



Western Queensland Alliance of Councils

PRODUCTIVITY COMMISSION INQUIRY – DETERMINANTS OF REGIONAL AIRFARES

INITIAL SUBMISSION

MARCH 2026

EXECUTIVE SUMMARY

The Western Queensland Alliance of Councils (WQAC) is a collaborative alliance between three regional organisations of councils in Western Queensland – North West Queensland Regional Organisation of Councils (NWQROC), Remote Area Planning and Development Board (RAPAD), and South West Queensland Regional Organisation of Councils (SWQROC). These three bodies represent 25 local government areas across the North West, Central West, and South West regions of Queensland, covering over 60% of the state's landmass but home to less than 2% of its population – transport connectivity and affordability is key for this region.

Formed to provide a unified voice for remote and rural communities, the WQAC focuses on addressing the unique economic and structural challenges of Western Queensland, including infrastructure deficits, digital connectivity, and sustainable population growth. By coordinating policy advocacy and regional planning, the WQAC works to ensure that the significant economic contributions of Western Queensland – particularly in agriculture, resources, and tourism – are supported by long-term, productivity-enhancing investment and equitable service delivery.

Regional aviation in Western Queensland operates as essential infrastructure rather than a discretionary service, yet current market and policy settings do not deliver equitable access, affordability or reliability.

The Australian Government has directed the Productivity Commission to undertake an inquiry into the determinants of regional airfares. This inquiry responds to longstanding concerns regarding the affordability, frequency and reliability of air services in regional and remote Australia. It seeks to better understand the cost structures, market dynamics and policy settings influencing regional aviation outcomes, and to identify opportunities for reform to improve access, affordability and service quality.

WQAC welcomes the opportunity to contribute to this inquiry, and this submission provides evidence from Western Queensland communities on how regional aviation affects local economies, service access and population sustainability. WQAC also highlight that 'regional' aviation in Queensland differs significantly between the routes and services supporting areas such as Townsville, Mackay and Cairns, as compared to the 'regional' air services supporting rural and remote areas, for example such as Charleville, Birdsville, Mount Isa and Doomadgee.

This submission addresses the Commission's Terms of Reference, including:

- Analysis of the determinants of regional airfares and the drivers of price disparities between regional and metropolitan routes
- Identification of the key drivers of demand for regional air services
- Examination of barriers to entry and expansion in regional aviation markets
- Assessment of policy and regulatory settings impacting pricing, competition and service levels
- Consideration of the role of government and effective policy interventions
- Evaluation of the economic and social impacts of regional airfares, including implications for Closing the Gap outcomes

The evidence presented in this report clearly highlights that aviation in Western Queensland operates within a structurally constrained rural and remote environment characterised by small and dispersed populations, long travel distances, limited competition and high operating costs. These factors contribute to persistently higher airfares, limited service flexibility and reduced reliability compared to metropolitan routes.

In addition, local governments play a critical, and often under-recognised, role in sustaining the rural and remote aviation system. Councils are responsible for owning and operating airport infrastructure, frequently at a financial loss, meaning they are effectively subsidising essential air services for their communities.

Without targeted and coordinated policy intervention, these structural challenges will continue to limit access to essential services, constrain economic development and contribute to ongoing population decline in rural and remote areas.

This submission identifies a set of policy reforms aimed at improving affordability, reliability and access to regional air services. These include targeted passenger subsidies, improved market transparency, more sustainable funding models for rural and remote airports, regulatory reform, and greater national coordination of regional aviation policy.

SUMMARY OF FINDINGS & RECOMMENDATIONS

Key findings from this analysis are summarised below:

- **Structural cost drivers underpin higher airfares**

Rural and remote airfares are structurally higher than those observed on metropolitan and coastal routes due to low passenger volumes, long travel distances and limited economies of scale. Fixed operating costs must be recovered across a smaller passenger base, resulting in higher cost per seat. These conditions are inherent to remote aviation markets and cannot be resolved through competition alone, with reliability and service availability also constrained by these structural factors.

- **Demand is driven by essential, non-discretionary travel**

Demand for air services in Western Queensland is primarily driven by access to essential services, particularly healthcare, education and government functions. This demand is largely inelastic, meaning that price increases do not significantly reduce travel needs, but instead impose financial hardship or restrict access.

- **Market dynamics result in inequitable access**

The composition of demand within rural and remote markets, including price-insensitive users such as resource sector operators and government travel, can distort pricing outcomes and reduce availability for local residents. In addition, booking dynamics such as corridor lockout and pre-booking practices limit access to services for more remote communities. These factors result in inequitable access to air services across the region.

- **Infrastructure and funding constraints limit system performance**

Rural and remote airports are critical enablers of aviation services but are predominantly owned and operated by local governments with limited financial capacity. Councils are required to maintain compliant infrastructure, often at a significant financial loss, while also facing barriers to accessing funding for upgrades, including co-contribution requirements that exceed local government capacity. Infrastructure limitations are constraining service expansion and limiting economic opportunities.

- **Regulatory settings impose disproportionate costs**

Current regulatory frameworks adopt a one-size-fits-all approach, particularly in aviation security which covers major international airports and small remote aerodromes. This does not adequately reflect the scale and risk profile of rural and remote aviation. Compliance requirements also only ever increase (not decrease) without fully addressing the significant costs they impose on operators and councils. These costs are ultimately passed through to passengers and contribute to reduced service flexibility and reliability. There is limited alignment between regulatory burden and demonstrated benefit in rural and remote contexts.

- **Fragmented policy settings reduce effectiveness of government support**

While all levels of government provide support to regional aviation, these interventions are not always coordinated and are primarily focused on maintaining service continuity rather than improving affordability and access, with limited effective mechanisms to support affordability for essential travel. There is an opportunity for more integrated and strategic policy settings to improve outcomes.

- **High costs and limited reliability are impacting rural and remote communities**

The cost and reliability of air services are having measurable impacts on rural and remote economies and communities. These include constrained tourism growth, reduced business investment, workforce attraction challenges and population decline. High airfares, limited access and service reliability constraints also disproportionately impact First Nations communities and undermine broader policy objectives, including Closing the Gap.

RECOMMENDATION 1: DIRECT PASSENGER SUBSIDIES AND CAPPED FARES

To ensure equitable access to essential services and economic opportunities, the Australian Government should introduce direct passenger subsidies for residents of rural and remote communities.

This should include capped fare models on selected routes, including those in Western Queensland, to ensure affordability for essential travel, particularly for medical, education and family-related travel, including mechanisms to support short-notice and emergency travel where fares are typically highest.

RECOMMENDATION 2: IMPROVE PRICE TRANSPARENCY

The Australian Competition and Consumer Commission (ACCC) should expand its oversight of the domestic aviation sector to improve transparency in rural and remote markets.

This should include the regular publication of data on airfare levels, capacity, load factors and on-time performance, as well as monitoring and reporting on reliability, access and affordability outcomes over time, to support accountability and inform policy, regulatory and investment decisions.

RECOMMENDATION 3: SUPPORT SUSTAINABLE OPERATION OF RURAL AND REMOTE AIRPORTS

The Australian Government should provide targeted, ongoing funding to support the operation of rural and remote airports, recognising their role as essential infrastructure.

This should enable local governments to operate airports on a cost-neutral basis and reinvest in infrastructure required to maintain safety, compliance and service capacity, including through multi-year funding agreements that provide greater certainty for asset management, investment planning and airline service provision.

RECOMMENDATION 4: REVIEW AVIATION REGULATORY SETTINGS FOR RURAL AND REMOTE CONTEXTS

The Australian Government should undertake a targeted review of aviation-related regulation, including safety, security and compliance frameworks, to ensure they are proportionate, risk-based and fit-for-purpose for rural, remote and regional aviation environments.

This review should identify regulatory requirements that impose disproportionate costs relative to their benefits and support the adoption of performance-based or tiered regulatory approaches, reflecting the scale, activity levels and risk profiles of different regional airport and service contexts.

Regulatory settings should be coordinated across all levels of government to avoid conflicting compliance obligations and duplication.

RECOMMENDATION 5: ESTABLISH NATIONAL STANDARDS FOR REGIONAL AVIATION

The Australian Government should establish a framework of national standards for regional aviation to ensure consistent access to affordable, reliable air services across jurisdictions.

This should include minimum service levels, reliability benchmarks, access and availability requirements (including protections against corridor booking lockout and mechanisms to release unused pre-booked seats), fare transparency requirements and protections for rural and remote passengers.

RECOMMENDATION 6: ADOPT MORE APPROPRIATE RURAL AND REMOTE FUNDING MODELS

The Australian Government should adopt more flexible co-contribution models for rural and remote aviation infrastructure funding that reflects the financial capacity of local governments.

This should include reduced co-contribution requirements for local government, including consideration of significantly lower contribution thresholds for remote and very remote councils, and expanded funding for programs such as the Regional Airports Program and Remote Airstrip Upgrade Program.

RECOMMENDATION 7: SUPPORT INNOVATION AND LONG TERM SUSTAINABILITY

The Australian Government should expand support for innovation in regional aviation, including Sustainable Aviation Fuels and next-generation aircraft, to improve long-term cost efficiency, fuel security and environmental outcomes, with targeted support mechanisms to enable adoption in rural and remote markets where commercial uptake may otherwise be constrained.

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1. INTRODUCTION

1.1 BACKGROUND

Regional aviation in Western Queensland operates as essential infrastructure rather than a discretionary service, yet current market and policy settings do not deliver equitable access, affordability or reliability. The Western Queensland Alliance of Councils (WQAC) has prepared this submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares.

WQAC represents twenty-five local governments across Western Queensland whose communities rely heavily on regular air services to access essential services, economic opportunities and social connections. For many communities in the region, aviation is not discretionary travel but an essential form of connectivity due to the long distances between regional centres and major service hubs. WQAC also highlights that 'regional' aviation in Queensland differs significantly between the routes and services supporting areas such as Townsville, Mackay and Cairns, as compared to the 'regional' air services supporting rural and remote areas, for example such as Charleville, Birdsville, Mount Isa and Doomadgee.

The Productivity Commission inquiry provides an opportunity to highlight the structural challenges facing regional aviation markets and the impacts of airfare levels, service availability and regulatory settings on remote communities.

AEC Group Pty Ltd (AEC) has been engaged by WQAC to support the development of the submission, including compiling the evidence base, analysing available data and capturing the perspectives of Western Queensland councils and regional stakeholders.

1.2 PURPOSE

This submission provides the Productivity Commission with evidence-led insight into the unique drivers of rural and remote airfares within Western Queensland. Leveraging the experience and data of the member councils, this submission plans to ensure that the structural and economic challenges of the Western Queensland – where aviation is an essential service rather than a discretionary choice – are reflected in the inquiry's findings.

WQAC seeks to inform the Commission's recommendations to ensure adequate support for the rural and remote aviation network and remote communities. This submission:

- Demonstrates how current airfare pricing directly influences the regions productivity, affects migration patterns, and impacts "Closing the Gap" outcomes in remote communities.
- Provides a view of the high net costs borne by local governments to operate and maintain critical airport infrastructure, often at a significant deficit to council finances.
- Evaluates the appropriateness of current regulatory settings and examines the potential for air freight to bolster the commercial sustainability of regular passenger services.
- Identifies the most effective forms of government intervention and policy alignment required to secure long-term, equitable air service connectivity for Western Queensland.

2. WESTERN QUEENSLAND – REGION OVERVIEW

WQAC member councils govern over 60% of Queensland's landmass (see Appendix E) but are home to less than 2% of its population. This is a region that is defined by vast distances, sparse population and unique socio-economic needs. Unlike metropolitan areas, Western Queensland operates within a thin market environment where the cost of connectivity acts as a significant burden.

The region currently faces substantial growth headwinds, including contracting Gross Regional Product (GRP) and a lack of industrial diversification, leaving the local economy vulnerable to seasonal fluctuations.

Social isolation and community fragmentation is worsened by a projected population decline and a lower proportion of residents over 65, suggesting that those with the highest care needs are often forced to migrate out of the region to access essential services. This demographic shift represents a significant loss of social capital and familial support structures, as elderly residents move away from their communities to secure healthcare and aged care services that are unavailable locally. The critical shortage of local health professionals and the higher rates of potentially avoidable death highlight a disparity in health service delivery compared to the rest of the state.

For Western Queensland, connectivity is not a discretionary luxury but a fundamental requirement for economic development and equity in service outcomes. The following data points further highlight regional challenges:

- GRP has declined by an average of 1.5% per year over the past five years. However, GRP per capita in Western Queensland (\$176,450) is nearly double Gross State Product (GSP) per capita (\$95,263).
- Labour productivity increased 4.1% in Western Queensland in 2024-25, significantly higher than Queensland at 1.7%. However, over the last 4 years Western Queensland labour productivity fell on average 1.8% per year, rising 0.2% in Queensland over the same period. In absolute terms, output per worker is around 50% higher in Western Queensland than Queensland as a whole.
- The economy is heavily dominated by mining (36.0%), followed by Agriculture (18.3%) and Construction (5.3%).
- Growth in the number of businesses slowed to 1.5% over the last three years, which is nearly half the state average of 2.8%.
- Recent employment growth was flat over 2024-25, with a five-year average of 0.9% compared to 3.1% across Queensland.
- The population is projected to decline by 0.3% annually through to 2046.
- In the 2021 census the Western Queensland unemployment rate was half the state rate, but Indigenous unemployment rate in Western Queensland was more than five times higher than that of non-Indigenous residents.
- 2021 Census also found that residents in Western Queensland reported poorer self-assessed health than the Queensland average.
- In 2024 there are only 61.1 healthcare and social assistance workers per 1,000 residents, which is significantly lower than the Queensland average of 85.2.
- Rural and remote Queensland records the higher rate of avoidable, premature and cancer related mortality than in major cities.
- Only 16.7% of the estimated population in 2026 is over 65 (compared to 18.4% statewide), indicating that older residents with greater health needs frequently have to leave the region.
- Students in Western Queensland recorded notably lower rates of school attendance in 2025 than their metropolitan counterparts.

3. WESTERN QUEENSLAND – AVIATION CONTEXT

3.1 WESTERN QUEENSLAND RURAL & REMOTE AVIATION OPERATING ENVIRONMENT

Regional aviation in Queensland spans an extraordinary range of communities – from Cairns, a regional centre of around 175,000 people, to Birdsville, home to approximately 110 residents. The challenges these communities face are fundamentally different. In Western Queensland, the population is not only small in absolute terms but dispersed across a vast land area encompassing dozens of small towns, remote stations, and communities with limited alternative means of access.

The focus of this submission is these rural and remote communities that rely on a network of airports for regular passenger air services to maintain connectivity with major regional centres and capital cities.

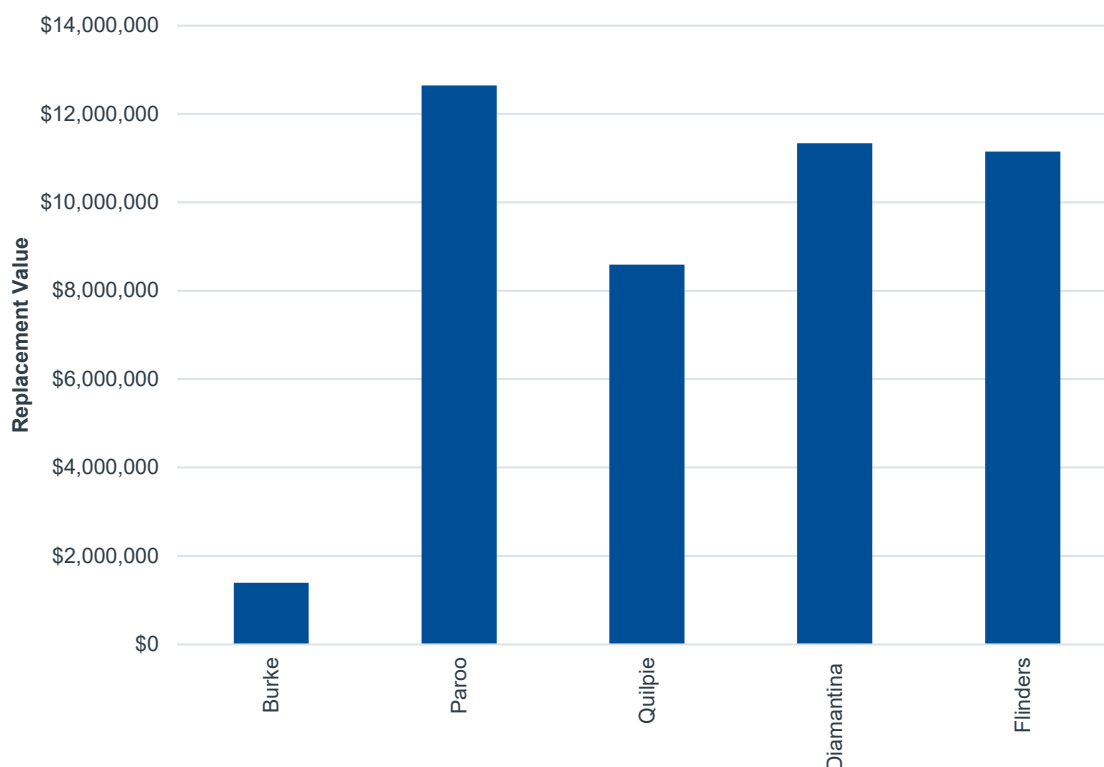
Air services in Western Queensland operate across a mix of regulated and commercial routes linking towns such as Mount Isa, Charleville, Quilpie, St George, Birdsville, Bedourie, Windorah, Cunnamulla, Doomadgee and Mornington Island with larger service hubs including Brisbane, Townsville, Cairns and Toowoomba. These services support a wide range of travel purposes including medical appointments, education, government service delivery, business travel, tourism and family connections.

Passenger services on many Western Queensland routes are typically operated using smaller regional aircraft with seating capacities generally ranging between approximately 19 and 34 passengers. QantasLink have recently rationalised their regional fleet to the Dash-8 Q400 aircraft with ~74 seat capacity. These aircraft types are well suited to the relatively low passenger volumes associated with remote communities but result in higher operating costs per passenger compared to larger aircraft operating on higher volume routes.

While reliability of air services is a concern raised in Western Queensland, on-time performance on regulated routes is around 85% – broadly comparable to services between larger cities (Rex Airlines, *pers. comm.*, 2026). In that narrow comparative sense, these routes are in line with metro routes for reliability, and perceptions to the contrary may reflect the period before Air T's takeover of Rex. However, the real issue is the consequence in rural and remote areas (which may receive only one or two services per week), where with such limited services, a late or cancelled flight, can strand a passenger for days with no alternative. It is the low volume of services that makes the network vulnerable, not the rate of disruption itself.

Airports supporting these services are predominantly owned and operated by local governments. In addition to supporting regular passenger transport services, these airports also facilitate important functions including Royal Flying Doctor Service operations, emergency response, freight and charter aviation activity. Five WQAC councils provided information on the replacement value of their airports, ranging between \$1.4 million and \$12.6 million.

Figure 3.1: Airport Replacement Value of Select Western Queensland Councils, 2025



Source: WQAC (unpublished a).

Maintaining airport infrastructure in rural and remote communities presents material and ongoing financial and operational challenges for local governments. Councils are responsible for maintaining runways, terminal facilities, lighting and other aviation infrastructure, with limited opportunities to recover costs through airport charges or passenger volumes.

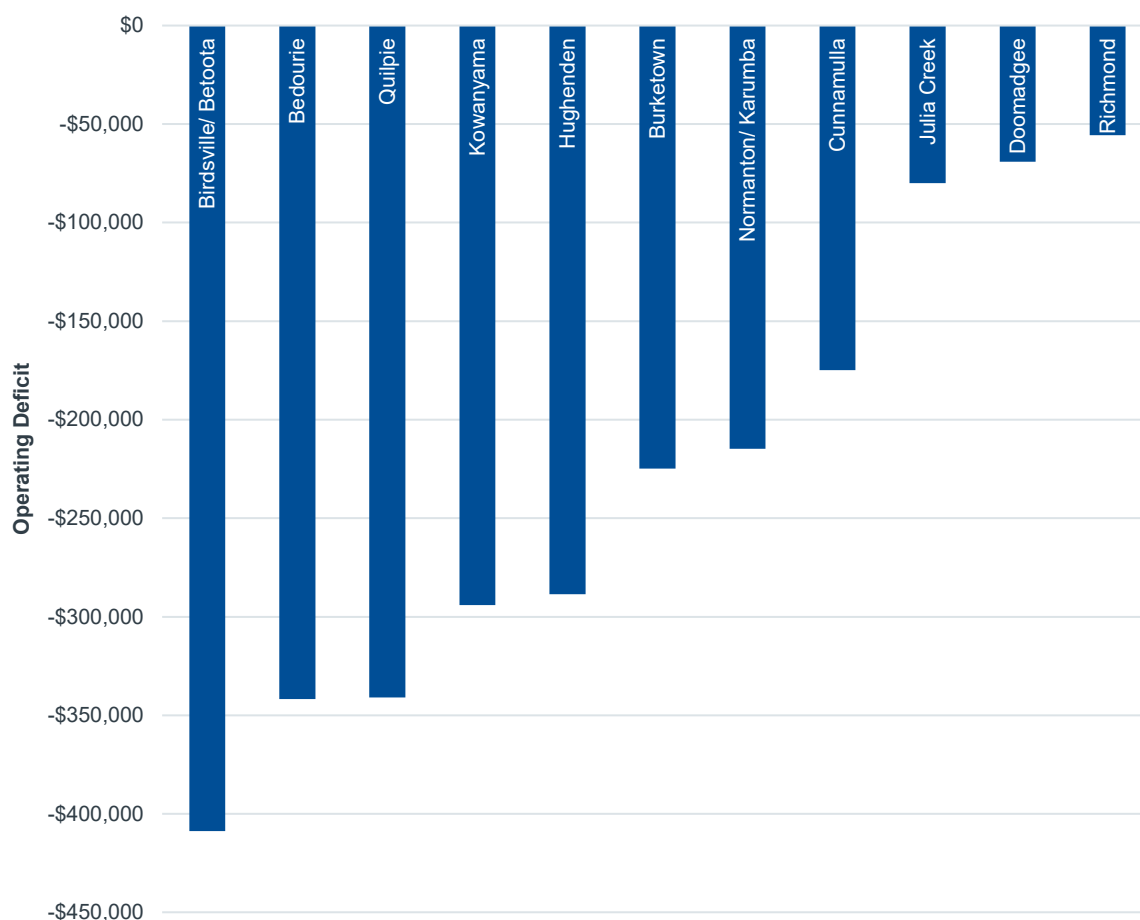
The capacity for smaller councils to maintain airports is significantly constrained and they are heavily, if not totally, reliant on grant funding to ensure they remain in appropriate condition. For example:

- Quilpie Shire Council indicates that it will need to undertake pavement reconstruction works in the near future at a cost of \$12 million to \$13 million
- Burke Shire Council indicates that it will need to undertake runway upgrade works in the near future at a cost of \$19 million.

With infrastructure costs increasing, it is envisaged that the ongoing operational and depreciation burden from the provision of local airports will also increase for the other WQAC councils.

Information on the financial performance of a number of WQAC airports was also obtained, with the following figure highlighting significant annual operating deficits. The provision of airports to service their local communities and facilitate airline access comes at a significant, ongoing cost to WQAC councils. Ongoing operational financial assistance to WQAC Councils from other levels of government would help overcome this burden.

Figure 3.2: Airport Operating Deficits of Select Western Queensland Council Airports, 2024/25



Source: WQAC (unpublished a).

As a result, regional aviation in Western Queensland operates within a complex environment shaped by geographic factors, small and dispersed populations, infrastructure costs and limited market competition. These structural characteristics influence both the availability of services and the price of air travel for rural and remote communities.

3.2 GOVERNMENT SUPPORT ACROSS THE WESTERN QUEENSLAND RURAL & REMOTE AVIATION SYSTEM

Regional aviation in Western Queensland is supported through a multi-layered framework of government funding and subsidy across all levels of government. This funding framework complements the operating environment described above, where local governments, airlines and higher levels of government each play distinct roles in sustaining rural and remote aviation services.

At the local government level, councils play a direct and ongoing role in subsidising aviation through the ownership and operation of airport infrastructure. Western Queensland councils are responsible for maintaining runways, lighting, terminal facilities and compliance with regulatory standards, often at a significant financial loss. In many cases, airport operations are not cost-recoverable due to low passenger volumes and limited ability to generate revenue through airport charges. As a result, councils effectively subsidise rural and remote aviation through their general revenue base, despite limited fiscal capacity.

At the Queensland Government level, support is primarily provided through regulated route contracts and targeted fare programs. Regulated routes underpin service delivery to many remote communities by setting minimum service levels, schedules and capped fares, with the Queensland Government providing subsidies to operators to bridge the gap between operating costs and revenue. In addition, the Queensland Government provides

infrastructure funding for regional airports through grant programs and supports affordability through initiatives such as resident fare schemes in selected regions.

At the Commonwealth Government level, support is delivered through a range of funding programs aimed at maintaining and improving regional aviation infrastructure and access. These include programs such as the Regional Airports Program, the Remote Airstrip Upgrade Program and broader regional development funding streams such as the Building Better Regions Fund. The Commonwealth also provides funding support for aviation security requirements at regional airports, which would otherwise impose a significant cost burden on local governments.

While these layers of support are critical to sustaining rural and remote aviation, they are rarely coordinated and are largely focused on infrastructure provision and service continuity rather than directly addressing the underlying drivers of airfare levels and service affordability.

This indicates that, despite significant public investment, current policy settings do not consistently translate into affordable, accessible and reliable air services for rural and remote communities.

3.3 KEY FINDINGS

- Rural and remote aviation in Western Queensland operates within a structurally constrained environment characterised by vast distances, low population density and limited alternative transport options.
- Local governments play a critical role in sustaining the aviation network through ownership and operation of airport infrastructure, despite limited financial capacity.
- Rural and remote airports are not commercially sustainable, with most operating at ongoing financial losses and requiring cross-subsidisation from council budgets.
- Significant capital investment is required to maintain and upgrade airport infrastructure to current standards; however, most councils are not able to afford these capital upgrades and are reliant on external grant funding to deliver essential works.
- Current funding and support arrangements are fragmented and insufficient to ensure the long-term sustainability of rural and remote aviation infrastructure.
- The existing operating and funding model places a disproportionate burden on local governments and does not reflect the essential service nature of rural and remote aviation.

4. DETERMINANTS OF AIRFARES & SERVICE OFFERINGS

This section addresses the Commission’s Terms of Reference relating to the determinants of regional airfares and service offering:

Analysing the determinants of regional airfares and service offerings, and the composition of factors that contribute to differences between airfares available on regional routes and those available between major cities, including airport fees and charges.

4.1 OPERATORS FACE UNIQUE ECONOMIC & GEOGRAPHIC CONDITIONS

The structural profile for aviation in Western Queensland means that without targeted policy intervention, airfare levels will remain persistently higher than metropolitan routes. Queensland is one of the most decentralised states in Australia with a large proportion of the State’s population living outside of the capital city. This is more acute in Western Queensland, being 60% of the State’s land mass (see appendix E) but only containing 2% of its population.

Table 4.1 shows the average distance between airports in each state with an aviation route. Only Western Australia has larger average distances than Queensland, and Western Queensland has larger distances than the State total (see Appendix C for a full list of WQAC airports with Regular Passenger Transport (RPT) services and Appendix D for a map showing regulated route airport locations).

Table 4.1. State Comparison of Aviation Route Distances

State	Destination (km)
Western Queensland	391
Queensland	359
New South Wales	275
Victoria	190
Western Australia	487
South Australia	296
Tasmania	188
Northern Territory	247

Source: BITRE (2026).

While navigating these distances, operators must manage many other unique challenges like extreme weather conditions and markets that, unlike major city routes, lack the volume to establish economies of scale necessary to recover costs. Fixed operating costs (pilots, maintenance, fuel) must be spread across fewer passengers.

Stakeholders have indicated that rural and remote aviation operations face a range of challenges that are difficult to predict and manage, but which impose significant costs. These include:

- Inflated fuel prices due to complex supply chains reliant on long haul road transport and limited supplier competition. For example, in March 2026, remote locations such as Burketown, Doomadgee and Normanton experienced fuel shortages due to flooding.
- Operational hazards are more prevalent in rural and remote areas, such as bird strikes, which can cost between \$20,000 and \$100,000 per incident in repairs and logistics.
- Extreme temperatures and weather conditions, which can require aircraft to operate below maximum capacity to meet safety requirements, resulting in the offloading of passengers or baggage.
- Workforce inefficiencies, where staff such as baggage handlers may be required for only a small number of flights per day but must be employed for full shifts.

These challenges are compounded by an aging regional aircraft fleet. There is no clear pipeline of replacement aircraft suitable for rural and remote markets, and the capital cost of upgrading to modern aircraft is significant, estimated at \$22 million – \$25 million per aircraft.

Airport and landing charges also contribute to the cost base. While not unique to rural and remote aviation, these costs are distributed across fewer passengers. Stakeholders indicated that airport charges can be up to \$40 per passenger and may account for approximately 13% of total operating costs (Qantas Group, 2023). While councils recognise their responsibility to maintain airport infrastructure, most council-owned airports continue to operate at a financial loss (see Section 4.2).

Collectively, these factors result in a structurally higher cost base for rural and remote aviation, which directly contributes to higher airfares compared to metropolitan routes.

4.2 REGULATORY SETTINGS ARE NOT FIT FOR PURPOSE

Current Commonwealth regulatory frameworks can be overly prescriptive and do not always reflect the operational realities of rural and remote aviation. A one-size-fits-all approach can impose disproportionate costs on smaller airports relative to passenger volumes and risk profiles.

For example, security screening standards can now cost regional councils up to around \$1.2 million per annum for equipment maintenance and screening staff costs (Rex Airlines, *pers. comm.*, 2026; Rural and Regional Affairs and Transport References Committee, 2019).

In the WQAC council area Mount Isa is the only airport currently required to undertake security screening. It is a Tier 2 security-controlled airport with a moderate volume of traffic servicing jet RPT services. Both Roma and Longreach previously undertook security screening, but Longreach is now a Tier 3 airport serviced by 70 seat propjet RPT services and is not required to screen passengers. However, Roma is a Tier 2 airport but is serviced by smaller propjet RPT services (less than 40 seats) and is not required to undertake passenger screening. Larger aircraft and/or more frequent services are likely to see passenger screening reintroduced at these airports with the costs flowing through to airfares and, in the case of Roma, impacting on the - limited revenue base of - the Maranoa Regional Council which owns and operates the airport. This is one area of regulation that needs to be reviewed to determine if and how it is still fit for purpose.

These compliance costs are typically passed through to passengers via airport charges applied to airlines, which are then reflected in airfare pricing. While some councils choose not to apply airport charges, this results in ongoing operating losses, typically ranging from \$100,000 to \$400,000 per annum depending on the airport, which is not sustainable given the limited revenue base of rural and remote councils.

In Queensland, a number of regional air routes operate under regulated arrangements with the state government. These routes ensure communities that would otherwise lack viable commercial air services maintain regular connectivity. Some routes also benefit from local fare schemes designed to reduce the cost burden on residents.

However, while these schemes provide service certainty and some price relief, these programs have limitations. Operators report that margins on regulated routes are thin, which can lead to cost recovery occurring on other parts of the network. This can result in higher fares for passengers on non-regulated routes.

Stakeholders also indicated that, in some cases, it is cheaper to travel via indirect regulated routes than to take direct services, resulting in longer travel times, reduced efficiency and unnecessary environmental impacts.

4.3 REMOTE COMMUNITIES ARE BEING DISADVANTAGED

Western Queensland aviation routes serve both regional centres and rural and remote communities. However, more remote communities face additional access constraints, including corridor booking lockout.

These challenges are exacerbated by demand distortions from price-insensitive users, including resource sector workers and government employee and contractor travel. On routes with high levels of this type of demand/ user, local residents face higher prices and significantly reduced availability.

CASE STUDY: Demand Distortion from Resource and Government Travel

Location: Mount Isa and other resource-linked corridors

Issue

Routes servicing major resource operations and government activity experience demand from users who are less price sensitive, including mining companies and public sector agencies.

Impact

This demand inflates airfare prices and reduces availability for local residents. In some cases, pre-booked seats by government users are not utilised, resulting in flights departing with empty seats while residents are unable to secure bookings.

Implication

Market dynamics in regional aviation do not operate as a typical competitive market, supporting the need for policy intervention to protect access for local communities.

Communities also face a “viability trap”, where increased industrial activity makes a route commercially viable, leading to the withdrawal of government support such as regulated services. This can result in reduced affordability and access for local residents.

Pre-booking of seats by government users can further constrain access, even when those seats are not ultimately used. Stakeholders reported instances where flights depart with empty seats that were unavailable for purchase by residents as they were pre-purchased, but not used, by government agencies.

Consideration should be given to requiring that unused pre-booked government seats are released within a defined timeframe prior to departure to improve access for local communities.

CASE STUDY: Corridor Lockout Limits Access for Remote Communities

Location: Western Queensland (multi-stop routes)

Issue

Passengers travelling on the first leg of multi-stop routes (e.g. Brisbane to Charleville) are able to book the majority of available seats, leaving limited or no capacity for passengers in further-west communities such as Windorah or Boulia.

Impact

Residents in these communities are unable to access flights even where services operate through their town, particularly for short notice travel such as medical or family emergencies.

Implication

This highlights a structural market failure where service availability does not equate to equitable access, reinforcing the need for policy intervention.

4.4 PASSENGERS ARE SUBJECT TO PRICE VOLATILITY & UNCERTAINTY

Passengers in Western Queensland face airfares that are consistently higher than those between major cities. A sample comparison of scheduled flights indicated an average rural and remote airfare of approximately \$360, compared to \$176 for inter-city routes. While rural and remote fares can be as low as around \$200, major city routes can be as low as \$85. Passengers flying from rural and remote communities to a major airport pay approximately four times more per kilometre than those travelling between major airports (see Appendix B).

In addition to higher average prices, rural and remote airfares are subject to significant volatility. Demand fluctuates throughout the year, with peaks during winter, school holidays and major events. Capacity constraints and limited flexibility in scheduling mean that increases in demand cannot always be accommodated.

Fare levels are also highly sensitive to booking timing. Flights booked at short notice or during peak periods can be prohibitively expensive, with stakeholders reporting fares of up to \$2,000. These high-cost fares often occur in situations involving essential travel, including medical, cultural, family or education-related trips.

External factors such as fuel price increases, airport charges and weather disruptions can also contribute to price variability. Stakeholders expressed concerns about a lack of transparency in pricing and perceived price increases during periods of high demand.

Improved price transparency would support better consumer decision-making and enable more effective policy responses. Expanding the role of the Australian Competition and Consumer Commission (ACCC) to include monitoring and reporting on rural and remote airfare pricing, capacity and performance metrics would improve accountability and inform future policy development.

Together, these factors demonstrate that higher rural and remote airfares are primarily driven by structural cost conditions rather than excessive margins, highlighting the need for targeted policy intervention.

CASE STUDY: High Cost of Last-Minute Travel

Location: Western Queensland (multiple communities)

Issue

Residents in Western Queensland frequently need to travel at short notice for essential reasons such as medical appointments, family emergencies or cultural obligations. Available seats on these flights are often limited.

Impact

Stakeholders reported fares of up to \$2,000 for last-minute travel. These costs are prohibitive for many residents, effectively restricting access to essential services and connections when they are most needed.

Implication

This demonstrates that current pricing structures do not accommodate essential travel needs in rural and remote communities, supporting the case for targeted passenger subsidies or capped fare mechanisms.

4.5 KEY FINDINGS

- Rural and remote airfares are structurally higher than metropolitan routes due to low passenger volumes, long distances and limited economies of scale.
- Fixed and variable operating costs, including fuel, maintenance, workforce requirements and fleet constraints, are spread across fewer passengers, resulting in a higher cost per seat.
- Rural and remote aviation is subject to a range of unavoidable cost pressures, including complex fuel supply chains, extreme weather conditions, operational hazards and an ageing aircraft fleet with high replacement costs.
- Airport charges and infrastructure-related costs, often driven by local government-owned airports operating at a loss, contribute materially to the cost base and are either passed through to passengers or absorbed by councils.
- Current regulatory settings impose disproportionate compliance costs on rural and remote operators and airports, which are ultimately reflected in higher airfares.
- Demand in key corridors is often inelastic and influenced by price-insensitive users (e.g. mining and government travel), distorting market outcomes and reducing availability for local residents.
- Capacity constraints and booking dynamics, including corridor lockout and pre-booking practices, limit equitable access to available services.
- Pricing outcomes are further distorted by existing policy settings, including regulated routes, which can create inefficiencies and shift cost recovery across the network.

- Price volatility is significant, with short-notice or peak-period travel often resulting in prohibitively high fares for essential trips.

5. MAIN DEMAND DRIVERS OF RURAL & REMOTE AIR SERVICES

This section addresses the Commission's Terms of Reference relating to the main drivers of demand for regional air services:

Identifying the main drivers of demand for regional air services.

5.1 AIR TRAVEL IS ESSENTIAL IN WESTERN QUEENSLAND, NOT A LUXURY

The primary driver of rural and remote aviation demand in Western Queensland is access to essential services that are not available locally. Stakeholders across all surveyed local government areas consistently identified health and medical travel as the highest priority demand driver (WQAC, unpublished a).

An ageing population in shires such as Barcoo and Paroo is increasing demand for specialist healthcare services, requiring frequent travel to major centres including Brisbane, Toowoomba and Townsville. For many residents, particularly the elderly and those in remote communities, road travel is not a viable option due to distance and accessibility constraints. As a result, reliable air travel is essential rather than discretionary.

Stakeholders also indicated that limited access to healthcare is a contributing factor to population decline, with residents leaving the region to access services elsewhere (WQAC, unpublished b).

The expansion of the National Disability Insurance Scheme (NDIS) has further increased demand for air services, with specialist service providers required to travel into the region to support participants (WQAC, unpublished a).

Aviation also plays a critical role in enabling access to education and government services. Students frequently travel to boarding schools in regional centres such as Townsville, Rockhampton and Toowoomba, while access to the justice system and government service delivery is often dependent on reliable air connections (WQAC, unpublished b).

CASE STUDY: Medical Access Driving Outmigration

Location: Barcoo, Paroo and surrounding shires

Issue

Access to specialist healthcare services is a primary driver of demand for air travel, particularly for older residents who cannot undertake long-distance road travel.

Impact

Councils reported that limited flight availability and high airfares are contributing to residents relocating to larger centres to access reliable healthcare. This results in population decline and increased pressure on rural and remote communities.

Implication

Affordable and reliable air services are critical to enabling people to remain in rural and remote communities and supporting broader policy objectives, including ageing in place and Closing the Gap.

5.2 SUPPORTING GROWTH VIA FAMILY & PROFESSIONAL CONNECTIONS

Western Queensland's labour market is characterised by a high reliance on itinerant and fly-in, fly-out (FIFO) workforces, which drives consistent demand for air travel. Since the COVID-19 pandemic, there has been increased reliance on fly-in medical, education and emergency services personnel, reflecting ongoing challenges in attracting and retaining local workforce capacity (WQAC, unpublished a)

Aviation is also fundamental to supporting business activity and economic development. Regional centres such as Charleville act as key access points for industries including agriculture, resources, carbon markets and emerging

sectors such as critical minerals. Businesses across remote areas require timely access to technical specialists, contractors and supply chains, which is often only achievable via air travel (WQAC, unpublished a).

Where flight schedules are limited or poorly aligned to business needs, travel inefficiencies arise. Stakeholders reported that business travellers are often required to extend trips over multiple days to accommodate flight availability, resulting in productivity losses for both private sector operators and local governments (WQAC, unpublished a).

Air travel also plays a critical role in maintaining family and social connections. Affordable and reliable flights influence whether residents, including retirees and working-age populations, remain in rural and remote communities or relocate closer to family networks and services.

High airfares can contribute to population loss, particularly among younger cohorts. Stakeholders indicated that students studying in Southeast Queensland often reduce travel back to their home communities due to cost, increasing the likelihood of permanent relocation (WQAC, unpublished a). Reduced connectivity can also contribute to social isolation, particularly in more remote communities, which has flow on consequences for an individual's mental health.

5.3 RESPONDING TO OPPORTUNITIES & EMERGENCY

While essential services underpin core demand, additional demand is generated by tourism, events and seasonal activity. There has been an increase in air travel associated with rural and remote tourism and events, with locations such as Birdsville experiencing significant demand during peak periods. However, stakeholders noted that high airfares and limited scheduling flexibility constrain the growth of tourism markets and limit the ability of local operators to develop and promote tourism products (WQAC, unpublished a).

Aviation also plays a critical role in disaster resilience and emergency response. During periods of flooding and extreme weather, when road access can be cut for several months, resulting in critical supplies like food and fuel running dangerously low. Air services become the only reliable means of transporting essential goods, medical supplies and personnel.

CASE STUDY: Isolation community due to flooding

Location: Doomadgee Aboriginal community

Issue

A 1,500-person township has been flooded since 27 December 2025 and is likely to continue to be flooded until the end of April 2026.

Impact

Doomadgee has been in almost total isolation for nearly 4 months with food and fuel supplies running low. The only way to bring in supplies into the community is via air transport.

Implication

This demonstrates the need for formal disaster response frameworks and the recognition that rural and remote airports are critical infrastructure essential for accessing isolated communities during disasters.

The resulting isolation can lead to the rise in mental health problems, particularly in Indigenous communities where people are prevented from going on Country. This compounds food availability issues as many residents use time on country to supplement food supplies with bush tucker (ABC, 2022; ABC 2026).

In these circumstances, aviation is not only a transport service but a critical component of community safety and continuity. The government should support formalised disaster strategies to ensure communities retain access to essential supplies and services.

Together, these demand drivers demonstrate that rural and remote aviation in Western Queensland is predominantly driven by essential service access, workforce mobility and economic participation, rather than

discretionary travel. This has important implications for policy design, as market-based outcomes alone are unlikely to deliver equitable access or affordability for rural and remote communities.

5.4 KEY FINDINGS

- Demand for air travel in Western Queensland is primarily driven by access to essential services rather than discretionary travel.
- Health and medical travel is the single most significant driver of demand, reflecting limited local service availability and increasing needs associated with ageing populations.
- Aviation is critical to accessing education, government services and the justice system, particularly where no viable surface transport alternatives exist.
- Workforce mobility, including FIFO arrangements and fly-in service delivery (e.g. healthcare, education and NDIS-related services), is a major and growing source of demand.
- Aviation plays a fundamental role in supporting business activity and economic participation, with limited service frequency and scheduling inefficiencies resulting in productivity losses for both private and public sector users.
- Air travel is essential to maintaining family, social and community connections, with high costs contributing to social isolation and reduced community cohesion.
- Limited affordability and access to air services is contributing to population decline, including youth outmigration and the relocation of older residents to access essential services.
- Tourism and event-based demand represent an important but constrained opportunity, with high costs and limited capacity restricting growth potential.
- Aviation is also critical for disaster response and community resilience, often representing the only reliable transport mode during periods of extreme weather or road isolation.

6. BARRIERS TO EXPANSION OF RURAL & REMOTE SERVICES

This section addresses the Commission's Terms of Reference relating to barriers to entry and expansion in regional aviation markets:

Examining any barriers to entry or expansion for airlines to provide regional services

6.1 OPERATORS ARE ALREADY RUNNING AT CAPACITY

A key barrier to the expansion of rural and remote air services in Western Queensland is the structural lack of economies of scale. Rural and remote routes serve small, dispersed populations across large distances, requiring airlines to spread relatively high fixed and operating costs across a limited passenger base. This results in a high cost per seat, which constrains the commercial viability of increasing capacity or introducing new services without government support.

These structural constraints also limit the ability of operators to modernise their fleets. Regional aviation in Western Queensland remains heavily reliant on ageing aircraft such as the Saab 340. The capital cost of transitioning to newer aircraft is significant, estimated at \$22 million to \$25 million per aircraft, and there is currently a limited global supply of suitable replacement airframes.

Supply chain constraints further exacerbate these challenges. Critical aircraft components often require manufacturer-led maintenance, and global backlogs, particularly for engine components, are placing additional pressure on fleet availability and reliability. These constraints limit the ability of operators to expand services or explore new routes.

Workforce constraints also present a barrier to expansion. There is a need for targeted pathways and incentives to attract and retain pilots, engineers and other aviation professionals in rural and remote areas, to support a sustainable and scalable workforce (WQAC, unpublished a).

6.2 INFRASTRUCTURE GAPS & TECHNICAL CONSTRAINTS

Infrastructure limitations across rural and remote airports are a significant barrier to increasing capacity and enabling new services. In some locations, existing airstrips are not capable of accommodating larger or more efficient aircraft. For example, Flinders Shire is currently unable to support FIFO activity associated with major projects such as CopperString due to the need for approximately \$10 million in runway and apron upgrades (WQAC, unpublished a).

Operational constraints associated with aircraft performance in rural and remote conditions also limit capacity. High temperatures and adverse weather conditions can require aircraft such as the Dash-8 and Saab 340 to operate below maximum weight limits, resulting in the offloading of passengers or baggage. Stakeholders reported that this can lead to delays in baggage delivery and reduced service reliability (WQAC, unpublished b).

Financial constraints faced by local governments further limit infrastructure development. Councils operate with a small rate bases and often lack the financial capacity to invest in upgrades or even implement systems to collect airport charges. In some cases, such as Cunnamulla, this has resulted in no revenue being collected from airport operations (WQAC, unpublished b).

While Commonwealth funding programs support delivery of regional airport infrastructure, current co-contribution requirements, typically around 50%, can be prohibitive for smaller councils. Many councils are unable to raise the \$1 million to \$2 million required to co-fund even relatively modest upgrades (WQAC, unpublished b).

The Australian Government should consider a more appropriate co-contribution model. Stakeholders told WQAC that councils can rarely afford to contribute more than 10% to these projects. Co-contributions should not exceed this rate (WQAC, unpublished a).

In addition, there has been limited recognition of the ongoing financial burden associated with operating airport infrastructure that was transferred from the Commonwealth to local governments under the Aerodrome Local Ownership Program (ALOP) between 1986 and 1991.

Providing support for councils to operate airports on a financially sustainable basis would improve the ability of local governments to maintain infrastructure and invest in upgrades that enable expanded aviation services. Longer-term funding agreements of five to ten years would give airlines greater certainty that regional airports will remain operational and well-maintained.

Together, these constraints limit the ability of the rural and remote aviation market to respond to demand, reinforcing the need for targeted policy and investment to support service expansion.

CASE STUDY: Infrastructure Constraints Limiting Economic Opportunities

Location: Flinders Shire

Issue

The existing airstrip infrastructure is not capable of supporting larger aircraft required for industrial and workforce movements associated with major projects such as CopperString.

Impact

Without upgrades estimated at approximately \$10 million, the region cannot fully participate in emerging economic opportunities, including enabling FIFO workforces and supporting major infrastructure development.

Implication

Infrastructure constraints are directly limiting economic growth, reinforcing the need for increased government investment in rural and remote airport infrastructure.

6.3 KEY FINDINGS

- Rural and remote aviation markets lack the scale required to support commercial expansion, with operators already constrained in their ability to increase capacity or introduce new services without government support.
- Fleet constraints, including ageing aircraft, high capital costs and limited availability of suitable replacements, are restricting capacity growth and service expansion.
- Global supply chain and maintenance constraints are placing additional pressure on fleet availability and operational reliability.
- Infrastructure limitations at rural and remote airports restrict the ability to accommodate larger or more efficient aircraft, directly limiting service expansion and the ability to support economic opportunities such as major projects and workforce movement.
- Operational constraints, including extreme weather conditions and aircraft performance limitations, can reduce effective capacity through payload restrictions and service disruptions.
- Local governments face significant financial constraints in funding both airport upgrades and ongoing operations, limiting their ability to support expanded aviation services.
- Current infrastructure funding models, including high co-contribution requirements, are not realistically aligned with the financial capacity of rural and remote councils and act as a material barrier to necessary investment.
- Workforce shortages, including pilots, engineers and operational staff, present an additional constraint on the scalability of rural and remote aviation services.
- Collectively, these factors limit the ability of the rural and remote aviation system to respond to demand, reinforcing the need for targeted policy and investment intervention.

7. IMPACT OF POLICY & REGULATORY SETTINGS

This section addresses the Commission's Terms of Reference relating to policy and regulatory settings impacting rural and remote air services:

Identifying policies and regulatory settings that may contribute to higher regional airfares, reduced service levels or reduced competition.

7.1 THE FINANCIAL BURDEN OF DISPROPORTIONATE REGULATION

The current regulatory framework for regional aviation does not always reflect the operational realities of rural and remote markets. While maintaining high safety and security standards is essential, some regulatory requirements impose disproportionate costs relative to the scale and risk profile of rural and remote aviation.

For Western Queensland councils, which operate airports at annual losses typically ranging from \$100,000 to \$400,000, the additional cost of regulatory compliance can be significant and, in some cases, unsustainable (WQAC, unpublished a). To recover these costs, councils may increase airport charges applied to operators, which are ultimately passed through to passengers via higher airfares.

Specific examples of regulatory imposts include:

- Civil Aviation Safety Authority (CASA) standards, including Civil Aviation Safety Regulations (CASR) Part 139, which require extensive runway and lighting maintenance, inspections, wildlife management and certification. These requirements are applied uniformly, despite rural and remote airports operating at significantly lower passenger volumes and risk profiles than major airports.
- Aviation security requirements administered by the Department of Home Affairs, which can impose substantial equipment and staffing costs without corresponding funding support, creating a persistent financial burden on local governments .
- Duplication across aviation, environmental and planning approval processes, which increases administrative effort, delays infrastructure projects and raises compliance costs.
- Requirements to train and maintain multiple Airport Reporting Officers (AROs) to ensure operational coverage, adding further cost pressures for councils.
- Extensive and ongoing reporting obligations, including Obstacle Limitation Surface surveys and other safety compliance requirements (WQAC, unpublished a).

While outside the direct scope of this inquiry, it is also relevant to note that the Queensland Government exercises a high degree of control over regional air services, particularly through regulated route contracts. Stakeholders indicated that inflexible scheduling arrangements can limit the ability of operators to respond to changing demand conditions, potentially constraining service optimisation.

The level of financial support for Western Queensland communities is also falling short. Despite the necessity of air services, the Queensland Government Budget allocated just \$20.57 million for the entire regulated regional route subsidy, while \$304 million was allocated for 50-cent urban fares (SWQROC, 2026).

There may be opportunities to improve efficiency in how compliance obligations are delivered. For example, rural and remote councils could collaborate or aggregate functions to deliver reporting and compliance activities at scale, supported by targeted Commonwealth funding.

More broadly, there is a need to review aviation regulation to ensure that requirements are proportionate to the operating environment. Where regulatory costs are disproportionate to the benefits achieved, a more flexible, risk-based or performance-based approach should be considered.

Existing provisions, such as exemptions for lower-tier airports under the Aviation Transport Security Regulations (ATSR), demonstrate that differentiated regulatory approaches are feasible and can better align compliance requirements with operational realities (WQAC, unpublished a).

These regulatory cost burdens represent a structural contributor to higher rural and remote airfares and reduced service flexibility.

CASE STUDY: Financial Burden of Airport Operations on councils

Location: Western Queensland councils

Issue

Local governments are primarily responsible for owning and operating rural and remote airports, including maintaining runways, lighting and compliance with aviation standards.

Impact

Councils reported operating losses ranging from approximately \$100,000 to \$400,000 per year, even where airport charges are applied. In some cases, councils cannot implement charging systems due to cost constraints.

Implication

Rural and remote aviation is being subsidised by local governments with limited revenue bases, highlighting the need for greater Commonwealth support to ensure sustainable airport operations.

7.2 KEY FINDINGS

- Current regulatory frameworks impose disproportionate compliance costs on rural and remote airports and operators, particularly when compared to the scale and risk profile of rural and remote aviation activities.
- A one-size-fits-all approach to regulation does not reflect the operational realities of rural and remote aviation, resulting in inefficiencies and unnecessary cost burdens.
- These regulatory costs place additional financial pressure on local governments, many of which already operate airports at a loss, further constraining their ability to sustain infrastructure and services.
- Regulatory compliance costs are ultimately passed through the system, contributing to higher airfares and reduced service viability in rural and remote markets.
- Duplication across aviation, environmental and planning approval processes increases administrative burden, delays infrastructure delivery and reduces system efficiency.
- State-based contracting and regulatory arrangements can limit operational flexibility for airlines, reducing their ability to respond to demand and optimise service delivery.
- There is limited coordination across regulatory and policy settings impacting rural and remote aviation, resulting in fragmented outcomes and reduced effectiveness of government support.
- Existing examples of differentiated regulatory approaches demonstrate that more flexible, risk-based and proportionate frameworks are achievable in rural and remote contexts.
- There are opportunities to improve efficiency through greater collaboration and aggregation of compliance and reporting functions across rural and remote councils, supported by targeted policy reform.

8. THE ROLE OF GOVERNMENT

This section addresses the Commission's Terms of Reference relating to the role of government and effective policy interventions:

Assessing the role for Government and the most efficient forms of government intervention in the market and other policies to improve access, pricing and service outcomes.

8.1 SUPPORTING RURAL & REMOTE AVIATION SUPPORTS GOVERNMENT POLICY

Support for rural and remote aviation is strongly aligned with existing Australian Government policy objectives across regional development, economic productivity, social equity and the transition to net zero.

The Northern Australia Action Plan 2024-2029 identifies the importance of improving the affordability and reliability of aviation services to support economic development and population growth in Northern Australia (Infrastructure, 2024b).

The Closing the Gap framework recognises that high regional airfares act as a barrier to accessing essential services, including healthcare and education, and place additional financial pressure on Aboriginal Community-Controlled Organisations (Australian Government, 2020).

The Aviation White Paper highlights that regional airfares per kilometre are significantly higher than capital city routes, reflecting the structural challenges of operating in thin markets and supporting the case for targeted government intervention (Infrastructure, 2024a).

The Australian Government has also identified low carbon liquid fuels, including Sustainable Aviation Fuels (SAF), as critical to achieving net zero. While SAF presents long-term opportunities for decarbonisation and rural and remote economic development, current costs remain significantly higher than conventional fuels, requiring coordinated policy support to enable adoption without increasing airfares (Infrastructure, 2024a).

More broadly, national frameworks such as the Regional Investment Framework (Infrastructure, (2023) and Australia's Net Zero Plan (DCCEEW, 2025) recognise that regional communities must be supported to ensure no one is left behind in economic transition. Access to reliable and affordable air services is a critical enabler of these policy objectives.

State-level policies also reinforce the importance of regional aviation. The Queensland State Plan (Department of Infrastructure, Local Government and Planning, 2017) identifies strategic airports as critical infrastructure, while tourism strategies such as Destination 2045 (Queensland Government, 2025) highlight the role of aviation in supporting regional tourism and economic diversification.

8.2 GOVERNMENT OPPORTUNITIES

Different approaches to regional aviation across states and territories have resulted in inconsistent outcomes in terms of affordability, service levels and access. There is a clear opportunity for the Australian Government to play a stronger leadership and coordination role to improve consistency and effectiveness across jurisdictions.

8.2.1 NATIONAL STANDARDS WILL IMPROVE ACCESS AND RELIABILITY

Recognising rural and remote aviation as essential infrastructure, the Australian Government could establish a framework of national standards to support more consistent and equitable service outcomes. These standards could address:

- How governments engage with operators and structure contracts
- Minimum service levels and reliability obligations
- Fare benchmarks and affordability targets
- Price transparency and data reporting requirements

- Protections against corridor booking lockout
- Emergency response and resilience arrangements.

The framework could also consider how government travel policies impact rural and remote aviation markets, including mechanisms to release unused pre-booked seats to the general public.

Establishing national standards would provide greater certainty for communities, reduce commercial risk for operators and support more effective long-term planning by local governments and industry.

Evidence from regulated routes in Queensland demonstrates that clear contractual performance requirements can improve outcomes. For example, on-time performance on regulated routes reached approximately 86% in 2025, supported by defined service standards (RAPAD, 2026).

8.2.2 LOCAL GOVERNMENTS ARE UNABLE TO MEET THEIR OBLIGATIONS

The financial burden of maintaining compliant airport infrastructure falls disproportionately heavily on small, rural and remote councils with limited capacity to fund it. Rural and remote airport operators report heavy reliance on external funding, with some critical upgrades stalled due to an inability to meet co-contribution requirements (WQAC, unpublished a). Many councils operate airports at a loss, and some cannot implement charging systems at all due to the upfront cost of the required infrastructure.

The Queensland Audit Office (2026) found that rural and remote councils own-source revenue, with rate bases of only hundreds or low thousands of ratepayers, is structurally insufficient to absorb the cost of essential assets which do not include the provision of airport services. Current Commonwealth funding programs compound this problem by requiring co-contributions of around 50% across all areas, which stakeholders describe as prohibitive. Even relatively modest contributions of \$1-2 million are frequently beyond reach of many councils in rural and remote areas (WQAC, unpublished b).

There is also a perceived imbalance in broader transport funding, with significantly higher levels of subsidy directed towards urban transport systems compared to regional aviation. This contributes to inequitable access to essential services for rural and remote communities (SWQROC, 2026).

Given the essential service role of rural and remote airports, there is a strong case for ongoing operational support to ensure financial sustainability and enable reinvestment in infrastructure.

8.2.3 PASSENGERS NEED SUPPORT TO ACHIEVE EQUITABLE OUTCOMES

While some affordability measures exist (e.g., community fare programs), stakeholders indicated that these are insufficient to meet the needs of rural and remote residents.

Essential travel, including medical, family, cultural and legal obligations, often occurs at short notice, when fares are highest. Access to lower fares can depend on complex eligibility criteria, geographic location and availability, limiting their effectiveness.

For many rural and remote residents, there are no viable alternatives to air travel. Long-distance road travel can be impractical, unsafe or time-prohibitive, reinforcing the need for accessible and affordable aviation services.

Targeted passenger support mechanisms, including fare subsidies, capped fares or travel vouchers, could improve access to essential services and reduce financial barriers for rural and remote communities. Integrating these measures with health and service delivery funding could also improve route viability and reduce per-seat costs (WQAC, unpublished a).

8.2.4 INNOVATION WILL SUPPORT LONG-TERM SUSTAINABILITY

Innovation presents opportunities to improve productivity, reduce costs and support the transition to net zero in rural and remote aviation.

However, private investment in emerging technologies, including Sustainable Aviation Fuels and next-generation aircraft, remains limited due to high costs, uncertain demand and immature supply chains.

Targeted government support can accelerate the development and adoption of these technologies, supporting both environmental objectives and long-term cost reduction in rural and remote aviation.

Given the essential nature of rural and remote aviation and the structural constraints identified, coordinated government intervention is required to ensure equitable access, support rural and remote economies and deliver national policy objectives.

8.3 KEY FINDINGS

- Regional aviation is recognised within existing policy frameworks as essential infrastructure that supports national objectives, including rural and remote development, economic productivity and Closing the Gap outcomes.
- Government currently plays a critical role in sustaining rural and remote aviation through a combination of infrastructure funding, regulated routes and targeted subsidy programs across all levels of government.
- However, existing government support mechanisms are fragmented across jurisdictions and are not consistently aligned to improve affordability, access and service reliability.
- Local governments bear a disproportionate financial burden in owning, operating and maintaining rural and remote airport infrastructure, despite limited fiscal capacity and the broader public benefit of these assets.
- Current infrastructure funding models, including co-contribution requirements, are not well aligned to the financial capacity of rural and remote councils and can limit the delivery of necessary upgrades.
- Passenger-focused support mechanisms are limited in scope and effectiveness, and do not adequately address affordability challenges associated with essential travel in rural and remote communities.
- There is a clear role for the Australian Government to provide stronger national leadership, including the establishment of consistent standards, improved coordination across jurisdictions and more effective policy alignment.
- Targeted government intervention, including direct passenger support and more appropriate funding models, has the potential to improve access, affordability and reliability of rural and remote air services.
- Innovation and emerging technologies present opportunities to improve long-term sustainability and efficiency but will require coordinated policy support to enable uptake in rural and remote aviation markets.

9. IMPACTS OF COST & RELIABILITY OF AIR SERVICES

This section addresses the Commission's Terms of Reference relating to the impacts of regional airfares and service access on rural and remote economies and communities:

Identifying the impacts of regional airfares and access to regular and reliable air services on regional economies (including tourism and migration), productivity, and improving Closing The Gap outcomes.

9.1 STRENGTHENING RURAL & REMOTE COMMUNITIES THROUGH DEPENDABLE AIR SERVICES

High airfares and unreliable air services are having significant and compounding impacts on rural and remote communities in Western Queensland. These impacts extend beyond individual travel decisions and affect economic performance, population sustainability and access to essential services.

Without targeted government intervention, these impacts will continue to deepen existing structural disadvantages across regional Australia.

Rural and remote economies are directly affected by the high cost and unreliability of air travel. Tourism, which is a key economic driver in many Western Queensland communities, is constrained by high fares and limited service availability. Stakeholders indicated that uncertainty around flight access reduces confidence in hosting events and limits the ability of operators to grow visitation markets.

Population retention and demographic sustainability are also being impacted. Rural and remote communities continue to experience the loss of younger residents who relocate to access employment, education and social opportunities. High travel costs reduce the ability to maintain connections with home communities, contributing to long-term population decline.

Similarly, older residents, who typically have greater health and care needs, are often required to relocate closer to major service centres. In communities such as Barcoo Shire, where access to medical services is limited and reliance on services such as the Royal Flying Doctor Service is high, the lack of accessible aviation options contributes to both social and economic dislocation (WQAC, unpublished a).

Workforce attraction and retention is also significantly affected. Rural and remote employers rely on aviation to attract skilled workers, including healthcare professionals, educators and technical specialists. Limited flight availability, high costs and inefficient scheduling increase the cost of doing business and reduce the attractiveness of rural and remote roles. Stakeholders indicated that travel constraints can require multi-day stays for short engagements, creating productivity losses and increasing costs for both businesses and government (WQAC, unpublished b).

For First Nations communities, aviation plays a critical role in enabling access to healthcare, education and cultural connections. High fares and limited availability of services directly undermine efforts to improve outcomes under Closing the Gap, reinforcing geographic and economic disadvantage.

More broadly, the cost and reliability of rural and remote aviation represent a constraint on regional development. Where access is limited, investment decisions are affected, supply chains are less efficient and economic opportunities are not realised.

Improved affordability and reliability of air services in Western Queensland would not only address these challenges but unlock significant economic benefits. Despite its small population, Western Queensland contributes disproportionately high level of economic activity to the state economy – \$176,450 per capita in GRP, compared with the state average of \$95,263. As a region of outsized economic productivity, improved aviation connectivity would support tourism growth, enable workforce mobility, and help ensure that Western Queensland remains a viable and thriving part of the state economy.

Without reform, rural and remote communities will continue to face structural barriers that limit their ability to participate fully in Australia's economic and social life. Ensuring equitable access to aviation is therefore critical to

achieving broader national policy objectives, including regional development, productivity growth and Closing the Gap outcomes.

Regional aviation is not a discretionary service in Western Queensland — it is essential infrastructure, and current cost and reliability constraints are materially limiting regional Australia's economic and social potential.

9.2 KEY FINDINGS

- High airfares and limited reliability of air services are constraining economic growth and productivity across Western Queensland.
- Tourism development is significantly impacted by the cost, availability and uncertainty of air travel, limiting visitation and the viability of events and rural and remote tourism offerings.
- Limited access to reliable and affordable air services is contributing to population decline, including heightened youth outmigration and the relocation of older residents to access essential services.
- Aviation plays a critical role in enabling access to healthcare, education and government services, with current cost and reliability constraints reducing equitable access to these essential services.
- Workforce attraction and retention is significantly impacted by aviation constraints, with high costs and limited service availability reducing the attractiveness of rural and remote employment and increasing reliance on non-resident workers.
- High travel costs and inefficient service schedules increase the cost of doing business and reduce productivity for both private sector operators and government service providers.
- Constraints in air service availability and reliability impact business investment decisions, supply chain efficiency and the ability of rural and remote economies to fully participate in emerging opportunities.
- Limited access to affordable and reliable air services disproportionately impacts First Nations communities and undermines progress toward Closing the Gap outcomes.
- More broadly, the cost and reliability of rural and remote aviation services are key determinants of community sustainability, economic participation and social connectivity in remote regions.

10. SUMMARY OF RECOMMENDATIONS

10.1 SUMMARY OF KEY FINDINGS

The evidence gathered through desktop research, stakeholder engagement and industry consultation demonstrates that rural and remote aviation in Western Queensland operates within a structurally constrained environment. These constraints are not the result of isolated market inefficiencies, but rather reflect a combination of geographic, economic and policy factors that collectively limit affordability, access and service reliability.

At a system level, rural and remote aviation does not operate as a conventional competitive market. Instead, it functions as essential economic and social infrastructure, underpinning access to healthcare, education, government services and economic participation.

Key findings from this analysis are summarised below:

- **Structural cost drivers underpin higher airfares**

Rural and remote airfares are structurally higher than those observed on metropolitan and coastal routes due to low passenger volumes, long travel distances and limited economies of scale. Fixed operating costs must be recovered across a smaller passenger base, resulting in higher cost per seat. These conditions are inherent to remote aviation markets and cannot be resolved through competition alone, with reliability and service availability also constrained by these structural factors.

- **Demand is driven by essential, non-discretionary travel**

Demand for air services in Western Queensland is primarily driven by access to essential services, particularly healthcare, education and government functions. This demand is largely inelastic, meaning that price increases do not significantly reduce travel needs, but instead impose financial hardship or restrict access.

- **Market dynamics result in inequitable access**

The composition of demand within rural and remote markets, including price-insensitive users such as resource sector operators and government travel, can distort pricing outcomes and reduce availability for local residents. In addition, booking dynamics such as corridor lockout and pre-booking practices limit access to services for more remote communities. These factors result in inequitable access to air services across the region.

- **Infrastructure and funding constraints limit system performance**

Rural and remote airports are critical enablers of aviation services but are predominantly owned and operated by local governments with limited financial capacity. Councils are required to maintain compliant infrastructure, often at a significant financial loss, while also facing barriers to accessing funding for upgrades, including co-contribution requirements that exceed local government capacity. Infrastructure limitations are constraining service expansion and limiting economic opportunities.

- **Regulatory settings impose disproportionate costs**

Current regulatory frameworks adopt a one-size-fits-all approach, particularly in aviation security which covers major international airports and small remote aerodromes. This does not adequately reflect the scale and risk profile of rural and remote aviation. Compliance requirements also only ever increase (not decrease) without fully addressing the significant costs they impose on operators and councils. These costs are ultimately passed through to passengers and contribute to reduced service flexibility and reliability. There is limited alignment between regulatory burden and demonstrated benefit in rural and remote contexts.

- **Fragmented policy settings reduce effectiveness of government support**

While all levels of government provide support to regional aviation, these interventions are not always coordinated and are primarily focused on maintaining service continuity rather than improving affordability and access, with limited effective mechanisms to support affordability for essential travel. There is an opportunity for more integrated and strategic policy settings to improve outcomes.

- **High costs and limited reliability are impacting rural and remote communities**

The cost and reliability of air services are having measurable impacts on rural and remote economies and communities. These include constrained tourism growth, reduced business investment, workforce attraction challenges and population decline. High airfares, limited access and service reliability constraints also disproportionately impact First Nations communities and undermine broader policy objectives, including Closing the Gap.

10.2 RECOMMENDATIONS

The findings of this report indicate that improving outcomes in rural and remote aviation will require coordinated policy intervention across pricing, infrastructure, regulation and system governance. The following recommendations are proposed to improve affordability, access and long-term sustainability of rural and remote air services.

RECOMMENDATION 1: DIRECT PASSENGER SUBSIDIES AND CAPPED FARES

To ensure equitable access to essential services and economic opportunities, the Australian Government should introduce direct passenger subsidies for residents of rural and remote communities.

This should include capped fare models on selected routes, including those in Western Queensland, to ensure affordability for essential travel, particularly for medical, education and family-related travel, including mechanisms to support short-notice and emergency travel where fares are typically highest.

RECOMMENDATION 2: IMPROVE PRICE TRANSPARENCY

The Australian Competition and Consumer Commission (ACCC) should expand its oversight of the domestic aviation sector to improve transparency in rural and remote markets.

This should include the regular publication of data on airfare levels, capacity, load factors and on-time performance, as well as monitoring and reporting on reliability, access and affordability outcomes over time, to support accountability and inform policy, regulatory and investment decisions.

RECOMMENDATION 3: SUPPORT SUSTAINABLE OPERATION OF RURAL AND REMOTE AIRPORTS

The Australian Government should provide targeted, ongoing funding to support the operation of rural and remote airports, recognising their role as essential infrastructure.

This should enable local governments to operate airports on a cost-neutral basis and reinvest in infrastructure required to maintain safety, compliance and service capacity, including through multi-year funding agreements that provide greater certainty for asset management, investment planning and airline service provision.

RECOMMENDATION 4: REVIEW AVIATION REGULATORY SETTINGS FOR RURAL AND REMOTE CONTEXTS

The Australian Government should undertake a targeted review of aviation-related regulation, including safety, security and compliance frameworks, to ensure they are proportionate, risk-based and fit-for-purpose for rural, remote and regional aviation environments.

This review should identify regulatory requirements that impose disproportionate costs relative to their benefits and support the adoption of performance-based or tiered regulatory approaches, reflecting the scale, activity levels and risk profiles of different regional airport and service contexts.

Regulatory settings should be coordinated across all levels of government to avoid conflicting compliance obligations and duplication.

RECOMMENDATION 5: ESTABLISH NATIONAL STANDARDS FOR REGIONAL AVIATION

The Australian Government should establish a framework of national standards for regional aviation to ensure consistent access to affordable, reliable air services across jurisdictions.

This should include minimum service levels, reliability benchmarks, access and availability requirements (including protections against corridor booking lockout and mechanisms to release unused pre-booked seats), fare transparency requirements and protections for rural and remote passengers.

RECOMMENDATION 6: ADOPT MORE APPROPRIATE RURAL AND REMOTE FUNDING MODELS

The Australian Government should adopt more flexible co-contribution models for rural and remote aviation infrastructure funding that reflects the financial capacity of local governments.

This should include reduced co-contribution requirements for local government, including consideration of significantly lower contribution thresholds for remote and very remote councils, and expanded funding for programs such as the Regional Airports Program and Remote Airstrip Upgrade Program.

RECOMMENDATION 7: SUPPORT INNOVATION AND LONG TERM SUSTAINABILITY

The Australian Government should expand support for innovation in regional aviation, including Sustainable Aviation Fuels and next-generation aircraft, to improve long-term cost efficiency, fuel security and environmental outcomes, with targeted support mechanisms to enable adoption in rural and remote markets where commercial uptake may otherwise be constrained.

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APPENDIX A ECONOMIC DATA

Table A.1. Economic Indicator Comparison Table

Indicator	Darling Downs (West) - Maranoa	Outback - North	Outback - South	Western Queensland	Queensland
GRP Growth, 5-year Annual Ave. to 2024-25	2.2%	-4.7%	-0.6%	-1.5%	3.1%
GRP Per Capita, 2024-25	\$211,794	\$146,261	\$140,201	\$176,450	\$95,263
GRP Per Employee, 2024-25	\$369,552	\$225,537	\$250,978	\$296,114	\$194,230
Population, Annual Ave. Growth to 2046	-0.9%	-0.1%	-0.3%	-0.3%	1.3%
Employment, 3-year Annual Ave. to 2024-25	0.4%	1.4%	1.2%	0.9%	3.1%
Business Growth, 2025	1.6%	1.5%	1.1%	1.5%	2.8%
Residential Approvals Growth, 2024-25	-2.5%	-22.8%	-63.0%	-29.7%	23.2%
Total Approvals Growth, 2024-25	-30.2%	-24.1%	-62.2%	-33.8%	2.9%

APPENDIX B AIRFARE COMPARISON

Table B.1. Comparison of Rural and Remote and Metropolitan Airfares

Airport	Destination	Flight Days	Fare Type	Est. Fare	KM	KM/ \$
Rural and Remote Departures						
Birdsville	Brisbane	Tue, Fri	Rex Saver	\$538	1380	2.6
Boulia	Brisbane	Tue, Fri	Rex Saver	\$536	1422	2.7
Bedourie	Brisbane	Tue, Fri	Rex Saver	\$464	1407	3.0
Windorah	Brisbane	Tue, Fri	Rex Saver	\$375	1065	2.8
Quilpie	Brisbane	Tue, Fri	Rex Saver	\$318	884	2.8
Thargomindah	Brisbane	Wed, Sun	Rex Saver	\$430	920	2.1
Cunnamulla	Brisbane	Wed, Sun	Rex Saver	\$318	743	2.3
St George	Brisbane	Wed, Sun	Rex Saver	\$269	-	-
Charleville	Brisbane	Daily	Rex Saver	\$255	689	2.7
Roma	Brisbane	Daily	Rex Saver	\$213	441	2.1
Longreach	Brisbane	Daily	Qantas Red e-Deal	\$301	991	3.3
Cloncurry	Brisbane	Mon–Fri	Qantas Red e-Deal	\$519	1483	2.9
Mount Isa	Brisbane	Daily	Qantas / Rex	\$426	1573	3.7
Longreach	Townsville	Tue, Thu	Rex Saver	\$308	531	1.7
Winton	Townsville	Tue, Fri	Rex Saver	\$199	516	2.6
Hughenden	Townsville	Mon, Fri	Rex Saver	\$197	317	1.6
Richmond	Townsville	Mon, Wed, Fri	Rex Saver	\$240	414	1.7
Julia Creek	Townsville	Mon, Wed, Fri	Rex Saver	\$199	551	2.8
Burketown	Cairns	Mon, Tue	Rex Saver	\$601	668	1.1
Normanton	Cairns	Mon–Fri	Rex Saver	\$350	506	1.4
Doomadgee	Cairns	Mon–Fri	Rex Saver	\$339	746	2.2
Gununa	Cairns	Mon–Fri	Rex Saver	\$405	-	-
Kowanyama	Cairns	Daily	Skytrans Saver	\$413	456	1.1
Average	-	-	-	\$357	843	2.3
Rural and Remote Arrivals						
Brisbane	Roma	Daily	Rex Saver	\$213	441	2.1
Brisbane	Charleville	Daily	Rex Saver	\$255	689	2.7
Brisbane	Mount Isa	Daily	Qantas Red e-Deal	\$426	1573	3.7
Brisbane	Longreach	Daily	Qantas Red e-Deal	\$301	991	3.3
Brisbane	Blackall	Mon–Fri, Sun	Qantas Red e-Deal	\$245	838	3.4
Brisbane	Barcaldine	Mon–Fri, Sun	Qantas Red e-Deal	\$245	892	3.6
Brisbane	St George	Sun, Wed	Rex Saver	\$270	-	-
Brisbane	Cunnamulla	Sun, Wed	Rex Saver	\$319	743	2.3
Brisbane	Thargomindah	Sun, Wed	Rex Saver	\$518	920	1.8
Brisbane	Quilpie	Mon, Thu	Rex Saver	\$394	884	2.2
Brisbane	Windorah	Mon, Thu	Rex Saver	\$536	1065	2.0
Brisbane	Birdsville	Mon, Thu	Rex Saver	\$538	1380	2.6
Brisbane	Bedourie	Mon, Thu	Rex Saver	\$545	1407	2.6
Brisbane	Boulia	Mon, Thu	Rex Saver	\$537	1422	2.6
Townsville	Hughenden	Mon, Wed, Fri	Rex Saver	\$159	317	2.0
Townsville	Richmond	Mon, Wed, Fri	Rex Saver	\$239	414	1.7
Townsville	Julia Creek	Mon, Wed, Fri	Rex Saver	\$273	551	2.0
Townsville	Winton	Tue, Thu	Rex Saver	\$248	516	2.1
Cairns	Normanton	Mon–Fri	Rex Saver	\$350	506	1.4
Cairns	Kowanyama	Mon–Fri	Skytrans Saver	\$420	456	1.1
Cairns	Doomadgee	Mon–Fri	Rex Saver	\$535	746	1.4
Cairns	Gununa	Mon–Fri	Rex Saver	\$405	-	-
Average	-	-	-	\$362	838	2.3

Airport	Destination	Flight Days	Fare Type	Est. Fare	KM	KM/ \$
Metropolitan Routes						
Adelaide	Sydney	Daily	Jetstar Starter	\$130	1167	9.0
Brisbane	Sydney	Daily	Virgin Lite	\$139	753	5.4
Brisbane	Perth	Daily	Jetstar Starter	\$240	3615	15.1
Brisbane	Cairns	Daily	Qantas Red e-Deal	\$149	1391	9.3
Brisbane	Townsville	Daily	Jetstar Starter	\$160	1112	7.0
Gold Coast	Sydney	Daily	Virgin Lite	\$85	680	8.0
Melbourne	Perth	Daily	Virgin Lite	\$199	2706	13.6
Sydney	Perth	Daily	Virgin Lite	\$387	3284	8.5
Sydney	Melbourne	Daily	Jetstar Starter	\$92	706	7.7
Average	-	-	-	\$176	1713	9.3

Notes: This table is a comparison of a sample of airfares at a point in time. It should be noted that airfare prices can vary.
 Sources: Google (2026), Jetstar Airways (2026), Qantas Airways (2026), Rex (2026), Skytrans (2026), Virgin Australia (2026), Webjet. (2026).

APPENDIX C WQAC AIRPORTS WITH RPT SERVICES

Region	Council	Airport	Owned/ Operated	Airline
NWQROC	Burke SC	Burketown	Council	Rex
	Carpentaria SC	Normanton	Council	Rex
		Karumba	Council	Rex
	Cloncurry SC	Cloncurry	Council	Qantas
	Croydon SC	Croydon	Council	NA
	Doomadgee ASC	Doomadgee	Council	Rex
	Etheridge SC	Georgetown	Council	NA
	Flinders SC	Hughenden	Council	Rex
	Kowanyama ASC	Kowanyama	Council	Skytrans
	McKinlay SC	Julia Creek	Council	Rex
	Mornington SC	Gununa	Council	Rex
	Mount Isa CC	Mount Isa	QAL	Qantas
				Virgin
			Rex	
Richmond SC	Richmond	Council	Rex	
RAPAD	Barcaldine RC	Barcaldine	Council	Qantas
	Barcoo SC	Windorah	Council	Rex
	Blackall - Tambo RC	Blackall	Council	Qantas
	Boulia SC	Boulia	Council	Rex
	Diamantina SC	Bedourie	Council	Rex
		Birdsville	Council	Rex
	Longreach RC	Longreach	QAL	Qantas
				Rex
	Winton SC	Winton	Council	Rex
	SWQROC	Balonne SC	St George	Council
Bulloo SC		Thargomindah	Council	Rex
Maranoa RC		Roma	Council	Rex
Murweh SC		Charleville	Council	Rex
Paroo SC		Cunnamulla	Council	Rex
Quilpie SC		Quilpie	Council	Rex
				Rex

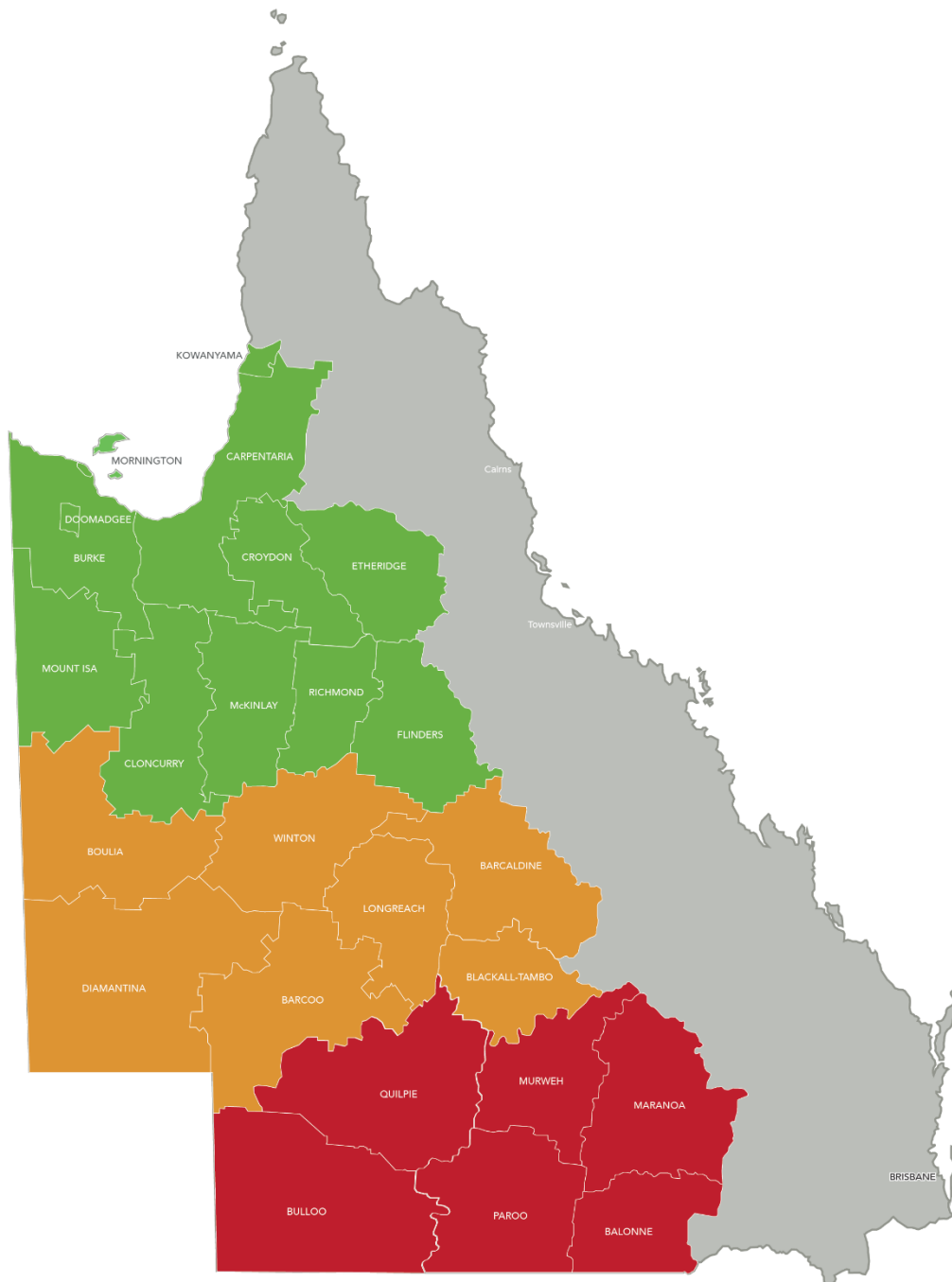
APPENDIX D MAP OF QUEENSLAND REGULATED ROUTES

Long distance air travel



Source: Department of Transport and Main Roads, (n.d.).

APPENDIX E MAP OF THE WQAC REGION



Note: the geographies depicted in the above imager are Green: North West Queensland Regional Organisation of Councils (NWQROC). Orange: Remote Area Planning and Development Board (RAPAD). Red: South West Queensland Regional Organisation of Councils (SWQROC)



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