

Executive Summary

It is recommended that the Northern Territory Government invest in the critical enabling infrastructure at Alice Springs Airport that will grant it designation as 'Restricted Use International' Airport by the Australian Government.

This designation will allow the NT Government, along with Alice Springs Airport Management, to attract both international and domestic airlines to connect the Territory directly to key inbound tourism markets.

International Airport designation builds off the Territory's two key strategic advantages:

1. Its geographic positioning of being under the flight path of millions of visitors each year, and
2. Its proximity to Australian tourism icons, Uluru, Kings Canyon and Alice Springs.

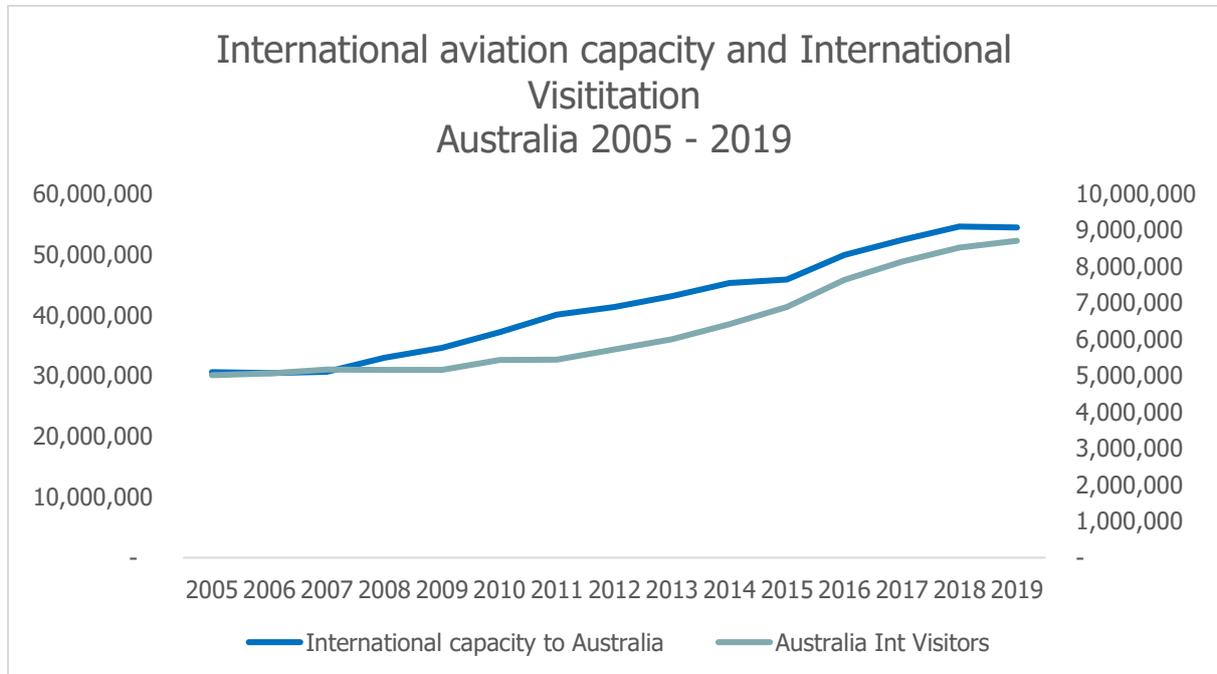
It is forecasted, by 2030 and with international flight capabilities, overseas visitor movements at Alice Springs Airport to be 143k. This results in an estimated direct tourism expenditure of up to \$111 million per annum (based on 2019 international visitor spend).

In addition to direct tourism spend, this increase in visitation is estimated to support 176 new jobs and \$44 million in value added GRP.

Background

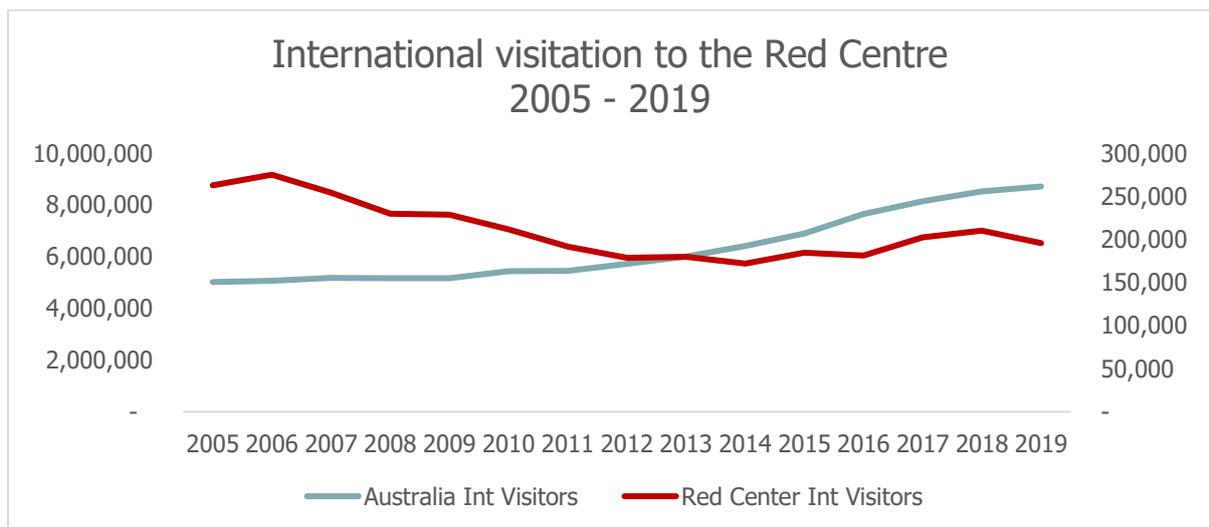
International visitation to Australia has increased by 60% since 2010. This demand has been tracking to the increase in international connectivity to Australia over the same period (**Figure 1**).

Figure 1 - International aviation capacity and visitation, Australia 2005-2019



International visitation, however, to the Red Centre (Alice Springs and Uluru Regions) have declined 7% over the same period (**Figure 2**).

Figure 2 - International visitation to the Red Centre 2005 -2019



Despite international visitor demand not tracking to that of Australia, the Red Centre's demand was sufficient enough to attract Japan Tourism Bureau (JTB) and Japan Airlines (JAL) to operate a charter series to Alice Springs in 2018. These services saw 292 visitors arrive over the three flights resulting in an estimated 1,440 additional visitor nights and up to \$2 million in direct visitor spend to the Northern Territory.

The JAL services were approved under Alice Springs Airport's temporary First Point of Entry (FPOE) determination. In June 2021, Alice Springs Airport will lose this determination due to its facilities not meeting the new requirements introduced by the Department of Agriculture's Biosecurity Act 2015.

In early 2020, Alice Springs Airport and the Northern Territory Government (Department of Tourism, Sport and Culture) commissioned two bodies of work to:

1. Identify international prospects for Alice Springs and
2. to determine if the infrastructure build required to support whole of Government international designation requirements (Department of Agriculture, Department of Home Affairs, and Department of Infrastructure, Transport, Regional Development and Communications) could be housed within the current Alice Springs Airport terminal.

Alice Springs' International Prospects

The Ailevon Pacific Aviation Consulting (APAC) Report (2020) highlighted the importance of the 'Red Centre' as a tourism destination for the Northern Territory as it represents 70% of all international visitors.

As 94% arrive from gateways outside of the Northern Territory, connectivity to key inbound markets is heavily reliant on the aviation development efforts from other states and respective airports who may not have onward connectivity to Alice Springs as a priority. In actual practice, the airlines they attract will be incentivised to connect passengers on its own network, resulting in itineraries that start and finish from major Australian gateways in which the carrier serves.

The APAC Report highlighted the expected 54% growth in international visitation to the NT over the next 10 years, driven by the growth in Asia. The Report also highlighted new aircraft technology, primarily in narrow-body aircraft types, which will allow airlines to fly longer distances with the requirement to sell greater number of seats needed if operating wide-body types. Alice Springs is well positioned geographically to benefit from both the growth in visitation from Asia and new aircraft technologies.

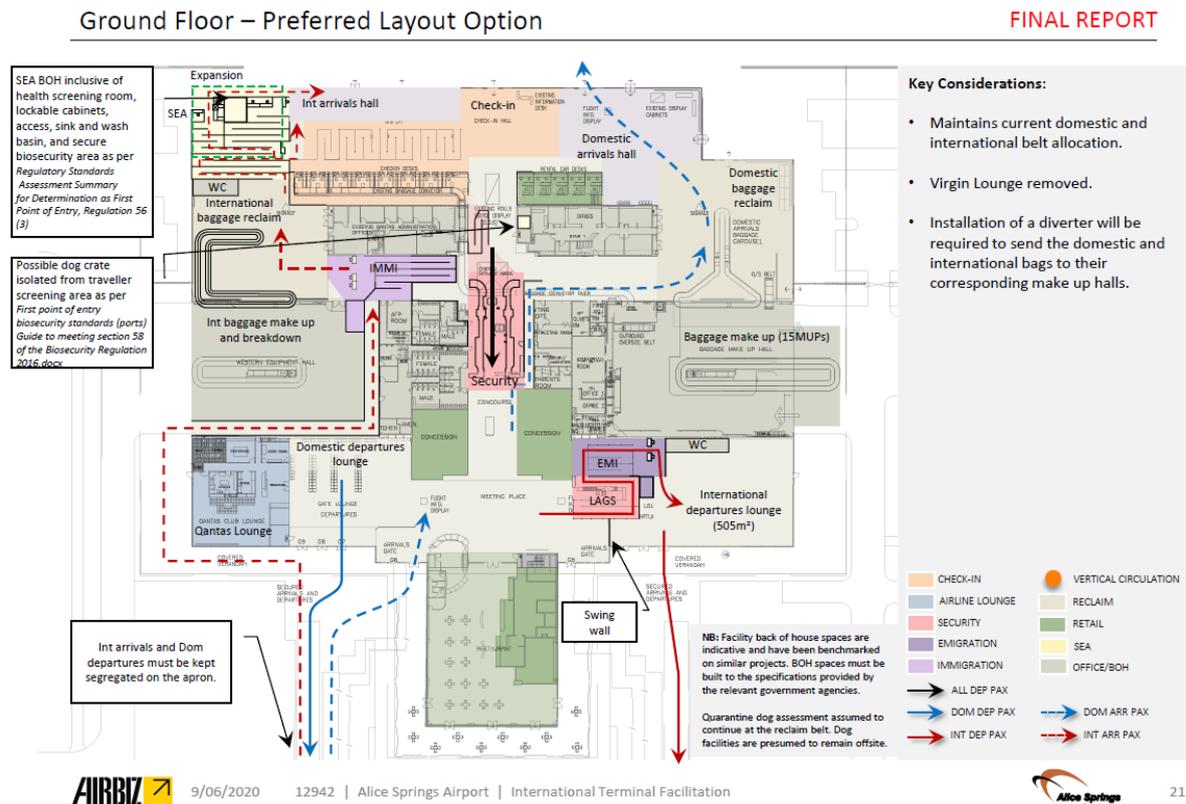
With the ability to accommodate international operations, the Report forecasts an increase in overseas visitor movements at Alice Springs Airport to increase from zero in 2019 to 143,000 in 2030. Based on the findings in the Economic and Social Impact Analysis by ACIL Allen Consulting (2019), this is expected to result in up to \$111 million in direct visitor spend (2019 values), 176 additional jobs, and value added GRP of \$44 million.

In addition to the increased movement of passengers, these new international connections from Alice Springs will enable new international cargo and freight driven economic value for the region.

Infrastructure requirements for international designation

The 2020 report by Airbiz found that it is possible for Alice Springs Airport to conduct a dedicated international service, at the same time as domestic services and under one roof (with minor alterations), without the need for an additional terminal.

Figure 3 - International Facilities Layout - Preferred option



Timeline (Indicative)

Activity	2020				2021				2022				2023			
	Q1	Q2	Q3	Q4												
NT Airports Board approval																
Financing																
Detailed design																
Commonwealth approval																
Construction																
Int. Service Commencement																

Conclusions

International Designation is vital for the Northern Territory to take its international aviation development into its own control. Currently, Alice Springs Airport is not able to facilitate international operations during periods coinciding with domestic services. To be able to operate concurrent international and domestic operations, investment in terminal infrastructure is required. The Airbiz Report had identified that Alice Springs Airport is able to handle the requirements of the Government Agencies within the current terminal.

The APAC Report identified that the opportunity for non-stop international services exist. To be able to effectively secure these services, the terminal infrastructure required by Government Agencies must be completed. The key reason for this is the short timeframe between an airline’s decision to operate and service commencement. The time required to build required infrastructure would deter airlines from committing to operations resulting in lost opportunities for the Northern Territory.

If successful in securing international services to Alice Springs, the forecasted annual economic impact to the region is \$111 million in direct visitor spend (2019 values), 176 additional jobs, and value added GRP of \$44 million.

In addition to this, new cargo and freight opportunities will arise from passenger aircraft connectivity.