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**SUBMISSION TO SENATE STANDING COMMITTEES ON RURAL AND REGIONAL AFFAIRS AND  
TRANSPORT IN RESPONSE TO THE INQUIRY INTO THE OPERATION, REGULATION AND FUNDING OF  
AIR ROUTE SERVICE DELIVERY TO RURAL, REGIONAL AND REMOTE COMMUNITIES**

Who we are and who we represent.

The Anindilyakwa Land Council (ALC) is an independent statutory authority established under the Aboriginal Land Rights (Northern Territory) Act 1976 (Land Rights Act). The ALC was established in 1991 (to take over the roles of the Northern Land Council) and its region is the Groote Archipelago. It is the largest Aboriginal controlled body in the Archipelago and has become the peak representative body for traditional owners. Under section 23(1) of the Land Rights Act, the ALC undertakes the following:

- Management of the land to protect the interests of traditional owners;
- Protection of sacred sites;
- Consultation regarding proposals relating to lands and seas in the Groote Archipelago;
- Provision of assistance to traditional owners to engage in commercial activities and economic development;
- Supervision and administration of the Anindilyakwa Land Trust;
- Control of visits by all non-indigenous people through monitoring and permits; and
- Protection and preservation of culture, including Intellectual Property, Copyright and reproduction of cultural products to safeguard against illegal or improper use of research, digital images, designs, stories, bio-cultural information, artefacts and art.

Traditional owners of the Groote Archipelago are referred to by their traditional name, Anindilyakwa. The Anindilyakwa people endeavour to live traditional lifestyles and the maintenance of cultural and ceremonial practices form an important part of their lives. While the dominant language is Anindilyakwa, most people speak English as a second language. The Anindilyakwa people are also divided into 14 clans and representatives of the clans and communities come together to form a Board for the ALC.

There are three Anindilyakwa communities in the Groote Archipelago, Angurugu and Umbakumba on Groote Eylandt and Milyakburra located on Bickerton Island. Linked to those communities are 11 homelands or satellite communities. There is also a town, Alyangula, built by the Groote Eylandt Mining Company (GEMCO) to accommodate and provide services to its workforce for its manganese mine. There are about 1600 Aboriginal people living in the Groote Archipelago and about 1000 non-Indigenous people, mostly living at Alyangula.

Alyangula is one of two locations earning the highest incomes in the Northern Territory because of a highly skilled and paid workforce made up of non-Indigenous people. However, the socio-economic profile for Anindilyakwa traditional owners is much the same as it is for Aboriginal people living on Aboriginal land in the rest of the Northern Territory. It has the widest gap in life outcomes between Aboriginal people and the wider community of any jurisdiction in Australia and low life expectancy, poor educational results, and high unemployment have been characteristic of Anindilyakwa since they first had contact with mainstream Australia. Royalty flows to Anindilyakwa as a result of manganese mining promise are now making a stronger contribution to the social and economic development of Anindilyakwa but much of the funds are being used to construct and sustain urgently needed infrastructure already built in mainstream Australia.

#### Where we are

The Groote Archipelago is located in a very remote and isolated part of the Northern Territory, on the western side of the Gulf of Carpentaria, approximately 640 kms south east of Darwin and some 50 kms off the Arnhem Land coast. All of it is Aboriginal land although GEMCO has special purpose leases for Alyangula and mineral leases to support its mining operations, and government organisations have leases for housing and other public services.

The cost of living is much higher in the Groote Eylandt archipelago than it is for Darwin or mainstream Australia because of its isolation, small population and lack of an effective market economy. There is a barge service that delivers general cargo for all of the communities in the Archipelago. Otherwise, the population is totally dependent on air services to access Darwin and Cairns for hospitals, to attend boarding colleges, for employment, to visit their families and to interact with government and the mainstream private sector. The Groote Eylandt airport is a 25 minute flight south from Nhulunbuy on the Gove Peninsula and a 1.5 hour flight from Darwin.

#### Air Route Service Delivery in the Groote Archipelago

An airport services Groote Eylandt. It is operated by GEMCO and is located north of the community of Angurugu on a mineral lease held by GEMCO. The airport has one runway with an asphalt surface. Umbakumba and Milyakburra also have dirt airstrips which are used for medical evacuations and for private charters.

The airport provides a regular passenger transport (RPT) service, delivered by Airnorth Pty Ltd. Airnorth, a wholly owned subsidiary of Bristow Helicopters (Australia) Pty Ltd, is now the major aviation operator in Northern Australia and has a corporate alliance with Qantas. It provides about 25 scheduled RPT flights to and from Darwin to Groote Eylandt on a weekly basis and some of those stop in Gove. The cost of a return flight from Darwin to Groote Eylandt is very high at about \$1,040 (including taxes of \$140). The service is normally provided by a 30 seat EMB120 turbine propeller aircraft.

Alliance Airlines and Air North have also been contracted by GEMCO to provide services for its workforce to fly in and out of Cairns to Groote Eylandt and currently there are 4 flights a week.

## Response to Inquiry Terms of Reference

### *Social and economic impacts of air route supply and airfare pricing*

As there is obviously no road nor any ferry access, air services are vital for the social and economic development of the Groote Archipelago to support the delivery of and access to education, health, justice, welfare, employment, recreation, cultural and other services for Anindilyakwa and everyone else living here.

We recognise that this is not just the case for Groote Eylandt and we remain concerned about the fragile situation across Arnhem Land in relation to all air services starting with RPT services. It is not just the high costs of airfares. There are cancellations of RPT services without warning, overbooked flights and unexpected reductions in services.

There is no doubt that the impact is to drive up the cost of human and business services. We know that problems with air services adversely affect the service delivery on a day to day basis for us, other Anindilyakwa organisations and government agencies like NT Health and NT Education. But the Anindilyakwa also struggle with many barriers to establishing businesses that are viable but the high costs of air services and service disruptions is a major one. We are being hampered in establishing a local economy which is so important to the future of this region.

However, it is also having a significant and adverse impact on the culture of Anindilyakwa people. For Anindilyakwa people, the Groote Archipelago is their country and they have a spiritual responsibility to care for their land and the persistently high cost of airfares is restricting their ability to do this. The situation is not as it was before the arrival of mainstream Australia. Now, they often need to travel within the Archipelago and beyond, particularly to the mainland around Numbulwar for ceremonies, to fulfil family commitments including attending funerals, and to meet the responsibilities under their own Law.

We want to draw the Committee's attention to another negative impact which is responding to the high needs of sufferers of Machado Joseph Disease and their families. This is a debilitating condition which has its highest prevalence in the world on Groote Eylandt where at least 5% of the population are currently symptomatic or at risk. Those who suffer from it need high intensive care and there are many costs associated with supporting them and their families. One of those is the cost of airfares to and from Groote Eylandt. Renal disease is becoming a major threat on Groote Eylandt also and most sufferers and their families have no choice but to travel to Darwin for dialysis.

Regionally, there is concern about losing good professionals in areas such as health, education, and training, as people may not be attracted to an area that is expensive to live in and access. Also, many local businesses look to tourism as a growing industry in the region. However, this is hampered by the high cost of travel to and from the region for any tourists.

Finally, there is also the concern for people having to travel at the last minute when there is a crisis and they must travel urgently, the only tickets available are the highest priced tickets. Consequently if a family of four needs to travel urgently, they could pay up to \$4,000 return to Darwin. Many people travel to Darwin to visit family who have health issues and procedures such as dialysis or are in hospital in critical care. The situation is creating enormous financial strain for families and it is time it was addressed by the Australian and Northern Territory governments in collaboration with Air North and GEMCO.

*Different legal, regulatory, policy and pricing frameworks and practices across the Commonwealth, states and territories*

We understand that regional aviation, known as intra-state air services, are considered by the Commonwealth to be a state responsibility. It is surprising to us, however, that unlike in most other state jurisdictions, intra-state air services are completely unregulated in the Northern Territory. It is not a state but more importantly its population is small and the market economy does not operate much beyond Darwin and Alice Springs.

In such an environment, we would have thought that regulation, at least a light form that included monitoring and a complaints mechanism, was needed to respond to the risks linked to monopolies forming such as exorbitant pricing and other anti-competitive practices.

While we understand that intra-state air services are and continue to need to be commercial, no regulation at all appears to us to be against the interests of remote regions like the Groote Archipelago.

The result is that as far the Anindilyakwa Land Council is aware, there is no monitoring of RPT services including pricing by the NT Government and no capacity for groups such as the Anindilyakwa who are aggrieved by the current situation to complain (there is no Ombudsman for airline services for example). Nor are we aware of any capacity in NT Consumer Affairs or the Australian Competition and Consumer Commission to investigate complaints or conduct inquiries. This is not fair to the consumer in our view, particularly to vulnerable Australians such as Anindilyakwa traditional owners who have only had limited contact with mainstream Australia for less than 100 years, and remain grounded in their own language and culture.

The need for a cost-effective regulatory regime in remote Northern Territory cannot just be a responsibility for the Territory Government to pursue. The Territory's population, budget and capacity is small and the Commonwealth has been involved in its administration after self-government in 1978, particularly in relation to Indigenous Affairs. The Commonwealth needs to support the Northern Territory actively in addressing the current problems with air route service delivery into locations like the Groote Archipelago.

*How airlines determine fare pricing*

Anindilyakwa Land Council assumes that there are a number of factors at play in determining prices but in a market economy, supply and demand are critical. In the case of air services into remote parts of the Northern Territory such as the Groote Eylandt archipelago, it is not evident that the market forces are operating in the normal way, particularly because of the low numbers and small aircraft. How fares for RPT services are priced into Groote Eylandt is not clear to us and there is no transparency other than to identify the cost of taxes when booking. We assume that Airnorth would be in a position to explain this but we note it has not made a submission to the Inquiry which we think is very disappointing. In the meantime, the ALC accepts that the remoteness of the Groote Archipelago leads to higher costs in fuel, operating systems and aircraft maintenance, all of which will contribute to the overall pricing of flights. However, we are not satisfied that these are the only factors at play.

*The determination of airport charges for landing and security fees, aircraft type and customer demand*

The Anindilyakwa Land Council has no knowledge of how charges and fees for landing and security and aircraft type are determined. It would be useful if the Committee in its report on the inquiry could provide further information on this. However, we believe the Commonwealth and Territory Governments could act together to waive these costs in the case of airports in very remote locations like Groote Eylandt and Gove as we believe they are passed on directly to the consumer.

*Pricing determination, subsidisation and equity of airfares*

The Anindilyakwa Land Council is very concerned that an agreement it had reached with GEMCO around subsidising and equity of airfares for traditional owners with GEMCO employees appears to have fallen through. In 2016, because of the impact of high airfares and service problems, the ALC reached agreement with GEMCO that Anindilyakwa organisations could access GEMCO air charters and accommodation for traditional owners, contractors and staff.

After the agreement was reached, there was an immediate positive change for traditional owners and their support base who were able to access much cheaper charter flights into Cairns twice a week.

However, after six months one of the two weekly charters was cancelled by GEMCO even though the ALC had brokered joint funding for that charter. In early 2017, after GEMCO started to offer FIFO employment to its residential workforce, there was an upswing of demand and GEMCO entered into a contract with Airnorth for another charter to fly to Cairns. However, it was only made available for GEMCO staff. Now, the ALC is aware there is spare capacity on this charter that could be used for traditional owners and their support staff to access cheaper fares. However, we understand that Airnorth is unable to create a booking system to enable Anindilyakwa to be able to book seats on this flight. Accordingly, despite negotiating an agreement with GEMCO in 2016, our efforts at this stage have come to nought.

We alert the Committee to this particular situation not to harm in any way the reputations of Airnorth or GEMCO but to relay our frustration that the Anindilyakwa Land Council has been trying to find solutions itself to the problems with the current RPT services to Groote Eylandt and how difficult it is to achieve a fairer outcome for the traditional owners.

*Airline competition within rural and regional routes*

There is a distinct lack of competition in the intra and inter-regional RPT air services for the Groote Archipelago and Arnhem Land as a whole. Anindilyakwa Land Council considers Airnorth's route into Groote Eylandt to be a monopoly. The lack of competition is a key driver for higher fare costs to be absorbed largely by a very disadvantaged population. Fares and complaints have risen since the monopoly commenced.

In summary, the Anindilyakwa unlike most other Australians do not have a choice of who they fly with or how much they pay. This is not a good outcome and it is time that it was addressed by the Australian and Territory Governments.

*Consistency of aircraft supply and retrieval of passengers by airlines during aircraft maintenance and breakdown*

It is common for the Groote Archipelago to experience flight delays, cancellations and last minute changes occur with little or no notice impacting on services, families and business. Moreover, the Land Council receives frequent complaints that communications from the airline are almost non-existent, when flights are delayed or rescheduled.

We are advised that a pilot shortage has contributed to this. We also believe that aging fleet and maintenance issues are factors.

A longer term factor at play in our view is the lack of skills and knowledge to address carriage issues on the ground with the result that problems must be addressed in the bigger regions such as Darwin or Cairns. We think there is a way forward to build more capacity in regions like the Groote Archipelago through a partnership with Airnorth and other airline services that result in locals being able to do more.

*All related costs and charges imposed by the Civil Aviation Safety Authority*

We are not aware of what these costs and charges are. However, we think that the Australian Government could contribute to reducing high fares by waiving these costs for remote airports like Groote Eylandt and Gove in exchange for the air service providers reducing their fares by an equivalent amount.

*Any related matters.*

It is very disappointing that Air North does not appear to have made a submission to this important inquiry and we hope that it is able to appear before the Committee when it conducts its public hearing in Darwin on 5 April 2018. As a major user of its services, we would also have hoped that GEMCO had made a submission and sought to appear before the Committee.

The Anindilyakwa Land Council notes and supports the submission made by the East Arnhem Regional Economic Development Committee.

Anindilyakwa Land Council proposal for consideration by the Committee

The current problems with air route service delivery is placing Anindilyakwa traditional owners at a huge disadvantage – both the cost of travelling and the unreliability of the service.

The Anindilyakwa Land Council sees this Inquiry as an opportunity to start working on a solution. That must include both the Commonwealth and the Northern Territory, Air North, peak bodies representing traditional owners such as the Anindilyakwa Land Council, and in this case the East Arnhem Regional Economic Development Committee.

The Northern Territory Government must do more and lead a process for reaching a solution.

The solution could be in the form of a regional working group supported by its Department of Infrastructure which brings the parties together to broker a package of reforms that will lead to a significant reduction in prices and a better service. That package should apply to all of Arnhem Land including the Groote Archipelago. A key feature of the package should be the introduction of a discounted fares for residents scheme similar to the one developed by Qantas in remote WA which offers discounts of around 30%.

In exchange, the Federal and Northern Territory Government should be able to offer a cost reduction package including a fuel subsidy for airports in very remote locations, and reducing airport taxes and fees that are passed onto the consumer. A guarantee by the Northern Territory and Commonwealth of paid seats on the routes into Arnhem Land, which Government officials regularly use, could also be included.

Anindilyakwa Land Council  
28 March 2018