

Submission to the Determinants of Regional Airfares

Inquiry: *The Productivity Commission has been asked to examine the determinants of regional airfares. Our inquiry will consider how to support a competitive, reliable and affordable aviation network for passenger flights outside Australia's major cities.*

Submitted by: Shire of East Pilbara (Operator: Newman Airport)

Date: 27th November 2025

1. Executive Summary

Serving the East Pilbara — an economic powerhouse underpinning a substantial share of Australia's resource and energy exports — Newman Airport is a critical piece of national infrastructure. It supports the movement of Fly in Fly Out (FIFO) workers, local residents, tourists, and essential services, including access to specialised health care. The airport underpins Australia's resource supply chain, supporting industries that collectively contribute more than **20 per cent of the nation's resource and energy exports**.

The existing Newman Airport terminal, constructed in 2009, is critically over capacity and no longer fit for purpose. It was designed to process approximately **150 passengers in a busy hour**; current peak demand exceeds **680 passengers** and continues to grow. This level of demand is well beyond what the facility can safely and efficiently accommodate and falls short of the level of service expected by airlines, industry and the community.

The airport currently accommodates approximately **43,000 passenger movements per month** and up to **100 scheduled flights per week**.

To address these constraints, the Shire of East Pilbara has initiated two major capital projects: the Newman Airport Terminal Redevelopment and the Newman Airport Taxiway and Apron Expansion. Together, these projects are essential to maintaining safe operations, supporting forecast passenger growth, and ensuring the ongoing resilience of aviation services in the East Pilbara.

Owning and operating a jet-capable airport in a remote location carries significant, unavoidable costs. These are exacerbated by geographical isolation, harsh environmental conditions, contractor availability, and escalating federal security and compliance requirements. Newman Airport operates with a limited local ratepayer base that is small relative to the scale of airport use and national economic benefit derived from the region.

The Newman Airport redevelopment also aligns with the Australian Government's National Agreement on Closing the Gap. Reliable and affordable aviation services are essential enablers of access to health care, employment, education and community connection for Aboriginal people living in remote areas.

The project embeds engagement with the Nyiyaparli people, incorporates Indigenous employment opportunities, and strengthens long-term economic participation in the East Pilbara.

Failure to address capacity constraints, affordability and resilience at Newman Airport risks constraining national resource productivity, worsening service access inequities in remote Australia, and undermining broader Commonwealth objectives relating to regional development, Closing the Gap, and disaster and emergency readiness across Northern Australia.

The Shire submits that remote airports such as Newman require secure, ongoing federal assistance for both security and infrastructure. Dedicated Commonwealth funding for remote airport infrastructure would enable more efficient asset investment and reduce pressure on local ratepayers who cannot reasonably absorb these costs alone.

Airfares to and from Newman are disproportionately high compared to flights over comparable distances elsewhere in Australia. Evidence demonstrates that airport charges constitute only a small proportion of total airfare costs, even at peak fare levels. While airport charges will need to increase modestly to support capital investment and ongoing operations, they are not the primary driver of high fares and will not represent a material component of ticket prices.

The dominant issue affecting affordability is the lack of effective competition, with services concentrated **between only two carriers**. This duopoly contributes to elevated fares, significant price volatility, and particularly high costs for short-notice travel. These conditions disproportionately affect residents who must travel for medical, family, or essential purposes.

The Shire supports the introduction of mechanisms to improve fare transparency and accountability, including federal oversight or reporting of fare classes and intra-route benchmarking on low-competition routes. Consideration should also be given to targeted economic oversight where monopoly or near-monopoly conditions exist.

About the Shire of East Pilbara

Located 1316 kilometres north of Perth in the remote Pilbara region, the Shire of East Pilbara (The Shire) plays a pivotal role in Australia's economy, propelled by its resources sector. The Shire produces half of WA's iron ore and the total dollar value of commodities mined within the Shire represent over 20% of the Australian resource and energy exports market.

The Shire is one of four local government areas in Western Australia's remote Pilbara region. Covering 372,571 square kilometres, it is the largest Shire in Australia and larger than the state of Victoria and Tasmania combined. Driving takes two days to cross from east to west and six hours from north to south.

The largest town in East Pilbara is the inland town of Newman with 43% of the Shire's population. Newman was built in the 1960s following the discovery of rich iron deposits. The town sits on the ancestral Country of Traditional Owners, the Nyiyaparli people.

The ancient landscape has been inhabited for over 41,000 years and holds intrinsic cultural and ecological significance. Newman's natural tourism assets are diverse, and the town serves as an ideal base for exploring the Pilbara's natural wonders, including the Karijini and Karlamilyi National Parks, Cape Keraudren, the historic towns of Nullagine and Marble Bar and the challenging Canning Stock Route.

Newman Airport

Owned by the Shire of East Pilbara, Newman Airport is a key part of Newman's light industrial transport precinct. The airport precinct is a transportation hub for getting into and out of the remote town, as well as providing all the light industry related to road and air transport. The airport plays a pivotal role as a key resourcing network within this precinct, serving the needs of the light industry businesses in terms of receiving of goods and provision of goods required in supporting staff resources needs.

The land adjacent to the Newman Airport site is currently subject to planning by Development WA, the Shire and the Pilbara Development Commission (PDC) with the aim to create a General Industrial Area, to combine with the existing light industrial precinct and become an inland service hub for the resources industry. To the right of the airport is an accommodation precinct to serve the needs of people coming into Newman.

Newman Airport is a critical hub for transporting mining Fly In Fly Out (FIFO) workers, community members and tourists to the region and meeting the health needs of locals. However, the 1400m² terminal, which was built in 2009, is constrained and in no way capable of meeting current or forecasted growth requirements of the mining sector, community needs for access to specialised health services and is a constraint to tourism growth. Additionally, the current terminal design presents as an uninspiring arrival and departure narrative to the Pilbara, its country, people and history.

Furthermore, there is continued growth of General Aviation, including small regional airlines and helicopter operators providing essential charter and medical services to rural and remote communities.

The Newman Airport Terminal is critically over capacity and is in no way capable of accommodating the forecast growth in passenger numbers to the level of service considered adequate by commercial, industry, airline or community standards. A non-functional terminal represents a significant risk to the sustainability, resilience and prosperity of the East Pilbara.

The terminal was originally constructed in 2009 to accommodate a busy hour of just 150 pax. In 2022, 680 passengers required processing in busy hour. With passenger numbers increasing by over 79,000 between 2022 and 2024, the number of passengers processed in a busy hour currently has increased beyond 680. Detailed passenger demand data and busy hour analysis supporting this growth are provided in Appendix 1.

While the Airport operates safely and efficiently, the sheer volume of passenger movements each week, combined with both the frequency and cascading impact of flight delays or cancellations, places significant pressure on an ageing and constrained terminal facility.

This creates several challenges:

- Crowding and congestion during peak FIFO movements, particularly around security screening and boarding gates.
- Operational bottlenecks when flights are delayed, banked, or cancelled, resulting in large passenger backlogs that the current terminal size cannot absorb.
- Regulatory strain, as minimum federal security and safety requirements must still be met despite physical constraints.
- Service delivery pressure, as essential aviation operations are forced to adapt dynamically to terminal limitations.

Newman Airport Terminal Redevelopment Project

In response to the capacity issues detailed above the Newman Airport Terminal Redevelopment Project (layout shown in Fig1) has been initiated. The purpose-built terminal will be able to service up to six aircraft and 950 people arriving and departing Newman at any given time, while adhering to airport security and compliance requirements.

It will be well integrated within the light industrial precinct and the proposed General Industrial Area inland service hub, ensuring the local businesses are able to efficiently access staff and goods via air.

The terminal will have a focus on efficiencies and reduction of operating costs. Further, the project has been designed in a way that enables the existing operations to continue as normal during the construction phase.

Preliminary estimates indicate that such a development could cost approximately \$106.3 million, depending on finalised design scope, federal regulatory requirements and construction cost escalation in remote Pilbara conditions.

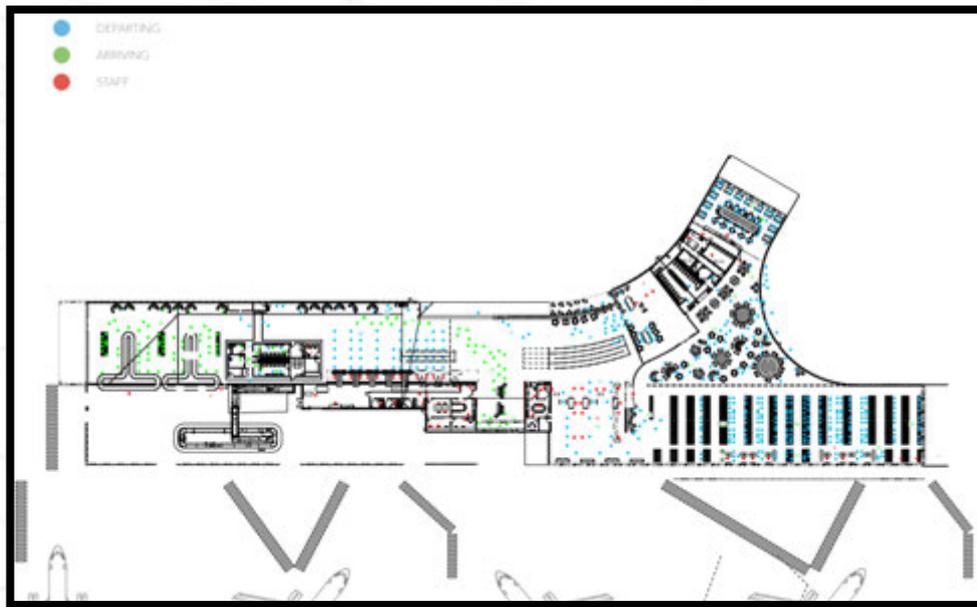


Fig 1 - Newman Airport Terminal Redevelopment Project – Proposed Layout

With \$50 million committed by the Federal Government, the remaining project costs will be met through a combination of the Shire’s internal baseline funding and a modest increase in airport fees and charges over time. The airport terminal redevelopment project is scheduled to commence in July 2026, with an expected completion in April 2028.

Newman Airport Taxiway and Apron Expansion

The existing Apron at Newman Airport is an aged asphalt area capable of catering for up to four B737 aircraft at any one time. Currently, three of the bays can only be accessed by Taxiway Alpha, with the remaining bay only accessed by Taxiway Bravo. All four Bays are needed to manage the current daily schedule, and additional bays are required to facilitate the predicted growth.

The pavement under Taxiway Alpha has had a number of failures over the past few years. The consequential remedial works have resulted in closure of this Taxiway for an extended period. The closure of Taxiway Alpha results in the Apron area only being able to service one aircraft at a time and as such Taxiway Alpha can currently only be closed at night or over weekends to do any repair/construction work.

The asphalt on Taxiway Alpha is of varying ages and current aircraft loading, combined with an aging surface, require an upgrade of this Taxiway, as well as an upgrade to parts of the current Apron. Furthermore, to meet the desired predicted growth of the airport additional Apron Bays and a further taxiway (Taxiway Charlie) is required.

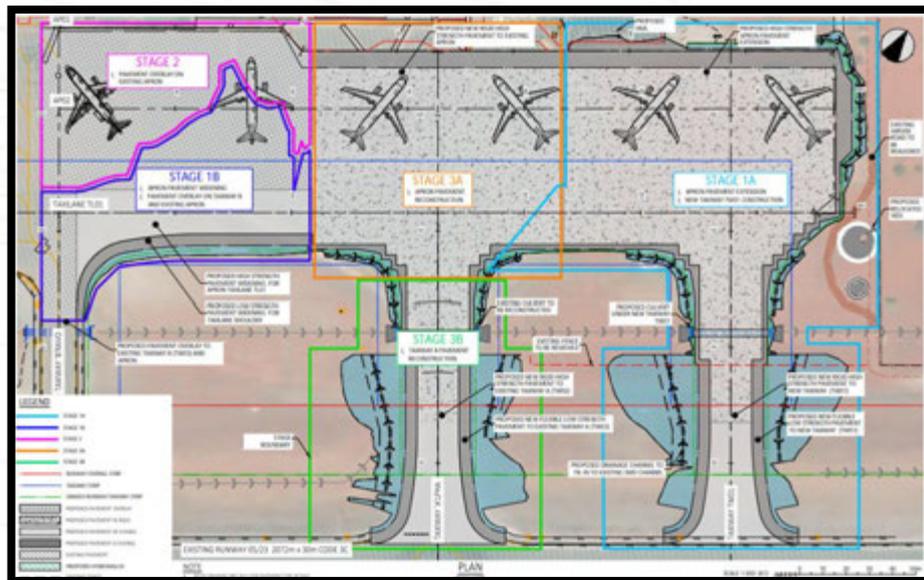


Fig 2 - Newman Airport Apron and Taxiway Expansion Project – Proposed Layout

The construction of the new Apron Bays and Taxiway Charlie (detailed in Figure 2) has been funded by the Shire committing funding of \$11 million and has an associated construction timeline of March to December 2026. The subsequent stages will be programmed and delivered based on the availability of funding.

Operating Environment and Cost Pressures

Owning and operating a regional airport carries a number of sizable, non-avoidable costs. These costs are often exacerbated further by Newman Airport’s geographical dislocation. The main factors that affect the affordability of Newman Airports ongoing operation include (but are not limited to):

Security Compliance — Newman Airport is a fully screened airport, with all persons entering the secure airside departure lounge or boarding an aircraft subject to passenger screening. This includes passengers, people accompanying passengers to the boarding gate, aircrew and airport workers. Screening services are provided by an external third-party provider, with resourcing costs materially increased due to Newman’s remote location.

The existing terminal is constrained to a single passenger screening lane, which is no longer adequate given current passenger volumes. To maintain safe and efficient operations, screening capacity will need to be doubled through the provision of a second screening lane. This will materially increase both capital and ongoing operating costs, including staffing, equipment, and compliance, and reflects the broader escalation of federal aviation security requirements in remote airports.

Infrastructure Maintenance Burden – Ensuring Newman Airport retains its status of a jet-capable airport is significantly more expensive than other airports due to:

- materials transportation costs
- contractor availability
- local industry maturity
- harsh environmental conditions
- residual life of the existing asset base

Limited Ratepayer Base — Like most remote local governments, Newman Airport does not fully recover its operating costs and is therefore reliant on supplementation from the Shire’s general rate revenue. While the Shire has established reserves to support airport operations and compliance obligations, these reserves are finite and insufficient to absorb the scale of ongoing and escalating costs associated with operating a jet-capable airport.

The local ratepayer base is small relative to airport usership, and the level of security, compliance and infrastructure investment required. As a result, the Shire will need to progressively adjust prices and increase airport fees and charges to ensure the ongoing financial sustainability of airport operations.

Remote airports such as Newman require secure, ongoing federal assistance for security and infrastructure. Dedicated Federal Funding for Remote Airport Infrastructure which would allow optimised investment in Airport assets and would reduce pressure on regional ratepayers.

Alignment with Closing the Gap and National Policy Objectives

The Shire of East Pilbara submits that the capacity, affordability and reliability of aviation services in remote Australia are foundational enablers of the Australian Government’s National Agreement on Closing the Gap.

For Aboriginal people living on Country across the East Pilbara, aviation is not discretionary infrastructure — it is essential infrastructure. Air services enable access to specialist health care, allied health services, education, cultural obligations, employment, and the maintenance of family and community connections. Where aviation services are constrained, unreliable or prohibitively expensive, the impact on Aboriginal communities is immediate and disproportionate.

The Newman Airport Terminal Redevelopment directly supports Priority Reforms under the National Agreement on Closing the Gap, particularly:

- **Priority Reform Two:** By improving access to services and employment pathways for Aboriginal people through reliable aviation infrastructure;
- **Priority Reform Four:** By ensuring infrastructure planning reflects the actual scale and intensity of demand in remote regions rather than metropolitan benchmarks.

The project also aligns with Closing the Gap Outcome Areas relating to economic participation, access to infrastructure, and wellbeing. Improved airport capacity and resilience support Indigenous employment during construction and operations, enables culturally appropriate terminal design and interpretation, and strengthens long-term economic participation through better access to regional labour markets and services.

Without sustained federal investment in remote airport infrastructure, the cumulative effect of high airfares, limited competition and constrained facilities risks entrenching disadvantage and undermining the Commonwealth’s stated Closing the Gap commitments in remote Australia.

Air Carrier Market Conditions in Newman

Newman requires a more competitive air carrier market; however, services are currently concentrated between two carriers, resulting in limited competition and negative financial impacts for consumers. Approximately 72 per cent of market demand is met by Qantas, with the remaining 28 per cent provided by Virgin Australia.

These market conditions create a de facto duopoly, driving disproportionately high fares and significant price volatility, particularly for short-notice travel. The fare comparison in Figure 3 highlights the inequity experienced by East Pilbara residents, with airfares to Newman substantially higher than those on routes of comparable distance and flight time elsewhere in Australia:

Route	Distance	Flight Time	Cost
Perth - Newman	1,019km	1hr 45 min	\$1,547.00
Sydney - Brisbane	751km	1hr 30 min	\$223.00
Melbourne - Gold Coast	1,328km	2hr 5 min	\$278.00
Brisbane - Cairns	1,387km	2hr 25min	\$222.00

Fig 3 – Short Notice Flight Cost Comparison of flights on a comparable Distance

All fares shown relate to the first available morning flight on Tuesday 9 December, booked one week in advance. Despite similar or shorter distances, flights to Newman are several times more expensive than metropolitan and inter-capital routes, demonstrating a structural pricing disparity borne by residents of remote, resource-producing regions.

While strong demand associated with the resources sector contributes to higher baseline costs across the Pilbara, the absence of effective competition amplifies these pressures. The result is an aviation market where residents, workers and families in the East Pilbara face persistently higher travel costs simply due to where they live.

Generally, a flight from Perth to Newman booked one month in advance costs approximately \$700, which remains disproportionately expensive. Residents who must travel regularly for medical, family or essential purposes are particularly exposed to these costs, reinforcing inequitable access to services compared to metropolitan Australians.

The Patient Assisted Travel Scheme provides some assistance for those needing to travel for medical reasons, but there are constraints particularly in relation to subsidies for accompanying persons and for treatment from allied health professionals such as dentists or psychologists.

High travel costs make it more difficult to strengthen and maintain extended family connections for those living in more remote parts of the State.

Workers in essential industries cannot access affordable travel, which is reflected in elevated prices for most goods and services and increased delivery costs/timelines for parts and equipment. Furthermore, the disproportionate cost of travelling to Pilbara has a material negative effect on the Pilbara tourist industry.

Current Airport Fee Structure

The current fees and charges that relate to the landing of planes at Newman Airport are detailed in the table below:

NEWMAN AIRPORT FEES AND CHARGES (Activity Area)	Cost (\$)
Landing fees (per tonne) MTOW: All aircraft 15,000kg or more	\$49.77
Landing fees (per tonne) MTOW: All aircraft 5,701 and 14,999kg	\$27.87
Landing fees (per tonne) MTOW: All aircraft 5,700 or less	\$17.28
Passenger Service Charge - per passenger (arriving and departing)	\$45.24
Security and Screening Charge (per departing passenger)	\$23.45
Total Cost for landing a fully seated 737 - 174 pax - 70 TONNES	\$11,355.66
Cost per Pax	\$65
Total Cost for departing a fully seated 737 - 174 pax - 70 TONNES	\$11,952.06
Cost per Pax	\$69
Total Cost for landing a fully seated A320 – 186 pax - 77 TONNES	\$12,246.93
Cost per Pax	\$66
Total Cost for departing a fully seated A320 - 186 pax - 77 TONNES	\$12,776.34
Cost per Pax	\$69

Fig 4 – Current Fees and Charges at Newman Airport

Even at the very high fare levels observed (up to \$1700 one way), airport charges contribute only a very small proportion of total airfare costs. The graphs below detail the cost breakdown for a fully seated 737 landing at Newman Airport for both a short notice booking (\$1700) and a long notice booking (\$700).

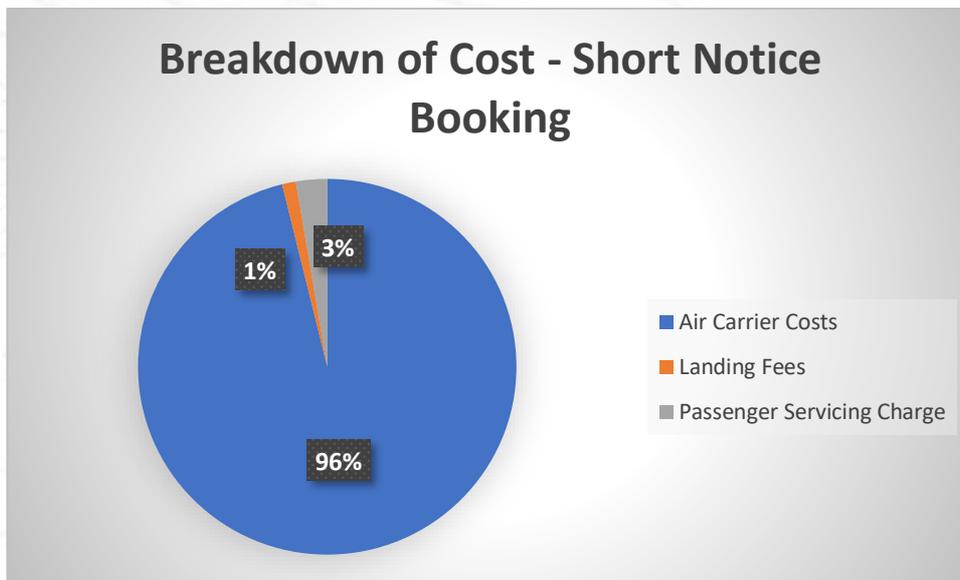


Fig 5 – Breakdown of Cost for a Short Notice Booking at Newman Airport

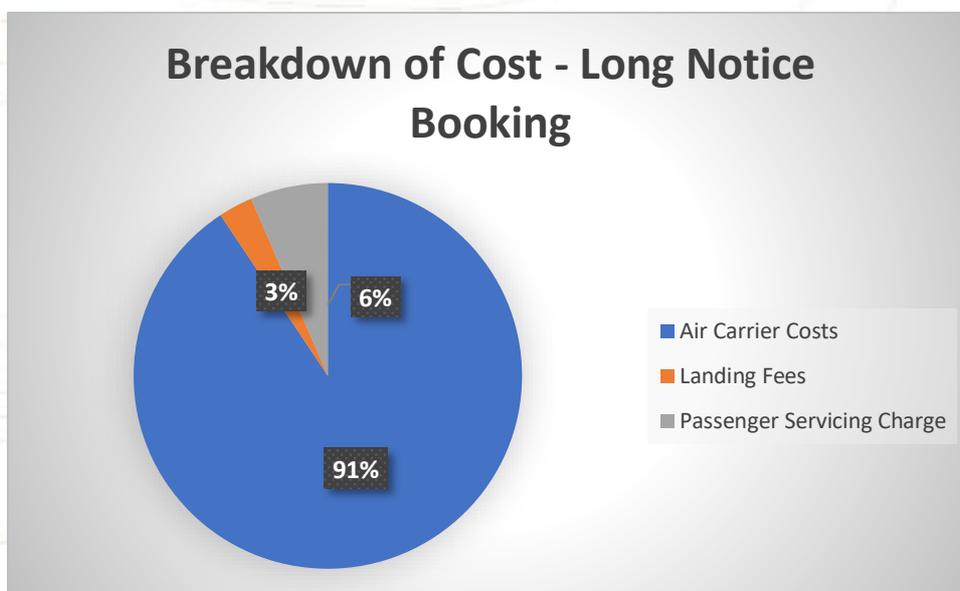


Fig 6 – Breakdown of Cost for a Long Notice Booking at Newman Airport

The current landing and passenger servicing fees are not a significant contributor to high airfares; however, as outlined earlier, these charges will need to increase to ensure Newman Airport is fit for purpose and capable of meeting current and forecast demand.

The existing terminal floor area is approximately five times smaller than what is required to safely and efficiently process current passenger volumes and to meet contemporary security and service standards. As a result, increased landing fees and passenger charges will be necessary to contribute to the cost of terminal expansion and to support the ongoing operating costs of the airport.

Cost modelling is currently underway to determine the required increase; however, any adjustments will not represent a material component of overall airfare prices.

In summary the Airport charges at Newman Airport are not the primary driver of high air fares. Mechanisms need to be implemented to ensure fare transparency including Federal oversight /reporting of fare classes sold and intra-route fare benchmarking to ensure consistency. Surety needs to be gained that any airport fee reductions actually reach the passengers.

Some form of economic oversight/regulation needs to be established for monopoly/low-competition routes. ACCC or similar body could perform this function which could include reviews when fares exceed certain thresholds. This model exist model exists in other transport sectors.

Conclusion

Newman Airport is essential national infrastructure serving one of Australia's most economically significant remote regions. It supports the movement of Fly In Fly Out workers, residents, tourists and essential services, including access to specialised health care, and underpins industries that contribute a substantial share of Australia's resource and energy exports.

The existing terminal is critically over capacity and no longer fit for purpose. Current and forecast passenger volumes significantly exceed the facility's design capacity, creating operational, safety and service pressures that cannot be resolved through incremental measures.

To address these constraints, the Shire of East Pilbara has initiated two major capital projects — the Newman Airport Terminal Redevelopment and the Newman Airport Taxiway and Apron Expansion. These projects are necessary to maintain safe operations; support forecast growth and ensure the long-term resilience of aviation services in the East Pilbara.

Operating a jet-capable airport in a remote environment involves significant, unavoidable costs that are materially higher than those faced by airports in metropolitan and regional centres. These pressures are driven by geographic isolation, harsh environmental conditions, limited contractor availability and escalating federal security and compliance requirements. The local ratepayer base is small relative to the scale of airport use and the national economic benefit derived from the region.

The Shire submits that remote airports such as Newman require secure, ongoing Commonwealth assistance for aviation security and critical infrastructure. Dedicated federal funding mechanisms are necessary to enable appropriate investment in essential assets and to avoid placing an unreasonable burden on remote communities and local governments.

Airfares to and from Newman are disproportionately high compared to flights over comparable distances elsewhere in Australia. Evidence demonstrates that airport charges constitute only a small proportion of total airfare costs, even at peak fare levels. While airport charges will need to increase modestly to support capital investment and ongoing operations, they are not the primary driver of high fares.

The dominant factor affecting affordability is the lack of effective competition on the route, with services concentrated between two carriers. This market structure contributes to elevated fares, significant price volatility and particularly high costs for short-notice travel. For East Pilbara residents, this directly affects liveability and affordability, limiting access to essential services in Perth — particularly specialist health care — and increasing the cost of maintaining family, employment and community connections.

Improved transparency and oversight of airfares on low-competition routes are therefore critical. National benchmarking, reporting of fare classes and targeted economic oversight would help ensure pricing reflects genuine cost drivers rather than market concentration, and that remote Australians are not disproportionately disadvantaged.

The Newman Airport redevelopment also supports the Australian Government's National Agreement on Closing the Gap. Reliable and affordable aviation services are critical enablers of access to health care, employment, education and community connection for Aboriginal people living in remote areas. The project embeds engagement with the Nyiyaparli people and supports Indigenous employment and long-term economic participation in the East Pilbara.

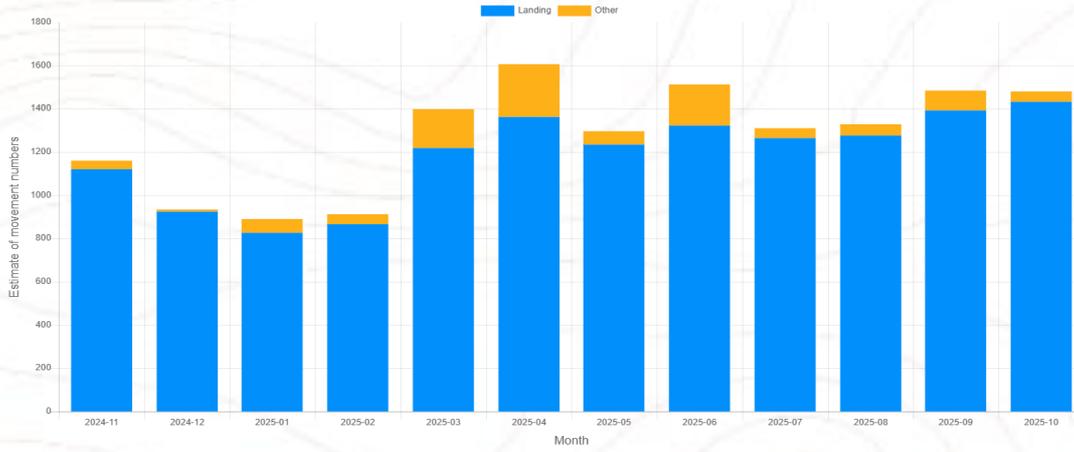
Recommendations

The Shire of East Pilbara recommends that the Australian Government:

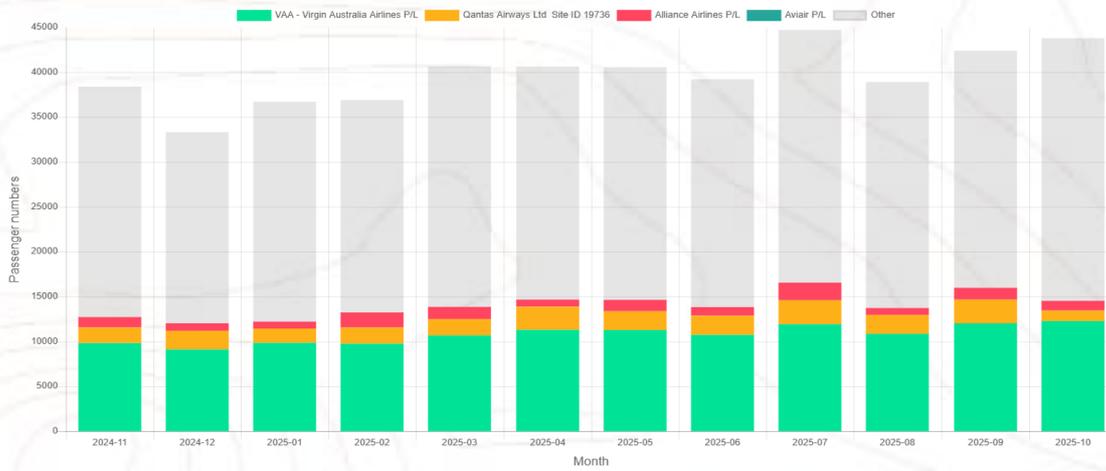
1. **Recognise** remote airports as essential national and social infrastructure and ensure they are explicitly considered within Commonwealth regional development, transport and Closing the Gap policy frameworks.
2. **Establish** or strengthen dedicated Commonwealth funding mechanisms for remote airport infrastructure and aviation security to support safe, reliable and resilient services in remote Australia.
3. **Improve** airfare transparency on low-competition and duopoly routes through enhanced reporting of fare classes, pricing structures and intra-route benchmarking.
4. **Consider** targeted economic oversight or regulatory mechanisms for routes with limited competition where fares exceed reasonable thresholds, including a potential role for the ACCC or another appropriate national body.
5. **Ensure** that Commonwealth aviation and transport policy reforms account for cumulative impacts on remote communities, including access to essential services, health care, workforce mobility and economic participation.

Appendix 1

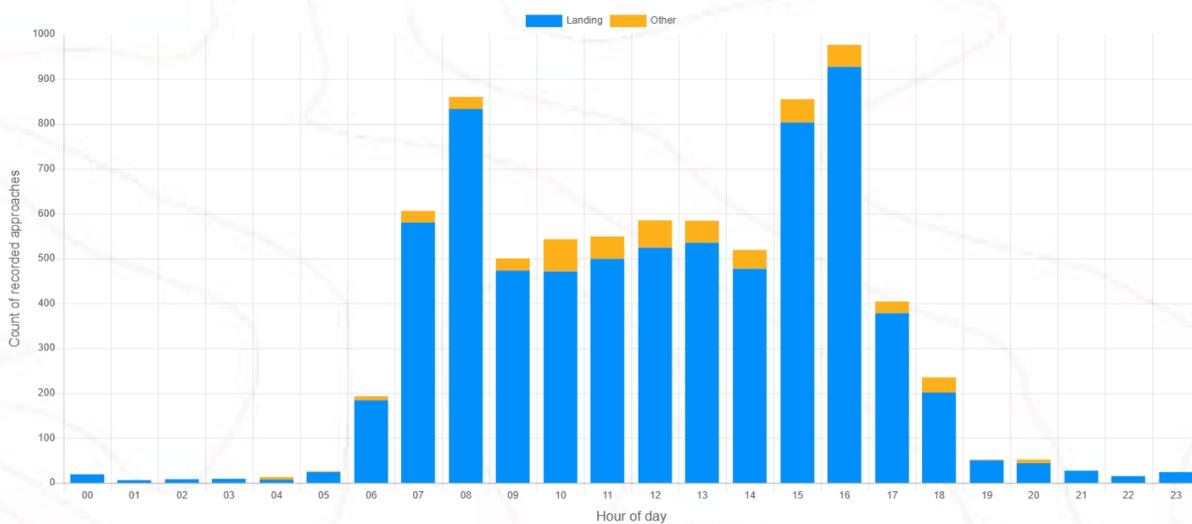
Estimate of movement numbers for Newman Airport (YNWN)



Passenger numbers for Newman Airport (YNWN)



Count of recorded approaches for Newman Airport (YNWN)



Landed MTOW (tonnes) for Newman Airport (YNWN)

