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Flinders Island Tourism Association Inc
Submission to
Inquiry into commercial regional aviation services in Australia and transport links
to major populated islands

Overview

The Flinders Island Tourism Association Inc (FITTA) has 40 financial members drawn from a community population of only 900 people, with members from different business and tourism operations committed to promoting tourism service and development.

Flinders Island, the largest island of over 50 islands in the Furneaux Group, has great natural beauty, unspoiled beaches, abundant native wildlife, Aboriginal and European heritage, a coastline cemetery for many shipwrecks, a diversity of recreational opportunities and a relaxed lifestyle that is admired by many.

The local tourism industry, whilst small, is actively engaged in looking at better ways to present the Flinders Island experience to it's visitors. One of the major problems evident to both the tourism industry, visitors and residents is difficulty with access to and from Flinders Island.

FITTA appreciates the opportunity to make a submission to the above inquiry and invite the Standing Committee on Transport and Regional Services to visit Flinders Island. We would welcome the opportunity to meet with you personally to discuss the issues further.

The adequacy of commercial air services in regional and rural Australia.

There is one Regular Passenger Transport (RPT) operator servicing Flinders Island between Launceston in Tasmania and Essendon and Traralgon in Victoria. This service is operated by Island Airlines of Tasmania who have one piston twin engine 9 seat aircraft based at Launceston and one at Essendon.

While the frequency of the service between Flinders Island/Launceston and return is considered to be reasonable the capacity of this service is inadequate. It is difficult and in many instances impossible to obtain seats on this service throughout the year. At peak times such as Christmas, Easter and school holidays when there is heavy patronage from local trade including school students and family travelling home to Flinders Island it is difficult for visitors to obtain seats. This situation often forces potential travellers to go elsewhere. As a small and little known destination it is extremely frustrating to have enticed people to Flinders Island with our limited marketing budget only to have them go elsewhere because they are unable to obtain a seat on the RPT. Some travellers are more persistent and will seek charter operators as an alternative. While this is a short term solution, in the long term it threatens the viability and expansion of any RPT operation.

There are three/four return flights per week between Flinders Island and Essendon. Melbourne and Victoria offers immediate growth potential for Flinders Island tourism. The current frequency and capacity provides very little scope for expanding this market, yet research indicates this is our most obvious and cost effective market to target.

Flinders Island is becoming known for its quality prime and milk fed lamb products as well as seafood. High value perishable freight such as this requires regular flights to Melbourne with freight capacity. The twin piston engine aircraft currently servicing Flinders Island have limited freight capacity making it difficult for this market to expand.

This question talks about the adequacy of commercial air service - how do we measure adequate? What is considered adequate to a resident who may only use a service once or twice a year with no strict time limits will be quite different from a business person or a resident attending medical appointments with deadlines to meet or in the case of a visitor who has limited holiday time.

The holiday maker considers adequate to include reliability and the ability to have their baggage to travel with them. Unfortunately we have had a considerable lack of reliability in recent weeks due to aircraft breakdown and booking systems failing. This doesn't present a professional image to visitors and threatens the brand image of Tasmania and Flinders Island in particular. This situation can only be expected to worsen with the ageing aircraft currently servicing Flinders Island.

Travel Industry wholesalers are pursuing group travel as a significant part of their business. The current aircraft pose limitations to this emerging market. Suitable replacement aircraft and businesses with the capability of operating them must be considered as a key part of this inquiry. It may well be that government need to assist small regional carriers to find a way to step up to more reliable aircraft with the capacity to meet demand.

Policies and measures required to assist in the development of regional air services, including:

- regional hub services;

The Flinders Island service does not link directly with national hub services. While the Flinders Island RPT service flies into Essendon, some charter operators fly to Moorabbin, which poses connectivity problems with Tullamarine. The taxi fare between Moorabbin and Tullamarine is approximately \$80 and approximately \$15 between Essendon and Tullamarine. Aside from the financial consideration many travellers consider it too difficult to transfer from a minor airport to Tullamarine. There is a reluctance by many taxi drivers to undertake the short trip between Essendon and Tullamarine or vice versa. The same situation applies in Launceston where passengers are required to travel between the main terminal to the regional terminal by taxi. It can often mean an additional nights accommodation because passengers are unable to meet connecting flights to further destinations.

Within the context of Tasmania, Launceston is considered to be our regional hub, however this is often not the case within the tourism industry - there can be a reluctance to sell Flinders Island via Tasmania.

This question needs to be considered in a much broader context than transport alone. There are some great policies in place at the moment which are allowing regional areas to improve their skills and their business opportunities. Flinders Island has embraced IT usage both through our Online Access Centre and the Skill Centre at the school. We have developed a great web site through federal, state and local government assistance. Many of our tourism operators have undertaken training over the past couple of years through the Environmental Tourism Program. All of this is enabling them to improve their skills, learn about improving customer service and operate more professional and viable businesses. To build on the professional development and infrastructure expenditure being undertaken at a local level, this needs to be matched by transport carriers. Unfortunately small regional carriers cannot afford to step up to the next level of aircraft, promote and market the destinations they service, or utilise the booking systems and terminal facilities that large carriers use. The Federal Government needs to consider ways of assisting small regional carriers to move into this next level of operation in order to become more acceptable to the travelling public and more viable.

small scale owner operator services; and

The history of small owner operators servicing Flinders Island speaks for itself and is outlined in the submission made by Flinders Council.

Small operators have the enormous task of providing a "bus service" to the local population, a "school bus service" to students travelling off island to advance or undertake further education, a community transport service for those requiring medical or other professional services elsewhere, a passenger service to tourists and tourism wholesalers who require packages, a well as what ever other services a small isolated community may require.

Their size and personnel limitations often means they lack the resources to work with tourism departments and organisations to participate in joint marketing programs that larger airlines are able to take advantage of.

Their small scale makes it difficult to compete with larger operators in offering incentives the modern consumer consider the norm, such as frequent flyer points reward programs etc.

A Value management Study on air & Sea Services was conducted in 2000. There are parts of that document which may be useful to the committee. To quote Tony Matthews from Southern Australian Airlines "Aviation is a very expensive business and capital is extremely important to success." He goes on to say "Marketing is also very expensive, we do a lot of joint marketing - we get money from tourism Tasmania on a dollar for dollar basis." Small owner operators suffer on both these counts - they don't have sufficient capital or marketing funds to attract the \$ for \$ funding Mr Matthews refers to.

- **the deployment of most suitable aircraft types.**

The piston engine aircraft servicing Flinders Island have a life expectancy which is coming to an end. The travelling public have expectations of travelling in modern turbo-prop aircraft. There is reluctance by many to travel in smaller aircraft. The freight and cabin baggage limitations that have been placed on RPT operators using

smaller aircraft in recent years have made it increasingly difficult for them to operate flexibly with their passenger and freight mix. The requirement for them to install additional exits or freight bulkheads have not resulted in an increase in yield or profit. The safety aspects of these requirements can be appreciated, however it did impose financial constraints on small operators who are unable to pass those costs directly to their passenger and freight clients.

Flinders Island is totally reliant on piston engine aircraft to service all passenger and high volume (value) freight needs. This reliance left the region in a "closed for business" situation when the Mobil fuel contamination occurred which directly affected piston engine aircraft. There are few if any other regions in Australia who felt the brunt of this situation more than Flinders Island.

Small communities are now faced with the burden of maintaining and upgrading airports which once was the responsibility of the Federal Government. Many of the modern aircraft which might be considered as suitable to service a region such as Flinders Island have airport and runway requirements (ie sealed runway) which exceed the financial capacity of a small community.

There are a number of twin turbo aircraft with passenger capacity ranging from 11 - 26 in the market place. If our market is not yet to the stage of being able to support the type and size of aircraft used by the major regional carriers it is important to note that there are smaller aircraft out there, possibly the next generation of aircraft for remote destinations such as Flinders Island, that can be considered as replacements for the ageing piston engine aircraft in current use.

The adequacy of commercial air services to major populated islands and the adequacy of alternative sea services.

There is an inadequate frequency and capacity of service between Flinders Island and mainland Australia to allow the potential of tourism on Flinders Island to be developed. Small 8-9 seat aircraft do not provide the scope for tourism operators to establish packages with wholesale operators; attract special interest groups (e.g. bush walkers, cyclists, historians, nature groups etc.) or allow families and small groups to travel together on the same aircraft on the same day.

Whilst frequency between Flinders Island and Tasmania is adequate, the capacity is not. Many flights are totally booked with local and or business passengers providing little opportunity for tourism operators to establish packages with wholesale operators, attract special interest groups or allow families and small groups to travel together on the same aircraft on the same day. There is opportunity for the RPT to develop links with major carriers with passengers travelling to Launceston with a major carrier and flying on to Flinders Island with the RPT. This would require increased frequency and capacity, the ability to connect with flights, transport between terminals and general co-operation between the two carriers.

Southern Shipping, based at Bridport in north east Tasmania provide a freight service between Bridport and Flinders Island on an at least once weekly basis. It is acknowledged that the regular sea freight service between Bridport and Flinders Island is adequate for general cargo and livestock movements. However there is often delays of several days which has impact on fresh and refrigerated products and their use-by life.

The sea service between Flinders Island and Welshpool in Victoria operates on an unscheduled basis. It is therefore very difficult to forward plan freight delivery with any degree of certainty.

While this shipping service does have some passenger capacity it is not considered to a standard that the travelling public would consider acceptable. The vessel departs according to the tide from Bridport which means any hour within a 24 hour time period. There are no sleeping facilities on the boat and minimal seating and refreshment facilities available to passengers. Passengers are generally not allowed to travel when there is livestock on board.

The lack of scheduled sailing's between Flinders Island and Victoria does not allow for passengers to forward plan and the return sailing might be 4-6 weeks later. This mode and standard of transport does not fit with the exceptional holiday experience Tourism 21 (Strategic Plan for the Tasmanian Tourism Industry 2001-04) is seeking or the ongoing application of 'Tasmania' brand values.

The Passenger Equalisation Scheme which provides a subsidy for Tasmanians to travel between their home state and mainland Australia is of little or no benefit to Flinders Island residents. The only reliable and reasonable passenger service available to Flinders Island residents is with the RPT air service and yet there is no state or federal subsidy provided to residents of Flinders Island.

Interconnectivity between regional air transport systems, major national air services and international services (including on-carriage, though ticketing, freight handling, time tabling and airport slotting).

The ability of Flinders Island flights to connect with other regional or national carriers is dependant on:

- summer or winter schedules - Island Airlines operate a summer and a winter schedule with later morning departure times from Launceston in the winter. This is partly to eliminate departure delays experienced due to fog at Launceston airport in the winter months. This change in scheduling can make it difficult to meet "connecting" flights with larger carriers to Tullamarine
- departure and arrival points - The same problems occur when arriving at either Essendon or Tullamarine - time delays in securing ground transport increase the risk of missing "connecting" flights. Limited services between Flinders Island and Victoria often require overnight accommodation in Melbourne in order to catch flights to further destinations.
- availability and affordability of on ground transport - taxi drivers are often reluctant or refuse to provide a service between short distance points ie Tullamarine & Essendon if they have been waiting in a queue for a long time. The taxi fare between Moorabbin and Tullamarine of approximately \$80-00 and return adds considerably to the cost of a holiday or business trip.
- ability of local operators to secure space at Tullamarine and Launceston airports - there are financial constraints which may prevent small operators from securing space at major terminals, ie Tullamarine and Launceston. A downside for smaller operators using larger airports is the additional operating costs incurred when they are placed in holding patterns which does

not occur to the same extent with smaller airports.

- Ticketing - smaller operators often do not have the resources to link with larger carriers to undertake co-operative booking and ticketing.
- As mentioned earlier small carriers do not have the financial capacity to link into national booking services and ticketing systems. This disadvantages destinations such as Flinders Island as travel agents are always looking for the easy option in booking travel arrangements.

The role of all three levels of Government in supporting and assisting the development of regional air services and island transport systems.

Federal Government -

- Ensure that regulations are workable, while providing safety.
- Implement a Passenger Equalisation scheme for residents of the Bass Strait Islands to ensure travel between states is equitable for all Tasmanian residents.
- Address the inadequacy of funding to local governments with the increased burden of maintaining and improving airports since local ownership. If one of the requirements for the next generation of aircraft to service regional Australia is improved and sealed runways the Federal Government will need to make provision for capital assistance as well as ongoing maintenance to address this. Flinders Island residents and visitors consider "the airport to be our road" and "planes are our bus".
- It is very expensive for an airline to establish new routes by the time set up costs, route proving, pilot training and simulation work have been undertaken. If CASA and the Federal Government are serious about developing tourism in regional Australia they need to minimise these costs to allow operators a more realistic chance of developing these routes.
- Perhaps the Federal Government could consider ongoing financial support in the running of the Flinders Island Airport which would reduce the financial impost to Council and the RPT operator. This may then allow the community and the RPT to attract \$ for \$ joint marketing funding from Tourism Tasmania to market Flinders Island as a destination.

State Government -

- Ensure continuity of service.
- Make provision within Tourism Tasmania for specific marketing funds for separate destination locations such as Flinders Island and King Island.
- Develop strategies to work more effectively with smaller RPT's.
- Continue to monitor and ensure that totally air dependant regions such as Flinders Island always have an RPT service to meet the needs of the local community and associated industries.

With the introduction of TT Line's Spirit of Tasmania 1 & 2 Tasmania is enjoying a bumper tourism season. Unfortunately this has little or no flow on effect for Flinders Island. It has been suggested that it may even work against us when the the very cheap rates or free vehicle travel fares apply as potential visitors to Flinders Island see the Spirit of Tasmania offer to good to refuse. We have to find ways to

State + federal - Isolated communities who rely solely on air transport should have their airports acknowledged as part of the state or fed. H'way network, (some assistance currently received)

increase our visitor numbers in order to take advantage of state marketing programs to capture more of the interstate trade.

Local Government -

- Provide infrastructure to meet communities needs with the support from federal and state government when this burden is unrealistic to small communities.

The role of major air transport carriers in providing regional services.

There is a history of major airlines taking over regional air services often resulting in reduced or no service to regional areas.

Major transport carriers should be encouraged to:

- accommodate linkages with regional services
- develop co-operative marketing programs with smaller destinations
- be sympathetic in allowing smaller operators suitable landing slots