

**5.1 CORPORATE SERVICES**

**5.1.2 Whyalla Airport Passenger Screening – Update**

**Special Council Meeting:** 4 April 2023

**Author’s Title:** Director Corporate Services **File No.:** 0-216  
**Directorate:** Corporate Services

**Annexures:**

‘A’ – copy of correspondence sent to both Qantas and Rex airlines

**Officer Direct or Indirect Conflict of Interest:**

*In accordance with Local Government Act 1999, Section 120*

Yes  No

**Status:**

*Information classified confidential under Section 90(2) of the Local Government Act*

Yes  No

**Reason –** Not applicable

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**RECOMMENDATION**

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Council orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate, Kristen Clark, Director City Infrastructure, Jade Ballantine; Director City Growth, Grant Jennings; Manager Finance, and Lisette Symons; Executive Co-Ordinator - Corporate for Agenda Item 5.1.2 – Whyalla Airport Passenger Screening - Update.

The Council considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Council will receive and consider a report containing commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council.

## **PURPOSE**

To update Council on matters associated with the ongoing funding of security screening services at the Whyalla Airport.

## **BACKGROUND / DISCUSSION**

By way of background information, on 27 February 2023 Council resolved to commence implementation of increasing the passenger levy for all departing passengers if funding for the provision of security screening services is not continued by the Federal Government.

Since then, Administration have corresponded and met with representatives from both Qantas and REX airlines, with the following representing a summary of discussions held. Refer Annexure A for a copy of the correspondence sent.

### Qantas – meeting held 28 March 2023

Qantas representatives indicated that they had anticipated Council would take this approach given the ceasing of funding from the Federal Government.

Qantas reinforced that they supported the continued security screening at Whyalla Airport and the security outcomes achieved. They reinforced that in the short term, there would be no changes to the flight schedule, and that this would be reviewed on an ongoing basis.

In the context of significant developments on Whyalla's doorstep and the probable flow on impact this will have on visitations to Whyalla, Qantas committed to engaging with Council prior to making any material changes to the flight schedule and service levels. This is particularly important to ensure the investment in Whyalla is supported by adequate passenger transport services.

### Rex – meeting held 29 March 2023

In contrast to the approach taken by Qantas, Rex airlines clearly indicated they did not support the implementation of a levy to fund security screening services and advised that should such a levy be introduced, the airline would withdraw services to Whyalla. In making this statement, key comments made by Rex include:

- Whyalla is already a marginal route, and any increase in costs will reduce demand and have an impact on viability.
- Any losses made on the Whyalla route cannot be absorbed across the Rex network and will have a meaningful impact on Rex overall.
- The introduction of security screening and the associated costs is a Qantas matter due to aircraft size. It should not be passed on to Rex.
- A workaround could be implemented, enabling only Qantas passengers to be screened.
- Other airports do not charge Rex passengers for screening. There is concern that if Whyalla introduces these charges, other airports will do the same.
- Rex will be holding a 'network' meeting in two weeks, at which time a decision regarding the Whyalla route may be made. Accordingly, further indication from Council as to its position is sought.

### Where to from here?

Salient points are:

- Any additional funding from the Federal Government will not materialise. Very clear statements from the Federal Government are that costs for security screening services are to be passed on to the airlines.
- The trigger for security screening at Whyalla airport relates to having passenger numbers above the threshold of approximately 30,000 and Qantas using aircraft carrying over 40 passengers.
- Rex airlines have strongly indicated they will withdraw from Whyalla if the levy is implemented.
- Both Qantas and Rex have indicated that they can upsize if one or the other withdrew services.
- Passenger numbers are slowly increasing following Covid and are anticipated to increase further as the renewable energies investments are realised.
- Should Qantas withdraw, therefore negating the need for security screening, the investment in the Whyalla airport will reduce in value and will also limit Whyalla's prospects of attracting larger aircraft and more visitations.
- Should the levy not be raised on Rex, the levy to be charged on Qantas exponentially increases (further information on the values will be provided during the meeting).

Given the position of Rex, Council's direction is sought as to its position before a second meeting being held with Rex, scheduled for Wednesday 5 April 2023.

## **RECOMMENDATION**

### **Council:**

- 1. Notes the report 'Whyalla Airport Passenger Screening – Update.**
- 2. Provides the following direction in terms of the implementation of increasing the passenger levy for all departing passengers.**
- 3. Having considered Agenda Item 5.1.2 – Whyalla Airport Passenger Screening – Update in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act, orders that this Report, any Annexures to this Report and the minutes pertaining to this report be kept confidential and not available for public inspection except insofar as is necessary to implement the Council decision until February 2028 (5-years), on the basis that it contains commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.**

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**10 March 2023**

**Mr W Lodge**  
**General Manager, Network Strategy and Sales**  
**Regional Express**

E: [warrick.lodge@rex.com.au](mailto:warrick.lodge@rex.com.au)

**Dear Warrick**

### **Security Screening Charges at Whyalla Airport**

At a meeting held on 27 February 2023, Whyalla City Council resolved to begin down the path of implementing a security screening levy for all passenger flights departing from Whyalla Airport. This levy is expected to be in the order of \$35 to \$40 per departing passenger. For your information, a copy of the report considered by Council when making this decision is provided at **Annexure "A"**.

Whyalla City Council has been a vocal advocate for the introduction of a Federal funding model for screening in all regional airports and has undertaken significant advocacy in relation to this matter. This has included sending numerous letters to, and holding numerous meetings with, a number of Senators and Federal Ministers, most notably the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Catherine King.

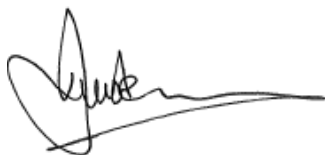
Council continues this advocacy effort, but the consistent message coming from the Federal Government is that funding will not extend past 30 June 2023. While Council's final decision to implement the security screening levy still needs to be made, the current course is unlikely to change unless further funding becomes available.

We understand that this decision impacts on your business model and we strongly encourage you to inform the Federal Government about these impacts.

It is encouraging that the Aviation White Paper will include consideration of equity in screening costs for regional passengers. However, any outcomes from this process are unlikely to be realised for a number of years and the current course of action is still required as an interim measure.

Michelle Armstrong will be in contact with your office shortly, to organise a meeting with you regarding this matter. I look forward to meeting as soon as practical to discuss the matter under reference.

**Yours faithfully**



**Justin Commons**  
**CHIEF EXECUTIVE OFFICER**

JC:IE107646



## 13.2 CORPORATE SERVICES

### 13.2.8 Whyalla Airport Passenger Screening – Update and Options

**Council Meeting:** 27 February 2023  
**Author's Title:** Director Corporate Services **File No.:** 0-216  
**Directorate:** Corporate Services

#### Annexures:

- A – Letter from the former Minister for Home Affairs
- B – Letter to the Hon Catherine King MP current Minister for Infrastructure, Transport, Regional Development and Local Government dated 15 August 2022
- C – Letter to the Hon Catherine King MP dated 26 September 2022
- D – Letter to the Hon Catherine King MP dated 21 October 2022
- E – Email from Assistant Director Policy and Programs Branch dated 28 October 2022
- F – Email from the Hon Catherine King MP dated 2 November 2022
- G – Letter from the Senior Assistant Secretary Policy, Partnerships and Capability Cyber and Infrastructure Security Centre, Department of Home Affairs dated 15 November 2022
- H – Letter to the Hon Catherine King dated 8 December 2022
- I – Correspondence to relevant Ministers and Members of Parliament (Federal and State), accompanied by letters of support from Whyalla Business Leaders
- J – Joint letter of advocacy from Lower Eyre Peninsula, Kangaroo Island and Whyalla Councils

#### Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,  
Section 120*

Yes

No

#### Status:

*Information classified confidential under  
Section 90(2) of the Local Government Act*

Yes

No

**Reason** – Not applicable

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#### PURPOSE

To update Council on approaches being taken to secure long-term funding from the Federal Government for the delivery of screening services at the Whyalla Airport and to present options for Council's early consideration.

#### SUMMARY

In March 2021, Council entered into an agreement with the Commonwealth Government to receive grant monies fully funding operating costs for security screening services at the Whyalla Airport. The original grant received, together with additional funding received in September 2021 and then November 2022 (as a result of lobbying efforts) under the Domestic Airports Security Costs Support and Regional Airport Security Infrastructure (RASI) programs is due to expire 30 June 2023.

The requirement to undertake security screening services at Whyalla Airport is mandated due to changes announced in 2018 to strengthen Australian aviation security screening. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements.



The current costs of providing screening services on an annual basis is equivalent to \$40 per departing passenger, which is not viable to be either passed on to passengers or funded by Whyalla ratepayers. Accordingly, a long-term funding model is required from the Commonwealth Government for these services to continue.

Despite Council's lobbying during 2022 and more recently over the past 6 weeks, the current position of the Commonwealth is that there are no plans for the ongoing/long-term funding of airport security screening services.

Whyalla's Airport is critical infrastructure that will underpin the State and nationally significant decarbonisation and renewables development occurring in the Whyalla region. It is therefore imperative that the Whyalla Airport be unrestricted in supporting this investment and commercial passenger movements. Accordingly, Council must:

- continue to lobby for short, medium and long-term funding of this critical service; and failing this,
- determine the steps to be taken to ensure the costs of screening services are not passed on to Whyalla ratepayers.

## **RECOMMENDATION**

### **Council:**

- 1. notes the report 'Whyalla Airport Passenger Screening – Update and Options' and the advocacy efforts undertaken to date seeking short, medium, and long-term funding solutions for the delivery of security screening services at the Whyalla Airport;**
- 2. continue lobbying on its own behalf to the Commonwealth Government for an extension of Regional Airport Security Infrastructure or other funding until such time as a long-term solution can be found;**
- 3. continue to participate in any collective lobbying undertaken by Council's facing similar issues;**
- 4. commence the implementation of option xxx if funding is not forthcoming; and**
- 5. requests an update report be presented on the advocacy outcomes achieved as well as implementation of option xxx if funding is not forthcoming to the March 2023 Council meeting.**

### 13.2.8 Whyalla Airport Passenger Screening – Update and Options

#### **REPORT**

#### **BACKGROUND**

Council appointed Sydney Night Patrol (SNP) to undertake screening services at Whyalla Airport commencing in October 2021.

The requirement to undertake security screening services at Whyalla Airport is mandated due to changes announced in 2018 to strengthen Australian aviation security screening. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements. Without security screening services, QANTAS will no longer be able to service Whyalla.

Council was previously successful in securing \$1.885m of funding under the Regional Airport Security Infrastructure (RASI) program operating stream to fund 100% of eligible screening costs. These monies, together with additional grant funding totalling \$1.116 million received under the Domestic Airports Security Costs Support Program and the RASI program mean that screening costs at the Whyalla Airport are fully funded until the end of June 2023.

The former Liberal Government committed to ensuring that funding streams would be available to provide continued financial support to regional airports while the Government considered long term support mechanisms and in January 2022 it was noted that the Department of Home Affairs in conjunction with the Department of Infrastructure, Transport, Regional Development and Communications had already commenced the work to develop options for ongoing support (**Annexure “A”**).

In November 2022, and after multiple correspondence being sent to relevant Ministers (**Annexures “B – E”**), Council received two further communications as follows:

- email from the Minister for Infrastructure, Transport, Regional Development and Local Government advising that no additional funding for screening services was made available as part of the March 2022 Budget and that as incoming Minister, she has accepted that decision (**Annexure “F”**).
- letter from the Senior Assistant Secretary Policy, Partnerships and Capability Cyber and Infrastructure Security Centre, Department of Home Affairs advising that he did not consider there is a sufficient justification to agree to an exemption for aviation security screening requirements for Whyalla Airport (**Annexure “G”**). This correspondence responded to a question from Council regarding the option of ceasing screening services but still allowing QANTAS services to and from the Airport.

Also, in November 2022, Council Administration commenced discussions with QANTAS regarding the impact of no ongoing funding for screening services, noting the impact being the cessation of screening services and as a result the cessation of QANTAS services to and from Whyalla.

During discussions, QANTAS reiterated their support for the security measures introduced by the Commonwealth and did not support a downgrading of the Whyalla Airport to a non-screening airport. QANTAS highlighted that a small number of other airports were required to introduce screening due to changes in the 'tiers' of airports and supports Whyalla Council lobbying to ensure ongoing funding is provided for these important security measures.

In December 2022, after noting the Government's position that no additional funding has been made available for security screening services, Council resolved to:

1. *continue lobbying on its own behalf to the Commonwealth Government for an extension of Regional Airport Security Infrastructure or other funding until such time as a long-term solution can be found;*
2. *continue to participate in any collective lobbying undertaken by councils facing similar issues;*

Council also requested an update report be presented on the advocacy outcomes achieved as well as options if funding is not forthcoming to the January or February 2023 Council meeting. This report provides an update and analysis of options available to Council should additional funding not be received.

## **DISCUSSION**

### **Advocacy Update**

The following is a summary of advocacy outcomes since December 2022:

- Letters forwarded to relevant Ministers and Members of Parliament (Federal and State), accompanied by letters of support from Whyalla business leaders (**Annexure "I"**)
- Joint letter of advocacy from Lower Eyre Peninsula, Kangaroo Island and Whyalla Councils (**Annexure "J"**)
- Meetings held with various Ministers and Members of Parliament as follows. In attendance at these meetings were former Mayor Stone, the Chief Executive Officer and the Director Corporate Services. At each meeting, Council highlighted the dire consequences to 13-14 regional airports following the Federal Government's decision to cease funding for screening services. Items raised included the importance of not passing the costs on to ratepayers; the high potential for increased costs per passenger making the route unviable for the airlines, regional travellers are facing a much bigger impost with the cessation of funding, and for Whyalla specifically, the significant investment in the region will be reliant on a well serviced airport. Council closed its comments by seeking a review of the decision to cease funding, and suggested the introduction of a National levy, which would be around \$1 per passenger.

Minister Catherine King: Meeting held 16 January 2023

Minister King highlighted she was cognisant of the impact on regional airports but that the decision had been made by the previous government to introduce the screening in the manner it had. There is no additional funding for operating costs, and that the operating costs need to be passed on to the travelling public. Minister King further commented:

- No work had been done by the previous Government on developing a long term funding model for screening costs.
- An aviation white paper is being developed, and she is happy to look at including discussion on the need to cross subsidise regional airports. This paper will be under development for the next 12 – 18 months.
- Suggested that the State Government could subsidise the cost of flights for passengers travelling for medical purposes as is the case in some other states.

In addition to discussing security screening funding, Minister King commented on the soon to be released Regional Precinct and Partnership Program and the Growing Regions Fund. It was clearly evident she was aware of the significant investment occurring in the Whyalla region and the need to transform the city in line with the investments. She encouraged Council to look very closely at these funding programs.

Minister Don Farrell: Meeting held 30 January 2023

Minister Farrell acknowledged the circumstances and the importance of maintaining the Whyalla Airport at an appropriate operational level. He advised that he would meet with Minister King the following day.

Minister Clare O'Neil

Council is currently seeking a meeting with Minister O'Neil and/or relevant Home Affairs personnel regarding security screening requirements. However, it is noted that the budget for screening has previously been held within Minister King's portfolio.

Senator Karen Grogan: Meeting held 9 February 2023

Senator Grogan advised that she had spoken with both Minister King and Minister O'Neill who reinforced that no additional funds were available and that an exemption from the requirements to screen passenger would not be forthcoming.

She was however confident that a long term funding solution would be found as part of the white paper discussions, and that in the short term, she would continue to look for funding opportunities.

Minister Tom Koutsantonis

Minister Koutsantonis indicated that this issue is a Federal Government matter, however, gave the undertaking to give Minister King a call.

- Meetings held with QANTAS and REX as follows:

REX: Meeting held on 24 January 2023

REX indicated that adding \$35 to the ticket price would make the route commercially unviable and would significantly impact the number of people flying. REX maintained that security screening does not apply to their planes as they have a seat number under the threshold set by Home Affairs.

QANTAS: Meeting held 14 February 2023

QANTAS again reinforced their support for security screening services, and also their commitment to continue operating from Whyalla Airport. QANTAS have committed to work with Council to identify strategies that will improve efficiencies and mitigate costs.

- Additional advocacy now to be implemented include seeking a meeting with Minister Catherine King, Minister Don Farrell and Senator Karen Grogan here in Whyalla with the view to presenting and demonstrating the critical importance of maintaining the Whyalla airport being serviced by both QANTAS and REX at viable price points.

Whilst advocacy will continue, it appears the probability of additional funding being secured (prior to any long-term funding model being canvassed and implemented in the Government's White Paper), is reducing. Accordingly, it is prudent that Council now considers the options available to address the current situation.

### Security Screening Costs

In parallel to advocating for a long-term funding solution, Council has worked with SNP on reducing screening costs under the contracted services. This work resulted in the implementation of a new cost structure that saves up to \$40,000 per month compared to previous costs. These savings were achieved through efficiencies delivered by changes to rostering and brought Council's costs to a comparable level with like airports, noting that there will always be natural variations based on factors such as location and flight schedule.

However, despite this significant saving, it is still expected that the cost of screening per departing passenger will be between \$35 and \$40. The spread of flights currently servicing the Whyalla airport does not accommodate costs being brought lower than this.

### Long Term Funding Solution

Whilst it is encouraging the development of an Aviation White Paper (as referenced during the Senate Estimates Committee session and in discussions with Minister King) will have discussion on security screening costs, the timeline for this paper is 18-24 months. This means that Whyalla Airport still needs a solution in the short to medium term, while a long-term solution is developed.

Research undertaken by another council indicates that based on pre-Covid figures, 61 million passengers fly domestically within Australia each year. Noting that the RASI funding provided operational funding for every airport in Australia for two years incurred a \$94.5m budget expenditure, an approximate nationwide network charge of \$0.75 per ticket would adequately cover screening costs across Australia. The \$35 - \$50 per ticket cost out of Whyalla, versus a \$0.75 per ticket levy nationally is a significant disparity and highlights the level of inequity regional ports are faced with. On the face of it, applying a nationwide network charge also highlights the simplicity a long-term funding solution could take. Even if some of the assumptions used in this calculation need to be adjusted, it is highly unlikely that this fee would need to be more than a few dollars.

### **Options if funding is not provided**

Should ongoing funding not be provided for security screening services, the following options are available to Council:

1. Cease screening services altogether.

This is a decision that Council can take, with the ultimate impact being that QANTAS will no longer be able to service the Whyalla Airport, as their airplanes are above the screening threshold. Home Affairs have made it clear that an exemption will not be granted and QANTAS are not in a position to use an alternate airplane below the screening threshold.

This will be a highly undesirable outcome for the city for several reasons. Firstly, the lack of competition means that REX will have a monopoly position, which is likely to put upward pressure on prices over time.

Secondly, the current issues being experienced in the airline industry, primarily with staffing, make it unlikely that REX would be able to increase their flight schedule to fully cover demand. This would mean that some people who need to fly would not be able to and would put further upward pressure on flight prices. This would limit the ability of the airport to grow passenger numbers, a key part of the airport operating in a sustainable manner.

Council was of the understanding that this would only be a short term option, based on REXs fleet coming to end of life and needing to be replaced with modern equivalents that would trigger the screening threshold. However, REX are adamant that their current fleet has many years left to operate, so this option could be considered longer term.

2. Increase the passenger levy for all flights – **preferred option**.

If Council was to charge both airlines a levy for the cost of screening, this would be in the order of \$35 - \$40 per departing passenger. This figure is subject to overall passenger numbers and reduces as overall passenger numbers increase. As outlined above, QANTAS have already indicated their willingness to enter conversations about a separate levy for screening. REX on the other hand have previously demonstrated their strong objection to this approach on the basis that their flights are not regulated to be screened, and that it has been an operational decision of the Council to screen all departing passengers. It is possible that Rex would launch legal action against this approach. Legal action would likely not succeed on basis of precedence, although this needs further research. The Department of Home Affairs have made it clear that airport operators do have the right to make this decision and have hinted that this implies the right to charge REX accordingly.

Both airlines have previously indicated that the Whyalla route is marginal and can't handle significant increases in price. It is hard to estimate how much of this is genuine and how much is part of their normal commercial negotiation strategy. The willingness of QANTAS to enter discussions on a charge for screening services suggests that there is some capacity for the route to bear additional costs. This is not to say that the extra charge won't influence demand in any way and Council would need to monitor and manage the impacts. If one of the airlines did pull out of the Whyalla route due to this change, there is currently no information on whether an alternate airline may be interested in filling the gap, e.g. Virgin.

This option is in line with the Federal Government's position that airline passengers should pay for the cost of screening. Until such time as the Federal Government move to implement a system of balancing these costs for metropolitan and regional passengers, Council could suggest to the airlines that they look to undertake some of this themselves. They could look to distribute these costs, and those of other small airports, through their network, so that those needing to fly to Whyalla are not unfairly disadvantaged by the high marginal costs of screening.

This option could be tweaked slightly, for instance by only charging corporate passengers for screening. However, any changes of this nature add additional complexity and mean that those that get charged will need to pay a higher amount.

Overall, this is the preferred option, as it provides an equitable outcome across the service providers and ensures that the cost of the airport remains user pays, which has been Council's position for several years.

If Council was able to achieve partial funding from another level of Government, this model would still work, it simply results in the cost charged per departing passenger being reduced.

3. Increase rates to cover the costs of screening.

The current cost of screening would require a rate increase of approximately 6.5% to fully fund. This would be on top of any existing rate increases already built into the Long Term Financial Plan, which are already under pressure due to the high level of CPI and Council's deficit position.

One of the issues with this model is that the cost to ratepayers would actually increase as the airport got busier, meaning that this impact would likely increase over the next few years.

4. Increase the passenger levy for QANTAS flights only and don't screen REX flights.

The impact of this option on the levy is hard to model, as there are significant unknowns around the ability/willingness of our screening service provider to run the service at this low level. The nature of screening means that 6 staff members need to be on shift when screening is being undertaken. There is a minimum amount of screening hours per week that need to occur for the contractor to be able to offer sufficient working hours to maintain their workforce. The cost per departing passenger could be as low as \$55, but could range all the way up to \$100.

Ultimately this would result in Council having a negative impact on the airlines servicing Whyalla operating on an even playing field. QANTAS would likely need to charge their passengers more, as they would be incurring costs that Rex would not.

5. Increase the passenger levy for QANTAS flights only but continue to screen REX flights.

This would result in the requirement to have a mix of options 3 and 4. QANTAS would pay the marginal cost of screening per departing passenger, currently \$35 to \$40, while the cost of screening Rex's passengers would be funded from a rate rise. Based on the long-term average of 58% of departing passengers using Rex, an additional rate increase of 3.5% would be required to fund this.

This model has most of the drawbacks of options 3 and 4 combined.

6. Consider delivering screening services in-house.

This option has not been investigated and would likely require substantial support and on-costs and be of greater risk. Once all costs were taken into account, it is unlikely that Council could deliver this for a rate lower than the contractor. The one advantage would be that staff could be skilled to undertake other Council tasks during the hours screening is not required. However, this in and of itself is a large issue to manage.

### **Financial Implications**

Currently Council's budget and Long-Term Financial Plan projections are based on screening services being 100% grant funded.

If at any time grant funding becomes unavailable, Council would need to consider one of the options above to ensure that screening can continue without impacting Council's financial position. To achieve this, Council would either need to cease screening to remove the cost, pass the costs fully on to passengers through the airlines, or implement an additional rate increase of 6.5% to offset the cost. This analysis can be seen above.

The impacts of these changes won't be incorporated into Council's budget and Long Term Financial Plan until an agreed course of action has been resolved.

### **Strategic Plan**

*Objective 1.1 – Unearth community pride within the city*

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

*Objective 3.2 – To connect and mobilise the community to work collectively to improve the lives of all community members*

Strategy 3.2.3 – Expand the visitor experience and stimulate investment through the development of new and diverse tourism

**Legislation – Nil**

**Officer Direct or Indirect Interest – Nil**



## **Risk Assessment**

Each of the option presented above have their own risks, which have been discussed. This is a complex, multi-faceted issue and no matter which option is selected, there will be challenges ahead. Council needs to make the decision based on what they think is best for the community, and then work through these challenges as they arise.

**Social Considerations – Nil**

**Community Engagement – Nil**

**Environmental Implications – Nil**

**Communication – Nil**

## **Conclusion**

Whyalla is the only master planned populace outside of metropolitan Adelaide and is the regional centrepiece of South Australia's confluence of mineral resources and first-class renewable energy resources making decarbonising more competitive here than in many other parts of the world. Whyalla is therefore of critical economic importance to Australia and the State of South Australia. It is the centrepiece of two regions that contribute a Gross Regional Product (GRP) of \$6.5B and a pipeline of investment value of over \$14B.

Whyalla and the Upper Spencer Gulf must sit competitively alongside Gladstone in Queensland, the Pilbara and Kwinana in Western Australia, Northern Tasmania and Portland in Victoria in the decarbonisation, minerals and energy arena and be open to exploration and visitation by our trading partners in China, Japan and Europe who are now investing in the development of our mineral resource and industrial technology capability.

Whyalla's airport is critical infrastructure to underpin this nationally significant decarbonisation and renewables development and it is imperative that it be unrestricted in supporting investment and commercial passenger movements.

Between planned private developments, the Hydrogen Jobs Plan and potentially significant developments in Port Bonython Hydrogen Hub and Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.

The above backdrop places a spotlight on the significance of the Commonwealth funding for the Whyalla Airport's operation and detriment to the community, the State and Australia if this funding ceases.

Despite the Councils' lobbying, the current position of the Commonwealth is that there are no plans for the ongoing/long-term funding of airport security screening services. Council must continue to lobby for short, medium and long-term funding of this critical service.



**THE HON KAREN ANDREWS MP  
MINISTER FOR HOME AFFAIRS**

Ref No: MC21-051833

Senator Rex Patrick  
Senator for South Australia  
Level 2, 31 Ebenezer Place  
ADELAIDE SA 5000

**Annexure "A"**

Dear Senator *Rex*

Thank you for your correspondence of 21 November 2021 concerning Australian Government support for the costs associated with airport security requirements. I appreciate the time you have taken to bring this matter to my attention. I note you also wrote to the Deputy Prime Minister, the Hon Barnaby Joyce MP on this matter and I am responding on the Deputy Prime Minister's behalf.

The Government remains committed to ensuring that costs associated with improved security screening at Australia's regional airports do not unfairly impact regional travellers.

The Department of Home Affairs (DOHA) is working closely with the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) to consider the financial impact of enhanced screening requirements on regional aviation. DOHA has sought feedback from airports and airlines to seek their views and possible options for support.

In addition, DOHA and DITRDC jointly engaged an independent consultancy firm, HoustonKemp, to undertake an economic analysis of the costs of security screening on regional airports. HoustonKemp surveyed regional airports, and utilised available data, to assess the financial impact. DOHA and DITRDC are currently considering the results of this work.

The Government has already supported regional airports to purchase or upgrade their security screening equipment through the \$50.1 million Regional Airport Security Screening Fund (RASSF), announced in the 2018/19 Budget.

The RASSF, administered by DOHA, provided regional airports with capital works funding of up to \$1 million each to implement enhanced security screening requirements, in recognition that these systems may have required additional infrastructure to accommodate the new equipment.

In addition to the RASSF, the Government, through DITRDC, has provided significant financial support throughout the COVID-19 period to regional airports to assist them with their security screening costs. This includes the Regional Airports Screening Infrastructure grants program, which has made available \$66 million to assist regional airports with the minimum necessary capital and initial operating costs of complying with enhanced security screening requirements.

The Government has also provided \$155.5 million through to 31 December 2021 as part of DITRDC's Domestic Airports Security Costs Support (DASCS) program. DASCS assists eligible domestic airports receiving Regular Public Transport services to maintain regulated security screening obligations while passenger volumes are reduced.

These measures will provide continued financial support for regional airports, including support for the cost of screening equipment and related activities while the Government considers potential longer-term support mechanisms.

Thank you for raising this matter.

Yours sincerely



KAREN ANDREWS

12 / 1 / 22

15 August 2022

## Annexure "B"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**

E: [Catherine.King.MP@aph.gov.au](mailto:Catherine.King.MP@aph.gov.au)

**Dear Minister King**

### **Funding arrangements for Security Screening at Whyalla Airport**

Due to changes announced in 2018, to strengthen Australian aviation security screening, Whyalla Airport was required to commence passenger and baggage screening for the first time in late 2021. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements.

The footprint of the existing terminal was far too small to allow for the required equipment to be retrofitted, and so a \$6.5 million upgrade project was required. The Federal Government were very helpful in funding this large upfront expense, contributing \$6 million through the Regional Airport Security Infrastructure Program (RASI) and Regional Airport Security Screening Fund (RASSF).

The cost to Council of providing screening services on an annual basis is currently \$2,018,000. With our small passenger base, this is equivalent to \$50 per departing passenger, once Council manages to return to pre-COVID levels. For comparison, Council currently charges airlines a passenger levy of \$10.50 per arriving and departing passenger. When passing on a recent increase of \$0.75 in this levy, Council received multiple requests to reconsider this, which took a lot of administrative effort to manage. These requests focused on the marginal nature of the route and the fact that it can't bear significant cost increases.

This makes it obvious that it is simply not viable for the cost of screening to be passed on to passengers. Council is also not in a position to absorb this cost. Fortunately, the Federal Government provided funding that fully covers the cost of screening for approximately the first 15 months of operation.

As part of the above legislation being passed, the Federal Government committed to developing a long-term funding model for screening in regional airports. When deciding to proceed with the project to upgrade the terminal, Council relied upon this commitment, taking into account the inability to recover costs outlined above.





It was made clear at this time, that if at any time external funding was not available, Council would need to end the screening contract and inform QANTAS that they will no longer be able to fly into our airport. This would leave only REX able to service Whyalla, as their planes are below the threshold required for screening.

Council has not yet received any further information about this funding model and our current funding will be exhausted by the end of 2022. Three months' notice is required to end our screening contract, so Council will need to make a decision about discontinuing this service in the very near future.

This would be a very undesirable outcome for the community, with no competition potentially leading to higher costs. It would also mean that the large investment just made in our airport would largely be going to waste. We certainly don't believe that this was an outcome sought by this new legislation.

Therefore, we implore the Federal Government to implement the funding model for regional airports as soon as possible and to extend the current RASI funding arrangements for the Whyalla Airport, or a comparable alternative, until such time as this occurs.

**Yours faithfully**

**Clare McLaughlin**  
**MAYOR**

*c.c. Mr Rowan Ramsey MP – Federal Member for Grey*

*Mr Eddie Hughes MP – Member for Giles*

*Mr Geoff Brock MP – Minister for Local Government*

*Mr Jim Betts – Secretary, Department of Infrastructure, Transport, Regional Development and Communications*

*Regional Airport Screening Infrastructure Program*

26 September 2022

## Annexure "C"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**  
E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

### **Cessation of screening at Whyalla Airport**

We are writing to inform you that a decision to cease security screening activities at Whyalla Airport will need to be enacted in the coming weeks.

As previously communicated in our letter dated 15 August 2022, Council is in urgent need of an extension to current funding arrangements to allow this vital service to continue. This extension of funding is required until such time as the Federal Government implements their previous commitment to provide a long term funding solution for screening at all regional airports.

Our current funding will be exhausted in January 2023 and as we are required to give 3 months' notice to end our screening contract, a final decision will need to be made in the coming weeks.

Due to our passenger numbers, the cost of screening is approximately \$50 per departing passenger, a cost that is far too high to be passed on to passengers. The total cost of screening is almost \$170,000 per month, which is a cost that a Council of our size can simply not absorb, being equivalent to 11% of our general rate income. This means that without ongoing funding, the only viable option is to cease screening activity.

Ending screening at the airport will mean that QANTAS will no longer be able to service Whyalla and we will only be able to accept REX flights of no larger than 39 passengers.

This is an unacceptable outcome for the community and the city, with no competition potentially leading to higher costs and / or reduced services resulting in social and economic impact. It would also mean that the large investment just made in our airport would largely be going to waste. We certainly don't believe that this was an outcome sought by this new legislation.



Whyalla is the only master planned populace outside of metropolitan Adelaide and is the regional centrepiece of South Australia's confluence of mineral resources and first-class renewable energy resources making decarbonising more competitive here than in many other parts of the world. Whyalla is therefore of critical economic importance to Australia and the State of South Australia. It is the centrepiece of two regions that contribute a Gross Regional Product (GRP) of \$6.5B and a pipeline of investment value of over \$14B.

Whyalla and the Upper Spencer Gulf must sit competitively alongside Gladstone in Queensland, the Pilbara and Kwinana in Western Australia, Northern Tasmania and Portland in Victoria in the decarbonisation, minerals and energy arena and be open to exploration and visitation by our trading partners in China, Japan and Europe who are now investing in the development of our mineral resource and industrial technology capability.

Whyalla's airport is critical infrastructure to underpin this nationally significant decarbonisation and renewables development and it is imperative that it be unrestricted in supporting investment and commercial passenger movements.

Between planned private developments, the Hydrogen Jobs Plan and potentially significant developments in Port Bonython Hydrogen Hub and Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.

Therefore, we implore the Federal Government to implement the funding model for regional airports as soon as possible and to extend the current RASI funding arrangements for the Whyalla Airport, or a comparable alternative, until such time as this occurs.

**Yours faithfully**



**Clare McLaughlin**  
**MAYOR**

*c.c. Mr Rowan Ramsey MP – Federal Member for Grey*

*Mr Eddie Hughes MP – Member for Giles*

*Mr Geoff Brock MP – Minister for Local Government*

*Mr Jim Betts - Secretary of the Department of Infrastructure, Transport, Regional Development and Communications*

*Regional Airport Screening Infrastructure Program*



21 October 2022

## Annexure "D"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**

E: [Minister.King@mo.infrastructure.gov.au](mailto:Minister.King@mo.infrastructure.gov.au)  
[catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister**

### **URGENT: Impending Cessation of Screening at Whyalla Airport**

As previously communicated in our correspondence dated 15 August 2022 and 26 September 2022, respectively, Council is in urgent need of an extension to current funding arrangements to allow the vital security service to continue. This extension of funding is required until such time as the Federal Government implements their previous commitment to provide a long-term funding solution for screening at all regional airports.

Our current funding will be exhausted in January 2023 and as we are required to give three months' notice to end our screening contract, a final decision will need to be made as a matter of extreme urgency.

Council has been advised by your office, that both letters were forwarded to the Minister for Home Affairs, the Hon Clare O'Neil – as the matter came under the portfolio of Home Affairs.

Council has subsequently contacted the Department of Home Affairs, who have confirmed this matter falls under the portfolio of Infrastructure, for which Minister King is responsible.

Whyalla's airport is critical infrastructure to our city and its future, and it is imperative that it be unrestricted in supporting investment and commercial passenger movements. Between planned private developments, the Hydrogen Jobs Plan and potentially significant developments in Port Bonython Hydrogen Hub and Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.

We therefore implore the Federal Government to implement the funding model for regional airports as soon as possible and to extend the current RASI funding arrangements (within the Infrastructure portfolio) for the Whyalla Airport, or a comparable alternative, until such time as this occurs.







Your urgent response to Council's correspondence is requested, as in the absence of additional funding we will be forced to cease/suspend screening at Whyalla Airport that will in turn result in Qantas being unable to service our airport. Inhibiting QANTAS from being able to continue to service Whyalla is an extreme and perverse outcome from Federal Government policy, that is difficult to reconcile with the State/Federal importance of Whyalla.

Please do not hesitate to contact Mr Justin Commons; Chief Executive Officer on M: 0414 896 104 or via E: [justin.common@whyalla.sa.gov.au](mailto:justin.common@whyalla.sa.gov.au) to discuss this matter further.

**Yours faithfully**

**Clare McLaughlin**  
**MAYOR**

- c.c. Hon Clare O'Neil; Minister for Home Affairs  
Mr Jim Betts – Secretary of the Department of Infrastructure, Transport, Regional Development and Communications Regional Airport Screening Infrastructure Program  
Hon Tom Koutsantonis MP – Minister for Industry and Transport  
Mr Geoff Brock MP – Minister for Local Government  
Mr Rowan Ramsey MP – Federal Member for Grey  
Mr Eddie Hughes MP – Member for Giles*

# Annexure "E"

**From:** EDLINGTON Michelle

**Sent:** Friday, 28 October 2022 12:45

**To:** Grant Jennings <>

**Cc:** Regional Airports Screening Infrastructure <> **Subject:** Whyalla Airport - RASI Operating Costs - Program Extension [SEC=OFFICIAL]

## CAUTION :

**This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.**

OFFICIAL

Dear Grant

I am writing regarding your grant agreement under the Australian Government's Regional Airports Screening Infrastructure (RASI) program, providing support for eligible security screening costs during the transition to the enhanced screening requirements mandated by the Department of Home Affairs.

This is to advise that a further tranche of RASI operational grant funding support (OpEx) is being allocated, which will ensure Whyalla Airport receives OpEx support for the period through to 31 March 2023. OpEx funding support for your Airport beyond March 2023 will be subject to program funds availability. We expect to contact airports again in December 2022 to provide an update on the program.

We are therefore pleased to offer you an increase in the value of your RASI grant as set out in the attached Deed of Variation.

Please review this Deed and, should you wish to accept the additional funding, **sign and return an electronic copy within 30 days**. The Department is not liable for any costs incurred for the extended grant period without an executed grant agreement in place.

Claims under the new funding will be up to a monthly claims cap, as specified in the Variation document. The monthly cap only applies to the new funding being allocated. Based on our records, the monthly claims cap set out in the Variation document should be sufficient to cover Whyalla's monthly costs as they relate to OpEx until the end of March 2023.

Your airport can continue to claim monthly costs under the original allocation in line with the original terms and conditions.

Please note that claims are required to be submitted within 45 days of the end of the month being claimed.

### RASI claims processes

As per previous RASI claims, we ask that you submit:

- ? an invoice to the Department – for costs incurred (up to your monthly claim cap where applicable);
- ? third party invoices to support the costs claimed;

? and a breakdown of total costs for the period as per the attached claim form/table (with the monthly claim cap, where applicable, identified as part of the total costs).

Please contact the Department at [airportscreening@infrastructure.gov.au](mailto:airportscreening@infrastructure.gov.au) if you would like to discuss any aspect.

Kind regards

**Michelle Edlington**

Assistant Director • **Domestic Policy and Programs Branch** • Domestic Aviation and Reforms Division

GPO Box 594 Canberra, ACT 2601

**Department of Infrastructure, Transport, Regional Development, Communications and the Arts**  
**CONNECTING AUSTRALIANS • ENRICHING COMMUNITIES • EMPOWERING REGIONS**



*I would like to acknowledge the traditional custodians of this land on which we meet, work and live.  
I recognise and respect their continuing connection to the land, waters and communities.  
I pay my respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

**OFFICIAL**

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## Michelle Armstrong

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**From:** Minister.King  
**Sent:** Wednesday, 2 November 2022 10:49 AM  
**To:** Michelle Armstrong  
**Subject:** IE104714 - 3-188 - Whyalla Airport [SEC=OFFICIAL]

**Annexure "F"**

**CAUTION :**

**This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.**

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OFFICIAL

Dear Cr McLaughlin,

Thank you for your letters regarding security screening at Whyalla Airport. As you may be aware, the Regional Airports Screening Infrastructure (RASI) program was brought in as a time and cost limited program to enable regional airports to adjust to new security screening measures brought in by the previous government and provide financial support during the COVID-19 pandemic. No additional funding was made available as part of the March Budget and, as the incoming Minister, I have accepted that decision.

I understand that RASI has provided considerable support to both capital and operational expenditure at Whyalla Airport over recent years. My Department has recently been in contact with you to provide information as to when the funds available under the RASI for Whyalla Airport will be exhausted, and that this will enable support at least through to the end of March 2023. I also understand the Department is working with you on ways to better manage your airport's screening costs.

As you would be aware, screening costs have traditionally been borne by airports; nevertheless, the importance of maintaining reliable services to regional centres like Whyalla is an issue I am concerned about.

To that end, I have spoken directly with Minister O'Neil to get a better understanding of how the Home Affairs portfolio will be better able to manage the requirements and costs of airports like yours going forward and to ensure that security costs are proportionate to risks.

Thank you again for your correspondence on this important issue.

Yours sincerely

Catherine King

**Minister for Infrastructure, Transport, Regional Development and Local Government**  
Suite MG.46, Parliament House, Canberra ACT 2600

OFFICIAL

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Justin Commons  
Chief Executive Officer  
Whyalla City Council  
PO Box 126  
Whyalla SA 5600

## Annexure "G"

Dear Mr Commons,

Thank you for your phone call on 19 October 2022 to discuss screening operations at Whyalla Airport. During the call you advised that Whyalla Airport is facing significant challenges with the cost of security screening and the running of the airport, and requested a security screening exemption for QANTAS flights departing Whyalla Airport.

In considering your request, I have taken into account: risk analysis regarding security threats to aviation; the screening threshold which applies to Tier 2 airports; and the information provided via correspondence by Mayor McLaughlin regarding the costs of security screening and impacts on airport operations. Based on the information provided, I do not consider there is a sufficient justification to agree to an exemption for aviation security screening requirements for Whyalla Airport.

While smaller airports that currently conduct security screening face different challenges in managing cost pressures compared to airports with greater passenger numbers, upholding security obligations is a fundamental responsibility and core business for all security-regulated airport operators across the country. It is the longstanding policy of successive Governments that industry is responsible for the costs associated with security, including security screening.

I understand you are continuing to engage with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts regarding further financial assistance under the Regional Airports Screening Infrastructure (RASI) Program.

Thank you for your continued engagement on this important issue.

Kind Regards,

Michael Burke  
Senior Assistant Secretary  
Policy, Partnerships and Capability  
Cyber and Infrastructure Security Centre  
15 November 2022

8 December 2022

## Annexure "H"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**  
E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

### **Security Screening at Whyalla Airport**

Thank you for your email dated 2 November 2022, responding to our previous letter and for the short extension to RASI funding provided by your department, to fund screening services in Whyalla until the end of March 2023.

It was pleasing to recently hear the issue of screening in regional airports being discussed in the Senate Estimates session on 2 December 2022, and specifically conversation around the current situation being experienced by Whyalla Airport. The discussion highlights the significance of this matter and the bipartisan.

We feel it would be beneficial to provide our perspective on some of the opinions delivered in that session, as follows:

- It is true that RASI was provided as a COVID recovery mechanism for airports that already provided screening prior to the previous round of reform.
- However, for the 13 airports that had to begin screening activities for the first time due to the new legislation, RASI funding provided the means, both from a capital and operational perspective, to actually allow screening to be undertaken.
- These 13 airports have the lowest volumes of passengers required to screen in Australia and simply don't have the passenger movements required to make the service economically viable to pass on to passengers. They may need to be considered in their own light in the current situation, as funding sources come to an end.

Please refer to the attached letter from the former Minister for Home Affairs to former Senator Rex Patrick, dated 12 January 2022. In this letter, former Minister Andrews outlines that *"the available funding streams provide continued financial support to regional airports while the Government considers long term support mechanisms"*.

The letter also points out that the Department of Home Affairs in conjunction with the Department of Infrastructure, Transport, Regional Development and Communications *"has already commenced the work to develop options for ongoing support"*.

The contents of this letter appear to be out of sync with some of the information provided within the Senate Estimates session on 2 December 2022.





Council is currently undertaking significant work with our screening provider on how they can make their operations more efficient, and we are expecting to soon come to an agreement on a new cost structure that is expected to save up to \$40,000 per month compared to current costs. These savings will bring Council's costs to a comparable level with like airports, noting that there will always be natural variations based on factors such as location.

However, despite this significant saving being achieved, it is still expected that the cost of screening per departing passenger will be between \$35 and \$40 per departing passenger. The spread of flights currently servicing our airport simply doesn't allow costs to be brought lower than this.

We are encouraged to hear about the development of an Aviation White Paper and look forward to the recommendations that the report contains. However, the timeline for the release of this paper means that we are still in need of a funding stream to continue screening at Whyalla airport in the short to medium term, while a long-term solution is developed.

We ask you to seriously consider the provision of additional funding within the upcoming budget process to ensure that low volume regional airports subject to screening requirements are able to continue providing services to their community until a fairer long term funding mechanism is put in place.

**Yours faithfully**

**Phill Stone**  
**MAYOR**

*c.c. Hon Clare O'Neil MP – Minister for Home Affairs  
Rowan Ramsey MP – Federal Member for Grey  
Eddie Hughes MP – Member for Giles  
Geoff Brock MP – Minister for Local Government  
Jim Betts - Secretary of the Department of Infrastructure, Transport, Regional Development and Communications  
Michael Pezzullo AO – Secretary of the Department of Home Affairs*

**Senators in attendance at the Rural and Regional Affairs and Transport Legislation Committee on  
2 December 2022:**

*Glenn Sterle – Chair of Rural and Regional Affairs and Transport Legislation Committee  
Hon Matthew Canavan – Deputy Chair of Rural and Regional Affairs and Transport Legislation Committee  
Linda White – Senator for Victoria  
Gerard Rennick – Senator for Queensland  
Hon Bridget McKenzie – Leader of the Nationals in the Senate  
Hon Carol Brown – Assistance Minister Infrastructure and Transport  
Susan McDonald – Senator for Queensland*



Attachment

**THE HON KAREN ANDREWS MP  
MINISTER FOR HOME AFFAIRS**

Ref No: MC21-051833

Senator Rex Patrick  
Senator for South Australia  
Level 2, 31 Ebenezer Place  
ADELAIDE SA 5000

Dear Senator *Rex*

Thank you for your correspondence of 21 November 2021 concerning Australian Government support for the costs associated with airport security requirements. I appreciate the time you have taken to bring this matter to my attention. I note you also wrote to the Deputy Prime Minister, the Hon Barnaby Joyce MP on this matter and I am responding on the Deputy Prime Minister's behalf.

The Government remains committed to ensuring that costs associated with improved security screening at Australia's regional airports do not unfairly impact regional travellers.

The Department of Home Affairs (DOHA) is working closely with the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) to consider the financial impact of enhanced screening requirements on regional aviation. DOHA has sought feedback from airports and airlines to seek their views and possible options for support.

In addition, DOHA and DITRDC jointly engaged an independent consultancy firm, HoustonKemp, to undertake an economic analysis of the costs of security screening on regional airports. HoustonKemp surveyed regional airports, and utilised available data, to assess the financial impact. DOHA and DITRDC are currently considering the results of this work.

The Government has already supported regional airports to purchase or upgrade their security screening equipment through the \$50.1 million Regional Airport Security Screening Fund (RASSF), announced in the 2018/19 Budget.



The RASSF, administered by DOHA, provided regional airports with capital works funding of up to \$1 million each to implement enhanced security screening requirements, in recognition that these systems may have required additional infrastructure to accommodate the new equipment.

In addition to the RASSF, the Government, through DITRDC, has provided significant financial support throughout the COVID-19 period to regional airports to assist them with their security screening costs. This includes the Regional Airports Screening Infrastructure grants program, which has made available \$66 million to assist regional airports with the minimum necessary capital and initial operating costs of complying with enhanced security screening requirements.

The Government has also provided \$155.5 million through to 31 December 2021 as part of DITRDC's Domestic Airports Security Costs Support (DASCS) program. DASCS assists eligible domestic airports receiving Regular Public Transport services to maintain regulated security screening obligations while passenger volumes are reduced.

These measures will provide continued financial support for regional airports, including support for the cost of screening equipment and related activities while the Government considers potential longer-term support mechanisms.

Thank you for raising this matter.

Yours sincerely



KAREN ANDREWS

12 / 1 / 22

16 December 2022

**Senator the Hon Don Farrell**  
**Minister for Trade and Tourism**  
E: [senator.farrell@aph.gov.au](mailto:senator.farrell@aph.gov.au)

## Annexure "I"

**Dear Senator Farrell**

### **Funding arrangements for Security Screening Services at Whyalla Airport**

In March 2021, Council entered into an agreement with the Commonwealth Government to receive grant monies fully funding operating costs for security screening services at the Whyalla Airport. The original grant received, together with additional funding received in September 2021 and then November 2022 (as a result of lobbying efforts) under the Domestic Airports Security Costs Support and Regional Airport Security Infrastructure (RASI) programs, is due to expire 31 March 2023.

The requirement to undertake security screening services at Whyalla Airport was mandated by the Department of Home Affairs in 2018 with changes announced to strengthen Australian aviation security screening. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements.

Over the past month, Council has worked with our external security screening provider to reduce the cost of screening services and has been able to achieve significant efficiencies, reducing the annual cost by approximately \$575,000. Despite this, the additional cost per departing passenger is still between \$35 and \$40 – a cost too high for passengers or Whyalla ratepayers to bear.

***Accordingly, if ongoing Commonwealth funding cannot be secured, Whyalla airport will need to cease screening. Without screening services, QANTAS will no longer be able to service the Whyalla airport. The current position of the Commonwealth is that there are no plans for the ongoing/long term funding of airport security screening services.***

As you would be aware, the City of Whyalla is of sovereign and strategic importance to the state and the nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Between planned private sector developments, the Hydrogen Jobs Plan, the Port Bonython Hydrogen Hub and Northern Water Supply Project, there will be a significant influx of people into our city/region. It is therefore imperative that the Whyalla Airport be unrestricted in supporting this investment and commercial passenger movements. Accordingly, Council must receive short, medium and long-term funding of this critical service.





Council is forwarding this letter to all current Federal Labour Senators for South Australia, as this is an important issue for South Australia that the current Commonwealth Government must address urgently. Other regional South Australian airports affected similar to Whyalla are Port Lincoln, Mount Gambier and Kangaroo Island airports.

The Whyalla airport is critical infrastructure that ensures that the right people can be in the city at the right time. It is also a vital link for our community, to medical and other services that cannot be accessed locally and also supports regional tourism.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to long term growth and prosperity. We understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that our community now faces as a result of this decision, is unacceptable and needs to be addressed urgently.

We urge the Commonwealth Government to seriously consider the provision of additional funding to ensure that low volume airports subject to screening requirements are able to continue providing services to their community and regional passengers until a fairer long term funding mechanism is put in place.

Additional information can be found as an attachment to this letter and we would appreciate the opportunity to discuss this issue further with you at your earliest convenience.

**Yours faithfully**

**Phill Stone**  
**MAYOR**

*c.c. Karen Grogan – Senator for South Australia  
Marielle Smith – Senator for South Australia  
Hon Penny Wong – Minister for Foreign Affairs*



#### FURTHER BACKGROUND INFORMATION

- The previous Federal Government provided significant assistance in funding the upfront capital costs of upgrading our airport to accommodate security screening equipment and also fully funded the first 12 months of operating costs.
- This support was provided to assist smaller airports during Covid, as well as to fund screening services until the Commonwealth Government implemented a long-term funding model for screening in all regional airports. This is supported by a letter from the former Minister for Home Affairs to former Senator Rex Patrick dated 12 January 2022 (**Annexure “A”**).
- The letter points out that the Department of Home Affairs in conjunction with the Department of Infrastructure, Transport, Regional Development and Communications had already commenced the work to develop options for ongoing support.
- The current position of the Commonwealth Government appears to be that ongoing funding will be addressed within an aviation whitepaper, which is likely to be completed in 2024.
- The timeline of the aviation white paper means that Whyalla Council and other airports will still need a short-medium term funding solution to continue screening while a long-term solution is developed.
- To ensure Whyalla’s cost structures are comparable, benchmarking has been undertaken and work with Council’s screening provider has resulted in update pricing.
- For comparison to the cost of screening of \$35 to \$40 per departing passenger, Council currently charges airlines a passenger levy of \$10.50 per arriving and departing passenger and has experienced strong opposition from airlines when trying to increase by anything higher than \$0.50 per annum in recent years.
- Research undertaken by another council indicates that based on pre-Covid figures, 61 million passengers fly domestically within Australia each year. Noting that the RASI funding provided operational funding for every airport in Australia for two years incurred a \$94.5m budget expenditure, an approximate nationwide network charge of \$0.75 per ticket would adequately cover screening costs across Australia. The \$35 - \$40 per ticket cost out of Whyalla, versus a \$0.75 per ticket levy nationally is a significant disparity and highlights the level of inequity regional ports are faced with. On the face of it, applying a nationwide network charge also highlights the simplicity a long-term funding solution could take.
- On 2 December 2022, the matter of funding for screening services at the Whyalla Airport was raised during a meeting of the Senate Estimates Committee for Rural and Regional Affairs and Transport. Matters raised during the discussion highlight the difficulties of regional airports in funding screening services, primarily due to lower passenger numbers and flights. In response to the matters raised during the Senate Estimates Committee session, Council has again written to the Minister for Infrastructure, Transport, Regional Development and Local Government providing Council’s perspective on the opinions delivered during the session (**Annexure “B”**).



- Whyalla is the only master planned populace outside of metropolitan Adelaide and is the regional centrepiece of South Australia's confluence of mineral resources and first-class renewable energy resources making decarbonising more competitive here than in many other parts of the world. Whyalla is therefore of critical economic importance to Australia and the State of South Australia. It is the centrepiece of two regions that contribute a Gross Regional Product (GRP) of \$6.5B and a pipeline of investment value of over \$14B.
- Whyalla and the Upper Spencer Gulf must sit competitively alongside Gladstone in Queensland, the Pilbara and Kwinana in Western Australia, Northern Tasmania and Portland in Victoria in the decarbonisation, minerals and energy arena and be open to exploration and visitation by our trading partners in China, Japan and Europe who are now investing in the development of our mineral resource and industrial technology capability.
- Whyalla's airport is critical infrastructure to underpin this nationally significant decarbonisation and renewables development and it is imperative that it be unrestricted in supporting investment and commercial passenger movements.
- Between planned private developments, the Hydrogen Jobs Plan, the Port Bonython Hydrogen Hub and potentially the Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.
- The above backdrop places a spotlight on the significance of the Commonwealth funding for the Whyalla Airport's operation and detriment to the community, the State and Australia if this funding ceases.



**THE HON KAREN ANDREWS MP  
MINISTER FOR HOME AFFAIRS**

Ref No: MC21-051833

Senator Rex Patrick  
Senator for South Australia  
Level 2, 31 Ebenezer Place  
ADELAIDE SA 5000

Dear Senator *Rex*

Thank you for your correspondence of 21 November 2021 concerning Australian Government support for the costs associated with airport security requirements. I appreciate the time you have taken to bring this matter to my attention. I note you also wrote to the Deputy Prime Minister, the Hon Barnaby Joyce MP on this matter and I am responding on the Deputy Prime Minister's behalf.

The Government remains committed to ensuring that costs associated with improved security screening at Australia's regional airports do not unfairly impact regional travellers.

The Department of Home Affairs (DOHA) is working closely with the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) to consider the financial impact of enhanced screening requirements on regional aviation. DOHA has sought feedback from airports and airlines to seek their views and possible options for support.

In addition, DOHA and DITRDC jointly engaged an independent consultancy firm, HoustonKemp, to undertake an economic analysis of the costs of security screening on regional airports. HoustonKemp surveyed regional airports, and utilised available data, to assess the financial impact. DOHA and DITRDC are currently considering the results of this work.

The Government has already supported regional airports to purchase or upgrade their security screening equipment through the \$50.1 million Regional Airport Security Screening Fund (RASSF), announced in the 2018/19 Budget.

The RASSF, administered by DOHA, provided regional airports with capital works funding of up to \$1 million each to implement enhanced security screening requirements, in recognition that these systems may have required additional infrastructure to accommodate the new equipment.

In addition to the RASSF, the Government, through DITRDC, has provided significant financial support throughout the COVID-19 period to regional airports to assist them with their security screening costs. This includes the Regional Airports Screening Infrastructure grants program, which has made available \$66 million to assist regional airports with the minimum necessary capital and initial operating costs of complying with enhanced security screening requirements.

The Government has also provided \$155.5 million through to 31 December 2021 as part of DITRDC's Domestic Airports Security Costs Support (DASCS) program. DASCS assists eligible domestic airports receiving Regular Public Transport services to maintain regulated security screening obligations while passenger volumes are reduced.

These measures will provide continued financial support for regional airports, including support for the cost of screening equipment and related activities while the Government considers potential longer-term support mechanisms.

Thank you for raising this matter.

Yours sincerely



KAREN ANDREWS

12 / 1 / 22

**8 December 2022**

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**  
E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

**Security Screening at Whyalla Airport**

Thank you for your email dated 2 November 2022, responding to our previous letter and for the short extension to RASI funding provided by your department, to fund screening services in Whyalla until the end of March 2023.

It was pleasing to recently hear the issue of screening in regional airports being discussed in the Senate Estimates session on 2 December 2022, and specifically conversation around the current situation being experienced by Whyalla Airport. The discussion highlights the significance of this matter and the bipartisan.

We feel it would be beneficial to provide our perspective on some of the opinions delivered in that session, as follows:

- It is true that RASI was provided as a COVID recovery mechanism for airports that already provided screening prior to the previous round of reform.
- However, for the 13 airports that had to begin screening activities for the first time due to the new legislation, RASI funding provided the means, both from a capital and operational perspective, to actually allow screening to be undertaken.
- These 13 airports have the lowest volumes of passengers required to screen in Australia and simply don't have the passenger movements required to make the service economically viable to pass on to passengers. They may need to be considered in their own light in the current situation, as funding sources come to an end.

Please refer to the attached letter from the former Minister for Home Affairs to former Senator Rex Patrick, dated 12 January 2022. In this letter, former Minister Andrews outlines that *"the available funding streams provide continued financial support to regional airports while the Government considers long term support mechanisms"*.

The letter also points out that the Department of Home Affairs in conjunction with the Department of Infrastructure, Transport, Regional Development and Communications *"has already commenced the work to develop options for ongoing support"*.

The contents of this letter appear to be out of sync with some of the information provided within the Senate Estimates session on 2 December 2022.







Council is currently undertaking significant work with our screening provider on how they can make their operations more efficient, and we are expecting to soon come to an agreement on a new cost structure that is expected to save up to \$40,000 per month compared to current costs. These savings will bring Council's costs to a comparable level with like airports, noting that there will always be natural variations based on factors such as location.

However, despite this significant saving being achieved, it is still expected that the cost of screening per departing passenger will be between \$35 and \$40 per departing passenger. The spread of flights currently servicing our airport simply doesn't allow costs to be brought lower than this.

We are encouraged to hear about the development of an Aviation White Paper and look forward to the recommendations that the report contains. However, the timeline for the release of this paper means that we are still in need of a funding stream to continue screening at Whyalla airport in the short to medium term, while a long-term solution is developed.

We ask you to seriously consider the provision of additional funding within the upcoming budget process to ensure that low volume regional airports subject to screening requirements are able to continue providing services to their community until a fairer long term funding mechanism is put in place.

**Yours faithfully**

**Phill Stone**  
**MAYOR**

*c.c. Hon Clare O'Neil MP – Minister for Home Affairs  
Rowan Ramsey MP – Federal Member for Grey  
Eddie Hughes MP – Member for Giles  
Geoff Brock MP – Minister for Local Government  
Jim Betts - Secretary of the Department of Infrastructure, Transport, Regional Development and Communications  
Michael Pezzullo AO – Secretary of the Department of Home Affairs*

**Senators in attendance at the Rural and Regional Affairs and Transport Legislation Committee on  
2 December 2022:**

*Glenn Sterle – Chair of Rural and Regional Affairs and Transport Legislation Committee  
Hon Matthew Canavan – Deputy Chair of Rural and Regional Affairs and Transport Legislation Committee  
Linda White – Senator for Victoria  
Gerard Rennick – Senator for Queensland  
Hon Bridget McKenzie – Leader of the Nationals in the Senate  
Hon Carol Brown – Assistance Minister Infrastructure and Transport  
Susan McDonald – Senator for Queensland*

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File Name: F10/2853  
Record No: AR22/66788

**21 December 2022**

Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development and Local Government  
Email: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

Dear Minister King

### **SECURITY SCREENING AT WHYALLA AIRPORT**

We are extremely concerned to hear that screening services at the Whyalla Airport may soon need to be discontinued due to a lack of ongoing funding from the Federal Government. This will in turn result in QANTAS no longer being able to service this airport and leaving only REX Airlines servicing the city into the future as a direct consequence.

The City of Whyalla is of sovereign and strategic importance to the State and the Nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Significant planned private sector developments, together with the State Government's Hydrogen Jobs Plan, Port Bonython Hydrogen Hub, and Northern Water Supply Project, will all generate a significant influx of people into the city/region.

The Whyalla Airport is an essential piece of infrastructure that ensures that the right people can be in the city at the right time. It is also a vital link for our community to medical and other services that cannot be accessed locally and also supports regional tourism. We understand that the Port Lincoln Airport will also be affected by the unfunded security screening requirements, resulting in both airports servicing the Eyre Peninsula being adversely affected.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to Whyalla's long term growth and prosperity. We understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that the Whyalla community now faces as a result of the Federal Government's decision to not provide ongoing funding support is unacceptable and needs to be addressed urgently.

We urge the Federal Government to meet its commitment to implement a long term sustainable funding model for screening in regional airports, and to extend the current funding arrangement for the Whyalla Airport until such time as this long term solution is in place.

Yours faithfully



**JOHN BANKS**  
**CHIEF EXECUTIVE OFFICER**

*c.c. Rowan Ramsey MP – Federal Minister for Grey  
Eddie Hughes MP – Member for Giles*

## DES'S CABS PTY. LTD.

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4<sup>th</sup> January 2023

Hon Catherine King MP

Minister for Infrastructure, Transport, Regional Development and Local Government

E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

Dear Minister King

### **Security Screening at Whyalla Airport**

We are extremely concerned to hear that screening services at the Whyalla Airport may soon need to be discontinued due to a lack of ongoing funding from the Federal Government. This will in turn result in QANTAS no longer being able to service this airport and leaving only REX Airlines servicing the city into the future as a direct consequence.

The City of Whyalla is of sovereign and strategic importance to the State and the Nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Significant planned private sector developments, together with the State Government's Hydrogen Jobs Plan, Port Bonython Hydrogen Hub, and Northern Water Supply Project, will all generate a significant influx of people into the city/region.

The Whyalla Airport is an essential piece of infrastructure that ensures that the right people can be in the city at the right time. It is also a vital link for our community to medical and other services that cannot be accessed locally and also supports regional tourism. We understand that the Port Lincoln Airport will also be affected by the unfunded security screening requirements, resulting in both airports servicing the Eyre Peninsula being adversely affected.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to Whyalla's long term growth and prosperity. We understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that the Whyalla community now faces as a result of the Federal Government's decision to not provide ongoing funding support is unacceptable and needs to be addressed urgently.

We urge the Federal Government to meet its commitment to implement a long term sustainable funding model for screening in regional airports, and to extend the current funding arrangement for the Whyalla Airport until such time as this long term solution is in place.

Yours faithfully

Louise Osborn

Regional General Manager

*c.c. Rowan Ramsey MP – Federal Member for Grey*

*Eddie Hughes MP – Member for Giles*



99 Playford Avenue, Whyalla 5600  
Ph: 8645 9488 | Email: [reservations@comfortinnwhyalla.com.au](mailto:reservations@comfortinnwhyalla.com.au)

**Re: Support of Airport Security**

**21/12/2022**

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**

E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

### **Security Screening at Whyalla Airport**

We are extremely concerned to hear that screening services at the Whyalla Airport may soon need to be discontinued due to a lack of ongoing funding from the Federal Government. This will in turn result in QANTAS no longer being able to service this airport and leaving only REX Airlines servicing the city into the future as a direct consequence.

The City of Whyalla is of sovereign and strategic importance to the State and the Nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Significant planned private sector developments, together with the State Government's Hydrogen Jobs Plan, Port Bonython Hydrogen Hub, and Northern Water Supply Project, will all generate a significant influx of people into the city/region.

The Whyalla Airport is an essential piece of infrastructure that ensures that the right people can be in the city at the right time. It is also a vital link for our community to medical and other services that cannot be accessed locally and also supports regional tourism. We understand that the Port Lincoln Airport will also be affected by the unfunded security screening requirements, resulting in both airports servicing the Eyre Peninsula being adversely affected.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to Whyalla's long term growth and prosperity. We understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that the Whyalla community now faces as a result of the Federal Government's decision to not provide ongoing funding support is unacceptable and needs to be addressed urgently.



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We urge the Federal Government to meet its commitment to implement a long-term sustainable funding model for screening in regional airports, and to extend the current funding arrangement for the Whyalla Airport until such time as this long term solution is in place.

Yours sincerely,

Greg Winston  
Director: M & G Hotel Group

Ebonie Winston  
Front Office Manager: Comfort Inn Whyalla

*c.c. Rowan Ramsey MP – Federal Member for Grey  
Eddie Hughes MP – Member for Giles*



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Email: [ryan.viney@rdaep.org.au](mailto:ryan.viney@rdaep.org.au)

23 December 2022

Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development and Local Government  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

**BY EMAIL:** [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

Dear Minister

#### **SECURITY SCREENING AT PORT LINCOLN AND WHYALLA AIRPORTS**

The Board of Regional Development Australia Eyre Peninsula have been alerted to the fact that screening services at the major airports on Eyre Peninsula, South Australia may soon need to be discontinued due to a lack of ongoing funding from the Australian Government. It has also been suggested that this will in turn result in QANTAS no longer being able to service the airports at Port Lincoln and Whyalla, leaving only REX Airlines servicing both cities into the future, as a direct consequence.

The Port Lincoln airport is an important gateway to southern Eyre Peninsula and the City of Port Lincoln with multiple daily passenger services provided to and from Adelaide, making this the busiest regional airport in South Australia. The airport is of strategic importance, servicing many regional communities and industries including renewable energy, hydrogen, tourism, space, agriculture, fishing, aquaculture and mining.

The City of Whyalla is of sovereign and strategic importance to the State and the Nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Significant planned private sector developments, together with the State Government's Hydrogen Jobs Plan, Port Bonython Hydrogen Hub, and Northern Water Supply Project, will all generate a significant influx of people into the city/region.

Both airports are an essential piece of infrastructure, given the size of our region and the distance to travel by car to Adelaide. Most importantly, the airports also serve as a vital link for our communities to medical and other health services that cannot be accessed locally.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to long term growth and prosperity. I understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that both Port Lincoln and Whyalla communities now face as a result of the Government's decision to not provide ongoing funding support is concerning.

I urge the Government to implement a long-term sustainable funding model for screening in regional airports, and in the interim extend the current funding arrangement for the Port Lincoln and Whyalla Airports until such time that a solution is in place.

Yours sincerely



Ryan Viney  
**Chief Executive Officer**  
**Director Regional Development**



An Initiative of  
**Government of  
South Australia**

LOCAL GOVERNMENT PARTNERS: District Council of Ceduna • District Council of Cleve • District Council of Elliston • District Council of Franklin Harbour • District Council of Kimba • Lower Eyre Council • City of Port Lincoln • District Council of Streaky Bay • District Council of Tumby Bay • Wudinna District Council

# Annexure "J"



R22/24731

12 January 2023

The Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development & Local Government  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

*Via email: [Minister.King@mo.infrastructure.gov.au](mailto:Minister.King@mo.infrastructure.gov.au)*

Dear Minister King,

## **RE: Security Screening Funding at Regional Airports**

As you are aware, due to changes in Federal Legislation aimed to strengthen Australian aviation security, fourteen airports across Australia commenced passenger and baggage screening in late 2021.

This legislative change affected South Australian regional airport operators that subsequently received financial support through the Regional Airport Security Infrastructure Program (RASI) to cover the new operational costs.

It is acknowledged \$66 million nationwide has been provided through this program which was further increased to \$94.5 million. This financial support was appreciated by all the regional airports affected including the cosignatories to this letter, Kangaroo Island, Port Lincoln and Whyalla which are all owned and operated by regional Councils.

As a matter of background, the majority of regional airports now required to screen, including the cosignatories, have a relatively low volume of passengers compared with ports such as Adelaide, Sunshine Coast or Newcastle. Therefore, the ability to cover costs associated with providing the screening services varies from airport to airport depending on the market catchment and number of passengers using the port. The annual cost to regional ports to contract the service providers to undertake the security screening remains the same, ranging from a minimum of approximately \$1 million up to \$2 million per annum. This equates to an average annual cost impact to the cosignatory airports in the range of \$30 to \$40 per departing passenger, due to the lower passenger numbers.



In the current environment, increasing ticket fares to cover this new cost will make flying an unviable option for our communities, businesses, and tourists. Less passengers reduces the commercial sustainability of regional routes, particularly if that cost is passed on to the Regional Passenger Transport (RPT) airlines.

The alternative option for Council is to absorb this added cost. Financial modelling indicates this cost of service would result in an approximate 20% local government rate rise for regional communities to fund security screening.

Therefore, to achieve an outcome that incorporates equity and commercial viability, Councils request the following changes to the current Regulations and an immediate extension of financial support until a more equitable, sustainable funding model is implemented. This request from the Councils, as the owners of the Port Lincoln Airport, Whyalla Airport, and Kangaroo Island Airport, is seeking the following two changes:

**1. If an airport is required to screen passengers, it should be defined as a 'screened airport' requiring all departing passengers to be screened regardless of the air service they utilise.**

It is recognised that differential security screening at regional airports does not meet community expectations nor achieve the overall intent of the legislative change - to improve safety and security outcomes. If RPT airlines with a smaller passenger capacity are imposed with covering the cost of screening, there is a risk of services being withdrawn from regional airports based on becoming commercially unviable. The increase in the cost of an air ticket becomes prohibitive for passengers, resulting in less passengers due to a consumer's decision to drive instead of fly.

**2. Network Charging**

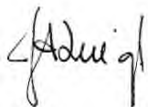
It is evident that the domestic air travel market continues to recover from the Covid-19 downturn. On average, a total of 61 million passengers flew domestically across Australia per annum pre-Covid. Based on this national domestic passenger volume and noting the RASI funding for two years incurred a \$94.5 million budget expenditure, an approximate network charge of \$0.75 per ticket under a 'national levy' style scheme would adequately cover screening costs across the nation.

The financial modelling previously mentioned indicates the cost impact of providing security screening under the current legislation ranges between an additional \$30 to \$40 per ticket on passengers departing Port Lincoln and Whyalla airports, respectively. This is a significant cost disparity compared to a \$0.75 per ticket charge under a 'national levy scheme', clearly demonstrating the high level of inequity the new legislation imposes on regional airports.

In closing, we urge the Federal Government to implement security screening legislation that provides an equitable and sustainable framework for providing security screening and does not disadvantage the regions. Given the high monthly cost of providing the service it is requested the current RASI funding arrangements for regional airports be immediately extended, or a comparable alternative, until such time as the legislation is changed to facilitate equity across all airports and their respective users.

Thank you for your consideration and we look forward to your response.

Yours sincerely,



**MAYOR JO-ANNE QUIGLEY**  
**LOWER EYRE COUNCIL**

*Lower Eyre Council owns and operates Port Lincoln Airport, North Shields, South Australia*



**MAYOR MICHAEL PENGILLY**  
**KANGAROO ISLAND COUNCIL**

*Kangaroo Island Council owns and operates Kangaroo Island, Kingscote Airport, Kangaroo Island, South Australia*



**MAYOR PHILL STONE**  
**CITY OF WHYALLA**

*City of Whyalla owns and operates Whyalla Airport, Whyalla, South Australia*

Cc:

Federal Minister for Home Affairs, Hon Clare O'Neil MP

Federal Member for Grey, Rowan Ramsey MP  
Federal Member for Mayo, Rebekha Sharkie MP  
Local State Member for Flinders, Sam Telfer MP  
Local State Member for Giles, Eddie Hughes MP  
Local State Member for Mawson, Hon Leon Bignell MP

Hon Clare Scriven MLC, Minister for Primary Industries and Regional Development, Forestry  
Hon Geoff Brock MP, Minister for Local Government, Regional Roads  
Hon Tom Koutsantonis MP, Minister for Infrastructure and Transport, Energy and Mining  
Hon Zoe Bettison MP, Minister for Tourism

Australian Local Government Association  
Australian Airports Association  
Regional Development Australia Eyre Peninsula  
Eyre Peninsula Local Government Association

City of Port Lincoln & other Eyre Peninsula Councils

**Ian Blekkenhorst**  
**Commercial Manager – Group Airports Security**  
**QANTAS**  
E: [ian.blekkenhorst@qantas.com.au](mailto:ian.blekkenhorst@qantas.com.au)

Dear Ian

### **Security Screening Charges at Whyalla Airport**

At a meeting held on 27 February 2023, Whyalla City Council resolved to begin down the path of implementing a security screening levy for all passenger flights departing from Whyalla Airport. This levy is expected to be in the order of \$35 to \$40 per departing passenger. For your information, a copy of the report considered by Council when making this decision is provided at **Annexure “A”**.

Whyalla City Council has been a vocal advocate for the introduction of a Federal funding model for screening in all regional airports and has undertaken significant advocacy in relation to this matter. This has included sending numerous letters to, and holding numerous meetings with, a number of Senators and Federal Ministers, most notably the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Catherine King.

Council continues this advocacy effort, but the consistent message coming from the Federal Government is that funding will not extend past 30 June 2023. While Council’s final decision to implement the security screening levy still needs to be made, the current course is unlikely to change unless further funding becomes available.

We understand that this decision impacts on your business model and we strongly encourage you to inform the Federal Government about these impacts.

It is encouraging that the Aviation White Paper will include consideration of equity in screening costs for regional passengers. However, any outcomes from this process are unlikely to be realised for a number of years and the current course of action is still required as an interim measure.

Michelle Armstrong will be in contact with your office shortly, to organise a meeting with you regarding this matter. I look forward to meeting as soon as practical to discuss the matter under reference.

**Yours faithfully**



**Justin Commons**  
**CHIEF EXECUTIVE OFFICER**



## 13.2 CORPORATE SERVICES

### 13.2.8 Whyalla Airport Passenger Screening – Update and Options

**Council Meeting:** 27 February 2023  
**Author's Title:** Director Corporate Services **File No.:** 0-216  
**Directorate:** Corporate Services

#### Annexures:

- A – Letter from the former Minister for Home Affairs
- B – Letter to the Hon Catherine King MP current Minister for Infrastructure, Transport, Regional Development and Local Government dated 15 August 2022
- C – Letter to the Hon Catherine King MP dated 26 September 2022
- D – Letter to the Hon Catherine King MP dated 21 October 2022
- E – Email from Assistant Director Policy and Programs Branch dated 28 October 2022
- F – Email from the Hon Catherine King MP dated 2 November 2022
- G – Letter from the Senior Assistant Secretary Policy, Partnerships and Capability Cyber and Infrastructure Security Centre, Department of Home Affairs dated 15 November 2022
- H – Letter to the Hon Catherine King dated 8 December 2022
- I – Correspondence to relevant Ministers and Members of Parliament (Federal and State), accompanied by letters of support from Whyalla Business Leaders
- J – Joint letter of advocacy from Lower Eyre Peninsula, Kangaroo Island and Whyalla Councils

#### Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,  
Section 120*

Yes

No

#### Status:

*Information classified confidential under  
Section 90(2) of the Local Government Act*

Yes

No

**Reason** – Not applicable

---

#### PURPOSE

To update Council on approaches being taken to secure long-term funding from the Federal Government for the delivery of screening services at the Whyalla Airport and to present options for Council's early consideration.

#### SUMMARY

In March 2021, Council entered into an agreement with the Commonwealth Government to receive grant monies fully funding operating costs for security screening services at the Whyalla Airport. The original grant received, together with additional funding received in September 2021 and then November 2022 (as a result of lobbying efforts) under the Domestic Airports Security Costs Support and Regional Airport Security Infrastructure (RASI) programs is due to expire 30 June 2023.

The requirement to undertake security screening services at Whyalla Airport is mandated due to changes announced in 2018 to strengthen Australian aviation security screening. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements.

The current costs of providing screening services on an annual basis is equivalent to \$40 per departing passenger, which is not viable to be either passed on to passengers or funded by Whyalla ratepayers. Accordingly, a long-term funding model is required from the Commonwealth Government for these services to continue.

Despite Council's lobbying during 2022 and more recently over the past 6 weeks, the current position of the Commonwealth is that there are no plans for the ongoing/long-term funding of airport security screening services.

Whyalla's Airport is critical infrastructure that will underpin the State and nationally significant decarbonisation and renewables development occurring in the Whyalla region. It is therefore imperative that the Whyalla Airport be unrestricted in supporting this investment and commercial passenger movements. Accordingly, Council must:

- continue to lobby for short, medium and long-term funding of this critical service; and failing this,
- determine the steps to be taken to ensure the costs of screening services are not passed on to Whyalla ratepayers.

## **RECOMMENDATION**

### **Council:**

- 1. notes the report 'Whyalla Airport Passenger Screening – Update and Options' and the advocacy efforts undertaken to date seeking short, medium, and long-term funding solutions for the delivery of security screening services at the Whyalla Airport;**
- 2. continue lobbying on its own behalf to the Commonwealth Government for an extension of Regional Airport Security Infrastructure or other funding until such time as a long-term solution can be found;**
- 3. continue to participate in any collective lobbying undertaken by Council's facing similar issues;**
- 4. commence the implementation of option xxx if funding is not forthcoming; and**
- 5. requests an update report be presented on the advocacy outcomes achieved as well as implementation of option xxx if funding is not forthcoming to the March 2023 Council meeting.**

### 13.2.8 Whyalla Airport Passenger Screening – Update and Options

#### REPORT

#### BACKGROUND

Council appointed Sydney Night Patrol (SNP) to undertake screening services at Whyalla Airport commencing in October 2021.

The requirement to undertake security screening services at Whyalla Airport is mandated due to changes announced in 2018 to strengthen Australian aviation security screening. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements. Without security screening services, QANTAS will no longer be able to service Whyalla.

Council was previously successful in securing \$1.885m of funding under the Regional Airport Security Infrastructure (RASI) program operating stream to fund 100% of eligible screening costs. These monies, together with additional grant funding totalling \$1.116 million received under the Domestic Airports Security Costs Support Program and the RASI program mean that screening costs at the Whyalla Airport are fully funded until the end of June 2023.

The former Liberal Government committed to ensuring that funding streams would be available to provide continued financial support to regional airports while the Government considered long term support mechanisms and in January 2022 it was noted that the Department of Home Affairs in conjunction with the Department of Infrastructure, Transport, Regional Development and Communications had already commenced the work to develop options for ongoing support (**Annexure “A”**).

In November 2022, and after multiple correspondence being sent to relevant Ministers (**Annexures “B – E”**), Council received two further communications as follows:

- email from the Minister for Infrastructure, Transport, Regional Development and Local Government advising that no additional funding for screening services was made available as part of the March 2022 Budget and that as incoming Minister, she has accepted that decision (**Annexure “F”**).
- letter from the Senior Assistant Secretary Policy, Partnerships and Capability Cyber and Infrastructure Security Centre, Department of Home Affairs advising that he did not consider there is a sufficient justification to agree to an exemption for aviation security screening requirements for Whyalla Airport (**Annexure “G”**). This correspondence responded to a question from Council regarding the option of ceasing screening services but still allowing QANTAS services to and from the Airport.

Also, in November 2022, Council Administration commenced discussions with QANTAS regarding the impact of no ongoing funding for screening services, noting the impact being the cessation of screening services and as a result the cessation of QANTAS services to and from Whyalla.

During discussions, QANTAS reiterated their support for the security measures introduced by the Commonwealth and did not support a downgrading of the Whyalla Airport to a non-screening airport. QANTAS highlighted that a small number of other airports were required to introduce screening due to changes in the 'tiers' of airports and supports Whyalla Council lobbying to ensure ongoing funding is provided for these important security measures.

In December 2022, after noting the Government's position that no additional funding has been made available for security screening services, Council resolved to:

1. *continue lobbying on its own behalf to the Commonwealth Government for an extension of Regional Airport Security Infrastructure or other funding until such time as a long-term solution can be found;*
2. *continue to participate in any collective lobbying undertaken by councils facing similar issues;*

Council also requested an update report be presented on the advocacy outcomes achieved as well as options if funding is not forthcoming to the January or February 2023 Council meeting. This report provides an update and analysis of options available to Council should additional funding not be received.

## **DISCUSSION**

### **Advocacy Update**

The following is a summary of advocacy outcomes since December 2022:

- Letters forwarded to relevant Ministers and Members of Parliament (Federal and State), accompanied by letters of support from Whyalla business leaders (**Annexure "I"**)
- Joint letter of advocacy from Lower Eyre Peninsula, Kangaroo Island and Whyalla Councils (**Annexure "J"**)
- Meetings held with various Ministers and Members of Parliament as follows. In attendance at these meetings were former Mayor Stone, the Chief Executive Officer and the Director Corporate Services. At each meeting, Council highlighted the dire consequences to 13-14 regional airports following the Federal Government's decision to cease funding for screening services. Items raised included the importance of not passing the costs on to ratepayers; the high potential for increased costs per passenger making the route unviable for the airlines, regional travellers are facing a much bigger impost with the cessation of funding, and for Whyalla specifically, the significant investment in the region will be reliant on a well serviced airport. Council closed its comments by seeking a review of the decision to cease funding, and suggested the introduction of a National levy, which would be around \$1 per passenger.

Minister Catherine King: Meeting held 16 January 2023

Minister King highlighted she was cognisant of the impact on regional airports but that the decision had been made by the previous government to introduce the screening in the manner it had. There is no additional funding for operating costs, and that the operating costs need to be passed on to the travelling public. Minister King further commented:

- No work had been done by the previous Government on developing a long term funding model for screening costs.
- An aviation white paper is being developed, and she is happy to look at including discussion on the need to cross subsidise regional airports. This paper will be under development for the next 12 – 18 months.
- Suggested that the State Government could subsidise the cost of flights for passengers travelling for medical purposes as is the case in some other states.

In addition to discussing security screening funding, Minister King commented on the soon to be released Regional Precinct and Partnership Program and the Growing Regions Fund. It was clearly evident she was aware of the significant investment occurring in the Whyalla region and the need to transform the city in line with the investments. She encouraged Council to look very closely at these funding programs.

Minister Don Farrell: Meeting held 30 January 2023

Minister Farrell acknowledged the circumstances and the importance of maintaining the Whyalla Airport at an appropriate operational level. He advised that he would meet with Minister King the following day.

Minister Clare O'Neil

Council is currently seeking a meeting with Minister O'Neil and/or relevant Home Affairs personnel regarding security screening requirements. However, it is noted that the budget for screening has previously been held within Minister King's portfolio.

Senator Karen Grogan: Meeting held 9 February 2023

Senator Grogan advised that she had spoken with both Minister King and Minister O'Neill who reinforced that no additional funds were available and that an exemption from the requirements to screen passenger would not be forthcoming.

She was however confident that a long term funding solution would be found as part of the white paper discussions, and that in the short term, she would continue to look for funding opportunities.

Minister Tom Koutsantonis

Minister Koutsantonis indicated that this issue is a Federal Government matters, however, gave the undertaking to give Minister King a call.



- Meetings held with QANTAS and REX as follows:

REX: Meeting held on 24 January 2023

REX indicated that adding \$35 to the ticket price would make the route commercially unviable and would significantly impact the number of people flying. REX maintained that security screening does not apply to their planes as they have a seat number under the threshold set by Home Affairs.

QANTAS: Meeting held 14 February 2023

QANTAS again reinforced their support for security screening services, and also their commitment to continue operating from Whyalla Airport. QANTAS have committed to work with Council to identify strategies that will improve efficiencies and mitigate costs.

- Additional advocacy now to be implemented include seeking a meeting with Minister Catherine King, Minister Don Farrell and Senator Karen Grogan here in Whyalla with the view to presenting and demonstrating the critical importance of maintaining the Whyalla airport being serviced by both QANTAS and REX at viable price points.

Whilst advocacy will continue, it appears the probability of additional funding being secured (prior to any long-term funding model being canvassed and implemented in the Government's White Paper), is reducing. Accordingly, it is prudent that Council now considers the options available to address the current situation.

### Security Screening Costs

In parallel to advocating for a long-term funding solution, Council has worked with SNP on reducing screening costs under the contracted services. This work resulted in the implementation of a new cost structure that saves up to \$40,000 per month compared to previous costs. These savings were achieved through efficiencies delivered by changes to rostering and brought Council's costs to a comparable level with like airports, noting that there will always be natural variations based on factors such as location and flight schedule.

However, despite this significant saving, it is still expected that the cost of screening per departing passenger will be between \$35 and \$40. The spread of flights currently servicing the Whyalla airport does not accommodate costs being brought lower than this.

### Long Term Funding Solution

Whilst it is encouraging the development of an Aviation White Paper (as referenced during the Senate Estimates Committee session and in discussions with Minister King) will have discussion on security screening costs, the timeline for this paper is 18-24 months. This means that Whyalla Airport still needs a solution in the short to medium term, while a long-term solution is developed.

Research undertaken by another council indicates that based on pre-Covid figures, 61 million passengers fly domestically within Australia each year. Noting that the RASI funding provided operational funding for every airport in Australia for two years incurred a \$94.5m budget expenditure, an approximate nationwide network charge of \$0.75 per ticket would adequately cover screening costs across Australia. The \$35 - \$50 per ticket cost out of Whyalla, versus a \$0.75 per ticket levy nationally is a significant disparity and highlights the level of inequity regional ports are faced with. On the face of it, applying a nationwide network charge also highlights the simplicity a long-term funding solution could take. Even if some of the assumptions used in this calculation need to be adjusted, it is highly unlikely that this fee would need to be more than a few dollars.

### **Options if funding is not provided**

Should ongoing funding not be provided for security screening services, the following options are available to Council:

1. Cease screening services altogether.

This is a decision that Council can take, with the ultimate impact being that QANTAS will no longer be able to service the Whyalla Airport, as their airplanes are above the screening threshold. Home Affairs have made it clear that an exemption will not be granted and QANTAS are not in a position to use an alternate airplane below the screening threshold.

This will be a highly undesirable outcome for the city for several reasons. Firstly, the lack of competition means that REX will have a monopoly position, which is likely to put upward pressure on prices over time.

Secondly, the current issues being experienced in the airline industry, primarily with staffing, make it unlikely that REX would be able to increase their flight schedule to fully cover demand. This would mean that some people who need to fly would not be able to and would put further upward pressure on flight prices. This would limit the ability of the airport to grow passenger numbers, a key part of the airport operating in a sustainable manner.

Council was of the understanding that this would only be a short term option, based on REXs fleet coming to end of life and needing to be replaced with modern equivalents that would trigger the screening threshold. However, REX are adamant that their current fleet has many years left to operate, so this option could be considered longer term.

2. Increase the passenger levy for all flights – **preferred option**.

If Council was to charge both airlines a levy for the cost of screening, this would be in the order of \$35 - \$40 per departing passenger. This figure is subject to overall passenger numbers and reduces as overall passenger numbers increase. As outlined above, QANTAS have already indicated their willingness to enter conversations about a separate levy for screening. REX on the other hand have previously demonstrated their strong objection to this approach on the basis that their flights are not regulated to be screened, and that it has been an operational decision of the Council to screen all departing passengers. It is possible that Rex would launch legal action against this approach. Legal action would likely not succeed on basis of precedence, although this needs further research. The Department of Home Affairs have made it clear that airport operators do have the right to make this decision and have hinted that this implies the right to charge REX accordingly.

Both airlines have previously indicated that the Whyalla route is marginal and can't handle significant increases in price. It is hard to estimate how much of this is genuine and how much is part of their normal commercial negotiation strategy. The willingness of QANTAS to enter discussions on a charge for screening services suggests that there is some capacity for the route to bear additional costs. This is not to say that the extra charge won't influence demand in any way and Council would need to monitor and manage the impacts. If one of the airlines did pull out of the Whyalla route due to this change, there is currently no information on whether an alternate airline may be interested in filling the gap, e.g. Virgin.

This option is in line with the Federal Government's position that airline passengers should pay for the cost of screening. Until such time as the Federal Government move to implement a system of balancing these costs for metropolitan and regional passengers, Council could suggest to the airlines that they look to undertake some of this themselves. They could look to distribute these costs, and those of other small airports, through their network, so that those needing to fly to Whyalla are not unfairly disadvantaged by the high marginal costs of screening.

This option could be tweaked slightly, for instance by only charging corporate passengers for screening. However, any changes of this nature add additional complexity and mean that those that get charged will need to pay a higher amount.

Overall, this is the preferred option, as it provides an equitable outcome across the service providers and ensures that the cost of the airport remains user pays, which has been Council's position for several years.

If Council was able to achieve partial funding from another level of Government, this model would still work, it simply results in the cost charged per departing passenger being reduced.

3. Increase rates to cover the costs of screening.

The current cost of screening would require a rate increase of approximately 6.5% to fully fund. This would be on top of any existing rate increases already built into the Long Term Financial Plan, which are already under pressure due to the high level of CPI and Council's deficit position.

One of the issues with this model is that the cost to ratepayers would actually increase as the airport got busier, meaning that this impact would likely increase over the next few years.

4. Increase the passenger levy for QANTAS flights only and don't screen REX flights.

The impact of this option on the levy is hard to model, as there are significant unknowns around the ability/willingness of our screening service provider to run the service at this low level. The nature of screening means that 6 staff members need to be on shift when screening is being undertaken. There is a minimum amount of screening hours per week that need to occur for the contractor to be able to offer sufficient working hours to maintain their workforce. The cost per departing passenger could be as low as \$55, but could range all the way up to \$100.

Ultimately this would result in Council having a negative impact on the airlines servicing Whyalla operating on an even playing field. QANTAS would likely need to charge their passengers more, as they would be incurring costs that Rex would not.

5. Increase the passenger levy for QANTAS flights only but continue to screen REX flights.

This would result in the requirement to have a mix of options 3 and 4. QANTAS would pay the marginal cost of screening per departing passenger, currently \$35 to \$40, while the cost of screening Rex's passengers would be funded from a rate rise. Based on the long-term average of 58% of departing passengers using Rex, an additional rate increase of 3.5% would be required to fund this.

This model has most of the drawbacks of options 3 and 4 combined.

6. Consider delivering screening services in-house.

This option has not been investigated and would likely require substantial support and on-costs and be of greater risk. Once all costs were taken into account, it is unlikely that Council could deliver this for a rate lower than the contractor. The one advantage would be that staff could be skilled to undertake other Council tasks during the hours screening is not required. However, this in and of itself is a large issue to manage.

### **Financial Implications**

Currently Council's budget and Long-Term Financial Plan projections are based on screening services being 100% grant funded.

If at any time grant funding becomes unavailable, Council would need to consider one of the options above to ensure that screening can continue without impacting Council's financial position. To achieve this, Council would either need to cease screening to remove the cost, pass the costs fully on to passengers through the airlines, or implement an additional rate increase of 6.5% to offset the cost. This analysis can be seen above.

The impacts of these changes won't be incorporated into Council's budget and Long Term Financial Plan until an agreed course of action has been resolved.

### **Strategic Plan**

*Objective 1.1 – Unearth community pride within the city*

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

*Objective 3.2 – To connect and mobilise the community to work collectively to improve the lives of all community members*

Strategy 3.2.3 – Expand the visitor experience and stimulate investment through the development of new and diverse tourism

**Legislation – Nil**

**Officer Direct or Indirect Interest – Nil**

## **Risk Assessment**

Each of the option presented above have their own risks, which have been discussed. This is a complex, multi-faceted issue and no matter which option is selected, there will be challenges ahead. Council needs to make the decision based on what they think is best for the community, and then work through these challenges as they arise.

**Social Considerations – Nil**

**Community Engagement – Nil**

**Environmental Implications – Nil**

**Communication – Nil**

## **Conclusion**

Whyalla is the only master planned populace outside of metropolitan Adelaide and is the regional centrepiece of South Australia's confluence of mineral resources and first-class renewable energy resources making decarbonising more competitive here than in many other parts of the world. Whyalla is therefore of critical economic importance to Australia and the State of South Australia. It is the centrepiece of two regions that contribute a Gross Regional Product (GRP) of \$6.5B and a pipeline of investment value of over \$14B.

Whyalla and the Upper Spencer Gulf must sit competitively alongside Gladstone in Queensland, the Pilbara and Kwinana in Western Australia, Northern Tasmania and Portland in Victoria in the decarbonisation, minerals and energy arena and be open to exploration and visitation by our trading partners in China, Japan and Europe who are now investing in the development of our mineral resource and industrial technology capability.

Whyalla's airport is critical infrastructure to underpin this nationally significant decarbonisation and renewables development and it is imperative that it be unrestricted in supporting investment and commercial passenger movements.

Between planned private developments, the Hydrogen Jobs Plan and potentially significant developments in Port Bonython Hydrogen Hub and Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.

The above backdrop places a spotlight on the significance of the Commonwealth funding for the Whyalla Airport's operation and detriment to the community, the State and Australia if this funding ceases.

Despite the Councils' lobbying, the current position of the Commonwealth is that there are no plans for the ongoing/long-term funding of airport security screening services. Council must continue to lobby for short, medium and long-term funding of this critical service.



**THE HON KAREN ANDREWS MP  
MINISTER FOR HOME AFFAIRS**

Ref No: MC21-051833

Senator Rex Patrick  
Senator for South Australia  
Level 2, 31 Ebenezer Place  
ADELAIDE SA 5000

**Annexure "A"**

Dear Senator *Rex*

Thank you for your correspondence of 21 November 2021 concerning Australian Government support for the costs associated with airport security requirements. I appreciate the time you have taken to bring this matter to my attention. I note you also wrote to the Deputy Prime Minister, the Hon Barnaby Joyce MP on this matter and I am responding on the Deputy Prime Minister's behalf.

The Government remains committed to ensuring that costs associated with improved security screening at Australia's regional airports do not unfairly impact regional travellers.

The Department of Home Affairs (DOHA) is working closely with the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) to consider the financial impact of enhanced screening requirements on regional aviation. DOHA has sought feedback from airports and airlines to seek their views and possible options for support.

In addition, DOHA and DITRDC jointly engaged an independent consultancy firm, HoustonKemp, to undertake an economic analysis of the costs of security screening on regional airports. HoustonKemp surveyed regional airports, and utilised available data, to assess the financial impact. DOHA and DITRDC are currently considering the results of this work.

The Government has already supported regional airports to purchase or upgrade their security screening equipment through the \$50.1 million Regional Airport Security Screening Fund (RASSF), announced in the 2018/19 Budget.

The RASSF, administered by DOHA, provided regional airports with capital works funding of up to \$1 million each to implement enhanced security screening requirements, in recognition that these systems may have required additional infrastructure to accommodate the new equipment.

In addition to the RASSF, the Government, through DITRDC, has provided significant financial support throughout the COVID-19 period to regional airports to assist them with their security screening costs. This includes the Regional Airports Screening Infrastructure grants program, which has made available \$66 million to assist regional airports with the minimum necessary capital and initial operating costs of complying with enhanced security screening requirements.

The Government has also provided \$155.5 million through to 31 December 2021 as part of DITRDC's Domestic Airports Security Costs Support (DASCS) program. DASCS assists eligible domestic airports receiving Regular Public Transport services to maintain regulated security screening obligations while passenger volumes are reduced.

These measures will provide continued financial support for regional airports, including support for the cost of screening equipment and related activities while the Government considers potential longer-term support mechanisms.

Thank you for raising this matter.

Yours sincerely



KAREN ANDREWS

12 / 1 / 22

15 August 2022

## Annexure "B"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**

E: [Catherine.King.MP@aph.gov.au](mailto:Catherine.King.MP@aph.gov.au)

**Dear Minister King**

### **Funding arrangements for Security Screening at Whyalla Airport**

Due to changes announced in 2018, to strengthen Australian aviation security screening, Whyalla Airport was required to commence passenger and baggage screening for the first time in late 2021. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements.

The footprint of the existing terminal was far too small to allow for the required equipment to be retrofitted, and so a \$6.5 million upgrade project was required. The Federal Government were very helpful in funding this large upfront expense, contributing \$6 million through the Regional Airport Security Infrastructure Program (RASI) and Regional Airport Security Screening Fund (RASSF).

The cost to Council of providing screening services on an annual basis is currently \$2,018,000. With our small passenger base, this is equivalent to \$50 per departing passenger, once Council manages to return to pre-COVID levels. For comparison, Council currently charges airlines a passenger levy of \$10.50 per arriving and departing passenger. When passing on a recent increase of \$0.75 in this levy, Council received multiple requests to reconsider this, which took a lot of administrative effort to manage. These requests focused on the marginal nature of the route and the fact that it can't bear significant cost increases.

This makes it obvious that it is simply not viable for the cost of screening to be passed on to passengers. Council is also not in a position to absorb this cost. Fortunately, the Federal Government provided funding that fully covers the cost of screening for approximately the first 15 months of operation.

As part of the above legislation being passed, the Federal Government committed to developing a long-term funding model for screening in regional airports. When deciding to proceed with the project to upgrade the terminal, Council relied upon this commitment, taking into account the inability to recover costs outlined above.







It was made clear at this time, that if at any time external funding was not available, Council would need to end the screening contract and inform QANTAS that they will no longer be able to fly into our airport. This would leave only REX able to service Whyalla, as their planes are below the threshold required for screening.

Council has not yet received any further information about this funding model and our current funding will be exhausted by the end of 2022. Three months' notice is required to end our screening contract, so Council will need to make a decision about discontinuing this service in the very near future.

This would be a very undesirable outcome for the community, with no competition potentially leading to higher costs. It would also mean that the large investment just made in our airport would largely be going to waste. We certainly don't believe that this was an outcome sought by this new legislation.

Therefore, we implore the Federal Government to implement the funding model for regional airports as soon as possible and to extend the current RASI funding arrangements for the Whyalla Airport, or a comparable alternative, until such time as this occurs.

**Yours faithfully**

**Clare McLaughlin**  
**MAYOR**

*c.c. Mr Rowan Ramsey MP – Federal Member for Grey*

*Mr Eddie Hughes MP – Member for Giles*

*Mr Geoff Brock MP – Minister for Local Government*

*Mr Jim Betts – Secretary, Department of Infrastructure, Transport, Regional Development and Communications*

*Regional Airport Screening Infrastructure Program*

26 September 2022

## Annexure "C"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**  
E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

### **Cessation of screening at Whyalla Airport**

We are writing to inform you that a decision to cease security screening activities at Whyalla Airport will need to be enacted in the coming weeks.

As previously communicated in our letter dated 15 August 2022, Council is in urgent need of an extension to current funding arrangements to allow this vital service to continue. This extension of funding is required until such time as the Federal Government implements their previous commitment to provide a long term funding solution for screening at all regional airports.

Our current funding will be exhausted in January 2023 and as we are required to give 3 months' notice to end our screening contract, a final decision will need to be made in the coming weeks.

Due to our passenger numbers, the cost of screening is approximately \$50 per departing passenger, a cost that is far too high to be passed on to passengers. The total cost of screening is almost \$170,000 per month, which is a cost that a Council of our size can simply not absorb, being equivalent to 11% of our general rate income. This means that without ongoing funding, the only viable option is to cease screening activity.

Ending screening at the airport will mean that QANTAS will no longer be able to service Whyalla and we will only be able to accept REX flights of no larger than 39 passengers.

This is an unacceptable outcome for the community and the city, with no competition potentially leading to higher costs and / or reduced services resulting in social and economic impact. It would also mean that the large investment just made in our airport would largely be going to waste. We certainly don't believe that this was an outcome sought by this new legislation.



Whyalla is the only master planned populace outside of metropolitan Adelaide and is the regional centrepiece of South Australia's confluence of mineral resources and first-class renewable energy resources making decarbonising more competitive here than in many other parts of the world. Whyalla is therefore of critical economic importance to Australia and the State of South Australia. It is the centrepiece of two regions that contribute a Gross Regional Product (GRP) of \$6.5B and a pipeline of investment value of over \$14B.

Whyalla and the Upper Spencer Gulf must sit competitively alongside Gladstone in Queensland, the Pilbara and Kwinana in Western Australia, Northern Tasmania and Portland in Victoria in the decarbonisation, minerals and energy arena and be open to exploration and visitation by our trading partners in China, Japan and Europe who are now investing in the development of our mineral resource and industrial technology capability.

Whyalla's airport is critical infrastructure to underpin this nationally significant decarbonisation and renewables development and it is imperative that it be unrestricted in supporting investment and commercial passenger movements.

Between planned private developments, the Hydrogen Jobs Plan and potentially significant developments in Port Bonython Hydrogen Hub and Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.

Therefore, we implore the Federal Government to implement the funding model for regional airports as soon as possible and to extend the current RASI funding arrangements for the Whyalla Airport, or a comparable alternative, until such time as this occurs.

**Yours faithfully**



**Clare McLaughlin**  
**MAYOR**

*c.c. Mr Rowan Ramsey MP – Federal Member for Grey*

*Mr Eddie Hughes MP – Member for Giles*

*Mr Geoff Brock MP – Minister for Local Government*

*Mr Jim Betts - Secretary of the Department of Infrastructure, Transport, Regional Development and Communications*

*Regional Airport Screening Infrastructure Program*



21 October 2022

## Annexure "D"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**

E: [Minister.King@mo.infrastructure.gov.au](mailto:Minister.King@mo.infrastructure.gov.au)  
[catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister**

**URGENT: Impending Cessation of Screening at Whyalla Airport**

As previously communicated in our correspondence dated 15 August 2022 and 26 September 2022, respectively, Council is in urgent need of an extension to current funding arrangements to allow the vital security service to continue. This extension of funding is required until such time as the Federal Government implements their previous commitment to provide a long-term funding solution for screening at all regional airports.

Our current funding will be exhausted in January 2023 and as we are required to give three months' notice to end our screening contract, a final decision will need to be made as a matter of extreme urgency.

Council has been advised by your office, that both letters were forwarded to the Minister for Home Affairs, the Hon Clare O'Neil – as the matter came under the portfolio of Home Affairs.

Council has subsequently contacted the Department of Home Affairs, who have confirmed this matter falls under the portfolio of Infrastructure, for which Minister King is responsible.

Whyalla's airport is critical infrastructure to our city and its future, and it is imperative that it be unrestricted in supporting investment and commercial passenger movements. Between planned private developments, the Hydrogen Jobs Plan and potentially significant developments in Port Bonython Hydrogen Hub and Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.

We therefore implore the Federal Government to implement the funding model for regional airports as soon as possible and to extend the current RASI funding arrangements (within the Infrastructure portfolio) for the Whyalla Airport, or a comparable alternative, until such time as this occurs.





Your urgent response to Council's correspondence is requested, as in the absence of additional funding we will be forced to cease/suspend screening at Whyalla Airport that will in turn result in Qantas being unable to service our airport. Inhibiting QANTAS from being able to continue to service Whyalla is an extreme and perverse outcome from Federal Government policy, that is difficult to reconcile with the State/Federal importance of Whyalla.

Please do not hesitate to contact Mr Justin Commons; Chief Executive Officer on M: 0414 896 104 or via E: [justin.common@whyalla.sa.gov.au](mailto:justin.common@whyalla.sa.gov.au) to discuss this matter further.

**Yours faithfully**

**Clare McLaughlin**  
**MAYOR**

- c.c. Hon Clare O'Neil; Minister for Home Affairs  
Mr Jim Betts – Secretary of the Department of Infrastructure, Transport, Regional Development and Communications Regional Airport Screening Infrastructure Program  
Hon Tom Koutsantonis MP – Minister for Industry and Transport  
Mr Geoff Brock MP – Minister for Local Government  
Mr Rowan Ramsey MP – Federal Member for Grey  
Mr Eddie Hughes MP – Member for Giles*

# Annexure "E"

**From:** EDLINGTON Michelle

**Sent:** Friday, 28 October 2022 12:45

**To:** Grant Jennings <>

**Cc:** Regional Airports Screening Infrastructure <> **Subject:** Whyalla Airport - RASI Operating Costs - Program Extension [SEC=OFFICIAL]

## CAUTION :

**This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.**

OFFICIAL

Dear Grant

I am writing regarding your grant agreement under the Australian Government's Regional Airports Screening Infrastructure (RASI) program, providing support for eligible security screening costs during the transition to the enhanced screening requirements mandated by the Department of Home Affairs.

This is to advise that a further tranche of RASI operational grant funding support (OpEx) is being allocated, which will ensure Whyalla Airport receives OpEx support for the period through to 31 March 2023. OpEx funding support for your Airport beyond March 2023 will be subject to program funds availability. We expect to contact airports again in December 2022 to provide an update on the program.

We are therefore pleased to offer you an increase in the value of your RASI grant as set out in the attached Deed of Variation.

Please review this Deed and, should you wish to accept the additional funding, **sign and return an electronic copy within 30 days**. The Department is not liable for any costs incurred for the extended grant period without an executed grant agreement in place.

Claims under the new funding will be up to a monthly claims cap, as specified in the Variation document. The monthly cap only applies to the new funding being allocated. Based on our records, the monthly claims cap set out in the Variation document should be sufficient to cover Whyalla's monthly costs as they relate to OpEx until the end of March 2023.

Your airport can continue to claim monthly costs under the original allocation in line with the original terms and conditions.

Please note that claims are required to be submitted within 45 days of the end of the month being claimed.

### RASI claims processes

As per previous RASI claims, we ask that you submit:

- ? an invoice to the Department – for costs incurred (up to your monthly claim cap where applicable);
- ? third party invoices to support the costs claimed;

? and a breakdown of total costs for the period as per the attached claim form/table (with the monthly claim cap, where applicable, identified as part of the total costs).

Please contact the Department at [airportscreening@infrastructure.gov.au](mailto:airportscreening@infrastructure.gov.au) if you would like to discuss any aspect.

Kind regards

**Michelle Edlington**

Assistant Director • **Domestic Policy and Programs Branch** • Domestic Aviation and Reforms Division

GPO Box 594 Canberra, ACT 2601

**Department of Infrastructure, Transport, Regional Development, Communications and the Arts**  
**CONNECTING AUSTRALIANS • ENRICHING COMMUNITIES • EMPOWERING REGIONS**

[infrastructure.gov.au](http://infrastructure.gov.au)



*I would like to acknowledge the traditional custodians of this land on which we meet, work and live.  
I recognise and respect their continuing connection to the land, waters and communities.  
I pay my respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

**OFFICIAL**

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Disclaimer

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## Michelle Armstrong

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**From:** Minister.King  
**Sent:** Wednesday, 2 November 2022 10:49 AM  
**To:** Michelle Armstrong  
**Subject:** IE104714 - 3-188 - Whyalla Airport [SEC=OFFICIAL]

**Annexure "F"**

**CAUTION :**

**This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.**

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OFFICIAL

Dear Cr McLaughlin,

Thank you for your letters regarding security screening at Whyalla Airport. As you may be aware, the Regional Airports Screening Infrastructure (RASI) program was brought in as a time and cost limited program to enable regional airports to adjust to new security screening measures brought in by the previous government and provide financial support during the COVID-19 pandemic. No additional funding was made available as part of the March Budget and, as the incoming Minister, I have accepted that decision.

I understand that RASI has provided considerable support to both capital and operational expenditure at Whyalla Airport over recent years. My Department has recently been in contact with you to provide information as to when the funds available under the RASI for Whyalla Airport will be exhausted, and that this will enable support at least through to the end of March 2023. I also understand the Department is working with you on ways to better manage your airport's screening costs.

As you would be aware, screening costs have traditionally been borne by airports; nevertheless, the importance of maintaining reliable services to regional centres like Whyalla is an issue I am concerned about.

To that end, I have spoken directly with Minister O'Neil to get a better understanding of how the Home Affairs portfolio will be better able to manage the requirements and costs of airports like yours going forward and to ensure that security costs are proportionate to risks.

Thank you again for your correspondence on this important issue.

Yours sincerely

Catherine King

**Minister for Infrastructure, Transport, Regional Development and Local Government**  
Suite MG.46, Parliament House, Canberra ACT 2600

OFFICIAL

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Justin Commons  
Chief Executive Officer  
Whyalla City Council  
PO Box 126  
Whyalla SA 5600

## Annexure "G"

Dear Mr Commons,

Thank you for your phone call on 19 October 2022 to discuss screening operations at Whyalla Airport. During the call you advised that Whyalla Airport is facing significant challenges with the cost of security screening and the running of the airport, and requested a security screening exemption for QANTAS flights departing Whyalla Airport.

In considering your request, I have taken into account: risk analysis regarding security threats to aviation; the screening threshold which applies to Tier 2 airports; and the information provided via correspondence by Mayor McLaughlin regarding the costs of security screening and impacts on airport operations. Based on the information provided, I do not consider there is a sufficient justification to agree to an exemption for aviation security screening requirements for Whyalla Airport.

While smaller airports that currently conduct security screening face different challenges in managing cost pressures compared to airports with greater passenger numbers, upholding security obligations is a fundamental responsibility and core business for all security-regulated airport operators across the country. It is the longstanding policy of successive Governments that industry is responsible for the costs associated with security, including security screening.

I understand you are continuing to engage with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts regarding further financial assistance under the Regional Airports Screening Infrastructure (RASI) Program.

Thank you for your continued engagement on this important issue.

Kind Regards,

Michael Burke  
Senior Assistant Secretary  
Policy, Partnerships and Capability  
Cyber and Infrastructure Security Centre  
15 November 2022

8 December 2022

## Annexure "H"

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**  
E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

### **Security Screening at Whyalla Airport**

Thank you for your email dated 2 November 2022, responding to our previous letter and for the short extension to RASI funding provided by your department, to fund screening services in Whyalla until the end of March 2023.

It was pleasing to recently hear the issue of screening in regional airports being discussed in the Senate Estimates session on 2 December 2022, and specifically conversation around the current situation being experienced by Whyalla Airport. The discussion highlights the significance of this matter and the bipartisan.

We feel it would be beneficial to provide our perspective on some of the opinions delivered in that session, as follows:

- It is true that RASI was provided as a COVID recovery mechanism for airports that already provided screening prior to the previous round of reform.
- However, for the 13 airports that had to begin screening activities for the first time due to the new legislation, RASI funding provided the means, both from a capital and operational perspective, to actually allow screening to be undertaken.
- These 13 airports have the lowest volumes of passengers required to screen in Australia and simply don't have the passenger movements required to make the service economically viable to pass on to passengers. They may need to be considered in their own light in the current situation, as funding sources come to an end.

Please refer to the attached letter from the former Minister for Home Affairs to former Senator Rex Patrick, dated 12 January 2022. In this letter, former Minister Andrews outlines that *"the available funding streams provide continued financial support to regional airports while the Government considers long term support mechanisms"*.

The letter also points out that the Department of Home Affairs in conjunction with the Department of Infrastructure, Transport, Regional Development and Communications *"has already commenced the work to develop options for ongoing support"*.

The contents of this letter appear to be out of sync with some of the information provided within the Senate Estimates session on 2 December 2022.





Council is currently undertaking significant work with our screening provider on how they can make their operations more efficient, and we are expecting to soon come to an agreement on a new cost structure that is expected to save up to \$40,000 per month compared to current costs. These savings will bring Council's costs to a comparable level with like airports, noting that there will always be natural variations based on factors such as location.

However, despite this significant saving being achieved, it is still expected that the cost of screening per departing passenger will be between \$35 and \$40 per departing passenger. The spread of flights currently servicing our airport simply doesn't allow costs to be brought lower than this.

We are encouraged to hear about the development of an Aviation White Paper and look forward to the recommendations that the report contains. However, the timeline for the release of this paper means that we are still in need of a funding stream to continue screening at Whyalla airport in the short to medium term, while a long-term solution is developed.

We ask you to seriously consider the provision of additional funding within the upcoming budget process to ensure that low volume regional airports subject to screening requirements are able to continue providing services to their community until a fairer long term funding mechanism is put in place.

**Yours faithfully**

**Phill Stone**  
**MAYOR**

*c.c. Hon Clare O'Neil MP – Minister for Home Affairs  
Rowan Ramsey MP – Federal Member for Grey  
Eddie Hughes MP – Member for Giles  
Geoff Brock MP – Minister for Local Government  
Jim Betts - Secretary of the Department of Infrastructure, Transport, Regional Development and Communications  
Michael Pezzullo AO – Secretary of the Department of Home Affairs*

**Senators in attendance at the Rural and Regional Affairs and Transport Legislation Committee on  
2 December 2022:**

*Glenn Sterle – Chair of Rural and Regional Affairs and Transport Legislation Committee  
Hon Matthew Canavan – Deputy Chair of Rural and Regional Affairs and Transport Legislation Committee  
Linda White – Senator for Victoria  
Gerard Rennick – Senator for Queensland  
Hon Bridget McKenzie – Leader of the Nationals in the Senate  
Hon Carol Brown – Assistance Minister Infrastructure and Transport  
Susan McDonald – Senator for Queensland*



Attachment

**THE HON KAREN ANDREWS MP  
MINISTER FOR HOME AFFAIRS**

Ref No: MC21-051833

Senator Rex Patrick  
Senator for South Australia  
Level 2, 31 Ebenezer Place  
ADELAIDE SA 5000

Dear Senator *Rex*

Thank you for your correspondence of 21 November 2021 concerning Australian Government support for the costs associated with airport security requirements. I appreciate the time you have taken to bring this matter to my attention. I note you also wrote to the Deputy Prime Minister, the Hon Barnaby Joyce MP on this matter and I am responding on the Deputy Prime Minister's behalf.

The Government remains committed to ensuring that costs associated with improved security screening at Australia's regional airports do not unfairly impact regional travellers.

The Department of Home Affairs (DOHA) is working closely with the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) to consider the financial impact of enhanced screening requirements on regional aviation. DOHA has sought feedback from airports and airlines to seek their views and possible options for support.

In addition, DOHA and DITRDC jointly engaged an independent consultancy firm, HoustonKemp, to undertake an economic analysis of the costs of security screening on regional airports. HoustonKemp surveyed regional airports, and utilised available data, to assess the financial impact. DOHA and DITRDC are currently considering the results of this work.

The Government has already supported regional airports to purchase or upgrade their security screening equipment through the \$50.1 million Regional Airport Security Screening Fund (RASSF), announced in the 2018/19 Budget.

The RASSF, administered by DOHA, provided regional airports with capital works funding of up to \$1 million each to implement enhanced security screening requirements, in recognition that these systems may have required additional infrastructure to accommodate the new equipment.

In addition to the RASSF, the Government, through DITRDC, has provided significant financial support throughout the COVID-19 period to regional airports to assist them with their security screening costs. This includes the Regional Airports Screening Infrastructure grants program, which has made available \$66 million to assist regional airports with the minimum necessary capital and initial operating costs of complying with enhanced security screening requirements.

The Government has also provided \$155.5 million through to 31 December 2021 as part of DITRDC's Domestic Airports Security Costs Support (DASCS) program. DASCS assists eligible domestic airports receiving Regular Public Transport services to maintain regulated security screening obligations while passenger volumes are reduced.

These measures will provide continued financial support for regional airports, including support for the cost of screening equipment and related activities while the Government considers potential longer-term support mechanisms.

Thank you for raising this matter.

Yours sincerely



KAREN ANDREWS

12 / 1 / 22

16 December 2022

**Senator the Hon Don Farrell**  
**Minister for Trade and Tourism**  
E: [senator.farrell@aph.gov.au](mailto:senator.farrell@aph.gov.au)

## Annexure "I"

**Dear Senator Farrell**

### **Funding arrangements for Security Screening Services at Whyalla Airport**

In March 2021, Council entered into an agreement with the Commonwealth Government to receive grant monies fully funding operating costs for security screening services at the Whyalla Airport. The original grant received, together with additional funding received in September 2021 and then November 2022 (as a result of lobbying efforts) under the Domestic Airports Security Costs Support and Regional Airport Security Infrastructure (RASI) programs, is due to expire 31 March 2023.

The requirement to undertake security screening services at Whyalla Airport was mandated by the Department of Home Affairs in 2018 with changes announced to strengthen Australian aviation security screening. With just under 80,000 passengers per annum prior to COVID, Whyalla Airport is one of the lowest volume airports in Australia subject to these requirements.

Over the past month, Council has worked with our external security screening provider to reduce the cost of screening services and has been able to achieve significant efficiencies, reducing the annual cost by approximately \$575,000. Despite this, the additional cost per departing passenger is still between \$35 and \$40 – a cost too high for passengers or Whyalla ratepayers to bear.

***Accordingly, if ongoing Commonwealth funding cannot be secured, Whyalla airport will need to cease screening. Without screening services, QANTAS will no longer be able to service the Whyalla airport. The current position of the Commonwealth is that there are no plans for the ongoing/long term funding of airport security screening services.***

As you would be aware, the City of Whyalla is of sovereign and strategic importance to the state and the nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Between planned private sector developments, the Hydrogen Jobs Plan, the Port Bonython Hydrogen Hub and Northern Water Supply Project, there will be a significant influx of people into our city/region. It is therefore imperative that the Whyalla Airport be unrestricted in supporting this investment and commercial passenger movements. Accordingly, Council must receive short, medium and long-term funding of this critical service.





Council is forwarding this letter to all current Federal Labour Senators for South Australia, as this is an important issue for South Australia that the current Commonwealth Government must address urgently. Other regional South Australian airports affected similar to Whyalla are Port Lincoln, Mount Gambier and Kangaroo Island airports.

The Whyalla airport is critical infrastructure that ensures that the right people can be in the city at the right time. It is also a vital link for our community, to medical and other services that cannot be accessed locally and also supports regional tourism.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to long term growth and prosperity. We understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that our community now faces as a result of this decision, is unacceptable and needs to be addressed urgently.

We urge the Commonwealth Government to seriously consider the provision of additional funding to ensure that low volume airports subject to screening requirements are able to continue providing services to their community and regional passengers until a fairer long term funding mechanism is put in place.

Additional information can be found as an attachment to this letter and we would appreciate the opportunity to discuss this issue further with you at your earliest convenience.

**Yours faithfully**

**Phill Stone**  
**MAYOR**

*c.c. Karen Grogan – Senator for South Australia  
Marielle Smith – Senator for South Australia  
Hon Penny Wong – Minister for Foreign Affairs*



#### FURTHER BACKGROUND INFORMATION

- The previous Federal Government provided significant assistance in funding the upfront capital costs of upgrading our airport to accommodate security screening equipment and also fully funded the first 12 months of operating costs.
- This support was provided to assist smaller airports during Covid, as well as to fund screening services until the Commonwealth Government implemented a long-term funding model for screening in all regional airports. This is supported by a letter from the former Minister for Home Affairs to former Senator Rex Patrick dated 12 January 2022 (**Annexure “A”**).
- The letter points out that the Department of Home Affairs in conjunction with the Department of Infrastructure, Transport, Regional Development and Communications had already commenced the work to develop options for ongoing support.
- The current position of the Commonwealth Government appears to be that ongoing funding will be addressed within an aviation whitepaper, which is likely to be completed in 2024.
- The timeline of the aviation white paper means that Whyalla Council and other airports will still need a short-medium term funding solution to continue screening while a long-term solution is developed.
- To ensure Whyalla’s cost structures are comparable, benchmarking has been undertaken and work with Council’s screening provider has resulted in update pricing.
- For comparison to the cost of screening of \$35 to \$40 per departing passenger, Council currently charges airlines a passenger levy of \$10.50 per arriving and departing passenger and has experienced strong opposition from airlines when trying to increase by anything higher than \$0.50 per annum in recent years.
- Research undertaken by another council indicates that based on pre-Covid figures, 61 million passengers fly domestically within Australia each year. Noting that the RASI funding provided operational funding for every airport in Australia for two years incurred a \$94.5m budget expenditure, an approximate nationwide network charge of \$0.75 per ticket would adequately cover screening costs across Australia. The \$35 - \$40 per ticket cost out of Whyalla, versus a \$0.75 per ticket levy nationally is a significant disparity and highlights the level of inequity regional ports are faced with. On the face of it, applying a nationwide network charge also highlights the simplicity a long-term funding solution could take.
- On 2 December 2022, the matter of funding for screening services at the Whyalla Airport was raised during a meeting of the Senate Estimates Committee for Rural and Regional Affairs and Transport. Matters raised during the discussion highlight the difficulties of regional airports in funding screening services, primarily due to lower passenger numbers and flights. In response to the matters raised during the Senate Estimates Committee session, Council has again written to the Minister for Infrastructure, Transport, Regional Development and Local Government providing Council’s perspective on the opinions delivered during the session (**Annexure “B”**).





- Whyalla is the only master planned populace outside of metropolitan Adelaide and is the regional centrepiece of South Australia's confluence of mineral resources and first-class renewable energy resources making decarbonising more competitive here than in many other parts of the world. Whyalla is therefore of critical economic importance to Australia and the State of South Australia. It is the centrepiece of two regions that contribute a Gross Regional Product (GRP) of \$6.5B and a pipeline of investment value of over \$14B.
- Whyalla and the Upper Spencer Gulf must sit competitively alongside Gladstone in Queensland, the Pilbara and Kwinana in Western Australia, Northern Tasmania and Portland in Victoria in the decarbonisation, minerals and energy arena and be open to exploration and visitation by our trading partners in China, Japan and Europe who are now investing in the development of our mineral resource and industrial technology capability.
- Whyalla's airport is critical infrastructure to underpin this nationally significant decarbonisation and renewables development and it is imperative that it be unrestricted in supporting investment and commercial passenger movements.
- Between planned private developments, the Hydrogen Jobs Plan, the Port Bonython Hydrogen Hub and potentially the Northern Water Supply Project, an influx of visitors and passengers will need to utilise Whyalla's airport with a significant groundswell in 2023.
- The above backdrop places a spotlight on the significance of the Commonwealth funding for the Whyalla Airport's operation and detriment to the community, the State and Australia if this funding ceases.



**THE HON KAREN ANDREWS MP  
MINISTER FOR HOME AFFAIRS**

Ref No: MC21-051833

Senator Rex Patrick  
Senator for South Australia  
Level 2, 31 Ebenezer Place  
ADELAIDE SA 5000

Dear Senator *Rex*

Thank you for your correspondence of 21 November 2021 concerning Australian Government support for the costs associated with airport security requirements. I appreciate the time you have taken to bring this matter to my attention. I note you also wrote to the Deputy Prime Minister, the Hon Barnaby Joyce MP on this matter and I am responding on the Deputy Prime Minister's behalf.

The Government remains committed to ensuring that costs associated with improved security screening at Australia's regional airports do not unfairly impact regional travellers.

The Department of Home Affairs (DOHA) is working closely with the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) to consider the financial impact of enhanced screening requirements on regional aviation. DOHA has sought feedback from airports and airlines to seek their views and possible options for support.

In addition, DOHA and DITRDC jointly engaged an independent consultancy firm, HoustonKemp, to undertake an economic analysis of the costs of security screening on regional airports. HoustonKemp surveyed regional airports, and utilised available data, to assess the financial impact. DOHA and DITRDC are currently considering the results of this work.

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In addition to the RASSF, the Government, through DITRDC, has provided significant financial support throughout the COVID-19 period to regional airports to assist them with their security screening costs. This includes the Regional Airports Screening Infrastructure grants program, which has made available \$66 million to assist regional airports with the minimum necessary capital and initial operating costs of complying with enhanced security screening requirements.

The Government has also provided \$155.5 million through to 31 December 2021 as part of DITRDC's Domestic Airports Security Costs Support (DASCS) program. DASCS assists eligible domestic airports receiving Regular Public Transport services to maintain regulated security screening obligations while passenger volumes are reduced.

These measures will provide continued financial support for regional airports, including support for the cost of screening equipment and related activities while the Government considers potential longer-term support mechanisms.

Thank you for raising this matter.

Yours sincerely



KAREN ANDREWS

12 / 1 / 22

**8 December 2022**

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**  
E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

**Security Screening at Whyalla Airport**

Thank you for your email dated 2 November 2022, responding to our previous letter and for the short extension to RASI funding provided by your department, to fund screening services in Whyalla until the end of March 2023.

It was pleasing to recently hear the issue of screening in regional airports being discussed in the Senate Estimates session on 2 December 2022, and specifically conversation around the current situation being experienced by Whyalla Airport. The discussion highlights the significance of this matter and the bipartisan.

We feel it would be beneficial to provide our perspective on some of the opinions delivered in that session, as follows:

- It is true that RASI was provided as a COVID recovery mechanism for airports that already provided screening prior to the previous round of reform.
- However, for the 13 airports that had to begin screening activities for the first time due to the new legislation, RASI funding provided the means, both from a capital and operational perspective, to actually allow screening to be undertaken.
- These 13 airports have the lowest volumes of passengers required to screen in Australia and simply don't have the passenger movements required to make the service economically viable to pass on to passengers. They may need to be considered in their own light in the current situation, as funding sources come to an end.

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Council is currently undertaking significant work with our screening provider on how they can make their operations more efficient, and we are expecting to soon come to an agreement on a new cost structure that is expected to save up to \$40,000 per month compared to current costs. These savings will bring Council's costs to a comparable level with like airports, noting that there will always be natural variations based on factors such as location.

However, despite this significant saving being achieved, it is still expected that the cost of screening per departing passenger will be between \$35 and \$40 per departing passenger. The spread of flights currently servicing our airport simply doesn't allow costs to be brought lower than this.

We are encouraged to hear about the development of an Aviation White Paper and look forward to the recommendations that the report contains. However, the timeline for the release of this paper means that we are still in need of a funding stream to continue screening at Whyalla airport in the short to medium term, while a long-term solution is developed.

We ask you to seriously consider the provision of additional funding within the upcoming budget process to ensure that low volume regional airports subject to screening requirements are able to continue providing services to their community until a fairer long term funding mechanism is put in place.

**Yours faithfully**

**Phill Stone**  
**MAYOR**

*c.c. Hon Clare O'Neil MP – Minister for Home Affairs  
Rowan Ramsey MP – Federal Member for Grey  
Eddie Hughes MP – Member for Giles  
Geoff Brock MP – Minister for Local Government  
Jim Betts - Secretary of the Department of Infrastructure, Transport, Regional Development and Communications  
Michael Pezzullo AO – Secretary of the Department of Home Affairs*

**Senators in attendance at the Rural and Regional Affairs and Transport Legislation Committee on  
2 December 2022:**

*Glenn Sterle – Chair of Rural and Regional Affairs and Transport Legislation Committee  
Hon Matthew Canavan – Deputy Chair of Rural and Regional Affairs and Transport Legislation Committee  
Linda White – Senator for Victoria  
Gerard Rennick – Senator for Queensland  
Hon Bridget McKenzie – Leader of the Nationals in the Senate  
Hon Carol Brown – Assistance Minister Infrastructure and Transport  
Susan McDonald – Senator for Queensland*

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File Name: F10/2853  
Record No: AR22/66788

**21 December 2022**

Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development and Local Government  
Email: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

Dear Minister King

### **SECURITY SCREENING AT WHYALLA AIRPORT**

We are extremely concerned to hear that screening services at the Whyalla Airport may soon need to be discontinued due to a lack of ongoing funding from the Federal Government. This will in turn result in QANTAS no longer being able to service this airport and leaving only REX Airlines servicing the city into the future as a direct consequence.

The City of Whyalla is of sovereign and strategic importance to the State and the Nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Significant planned private sector developments, together with the State Government's Hydrogen Jobs Plan, Port Bonython Hydrogen Hub, and Northern Water Supply Project, will all generate a significant influx of people into the city/region.

The Whyalla Airport is an essential piece of infrastructure that ensures that the right people can be in the city at the right time. It is also a vital link for our community to medical and other services that cannot be accessed locally and also supports regional tourism. We understand that the Port Lincoln Airport will also be affected by the unfunded security screening requirements, resulting in both airports servicing the Eyre Peninsula being adversely affected.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to Whyalla's long term growth and prosperity. We understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that the Whyalla community now faces as a result of the Federal Government's decision to not provide ongoing funding support is unacceptable and needs to be addressed urgently.

We urge the Federal Government to meet its commitment to implement a long term sustainable funding model for screening in regional airports, and to extend the current funding arrangement for the Whyalla Airport until such time as this long term solution is in place.

Yours faithfully



**JOHN BANKS**  
**CHIEF EXECUTIVE OFFICER**

*c.c. Rowan Ramsey MP – Federal Minister for Grey  
Eddie Hughes MP – Member for Giles*

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4<sup>th</sup> January 2023

Hon Catherine King MP

Minister for Infrastructure, Transport, Regional Development and Local Government

E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

Dear Minister King

### **Security Screening at Whyalla Airport**

We are extremely concerned to hear that screening services at the Whyalla Airport may soon need to be discontinued due to a lack of ongoing funding from the Federal Government. This will in turn result in QANTAS no longer being able to service this airport and leaving only REX Airlines servicing the city into the future as a direct consequence.

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We urge the Federal Government to meet its commitment to implement a long term sustainable funding model for screening in regional airports, and to extend the current funding arrangement for the Whyalla Airport until such time as this long term solution is in place.

Yours faithfully

Louise Osborn

Regional General Manager

*c.c. Rowan Ramsey MP – Federal Member for Grey*

*Eddie Hughes MP – Member for Giles*



99 Playford Avenue, Whyalla 5600  
Ph: 8645 9488 | Email: [reservations@comfortinnwhyalla.com.au](mailto:reservations@comfortinnwhyalla.com.au)

**Re: Support of Airport Security**

**21/12/2022**

**Hon Catherine King MP**  
**Minister for Infrastructure, Transport, Regional Development and Local Government**

E: [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

**Dear Minister King**

### **Security Screening at Whyalla Airport**

We are extremely concerned to hear that screening services at the Whyalla Airport may soon need to be discontinued due to a lack of ongoing funding from the Federal Government. This will in turn result in QANTAS no longer being able to service this airport and leaving only REX Airlines servicing the city into the future as a direct consequence.

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99 Playford Avenue, Whyalla 5600  
Ph: 8645 9488 | Email: [reservations@comfortinnwhyalla.com.au](mailto:reservations@comfortinnwhyalla.com.au)

We urge the Federal Government to meet its commitment to implement a long-term sustainable funding model for screening in regional airports, and to extend the current funding arrangement for the Whyalla Airport until such time as this long term solution is in place.

Yours sincerely,

Greg Winston  
Director: M & G Hotel Group

Ebonie Winston  
Front Office Manager: Comfort Inn Whyalla

*c.c. Rowan Ramsey MP – Federal Member for Grey  
Eddie Hughes MP – Member for Giles*



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23 December 2022

Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development and Local Government  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

**BY EMAIL:** [catherine.king.mp@aph.gov.au](mailto:catherine.king.mp@aph.gov.au)

Dear Minister

### **SECURITY SCREENING AT PORT LINCOLN AND WHYALLA AIRPORTS**

The Board of Regional Development Australia Eyre Peninsula have been alerted to the fact that screening services at the major airports on Eyre Peninsula, South Australia may soon need to be discontinued due to a lack of ongoing funding from the Australian Government. It has also been suggested that this will in turn result in QANTAS no longer being able to service the airports at Port Lincoln and Whyalla, leaving only REX Airlines servicing both cities into the future, as a direct consequence.

The Port Lincoln airport is an important gateway to southern Eyre Peninsula and the City of Port Lincoln with multiple daily passenger services provided to and from Adelaide, making this the busiest regional airport in South Australia. The airport is of strategic importance, servicing many regional communities and industries including renewable energy, hydrogen, tourism, space, agriculture, fishing, aquaculture and mining.

The City of Whyalla is of sovereign and strategic importance to the State and the Nation, being a key industrial centre, with this importance only expected to grow exponentially into the future. Significant planned private sector developments, together with the State Government's Hydrogen Jobs Plan, Port Bonython Hydrogen Hub, and Northern Water Supply Project, will all generate a significant influx of people into the city/region.

Both airports are an essential piece of infrastructure, given the size of our region and the distance to travel by car to Adelaide. Most importantly, the airports also serve as a vital link for our communities to medical and other health services that cannot be accessed locally.

A reduction in local airline competition will be a cost borne by the local community and industry that is not conducive to long term growth and prosperity. I understand that security measures were implemented at more airports across Australia to increase overall safety, however, the outcome that both Port Lincoln and Whyalla communities now face as a result of the Government's decision to not provide ongoing funding support is concerning.

I urge the Government to implement a long-term sustainable funding model for screening in regional airports, and in the interim extend the current funding arrangement for the Port Lincoln and Whyalla Airports until such time that a solution is in place.

Yours sincerely



Ryan Viney  
**Chief Executive Officer**  
**Director Regional Development**



An Initiative of  
**Government of  
South Australia**

LOCAL GOVERNMENT PARTNERS: District Council of Ceduna • District Council of Cleve • District Council of Elliston • District Council of Franklin Harbour • District Council of Kimba • Lower Eyre Council • City of Port Lincoln • District Council of Streaky Bay • District Council of Tumby Bay • Wudinna District Council

# Annexure "J"



R22/24731

12 January 2023

The Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development & Local Government  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

*Via email: [Minister.King@mo.infrastructure.gov.au](mailto:Minister.King@mo.infrastructure.gov.au)*

Dear Minister King,

## **RE: Security Screening Funding at Regional Airports**

As you are aware, due to changes in Federal Legislation aimed to strengthen Australian aviation security, fourteen airports across Australia commenced passenger and baggage screening in late 2021.

This legislative change affected South Australian regional airport operators that subsequently received financial support through the Regional Airport Security Infrastructure Program (RASI) to cover the new operational costs.

It is acknowledged \$66 million nationwide has been provided through this program which was further increased to \$94.5 million. This financial support was appreciated by all the regional airports affected including the cosignatories to this letter, Kangaroo Island, Port Lincoln and Whyalla which are all owned and operated by regional Councils.

As a matter of background, the majority of regional airports now required to screen, including the cosignatories, have a relatively low volume of passengers compared with ports such as Adelaide, Sunshine Coast or Newcastle. Therefore, the ability to cover costs associated with providing the screening services varies from airport to airport depending on the market catchment and number of passengers using the port. The annual cost to regional ports to contract the service providers to undertake the security screening remains the same, ranging from a minimum of approximately \$1 million up to \$2 million per annum. This equates to an average annual cost impact to the cosignatory airports in the range of \$30 to \$40 per departing passenger, due to the lower passenger numbers.

In the current environment, increasing ticket fares to cover this new cost will make flying an unviable option for our communities, businesses, and tourists. Less passengers reduces the commercial sustainability of regional routes, particularly if that cost is passed on to the Regional Passenger Transport (RPT) airlines.

The alternative option for Council is to absorb this added cost. Financial modelling indicates this cost of service would result in an approximate 20% local government rate rise for regional communities to fund security screening.

Therefore, to achieve an outcome that incorporates equity and commercial viability, Councils request the following changes to the current Regulations and an immediate extension of financial support until a more equitable, sustainable funding model is implemented. This request from the Councils, as the owners of the Port Lincoln Airport, Whyalla Airport, and Kangaroo Island Airport, is seeking the following two changes:

**1. If an airport is required to screen passengers, it should be defined as a 'screened airport' requiring all departing passengers to be screened regardless of the air service they utilise.**

It is recognised that differential security screening at regional airports does not meet community expectations nor achieve the overall intent of the legislative change - to improve safety and security outcomes. If RPT airlines with a smaller passenger capacity are imposed with covering the cost of screening, there is a risk of services being withdrawn from regional airports based on becoming commercially unviable. The increase in the cost of an air ticket becomes prohibitive for passengers, resulting in less passengers due to a consumer's decision to drive instead of fly.

**2. Network Charging**

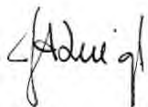
It is evident that the domestic air travel market continues to recover from the Covid-19 downturn. On average, a total of 61 million passengers flew domestically across Australia per annum pre-Covid. Based on this national domestic passenger volume and noting the RASI funding for two years incurred a \$94.5 million budget expenditure, an approximate network charge of \$0.75 per ticket under a 'national levy' style scheme would adequately cover screening costs across the nation.

The financial modelling previously mentioned indicates the cost impact of providing security screening under the current legislation ranges between an additional \$30 to \$40 per ticket on passengers departing Port Lincoln and Whyalla airports, respectively. This is a significant cost disparity compared to a \$0.75 per ticket charge under a 'national levy scheme', clearly demonstrating the high level of inequity the new legislation imposes on regional airports.

In closing, we urge the Federal Government to implement security screening legislation that provides an equitable and sustainable framework for providing security screening and does not disadvantage the regions. Given the high monthly cost of providing the service it is requested the current RASI funding arrangements for regional airports be immediately extended, or a comparable alternative, until such time as the legislation is changed to facilitate equity across all airports and their respective users.

Thank you for your consideration and we look forward to your response.

Yours sincerely,



**MAYOR JO-ANNE QUIGLEY**  
**LOWER EYRE COUNCIL**

*Lower Eyre Council owns and operates Port Lincoln Airport, North Shields, South Australia*



**MAYOR MICHAEL PENGILLY**  
**KANGAROO ISLAND COUNCIL**

*Kangaroo Island Council owns and operates Kangaroo Island, Kingscote Airport, Kangaroo Island, South Australia*



**MAYOR PHILL STONE**  
**CITY OF WHYALLA**

*City of Whyalla owns and operates Whyalla Airport, Whyalla, South Australia*

Cc:

Federal Minister for Home Affairs, Hon Clare O'Neil MP

Federal Member for Grey, Rowan Ramsey MP  
Federal Member for Mayo, Rebekha Sharkie MP  
Local State Member for Flinders, Sam Telfer MP  
Local State Member for Giles, Eddie Hughes MP  
Local State Member for Mawson, Hon Leon Bignell MP

Hon Clare Scriven MLC, Minister for Primary Industries and Regional Development, Forestry  
Hon Geoff Brock MP, Minister for Local Government, Regional Roads  
Hon Tom Koutsantonis MP, Minister for Infrastructure and Transport, Energy and Mining  
Hon Zoe Bettison MP, Minister for Tourism

Australian Local Government Association  
Australian Airports Association  
Regional Development Australia Eyre Peninsula  
Eyre Peninsula Local Government Association

City of Port Lincoln & other Eyre Peninsula Councils

### 5.1.2 Airport Security Screening

Moved Cr D Knox, Seconded Cr B Simpson

#### **C4693-2023**

##### Recommendation

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Council orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate, Kristen Clark, Director City Infrastructure, Jade Ballantine; Director City Growth, Grant Jennings; Manager Finance, Manager Airport and Economic Development; Mr Brad Benson, Manager City Development; Ms Jodie Perone and Lisette Symons; Executive Co-Ordinator - Corporate for Agenda Item 5.1.2 – Whyalla Airport Passenger Screening - Update.

The Council considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Council will receive and consider a report containing commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council.

**Carried**

Moved Cr B Simpson, Seconded Cr P Borda

#### **C4694-2023**

##### Recommendation

Council:

1. Notes the report Whyalla Airport Passenger Screening – Update;
2. Requests the administration test with Qantas the charging of full screenings costs, and advises the Federal and State Governments of the very high likelihood of one of the airlines withdrawing from Whyalla; and
3. Having considered Agenda Item 5.1.2 – Whyalla Airport Passenger Screening – Update in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act, orders that this Report, any Annexures to this Report and the minutes pertaining to this report be kept confidential and not available for public inspection except insofar as is necessary to implement the Council decision until February 2028 (5-years), on the basis that it contains commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.

**Carried**