

11 March 2026



Submission to the Productivity Commission

Inquiry into the Determinants of Regional Airfares

Executive Summary

Regional airfares on certain routes are producing outcomes that are difficult to justify on economic, environmental or equity grounds.

On the Sydney–Toowoomba route, limited frequency, concentrated supply and persistently high fares have created a situation where it is often cheaper for passengers to drive to Brisbane Airport and fly from there. This increases congestion, emissions and travel time while underutilising regional aviation infrastructure.

There is a clear imbalance between highly competitive trunk routes and thin regional routes where competition is limited. Regional passengers frequently pay a higher cost per kilometre, and in some cases a short domestic return fare can exceed the cost of an international leisure flight. Where airlines publicly acknowledge that fares could fall but see no incentive to reduce them, it raises legitimate questions about competitive discipline on monopoly or duopoly regional routes.

Regional aviation is essential infrastructure for healthcare, education, business and tourism. If sustainable competition and fair pricing cannot be delivered on certain routes, alternative connectivity solutions, including improved surface transport links to major aviation hubs, must be considered.

This inquiry is an opportunity to ensure regional communities are not consistently paying a structural premium simply because they have fewer choices.

1. Introduction

Global Travel Co operates two travel agency locations, one in Toowoomba (regional Queensland) and one in Sydney (metropolitan NSW).

Regional air services between these two centres directly affect:

- Business operations
- Staff mobility

- Client travel behaviour
- Regional economic participation

This submission reflects direct, practical experience working within the current aviation market and observing how pricing and service settings impact regional Australians.

2. Limited Services and Concentrated Supply

The Sydney–Toowoomba (WTB) route currently operates with:

- One primary carrier (QF)
- One service per day operating on only four days per week
- No Tuesday or Saturday services

For a regional city of Toowoomba's size and economic importance, this level of frequency is restrictive. By comparison, Tamworth averages 4–5 commercial flights per day even though it has a regional population of around 66,000 (approximately 65% smaller than Toowoomba's 184,000).

For further context, Newcastle, located a similar distance from Sydney as Toowoomba is from Brisbane, has a regional population of approximately 455,000 (around 150% larger than Toowoomba). Newcastle Airport averages approximately 17 return commercial services per day, compared to Toowoomba's average of less than one return service per day across a full week. While Newcastle is larger, the scale of difference in daily services (many multiples higher) highlights how service levels do not appear proportionate to regional population size or economic significance.

Limited service reduces flexibility for:

- Business travel
- Medical travel
- Education access
- Family travel
- Same-day return trips

Where service supply is this constrained and meaningful competition is absent, pricing power naturally sits with the incumbent carrier.

3. Pricing Outcomes That Distort Behaviour

3.1 Cheaper to Drive to Brisbane

It is frequently more economical for passengers to:

- Drive from Toowoomba to Brisbane Airport
- Pay for airport parking
- Fly Brisbane–Sydney

...than to use the direct Toowoomba–Sydney service.

This is not a healthy market outcome.

It results in:

- Increased road congestion
- Higher transport emissions
- Reduced utilisation of regional airport infrastructure
- Additional time and cost burdens for regional families

A pricing structure that encourages longer road journeys over use of local aviation infrastructure is economically inefficient and environmentally counterproductive.

3.2 Regional Sectors Inflate Total Fares

When regional passengers connect via Sydney for international travel, the addition of the regional leg frequently pushes the total fare well beyond competitive levels.

We regularly observe situations where:

- A Sydney–Toowoomba return fare exceeds the cost of a return international leisure fare.

While international routes benefit from scale and competition, the magnitude of disparity is difficult to justify to regional customers.

4. Cross-Route Pricing Imbalance

There is a strong perception within regional markets that high-frequency trunk routes such as:

- Brisbane–Sydney
- Sydney–Melbourne
- Melbourne–Brisbane

- Perth–Sydney

...benefit from intense competition and pricing discipline, while thinner regional routes carry significantly higher margins.

If regional routes are effectively being used to sustain yield while airlines compete aggressively on major capital city corridors, the burden falls disproportionately on regional Australians, who have fewer alternatives.

Regional passengers should not be underwriting competitive pricing behaviour in metropolitan markets.

This submission does not suggest trunk route competition should be reduced, but rather that regional routes should not bear a disproportionate share of yield protection simply because competitive pressure is weaker.

5. Pricing Behaviour and Market Signals

Airline executives have publicly indicated that fares could return to pre-COVID levels, but that there is no commercial incentive to reduce prices while demand remains strong.

That approach may be commercially rational in competitive markets.

However, on monopoly or near-monopoly regional routes, passengers do not have meaningful alternatives.

Where pricing can remain elevated simply because competition is limited or absent, the market is not functioning in a way that protects regional consumers.

6. Limited Effective Alternatives

Alternative operators exist in some cases via Brisbane. However:

- Schedules often do not suit business travellers
- Airport combinations reduce practicality
- Pricing remains high relative to distance

The existence of theoretical alternatives does not equate to effective competition if those alternatives do not constrain pricing or offer comparable convenience.

7. Business and Regional Impact

From a business perspective:

- Travel between our Toowoomba and Sydney offices is expensive and inflexible
- Limited operating days constrain operational planning
- Elevated fares increase overhead and reduce productivity

More broadly, high and volatile regional airfares affect:

- Access to specialist medical services
- Education opportunities
- Tourism inflow
- Workforce mobility
- Regional investment confidence

Regional aviation is not discretionary for many communities; it is essential infrastructure.

8. If Aviation Competition Cannot Deliver, Surface Connectivity Must

If materially lower fares and improved frequency cannot be achieved in the near term on routes such as Sydney–Toowoomba, then serious attention must be given to alternative connectivity solutions.

Toowoomba is an increasingly significant regional centre within Southeast Queensland. Yet its effective air access remains constrained.

If direct regional aviation cannot consistently deliver:

- Competitive pricing
- Daily frequency
- Reliable business connectivity
- Route diversity to major hubs

...then investment in rapid surface transport links must be considered.

A high-speed or rapid rail corridor between Toowoomba and Brisbane Airport would:

- Reduce road congestion on key corridors
- Lower emissions compared to private vehicle use
- Improve access to competitive air services
- Strengthen regional integration with the broader Southeast Queensland economy

- Reduce reliance on additional Sydney flight slots by allowing passengers to access competitive services via Brisbane instead

At present, pricing signals are pushing regional passengers onto the road rather than into efficient aviation infrastructure.

If aviation markets cannot provide effective competitive discipline on thin routes, infrastructure policy must ensure regional communities are not left structurally disadvantaged.

9. Areas for Commission Consideration

We encourage the Commission to examine:

- Route-level competition and market concentration
- Whether certain regional routes operate effectively as monopolies
- Transparency around regional fare setting
- Service frequency expectations where competition is limited
- Barriers to new entrant airlines on thin routes
- The broader infrastructure implications of pricing that diverts passengers to road transport

The objective should not be to undermine commercial viability, but to ensure regional communities are not consistently paying a premium simply because they lack alternatives.

10. Conclusion

The current settings on some regional routes, including Sydney–Toowoomba, produce outcomes that:

- Distort travel behaviour
- Encourage inefficient infrastructure use
- Impose disproportionately high costs on regional Australians

Regional communities should not face a situation where the only practical options are to pay elevated fares or drive long distances to access competitive airports.

Either regional aviation must become more competitive and reliable, or alternative connectivity infrastructure must be prioritised.

This inquiry presents an opportunity to restore balance between commercial airline sustainability and equitable regional access.