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[redacted]

Dear Sir/Madam

Sydney Airport Demand Management – Discussion Paper

Bega Valley Shire Council (**Council**) welcomes the opportunity to provide feedback on the Discussion Paper on Sydney Airport Demand Management.

Council is the owner and operator of Merimbula Airport; community benefit is arguably the main reason why Council owns and operates an airport. Airport operations are a vital component of the overall integrated transport network; which links the Bega Valley to the rest of Australia.

The Merimbula Airport provides essential links for professional, legal, specialist and medical services as well as passengers for tourism, employment and business to the small communities that make up the Bega Valley Shire and ensuring access into Sydney Airport in the key prime early morning and late afternoon slots is vital for our community moving forward.

Merimbula Airport currently provides Regular Passenger Transport (RPT) services to both Sydney and Melbourne through Regional Express Holdings (REX). Historically the RPT numbers at Merimbula Airport have been around 60,000 PAX per year with upwards of 35 flights per week pre-COVID-19. The impacts of COVID-19 have been dramatic and seen our passenger numbers drop by around 95% putting severe strain on the ongoing viability of Merimbula Airport.

Merimbula is located approximately 577 km or an 9hr drive from Melbourne CBD and 456km or an 8.5hr drive from Sydney CBD and as such is considered a remote regional location in NSW and this Airport provide an important service to connect our community to our largest capital cities and beyond.

REX currently provided services to Melbourne and Sydney from Merimbula using the Saab 340 – Flights to Melbourne have a flight time of 1hr 20 mins and flights to Sydney have a flight time of approximately 1hr 15 mins with a rough split of 40/60 between Melbourne and Sydney. QantasLink are to shortly commence a Sydney to Merimbula route in December for a 14-week initial trial to determine route viability utilising the Q300 aircraft.

Prior to COVID-19 the REX flight schedule to Sydney Airport had four daily flights commencing with a 06:30 flight departing Merimbula and landing in Sydney at 08:15 and the last flight departing Sydney at 18:50 and arriving at Merimbula at 20:15 and with the plane overnighting at Merimbula Airport.

Both the early morning and late evening flights in general attracted the highest passenger loading factors and are the key to enabling business travel both to and from the Bega Valley and Sydney enabling a return journey and a full day of work to be undertaken.

Council recently attended the Sydney Airport Regional Symposium and were encouraged with CEO Geoff Culbert's commitment that 'Sydney Airport will always guarantee access to regional services at peak times'. As such Council are supportive of a review of the Demand Management at Sydney Airport to allow greater flexibility but note this cannot be at the at the expense of Regional Services being moved out of the peak periods in favour of international or interstate services.

Council is fully aware that Merimbula peak time passengers arriving at Sydney Airport are relatively minor in the overall passenger numbers of Sydney Airport however the importance of this route for connectively of our community is much larger and the knowledge that people in our community can fly up to attend to attend medical appointments in a single day is invaluable.

Council is supportive of the continuation of the price cap for regional charges into Sydney Airport and any increase in charges is demonstrated that the increase was required to recover cost in line with the ACCC will allow price increases where the airport has demonstrated the need for an increase (e.g. given passenger volumes) in order to reduce barriers for the high cost of air travel to regional areas.

Another key issue experienced at Merimbula Airport from time to time is the threat from existing RPT providers is to 'take their Sydney slot to another airport'. Council see achieving a balance between providing certainty of slots for incumbent airlines, and encouraging competition through making slots available for new entrants is important. This is to ensure that this behaviour is not encouraged for airlines to use slots a negotiating tool with Regional Airports that are dependent upon regular schedules.

To summarise Council, see the following key issues to the review of Sydney Airport Demand Management:

- Ensuring access is maintained for flights from Merimbula into Sydney Airport in the key prime early morning and late afternoon slots is vital for the ongoing viability of RPT services at Merimbula Airport.
- Holding Sydney Airport to their commitment 'Sydney Airport will always guarantee access to regional services at peak times'.
- Ensuring any increase in the regional price cap at Sydney Airport is supported by a demonstrated need to recover costs.
- A balance is struck between providing certainty of slots for incumbent airlines and encouraging competition through making slots available for new entrants.

Overall Merimbula Airport is critical to the people and community of the Bega Valley Shire and ensuring that equitable access to our state Capital is vital for the continued growth and prosperity of the Bega Valley and any review of Sydney Airport Demand Management should take this into account.