

Northern Territory Chamber of
Commerce & Industry

Inquiry into the State of Australia's Aviation Sector

NORTHERN TERRITORY SUBMISSION PAPER

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Northern Territory
Chamber of Commerce



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Submission to Senate Standing Committees on Rural and Regional Affairs and Transport Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities

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Introduction

The Northern Territory Chamber of Commerce and Industry (Chamber NT) is proud to prepare and submit this submission to the Senate Standing Committees on Rural and Regional Affairs and Transport References Committee. This submission is provided on behalf of more than 1,000 member businesses located across the Northern Territory, representing the collective experience and perspectives of enterprises operating in one of Australia's most regional and challenging environments. Chamber NT brings forward this contribution to ensure that the unique needs, constraints and opportunities facing Territory communities and industries are fully understood and meaningfully addressed in national aviation policy deliberations.

Chamber NT welcomes the Federal Government's work through the Senate Standing Committees on Rural and Regional Affairs and Transport References Committee to its inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to regional and remote communities. The Chamber also appreciates the opportunity to provide industry-informed advice to support the Committee's inquiry into the state of the Northern Territory's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote Territorians.



Executive Summary

Aviation within, to and from the Northern Territory (NT) has long experienced structural market failure. The Territory's small and widely dispersed population, approximately 244,500 people across 1.3 million square kilometres, results in thin passenger volumes that make many routes commercially unattractive for major airlines. This leads to limited competition, reduced flight frequency and some of the highest airfares in Australia, with common return fares between \$1,500 and \$3,000.

Chamber NT's Territory-wide business survey highlights persistent concerns about affordability, reliability and flight availability, all of which directly affect workforce mobility, business operations and community access. The evidence makes clear that the NT's structural disadvantages in the interstate and regional aviation market cannot be resolved by market forces alone and require targeted Federal Government intervention.

The NT exemplifies regional aviation market failure. Remoteness, low passenger volumes and elevated operational costs, including fuel, maintenance and regulatory compliance, significantly increase per-passenger costs. Since aviation deregulation in the 1990s, more than 20 regional airlines have collapsed or withdrawn from thin markets, reinforcing long-standing fragility in service continuity.

These pressures reduce access to essential health and education services, undermine liveability, constrain tourism and deter business investment, all of which are central to the Territory's economy.

These dynamics create a self-reinforcing cycle. Low population and low demand raise the cost base, which increases fares and reduces connectivity, driving further declines in demand. Market forces alone cannot correct these constraints. If national objectives include affordable regional airfares, sustainable regional populations and improved competition, targeted government intervention is essential.

Recommended reforms include establishing a Regional Northern Aviation Framework, strengthening route viability, improving pricing transparency and expanding the aviation workforce pipeline.

Northern Territory Context

With a small population the Northern Territory is highly dispersed and deeply reliant on aviation for economic participation, government service delivery, emergency response and access to essential services. The Territory's inter-state and regional aviation market is shaped by several structural characteristics:

- limited scale due to small and widely distributed communities
- high dependence on aviation for health, education, justice and economic opportunity
- insufficient demand to sustain competition on most routes
- high fixed regulatory, security and infrastructure costs
- significant exposure to airline commercial decisions in thin markets



Although the Territory is relatively well serviced for its population size, this service level is fragile. Airline decisions based on national network priorities, commercial risk and fleet allocation can quickly reduce frequency or increase fares.

Regional aviation is inherently subscale. National regulatory and security obligations apply uniformly, but low-volume airports must recover these costs across far fewer passengers, contributing to higher fares and reduced route profitability.

These pressures have contributed to repeated airline withdrawals across regional Australia, reinforcing the vulnerability of NT connectivity.

The implications are wide-ranging. Reduced connectivity weakens business investment, limits tourism development, restricts access to health and education and accelerates population decline in regional centres. These outcomes reflect structural realities, not a lack of demand for essential travel.

Given aviation's central role in sustaining the Territory's economy and communities, aviation must be recognised and supported as essential public infrastructure rather than treated purely as a commercial service.

The Northern Territory Aviation Environment

The Northern Territory spans immense distances and has a small, highly dispersed population. Alongside major hubs in Darwin and Alice Springs, the Territory relies on airports in Katherine (Tindal), Gove/Nhulunbuy, Tennant Creek and Groote Eylandt. These airports are essential for maintaining reliable, year-round access for communities, businesses and service providers.

In the Top End, wet season flooding routinely cuts road access for extended periods. In Central Australia, long distances, extreme temperatures and variable road conditions often make driving unsafe or impractical.

For many communities, aviation is the only viable way to access essential services, goods, government functions and economic opportunities.

For these reasons, aviation must be treated as essential public infrastructure, underpinning equitable access, social participation and economic development across the Northern Territory.

Recommended Solutions

- *Trial a regional Northern Australian aviation support framework*
- *Recognise aviation in the NT as essential infrastructure*
- *Align aviation policy with national goals for health, education, emergency response and defence*
- *Prioritise long-term investment in inter-state and NT regional aviation networks*



Key Challenges in NT Aviation Connectivity

The Northern Territory's key structural aviation challenges, including high operating costs, limited intra-Territory connectivity, restricted interstate linkages, workforce shortages, publicly documented evidence on flight frequency and fares, and a detailed comparison of NT fare levels and their underlying drivers.

Structural cost and market constraints

The cost per passenger in the NT is significantly higher due to long distances, variable passenger loads and high operating costs. Many routes are commercially marginal or unviable without public support. This has produced long-standing market failure, resulting in high fares, infrequent schedules and poor flexibility.

Recommended Solutions

- *Introduce route viability support for essential services*
- *Provide targeted incentives for new airline entrants*
- *Create a national approach to security and compliance cost recovery*

Intra-Territory connectivity

Connectivity between Darwin, Katherine, Tennant Creek, Alice Springs, Gove and onward connections regional communities is critical and fragile. Limited frequency and high costs constrain essential travel and disrupt service delivery.

Recommended Solutions

- *Deliver multi-year funding for essential intra-Territory routes*
- *Establish minimum service frequency expectations*

Connectivity to Australian capital cities

Although direct services connect Darwin and Alice Springs to several capitals, capacity remains thin. Airlines focus on high-volume markets, leading to reduced service flexibility and high fares for Territorians.

Recommended Solutions

- *Co-fund direct NT to capital city routes*
- *Support tourism-focused seasonal flights*
- *Examine capped airfare options for essential long-distance routes*

Workforce and operational pressures

The NT faces chronic shortages in the supply and retention of pilots, aircraft maintenance engineers and other aviation workers.

Small and medium enterprises struggle to match metropolitan salaries and lifestyle opportunities, reducing operational resilience.



Recommended Solutions

- *Provide subsidised training for pilots and aircraft engineers*
- *Expand skilled migration pathways for aviation roles*
- *Introduce housing and cost-of-living incentives for regional-based aviation workers*

Public data snapshot: frequency and costs

Public datasets corroborate business feedback: Darwin routes sit outside the highest-volume national corridors, with thinner frequencies and persistent cost pressures typical of long, thin markets.

Frequency (RPT)

- Brisbane to Darwin ranks roughly mid-thirties nationally by passengers (about 345,000 in the year to January 2024, up modestly year on year), with seats offered sitting at around 32,000 per month.
- Other NT routes to capitals such as Perth and Melbourne rank lower in national volume tables, reflecting limited frequency and competition compared with east-coast trunk corridors.
- Darwin routes consistently sit outside the top thirty by passenger volume, unlike dense capital city corridors between Brisbane, Sydney and Melbourne.
- Public aviation dashboards provide route-by-route data on seats, passengers, load factors and aircraft movements, enabling ongoing monitoring of NT route performance.

Costs

- Domestic air fare indices indicate that real fares on regional or thin routes remain elevated versus historical norms, and while index movements vary by fare class, long stage lengths mean the absolute dollar cost of Darwin to east-coast travel remains high.
- Airport monitoring reports show that aeronautical and non-aeronautical charges form a meaningful component of per-passenger costs at regional airports, contributing to higher operating costs than at major hubs.

What this means for the NT

- The Territory's main interstate routes have sub-scale frequency compared with capital-to-capital corridors, constraining competition and affordable fare availability.
- The cost stack on NT routes is structurally higher, combining distance, fuel, airport charges and compliance obligations, reinforcing the need for targeted policy levers beyond standard market settings.

Recommended Solutions

- *Use public route data to set minimum frequency targets on key NT corridors (for example, Brisbane–Darwin), with time-limited support where needed to stabilise schedules.*



- *Tie route support agreements to transparent capacity, reliability and pricing commitments, with regular public reporting.*
- *Pilot fare affordability mechanisms (for example, capped resident fares, discounted community access seats) on long, thin NT routes where frequency is below national benchmarks.*
- *Align airport pricing reform and security cost pooling with thin-route realities to rebalance per-passenger charges.*

NT aviation costs and fare comparisons

Aviation costs in the Northern Territory exceed those of most other Australian regions. The combination of long sector lengths, low passenger volumes, limited competition and high input costs, including fuel premia, drives up per-passenger costs and results in some of the highest fares per kilometre in the country.

Fare comparisons (indicative)

NT routes consistently rank among Australia's highest on a per-kilometre basis, reflecting thin demand and remoteness.

- **NT regional (for example, Gove–Cairns or Gove–Darwin):** typically, high at around \$0.40–\$1.00+ per km; often 20–50 per cent above comparable distances elsewhere. One-and-a-half-hour sectors can fluctuate between about \$400 and \$1,000, in stark contrast to dense corridors such as Sydney–Brisbane where fares can sit near \$134 for similar flight durations.
- **Queensland LFS routes (subsidised):** lower mark-ups due to the state scheme, among the lowest regional premiums nationally.
- **NSW regional (for example, Sydney–Coffs Harbour):** moderate higher than inter-capital fares but typically below NT extremes.
- **WA regional:** moderate regulated and unregulated routes vary but generally sit below NT highs.
- **Inter-capital trunk (for example, Sydney–Melbourne):** lowest at roughly \$0.10–\$0.20 per km because high volumes and competition deliver scale economies.

Key drivers of the NT premium

- **Distance and volume:** In the NT, fares fall more slowly with distance because loads are sparse; smaller regional carriers often show higher per-km pricing on regional routes compared with low-cost or network carriers on capital city trunks.
- **Competition:** Many NT routes have only one or two operators, while east-coast corridors may have three or four; each additional carrier typically reduces average fares materially.
- **Observed pricing profiles:** Discount fares have been relatively stable but remain elevated in real terms on thin routes; long stage lengths (for example, Darwin to the east coast) keep the absolute dollar price high even when indices appear moderate.



- **Lived experience:** Typical returns on Darwin–Melbourne can sit around \$880–\$1,100 outside sales, outstripping many like-for-like journeys elsewhere; numerous parliamentary submissions have historically noted NT fares 20–50 per cent above similar regional routes.

Implications for policy

- NT fares are driven by structural conditions rather than temporary anomalies.
- Without targeted intervention, high base fares and limited capacity will continue to depress demand, undermine liveability and deter investment.
- Reforms must address both the cost stack (fuel, airport and security charges, long sectors) and the market structure (limited competition, low frequency).

Recommended Solutions

- **Affordability mechanisms on thin routes:** *pilot capped airfare models for essential travel, calibrated to distance and seasonality, with transparent eligibility (for example, residents, essential workers and community-service travel).*
- **Competition and capacity levers:** *offer time-limited incentives for new entrants; tie route-support agreements to minimum capacity, schedule reliability and fair-pricing undertakings; encourage shoulder-season frequency.*
- **Data-driven targets:** *use public route data to set minimum frequency baselines on key NT corridors and report progress quarterly (seats, frequency, on-time performance and fare bands).*
- **Integrated travel support:** *align health, education and essential-services travel schemes with aviation affordability measures to protect access during peak-price periods.*

Business, Community and Economic Impacts

This chapter outlines how aviation constraints affect businesses, communities, productivity and national priorities.

Community wellbeing

High fares and limited flights restrict access to medical care, education, cultural obligations and justice services. Regional residents experience the greatest disadvantage, as aviation is their only viable connection to essential services.

Recommended Solutions

- *Improve travel support for essential health and community service needs*
- *Ensure baseline flight reliability standards for communities most at risk of isolation*



Economic development and productivity

Tourism, resource extraction, agriculture, education and defence all depend on aviation for mobility, supply chains and staff movement. High fares and poor reliability hinder business performance and reduce investment confidence.

Recommended Solutions

- *Support targeted fare initiatives for business travellers*
- *Strengthen the NT's tourism routes through targeted route development*
- *Invest in regional freight and logistics capability*

National security and resilience

The NT plays a vital role in national defence, emergency response and border security. Aviation fragility undermines national strategic capability.

Recommended Solutions

- Expand aviation infrastructure aligned with defence needs
- Strengthen emergency response aviation frameworks in the north

Workforce and regional liveability

High travel costs and inconsistent schedules limit the NT's ability to attract and retain skilled workers. Limited travel options reduce liveability for employees and their families.

Recommended Solutions

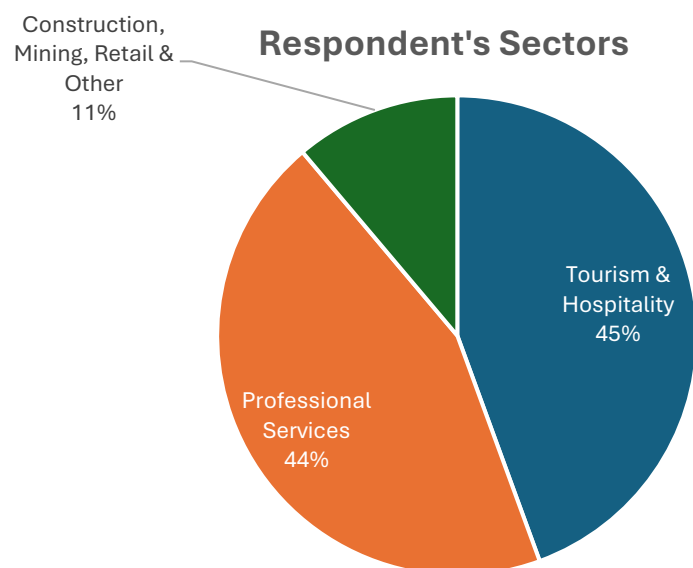
- *Offer travel incentives for regional essential workers*
- *Support aviation links enabling education, training and family travel*

Territory-Wide Business Survey Findings

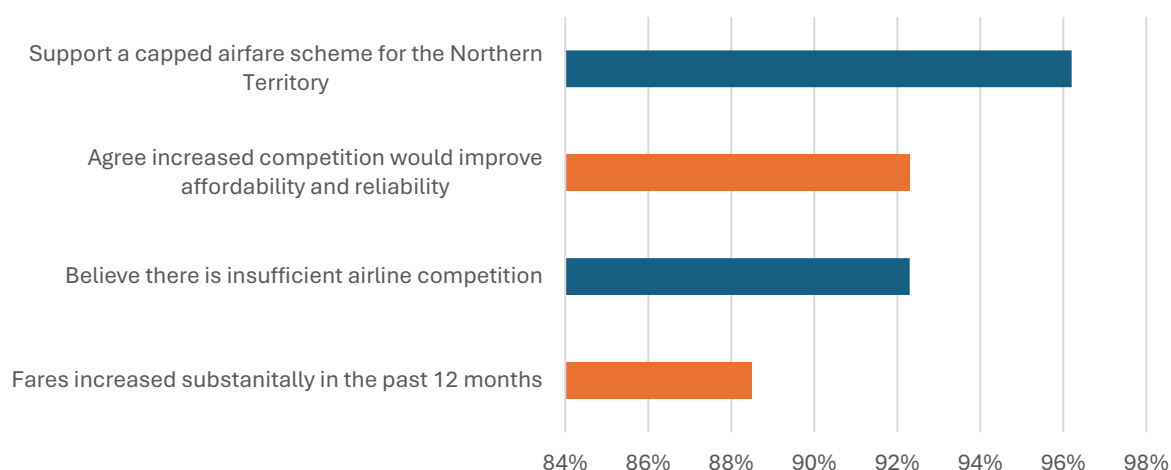
Chamber NT's survey findings, demonstrating widespread business concerns about cost, connectivity and reliability.

Profile of respondents

Businesses ranged from sole traders to organisations with over 100 employees, covering tourism, hospitality, construction, mining, retail, education and professional services.



NT Business's Perception of Airfare Competitiveness

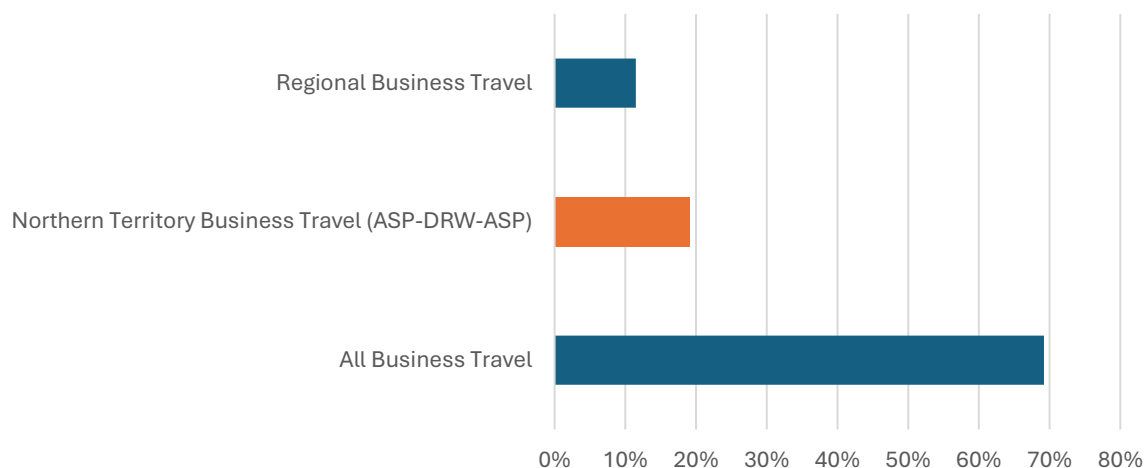




Importance and Reliance

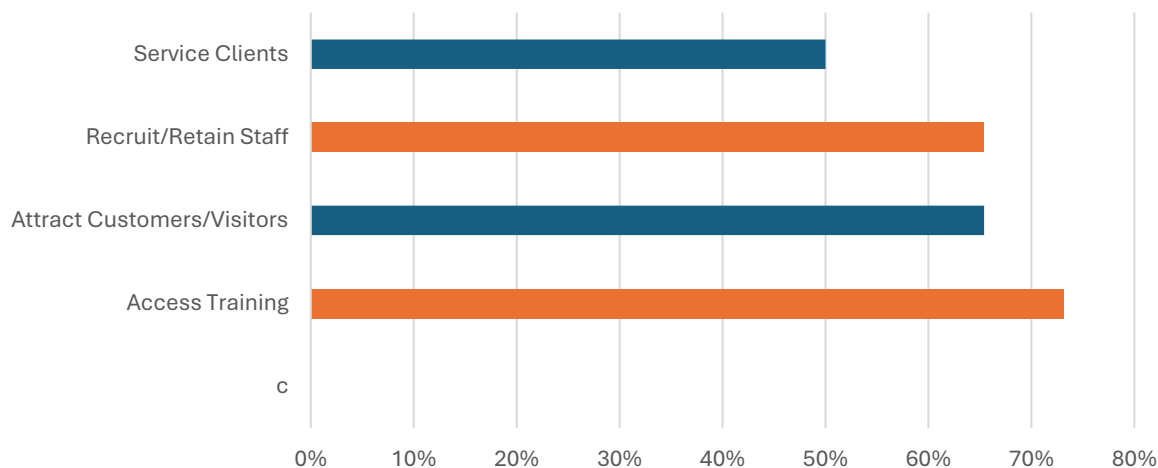
Aviation underpins business activity across the Northern Territory and remains essential to economic continuity and growth.

Purpose of Business Travel

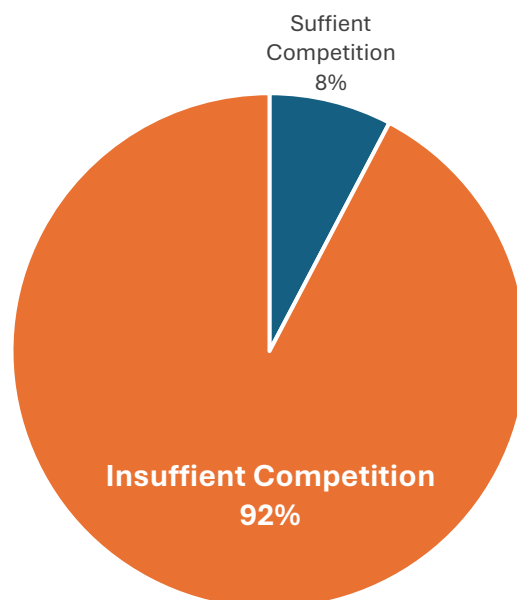


Businesses rated aviation as highly important, with an average importance score of 8 out of 10. Many rely on flights weekly or monthly for recruitment, staff movement, customer service, tenders, training and tourism access.

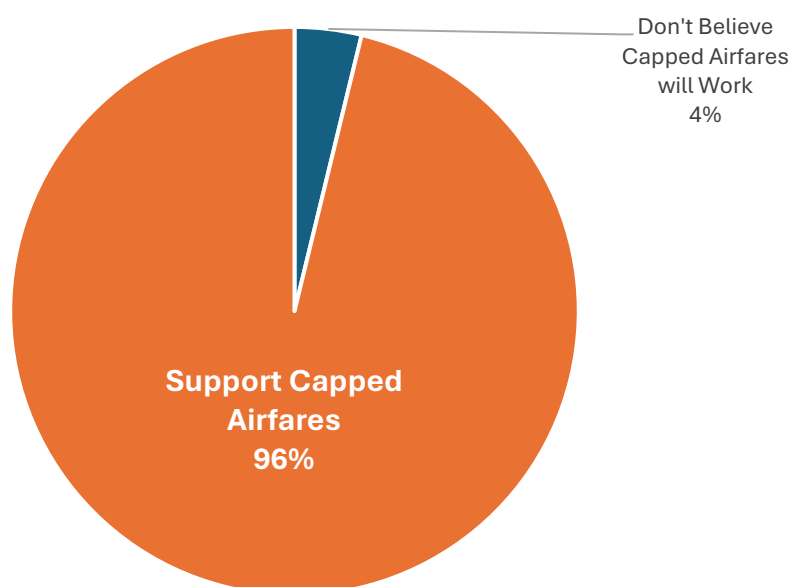
Business Capability Constraints



Perception of Lack of Competition

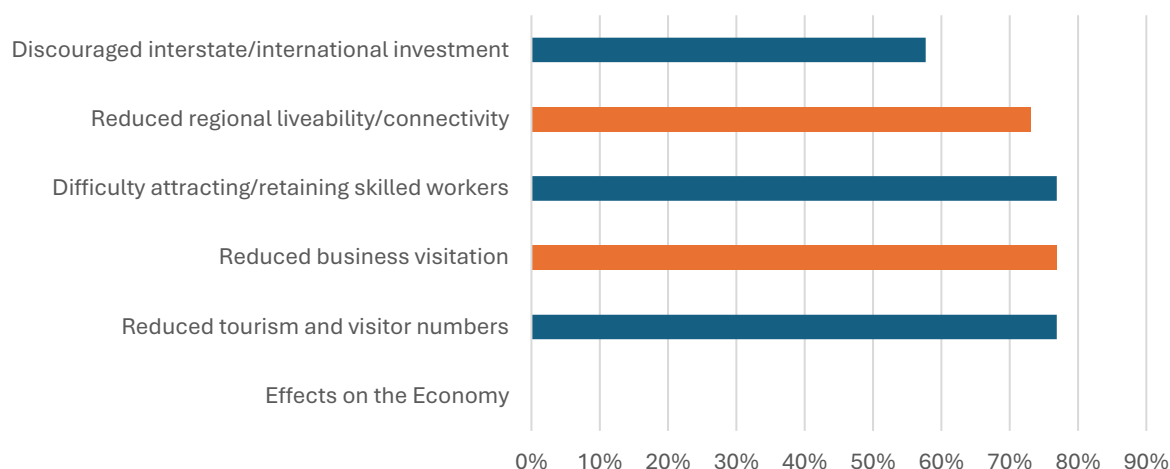


Seeking Government Intervention





Effects on the Economy & Liveability



Affordability

The business survey revealed:

- Airfare unaffordability averaged 8.9 out of 10
- Over 90% reported fare increases
- Median highest return fare: around \$1,400
- Maximum reported: \$3,600 return
- Mean: \$1,689 return
- Examples of Highest Reported Fares (Anonymised)
- \$3,600 return – Gove to Melbourne (single passenger)
- \$3,300 return – Regional NT to Cairns
- \$2,800 return – Alice Springs to Adelaide
- Over 96 per cent support a capped airfare scheme

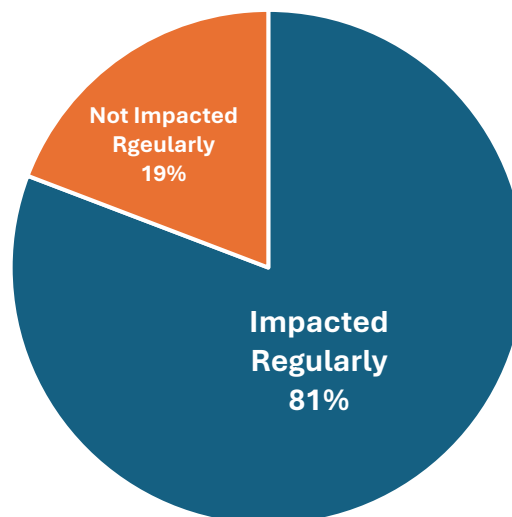
Recommended Solutions

- *Introduce NT-specific capped airfares*
- *Expand route viability support*
- *Encourage competition and flexible fare structures*

Reliability

Most respondents experienced cancellations or delays, with reliability averaging 5.5 out of 10. Disruptions caused missed meetings, lost revenue and workforce inefficiencies.

Impacted by Delays or Cancelations



Recommended Solutions

- *Improve on-time performance monitoring*
- *Strengthen minimum reliability standards*
- *Invest in weather-resilient aviation infrastructure*

Economic and workforce impacts

Survey responses indicated that aviation challenges:

- Reduced tourism and business visitation
- Reduced regional liveability
- Increased recruitment difficulties
- Restricted staff training
- Limited client servicing capability

Recommended Solutions

- *Improve intra-Territory routes for staff mobility*
- *Support training travel assistance programs*
- *Fund aviation-related workforce development measures*



Airport Assessments

The Regional Executive Committees of Chamber NT, informed by the communities and industries surrounding these airports, have long examined the challenges and put forward practical, location-specific solutions.

- **Darwin International Airport**
- **Alice Springs Airport**
- **Gove (Nhulunbuy) Airport**
- **Tennant Creek Airport**
- **Katherine (Tindal)**

Actions Required

1. *Establish a Regional and Northern Aviation Framework recognising aviation as essential infrastructure.*
2. *Establish a community access framework that gives priority to regional businesses and residents while maintaining operational requirements*
3. *Allow residents to access and purchase tickets on FIFO charter flights funded by mining and resource companies.*
4. *Improve pricing transparency and commission independent analysis of NT route structures.*
5. *Invest in a regional aviation workforce pipeline, including subsidised training and targeted migration settings.*
6. *Co-fund intra-Territory routes essential for community access and economic activity.*
7. *Support direct NT-to-capital city services to improve national connectivity.*
8. *Encourage competition and fair market entry on Territory aviation routes.*
9. *Investigate a capped airfare scheme for essential travel.*

Conclusion

The Northern Territory's aviation challenges are structural, long-standing and deeply intertwined with geography, population distribution and the critical role of aviation in supporting essential services. Market failure is entrenched because commercial aviation models do not align with the needs of regional communities.

Addressing these challenges is vital for community wellbeing, economic development, national security and equitable access. A coordinated national approach that recognises aviation as essential infrastructure for regional and northern Australia is necessary to secure the Territory's future.

The Chamber NT of Commerce stands ready to assist the Committee with further evidence, survey data, case studies and industry consultation.



Appendix.1 - Comparative Findings

Aviation White Paper Annual Implementation Status Report 2025 vs. Chamber NT Priorities

This appendix assesses the Aviation White Paper, Annual Implementation Status Report 2025, against the Northern Territory Chamber of Commerce and Industry (Chamber NT) submission and sets out where Commonwealth actions align with Chamber NT's agenda, where material policy gaps remain for the Northern Territory, and what targeted adjustments would deliver practical outcomes for Territory communities and businesses.

Where the AWSR 2025 aligns with Chamber NT's agenda

- **Greater transparency and monitoring are progressing.** Domestic airline monitoring and planned improvements to published aviation performance and competition indicators align with Chamber NT's emphasis on clearer visibility of airline behaviour and Territory service outcomes.
- **National workforce reforms are moving.** Modular LAME licensing, overseas licence recognition, and national workforce plans complement Chamber NT's position on strengthening aviation workforce capability.

Where material gaps remain for the Northern Territory

- **No route-level capacity commitments for thin corridors.** AWSR 2025 does not introduce minimum weekly frequencies or route viability support mechanisms such as Minimum Revenue Guarantees for essential Northern Territory routes. Chamber NT identifies these as necessary to break persistent patterns of high fares and low frequency.
- **No affordability mechanism designed for Territory conditions.** Consumer protections do not reduce base fares in long, thin markets where distance and load factors dominate pricing. Chamber NT proposes capped fare pilots for residents and essential travel to address affordability directly.
- **Funding certainty for aerodromes is incomplete.** While RAU and RAP rounds are welcome, Chamber NT seeks rolling, indexed funding with simplified access for small councils and Aboriginal-controlled aerodromes.
- **Remote workforce retention needs targeted measures.** Chamber NT calls for subsidised Commercial Pilot Licence and LAME training tied to service bonds and housing or relocation support to stabilise regional and remote aviation operations.
- **Community access to charter capacity remains unaddressed.** AWSR 2025 contains no mechanism for resident access to industry FIFO charter seats in places such as East Arnhem, a proposal Chamber NT identifies as beneficial for liveability and access.

What this means for the Territory

Without targeted route-level tools and cost-relief mechanisms tailored to regional and remote environments, AWSR 2025's system-wide reforms are unlikely to materially improve affordability or reliability for Northern Territory communities. Integrating Territory-specific



measures would deliver measurable gains in seat availability, service reliability and fare consistency.

Chamber NT's proposed synthesis: a Northern Territory Aviation Outcomes Package

Chamber NT proposes a collaborative NT–Commonwealth package including:

1. **Minimum frequency and route viability support** through time-limited Minimum Revenue Guarantees and defined weekly frequency baselines on key interstate and intra-Territory routes.
2. **Capped fare pilots** for residents and essential workers on selected long, thin Territory routes.
3. **Regional workforce retention measures** including subsidised CPL and LAME pathways tied to service bonds, plus housing and relocation incentives.
4. **A Northern Territory Aviation Outcomes Dashboard** reporting frequency, seats, punctuality, cancellations and fare bands quarterly.

Implementation pathway and timing

- Within sixty days: establish a joint NT–Commonwealth working group to finalise pilot design, corridor selection and reporting.
- In the 2026–27 Budget: fund route support pilots, cost-pooling trials and dashboard development, and convert RAU and RAP streams to rolling, indexed models with micro-grant channels.
- From late 2026: commence pilots, publish the first dashboard and evaluate early outcomes to inform broader implementation.

Revised Conclusion

On behalf of its members across the Northern Territory, the Northern Territory Chamber of Commerce and Industry call on the Federal Government to intervene and support the Northern Territory through targeted aviation measures that reflect the region's unique challenges. By introducing Territory-focused aviation support framework, including minimum frequency commitments, capped fare pilots, and regional and remote workforce retention incentives, the Federal Government can deliver meaningful improvements in liveability, productivity and essential service access for communities and businesses throughout the Northern Territory.



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