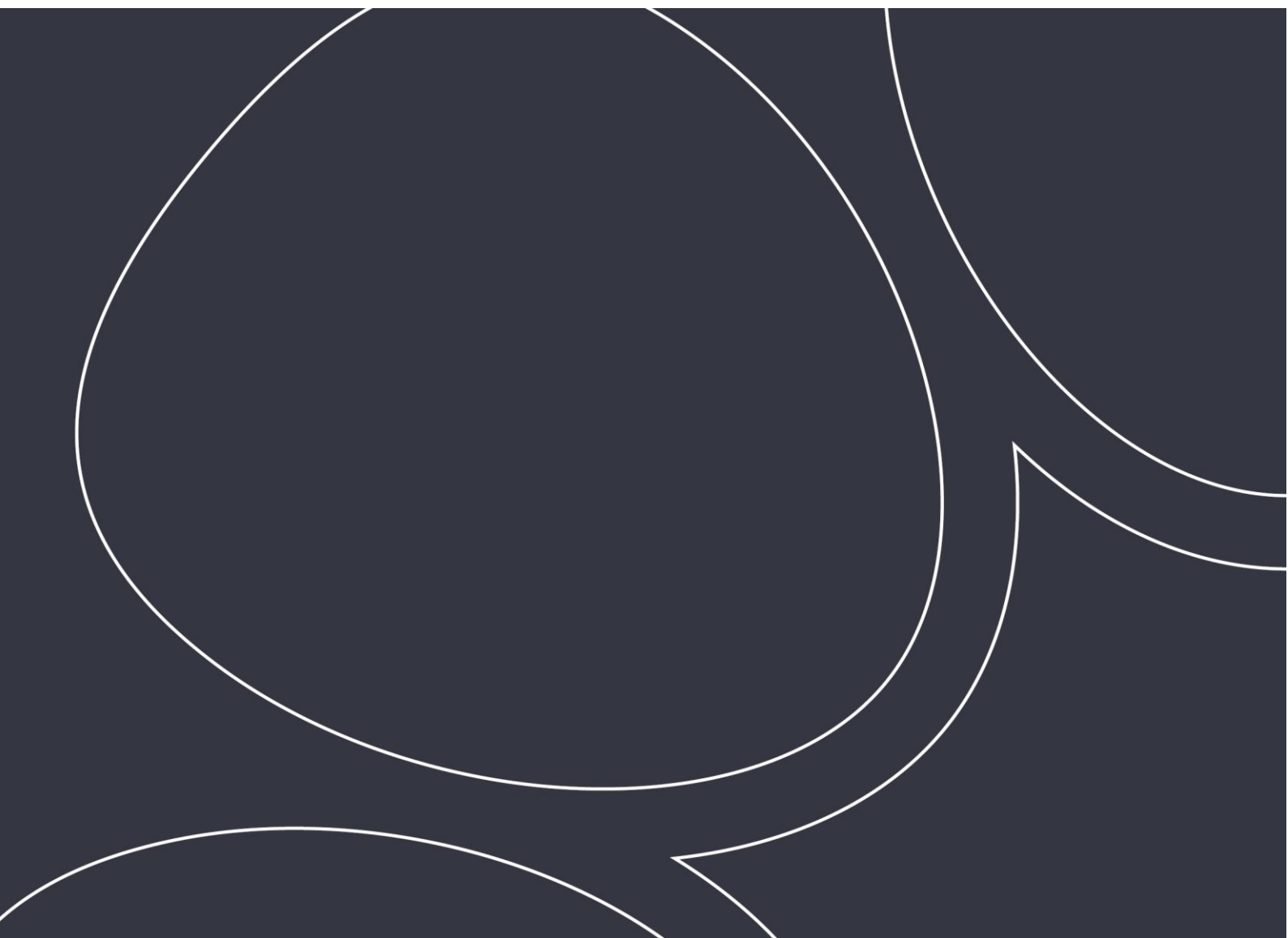


State of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities

Northern Territory Government Submission



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1. Executive summary

The Northern Territory Government welcomes the opportunity to make a submission to this important inquiry into Australia's aviation sector and its ability to service rural, regional, and remote communities.

The Northern Territory's vast distances, dispersed population and limited sealed road network create unique connectivity challenges, which are intensified during the wet season when many communities become inaccessible by road. The Australian Bureau of Statistics' Remoteness Structures classifies the entirety of the Northern Territory as regional or remote. For example, Darwin is classified as Outer Regional Australia, making it the only capital city not classed as a Major City (Hobart is Inner Regional, the others are Major Cities).

In this context, regional aviation is critical to the delivery of healthcare, provision of emergency services, education, and essential goods and services; supports the delivery of social services in remote communities, including child protection and domestic, family and sexual violence responses; and underpins population growth, economic development and liveability.

Aviation is identified as a key enabler in the Northern Territory Government's *Rebuilding the Economy Strategy 2025-2028*. It plays a pivotal role in supporting business activity across the Northern Territory. Reliable air connectivity enables the movement of workers, goods and services across vast distances, facilitating trade and investment in key sectors such as mining, tourism, agriculture and construction.

For many regional and remote businesses, air travel provides the only practical travel option to supply chains, customers, and markets, allowing them to operate efficiently and competitively. Frequent and affordable flights are vital for attracting skilled labour, enabling timely business travel and supporting economic diversification - making aviation an indispensable enabler of business growth and regional prosperity.

Aboriginal Territorians comprise more than 30% of the Northern Territory's population, with nearly 75% living in remote or very remote areas, of which some communities are on islands, where aviation is the only reliable, year-round transport option. Affordable and dependable air services are therefore fundamental to Closing the Gap outcomes. On thin or monopoly regional routes, high airfares disproportionately impact Aboriginal people and low-income households, limiting access to employment, healthcare and essential services. Despite its essential role, regional aviation in the Northern Territory is often priced as a premium product, affecting participation and inclusion.

This submission emphasises that regional airfares in the Northern Territory are driven by structural upstream determinants: aerodrome and remote airport infrastructure constraints; regulatory compliance settings; and thin market dynamics. Without addressing these foundational barriers, airfare interventions alone will not deliver sustained affordability or service reliability.

The Northern Territory Government views this inquiry as a vital opportunity to establish a coherent national framework that recognises regional aviation as essential infrastructure. Policy settings should support sustainable, reliable and affordable air services by addressing structural cost drivers in regional aviation operations, providing stable and predictable funding/subsidies, and aligning national aviation policy with the essential service role of regional air transport. Such reform is essential to ensure Territorians, and all Australians

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living and working in regional and remote communities, are not disadvantaged by geography and have equitable, year-round access to air connectivity fundamental to quality of life and economic and social participation.

2. Northern Territory context

2.1. Geography and isolation

The Northern Territory faces unique geographic and climatic challenges that make aviation indispensable to service delivery and economic function. The Northern Territory spans 1.3 million square kilometres with only 264,411 residents,¹ creating an average population density of 0.2 persons per square kilometre. Its two largest population centres, Darwin and Alice Springs, are separated by around 1,500 kilometres by road.

The Northern Territory's vast distances, small and dispersed population centres, limited sealed road network and seasonal flooding make aviation indispensable for maintaining reliable access across regions. For example, while the Northern Territory's National highway system is fully sealed, 75% of the road network is unsealed and vulnerable to wet weather, which hinders industry investment, increases freight costs, isolates communities and contributes to the Northern Territory's serious road safety issues.²

2.2. Limited alternative transport options

In the Northern Territory, air travel both complements and, in many cases, substitutes for road and rail, reflecting the Northern Territory's geography, climate and dispersed settlement pattern:

- While road and rail freight remain essential for bulk goods, rail plays a limited role in day-to-day connectivity in the Northern Territory. The Adelaide-Darwin rail corridor parallels the Stuart Highway and functions as a strategic freight route linking the Northern Territory to southern markets. Passenger services are limited to the Ghan, which operates as a long-distance, tourism-focused service.
- With 1% of the nation's population and 17.5% of its landmass, delivering an efficient and reliable road network to serve industry and communities across small towns, rural communities and remote areas in the Northern Territory is particularly challenging.³

¹ Northern Territory Economy website, *Population*, [Population - Northern Territory Economy](#)

² Northern Territory Government Submission, *Australian Government's Inquiry into National Freight And Supply Chain Priorities*, https://www.infrastructure.gov.au/sites/default/files/migrated/transport/freight/freight-supply-chain-submissions/NT_Government.pdf

³ Northern Territory Government Submission, *Australian Government's Inquiry into National Freight And Supply Chain Priorities*, https://www.infrastructure.gov.au/sites/default/files/migrated/transport/freight/freight-supply-chain-submissions/NT_Government.pdf

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3. Aviation in the Northern Territory

3.1. Enabler for economic development

Aviation enables critical service delivery across several domains in the Northern Territory and operates at significant scale. In 2024-25, more than 1.86 million passenger movements were recorded at Darwin Airport alone,⁴ underscoring aviation's central role in enabling mobility for residents, workers and visitors.

Air connectivity underpins the viability of businesses and industries throughout the Northern Territory. Reliable and affordable aviation services are essential for workforce mobility, supply chain continuity and timely service delivery – especially in sectors such as mining, energy, construction, tourism and agriculture. Without reliable and affordable air services, many businesses cannot operate competitively, or in some cases, at all.

Mining alone accounted for 24.6% of Northern Territory GSP in 2023-24,⁵ and the sector depends heavily on air transport to sustain production, support exploration activities and progress new project development. This is particularly critical for the Northern Territory's substantial undeveloped critical mineral resources, the development of which will be essential to strengthening Australia's critical minerals supply-chain resilience. In this context, aviation is a fundamental input to economic productivity, business continuity and regional development.

Across the Northern Territory, air services provide the primary means of access to essential goods and services, such as healthcare - including hospital transfers, emergency evacuations and specialist services - and support education delivery through access to secondary and tertiary institutions, as well as specialist services in remote schools. Core government functions, including corrective services, child protection, disability support, aged care assessment and welfare services, also rely on aviation to operate across dispersed communities.

Aviation is a critical enabler of the Northern Territory's visitor economy with 76% of interstate visitors and approximately 33% of intra-territory visitors arriving by air.⁶ Aviation connectivity is vital to attracting visitors to the Northern Territory, enabling travel for leisure, major events, business, conferences, visiting friends and relatives and employment opportunities.

Aviation also supports essential non-passenger functions, including mustering, firefighting, emergency response, environmental management, remote freight and charter operations, many of which occur in locations without road access or alternative transport.

⁴ Bureau of Infrastructure and Transport Research Economics, *Airport traffic data*, https://www.bitre.gov.au/sites/default/files/documents/web_airports_annual_fy_2024_25.xlsx

⁵ NT Budget Website, Industry Outlook – Mining and Manufacturing, <https://budget.nt.gov.au/industry-outlook/mining-manufacturing>

⁶ Tourism Research Australia DoTs, YTD September 2025

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3.2. Population mobility and economic participation

In 2023-24, the Northern Territory's population had greater interstate mobility than any other jurisdiction with an interstate migration rate of 12.4% per annum, compared with about 2% to 3% across most states.⁷ The Northern Territory's workforce is characterised by high churn, Fly-In/Fly-Out (FIFO) patterns, and short-term postings across defence, mining, energy, construction, health and government sectors. This high mobility creates recurring, time-sensitive demand for air travel that is largely non-discretionary and essential to economic functioning and service delivery.

High airfares contribute to cost-of-living pressures for Northern Territory residents, deter interstate and international migration and undermine workforce retention by increasing the cost of visiting family and friends interstate. Given the Northern Territory's high population mobility and reliance on FIFO work patterns, accessible and affordable air services are vital to sustaining economic participation, workforce stability and community connectivity. Reliable air connectivity enhances liveability by linking residents to employment, education and essential services, while also supporting the Northern Territory's ability to attract and retain skilled workers and to capture business opportunities from the Asia-Pacific region, one of the fastest growing regions in the world. Conversely, limited or high-cost air links reduce the competitiveness and growth potential of the Northern Territory economy.

3.3. Closing the Gap and Aboriginal outcomes

Regional aviation is also critical to Closing the Gap outcomes because most Aboriginal Territorians live in remote or very remote areas that rely on air services. Approximately 30.8% of the Northern Territory's population is Aboriginal and of whom nearly 75% live outside of the greater Darwin area.⁸

Several Aboriginal communities and homelands on islands rely solely on passenger and charter aviation services for year-round access to government and non-government organisation (NGO) service delivery, with no viable alternative transport. Greater visibility is required for scheduled passenger transport across these remote communities that solely rely on air transport to travel in and out of communities to access services.

In many of these communities, long distances, impassable roads in the wet season and a lack of viable alternative transport options means aviation supports the only reliable year-round access to essential services, such as hospital transfers, primary health care, education, employment, child protection and domestic, family and sexual violence services, essential goods and broader government services.

Reliable aviation access underpins health delivery, education participation, justice services and economic engagement in remote Aboriginal communities. Aviation is a foundational enabler of Closing the Gap outcomes.

⁷ Northern Territory Economy website, *Population*, [Population - Northern Territory Economy](#)

⁸ Northern Territory Economy website, *Population*, [Population - Northern Territory Economy](#)

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4. Drivers of regional airfares and access

4.1. Structural cost pressures

Airfares in the Northern Territory reflect a high fixed-cost operating environment combined with low passenger volumes. Core cost drivers, including aircraft leasing, fuel, crew, maintenance and ground handling, are amplified by long distances, low service frequency and irregular demand on many regional and remote routes, limiting airlines' ability to spread costs across large passenger bases.

These cost pressures are compounded by limited competition. On many interstate and most intrastate routes, demand is insufficient to sustain more than one commercially viable carrier, limiting price competition. Where travel demand is largely essential and non-discretionary, demand is less responsive to higher fares, which are more readily passed through to passengers.

4.2. Infrastructure constraints on access and airfares

The Northern Territory Government maintains approximately 68 strategic aerodromes that underpin access to remote communities. These facilities support aeromedical retrieval, emergency evacuations, essential freight, community mobility and government service delivery.

Many remote aerodromes in the Northern Territory were designed many decades ago for smaller, older-generation aircraft. Runways are often too narrow or not sufficiently strengthened to accommodate larger, modern aircraft without significant capital upgrades.

This creates a structural constraint on the aviation market:

- airlines are restricted to smaller aircraft types
- smaller aircraft have lower passenger and freight capacity
- unit operating costs per seat and per tonne are higher
- limited competition exists on thin routes.

These cost structures are embedded in airfare pricing. In remote markets with limited elasticity, airlines cannot absorb infrastructure inefficiencies. Costs are passed directly to passengers and freight users.

Infrastructure limitations are therefore a direct determinant of regional airfare levels. Unless aerodrome capability improves, airlines will remain constrained to higher-cost operating models in remote Northern Territory markets.

4.2.1. Regulatory barriers to entry and expansion

Transitional grandfathering arrangements under Civil Aviation Safety Authority (CASA) have prevented immediate aerodrome closures. However, any upgrade to accommodate larger aircraft triggers full contemporary compliance requirements. For small operators and remote communities, this represents a capital barrier that prevents infrastructure improvement and locks in elevated aircraft operation costs. This creates a structural impediment to competition and service improvement.

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4.3. Cost disparities across rural, regional and remote Airports

Costs associated with aviation operations are not evenly distributed across Australia's airport network. In the Northern Territory, rural, regional and remote airports face structurally higher per-passenger costs than major city airports, driven by scale, geography and regulatory design rather than operational inefficiency. This results in materially different cost outcomes compared with high-volume metropolitan routes, even where the underlying regulatory requirements are similar.

These disparities are reinforced by the limited oversight arrangements applying to most regional and remote airports, which contribute to variation in charging practices and reduced transparency. In thin markets, airlines have little scope to offset these differences, meaning cost disparities are more likely to translate directly into higher fares or reduced service levels.

Submissions to this inquiry from Northern Territory stakeholders note that regional aviation is often priced and delivered as a premium product, despite functioning as essential infrastructure. Where essential access is priced at premium levels, participation in employment, governance, education and health services is constrained, with flow-on effects for equity and social inclusion.

The Australian Competition and Consumer Commission (ACCC) noted that Darwin Airport increased general landing charges from 1 July 2025, reportedly more than doubling these fees⁹. In cases where the aviation operators and the airport have not negotiated a contracted rate, aviation operators have likely passed increased airport charges on to customers through higher fees and airfares. For remote communities where air travel is an essential service, higher airfares reduce accessibility and increase cost-of-living and service delivery pressures.

Aside from airport charges, the high security classifications mandated by the Australian Government for Darwin and Alice Springs airports mean these airports are subject to comprehensive security screening requirements and compliance rates. As the cost for these requirements are spread across a relatively low passenger volume, the unit cost for each passenger is higher compared to high volume airports like Sydney or Melbourne.

From an international travel perspective, all passengers departing Australia pays a government-mandated AUD70 Passenger Movement Charge. In the context of Darwin where there is a high volume of price-sensitive travel to Bali, this charge makes up a large portion of the airfare.

There is a case for greater fairness in how airport and regulatory-driven costs are applied, with explicit consideration of the scale and size of regional and remote operators.

⁹ Australian Competition and Consumer Commission Submission, *Senate Committee inquiry State of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities*, [State of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities – Parliament of Australia](#)

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5. Aviation service delivery in the Northern Territory

In the Northern Territory, demand for regional air services is shaped by distance, remoteness, and the absence of viable transport alternatives. For many remote communities, the existence, frequency, and reliability of services matter more than price, as aviation functions as an essential service with few substitutes. Demand is therefore less price-responsive than in more densely populated jurisdictions or in areas where alternative modes of transport exist.

5.1. Essential travel

High fares do not remove the need for essential travel - such as access to healthcare, court proceedings, funerals, education, or critical work - instead, they transfer costs onto households, community organisations and government. For many remote residents, particularly those on low incomes, high fares add to cost-of-living pressures. The Northern Territory's highly mobile population, driven by FIFO operations and short-term postings, intensifies this demand dynamic, creating a constant and time-critical need for air travel that is essential and non-discretionary to the Northern Territory's economy and service delivery.

Multiple Northern Territory Government agencies are significant consumers of regional air travel, reflecting aviation's role as essential service delivery infrastructure rather than a discretionary transport mode.

5.1.1. Corrections, justice and policing

Adult prison operations rely on air travel into regional locations arising from regional staffing and prisoner populations. Prisoner transfers, particularly between Darwin and Gove and between Alice Springs and Darwin, are considered essential air-based moves to ensure timely, efficient and legally compliant operational mechanisms, and in many cases cannot be delivered by any other mode given the Northern Territory's jurisdictional and geographic challenges. These same constraints affect Community Corrections and Youth Justice, which otherwise rely primarily on road transport from main airports to communities. For NT Police, regional aviation access underpins frontline policing, emergency response and community safety in remote locations.

5.1.2. Health, education, housing and community services

Aviation enables health, education, housing and community services agencies to deliver core functions in remote communities, including asset and tenancy management, community engagement, planning and consultation, and the delivery of essential services. Reliable and affordable air services are fundamental to supporting remote teachers, health professionals and community services staff, and to ensuring equitable access to health, housing and learning opportunities across the Northern Territory.

5.1.3. Emergency response and recovery

Aviation in the Northern Territory is also critical public safety infrastructure and a core component of the emergency management, response and recovery continuum.

During the Northern Territory's high-risk weather season, aviation is often the only viable transport option for affected communities, enabling the rapid deployment of emergency response personnel, including intra-Territory movements for NT Fire and Emergency Service operations and interjurisdictional assistance.

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Air services underpin community evacuation and subsequent repatriation following large-scale events such as cyclones, floods and bushfires, and are essential for the delivery of critical supplies such as medical goods, food and clean water when road access is cut.

5.2. Tourism and discretionary travel

In contrast, discretionary travel - including family visits, tourism, and business development - is more sensitive to price and service competitiveness. Persistently high fares can suppress these markets, constraining regional economic activity and the viability of local operators. Tourism demand tends to respond to changes in fare levels, schedules, and competing destinations; where prices approach or exceed those of comparable destinations, potential visitors may travel elsewhere. However, geographic isolation moderates this price sensitivity because most visitors must fly, meaning route availability and reliability remain critical determinants of travel decisions.

5.3. Freight, charter and non-passenger Services

In the Northern Territory, freight is a supporting but not usually decisive commercial driver for regional passenger services. Belly-hold freight on passenger flights provides an important secondary revenue stream that helps offset high fixed costs on routes operated primarily for passenger demand, particularly where a large share of lower-deck capacity is not required for baggage. However, in remote and intrastate markets, freight volumes are typically small, irregular and specialised, reflecting the Northern Territory's dispersed population and limited industrial base, and rarely have the scale or consistency to sustain services on their own.

At the same time, charter, freighter and belly-hold freight connectivity (including transshipment via aerodromes) are critical for service delivery to remote communities, especially during wet-season disruptions. These freight operations underpin food security and perishable supply chains, medical and pharmaceutical distribution, emergency response, mining and industry logistics, and general retail and consumer goods.

Dedicated freighter operations in the Northern Territory face additional barriers, including strong seasonality, substitution to road, rail or sea, and price competition from abundant freight capacity at major interstate gateways such as Brisbane and Sydney. Nonetheless, on many thin and remote routes the incremental revenue from freight is directly linked to the viability of passenger services; without this contribution, some passenger-only services would not be commercially sustainable, even though freight is not the dominant driver of airlines' network decisions.

The scale of the Northern Territory's freight market remains insufficient to sustain dedicated air freight delivery at commercial scale. By contrast, Tasmania benefits from support from the Australian Government through the Tasmanian Freight Equalisation Scheme which provides financial assistance to eligible businesses to offset the additional cost of shipping goods across the Bass Strait. The Tasmanian arrangements demonstrate how, in geographically isolated jurisdictions where road or rail transport is not a realistic substitute, targeted freight intervention measures are warranted to address structural cost disadvantages, support industry development and maintain competitive access to freight networks.

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5.4. Competition and airfares

The Commonwealth Department of Treasury analysis demonstrates the direct relationship between competition and fares, where routes with more competitors have lower prices per kilometre.¹⁰ New airline entry commonly reduces fares by around 10-20% and real-term average fare per kilometre falls significantly as more airlines operate a route: monopoly: approximately \$0.40 per kilometre; duopoly: approximately \$0.28 per kilometre; and three airlines: approximately \$0.19 per kilometre.

This analysis illustrates that competitive entry is a significant mechanism for improving affordability. However, on many Northern Territory routes, particularly intrastate services, maintaining viable load factors for even one carrier is difficult without external support or long-term contracts. Multiple carriers cannot be sustained commercially.

Interstate Routes

On interstate routes from Darwin and Alice Springs, barriers to entry are substantial. The seasonal volatility of capacity requirements means new entrants must be able to scale quickly to compete on both frequency and price, which requires significant capital investment and risk tolerance. Since 2020, airlines have repeatedly adjusted, deferred, or withdrawn services from Northern Territory interstate routes:

- Virgin Australia suspended its Sydney-Darwin service in early 2023, though has announced a seasonal return from 2026.
- Virgin Australia chose not to proceed with a planned Adelaide-Darwin service for 2023-2025.
- Jetstar withdrew its Cairns-Darwin service in late 2024, citing demand constraints.
- Qantas reduced Adelaide-Alice Springs frequencies in low-demand periods during 2024-25.

These withdrawals reflect the commercial challenges of serving thin, seasonal markets. They also demonstrate that carriers actively reassess their commitment to regional routes, particularly during demand downturns.

Intrastate Routes

Barriers for new entrants are even higher on intrastate routes, which combine low demand, long distances, wet-season disruption risks, availability of aircraft fleet and crew base, and a high share of essential travel. Even where entry is technically feasible, maintaining viable load factors over time is difficult without external support or long-term contracts. Additionally, these routes typically cannot support more than one carrier so there is no competitive tension to drive down prices. Qantas previously operated Darwin-Yulara and Alice Springs-Yulara routes; however, withdrew due to one or more factors listed above. Similarly, Virgin Australia previously served the Darwin-Alice Springs route alongside of Qantas, and eventually decided the market was unable to sustain two airlines.

For remote communities, service withdrawal or reduction has direct implications:

- reduced flight frequency means less flexibility for essential travel
- fewer carriers can mean higher fares and reduced pricing competition
- loss of services on particular routes can force longer connections, increasing travel time and cost

¹⁰ Australian Government Department of Treasury, *How competition impacts prices: The Australian aviation sector*, https://treasury.gov.au/sites/default/files/2024-09/p2024-553588_0.pdf

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- uncertainty about future service availability complicates planning for individuals, businesses, and government agencies.

Cabotage

There are un-serviced routes in the Northern Territory, for example Darwin-Yulara. The Northern Territory views cabotage as one potential policy option to secure additional routes where a domestic partner cannot be found. Cabotage should be considered on the merits of any proposal, that is on a case-by-case basis.

6. Policy support for regional aviation service delivery

6.1. Northern Territory Government programs to support aviation connectivity

The Northern Territory Government's *Rebuilding the Economy Strategy 2025-2028* places 'Connecting the Territory' as a key strategic priority in unlocking development, reducing business costs and supporting delivery of critical government services. A strategic initiative under this priority is to increase interstate and international flight options.

The Northern Territory Government delivers targeted programs to support aviation connectivity, including initiatives that address service gaps and the distinct needs of remote communities where air services are essential to economic participation, service delivery and Closing the Gap outcomes. Northern Territory Government programs include:

- The Territory aviation attraction fund's focus is on securing additional aviation connectivity with other Australian states and territories, and international routes, with a longer-term objective of retaining new and existing routes. The fund has helped secure services that might otherwise be commercially marginal, by providing support to airlines to establish or expand priority routes that align with Northern Territory economic, tourism and social objectives.
- The Centre-run Air Service contract with Airnorth provides three return services per week from Darwin to Alice Springs via Katherine and Tennant Creek, underpinning essential connectivity between key communities. Airfares are not regulated under this contract, like in Western Australia for certain intrastate routes, therefore limiting government leverage over airfare pricing.
- Co-operative marketing partnerships with airlines and airline agnostic partners such as Webjet and Skyscanner to support visitation to the Northern Territory and enhance the sustainability of services.

Collectively, these programs aim to improve the Northern Territory's aviation connectivity, choice and competition for international and interstate air services, while ensuring access to essential air transport for regional and remote communities.

6.2. Potential policy responses by the Australian Government

National policy and regulatory settings should focus on the structural drivers of regional airfares. These should explicitly recognise regional aviation as essential economic and social infrastructure in northern Australia, rather

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than a purely commercial transport service. This should include recognising the needs of remote and regional communities, including Aboriginal communities that are particularly reliant on aviation for year-round access.

Northern Territory recommendation

It is recommended that the Australian Government establish a coherent national framework that recognises regional aviation as essential infrastructure. Policy settings should support sustainable, reliable and affordable air services by addressing structural cost drivers in regional aviation operations, providing stable and predictable funding/subsidies, and aligning national aviation policy with the essential service role of regional air transport

6.2.1. Australian Government programs

The Northern Territory supports Australian Government programs such as the Remote Airstrip Upgrade Program (RAUP) and the Regional Airports Program (RAP); however, current design settings limit their effectiveness.

The RAUP focuses primarily on discrete community upgrades and imposes a \$4 million project cap. This is insufficient for major runway strengthening and expansion projects required to accommodate modern aircraft.

The RAP is effectively limited to greater Darwin facilities and excludes key regional gateways such as Alice Springs, Tennant Creek, Ayers Rock Airport and Gove. These regional airports support interstate flights, mining operations, tourism and strategic industry activity, yet several fall outside eligibility settings or receive limited support due to private ownership structures. This creates a funding gap between small community airstrips and capital city airports. Strategic regional gateways are left without appropriate infrastructure support despite their national economic role.

The Australian Government also provides the Tasmanian Freight Equalisation Scheme to provide Tasmanian industries with equal opportunities to compete in other markets, recognising that, unlike some other jurisdictions, Tasmanian businesses do not have the option of transporting goods interstate by road or rail. In the Northern Territory, freight costs are higher than in any other jurisdiction due to distance and low freight volumes, with these higher costs flowing through to regional airfares, essential goods prices, and overall business competitiveness. Establishing a similar freight equalisation scheme for the Northern Territory would help ensure Northern Territory businesses and communities are not disadvantaged by unavoidable distance and logistics constraints.

Northern Territory recommendation

The Northern Territory recommends:

- The Australian Government consider reforming and expanding the RAUP and RAP to:
 - remove restrictive project caps where strategic upgrades are required
 - include key regional gateway airports currently excluded
 - support industry-enabling aviation infrastructure.
- The Australian Government establishes a freight equalisation initiative, similar to the Tasmanian scheme, to offset the Northern Territory's structural freight cost disadvantages and support regional industry growth and equitable market access.

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6.2.2. Regulatory burden and capacity constraints

The Northern Territory invests approximately \$7 million annually in safety-related works to maintain its 68 aerodromes. This funding supports minimum operational standards only; it does not address full lifecycle renewal, regulatory upgrades or structural expansion requirements. Remote aerodromes are not commercially viable assets; they operate in markets characterised by low passenger volumes, limited non-aeronautical revenue, high fixed compliance costs and extreme climatic conditions that accelerate asset deterioration.

Without sustained public funding, many would close. The consequences would be immediate: loss of medevac capability, disrupted freight supply, reduced access to essential services and prolonged wet-season isolation, thus impacting the Australian Government's Closing the Gap outcomes.

Remote aerodromes must comply with CASA Part 139 (Aerodromes) Manual of Standards 2019. While safety must remain paramount, the regulatory framework applies standards comparable to larger regional airports without sufficient recognition of remote workforce and operating realities. Remote communities face:

- severe shortages of qualified aerodrome reporting officers and maintenance personnel
- staff turnover often within 6 to 12 months
- ongoing recruitment and retraining costs
- limited local training pipelines.

Compliance in remote settings is materially more expensive than in metropolitan or major regional environments. These costs are absorbed by government or embedded into operational charges, which ultimately influence airfares.

Access to safe, well-maintained regional airfields and airports is also vital for emergency operations. Where Australian Government funding does not meet maintenance needs, these costs will be recovered through higher regional airfares, placing further pressure on communities that already depend on aviation as an essential service. Policy settings focused solely on affordability or competition risk undermining emergency response capability if continuity, reliability, surge capacity and recovery needs are not explicitly recognised as core objectives of regional aviation frameworks.

Northern Territory recommendation

The Northern Territory recommends:

- The Australian Government establish a Northern Territory Remote Aerodrome Modernisation Program with dedicated five-year funding to bring all strategic remote aerodromes to contemporary CASA standards.
- The Australian Government recognise remote aerodromes as essential national service infrastructure and provide both capital and recurrent compliance funding.

6.2.3. Airport assets linked to major industry operations

Airports established as part of defence and mining lease operations can become a significant economic asset for the local community and broader region. Continued access and use of these essential transport assets can be vulnerable to changes in these industries.

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The Australian Government owns airport infrastructure in Katherine, managing the Katherine (Tindal) Airport as a joint-user facility with RAAF Base Tindal. While the Katherine Town Council manages the civilian terminal under lease, its access and use is highly dependent on the Australian Government, which controls the runway, taxiways and overall aviation security, safety and regulatory compliance.

In Katherine, increased Australian Department of Defence (Defence) activity and planned upgrades at RAAF Base Tindal have the potential to constrain or displace civilian aviation operations at the shared airstrip. If civilian access were materially reduced, a standalone civil aerodrome may be required to maintain connectivity for Katherine and surrounding communities. The cost of planning, constructing and operating such infrastructure would be substantial. Current Australian Government aviation funding mechanisms are not configured to support projects of this scale in regional areas. This represents a strategic connectivity risk that warrants national attention.

Darwin International Airport operates as a joint-user facility, privately managed but sharing airfield infrastructure with Defence. The civil aviation infrastructure is therefore scaled and configured to meet Defence operational requirements rather than the needs of the local market. As a result, the costs of operating, maintaining and accessing this nationally significant Defence-related infrastructure are embedded in airport charges and airfares, and are ultimately borne by Northern Territory residents, businesses and visitors, despite Defence infrastructure being an Australian Government responsibility.

This cost imbalance is neither equitable nor sustainable and has economy-wide implications, as higher aviation charges flow through to freight and passenger prices, increasing the cost of living and doing business, weakening the Northern Territory's ability to attract and retain essential workers and undermining efforts under the Northern Australia agenda to build a stable population base. Affordable, reliable air connectivity from Darwin is essential to sustaining workforce stability, supply chain resilience and Defence readiness. The costs of Defence-driven aviation infrastructure should be recognised and funded as a national responsibility, rather than passed onto Northern Territory residents and businesses.

The Northern Territory also has several remote communities that are facing uncertainty on the future operations of regional airports as mining operations close (such as Jabiru and the Gove Peninsula). This can impact business confidence at a critical time when economies are needing to attract population and investment to support the economic post-mining transition. For example, Jabiru Airport is currently owned by a mining company, with the associated mine lease nearing its end and obligations for site remediation meaning the airport is scheduled for closure by October 2026. The local community has expressed a strong interest in retaining the airport, recognising its importance for connectivity, service delivery and economic and regional development.

Northern Territory recommendation

The Northern Territory recommends:

- The Australian Government's ongoing investment in this strategically important Defence precinct, including to support upgrades to airport infrastructure, is crucial to supporting the broader strategic and economic ambitions of this region.
- The Australian Government ensure aviation infrastructure reform is integrated with Defence planning, northern Australia policy and regional development strategies to protect long-term civilian connectivity.

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- The Australian Government is a key partner in supporting complex negotiations in securing land tenure, asset transfer and the continued operation of critical transport infrastructure, including airports.

6.2.4. Land tenure constraints under the Aboriginal Land Rights Act

A significant structural barrier to upgrading remote aerodromes in the Northern Territory is land tenure complexity under the *Aboriginal Land Rights (Northern Territory) Act 1976*. Many aerodromes are located on Aboriginal land. Lease arrangements, consent processes and tenure limitations can delay or restrict runway extensions, safety area expansion and compliance upgrades.

Without secure and flexible tenure arrangements:

- capital funding cannot be deployed effectively
- infrastructure expansion may be delayed
- regulatory compliance upgrades may be constrained.

If the Australian Government is committed to improving regional air access and supporting Closing the Gap outcomes, tenure reform must accompany infrastructure funding.

Northern Territory recommendation

The Northern Territory recommends:

- The Australian Government lead a coordinated process under the *Aboriginal Land Rights (NT) Act 1976* to:
 - streamline leasing and tenure arrangements for aviation infrastructure
 - remove barriers to runway extension and safety upgrades
 - align aviation reform with Closing the Gap priorities.

6.2.5. Fare program accessibility and equity

Programs that support access to air travel should be designed with a focus on accessibility and equity, particularly for remote and very remote communities. Programs that rely on narrow eligibility criteria, rigid route coverage or administrative requirements such as proof of address, identification or online access can unintentionally exclude those most reliant on aviation, including Aboriginal Territorians.

Northern Territory recommendation

The Australian Government could consider more inclusive eligibility settings, flexible route coverage and delivery mechanisms that account for limited digital access. This would improve the effectiveness of affordability measures and help ensure that policy intent translates into on-the-ground access to essential air services.

6.2.6. Oversight of regional airports

While major airports are subject to light-handed oversight, most regional and remote airports sit outside these regimes, resulting in wide variation in charging practices. The ACCC has noted airline concerns about Darwin Airport more than doubling its landing fees since July 2025. Several submissions to this inquiry also call for greater transparency around the drivers of regional airfares, including clearer disclosure of the relative contribution of airport charges and costs, fuel and other regulated inputs.

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It is noted that Darwin Airport is a designated joint-user airport: a Joint User Deed between Defence and the civil airport operator governs shared use of the runways and associated infrastructure. Major runway upgrades initiated by Defence should be funded by Defence and not recovered through higher aeronautical charges, to avoid Defence-driven costs being passed through to airlines and, ultimately, Northern Territory passengers and businesses.

Northern Territory recommendation

The Northern Territory Government supports greater transparency, benchmarking and predictability in airport charging, combined with complementary Australian Government funding to support essential airport operations.

6.2.7. Security charges

Enhanced aviation security requirements have delivered important national safety benefits by strengthening the integrity of Australia's air transport network. However, the associated fixed and operational costs have a disproportionately greater impact on regional airports due to these incremental costs being amortised across small passenger volumes travelling through regional airports. The continuing escalation of these costs places pressure on regional carriers and travellers, increasing the risk of reduced service frequency, higher airfares/lower affordability, or the loss of essential connectivity for regional communities.

Northern Territory recommendation

The Northern Territory considers that a more proportionate and sustainable policy approach is needed - for example, implementing a policy where government-mandated costs are calculated at a national level, then spreading the cost recovery across all passengers (at a national level) who used government-mandated facilities. This may marginally increase the unit cost recovery at major airports; however, substantially lower the average charge for regional travellers.