

# THE FUTURE OF AUSTRALIA'S AVIATION SECTOR – ALBURY AIRPORT

## Purpose of Report

To provide responses to policy options under consideration as part of the future of Australian aviation.

## Background

Situated on the border of New South Wales and Victoria, Albury/Wodonga, combined form one of the largest regional cities in Australia. Servicing a broader regional catchment area of 195,000 people. Albury/Wodonga has seen strong growth in business, tourism and utilisation as an emergency services hub for both Victoria and New South Wales. The recent impacts of 19/20 Bushfires and COVID-19 Pandemic have had significant impacts on the community and wider region in particular social, economic and health.

Albury Airport (ABX) is located on the east side of Albury and approximately 700 meters from the Victorian border and less than 10 minutes by vehicle from the Hume Highway. The airport is approximately 106.9 h<sup>2</sup> and services a range of aviation industries including dedicated aerial firefighting support during annual fire seasons, aeromedical and Regular Public Transport (RPT). Other aviation industries serviced are charter, flight procedures and flight training.

## Maintaining essential air connectivity

During a crisis airlines reduce to core hubs as a result this significantly impacted air travel, which was further exacerbated by border closures both at interstate and international levels. Both the Domestic Airlines Network Support and Domestic Airline Network Support provided a level of operational protection for air connectivity and ensured a minimum level of Regular Public Transport (RPT) was maintained during the crisis. This has highlighted that the Commonwealth Government cannot scale back any support without severe repercussion to the aviation industry in particular to the service providers. **Recommendation.** Consideration be given to support both airlines and airports as the primary service providers for RPT. Other regulatory aviation bodies that do not directly transact services between the consumer and service providers could employ a scale back in operational commitments thereby minimising the level of support required by Government.

## Preserving critical aviation capacity

There are fixed overhead costs such as essential utilities use and maintenance to ensure critical aviation activities are not impacted. Industries that are deemed critical will require a level of air travel, for example the transport of body organs between hospitals especially regional hospitals.

Critical components of the aviation sector that need support during a crisis are the primary service providers being both airport and airlines. Without support to these assets there will be a significant reduction in the level of aviation capability provision. **Recommendation.** Consideration be given to support both airlines and airports as the primary critical components of the aviation sector.

## Targeted assistance – Funding of regional airports

The current Government grants provide a degree of support to regional airports. Most regional airports rely on RPT throughput and the natural cessation of RPT throughput as a result of COVID-19 have

significantly impacted the operational and business of running an airport. **Recommendation.** Federal grant funding opportunities often came with constraining eligibility requirements that were not reflective of the current and long term impacts felt by airports, therefore this resulted in the hardest hit airports unable to apply for assistance. Future grant opportunities must be open to all regional airports regardless of size or historical throughput.

### **Great local decision making – Local government owned aerodromes**

Local governments choose to operate their airports as a means to service and connect their communities and wider region. In the time of crisis most non-seaboard regional communities only have an airport as a means of a primary transportation port to enable connectivity. Regulatory requirements for these airports are a heavy burden and cost a significant amount and does not translate to a break even recovery. **Recommendation.** Local government owned aerodromes are supported by Commonwealth assets such as Defence personnel to provide services such as security screening to reduce significant financial losses.

### **Targeted assistance – Sustainable funding for Australian aviation services**

Operating an airline is a complex business especially the need to comply with regulatory requirements, maintenance schedules, customer demands and Government feed and charges. These high operating costs deter airlines from establishing connectivity between regional airports or routes to other capital city ports. States also have the capacity to provide a level of relief to the aviation industry and it is encouraged the Federal Government recommend to the States and Territories to subsidise those charges that cannot be avoided. **Recommendation.** Commonwealth associated Airline fees and charges are reduced in turn for a commitment to increase connectivity for regional airports.

### **Principle recommendation.**

Consideration be given to support both airlines and airports, in first instance, as the primary service providers for RPT and critical services.

### **Conclusion**

The Government's support during the COVID-19 pandemic has been suitable with only minor adjustments recommended particularly around the focus of support. The future of aviation will naturally be stimulated by the consumers need to get to a point faster than land travel, the opportunity is to revisit some of the heavy regulations that significantly impacts both an airline and airports operating expenses is a welcomed change to assist in accelerating the recovery and enable future innovation within the industry.