



Ref:

10 July 2014

Madeleine Foley
Committee Director

Via email: state.development@parliament.nsw.gov.au

Dear Ms Foley

Standing Committee On State Development - Inquiry Into Regional Aviation Services

Reference is made to your electronic mail of 20 June 2014 and request for post hearing responses following Bega Valley Shire Council appearance before the Standing Committee on State Development and the Inquiry into Regional Aviation Services.

For your information and Committee consideration please find attached combined response from the Mayor, General Manager and Group Manager Infrastructure Waste and Water:

- Response to Questions on Notice (*yellow highlight from transcript of hearing*)
- Response to Supplementary question
- Completed Witnesses questionnaires
- Correction to Page 3 of the transcript

I trust the above is in order and I again thank the Committee for the opportunity to present, Bega Valley Shire Council's views on the future development of Regional Aviation in NSW.

Yours faithfully

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Leanne Barnes
General Manager

Questions on Notice taken during the hearing (yellow-highlighted in the transcript)

Question 1

CHAIR: How do you propose to encourage that to happen, given that you currently have a total of 55,000? Quite a big growth is required.

Mr TAYLOR: Apart from the natural growth that will occur from the developments that are occurring and the ageing population, I go back to the fact that the hospital is a critical thing for people wanting to move to this area. Tourism promotion is the real key driver for expanding usage of our airport but then we run into the problem of the air services being aimed at tourism promotion, but that is what we are working on and I think in September this year we are developing a major forum for the development of tourism in this area. That is just one aspect of what we are doing. Ms Barnes might talk about coastal wilderness and various other things, tying in with the commitment by Carnival Cruises to use Eden port as one of its major stopover ports on the East coast of Australia.

Ms BARNES: Yes, Mr Chair, we see great potential to look at opening up a triangulation, either through Eden, Merimbula, Canberra, Sydney or Canberra-Melbourne linked to the cruise, so you can hop off your cruise ship, hop on your cruise ship, fly; you can see Australia's capital, you can see the high country, wilderness, and you can see Australia's coastal wilderness, so it has great sales potential. Linked into that, we are looking at bringing together Canberra airport, Carnival Cruises, other cruise liners and ourselves to try to really grow that. We are hoping that in the early days that will be subsidised potentially by the cruise industry and others so that we can get the numbers up and we can look at that with that support, growing those other pathways, which will bring with it broader opportunities as well.

Mr SARTORI: Council did have Dr Webber do a route feasibility on the Merimbula, the Merimbula-Sydney and the Merimbula-Melbourne route. His investigation indicated that the route potential was 150,000 passengers within 10 years. That was the medium forecast. There was a high-growth forecast and a low-growth forecast. To realise that, clearly there is going to have to be a partnership between the airline, council and the regulatory authorities and council is looking to explore those partnerships in order to realise that potential.

CHAIR: Is that document a public document?

Mr SARTORI: It was a document prepared for council. I would have to confirm whether it was confidential or not.

CHAIR: But you might take that question on notice? I think the Committee would like that to have a look at that report.

Mr SARTORI: Sure. It formed part of the background information in formulating council's master plan for the airport.

Response to Question on Notice

I am able to confirm that the document titled “Merimbula Airport demand, Route Profitability and Airport Charges” by Webber Quantitative Consulting was prepared as research data for the Merimbula Airport master plan process and not for public presentation. However within the context of the question being asked the following extract from the Merimbula Airport Master Plan is provided.

In 1985 there were approximately 36,000 passengers per annum, dropping to approximately 24,000 in 2002. In 2003, Regional Express (Rex) began operating to Merimbula. From this time passenger numbers grew to 66,000 in 2007 which equated to an annual average growth rate of approximately 25% over this 5 year period. Since 2007 passenger numbers have been falling. In 2011 there were approximately 51,000 passengers per annum. The decline in passenger numbers has however started to slow.

Limited information is available for historical aircraft movement numbers at Merimbula Airport. It is estimated that in the last 12 months there were approximately 9,000 total movements including both RPT and General Aviation (GA) aircraft.

Passenger traffic has been forecast to provide a basis for future infrastructure requirements. Based on a number of potential drivers, three overall growth scenarios have been developed and are shown in Chart I.

Projections of annual aircraft movements have also been developed by segmenting aviation activity into the principal component sectors, each of which having different drivers and prospects for growth at Merimbula Airport. These forecast movements to 2033 are shown in Chart II.

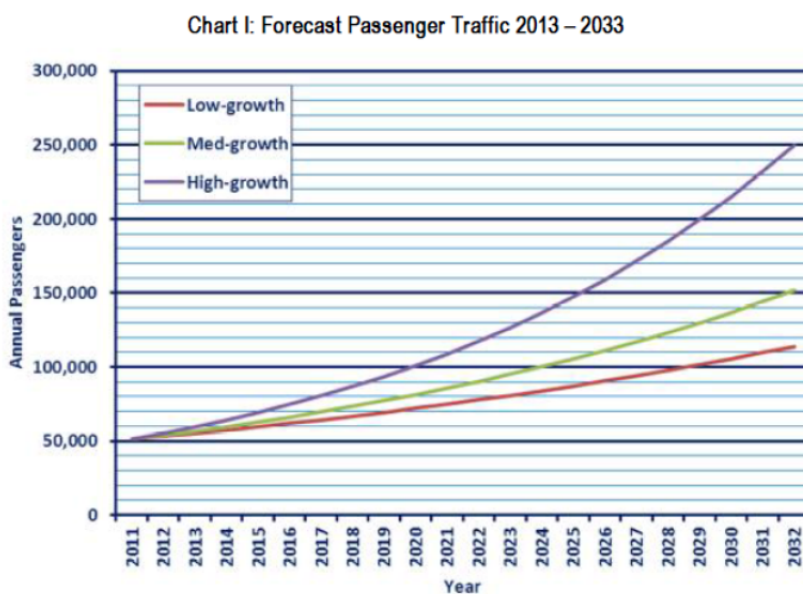
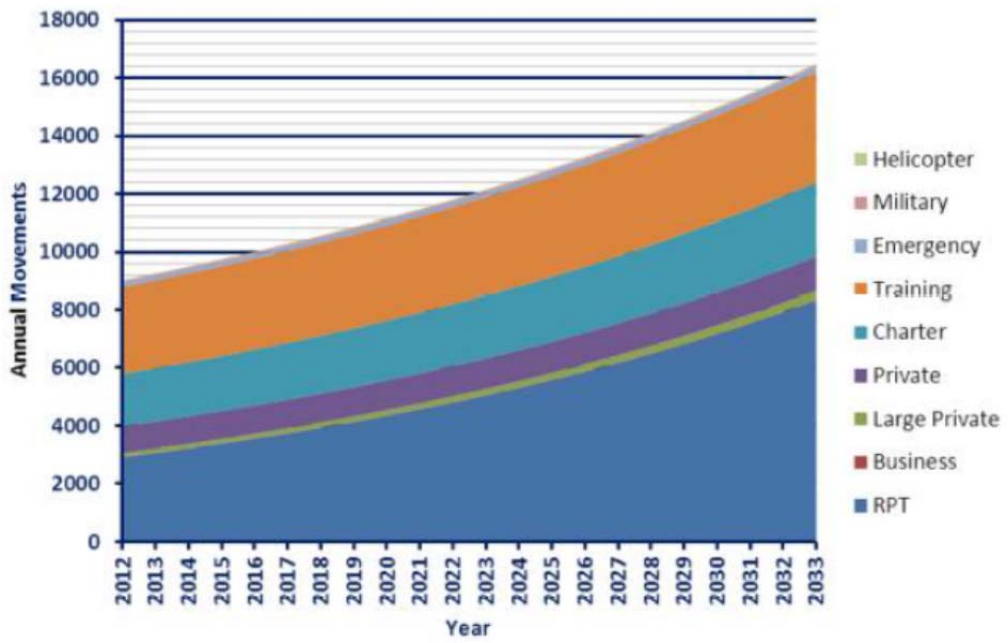


Chart II: Forecast Aircraft Movements 2011 – 2013



Question 2

The Hon. PAUL GREEN: *How do you plan long-term recovery of finances to look after the maintenance of the airport long-term?*

Mr SARTORI: *At this stage it has been through loan borrowings and use of the Local Infrastructure Renewal Scheme [LIRS] funding from the State Government. Going forward we were hoping to grow our passenger numbers in order to make some contributions towards an asset reserve that allows us to expand. We know in terms of our passenger numbers that the leisure market is our strongest market. The coastal ports up and down the New South Wales coast have a proportion of their passenger numbers in the order of 15 to 20 per cent would be the leisure market. Out of Merimbula it is less than 1.5 per cent. There is huge potential for us to grow through the leisure market.*

The Hon. PAUL GREEN: *When you talk about funding out of loan borrowings what sort of figure are you talking about?*

Mr SARTORI: *I would have to take that on notice in terms of how our finance manager is funding it, but the recent development, the \$6 million renewal of our runway, taxiway and aprons was funded using the LIRS borrowings.*

Response to Question on Notice

I am able to confirm that the recent runway renewal including taxiway, apron and runway edge lights was completed for cost of approximately \$6MIL was funded through the State Government Local Infrastructure Renewal Scheme (LIRS) which is essentially a subsidised loan borrowing program. Repayments are being met from general rate revenues and Special Rate Variation.

Ongoing development of the airport as forecast in the Merimbula Airport Master Plan (approx. \$30MIL to 2033) is currently unfunded and based on Council's long term financial plan would require additional loan borrowings. As the operation of the airport and estimated revenues is considered to be marginal to slightly negative, additional funding will be required either through passenger growth and/or government grants.