

Dear Productivity Commission,

RE: Submission to the Inquiry into the Affordability and Availability of Regional Airfares

I am a permanent resident of Mount Isa, Queensland, and I am writing to provide firsthand evidence regarding the affordability and accessibility of regional air travel, specifically the Mount Isa to Brisbane route. This route is a critical transport link for residents of North West Queensland, yet fares are routinely prohibitively expensive, commonly averaging around \$800–\$1,200 return.

Mount Isa is geographically isolated, and Brisbane serves as the primary access point for specialist healthcare, higher education, government services, business, and family connectivity. There are no practical alternative transport options. Driving requires approximately 24 hours one way and is not feasible for many residents, particularly those travelling for medical or essential purposes. Air travel is therefore not discretionary but essential infrastructure that enables residents to participate fully in economic and social life.

Evidence demonstrates that regional passengers pay substantially more per kilometre than metropolitan travellers. The Australian Government's Aviation White Paper found that ticket prices per kilometre for flights involving regional airports were approximately 52% higher on average than flights between major capital cities.

This disparity is consistent with fares experienced on the Mount Isa–Brisbane route. The straight-line distance between Mount Isa and Brisbane is approximately 1,572 kilometres one-way, or 3,144 kilometres return. A typical return fare of approximately \$1,000 equates to roughly \$0.32 per kilometre.

By comparison, the Brisbane–Sydney route is approximately 751 kilometres one-way, or 1,502 kilometres return. A return fare of \$200–\$300 equates to approximately \$0.13–\$0.20 per kilometre. This demonstrates that Mount Isa residents routinely pay materially higher per-kilometre costs, despite having fewer alternative transport options and limited airline competition.

This pricing structure reflects a structural market limitation rather than a fully competitive market. Routes such as Mount Isa–Brisbane are typically served by a single dominant airline, which reduces competitive pressure and limits price discipline. Residents are effectively captive consumers, with no viable substitute transport options.

While airlines offer limited resident fare discounts, these typically reduce fares by only \$100–\$150 and do not materially improve affordability. The base fare remains excessively high relative to comparable metropolitan routes.

The economic and social impacts of high airfares on regional communities are significant. Excessive fares create barriers to accessing healthcare, education, and essential services. They also undermine workforce attraction and retention. Mount Isa, like many regional centres, relies on attracting skilled professionals including healthcare workers, teachers, emergency services personnel, engineers, and tradespeople. Excessive travel costs reduce the attractiveness of regional employment and limit labour mobility.

This has broader national productivity implications. Regional centres such as Mount Isa play a critical role in Australia's resource sector and contribute substantially to national economic

output. Ensuring affordable and reliable connectivity is essential to supporting workforce stability, economic productivity, and regional development.

Regional aviation should be recognised as essential economic infrastructure, similar to roads, telecommunications, and utilities. Where market competition is limited and air travel is essential, targeted government intervention is justified to ensure equitable access.

I recommend the implementation of a structured resident airfare subsidy program with the following design principles:

- Subsidised fares available exclusively to verified permanent residents of eligible regional communities, based on proof of residential address and identity.
- Establishment of a resident travel registration system, similar to concession programs, allowing airlines to apply subsidised fares at the point of booking.
- Annual limits on subsidised travel per resident to ensure equitable distribution and program sustainability.
- Exclusion of employer-funded FIFO or corporate travel from eligibility, ensuring subsidies support genuine residents rather than large commercial operators.
- Transparent fare monitoring to ensure subsidy programs deliver genuine affordability improvements and are not offset by increases in base fares.

Such measures would improve affordability, support workforce mobility, and strengthen the long-term sustainability of regional communities.

Mount Isa is a productive and strategically important regional centre. Ensuring fair and reasonable access to air travel is essential to maintaining its economic viability and supporting the broader national interest.

Thank you for the opportunity to provide this submission. I would welcome any opportunity to provide further information.

Kind regards,

Justin Davies

Mount Isa, Queensland