



An Australian Government Initiative



Commissioners
Determinants of Regional Airfares
Productivity Commission
Via Online Submission

10 March 2026

To the Commissioners

DETERMINANTS OF REGIONAL AIRFARES

Regional Development Australia (**RDA**) Kimberley thanks the Productivity Commission for the opportunity to submit to the inquiry into the determinants of regional airfares.

RDA Kimberley is a not-for-profit organisation part of the Australian Government's RDA Network. We have an active and facilitative role in the Kimberley, WA to improve regional development outcomes, achieved through collaboration across all levels of government, private sector, and community. Our vision is to grow a strong and confident regional economy that harnesses the Kimberley's competitive advantages, seizes economic opportunities, and attracts investment (see **Attachment 1** Map of the Kimberley).

The Kimberley is a remote and aviation-dependent region. There is no rail alternative and road access is challenged on a seasonal basis. Aviation underpins tourism; workforce mobility; service delivery (including health care and emergency response); broader economic supply chains and market access; and community wellbeing in the Kimberley. For Kimberley residents, businesses and service providers, seasonal road access challenges means that aviation functions as essential transport, rather than discretionary travel. This is particularly the case for remote communities.

It should be noted that the aviation sector in the Kimberley is characterised and challenged by:

- Vast distances.
- Small and dispersed resident population market size.
- Seasonal volatility influenced by tourism cycles, weather conditions and industry activity (e.g. seasonal peaks place pressure on limited seat capacity, while off-peak periods reduce route viability).
- High operating costs.
- High commercial risk.
- Workforce constraints (e.g. workforce shortages, housing constraints and higher costs of living in the Kimberley contribute to higher employment costs).
- Periods of fleet availability constraints (e.g. limited availability of suitable narrow-body aircraft has reduced the capacity for route expansion into remote markets, competitive entry, frequency growth, and international-regional connectivity trials).
- Fixed regulatory requirements relating to safety, security and compliance regardless of route size or passenger volume. It is understood that non-discretionary regulations are essential; however these costs are spread across a very small passenger base, contributing to higher per-passenger fares in the Kimberley.

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As a result, the Kimberley experiences:

- High and volatile airfares (e.g. pricing strategies designed to manage risk rather than maximise volume).
- High market concentration (e.g. limited competition and significant barriers to entry for new operators).
- Constrained service availability and reliability (e.g. service disruptions).

These impacts do not eliminate the need to travel; rather, they alter behaviour by suppressing travel frequency, delaying access to services, increasing financial stress onto households, and increase the cost of doing business in the Kimberley. In some cases, service delivery models are adjusted or curtailed due to airfare costs rather than demand for services. Smaller organisations are particularly sensitive to airfare costs, as they have limited capacity to absorb or pass on increased travel expenses.

The issue of elevated airfares is reducing regional productivity and international competitiveness, particularly for the tourism sector in the Kimberley. Where the international sector is competitively priced but domestic sectors are not, total trip cost can exceed comparable tropical competitor destinations in Asia and northern Australia. This reduces:

- Visitor length of stay.
- Regional dispersal of visitors.
- Investment confidence.
- Return on public investment in route development and marketing effectiveness.

Kimberley tourism operators report that in some instances during peak dry-season and school holiday periods, return fares to Broome have exceeded \$1,200 - \$1,500. At these levels despite strong destination appeal, consumers have substituted the Kimberley with alternative domestic or international destinations that offer lower total trip costs. This demonstrates how airfare pricing directly influences real economic outcomes at the business level in the Kimberley.

Market forces alone will not deliver equitable outcomes. Thin-market dynamics and high market concentration are reducing competitive pressure in the Kimberley. Recent Government support has focused on fare-based intervention and regulated routes. Schemes such as the WA State Government's Regional Airfare Zone Cap has improved affordability for Kimberley residents in specific circumstances. The Kimberley experience also demonstrates the limitations of fare caps when applied in isolation:

- Benefits are reduced where programs are short-term or extended at short notice.
- Uncertainty limits the ability of residents, businesses and service providers to plan travel.
- Fare caps do not address the service frequency, scheduling or reliability issues.
- Constrained seat availability can limit the practical accessibility of capped fares.

The WA Government also partnered with the Broome International Airport to provide financial support to Jetstar Asia in establishing a direct Broome – Singapore air service. The twice weekly flights commenced in June 2024 and operated seasonally until the end of July 2025 when Qantas closed Jetstar Asia. The flights proved to be a popular and affordable entry point into Australia for tourists from Asia and Europe. They also supported liveability for residents in the North West who would have previously flown south to Perth to travel internationally. The WA Government and Broome International Airport will continue efforts to secure a further international connection to realise the long-held ambition for the Kimberley tourism industry, residents and businesses who stand to benefit from this service.

The Kimberley requires sustained and coordinated Federal and State Government involvement as no single measure will address the structural challenges that the aviation sector faces in the region. Recommendations for consideration include:

1. Remote route risk-sharing mechanisms with targeted Federal-State Government frameworks to:
 - Support thin-market resilience.
 - Trial capacity expansion.
 - Buffer seasonal volatility.
 2. Review of fixed regulatory requirements relating to safety, security and compliance with scope for Federal and State Governments to:
 - Ensure regulatory frameworks are proportionate to scale and risk.
 - Minimise duplication across jurisdictions.
 - Consider targeted support where compliance costs are unavoidable and essential.
 3. Predictable Federal and State Government funding opportunities to address regional and remote airport infrastructure gaps.
 4. Consistent and sustained fare-based subsidy mechanisms.
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RDA Kimberley wishes to thank our regional stakeholders who informed this submission including the Kimberley Regional Group of Local Governments and Australia's North West Tourism. It is trusted that effort will be made to consolidate feedback between this inquiry and the Senate Standing Committees on Rural and Regional Affairs and Transport's inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities.

RDA Kimberley looks forward to meeting with Commissioners Martin Stokie and Catherine de Fontenay during their consultations in Broome later this month. I can be contacted on or to discuss this submission further.

Yours sincerely

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REGIONAL DEVELOPMENT AUSTRALIA KIMBERLEY

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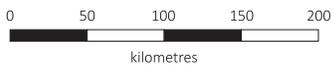


Kimberley Region



Legend

- Sealed road
- Unsealed road
- 4WD Track
- 4WD track only
- National highway
- Airport
- Shire boundary
- Town
- Community
- Port
- National park
- Nature reserve
- Conservation park
- Marine park
- Marine park boundary
- Reef



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Approximate driving distances (kilometres)

	Perth GNH	Perth NWCH	Broome	Derby	Fitzroy Crossing	Halls Creek	Wyndham	Kununurra	Darwin
Perth GNH	-	-	2237	2391	2565	2843	3197	3202	4039
Perth NWCH	-	-	2374	2528	2701	2990	3345	3349	4176
Broome	2237	2374	-	221	395	683	1037	1042	1869
Derby	2391	2528	221	-	259	547	894	899	1733
Fitzroy Crossing	2565	2701	395	259	-	289	642	647	1474
Halls Creek	2843	2990	683	547	289	-	354	359	1186
Wyndham	3197	3345	1037	894	642	354	-	100	929
Kununurra	3202	3349	1042	899	647	359	100	-	829
Darwin	4039	4176	1869	1733	1474	1186	929	829	-

GNH = Great Northern Highway. NWCH = North West Coastal Highway