

Ref: Regional Airfare submission to Productivity Commission

Determinants of Regional Airfares Inquiry
Productivity Commission
GPO Box 1428
Canberra City
ACT 2601

12th March 2026

Dear Sir/Madam,

Re: Determinants of Regional Airfares Inquiry – Moruya Airport Submission

Eurobodalla Shire Council which owns and operates Moruya Airport appreciates the opportunity to provide comment to this Inquiry into regional airfares in Australia.

The world is becoming more connected and informed with electronic communications allowing remote interaction more than ever. Despite the new technologies, the demand for air travel is continuing to grow with time being more precious than ever.

Regional connectivity is essential to spread the population outside capital cities and encourage the overall growth of Australia.

Connectivity to the region

The Regular Public Transport air-service from Moruya is essential to the community growth and economic development for its provision of business, medical and rapid transport options. There is currently one regular service from Moruya to Sydney, and this is operated by Regional Express and runs 3 times per day. In particular, local businesses find the ability to connect to & from Sydney with a same day return very important.

Moruya Airport provides a recently re-modelled 42-seat terminal building. It provides comfortable air-conditioned seating with TV and refreshments. There is an outdoor viewing area with access to the secure aircraft apron.

Airline service demand at Moruya

Moruya Airport services a regional community of over 41,000 people. Passenger volumes average 20,000-22,000 people per year, which is small terms of airline volume and profitability, but important for the critical medical, business and social connectivity. Typical passenger numbers per flight vary between 5 to 25 people for arrivals and departures. The Sydney-Moruya-Sydney flight also stops at Merimbula, making the flight more efficient and so the aircraft are often at full-capacity.

The main drivers of demand for the Moruya air service are;

- Convenience
- Speed
- Safety
- Cost
- Consistency

A typical flight includes a range of clients:

- Business owners
- Management staff
- Employees
- Consultants
- Medical staff
- Technicians
- Health specialists
- Domestic tourists
- International tourists
- friends and families.

Airfare fluctuations

The single biggest determinant of regional airfares is the cost of running the service, against the income generated. The economy of scale allows larger aircraft to charge less per seat when the aircraft is consistently full of passengers. The 34 seat planes servicing Moruya limit the ability to discount fares but on the flip side of this smaller planes deliver flight frequency which is important to our customers.

The volume of passengers travelling between major cities is more reliable and consistent allowing airport fees and charges to be spread across more people.

The one-way airfare between Moruya and Sydney varies from \$191 to \$600. Airfare fluctuations contribute to a large percentage of negativity from the community and travelling public. A simple on-line query shows airfares are often double the base rate within a week of the travelling date, with some fares over 3 times the base rate.

Greater flight capacity will reduce airfares but for Moruya this is likely to be better delivered by more daily flights or direct connections to Sydney (not via Merimbula) than larger aircraft.

The last time Moruya got more flight capacity (pre-Covid), fares came down by as much as 25% for flexible passengers and passenger numbers rose by around 15%.

Encouragement or assistance from government to increase flight capacity would be

welcome. We understand the availability of engine parts and pilots may be a limiting factor here that the government might be able to assist with.

Interconnected Destinations

An ongoing air service between Moruya and Sydney is a great benefit to the community, and from Sydney all destinations are possible. Additional regular travel options from Moruya to some alternate locations would be very welcome. Hundreds of people drive from Moruya to Canberra and beyond. A westerly air service would be very convenient for passengers and freight. The Sydney-Moruya route is non-regulated allowing airline competition, however different routes would benefit the community more than additional seats to the same destination.

Barriers to entry or expansion of air services.

Developing new air routes requires research and analysis of market demand. There are also many regulatory steps that must be applied for and committed before the route can be flown, making trials of new routes almost impossible. We appreciate the research and marketing by airlines that must go into developing a new air service route and we question the burdens of administration that are required by CASA legislation.

Regulation that causes higher regional airfares, reduced service levels or reduced competition must be revised for relevance. The impact of regulation that limits the expansion of air service networks and the fluctuation in the airfare is preventing the growth of the aviation network which adversely effects the regional economy for tourism and productivity.

Please do not hesitate to contact me with any queries.

Yours sincerely

Andrew Greenway
Divisional Manager, Property & Commercial
Eurobodalla Shire Council