

OPENING STATEMENT

1. The main focus of my concerns lies in TOR (a):
“Social and economic impacts of air route supply and airfare pricing”, as it applies to Darwin and the “Top End” of the NT. However, the issues raised, involve consideration of all TOR (a-j).
2. I was raised in western NSW (Condobolin), where isolation from Sydney, due to lack of air services, was and remains a worsening problem. I will not deal with this further here, but having family there, and living in Darwin, creates a suite of social and economic problems linked to air services that are experienced by most residents of Darwin, and by their relatives scattered across Australia - which I will refer to.
3. I first came to Darwin, as a post-PhD Zoologist researcher in 1973, and worked as a consultant from 1978 onward. I’m still here, researching crocodiles, 45 years later. Although I now work internationally on such issues.
4. A cornerstone of the work here was monitoring trends over time, as crocodiles recovered after protection. It involved “What was happening?” – was the population increasing, decreasing or stable – and “Why was it happening” - which involved research into a suite of biological parameters and the integration of results. It also involved “politics” – biopolitics and negotiation - at local, national and the highest of international levels.
5. Since 1994, in addition to providing consultancy services nationally and internationally, we opened “Crocodylus Park”, a private tourist attraction based on education, in Darwin.
6. We have applied the scientific “what” and “why” approach to monitoring and researching tourism, as we did with crocodiles. The same multivariate problems are involved. The end result of this research, into tourism, is that inadequate air services are the fundamental constraint on tourism in Darwin, and the fundamental constrain on economic development in Darwin and northern Australia generally.
7. I’ve come to see Australia no longer as a real Federation of equal States and Territories, but rather as a division between AUST (Brisbane, Sydney, Melbourne, Canberra and Adelaide), and RALIA (where the rest of us live). The business and political power is centered in AUST, and despite our glorification of the outback, if you decide to live in RALIA, you can pay handsomely for the privilege. Air services, which are fundamental to Australians being able to connect as equals, in 2018, are fundamental to overcoming the Tyranny of Distance.
8. My Great, Great Grandfather was an English Soldier stationed at Melville Island in the NT’s first settlement, in 1829. I’m here in 2018. We, and everyone that has been here in between, have been constrained by the

Tyranny of Distance. This inquiry has the potential to change the paradigm. I'm not suggesting subsidies, because we are all surely sick of the unsustainable nature of such interventions. However, I am suggesting some bold innovative changes, based on evidence, that can and should be researched and where possible implemented.

9. The evidence presented in the document provided to you follows the following path:

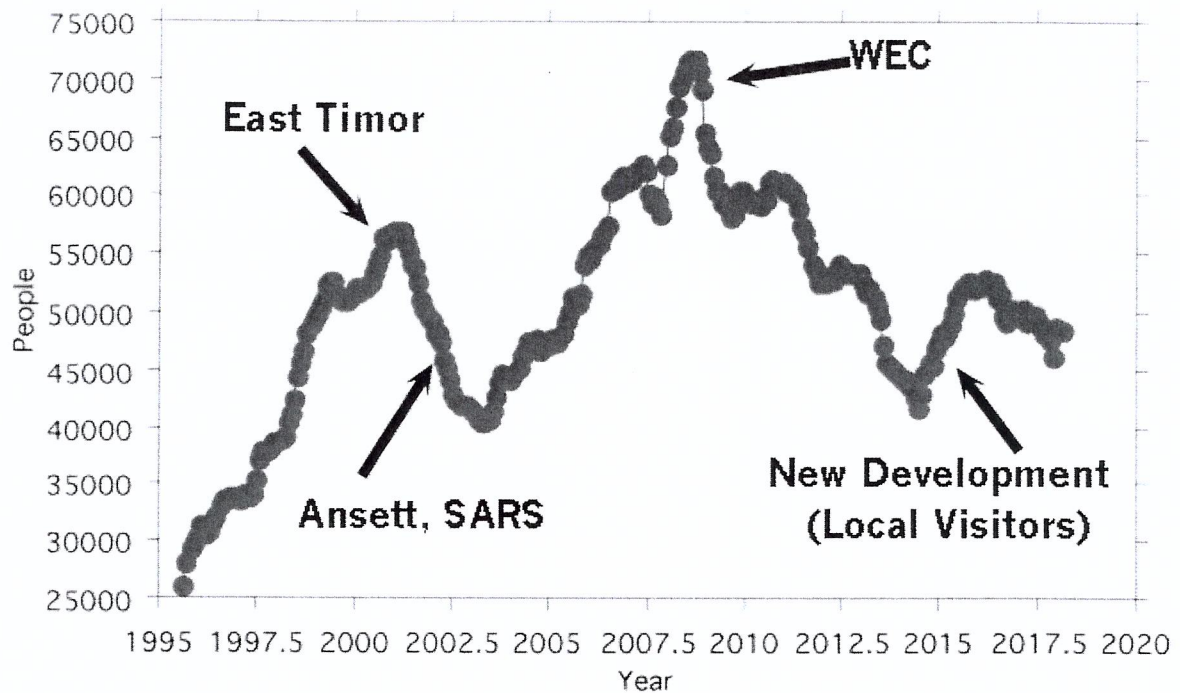


Figure 1. Annual visitation to Crocodylus Park that reflects the increase after opening (1994-1997) then fluxes over time to 2018. Each point is a 12-month period, advanced monthly.

- a. Tourism is economically critical to the Darwin economy and the business confidence needed for Darwin to grow. When tourism is “up” business confidence is high.

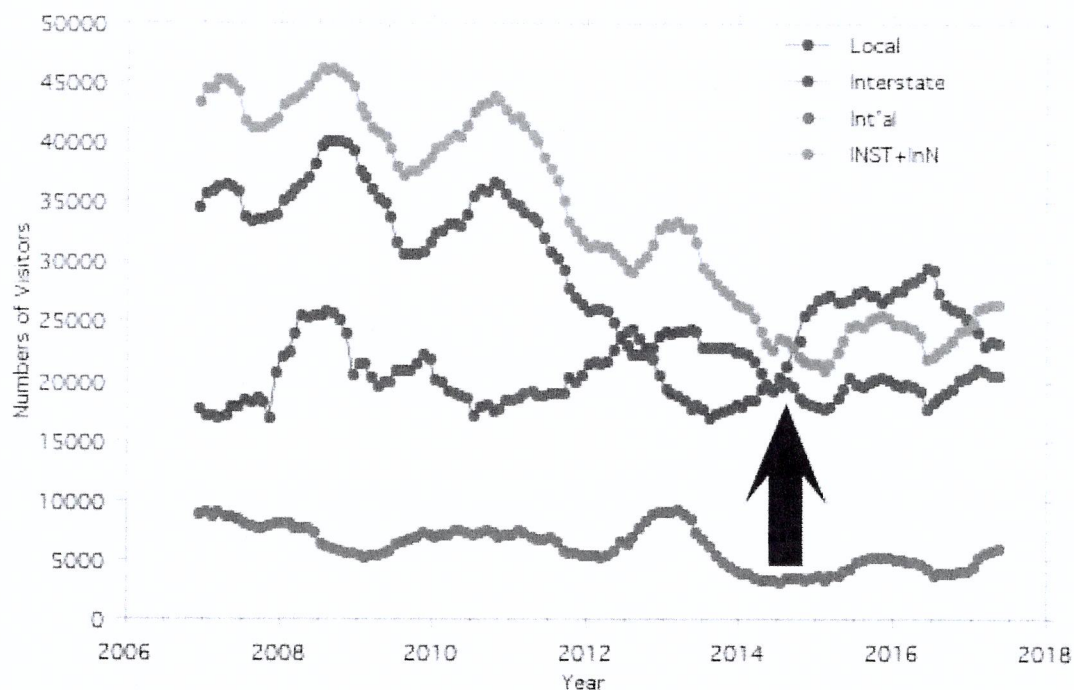


Figure 2. Annual visitation (12-month moving average one month at a time) by origin (local, interstate, international) for the 11 years period 2007-2017. Arrow indicates when the investment in a new river cruise attraction started at Crocodylus Park, which had an immediate effect on local visitation (blue).

- b. Interstate visitors were the mainstay of the tourism industry, with visiting friends and relatives, living in the community, distrusting wealth to everyone. Over the last 10 years there has been a 50% decline in interstate visitors. The cost of airfares are a critical component of this fall.
- c. International visitors are declining rather than increasing, with the costs of flights, and indeed the limited direct flights, being a major constraint.
- d. The tourism industry is highly seasonal, with 50% of annual visitors coming in June, July and August.

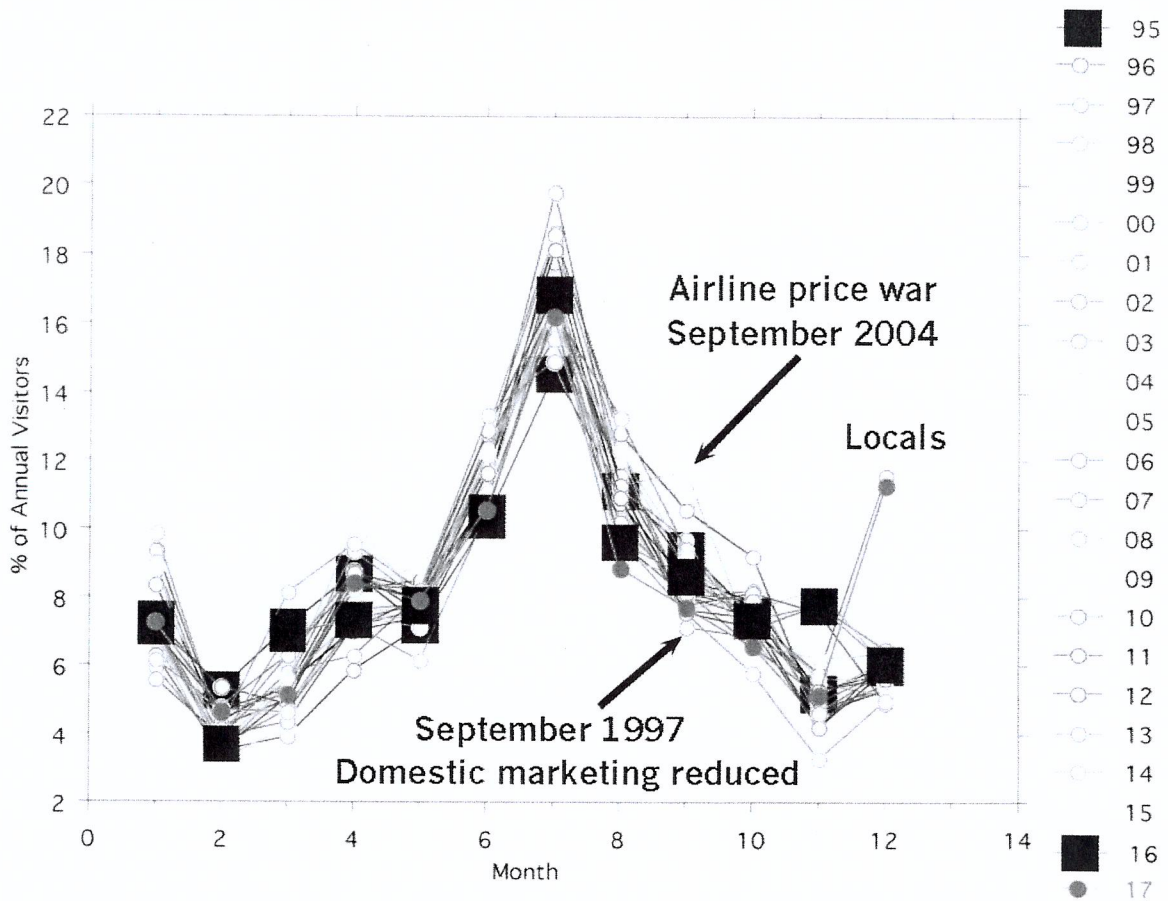


Figure 3. Percentage visitation (locals, interstate, international) by month at Crocodylus Park, 1995-2017. The percentages to 2016 are in Table 1.

Table 1. Quantification of percent visitation per month (to 2016)

| Month | Mean | SD | SE | Maximum | Minimum | Trend |
|-----------|------|-----|------|---------|---------|-------|
| January | 7.6 | 1.3 | 0.34 | 5.8 | 10.0 | NS |
| February | 4.0 | 0.6 | 0.1 | 3.2 | 5.3 | NS |
| March | 5.4 | 1.1 | 0.3 | 3.9 | 8.2 | NS |
| April | 8.1 | 1.2 | 0.3 | 5.9 | 10.2 | NS |
| May | 7.9 | 0.6 | 0.1 | 7.1 | 9.2 | NS |
| June | 11.8 | 0.7 | 0.2 | 10.3 | 12.9 | NS |
| July | 17.1 | 1.4 | 0.4 | 14.6 | 19.7 | NS |
| August | 11.3 | 0.9 | 0.2 | 9.6 | 12.8 | NS |
| September | 8.8 | 1.2 | 0.3 | 7.2 | 11.8 | NS |
| October | 7.4 | 1.0 | 0.3 | 5.5 | 9.2 | NS |
| November | 5.3 | 1.2 | 0.3 | 3.4 | 8.3 | NS |
| December | 5.6 | 0.4 | 0.1 | 4.9 | 6.1 | NS |

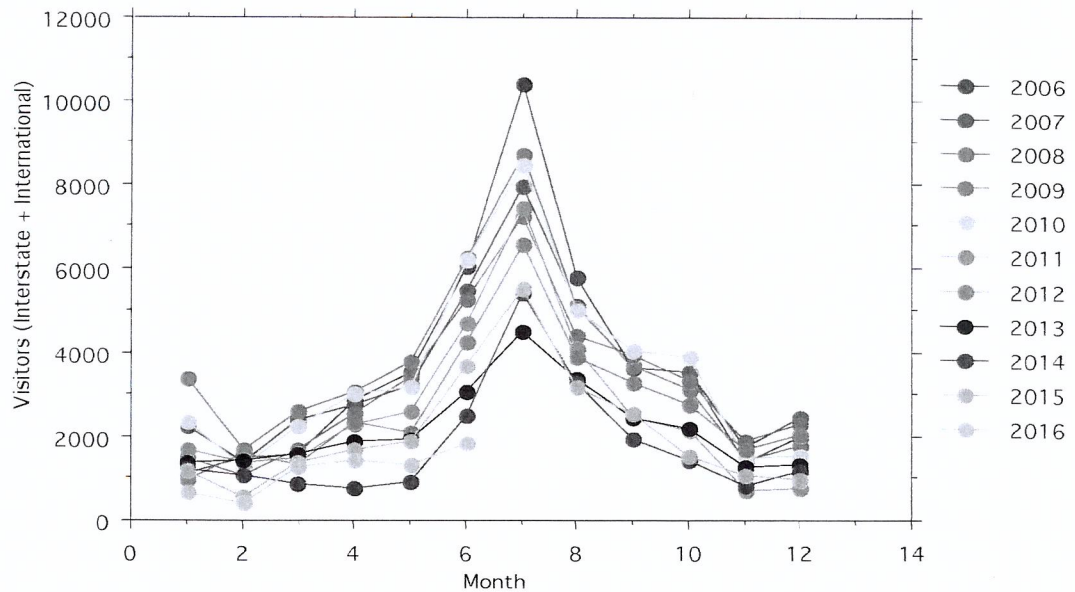


Figure 3. Mean monthly visitation (Interstate+International only), 2006 to 2016. Note this is actual numbers not percentages and the decline over time is obvious.

- e. WMI research indicates the airline servicing to Darwin is largely uncorrelated with tourism. There is a tendency to put few (Virgin) or no extra planes (Qantas, Jetstar) during peak tourist seasons, but rather fly with full planes and increased airfares. That is, they are “gouging” to increase profits without any concern for servicing the needs of Darwin. Tourism will continue to be at risk of not fulfilling its potential unless cheap airfares to Darwin can be achieved (Fig. 4)

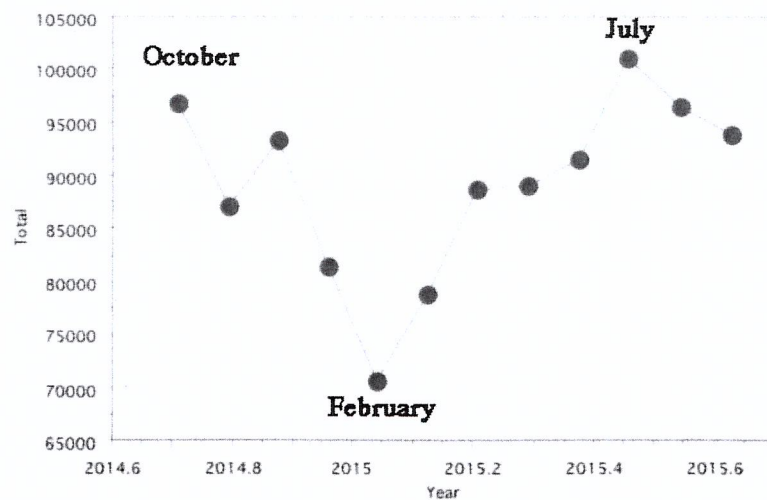


Figure 4. Total domestic airline capacity by month for Darwin, from October 2014 to September 2015. The slight increase in July is due to VIRGIN, and is not reflected in either QANTAS or JETSTAR.

- f. Although Darwin is often billed as being the “Gateway to Asia”, but we have so few flights coming in and out, that it can hardly function as such. Nor can we hope to export produce to Asia, without direct flights. When we manage to get an airline company “trying” the Darwin route, they rarely last one-year.
- g. In September 2004, during the off-season for tourists, there was a 26% increase in tourist visitation. This was in fact a sound scientific test. Virgin and QANTAS had a price war, air fares were greatly reduced, and without any extra marketing or advertising interstate visitors flocked here. This is the type of bold experiment you could never afford to do. It was done, and remains a critical piece of evidence for the role airfares and services are playing in restricting the ability of Australians to come.

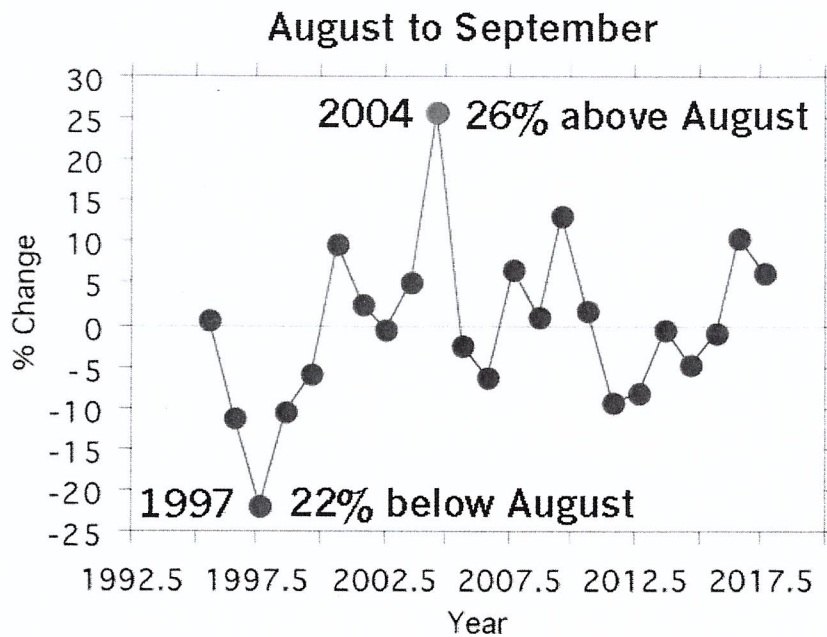


Figure 5. % Change in visitation between August and September by year.

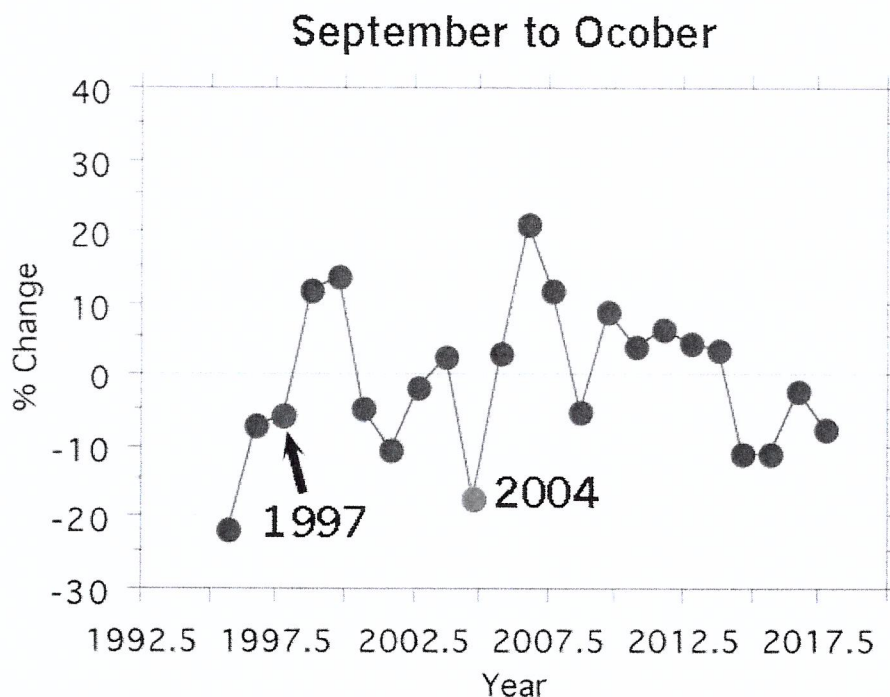


Figure 6. % Change in visitation between September and October by year. The September increase was not reflected in October after the price war finished.

- h. Darwin is on the “bucket list” of so many Australians. But most simply cannot afford to come: there are so many people, especially relatives and friends, who are economically isolated by air services and fares.

CONCLUSIONS

1. Airline prices and services are inadequate for the tourism industry, which is stated as being the second biggest industry and biggest employer of people.
2. AUST has to decide whether they are seriously interested in developing Darwin, in RALIA. If they are every avenue to make it cost effective for airlines to slash airfare and increase flights should be assessed. We need the cheapest fuel and landing charges in Australia. A special zone perhaps.
3. Without national and international flights Darwin will remain a rusty gateway to Asia.
4. There is much else to do locally, to help tourism, but I question whether we have the negotiating ability to win real victories from the airline champions, whose negotiating ability is reflected in their salaries. Darwin will need assistance.

5. There is no “science” component involved locally assessing, studying, analyzing and reporting on tourism – our second biggest industry. We need more science directed at the problem.
6. The isolation of Darwin adversely affects residents and their families equally, creating huge hardship, especially in emergencies where no long-term discount fares can be accessed.
7. If Australia now decides to help Timor Leste (now that the oil deal is complete), it is only 450 km from Darwin. Yet the air fares are prohibitive. We can and should be the obvious focal point for work in Timore Leste and Indonesia.
8. There are no flights from Darwin to Jakarta.
9. People travelling from Japan to Darwin undertake an 18 hour journey (2.5 working days down and 2.5 days back) ... who can take a short holiday like this. The same applies to China. We need some direct flights, at least to Hong Kong, but can probably only make them economic with freight in the short term.
10. Darwin is ideally situated as a place of residence for overseas workers involved in Asia and PNG business, but the lack of flights make the option impractical.
11. Efforts to promote development in Darwin and in horticulture by Asian investors will continue to be compromised by prohibitively high freight charges. We need to be a hub, but cannot do so without planes.
12. If “costs” rather than “profits” are the main problem for air services, find ways to reduce costs. We seem to be stuck with some big companies dictating whether Darwin will or will not grow and expand.