

20 February 2023

The Hon Catherine King MP  
Minister for Infrastructure, Transport, Regional Development and Local Government  
GPO Box 6022  
Canberra ACT 2600

Email [mps@infrastructure.gov.au](mailto:mps@infrastructure.gov.au)

Dear Minister

**Re: Aviation White Paper to 2050 (Ref: MS22-002250)**

The Northern Territory (NT) Government welcomes the opportunity to provide a submission to the Australian Government's Aviation White Paper. Sharing our local perspective will ensure NT's unique operating environment is taken into account during the development of long-term national aviation policies.

Aviation is a critical infrastructure for the NT due to its expansive nature and remote geography. Both urban and remote communities rely on air travel to access essential services, such as healthcare, education and social welfare. Aviation also supports NT business travel needs, inbound tourism receipts and movement of time-critical freight.

**Role in economic development, trade and visitor economy**

**1. Population growth and retention**

An indirect, however important factor of aviation in NT's economic development goals is its role in population retention and growth. Travel and accessibility is arguably an intrinsic need that can influence migration decisions, particularly to the Territory. Without long-term population retention and growth, the NT's economic growth will be limited.

**2. Attracting investments and visitor spend**

Due to NT's relatively low population base, capital investments, corporate spend and tourism dollars are often imported with a heavy reliance on air travel. In addition to business executives and tourists, there is a constant demand from operational workforce (such as fly-in-fly-out) roles to travel to the NT by air.

In a broader perspective of the Australian (not just NT) visitor economy, connectivity and accessibility to regional centres, such as Alice Springs and Yulara, are of vital importance. With Central Australia featured on the centre-stage of many Australian global tourism campaigns, there is an expectation from prospective international visitors that these locations have convenient, regular and affordable access from all major Australian gateway airports. Therefore, our policies must contemplate the preservation and continuation of regional air routes that contribute heavily to Australia's tourism industry.

### 3. Remote communities

The NT has some of the most remote communities in Australia, a large number of which are regularly isolated for up to six months of the year due to annual wet season road closures or restrictions. These are predominantly Aboriginal communities, and include island-based communities, which depend heavily on air travel to access essential goods and services, including for emergency evacuation and response purposes.

The NTG assists with funding upgrades and maintenance of 68 aerodromes in remote communities across the Territory. The NTG is involved in aerodromes due to their critical nature for service delivery and emergency response in the Territory, particularly for aero-medical emergency evacuations, natural disaster responses and time-sensitive freight.

It is NTG's (with support of the Australian Government) objective to ensure these remote communities have year-round, safe and equitable access to larger servicing cities and towns. On average, the NTG expends \$7 million per annum across the 68 aerodromes delivering critical maintenance and upgrades to aerodrome runways, fencing, line marking, runway lighting, pilot navigation aids, inspections etc, to achieve this objective.

In this regard, the NT relies on and benefits greatly from the Australian Government's Remote Airstrip Upgrade Programme (RAUP) to support safety works at strategic community aerodromes throughout the NT. Extension of RAUP beyond the current Round 9 will be very important in supporting the NT's ability to retain aviation access for remote, isolated Territorians, by assisting with undertaking infrastructure improvements needed to meet and maintain compliance with the updated CASA regulations.

## **Airfare affordability**

Airlines are commercial entities that will prioritise financial returns on investments. While the determination of airfare levels are a matter for airlines, there are substantial cost components within an airfare that are impacted by Australian Government policies.

### 1. Safety and security charges (SSC)

We acknowledge the importance of a well-defined airport safety/security system and support the need for continual enhancements. However, smaller and regional airports with a lower passenger bases are faced with higher per-passenger recovery costs. While regional grants are useful to offset these costs, the eligibility criteria (such as passenger throughput limits or definition of a regional airport) may exclude infrastructures such as Darwin International Airport.

To support mid-sized airports like Darwin Airport, where passenger numbers can exceed grant eligibility limits but are still substantially lower compared to other capital city airports, the Australian Government could evaluate the feasibility of:

- a tiered passenger volume eligibility mechanism to recognise medium sized airports, and link it to a sliding scale subsidy
- cap the SSC and subsidise excess costs, or
- supply all Australian Government mandated safety and security hardware since it is a national security matter.

## 2. Passenger Movement Charge (PMC)

As the PMC is a fixed rate that is not linked to distance or cabin class of travel, the impact to international departures from Darwin is arguably larger due to generally lower airfare components. For example, the PMC can make up 25% of a total airfare paid from Darwin to Bali.

To resolve the inequality, the Australian Government can review the PMC structure for a variable matrix linked to distance travelled, or cabin class of travel. This is similar to the United Kingdom's "Air Passenger Duty<sup>1</sup>" matrix, where the quantum of fees are determined with reference to the distance and cabin class of travel.

Still related to PMC, NTG recommends transparency in the disbursement of PMC revenues to help industries (particularly aviation) understand PMC's contribution to deliverable goals. Such a reporting matrix should be in quantitative form.

## **Sustainability**

For Australia to achieve its carbon emission reduction goals, the drafting and application of policies need to remain as an urgent agenda item. It is also important that the policies are written in consultation with airline and airport stakeholders to ensure it is realistic and provides sufficient flexibility for operators to deliver its core services.

### 1. Investment in sustainable aviation fuel (SAF)

The Australian Government needs to take a proactive, supportive and consistent position on investing in SAF to demonstrate its commitment to achieve emission reduction targets. Not only will this secure access to some of Australian airlines' need for the commodity, it will also create new jobs as a growing industry.

### 2. Policies to encourage SAF use

Issuing a set of policies for implementation in the near, medium and long term that encourages the use of SAF. These policies can be in the form of mandating target usage by a certain date, along with incentives to exceed targets, or consequences of not meeting goals.

### 3. Influencing fleet renewal program

Develop a set of policies that (financially) favours airlines operating certain types of modern fleet, and conversely, disincentives the use of less fuel-efficient aircraft.

## **International aviation attraction to regional airports**

With Darwin (and the NT) being less mainstream than its Australian capital city counterparts, the region is often overlooked for new routes due to difficulty in achieving commercial sustainability.

### 1. Air services agreements

Some air services agreements (where capacity to and from major airport gateways are restricted) does support the dispersal of aviation routes to less mainstream cities, so NTG feel this is an important feature to retain.

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<sup>1</sup> <https://www.gov.uk/guidance/rates-and-allowances-for-air-passenger-duty>



## 2. Cabotage

The Australian Government's approach to aviation cabotage is relevant to regional airports. While the NT has not advocated for a change regarding this right, it can provide flexibility in the event a non-Australian airline wishes to operate an unserved domestic route as a consecutive-cabotage.

## **Workforce**

The Australian aviation sector is experiencing challenges in hiring and retaining workforce, which could have long-term implications particularly to the regional and domestic aviation sector.

### 1. Training infrastructure

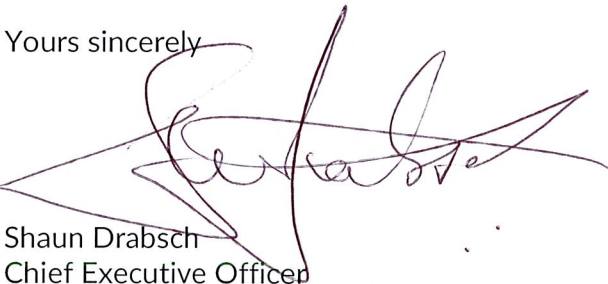
The aviation sector depend on a diverse range of workforce skills, including technical, professional and operational. To ensure an ongoing supply of these skills, Australia needs to continuously invest and develop aviation related vocational education and training. In addition to the training hardware, availability of financial assistance for these courses also play an important role.

### 2. Collaboration between Australian Government and industry

This is an important action that will help understand the area facing (or forecasted to face) the most severe skill shortage so that initiatives can be optimised towards the relevant sections.

We look forward to continuing to work with the Australian Government in response to aviation issues. For further discussions on the matter, please contact Rachel Telford, Senior Director Aviation and Strategy, on telephone 08 8999 3922 or email [rachel.telford@nt.gov.au](mailto:rachel.telford@nt.gov.au).

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Shaun Drabsch', is written over a large, faint, stylized graphic element that resembles a large 'X' or a series of overlapping loops.

Shaun Drabsch  
Chief Executive Officer