



Local
Government
Association
of the
Northern
Territory

A 80

29th August 2002

Secretary: *J. Luthy*

RECEIVED

2 SEP 2002

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES

Committee Secretary
House of Representatives
Standing Committee on Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Sir / Madam

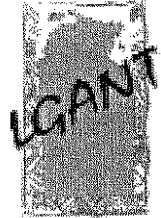
**INQUIRY INTO COMMERCIAL REGIONAL AVIATION SERVICES IN AUSTRALIA
AND TRANSPORT LINKS TO MAJOR POPULATED ISLANDS**

The Local Government Association of the Northern Territory (LGANT) has the pleasure of presenting to the Committee for the "Inquiry into Commercial Regional Aviation Services in Australia and Transport Links to Major Populated Islands" the attached submission on behalf of the 65 Local Governing bodies in the Northern Territory.

LGANT will be monitoring the progress of the Inquiry with keen interest and it looks forward to the opportunity of presenting further evidence at an Inquiry hearing.

Yours sincerely

Tony Tapsell
Chief Executive Officer



**Local Government Association
of the Northern Territory
Submission to the
Standing Committee on Transport and
Regional Services**

**Inquiry into Commercial
Regional Aviation Services in
Australia and Transport Links to
Major Populated Islands**

August 2002

Table of Contents

	Page No
Local Government Association of the Northern Territory.	1
Local Government Association of the Northern Territory submission summary.	2
Local Government Association of the Northern Territory recommendations to the Inquiry.	3
Terms of Reference.	
The adequacy of commercial air services in regional and rural Australia.	4
Policies and measures required to assist in the development of regional air services.	5 / 6
The adequacy of commercial air services to major populated islands and the adequacy of alternative sea services.	6
Interconnectivity between regional air transport systems, major national air services and international services.	7
The role of all three spheres of Government in supporting and assisting the development of regional air services and island transport systems.	7 / 8
The role of major transport carriers in providing regional services.	8
Attachments.	
Ngurratjuta Air letter dated 20/8/2001	Attachment 1
Minjilang Community Council Incorporated submission Warruwi Community Council reduction of services by Australia Post.	Attachment 2
Letter from Ngurratjuta to Northern Territory Government on the History of Aboriginal Air Services Pty.	Attachment 3

The Local Government Association of the Northern Territory (LGANT)

The Local Government Association of the Northern Territory (LGANT) is the peak representative body for Local Government in the Northern Territory.

Membership of the Association comprises the 65 local governing bodies in the Northern Territory recognised by the Commonwealth and Northern Territory Governments for the purpose of determining the distribution of Local Government Financial Assistance Grants.

The 65 Local Governing bodies in the Northern Territory comprise:

- 6 Municipalities
- 30 Community Government Councils
- 28 Association Councils incorporated under NT and Commonwealth legislation
- 1 Special Purpose Town – Jabiru

Only 5% of the Northern Territory land area is incorporated into local government areas, however, 90% of the population of the Northern Territory live in the cities, towns and communities within this area. Darwin City Council is the largest Local Government body in the Northern Territory with a population 72,582 followed by the Alice Springs Town Council with 29,791. In remote areas of the Northern Territory there are 42,027 people in small communities, cattle stations and mining towns.

The objectives of the Association are to:

- Initiate, promote and foster the development of strong, effective Local Government throughout the Territory;
- represent, promote, maintain and protect the interests of members and Local Government generally;
- provide information and advise to members on matters affecting Local Government;
- monitor proposed legislation and keep members informed of proposals of government's affecting Local Government;
- make legislative proposals to governments on issues that the Association considers necessary;
- provide services as agreed to by resolution of members and/or Executive; and
- support the Australian Local Government Association, State Local Government Associations and any other organisation committed to objectives similar to those of the Association.

LGANT is represented on the National Executive of the Australian Local Government Association (ALGA). The ALGA has been established by State/Territory LGA's to represent Local Government at the National level.

LGANT has assisted in the development of the Australian Local Government Association (ALGA) submission to the Inquiry. The ALGA submission focuses on the broader national issues relevant to the Terms of Reference.

Local Government Association of the Northern Territory Submission Summary

- Remote communities in the Northern Territory are more dependent on aviation for economic and social activity than any other Australian State / Territory.
- Large distances, lack of all weather road networks, island communities, dependence on air services for the delivery of health and education services to many small remote communities all combine to make the role of aviation crucial to the quality of life for many Territorians.
- In the Northern Territory, most Councils are involved in two facets of the aviation industry, the provision of aviation services and the provision of infrastructure. In some cases Councils provide both facets which compete against one another for resources. Generally Councils are unable to meet community expectations which are beyond their financial capacity. Councils in regional and remote areas throughout the Northern Territory have great difficulty balancing the needs of their communities, supporting regional airlines and maintaining aerodrome infrastructure to an appropriate standard.
- Regional airline operators are asking Councils for assistance in supporting their services including wavering landing fees, so they can meet the community expectations as well as being commercially viable.
- In a deregulated environment where service frequency and airfare levels are governed by commercial viability and profit margins, it is clear that community expectations will continue to exceed aerodrome operator capacities.
- Since self-government in 1978 the Northern Territory Government has gradually devolved the maintenance function for aerodromes to Councils who in turn have found it difficult to raise sufficient monies to maintain them to the point where they have deteriorated and many do not meet appropriate standards.
- Only a small number of remote aerodromes meet Regular Passenger Transport (RPT) standards and this has meant few airlines are eligible for Remote Air Service Subsidy (RASS) assistance.
- The regulations of the Civil Aviation Safety Authority (CASA) as they apply to both the airlines, and infrastructure, have forced airlines providing RPT services to have a look at other delivery mechanisms, such as closed charter services, that are less regulated.
- Due to the lack of a strategic and holistic approach on establishing airstrips when the Aboriginal outstation movement, (promoted by the Commonwealth Government), there are new severe pressures put on available funds for aerodrome maintenance because there are more airstrips..
- It would be remiss of any government not recognise the great potential the Northern Territory, through Darwin, has as Australia's gateway to South East Asia and the role aviation plays in the multi modal transport hub.
- The Northern Territory Government has developed a strategy titled "Darwin 2010 - The Multi - Modal Transport and Logistics Hub". The strategy mentions the potential for economic development and service outcomes generated from the hub through activities in movement of goods, tourism and business travel by means of:
 - A landbridge between southern Australia and Darwin (road and /or rail);
 - transshipment (sea or air);

- exports and imports from and to Darwin from the Northern Australia hinterland extending from the Kimberly to the Gulf of Carpentaria; and passenger task with connections between all four modals air, sea, road and rail.
- The present strategy suggests that the transport aviation infrastructure from the hub to the hinterland in its present condition and standard does not lend itself to the enhancement of regional economic development.
- Air servicing is one of the most significant issues facing local councils in the Northern Territory. The financial viability of their airports is under threat with many running at a loss such that less monies are being expended on infrastructure maintenance and renewal. In some cases this has meant the closure of airstrips or a reduction in services.
- It is worth noting at the 1995 National General Assembly of the Australian Local Government Association the following motion was passed:

"The Commonwealth should adequately subsidise regional and sub regional airports and associated services as a community service obligation, with an emphasis on rural and remote areas and airports serving aboriginal communities. This should apply where operators of licensed aerodromes cannot recoup sufficient revenue to meet the full cost of annual operation and maintenance because of low volumes of air traffic and the need to maintain reasonable fees and charges, provided such subsidies do not lead to the retention of unnecessary aerodromes."

LGANT would like to put the following recommendations to inquiry.

That the Commonwealth:

1. develop Community Services Obligation (CSO) principles and payments for the provision of air transport services to remote and regional Australia;
2. put in place with, the Northern Territory Government and Local Government a tripartite review of air services and consider the rationalisation and development of a suitable network of regional and remote airfields to service the communities of the Northern Territory;
3. following the identification of airstrips through the process in recommendation 2 fund the inspection of those airfields by a licensed surveyor to ascertain the amount of monies require to bring airstrips to acceptable CASA standards to service the needs of the individual communities and through the CSO ensure the network is financially sustainable;
4. review the effectiveness and applicability of subsidy schemes to remote and regional air services. Immediate action to be taken on the restrictive guidelines of RASS which is preventing the subsidy being accessed by council communities in most need; and
5. CASA review the regulations and distinctions between charter and RPT operations to ensure efficient use of available aircraft in providing services to remote/regional Australia.

Terms of Reference

The Adequacy of Commercial Air Services in Regional and Rural Australia

LGANT supports the proposition put forward by the Australian Local Government Association of a Community Services Obligation Scheme being put in place by the Federal Government to ensure that regular aviation services are provided to regional communities at reasonable cost.

The deregulation of the domestic aviation market was aimed at making the commercial relationship between airlines and the communities they serve as direct as possible. LGANT would argue that the policy has reduced services to regional and remote Australia.

The Commonwealth rightly say it has no control over the commercial decisions of airlines in the market other than over safety and security and through the general provisions of competition law. But too much regulation about safety certainly has an impact on the commercial viability of regional airlines.

Airports are the major component of infrastructure required for the provision of aviation services to remote and regional Australia and responsibility of this infrastructure is largely being devolved to Local Government with limited resources and with little capacity to raise funds to adequately maintain such infrastructure.

Over the past twelve months due to both domestic and international events there has been a reduction of regular aviation services to regional aerodromes with a consequent effect on smaller remote airstrips. The reduction in aviation services to regional and remote Australia has resulted in:

- increased isolation of communities; and
- diminished viability of many local government operated aerodromes/airports across Australia.

Air services in regional and rural Australia are facing imminent closure due to financial constraints.

In Central Australia, one such regional airline, Aboriginal Air Services Pty Ltd is being placed in an untenable situation due to the following factors:

- airfields are generally of poor standard and do not meet CASA standards therefore preventing thus preventing the potential to make revenue from such activities as of revenue making services to the airline such as the mail deliveries and tourist travel;
- over the past five years there has been significant increases in operating costs for airlines, particularly fuel costs and spare parts (which are purchased mainly from the United States in \$US);
- CASA regulations impact adversely on RPT operations to the extent that they are inflexible;
- both a lack of, and dependency on, the RASS to assist in the viability of services; and
- airlines are under the added pressure put on by communities not to pass cost increases to the fare structure;

It is also worth noting the following statement from the report "Towards the Development of a North Australia Social Justice Strategy" 1994:

"The remoteness of much of northern Australia, need to attract labor to the region, and the need for capital for infrastructure development, are key considerations affecting the pace and nature of economic development. The large fixed costs per head of population in moving people and goods and around, in doing business and in delivering services also has a significant impact on economic growth".

Policies and Measures Required to Assist in the Development of Regional Air Services

Regional Hub Services:

"Darwin has the potential to develop as a northern Australian "hub - spoke" for the region. Cairns has been able to achieve this in a limited manner with considerable expansion of its tourism infrastructure. However Darwin has a much greater future potential because of its broader base of tourism attractions, a more developed alignment with Asia, a broader industrial base and being the seat of government". ("Darwin 2010 The Multi - Modal Transport and Logistics Hub" Northern Territory Government / Allen Consulting Group 1996).

The concept of Darwin as a regionally significant hub is not readily accepted within the transport industry. The Northern Territory Government needs to both promote and educate industry about it.

This concept also works regionally. The major airports of Darwin, Alice Springs and Nhulunbuy act as hubs for a large network of airlines that service remote communities.

There are also a number of developing airport hubs at the townships of Borroloola, Tennant Creek and Katherine. Whilst the concept supports the smaller airlines it does put added pressure on airstrip owners to maintain infrastructure to required standards.

Past Commonwealth policy, largely through the Aboriginal and Torres Strait Islander Commission (ATSIC), over the past 20 years, actively supported the movement of indigenous peoples back to country in the interests of preserving and enhancing cultural values, improving health outcomes and social well being. The support and facilitation of this move has raised a number of complex policy issues relating to the provision of housing, infrastructure and airstrips. Much of this happened with a distinct lack of planning and coordination between respective spheres of government, including local government, which has put significant pressure on the financial resources available.

LGANT is concerned that given airport hubs are the strategic links to remote regions, there are no strategic plans in place to ensure sustainability of assets by either maintenance regimes or the renewal of aerodrome infrastructure. It is clear that a review and rationalisation of air services is needed

Small Scale Owner /Operator Services

In remote Northern Australia the terrain, tyranny of distance and the lack of an all weather road network are all factors in making aviation pivotal, and of a strategic importance, to the survival of remote communities.

There are many examples of where Councils/organisations have used scarce resources to "fill the gap" left by the commercial companies not operating their airline services to the extent where they provide a regional airline services.

Such airline as Anindilyakwa Air (Groote Eylandt organisations), Murin Air (Port Keats/ Daly River Region) and recently Ngukur Air (Communities of Ngukurr and Numbulwar) are all endeavoring to complement or replace the services provided by the bigger companies.

The Deployment of Most Suitable Aircraft Types

There seems to be a contradiction in principles between CASA and RASS when servicing remote communities. The primary objective of RASS is to improve the accessibility of remote communities to goods and services. In the Northern Territory, operators cannot secure RPT - AOC, largely because the standard of aerodromes is not adequate. Many Councils that operate remote community airstrips in the Northern Territory, (that RASS could render assistance towards), are not in a financial position to bring their airstrips up to an acceptable RPT standard. So either the rules have to change or money has to be found because RASS is not working.

CASA regulations should be reviewed and changed so there is not a distinction made between charter and RPT flights. This would allow non scheduled capacity to be available for smaller operators. This would then make small operators more viable, reduce costs to the industry and also increase the supply of airline seats.

See attachment 1: Ngurratjuta Air letter 20/8/2001

When changing aviation regulations, Governments should be mindful of the impacts such changes will have on airport infrastructure and the delivery of air services. Infrastructure cannot be quickly changed or financed to meet the changing needs of regulators and operators of air services.

The Adequacy of Commercial Air Services to Major Populated Islands and the Adequacy of Alternative Sea Services

There are 8 local governing bodies servicing island communities in the Northern Territory. They include:

Name of Council	Island	Population
Tiwi Islands Local Government	Melville Island Bathurst Island	870 1520
Galiwinku Community Incorporated	Elcho Island	1609
Milingimbi Community Incorporated	Milingimbi Island	1166
Warruwi Community Incorporated	Goulbourn Island	360
Minjilang Community Incorporated	Crocker Island	300
Umbakumba Community	Groote Island	456
Angurugu Community Government Council	Groote Island	910
Milyakburra Community	Bickerton Island	232

People, goods and services are very dependant on air services for transport to and from the mainland. Barge services, also operate, but are totally dedicated to freight, and vary between monthly and weekly services.

In Northern Australia one could argue that remote communities are island communities for up to six months of the year due to the 'wet season' when road networks are inaccessible due to flooding. These communities are more disadvantaged during these periods than those communities on Islands or by the coast because they do not have access to barge services.

See Attachment 2: *Minjilang Community Council Incorporated Submission*
Warruwi Community Council Reduction of services by Australia Post

Interconnectivity Between Regional Air Transport Systems, Major National Air Services and International Services (including on-carriage, through ticketing, freight handling, time tabling and airport slotting).

The concept of Darwin as regionally significant hub needs to be promoted more with the transport industry and major shippers. Without acceptance of the concept, landbridge and transshipment trades will not be developed.

There is a lack of sufficient and consistent airfreight capacity to facilitate developing perishable export activity from Darwin and its associated regional hubs and hinterlands. Currently maximum export of perishable produce coincides with the peak tourism season which reduces the 'belly hold freight' capacity for produce.

Prior to the events of 11th of September 2001, tourism and businesses were experiencing significant increases in domestic and international services. They have since lost ground which has to be made up by gaining access to new inbound markets, outbound destinations and by pursuing additional international services.

One of the concerns raised at the Northern Australia forum in 2001 was the impact of the East Coast competition was having on the service frequency to Northern Australia.

To be competitive with the Eastern states the owners of the Darwin Airport and the Northern Territory Government have to ensure that there is timely investment in strategically important airside and landside facilities to adequately meet the growing needs of tourists and freight movements. Present upgrade to terminal facilities have been slow and lounge area has been second rate during the refurbishment.

The Role of all three Spheres of Government in Supporting and Assisting the Development of Regional Air Services and Island Transport Systems

There are fewer and more centralised air services in remote areas since deregulation.

One transport and communications strategy that arose from consultations and workshops in the development of the Report titled "Towards the Development of a Northern Australia Social Justice Strategy" by the Office of Northern Development 1994 was as follows:

"Community Services Obligations (CSO's) should be introduced into airline policies. With deregulation, remote northern air services have declined. This would enable the upgrading of airlinks which have been downgraded; For example the Darwin to Alice Springs "milk run", through the utilization of larger planes and more regular services to towns along the link; the introduction of a subsidised regular service between Darwin and Mt Isa; and an upgrading of services operating in Cape York. Improvement in northern airline connections in Western Australia is urgently required."

The Northern Territory Government with the assistance of ATSIC and LGANT should review all airfields in the Northern Territory for the purpose of rationalising, developing a suitable network of regional airstrips to be funded for maintenance and asset renewal.

Once this review has been completed the Department of Transport and Regional Services should make money available to conduct surveys using licensed CASA surveyor to identify the works that are required and costs involved. This would enable this network of regional airstrips to be brought up to CASA RPT standards to allow appropriate aircraft to service individual communities.

Councils do, with the assistance and financial support of the Northern Territory Government, provide services to help make regional airlines financially viable and sustainable.

They do this by providing and maintaining infrastructure and, supporting regional airlines, especially RPT, with their patronage. Government departments and their agencies should also follow this lead.

The Role of Major Transport Carriers in Providing Regional Services

Whilst the private sector can play a major role in the provision of commercial services, governments must recognise that they have an obligation to step in when market forces are not existent. The commercial realities of servicing regional and remote areas of Northern Australia prevents most major transport carriers from entering the market.

Councils in remote areas have in the past tried to meet community needs by assisting community groups and businesses to invest directly in regional airline companies with minimal success.

One example of such an airline service is Aboriginal Air Services/Ngurratjuta Air in Central Australia.

*Attachment 3: letter from Ngurratjuta to the Northern Territory Government
History of Aboriginal Air services Pty*

ATTENTION CLARY ROBINYA

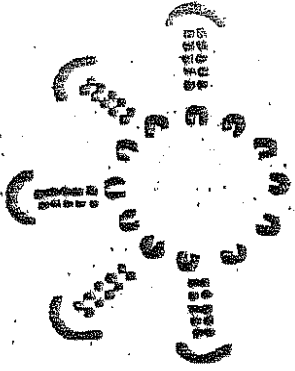
FOR INFORMATION

Attachment 1

NGURRATJUTA AIR

8941265

Telephone: (08) 8953 5000
Facsimile: (08) 8953 4410
P.O. Box 1238 Alice Springs
Northern Territory 0871



20th August 2001

The Chairperson
Yuelumu Council
Yuendumu Council
Haasts Bluff Council
Areyonga Council

I HAVE APPLIED FOR RASS.
REQUESTED T&W TO MAKE ANYTHING REQUIRED
RE UPGRADE.

AUST. POST HAS SUGGEST A UNIFIED APPROACH
MAYBE HELPFUL

LETS KNOW

GM SA

Dear Sir/Madam

I am writing to inform you that due to the financial position of NT Air and the non viability of the Mail run through your community, the only recourse NT Air has is to reduce the frequency of flights to your community.
As from the 31st of August the Tuesday mail service will cease. Thursday flights will be continued for as long as possible.

To assist in keeping the Air Service operational there are 2 things you can do to help.

1. I strongly encourage you to apply for assistance under the Remote Air Service Subsidy Scheme (RASS). Copies of the Eligibility Criteria and how to apply for assistance under this Scheme were sent to you in late June. (additional copies enclosed)
2. It is mandatory to operate the mail runs under a Regular Public Transport (RPT) licence. CASA is allowing NT Air to operate on the present arrangement on the understanding that the upgrade to RPT is imminent. For this reason, there is a desperate need for you to have your airstrips upgraded to RPT standards. NT Air would then be able to continue the mail service and subsidise it by carrying tourists. (The Mail Service was viable when it was able to carry tourists.)

Our request is that you approach T&W and the Territory Minister for Transport with urgency to immediately upgrade your airstrip. You may remember receiving a letter in July 1999 and others since, advising of this requirement.

NT Air acknowledges that this reduction in service will cause inconvenience, however if this action is not taken now, we may have to cease all services.
After the airstrips are upgraded and NT Air can resume carrying tourists, the re-instatement of the Tuesday flights will be reviewed.

Yours sincerely

James Peck
General Manager

MINJILANG COMMUNITY INCORPORATED
CROKER ISLAND
NORTHERN TERRITORY

******* SUBMISSION *******

INQUIRY INTO COMMERCIAL REGIONAL AVIATION
SERVICES IN AUSTRALIA AND TRANSPORT LINKS
TO MAJOR POPULATED ISLANDS

INTRODUCTION

Murin Air operates a closed charter service to the aboriginal communities of Croker Island (Minjilang) and Goulburn Island (Warruwi) six days per week (Monday to Saturday). The population of Croker Island is 300, spread between the Community of Minjilang and its outstations. Goulburn Island's population is approximately 360, spread between Warruwi Community and its outstations.

SCOPE OF SERVICE

The air service to Croker Island and Goulburn Island provides general passenger and freight services.

GENERAL PASSENGERS

⇒ Passengers travel to and from Darwin and between the two islands.

MEDICAL

- ⇒ Medical Treatment - Residents of the two islands who require non-urgent medical treatment in Darwin are sent into Darwin for their appointments on the Murin service.
- ⇒ Medical Supplies - The service also allows urgent medical supplies to be sent from Darwin to the local medical clinics. It also allows the local clinics to send specimens to Darwin for testing.
- ⇒ It should be noted here that the Department of Health and Community Services sends a charter to Croker Island and Goulburn Island only once per fortnight. This charter carries the doctor and other visiting medical personnel.

MAIL

⇒ Australia Post - Murin has a contract with Australia Post to carry mail daily to and from Croker Island and Goulburn Island.

FREIGHT

- ⇒ Urgent Freight Service - Both Islands rely heavily on Murin to provide a daily freight service, especially for urgent freight. For Minjilang and Warruwi Communities the only alternative to the daily air service is a sea service of a once weekly barge from Darwin.
- ⇒ Daily newspapers - Murin carries newspapers daily.

VIABILITY OF SERVICE

Up until the end of September 2001 Air North serviced Croker Island and Goulburn Island with a six day per week RPT service. Air North made the decision to focus on other routes and began talks with Murin with a view to Murin taking over the service of the route to Minjilang and Warruwi Communities.

The actual hand over from Air North to Murin was done with very little notice on the part of Air North and did not afford Murin sufficient time to investigate the viability of the service to its complete satisfaction. However, rather than leave the islands of Croker and Goulburn without a service, as would have been the case, Murin took over the service as from 1st October 2001. A complete review of the service will be carried out at the end of the first twelve months of operations.

- ⇒ Landing fees – Murin conducted an interim review of its operations in April this year and due to viability concerns asked Minjilang and Warruwi Councils to consider waiving landing fees. Both Councils agreed and have waived landing fees from 1st May, 2002.
- ⇒ Bookings – due to Aboriginal cultural issues there are many times that bookings are made and the booked passenger does not turn up to take the flight. Usually these flights have not been paid for in advance and so a “no show” fee is not an option. Because of the gradual development of Minjilang and Warruwi Communities the concept of booking and paying in advance is yet to be fully realised by the local population. So as not to disadvantage these people, and to give the Minjilang and Warruwi Communities the opportunity to demonstrate loyalty, Murin, at this point in time, does not insist on payment in advance, only at the time of flying. However, because this issue is having a significant impact it will be reviewed as a high priority in the annual review.
(It should be noted here that “no shows” can and do come from all cultural and racial backgrounds.)
- ⇒ Avoidance Relationships – Due to the configuration of seating in certain aircraft and the size of the aircraft there are instances where it is culturally inappropriate for certain family members to be seated next to, near to or facing each other. This can result in passengers not taking up their booking. Again, as mentioned in the above paragraph, due to the developing nature of the Communities, passengers may not have discussed this issue at the time of booking.



To the Private Bag Holder

NETWORK SUPPORT
MAIL & NETWORK NT

PO BOX 38218
WINDIHELLIE NT 0821

TELEPHONE (08) 8924 1065
FACSIMILE (08) 8981 2578

Australia Post are currently reviewing our services to the Communities of Crocker and Goulbourn Islands. This review was initiated by the cancellation of Airnorth as the provider of your Airmail Service. At present we have been able to utilise Murin Air to provide this service.

It has been identified that there may be financial and operational restriction in providing a Air Service Monday to Friday. Currently the Tuesday and Thursday Mail Services are only carrying on average 3kg to Crocker Island and 6kg to Goulbourn Island.

We would like to consult with the community concerning a proposal that will see your Mail Service being reduce to a three times a week service, Monday, Wednesday and Friday.

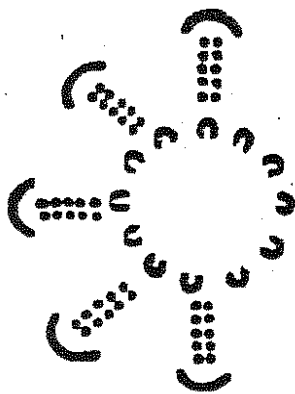
In order for you to provide me with feedback I will be travelling on the service on Tuesday 11th December 2001. I will be on Crocker Island between 11.50am and 12.10pm, and on Goulbourn Island between 12.40pm and 1.00pm.

Please feel free to contact me on the number above if you wish to discuss the matter with me prior to Tuesday 11th December.

A handwritten signature in black ink, appearing to read 'Greg Ostler', written in a cursive style.

Greg Ostler
Network Support
Mail & Network NT

02/12/01



NGURRATJUTA AIR

Telephone: (08) 8953 5000
Facsimile: (08) 8953 4410

P.O. Box 1238 Alice Springs
Northern Territory 0871

24th May 2002

The Honourable Mr John Ah Kit MLA
Minister for Community Development, Sport and Cultural Affairs
Parliament House
Darwin NT

Dear Sir,

Ngurratjuta Air was established in 1987 as a wholly aboriginal owned enterprise, by the Ngurratjuta-Pmara Aboriginal Corporation, to establish an air service to the communities to the west of Alice Springs. It received no Government grants, concessions, or incentives to do so. Ngurratjuta-Pmara has provided the finance for capital development but all on-going operating costs have to be covered by the air service.

In recent times, the substantial rise in the price of aviation fuel, and the fall in the value of the Australian dollar (all aircraft parts are sourced in \$US), increases in landing fees and Air Service charges has seen the profitability of the service fall dramatically.

At the beginning of July 2001 the mail service to Docker River was cancelled by Ngurratjuta Air as it had been un-viable for over twelve months. The air service carried the loss for some time but it became unsustainable. This was primarily due to the very low utilisation level of the flight, and no assistance to carry the mail.

This service was only re-established in April this year when a Remote Air Service Subsidy was applied for by the Docker River community and the contract for this service was awarded to Ngurratjuta Air.

In 1998 we initiated a service of providing spare capacity on the flights for tourists to see the country "on a working mail flight", but without actual access to the communities. It was seen by CATIA and others as a spectacular alternative tourism option and these flights became extremely popular, generating sufficient funding to maintain the viability of the company.

At this time it was brought to our attention by the Civil Aviation Safety Authority (CASA) that to continue the mail flights this way we would need to obtain a Regular Public Transport Air Operator's Certificate (RPT AOC). This was an extremely time and resource consuming exercise but it was achieved in January 2001. However this license cannot be exercised in the Ngurratjuta area as the air strips do not meet RPT standards.

During this process and until the airstrips are brought up to RPT standard we have had to cease carrying tourists, with a devastating effect on the viability of the air service. The continuity of the mail services is also threatened by the RPT requirement.

The standards required for RPT airstrips are laid down in the various CASA rules and regulations. Although the airstrips do not need to be licensed, they need to be at a standard that is almost at the same level as licensed airstrips. The only licensed airports in the Northern Territory south of a line through Lajamanu, are Tennant Creek, Alice Springs and Ayers Rock, and Yuendumu is the only additional strip that meets RPT standard. Since June 1999 we have actively pursued the Department of Transport and Works, and the communities, for the upgrading of the other strips used by Ngurratjuta Air but to date none have been. Until they are, the continuation of the mail services are in jeopardy, by regulation, and certainly financially.

Mr Peter Clements the Management and Community Development Officer from the Office of Local Government in Alice Springs has spent considerable time and effort in trying to source funding for the surveying and upgrade of community airstrips.

Future changes, planned to be introduced in September this year by CASA under Civil Aviation Safety Regulation 139 governing the standards of airports, will require that all aircraft carrying paying passengers (whether charter or RPT) use only airports that meet minimum standards. This minimum standard will be a "Registered Airport" which is the minimum standard required now for RPT aircraft.

The Federal Government provides some assistance to approved communities for the carriage of mail through the RASS scheme (Remote Air Service Subsidy). This application cannot be made by the operator. It has to be done by the community involved. Although we have encouraged all of the communities we service to apply, we understand only one or two have done so, despite us obtaining and forwarding the forms to them.

Ngurratjuta Air has now reduced all services to once a week in an effort to reduce costs. This has caused concern and inconvenience to the people living in these remote communities. It will also be placing a burden on the Health Services as they now have to either charter aircraft to take their patients home or have them accommodated in Alice Springs for up to a week, which not only increases costs but also causes social problems for the people concerned and their families.

No other company can take over the service provided by Ngurratjuta Air without the airstrip upgrades; that is pivotal to the difficulties we are presently experiencing.

The implications of this are enormous, both for the communities concerned and for the company.

The communities will lose their (sole) source of regular mail, bank cash, health patient, and general passenger and freight transport. (for example, we carry the power cards that are required for community housing electricity, and all the pension cheques).

In the 2000/2001 financial year a total of 2635 passengers and 44490 kg of freight was carried by Ngurratjuta Air alone. 64% of passengers carried by Ngurratjuta Air were health patients, and 56% of freight was mail.

Should Ngurratjuta Air be forced to cease operations it will have an immediate effect on the services provided by PY Air to 10 communities in South Australia, as they use Ngurratjuta Air aircraft. It will also affect the viability of Ngaanyatjarra Air and Janami Air, as all four air services share common facilities, sharing the cost. AAMS, the engineering maintenance company will also be in danger of collapse.

Ngurratjuta Air currently provides a service to:

Finke, Papunya, Haasts Bluff, Areyonga, Mount Liebig, Nyrripi, Kintore and Docker River,

Aboriginal Air Services currently employs 36 staff, including 3 apprentices.

We are seeking assistance in three ways.

- 1 A "one off" capital injection to Ngurratjuta Air to offset the current loss caused by the unsubsidised mail service and loss of tourist revenue due to airstrips not being up to RPT standard.
- 2 An immediate urgent priority of works to raise all the Ngurratjuta served airstrips to RPT standard so we can continue the mail service, establish RPT routes and resume carrying tourists.
- 3 Either provide assistance to the community councils in applying for the RASS subsidy, so that we receive some financial assistance to carry the mail, or provide an alternative form of subsidy for the mail services.

Aboriginal Air Services are an integral part of the transport infrastructure to the Central Australian region, and Ngurratjuta Air's viability is paramount to the service of mail, passengers and freight to these communities. The alternative tourism option presented by these flights (generating bookings internationally when they were operating) is also untapped whilst these flights are not RPT.

We seek your urgent assistance in re-establishing the viability of Ngurratjuta Air.

Yours Sincerely



James Peck
General Manager

Attached: A history of the Aboriginal Air Services.

A HISTORY OF ABORIGINAL AIR SERVICES PTY LTD.

- 1982 Aboriginal council members from the Ngaanyatjarra area of WA (Warburton, Giles, Wingelina area) approached Missionary Aviation Fellowship (MAF), requesting provision of staff to manage and operate an aircraft to provide a mail and passenger service to their communities. Ngaanyatjarra Air, an Aboriginal owned charter company was subsequently formed, with one C206 aircraft.
- 1984 The Aboriginal controlled health service (Nganampa Health Council) in the Pitjantjatjara area of SA requested MAF to operate an aircraft (C206) for health patient and medical supply transport.
- 1985 The Pitjantjatjara communities of SA requested MAF to operate an aircraft for mail and general passenger transport. PY Air was formed, with one C206 aircraft.
- 1986 Ngaanyatjarra Air commenced a fortnightly service from Alice Springs, through the Ngaanyatjarra communities and on to Kalgoorlie, WA. This is now twice weekly.

- 1987 Some traditional owners from the Hermannsburg, Haasts Bluff area formed a company, Ngurratjuta Air, and asked MAF to provide the staff and management, using one C210 aircraft. This venture was seen as a means of one group of people providing a service to another. - Only one community serviced by Ngurratjuta Air is in the country of the traditional owners (Haasts Bluff)

The two SA programs, Nganampa Health and PY Air amalgamated into PY Air, retaining the same two aircraft.

- 1988 An aircraft engineering and passenger facility was constructed at Alice Springs airport, solely financed and owned by the three Aboriginal owned air charter companies, and named "Aboriginal Aircraft Maintenance and Services" (AAMS). A significant aspect of this development is the fact that three different aboriginal groups, from three different "states" work co-operatively in the one venture. Prior to this there were no facilities for passengers available to us.
- 1994 Ngaanyatjarra Air purchased a single engine turbine powered C208 - the second civilian aircraft of its type in Australia.
- 1997 A second hangar was constructed beside the first at Alice Springs, to support the, by now, expanded aircraft fleet. A total of 9 aircraft were owned by the companies. This development allowed expansion of the passenger facilities, aircraft storage, and freight holding facilities.

Ngurratjuta Air purchased a C208 aircraft to cope with the expansion of its services and disposed of smaller, older aircraft.

A HISTORY OF ABORIGINAL AIR SERVICES PTY LTD.

PY Air sold its two aircraft and entered a lease agreement with Ngurratjuta Air to use the Ngurratjuta Air aircraft for its services.

1999 Ngaanyatjarra Air purchased a Pilatus PC 12 aircraft and began a twice weekly service from Alice Springs, through the Ngaanyatjarra communities, to Perth, in addition to its now twice weekly service to Kalgoorlie. These flights return the following day.

Some of the traditional owners in the Lajamanu (Hooker Creek) area purchased a C208 and asked MAF to provide the staff for an air service, Janami Air, connecting Alice Springs, Yuendumu, Lajamanu, Kalkaringi, and Katherine. This is a twice weekly service, returning the following day.

The four separately owned charter companies operate under the one Air Operator's Certificate (AOC), as Aboriginal Air Services Pty Ltd (AAS). A single administration office, passenger facility, freight handling facility and aircraft engineering facility serves all four, allowing the overheads required for the operations to be kept to a minimum.

Part of the philosophy when the air service was established was to provide transport to and from passenger's accommodation, as the owners of the companies, the aboriginal people, are desert dwellers, and have no transport facilities in Alice Springs. A fleet of 3 buses is owned to provide transport for all passengers to and from the airport, involving a "door to door" service.

January 2001. Aboriginal Air Services Pty Ltd was issued with an RPT AOC, and the first route approved was the Janami Air flight from Alice Springs to Katherine.

The current aircraft fleet consists of:

- 1 Pilatus PC12
- 3 C208
- 2 P210 pressurised
- 2 C210 conventional

Ngurratjuta Air owns 1 C208 and 1 C210.

The number of communities serviced at least once weekly, and some 4 times weekly, are

- 12 in WA (one additional community recently closed due flood damage)
- 10 in SA
- 11 in NT

-As well as many additional communities as part of the general air charter service provided by AAS to the wider Alice Springs region.

None of these communities receives a regular air service by any other carrier.

No Government funding or subsidies of any kind have been used to set up or run these organisations. Total funding has come from within the Aboriginal organisations revenue, and all ongoing operational expenditure has been met from revenue generated by the air service. No subsidy is provided for the transport of mail other than the recently acquired RASS subsidy for the delivery of mail to Docker River.