

Friday, 21st November 2025

Dr Emma Banyer
Principal Research Officer
Rural and Regional Affairs and Transport

Re: Witness Statement to the Senate Rural and Regional Affairs and Transport References Committee

INQUIRY INTO AUSTRALIA'S AVIATION SECTOR – REGIONAL SERVICE

DELIVERY PRESENTED BY:

- *Phil Stone, General Manager Strategy & Growth, Mildura Rural City Council*
- *Andrew Elliott, Chief Executive Officer, Mildura Airport Pty Ltd*

INTRODUCTION

My name is Phil Stone, General Manager Strategy & Growth at Mildura Rural City Council, and I am joined by Andrew Elliott, Chief Executive Officer of Mildura Airport Pty Ltd. Together, we represent Mildura Rural City Council as the sole shareholder of Mildura Airport Pty Ltd and the operational leadership of the airport. Mildura Airport is a critical regional aviation hub serving north-west Victoria and parts of South Australia and New South Wales. It is a lifeline for our community, underpinning economic activity, health access, education, and social connectivity.

IMPACT OF QANTAS BASE CLOSURE

On Wednesday, 1 October 2025, Qantas announced the closure of its regional crew bases in Mildura, Canberra and Hobart, effective in 2026. The decision impacts approximately 70 pilots and cabin crew across the country and diminishes aviation employment in Mildura. Although Qantas has stated that flight schedules will remain unchanged, the closure weakens regional connections, reduces local economic activity and indicates a shift toward centralisation.

COMMUNITY CONFIDENCE

Reliable and affordable air services are fundamental to community trust and economic stability. Uncertainty - whether from airline decisions, fare volatility or lack of government support, creates hesitation for businesses and residents, discouraging investment and increasing social isolation. Mildura Airport is not just a transport hub; it is a critical emergency diversion airport and a gateway for essential services for a tri-state region. When confidence in air connectivity erodes, the entire regional economy suffers.

REGIONAL ISOLATION AND LACK OF ALTERNATIVE TRANSPORT

Unlike other major regional centres in Victoria such as Wodonga, Traralgon, Geelong, Ballarat and Bendigo, Mildura has no rail connection to Melbourne or Adelaide. Road travel requires approximately six hours to Melbourne and four hours to Adelaide. For our community, aviation is not a convenience; it is essential infrastructure. Without reliable and affordable air services, Mildura faces significant barriers to economic growth and equitable access to essential resources.

FINANCIAL SUSTAINABILITY AND RATEPAYER BURDEN

- Mildura Airport operates as a commercial entity but cannot achieve full cost recovery under current conditions. Key figures from the 2024–25 financial year illustrate this challenge: Total Revenue: \$7,451,394
- Aviation Income: \$4,598,277 (62% of revenue)
- Car Parking: \$694,021
- Café Sales: \$816,052
- Rental & Lease Fees: \$680,601
- Total Expenses: \$7,839,528
- Net Operating Result: Loss of \$388,134
- Borrowings: \$7,559,481 (primarily for infrastructure renewal)

Despite strong governance and cost control, Mildura Airport recorded an operating loss and carries significant debt for capital works. With no Victorian Government operational subsidy, ratepayers ultimately absorb these financial risks, funding shortfalls and guaranteeing borrowings for essential infrastructure. This is inequitable compared to states such as Western Australia and Queensland, which provide direct support for regional air services.

AIRFARE AFFORDABILITY AND COMMUNITY IMPACT

Airfare costs remain a major barrier for Mildura residents and businesses:

- Mildura–Melbourne: \$159–\$190 one-way (Qantas and Rex)
- Mildura–Sydney: \$180–\$340 one-way; Rex fares often exceed \$900 return during peak periods

Regional fares are, on average, 52% higher per kilometre than metropolitan routes, limiting access for health appointments, education and business travel. High costs erode community confidence and discourage tourism and investment.

RECOMMENDATIONS

To ensure sustainable regional air connectivity, we urge the Committee to recommend:

1. State-Level Operational Support for isolated airports in Victoria, similar to Western Australia and Queensland models. Shared funding for compliance costs (security screening, CASA obligations) and major infrastructure renewal.
2. Fare Subsidy or Minimum Service Guarantees to address affordability and equity for regional communities.
3. Policy Frameworks to Protect Regional Aviation Jobs, preventing further erosion of local capability.

CLOSING

Mildura Airport is not just an airport - it is a lifeline for our region. Without sustainable funding and policy support, connectivity and regional growth are at risk. We ask the Committee to recognise the unique challenges faced by council-owned airports and to advocate for a fairer, more resilient framework for regional aviation.

Andrew Elliott
Chief Executive Officer
Mildura Airport

Phil Stone
General Manager Strategy & Growth
Mildura Rural City Council