism Council Tasmania

West Tamar Council

Documents taken into Evidence

Attachment 3

Submission by the Tasmanian Canine Association Inc. to the Legislative Council Select Committee on Bass Strait Air Transport

Letter dated 9 April 2001 to the Royal Agricultural Society of Tasmania from Qantas relating to the charges for transporting dogs by air

Qantas – Airport Product and Service Manual Conditions for the Carriage of Unaccompanied Baggage and Pets

Airport Parking – Price Comparisons 30 June 2000

Pilatus Project – General Briefing

Pilatus PC – 12. Summary

Brochure – The New Standard in Regional Airlines

Brochure – Corporate JetShare

Used Airplanes – details

Out of Production Aircraft – details

Press cutting re NSW regional airlines summit

Submission By Tasherdt Pty Ltd

Notes to be presented at the next meeting by the President of the Association of Independent Retirees

Correspondence from Qantas replying to enquiries about Seniors fares

Tasmanian Notified Services – June 2000-May 2001

Sample Airfares – Qantas and Ansett

Notes from George Town Council regarding the Legislative Council Select Committee Bass Strait Air Transport hearing

Letter dated 20 June 2001 from Geoff Dickinson, TasGrowth Australia providing additional information

Newspaper clippings concerning both sea and air transport across Bass Strait – George Town Council

Letter dated 3 July 2001 from Robert Noga, Manager Business Development and Operations, Hobart International Airport providing additional Information

King Island Council Budget – Commercial Undertakings

Timetables – Tasair, King Island Airlines and Kendell

Remote Air Service Subsidy (RASS) Scheme – Eligibility Criteria

Email dated 7 July 2001 from Geoff Dickinson, TasGrowth Australia providing information on yield management

Email dated 8 July 2001 from Geoff Dickinson, TasGrowth Australia providing additional information on yield management

Email dated 11 July 2001 from Russell Reid, Business North providing information on air freight cost requirements for TasHerd to develop their business in Tasmania

Experiences of a much travelled professional Australian.

Submission to AOS Consulting by James Luddington, Whitemark and resolution to public meeting on 10 October 2000.

Submission by David Sice, dated 17 July 2001 to the Legislative Council Select Committee on Bass Strait Air Transport

Article in The Economist, July 7th 2001 provided by David Sice

Air Fare Allowances – provided by Stephen Parry

Qantas E-Tickets and Itineraries provided by Dudley Atkinson

A statement on King Island enrolments to the relevance to the Bass Strait Travel Subsidy – by Launceston Church Grammar School

Submission to the Productivity Commission's Inquiry into Price Regulation of Airport Services – May 2001 – ACCC

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Summary of Evidence (Ben Sandilands)

Submission to the Legislative Council Select Committee on Bass Strait Air Transport
by the National Sea Highway Committee

Letter dated 2 August 2001 from the King Island Council responding to
issues raised during the public hearing

Details of students travelling to and from Cape Barren Island, Flinders
Island and King Island provided by the Department of Transport

Letter dated 24 July 2001 from Ansett Australia providing information
requested during the public hearing

Final Report – Flinders Island Aerodrome Strategic Development Plan

Letter dated 13 August 2001 from the Hawthorn Football Club enclosing information
requested from travel groups

Emerging gap between inbound and outbound freight volumes – Tasmanian Export
Council

National Export Logistics Framework – Tasmanian Export Council

Notes in support of Sinclair Air Charter Pty Ltd Submission

Launceston Airport Master Plan

Airservices Australia vs APAC Charges

Email from Mark and Helen Dorling, Aviation Connections Pty Ltd attaching information regarding Air NZ/Ansett Group seeking stake in Virgin blue

Flinders Island Aviation Policy – Flinders Red

Bass Strait Visitor Access Study – Strategy Report

Summary of Tasmania's Current Air Freight Situation – Department of Infrastructure, Energy and Resources (DIER), 13 May 2002

Cost of Airfares from Tasmania to Melbourne – Parliamentary Research Service, 9 May 2002

Launceston City Council Carpark Charges – October 2002

Launceston City Council Parking Meter Rates – October 2002

Hobart City Council Carpark Charges – October 2002

Hobart City Council Parking Meter Rates – October 2002

Air Services from Tasmania – 11-17 November 2002 (Parliamentary Research Service)

Minutes of Proceedings

Attachment 4

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

WEDNESDAY, 21 MARCH 2001

The Committee met at 2.03 pm in Committee Room No. 3, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Order of Parliament :

The Order of the Parliament appointing the Committee dated 21 March 2001, having been circulated, was taken as read.

Election of the Chairman :

Mr Wing was elected Chairman and took the Chair.

Business :

Resolved :

- (a) That witnesses be heard under Statutory Declaration.
- (b) That evidence be recorded verbatim unless otherwise ordered by the Committee.
- (c) That so much of Standing Order No. 257 be suspended as would prevent strangers being admitted when the Select Committee is examining witnesses, unless the Committee otherwise resolves.
- (d) That advertisements calling for submissions be inserted in the three daily Tasmanian newspapers on Saturday, 24 March and

Saturday, 31 March 2001, and that receipt of written submissions be conditioned for closure on Friday, 27 April 2001.

- (e) That the Secretary send invitations to make submissions and/or verbal presentations to individuals and organisation as the Committee determines.
- (f) That a letter be written to the Minister for Infrastructure, Energy and Resources advising of the establishment of the Committee and seeking his co-operation.
- (g) That an advertisement also be placed in The Australian Newspaper on Saturday, 31 March 2001.
- (h) That Members of the Committee provide the Secretary with a list of people/organisations to be sent invitations.

At 2.20 pm the Committee adjourned until 9.00 o'clock am on Wednesday, 28 March 2001 for a briefing by Mr Scott Gadd, Premier's Office.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

WEDNESDAY, 28 MARCH 2001

The Committee met at 9.08 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Government Briefing :

The Committee was briefed by Mr Rowan Sproule, Tourism Tasmania and Mr Scott Gadd, Premier's Office in relation to the Bass Strait Visitor Access Study.

Confirmation of Minutes :

The Minutes of the meeting held on Tuesday, 27 March 2001 were confirmed as a true and accurate record.

Business :

Resolved,

- That a small advertisement be placed in a Melbourne and Sydney newspaper – depending on cost.

At 10.00 o'clock am the Committee adjourned until a date to be advised.

LEGISLATIVE COUNCIL SELECT COMMITTEE**BASS STRAIT AIR TRANSPORT****MINUTES****FRIDAY, 4 MAY 2001**

The Committee met at 11.18 o'clock am in the Conference Room, Henty House, 4th Floor, Launceston.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Confirmation of Minutes :

The Minutes of the meeting held on Wednesday, 28 March 2001 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 4 April 2001 from Peter Wicks, State Manager Operations – Tasmania, TNT Australia Pty Limited advising that TNT Express does not wish to provide a submission.
- Letter dated 5 April 2001 from the Executive Officer to the Premier acknowledging receipt of the Chairman's letter dated 22 March 2001.
- Letter dated 9 April 2001 from Mr RG Barnard, Chief Executive, Port of Devonport Corporation Pty Ltd advising that the Corporation does not intend to provide a written submission or verbal evidence.
- Letter dated 17 April 2001 from Mr Richard Dax, Chairman of Tasmania's South advising that they share the views of the Tourism Council Tasmania.
- Letter dated 19 April 2001 from Mr Tony Frilingos, General Manager, Gateway Tasmania advising that they will be presenting a written submission and requesting an opportunity to give verbal evidence.

- Letter dated 19 April 2001 from Mary Binks, Mayor of Devonport City Council suggesting that the Cradle Coast Authority would give a better representation of views.
- Email dated 23 April 2001 from Cradle Coast Tourism declining the invitation to present verbal evidence.
- Letter dated 27 April 2001 from the Chief of Staff to the Deputy Prime Minister noting the Committee's letter.

Submissions and Requests to Present Verbal Evidence :

Resolved, That the submissions be tabled :

- (1) Mr William G.T. Barber
- (2) Mr E.W. Grose
- (3) PRIVATE
- (4) Burnie Chamber of Commerce and Industry
- (5) Cape Barren Island Aboriginal Association Inc.
- (6) Mr Ian Campbell
- (7) Tasmanian Canine Association Inc
- (8) TasGrowth Australia
- (9) West Tamar Council
- (10) Shadow Minister for Transport
- (11) RegionAir Express Pty Ltd
- (12) George Town Council
- (13) Island Airlines Tasmania
- (14) Launceston Indoor Sports Arena
- (15) Crown Consulting Pty Ltd
- (16) Flinders Island Tourism Association
- (17) Kings Meadows Travel
- (18) Tourism Council Tasmania
- (19) Gateway Tasmania Limited
- (20) Mr John O'Dell
- (21) Ausvillas Pty Ltd
- (22) King Island Council
- (23) Flinders Council
- (24) Killiecrankie Enterprises
- (25) Department of Infrastructure, Energy and Resources
- (26) Tasman Goshu Co Pty Ltd
- (27) Mr Bill Carney
- (28) Mr Gary Sykes

Business :

Resolved, That the closing date for submissions be extended until the end of May 2001.

General discussion took place on the future program and the following decisions were taken :

- A press release to be prepared advising that the closing date had been extended to the end of May.
- Meetings to be arranged with Federal Departmental officers, Martin Ferguson (Don) and the ACCC.
- Bryan Stait to be requested to provide information on the times, number of flights per day and seating capacity of each airline out of each Tasmanian port.
- Sue Smith to talk to the Port of Devonport in relation to a submission.
- Week commencing Tuesday, 12 June – Tasmanian witnesses
- Week commencing Monday, 9 July – Tasmanian witnesses
- Week commencing Monday, 30 July – Interstate meetings
- Week commencing Monday, 6 August – if required

At 1.00 o'clock pm the Committee adjourned until a date and time to be advised.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

TUESDAY, 12 JUNE 2001

The Committee met at 2.30 o'clock pm in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council and Dr Bryan Stait, Research Officer also attended the meeting.

Confirmation of Minutes :

The Minutes of the meeting held on Friday, 4 May 2001 were confirmed as a true and accurate record.

Submissions and Requests to Present Verbal Evidence :

Resolved, That the following submissions and requests be received :

- (29) Qantas Airways Limited
- (30) Mr Des Hiscutt
- (31) Mr John Livermore
- (32) Business North
- (33) Mr Michael Steele
- (34) Hobart International Airport
- (35) Ansett Holdings Ltd Group
- (36) Gobel Aviation Pty Ltd
- (37) Ms June Martin
- (38) Mr Dan Donnelly
- (39) Association of Independent Retirees, Inc (Northern Tasmanian Branch)
- (40) Tasmanian Chamber of Commerce and Industry Ltd
- (41) Launceston Chamber of Commerce
- (42) Tasmanian Export Council

Public Hearings

Witnesses :

JOHN LIVERMORE was called, made the Statutory Declaration and was examined.

The witness withdrew.

KEN HAMMOND AND SYD MUNTON on behalf of the Tasmanian Canine Association Inc. were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

Papers Tabled :

- Submission by the Tasmanian Canine Association Inc. to the Legislative Council Select Committee on Bass Strait Air Transport (7)
- Letter dated 9 April 2001 to the Royal Agricultural Society of Tasmania from Qantas relating to the charges for transporting dogs by air (7)
- Qantas – Airport Product and Service Manual Conditions for the Carriage of Unaccompanied Baggage and Pets (7)

At 5.00 o'clock pm the Committee adjourned until 8.45 o'clock am on Wednesday, 13 June 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

WEDNESDAY, 13 JUNE 2001

The Committee met at 9.04 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council and Dr Bryan Stait, Research Officer also attended the meeting.

Public Hearings

Witnesses :

WILLIAM BARBER was called, made the Statutory Declaration and was examined.

The witness withdrew.

GLEN WELLS, BRAD VOSS AND PETER WESTFIELD, on behalf of Ansett Holdings Ltd Group were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

ROBERT NOGA AND WAYNE TUCKER, on behalf of the Hobart International Airport were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

RENE HIDDING, on behalf of the Liberal Party was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 12.52 o'clock pm.
The Committee resumed at 2.35 o'clock pm.

Public Hearings

Witnesses :

CHRIS GOBEL, on behalf of Gobel Aviation Pty Ltd, was called, made the Statutory Declaration and was examined.

The witness withdrew.

JUNE MARTIN was called, made the Statutory Declaration and was examined.

The witness withdrew.

Tabled Documents :

- Airport Parking – Price Comparisons 30 June 2000 (34)
- Pilatus Project – General Briefing (36)
- Pilatus PC – 12. Summary (36)
- Brochure – The New Standard in Regional Airlines (36)
- Brochure – Corporate JetShare (36)
- Used Airplanes – details (36)
- Out of Production Aircraft – details (36)
- Press cutting re NSW regional airlines summit (36)

At 4.25 o'clock pm the Committee adjourned until 8.45 o'clock am on Thursday, 14 June 20001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

THURSDAY, 14 JUNE 2001

The Committee met at 9.05 o'clock am in the Conference Room, 4th Floor, Henty House, Launceston.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Public Hearings

Witnesses :

RUSSELL REID, on behalf of Business North was called, made the Statutory Declaration and was examined.

The witness withdrew.

DENIS TUCKER on behalf of Launceston Indoor Sports Arena was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 10.25 o'clock am.

The Committee resumed at 11.00 o'clock am.

Public Hearing

MICHAEL STEELE was called, made the Statutory Declaration and was examined.

The witness withdrew.

Private Hearing

The witness withdrew.

The Committee suspended at 12.30 o'clock pm.

The Committee resumed at 2.30 o'clock pm.

Public Hearings

Witnesses :

FAITH LAYTON, on behalf of the Association of Independent Retirees, Inc (Northern Tasmanian Branch) was called, made the Statutory Declaration and was examined.

The witness withdrew.

MURRAY GROSE was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 3.48 o'clock pm.

The Committee resumed at 4.15 o'clock pm.

Public Hearing

Witness :

GEOFF DICKINSON on behalf of TasGrowth Australia was called, made the Statutory Declaration and was examined.

Documents Tabled :

- Submission By Tasher Pty Ltd (32)
- Notes to be presented at the next meeting by the President of the Association of Independent Retirees (39)
- Correspondence from Qantas replying to enquiries about Seniors fares (39)

At 5.30 o'clock pm the Committee adjourned until 9.30 o'clock am on Friday, 15 June 2001.

BASS STRAIT AIR TRANSPORT

MINUTES

FRIDAY, 15 JUNE 2001

The Committee met at 9.30 o'clock am in the Conference Room, 4th Floor, Henty House, Launceston.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Public Hearings

Witnesses :

PAUL BULLOCK, on behalf of the Greyhound Racing Association was called, made the Statutory Declaration and was examined.

The witness withdrew.

TONY PECK, on behalf of Gateway Tasmania Ltd and Kings Meadows Travel was called, made the Statutory Declaration and was examined.

The witness withdrew.

NGAIRE McCRINDLE, on behalf of George Town Council was called, made the Statutory Declaration and was examined.

The witness withdrew.

Documents Tabled :

- Tasmanian Notified Services – June 2000-May 2001 (43)
- Sample Airfares – Qantas and Ansett (19)
- Notes from George Town Council regarding the Legislative Council Select Committee Bass Strait Air Transport hearing (12)

Other Business :

The Committee discussed its future program.

At 1.00 o'clock pm the Committee adjourned until Monday, 9 July 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

TUESDAY, 10 JULY 2001

The Committee met at 9.20 o'clock am in the 2nd Floor, Training Room, Burnie City Council, Burnie.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Confirmation of Minutes :

The Minutes of the meetings held on Tuesday, 12 June, Wednesday, 13 June, Thursday, 14 June and Friday, 15 June 2001 were confirmed as a true and accurate record.

Submissions and Requests to Present Verbal Evidence :

Resolved, That the following submissions and requests be received :

- (43) Tasmanian Greyhound Association
- (44) The Royal Agricultural Society of Tasmania
- (45) Aviation Connections – Mr Mark Dorling
- (46) Mr Malcolm Ryan
- (47) Cradle Coast Tourism Ltd
- (48) Flinders Island Aboriginal Association
- (49) Mr Dudley Atkinson

Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 15 June 2001 from Merrilyn Chilvers, Acting Assistant Secretary, Aviation Industry Branch, Commonwealth Department of Transport and Regional Services regarding an appointment and attaching aviation statistics.

Documents Received :

Resolved, That the following documents be taken into evidence :

- Letter dated 20 June 2001 from Geoff Dickinson, TasGrowth Australia providing additional information (8)
- Newspaper clippings concerning both sea and air transport across Bass Strait – George Town Council (12)
- Letter dated 3 July 2001 from Robert Noga, Manager Business Development and Operations, Hobart International Airport providing additional Information (34)

Public Hearings

Witnesses :

DES HISCUTT was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee adjourned at 10.30 o'clock am.

The Committee resumed at 10.48 o'clock am.

JENNY COX, on behalf of Cradle Coast Tourism Ltd, was called, made the Statutory Declaration and was examined.

The witness withdrew.

IAN CAMPBELL was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee adjourned at 11.40 o'clock am.

The Committee resumed at 11.45 o'clock am.

JIM ALTIMIRA was called, made the Statutory Declaration and was examined.

The Committee adjourned at 11.55 o'clock am.

The Committee resumed at 12.10 o'clock pm.

DUDLEY AND ANNETTE ATKINSON, were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

The Committee adjourned at 12.53 o'clock pm.

The Committee resumed at 2.40 o'clock pm.

MALCOLM RYAN was called, made the Statutory Declaration and was examined.

The witness withdrew.

MARK DORLING was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee adjourned at 4.38 o'clock pm.
The Committee resumed at 5.00 o'clock pm.

JEFF SOWIAK, on behalf of King Island Council, was called, made the Statutory Declaration and was examined.

The witness withdrew.

Documents Tabled :

- King Island Council Budget – Commercial Undertakings (22)
- Timetables (22) - Tasair
 - King Island Airlines
 - Kendell

At 5.40 o'clock pm the Committee adjourned until 11.15 o'clock pm on Wednesday, 11 July 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

WEDNESDAY, 11 JULY 2001

The Committee met at 11.35 o'clock am in the Council Chamber, Flinders Council, Whitemark.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Public Hearings :

Witnesses :

JOHN O'DELL was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 12.13 o'clock pm.
The Committee resumed at 12.26 o'clock pm.

KERRY BEETON, on behalf of the Cape Barren Island Aboriginal Association was called, made the Statutory Declaration and was examined.

The Committee suspended at 12.52 o'clock pm.
The Committee resumed at 2.08 o'clock pm.

MARGARET WHEATLEY AND LOUISE MASON, on behalf of the Flinders Island Tourism Association were called, made the Statutory Declaration and were examined.

MARGARET WHEATLEY, on behalf of Killiecrankie Enterprises was called, made the Statutory Declaration and was examined.

The witnesses withdrew.

KENNETH WORSLEY was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 3.35 o'clock pm.
The Committee resumed at 3.42 o'clock pm.

JOHN CLARK, on behalf of the Flinders Island Aboriginal Association was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 4.05 o'clock pm.
The Committee resumed at 4.10 o'clock pm.

GARY SYKES was called, made the Statutory Declaration and was examined.

The witness withdrew.

LYNN MASON, STEPHEN MASON, TERENCE KLUG AND LEE CONNORS, on behalf of the Flinders Council were called, made the Statutory Declaration and were examined.

Private Hearing :

The Flinders Council also gave evidence in private.

The witnesses withdrew.

Documents Tabled :

- Remote Air Service Subsidy (RASS) Scheme – Eligibility Criteria (48)

At 7.00 o'clock pm the Committee adjourned until Monday, 16 July 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

MONDAY, 16 JULY 2001

The Committee met at 2.25 o'clock pm in the Conference Room, 4th Floor, Henty House, Launceston.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing.

Apologies : The President

Confirmation of Minutes :

The Minutes of the meetings held on Tuesday, 10 July and Wednesday, 11 July 2001 were confirmed as a true and accurate record.

Submissions and Requests to Present Verbal Evidence :

Resolved, That the following submissions and requests be received :

(50) Mr Lex Stempel

(51) Mr Peter G Curtis

- (52) Mr David Thorp
- (53) Mr David Sice
- (54) Mr David Taylor Jnr
- (55) Mr Jim Altimira
- (56) Mr Kenneth Worsley
- (57) Launceston Church Grammar – Mr Peter Welch

4. Documents Received :

Resolved, That the following documents be taken into evidence :

- Email dated 7 July 2001 from Geoff Dickinson, TasGrowth Australia providing information on yield management (8)
- Email dated 8 July 2001 from Geoff Dickinson, TasGrowth Australia providing additional information on yield management (8)
- Email dated 11 July 2001 from Russell Reid, Business North providing information on air freight cost requirements for TasHerd to develop their business in Tasmania (32)
- Experiences of a much travelled professional Australian.
- Submission to AOS Consulting by James Luddington, Whitemark and resolution to public meeting on 10 October 2000.

5. Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 19 June 2001 from Sandy Matheson, Jet Pets regarding scheduling of small aircraft into Launceston from the mainland and the problems associated with this matter relating to live animal transport.
- Letter dated 10 May 2001 from Mrs Margot Scales, Electorate Officer for Senator Brian Harradine advising receipt of letter.

Public Hearings :

Witnesses :

DAVID TAYLOR was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee adjourned at 3.00 o'clock pm.

The Committee resumed at 3.15 o'clock pm.

JOHN ASTON-LUSCOMBE, on behalf of Ausvillas was called, made the Statutory Declaration and was examined.

Other Business :

Resolved, That the transcript of evidence given by King Island Council be provided to Australia Post as requested, if agreed to by the King Island Council.

At 5.20 o'clock pm the Committee adjourned until Tuesday, 17 July 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

TUESDAY, 17 JULY 2001

The Committee met at 9.30 o'clock am in the Conference Room, 4th Floor, Henty House, Launceston.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Business :

The Committee discussed its future program.

Public Hearings :

Witnesses :

JOSEPHINE ARCHER, on behalf of the Launceston Chamber of Commerce and Industry was called, made the Statutory Declaration and was examined.

The witness withdrew.

DAVID SICE was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee adjourned at 12.50 o'clock pm.

The Committee resumed at 2.00 o'clock pm.

Public Hearings :

Witnesses :

STEPHEN PARRY, on behalf of the Burnie Chamber of Commerce and Industry was called, made the Statutory Declaration and was examined.

Private Hearing :

The witness withdrew.

Public Hearing :

PETER WELCH, on behalf of the Launceston Church Grammar School was called, made the Statutory Declaration and was examined.

The witness withdrew.

Documents Tabled :

- Submission by David Sice, dated 17 July 2001 to the Legislative Council Select Committee on Bass Strait Air Transport (53)
- Article in The Economist, July 7th 2001 provided by David Sice (53)
- Air Fare Allowances – provided by Stephen Parry (4)
- A statement on King Island enrolments to the relevance to the Bass Strait Travel Subsidy – by Launceston Church Grammar School (57)

At 3.50 o'clock pm the Committee adjourned for an inspection of the Launceston Airport.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

MONDAY, 30 JULY 2001

The Committee met at 9.22 o'clock am in K Room, 2nd Floor, Parliament House, Spring Street, Melbourne.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Confirmation of Minutes :

The Minutes of the meetings held on Monday, 16 July and Tuesday, 17 July 2001 were confirmed as a true and accurate record.

Submissions and Requests to Present Verbal Evidence :

Resolved, That the following submissions and requests be received :

(58) John Barker and Associates

Additional Information :

Resolved, That the following additional information be taken into evidence :

- Qantas E-Tickets and Itineraries provided by Dudley Atkinson (49)

Correspondence :

Resolved, That the correspondence be received :

- Letter dated 19 July 2001 from Peter Simmons, Chief Executive Officer, TT-Line Company Pty Ltd regarding the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES).
- Email dated 24 July 2001 from Gary Hill, Office of Minister for Infrastructure, Energy and Resources regarding student transport.

The Committee suspended at 9.25 o'clock am.

The Committee resumed at 9.34 o'clock am.

Meetings :

Ms Karen Gilmartin and Mr David Parkin, on behalf of the Hawthorn Football Club, were examined.

The witnesses withdrew.

Mr Lex Stempel was examined.

The witness withdrew.

The Committee suspended at 11.10 o'clock am.

The Committee resumed at 11.26 o'clock am.

Mr Martin Grant and Capt. Stan van de Wiel, on behalf of RegionAir Express Pty Ltd, were examined.

The witnesses withdrew.

The Committee suspended at 12.55 o'clock pm.

The Committee resumed at 2.10 o'clock pm.

Mr Sebastian Roberts and Ms Margaret Arblaster, on behalf of the Australian Competition and Consumer Commission, were examined.

The witnesses withdrew.

Mr Robert Pratt, on behalf of Island Airlines Tasmania Pty Ltd, was examined.

The witness withdrew.

The Committee suspended at 4.05 o'clock pm.

The Committee resumed at 4.10 o'clock pm.

Mr Geoffrey Conaghan and Mr Warren Mundy, on behalf of Australia Pacific Airports Corporation, were examined.

The witnesses withdrew.

Tabled Documents :

- Submission to the Productivity Commission's Inquiry into Price Regulation of Airport Services – May 2001 – ACCC (60)
- ACCC – Regulatory Report – Phase II Airports 1998-99 (2 copies) (60)
- Launceston Airport Submission to the Productivity Commission Review of Price Regulation of Airport Services – May 2001 (61)

- Launceston Airport – Carpark Charges (61)
- Who are APAC Shareholders? (61)
- Australian Pacific Airports (Launceston) Pty Ltd – Regulatory Accounts – Period Ended 30 June 2000 (61)
- Final Report – Launceston Airfreight Scoping Study – Thomas Hogg Consulting – 15 May 1998 (61)
- Australia Pacific Airports Annual Report 2000 (2 copies) (61)

Resolved, That the ACCC be provided with their transcript of evidence.

At 6.00 o'clock pm the Committee adjourned until 9.15 o'clock am on Tuesday, 31 July 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

TUESDAY, 31 JULY 2001

The Committee met at 9.37 o'clock am in K Room, 2nd Floor, Parliament House, Spring Street, Melbourne.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Meetings :

Mrs Ingrid Wilson was examined.

The witness withdrew.

Business :

The Committee discussed details of a press statement.

Meetings :

Hon Bill Forwood MLC, Shadow Minister for Tourism (Victoria), was examined.

The witness withdrew.

The Committee suspended at 11.00 o'clock am.
The Committee resumed at 11.35 o'clock am.

Mr Dan Donnelly was examined.

The witness withdrew.

The Committee suspended at 12 o'clock noon.
The Committee resumed at 2.00 o'clock pm.

Mr Peter Keage and Mr David Riley, on behalf of Tourism Victoria, were examined.

The witnesses withdrew.

The Committee suspended at 3.00 o'clock pm to visit the Tasmanian Travel Centre in Melbourne.

The Committee resumed at 5.00 o'clock pm.

Mr Saul Eslake was examined.

The witness withdrew.

Tabled Documents :

- 2000/2001 Air Services Gains for Victoria (Commercial in Confidence) – Tourism Victoria (64)
- Contents Page – International Market Assessments – Tourism Victoria (64)

At 6.10 o'clock pm the Committee adjourned until 10.00 o'clock am on Wednesday, 1 August 2001 in Canberra.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

WEDNESDAY, 1 AUGUST 2001

The Committee met at 10.05 o'clock am in the ContACT Building, 7th Floor, 470 Northbourne Avenue, Canberra.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Meetings :

Mr John Martin, Mr John Rothwell and Mr Carl Buik, on behalf of the Australian Competition and Consumer Commission, were examined.

The Committee suspended at 10.55 o'clock am.
The Committee resumed at 11.15 o'clock am.

The Committee met in Level 3E Conference Room, Commonwealth Department of Transport and Regional Services, 111 Alinga Street, Canberra.

Ms Meryl Chivers, Mr Rick Wade, Mr Jim Manning, Mr Greg Feeney and Mr Barry McAdie, on behalf of the Commonwealth Department of Transport and Regional Services, were examined.

The Committee suspended at 12.30 o'clock pm.
The Committee resumed at 3.00 o'clock pm.

The Committee met in Room IS5, 2nd Floor, Parliament House, Canberra.

Mr Ben Sandilands, Aviation Writer for the Financial Review, was examined.

The witness withdrew.

Mr Tony Petkovic, on behalf of the Federal Minister for Tourism, was examined.

The witness withdrew.

Tabled Documents :

- Remote Air Service Subsidy (RASS) Scheme (Commonwealth Department of Transport and Regional Services) (65)
- Summary of Evidence (Ben Sandilands) (66)

At 5.00 o'clock pm the Committee adjourned until 9.45 o'clock am on Thursday, 2 August 2001 in Sydney.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

THURSDAY, 2 AUGUST 2001

The Committee met at 10.00 o'clock am in Room 814/815, Parliament House, Macquarie Street, Sydney.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Business :

The Committee discussed its future program.

Meetings :

Mr John Kerr, Mr Chris McArthur, Mr Darren Peisley and Mr David Calligan, on behalf of Qantas, were examined.

Resolved, That Qantas be provided with their transcript of evidence.

The witnesses withdrew.

The Committee suspended at 1.00 o'clock pm.
The Committee resumed at 2.05 o'clock pm.

Mr George Simpson, on behalf of the Tasmanian Travel Centre, was examined.

The witness withdrew.

At 2.50 o'clock pm the Committee adjourned until 8.45 o'clock am on Friday, 3 August 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORTT

MINUTES

FRIDAY, 3 AUGUST 2001

The Committee met at 9.17 o'clock am in Room 814/815, Parliament House, Macquarie Street, Sydney.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing.

Apologies : The President.

Meeting :

Mr Rod Sullivan, on behalf of AOS Airport Consulting, was examined.

The witness withdrew.

At 11.45 o'clock am the Committee adjourned until a date to be determined.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

MONDAY, 20 AUGUST 2001

The Committee met at 7.33 o'clock pm in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing.

Apologies : The President

Public Hearings

Witnesses :

PETER BROHIER, on behalf of the National Sea Highway Committee was called, made the Statutory Declaration and was examined.

The witness withdrew.

Documents Received :

Submission to the Legislative Council Select Committee on Bass Strait Air Transport by the National Sea Highway Committee (71)

Confirmation of Minutes :

The Minutes of the meetings held on Monday, 30 July, Tuesday, 31 July, Wednesday, 1 August, Thursday, 2 August and Friday, 3 August 2001 were confirmed as a true and accurate record.

Submissions and Requests to Present Verbal Evidence :

Resolved, That the following submissions and requests be received :

- (58) Mr Peter Brohier
- (59) Mrs Pam Morris
- (60) Burnie City Council
- (61) Mr Bob Cotgrove
- (62) Australian Tourism and Promotions – Brian and Mark Mooney
- (63) Launceston Airport
- (64) Business East Inc
- (65) The Furneaux Enterprise Center

Additional Information :

Resolved, That the following additional information be taken into evidence :

- Letter dated 2 August 2001 from the King Island Council responding to issues raised during the public hearing (22)
- Details of students travelling to and from Cape Barren Island, Flinders Island and King Island provided by the Department of Transport (25)

- Letter dated 24 July 2001 from Ansett Australia providing information requested during the public hearing (35)
- Final Report – Flinders Island Aerodrome Strategic Development Plan (23)
- Letter dated 13 August 2001 from the Hawthorn Football Club enclosing information requested from travel groups (59)

Correspondence :

Resolved, That the following correspondence be received :

- Copy of letter to Qantas from Phil Harbeck in relation to cancellation of air services (provided to the Chairman).
- Copy of letter to Hon D Wing MLC from Michael Aird, Leader of the Government in the Legislative Council regarding State Government subsidies paid to transport children from King Island to Victorian schools.
- Letter dated 16 August 2001 from The Royal Agricultural Society advising that they no longer wish to give verbal evidence to the Committee (44)

At 9.20 o'clock pm the Committee adjourned until Tuesday, 21 August 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

TUESDAY, 21 AUGUST 2001

The Committee met at 9.30 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Public Hearings

Witnesses :

DAMON THOMAS AND NICHOLAS BEHRENS, on behalf of the Tasmanian Chamber of Commerce and Industry was called, made the Statutory Declaration and were examined.

The witnesses withdrew.

PAMELA MORRIS was examined by phone link.

The Committee suspended at 11.07 o'clock am.
The Committee resumed at 11.20 o'clock am.

JIM McCORMACK, on behalf of the Tasmanian Export Council was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 12.28 o'clock pm.
The Committee resumed at 3.05 o'clock pm.

BRIAN AND MARK MOONEY, on behalf of Australian Tourism and Promotions were examined by phone link.

BOB COTGROVE was called, made the Statutory Declaration and was examined.

The witness withdrew.

Documents Received :

- Emerging gap between inbound and outbound freight volumes – Tasmanian Export Council (42)
- National Export Logistics Framework – Tasmanian Export Council (42)

At 5.45 o'clock pm the Committee adjourned until Wednesday, 22 August 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

WEDNESDAY, 22 AUGUST 2001

The Committee met at 9.30 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Public Hearings :

JOHN BARKER, HUGH SINCLAIR AND FELICITY MATTHEWS, on behalf of Sinclair Air Charter Pty Ltd were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

Private Hearing :

PAUL ARNOLD, on behalf of the Burnie City Council was called, made the Statutory Declaration and was examined.

The witness withdrew.

Public Hearing :

GAVIN BAILEY, on behalf of Launceston Airport was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee suspended at 12.35 o'clock pm.

The Committee resumed at 2.05 o'clock pm.

Public Hearing :

HON PAUL LENNON MHA, Minister for Infrastructure, Energy and Resources was examined.

The witness withdrew.

Documents Received :

- Notes in support of Sinclair Air Charter Pty Ltd Submission (58)
- Launceston Airport Master Plan (76)
- Airservices Australia vs APAC Charges (76)

Correspondence Received :

- Letter dated 21 August 2001 from Michael Roberts, General Manager, Tourism Council Tasmania in lieu of attendance at Public Hearing.

At 2.30 o'clock pm the Committee adjourned for a visit to Hobart Airport.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

TUESDAY, 2 OCTOBER 2001

The Committee met at 11.03 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council and Dr Bryan Stait, Research Officer also attended the meeting.

Confirmation of Minutes :

The Minutes of the meetings held on Monday, 20 August, Tuesday, 21 August and Wednesday, 22 August 2001 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Email dated 24 August from Anton Beckerath, Chairman and CEO, International Aviation Developments of Australia Pty Ltd seeking to present evidence in camera.
- Letter dated 24 August 2001 from Football Victoria regarding travel between Melbourne and Tasmania as it affects Tasmania's involvement in the Victorian Football League Competition.
- Letter dated 30 August 2001 from the Deputy Premier providing additional information and requesting a copy of the transcript of evidence.

- Letter dated 25 September 2001 from John Kerr, General Manager, Government and Regulatory Affairs, Qantas regarding answers to questions raised during the hearing.

Documents Received :

Resolved, That the following document be taken into evidence :

- Email from Mark and Helen Dorling, Aviation Connections Pty Ltd attaching information regarding Air NZ/Ansett Group seeking stake in Virgin blue (45)

Business :

- **Resolved,** That the Committee write to the President of the Liberal Party and the five Liberal Senators in Tasmania expressing concern about the lack of response to correspondence sent to Hon. John Anderson, Hon Peter Reith and Senator The Hon Ian McDonald in relation to Tasmanians stranded following the collapse of Ansett Airlines.
- The Committee discussed issues to be included in the draft report.
- **Resolved,** That an Interim Report be prepared on Term of Reference No. 1.
- **Resolved,** That a motion be moved in the Legislative Council to enable the Committee's Report(s) to be tabled with the President if the House is not sitting.

The Committee suspended at 12 noon.

The Committee resumed at 12.05 pm.

Next Meeting :

Resolved, That the Committee meet at 2.30 pm on Monday, 8 October, 9.00 am on Tuesday, 9 October, 10.00 am on Monday, 15 October and a time to be arranged on Tuesday, 16 October 2001.

At 12.23 o'clock pm the Committee adjourned until 2.30 pm on Monday, 8 October 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

MONDAY, 8 OCTOBER 2001

The Committee met at 2.45 o'clock pm in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing.

Apologies : The President

Confirmation of Minutes :

The Minutes of the meeting held on Tuesday, 2 October 2001 were confirmed as a true and accurate record.

Report Deliberations :

The Committee considered the draft report on Term of Reference No. 1.

The Committee suspended at 3.00 o'clock pm.

The Committee resumed at 4.25 o'clock pm.

Report Deliberations :

The Committee further considered the draft report.

At 5.45 o'clock pm the Committee adjourned until 9.00 o'clock am on Wednesday, 10 October 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

WEDNESDAY, 10 OCTOBER 2001

The Committee met at 9.04 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Report Deliberations :

The Committee considered issues to be included in the draft report on Term of Reference No. 1.

Confirmation of Minutes :

The Minutes of the meeting held on Monday, 8 October 2001 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 8 October 2001 from Senator the Hon Brian Gibson replying to the Committee's correspondence.
- Letter dated 8 October 2001 from Senator John Watson replying to the Committee's correspondence.

At 10.42 o'clock am the Committee adjourned until 10.00 o'clock am on Monday, 15 October 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

MONDAY, 15 OCTOBER 2001

The Committee met at 11.03 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Confirmation of Minutes :

The Minutes of the meeting held on Wednesday, 10 October 2001 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 8 October 2001 from Senator Paul Calvert replying to the Committee's correspondence.
- Letter dated 30 September 2001 from Margaret Pickup regarding Qantas flights into Launceston.
- Copies of emails from Stuart Skevington, to Tasmanian Government and Tasmanian Industry stakeholders and Qantas customers regarding additional Qantas flights.

Report Deliberations :

The Committee considered the Federal Funding section of Draft Interim Report No. 2.

At 1.06 o'clock pm the Committee adjourned until Tuesday, 16 October 2001 at a time to be advised.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

TUESDAY, 16 OCTOBER 2001

The Committee met at 3.42 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Confirmation of Minutes :

The Minutes of the meeting held on Monday, 15 October 2001 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 11 October 2001 from Senator Eric Abetz reply to the Committee's correspondence.

- Letter dated 15 October 2001 from Richard Colbeck, State President, The Liberal Party of Australia, replying to the Committee's correspondence.

Report Deliberations :

The Committee considered Draft Interim Report No. 3.

Resolved, That –

- The Interim Report be presented to the President on Thursday, 18 October 2001.
- Trevor Sutton be requested to provide a press statement and to arrange a press conference for 2.00 pm on Thursday, 18 October 2001.

At 5.30 o'clock pm the Committee adjourned until 11.00 am on Thursday, 18 October 2001.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

THURSDAY, 18 OCTOBER 2001

The Committee met at 10.45 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Confirmation of Minutes :

The Minutes of the meeting held on Tuesday, 16 October 2001 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 11 October 2001 from Senator Jocelyn Newman replying to the Committee's correspondence.

Report Deliberations :

The Committee considered the Final Draft Interim Report on Term of Reference No. 1.

Resolved, That the Report be sent to all Members of the Legislative Council, the Premier, all Tasmanian Federal representatives and candidates and all witnesses mentioned in the Report.

The Committee suspended at 1.15 o'clock pm.
The Committee resumed at 2.50 o'clock pm.

Report Deliberations :

The Committee considered Terms of Reference 2-9.

At 3.05 o'clock pm the Committee adjourned until a date to be determined.

LEGISLATIVE COUNCIL SELECT COMMITTEE**BASS STRAIT AIR TRANSPORT****MINUTES****TUESDAY, 20 NOVEMBER 2001**

The Committee met at 11.05 o'clock am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing. The President of the Legislative Council also attended the meeting.

Confirmation of Minutes :

The Minutes of the meeting held on Thursday, 18 October 2001 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Email dated 29 October 2001 from John Victor Marmarinos, Senate Candidate, replying to the Committee's correspondence.
- Letter dated 29 October 2001 from Patricia Bastick, Candidate for Australian Greens, replying to the Committee's correspondence.
- Letter dated 30 October 2001 from Helen Lane, Independent Senate Candidate, replying to the Committee's correspondence.
- Letter dated 24 October 2001 from Tim Morris, Australian Greens Candidate for Lyons, replying to the Committee's correspondence.
- Letter dated 27 October 2001 from Eric Lockett, Independent Senate Candidate, replying to the Committee's correspondence.
- Letter faxed 24 October 2001 from Denis Collins, Pauline Hanson's One Nation Candidate for Bass, replying to the Committee's correspondence.
- Faxed letter dated 25 October 2001 from Rob Lerner, Citizens Electoral Council of Australia Senate Candidate for Tasmania, replying to the Committee's correspondence.

- Letter dated 8 November 2001 from the Federal Minister for Defence, Peter Reith responding to the Committee's correspondence.
- Letter dated November 2001 from Senator Ian McDonald replying to the Committee's correspondence.

Report Deliberations :

The Committee considered the draft report on Term of Reference (2).

At 1.05 o'clock pm the Committee adjourned until a date to be determined.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

MONDAY, 20 MAY 2002

The Committee met at 2.07 o'clock pm in Committee Room No. 1, Parliament House, Hobart.

Resolved, That Mrs *Sue Smith* and Mr *Harriss* be appointed as ex officio members with full voting rights until they are reinstated to the Committee by the Legislative Council.

Members Present : Mr *Harriss*, Mrs *Sue Smith* and Mr *Wing*.

Order of Parliament :

The Order of the Parliament re-appointing the Committee dated 12 March 2002, having been circulated, was taken as read.

Election of the Chairperson :

Mr *Wing* was elected Chairman and took the Chair.

Confirmation of Minutes :

The Minutes of the meeting held on 20 November 2001 were confirmed as a true and accurate record.

Report Deliberations :

The Committee considered the draft report.

At 4.00 o'clock pm the Committee adjourned until a date to be determined.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

MONDAY, 26 SEPTEMBER 2002

The Committee met at 10.07 o'clock am in Committee Room No. 3, Parliament House, Hobart.

Members Present : Mr *Harriss*, Mrs *Sue Smith* and Mr *Wing*.

Order of Parliament :

The Order of the Parliament re-appointing the Committee dated 25 September 2002, having been circulated, was taken as read.

Election of the Chairperson :

Mr *Wing* was elected Chairman and took the Chair.

Confirmation of Minutes :

The Minutes of the meeting held on 20 May 2002 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received –

- Letter dated 28 June 2002 to Hon Don G Wing from Mr Michael Buck, Chairman of Flinders Red regard air services on Flinders Island.

- Email dated 4 June 2002 to Hon Don Wing from Killiecrankie Enterprises regarding air services to Flinders Island.

Documents Tabled :

Resolved, That the following documents be tabled –

- Flinders Island Aviation Policy – Flinders Red
- Bass Strait Visitor Access Study – Strategy Report

Future Program :

It was decided that the Committee should meet to consider Draft Report No. 2 on Thursday, 3 October at 2.30 pm and Friday, 4 October 2002 at 9.30 am.

At 10.17 o'clock am the Committee adjourned until 2.30 pm on Thursday, 3 October 2002.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

THURSDAY, 3 OCTOBER 2002

The Committee met at 7.50 o'clock pm in Committee Room No. 1, Parliament House, Hobart.

Members Present : Mr *Harriss*, Mrs *Sue Smith* and Mr *Wing*.

Confirmation of Minutes :

The Minutes of the meeting held on 26 September 2002 were confirmed as a true and accurate record.

Documents Tabled :

Resolved, That the following documents be tabled –

- Summary of Tasmania's Current Air Freight Situation – Department of Infrastructure, Energy and Resources (DIER), 13 May 2002
- Cost of Airfares from Tasmania to Melbourne – Parliamentary Research Service, 9 May 2002

Report Deliberations :

Draft Reports 2 and 3 were considered.

At 9.47 o'clock pm the Committee adjourned until 10.00 am on Friday, 4 October 2002.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

FRIDAY, 4 OCTOBER 2002

The Committee met at 10.05 o'clock am in Committee Room No. 1, Parliament House, Hobart.

Members Present : Mr *Harriss*, Mrs *Sue Smith* and Mr *Wing*.

Confirmation of Minutes :

The Minutes of the meeting held on 3 October 2002 were confirmed as a true and accurate record.

Documents Tabled :

- Launceston City Council Carpark Charges – October 2002
- Launceston City Council Parking Meter Rates – October 2002
- Hobart City Council Carpark Charges – October 2002
- Hobart City Council Parking Meter Rates – October 2002

Report Deliberations :

Draft Report No. 3 was considered.

The Committee adjourned at 11.47 o'clock am.
The Committee resumed at 12 noon.

The Committee further considered Draft Report No. 3.

The Committee adjourned at 1.00 o'clock pm.
The Committee resumed at 2.30 o'clock pm.

The Committee further considered Draft Report No. 3.

At 3.30 o'clock pm the Committee adjourned until 9.00 am on Thursday, 17 October 2002.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

THURSDAY, 17 OCTOBER 2002

The Committee met at 9.06 o'clock am in Committee Room No. 1, Parliament House, Hobart.

Members Present : Mr *Harriss*, Mrs *Sue Smith* and Mr *Wing*.

Confirmation of Minutes :

The Minutes of the meeting held on 4 October 2002 were confirmed as a true and accurate record.

Report Deliberations :

The Committee considered Draft Report No. 4 and its recommendations.

The Committee adjourned at 10.50 o'clock am.
The Committee resumed at 1.20 o'clock pm.

The Committee further considered Draft Report No. 4 and its recommendations.

At 2.15 o'clock pm the Committee adjourned until 10.30 am on Friday, 1 November 2002.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

FRIDAY, 1 NOVEMBER 2002

The Committee met at 10.35 o'clock am in Committee Room No. 1, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing.

Confirmation of Minutes :

The Minutes of the meeting held on Thursday, 17 October 2002 were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received :

- Letter dated 21 October 2002, from the Tasmanian Canine Association Inc Outlining the continuing difficulties in transporting dogs across Bass Strait by air.

Report Deliberations :

The Committee considered the changes to Final Draft Report No. 4.

The Committee suspended at 1.00 o'clock pm.
The Committee resumed at 2.33 o'clock pm.

Report Deliberations :

Dr Bryan Stait explained the subsidies for King and Flinders Islands.

The Committee further considered the changes to Final Draft No. 4.

At 4.35 o'clock pm the Committee adjourned until a date to be determined.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

WEDNESDAY, 20 NOVEMBER 2002

The Committee met at 3.10 o'clock pm in Committee Room No. 1, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing.

Confirmation of Minutes :

The Minutes of the meeting held on Friday, 1 November 2002 were confirmed as a true and accurate record.

Documents :

Resolved, That the following documents be received :

- Air Services from Tasmania – 11-17 November 2002 (Parliamentary Research Service)

Report Deliberations :

The Committee considered Final Draft Report No. 5.

The Committee suspended at 4.02 o'clock pm.

The Committee resumed at 4.35 o'clock pm.

Report Deliberations :

The Committee further considered Final Draft No. 5.

At 5.58 o'clock pm the Committee adjourned until 10 o'clock am on Thursday, 21 November 2002.

LEGISLATIVE COUNCIL SELECT COMMITTEE

BASS STRAIT AIR TRANSPORT

MINUTES

THURSDAY, 21 NOVEMBER 2002

The Committee met at 10.00 o'clock am in Committee Room No. 1, Parliament House, Hobart.

Members Present : Mr Harriss, Mrs Sue Smith and Mr Wing.

Report Deliberations :

The Committee considered the Final Draft Report.

The Committee suspended at 10.40 o'clock am.

The Committee resumed at 11.00 o'clock am.

Confirmation of Minutes :

The Minutes of the meeting held on Wednesday, 20 November 2002 were confirmed as a true and accurate record.

Report Deliberations :

The Committee discussed issues for inclusion in a press release with Mr Trevor Sutton.

Resolved, That –

- The Final Report be tabled on Wednesday, 27 November 2002 and a press conference be held at 1.00 pm that day.
- Mr Trevor Sutton be given an embargoed copy of the Final Report.

The Committee further considered the Final Draft Report.

The Committee suspended at 12.50 o'clock pm.

The Committee resumed at 4.30 o'clock pm.

Report Deliberations :

The Committee considered the Final Report page by page. All pages were agreed to, with minor amendments to pages, 6, 21 and 76.

Confirmation of Minutes :

The Minutes of today's meeting (21 November 2002) were confirmed as a true and accurate record.

At 4.55 o'clock pm the Committee adjourned *sine die*.