

Productivity Commission
Determinants of regional airfares inquiry

Dear Commissioners,

The City of Greater Bendigo makes the below submission to your inquiry regarding determinants of regional airfares.

The City owns and operates Bendigo Airport, a unique and valued asset for our community and the broader region, offering QantasLink flights between Bendigo and Sydney, a base for emergency services, and flight training and recreational flying activities.

The City encourages the Commission to focus on four key policy areas:

1. Protect public investment

- Require minimum service levels for airports that have received significant government funding
- Establish long-term agreements or incentives with airlines to maintain and introduce new Regular Public Transport (RPT) routes

2. Improve affordability

- Introduce fare transparency standards for regional routes
- Consider subsidies or pricing support for essential regional air links, especially where competition is limited

3. Encourage competition

- Provide incentives for new carriers to enter regional markets (e.g. seat subsidies to make it more attractive to establish new routes; marketing support)
- Review regulatory settings to lower barriers for regional airline entry

4. Support regional connectivity

- Align aviation policy with broader regional development goals (health, education, tourism)
- Explore integrated transport strategies combining air, rail and road for regional communities

Bendigo is central Victoria's key service hub, and Bendigo Airport provides vital connections to major Australian cities and beyond. To deliver on its promise, air services must remain reliable, affordable and accessible to build trust and encourage repeat use.

Our city is uniquely connected by road, rail and air, giving businesses a competitive edge and enhancing liveability for residents. This connectivity sets Bendigo apart from other regional centres.

Significant investment from all levels of government has established Bendigo as an aviation hub. To protect this investment, policy and incentives are needed to make regional RPT operations sustainable and secure long-term service continuity.

Introduction

Bendigo Airport is a CASA-certified airport serving a regional catchment of approximately 300,000 people and diverse aviation activities, including Regular Public Transport (RPT), charter, emergency services, flight training and recreational aviation. Significant investment from all levels of government has enabled recent upgrades, including a new terminal, expanded apron and business park, positioning Bendigo as a key regional aviation hub.

Return on public investment

More than \$25M in combined Local, State and Federal government funding has delivered critical infrastructure upgrades at Bendigo Airport, including a new airport runway and terminal building, apron expansion and strengthening, business park, helipad and lighting. These investments have:

- Enabled the growth of RPT services (currently Bendigo to Sydney via QantasLink), improving connectivity for regional communities
- Enhanced emergency response capability, including air ambulance and firefighting operations
- Created opportunities for aviation-related businesses and regional economic growth
- Driven tourism and supported Bendigo businesses to engage interstate and internationally with their customer base, with passenger numbers in December 2025 passing 120,000 and projected to reach 200,000 by 2034

Investment of this scale has ensured the viability of the airport and contributes to economic and social benefits for regional communities. From a tourism perspective, RPT between Bendigo and Sydney has been particularly helpful in attracting visitation to the acclaimed Bendigo Art Gallery, which is the region's main tourism drawcard and celebrated for hosting major international exhibitions and currently undergoing a \$45M redevelopment. To be able to market direct flights between Bendigo and Sydney adds additional appeal to Bendigo as a destination to visit as well as making Bendigo a more attractive place to move to and live.

Affordability and accessibility of services

Air links are critical for healthcare, education, business, tourism and community cohesion in regional areas. However, as noted in the *2024 Aviation White Paper – Towards 2050*, nationally, the average ticket price per kilometre is ~52% higher on routes involving regional airports than capital-to-capital routes, constraining regional participation and equity.

It must be acknowledged that Qantas has heard the City's concerns regarding ticket prices and over time there has been an overall drop in the average price, however this does not protect against surges in price at times of peak demand – a practice common for passenger airline travel which is maximised in markets where there is limited or no competition.

Reliable and affordable air services are essential for regional communities, as well as consistent scheduling that strikes a balance in supporting business and leisure travel.

Policy settings should encourage fare transparency and affordability, particularly where public investment has supported infrastructure and where distance and limited competition combine to make flights more costly.

Key challenges include:

- Lack of alternative carriers in regional locations, limiting frequency, exacerbating affordability issues and exposing regional communities to profit-based decisions made by the carriers rather than decisions made in the best interests of the community
- High costs impacting regional businesses, health access and education opportunities
- Maintaining a consistent flight schedule

Competition in the marketplace

The regional aviation market is highly concentrated, with limited competition on most routes. Bendigo currently relies on a single carrier for RPT services, creating vulnerability to service reductions or withdrawal. Greater competition would:

- Improve affordability, reliability and customer choice
- Reduce risk of service discontinuation
- Ensure the airport remains operational for RPT and government investment delivers value

Consideration should be given to incentives for new entrants and regulatory settings that either support settings in regional markets or support competition in regional markets.

The City of Greater Bendigo has undertaken a range of market research to understand future demand, matching this with the capability of the current runway. Appropriate other flight destinations include Adelaide, Mildura and Canberra. Mildura would be of particular benefit given the medical tourism Bendigo Health sustains as a leading regional hospital in Australia.

Conclusion

The City of Greater Bendigo strongly supports measures that improve affordability, accessibility and competition in regional air travel.

The City is grateful for the investment it has received from other levels of government, in recognition of Bendigo's role as a hub for the wider central Victorian region, as well as parts of southern New South Wales.

Policy reform will ensure regional communities remain connected and resilient, and safeguard government investment and strengthen regional connectivity.

Sincerely,

Andrew Cooney
Chief Executive Officer