



Submission to the Australian Senate Rural and Regional Affairs and Transport Committee

From: Flinders Council, Furneaux Group (Tasmania)

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Executive Summary

Flinders Council is the smallest Tasmanian council by population yet encompasses more than 50 islands across a vast maritime municipality. It has a small rate base and high-cost, compliance-intensive infrastructure. This is especially manifested at Council's Whitemark Airport where core services depend heavily on Commonwealth funding. We welcome the Committee's focus on the financial sustainability of regional and remote councils and submit the following, practical recommendations.

Key points:

- Grants make up a large percentage of our annual budget (FY2024–25 budget \$7.5m: rates \$2.9m; user charges \$1.3m; operating grants approximately \$2.6m).
- The airport is critical lifeline infrastructure for community transport, health (Rural Flying Doctors Service -RFDS), Bass Strait Search and Rescue (SAR), fire-fighting aircraft, freight, tourism and economic development. It is also routinely incorporated into Defense Department activities. Lighting and electrical systems are non-compliant and unreliable; a \$3.0m electrical upgrade has recently been obtained to address this issue. Runway grading/pavement upgrades are preliminarily costed at approximately \$17 to \$27m.
- Recent airport trading figures (illustrative) show income of about \$0.97m against operating costs of approx. \$1.46m (including about \$0.615m depreciation).
- Cost shifting, unfunded mandates and co-funding requirements disproportionately burden very small, remote councils.

Recommendations

- Restore the value of Financial Assistance Grants (FAGs) and introduce a tiered distribution model that recognises remoteness, service load and fiscal capacity; index grants appropriately and keep them largely untied.

- Create a dedicated Remote and Island Infrastructure stream with 100% (or minimal) co-contribution for safety-critical works (airports, waste, water, roads) and provide contingency for departmental delays and cost escalation.
- Fund Whitemark Airport's urgent runway reengineering and pavement strengthening (preliminary estimate between \$17m and \$25m).
- Allow regulatory flexibility on depreciation for fully grant-funded, strategic assets or provide offsetting operating support.
- Streamline grant programs (earlier guidelines, longer application/assessment windows, simple acquittals) and provide targeted technical assistance for micro-councils (e.g., shared grant writer pool, allowance for project management and cost increases over the course of a grant application process – application to work commencement).
- Address national-scale cost pressures falling on councils—especially climate resilience and insurance—through dedicated Commonwealth programs that include small councils by design.

Alignment with Terms of Reference

1) Costs, fees, levies, taxes and charges that are core components to the pricing of airfares and associated services

- Whitemark Airport's 2024/25 fees and charges (e.g., MTOW-based landing charges, passenger levies, after-hours fees) are already calibrated at affordability limits for providers and passengers. Nevertheless, the airport records material deficits, indicating limited capacity to recover costs through pricing alone.

2) Qantas decision (1 Oct 2025) on regional base closures

- Noting the ToR item, Flinders Council has not provided specific local evidence regarding airline staffing base closures. However, as a remote island community dependent on a single aerodrome, any consolidation by major carriers underscores the need for reliable, affordable regional services and resilient airport infrastructure.

3) Disparities of costs across rural, regional and remote airports and the basis for the disparities

- Isolation, small population (~980), and maritime logistics increase unit costs for compliance and capital works. Required investments include ~\$3.0m for lighting/electrical renewal and a preliminary ~\$17m for runway re-engineering/strengthening—orders of magnitude larger on a per-capita basis than for mainland airports.

4) Mechanisms for recovering federally mandated security and regulatory costs; merits of a uniform levy

- CASA compliance demands (lighting luminance, electrical safety, training, reporting) impose significant, largely unrecoverable costs on a micro-council. Council evidence shows that further fee increases would jeopardise airline viability, supporting consideration of alternative national mechanisms (e.g., a uniform levy) to fund mandated costs.

5) Competitiveness of the aviation sector and implications of service reduction/withdrawal

- Runway pavement limits preclude larger, more efficient aircraft, constraining competition and route development (e.g., 70–80-seat aircraft). Unfunded safety upgrades risk service reductions, with direct consequences for RFDS, SAR, Defense training, Emergency Response, freight and tourism.

6) Adequacy of government fees/levies to equitably address federally imposed costs

- Local rates barely cover staffing; grants form ~50% of Council's budget and are not indexed. This evidences a structural mismatch between federally imposed obligations and available funding, especially for remote island councils.

7) Effectiveness of government processes to identify and quantify capital/ongoing compliance costs

- Prolonged grant timelines, project pre-grant application preparation costs, guideline delays and project management expertise and expenses cause cost escalations without compensatory mechanisms. There is no standardised tool capturing the disproportionate per-capita burden of compliance for micro-airports.

8) Policy and practical measures to assist aviation services to rural/remote communities

- Proposed measures include: (i) tiered FAGs with indexation; (ii) a 100%-funded Remote and Island Aviation Infrastructure Program for safety-critical works; (iii) depreciation flexibility for grant-funded assets; (iv) streamlined grants with technical assistance for micro-councils.

9) Review of government responses to previous inquiries and status of actions

- Persistent under-resourcing of small councils since the 1990s and continued cost-shifting indicate that key equity recommendations remain only partially implemented for remote island contexts.

10) Any other related matters

- Climate-driven insurance pressures and weather-related disruptions elevate operating risk; tourism growth potential is constrained until runway and lighting upgrades are delivered.

Depreciation of airport infrastructure remains a significant cost to the operation of an operational and strategic airport in context of a micro-Council.

Context and Evidence

Who we are

The Furneaux Group is defined by striking landscapes, deep history and strong community. Flinders Council's municipality spans from Rodondo Island (near Wilsons Promontory, Victoria) to Clarke Island, Tasmania. Population has grown from ~702 (2011) to ~980 today. We manage ~\$97m in assets across roads, community facilities and Whitemark Airport.

Financial snapshot (FY2024–25)

Total budget: \$7.5m (Rates \$2.9m; User fees and charges \$1.3m; Operating Grants ~\$2.6m). Employee costs are ~\$2.86m. Our general Financial Assistance Grant allocation is ~\$1.0m. The small rate base necessitates ongoing operating support.

Airport—essential lifeline and current challenges

Illustrative current-year airport trading position and cost structure:

| Measure | Amount (AUD) |
|--|--------------|
| Trading income (user fees, grants, rent) | \$974,100 |
| Operating expenses (incl. depreciation) | \$1,461,841 |
| Depreciation (of which runways ~\$514k) | \$615,000 |
| Operating deficit (accounting basis) | \$(487,741) |

Safety and compliance—current works and priorities

- Lighting and electrical performance below Part 139 Manual of Standards (MOS) minimums; urgent replacement/upgrade of primary circuits and aged switchboard (quoted ~\$3.0m).
- Very low resistance to earth and deteriorated cabling (some un-conducted), creating reliability risks for night operations (e.g., RFDS, Search and Rescue, Defence training).
- Runway 14/32 surface water pooling and transverse gradient non-compliance; engineering redesign required.
- Runway pavement strength limits regular operations by aircraft larger than a Metroliner MTOW 7,484(kg) passengers (19); preliminary strengthening estimate ~\$17m.
- Management and inspection framework in place (Accountable Manager, Airport Manager, Airport Operations Coordinator (ARC), Airport Reporting Officers (AROs) with routine serviceability inspections and reporting to maintain compliance.

Appendix A—Whitemark Airport 2024/25 Fees and Charges (extract)

| Item | 2024/25 (GST incl. where applicable) |
|---|--------------------------------------|
| Airport Fuel – AVGAS | POA |
| Airport Fuel – Jet A1 | POA |
| After-hours call-out fee | \$313.00 |
| Commercial flights (MTOW per tonne, incl. RFDS) | \$31.00 |
| Helicopters per landing (not paid on site) | \$61.00 |
| Helicopters per landing (paid on site) | \$21.00 |
| Private flights per engine/landing (not paid on site) | \$61.00 |
| Private flights per engine/landing (paid on site) | \$21.00 |
| ATO landings (MTOW per tonne) | \$14.00 |
| Ultralights per landing (not paid on site) | \$30.00 |
| Ultralights per landing (paid on site) | \$10.00 |
| Passenger tax ATO ≥7t (per leg) | \$20.00 |
| Passenger tax ATO (per leg) | \$18.00 |
| Aircraft Parking fees – no charge first 7days, thereafter flat rate \$10/week | \$10.00 |
| Terminal advertising—A3 frame (per month, incl. 1 A3) | \$79.00 |
| Terminal advertising—Off-island business DL brochure (12 months) | \$121.00 |
| Terminal advertising—Pull-up banner (per month) | \$61.00 |

Appendix B—Airport Works: Annual, Medium and Long-Term

Annual/Routine (examples):

- Serviceability inspections; wildlife hazard management; security integrity checks;
- Ongoing maintenance per Aerodrome Manual; weekly coordination between Airport Manager and AOO;
- Training currency and record-keeping for safety-critical roles.

CASA Compliance / Medium–Long Term (priority):

- Runway lighting and electrical renewal to meet Part 139 MOS luminance and reliability standards (quoted ~\$3.0m).
- Runway 14/32 surface re-grading and drainage to eliminate water pooling; re-engineering and pavement strengthening (preliminary ~\$17m).

Appendix C—Recent Airport Grants (last 10 years)

| Program / Purpose | Amount |
|--|-------------|
| Regional Aviation Access Program (various works) | \$937,739 |
| Runway upgrade (2021) | \$3,600,000 |
| Electrical Lighting Upgrade (2025) | \$3,000,000 |

Closing

Flinders Council appreciates the Committee's attention to the unique constraints facing very small, remote island communities. With targeted Commonwealth settings and timely investment in Whitemark Airport, we can maintain essential services, unlock safer and more efficient air access, and support sustainable growth that respects our island character.