



10 March 2026

Productivity Commission

Dear Commissioners

Re : Determinants of regional airfares inquiry

TasPorts (Tasmanian Ports Corporation) makes the below submission to the Productivity Commission's inquiry into determinants of regional airfares, which we welcome.

Introduction

TasPorts is a state-owned company managing 10 Tasmanian ports and the Devonport Airport, handling 99% of the state's international and coastal freight.

Devonport Airport plays an important role in supporting passenger access and freight connections to and from North-West Tasmania serving a catchment of over 110,000 residents.

The airport serves Devonport-Melbourne Regular Passenger Transport (RPT) services operated by QantasLink and Rex Airlines, with Melbourne being the primary destination, supported by strong connecting flights from Melbourne to Sydney and Adelaide.

During FY2025, the airport facilitated the travel of more than 120,000 passengers and 3,500 flights along with recreational, charter, ambulance, police and freight landings.

In FY2026, the airport is expecting circa 145,000 passengers, reaching pre-COVID levels for the first time since the pandemic, largely due to the return of Qantas' larger aircraft, the Q400, in November 2024.

Why regional aviation is critical

Tasmania's geographical position as an island economy makes aviation essential infrastructure, not a discretionary service. Unlike mainland regional centres, Devonport cannot rely on road or rail substitution to reach mainland capital cities.

Devonport Airport plays a critical role in supporting regional connectivity by enabling:

- Business links (corporate and fly-in-fly-out) with mainland Australia
- Tourism to North-West Tasmania and surrounding regions
- Airfreight
- Flight training
- Recreational aviation

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- Emergency services
- Access to education and specialist health services

To maintain and strengthen connectivity, services need to be both affordable and reliable, fostering confidence and encouraging repeated use.

Barriers to entry

Devonport Airport's catchment overlaps with Burnie Airport and those in the North-West catchment also utilise Launceston Airport. This proximity disperses demand across multiple airports in Northern Tasmania. Airlines therefore assess:

- Catchment leakage
- Yield potential
- Aircraft utilisation

Thin demand limits the commercial viability of multiple carriers on the same route.

Regional fleet constraints and pilot shortages also act as barriers. Airlines prioritise higher-yield, high-density routes during capacity shortages.

Regulatory requirements

Security and aviation compliance requirements are broadly uniform across Australian airports, regardless of scale. For smaller airports like Devonport, security costs do not scale proportionally with passenger numbers. A risk-based, throughput-sensitive regulatory framework applied consistently across all regional airports could improve cost efficiency and cost parity.

We recognise and value the Commonwealth's previous support in assisting to meet new security requirements, and we encourage the inquiry to consider additional support initiatives to assist regional airports in responding to the continually evolving security environment.

Infrastructure

Like all airports, airside infrastructure is inherently capital intensive, requiring substantial upfront investment including but not limited to runways, taxiways, aprons and lighting systems. These assets must be built to contemporary regulatory standards and designed for long operational lifespans, which further increases baseline costs.

Since the COVID-19 pandemic, construction expenses have escalated significantly due to supply chain disruptions, higher prices for steel, concrete, asphalt, and fuel, as well as persistent labour shortages. Stricter environmental requirements, sustainability targets, and resilience measures, such as improved stormwater management and climate adaptation, have added further complexity and cost to airside projects. As a result, airports are facing materially higher capital expenditure requirements for both new developments and the rehabilitation of existing airside infrastructure.

Competition

TasPorts supports and encourages competition and aims to provide the passengers of the Devonport Airport with choice over who they travel with and when they travel. We encourage the inquiry to consider supporting initiatives that help regional airports attract and sustain multiple carriers without impacting competition conditions between carriers, and enhance customer choice.

What could improve affordability

From a Devonport Airport perspective, the following initiatives could improve airfare affordability:

- Establish or strengthen policy framework recognising the strategic importance of regional airports
 - A clear national policy position acknowledging the essential economic and social role of regional airports with mechanisms to support their long-term financial sustainability.
- Provide sustained infrastructure funding and support
 - Long-term capital funding certainty reduces cost-recovery pressures on airports, which in turn supports lower operating costs for airlines and improved affordability for passengers.
- Implement risk-based security reform
 - Regulatory requirements should be proportionate to passenger throughput and demonstrated risk. Aligning regulatory burden with actual risk profiles would reduce compliance costs without compromising safety.
- Introduce targeted passenger support measures
 - Means-tested travel subsidies for medical, low-income, and essential travel.
 - Discounted or capped fares linked to airport codes or traveller postcodes.
- Encourage multi-airline competition through targeted incentives
 - Route development support.
 - Time-limited seat subsidies.
 - Cooperative marketing funding.

Conclusion

TasPorts supports initiatives that improve affordability, reliability, and competition in regional aviation markets.

We encourage the inquiry to focus on:

- Airline competition dynamics
- Demand-side affordability support measures
- Proportional, risk-based regulation
- Long-term infrastructure funding certainty.

Yours sincerely

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