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Department of Infrastructure
Director, Strategic and Economic Policy Projects
Data, Analytics and Policy Division
GPO BOX 594
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via email: aviationconsultation@infrastructure.gov.au

Dear Sir/Madam

The Future of Australia's Aviation Sector

Bega Valley Shire Council (**Council**) welcomes the opportunity to provide feedback on the Issues Paper on the Future of Australia's Aviation Sector.

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 with capital cities and beyond.

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.

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 – Flights to Melbourne have a flight time of 1hr 20 mins and flights to Sydney have a flight time of approximately 1hr 15 mins. QantasLink are to shortly commence a Sydney to Merimbula route in December for a 14-week initial trial to determine route viability.

Currently Council charges a passenger landing fee to RPT operators to attempt to recover the operational costs of the running the airport however the Airport is still heavily subsidised by the Council and reliant upon both State and Federal grants to upgrade infrastructure to remain compliant with aviation legislation which is common with many other Regional Airports across Australia.

Income received from RPT services is directly proportional to passenger numbers at Merimbula Airport, Council currently receives 'passenger head tax' from all passengers landing at Merimbula

Airport as listed in our Fees and Charges. As previously stated, passenger numbers are down by about 95% due to the impact of COVID-19 on passenger travel and consequently income generated by Merimbula Airport operations over the past nine months has been almost negligible.

The Federal Government has provided much need assistance to RPT carriers to maintain air connectivity throughout the COVID-19 and Council is fully supportive of this initiative but feels this support should also be extended to Aerodrome Operators during this challenging period until RPT numbers return to pre COVID-19 levels.

Council has several fixed costs associated with running the airport to adhere to Aviation Legislation including the Operation and Management Contract for the Airport, these costs are attempted to be offset by the landing fee income from Council published fees and charges and during COVID-19 Council has need to further subsidise the airport operations.

It is important to note that as with many Regional Airports across the country Merimbula Airport is heavily reliant on both State and Federal grant money to fund and delivery necessary capital upgrades to meet the ever changing aviation legislation and to ensure the assets are maintained and upgrade to meet industry standards for airport infrastructure.

However equally important is access to ongoing funding to support the operational costs of aerodromes and Council recently made a submission to the Department of Home Affairs to the Sustainable Screening at Regional Airports. In February 2020, amendments to the Australian Transport Security Regulations (ATSR) changed the security screening threshold. The screening threshold has moved from one based on aircraft weight to one based on aircraft seating capacity in combination with average passenger departures as such it is Council's understanding this will trigger security screening requirement at Merimbula Airport.

The impact of the implementation of security screening on Merimbula Airport would be considerable and impact upon the ongoing viability of both our existing (REX) and new (QantasLink) RPT providers. Council is fully supportive of the initiative of the Federal Government in designing a long-term, sustainable way to address regional security screening costs to ensure that Regional Airports both remain affordable for the use of our community and do not become a larger financial burden on Council.

Council are seeking a direct funding model from either the State or Federal Government to cover the actual cost of security screening for both the initial capital outlay for the required equipment and more importantly for the ongoing operational costs to implement security screening including the ongoing maintenance and direct staffing costs of its implementation.

Another issue which Council considers to be important is ensuring access to slots at Sydney Airport and is supportive of the Sydney Airport Demand Management Review underway. and Council intends to make a submission to this Review but in general terms ensuring access to early morning and late afternoon flights is vital to the ongoing viability of the Merimbula – Sydney route enabling access for commuters to undertake a return journey to Sydney on the same day in order to undertake business and attend medical appointment and the like. Council request that any review ensures the regional ring fence is adopted and or maintained to ensure regional airlines have access to these slots at Sydney Airport.

To summarise Council, see the following as key issues to ensure that Merimbula Airport remains a viable concern now and into the future:

- Merimbula Airport like many other Council managed regional airports are vital for a connected Australia but due to remote nature and relatively low passenger numbers coupled with aviation and safety legislation and infrastructure requirements mean they are a loss-making business unit for Council.
- Merimbula Airport is heavily subsidised by Council through the General fund of Council to cover the ongoing operational costs of its ongoing operation.
- Passenger landing fees are charged to attempt to recover the operational costs for RPT travel and other Income is generated from Councils published fees and charges for General Aviation and leases at the Airport.
- COVID-19 has seen income streams drop by 95% impacting further on the cost recovery ability of Council.
- Council would like to see Federal support to assist in operational costs of operating and managing Merimbula Airport until RPT returns to post COVID-19 levels
- Council continues to be reliant upon both State and Federal grants to fund necessary infrastructure upgrades to meet the required aviation legislative requirements and meet industry standards.
- The Impacts of new Aviation Transport Security Regulations could have large impacts upon ongoing operational viability of Merimbula Airport if screening is required to be introduced.
- Council would like to see a direct funding model from either the State or Federal Government to cover the actual cost of security screening should it be required moving forward
- Maintaining access to slots at Sydney Airport for early morning and evening flights is important to ensure RPT viability and services the needs of the community.

Overall Merimbula Airport is critical to the people and community of the Bega Valley Shire and ensure that the airport is funded in a sustainable manner with a combination of support from both Local, State and Federal levels is vital to ensure regional Australia is connected and funding should be targeted at not just capital improvements but also at operational costs to address issues such as security and screening to enable the ongoing viability of providing RPT operations of regional airports such as Merimbula.

Yours Sincerely



Leanne Barnes OAM
General Manager