

# Airline creates turbulence

## Council urged to step aside from airport management



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A REGIONAL airline giant yesterday called on Grant District Council to step aside from managing the Mount Gambier Airport if it did not stop using the aviation facility as a "cash cow".

Regional Express - the only commercial passenger carrier servicing Mount Gambier - has released a scathing open letter regarding the council's airport passenger head tax.

The hard-hitting letter follows anger spilling over at a key Mount Gambier business meeting last week regarding the cost of Rex flights and the impact on the South East community.

The letter - which threatens to fuel tensions between the two bodies - also accused council of "price gouging practices".

But council yesterday stood by its management of the major regional airport, saying it would respond to the allegations in "due course".

Council charges \$10.45 one-way for adults flying in

and out of the airport to fund the airport's operation and infrastructure.

The facility was named the best rural airport in Australia just three years ago and now has a runway that can carry business jets, as well as larger commercial and freight planes.

Rex claimed it would match a two dollar cut for every dollar reduction in head tax in fares.

"If the local council is serious about looking after the welfare of its constituents, it should stop treating the airport like a cash cow and return the excess revenue to the passengers," a Rex spokesperson said.

"As everyone is aware, these are extremely perilous times for all airlines, including for Rex."

However, the spokesperson said Rex was willing to take a leap of faith and invest in the region.

"We urge the council to rise to our challenge or step aside to let others run the show," the carrier said.

The spokesperson claimed council pushed up the airport head tax in September 2010 by 46pc despite a warning from the airline.

"Very sadly the district coun-

cil did not heed our warning and their actions resulted in a 30pc drop in annual passengers as well as a 15pc reduction in Rex flight frequency and capacity," the company said.

Regarding the community outcry over airfares, the spokesperson said it was "too easy" to sensationalise the issue using restrictive promotional prices.

The spokesperson said the standard entry level fare was 5pc lower on a per kilometre basis on the Mount Gambier to Adelaide route compared with the Port Lincoln route.

"This is despite the Mount Gambier Airport head tax, levied by the district council, being more than 20pc above the rate imposed by Port Lincoln airport," Rex stated.

"The Mount Gambier Airport takes in \$840,000 a year when it needs less than \$400,000 to run the airport in a professional and sustainable manner."

Meanwhile, Regional Aviation of Australia chief executive officer Paul Tyrrell - who did not want to be drawn into commenting over the Regional Express and Grant District Council issue - said generally regional airlines

were operating in a difficult climate.

He said the carbon tax, along with a string of charges such as security, air-traffic control and en route levies, were hurting regional airlines.

"Any airline, which is surviving, is doing a good job at the moment," Mr Tyrrell said.

Conceding Rex was a member of the association, he said the carbon tax had been a significant impost on regional carriers.

"On the first day of the carbon tax it was enacted on aviation fuels, while trucks and buses received a two-year holiday," Mr Tyrrell said.

Explaining airlines faced significant costs, he revealed a new regional airline passenger craft cost between \$5m and \$30m to purchase new.

He said that money was extracted from fares over a 20-year period.

Mr Tyrrell said regional airfares were higher on some routes because they had less passenger numbers flowing through airports.

He said regional carriers had "very good cost control".

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