

I am making my submission regarding the cost of airfares between Mount Isa and the closest major cities of Brisbane and Townsville.

As a mining town, airlines carry a lot of passengers and freight most days of the working week. I wish to address the following points:

- 1) Cost of flights depending on the day and or school holidays
- 2) Price gouging with the knowledge that business and the general public have very few options
- 3) The high barriers to competition
- 4) Airline points reward schemes and recent changes
- 5) Local resident fares on offer
- 6) Use of personal data to manipulate prices
- 7) Recommendations

Cost of flights

The high cost of flights between Mount Isa and Brisbane or Townsville has long been an issue for both local residents, businesses and any individuals wishing to travel between these locations. This may include workers who fly themselves in and out for work or families of residents wanting to visit. As there is minimal tourist flight patronage, airlines rely heavily of mining companies, contractors and government agencies for high margin flights. This adds significantly to local business costs and for individuals wishing to travel. Family travel is often out of the question, with many families forced to drive thousands of kilometres due to the prohibitive costs. This is most obvious when you study the daily prices of flights. Thursday is a common changeover day for many mine workers and contractors. This aligns with local rosters for mining. The price on a Thursday or Friday can be up to \$1000 between Mount Isa and Brisbane, despite being the highest volume days of the week. *See attachments 1a,b,c,d.* Long held traditions of charging more during school holidays only adds to problem. Qantas and Virgin are the main carriers that service Mount Isa. Rex covers some of the more remote destinations. The high prices for late notice fares when individuals need to attend funerals or similar add to the high cost of remote living. Many locals have family elsewhere in Australia, and living remotely adversely effects this ability to visit when airfares are so expensive. ***It is no coincidence that the latest Qantas sale also ends on the final day of submissions to this enquiry, making any examples gathered look more favourable than normally available.***

Price gouging

Mount Isa is a mining town and there has long been an association between mining towns and the high costs of flights in Australia. Western Australia has had this problem as well. As the largest city in far western Queensland, there are many Government support services that are based in the city. Many of these workers regularly fly for work, training or appointments. This combined with mining company traffic, provides a regular revenue stream for airlines. Airlines know that the State Government and mining companies will pay for flights, regardless of price. Schemes like Medical Travel Assistance pays for flights to major cities for medical appointments. This cost is borne by the State Government.

Locals have very little choice in fares. Virgin Australia has a limited service from Mount Isa to Brisbane 3 days a week. It does not however fly on a Thursday, the busiest day of the week. This gives a monopoly to Qantas, who is the major carrier regardless. Whilst there have been limited success with airlines such as Bonza, there has been no proper competition on routes between Mount Isa and Townsville or Brisbane. Virgin do not fly directly between Mount Isa and Townsville, meaning Qantas is the major volume airline.

This has created real problems in times of flood, where Qantas will increase the cost of flights between Townsville and Mount Isa to prohibitive levels, in full knowledge that people will have to pay these prices if they want to get home or to work. This is extortion as much as price gouging. Once direct flights are filled, the only alternative is via Brisbane, with a significant lift in price. Normal examples of this are easily visible with regular flights that show the indirect flight options.

High barriers to competition

Mount Isa Airport is a major barrier to competition. The recent controlling acquisition of Queensland Airports Limited by Skip Capital (a large infrastructure fund) will seek maximum returns from their assets. Once again, locals will pay more. The cost of landing fees for large aircraft has long been incredibly high compared to other metropolitan airports. This results in an estimated cost of around \$100 per passenger. Actual figures are now harder to find, as ticket prices no longer give a breakdown of these values. Avdata does not list costs for Mount Isa Airport. Limited basic information is available on the Companies website, but makes no reference to General passenger airline cost, only General Aviation and Domestic charges. More transparency is needed here. An addition cost for locals is the cost of parking, for which there was once a free option. This no longer exists. Parking is now around \$20 dollars a day. The only free parking is up to 30 minutes. Land is not a premium at this location and this is just

another financial grab by a large corporation impacting regional residents that have no choice. ***High airport access charges restrict any real competition.***

Airline points reward schemes.

This comment is mainly pointed at Qantas, who have recently changed the type of points rewards flights offered across their network. The “Classic Reward” flight, with a cost of 13800 points between Mount Isa and Brisbane has been dramatically cut in favour of a newer option “Classic Plus” which costs 44000 points. Once again, another economical option for travellers has been largely removed and replaced by a vastly more expensive option. Many people use flight reward schemes to obtain some relief from expensive flights. This has now been moved out of reach of regular travellers. It is no surprise that on Thursdays, there are no traditional “Classic Reward” seats offered. Thankfully, Virgin Australia have not made any such moves as yet. Qantas has once again proven their profits far outweigh costs for regional travellers. ***It is not surprising that there are no Jetstar flights offered for Mount Isa.***

Resident Fares

Qantas does offer “Resident Fares” for a limited number of routes from regional areas. They are not compatible with multi leg flights and must be booked separately. These are limited in routes and must always be return flights. This is an issue for when travellers are unsure of the return date. Family illness or funerals are just two examples where return dates may not be known. These fares are usually around \$200 less than the regular fare. Whilst this is a step in the right direction, once again, Thursday flights are still prohibitively expensive. This also occurs on a weekend, where there may be only one flight a day. ***These residential fares need to be capped at a maximum fixed price of say \$300 Mount Isa to Brisbane and \$250 Mount Isa to Townsville for every flight available.***

Use of personal data to alter pricing

Qantas is one airline that uses personal data and site visit history to change prices. Artificial Intelligence allows airlines to change pricing on a personal level. This commonly occurs when you first look up a price for a certain route. You will get a price and you don't purchase it. When you come back a second time, that original price is often much higher or not available at all. I have seen prices change at different times of day as well. This is sometimes hard to prove, unless you have a screen grab. A recent

article in the Sydney Morning Herald confirmed this long-suffering problem. This is an unfair cost that everybody has to bear, with no justification what so ever. Similarly, predicted weather events have had the same effects to ticket pricing on regional routes. This practice needs to be outlawed under consumer laws. [Airline ticket booking: The digital shift giving air carriers more power](#)

Recommendations

There are several recommendations that could reduce the cost of flights to regional areas.

- 1) Regulated prices. The Federal Government needs to set fares for key regional routes, not just for local residents but everyone. This would dramatically reduce the costs to business and individuals. This should not be a subsidy, rather a condition of the license to operate a major airline in Australia. These prices need to be comparable with regular similar distance routes. (eg. Melbourne-Brisbane)
- 2) Residential fares need to be offered as return and one way. Once again, the price needs to be regulated and well less than the standard fare.
- 3) Airport landing fees need investigation. Once again, regulation is the only true method of controlling the corporate price creep that continues to add costs to local residents. Abolishing parking fees at airports would also help lower overall costs.
- 4) Qantas reward points- flights to regional areas should have full access to Qantas “Classic Reward” seats on regional flights every day. Severely limiting this access, pushes people to pay the much higher “Reward Plus” seats or pay the full cash price.
- 5) Jetstar Airlines. Making Qantas offer Jetstar flights instead of allegedly “Full Service” Qantas flights is another opportunity to reduce prices. Major airlines do not offer a premium service significantly better than budget airlines. In fact, Virgin Australia subcontracts Alliance Airlines service for the Mount Isa to Brisbane route. There are usually several Qantas flights a day between Mount Isa and Brisbane. At least half could be Jetstar or similar.
- 6) International airlines should be allowed to offer partial services whilst flying over regional areas if they wish. Whilst not simple to implement, it represents a significant opportunity to break the existing duopoly where a flight goes almost right over the regional airport. One example might be Cairns in northern Queensland. A flight leaving Brisbane could offer seats to Cairns, at which the international flight could pick up more passengers. Similar opportunities could exist up the west coast of Western Australia and also in the Northern Territory.

- 7) The use of dynamic pricing models should be banned. This openly admitted practice provides unclear pricing for consumers. This undermines consumers rights to transparent and accurate pricing.

In summary, I trust these points allow some insight in regional airfare pricing and points that could be addressed to reduce prices for business and individuals.