

11 December 2020

Dear Director,

The purpose of this submission is to outline Council's position on the issue of slots into Sydney Kingsford Smith Airport.

SUMMARY:

Dedicated slots for regional communities are an essential element of maintaining regional communities. Those communities that lose or cannot gain slots into Sydney struggle compared to those that have them. Council therefore requests that the current regional ring-fencing of slots remain unless there is a change to slots being attached to regional airports, rather than airlines, which is Council's preference in a deregulated environment.

ISSUES:

Economic Development

Moree has recently been identified for hosting a Special Activation Precinct (SAP), being one of 5 special economic development zones within NSW, and the only one that includes a regional airport. The airport is a critical node to serve the business needs of the community, in particular agribusiness, and is also a critical element of economic diversity which is being driven through the SAP process. Moree currently has approximately 30,000 passengers per year which is heavily dominated with business travel.

Peak Slots

The ability to transact business in either Moree or Sydney on a same-day basis is critical to ongoing economic performance. Peak time slots are critical in that they permit "same day" trips down and back to Sydney which is vital for business travel, and also medical access to Sydney, without the need for incurring costs and inconvenience of overnight accommodation.

It is noted that the CEO of the airport recently re-committed to maintaining access to Sydney Airport, including peak time slots.

Deregulation

The issue of regulation vs deregulation of regional air routes is also of great significance to the issue of slots. Moree has remained a regulated air route through recent changes to a number of towns in NSW. This means that an operator is selected by, and licenced by, Transport for NSW to operate the service. Council's views are sought, when a licence is put out to tender, but other than that Council has not customarily had direct input into the process.

A number of routes in NSW that have recently been deregulated, were put to tender, with no submissions from the relevant Councils being sought. This is a critical issue when considering the future of licenced vs deregulated routes, as unlike (say) a licenced bus service, there is no obligation to provide a minimum level of service. The current Moree extension of the regulated route did include input from the Council, however Council effectively had no input into the actual decision regarding the operator.

Routes in the North-West region that are currently deregulated include Armidale, Narrabri and Tamworth. Armidale and Tamworth have good quality services, while Narrabri has struggled to secure a service into Sydney, largely as a result of problems with access to slots.

The current system takes the responsibility out of Council's hands, noting that Councils generally do not have high level expertise in the RPT (scheduled service) airline sector. In this respect, over time, Transport for NSW has, generally delivered acceptable tender outcomes, with the notable exception of the Brindabella collapse. The implications of that collapse were, however, major, and reinforced the lack of input into decisions that is available to Councils.

While Council would prefer that the Moree route remain regulated, with Council having a seat at the table in the selection of an operator, which is what happened on the last occasion, Council's preference if deregulation occurs is that the choice of operator, and the negotiation with applicants, lie entirely with the Council, and a Council can form its own views as to the weighting it gives to various factors in securing an operator. This could, for example, include service guarantees by the operator in return for certain base fares. **This is only feasible if the regional slots belong to regional airports, not operators.**

Council would be pleased to present directly to the review to further expand on these views.

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