



Via Email: aviationstatement@infrastructure.gov.au

Chamber of Commerce NT submission to Aviation Green Paper

This submission has been prepared by the International Business Council on behalf of the Chamber of Commerce NT, comprising 1300 member businesses across the Northern Territory.

The Chamber of Commerce NT was established in 1957 and provides wide-ranging benefits to increase business efficiency and enhance business opportunities. The Chamber is a foundation member of the Australian Chamber of Commerce and Industry (ACCI).

The Northern Territory is a vast area of 1.35 million square kilometres, sparsely populated with 200,000 people. The Chamber's five regions – Top End, Central Australia, Barkly, Katherine and East Arnhem – together encompass the whole Northern Territory. The Chamber Regional Committees in each region provide input to the Chamber on local issues, with offices in all regions except Tennant Creek, which is serviced by Alice Springs office. These regional offices have a high profile with Regional managers and Committee members being an integral part of, and voice for, their local business community. They represent their members on local committees and exercise a crucial voice in lobbying government and influencing decisions.

The key issues relating to aviation in the Northern Territory identified by members, both through input at public forums and by private submissions, can be broken down into two key components; passenger traffic and air cargo. Both of these have considerable impact on doing business in the Northern Territory, in some of our key business sectors – both established and developing. The in-bound tourism sector is one of the key industries in the Northern Territory, of particular importance in regional areas in developing indigenous and other tourism activities. The continued growth of the resources sector is reliant in part on Darwin being able to promote itself as a modern business centre. Our comments in relation to the Aviation Green Paper relate to key recommendations of the paper and also generally in terms of key areas of passenger traffic and air cargo.

Comments in relation to key objectives of Green Paper:

• ***Making safety the number one priority for Government aviation agencies and the industry, and ensuring safety regulation is robust, effective and efficient;***

Agreed, this should remain the number one priority, particularly in light of the proliferation of budget flights servicing the Northern Territory international market. The increasing utilization of off-shore maintenance facilities is of concern where this falls outside the jurisdiction and inspection of Australian Authorities.

• ***Ensuring that aviation security is appropriate in an era where planes and airports are still potential terrorist targets;***

While concurring that the level of aviation security needs to be appropriate, we are concerned about the cost impact on regional airports such as Darwin and Alice Springs. These security costs are the highest per passenger in the country and as they are mandated by national requirements, there should be measures to spread the cost of charges nationally. In a competitive environment subject to intense cost pressures the imposition of a higher per capital security charge on other significant airports when compared with charges at Melbourne or Sydney becomes a primary competitive disadvantage. A standardized minimum charge should apply to all airports, irrespective of passenger movements. The level of security charge should not deliver an unintended competitive advantage, nor impose an unintended competitive disadvantage. We all carry the burden of airport security, and the cost of this burden should be distributed equally. This would enable a standard security charge per passenger, such as exists with the departure tax. Further, the implementation of the new security arrangements have placed additional load on already cramped international passenger facilities, resulting in delays in passenger movement through outward processing.

• ***Providing a regulatory environment conducive to appropriate investment in aviation infrastructure facilities at our airports and in our air traffic management systems to meet forecast traffic growth;***

The Chamber of Commerce is opposed to the re-introduction of a level of price-monitoring at Darwin and Alice Springs Airports. These Airports are not currently subject to price monitoring by the Australian Competition and Consumer Commission (ACCC) as they are relatively small airports dealing with some major airlines that can withdraw services (and have done so), and hence have some countervailing power. They also face some competition from other airports and/or other modes of transport and have less passenger traffic than some of the larger non-monitored airports. The introduction of increased security arrangements have necessitated a large scale re-development of the Darwin airport to handle passenger movements. This investment could be endangered by the re-introduction of price-monitoring.

• ***Ensuring an efficient aviation industry that supports growth in tourism and trade.***

The rapid growth of the budget airline industry has had negative impacts on tourism and trade in the Northern Territory, as they have virtually cut full service carriers out of the international market and are the major providers of domestic services. This creates issues for business travelers seeking higher classes of fare and has led to many disgruntled international passengers traveling on Qantas tickets being carried on Jetstar flights. There are issues with back of clock flights by all airlines, as these create timing issues for both business and leisure travelers. They also impact on support services in the transport and hotel industry.

• ***Achieving an international air services policy which serves our national interest and balances the needs of an Australian-based industry with international competitiveness;***
The Northern Territory requires an international air services policy which meets the needs of a regional airport located close to Asia. The Chamber of Commerce is keen to see the retention of current air services arrangements providing for a total 400 seats in each direction from the Philippines to Darwin. The Northern Territory has close links with the Philippines through its involvement in the BIMP-EAGA (Brunei, Indonesia, Malaysia, Philippines East ASEAN Growth Area) and is continuing to work to utilise these arrangements.

• ***Addressing the shortage of pilots, aircraft engineers and air-traffic controllers;***
No comment

• ***Dealing with planning issues around airports in an integrated, considered way, and providing a solution to the long term airport needs of the Sydney region;***
Agreed that planning needs to be carried out in a measured way, particularly for a regional airport such as Darwin, which is located in the centre of the main population base.

• ***Planning for the issues arising from the growth of low cost carriers, such as the increased passenger numbers at secondary airports;***
This is a major issue for the Northern Territory as mentioned elsewhere. It is placing considerable strain on resources already and leading to passenger frustration and complaint.

• ***Promoting a proper dialogue between airports and the communities around them on issues such as the impact of aircraft noise;***
Agreed, the location of the Darwin airport has led to some community disquiet. Community concern is mainly directed at military aircraft during joint exercise periods. This concern is driven by a range of motivations, including opposition to defense deployment as well as the exceptional noise levels generated by military aircraft which are not required to abide by noise abatement standards applied to civilian carriers. The military does engage in dialogue with the community during these exercise periods.

• ***Giving proper consideration to the importance of air freight to regional businesses, our export industries and our economic performance;***

The major issues raised by business in relation to air cargo were in relation to the lack of wide bodied services out of Darwin. Currently there are none operating internationally and any international containerized cargo must travel via the eastern seaboard. QANTAS' summer schedule currently shows a change with 3 wide bodied flights to Sydney and 3 to Brisbane from late October. This creates considerable logistical difficulties for producers of perishable products in getting their products to market. It also makes market access to cities outside these two points difficult. There needs to be a strategy to ensure that as a bare minimum that these flights using wide bodied aircraft continue on a daily basis all year around.

There were comments by several members highlighting the issue of international air freight being severely limited by airlines using narrow bodied aircraft out of Darwin.

One member recently sent 2 ton of cargo to Brunei which had to be road freighted to Brisbane where it was loaded onto a Royal Brunei flight to Brunei. This is a common problem for many local exporters and the additional travel time by sending goods nearly 3000 km south then having them fly back over Darwin is very frustrating..

- ***Ensuring access to regular air services in regional and remote areas, where regular flights are essential for communities, regional development and social services;***

Aviation services are crucial to the Northern Territory, particularly the Top End where seasonal conditions often result in remote communities being inaccessible by road for long periods. With the focus on bridging the gap for indigenous communities, any reduction in regular air services to remote communities would be disastrous.

- ***Establishing an air traffic management plan which enables better long term planning and timely investment by government agencies and industry and addresses civil and military aviation requirements;***

No comment

- ***Using satellite technology to improve safety and efficiency and reduce environmental impacts of aircraft operations;***

No comment

- ***Strengthening the governance arrangements for the Civil Aviation Safety Authority (CASA) and the Australian Transport Safety Bureau (ATSB) to enhance the quality of their relationships with industry and the community;***

No comment

- ***Ensuring that a vibrant general aviation industry is able to prosper as the nurturing ground for future commercial pilots and aviation workers;***

The Northern Territory continues to serve as a training base for developing pilots by offering the opportunity to gain hours and experience to upgrade qualifications. This role should not be ignored in measuring the importance of aviation as more than just a mode of transport in the regional areas of the NT.

- ***Addressing climate change, a focal point of transport policy for this and future generations.***

Any policy development relating to climate change must bear in mind the danger of the introduction of “food miles” by other economies. Despite the evidence not stacking up, too many advocates of food miles ignore the complexity of proper accounting of carbon footprints and instead rely on anti-trade rhetoric to get their message across. And even fewer consider the beneficial role international trade and free markets can play in reducing emissions. Agriculture is a vital component of the NT economy and food miles poses a real threat, given our long distances to both domestic and international markets.

General comments on passenger traffic – international

The major issues raised by members in relation to international travel related to the lack of full service airlines for business travelers, problems with business travel on budget airlines and the treatment of business travelers at Darwin International Airport.

Several members have raised their concerns about the unsuitability of current services for business travelers. Of major concern are the back of clock flight operations both domestically and internationally for most carriers. The arrival into Darwin in the early hours of the morning creates issues for business travelers needing to continue on with work after a cramped flight with little or no sleep, or opportunity to work onboard. The budget airlines offer limited seat pitch in their all economy service which makes it impossible to carry out any work while on board, one member commenting that he could not get his lap-top open on the tray table so as to be able to see the screen. Other comments were raised about the lack of interline transfers being available if traveling onwards from Singapore and the airline industry claims of cheap flights into Darwin. Jetstar costs in Qantas-economy class equivalent Darwin-Singapore are more expensive than the flight costs on the previous Qantas economy class flights for the same journey. This remains an exceptionally profitable route for Qantas.

One member raised the case of a business partner from Perth joining him on a Tiger Airlines flight to China out of Singapore. His luggage transfer from his in-bound QANTAS flight was not transferred and eventually reached him in Shanghai five days later. This is not an isolated instance, with business travelers continually complaining of the need to pass through customs and immigration when in transit in Singapore. It is of considerable concern to the business community that these types of stories contribute to the continued perception of Darwin as only worthy of a branch office, particularly in the oil, gas and mining sectors. As one member put it "The future of NT development depends on our ability to further develop business services and relationships with Asia and China. The business component of service provision has been overwhelmed by the current emphasis on the lower end of the travel market with economy airlines."

One member raised his concerns about the lack of full service airlines servicing Darwin and the risk that we become a bit of a backwater as a consequence. He recently lost out on deal with a US company, which they were well placed to get. When they found out they had to use a red eye flight on a discount carrier they decided Darwin obviously did not have the infrastructure to service there needs and they went with a Brisbane company instead. They didn't get the opportunity to showcase their capability.

Another issue relates to the type of tourist the Northern Territory will attract in the future with the budget airlines targeting the lower end of the market. Members have mentioned their frustration with attracting visitors at the higher end of the market, when they are unwilling to travel on budget carriers for a variety of reasons, including those above. With the strength of the Australian dollar becoming a deterrent for some of the low end market, the high end sector becomes even more important. The potential customer market for international conferences in the Darwin Convention Centre is substantially reduced because of the current low quality of airline services. Even the low end market is adversely affected by the use of budget airlines. A significant concern is the associated on-ground treatment by hotels of early arrivals. Darwin Taxi services are erratic in their service standards. Hotels reap a 'free benefit' at both ends of the travellers journey. Travellers pay for a night of accommodation that is largely unused on arrival, and they pay again for a night of unused accommodation when they catch an early morning flight.

The issue of seat availability was also raised by members of the international business community, with Jetstar flights, both in relation to major events such as those the new

Convention Centre will be hoping to attract and also for regular business travelers. The highly efficient booking system utilised by Jetstar means that most planes travel full between Darwin and Singapore and business travelers booking on short notice often find themselves with no option but to take Tiger Airways, leaving in the small hours of the night.

On an intra Territory scale, regional members were united in their comments bemoaning the lack of air services. The economies of scale and the rationalization of services have meant a reduction of scheduled services and increased the costs of those still remaining. This has impacted on the cost of doing business in these centres, with spin off effects into all industries.

In relation to treatment of international visitors to Darwin International Airport, several members made comment in particular;

- Visiting Asians in particular are routinely grilled and visitors continue to be offended –some have been threatened that they must not do any business, only exchange business cards, that’s all.
- Until recently, threatening signs dominated the baggage arrival Hall- threats about using phones and god-knows-what-else.
- Arriving passengers for some reason have to sit on the aircraft for long periods before the aircraft doors are opened. On a recent trip to 5 Asian nations a member noticed the typical time to open the door of an international flight was 5 minutes. Singapore did it in 4.5 minutes. In Darwin it seems to be around 15 minutes. Its bad enough being cooped up on one of these small jets for 4.5 hours without having to sit for another 15 minutes on arrival.

The importance of air travel and cargo to the Northern Territory economy cannot be underestimated, with remoteness, diverse needs, small scales of economy and sparse population all being key factors. On international routes, the business community is deeply concerned about the trend towards budget airlines, with no capacity to serve either the needs of business travelers or the needs of international containerized air freight.

We look forward to the development of the Aviation Green Paper and hope that our submission may be useful in the strategy formulation. Please contact me on 08 89828100 if you have any enquiries in relation to our submission.

Greg Bicknell
Manager, Industry Councils