



Every Queensland
community deserves
to be a liveable one

13 March 2026

Productivity Commission
regional.airfares@pc.gov.au

Dear Commission Chair,

RE: Determinants of Regional Airfares

The Local Government Association of Queensland (LGAQ) welcomes the opportunity to provide a submission to the Productivity Commission's inquiry into the Determinants of Regional Airfares (the Inquiry).

The LGAQ is the peak body for local government in Queensland, advising, supporting and representing local councils since 1896, enabling them to improve their operations and strengthen relationships with their communities. The LGAQ does this by connecting councils to people and places; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and providing them with the means to achieve community, professional and political excellence.

The terms of reference for the Productivity Commission's inquiry into the determinants of regional airfares are of direct relevance to Queensland local governments.

Councils across Queensland own and operate the majority of the state's regional aerodromes and airports, playing a central role in sustaining the aviation infrastructure that underpins access, connectivity and economic participation across regional, rural and remote communities. Of the 81 Civil Aviation and Safety Authority-registered airports and aerodromes across Queensland, 61 are owned and operated by local governments.

In Australia's most decentralised and disaster-prone state, aviation is essential to health care access, emergency response, workforce mobility, tourism and regional economic development. For many communities, aviation is a critical service which supports liveability, resilience and social equity.

This submission outlines the key challenges facing Queensland councils and their communities in relation to regional airfares. These include the affordability and volatility of fares, the structural cost pressures affecting regional aviation markets, the limited capacity of councils to recover airport and aerodrome costs, and the ongoing burden of maintaining essential aviation infrastructure in low volume and high-cost environments.

In many cases, councils make a deliberate policy choice to keep airport charges below full cost recovery in order to preserve access to air services and avoid placing further upward pressure on already high fares or the risk of route withdrawal. Particular attention is also given to the effect of airfare levels and service reliability on workforce attraction and retention, investment confidence, population stability and access to essential services.

As the level of government that only receives 3 per cent of total taxation revenue nationally, councils cannot continue to absorb growing financial and regulatory costs associated with sustaining aviation infrastructure which is critical to regional access. This is further evidenced by the LGAQ's cost shifting report, which quantifies the impact of responsibilities and costs transferred from other levels of government onto councils and the communities they serve.



These financial sustainability pressures are especially acute in Queensland, where the Queensland Audit Office (QAO) has found that 48 of the states 77 councils are at moderate or high risk of not being financially sustainable.

In preparing this submission, the LGAQ has drawn on direct consultation with Queensland councils, including operational experiences, service observations and local government perspectives on the impact of airfare affordability and access across regional communities.

This submission also reflects the agreed policy positions of local government expressed through the LGAQ Policy Statement, previous LGAQ Annual Conference resolutions, and consistent sector feedback that current policy, regulatory and funding settings do not adequately reflect the unique challenges of regional aviation in Queensland.

In total, the LGAQ has made six recommendations in this submission aimed at improving affordability, continuity of access and long term sustainability of regional aviation including the need for:

- An expanded, more flexible and predictable infrastructure funding framework for council owned regional, rural and remote airports and aerodromes.
- Future aviation policy settings to prioritise affordability, continuity of access and service reliability for regional, rural and remote communities.
- Strengthened service standards and service obligations for regional air services to improve reliability and affordability for regional communities.
- Expanded and better targeted fare relief measures to ensure support extends beyond a limited number of regulated routes.
- Improved transparency and reporting of airfare movements, demand segmentation and the effectiveness of regulated route settings.
- A review and reform of regulatory standards to ensure they are proportionate to risk and appropriate for low volume regional aerodromes.

The LGAQ looks forward to engaging further with the Productivity Commission on the matters raised in this submission and to working collaboratively with the Federal Government to support the long-term sustainability and affordability of regional aviation services across Queensland.

Please do not hesitate to contact Jarrod Hellmuth, Lead – Roads and Transport, Crystal Baker, Manager – Strategic Policy or phone 1300 542 700 should you wish to discuss any aspect of this submission.

Yours sincerely,

Alison Smith
CHIEF EXECUTIVE OFFICER