

Inquiry into regional aviation services by the NSW Legislative Assembly's Standing Committee on State Development

The Committee is conducting an inquiry into the provision of aerial regular passenger transport (RPT) services to regional centres in New South Wales.

Supplementary questions: Eurobodalla Shire Council

1. In your submission you state 'the lack of landing slot availability in Sydney is a key factor here – it keeps upward pressure on head tax costs'.

Can you please expand on this statement – how this works and what might be the best solution in the interests of maintaining and growing regional air services?

The reference here is to head tax costs as Sydney Airport. Whilst we are not privy to the actual costs, they will be much higher than the ones charged at Moruya which are lower than any airport we are aware of. Rex, in their submissions, are also concerned about head tax and other ancillary costs at Sydney Airport which are an integral part of providing regional air services.

Careful control and monitoring of availability and costs at Sydney Airport will therefore be important to the health of the whole regional aviation industry.

Also important in maintaining and growing regional air services is for state and local governments to understand the profitability of regional routes, rather than relying on the airlines. The state government should fund a study of regional routes to understand the profitability dynamics of routes as they stand and with future growth factored in.

A head tax subsidy at Moruya and other regional airports will also help marginal routes to grow and survive.

One model for a subsidy would be:

- Subsidy payable for routes with less than 40,000 Pax and is graduated e.g. first 20,000 passengers get highest subsidy
- Could be payable on total passengers or based on an increase versus the average of the last 3 years
- Subsidy to be based on the lowest head tax charged in NSW
- Airports cannot increase their head tax without reference to independent body
- Affects about 15 airports in NSW
- Subsidy is split 50 / 50 between airport and airline
- Should cost the NSW Government less than \$5,000,000 per year

2. Can you provide an overview of the capacity and size of Moruya Airport, frequency of services and average passenger numbers each year?

Passenger numbers to Moruya have averaged just over 18,000 for each of the last four years.

The route is triangulated with Merimbula and there are three return services a day. Two travel direct to Sydney (having come from Merimbula) and one goes via Merimbula and on to Sydney.

Merimbula has around 32,000 passengers so the entire route carries around 50,000 passengers per year.

Moruya Airport has no real capacity constraints in terms on passenger plane frequency but if larger planes are to be accommodated, an increase in the terminal size would be required.

3. Can you explain to the committee how the landing fees levied by the council are calculated and what is included in those fees? Can you expand on how increases to these fees are planned and implemented?

Landing fees (head tax) for passenger services are charged on a per passenger basis and are the only charge to the airline for using Moruya Airport.

The charges have remained broadly unchanged for some years. They have not even been indexed for CPI because of the importance Council attaches to the passenger service and the strong negotiating position the airline adopts.

Questions taken on Notice

How much of the land around the runways and terminal does Council own?

Council owns all the land in the immediate vicinity of the airport including 14 hectares which has the potential to be opened up for development and a 12 hectare primitive camping ground.

What is the overall cost of operation?

Total Airport expenditure is \$516,000 with net cost to Council after revenues received of \$227,000.

Do we fund and consider the airport as a community service obligation?

The airport is funded from general funds although it is regarded as a vital service to the community.