

18 November 2015

The Department of Transport
GPO Box 530
Darwin NT 0801

To Whom It May Concern

TTF submission on the NT Aviation Industry and Services Strategy 2020

I write to make a submission on behalf of the Tourism & Transport Forum Australia (TTF) to the Department of Transport on the Northern Territory Aviation Industry and Services Strategy 2020.

TTF is the peak national body for the tourism, transport and aviation sectors across Australia. We are a CEO forum representing some of the leading institutions and corporations in the Australian visitor economy. Our membership spans accommodation and transport providers, airlines and airports, restaurants and retailers, business and major events organisers, property developers, investors and land managers, amusement and cultural attractions, and professional services. TTF utilises its expertise and networks to develop and advocate public policy for the sustainable long-term growth of the visitor economy.

Tourism is an economic development strategy for Australia that can continue to foster growth in jobs, business opportunities and future national prosperity. It is also one of the few, if not the only, sector that delivers economic activity in every single part of Australia. The Northern Territory (NT) economy relies heavily on tourism – tourism activity makes up 8.1 per cent of the NT economy, well above the national average of 5.9 per cent.¹ This translates to roughly 7,500 direct and 7,700 indirect jobs.²

Geographically positioned to further capture the tourism opportunities arising from the emerging middle class in Asia, aviation access should form a critical part of the economic development strategy for the NT. Growth in international and domestic visitation to the Territory is fundamental to unlocking the NT's economic potential. The current regulatory framework in itself does not act as a policy impediment to growth; it is investment in demand-growing factors such as tourism infrastructure and destination marketing that will create further opportunities for NT to connect with the world.

Sustainable growth of international and domestic services

International Services – Priority Actions 1.1, 1.2, 1.3, 1.4

¹ Tourism Research Australia (2015) *State Satellite Account 2013-14*.

² Tourism Research Australia (2015) *State Satellite Account 2013-14*.

Aviation access will be a key facilitator to growing demand for travel to and within the NT; critical to growing demand for air services will be further investment in tourism marketing. Innovative and creative marketing campaigns featuring the NT's key destinations, coupled with partnerships with agencies and airlines from key source markets, both domestic and international, should form key components of the NT's aviation growth strategy. As assessment of demand for a destination acts as one of the key determinants of new air routes, the NT Government should continue to work with industry stakeholders to grow demand for the Territory as an ideal destination to host a conference, visit, study, work, do business or transit through.

TTF notes that to be sustainable, any tourism marketing campaigns employed to attract new carriers should be balanced equally with an overall focus on maintaining existing capacity and expanding routes of existing carriers. This will help generate sustainable, long-term returns.

The NT Government should continue to prioritise the positioning of Darwin as an entry point into Northern Australia, as a gateway to Uluru and Kakadu for domestic and international travellers, and as a stopover point for passengers transiting into and out of Asia. This will be essential to capitalising on the growing tourism opportunities arising from increasing traffic from Asian and South Asian hubs.

Domestic Services – Priority Action 1.5

TTF supports the position that strong domestic links and connectivity are critical to encouraging pushing tourism into regional areas. Visitor expenditure in the NT for the 2014/15 period totalled \$2 billion, equally split between Darwin and regional NT.³ To encourage further expenditure across the Territory as a whole, TTF strongly recommends that the NT Government maintain its support for key international, domestic and regional airports across the Northern Territory, given their critical roles as gateways to major tourism attractions across the Territory. TTF notes that this should be supplemented by a broader mix of transport options to facilitate visitor mobility, and that government support should be managed with a view to assisting airports become self-sustainable in the long-term.

TTF recommends that the desire to have a mix of carriers service the market to increase competition must be carefully balanced against the long-term sustainability of the aviation industry as a whole. TTF recognises the Federal Government's role in implementing the appropriate mechanisms to ensure the sustainability of Australian carriers, and reinforces the notion that Australia's overall economic and trade interests should remain at the forefront of the Territory and Federal Government's aviation policy.

Regional and Remote Services – Priority Actions 1.6, 1.7

TTF recognises the importance of regional and remote air access as an enabler to stimulate regional economies and tourism and connecting residents to major regional centres. To facilitate regional dispersal of the economic opportunities arising from tourism, the NT Government should commit to re-establishing regular services to connect the regional centres of Gove, Katherine and Tennant Creek to Darwin and Alice Springs. TTF notes, however, that any decision to establish or grow leisure-based routes must be accompanied by a strategy and resources to help drive demand.

³ Tourism Research Australia (2015) *International and National Visitor Surveys to June quarter 2015*.

TTF supports industry consultation for the development of a policy framework to be used to guide future decision making about the provision of Government support for new air services for transport-disadvantaged communities. To maintain access to remote regions, the NT Government should continue to advocate to receive a portion of the Federal Government's Regional Aviation Access Programme.

Aviation sector development as an enabler of tourism and economic growth

Geographic Advantage and Tourism – Priority Actions 2.1, 2.2

The Northern Territory's tourism strengths are nature-based and cultural tourism experiences, which are situated in various points throughout the Territory. For the NT to capture its share of tourism growth, it is critical that the Government maximise aviation access to key airports throughout the Territory. For increased air links between the NT and key source markets, TTF supports closer relationships between Australian airlines and foreign airlines via marketing, sales and codeshare arrangements. This will benefit increased integration of the NT with the region, as well as promote the Territory's international airports as an entry port into Australia.

TTF has observed that international competitors are maximising investments in traditional source markets of the United Kingdom, Europe, North America and Japan with strategies such as creative destination marketing campaigns, attracting business events and lowering the cost and time barriers to travel (by reducing travel levies and visa costs). TTF encourages the NT Government to continue such demand generation activities to ensure the maintenance of existing air services, in parallel with a strategy focused on expanding existing aviation capacity.

TTF notes that the NT and broader industry should be represented in the business stakeholder group emerging from the *Our North, Our Future: White Paper on Developing Northern Australia* improving aviation and surface transport connections to Northern Australia. This will ensure that an integrated transport and logistics strategy for people and freight is developed.

Creating additional opportunities – Priority Actions 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10

TTF recognises that the overall growth of the aviation sector in the NT will provide benefits across a multitude of sectors throughout the economy. In particular TTF recognises the immense potential of Australia's reputable international education and training sector to generate sustained visitation to the Territory. For such benefits and other business, trade and employment opportunities to be realised, key markets in Asia must be connected to airports across the Territory via affordable and accessible air links.

Ensure airport infrastructure and planning supports economic development and meets future aviation needs

Darwin, Alice Springs, Ayers Rock – Priority Actions 3.1, 3.2

As the NT's sole international gateway, Darwin International Airport is the key to further growth of international travel demand to the Territory. For it to remain competitive, TTF recommends that the airport maintain its current 24 hour operation capability and that the Government invest in adequate public transport to enable easy access to and from the airport.

TTF recommends that priority be given to developing a framework that supports growth at airports that act as key gateways to iconic and geological attractions: Katherine Airport, Tennant Creek Airport, Alice Springs Airport and Uluru Airport. Such airports are critical for supporting business development and access. Investment in tourism marketing for these destinations will further facilitate growth. Investment in infrastructure will increase the competitiveness of the destination, which will assist with growth levels and ensure commercial viability – all necessary elements for a fruitful, long-term aviation services strategy.

Regional and Remote – Priority Actions 3.3, 3.4, 3.5

By facilitating visitor access in a variety of regions across the Territory and thereby diversifying the visitor experience, regional airports play a critical role in building destination resonance domestically and abroad. Due to high operational costs, key airports require support from the NT Government to continue as viable business. TTF recommends that the NT seize opportunities to obtain funding from the Australian Government for general maintenance and upgrades to airport infrastructure and continue to engage closely with industry to identify opportunities for future development and growth.

Establish policy, planning and regulatory settings that support aviation sector growth

NT Government use of aviation services – Priority Actions 4.1, 4.2

TTF recognises the NT Government’s role in encouraging economic development and establishing a policy and regulatory environment conducive to productivity and growth in the aviation industry. The Government’s policy development should be conducted in close consultation with the full range of stakeholders so that any strategy reflects the sensitivities and interests of the industry. TTF commends the decision to establish a Northern Territory Aviation Industry Reference Group as the mechanism by which the NT Government seeks to engage with industry stakeholders on aviation policy.

Regulatory Issues – Priority Actions 4.3, 4.4

Regulatory costs, in addition to other challenges facing NT airports such as lower passenger numbers, long distances and high operating and maintenance costs continue to burden airport operators across the Territory and inhibit their competitiveness. The NT Government should look to work closely with Federal Government to streamline such regulatory issues to enhance competition, ultimately benefitting long term growth.

As Darwin International Airport is one of the 11 security-designated airports in Australia (given its international designation), it faces the same government-mandated charges for security, customs, immigration and quarantine services as larger airports, such as Sydney International Airport. This is despite Darwin airport’s lower passenger levels. The NT Government should advocate for the introduction of a flexible customs, immigration and quarantine process for international air passengers in the NT that will more accurately reflect processing costs specific to Territory airports.

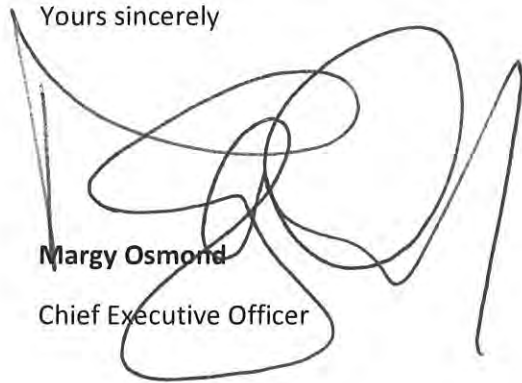
Travel demand inhibitors such as visa costs and processes, and the Passenger Movement Charge (PMC) should be reformed. The NT should advocate for Federal Government to recognise the impact

these inhibitors have on growth in travel. Affordable and accessible visas will particularly benefit visitation from the NT's close neighbours to the north. The \$55 PMC levy, applicable to all international passengers over 12 years of age departing from Australia, is particularly sensitive for the NT given its relatively short proximity from Asian source markets. A reduction in such additional 'travel costs' will level the playing field and increase the attractiveness of the NT as a travel destination.

The growth and sustainability of aviation access to the NT is largely dependent on the Territory's ability to drive demand. Without aviation access there can be no tourism industry. Without a tourism industry the future of the national economy is at stake. All policy decisions should be based on a long-term framework of implementing the right soft and hard infrastructure to develop demand for a destination, and removing the barriers that inhibit future growth of the aviation and tourism sector.

I thank you for your consideration of TTF's submission and we remain available to discuss any of these issues with you in further detail.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Margy Osmond', written over a white background.

Margy Osmond

Chief Executive Officer