



02 February 2018

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

REGIONAL AIRFARES SENATE INQUIRY SUBMISSION

Please find attached the submission from Alice Springs Town Council to the Regional Airfares Senate Inquiry.

Please feel free to contact me if you require any further information.

Yours faithfully,

Rex Mooney
CHIEF EXECUTIVE OFFICER



Senate Inquiry Submission

BACKGROUND

On 16 November 2017, the Senate moved that the following matters be referred to the Rural and Regional Affairs and Transport References Committee for inquiry and report by 30 March 2018.

The Senate Inquiry will look into the operation, regulation and funding of air route service delivery to rural, regional and remote communities, with particular reference to:

- a. social and economic impacts of air route supply and airfare pricing;
- b. different legal, regulatory, policy and pricing frameworks and practices across the Commonwealth, states and territories;
- c. how airlines determine fare pricing;
- d. the determination of airport charges for landing and security fees, aircraft type and customer demand;
- e. pricing determination, subsidisation and equity of airfares;
- f. determination of regulated routes and distribution of residents' fares across regulated routes;
- g. airline competition within rural and regional routes;
- h. consistency of aircraft supply and retrieval of passengers by airlines during aircraft maintenance and breakdown;
- i. all related costs and charges imposed by the Civil Aviation Safety Authority; and
- j. any related matters.

Submissions should be submitted by 5 February 2018.

SUBMISSION ALICE SPRINGS TOWN COUNCIL

This submission by Alice Springs will focus on reference a. **“social and economic impacts of air route supply and airfare pricing”**.

Alice Springs is located at the geographic centre of Australia and it is the centre of economic, social, cultural and recreational needs of Central Australia, an area of almost 875,000 km². The nearest major cities are Adelaide and Darwin, with each being approximately 1,500 km to the south and north respectively. Furthermore, Melbourne is around 2,300 km by car, Perth 2,500 km, Brisbane 2,600 km, and Sydney is 2,800 km.

Due to the tyranny of distance, flying is often the only option for people living in Alice Springs to travel to other Australian cities. Whilst the high cost of airfares can be mitigated by booking early or traveling in the offseason, this generally only applies to holiday travellers. People who are forced to travel on short notice (for medical or legal reasons, to visit sick relatives, or to attend important family events, including funerals) are forced to pay exorbitant prices, often in excess of \$ 1,000 for a single return trip.

Alice Springs has a population of 26,823 (ABS ERP 2016) with another 18,000 people living within a 500km radius of Alice Springs. Aboriginal and Torres Strait Islanders making up 18.6% of the population, but taking into account the three other Local Government Areas that Alice Springs services that figure rises to approximately 50%, compared with only 2.5% nationwide. Even though Alice Springs LGA itself scores high on SEIFA's measure of Relative Socio-Economic Disadvantage, this does not take into account the fact that Alice Springs is a service town with a very transient and disadvantaged Indigenous hinterland. For example, the Relative Socio-Economic Disadvantage scores for MacDonnell and Central Desert Regional Council LGAs are 592 and 558 respectively, placing both in the most disadvantaged decile. Furthermore, Alice Springs is a very transient town and it often has trouble retaining workers who moved here. For example, only 67% of residents were in the same LGA a year ago, compared to 76.4% of Australian residents (ABS 2016 Census of Population and Housing).

The high cost of airfares compounds the disadvantage that the people of Alice Springs, and the wider Central Australia region, experience.

Tourism is an important economic driver for Alice Springs, but due to the remote location of Alice Springs, it is dependent on the cost of airfares. Both overseas and domestic tourists look at the cost of airfares to determine if they can afford to include Alice Springs in their travel itinerary. As a result, the higher the cost of airfares, the lower the amount of tourists that visit Alice Springs.

Furthermore, the high cost of airfares is often a major reason for people to move away from Alice Springs. Evidence of this is the ABS ERP that shows that the population of Alice Springs has declined every year since 2011 (Australian Bureau of Statistics, 3218.0 *Regional Population Growth, Australia*, "Table 7. Estimate Resident Population, Local Government Areas, Northern Territory"). As a result the issue of staff attraction and retention are important for Alice Springs, especially since Alice Springs is also a very transient town. Consequently it is important to make the town an attractive place to live; this includes the ability to be able to travel to elsewhere in Australia for a fair price.

Not only do people in Alice Springs have to pay a higher price for flights, it also negatively impacts local businesses, resulting in low wage growth and a lack of employment opportunities. Local businesses need people to spend money, however, the reality is that there are fewer

people in Alice Springs, and the combination of high cost of living and high cost of airfares forces people to hold on to their money in case of an emergency.

The reality is that this is a vicious circle: high cost of living, including high cost of airfares -> people leaving Alice Springs, fewer tourists visiting Alice Springs -> further rise in the cost of living as well as more expensive airfares -> more people leaving Alice Springs etc. etc.

A reduction in the cost of airfares takes out one negative in this vicious circle, whilst also slightly mitigating the high cost of living. This will result in fewer people leaving Alice Springs, and potentially more people moving to Alice Springs, as well as an increase in tourists visiting Alice Springs. This will benefit local businesses with an increase in employment opportunities.

As a result, Alice Springs Town Council believes that a reduction in the cost of airfares will have a positive and major effect on Alice Springs and its economy.

Yours faithfully,

Rex Mooney
CHIEF EXECUTIVE OFFICER