

THE CITY OF  
GREATER GEELONG

**SUBMISSION TO  
THE INQUIRY INTO  
THE STATE OF  
AUSTRALIA'S  
AVIATION SECTOR  
AND ITS ABILITY TO  
DELIVER RELIABLE  
AND AFFORDABLE  
SERVICES TO RURAL,  
REGIONAL AND  
REMOTE  
COMMUNITIES**

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# Executive summary

Australia's aviation sector is at a crossroads, particularly regarding its capacity to deliver reliable and affordable services to rural, regional, and remote communities. The City of Greater Geelong, home to Avalon Airport, Victoria's second international airport, emphasises the strategic importance of regional airports in supporting connectivity, economic development, and resilience.

Avalon Airport serves a catchment of over 3.3 million people, with substantial future growth projected, operates without a curfew, and is a hub for major tenants and freight operations. Despite its significance, Avalon faces unique challenges, it is too large to qualify for many regional support programs but not recognised as a capital city airport for major investment.

This funding gap, combined with rising operational costs and regulatory burdens, threatens the sustainability of regional aviation services.

Key issues identified include:

- disparities in costs, fees, and levies across airports
- inequitable mechanisms for recovering federally mandated security and regulatory costs
- fragile competitiveness due to market dominance by major carriers and limited airport alternatives
- misalignment of government fees and levies with operational realities
- inadequate government processes for quantifying regulatory costs
- gaps in policy and practical support for regional aviation

- slow implementation of recommendations from previous inquiries.

Avalon Airport is positioned as a **Hallmark Regional Priority Project**, requiring coordinated investment and policy reform to unlock its full potential for regional Victoria and beyond.

## Recommendations

The City of Greater Geelong recommends the following actions to the Rural and Regional Affairs and Transport References Committee.

1. **Explore balanced approaches** that support regional connectivity, ensure financial viability, and promote fair access to essential aviation services.
2. **Adopt a tiered policy framework** that recognises the varying roles and capacities of its airports; this includes tailored funding models, equitable cost recovery mechanisms, and strategic investment in infrastructure and connectivity.
3. **Strengthen the regulatory cost quantification mechanisms** by implementing standardised reporting frameworks for airports to capture and communicate the full cost of regulatory compliance; ensuring transparency and consistency in how regulatory costs are assessed and factored into funding decisions and facilitate data-sharing and benchmarking across the sector to support evidence-based policy reform.
4. **Accelerate implementation of the Aviation White Paper – Towards 2050 (2024)** recommendations.

Invest in infrastructure and policy frameworks that enable regional airports to support supply chains, emergency response, and national security.



Avalon Airport Precinct

# Submission

The City of Greater Geelong welcomes the opportunity to contribute to the inquiry into the state of Australia’s aviation sector and its capacity to deliver reliable and affordable services to rural, regional and remote communities.

As the location of Victoria’s second international airport, Avalon Airport, the City of Greater Geelong acknowledges the vital contribution that Avalon and other regional airports make in providing accessible and dependable air services for regional communities, bolstering freight operations, and stimulating economic growth.

Avalon Airport is situated just 15 km from Geelong and 45 minutes from Melbourne CBD serving a catchment of over 3.3 million people, with substantial future growth projected, and is uniquely positioned to support regional connectivity, tourism, and trade.

Avalon Airport operates around the clock without a curfew, providing valuable flexibility for both passenger and freight operations. Renowned for hosting the Australian International Airshow, the airport draws more than 195,000 attendees every two years. It is a base for major tenants such as Jetstar, Bonza, Australia Post, Cotton On and Hanwha Defence, and features a state-of-the-art freight terminal with the capacity to process up to 100,000 tonnes annually.

Avalon is not only an aviation hub but also a catalyst for regional employment and industrial growth, with over 2,500 workers on-site daily and projections of 10,000 jobs by 2040.

## EMERGING POPULATION AND ECONOMIC GROWTH ACROSS THE SOUTHWEST REGION AND WYNDHAM CORRIDOR

The Southwest region, including Greater Geelong, Wyndham, Surf Coast, Golden Plains and Colac Otway, continues to exhibit strong medium- to long-term population and economic growth, reinforcing its role as one of Victoria’s most dynamic development corridors. This growth has direct implications for aviation demand, particularly for Avalon Airport, which is ideally positioned between Geelong and Wyndham and serves as a major anchor within this emerging economic geography.

## Population Growth Trends Driving Aviation Demand

Population forecasts indicate sustained and substantial expansion across the corridor, reflecting both greenfield development and intensification of established areas:

- Wyndham, one of Australia’s fastest-growing municipalities, is forecast to grow from 334,180 residents in 2024 to 501,634 by 2041, surpassing the current populations of several Australian capital cities. Its strategic role linking Melbourne and Geelong further increases its influence on regional mobility and aviation demand.
- Supplementary population forecasts by .id Consulting confirm Clifton-to-Wyndham growth momentum, with Wyndham expected to reach 488,572 residents by 2046, reflecting a 42.77% increase from 2026 and underscoring long-term catchment expansion for Avalon.
- Combined population growth across Geelong and Wyndham is projected to exceed 317,000 additional residents over the next 20 years, reinforcing the scale of future consumer, freight and workforce markets.
- Broader Victorian projections show the state is set to reach 10.3 million residents by 2051, indicating continued pressures on aviation infrastructure statewide and the need for diversified airport capacity outside metropolitan Melbourne.

These figures demonstrate expansion not only within municipal boundaries but across the entire Southwest growth belt, elevating demand for accessible air services and reinforcing the need for Avalon to assume an increasingly prominent aviation role.

## Economic Indicators Supporting Aviation Sector Growth

Economic indicators further highlight the scale and strategic importance of the region:

- Wyndham is described as “*the engine room of Victoria’s future economic productivity*” with a young, diverse and skills-rich workforce and rapidly expanding employment precincts. This economic momentum translates into growing demand for business travel, freight handling, aviation training and related services.
- The Southwest/Wyndham corridor forms a productive linkage between Victoria’s two largest cities, Melbourne and Geelong, facilitating two-way flows of labour, goods, services and innovation. This corridor is also

central to statewide supply chains and logistics networks, supporting industry growth that aligns naturally with aviation sector expansion.

- The region's economic diversification, including defence, advanced manufacturing, logistics, agrifood, tourism and education, directly aligns with aviation-enabled industries and supports the case for Avalon as a long-term strategic freight, passenger and training hub.

### Strategic Alignment with Existing City and Regional Plans

This growth narrative is reinforced by established strategic work undertaken by the City of Greater Geelong and its regional partners:

- The **Avalon Corridor Strategy (2022)**, jointly developed by the City of Greater Geelong and Wyndham City Council, identifies the 30,000-hectare Avalon Corridor as a regionally significant landscape containing major state infrastructure, including Avalon Airport, and sets a long-term planning vision to 2050. The strategy emphasises the importance of coordinating land use, protecting strategic assets and leveraging the corridor's unique regional positioning.
- The same strategy highlights the need to manage urban growth pressures while maximising the productivity benefits associated with Avalon Airport's significant curfew-free operational capacity, intermodal opportunities, and proximity to both metropolitan and regional populations.
- Regional strategic analysis recognises the corridor as essential in maintaining a green break between cities while also accommodating growth in logistics, freight, aviation and industrial sectors, reinforcing Avalon's future as a key economic engine within the broader Melbourne–Geelong corridor.

### Implications for Avalon Airport and Victoria's Aviation Future

Taken together, these trends confirm that the Southwest/Wyndham corridor's demographic and economic momentum will:

- Drive sustained future demand for domestic and international passenger services
- Expand freight and logistics volumes requiring efficient curfew-free operations

- Increase the need for aviation-adjacent industries including training, maintenance and engineering
- Strengthen the case for Avalon as Victoria's second major aviation gateway, complementing metropolitan airports and expanding statewide capacity

Avalon is uniquely positioned to service this high-growth region. As such, medium- to long-term policy and investment decisions should explicitly recognise the role Avalon will play in managing Victoria's future population, freight and economic expansion.

Strategic alignment, underpinned by sound forecasting, regional planning frameworks and infrastructure investment, will be critical to fully realising the aviation potential of the Southwest region and ensuring Avalon remains a vital enabler of regional and statewide prosperity.

### AVALON AIRPORT: A HALLMARK PRIORITY FOR REGIONAL INVESTMENT

Avalon Airport is therefore a cornerstone of the Greater Geelong region's economic and infrastructure future. As Victoria's second international airport, Avalon is uniquely positioned to unlock transformative opportunities in tourism, freight, advanced manufacturing, and employment.

The City of Greater Geelong strongly supports Avalon Airport as a **Hallmark Regional Priority Project** and is actively advocating for coordinated investment from all levels of government. This includes:

- **\$70 million** for enabling infrastructure including power, water, sewer, NBN, and road access to support Avalon's expansion.
- A **three-year matched funding program** (Avalon Attraction Fund) to attract international airlines and grow passenger services.
- **\$150 million** for permanent event infrastructure to secure the long-term future of the Avalon International Airshow.
- Investment in the **Avalon Airport Rail Link** and upgrades to **Beach Road**, a critical freight and passenger corridor.
- Support for the **Greater Avalon Employment Precinct**, a \$1 billion opportunity to deliver thousands of jobs and catalyse regional economic development.

Investment by government however is required to build the enabling infrastructure to leverage the site's future as a flourishing employment precinct, primely positioned to rail, sea, road and freight access and ripe for new big business investment, new local jobs and diversified industry growth.

Investment in, and further development of, Avalon Airport will deliver a range of strategic benefits that underpin its importance as a regional priority.

- Enhanced infrastructure supports future growth, while improved accessibility for both travellers and workers strengthen connectivity to the region.
- Upgrades to rail and public transport make Avalon more attractive and accessible for tourists and business visitors, fostering a vibrant local economy.
- The airport's expansion also facilitates new precinct development and defence opportunities, and aligns with government objectives around transportation efficiency, regional development, and sustainability.

Its development aligns with state and federal priorities for decentralisation, freight efficiency, and regional equity.

Additionally, Linfox's commitment to co-invest in rail connectivity, alongside government funding, highlights a collaborative public-private partnership that can underpin Avalon's long-term success.

Avalon Airport, like many regional airports, is not just a transport hub, it is a strategic regional asset that will drive population growth, regional connectivity, and economic resilience.

## RESPONSE TO INQUIRY TERMS OF REFERENCE

The Terms of Reference for the inquiry by the Rural and Regional Affairs and Transport References Committee aim to evaluate the current state of Australia's aviation sector, focusing on its capacity to provide reliable and affordable air services to rural, regional, and remote communities.

Presented below is the City of Greater Geelong's formal response to the Inquiry's Terms of Reference.

### 1. Costs, Fees, Levies, Taxes and Charges in Airfare Pricing

Avalon Airport supports low-cost carriers such as Jetstar and Bonza, which rely on streamlined airport operations and lower overheads to maintain competitive pricing. Avalon's relatively low landing fees and absence of curfews

contribute to reduced operational costs, which are passed on to consumers. This makes Avalon a vital gateway for affordable air travel in regional Victoria, especially for families, students, and small businesses.

However, Avalon faces challenges in absorbing federally mandated costs (e.g., security screening, biosecurity compliance) without passing them on to airlines or passengers. A more equitable national framework for cost recovery would help Avalon maintain its affordability while complying with federal regulations.

A more equitable national framework for airport cost recovery, especially for regional airports like Avalon, would aim to balance regulatory compliance with affordability and sustainability.

### Current Australian and International Context

Australia's **Cost Recovery Policy** allows government entities to charge the non-government sector for the efficient costs of specific activities (e.g., security screening, biosecurity) through:

- **Cost recovery fees** (charged to individuals or organisations)
- **Cost recovery levies** (charged to groups, like industry sectors)

However within the aviation sector this can disproportionately affect smaller regional airports like Avalon, which have limited passenger volumes and rely on low-cost carriers. The **Australian Airports Association** has advocated for:

- Continued funding of programs like the **Regional Airports Program** and **Remote Airstrip Upgrade Program** for regional and remote locations
- Creating a **Mid-Sized Airport Program** to support infrastructure upgrades in regional locations
- Developing disaster resilience funding specifically for regional and remote airports.

A fairer national cost recovery model that ensured the sustainability of regional aviation services could include:

- **Tiered Cost Recovery System:** Differentiate charges based on airport size, passenger volume, and strategic importance. Smaller airports could pay reduced fees or receive subsidies for federally mandated services.
- **Public Funding for Essential Services:** Federal support for security screening, biosecurity, and emergency preparedness at regional airports.

- **Performance-Based Incentives:** Airports demonstrating efficiency, sustainability, or regional economic impact could receive grants or reduced levies.
- **Transparent Cost-Sharing Agreements:** Clear delineation of which costs are borne by federal agencies, airports, and airlines.
- **National Infrastructure Fund:** A dedicated fund to support regional airport upgrades and compliance costs, possibly sourced from a small levy on major hub airports.

When considering the development and sustainability of regional airports such as Avalon, it is instructive to examine international frameworks for funding and cost recovery. By looking at models adopted in the European Union, and standards promoted by the International Civil Aviation Organisation (ICAO).

The European Union's state aid rules permit operating support for regional airports that manage fewer than three million passengers annually, provided certain criteria are met. This assistance is designed to offset deficits arising from mandated services and to fund essential infrastructure upgrades, thereby fostering improved connectivity and supporting regional development.

Meanwhile, the International Civil Aviation Organisation (ICAO) advocates for cost recovery principles that emphasise efficiency, transparency, and long-term sustainability in airport operations. Together, these frameworks highlight balanced approaches to funding that help ensure the viability and growth of regional airports while maintaining fair access to aviation services.

Australia must explore balanced approaches that support regional connectivity, ensure financial viability, and promote fair access to essential aviation services.

## 2. Disparities Across Rural, Regional and Remote Airports

Avalon Airport occupies a unique position within Australia's aviation landscape. Unlike smaller regional or remote airports, Avalon boasts significant infrastructure, international capabilities, and proximity to both Geelong and Melbourne. Despite serving a large and growing catchment area, it does not receive the same level of federal investment or policy support as major capital city airports. At the same time, it is excluded from many targeted subsidy programs designed for smaller regional and remote airports, such as the **Regional Airports Program** or **Remote Airstrip Upgrade Program**. This places Avalon in a funding gap, too large to qualify for

regional support, yet not recognised as a capital city airport deserving of major investment.

Meanwhile, many rural and remote airports, often owned by local councils, struggle with outdated infrastructure and limited financial capacity. These council-run airports play a vital role in connecting communities, supporting emergency services, enabling economic development, and maintaining access to health and education, often in areas where aviation is the only viable transport option. However, many of these airports face financial strain, with approximately 60% operating at a loss due to rising maintenance and compliance costs

These airports receive federal assistance to maintain basic safety and connectivity, which is essential given their role in serving isolated communities. However, Avalon faces its own challenges, including absorbing federally mandated costs like security screening and biosecurity compliance, without access to offsetting subsidies. This disparity in funding and policy recognition undermines Avalon's potential to expand services, attract new carriers, and support broader regional development.

The current classification system fails to account for regional airports, such as Avalon, and their strategic role in providing affordable air travel, relieving congestion from Melbourne Airport, and supporting economic growth in regional Victoria. To address these inequities, a review of funding models is needed, one that recognises the diverse roles played by airports across the spectrum.

A tiered national framework for airport investment and cost recovery, based on factors such as capacity, catchment size, and economic impact, is required to ensure more equitable and sustainable support for all airports, including Avalon.

## 3. Mechanisms for Recovering Federally Mandated Security and Regulatory Costs

Avalon has invested significantly in security infrastructure, including a new freight terminal with Border Force screening capabilities. These investments are essential for compliance but place financial pressure on the airport's operating budget.

Australia's current approach to recovering federally mandated security and regulatory costs at airports is fragmented and often inequitable, particularly for mid-sized regional airports like Avalon. While major international airports benefit from programs such as the **International Airports Security Costs Rebate (IASCR)**, which covered

shortfalls in mandated security costs during the COVID-19 crisis, and domestic airports received support through a \$155.5 million package, eligibility is tightly restricted. Domestic airports received separate support, but not all regional airports qualified, including Avalon. Avalon, despite its international capabilities, is not consistently included in such schemes, leaving it to absorb the full cost of compliance with Border Force, biosecurity, and aviation security requirements.

This contrasts with **international best practices**, where more structured and proportional cost recovery mechanisms are in place. For example:

- **United States:** Airports can recover security costs through the **Passenger Facility Charge (PFC)** and **Airport Improvement Program (AIP)** grants. Additionally, the TSA Reform Act proposes separating the provision and regulation of security services, allowing airports to contract private providers and convert federal fees into local user charges.
- **European Union:** Airport operators are legally responsible for security screening and often contract private providers. Regulatory frameworks ensure transparency and proportionality, with costs shared between government, airports, and airlines based on passenger volumes and risk levels.
- **ICAO Guidelines:** The **Airport Economics Manual (Doc 9562)** and **ACI's APEX in Security Program** promote cost recovery models that are transparent, risk-based, and tailored to airport size and function. These models encourage collaboration between regulators and operators to ensure compliance without compromising affordability or operational efficiency.

Avalon's current situation, where it must self-fund high-level security infrastructure while maintaining low-cost operations, highlights the limitations of Australia's one-size-fits-all approach. A uniform national levy or cost-sharing mechanism, as proposed, would align more closely with international best practice by ensuring that federally mandated costs are distributed fairly across airports of varying scale and function.

To ensure long-term sustainability and equity, Australia should adopt a tiered cost recovery framework. This would account for airport capacity, catchment size, and strategic role, allowing airports like Avalon to maintain affordability, expand international services, and comply with federal regulations without disproportionate financial burden.

#### 4. Competitiveness of the Aviation Sector to Service Regional Communities

Avalon Airport plays a vital role in enhancing the competitiveness of the aviation sector serving regional communities. By offering a viable alternative to Melbourne Tullamarine, Avalon introduces choice into a market that is often dominated by a single major hub. T

The ability of Avalon to attract and retain carriers is central to maintaining reliable air services for regional communities. These services support tourism, business connectivity, freight movement, and access to essential services, all of which are critical to regional development.

To ensure the long-term viability of regional aviation and maintain healthy competition, it is essential to recognise the strategic role of airports like Avalon in the market.

Healthy competition in the aviation sector is not only beneficial, but also a national expectation and a cornerstone of Australia's long-term aviation policy. The **Aviation White Paper – Towards 2050 (2024)** clearly outlines the Australian Government's commitment to fostering a competitive and efficient aviation sector, recognising that competition drives affordability, service quality, innovation, and economic productivity. In a country with vast distances and dispersed populations, aviation is essential for connecting regional communities to major centres, supporting tourism, freight, and access to essential services.

Avalon Airport contributes directly to this competitive landscape by offering an alternative to Melbourne Tullamarine. Its lower operating costs and flexible infrastructure have enabled new entrants like Bonza to establish routes to regional destinations, increasing consumer choice and lowering fares. Treasury's analysis of competition in the aviation sector found that the presence of an additional airline on a route can reduce airfares by 5 to 10 percent, and that competition has saved Australian consumers between \$27.2 billion and \$35.2 billion over the past 14 years.

However, competition in Australia's aviation market remains fragile. The dominance of a few major carriers and the limited number of viable airport alternatives, especially in capital cities, means that regional airports like Avalon play a critical role in maintaining competitive pressure. Without continued investment and policy support, regional airports, like Avalon, risk losing their ability to attract and retain carriers, which could lead to reduced services and diminished regional connectivity.

To meet national expectations and ensure the sustainability of regional aviation, it is essential to support airports like Avalon through a tiered investment and cost recovery framework. This would recognise the strategic role of mid-sized airports in enhancing competition, improving affordability, and driving economic prosperity across regional Australia.

## 5. Adequacy of Government Fees and Levies

In the current aviation environment, government fees and levies are increasingly misaligned with the operational realities faced by regional airports like Avalon. While Avalon complies with federally mandated requirements, such as security screening, biosecurity, and infrastructure standards, it does so without access to the targeted subsidies or fee relief available to smaller regional airports or the economies of scale enjoyed by major capital city airports. This creates a financial imbalance that places Avalon at a competitive disadvantage, despite its strategic location and capacity to serve both domestic and international markets.

The broader aviation sector in Australia is facing significant challenges in 2025. These include rising operational costs, ageing infrastructure, and the collapse or contraction of regional carriers such as Bonza and Rex, which has left many communities vulnerable to reduced connectivity. At the same time, the cost of compliance with federal regulations continues to rise, with no consistent mechanism for recovering these expenses across different airport types. Regional airports are particularly exposed, with around 60% of council-owned facilities operating at a loss, and many relying on ratepayer subsidies to remain functional.

The current fee and levy structure does not adequately account for passenger throughput, regional significance, or the level of infrastructure investment required to maintain safe and compliant operations. This shortfall puts regional and remote services at risk, as airports struggle to absorb costs without passing them on to airlines or passengers, potentially leading to reduced services, higher fares, and diminished access for regional communities.

To address these issues, a revised and tiered fee structure is urgently needed. Such a framework would reflect the diversity of Australia's airport network, ensuring that fees and levies are proportionate to an airport's role, capacity and economic impact.

For Avalon, this would mean recognition of its strategic importance and support to maintain affordability, attract carriers, and continue serving as a vital gateway for regional Victoria.

Without reform, the sustainability of regional aviation, and the communities it connects, will remain under threat.

## 6. Effectiveness of Government Mechanisms to Quantify Costs Due to Regulation

Avalon's experience highlights the need for more transparent and consistent mechanisms to quantify the capital and operational costs imposed by federal regulations. For example, the cost of implementing international security protocols, environmental compliance, and customs infrastructure is substantial but not always recognised in funding decisions.

Improved data collection and reporting frameworks would allow Avalon and other regional airports to demonstrate the full cost of compliance and advocate for appropriate support.

Avalon Airport's experience underscores a broader issue in the aviation sector: the ineffectiveness of current government mechanisms to accurately quantify the costs imposed by federal regulation, particularly for regional airports. In today's environment, airports are expected to comply with a growing array of regulatory requirements, including international security protocols, environmental standards, and customs infrastructure, without a consistent or transparent framework to measure and report the fiscal impact of these obligations.

While the Australian Government has adopted the **Regulatory Burden Measurement Framework**, which is intended to quantify the cost of new or amended regulations on businesses and communities, its application across the aviation sector remains uneven.

Airports like Avalon, which operate in a hybrid space between regional and international service provision, often fall through the cracks. They are required to meet high compliance standards but lack access to the funding streams or relief mechanisms available to either smaller regional airports or major capital city hubs.

This gap in cost quantification and recognition puts regional and mid-sized airports at risk. Without clear data and reporting mechanisms, these airports struggle to demonstrate the full cost of compliance, making it difficult to advocate for appropriate support or policy reform. The

result is a growing financial strain that threatens service viability, carrier retention, and regional connectivity.

Internationally there are examples of best practice approaches to regulatory cost quantification, these include:

- **Independent Economic Regulation:** As recommended by the International Air Transport Association (IATA) and the International Civil Aviation Organisation (ICAO), regulators should be independent and empowered to assess the fiscal impact of compliance costs on airports and airlines. This includes transparent consultation processes and periodic reviews of regulatory burdens.
- **Proportional Oversight:** ACI World advocates for light-handed, proportional regulation that reflects the scale and function of each airport. This ensures that compliance costs are not disproportionately borne by smaller or mid-sized facilities.
- **Data-Driven Benchmarking:** European studies and operational cost benchmarking frameworks highlight the importance of granular data collection, performance metrics, and cost modelling to inform policy and investment decisions.
- **Stakeholder Engagement:** Effective regulatory frameworks involve early and ongoing engagement with airport operators, airlines, and community stakeholders to ensure that compliance costs are understood and fairly distributed.

To align with best practice and ensure sustainability, Australia should strengthen its regulatory cost quantification mechanisms by:

- Implementing standardised reporting frameworks for airports to capture and communicate the full cost of regulatory compliance.
- Ensuring transparency and consistency in how regulatory costs are assessed and factored into funding decisions.
- Facilitating data-sharing and benchmarking across the sector to support evidence-based policy reform.

By adopting these measures, Avalon and similar regional airports can better demonstrate their value, advocate for equitable support, and continue to deliver vital services to regional communities.

## 7. Policy and Practical Measures to Support Regional Aviation

Supporting regional aviation requires a combination of targeted policy and practical measures that reflect the

diverse needs of airports across Australia, from remote airstrips to mid-sized hubs like Avalon. Regional and remote airports are essential for connecting communities, enabling access to health and education services, supporting tourism, and facilitating freight and emergency operations. However, many of these airports operate under financial strain, with limited passenger volumes, ageing infrastructure, and rising regulatory costs. Without sustained investment and policy reform, these vital services are at risk.

Avalon Airport, while not remote, is a prime example of a regional airport with strategic potential that remains underutilised due to gaps in current policy frameworks. Avalon is uniquely positioned to benefit from practical measures that would enhance its role in serving regional communities and supporting economic growth across Greater Geelong and western Victoria.

These include inclusion in regional aviation development programs, which would provide access to funding for infrastructure upgrades and compliance costs; designation as a strategic freight and passenger hub, recognising its capacity to support both domestic and international logistics; and investment in multimodal transport links, such as the proposed Avalon rail connection and Beach Road upgrade, which would improve accessibility and integration with broader transport networks.

Additionally, support for airline route development and marketing is critical to attracting and retaining carriers, especially low-cost entrants that rely on streamlined operations and affordable airport services. Avalon's ability to offer lower fees and flexible scheduling makes it an ideal launch point for regional routes, but without policy support, these advantages may not be enough to sustain long-term growth.

To ensure the viability of regional aviation, Australia must adopt a tiered policy framework that recognises the varying roles and capacities of its airports. This includes tailored funding models, equitable cost recovery mechanisms, and strategic investment in infrastructure and connectivity.

For Avalon, such measures would unlock its potential as a regional gateway, strengthen competition in the aviation sector, and deliver lasting benefits to the communities it serves.

## 8. Review of Government Responses to Previous Inquiries

Over the past several years, the Australian Government has responded to multiple inquiries into the aviation sector with a mix of reforms, commitments, and ongoing investigations. Key outcomes include the release of the **Aviation White Paper – Towards 2050 (2024)**, which outlines reforms to improve consumer rights, enhance competition, support regional aviation, and promote sustainability through low-carbon fuel initiatives. The government has also committed to establishing an **Aviation Industry Ombuds Scheme** to address passenger complaints more effectively, and to introducing **aviation-specific disability standards**.

The **ACCC's final airline monitoring report** and a **Senate inquiry** both highlighted the need for legislative reform to address high airfares, poor customer service, and limited competition.

Despite these steps, several gaps remain. The **Productivity Commission inquiry into regional airfares** is still underway, and many recommendations from previous Senate reports have yet to be fully implemented. There is also concern that reforms may be delayed until after the next federal election, particularly those tied to the **Aviation White Paper – Towards 2050 (2024)**.

Avalon Airport aligns well with the government's aviation policy goals. Its **expansion plans**, including increased international capacity, cargo operations, and partnerships with low-cost carriers, directly support objectives around regional connectivity, competition, and economic development.

The **Avalon Airport Master Plan**, endorsed by the Australian Government, emphasises growth in passenger and freight operations, integration with surrounding communities, and maintaining curfew-free status, which complements national efforts to decentralise aviation activity from congested hubs like Melbourne Airport.

To fully realise the potential of Avalon Airport and broader aviation reform, the government must accelerate implementation of **Aviation White Paper – Towards 2050 (2024)** recommendations, legislate consumer protections, and ensure regional airports like Avalon receive sustained infrastructure investment and policy support.

This would not only improve equity and access across Australia's aviation network but also reinforce Avalon's role as a strategic asset in Victoria's transport ecosystem.

## 9. Other Related Matters

Avalon Airport, like many regional and remote airports, plays a vital role in strengthening regional resilience and connectivity, particularly for rural, regional, and remote communities across Victoria and beyond. As a curfew-free airport with robust freight capabilities, Avalon ensures continuity of supply chains during times of crisis, whether natural disasters, pandemics, or geopolitical disruptions. Its capacity to manage cargo and logistics operations makes it a strategic node for distributing essential goods, medical supplies, and emergency equipment to isolated areas when other transport routes are compromised.

Moreover, Avalon's potential as an international gateway adds a layer of redundancy to Australia's aviation infrastructure. In the event of disruptions at major hubs like Melbourne or Sydney, Avalon can serve as a backup entry point for repatriation flights, humanitarian missions, and defence mobilisations. This flexibility is crucial for national security and disaster preparedness.

Beyond crisis response, Avalon contributes significantly to the economic and social fabric of regional communities. It supports tourism by providing direct access to destinations like the Bellarine Peninsula and Great Ocean Road, stimulating local businesses and hospitality sectors. Its proximity to education and research institutions also fosters academic exchange and regional development. Additionally, Avalon's role in defence, through partnerships and training operations, reinforces its strategic importance.

To fully leverage Avalon's capabilities, government investment is needed in infrastructure upgrades, route development incentives, and policy frameworks that prioritise regional aviation. This aligns with broader national goals of decentralising transport, improving equity in service delivery, and enhancing regional self-sufficiency.

Regional airports are multifaceted enablers of resilience, growth, and opportunity for communities that rely on reliable and affordable air services, this fact must be forefront in reviewing the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities.

## SUMMARY AND RECOMMENDATIONS

In closing the City of Greater Geelong urges the Rural and Regional Affairs and Transport References Committee to recognise the critical role that regional and remote airports play in supporting population growth, fostering resilience, economic growth, and equitable access within Australia's aviation sector.

Highlighting, that prioritising targeted investment, policy reform, and strategic support for regional and remote airports is essential to ensure the ongoing reliability, affordability, and connectivity of air services for all Australians.

With a coordinated commitment from government Australia's aviation network can meet future challenges and deliver lasting benefits to both regional communities and the nation as a whole.

The City of Greater Geelong makes the following recommendations to the Rural and Regional Affairs and Transport References Committee for their consideration.

- 1. Explore balanced approaches** that support regional connectivity, ensure financial viability, and promote fair access to essential aviation services.
- 2. Adopt a tiered policy framework** that recognises the varying roles and capacities of its airports; this includes tailored funding models, equitable cost recovery mechanisms, and strategic investment in infrastructure and connectivity.
- 3. Strengthen the regulatory cost quantification mechanisms** by implementing standardised reporting frameworks for airports to capture and communicate the full cost of regulatory compliance; ensuring transparency and consistency in how regulatory costs are assessed and factored into funding decisions and facilitate data-sharing and benchmarking across the sector to support evidence-based policy reform.
- 4. Accelerate implementation of the Aviation White Paper – Towards 2050 (2024)** recommendations.

We thank the Rural and Regional Affairs and Transport References Committee for its consideration and welcome further engagement on this vital issue.

## REFERENCES

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**CITY OF GREATER GEELONG**

WADAWURRUNG COUNTRY

PO Box 104, Geelong VIC 3220

P: 5272 5272

E: [contactus@geelongcity.vic.gov.au](mailto:contactus@geelongcity.vic.gov.au)

[www.geelongaustralia.com.au](http://www.geelongaustralia.com.au)

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