

## 16.3: ALBANY REGIONAL AIRPORT – INCREASE IN PASSENGER LEVY

|                               |  |
|-------------------------------|--|
| <b>Land Description</b>       | : Albany Regional Aerodrome, Western Australia   |
| <b>Proponent</b>              | : City of Albany                                 |
| <b>Owner</b>                  | : City of Albany                                 |
| <b>Attachments</b>            | : Ordinary Council Meeting, Item 16.3            |
| <b>Responsible Officer(s)</b> | : Executive Director Community Services (L Hill) |

### IN BRIEF

- As a result of Federal legislation, effective 1 July 2012, the City of Albany is required to implement security screening and associated works at Albany Airport.
- An increase to current passenger levy from 1 July 2012, is proposed to recover costs associated with those works.

### ITEM 16.3: DRAFT MOTION

#### VOTING REQUIREMENT: ABSOLUTE MAJORITY

**THAT Item 16.3 is ACCEPTED as an urgent item to be dealt with at this meeting.**

### ITEM 16.3: RECOMMENDATION

#### VOTING REQUIREMENT: ABSOLUTE MAJORITY

**THAT Council APPROVE an additional \$20.00 be added to the current passenger levy for each arriving and departing passenger, effective 1 July 2012.**

### BACKGROUND

1. At the February 2012 Ordinary Council Meeting, Council considered and approved the addition of \$20.00 to each passenger ticket, effective 1 July 2012, to cover costs of introduction and operational management of security screening.
2. Since the February 2012 Ordinary Council Meeting, new information has been received regarding adding a fee to a regular public transport *ticket*.

### DISCUSSION

3. Skywest have confirmed that an inbound and outbound fee can be collected, and the preferred approach is to apply the fee additional to the current passenger levy, rather than determining a specific tax for security screening.
4. Further investigations with Skywest, its governing body the International Air Transport Association (IATA) and the Australian Competition & Consumer Commission (ACCC) reveal potential issues relating to describing and applying the additional fee as a security screening tax, and specifically, potential difficulties in applying a *fee* as to passenger tickets.

**CEO:**

**RESPONSIBLE OFFICER:**

**GOVERNMENT CONSULTATION**

5. Department of Transport have confirmed that the additional passenger levy can be added to the current levy, reflecting costs to operate the Airport, particularly as it relates to security screening and associated works.

**PUBLIC CONSULTATION / ENGAGEMENT**

6. Community communication regarding the increase in fares has begun and will continue in order to communicate the addition of the levy and why it is required.

**STATUTORY IMPLICATIONS**

7. The City of Albany is to comply with *Aviation Security Regulations 2005* by introducing security screening for all departing passengers and baggage on 1 July 2012.

**STRATEGIC IMPLICATIONS**

8. This item directly relates to the following elements of the 2011 City of Albany Strategic Plan:

Key Focus Area

*Albany's Role as a Regional Hub*

Community Priority

*Albany Regional Airport*

**POLICY IMPLICATIONS**

9. All fees and charges are required to be approved by Council.

**RISK IDENTIFICATION & MITIGATION**

10. The risk identification and categorisation relies on the City's Risk Management Framework.

| Risk  | Likelihood | Consequence | Risk Analysis | Mitigation  |
|---|------------|-------------|---------------|---|
| Passenger backlash re the requirement to charge additional passenger levy.                    | Likely     | Moderate    | High          | Communication to passenger and community regarding reason for additional fee.             |
| Delay to adding fee to cover costs for security screening will increase unrecoverable costs . | Unlikely   | Moderate    | High          | Council consider and endorse additional passenger levy at March Ordinary Council Meeting. |
| Reduction in passengers utilising air travel due to cost.                                     | Likely     | Minor       | Medium        | Work with tourism stakeholders to encourage more leisure travel.                          |

**FINANCIAL IMPLICATIONS**

11. The City of Albany has been successful in securing \$1.25 million in Regional Airports Development Scheme (RADS) funding (noting a requirement of this grant is that it will be matched funding by the City). This grant is to be used for funding development of the Albany Airport Master Plan and to enable introduction of security screening.

20/03/2012

\*\*REFER DISCLAIMER\*\*

12. RADS funding is to be spent over the financial years of 2011-12 and 2012-13.
13. City of Albany can source up to \$350,000 from the Federal Government to purchase security equipment in order for Albany Airport to operate initially on Band 5 at 1 July 2012, then at Band 4 as soon as possible after 1 July 2012.
14. There is no funding or subsidy available to cover operational costs to provide ongoing security screening services and the associated costs of changes to the airport.

#### LEGAL IMPLICATIONS

15. There are no legal implications associated with this item.

#### ALTERNATE OPTIONS

16. An option to the recommendation is that Council can absorb the costs of security provision at the Airport. This is not recommended given the current financial resources of the City.

#### SUMMARY CONCLUSION

17. Consider an addition to the current passenger levy, to be added to each in and outbound passenger.

|                                   |   |   |
|-----------------------------------|---|---|
| <b>Consulted References</b>       | : | <i>Aviation Transport Security Regulations</i>  |
| <b>File Number (Name of Ward)</b> | : | C11006  |
| <b>Previous Reference</b>         | : | OCM 17 May 2011 Item 3.2<br>SCM 8 September 2011 Item 6.2<br>OCM 21 February 2012 Item 16.3 |