



Friday 13 March 2026

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

To submit as online attachment at:

[Make a submission](#)

Re: Productivity Commission Inquiry into determinants of regional airfares

Introduction

The Board of Airline Representatives of Australia (BARA) is an industry association that focuses on supporting the practical operational needs of international airlines operating to Australia. BARA has over 40 current international airline members (Attachment A) and collectively they provide around 60% of the total international airline capacity operating to Australia.

Contribution of International Aviation Ecosystem to Australia

Tourism Australia¹ collated Cirium data highlights that as of January 2026, an average of 2,479 flights a week arrived into 14 Australian airports from 71 overseas market origins, with each of the ACCC monitored² airports (Sydney 871, Melbourne 651, Brisbane 414 and Perth 303) receiving the vast majority (90%) of these flights.

International aviation is an important contributor to the Australian economy, with every international widebody arrival delivering approximately \$645,000 in economic added value to the nation through associated visitor spend³. Over the course of a year, the cumulative contribution of international aviation with 70,000 (69,922) widebody aircraft arrivals helps to deliver over \$45 billion in national economic benefit or almost 2% (1.7%) of Australia's GDP, similar in size to both the agricultural and utilities sectors (both also providing approx. 2-3% GDP contribution).

Relationship between international aviation and regional airfares

Regional airline travellers also rely on and gain direct benefit from the continued growth of international services to Australia, just as they rely also on the air services provided to their regional airport, and it is this relationship between the international aviation ecosystem and regional aviation that is BARA's focus.

For BARA's international airlines members, it is less a case of 'impact on regional airfares' and more 'impact of regional airfares' on their international competitiveness. This is due to the charge passed from one airline to another of 'through fares', where the cost of a domestic regional segment is included in the final consumer sale price to and from an international destination into Australia (and vice versa).

¹ [Insights - Corporate - Tourism Australia](#)

² [Airport monitoring report 2024-25 | ACCC](#)

³ Internal BARA Data & Modelling

For example, a passenger can book a single through ticket from Singapore to, for example, Albury via Sydney Airport for circa AUD\$1,300 one-way (estimated prices), covering both the international sector (Singapore–Sydney) and the regional connection (Sydney–Albury) in one booking. A higher regional airfare for the Sydney–Albury leg would increase the total Singapore–Sydney–Albury through fare, making the overall trip more expensive and potentially discouraging some international travellers from travelling.

BARA analysis summarizing international origin and destination flows based on inbound International Visitor Survey (IVS) and outbound National Visitor Survey (NVS data) by Tourism Research Australia⁴ shows that tourism regions surrounding Albury Airport produced approximately 170,000 international airline trips. Related aviation booking data⁵ highlights that in 2024, almost 23,000 passengers or roughly 10% of total Albury traffic, were on an international itinerary.

At a national level, this same data highlights that Australian regional airlines destinations combined across the country handle around 10-12% of all international airline flow for passengers to and from Australia. Therefore approximately 3.4 million international airline passengers annually across regional Australia are exposed to regional airfare pricing as an extension of their international ticket.

Collectively, these examples and data sets highlight the interconnected relationship between regional aviation, airfare pricing, and the wider international airline network.

Productive and balanced airport capital expenditure

For both major and regional airports capital expenditure, BARA members support targeted investment that enables growth, is efficient, and enhances the air passenger's travel experience. It is ultimately the customer who pays for the costs of any airport development through higher airfares, and the ACCC's most recent Airport monitoring report 2024-25⁶ demonstrates that the current framework allows major airports (Sydney, Melbourne, Brisbane, Perth) with significant market power to generate excessive returns. BARA members also note and concur with comments made by other aviation stakeholders (refer the case study below) that smaller regional airports are similarly able to exercise their relative local monopoly position by unilaterally increasing their aeronautical fees (excluding security charges which are a separate matter) without consultation or considered negotiation.

According to the same ACCC report, collectively the major airports made an aeronautical operating profit of \$1.2 billion for 2024–25, a 9.8% increase from the prior year. For 2024–25, Sydney Airport made an aeronautical operating profit of \$584.3 million. Perth Airport reported its highest ever aeronautical operating profit at \$130.6 million, a growth of 73.7% year-on-year, driven predominantly by resources related air traffic. Melbourne Airport reported a growth of 15.8% year-on-year in its aeronautical profit, to \$236 million and Brisbane Airport reported a growth of 8.1% in its aeronautical profit from 2023–24, to \$215.5 million. Total operating profit (EBITA) for the 4 major airports was \$2.8bn with a weighted average EBITA margin of nearly 5%. Figures 4.5 and 3.4 highlighting these results below are extracted from the ACCC report.

The major Australian airports are all planning significant expansion projects totalling over \$33 billion⁷ in the coming decade. Whilst BARA supports appropriate infrastructure spend, without effective economic oversight these investment costs and the increased airport returns they generate are reflected in higher airport charges to airlines, which ultimately pass through as higher airfares to travellers.

⁴ [Data and research | Tourism Research Australia](#)

⁵ Aviation data internal to BARA

⁶ [Airport monitoring report 2024-25 | ACCC](#)

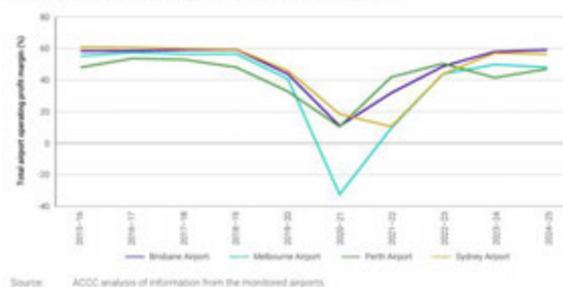
⁷ [AAA-Media-Release Record-international-travel-drives-growth-and-new-investment 5-March-2026.pdf](#)

It is the quantum of the profit margin earned for the provision of aeronautical services, which for airports excludes additional returns from other retail, duty free and other commercial activities (Australian airports are permitted to operate a ‘dual-till’ charging regime) from operating a monopoly asset, that underlines why it is timely for the Productivity Commission to now examine whether the current monitoring regime remains fit for purpose, which would be a separate inquiry than this response into regional airfares.

Figure 4.5: Real aeronautical operating profit, 2015-16 to 2024-25



Figure 3.4: Real total airport operating profit margin, 2015-16 to 2024-25



Aeronautical Pricing Principles

BARA supports that the Government’s Aeronautical Pricing Principles (APP’s) as outlined in the Aviation White Paper (AWP) released in August 2024⁸, should be both enhanced and mandatory. The APP’s state that “the pricing principles relating to prices for aeronautical services and facilities (as defined in Part 4 of the Airports Regulations 2024) provided by airports are:

- that prices should:
 - be set so as to generate expected revenue for a service or services that is at least sufficient to meet the efficient costs of providing the service or services
 - include a return on investment in tangible (non-current) aeronautical assets, commensurate with the regulatory and commercial risks involved and in accordance with these pricing principles
- that pricing regimes should provide incentives to reduce costs or otherwise improve productivity
- that prices (including service level specifications and any associated terms and conditions of access to aeronautical services) should:
 - be established through commercial negotiations undertaken in good faith, with open and transparent information exchange between the airports and their customers and utilising processes for resolving disputes in a commercial manner (for example, independent commercial mediation/binding arbitration)
 - reflect a reasonable sharing of risks and returns, as agreed between airports and their customers (including risks and returns relating to changes in passenger traffic or productivity improvements resulting in over or under recovery of agreed allowable aeronautical revenue)

BARA contends that as the most recent ACCC report highlights, that the level of return for airports is disproportionate to the ‘reasonable sharing of risks and returns’ envisioned by the APPs. Furthermore, there remains no current independent commercial mediation/binding arbitration process in place for when stakeholders cannot agree. The APPs need more ‘teeth’ within the Australian context to ensure that these input costs for airlines are as low and efficient as possible, such that the benefits of lower and more efficient charges can flow through to all airline customers.

BARA further supports additional reforms to the APP’s, such as the establishment of an independently determined cost-of-capital (WACC) estimation methodology, as determined by the ACCC, rather than by individual airports. BARA provided input to the ACCC’s recent (Sep-25) consultation on a WACC estimation methodology for ACCC regulated and monitored industries and is strongly in favour of a consistent approach to WACC estimation for such sectors (such as for essential aviation service providers) being required.

⁸ [Aviation White Paper – Towards 2050](#) (Box 2, Page 81)

An externally verifiable approach to estimating WACC would in BARA's view significantly enhance the price outcomes that BARA and other aviation stakeholders could achieve in negotiations with airports both major and regional, in favour of consumers, by helping to keep airports' aeronautical charges as low and as efficient as possible.

Case Study: WA Airport Example - Qantas Submission to recent RRAT Regional Inquiry⁹

Airports are natural monopolies and some continue to exercise monopolistic power over the fees they charge their airline customers. As effectively unregulated infrastructure, airports can largely pass on their costs to airlines and other airport users, without transparency or need for compromise, and often with a 'take it or leave it' approach. Airport profits continue to persist well above normal commercial returns.

When comparing the average cost (excluding security) of airports across Australia, regional airports can be more than \$50 per passenger more expensive than capital city airports. The majority of regional airports are owned by local councils and, as government owned infrastructure, hold the ability to unilaterally set and increase airport pricing without consultation (at times over and above inflation and/or without justification) irrespective of whether there has been any capital investment or upgrade to the airport.

A regional airport in Western Australia increased charges by 50 per cent in FY25, and a further five per cent in FY26. Airlines have no mechanism to challenge payment.

Modernising Australia's border processing

The current A\$70 Australian Passenger Movement Charge (PMC) is amongst the highest such charge globally and applies to all international passengers aged 12 years and over departing Australia. The PMC currently raises around \$1.4 billion each year for the Commonwealth (and growing as international traffic increases) and it is the international airlines who are the de-facto tax-collectors of this revenue on behalf of the Government. International airlines are therefore understandably frustrated when discussions led by BARA with Australian Border Force (ABF) and other relevant agencies operating at international airports to accelerate processes that can improve passenger facilitation and encourage additional travel, are unable to be actioned in a timely manner due to a claimed lack of budget. BARA understands that perhaps less than half of the PMC revenue collected is used for its intended purpose of facilitating Australia's border management.

Embracing new technology to improve Australia's border processes and improve international visitors travel experience and first impressions of Australia, whilst preserving the nation's integrity and appropriate risk management of the right to enter, is critical. Simple first steps such as the uniform introduction of the Australian Travel Declaration (ATD) and removal of the incoming (paper) passenger card for all passengers is therefore an overdue but critical first step. Future visions of a better and safer biometric border can then build from these foundations.

These improvements are required to assist Australia manage the forecast growth of international visitation over the next 10+ years. It is in Australia's economic interest, across both metro and regional areas, to encourage this growth. The necessary enhancements can and should be funded from the existing and growth revenue that the PMC raises, without any recourse to further PMC increases which, like regional airport or airfare costs, simply add to the cost of travel to Australia and risk slowing or deferring future growth in international visitors.

⁹ State of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities ([Submission 76](#))

Recommendation to the Inquiry

Ultimately Australia competes to attract the international airline traveller versus other destinations in an increasingly competitive global market. As demonstrated, any international growth has a direct positive impact on regional Australia through increased visitor spend and therefore supports regional aviation services. As such, BARA members and the international aviation sector needs appropriate regulatory settings to ensure that cost inputs to international and regional airfares alike are as efficient as possible.

BARA continues to engage the Australian Government on behalf of its members about the need for a more balanced approach to ensure that global international aviation market remains competitive into Australia. To further discuss BARA's submission, please contact Programme Director Communications, Industry & Regulatory Affairs - Lindsay Hermes in the first instance, as the Productivity Commission Inquiry progresses.

Yours faithfully,

Stephen Pearse
Executive Director

BARA Members (As at January 2026)

AIRASIA AVIATION GROUP:

- AIRASIA X
- AIR ASIA BERHAD
- INDONESIA AIR ASIA
- PHILIPPINES AIR ASIA
- THAI AIR ASIA
- THAI AIR ASIA X
- AIRCALIN

AIR CANADA

AIR INDIA

AIR NIUGINI

AIR NEW ZEALAND

ALL NIPPON AIRWAYS

AMERICAN AIRLINES

ASIANA AIRLINES

BATIK AIR LINES

CATHAY PACIFIC AIRWAYS

CHINA AIRLINES

CHINA EASTERN AIRLINES

CHINA SOUTHERN AIRLINES

DELTA AIR LINES

ETIHAD AIRWAYS

EVA AIRWAYS

FIJI AIRWAYS

GARUDA INDONESIAN AIRWAYS

HAWAIIAN AIRLINES

JAPAN AIRLINES

KOREAN AIR LINES

LATAM AIRLINES GROUP

MALAYSIA AIRLINES

NAURU AIRLINES

PHILIPPINE AIRLINES

QATAR AIRWAYS

ROYAL BRUNEI AIRLINES

SCOOT

SINGAPORE AIRLINES

SOLOMON AIRLINES

SOUTH AFRICAN AIRWAYS

SRILANKAN AIRLINES

THAI AIRWAYS INTERNATIONAL

TURKISH AIRLINES

T'WAY AIR

UNITED AIRLINES

VIETNAM AIRLINES

VIRGIN AUSTRALIA

XIAMEN AIRLINES