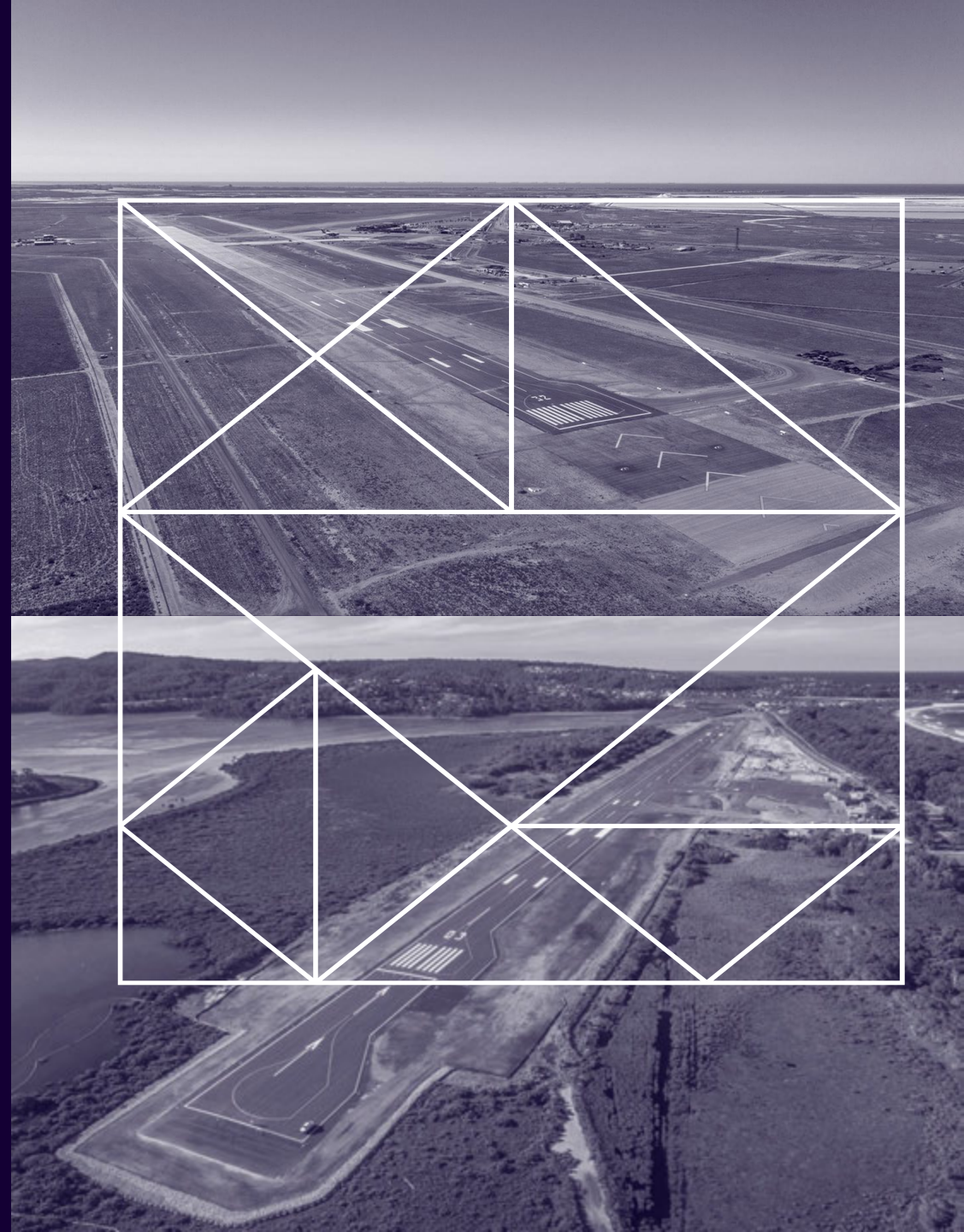
10 March 2026

Regional Airports Financial Sustainability Survey 2026

Initial Summary Results Pack



ACIL ALLEN

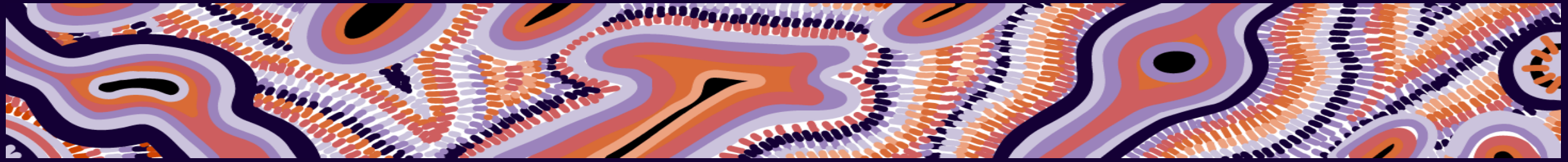
About ACIL Allen

ACIL Allen is a leading independent economics, policy and strategy advisory firm, dedicated to helping clients solve complex issues.
Our purpose is to help clients make informed decisions about complex economic and public policy issues.
Our vision is to be Australia's most trusted economics, policy and strategy advisory firm. We are committed and passionate about providing rigorous independent advice that contributes to a better world.

Report to:.
Australian Airports Association / Regional Capitals Australia

16 March, 2026

ACIL Allen acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land and its waters. We pay our respects to Elders, past and present, and to the youth, for the future. We extend this to all Aboriginal and Torres Strait Islander peoples reading this report..



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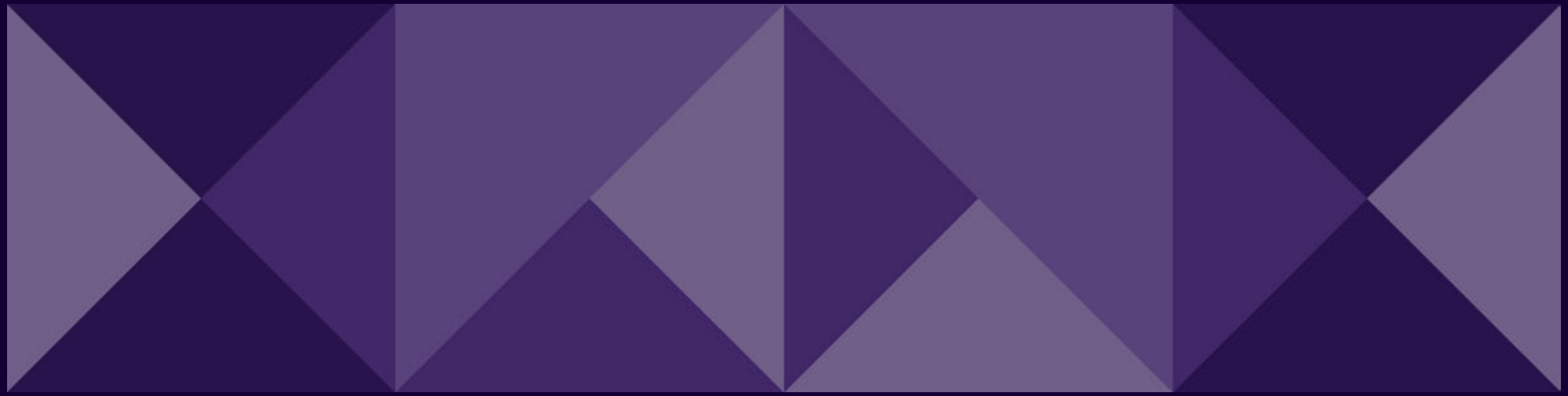
Report Overview



Survey Overview and Sample Analysis

ACIL Allen has been engaged by the Australian Airports Association (AAA) and Regional Capitals Australia (RCA) to complete a survey and associated reporting of financial sustainability and financial management issues in the regional airports sector in Australia. This report presents an initial summary of results of the survey which closed on 3 March.

Regional Airports provide critical services and connectivity to communities across Australia, while supporting major industries and populations move efficiently over great distances. There are over 600 registered airports across Australia ranging from remote airstrips to the country's major metropolitan hubs. Each one faces unique operating conditions, financial and asset management complexities and challenges, and continuous pressure to maintain service standards.

ACIL Allen has been engaged by the Australian Airports Association (AAA) and Regional Capitals Australia (RCA) to undertake a **financial sustainability survey of the regional airports sector in Australia**. The survey is designed to capture detailed data on past, current and future airport financials and asset investment, and seek views on a range of matters relevant to these aspect of airport ownership.

This report is a **Summary Report** of the initial analysis emerging from the survey. The Summary Report has been prepared to accompany the first submissions of AAA and RCA to a Productivity Commission Inquiry into Determinants of Regional Airfares in Australia.

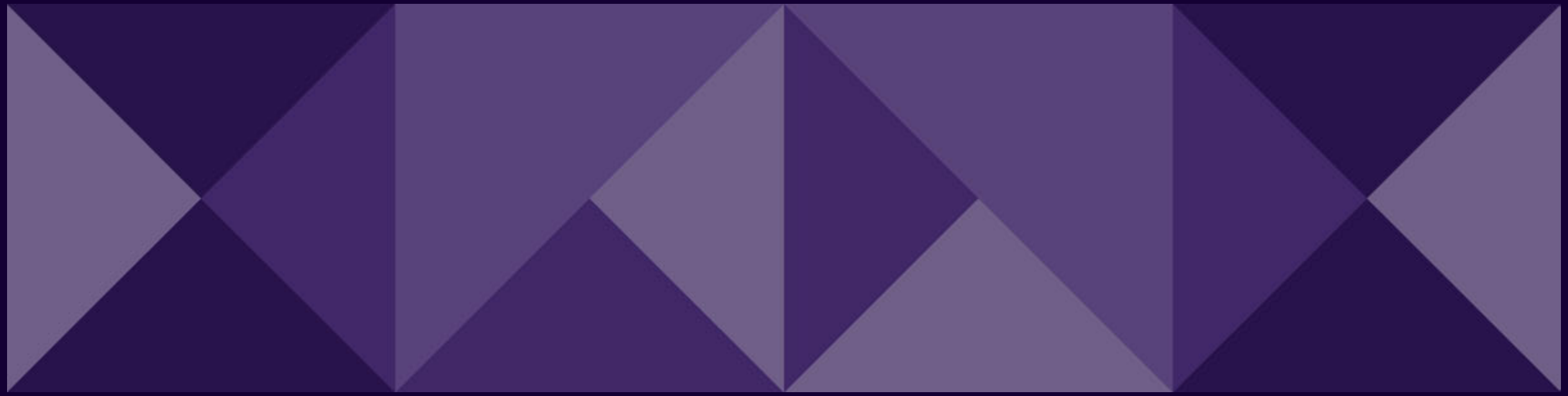
The survey was in field from 6 February to 3 March, with a total of 41 responses received at the cut off. A summary of the demographics of the respondents is provided in Figure 1.

Figure 1: Survey Sample Overview

		Inner Regional	Outer Regional	Remote	Very Remote	Total
Unknown	No size data provided	4	1	2	1	**8**
Small	<30k PAX, or <1,000 landings	5	2	0	2	**9**
Moderate	<200k PAX, or <2,000 landings	4	4	0	2	**10**
Large	<500k PAX, or <15,000 landings	6	2	2	0	**10**
Very Large	All other airports	2	1	1	0	**4**
Total		**21**	**10**	**5**	**5**	**N=41**

Note: Regional classification is based on the ABS Statistical Geography and the physical location of the main runway infrastructure of the airport included in the survey. This has been manually coded and verified against the ABS Statistical Geography to ensure accuracy of classification.

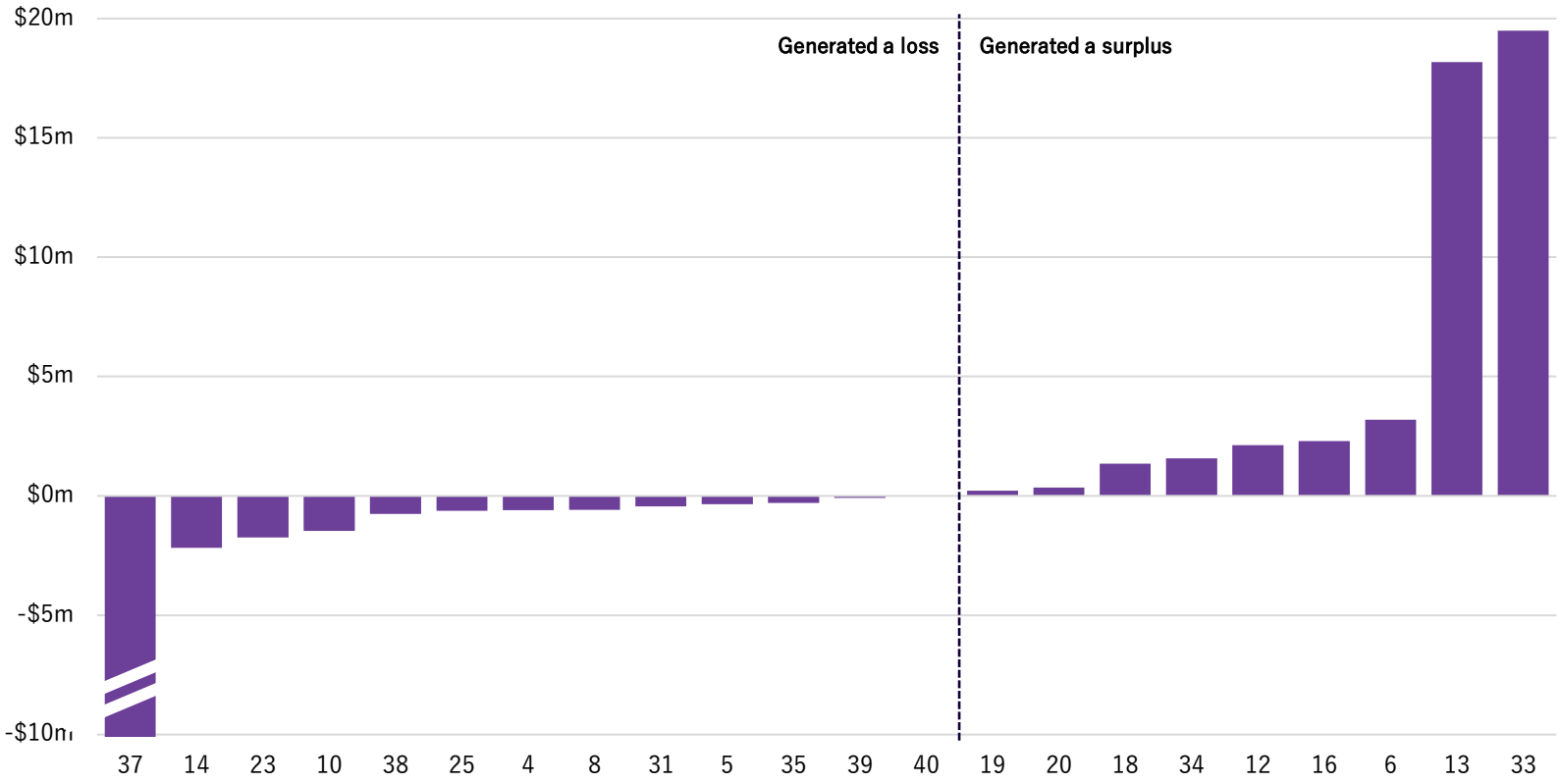
Summary Results



Summary Financials: Regional airports recording financial deficits

Financial outcomes are measured through a comparison of revenue (from all recurrent sources) compared to cash costs and depreciation expenses. The results suggest more than half of respondents delivered a financial loss in 2024-25, with losses ranging from $100,000 up to $29.5 million. **The median financial result in the sample is a loss of $192,000.**

Figure 2: Net Income, by Airport (deidentified), $m, 2024-25 financial year (N=22)



Over half of respondents (to date) have provided sufficient financial information to present an overall financial position (excluding capital expenditure) of their airport's operations. This includes all sources of recurrent revenue (aviation and non-aviation charges), less cash costs, overhead allocations from Councils or owners, and depreciation of airport assets.

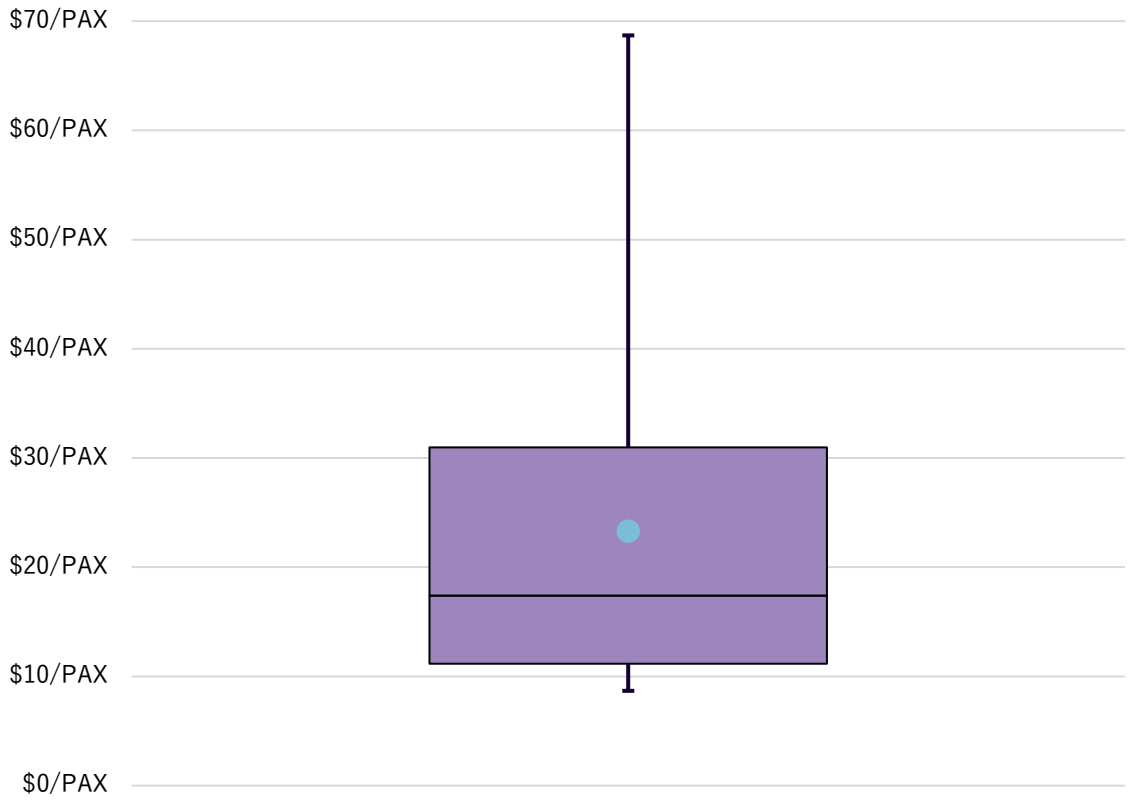
The analysis shows more airports in the sample are operating at a loss than those operating with a surplus, with a median financial result of a $192,000 loss.

Airports achieving the best financial results are typically Large or Very Large.

Operational Costs: Broadly Consistent Across the Sector

Most airports in the applicable sample reported similar operational costs when benchmarked to the level of activity at the airport. The survey shows operational costs of $23.31 per head on average, with half of airports falling between ~$10 and $30 per passenger.

Figure 3: Operational Costs per Passenger (N=20), $/PAX, 2024-25



Airports provided a range of cost outcomes, reflecting the size, complexity and scope of the services provided and assets in situ at their airport. To provide standardisation ACIL Allen has converted total operational costs (including depreciation as a measure of the consumption of asset condition) into an OPEX per Passenger value.

The analysis shows average cost per passenger of $23.31 per head across the sample, with most airport falling within ~$10 per head of this value.

There is no evidence in the data collected that there are economies of scale in operational costs, with no relationship between airport size (as judged by traffic) and operational costs per head.

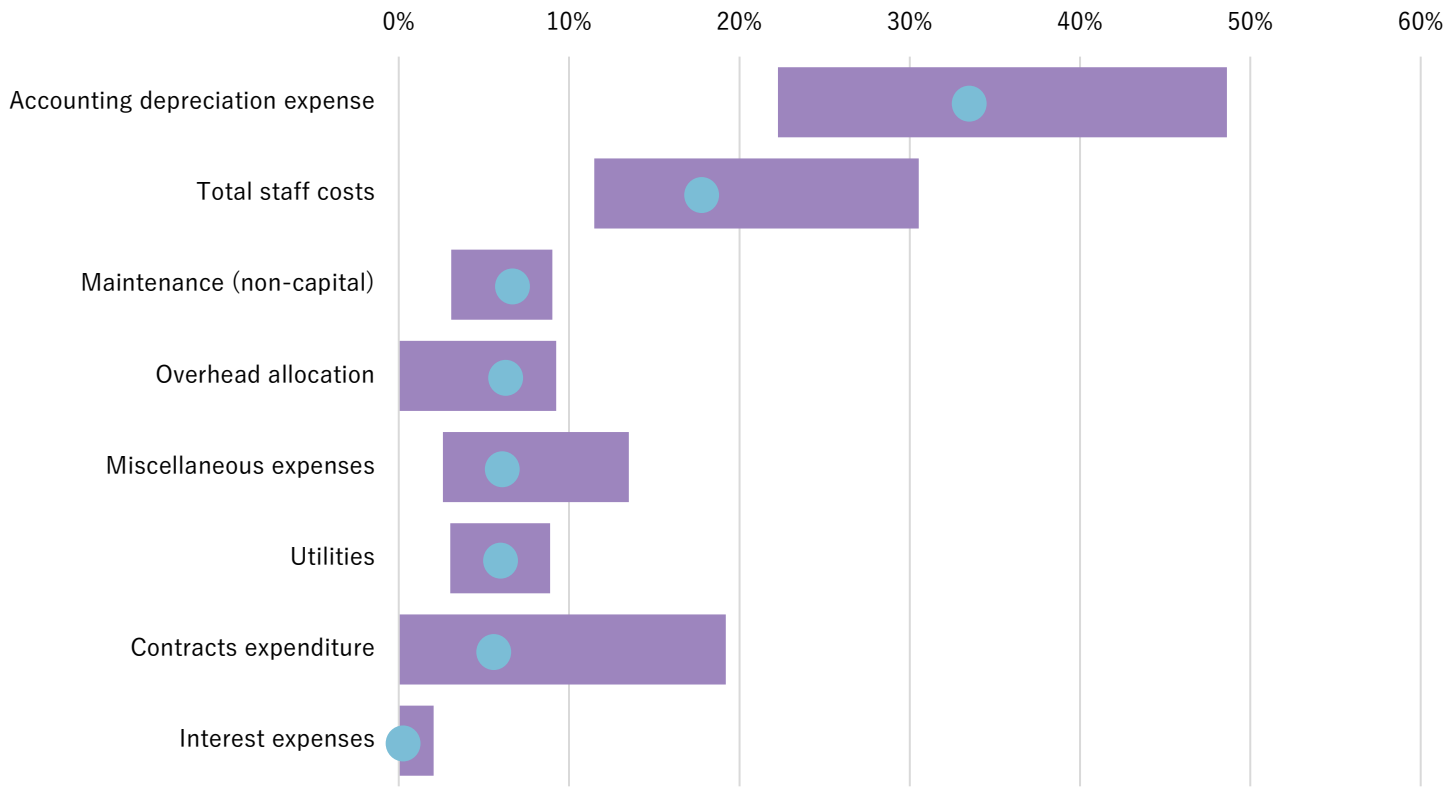
Operating costs vs Aviation revenue

Aviation revenue is the core source of revenue for airport, accounting for 70% of total revenue in the survey. Across the available OPEX per Passenger sample, ACIL Allen identifies an Aviation Revenue per Head value of $27.36 – noting this is skewed by a number of outlier high values in excess of $60/head.

Operational Costs: Staff and Asset Costs Dominate

Depreciation and staff costs were consistently the highest reported costs in the survey, accounting for a median 34% and 19% of total airport operational costs respectively. Beyond this there was general alignment in other costs accounting for between 0-10% of median airport costs.

Figure 4: Airport Operational Costs, Share of Total vs Trimmed Median Range, % of Total OPEX



Operational costs included in the scope of the survey were defined as:

- Staff costs: labour costs the airport owner was liable for (ie excluding contractors)
- Maintenance: services and consumables purchased to maintain operations
- Contracts: specific contracts for airport operations and services not provided by the owner
- Utilities: financial costs for power, water / waste water, waste management and others
- Depreciation: accounting depreciation charges against airport assets
- Overhead costs: owners costs or shared services costed out from the owner

ACIL Allen observes broad consistency across the sector in the share of expenditure across categories, with depreciation and staff costs the two clear drivers of operational costs.

Asset Investment Challenges Exist

A total of $50.9 million of asset investment was undertaken across the survey sample in 2024-25, with 26 of 41 airports reporting at least one capital investment. Importantly, 23 respondents indicated they were carrying asset investment requirements that could not be progressed due to financial or other reasons.

Figure 5: Reported Asset Investment, by Investment Type and Airport Zone, $m, 2024-25

	Inner Regional (N=21)	Outer Regional (N=10)	Remote (N=5)	Very Remote (N=5)
Runway pavement and subsurface	$2.58m	$23.28m	$0.05m	$1.09m
Taxiway and other pavement structures	$6.75m	$3.27m	$0.00m	$0.00m
Tarmac grading	$0.01m	$0.00m	$0.00m	$0.00m
Terminal building and fit out	$1.01m	$0.23m	$1.31m	$0.00m
Hangars and other outbuildings	$0.04m	$0.55m	$0.00m	$0.00m
Linemarking, lighting, fencing	$0.48m	$2.04m	$0.15m	$0.00m
Miscellaneous capital expenditure	$1.49m	$2.62m	$3.95m	$0.00m

A significant focus of the survey is capturing data and insights on asset condition, asset investment, and long term planning within the regional airports sector. The results show:

- Two-thirds of airports undertook at least one capital works project in 2024-25.
- Total reinvestment was $50.9 million. Across the sample where a replacement cost value was provided (N=23), the capital investment undertaken represented just 3.3% of airport replacement costs.
- When asked about capital investment deferrals, 34 respondents provided an answer. Within this, 23 responses indicated there were capital reinvestment requirements presently deferred, principally due to lack of funding or interest from owners.
- Most airports were unable to provide a forward capital works program beyond 1-2 years into the future.

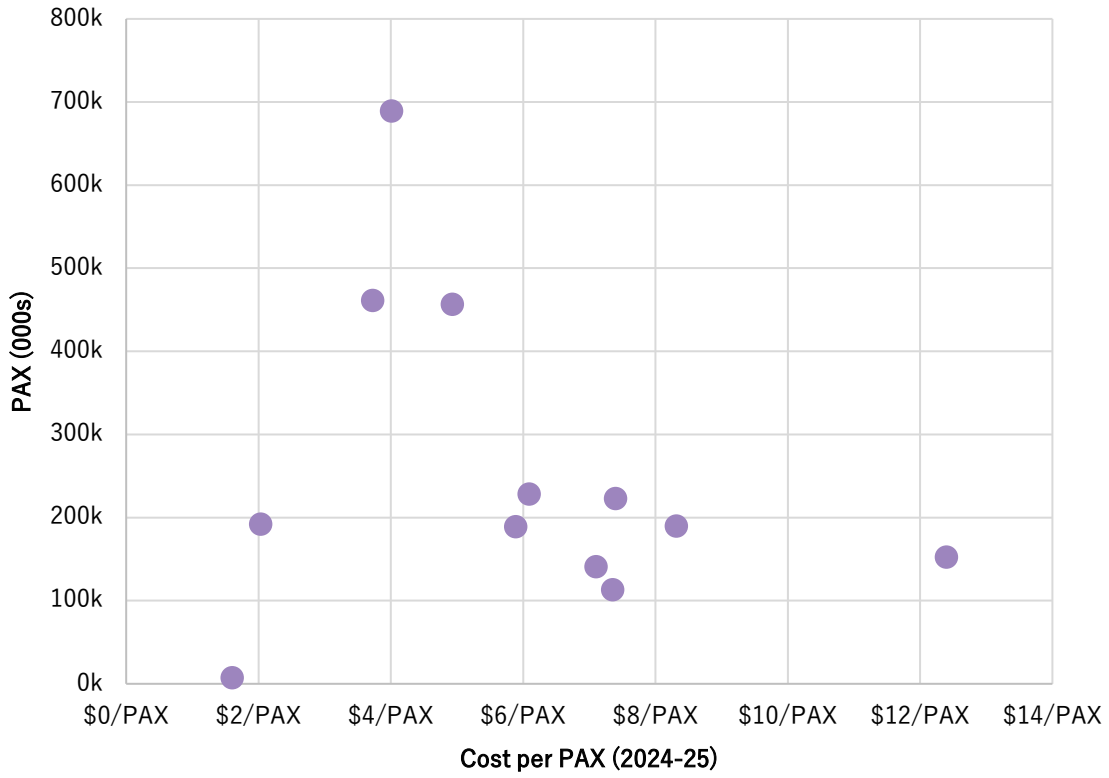
Despite the above, the average self-rated asset condition of survey responses was 3.17*.

*Respondents were asked to self-rate their airport's asset condition on a scale of 1-5 where 1 was very poor and 5 was excellent. A score of 3.17 may be interpreted as a "fair", tending modestly towards good.

Security Screening Costs: Limited Data but Consistent Results

Many airports are required through regulations to screen outbound passengers for security reasons. This requires installation and operation of specialist equipment, which can be a costly activity. The survey received limited input on this issue, however the data suggests most airports incur costs of $6-$8 per PAX when screening is required.

Figure 6: Reported Security Costs (per PAX*) vs Total PAX at Airport, 2024-25



Survey results for security screening costs were limited to 12 respondents, or just under 30% of total responses received.

In general most respondents reported their security screening operations cost between $1 million and $2.5 million per annum, with some outliers below $1 million.

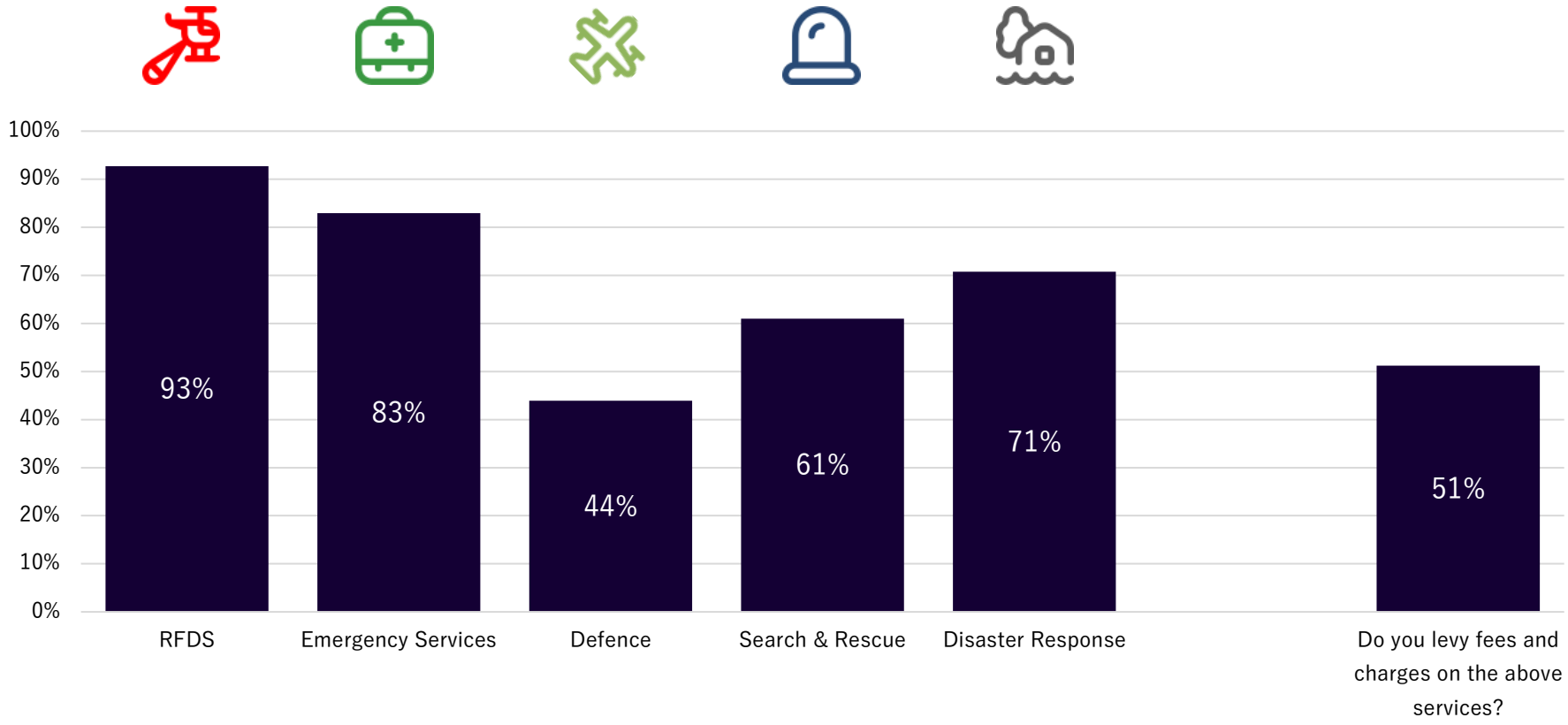
The results converge around a cost of between $6 and $8 per PAX* transiting through the airport. There also appears to be economies of scale at play, as there is a weak negative correlation between the number of PAX and the cost per PAX (ie more passengers means the cost per passenger falls).

*Note: Security screening is typically only required for outgoing trips, meaning a "purer" measure may be to divide passenger movements by two to determine a ratio of cost per actual person screened.

Services Provided: Regional Airports Provide Essential Services

All but one survey respondent indicated at least one type of essential or emergency services use case was a regular user of their airport. The lower results for Defence reflects infrastructure limitations. **Importantly, despite almost all airports facilitating these activities, just half of the survey responses suggested fees were levied on these use cases.**

Figure 7: Services Provided to Particular Essential / Emergency Services, % Responding "Yes"



Pilot Training

46% of airports in the survey indicated they supported pilot training in the 2024-25 financial year.

The number of trainees supported ranged from "a few" to 200+ across the year.

Sentiment Questions: Issues with Service Providers Dominate

The final section of the survey contained a range of sentiment-style questions, where respondents were asked to simply tick “Yes” or “No”. Headline results are below. The sentiment questions identify issues, challenges and complexities in dealing with aviation service providers are the most substantial and consistent across the sector.

Figure 7: Aggregate Responses to Question “Do any of the following impacts and risks apply to your airport, given your operating context?”

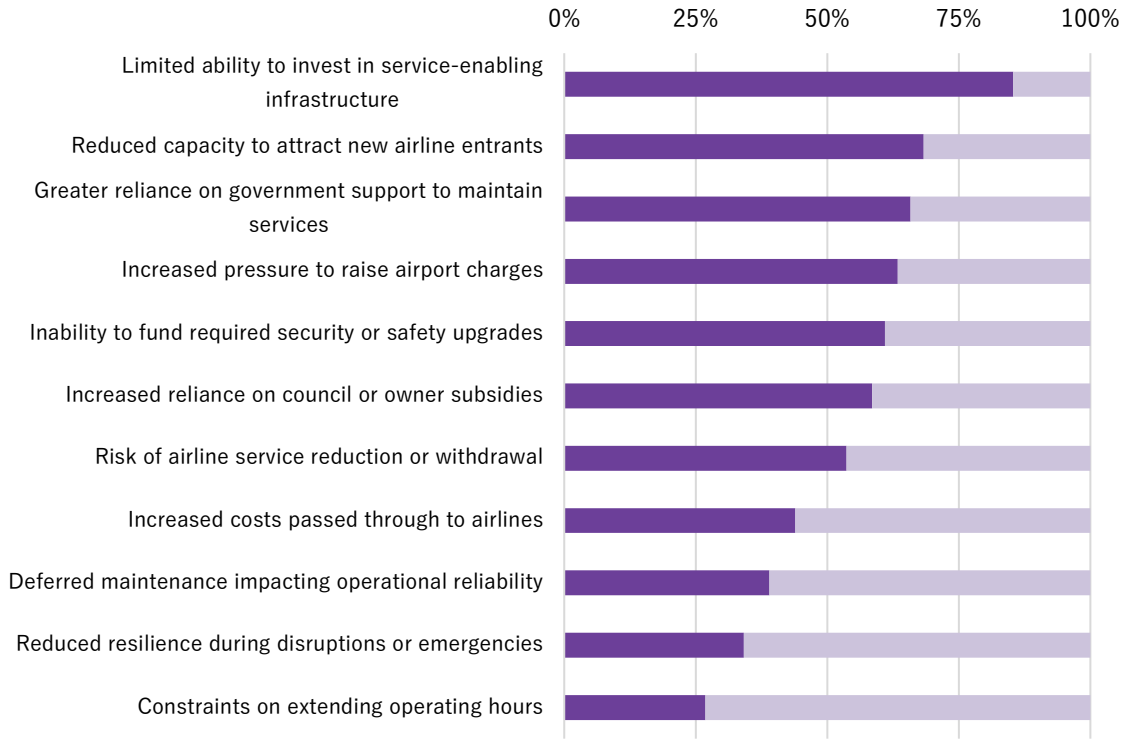
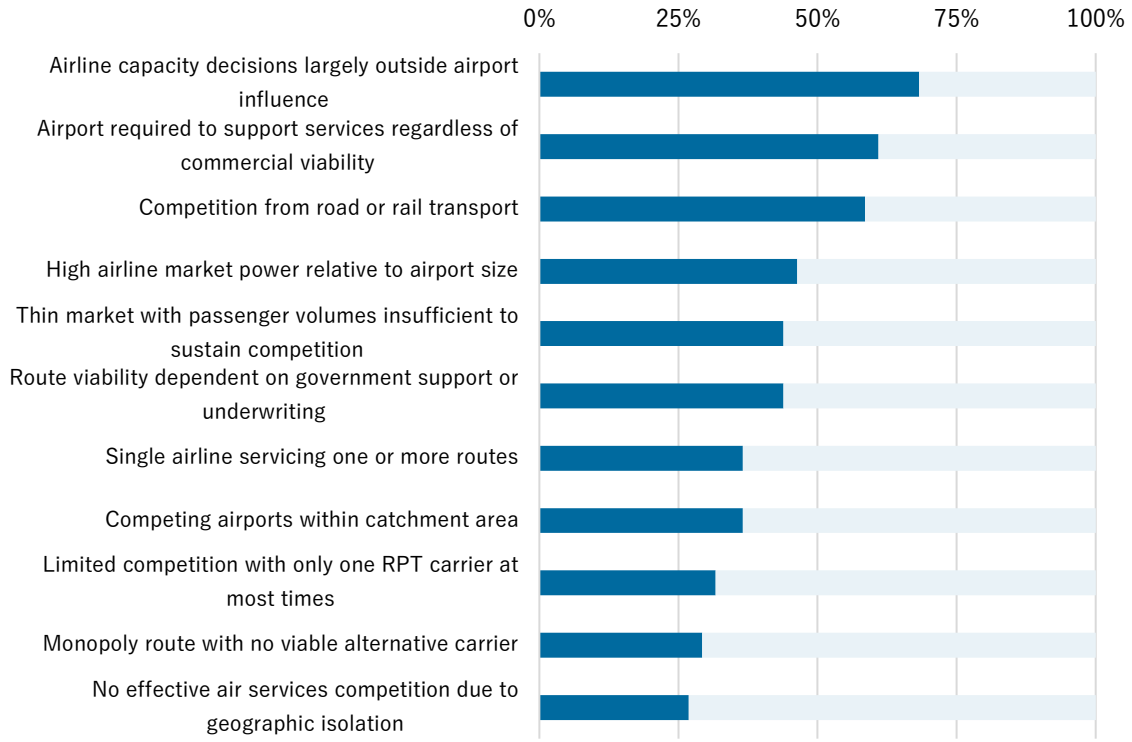
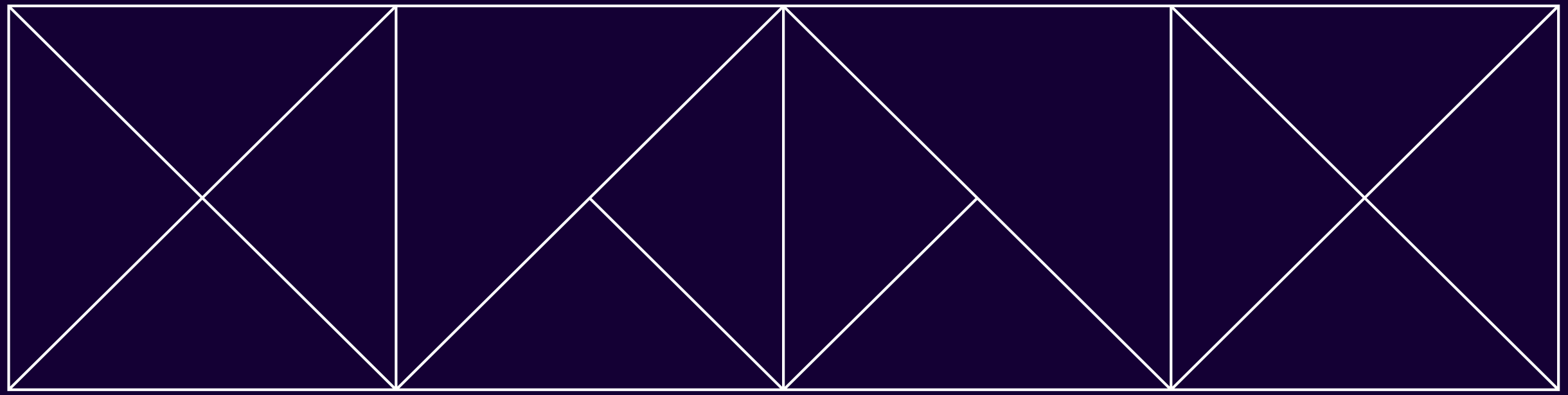


Figure 8: Aggregate Responses to Question “Which of the following statements applies to your airport’s operating context?”



Appendices



Appendix A: Participating Airports

The following have provided the valuable input into the survey. The participating airports below have been included in alphabetical order with their ordering bearing no reflection to the individual airport results presented in the survey. Results of the survey are deidentified to maintain confidentiality.

Albury Airport
Armidale Airport
Ballarat Airport
Barrow Island Airport
Bathurst Regional Airport
Bendigo Airport
Broken Hill Airport
Broome International Airport
Bundaberg Regional Airport
Busselton Margaret River Airport
Ceduna Airport
Coffs Harbour Airport
Condobolin Airport
Corowa Aerodrome
Dubbo Regional Airport
Geraldton Airport
Gnowangerup Airport
Griffith Regional Airport
Halls Creek Aerodrome
Hervey Bay Airport
Hobart Airport
Kalgoorlie Boulder Airport
Karratha Airport
Latrobe Regional Airport
Lethbridge Airport
Longreach Airport
Manjimup Airport
Merimbula Airport
Mildura Airport
Moruya Airport
Mount Isa Airport
Orange Regional Airport
Port Macquarie Airport
Portland Airport
Wagga Wagga Airport
Warrnambool Airport
Wellington Aerodrome & Recreation Park
West Sale Airport
Whyalla Airport
Yaraka Landing Strip

ACIL ALLEN

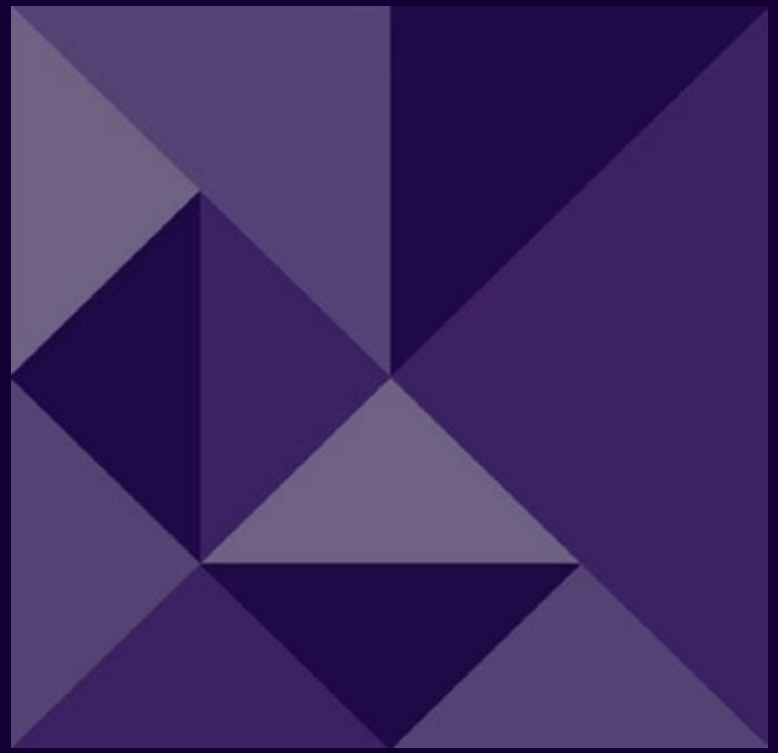
ACIL Allen is Australia's largest independent economics, public policy and strategy advisory firm. As a firm, we specialise in economic analysis, and in understanding how policy decisions can translate into socio-economic outcomes. ACIL Allen has significant resources upon which it can draw. We employ around 60 consultants located in Adelaide, Brisbane, Canberra, Melbourne, Perth, and Sydney.

The firm has built a reputation for quality research, credible analysis, and innovative advice on economic, policy and strategic matters over a period of more than twenty years. ACIL Allen operates across a select range of industries including energy, mineable resources, water and other infrastructure, education, tourism, health and human services policy and provides specialist advice to companies, governments, regulators and industry associations. ACIL Allen has been at the forefront of analysis of changes and policy issues in these sectors. We have helped governments to develop a number of policy mechanisms applied in response to these changes and policy issues. We have also helped many private corporations to develop responsive business strategies in this dynamic environment.

Our analytical and modelling skills enable us to provide robust quantitative estimates of the impacts of market and regulatory risk. We often use risk-based decision tools such as real options frameworks to advise clients on risk management strategies and opportunities. In part, our experience in these roles relates to major infrastructure assets, supporting feasibility assessments, equity raisings, sale and acquisition processes and funding of infrastructure assets, including natural gas and electricity transmission and distribution systems, power stations, roads, railways, airports and ports.

Our consultants are drawn from a wide variety of disciplines including economics, finance, statistics, geology, physics, environmental science, engineering and mathematics. We also offer a diverse range of professional backgrounds in state and federal government, academia and business.

Further information can be found on ACIL Allen's website at www.acilallen.com.au.



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