

Towards the Development of a  
National Aviation Policy

**Northern Territory Response  
to the Issues Paper**

Coordinated and prepared by the Northern Territory  
Department of Planning and Infrastructure  
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## **1 Introduction**

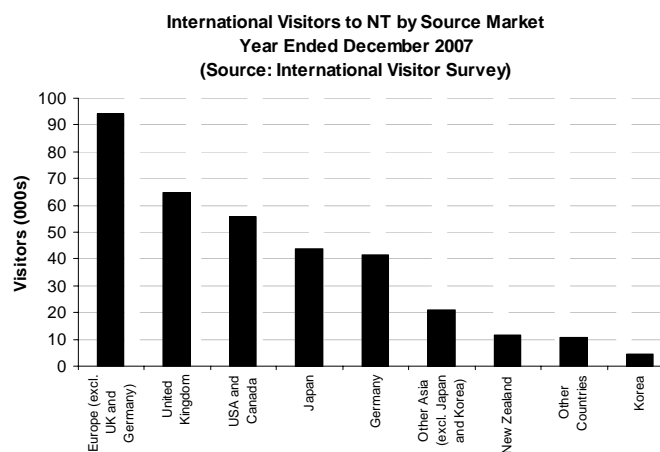
- 1.1 The Northern Territory (NT) welcomes the opportunity to respond to the Issues Paper released in April 2008 by The Hon Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government, and contribute to the development of a National Aviation Policy.
- 1.2 The NT is large, remote and the most sparsely populated jurisdiction with the highest proportion of Indigenous Australians. Successive Australian Governments since federation have had a general policy to develop the north of Australia and it is in the national interest to continue fostering such development.
- 1.3 Effective transportation is crucial to the NT because of the distance from major population centres and markets and the wide geographical dispersion of communities and industry. The tyranny of distance, vagaries of climate and topography, island communities and a relative small and widely spread population makes year round road access for all Territorians impracticable. Equitable access to essential services must be considered in a total transport context and may require air or sea access, as an alternative to all weather road access. Air transport, in particular, is critical to the social and economic well being and development of the NT, as only 30 % of roads are sealed.
- 1.4 The structure of the NT economy reflects significant natural resources, the NT's importance for the defence of the nation and the relatively large tourism and public sectors. The significance of the tourism and mining industries makes the NT economy particularly reliant on exports. The tourism industry is a major employer with over 70% of visitors to the NT arriving on air services. Tourism is also one of the few industries that offer sustainable economic development opportunities in regional Australia, particularly for Indigenous people.
- 1.5 Whilst major population centres in the NT rely on air services to enable tourism and trade, many remote communities are cut off for extended periods due to harsh weather conditions with air services providing the only link to the outside world. In many cases in the NT, regional air services are actually essential services. Regional and remote Indigenous communities in the north of Australia are home to some of the most disadvantaged Australians in the nation, posing many challenges for the delivery of health, education and other services by all levels of government. Many of these communities are only accessible by air.

- 1.6 The re-establishment of the Office of Northern Australia is obviously welcomed by the NT and will enhance state/territory development efforts. Due to the importance of transport in developing Northern Australia, it is recommended that the Office have within its charter a specific focus on transport issues.

## 2 International Services

- 2.1 Direct international access is obviously important to the NT in support of tourism and trade. Major NT industries such as oil and gas are truly international with staff and supplies sourced from all over the globe.
- 2.2 With two iconic national parks, Kakadu and Uluru-Kata Tjuta located within its borders, tourism is a significant contributor to the economy and employment in the NT. Tourism contributes 7.8% to the NT's Gross Value Added compared to 3.8% nationally, with one in eight workers directly employed in the tourism sector. Hence, the local economy is more dependent on the tourism industry, and air access, than the rest of Australia.
- 2.3 The profile of international visitors to the NT is also somewhat different to the rest of Australia, with the core international markets being the United Kingdom, Europe, North America and Japan (refer Figure 1). These are markets that are attracted to the nature-based and Indigenous culture experiences available in the NT. Unlike other Australian states, the NT currently receives only a small proportion of international visitors from New Zealand, China and other Asian markets, which historically has is in part been due to the relatively high cost of airfares to the NT from those markets compared to other states.

Figure 1



2.4 Darwin Airport is strategically important for inbound tourism to the NT, but also for the Australian tourism industry more broadly. Despite only receiving 1% of inbound airline seats operated to Australia (refer Figure 2), just over 10% of international visitors to the NT enter Australia at Darwin Airport (refer Figure 3). Like Darwin Airport, Cairns Airport also plays an important role in delivering Japanese and other international visitors to Alice Springs and Uluru. Growth in international airline services to regional airports such as Darwin and Cairns, which are critical national assets, can help to achieve regional dispersal of visitors and alleviate the pressures experienced at Sydney Airport. This will only happen if the national aviation policy is conducive to and supportive of growth at major regional airports.

Figure 2

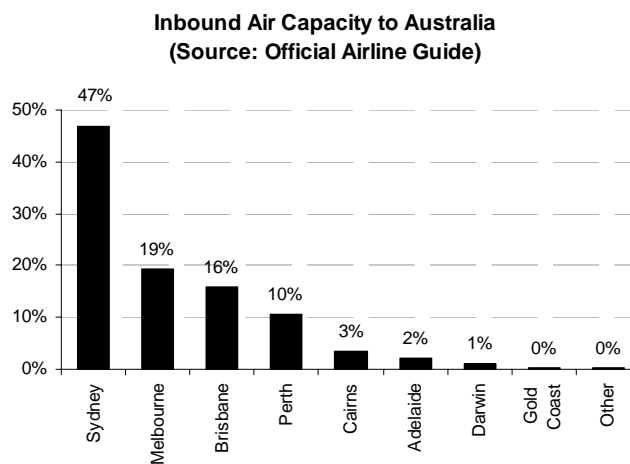
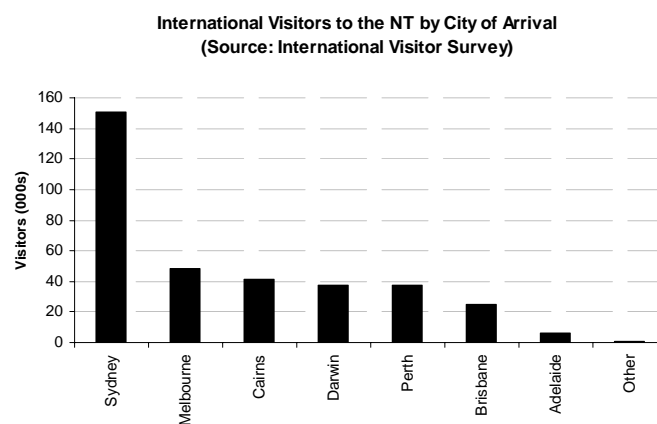


Figure 3



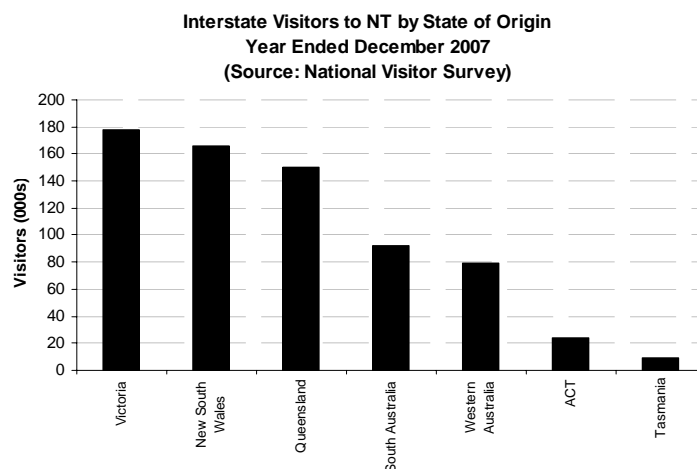
- 2.5 In general, the NT supports a continued move towards more liberalised arrangements in bilateral air service agreements where it is in the national interest. This will increase tourism and trade and see market developments that benefit the nation.
- 2.6 The Regional Package offered in bilateral negotiations has not prompted foreign carriers to take up routes to the regional ports although it is recommended that these ports be automatically designated as unlimited access in all future air service agreements. Other policy settings and incentives need to be considered to promote international services to the regional gateways such as discounted taxes and charges. A review is required, bringing together relevant stakeholders, to canvas further policy options that support the development of regional gateways and the dispersal of international visitors. Due weight should be given to regional development and equity arguments, especially considering the NT's proportion of Indigenous Australians and that tourism is one of the few industries that provide an avenue for these Australians to engage with the market economy.
- 2.7 The high cost of security charges at regional ports, due to relatively low passenger through put, acts as a disincentive for airlines considering the viability of new or increased services. This is especially true for low cost carriers which now provide the majority of international seat capacity to the NT.
- 2.8 The NT supports an open cargo policy for dedicated cargo services.
- 2.9 The NT has been successful in attracting air services through its innovative and proactive approach to aviation development, including securing a program of charter flights from Japan to Alice Springs operated by a number of airlines over the past five years. To limit international operations, including charters, to defined international airports would distort market development and disadvantage regional Australia.
- 2.10 The airport arrival and departure experience is important to visitors and residents alike and often reflects positively or negatively on the destination. As international access increases from the emerging markets of North East and South East Asia – the arrival experience from a cultural perspective needs to be consistent across all customer touch points – these include Customs, Immigration and Quarantine and the physical layout of airports and their capacity for passenger facilitation. Foreign language interpretation is an important deliverable across the airport experience, especially where services are often only provided in English. The NT calls for

consistent customer service to be benchmarked across all international airport facilities and border controls.

### 3 Domestic Services

- 3.1 Domestic flights service international and interstate visitors to the NT, as well as NT residents travelling for business or holidays. In particular, flights from Sydney are important in providing access for the international market since the majority of inbound airline seats operate to Sydney Airport (refer Figures 2 and 3).
- 3.2 The introduction of low cost airlines into the Australian domestic market has benefited the NT tourism industry, particularly in the Top End. For example, since Tiger Airways commence flights from Melbourne to the NT, and Jetstar subsequently increased its flights from Melbourne, visitors from Victoria have grown such that now they constitute the largest source market for interstate visitors (refer Figure 4).

*Figure 4*



- 3.3 Deregulation of the domestic market has benefited consumers and increased competition. The continuation of the existing policy approach is supported.
- 3.4 Consideration may need to be given to some contingency planning for dramatic shocks to the industry which would threaten the Australian economy. Emergency measures to maintain air services may involve cabotage or 7th freedoms.

#### **4 Regional and General Aviation**

- 4.1 There certainly are 'key challenges' in the regional and General Aviation sector and not surprisingly, this is an area of major concern to the NT. Whilst the market has provided growth in international and domestic seat capacity, regional services continue to suffer market failure and decline in the NT. The basis for government policy on air services to regional and remote communities should be equity of access and the most efficient and effective service delivery models.
- 4.2 The Bureau of Transport and Regional Economics reports that regional aviation in Australia is growing and this may be true for major east coast regional routes and mining centres in Western Australia and Queensland. However for regional and remote areas of the NT the opposite is occurring and services are reducing or have disappeared. In rural Australia, shrinking populations and the impacts of drought are contributing to a down turn in air services however again this is not true for the NT where the population in remote communities is actually increasing and the drought has had minimal effect on service delivery requirements.
- 4.3 Demand on many regional and remote routes in the NT suits the use of nine or less seat aircraft for Regular Public Transport (RPT) operations. However it is this sector that has seen the greatest downturn and now, for the same reasons, the 19 seat market is under threat. Aircraft of nine seats and below are going to be continued to be required in remote areas of Australia and, with little or no production by major overseas manufacturers, home grown development may be the best option. For the emergence of an Australian small RPT aircraft, consideration should be given to seed funding or other support mechanisms to stimulate the development of a suitable aircraft. Such initiatives would encourage Gippsland Aviation to bring forward RPT production plans and also allow other manufactures to bid competitively for support. Over the years there has been little funding support provided to the aviation industry when compared to most other Australian industries.
- 4.4 Commercial operators of small aircraft are likely to need transitional support arrangements to move towards newer aircraft and this will require Australian Government leadership. Otherwise this sector of the industry will continue to reduce except where governments are funding emergency operations such as aero medical evacuation and police air wings.

- 4.5 The issues surrounding the decline in services provided by small aircraft (including ageing aircraft with no viable replacement, increased regulatory and other costs and skill shortages) have been well documented over time, however the Australian Government response to date has been largely to hope for a market lead solution. Previous Australian Governments have also argued that intra state trade, and therefore air services, are the responsibility of state/territory governments, almost dismissing the fact that the Australian Government, through the regulatory regime and other requirements, has the greatest impact on the sustainability of regional and remote air services.
- 4.6 The NT proposes that these type of arguments be retired and there now exists an opportunity for all levels of government to work collaboratively, as per the Council of Australian Governments' arrangements, to ensure basic transport services exist for regional and remote Australians. All governments provide inputs to regional air services in one form or another including the provision of infrastructure. Governments are the major user of air services to remote communities and therefore fund most services. If all these inputs were put on the table, and better coordinated there may not be the need for any increase in funding support.
- 4.7 The Australian Government's Remote Air Service Subsidy (RASS) scheme is an important program which provides good outcomes in the NT. However, RASS routes are largely based on historical grounds rather than demonstrated need. The NT holds the view that the administration of the scheme should be returned from the Regional Services area and overseen by the Aviation area of the Department. RASS is one of the areas where a partnership approach between governments would lead to improved access for remote Australians. In some areas of the NT, RASS supports Indigenous patient travel and it is proposed that an Indigenous RASS scheme be considered by key stakeholders including the Department of Families, Housing, Community Services and Indigenous Affairs, and all health and education agencies.
- 4.8 There is scope for governments to coordinate the use of charter aircraft in remote Australia. It is not uncommon for multiple government charters to independently arrive at a remote community within minutes of each other with spare seats available on each aircraft. This scenario has increased since the Emergency Intervention and will further increase with the roll out of the \$647 million Indigenous Housing Program over the next four years in the NT. Coordination within single agencies let alone across governments is not easy and the NT's efforts to coordinate charters within its agencies has not met with any significant success to date. This is however an area where further work may see efficiencies in

service delivery and a way of sustaining low volume air services to remote communities.

## **5 Airport Planning and Development**

### *A level playing field for non-aeronautical land on Territory airports*

- 5.1 The market advantage that Darwin International Airport (DIA) enjoys for its non-aeronautical land is largely an accident of historical land use and the pattern of aircraft noise exposure. The Australian Noise Exposure Forecasts (ANEF's) favour development within the northern boundary of airport land, whilst limiting development of nearby 'greenfield' sites under the flight path. The NT Planning Scheme prohibits urban development of these sites in order to retain the non-urban character of the land and not prejudice the safety and efficiency of the airport.
- 5.2 This circumstance and lobbying from the local development industry to allow commercial development of 'greenfield' sites with high ANEF's is aggravated by the exemption of airport land from Territory land use controls and the freedom of DIA to pursue non-aeronautical land uses.
- 5.3 So on one hand the NT Planning Scheme is kerbing local development ambitions in order to maintain the operational flexibility of the airport, whilst on the other hand DIA is able to exploit its market advantage free of any obligation or costs associated with NT planning and building controls.
- 5.4 This question of equity is becoming more significant as DIA moves away from land uses supporting aviation towards other commercial land uses in competition with existing commercial development on Territory land; noting that DIA's non-aeronautical development programme is absolutely dependant on urban infrastructure and services provided by state and local governments, but is not subject to the associated fees, rates and charges.
- 5.5 The situation developing is clearly not a 'level playing field' and associated tensions can only be expected to increase.
- 5.6 If, as the issues paper suggests, the non-aeronautical development is important to diversify the revenue base of NT Airports and thereby strengthen capacity to invest in improving airport facilities, then consider –

*Incorporation of non-aeronautical land into Territory land  
use planning*

- 5.7 The Commonwealth owns 36 square kilometres of land in 11 contiguous titles associated with Alice Springs Airport. Not surprisingly the master plan identifies large tracts of airport land as being suitable for future non-aeronautical development including urban residential. Economic growth in Alice Springs is slow and these ambitions will only be realised gradually, and be dependant on trunk services provided by the NT.
- 5.8 This situation presents a good opportunity for Airport land to form part of the future expansion of urban land uses south of Alice Springs, and it follows that land use planning by the Territory should have full regard for the potential of Commonwealth airport land.
- 5.9 A Memorandum of Understanding could ensure that land use planning for Territory airports is integrated into land use planning for the NT.
- 5.10 A particular aspect of Alice Springs airport is that much of the land is unconstrained by aircraft noise and well suited to residential development. For detached dwellings, the market preference for freehold title rather than lease, and the equity argument that all householders should contribute equally to local government services, again raises the question of allowing non-aeronautical airport land to acquire Territory land title.

*Territory land under protected airspace*

- 5.11 As the issues paper suggests, in the interests of public safety and future flexibility for commercial aviation, the absence of development under airport approach splays is understood to be a desirable situation; but is there information to support the notion that risk from overhead aircraft is greater beneath the approach splays than in other areas beneath the airspace for landing and take off.
- 5.12 Territory airports currently have the merit of almost no development beneath the approach splays to the main runways, but as mentioned in relation to Darwin Airport, there is growing pressure to relax development restrictions on land below the airspace for runway approaches.
- 5.13 If, in the interests of public safety and future flexibility for commercial and military aviation, the Commonwealth considers development under approach splays to be undesirable then its regulatory framework should reflect this.

*The joint user airspaces of Darwin airport*

- 5.14 Darwin Airport is a joint user facility and the Department of Defence prepares Joint Obstruction Clearance Surfaces which form part of the Defence (Areas Control) Regulations and define military airspace associated with the areas of the airport used by military aircraft. The *Airspace Protection* diagrams published in the DIA Master Plan define the *Obstacle Limitation Surface* (OLS) for civil aviation in accordance with CASA requirements.
- 5.15 As a result, large areas of urban land in the vicinity of the airport are beneath the control surfaces for both military and civil airspace. The two surfaces are quite different in shape, definition and datum. In particular, the obstruction control surface of military airspace is defined by distance above ground level (AGL) and the OLS for civil aviation is referenced to the Australian Height Datum (AHD).
- 5.16 The rationalisation of these surfaces into one airspace control plan that the NT Planning Scheme could reference would provide greater transparency to developers of land in the vicinity of the airport, and provide more certain protection for the joint user airspace.

## **6 Air Traffic Management**

- 6.1 Australia has been well regarded for its air traffic management and Government policy should continue to support safe and effective world's best practice and technology for the national provider.
- 6.2 There are opportunities to better integrate civil and military resources and infrastructure at joint user airports like Darwin where over 80% of traffic is civil aviation operations.
- 6.3 Air Services' charging regime is of particular importance at regional airports which are characterised by a relatively low number of users. The NT calls for a network charging approach across Australia. At worst, the existing Airport Rescue and Fire Fighting hybrid network model should be retained and extended to approach and terminal navigation charging at regional airports. The enroute subsidy is important and should continue with ongoing consideration of special charging arrangements for aircraft operations of less than 5.7 tonne.

## **7 Aviation Safety**

- 7.1 The NT notes there is a Senate Inquiry into the Civil Aviation Safety Authority underway, which may provide directions for policy settings. A good regulator is able to uphold the law while educating and supporting their customers.
- 7.2 The Australian Government needs to show leadership to ensure the regulatory reform process is completed as soon as possible to provide stability for industry.
- 7.3 Due to the downturn in RPT services, closed charters are now an important category for the servicing of remote community needs in the NT. Closed charters are somewhat of a grey area and regulatory clarification is required. Consideration should be given to an Air Taxi category for remote Australia for operations by aircraft of nine seats or less.

## **8 Climate Change**

- 8.1 Government policies on climate change are likely to have a significant impact on the aviation industry. There is a need for the industry to incorporate climate change principles so as to mitigate its impact on the environment without adversely affecting related industries and communities dependent on its services. Hence, policies should aim to encourage the industry to achieve this objective.
- 8.2 In progressing to a green paper, the commentary section would benefit from expressing carbon dioxide emissions as carbon dioxide equivalents and account for all greenhouse gases, as is standard practice in other sectors. Giving only the 2% carbon-dioxide figure is not adequate to inform discussion. Similarly, the Issues Paper only gives information on the global contribution of aviation to total greenhouse emissions. Some Australian figures would be the minimum required to inform discussion of the issues.
- 8.3 The age of the Australian aircraft fleet and rate of replacement needs to be explored further. While the Issues Paper mentions that new engines are significantly more efficient, it doesn't indicate the average age of the current Australian aircraft fleet, what proportion of current aircraft have such new engines, nor how fast the fleet is being renewed. This is basic data regarding the issue of fuel efficiency – which (as for other transport modes) will be an important element of the response to climate change.

- 8.4 The green paper should be much clearer about the likely/foreshadowed treatment of aviation under an emissions trading scheme. Is the sector likely to be covered? If yes, the paper does not address in a clear way that market-based schemes for emissions reductions represent a price being placed on emissions, which (if applied to the aviation sector) will likely impact demand and/or increase incentives for airlines to improve fuel efficiency.

## **9 Noise**

### *The NT Planning Scheme and exposure to aircraft noise in Darwin*

- 9.1 The current 2004 – 2024 Master Plan for Darwin International Airport includes the 2024 ANEF's which are less conservative than the previous 2019 exposure forecasts. This difference is mainly the result of not modelling low level military operations. The noise consultant's report to Air Services Australia recommended that *"Until it can be confirmed that low level flights will never be a feature of military operations in the longer term, it may be prudent to retain the ANEF that has been in place for some years"*. However the statutory requirement is to comply with the ANEFs presented in the current DIA Master Plan.
- 9.2 This under representation of the longer term exposure to aircraft noise has temporarily weakened the NT's ability to resist inappropriate development on land that will be subject to high ANEFs. This is strong argument to shift towards airport planning based on Ultimate Noise Exposure Forecasts.

## **10 Consumer Protection**

- 10.1 The NT notes the recommendations from the recent Victorian investigation of low cost airline consumer issues. These recommendations and the development of best practice airline and airport customer service charters, subject to the development of RIS assessments, should be considered in policy development.

## **11 Security**

- 11.1 The high cost of security charges at regional airports due to relatively low passenger through put acts as a disincentive for airlines considering the viability of new or increased services (refer Figures 5 and 6). The NT holds the view that aviation security benefits all Australians and that a network approach to charging should be introduced and is in the national interest. This would be

well accepted by consumers who would then know that they are paying the same charge at all airports.

*Figure 5*



*Figure 6*



11.2 As Alice Springs airport is one of the 11 security designated airports in Australia, the 1500 daily users of this small regional airport are in the inequitable position of bearing all the costs of the security measures that are required at Australia's largest airports.

11.3 The Securing our Regional Skies program has had positive outcomes and contributed to the ability of remote airports to ramp up arrangements when required to do so if the threat level were to increase.