PRESS STATEMENT:

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Over the last few weeks an argument has been developing between the Commonwealth and the States concerning intra-State air transport.

The origins of this argument go back to 1937 when a legal case in the High Court gave the Commonwealth to understand that the regulation of intra-State services depended upon State Government laws or regulations. Earlier this year, in another case, certain members of the High Court, including the former Chief Justice, seemed to cast some doubt on this restriction of Commonwealth powers. There seemed to be strong implication in what was said that the Commonwealth would have full power to regulate all international and national air traffic. As a result of this the Commonwealth has introduced additional air transport regulations which will make State regulations unnecessary.

There are some powerful reasons for Commonwealth control over all air transport. In 1937 intra-State services operated over 12,000 miles and carried just over 16,000 passengers. Now the route mileage is over 43,000 while nearly one million passengers are carried each year. Between the two periods, subsidies for non-paying rural services have increased from an almost negligible amount to nearly £2M. The subsidies are paid entirely by the Commonwealth, and without them many rural services would not be able to operate.

Commonwealth assistance for air transport has extended much further than this. Shortly after the war large numbers of D.C.3 aircraft were obtained from the United States and sold to airlines at very low prices and, more recently, for example, Fokker Friendships have been sold to country airlines on most favourable terms.

The Commonwealth has more than £60M invested in airport facilities. In 1937 this figure stood at only £1M.

The Commonwealth has also provided the Government airline with £25M for the purchase of modern aircraft.

At the present moment, a five-year airport development program is under way which will cost £50M. This involves work in all States, and last year £5M was spent under this heading. In addition, the Commonwealth made a direct contribution of £470,000 to the development and maintenance of municipally-owned aerodromes. This figure will rise in this year.

It is notable that on this count the Commonwealth will be spending something like a total of £50,000 for the development of Portland aerodrome in co-operation with the Portland Town Council and the Heywood Shire, who will find a similar amount between them.

Night landing facilities will be provided at the three aerodromes in Western Victoria at Warrnambool, Hamilton and Portland, and it is hoped that these facilities will be available for operation in the coming winter.

If, as appears likely, the major airlines will want to buy small pure jets, the standards in many country aerodromes will have to be upgraded so that they can handle the superior type of aircraft likely to be introduced. It has been suggested that this kind of program could involve the Commonwealth in a further £10M.
All of this represents a very considerable Commonwealth involvement.

The smooth and effective development of air transport in Australia is attributable directly to Commonwealth interest and to the facilities that have and are continually being provided and improved by the Commonwealth. Because of this Commonwealth involvement and because of the speed and necessity for co-ordination, it is felt, in view of the changed legal situation, that the Commonwealth should assume more direct control over intra-State services, as it already does, of course, over inter-State services. Another reason for this is that at the major airports the intra-State and inter-State operators would be using the same facilities which are provided entirely by the Commonwealth. As a result of all this the Commonwealth has introduced new Air Navigation Regulations to give effect to powers which a High Court judgement of earlier this year indicated may be available to the Commonwealth.

I believe that most people would think this is a pretty fair case. However this matter has, most unfortunately, become involved, in New South Wales in particular, in an argument between two intra-State airlines - East-West Airlines and Airlines of New South Wales. The New South Wales Government has taken the view that some of the lines developed and up to now serviced by Airlines of New South Wales should be arbitrarily taken away from that airline and given to East-West Airlines. While many Australians will have sympathy for the smaller airline, East-West Airlines, there will be many also who may doubt the justice of arbitrarily taking away air routes developed by Airlines of New South Wales and giving them to another airline. This is certainly expropriation and there is no compensation for it. Indeed, at one stage it appeared that pressure was also going to be brought on Airlines of New South Wales to sell Fokker Friendships to East-West Airlines because, under the redistribution as outlined by the N.S.W. Government, that airline would not have a use for all its aircraft.

Thus the general Commonwealth situation has unfortunately become involved in a local domestic issue in New South Wales with a high political and emotional content. The whole matter is going to be the subject of litigation, I would imagine, on more than one count, and until the law has been fully tested both the action of the N.S.W. Government and of the Commonwealth Government in promulgating new Air Navigation Regulations must remain in doubt.

As I suppose one might expect, all the Premiers have replied to a letter from the Prime Minister on this matter indicating a general objection to the Commonwealth's assuming full responsibility for national air transport inside Australia. They object on the traditional grounds that the Commonwealth action offers a further challenge to Sovereign State rights. There are many fields where an objection of this kind has validity, but I doubt very much if the objection can be sustained in a realistic manner over this particular problem.

People in Western Victoria will be concerned about the outcome of these arguments and pending litigation because of the services now available to Warrnambool and Hamilton and which will also be available to Portland once the aerodrome is completed.
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