

Northern Territory

Department of Infrastructure, Planning and Environment

Submission to

House of Representatives

Standing Committee on Transport and Regional Services

**Inquiry into commercial regional aviation services in
Australia and transport links to major populated islands**

23 August 2002

Introduction

On 3 July 2002, the House of Representatives' Standing Committee on Transport and Regional Services announced a new inquiry to examine the adequacy of regional and rural air services in Australia and examine the adequacy of alternative sea services to major populated islands. This is particularly welcomed considering the current state of the aviation industry and the challenges facing regional Australia.

Sustainable air services are critical to the social and economic well being and development of Northern Australia. The Northern Territory, due to its vast expanse and scattered population, arguably depends on air transport to a greater degree than other jurisdictions. Whilst major population centres in the Northern Territory rely on air services for the carriage of people and goods, many remote communities are cut off for extended periods due to harsh weather conditions with their air service providing the only link to the outside world. Road transport is also an issue, with many local government roads having deteriorated over time, to the extent that all urgent travel must be undertaken by air. In many cases regional air services are actually an essential service.

Populated islands in the Northern Territory depend on a combination of sea and air transport links and it is considered there is some scope for the development of passenger services by sea.

The Federal Government needs to ensure that policy and regulatory frameworks are in place that promote equity of access for regional Australia through the most appropriate and efficient transport services and infrastructure.

The Northern Territory - Current Situation and Issues

The Northern Territory (NT) occupies 1,346,200 km² or 17.54% of Australia's land mass, much of it remote.

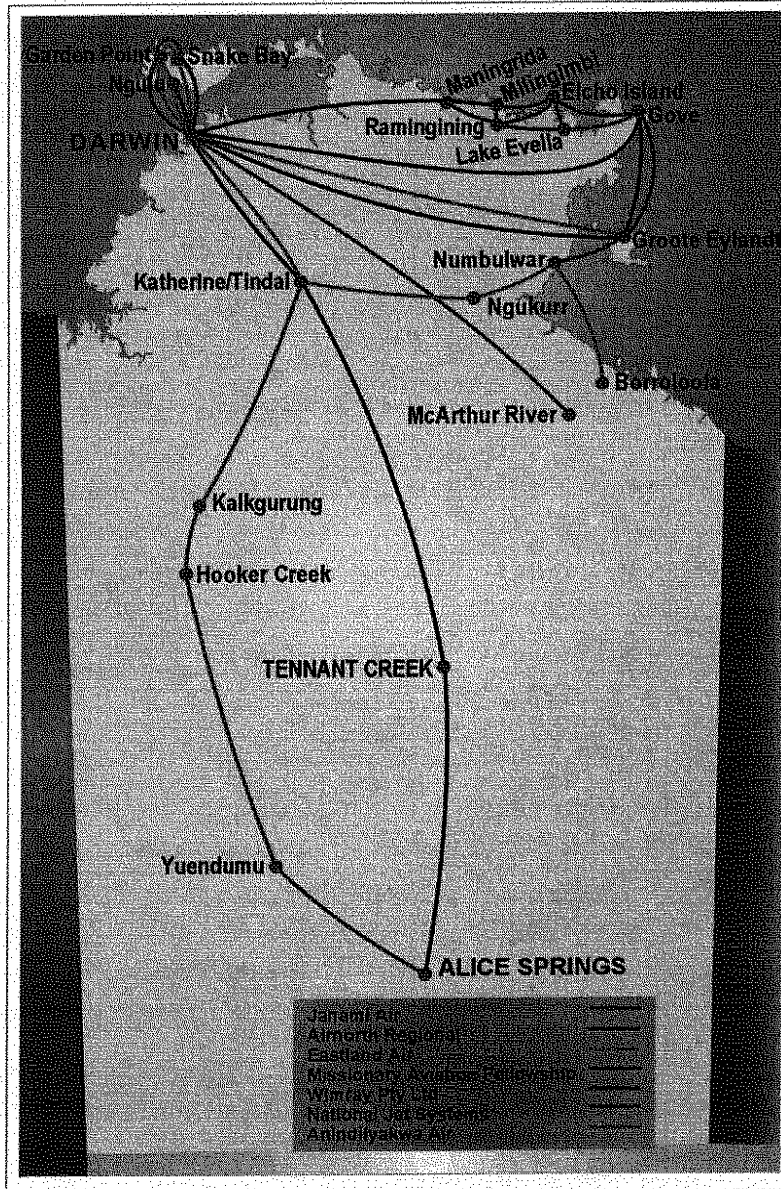
Results of the 2001 Population Census reveal that the Northern Territory had an Estimated Resident Population (ERP) of 200,019. Of the ERP total, approximately 25.4% are Indigenous Australians and 83.6% of these persons reside outside of the capital city. Indigenous Australians make up the majority of residents in remote locations.

There are two main seasons in the NT, the 'wet' and the 'dry'. During the 'wet', monsoonal rains drench much of the Territory and land access to many regions is impossible. Due to the geographic spread of communities, air transport is often the most appropriate form of transport for commuting and service delivery, particularly during the 'wet' season.

1. Aviation

Regular Public Transport (RPT) services operate to: -

Map A. NT Regular Public Transport Air Services – August 2002



Attachment A lists the current RPT operators in the Northern Territory. Scheduled or RPT flights (refer Map A.) are bolstered through extensive use of air charter flights. In some parts of the NT, charter flights are used as readily as the rest of Australia would use a taxi, bus or train.

Aviation is expensive and this reliance on air transport is at considerable expense and impacts on the community's ability to fund other initiatives. As the cost of air travel for remote Territorians increases, air travel may become price prohibitive although there is no other transport option available.

The Northern Territory Government contributes to regional transport services by maintaining a strategic network of 64 aerodromes, which service major communities and towns and their outlying areas. Similarly, assistance is also provided for the upkeep of 14 key barge landings.

Air services cannot be looked at in isolation to road access, as in some cases transport by road may be the most efficient mode. Many regional roads are in poor condition and *it is recommended that all funding for regional roads be tied to dedicated road programs.*

There are two Commonwealth Government programs operating in the Northern Territory, the Remote Air Service Subsidy (RASS) Scheme and an Aerodrome Safety Inspection and Technical Support program, which directly support the provision of air services.

RASS enables a basic mail and freight service to almost a hundred pastoral and community destinations, using NT based operators, and thus is very important.

At present, there is a push to enable RASS services to carry paying passengers, a move which is supported, however many remote aerodromes are not to the standard required to take passenger services. *The major issue of how to raise the aerodrome standards has not yet been fully addressed.*

The Safety Inspection Program provides assistance to 59 Aboriginal community aerodromes north of the 19th parallel, in Queensland, the Northern Territory (29 locations) and Western Australia. This program is considered a valuable initiative.

It is recommended that this program be extended to other remote Indigenous communities south of the 19th parallel.

Service delivery for the NT's remote and mainly Aboriginal population, and a degree of equity of access, is only made possible through regular air services.

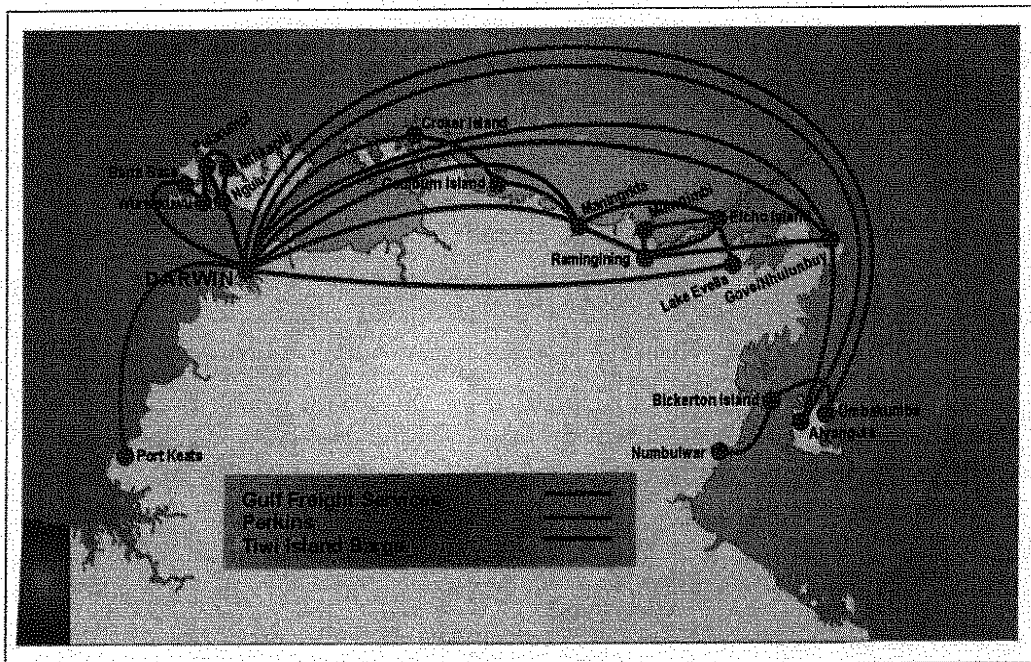
2. Sea

The NT has six major populated islands within its boundaries. Along the 10,950 km of Territory coastline however, there are also communities that can be isolated for 6 months of each year because land accesses are impassable due to flooded creek crossings and poor road conditions. These communities rely on a combination of air and sea for the movement of people and freight, and the delivery of health and other agency services. Comments in this submission are based on the premise that these isolated coastal communities rely on air services to the same degree as island locations and may also be considered as 'islands' for the purpose of this submission.

Regular barge operations are essential in transporting supplies, in particular fuel, heavy goods and building materials, to island and coastal communities.

Regular Barge Sailing Schedules operate to: -

Map B. NT Barge Shipping Scheduled Routes – August 2002



The Northern Territory Government contributes to regional marine services by maintaining landing infrastructure at 14 remote ports (refer Attachment C), which serve 'major' communities and towns, and their outlying areas.

Terms of Reference

1. The adequacy of commercial air services in regional and rural Australia.

The adequacy of air services in regional and rural Australia is somewhat subjective. Certainly regional Australia does not have access to the level and variety of services enjoyed by the average Australian.

As previously stated, commercial regional air services are vital to the economic and social well being of the NT, enabling day-to-day business and service delivery.

A basic network of RPT regional air services currently operates in the Northern Territory (Map A).

The major emerging issue is the sustainability of the current level of air services although in some cases they may be barely adequate.

Terms of Reference

2. Policies and measures required to assist in the development of regional air services, including:
 - Regional hub services;
 - Small scale owner-operator services; and
 - The deployment of most suitable aircraft types.
-

Regional hubs and service nodes are the only efficient means to providing services to outlying areas. Previous policies, which promoted decentralisation, have created difficulties for effective service delivery.

Policies that support the development and maintenance of regional hubs are required, including measures to provide and maintain the infrastructure at the regional hub and surface and/or air transport links to the outlying communities.

One model worthy of promotion is where a community group bands together and provides the capital for aircraft equipment and contracts the operation to a third party, enabling a network of air services in their region. This is considered a good model for remote communities. Another variable of this model is where a community joins with an operator, in a strategic alliance or partnership, to ensure viable services to the region

Cost pressures are putting the sustainability of small-scale owner-operator services in doubt. In fact, the General Aviation (GA) industry is under threat. Ageing aircraft with only high cost replacements available, the low Australian dollar when all parts and equipment are purchased in US dollars, volatile fuel prices and increased compliance costs are facing the industry.

The use of the most suitable aircraft type is very important in regards to capital and operating costs and being able to adequately service the market.

There are a number of initiatives worthy of consideration to assist GA: -

- *The planned introduction by the Civil Aviation Safety Authority (CASA) of increased standards for charter operations should be in conjunction with a dedicated support, education and training program.*
- *Federal taxes and charges be reviewed to ensure that they are not a cause in the demise of the industry.*
- *There may be scope to buffer the industry from volatile fuel costs and exchange rate movements, through a national scheme.*
- *Ways of fostering Australian aerospace manufacturing and support industries should be examined.*

Terms of Reference

3. The adequacy of commercial air services to major populated islands and the adequacy of alternative sea routes.
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A basic network of RPT regional air services currently operates (Map A) to islands off the coast of the NT, and exists by virtue of market demand.

As previously stated, commercial regional air services are vital to the economic and social well being of the islands off the NT coast, enabling day-to-day business and service delivery.

A basic network of barge sailing schedules currently operates (Map B).

Melville Island, in the Northern Territory, is Australia's largest island after Tasmania and there are a number of other islands that also support sizeable populations. Air transport is currently their only means of passenger travel, at substantial cost, since barge services have no capacity to carry passengers.

It is considered there is scope for the development of passenger ferry services across the north coast. *Federal support for pilot trials of ferry services to remote island communities would seed this development.*

Consultations with the administration of communities on Melville Island and Bathurst Island, Bickerton Island and Groote Eylandt revealed that local communities have a propensity for inter-island travel.

There is an 'on-demand' dinghy service available between Nguuu (on Bathurst) and Paru (on Melville Island). However, the movement of people and goods would benefit greatly from the addition of a small barge service with the capability to transport heavy items (eg residents own cars, as vehicle numbers are very limited) between islands.

Between Groote Eylandt and Bickerton, there is no inter-island connection available by sea, other than chartering a fishing tour vessel. Bickerton Islanders currently pay air charter rates (approximately \$360) for a short flight to Alyangula on Groote, to catch the RPT air service (\$278) to Darwin. An inter-island ferry to commute passengers and transport stores daily would enhance the community's functionality.

Terms of Reference

4. Interconnectivity between regional air transport systems, major national air services and international services (including on-carriage, through ticketing, freight handling, timetabling and airport slotting).
-

For travel beyond the Northern Territory, interconnectivity is critical for the efficient movement of passengers and goods.

Regional services have little influence on the scheduling decisions of major trunk routes and international schedules, thus they need to 'hang off' these larger markets.

It is nigh impossible for all regional destinations to have immediate connections with the major trunk routes, and stopovers of 24 hours may be required.

The future of any regional airline without passenger feed to and from a major network carrier is questionable. Also, access to product distribution through a Computer Reservation System (CRS) is crucial to the survival of regional operations.

Airnorth is the only regional air service provider in the NT that has reasonable interconnectivity with a major airline's CRS. Missionary Aviation Fellowship has some access due to route code sharing with Airnorth.

Full interconnectivity cannot be realised for through checking passengers or baggage because the appropriate IT airport check-in systems are not available at remote aerodrome locations.

Terms of Reference

5. The role of all three levels of Government in supporting and assisting the development of regional air services and island transport
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The Federal Government needs to ensure a policy framework is in place that facilitates the development of regional services. There is little overarching aviation policy in Australia other than "leave it to the market".

The Commonwealth also has a role in developing remote Australia where it is in the national interest and where the level of support is clearly outside the capability of second and third levels of Government.

The Federal Government also has a clear responsibility to improve conditions for Indigenous Australians.

The Northern Territory Government contributes to regional transport services by maintaining a strategic network of 64 aerodromes, which serve major communities and towns and their outlying area. Similarly, assistance is also provided for the upkeep of 14 key barge landings.

Due to the lack or, or negligible revenue rate base, local Government in the NT is often not in a position to fully fund the infrastructure requirements to support air and sea services.

The NT has recommended a trilateral approach to regional transport infrastructure for some time. *Federal Agencies need to work more closely with State and Local Government to ensure that the limited inputs are coordinated for maximum outcomes.*

Terms of Reference

6. The role of major air transport carriers in providing regional services.

The major air transport carriers, in particular Qantas, have an important role to play in the provision and support of regional services.

QantasLink, a Qantas subsidiary, provides some regional services within the NT but only between major regional centres.

The future viability of any regional airline without passenger feed to and from a major network carrier is questionable. Also, access to product distribution through CRS is crucial to the survival of regional operations.

COMMERCIAL REGIONAL RPT AIR SERVICES current on 19 August 2002

| <u>Air Service Operator</u> | <u>Regular Scheduled Routes</u> <u>(for full timetable see Attachment A)</u> |
|---|--|
| Janami Air trading name under Aboriginal Air Services | Alice Springs-Yuendumu-Hooker Creek (Lajamanu)-Kalkgurung-Tindal (Katherine) vv |
| Airnorth Regional (TL) trading name under Capiteq | Darwin-Katherine-Tennant Creek-Alice Springs vv Darwin-Maningrida vv Darwin-Gove vv Darwin-Gove-Groote Eylandt-Darwin Darwin-Groote Eylandt vv |
| Eastland Air (DK) trading name under R.R. Moore & Co. Pty Ltd | Darwin-Nguiu vv Darwin-Garden Point-Snake Bay-Darwin Darwin-Nguiu-Garden Point-Snake Bay-Darwin |
| Missionary Aviation Fellowship (FS) | Gove-Lake Evella-Ramingining-Milingimbi- Maningrida Maningrida-Milingimbi-Ramingining Gove-Elcho Island-Milingimbi-Maningrida Maningrida-Milingimbi-Elcho Island Maningrida-Milingimbi-Ramingining-Elcho Island- Lake Evella-Gove Maningrida-Ramingining-Milingimbi Ramingining-Elcho Island-Lake Evella-Gove Gove-Elcho island-Milingimbi-Maningrida Maningrida-Milingimbi-Elcho Island-Gove Maningrida-Ramingining-Lake Evella-Gove Gove-Groote Eylandt-Numbulwar vv Darwin-McArthur River vv |
| National Jet Systems (NC) | |
| Wimray Pty Limited | Darwin-Garden Point-Snake Bay-Darwin Darwin-Snake Bay-Garden Point-Darwin Darwin-Nguiu-Darwin |

Note: Air Ngukurr has bought Wimray Pty. Limited.
Air Ngukurr is a trading name of Yugul Mangi Clan Development Pty Ltd.

AIR OPERATOR'S CERTIFICATE HOLDERS ON NT ROUTES
current on 19 August 2002

| <i>Air Operator (trading as)</i> <i>Under Certificate Number:</i> | <i>Over currently authorised RPT routes, between NT aerodromes located at:</i> |
|---|--|
| <i>Aboriginal Air Services</i> C572082-03 <i>trading as</i> Janami Air | Alice Springs, Yuendumu, Hooker Creek (Lajamanu), Kalkurung, Tindal (Katherine) |
| Anindilyakwa Air W521117-11 | Darwin, Groote Eylandt, Tindal (Katherine), Ngukurr, Numbulwar, Borroloola, Gove |
| <i>Capiteq Limited</i> BN 518845-30 <i>trading as</i> Airnorth Regional (TL) (some codeshared routes with MAF) | Alice Springs, Ayers Rock, Darwin, Elcho Island, Gove, Groote Eylandt, Maningrida, Milingimbi, Tennant Creek, Tindal, Bathurst Island, Borroloola, Croker Island, Garden Point, Hooker Creek, Kalkgurung, Kings Creek, Lake Evella, Ngukurr, Numbulwar, Ramingining, Snake Bay, South Goulburn Island, Victoria River Downs. |
| National Jet Systems (NC) ML 436109-20 | Alice Springs, Ayers Rock, Darwin Int'l, McArthur River Mine. |
| <i>R.R. Moore & Co. Pty Ltd</i> BN 202777-19 <i>trading as</i> Eastland Air (DK) | Bathurst Island, Darwin, Garden Point, Snake Bay |
| Wimray Pty. Limited NT221764-06 | Darwin, Garden Point, Bathurst Island, Snake Bay |

NT BARGE SHIPPING SERVICES
current on 19 August 2002

Barge Service Operator

Gulf Freight Services

Perkins Shipping Pty Ltd

Tiwi Island Barge

Regular Scheduled Sailing/Voyage

Darwin (weekly schedule from 06Aug02) to:
Maningrida-Elcho Island-Ramingining-Nhulunbuy-Darwin

On request, calls at:
Croker Island and/or Goulburn Island

Weekly Darwin to:

Gove-Alyangula (Groote Eylandt)-Darwin
Croker Island-Goulburn Island-Maningrida-Darwin
Maningrida-Ramingining-Milingimbi-Elcho island-Lake Evella-Darwin

Fortnightly Darwin to:

Port Keats-Darwin
Umbakumba-Bickerton Island-Numbulwar

Darwin (Monthly Schedule for Sept02) to:

Nguiu (Bathurst Island)-Milikapiti (Snake Bay)-Pularumpi (Garden Point)-Nguiu-Darwin
Nguiu-Pularumpi vv
Nguiu-Pularumpi-Milikapiti-vv
Nguiu-Pularumpi-Wurankuw-Barra Base-Darwin

BARGE LANDINGS AND REMOTE AERODROMES RECEIVING NORTHERN TERRITORY GOVERNMENT FUNDING

| Asset Type |
|----------------------------|
| Barge Landings |
| Snake Bay |
| Pularumpi (Garden Point) |
| Nguiu (Bathurst Is) |
| Maningrida |
| Wadeye (Port Keats) |
| Minjilang (Croker Is) |
| Warruwi (Goulburn Is) |
| Galiwinku (Elcho Is) |
| Milingimbi |
| Ramingining |
| Gapuwiyak |
| Numbulwar |
| Milyakburra (Bickerton Is) |
| Umbakumba (Groote Is) |

| Aerodromes |
|-----------------------------|
| Alice Springs Region |
| Areyonga |
| Kaltukatjara (Docker River) |
| Aputula (Finke) |
| Inkunji (Haasts Bluff) |
| Atitjere (Harts Range) |
| Ntaria (Hermannsburg) |
| Walangkura (Kintore) |
| Nyrippi |
| Papunya |
| Santa Teresa |
| Urapuntja (Utopia) |
| Willowra |
| Yuelamu (Mt Allen) |
| Yuendumu |
| Ti Tree |
| Mt Liebig |
| Barrow Creek |
| Erdunda |
| Henbury |
| Kulgera |
| Napperby |
| Kings Creek |

Darwin Region

Nguiu (Bathurst Is) – *licenced*
Minjalang (Croker Is) – *licenced*
Naiyu Nambiyu (Daly River)
Belyuen (Delissavale)
Pirlangimpi (Garden Pt) – *licenced*
Manningrida – *licenced*
Gumbalanya (Oenpelli) – *licenced*
Peppimenarti
Wadeye (Port Keats) – *licenced*
Milikapiti (Snake Bay) – *licenced*
Warruwi (Goulburn Is) – *licenced*
Pulumpa
Cape Don
Batchelor
Murganella
Smith Point

Katherine Region

Lajamanu (Hooker Ck) – *licenced*
Kalkarindji – *licenced*
Ngukurr – *licenced*
Delara-Weemol (Bulman)
Amanbidji (Kildurk Stn)
Yarralin
Burunga (Bamyili)
Bulla Camp
Minyerri
Keep River
Kidman Springs
Timber Creek
Bullita

Gove Region

Galiwinku (Elcho Is) – *licenced*
Gapuwiyak (Lake Evella) – *licenced*
Milingimbi – *licenced*
Numbulwar – *licenced*
Ramingining – *licenced*
Milyakburra (Bickerton Is)

Tennant Creek Region

Warrabri (Ali-Curung)
Canteen Creek
Wanggulini
Elliott
Borrooloola
Roper Bar
Barkly