



24 February 2026

The Productivity Commission CANBERRA ACT 2601

Via email: regional.airfares@pc.org.au

Inquiry into the Determinants of Regional Airfares

To whom it may concern,

Thank you for the opportunity to make a submission to the Inquiry into the Determinants of Regional Airfares. I make this submission as a Yolŋu leader from North East Arnhem Land and as the Member for Mulka. This submission reflects longstanding and ongoing concerns held by many communities and surrounding homelands of North East Arnhem Land regarding the affordability and reliability of air services in our region.

For many people living in remote and regional Northern Territory, aviation is essential infrastructure. Affordable and reliable air travel underpins access to health care, education, employment, family and cultural obligations, essential supplies, and economic development.

Yolŋu country spans more than 40,000 square kilometres of coastline and inland areas across North East Arnhem Land, extending slightly beyond the boundaries of the Mulka electorate. It encompasses the mining town of Nhulunbuy, major communities of Galiwin'ku, Gapuwiyak, Milingimbi, Ramingining, and Yirrkala, as well as numerous smaller homelands dispersed across the region. The population of the broader East Arnhem region is approximately 14,000–16,000 people, with a significant majority identifying as Aboriginal, primarily Yolŋu. Many residents live in small, geographically isolated communities with limited infrastructure and essential services.

Cost of Living and the Necessity of Air Travel

The cost of living in North East Arnhem Land is significantly higher than in urban centres. Food, fuel, household goods, mechanical repairs, and services all cost more due to remoteness and freight costs. Air travel compounds this pressure. Many families simply cannot afford to travel, and many local organisations and businesses struggle to absorb the cost of staff travel. Of particular concern is the impact on vulnerable communities and homelands across North East Arnhem Land, where families are already facing entrenched poverty and extremely high costs of living. Nhulunbuy serves





Yingiya Guyula

MEMBER FOR MULKA



as the main service hub for the region, providing access to health care, banking, aged care, crisis accommodation, shops, and government and non-government services. Many people from surrounding communities rely on frequent travel to Nhulunbuy, often several times a week, to meet everyday needs.

For Yolŋu people, travel is often required at short notice to attend funerals, ceremonies, and family obligations, as well as for urgent health needs. Travel to Darwin is frequently necessary for hospital treatment, dialysis, and specialist appointments, and can have a significant financial toll on family members who travel to support those who are unwell. These trips are rarely planned weeks in advance, meaning people are often forced to purchase the most expensive fares.

For many balanda (non-Indigenous) people living in the region, air travel is essential for staying connected to family living elsewhere and for holidays. They may also use the service for urgent matters such as health issues, family crises and funerals. For a family of four to travel urgently from Gove to Darwin during the current week, it will cost between \$1676 - \$3992 one-way. These costs are a major financial burden and often become unaffordable for families in the region (as seen in the attached airfares table).

Many people also rely on air travel for work within and to and from the region, and high airfares significantly constrain the ability of businesses and organisations to operate effectively.

As the Rio Tinto bauxite mine in Gove nears closure, the community has turned its sights to tourism as a key industry to help keep the region economically sustainable into future as it transitions away from mining. However, if the tourism industry is to expand in the region, it is imperative that air travel is more affordable. A quick flight search highlights, from Darwin or Cairns, it is often cheaper to take an overseas holiday to a destination such as Hawaii than it is to fly to Gove.

The region is also highly dependent on air travel because roads are often in poor condition for large parts of the year due to wet season flooding or degradation. In 2025, prolonged heavy rain forced the closure of the Central Arnhem Highway for four weeks, while some sections of the road remained impassable for even longer, cutting off access for thousands of people in and out of several homelands, such as Baniyala. Overland travel, when possible, can be long, dangerous, and unreliable. It also requires a 4-wheel-drive vehicle that will likely need ongoing maintenance and repairs that many people simply cannot afford.





Lack of Competition and Limited Travel Options

Most air routes servicing North East Arnhem Land operate with little or no competition. This lack of competitive pressure allows airlines to set prices without strong incentives to improve affordability or customer service. It has been pointed out, however, that more airline competition alone won't necessarily drive down fares and additional players entering the region may not be viable.

Charter flights remain prohibitively expensive, as the full cost of the aircraft must be covered regardless of passenger numbers. Mission Aviation Fellowship (MAF) provides a limited Regular Public Transport (RPT) service between some communities, which is more affordable than charters, but coverage is limited and still unaffordable for many residents, especially if purchasing tickets for multiple family members. Many homelands have no access to any affordable scheduled service at all.

As a result, people are frequently left with no realistic choice but to pay very high fares or forgo travel altogether.

Airport Landing Fees, Fuel Costs, and Operating Expenses

Airlines operating in North East Arnhem Land face significantly higher operating costs than those servicing major population centres. Aviation fuel in remote locations can cost several times more than in Darwin, and these costs are inevitably passed on to passengers. Airnorth has previously stated aircraft fuel costs three times more in some remote locations compared to Darwin.

In addition to fuel, airlines face airport landing fees and infrastructure limitations at remote airstrips.

Workforce Pressures, Pilot Shortages, and Sustainability

Workforce shortages - particularly pilot shortages - are an ongoing challenge in regional and remote aviation. Smaller regional operators invest heavily in training and developing pilots, only to lose them to larger commercial airlines offering higher wages and city-based lifestyles.

This cycle disproportionately affects remote regions, where service reliability can be undermined by staffing shortages and high turnover. It also limits opportunities for local people to participate in the aviation sector.

A long-term solution lies in training local people for local jobs. Developing specialised, place-based aviation training programs in North East Arnhem Land would create





Yinjiya Guyula

MEMBER FOR MULKA



pathways for Yolŋu and local residents to become pilots and aviation professionals. Pilots who are from the region are far more likely to stay, to understand local conditions, and to live and work close to home.

Such programs would require coordinated support from Commonwealth and Northern Territory governments, training organisations, and regional airlines. Investment in local training would not only address pilot shortages but also build skills, employment, and economic resilience in remote communities. As the first Yolŋu pilot in the region, I am very passionate about creating a strong pathway for the young people of North East Arnhem Land. All airlines in the region should be training local pilots and aircraft engineers.

Existing Aviation Initiatives

Airnorth offers a local fare for Gove residents that provides discounted travel when flights are booked at least 30 days in advance. However, this scheme has limited availability, applies only to certain flights, and involves administrative requirements that can be difficult to access for people with low English or digital literacy. It also provides no relief for those needing to travel urgently for health or compassionate reasons. This proves very expensive and often unaffordable if a family is required to travel out of the region urgently. The scheme is also not available to residents of other major communities or homelands outside the Gove Peninsula.

MAF operates a limited Regular Passenger Transport (RPT) service between major communities in North East Arnhem Land. While this service is significantly cheaper than charter flights, fares can still be prohibitive for many residents. Much intra-regional travel occurs between smaller homeland communities, where it is not financially viable for MAF to operate RPT services. This leaves people with limited options other than expensive charter flights or long-distance road travel on poor-quality and often unsafe roads.

Recommendations

Affordable and reliable air services can help support the liveability and accessibility of North East Arnhem Land, particularly as the region transitions away from mining. Without meaningful intervention, high airfares will continue to limit access to essential services, undermine workforce retention, constrain tourism and economic development, and place unfair financial pressure on remote families - particularly at times of crisis.



Yingiya Guyula
MEMBER FOR MULKA



A coordinated approach between governments and industry is needed to ensure that aviation services in remote Australia are fair, sustainable, and accessible for the people who rely on them most. This submission supports:

- Increased operational subsidies or alternative price-control mechanisms for essential remote air routes.
- Government support to reduce operating costs in remote regions, including fuel subsidies, landing fee relief, and airport infrastructure investment, and clear assurances that this relief is passed on to passengers.
- Greater accessibility to and flexibility of 'local fares' schemes for remote residents.
- Expansion of RPT-style services to additional communities and homelands, combined with Government subsidisation to bring down cost.
- Investment in local aviation training programs to build a sustainable, regionally based pilot workforce.

I'd like to thank the committee for their work on this very important issue. The people of North East Arnhem Land and across regional and remote areas of the NT have waited a long time for this issue to be properly addressed and I hope that your work will help to achieve swift outcomes.

Yours Sincerely,

Yingiya Guyula MLA



Appendices

1.1 Table showing airfares between major East Arnhem communities and Darwin (February 2026)

1.2 Table showing charter flight airfares between Milingimbi and homelands (February 2026)

2.1 Research report commissioned by the Member for Mulka completed by the Northern Territory's Library and Research Service

1.1 Table showing airfares between major East Arnhem communities and Darwin (February 2026)

Town(s)	Approx. population	Airlines that connect to Darwin	Cost of flight to Darwin in the next week - February 2026 (\$)
Nhulunbuy	3200	Airnorth	419-998
Other Gove communities	1000	Airnorth	419-998
Galiwin'ku	2200	Airnorth	793-858
Milingimbi	1000	Fly Tiwi	689
		Airnorth	658-898
Ramingining	800	Fly Tiwi	689
		Airnorth	-
Gapuwiyak (Lake Evella)	700	Fly Tiwi	689





Yingiya Guyula MEMBER FOR MULKA



1.2 Charter flight airfares between Milingimbi and homelands (February 2026)

From Milingimbi community	Marthakal Air		MAF		Air Frontier
	SE 1-way (\$)	TE 1-way (\$)	Charter SE 1-way (\$)	RPT (\$)	SE 1-way (\$)
To Elcho Island	740	910	2235	270	1300
To Ramingining (Lake Evella)	930	1140	2345	150	1000
To Gapuwiyak			2275	300	-
To Mapuru	870	1070	2225	-	1300
To Gove	1750	2120	2080	450	1650
To Mata Mata	1310	1590	Inactive		1750
To Gikal	-	-	Via Mata Mata		1750
To Nyinyikay	1290	1560	2215	-	1750
To Rorriwuy	1340	1620	2215	-	1750
To Gan Gan	1480	1790	2535	-	1950
To Garthalala	1660	2000	2425	-	1900
To Baniyala	1680	2030	2665	-	2100
To Birany Birany	1630	1960	2440	-	1900
To Dhalinbuy	1440	1740	2250	-	1775
To Gurrumuru	1400	1690	2305		1800
To Yathalamara	-	-	Via Ramingining		1000

SE = Single engine

TE = Twin engine



2.1 Research report commissioned by the Member for Mulka completed by the Northern Territory's Library and Research Service



Library and Research Service

Factors influencing regional and remote airfare costs with a focus on the Mulka region

**Prepared for Mr Yinjiya Guyula
Member for Mulka**

11 February 2026

Contents

1. Research Request.....	10
2. Introduction.....	10
3. Operational factors impacting regional and remote airfares	11
3.1 Airport fees.....	11
3.1.1 NT context.....	11
3.1.2 Fees set by airport operators	12
3.1.2.1 Passenger service fees.....	13
3.1.2.2 Aircraft landing fees	14
3.1.3 Airservices' charges	17
3.1.4 Security costs.....	19
3.2 Fuel costs	21
3.3 Costs associated with safety and accessibility obligations	23
3.4 Costs associated with operating a joint civil-defence airport	24
3.5 Regulatory approval costs and burden.....	24
3.6 Costs associated with infrastructure limitations, gaps and upgrades	25
3.7 Labour costs, shortages, recruitment and retention	26
3.8 Aircraft maintenance costs	28
3.9 Costs associated with seasonal and climatic variability	29
4. Market structures and dynamics impacting regional and remote airfares	29
4.1 Small economies of scale and 'thin' routes	29
4.2 Lack of airline competition.....	31
4.3 Monopolistic airport operator structures	33
4.4 Supplier profits.....	35
4.5 Dynamic airfare pricing.....	35
5. Conclusion.....	36

This report has been prepared in response to your specific request and is presented as a Word document for your convenience.

The Library and Research Service has consulted a range of sources when preparing this report. These sources are identified within the text via footnotes and website links or in the Reference section.

The Library and Research Service makes every effort to ensure information is accurate at the time the report is distributed. Nothing within the report should be considered as legal advice.

Further research can be undertaken on any issues arising from the report.

Feedback on the content is welcomed.

1. Research Request

The following request was received from the Electorate Office of Yinjiya Guyula MLA on 27 January 2026:

Could you please advise whether you can provide a research piece on remote airport and fuel costs, and the impact that it has on regional airline costs? And any other factors that [may] impact on regional fare costs for remote and regional residents, with focus in the Mulka region but also comparatively across the NT?

2. Introduction

It is well established that passengers pay more on average for remote and regional airfares than for major city airfares.¹ There are a wide range of reasons for this disparity. This report considers two overarching sets of factors that impact regional and remote air travel costs, namely operational factors and factors related to market structures and dynamics. The significance of these influences and the sometimes contested nature of their impact is explored.

This report draws on evidence from the 2019 Australian Senate Inquiry into ‘The operation, regulation and funding of air route service delivery to rural, regional and remote communities’ (the 2019 Senate Inquiry), including submissions to that inquiry,

¹ Australian Competition and Consumer Commission (ACCC). (2025). Submission to the Senate Committee Inquiry into the state of Australia’s aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Aviationsector_48/Submissions.

as well as a broad range of additional sources, with particular emphasis on evidence from stakeholders operating in the Northern Territory (NT) and the Mulka region.

3. Operational factors impacting regional and remote airfares

Various operational factors directly impact airfare prices. These factors are often felt more acutely in the NT, particularly by the smaller airlines that service remote and regional communities. This frequently results in costs being recovered through passenger airfares, reinforcing persistently high fares on remote services. The major operational costs are labour, fuel, maintenance and airport charges, with airport charges making up “a significant and growing portion of the price of airfares”.²

3.1 Airport fees

This section breaks down the costs imposed on airlines by airport and aerodrome operators, as well as the costs imposed on airports by national regulations. It explores how these costs are passed on to passengers, resulting in high ‘per passenger’ fees.

3.1.1 NT context

Multiple sources have raised that Darwin and Alice Springs airports have the highest fees per passenger fees in Australia.³ In its submission to the 2019 Senate Inquiry,⁴ the former NT Government Department of Infrastructure, Planning and Logistics (DIPL) stated that fees charged in the NT are disproportionate when compared to other jurisdictions.⁵ DIPL’s submission raised that these fees are especially disproportionate in relation to remote and regional operations due to the requirement for regional operators to pay the same fees as large interstate operators:

² Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

³ Garrick, M. (2025, July 18). *Darwin’s airport operators hike landing fees to “more than double” anywhere else in Australia*. ABC News. <https://www.abc.net.au/news/2025-07-18/darwin-airport-operator-adg-increases-landing-fees-110-per-cent/105546200>; NT Government Department of Infrastructure, Planning and Logistics (DIPL). (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes; Smith, C. (2026, January 26). NT airports fees structure slammed as Canberra called on to make changes. *NT News*. <https://www.ntnews.com.au/business/northern-territory/nt-airports-fees-structure-slammed-as-canberra-called-on-to-make-changes/news-story/c5ad4d8ba2e7b2f9aa1a9e960d0b141d>.

⁴ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

⁵ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

Adding to Northern Territory travel costs, is the requirement for many short haul regional services operating from major centres to use main terminal facilities. These services therefore incur the same passenger facilities, airport services, and safety and security charges as longer haul interstate services.⁶

The Qantas Group's submission to the 2023 Aviation Green Paper also noted the high fees that exist in Northern Australia, stating:

When comparing regional airports in Australia with fewer than 500,000 passengers per year, the average cost per passenger (excluding security) at airports in northern regions of Australia (Queensland, Northern Territory and Western Australia) is more than 55 per cent higher than elsewhere.⁷

3.1.2 Fees set by airport operators

The 2019 Senate Inquiry report provided a comprehensive overview of fees and charges that airport operators require airlines to pay:

Airport charges include passenger head fees, aircraft landing fees, and security screening charges. However, there are a range of charges that can be imposed by airport operators and these may vary depending on the facilities offered and the location of the airport. At the same time, the amount of charges levied varies and there does not appear to be a consistent approach to fee setting. Some regional airports levy their charges based on the volume of arriving and departing passengers. Others charge a rate based on the weight of an aircraft. The role of airport charges in raising the price of airfares has been an ongoing dispute between airports and airlines for some time.⁸

The report noted disagreement between airports and airlines regarding the significance of airport charges:

It was contended that either airport charges were substantial enough to be directly responsible for higher-priced airfares, or that airport charges were such a

⁶ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

⁷ Qantas Group. (2023). Submission to Aviation Green Paper 2023. <https://www.qantas.com/content/dam/qantas/pdfs/qantas-group/qantas-group-submission-aviation-green-paper-2023.pdf>.

⁸ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

small percentage of a total airfare that they could not be responsible for expensive airfares.⁹

3.1.2.1 Passenger service fees

Passenger service fees, otherwise known as a ‘domestic head tax’, are defined as:

... charges imposed by an airport to an RPT [regular public transport] operator, in recognition that an operator's passengers will be using an airport terminal, and the airport needs to recover the costs for that terminal use.¹⁰

The tax is based on the number of passengers to, from or through each of approximately 80 Australian regional airports¹¹ and is part of the price of airfares.¹²

Darwin, Alice Springs and Tennant Creek airports are owned and operated by Airport Development Group (AGD).¹³ Per the ADG’s Conditions of Use, the Passenger Facilitation Charge is “the charge for the Use of Standard Terminal Services” and appears to be the ADG’s passenger service charge.¹⁴ The changes to these charges at Alice Springs, Darwin and Tennant Creek from October 2024 to July 2025 are shown below:¹⁵

Airport	October 2024	July 2025
Alice Springs	\$14.26	\$16.01
Darwin	\$22.90	\$22.02
Tennant Creek	\$0	\$0

The Gove Airport passenger service tax is \$23 per passenger for arrivals and departures.¹⁶ In 2018, this fee was \$12.50, representing an 84 per cent increase over 8 years.¹⁷

⁹ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

¹⁰ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

¹¹ *Tourism and Hospitality Industry Partnership: Aircraft fees and levies*. (n.d.). Australian Taxation Office. <https://www.ato.gov.au/law/view/document?docid=GII/GSTIITH7/NAT/ATO/00001>.

¹² *Tourism and Hospitality Industry Partnership: Aircraft fees and levies*. (n.d.). Australian Taxation Office. <https://www.ato.gov.au/law/view/document?docid=GII/GSTIITH7/NAT/ATO/00001>.

¹³ Smith, C. (2026, January 26). NT airports fees structure slammed as Canberra called on to make changes. *NT News*. <https://www.ntnews.com.au/business/northern-territory/nt-airports-fees-structure-slammed-as-canberra-called-on-to-make-changes/news-story/c5ad4d8ba2e7b2f9aa1a9e960d0b141d>.

¹⁴ Conditions of use. (2024). In *Airport Development Group*. <https://www.darwinairport.com.au/sites/default/files/2024-10/ADG%20Conditions%20of%20Use%20%28Effective%2015%20Oct%202024%29.pdf>

¹⁵ Conditions of use. (2024). *Airport Development Group*. <https://www.darwinairport.com.au/sites/default/files/2024-10/ADG%20Conditions%20of%20Use%20%28Effective%2015%20Oct%202024%29.pdf>; Conditions of use. (2025). *Airport Development Group*. <https://www.darwinairport.com.au/sites/default/files/2025-06/ADG%20Conditions%20of%20Use%20%28Effective%201%20July%202025%29%20%5BFINAL%5D.pdf>.

¹⁶ *Fees and charges | Nhulunbuy Corporation*. (n.d.). <https://ncl.net.au/about-us/fees-and-charges>.

¹⁷ Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs

Rex, a regional Australian airline, provided evidence to the 2019 Senate Inquiry that small increases to this tax can have an “extremely significant” impact on airlines given the small profit margin they make per passenger.¹⁸

3.1.2.2 Aircraft landing fees

Aircraft landing fees are a cost imposed by airports on airlines to generate revenue and cover costs.¹⁹ They are often charged on a per tonne rate based on the maximum take-off weight of an aircraft.²⁰

Fees charged in the NT

ADG increased their general landing charge for Darwin International Airport in mid-2025.²¹ In October 2024, the Darwin International Airport landing fee per tonne was \$36.39.²² In July 2025, this was raised to \$77.71, representing a 114 per cent increase.²³

The NT News has reported landing fees at Darwin are \$68.98 per passenger and in Alice Springs \$51.15 per passenger. These figures were provided by the lobby group Airlines for Australia and New Zealand based on the ADG’s Conditions of Use, although it is unclear exactly how these figures were calculated from the fees provided for by ADG.²⁴ The ADG has attributed the recent increase in fees to the cost of ongoing runway works at Darwin International Airport, compounded by “a decline in aeronautical activity and broader increases in construction costs driven by inflation”.²⁵

and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

¹⁸ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

¹⁹ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf; Spray, A. (2024, November 16). *What are landing fees in aviation & why are they important?* Simple Flying. <https://simpleflying.com/aviation-landing-fees-guide/>.

²⁰ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

²¹ Conditions of use. (2025). *Airport Development Group*. <https://www.darwinairport.com.au/sites/default/files/2025-06/ADG%20Conditions%20of%20Use%20%28Effective%201%20July%202025%29%20%5BFINAL%5D.pdf>.

²² Conditions of use. (2024). *Airport Development Group*. <https://www.darwinairport.com.au/sites/default/files/2024-10/ADG%20Conditions%20of%20Use%20%28Effective%2015%20Oct%202024%29.pdf>.

²³ Conditions of use. (2025). *Airport Development Group*. <https://www.darwinairport.com.au/sites/default/files/2025-06/ADG%20Conditions%20of%20Use%20%28Effective%201%20July%202025%29%20%5BFINAL%5D.pdf>.

²⁴ Smith, C. (2026, January 26). *NT airports fees structure slammed as Canberra called on to make changes*. *NT News*. <https://www.ntnews.com.au/business/northern-territory/nt-airports-fees-structure-slammed-as-canberra-called-on-to-make-changes/news-story/c5ad4d8ba2e7b2f9aa1a9e960d0b141d>.

²⁵ Garrick, M. (2025, July 18). *Darwin’s airport operators hike landing fees to “more than double” anywhere else in Australia*. *ABC News*. <https://www.abc.net.au/news/2025-07-18/darwin-airport-operator-adg-increases-landing-fees-110-per-cent/105546200>; Smith, C. (2026, January 26). *NT airports fees structure slammed as Canberra called on to make changes*. *NT News*. <https://www.ntnews.com.au/business/northern-territory/nt-airports-fees-structure-slammed-as-canberra-called-on-to-make-changes/news-story/c5ad4d8ba2e7b2f9aa1a9e960d0b141d>.

For comparison, Gove Airport charges a \$23.00 per tonne airport landing fee.²⁶ In 2018, this fee was \$15 per tonne, representing a 53 per cent increase over 8 years.²⁷

As at 2019, less than ten percent of the NT's 400 aerodromes charged fees for airport use.²⁸ The former DIPL has noted that, even if fees were charged, they “would only generate a very small amount of revenue”.²⁹

How fees are determined

The ADG outlined in their submission to the 2019 Senate Inquiry the ‘building block’ model by which they negotiate and set fees charged to airlines:

Both Darwin International Airport and Alice Springs Airport airside (runways, taxiways, aircraft apron etc) and landside (terminal facilities, airport roads etc) charges to airlines are arrived at through commercial negotiation of a Long Term Pricing Agreement based on the ACCC [Australian Competition and Consumer Commission] building block model. This model is generally formulaic with standard inputs required. There are a number of parameters which commonly constitute an airport-airline Long Term Pricing Agreement. The main parameters are:

- *opening asset base;*
- *Weighted Average Cost of Capital (WACC) employed;*
- *passenger forecasts;*
- *capital program and timing of capital expenditure;*
- *operational and maintenance expenditure forecasts;*
- *rebate structure when base passenger volumes are exceeded; and*
- *relative pricing of transit/transfer and origin/destination passengers.*

²⁶ Fees and charges | Nhulunbuy Corporation. (n.d.). <https://ncl.net.au/about-us/fees-and-charges>.

²⁷ Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

²⁸ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

²⁹ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

The airlines hence are totally informed about the costs forming the basis of airport charges and, as part of the pricing negotiations, need to approve any capital expenditure and agree on forward looking operational and maintenance costs. This is full airline involvement in anyone's language. One feature of a Long Term Pricing Agreement (LTPA) for low passenger volume airports such as Darwin and Alice Springs is the demand risk associated with that LTPA. Airports take 100% of demand risk. An LTPA is not a contract in the conventional sense in that no forward looking level of passengers or services are guaranteed by airlines.³⁰

It is unclear what model the Nhulunbuy Corporation uses to determine their fees. Their website only states:

Schedule of Fees and Charges is adopted annually...Fees and charges are determined by the Nhulunbuy Corporation each year and contribute towards helping us provide services and facilities for the residents of Nhulunbuy.³¹

The 2019 Senate Inquiry report outlined issues raised with the Productivity Commission by airlines regarding the building block model, including that the model could be manipulated in the airport operator's favour:

Virgin Blue Airlines suggested to the [Productivity Commission] that airports could manipulate the inputs into the model, in order to maximise revenue and thereby increase aeronautical prices. Both Virgin Blue and Qantas took the view that airports consistently applied low passenger forecasts during negotiations. Qantas summarised its position by stating:

If the demand forecasts are too low, relative to actual passenger numbers, the prices charged to airlines are higher than necessary. Similarly, over estimation of costs would also lead to prices charged to airlines being too high.

Within the current regulatory framework, there is no mechanism which adjusts for the over or under recovery of revenue. Therefore, airports have the incentive to pass the risks inherent in preparing forecasts on to airlines through under estimation of passenger forecasts and overestimation of costs.

However, the Productivity Commission concluded that the final price as agreed by airports and airlines via this approach accounts for the needs of both parties:

...while the building block model may help to guide negotiations, the parties 'agree on price, not the underlying variables', and therefore a final agreement between airports and airlines

³⁰ Northern Territory Airports. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

³¹ *Fees and charges* | Nhulunbuy Corporation. (n.d.). <https://ncl.net.au/about-us/fees-and-charges>.

*was likely to reflect a balance of issues determined through negotiation. The PC pointed out that the needs of airports and airlines differed at each location.*³²

Yet, some stakeholders have argued that where airport operators hold a monopoly position, airlines' ability to negotiate is significantly reduced. This is discussed further at Section 4.3 of this report.

Fees passed on to passengers

Fees set by airport operators are often passed on by airlines to the passengers, resulting in increased airfare prices.³³ Chief Executive of the Regional Aviation Association of Australia, Rob Walker, stated that the ADG's recent increase to landing fees in Darwin has impacted airfares:

*...small to medium-sized aviation businesses...have no capacity to absorb these cost increases and have been forced to pass them on in full to our customers.*³⁴

3.1.3 Airservices' charges

Air navigation (or air traffic management) and aviation rescue and fire fighting services are provided by Airservices. Airservices, a corporate Commonwealth entity established and governed by the *Air Services Act 1995*, has a monopoly on these services across Australia.³⁵ The Airservices charges are paid by the airlines and aircraft operators.³⁶

Airservices increased their prices on 1 December 2024.³⁷ The tables below outline the updated prices, showing:

- Darwin pays the lowest Terminal Navigation charge;

³² Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

³³ Garrick, M. (2025, July 18). *Darwin's airport operators hike landing fees to "more than double" anywhere else in Australia*. ABC News. <https://www.abc.net.au/news/2025-07-18/darwin-airport-operator-adg-increases-landing-fees-110-per-cent/105546200>.

Shine, R. (2024, March 26). *Australia's aviation sector has been accused of price-gouging, but airlines say "monopolistic" airport operators are driving up costs*. ABC News. https://www.abc.net.au/news/2024-03-26/australias-monopolistic-airports-overcharging-airlines/103634144?utm_source=chatgpt.com.

³⁴ Nelson, J. (2025, July 23). *Darwin Airport slammed over "unreasonable" fee hike*. *Australian Aviation*. <https://australianaviation.com.au/2025/07/darwin-airport-slammed-over-unreasonable-fee-hike/>.

³⁵ Airservices. (2018). *Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities*. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

³⁶ Rural and Regional Affairs and Transport Legislation Committee. (2019). *Additional estimates 2018–19, including final report into the performance of Airservices Australia*. https://www.aph.gov.au/Parliamentary_Business/Senate_estimates/rrat/2018-19_Additional_estimates/Report.

³⁷ ACCC. (2024). *ACCC decision on Airservices Australia's 2024 price notification*. <https://www.accc.gov.au/system/files/Airservices%20Australia%20price%20notification%202024%20-%20Decision%20with%20attachments.pdf?ref=0&download=y>.

- Alice Springs pays the highest Terminal Navigation charge, along with a number of other airports;
- Darwin pays a middle of the range charge for category 7 aircraft aviation rescue and fire fighting services; and
- Darwin pays the highest charge for category 8 aviation rescue and fire fighting services (alongside Canberra).³⁸

Current	Service	New
\$11.89	Adelaide	\$12.78
\$15.22	Albury	\$16.36
\$15.22	Alice Springs	\$16.36
\$15.22	Archerfield	\$16.36
\$5.39	Avalon	\$5.79
\$15.22	Bankstown	\$16.36
\$6.18	Brisbane	\$6.64
\$15.22	Broome	\$16.36
\$12.20	Cairns	\$13.12
\$15.22	Camden	\$16.36
\$11.68	Canberra	\$12.56
\$15.22	Coffs Harbour	\$16.36
\$1.75	Darwin	\$1.86
\$15.22	Essendon	\$16.36
\$8.50	Gold Coast	\$9.14
\$11.03	Hamilton Island	\$10.37
\$9.68	Hobart	\$9.10
\$15.22	Jandakot	\$16.36
\$14.71	Karratha	\$14.71
\$14.65	Launceston	\$13.77
\$11.95	Mackay	\$12.85
\$5.52	Melbourne	\$5.85
\$15.22	Moorabbin	\$16.36
\$15.22	Parafield	\$16.36
\$7.56	Perth	\$8.13
\$0.00	Port Hedland	\$6.85
\$13.47	Rockhampton	\$14.48
\$14.21	Sunshine Coast	\$13.36
\$5.62	Sydney	\$6.04
\$15.22	Tamworth	\$16.36
\$2.27	Townsville	\$2.41

Current	Service	New
Category 6 Aircraft and below		
\$2.32	All locations	\$2.46
Category 7 Aircraft		
\$3.26	Adelaide	\$3.46
\$2.57	Brisbane	\$2.72
\$3.69	Cairns	\$3.91
\$9.08	Canberra	\$7.72
\$5.46	Darwin	\$5.79
\$3.79	Gold Coast	\$4.02
n/a	Hamilton Island	\$13.64
\$10.00	Hobart	\$8.50
n/a	Launceston	\$13.64
n/a	Mackay	\$13.64
\$2.52	Melbourne	\$2.67
\$2.81	Perth	\$2.98
n/a	Sunshine Coast	\$7.48
\$2.48	Sydney	\$2.63
\$13.64	Townsville	\$13.64
Category 8 Aircraft		
\$5.27	Adelaide	\$5.59
\$3.41	Brisbane	\$3.61
\$7.67	Cairns	\$8.13
n/a	Canberra	\$23.06
\$21.75	Darwin	\$23.06
\$6.46	Gold Coast	\$6.85
\$3.01	Melbourne	\$3.19
\$4.85	Perth	\$5.14
\$2.64	Sydney	\$2.80
Category 9 and 10 Aircraft		
n/a	Adelaide	\$8.87
\$6.09	Brisbane	\$6.46
\$4.99	Melbourne	\$5.09
\$8.37	Perth	\$8.87
\$3.67	Sydney	\$3.89

The aircraft categories are set by the Civil Aviation Safety Authority and International Civil Aviation Organization regulations. They are determined based on the amount of water and foam required to be carried, response times, water discharge rates and the number of personnel needed in order for the service to be delivered.³⁹ The Australian Competition and Consumer Commission (ACCC) did not object to the recent price increases.⁴⁰

³⁸ ACCC. (2024). ACCC decision on Airservices Australia’s 2024 price notification. <https://www.accc.gov.au/system/files/Airservices%20Australia%20price%20notification%202024%20-%20Decision%20with%20attachments.pdf?ref=0&download=y>.

³⁹ Airservices Australia. (2026, January 19). ARFF levels of service - Airservices. Airservices. <https://www.airservicesaustralia.com/about-us/our-services/aviation-rescue-fire-fighting-service/arff-levels-of-service/>.

⁴⁰ Airservices. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

In their submission to the in-progress Senate Inquiry into ‘[The operation, regulation and funding of air route service delivery to rural, regional and remote communities](#)’ (the 2025 Senate Inquiry) the ACCC noted that a new pricing proposal will soon be developed, which is likely to see substantial increases to prices:

Airservices is currently developing a Long-Term Pricing Agreement (LTPA) to cover the five year period from 1 July 2026 to 30 June 2031. The ACCC expects this pricing proposal to include several major infrastructure projects, which will likely lead to substantial price increases.

The ACCC noted that it will assess this proposal to ensure it represents “efficient and prudent expenditure”.⁴¹

3.1.4 Security costs

The 2019 Senate Inquiry report outlined that security costs are those “relating to the implementation, operation and maintenance of passenger security screening services” and they are “required at those airports declared as ‘security controlled airports’”.⁴² The *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005* set out airport screening requirements.

The 2019 Senate Inquiry report found that security screening equipment costs, including installation and ongoing operational costs, were of “serious concern” to many stakeholders. The report noted that these security costs were passed on to passengers, with the impact felt more acutely by smaller airports:

With security pricing, the accepted model is a pass through of charges, so what security costs to implement in terms of capital and operating expenditure is simply divided by the passenger numbers and passed straight through to the airlines and then on to the passenger. So any moves to increase the level of security in any airport around Australia would have a direct impact on pricing that is eventually passed to the passenger. ...the impact on airports with smaller passenger throughout is certainly more acute.⁴³

The Nhulunbuy Corporation outlined their concerns regarding the impact of screening costs on remote aerodromes in their submission to the 2019 Senate Inquiry:

⁴¹ Airservices. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁴² Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

⁴³ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

The screening service presents a significant impost on regional aerodrome operators, in particular for those aerodromes that have low passenger numbers. Economy of scale dictates that the fewer the passenger numbers the higher the security fee and hence the dearer the airfare...if the aviation screening fee was removed then the departing passenger fee is significantly reduced. The screening fee for this airport is based on a cost recovery only model, ensuring airport charges are kept to an absolute minimum.

The cost involved in implementing and providing aviation screening at a regional airport is unsustainable. The initial outlay for our equipment ie. baggage conveyor alterations, passenger screening, carry-on baggage x-ray, checked-in baggage x-ray, walk through metal detectors, explosive trace detection etc, was incredibly expensive and the ongoing operational and maintenance costs per annum is of a similar amount.

Another significant issue with the equipment is having to upgrade to the latest technology each time a decision is made by authorities, dictating the existing equipment no longer serves the desired purpose.⁴⁴

In 2018, the aviation screening fee charged at Gove Airport was \$30 per departing passenger (transit passengers excluded).⁴⁵ However, per the Aviation Transport Security Amendment (Security Controlled Airports) Regulations 2019, Gove Airport is no longer required to undertake passenger & checked bag screening, with the airport appearing to no longer charge a security fee.⁴⁶

⁴⁴ Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁴⁵ Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁴⁶ *Fees and charges | Nhulunbuy Corporation*. (n.d.). <https://ncl.net.au/about-us/fees-and-charges>; *Gove Airport Security Screening | Nhulunbuy Corporation*. (2020, November 23). <https://ncl.net.au/our-community/news/2020/gove-airport-security-screening>.

3.2 Fuel costs

The ACCC noted in their submission to the 2025 Senate Inquiry, that fuel and labour are typically an airline's biggest expenses.⁴⁷ Independent analysis has found that "fuel expenditures were about 20 per cent of total operating costs for major airlines".⁴⁸

There is evidence that surges in fuel prices coincide with increases to airfares.⁴⁹ However, the ACCC has found that lowered fuel prices do not necessarily result in decreased airfares:

*Real average airfares were close to 2019 levels despite a fall in fuel prices. Real jet fuel prices were 5.2% lower on average in the 6 months to October 2025 compared to the 6 months to October 2019, and Brent crude oil prices were 9.0% lower.*⁵⁰

The Productivity Commission's 2019 Draft Report on Economic Regulation of Airports found that there is a lack of competition in the Australian jet fuel market, which may affect fuel prices:

*The jet fuel supply chain is dominated by four large vertically integrated suppliers — BP, Caltex, Mobil and Viva — that are involved in each part of the supply chain, often in a joint venture arrangement between two or more of these suppliers. Vertical integration and horizontal coordination generate benefits to fuel suppliers by capturing economies of scale or scope, or by lowering coordination costs, where related services, such as the piping, storage and distribution of fuel, would otherwise be provided separately. These arrangements can result in more efficient provision of infrastructure services, but they could also enable incumbent fuel suppliers to use their dominance to restrict competition in markets to supply jet fuel.*⁵¹

⁴⁷ ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Aviationsector_48/Submissions.

⁴⁸ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf

⁴⁹ ACCC. (2022, June 7). *Domestic airline industry approaches full recovery, but jet fuel prices hit record high*. <https://www.accc.gov.au/media-release/domestic-airline-industry-approaches-full-recovery-but-jet-fuel-prices-hit-record-high>.

⁵⁰ ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Aviationsector_48/Submissions.

⁵¹ Productivity Commission. (2019). Draft Report on Economic regulation of airports. *Commonwealth of Australia*. <https://assets.pc.gov.au/inquiries/completed/airports-2019/draft/airports-draft.pdf>

Additionally, the cost of jet fuel is higher in remote areas due to costs related to transportation and storage:

*...fuel needs to be transported long distances to outlying aerodromes and fuel storage areas constructed, maintained and secured – in some remote areas the cost of aviation fuel is 300 percent higher than in urban areas.*⁵²

Smaller operators, such as those servicing regional and remote routes, also have disproportionately higher exposure to global fuel price shocks.⁵³

Additionally, airports may charge a jet fuel throughput levy. This is a mechanism for airport operators to recover the cost of providing fuel storage and hydrant infrastructure.⁵⁴ In 2017, Darwin International Airport “acquired an ownership” in a Joint User Hydrant Installation storage facility, with “an agreed timeframe in place to purchase 100% of the facility”.⁵⁵ Information available from 2019 stated that the cost of this investment was being recovered via a fuel throughput levy.⁵⁶ It is unclear whether this levy is still being charged in 2026.

⁵² NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

⁵³ University of NSW. (2025). Submission to the Senate Committee Inquiry into the state of Australia’s aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/AviationSector_48/Submissions.

⁵⁴ Productivity Commission. (2019). Economic regulation of airports. *Commonwealth of Australia*. <https://www.pc.gov.au/inquiries-and-research/airports-2019/report/>.

⁵⁵ Darwin International Airport. (2023). 2023 Master Plan: Preliminary Draft.

<https://www.darwinairport.com.au/sites/default/files/2023-09/DIA%202023%20Master%20Plan%20-%20Preliminary%20Draft%20-%20Sep%202023.pdf>; Journalist, I. (2017, October 3). *Darwin Airport purchase jet fuel storage facility*. Infrastructure Magazine. <https://origin.infrastructurmagazine.com.au/darwin-airport-purchase-jet-fuel-storage-facility/>.

⁵⁶ *Auckland Fuel Line - Options Report - dia.govt.nz*. (n.d.). <https://www.dia.govt.nz/Auckland-Fuel-Line---Options-Report>.

3.3 Costs associated with safety and accessibility obligations

Airport operators incur a range of costs to meet safety and hazard management obligations, which are often passed on to passengers through higher airfares. The Australian Airports Association submission to the 2025 Senate Inquiry provided an overview of these obligations and their impact on regional airports:

Ongoing aerodrome safety obligations required by CASA, and security obligations required by Home Affairs, together with emergency planning, airfield lighting, wildlife hazard management and pavement standards, apply nationally regardless of airport scale. These functions deliver a public good for the national aviation system, yet they are disproportionately expensive for small airports with limited commercial revenue.⁵⁷

The former DIPL, in their submission to the 2019 Senate Inquiry, outlined how safety upgrades to remote community aerodromes can increase costs to operators and consumers:

The Northern Territory relies on many remote aerodromes to support numerous isolated Aboriginal communities. Although the aerodromes are fenced, some of these remote aerodromes are heavily impacted by aircraft fuel sniffing and vandalism. This is a significant local health and aircraft safety issue for the communities involved. It has also resulted in the need for costly infrastructure upgrades and security services at some locations. Works of this nature are not eligible for Regional Aviation Access Programme funding as they do not upgrade the physical airstrip infrastructure. As such, aerodrome operators are forced to fund this infrastructure, which has resulted in increased costs to air operators and higher airfares. Ensuring aviation services are safe and secure is the highest priority for all levels of government. But this needs to be balanced with ensuring that the regulatory framework is tailored to take account of the level of risk for varying operational environments. Without considering the remote and regional environment and a level of regulation which is fit for purpose, the cost burden can cripple the sustainability of already marginally viable air services.⁵⁸

⁵⁷ Australian Airports Association. (2025). Submission to the Senate Committee Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Aviationsector_48/Submissions.

⁵⁸ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

In addition, new aviation accessibility standards may require infrastructure upgrades for regional airports.⁵⁹

3.4 Costs associated with operating a joint civil-defence airport

At joint civil–military airports, such as Darwin International Airport, commercial organisations and the defence force can compete for airspace and runway access which can increase operational complexity and cost.⁶⁰ In addition, defence-related operational requirements can increase compliance costs.⁶¹

3.5 Regulatory approval costs and burden

The Civil Aviation Safety Authority charges fees for the issue of licences, certificates and aircraft registrations. These fees apply to all regional airlines and aerodromes but there is no cost/price differentiation based on location. The fees have a set price or are recovered at an hourly rate that are based on the complexity of the service required.⁶² The hourly rate of between \$100 to \$190 has not changed since at least 2019.⁶³ In 2019, the Civil Aviation Safety Authority noted that there are around 360 different regulatory service fees.⁶⁴ In 2026, this was reduced to 260 regulatory service fees.⁶⁵

Stakeholders have expressed the view that the general aviation industry has been ‘excessively regulated’ which has resulted in “complex and difficult regulations that have financial and legal implications”.⁶⁶

⁵⁹ Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts. (n.d.). *Aviation accessibility: Developing Aviation-specific Disability Standards*.

<https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-accessibility/aviation-accessibility>.

⁶⁰ Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares. <https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁶¹ Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares. <https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁶² Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf.

⁶³ *Fees and charges*. (n.d.). Civil Aviation Safety Authority. <https://www.casa.gov.au/about-us/reporting-and-accountability/service-standards-fees-and-statistics/fees-and-charges#Whenandhowwechargefees>; Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf.

⁶⁴ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf.

⁶⁵ *Fees and charges*. (n.d.). Civil Aviation Safety Authority. <https://www.casa.gov.au/about-us/reporting-and-accountability/service-standards-fees-and-statistics/fees-and-charges#Whenandhowwechargefees>.

⁶⁶ Senate Rural and Regional Affairs and Transport Legislation Committee. (n.d.). *Australia’s general aviation industry: Interim report*. https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024821/toc_pdf/Australia'sgeneralaviationindustry.pdf;fileType=application%2Fpdf.

Regulatory burdens and costs are felt more acutely by regional operators given the costs make up a larger proportion of overall profit.⁶⁷ The former DIPL's submission to the 2019 Senate Inquiry noted highlighted concerns raised by operators regarding the time and cost of obtaining required approvals and the impact this has on small airlines operating in regional and remote areas:

Air charter operators also raised the:

- *high cost and length of time (up to six months processing time) associated with obtaining a licence to operate RPT services....*
- *high cost to small airlines of obtaining approvals to add new routes or additional aircraft to their fleet.*⁶⁸

3.6 Costs associated with infrastructure limitations, gaps and upgrades

Infrastructure limitations, gaps and upgrades may all result in increases to airport and airline operational costs. Factors including “runway length, lighting, instrument approach systems and weather-related capabilities” can limit aircraft types and operations.⁶⁹ Upgrades, such as the runway works underway at Darwin International Airport, can cause temporary disruptions which increase costs,⁷⁰ in addition to the cost of the upgrades themselves being passed on to airlines and subsequently to consumers.⁷¹

Remote aerodromes consistently require upgrades to ensure regulatory standards are met⁷² and that ageing facilities are replaced.⁷³ Exacerbating this is the NT's extreme

⁶⁷ Regional Aviation Association of Australia. (2024). Submission to the Director, Aviation Industry Ombuds Scheme. *Department of Infrastructure, Transport, Regional Development, Communications and the Arts*. https://www.infrastructure.gov.au/sites/default/files/documents/aioos_regional-aviation-association-of-australia.pdf.

⁶⁸ NT Government Department of Infrastructure, Planning and Logistics. (2018). Submission to the Senate Committee Inquiry. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

⁶⁹ Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares.

<https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁷⁰ Smith, C. (2023). Tarmac upgrades to blame as airlines defend sky high airfares. *NT News*.

<https://www.ntnews.com.au/business/nt-business/tarmac-upgrades-to-blame-as-airlines-defend-sky-high-airfares/news-story/51690c2d5ec937953f7f9f59778ab655>.

⁷¹ Garrick, M. (2025, July 18). *Darwin's airport operators hike landing fees to “more than double” anywhere else in Australia*. ABC News. <https://www.abc.net.au/news/2025-07-18/darwin-airport-operator-adg-increases-landing-fees-110-per-cent/105546200>.

⁷² NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

⁷³ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

weather conditions which require “increased maintenance and refurbishment of infrastructure”.⁷⁴

The Gove Aerodrome is operated and maintained by the Nhulunbuy Corporation.⁷⁵ The Nhulunbuy Corporation in their 2019 Senate Inquiry submission noted the need to recover funds spent on infrastructure and ensure there is money available for essential upgrades:

*Gove Airport is a multi-million dollar business to operate with delicate and structured forecasting required to ensure we recover and quarantine funds for future obligations. An example of programmed maintenance works is the cyclic resealing of all sealed movement areas associated with aircraft movements and is required every seven to ten (7-10) years on average. Resealing works in a remote area such as Gove with massive mobilisation and demobilisation costs associated with bringing specialised equipment to site can easily identify a \$3 million future liability.*⁷⁶

3.7 Labour costs, shortages, recruitment and retention

As stated earlier in this report, labour, along with fuel, are typically an airline’s biggest expenses.⁷⁷ Several sources noted labour costs are increased in regional and remote

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes..

⁷⁴ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

⁷⁵ *Gove Airport | Nhulunbuy Corporation*. (n.d.). <https://ncl.net.au/our-services/gove-airport-0>.

⁷⁶ Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁷⁷ ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia’s aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Aviationsector_48/Submissions.

areas.⁷⁸ Sources referenced the difficulties retaining staff resulting in the need to spend more on recruitment, salaries and interstate or overseas training.⁷⁹

Airnorth, the only airline that services Nhulunbuy,⁸⁰ raised in its 2019 Senate Inquiry submission that aircrew retention and shortages were major challenges to their cost base. The submission outlined their attrition rate and shortage issues, and subsequent costs to the business:

...as at 30 June, 2018, Airnorth had seen 55% of its aircrew leave the organisation in the preceding 18 months (37% annual attrition) whereas for the 38 years prior, that figure had never exceeded 10%. The end result of this pilot shortage is not only the massive cost to the business (it is extremely costly to have Jet aircraft costing around \$10,000 per day in capital, sitting on the ground without aircrew to fly them) but also the significant passenger disruption and cost which is then incurred. The added cost to the business, for training and re-training of replacement aircrew, can be in the order of \$100,000 per aircrew (over \$3m per annum for Airnorth alone).⁸¹

The Arnhem Land Progress Association stated in their 2019 Senate Inquiry submission that one of the reasons for this attrition rate is larger airlines taking less experienced pilots than they previously did, resulting in local operators having higher turnover and needing to increase salaries to retain the pilots.⁸²

⁷⁸ Airnorth. (2019). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions; Senate Rural and Regional Affairs and Transport References Committee. (2019).

Operation, regulation and funding of air route service delivery to rural, regional and remote communities.

https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf; Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares.

<https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁷⁹ Airnorth. (2019); NT Government DIPL. (2018); The Arnhem Land Progress Aboriginal Corporation. (2018):

Submissions to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁸⁰ *Qantas cancels daily flights from Darwin to Nhulunbuy as Rio Tinto refinery shuts down*. (2014, June 19). ABC News. <https://www.abc.net.au/news/2014-06-18/qantas-cancel-flights-from-darwin-to-nhulunbuy/5532258>; Submission 5 (name withheld). (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares.

<https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁸¹ Airnorth. (2019). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁸² The Arnhem Land Progress Aboriginal Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

Per the Civil Aviation Safety Regulations 1998 regulation 139.110(b), certified aerodromes must have an airport reporting officer (ARO) which further increases labour costs.⁸³ As Gove Airport is a certified aerodrome, it must employ an ARO.⁸⁴ The former DIPL has stated that recruitment to an ARO position can be a major challenge with trainers or trainees often needing to travel to provide or access training:

For aerodromes that require an...ARO, aerodrome operators have advised that a lack of appropriately trained personnel is a major ongoing issue. Identifying and retaining suitable persons and back-up AROs, providing support and supervision, and providing costly training, are all issues constantly raised. In particular, clarifying or understanding CASA's training or competency requirements for AROs is a constant challenge. Remote and regional areas lack appropriately qualified Registered Training Organisations. For those communities without AROs, trainers/assessors or trainees need to travel to access training, at great cost. With many AROs or potential AROs involved in other essential duties or aviation/local government related roles in their community, the down-time required to undertake training can have a broader impact on the community.⁸⁵

3.8 Aircraft maintenance costs

Costs associated with maintaining aircraft are higher in remote and regional locations.⁸⁶ Qantas in their submission to the 2019 Senate Inquiry attributed these high costs to:

- *limited labour and maintenance facilities in regional areas*
- *the costs associated with travel distances and transportation of engineering staff and parts to these regions; and*
- *the limited availability of aircraft type operating on regional routes and associated high maintenance and parts costs.⁸⁷*

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁸³ Civil Aviation Safety Regulations 1998 regulation 139.110(b).

⁸⁴ Civil Aviation Safety Regulations 1998.

⁸⁵ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes.

⁸⁶ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf; Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares. <https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁸⁷ Qantas. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

Various sources noted that regional airlines also often have ageing fleets which come with increasing maintenance requirements and costs.⁸⁸

3.9 Costs associated with seasonal and climatic variability

The NT's extreme and varied weather conditions result in seasonal demand patterns across the year which impact the efficiency, profitability and reliability of airlines servicing remote and regional routes. This has an overall negative impact on the operational viability of these routes.⁸⁹ Airnorth has stated that their revenue can “drop by more than 40 per cent (per month) during Northern Australia's ‘Wet Season’ compared to our ‘Dry Season’”.⁹⁰

4. Market structures and dynamics impacting regional and remote airfares

This section examines how market structures and forces influence remote and regional airfares, noting that the significance of some of these factors is contested among stakeholders.

4.1 Small economies of scale and ‘thin’ routes

Low demand on remote air routes leads to smaller aircraft, low seat occupancy, limited commercial hospitality and retail revenue opportunities, and limited economies of scale, which result in higher operating costs. These operating costs are passed on to a small number of passengers using the service, resulting in high airfares.⁹¹

⁸⁸ NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes; Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares. <https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>; University of NSW. (2025). Submission to the Senate Committee Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/AviationSector_48/Submissions.

⁸⁹ Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares. <https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁹⁰ Airnorth. (2019). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁹¹ ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/AviationSector_48/Submissions; Senate Rural and Regional Affairs and Transport References Committee. (2019).

Evidence shows that low demand and reliance on charter services reinforces persistently high prices and weakens route viability.⁹² The Arnhem Land Progress Aboriginal Corporation has outlined that these issues have affected airline operations in Arnhem Land:

*In regards to remote services the considerable challenge has been, and remains, economies of scale in relation to volume. Any service must be viable for the operator to continue the service. Arnhem Land has seen operators cease on short notice causing disruption to business and government services. Whilst we point out that services are expensive, it drives costs even higher when regular passenger transport services are withdrawn as residents, businesses and Government are forced to use charters.*⁹³

NT Airports stated in the submission to the 2019 Senate Inquiry that increasing the economies of scale in Darwin would be critical to lowering airfares, and would have a flow on effect to regional and remote airfares:

*A fundamental aspect to lowering airfares and providing communities with choice of services is to achieve greater scale. To encourage greater volumes in regional areas and improve services in these communities, greater scale must be achieved. An improved market environment in Darwin would further enhance regional and remote centres as a spill-over effect.*⁹⁴

Operation, regulation and funding of air route service delivery to rural, regional and remote communities. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf; Tourism and Transport Forum. (2025). Submission to the Productivity Commission Inquiry into the Determinants of Regional Airfares. <https://www.pc.gov.au/inquiries-and-research/regional-airfares/submissions/>.

⁹² NT Government DIPL. (2018). Submission to the Senate Committee Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes; The Arnhem Land Progress Aboriginal Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁹³ The Arnhem Land Progress Aboriginal Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁹⁴ Northern Territory Airports. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

There is some evidence that ticket prices may go up, rather than down when airlines add more flights to a route reflecting “some dilution of economies of scale”.⁹⁵ However, the 2019 Senate Inquiry report concluded that “economies of scale are one of the primary factors—if not the primary factor—driving higher regional airfares”.

4.2 Lack of airline competition

The impact of airline competition on regional and remote airfares is a contentious issue.

The 2019 Senate Inquiry report outlined the view of airlines’ that increasing competition would not reduce airfares:

There was general consensus among the airlines that increasing competition on regional routes would not assist in reducing airfares, given the significant challenges of operating in regional areas.

Rex was of the strong view that competition in regional aviation could be 'particularly detrimental for all the smaller routes of less than 100 000 passengers a year'. It was Rex's experience that competition did not result in lowering airfare prices, and could instead 'destroy efficiencies and result in higher airfares and lower profits (or bigger losses)', while reducing flight frequencies.....

...the RRC [Rockhampton Regional Council] expressed caution with regards to too much competition, noting that 'over supplying the market and creating an unsustainable environment of extreme airfare reductions' would not be in the best interests of airport and airline stakeholders. It was RRC's view that the low cost carriers and associated low airfares had 'skewed the passenger and the public's perception as to the cost of aviation and travelling via aircraft'.⁹⁶

In contrast, other sources argue that greater competition is associated with lower fares in regional and remote areas.⁹⁷ For example, the Nhulunbuy Corporation has stated that

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

⁹⁵ Local Government Association of the NT. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions; Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf.

⁹⁶ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf.

⁹⁷ ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia’s aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

prices were cheaper when there was competition between airlines servicing Nhulunbuy,⁹⁸

As indicated by the table ... competition between airlines produced flexibility and cheaper airfares resulting in more people using the services. This can be seen by the passenger number figure for financial year 1999/2000 when both Ansett Airlines and Qantas were providing air services to Nhulunbuy.

Financial Year	Passengers	Population	Movements	Carrier & aircraft
1999/2000	186,292	3,800	5,404	Qantas Boeing 737 Ansett Boeing 737
2001 Ansett ceased operations November				
2001/02	107,483			Qantas B737
2013/14	103,562	3869	2663	Qantas Boeing 717
November 2013 - RTA closed refinery				Qantas Boeing 717
August 2014 – Qantaslink ceases				Qantas / Airnorth
2014/15	62,937	2,074	1,987	Airnorth EMB170
2016/17	58,429	3,240	2,076	Airnorth EMB170

Note: Data source is the BITRE website.

The East Arnhem Regional Economic Development Committee has also contended that:

*A lack of competition is...a known factor in higher consumer costs.*⁹⁹

Virgin expressed a midway view, finding that competition would reduce regional airfare prices, but that high enough demand or increased regulation is needed to ensure competition is sustained:

... Virgin argued that increasing competition via additional services on unregulated regional routes would place downward pressure on airfares. However, Virgin noted that the ability of a route to sustain competition would depend largely on demand, with some regional routes having such low

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/A_viationsector_48/Submissions; Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/R_egionalAirRoutes/Submissions.

⁹⁸ Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/R_egionalAirRoutes/Submissions.

⁹⁹ East Arnhem Regional Economic Development Committee. (2017). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/R_egionalAirRoutes/Submissions.

passenger numbers that competition was unsuitable, and regulation was therefore a better way to ensure RPT [Regular Public Transport] services.¹⁰⁰

The 2019 Senate Inquiry report could not come to a conclusion as to the whether competition on regional routes would be a net positive or negative for regional route prices:

There was little agreement during the inquiry as to the benefits or otherwise of increased competition on regional air routes. There was also conflicting evidence provided via case studies to show the impacts of increased or reduced competition on airfares.

The committee suggests that increased competition might not necessarily be the most effective way to reduce travel costs, in light of the fact that the population base and load factors are not present in regional Australia to support the addition of extra airlines on already thin routes.

It remains a commercial decision for airlines as to whether they wish to enter new markets, or increase the frequency of scheduled RPT services to established markets. Given this is a matter for the airlines, the committee is not in a position to suggest what approach the airlines may wish to take.

Despite this, the committee strongly encourages the airlines to consult with local councils, tourism operators and other stakeholders as much as is possible to better understand the possible unmet demand in regional markets, and to better tailor services to the needs of local communities. Both approaches, if fruitful, would serve to increase passenger volumes and therefore help drive down prices.¹⁰¹

4.3 Monopolistic airport operator structures

It is well established that many airports in Australia operate as monopolies with limited regulatory oversight. This gives airport operators the opportunity to introduce high fees where airlines have little bargaining leverage.¹⁰² A Regulation Impact Statement that

¹⁰⁰ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf.

¹⁰¹ Senate Rural and Regional Affairs and Transport References Committee. (2019). *Operation, regulation and funding of air route service delivery to rural, regional and remote communities*. https://www.aph.gov.au/-/media/Committees/rrat_ctte/RegionalAirRoutes/Report.pdf.

¹⁰² ACCC. (2022). *Airport monitoring – more detailed information on airport performance: Consultation paper*. <https://www.accc.gov.au/system/files/ACCC%20Consultation%20paper%20Airport%20performance%20information%20-%202028%20October%202022.pdf>; ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/A

formed part of the Australian Government’s response to the Productivity Commission’s Inquiry into the Economic Regulation of Airport Services found the potential impact of this issue was medium to high, while noting that airlines retain some market power in certain circumstances:

In the absence of effective regulation, natural monopolies have the ability and incentive to misuse their market power to extract prices and terms that would otherwise not be achieved in a competitive market.... However, the capacity of airports to exercise market power is curbed to some extent, including through competition from other transport modes and incentives to maximise passenger throughput to achieve higher retail and commercial returns. In some cases, airlines can exert countervailing power depending on their capacity to bypass or withdraw services from the airport.¹⁰³

Whether airport operators do ‘misuse’ this market power is contested. The lobby group Airlines for Australia and New Zealand has argued that airport operators do not negotiate fairly.¹⁰⁴ In regards to the NT, Airlines for Australia and New Zealand contended that ADG’s monopoly control over Darwin, Alice Springs and Tennant Creek airports has resulted in disproportionately high landing fees.¹⁰⁵ However, the Productivity Commission has found that “on balance, airports have not systematically exercised their market power in commercial negotiations with airlines”.¹⁰⁶ This has been reiterated by the Australian Airports Association.¹⁰⁷

[viationsector_48/Submissions](https://oia.pmc.gov.au/sites/default/files/posts/2012/04/03-Airport-Pricing-RIS.pdf); Regulation Impact Statement for the Government Response to the Productivity Commission Inquiry Report – Economic Regulation of Airport Services. (2012). In *Department of the Prime Minister and Cabinet*. <https://oia.pmc.gov.au/sites/default/files/posts/2012/04/03-Airport-Pricing-RIS.pdf>.

¹⁰³ Regulation Impact Statement for the Government Response to the Productivity Commission Inquiry Report – Economic Regulation of Airport Services. (2012). In *Department of the Prime Minister and Cabinet*. <https://oia.pmc.gov.au/sites/default/files/posts/2012/04/03-Airport-Pricing-RIS.pdf>.

¹⁰⁴ Shine, R. (2024, March 26). *Australia’s aviation sector has been accused of price-gouging, but airlines say “monopolistic” airport operators are driving up costs*. ABC News. https://www.abc.net.au/news/2024-03-26/australias-monopolistic-airports-overcharging-airlines/103634144?utm_source=chatgpt.com.

¹⁰⁵ Smith, C. (2026, January 26). *NT airports fees structure slammed as Canberra called on to make changes*. *NT News*. <https://www.ntnews.com.au/business/northern-territory/nt-airports-fees-structure-slammed-as-canberra-called-on-to-make-changes/news-story/c5ad4d8ba2e7b2f9aa1a9e960d0b141d>; Smith, C. (2026, February 2). *NT Chamber of Commerce calls for feds to act on ‘two tier’ airfares*. *NT News*. <https://www.ntnews.com.au/business/northern-territory/nt-chamber-of-commerce-calls-for-feds-to-act-on-two-tier-airfares/news-story/9cdb0e4caa86fa6e3017332b40c392de>.

¹⁰⁶ Productivity Commission. (2019). *Economic regulation of airports*. *Commonwealth of Australia*. <https://www.pc.gov.au/inquiries-and-research/airports-2019/report/>.

¹⁰⁷ Shine, R. (2024, March 26). *Australia’s aviation sector has been accused of price-gouging, but airlines say “monopolistic” airport operators are driving up costs*. ABC News. https://www.abc.net.au/news/2024-03-26/australias-monopolistic-airports-overcharging-airlines/103634144?utm_source=chatgpt.com.

4.4 Supplier profits

Internationally, concerns have been raised about an imbalance between the profit margins of airlines and their suppliers.¹⁰⁸

In their 2019 Senate Inquiry submission, Airnorth argued that one of the main reasons for their prices was the “excessive” profit margins of their suppliers:

[The money made from higher fares] certainly isn't ending up with any of the airlines, let alone Airnorth. Airnorth's major cost drivers (with the exception of Labour Costs), and in this regard we wouldn't be too different to most airlines, are all controlled by either National or Multinational corporations who all are making excessive (and yes, we mean excessive to normal business practice) profits. Financial Institutions, Fuel Companies, Airports, Insurance Companies and MRO (Maintenance Repair and Overhaul) companies.¹⁰⁹

4.5 Dynamic airfare pricing

Some sources discussed the use of ‘dynamic’ or ‘surge’ airfare pricing in relation to regional and remote routes. This means that fares fluctuate based supply and demand at any given time.¹¹⁰

The ACCC noted in their submission to the 2025 Senate Inquiry, that most airlines use dynamic pricing which, when combined with a lack of competition between airlines, results in airlines having little reason to reduce ticket prices.¹¹¹

The Nhulunbuy Corporation and the Local Government Association of the NT have noted this is an issue in the Territory.¹¹² The Nhulunbuy Corporation has stated:

During the school holiday periods, public holidays and annual holiday periods etc. the cost of fares always increase significantly with no visible justification.

¹⁰⁸ Hopher, T., & Plucinska, J. (2025, October 13). *Airlines face \$11 billion supply chain hit in 2025, IATA says*. Reuters. https://www.reuters.com/business/aerospace-defense/airlines-face-11-billion-supply-chain-hit-2025-iata-says-2025-10-13/?utm_source=chatgpt.com.

¹⁰⁹ Airnorth. (2019). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

¹¹⁰ ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia’s aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/AviationSector_48/Submissions.

¹¹¹ ACCC. (2025). Submission to the Senate Committee Inquiry into the state of Australia’s aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/AviationSector_48/Submissions.

¹¹² Local Government Association of the NT. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and

*The airlines should provide some transparency and explanation for these increases.*¹¹³

5. Conclusion

Stakeholders do not agree on which cost drivers have the greatest or most disproportionate impact on remote and regional airfare prices. However, there is broad recognition that operational pressures, including airport fees and fuel costs, and other market-based influences are felt more acutely in remote and regional areas due to factors such as long distances, limited demand, and the small economies of scale associated with operating in these locations. It is well established that the higher costs of operating in remote and regional areas is often passed directly on to passengers through inflated airfares.

Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.

¹¹³ Nhulunbuy Corporation. (2018). Submission to the Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities. *Parliament of Australia*. Rural and Regional Affairs and Transport References Committee.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RegionalAirRoutes/Submissions.