

13 March 2026

Determinants of regional airfares inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Submission: Inquiry into Determinants of regional airfares

City of Mount Gambier

1. Introduction

The City of Mount Gambier (CoMG) welcomes the opportunity to contribute to the Productivity Commission's Inquiry into the Determinants of Regional Airfares. As South Australia's regional capital, Mount Gambier's prosperity and liveability depend on equitable, reliable and affordable air services.

Air connectivity is an enabler of opportunity that should not only be afforded to our state capitals. It allows our residents to access specialist health care, enables businesses to trade and service clients, supports tourism and events and sustains education and family connections. When fares are high or schedules are limited, the costs are borne directly by our community through delayed care, lost work, missed opportunities and reduced liveability.

This submission is intentionally people centric. It focuses on how current airfare settings constrain mobility and economic participation and it proposes practical policy directions to improve affordability, connectivity and consumer-centred service design, supporting Mount Gambier to grow and evolve as South Australia's world-class regional capital.

2. Mount Gambier and our existing services

Mount Gambier services a cross-border population of approximately 130,000 from the Limestone Coast of South Australia and across the border into Southwestern Victoria. For this cross-border region, Mount Gambier serves as a critical access point for essential infrastructure, services, business, employment, education and transport connections.

Mount Gambier is centrally located between Adelaide and Melbourne and our position is of strategic value for South Australia, acting as a vibrant gateway and economic capture point for the state.



The City of Mount Gambier has been both robust and aspirational in its endeavours to meet the evolving needs and interests of our growing community. In the last 15 years, Council has led several significant and strategic capital projects. This has included the redevelopment of key public spaces such as the Mount Gambier Railway Lands and associated Rail Trail and, more recently, the delivery of the \$65 million Wulanda Recreation and Convention Centre – an intergenerational multi-purpose and all-weather facility featuring state-of-the-art aquatic, recreation and convention capabilities. This project represents one of the largest community infrastructure projects ever undertaken in the region.

Through these investments, the built form and social character of Mount Gambier continues to evolve and, not unlike many regional centres across Australia, the city is increasingly a lifestyle destination for those who are seeking the vibrancy of a metropolitan city whilst retaining the simplicity of living in a regional setting. Our community proudly refers to this as living in a 'big little city'. In recent times Mount Gambier has been noted amongst a range of key regional centres across Australia for a strong annual percentage of growth in migration from capital cities.

Mount Gambier will continue to be a focus area for growth within the Limestone Coast - an aspiration that is articulated by our community as a feature within the Mount Gambier 2035 Community Vision. The Limestone Coast Regional Plan projects that an additional 8,805 dwellings will be required across the region by 2051. Over 70% of additional housing stock is projected for the greater Mount Gambier area.

Our region continues to be a strong contributor to the South Australian economy, with a regional economy of approximately \$9 billion. Alone, the City of Mount Gambier's Gross Regional Product was \$1.82 billion in 2023/2024.

Despite the significant progress achieved through local investment, strategic planning and community-driven ambition, Mount Gambier remains acutely constrained by factors entirely outside the control of our region. Among these is the limited affordability, reliability and accessibility of regional air services. These constraints restrict the city's ability to fully realise the economic, social and population growth potential that our planning, infrastructure and community readiness have positioned us for. Put simply, the conditions necessary for growth exist, but without equitable air access, they cannot be optimised.

The city is serviced by the Mount Gambier Regional Airport (owned and operated by the District Council of Grant). The airport is the primary gateway for our cross-border region, processing around 80,000 passengers annually and supporting tourism, business, government and health travel as well as critical air-related support services to local industry. Typical flight times to Adelaide and Melbourne are approximately 65 minutes, compared with around five hours by road or seven hours by bus.

Current service offerings and detailed fare structures of flights in and out of the Mount Gambier Regional Airport are referenced in detail in the District Council of Grant's submission, the substance of which is also supported by the City of Mount Gambier. We do not duplicate that analysis here; rather, we focus on how affordability and schedule design affect our people and the city's prosperity.



3. Liveability & Community Wellbeing

The following sections outline the direct connection between the cost of air services with the liveability, wellbeing and economic participation of our community.

Financial accessibility

Mount Gambier's economic profile includes a significant proportion of households for whom airfare price is a binding constraint on travel. When fares rise or remain high relative to metropolitan routes, residents switch to long-distance driving, defer trips or forgo opportunities altogether, compounding cost-of-living pressures.

Despite positive shifts in employment, a large population of local workers continue to earn low to moderate incomes, which compounds the impact of high airfares.

Mount Gambier's Index of Relative Disadvantage (IRSD) score of 924, compared to 982 for South Australia, reflects relatively higher levels of disadvantage than most South Australian and Australian areas and the highest level within the Limestone Coast¹.

Health & Specialist Service Access

Flights are a lifeline for specialist appointments, diagnostic care and treatment in Adelaide and play a pivotal role in carriage for the many visiting clinicians who serve our region.

High and volatile fares force residents who need to travel to Adelaide or Melbourne onto freight-heavy roads for lengthy, tiring and potentially dangerous trips, requiring overnight stays away from family, or force delays to essential care.

For health providers, unreliable or costly travel reduces the frequency of visiting services or present an undesirable option for professionals who otherwise opt to avoid the provision of services outside of metropolitan areas.

Education, Youth & Family Connectivity

Students studying away from Mount Gambier face prohibitive travel costs that limit their capacity to maintain meaningful ties to their home community. For those who remain living locally but undertake remote or blended learning, high fares significantly restrict their access to on-campus sessions or assessments. For those who relocate to Adelaide, Melbourne or beyond, the cost of flights often prevents them from returning home for weekends, university breaks or critical family events. This disconnect places additional social and emotional pressure on young people and their families and reduces the likelihood of graduates returning to contribute to the regional workforce.

In most cases, students are forced to relocate to metropolitan centres to progress their tertiary studies due to the lack of comprehensive local offerings. The financial burden of relocation is then compounded by the cost of air travel, creating a barrier to equitable participation in higher education compared with metropolitan students.

¹ <https://profile.id.com.au/rda-limestone-coast/>



Local students with state-level sporting or artistic capacities who seek to participate in programs, competitions and development pathways in metropolitan Adelaide are forced to spend upwards of 10 hours on the road each weekend. This places considerable strain on family logistics, finances and wellbeing. For many families, the combined cost of fuel, time away from work, accommodation, and physical fatigue means they simply cannot sustain these opportunities long-term, limiting youth achievement in sport, arts and cultural activities.

4. Economic Growth, Business Connectivity & Workforce Attraction

Commercial Growth and Productivity

Local businesses and potential investors increasingly cite fare levels, price volatility and limited schedules as significant barriers to investing in, operating within, or effectively servicing Mount Gambier. For many metropolitan-based regional managers, technical specialists and franchise operators, the inability to access Mount Gambier quickly and predictably presents a material risk to business continuity.

Same-day travel to Adelaide or Melbourne is often expensive or operationally risky, reducing the feasibility of regular site visits, compliance checks, team oversight and supply chain management. This constraint suppresses Mount Gambier's competitiveness relative to other regional centres that can be accessed more easily and cost-effectively.

Anecdotal evidence from local stakeholders suggests that these limitations have directly contributed to national retailers, service providers and professional firms delaying or declining expansion into Mount Gambier.

Workforce Recruitment & Retention

Affordable air services are also critical in reducing the sense of isolation experienced by people considering relocating to Mount Gambier for employment, and for the families who accompany them. While lifestyle advantages attract interest, the perceived difficulty and cost of maintaining regular connection with loved ones elsewhere often becomes a deciding factor in whether people ultimately accept regional roles. Accessible flights give new residents confidence that they can remain connected to their broader support networks, and they enable extended families to visit Mount Gambier in ways that strengthen social integration and long-term settlement.

For skilled workers already living in Mount Gambier, access to professional development, specialist training, networks, accreditation pathways and communities of practice are essential to career progression and retention. However, the cost of travel often far exceeds the participation or registration fees for these opportunities, creating a structural inequity for regional professionals. This limits their ability to build networks, maintain accreditation, access contemporary industry knowledge, and remain competitive within their fields. Over time, this disparity affects not only individuals, but also the capability, innovation and competitiveness of the broader regional workforce.



Tourism & Visitor Economy

Airfare prices and flight availability are global challenges, but their impacts are felt more acutely in regional destinations like ours. Mount Gambier depends heavily on air access for corporate and event-related travel, which delivers a significantly higher average daily spend than leisure tourism. Reliable connections to both Adelaide and Melbourne are essential to sustaining business travel and event confidence, especially given our geographic remoteness.

Increasing airfares and limited airline capacity constrain visitation and weaken Mount Gambier's competitiveness for tourism and business events. Rising costs reduce travel affordability, particularly for international markets, undermining the growth ambitions of both our city and the state. Even small increases in airfare prices can alter visitor behaviour and shift travel decisions.

5. Connectivity & Access to National and International Networks

For residents and businesses, the value of air travel hinges on usable connection windows. Current schedules often miss key interstate links, particularly early-morning departures and evening returns, and weekend options are limited. When cancellations occur, sporadic services make resuming an itinerary difficult, causing multi-day disruptions to work, care and study commitments.

Local feedback suggests that the implication of high prices and poor national connectivity often results in local residents reluctantly driving to Adelaide or Melbourne to commence interstate or overseas travel.

Improved national and international connectivity would also reduce the need for residents to begin or end long-haul travel by road, improving safety and strengthening the region's participation in global mobility.

6. Barriers Preventing Fair Access to Air Services

In addition to the airport operational considerations already separately highlighted by the submission provided by the District Council of Grant, the following are known barriers which prevent fair access to air services for the people of Mount Gambier.

Limited competition

Mount Gambier continues to face structural barriers that limit fair and equitable access to air travel, predominantly the restricted level of competition on our routes. With only two carriers servicing the city, and only one of those offering daily flights or flights to Melbourne, residents and businesses have limited choice and airlines have limited competitive pressure to adjust fares, schedules or service levels. Decisions are therefore shaped primarily by airline commercial imperatives rather than the needs of our community.



Pricing is not aligned to household budgets

Affordability remains a critical concern. Fare structures appear to be benchmarked to the purchasing capacity of large institutional and corporate travellers rather than typical regional households. For families, small businesses and students, the cost of a short-haul return fare to Adelaide or Melbourne is often prohibitive. This pricing approach entrenches inequity between metropolitan and regional travellers and restricts access to services, education and economic opportunity.

Schedules designed around airline efficiency, not community needs

Flight schedules are frequently arranged around airline operational efficiency rather than usability for the local population. Limited early-morning or late-evening flights reduce the feasibility of same-day travel, and poor alignment with onward national or international connection windows undermines Mount Gambier's connectivity to broader networks. Weekend flying opportunities are inconsistent or poorly timed, further reducing travel viability for both leisure and business purposes.

High price volatility for essential or urgent travel

Price volatility also disproportionately impacts those who must travel urgently, whether for medical appointments, family emergencies or time-sensitive business needs. With limited capacity and few alternative services, fares can spike suddenly and significantly. This leaves residents exposed to unpredictable and often unaffordable travel costs at moments when travel is unavoidable.

Lack of consumer-centered performance expectations

Finally, regional passengers do not benefit from clear, consumer-centred performance standards. Unlike major metropolitan routes, regional services lack transparent expectations around timeliness, minimum service frequencies, re-accommodation following cancellations, or schedule stability. This absence of defined benchmarks leaves Mount Gambier residents vulnerable to disruptions that have significant ripple effects across work, education, healthcare access and family commitments.

7. What Needs to Change – Policy & System Improvements

Improving access to regional air services benefits not only communities like Mount Gambier but also strengthens the way people, goods and services move across the country. When regional centres are better connected, it supports smoother service delivery, stronger workforce participation and more reliable links between regional and metropolitan Australia.

Improve Affordability

Introducing nationally consistent concession schemes for medical travellers, young people, pensioners and essential workers would reduce the disproportionate cost burden carried by regional residents. These groups rely most heavily on-air travel for essential connections, and concessions would meaningfully improve access and equity.



Given the limited competition on Mount Gambier's routes, fare caps or stabilisation mechanisms would help prevent extreme price fluctuations and protect residents who need to travel during peak times or at short notice. Greater price predictability would support both household budgeting and essential business travel.

Affordability can also be improved through fare products designed specifically for local and leisure travellers, such as off-peak discounts or advance-purchase protections. These mechanisms encourage greater use of air services while making travel more achievable for families, students and community members.

Improve Connectivity

Better-timed and aligned schedules would assist in improving passenger demand and route efficiency, strengthening passenger participation and a sustainable culture of reliable air travel.

For a regional capital with strong economic activity, the ability to undertake same-day business travel is essential. Incentivising or establishing minimum timetable expectations, particularly for early-morning departures and evening returns, would allow residents, professionals, service providers and government agencies to efficiently travel to and from Adelaide or Melbourne without the cost and disruption of overnight stays.

Policy settings or incentives could be considered that encourage airlines to design timetables that reliably connect with onward routes through a more coordinated national approach that builds more equitable access to and from regional areas.

Improve contestability and safeguard minimum services

Mount Gambier's air services are currently provided by a very small number of carriers, which limits competition and contributes to higher fares and reduced service flexibility for our community. Regional councils have limited ability to influence airline behaviour, so support from State and Federal Governments is essential to improve outcomes for residents.

We recommend that government consider practical measures that make it easier for additional airlines to establish services in regional areas. This may include temporary support for new operators, clearer and more consistent operating arrangements, and access to information that helps carriers understand local needs and demand patterns.

Where ongoing competition is not realistic due to smaller population bases, minimum service requirements remain an important safeguard. Setting clear expectations for a basic, reliable level of air services would give communities confidence that essential connections will be maintained and help reduce the risk of service withdrawal in markets with limited commercial resilience.

Reframe regional aviation as critical infrastructure

For Mount Gambier, air connectivity is not an optional add-on, it is foundational economic infrastructure. Reliable and affordable air services underpin workforce mobility, enable regional businesses to service national markets, facilitate inward investment, support emergency and clinical service provision, and sustain the visitor economy. Treating regional aviation as critical infrastructure acknowledges its multiplier effect across employment, industry, education and community wellbeing.



Foster community-aligned service modelling

The Mount Gambier community wants to fly. Feedback from community engagement consistently shows that residents would use air services more often if fares were affordable and schedules better aligned with their needs. Improving affordability is therefore not only a matter of fairness, but it is also a direct pathway to stronger route viability and a more connected region.

Local Government remains a willing and constructive partner, ready to work with airlines to design services that reflect community demand, increase patronage, and support a long-term culture of regional air travel. With the right settings, Mount Gambier can sustain reliable, viable services that meet the needs of both residents and carriers.

8. Conclusion

Regional people should not pay disproportionately more to access the same basic opportunities available to Australians living in capital cities.

As a cross-border regional capital, Mount Gambier depends on seamless connectivity not only for South Australian residents but also for communities in south-western Victoria who rely on our city for essential services and as a transport gateway.

Affordable and reliable air services are not a luxury for Mount Gambier and regional Australia, they are essential. Mount Gambier depends on air connectivity for health services, skilled worker attraction, business support, tourism growth and full community participation. It is a major determinant of liveability for over 130,000 people and our capacity to influence its provision is incredibly limited without the attention, commitment and intervention of Federal and State Governments.

Better air connectivity ensures regional communities can remain active participants in Australia's broader economic and social systems. Improvements to affordability and scheduling support easier movement, better service delivery and stronger connections between regions and capital cities.

Without improvement, high costs and limited accessibility also create real harm such as delayed medical care, constrained business activity, missed education and career and life opportunities and outcomes.

Addressing regional airfare barriers is an issue of equity, productivity and national cohesion. We urge the Productivity Commission to recommend reforms that:

- 1) Treat regional aviation as critical infrastructure
- 2) Ensure fair and transparent pricing
- 3) Improve the usability and reliability of regional routes; and
- 4) Support sustainable consumer-centred air services.

The City of Mount Gambier remains a willing partner in the pursuit of improvements to services which meet the expectations of our community and enable our future. We stand ready to work with the Productivity Commission, governments and industry to ensure our region can access fair, sustainable and future focused air services.

