



**Government of South Australia**

Department of Planning,  
Transport and Infrastructure

*In reply please quote:* 2017/02237/01  
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Dr David Worth  
Principal Research Officer  
Legislative Assembly of Western Australia

email: laeisc@parliament

Dear Dr Worth,

### **Re - Inquiry into regional airfares in Western Australia**

Thank you for your letter of 11 August 2017 inviting written submissions to the above inquiry. I apologise for the delay in responding. Should an opportunity remain to provide a submission, please refer to the information below.

The State Government, through the Department of Planning, Transport and Infrastructure (DPTI), provides assistance to regional airports, aerodromes and airstrips by way of joint contributions with the Commonwealth Government through the Remote Airstrip Upgrade Project (RAUP). In addition, DPTI has established a \$1 million Supporting Regional Aviation initiative, whereby funding is made available to registered airports and aerodromes to undertake improvements. Financial assistance is not provided to airlines or companies that provide air services.

To directly assist you I have the following comments on the Committee's specific statements:

a. Factors contributing to the current high cost of regional airfares.

The cost of regional airfares reflects the cost of providing services to regional Australia. Due to distance and often relatively low population levels, the provision of frequent services can be challenging in a cost effective manner. Additionally airport fees and charges per movement and per passenger can be higher in regional areas to address the cost of operations.

b. Impacts that high-cost regional airfares have on regional centres - from a business, tourism and social perspective.

While there is prima-facie evidence that the cost of airfares can impact upon business and tourism growth, DPTI does not currently have any data to support this conclusion.

- c. Impact of State Government regulatory processes on the cost and efficiency of regional air services.

The *Air Transport (Route Licencing – Passenger Services) Act 2002* provides the relevant South Australian Minister to declare a route between two airports in the state in order to encourage an operator or operators of air services to establish, maintain, re-establish, increase or improve scheduled air services on that route.

Under the Act, the Minister can provide a route service licence to an operator or operators. The licensee must meet any requirement, standard, criteria, qualification or condition set out in the regulations or specified by the Minister.

The declaration of a declared route and the issuing of a route service licence provides increases the potential for an operator to provide a service to targeted locations that may otherwise not be served in an unregulated market. This benefits communities, in so far as being able to better maintain business, tourism and social links.

- d. Actions that the State and local government authorities can take to limit increases to airfares without undermining the commercial viability of RPT services;

A route service licence under the *Air Transport (Route Licencing – Passenger Services) Act 2002* can include conditions that establish a stable schedule of services and fares. Change may only be able to be made upon agreement by the relevant Minister, for example, where demonstrated by reduced patronage levels.

- e. Actions that airlines can take to limit increases to airfares without undermining the commercial viability of RPT services;

By accepting a sole route service licence under the *Air Transport (Route Licencing – Passenger Services) Act 2002*, an operator has greater opportunity to maintain stable airfares due to being the sole operator.

- f. Recent actions taken by other Australian governments to limit regional RPT airfare increases:

South Australia has one declared route between Adelaide to Port Augusta.

I trust the above assists you.

Sincerely,



 Michael Deegan  
Chief Executive

 19 October 2017