

Submission to the Productivity Commission – Determinants of Regional Airfares

*Belinda Balch — Past Resident of Mount Isa, Queensland
16 February 2026*

To the Commissioners,

I am writing to formally express my deep concern regarding the ongoing and disproportionate disadvantage faced by rural and remote Australians—particularly the residents of Mount Isa—when accessing essential air travel. While airfare subsidies, competitive pricing, and infrastructure support continue to flow disproportionately toward major metropolitan corridors on the East Coast, communities like ours remain burdened with some of the highest per-kilometre airfares in the country.

Air travel is not a luxury for regional Australians. In Mount Isa, it is an economic and social necessity. Our geographic isolation means we rely on aviation for medical care, business, specialist appointments, tertiary education access, and family connection. Yet the escalating cost of flights to and from Mount Isa places an unreasonable financial strain on individuals, families, and local businesses—far exceeding comparable routes operating between major cities.

1) The disparity in airfare pricing is clear and unjustifiable

Recent analysis of fares on a single day (16 March 2025) shows:

- Red e-Deal fares on Brisbane–Mount Isa (BNE–ISA) cost approximately \$0.42 per kilometre, compared to only \$0.18 per kilometre on Brisbane–Melbourne (BNE–MEL)—a difference of ~2.35×, despite similar flight durations.
- Routes like BNE–MEL benefit from high frequency, strong competition, and market density, contributing to consistently lower fares.
- Meanwhile, regional routes such as BNE–ISA have limited daily frequencies, served predominantly by Qantas and with fewer Virgin Australia services, restricting consumer choice and allowing higher pricing to persist.

These disparities cannot be attributed to distance or flight duration. They are the direct product of constrained competition, limited capacity, and dynamic pricing that favours high-demand metropolitan corridors.

2) Qantas' pricing behaviour disproportionately affects regional Australians

Qantas remains the dominant operator servicing Mount Isa. It routinely offers significantly cheaper fares on routes of similar duration between major East Coast cities, while rural passengers are expected to absorb higher fares with fewer flight options and higher load factors.

Dynamic fare structures (Red e-Deal, Flex, Business) and bucket-controlled pricing create nonsensical results, such as Business class being cheaper than Economy Flex on regional routes due to inventory management—not consumer benefit. This creates confusion, undermines transparency, and reinforces the perception—and lived experience—that regional travellers subsidise discounted fares offered in metropolitan markets.

3) Constrained capacity is real for regional routes — and I've seen it firsthand

While I do not have access to airline load-factor reports, I have taken more than 20 flights on the BNE–ISA route over the past year, and on every single service, passenger load exceeded 80% in both directions. In contrast, on the same timeframe, I experienced only two Brisbane–Melbourne flights that appeared to operate at roughly 50% capacity—despite BNE–MEL having far more daily services and competitors.

These first-hand observations do not replace formal published load-factor data, but they reinforce the constrained-capacity narrative reported by regulators and illustrate how regional loads often remain reliably high, which in turn sustains higher price levels.

4) The consequences for Mount Isa are severe

The current pricing structure:

- restricts access to essential services;
- places financial pressure on families, patients, apprentices, and school leavers;
- discourages business investment and economic participation;
- undermines population retention and regional development goals;
- forces residents to absorb costs that metropolitan travellers do not face.

Regional Australians should not bear higher fares simply to subsidise competitive discounting in capital city markets.

5) What Mount Isa residents need from government

I respectfully request that the Productivity Commission recommend the following:

1. Implement fair and equitable airfare subsidies for rural and remote residents — ensure rural travellers are not unfairly burdened by the inflated fares required to support discounted city routes.
2. Investigate airline pricing structures for evidence of cross-subsidisation — assess whether

regional Australians are being effectively used to underwrite lower metropolitan fares.

3. Improve competition on regional routes — encourage or incentivise additional carriers or additional frequencies to Mount Isa to reduce the monopoly-like conditions currently underpinning high fares.
4. Review and modernise the Zone Tax Offset — the remote area tax rebate has not been meaningfully adjusted since the 1970s. A realistic adjustment would be closer to \$10,000, not the nominal \$300, reflecting the true cost of living in remote regions.
5. Ensure regional aviation policy recognises that air travel is essential, not optional — for Mount Isa residents, flying is often the only viable means of travel; policy settings must reflect this reality.

6) Conclusion

The inequity experienced by Mount Isa residents in accessing affordable air travel is longstanding, well-documented, and increasingly unsustainable. The high fares they face cannot be justified by distance, cost structure, or service quality. Instead, they reflect systemic disadvantages in competition, capacity, and market design that place remote Australians at a continual disadvantage.

I urge the Productivity Commission to advocate for meaningful reform that ensures fair access to essential services, equitable distribution of government support, and a regional aviation system that does not leave communities like Mount Isa behind.

I would welcome the opportunity to discuss these matters further and look forward to any actions proposed to address these concerns.

Sincerely,

Belinda Balch

Mount Isa, Queensland

References

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3. Qantas (2024–25). Domestic fare families and fare rule updates (Red e-Deal, Flex, Business).
4. Qantas & Virgin schedules/aggregators (2026). BNE–ISA frequency context.