



Department for Planning and Infrastructure
Government of Western Australia

Intrastate Air Service Review 2008



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The Review

- ❖ Licences for Regular Public Transport (RPT) air service networks expire 31 December 2008
- ❖ In approving these licences in late 2005, the Minister for Planning and Infrastructure committed to the NCC that a review would be conducted after three years. The review would focus on:
 - ❖ performance against licence conditions
 - ❖ route cross-subsidisation within regulated networks against National Competition Principles
- ❖ Intrastate air services operating environment has changed considerably since these licences were granted. This review will enable assessment of options for a way forward to balance RPT with charter services to meet competing demands



Objective

The objective of the Review is to analyse the intrastate air services market demand and supply, and the real extent of market intervention required, if any. This will include a review of RPT and charter air services and the effectiveness of the current regulatory model of cross-subsidisation.



Expected Outcome

The expected outcome of the Review is to establish and implement the optimal level of regulatory intervention for intrastate air services regime that best meets the needs of the Western Australian community into the foreseeable future.



Transport Co-ordination Act (1966)

Minister has extensive powers under the Act to specify routes, timetables, fares and freight rates

Need to consider:

- ❖ Necessity of the proposed service
- ❖ Its effect on an existing service
- ❖ Interests of passengers and the community
- ❖ Airport Infrastructure
- ❖ Applicant's financial stability
- ❖ Financial implications for service provider and Government



Process

- ❖ Steering Group

- ❖ Public Consultation
 - ❖ Notification (briefing)
 - ❖ Seminar
 - ❖ Analysis
 - ❖ Report





Issues

- ❖ Volume of RPT and charter services has substantially increased
- ❖ Relationship between RPT and charter services
- ❖ Appropriateness of Route configuration and aircraft types
- ❖ Not all routes within state can sustain competition - public interest test for competition
- ❖ Ensure basic services to regional centres and remote areas



Issues

- ❖ Review regulation in consideration of current and foreseeable demand
- ❖ Administration of charter services and unregulated RPT services
- ❖ State needs to balance needs of all stakeholders with regard to, but not limited to:
 - ❖ Passenger demographics;
 - ❖ Growth trends;
 - ❖ Seasonal factors;
 - ❖ Competitive and sustainable pricing in the context of accessibility and economic development



Other factors

- ❖ National Competition Policy
- ❖ Community service obligations
- ❖ Variability in demand
- ❖ Rising costs
- ❖ Pilot shortages





Actions

- ❖ Seek the views of the various sectors by inviting input from the aviation industry and regulatory authorities
- ❖ Consult with industry including key tourism groups and the community in framing options for a way forward
- ❖ Review of current RPT networks
- ❖ Economic analysis of RPT routes
- ❖ Review current regulatory regime
- ❖ Provide recommendations to the Minister on the way forward



Summary

- ❖ WA will continue to have a heavy reliance on air travel because of vast distances
- ❖ State is sparsely populated and business is complex on some routes
- ❖ Balance of competing interests will be sought
- ❖ Consultation and stakeholder input process is very important in considering change
- ❖ We all want the best possible outcome



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Public Information

Information will be posted to the DPI Website at

www.dpi.wa.gov.au/aviation/565.asp

(or select Aviation from the DPI Home Page)

The Review Team can be contacted at

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Questions?

