

District Council of

**Grant**

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Ref No 91.76.1 (O26141)

26 February 2009

National Aviation Policy Statement  
Department of Infrastructure, Transport, Regional  
Development and Local Government  
GPO Box 594  
CANBERRA ACT 2601

Dear Sir

***Re : National Aviation Policy Green Paper***

Please find enclosed the District Council of Grant's submission on the National Aviation Policy Green Paper.

It would be appreciated if Council's comments were taken into account in the formulation of the National Aviation Policy.

Yours sincerely

Russell J Peate  
CHIEF EXECUTIVE OFFICER

*RJP:mgm*

# **DISTRICT COUNCIL OF GRANT**

## **SUBMISSION**

### **NATIONAL AVIATION POLICY – GREEN PAPER**

February 2009

## **INTRODUCTION**

The District Council of Grant owns and operates the second largest Regional Airport in South Australia. The Mount Gambier Airport had 117,226 passengers in 2007/2008, a 7.3% increase. The Airport requires capital upgrading, particularly the strengthening of the main runway pavement taxiways and aprons. In addition, further work will be required in the medium term for expansion of the Airport Terminal and associated infrastructure.

REX Airlines is the sole airline operator at the Mount Gambier Airport and provides daily services to Adelaide and Melbourne. Council is endeavouring to secure a second airline service. However, the strengthening of the main runway pavement is required to enable this to occur.

## **SECURITY SCREENING**

At present, the Mount Gambier Airport is not subject to Airport screening (passenger and baggage) as the Airport does not have jet powered aircraft. There is no doubt that the installation of passenger and baggage screening would be a significant cost impost on the Council as the owner and operator of the Airport. Should this be implemented, such costs would in part be passed on to the airline operators through the passenger head tax, thereby increasing the cost of airline services. At present, the base cost for a one way flight to Adelaide or Melbourne is \$130. This can escalate to in the order of \$250 depending when the booking is made. Many National airlines have significantly discounted airfares for the major routes; for example \$50 between Melbourne and Adelaide.

It is considered inequitable for people in regional areas to have to meet the high cost of airfares; let alone potential further increases as a result of additional airport security measures.

## **REGIONAL AIRPORT INFRASTRUCTURE**

As outlined, the Mount Gambier Regional Airport requires capital upgrades, particularly for the main runway, taxiways and aprons. The cost to strengthen and upgrade the main runway pavement, taxiways and aprons is presently estimated at \$6.25M. This is above and beyond what the Mount Gambier Airport can afford with only \$3.3M in reserves. It is strongly considered that Federal Regional Airport Infrastructure should be considered in the same manner as road funding; AusLink, Roads to Recovery, etc. Regional Airports need a capital infrastructure injection in some cases to ensure ongoing sustainability and growth.

## **Payment Scheme for Air Services Australia's Enroute Charges (Enroute Charges Scheme)**

It is contended that the Enroute Charges Scheme should be continued to ensure existing services and routes to regional areas are maintained to at least existing costs for passengers. Given the existing economic climate, the removal of this subsidy could mean a significant increase in air fare costs for passengers in regional areas leading to a decrease in demand and the concomitant decrease in passenger head tax for Airports to maintain and upgrade its infrastructure.

## **CHALLENGES FACING THE AIRLINE INDUSTRY**

Council is cognizant that REX Airlines and other regional operators will continue to be faced with ongoing challenges to ensure continuity of services. These include the following :

- In some cases, ageing fleets, increasing competition for road transport and major airlines
- Difficulty attracting and retaining pilots
- Increasing fuel prices
- Existing economic climate and global downturn

There is no doubt that Mount Gambier airport as the regional Airport for the South East Region of South Australia needs the applicable subsidies, policies and strategies of the Federal Government to continue to be in place to ensure ongoing regional airline services for the benefit of regional and rural communities throughout Australia.