



Hon Rachel Nolan MP
Member for Ipswich



Minister for Transport

Our ref: MC47496

Your ref: Petitions

22 MAR 2010

Mr Neil Laurie
The Clerk of the Parliament
Parliament House
George Street
Brisbane Qld 4000

Dear Mr Laurie *Neil*

I refer to petition number 1372-10 lodged with the Legislative Assembly by Mr Jason O'Brien MP, Member for Cook on 10 February 2010 about the service changes by QantasLink in northern Queensland.

In September 2009, the Department of Transport and Main Roads and QantasLink negotiated fare increases and some service reductions below the contracted requirement on the route from Cairns to Weipa and Cairns to Horn Island. QantasLink advised the department they were losing significant amounts of money on these and other regulated routes due to increased costs, reduced patronage and were therefore granted permission for the changes.

The department thoroughly assessed QantasLink's proposal for a temporary reduction in services and fare increases to help cut losses on these routes during the current economic period and it was considered to be a reasonable approach under the circumstances. The department has also notified QantasLink in writing that these changes will be on a temporary basis only and that normal service levels will return when there is a visible increase in passengers and revenue across the network. Under the contract, the department currently reviews and analyses monthly data from QantasLink on patronage and revenue.

A significant factor impacting on the viability of the Cairns to Horn Island route was the delay in upgrading the airport which is owned and operated by the Torres Shire Council. At present, QantasLink is unable to land the larger Q400 aircraft which has a detrimental impact on running costs, freight and patronage capacity. The State Government has committed around \$3.6m to the upgrade and the Torres Shire Council has advised the works will commence mid-2010. As soon as the airport upgrade is complete, QantasLink will return the Q400 aircraft to operation, thereby increasing capacity on the route. Additional frequency will be returned once the operating loss of the service is removed.

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While it is positive that patronage on the QantasLink services for Weipa and Horn Island has remained relatively consistent over the last six months following the earlier decline, costs continue to rise on these two routes.

QantasLink has shown its commitment to meet demand on these routes through increased services during the school holiday periods to ensure families and school children are able to access these vital services. Services were increased over the Christmas period and will also increase over the upcoming holiday periods:

- 26 March - 13 April 2010: 10 additional return services which equates to 900 seats
- 14 April - 27 April 2010: 11 additional return services which equates to 990 seats.

These services are available on-line or through your local booking agents.

The department will continue to maintain QantasLink's financial performance to determine when it is viable for these services to be permanently reinstated.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R. Nolan', with a long horizontal stroke extending to the right.

RACHEL NOLAN MP
Minister for Transport