



21 May 2019

Mr Michael McMahon
Chief Executive Officer
Dubbo Regional Council

Sent by e-mail: council@dubbo.nsw.gov.au

Rex Submission – Draft Revenue Policy 2019/2020 Dubbo City Regional Airport

Dear Mr McMahon,

Regional Express (Rex) strongly opposes the **13%** proposed increase to the Dubbo City Regional Airport (DCRA) passenger tax from \$14.90 to \$16.89 (incl. GST), as outlined in councils 2019/2020 draft revenue policy.

In the most recent financial year ended 30 June 2018, DCRA reported airport income from user charges of \$3.952M and other income \$136K, a total of \$4.088M. In the same year ended 30 June 2018 council received some \$10M in Government grants and contributions for capital purposes.

Since 2002 when Rex first commenced operations, the revenue at DCRA has increased from less than \$1M per year to more than \$4M per year. The increased airport revenue has been derived by increases in charges, significant passenger growth and in recent years additional new revenue has been generated by airlines providing additional services to new destinations such as Brisbane, Melbourne, Newcastle and Canberra.

It is outrageous that an annual income of some \$4M is not sufficient for council to manage the airport and that a further 13% passenger head tax increase is being proposed. One can only fully appreciate the extent of council's greed by looking at the airport head tax / user charges revenue at airports in proximity to Dubbo:

Airport	Annual Head Tax Revenue (approx.)
Parkes	\$300K
Bathurst	\$300K
Broken Hill	\$600K
Griffith	\$600K
Orange	\$1.2M
Armidale	\$1.3M

Council's justification of the increase *"to assist to meeting increased operational expenditure and contributing to DCRA future capital works program focused on supporting on current RPT demands and future growth"* is unsatisfactory and Council needs to justify why \$4M of annual revenue is not sufficient to operate a regional airport when other airports seem to be doing very well with revenue 1/10 to 1/3 of DCRA.



Furthermore, Rex opposes council's statement that *"financial modelling on Council's fees and charges and specific RPT related capital works program suggests that future increases to passengers will be moderate"*. Council needs to be transparent about the about the RPT related capital works program and this program should be determined by the principle airport users. ie Rex and QantasLink.

In relation to airport security screening, Rex maintains its longstanding opposition to airport screening charges being imposed on airlines, such as Rex, that operate aircraft that are not legally required to be screened under the Federal Government's security screening regulations.

With regards to the proposed change in which security charges are levied to airlines, (currently security costs are allocated to airlines by % of seats and proposed is a flat \$6.60 fee per arriving and departing passenger) Rex makes the following points;

1. In 2017/18 Rex paid \$5.32 (incl. GST) per arriving and departing passenger for security screening (a total of \$351K) and in 2018/19 YTD until March 2019 Rex has paid \$5.40 per arriving and departing passenger for security screening. Council needs to justify the proposed \$6.60 fee which is \$1.10 more than what Rex has been paying on average.
2. Rex believes that council is being disingenuous in saying that it will cover any additional operating costs associated with security if it is collecting an additional \$1.10 per arriving departing passenger, as this will be very healthy buffer of some \$200K per year. Any shortfall can always be recovered the following FY if needed.
3. Whatever the per passenger security fee is deemed to be, there should be an annual security cost recovery reconciliation whereby any over-recovery is rebated back to the airlines or any under-recovery is charged back to the airlines. This annual reconciliation process is common practice at many airports.

Regional Express (Rex) looks forward to receiving a detailed response from Dubbo Regional Council to the matters raised within this submission.

We hope that Rex's submission is appropriately considered by Dubbo Regional Council and that the Draft Revenue Policy 2019/2020 for Dubbo City Regional Airport has not been delivered to airport users as a "take-it-or-leave-it" offer.

Yours Sincerely,

Warrick Lodge
Manager, Network Strategy & Sales
Regional Express (Rex)



Copy *Productivity Commission, Economic Regulation of Airport Services*
Dugald Saunders, NSW State Member for Dubbo
Michael McCormack MP, Minister for Infrastructure, Transport and Regional Development
Anthony Albanese MP, Shadow Minister for Infrastructure, Transport, Cities and Regional Development
Dr Stephen Kennedy PSM, Secretary, Department of Infrastructure, Regional Development and Cities
Graeme Samuel, Chairman Airlines for Australia and New Zealand (A4ANZ)
QantasLink
Fly Corporate
Fly Pelican

