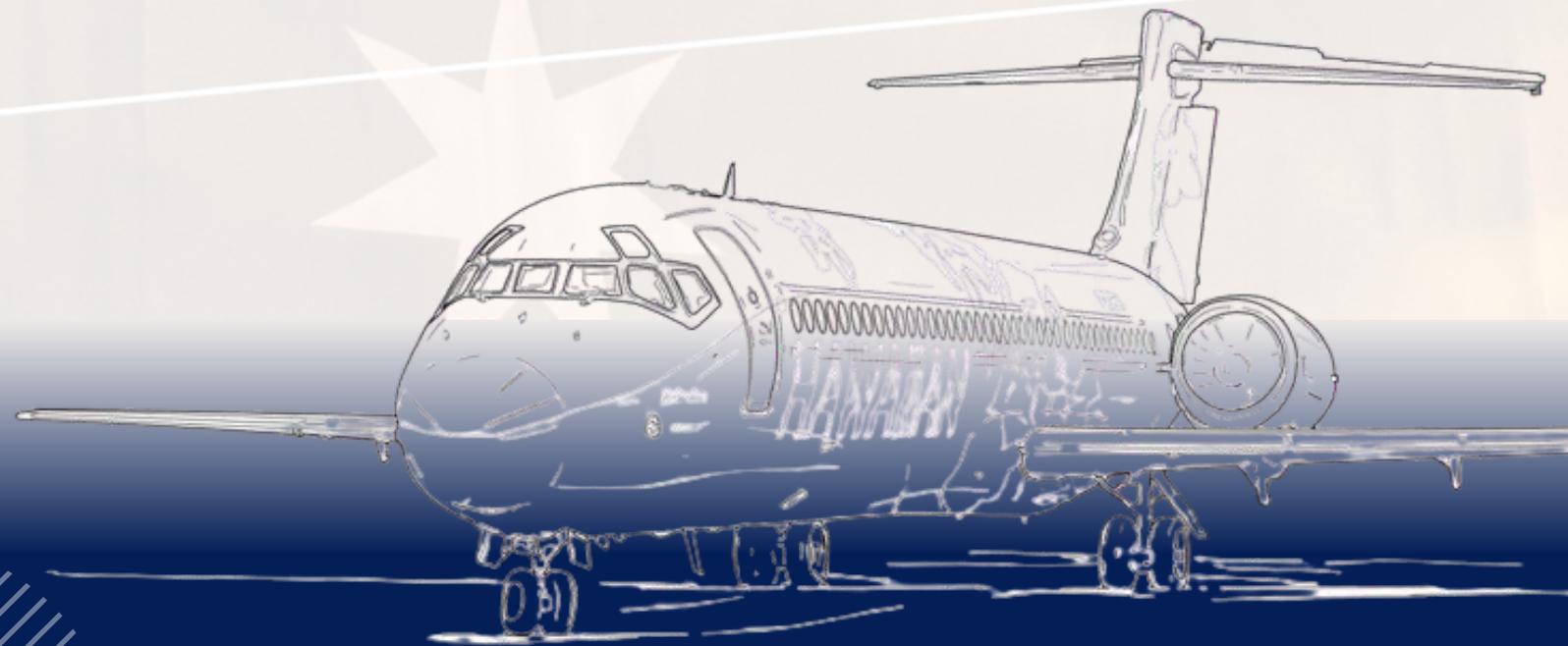




Office of the Hon Bob Katter MP

# **A submission to the Productivity Commission on Determinants of regional airfares**



Submission by:  
Hon. Bob Katter MP

**2026**

**BUILD IT.  
OWN IT.  
LOVE IT.  
PROTECT IT.**



## Introduction

This submission is made on behalf of the Hon. Bob Katter MP, Federal Member for Kennedy in response to the Productivity Commission's inquiry: Determinants of regional airfares, at the request of the Australian Government.

Mr Katter has been the Member for Kennedy since March 1993, representing a vast regional Queensland electorate of approximately 567,400 square kilometres and encompassing 15 shire council areas plus parts of a further six shire councils.<sup>[1]</sup>

Within Kennedy is the town of Cloncurry where the idea of Qantas (Queensland and Northern Territory Aerial Services) was said to be conceived. Qantas co-founder Sir Hudson Fysh is quoted as saying the airline was "conceived in Cloncurry, born in Winton, and grew up in Longreach".<sup>[2]</sup> Also of note is that Mr Katter's grandfather was one of the first investors in what was to become the national air service.

Kennedy electorate offices, located in Innisfail, Mareeba and Mount Isa, have recorded numerous complaints by constituents at the lack of choice, unreliability and, predominantly, the high costs of air travel within the electorate and to major centres outside the electorate. Currently three airlines provide services within Kennedy: Qantas, Virgin and Rex Airlines.

During the compilation of this submission it became evident that data pertaining to smaller regional and remote flights was negligible therefore many of the issues raised by constituents were difficult to independently corroborate. However where possible we have included statistics to quantitatively support anecdotal information received through Kennedy electorate offices.

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<sup>[1]</sup>Australian Electoral Commission, Profile of the electoral division of Kennedy (Qld) - Australian Electoral Commission [www.aec.gov.au/profiles/qld/kennedy.htm](http://www.aec.gov.au/profiles/qld/kennedy.htm) Accessed 28/01/2026.

<sup>[2]</sup>Qantas Founders Museum Facebook [www.facebook.com/QantasFoundersMuseum](https://www.facebook.com/QantasFoundersMuseum) Accessed 28/01/2026.





## Importance of regional aviation

Regional and remote Australians rely on the aviation industry for connecting with health services, educational opportunities, work and business, mail and freight, as well as for recreational travel.

‘The tyranny of distance’, a phrase coined by author and historian Geoffrey Blainey in his 1966 book about Australian history, is as apt now as it was when Blainey used it to describe Australia’s isolation from the ‘motherland’.<sup>[3]</sup> In today’s world that tyranny is still harshly felt within the borders of our nation and limits our nation’s opportunities for growth and development.

Access to reliable and affordable transportation options are vital for not only those who live and work in regional and remote areas, but for the entire nation. Opening up Australia’s regional areas by ensuring adequate essential services, such as electricity, healthcare, education and transportation would lessen the stress in metropolitan areas and would mean increased wealth for all Australians, as farming and industry could flourish.

“You just can’t even imagine the North West without a regional airline service. (B)usiness relies on it and it provides access for health and education services (and it) plays a part in tourism access.”

**Karumba café and accommodation owner,  
Yvonne Tunney<sup>[4]</sup>**

As an example of the importance and need for a fair and reliable aviation industry to service regional areas, during the 2024-2025 financial year North West (Queensland) Hospital and Health Service allocated a patient travel budget of more than \$22.2M for people living in their catchment to access vital medical treatment.<sup>[5]</sup> The medical service’s latest annual report states “patient travel remains a major and integral part” of their service provision, comprising 6.9% of total expenditure.<sup>[6]</sup> It was also reported that “expenditure on patient travel, including aeromedical retrievals, increased by \$2.046M (10%) in 2024-25 over the prior year”.<sup>[7]</sup>

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<sup>[3]</sup>Blainey, Geoffrey 1966 *The Tyranny of Distance: How Distance Shaped Australia’s History* (Revised edition 2001) Macmillan Sydney Australia.

<sup>[4]</sup>Sexton-McGrath, Kristy for ABC 02/08/2024 Aviation experts say the industry is ‘broken’, with customers and tourism operators paying the price [www.abc.net.au/news/2024-08-02/aviation-industry-rex-airlines-tourism-business/104170284](http://www.abc.net.au/news/2024-08-02/aviation-industry-rex-airlines-tourism-business/104170284) Accessed 02/02/2026

<sup>[5]</sup>Queensland Government, North West Hospital and Health Service Annual Report 2024-2025 P13.

<sup>[6]</sup>Ibid, P43.

<sup>[7]</sup>Ibid, P24.





## Unreliable alternative transport options for regional North Queenslanders

Land travel is hindered in yearly wet seasons causing multiple and extended road closures resulting in the need for track repairs, halting train services. Therefore, for many months of the year, air travel is the only reliable option for both passengers and freight in regional and remote areas of Queensland.

### *Road*

Due to neglect by successive state governments North Queensland roadways have continued to decline. The Bruce Highway is named the most dangerous road in Queensland and ranks third among Australia’s “most crash-prone roads”.<sup>[8]</sup>

Described as “pockmarked with potholes, lacking overtaking lanes, and prone to flooding” the Bruce Highway has, for more than 20 years, been named as either the “worst or second worst road” in RACQ’s Unroadworthy Roads Survey.<sup>[9]</sup> The survey concluded that rural sections of the Bruce Highway have an average ‘per kilometre travelled’ fatal or serious injury crash rate three times higher than rural sections of the Pacific Highway, and five times higher than rural sections of the Hume Highway”.<sup>[10]</sup>

Constituents of the Kennedy electorate who live along the east coast must travel by road or rail to Cairns or Townsville to access air travel, with no regional airport servicing the area. While the driving distance between Cairns and Townsville is about 400km, the drive is slow and sometimes dangerous because of the condition of that section of the Bruce Highway. Road closures because of the annual wet season only exacerbate these difficulties facing constituents.

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<sup>[8]</sup>Splatt, Tamara: Maurice Blackburn Lawyers Queensland’s most dangerous road: the Bruce Highway crisis [www.mauriceblackburn.com.au/blog/road-injury/queensland-most-dangerous-road-the-bruce-highway-crisis/#:~:text=The%20Bruce%20Highway%20is%20the,of%20Queensland's%20top%20crash%20sites](http://www.mauriceblackburn.com.au/blog/road-injury/queensland-most-dangerous-road-the-bruce-highway-crisis/#:~:text=The%20Bruce%20Highway%20is%20the,of%20Queensland's%20top%20crash%20sites). Accessed: 02/02/2026

<sup>[9]</sup>RACQ, 24/09/2024 Bruce Highway ranked as Qld’s most despised road [www.racq.com.au/news/advocacy/ns250924-bruce-highway-ranked-as-qlds-most-despised-road](http://www.racq.com.au/news/advocacy/ns250924-bruce-highway-ranked-as-qlds-most-despised-road) Accessed 02/02/2026

<sup>[10]</sup>Ibid.





Ranked second worst in RACQ’s 2024 Unroadworthy Roads Survey, the Kennedy Highway in Far North Queensland suffers landslips, winding slippery surfaces and road closures.<sup>[11]</sup> As a result it is a similar situation for people accessing their nearest airport in Cairns, being a slow and dangerous drive for constituents in the Atherton Tablelands.

A bus service runs from Townsville to Mount Isa runs three times per week and takes nearly 11 hours with the fare costing between \$120 and \$173.<sup>[12]</sup>

## ***Rail***

Train networks are concentrated in the south east of the state, with one rail line along the coast to Cairns, two short tourist journeys and only three inland routes with limited service.<sup>[13]</sup> The Inlander train travels from Mount Isa to Townsville twice a week and takes 21 hours to travel 977kms.<sup>[14]</sup> This train service does not have sleeper carriages.

## **Market competitiveness**

Regional and remote North Queensland lacks a competitive market for flights. Currently North West Queensland is serviced by Qantas (via QantasLink), Virgin and Rex Airlines. Notably Rex entered into voluntary receivership in July 2024 before American airline company AirT, with the assistance of the Australian Government, showed an interest in taking over the airline.<sup>[15]</sup>

Qantas flies to and from Mount Isa seven days a week, with fewer flights available on weekends. Virgin has also provided flights in and out of Mount Isa, however constituents reported only a brief decrease in airfares until both Qantas and Virgin were charging comparable prices for flights. Currently Virgin flies Mount Isa – Brisbane, on Mondays, Wednesdays and Fridays.

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<sup>[11]</sup>RACQ, 24/09/2024 Bruce Highway ranked as Qld’s most despised road [www.racq.com.au/news/advocacy/ns250924-bruce-highway-ranked-as-qlds-most-despised-road](http://www.racq.com.au/news/advocacy/ns250924-bruce-highway-ranked-as-qlds-most-despised-road) Accessed 02/02/2026

<sup>[12]</sup>Greyhound, [www.greyhound.com.au](http://www.greyhound.com.au) Accessed 02/02/2026

<sup>[13]</sup>Queensland Rail, Network Map [www.queenslandrailtravel.com.au/Planyourtrip/networkmap](http://www.queenslandrailtravel.com.au/Planyourtrip/networkmap) Accessed 02/02/2026

<sup>[14]</sup>Queensland Rail, Inlander [www.queenslandrailtravel.com.au/railexperiences/ourtrains/inlander](http://www.queenslandrailtravel.com.au/railexperiences/ourtrains/inlander) Accessed 02/02/2026

<sup>[15]</sup>ABC News 11/02/2025 Rex Airlines saved as creditors vote for Air T takeover Accessed 02/02/2026



## Experts say aviation industry is in turbulent times

Aviation expert Professor Doug Drury, who has worked in the aviation sector for 40 years, said it is in "turmoil".

"There's a growing duopoly between Virgin and Qantas, which is going to create higher ticket prices," Professor Drury said.

Transport Workers' Union National Secretary Michael Kaine said Australia's aviation is broken and calls for government intervention.

Former ACCC chair Rod Sims said Rex's failure (going into voluntary receivership) was a public policy failure and the government is setting up a system "for failure... for a duopoly and therefore sets the system up for higher airline prices than Australians should be paying".<sup>[16]</sup>

Rex flies Mount Isa - Cairns five days a week. They also connect Normanton, Mornington Island, Burketown, Doomadgee, Julia Creek, Richmond and Hughenden to the east coast. Information about these flights was not available when the Parliamentary Library was contacted.

The Australian Competition and Consumer Commission's (ACCC) December 2025 Domestic airline competition in Australia report notes that despite Qantas and Virgin reporting "substantial earnings for the third year in a row" the lack of "effective competition in the domestic aviation sector means that there is less incentive for airlines to reduce ticket prices".<sup>[17]</sup>

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<sup>[16]</sup>Sexton-McGrath, Kristy for ABC 02/08/2024 Aviation experts say the industry is 'broken', with customers and tourism operators paying the price [www.abc.net.au/news/2024-08-02/aviation-industry-rex-airlines-tourism-business/104170284](http://www.abc.net.au/news/2024-08-02/aviation-industry-rex-airlines-tourism-business/104170284) Accessed 02/02/2026

<sup>[17]</sup>ACCC 2025 Domestic airline competition in Australia [www.accc.gov.au/about-us/publications/serial-publications/domestic-airline-competition-monitoring-reports/domestic-airline-competition-in-australia-august-2025](http://www.accc.gov.au/about-us/publications/serial-publications/domestic-airline-competition-monitoring-reports/domestic-airline-competition-in-australia-august-2025) Accessed 02/02/2026





## Reliability

Reliability is the second most complained about issue flying in and out of North West. For 2024-25 Mount Isa did not place in the top 10 for either on-time arrivals or departures, and fell below the Australian domestic average.<sup>[18]</sup> This correlates with the complaints received through the Kennedy electorate offices. Delays and cancellations resulting from breakdowns of older aircraft has contributed to delayed medical appointments, tardy returns to work, as well as missed business meetings and travel connections.

While a cancelled flight through a metropolitan airport may mean a slight delay until the next available flight, a cancellation in a regional area may mean passengers waiting at least 24 hours to travel – a terrible outcome when a traveller misses a medical appointment that they have potentially waited years for.

## Affordability

Affordability is the number one issue of complaint regarding passenger aviation to Kennedy electorate offices, with many constituents in North West Queensland saying they feel like they are subsidising cheap flights in the south east areas of Australia.

According to data from the Bureau of Infrastructure and Transport Research Economics (BITRE) when costs of flights are compared with other flights from regional areas to Queensland's capital Brisbane, flights from Mount Isa are substantially higher at up to four times the price.<sup>[19]</sup>

Utilising BITRE data to compare flights of the same distance as Mount Isa - Brisbane, in this case Brisbane - Adelaide, the cost of the regional flight in and out of the Kennedy electorate is double that of the metropolitan route.<sup>[20]</sup>

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<sup>[18]</sup>Bureau of Infrastructure and Transport Research Economics (BITRE) Domestic airline on time performance 2022-23 [www.bitre.gov.au/sites/default/files/documents/BITRE\\_OTP\\_Report\\_2024-25.pdf](http://www.bitre.gov.au/sites/default/files/documents/BITRE_OTP_Report_2024-25.pdf) Accessed 19/02/2026.

<sup>[19]</sup>Bureau of Infrastructure and Transport Research Economics (BITRE) Domestic Air Fares [www.bitre.gov.au/statistics/aviation/air\\_fares](http://www.bitre.gov.au/statistics/aviation/air_fares) Accessed 02/02/2026

<sup>[20]</sup>Ibid.



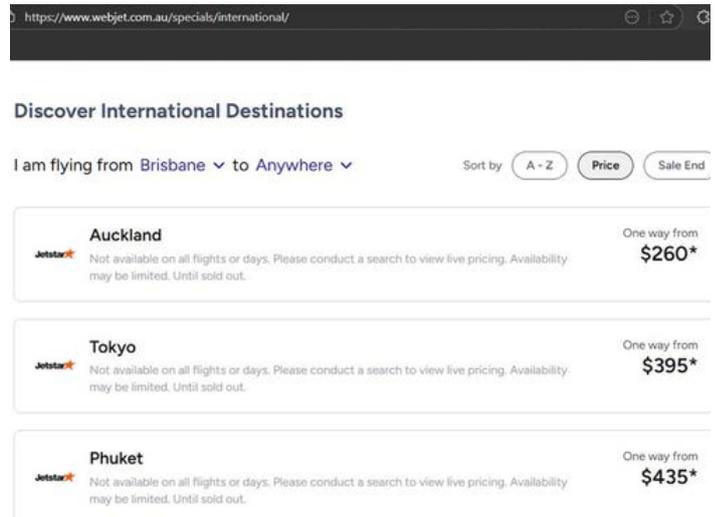
# Average cheapest available fare price and distances 2025



Fares are based on a departure date of the last Thursday of the month with a return date two weeks after the departure date.<sup>[21]</sup>

Also brought to the attention of Kennedy electorate offices, is that it is usually cheaper to fly from Australia to New Zealand than within the state of Queensland from North West Queensland.

Webjet lists flights from Australia to New Zealand as starting from \$260 one way, Australia to Tokyo \$395, and Australia to Phuket for \$435 one way, while the average cheapest flight to or from North West Queensland is approximately \$430.<sup>[22][23]</sup>



<sup>[21]</sup>Ibid.

<sup>[22]</sup>Webjet [www.webjet.com.au](http://www.webjet.com.au) Accessed 02/02/2026

<sup>[23]</sup>Bureau of Infrastructure and Transport Research Economics (BITRE) Domestic Air Fares [www.bitre.gov.au/statistics/aviation/air\\_fares](http://www.bitre.gov.au/statistics/aviation/air_fares) Accessed 02/02/2026





## Conclusion

Regional and remote Australians are completely dependent on the aviation industry for connecting with health services, for educational opportunities, work travel or business opportunities, mail and freight, and for recreational travel.

In regional and remote areas of North and North West Queensland travel over land is severely impacted by yearly wet seasons and inadequate infrastructure causing road closures and the need for rail track repairs that halt train services.

For up to a quarter of the year air travel is the only option for both passengers and freight in these regional and remote areas of Queensland. As a result, regional areas rely on the aviation industry for safe, affordable and reliable movement of both people and freight but currently the industry is failing regional and remote communities in Far North and North West Queensland.

## Regional airfare zone cap

Mr Katter said regional and remote areas in Queensland, and Australia, would be treated more fairly if a capped airfare scheme like the one in Western Australia was introduced.

The WA Government has negotiated with airlines servicing their state to participate in their Regional Airfare Zone Cap scheme.

The scheme ensures regional airfares are capped at a maximum cost of \$199, or \$299 one way and are available to all residents who reside outside of Perth and Peel.

WA has this deal with six airlines: Airnorth, Nexus Airlines, Qantas Airways, Rex, Skippers Aviation and Virgin Australia.<sup>[24]</sup>

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<sup>[24]</sup>Government of Western Australia, Department of Transport and Major Infrastructure, Current RAZC scheme, [www.transport.wa.gov.au/aviation/regional-airfare-zone-cap/current-razc#:~:text=About%20the%20Regional%20Airfare%20Zone,%24199%20or%20%24299%20one%2Dwa](http://www.transport.wa.gov.au/aviation/regional-airfare-zone-cap/current-razc#:~:text=About%20the%20Regional%20Airfare%20Zone,%24199%20or%20%24299%20one%2Dwa) Accessed 02/02/2026



## Acknowledgements

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It is greatly appreciated.

