

**STANDING COMMITTEE ON STATE DEVELOPMENT  
INQUIRY INTO REGIONAL AVIATION SERVICES**

**Supplementary questions: Bega Valley Shire Council**

*Answers are to be returned to the Committee secretariat by Friday 11 July 2014.*

1. It is noted (page 4) by council in its submission that the 50,000 passenger licence limit entrenches airline monopolies.

Does council support the deregulation of intrastate airport services?

The question of deregulated air routes in NSW has been a difficult proposition for a number of years as it is seen as an important pillar for marginal, particularly rural regional ports. The regulated monopoly protects the ports passenger market and thereby gives some surety to the airline operator business. The benefits claimed are that it is better to have one marginal carrier than more than one failing carrier even if it does bring short term competition.

While I do appreciate there is some merit in the argument it would appear that history has continued to show a decline in regional/ rural serviced ports, increasing air fares and reducing passenger numbers and services. So, despite the best intentions, regulating routes has by my observations been unsuccessful in all but delaying the inevitable rationalisation the number of NSW airports.

The risk with any deregulation is the difficult transition or even collapse of regional aviation as there is no alternative to the single airline operator currently in place. So while regulated routes are an in posse to potential growing ports such as Merimbula it does represent a life line to struggling or declining ports.

Therefore, unless the commercial and regulatory barriers to new entrants are significantly reduced and/or grant subsidy programs provided to airports then it is unlikely that deregulation of NSW air routes will overall produce a good social or community benefit across the state.