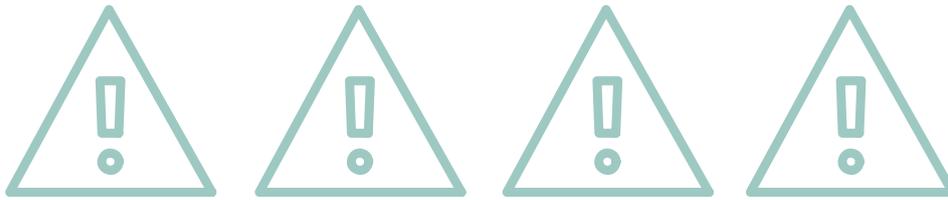




KING ISLAND COUNCIL AIRPORT SERVICES

CENTS IN THE RATEPAYERS DOLLAR
SPENT ON SUBSIDISING THE AIRPORT

The Airport is expected to make a loss in excess of \$470,000 in FY17/18. A loss which is subsidised by each ratepayer!



The Auditor General and Council's own external audit panel have advised the need to get the airport operating costs to break-even and beyond. The proposed FY18/19 budget will see the loss reduced significantly, with the aim of achieving a cost neutral financial structure for the facility by FY20/21.

Rather than rate payers and the community subsidising all Island visitors to such a high degree, from 1st October 2018 a passenger fee and increased landing charges will be introduced at the airport. This will bring King Island Airport in alignment with the rest of Australia, rather than operating as the exception to the rule and at a significant cost to our community.

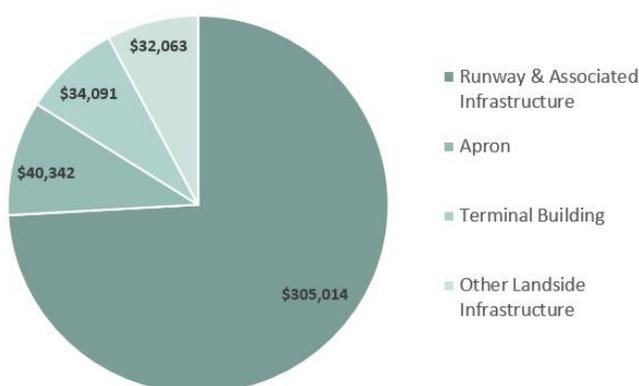


Passenger charges are proposed at \$6.82 per leg (\$7.50 inc GST) for each regular public transport (RPT) passenger and are compared to others above. To reduce the out-of-pocket expenses to residents, they will be eligible for a rebate of passenger fees through application to Council.

Airports are complex, highly regulated and have high risk consequences

The Civil Aviation Safety Authority (CASA) dictate the degree of the safety environment, personnel numbers and qualifications required, operating procedures and more. This imposes a foundation cost base for Council to properly manage the facility. Airports also require technical expertise for areas such as pavement evaluation and annual compliance audits. Depreciation also contributes significantly to the airport's operating costs.

Airport Depreciation



The Australian system for producing local government financial accounts changed in the early 1990s and introduced accrual accounting. Council cannot operate as a cash business and must depreciate its assets. This makes depreciation a real expense which cannot be ignored.