

# MEDIA RELEASE



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## COVID-19 delivers unprecedented hit to airports

Australia's major airports are dealing with an unprecedented hit to their operations, with aeronautical revenues for the year expected to fall by more than half a billion dollars as a result of COVID-19.

Australian Airports Association (AAA) A/Chief Executive Officer Simon Bourke said airports continued to support their passengers and partners even as they felt the pain of a significant drop in demand.

"Airports are essential infrastructure for our country. Our focus, in the face of this unprecedented challenge, is on looking after the passengers who will continue to fly and the many people working at airport precincts across the country," Mr Bourke said.

"We know that every part of the industry is feeling the impact of this situation and our airports are working with all of the airlines, retailers and businesses that rely on us and the passengers we serve. Every passenger who doesn't use the airport is a loss not only to us, but to the retailers in our terminals, the taxi and uber drivers, and other airport businesses.

"At the same time, airports' costs change very little. We still need to keep the runways open and the lights on in the terminals. We still need to keep our airports safe and secure as we welcome the passengers that continue to fly.

"We must also be ready for the post-virus rebound and continue to plan for a strong recovery. Airports are taking a hit to maintain their investment and infrastructure pipelines which are so critical in terms of keeping the airport open, and keeping people in jobs."

## Significant lost revenue expected

"COVID-19 has, and will continue to, hit our income and operations with a severity not seen in this country before," Mr Bourke said. "The AAA estimates aeronautical revenue for Australia's major airports will collectively fall by more than \$500 million this year as significant reductions in airline capacity take effect.

"Revenue from aeronautical charges and other airport services are all dependent on passenger numbers and are being heavily impacted by lower demand. International arrivals are at their lowest levels since 2013 and airports feel the loss of every passenger several times over."

Major airports had already reported big falls in passenger numbers in February, before the announcement of new measures for international travel and historic capacity cuts by Australia's domestic airlines.

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Sydney Airport's international traffic was down 16.8 per cent in February compared to the prior year, and domestic traffic fell 4.5 per cent. Melbourne Airport saw a 17 per cent fall in international passengers in February, with 150,000 fewer people flying internationally compared to the same month last year. Brisbane Airport experienced a 7.7 per cent decrease in international passengers in February, with 34,000 fewer people flying internationally compared to the same month last year. Domestic travel fell 1.5 per cent, a loss of more than 19,000 passengers on the prior year.

"With new measures in place for international travellers and airline capacity cuts of up to 90 per cent, we expect to see further dramatic and immediate cuts to passenger numbers in the weeks ahead," Mr Bourke said.

## **Long term investment pipeline must be protected**

The industry recognises the impact of COVID-19 on its shareholders, which include many Australians through their super funds, and are working hard to preserve their long term investments. Despite the short-term pressures facing us, we remain committed to protecting the significant pipeline of future investment that will be needed to support the nation's economic recovery.

While the industry recognises the significant challenges that are also being faced by our airline partners, calls for relief on airline payments to airports misrepresent how commercial relationships between airports and airlines work and would undermine the industry's sustainability.

"The majority of the payments airlines make to airports are based on the number of passengers they carry. Cancelled flights and fewer passengers mean lower payments," Mr Bourke said.

"Both airports and airlines are being seriously financially impacted by COVID-19 and we must work together to make sure we are ready when the recovery comes.

"Further cuts when airline payments are already falling with every cancelled flight and empty airline seat would severely limit airports' ability to support the recovery of our airline, retail and business partners.

"In order for airline businesses to recover when these challenges pass, airports must keep building the runways and terminal infrastructure we know they will need when the industry rebounds.

"The recovery will be strong, just as we've seen in the past, and we want to give our partners confidence that we are ready to support them as they rebuild."

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