

DATE: 14 December 2020

Extension of assistance offers a partial lifeline for airlines facing protracted recovery

With no international flying, and a drawn-out recovery from the COVID-19 pandemic ahead, airlines have today welcomed the [Federal Government's announcement that two support programs will be extended, along with the formation of a panel to focus on the aviation sector's future.](#)

Commenting on the Deputy Prime Minister's statement, which acknowledged the need for help to manage airline costs as capacity is brought back online, Airlines for Australia & New Zealand (A4ANZ) Chairman, Professor Graeme Samuel AC, said the program extensions came at a critical time.

"By continuing to underwrite key routes that are not currently commercially viable, the Government is ensuring the connectivity of essential workers across the country, enabling the movement of critical freight and the continuation of domestic tourism for Australians.

"While there are positive signs around demand since border restrictions have eased, it is unlikely that Australia's domestic capacity will return to pre-COVID levels until late-2021, with international air travel likely to take until 2024. This leaves the airlines facing a very tenuous journey ahead."

A4ANZ CEO, Dr Alison Roberts said, "The recent COVID-19 outbreak in South Australia highlighted just how fragile the recovery path is in the aviation industry, given the sudden reintroduction of hard border controls. Whilst domestic border re-openings are critical to standing the aviation industry back up, it is also at the mercy of the immediate reimposition of border restrictions, remaining vulnerable to these events until a vaccine is widely rolled out.

"For these reasons, there needs to be flexibility in how support is wound back – or reinstated in response to potential outbreaks and/or border closures – and we would urge caution against withdrawing support too soon."

Prof Samuel said, "Air travel is critical to ensuring supply chains continue to operate via the carriage of freight (whether it be medical supplies or time-sensitive produce) and for the transport of essential workers. As we progress to a COVID-normal situation across the country, domestic air travel also allows communities to continue to access essential medical, financial, and educational services, travel for leisure, and to visit family and friends.

"We need to ensure these essential services are protected beyond March 2021 – when economy-wide support measures are also due to cease, but with limited corporate demand and no international travel to buffer the impact for airlines. There should be some room for flexibility, as the Federal Government's financial support for the aviation industry – including JobKeeper – is estimated to be less than half the international average (as a proportion of GDP)."

Dr Roberts said, "A4ANZ and our members welcome the announcement of the Future of Aviation Reference Panel, and look forward to contributing to the development of a five-year plan.

"We welcome these discussions and the focus on ensuring that we have effective aviation policy which delivers better outcomes for the sector, consumers and the economy. The restart for airlines in Australia is uniquely challenging, and we need to give the industry its best chance of long-term survival, ensuring access to affordable air travel and supporting Australia's economic recovery."

Media Enquiries: Graeme Samuel 0408 335 555 or Alison Roberts 0405 323 254

Website: www.a4anz.com Twitter: @a4anz