

22nd March, 2023

Jason Dymowski
Assistant Secretary
Aviation White Paper Project Office
Domestic Aviation and Reform Division
111 Alinga Street
CANBERRA ACT 2601

Dear Jason,

Terms of Reference Submission for the Aviation White Paper

Airport Security Screening – Armidale Regional Council

Thank you Jason for accepting our late submission to the Terms of Reference for the Aviation White Paper.

As you would be aware, in May 2018, the Australian Government mandated measures to strengthen Australia's aviation security screening regime. Regional airports, like Armidale Regional Airport, were committed to the Computerised Tomography (CT) based scanning of passengers and baggage to ensure Australia can remain a leader in aviation security and a trusted destination in the national and global aviation network.

Whilst the Cyber and Infrastructure Security Centre (CISC) has made a changes to the security screening system along the way, regional airports still experience large annual increases to operating expenses. It was highlighted in the 2017 report of the Senate Inquiry into Airport and Aviation Security, that security screening costs would be significantly higher for regional air travellers compared to capital city air travellers. Lower volumes of passengers departing regional airports on smaller aircraft translates to somewhere between \$17 and \$40 per passenger, compared with less than a dollar in a capital city airport.

As you are aware the introduction of the new security screening system and in response to the COVID-19 pandemic, the Federal Government has been meeting security screening operating costs via the Regional Airports Screening Infrastructure (RASI) grant funding. As this temporary measure is about to cease (between March and June 2023), it will leave Local Governments and regional airports to either absorb the costs, or pass them on to the airlines and therefore onto the travelling public.

This approach has unfortunately driven a wedge between regional airlines and airports, as well as Councils and their communities, with the ultimate loser being the regional travelling community with reductions to scheduled services or increases in the price of airfares.

Armidale Regional Council continues the call on the Federal Government to provide financial assistance for regional airports. Our position is that it is unreasonable to expect Regional airports of our size, regional airlines and ultimately the traveling public in regional Australia to pay proportionately higher airfares than inter capital travellers.

Armidale Regional Council supports strong aviation security measures. We also have strong aspirations for growth in our region with the aim to attract 4000 new jobs by 2040. However, the cost borne by regional airports and regional airlines at \$17-\$40 per passenger (compared with less than a dollar in a capital city airport) is significant and will hamper this growth effort. The cost of flying impacts demand for regional air travel to the point where well-established air transport routes become cost prohibitive and unsustainable. Scheduled services will reduce or airlines will exit the market altogether. Access to and from the regions is then further restricted, which is contrary to government incentives that encourage travel and relocation to the regions. Ultimately, this becomes another cost shifting exercise where local rate payers and traveling community foot a very large and disproportional bill for a national security program which ultimately restricts their travel. Many of the Tier 2 regional airports have literally been set up to fail and must absorb these costs at their peril. As it stands, this model represents a significant step backwards for our communities, regional economies and future viability of transport links.

To maintain a strong approach to aviation security we believe the Federal Government has a role to play. Both through short-term continuation of the RASI funding program for the most 'at risk' regional airports like ours, and long-term reform to the regional aviation security funding model. This reform could potentially come out of either the findings of the Hartland Review of Transport Security or the current Aviation White Paper process.

We believe that the government can address through 'low cost / no cost' initiatives or reimagining the funding model. This would include;

- An amendment to the definition of a 'screened air service' in *Aviation Transport Security Amendment (Security Controlled Airports) Regulations 2019* to ensure ALL Regular Public Transport aircraft operating from a designated Tier 1 and Tier 2 airport will be security screened. This will reduce inconsistencies in the security screening system and improve the economic viability of security screening at regional airports and also ensure our National security.
- Direct funding via a small levy on ALL airline travelling public (on applicable aircraft size) to help alleviate the imbalance of higher costs borne by regional air travellers. A national levy collected and administered by the Federal Government and apportioned (via an ongoing subsidy or by application per RASI grant) to regional Airports alleviates this issue.
- Continue funding the operating costs for regional security screening at Tier 2 Airports until legislation is changed to include a levy on ALL airline travelling public (on applicable aircraft size) to help alleviate the imbalance of higher costs borne by regional air travellers. The previous government allocated \$28.5 million in its 2022-2023 budget to support funding for regional airport security to 31 March 2023. We have been advised that this may now be extended to 30 June 2023 (yet to be announced). Further funding for Tier 2 airports into 2023-2024 will help bridge the gap until legislation is changed to include a levy on all airline travelling public.

Armidale Regional Council advocates for a workable, long-term solution to the issue of security screening costs at smaller regional Tier 2 airports generally. The mismatch between government policy for increased aviation security outcomes versus the preference for industry participants to sort it out as part of commercial arrangements is the crux of this issue.

We continue to advocate for a sustainable solution just as the Australian Airport Association (AAA) and the Regional Aviation Association of Australia (RAAA) did during the Hartland Review process in 2021, and again through the Aviation White Paper in 2023.

Thank you again Jason for allowing me the opportunity to contribute to the White Paper Terms of Reference and roundtable discussions.

Please do not hesitate to contact me if you wish to discuss this further.

Sincerely,

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