

**Submission to the Productivity Commission  
Inquiry into the Determinants of Regional Airfares**

**Submission from Regional Development Australia  
Goldfields Esperance  
(RDA Goldfields Esperance)**

**14 March 2026**

For Inquiries please contact:

Sharon Henderson  
Director  
Regional Development Australia  
Goldfields Esperance



**An Australian Government Initiative**



**GOLDFIELDS ESPERANCE**

# Table of Contents

<b>1. INTRODUCTION</b>	<b>3</b>
<b>2. ABOUT REGIONAL DEVELOPMENT AUSTRALIA GOLDFIELDS ESPERANCE</b>	<b>3</b>
<b>3. WHY IS REGIONAL AVIATION SO IMPORTANT?</b>	<b>4</b>
Connectivity for Remote Aboriginal Communities	4
Aviation and Essential Services	5
<b>4. HOW MUCH DO FARES INFLUENCE DEMAND FOR REGIONAL AIR SERVICES?</b>	<b>5</b>
<b>5. WHAT FACTORS INFLUENCE REGIONAL AIRFARES?</b>	<b>6</b>
Thin markets	6
Distance and Operating Costs	6
Regulatory Compliance Costs	6
Airport Infrastructure costs	6
Market concentration	6
<b>6. WHAT CHARACTERISTICS OF THE REGIONAL AVIATION SECTOR INFLUENCE AIRFARES?</b>	<b>7</b>
FIFO Workforce Demand	7
Sole operator regulated routes	7
Competitive FIFO hub	7
Infrastructure Constraints	7
Aviation vulnerability to economic cycles	7
Esperance Aviation Context	8
Funding Challenges for Regional Airports	8
<b>7. HAVE GOVERNMENT POLICIES OR REGULATIONS MADE A DIFFERENCE?</b>	<b>8</b>
Regional Airfare Zone Cap Scheme	8
Infrastructure investment	8
<b>8. WHAT COULD BE DONE TO MAKE FARES MORE AFFORDABLE AND IMPROVE ACCESS?</b>	<b>9</b>
Continued support for regional airfare subsidy schemes	9
Regional airport infrastructure investment	9
Support for local government airport operators	9
Improve resilience of regional aviation markets	9
<b>9. POLICY CONSIDERATIONS FOR THE PRODUCTIVITY COMMISSION</b>	<b>9</b>
Regional Aviation Network – Goldfields Esperance	9
<b>10. CONCLUSION</b>	<b>10</b>

## 1. INTRODUCTION

Regional Development Australia Goldfields Esperance welcomes the opportunity to provide a submission to the Productivity Commission inquiry into the determinants of regional airfares.

Affordable and reliable aviation services are essential to the economic productivity and liveability of remote regions such as the Goldfields Esperance.

The Goldfields Esperance region is the **second largest region in Western Australia**, covering approximately **955,000 square kilometres**. The region supports a population of approximately **58,000 residents** and generates almost **\$40 billion annually in economic output**, driven largely by mining and resource industries that are critical to Australia's export economy.

Key industries across the region include:

- gold and critical minerals mining
- agriculture and grain exports
- renewable energy development
- freight and logistics
- tourism.

Despite its significant contribution to the national economy, the region faces structural challenges in aviation connectivity arising from:

- vast geographic distances
- thin passenger markets
- limited airline competition
- infrastructure constraints
- regulatory compliance costs.

Communities across the region are separated by extremely large distances. Kalgoorlie-Boulder is approximately **600 kilometres from Perth**, while communities in the eastern part of the region are located more than **1,000 kilometres from the capital**.

In this context, aviation is not simply a transport option. It is essential infrastructure enabling workforce mobility, access to specialist health services, emergency response capability, regional business connectivity and tourism.

The purpose of this submission is to provide evidence from the Goldfields Esperance region regarding the structural factors influencing regional airfares and to identify policy settings that could improve affordability, access and long-term sustainability of regional aviation services.

## 2. ABOUT REGIONAL DEVELOPMENT AUSTRALIA GOLDFIELDS ESPERANCE

Regional Development Australia Goldfields Esperance is part of the national Regional Development Australia network funded by the Australian Government.

The organisation works across ten local government areas in the Goldfields Esperance region, supporting economic development across mining centres, agricultural districts, coastal communities and remote Aboriginal communities.

RDA committees play an important role in supporting the Australian Government's Regional Investment Framework, which provides a coordinated approach to regional development through investment in people, places, services and industries.

RDA Goldfields Esperance works collaboratively with:

- local governments
- industry and business
- Aboriginal organisations
- State and Commonwealth agencies
- community organisations.

Through this engagement, the organisation provides evidence-based regional advice and local intelligence to support policy development and investment decisions affecting regional communities. This reflects the role of RDAs to help drive regional economic growth and contribute local insights to national policy development.

### **3. WHY IS REGIONAL AVIATION SO IMPORTANT?**

Regional aviation is essential to economic productivity and liveability in remote regions such as the Goldfields Esperance.

The region is characterised by extremely large distances between population centres, making aviation the only practical transport option for many forms of travel.

Aviation enables:

- workforce mobility for mining and resource operations
- access to specialist health services
- emergency medical retrieval
- business and government travel
- tourism visitation.

Kalgoorlie-Boulder Airport services a catchment population of approximately 60,000 people and supports one of Australia's most productive mining and critical minerals regions. Reliable aviation services enable access to specialist skills, support supply chains and facilitate same-day travel for business and professional services.

In many remote regions of Western Australia, aviation effectively functions as a substitute for public transport infrastructure. While metropolitan local governments are not responsible for providing intercity transport services, regional local governments operating airports effectively support essential passenger connectivity between regional centres and capital cities.

Airports also play an important role in emergency management and disaster response. In remote regions where road networks may be disrupted by flooding or extreme weather events, aviation infrastructure enables medical evacuation, delivery of essential supplies and coordination of emergency services.

#### **Connectivity for Remote Aboriginal Communities**

The Goldfields Esperance region contains numerous remote and very remote communities, many with significant Aboriginal populations located large distances from regional service centres.

For residents in these communities, aviation can provide an essential connection to health services, education, government services and family networks. Travel to regional centres such as Kalgoorlie-Boulder or Perth is often required for specialist medical treatment, education, legal matters and participation in cultural obligations including funerals and community gatherings.

Where aviation services are unavailable or unaffordable, individuals may be required to undertake extremely long road journeys, often exceeding several hundred kilometres. In some cases road access may also be limited due to weather conditions or road quality.

Reliable aviation services therefore support equitable access to services and strengthen social and cultural connections for remote communities across the region. Improving aviation access for remote communities can also support broader national priorities aimed at improving service access and economic participation for First Nations communities.

### **Aviation and Essential Services**

Mining operations across the Goldfields rely heavily on aviation for fly-in fly-out workforce transport. Many companies operate charter aviation services to transport workers to remote mining operations across the region.

Regional aviation infrastructure also supports critical health services. The Royal Flying Doctor Service (RFDS) relies on aviation infrastructure across the region to provide emergency medical services.

Kalgoorlie-Boulder hosts the only RFDS base in the Goldfields Esperance region, providing:

- emergency medical retrieval to Kalgoorlie Health Campus
- inter-hospital patient transfers to Perth
- remote health clinics along the Eyre Highway corridor from Kalgoorlie to Eucla
- dialysis patient transport
- disaster response capability.

Without maintained regional airports and airstrips across the region, emergency medical retrieval services and access to essential healthcare would be significantly compromised.

## **4. HOW MUCH DO FARES INFLUENCE DEMAND FOR REGIONAL AIR SERVICES?**

Airfares are an important factor influencing demand, but regional travel demand is often driven by necessity rather than discretionary choice.

Many regional travellers are travelling for essential purposes such as:

- employment, particularly FIFO workforce movement
- access to health services
- education and training
- family and social connections
- business travel
- tourism.

In regions such as the Goldfields, travel demand is therefore relatively price inelastic compared to leisure tourism markets.

Historically, regional residents have faced extremely high airfare costs. Previous airfare comparisons have demonstrated that flights between regional towns could be more expensive than international flights from Perth. For example, earlier comparisons showed it could cost more to fly from Kalgoorlie to another regional centre than from Perth to international destinations such as Singapore.

Such price disparities have significant impacts on regional residents' ability to travel for health services, family reasons and business activities.

The Western Australian **Regional Airfare Zone Cap Scheme** has significantly improved affordability for regional residents.

Under the scheme:

- residents pay a maximum of **\$199 one-way for low demand flights**
- **\$265 for peak demand flights** within Zone 1 routes.

The extension of the scheme for five years provides important certainty for regional residents who regularly need to travel to Perth for essential services.

Before the introduction of the scheme, flights could cost **up to \$1000 one way** in some cases. The capped fares therefore represent savings of several hundred dollars per journey.

More than **758,000 capped flights** have been delivered across regional Western Australia since the scheme was introduced.

Following the COVID-19 pandemic, demand for regional aviation services recovered strongly in resource regions such as the Goldfields. However capacity constraints, fleet limitations and cost pressures have contributed to increased fare volatility, particularly for short-notice travel.

## 5. WHAT FACTORS INFLUENCE REGIONAL AIRFARES?

Regional airfares are influenced by several structural factors.

### Thin markets

Regional routes typically serve small populations with limited passenger demand. This means airlines must recover operating costs across fewer passengers.

### Distance and Operating Costs

Regional routes often involve long distances with higher fuel consumption and lower aircraft utilisation compared with metropolitan routes.

### Regulatory Compliance Costs

Airlines face a range of fixed costs including:

- aviation safety regulation
- insurance and training requirements
- fuel costs and operational expenses.

Aviation security screening requirements also represent a significant fixed cost for regional airports. These costs must often be recovered across relatively small passenger numbers, increasing the per-passenger cost of regional aviation services.

### Airport Infrastructure costs

Regional airports must maintain substantial infrastructure including:

- runways and lighting systems
- security screening facilities
- terminal facilities
- safety and navigation infrastructure.

Most regional airports are owned and operated by local governments, which must recover infrastructure costs across relatively small passenger bases.

### Market concentration

Many regional routes are served by a **single airline operator**, limiting competition.

For example:

- **Rex operates the regulated Esperance–Perth route**
- **Skippers Aviation operates Perth–Laverton–Leonora services**

In addition, Skippers Aviation is currently the **only airline servicing Laverton, Leonora and Wiluna from Perth**. This lack of competition means communities can be vulnerable to service disruptions or airline withdrawal.

## **6. WHAT CHARACTERISTICS OF THE REGIONAL AVIATION SECTOR INFLUENCE AIRFARES?**

Regional aviation markets exhibit several structural characteristics influencing fares and service availability.

### **FIFO Workforce Demand**

Mining regions such as the Goldfields generate strong aviation demand through FIFO workforce transport. Demand is often concentrated around shift changes, creating peak travel periods and pricing volatility.

### **Sole operator regulated routes**

Some routes operate under regulated service arrangements.

Esperance currently receives a **minimum of 22 weekly return services to Perth** operated by Rex under a state contract.

Laverton and Leonora receive **three return flights per week** through the Perth–Laverton–Leonora route operated by Skippers Aviation.

### **Competitive FIFO hub**

Kalgoorlie-Boulder Airport operates as a major FIFO aviation hub servicing the mining sector.

Airlines operating services into Kalgoorlie include:

- Qantas Airways
- Virgin Australia
- Alliance Airlines
- Nexus Airlines
- National Jet Express (charter services)
- independent mining charter operators
- Goldfields Air Services charter operations.

### **Infrastructure Constraints**

Kalgoorlie-Boulder Airport was originally designed to accommodate approximately **220,000 passengers annually**, however recent passenger movements have exceeded **460,000 passengers per year**.

The ageing terminal infrastructure and passenger processing facilities are under significant pressure, highlighting the need for infrastructure upgrades to support growing demand.

Passenger movements at Kalgoorlie-Boulder Airport are forecast to exceed **550,000 annually**, more than double the design capacity of infrastructure built in 1992.

Kalgoorlie Airport routinely accommodates aircraft such as **Boeing 737 and Airbus A320 aircraft** and can operate as an alternate airport capable of accepting **larger aircraft such as Boeing 767 or Airbus A330** when Perth Airport is unavailable.

### **Aviation vulnerability to economic cycles**

Regional aviation services can be directly affected by commodity cycles.

For example, Ravensthorpe currently has **no regular public transport flights** following the suspension of nickel mining operations.

This demonstrates how aviation connectivity in regional areas can fluctuate with economic conditions.

### **Esperance Aviation Context**

Esperance provides an important aviation connection for the southern part of the Goldfields Esperance region.

The Esperance–Perth route operates under a **regulated regional air service agreement** with the Western Australian Government, ensuring minimum service levels where passenger demand alone may not support a fully competitive market.

Esperance Airport is owned and operated by the **Shire of Esperance**, meaning the costs of maintaining airport infrastructure are borne by the local government and its ratepayers.

Recent events have also highlighted the financial risks faced by local governments operating regional airports. When Regional Express entered voluntary administration, the Shire of Esperance and other regional councils were left owed unpaid airport charges and fees.

### **Funding Challenges for Regional Airports**

Some regional airports may be ineligible for key aviation infrastructure funding programs due to passenger thresholds or revenue classifications. This can create a funding gap where airports experience significant passenger demand and infrastructure pressures but cannot access grant programs designed either for small regional airstrips or major metropolitan airports.

## **7. HAVE GOVERNMENT POLICIES OR REGULATIONS MADE A DIFFERENCE?**

Government policy has played an important role in supporting regional aviation.

### **Regional Airfare Zone Cap Scheme**

The Regional Airfare Zone Cap Scheme has significantly improved affordability for regional residents.

The scheme caps fares for regional residents travelling to Perth and has resulted in hundreds of thousands of capped flights across Western Australia.

This program has improved access to:

- specialist health services
- education and training
- family travel
- business travel.

### **Infrastructure investment**

The WA Government has committed **\$29.3 million** for regional and remote airstrip upgrades across the state.

This includes **\$3.38 million for upgrades to the Eucla Airstrip**, which supports emergency services including WA Police, RFDS and WA Country Health Service.

These investments are essential for maintaining aviation safety and service access in remote communities.

## 8. WHAT COULD BE DONE TO MAKE FARES MORE AFFORDABLE AND IMPROVE ACCESS?

Several policy measures could improve affordability and access.

### Continued support for regional airfare subsidy schemes

The Regional Airfare Zone Cap Scheme should be maintained and expanded where possible.

The scheme significantly improves affordability for regional residents who rely on aviation to access essential services.

### Regional airport infrastructure investment

Many remote airports and airstrips require significant upgrades.

For example, Wiluna Airport has been identified as being in **critical condition**, with significant pavement deterioration requiring repairs and runway upgrades.

Without ongoing infrastructure investment, regional aviation access may deteriorate.

### Support for local government airport operators

Regional airports are often operated by local governments.

Financial risk associated with airline failures can place significant burdens on local governments.

For example, when Rex entered voluntary administration, the Shire of Esperance and other regional councils were left owed substantial sums in unpaid airport fees.

Local governments therefore carry financial risk when airlines collapse or withdraw services.

### Improve resilience of regional aviation markets

Policy settings should recognise the vulnerability of sole-operator routes and thin regional markets.

Mechanisms to ensure continuity of service should be considered where aviation services are critical to community access.

## 9. POLICY CONSIDERATIONS FOR THE PRODUCTIVITY COMMISSION

Regional aviation markets operate under structural conditions that differ significantly from metropolitan aviation markets.

Policy frameworks should recognise regional aviation as essential infrastructure supporting economic productivity and community connectivity.

Key policy considerations include:

- recognition of regional aviation as essential infrastructure
- continued support for airfare affordability programs
- dedicated funding for regional airport infrastructure
- proportionate regulatory frameworks for regional airports
- mechanisms to support continuity of regional aviation services.

### Regional Aviation Network – Goldfields Esperance

Airport	Airline	Route	Typical Services
Kalgoorlie-Boulder Airport	Qantas	Kalgoorlie – Perth	Multiple daily

Airport	Airline	Route	Typical Services
Esperance Airport	Regional Express (Rex)	Esperance – Perth	Minimum 22 weekly
Laverton Airport	Skippers Aviation	Laverton – Perth	Charter/scheduled
Leonora Airport	Skippers Aviation	Leonora – Perth	Charter/scheduled
Wiluna Airport	Skippers Aviation	Wiluna – Perth	Charter/scheduled

## 10. CONCLUSION

Regional aviation is essential for the economic productivity and social wellbeing of remote regions such as Goldfields Esperance.

The region generates nearly **\$40 billion annually in economic output**, driven primarily by mining and resource industries that are critical to Australia’s export economy.

However, aviation infrastructure and service models have not always kept pace with regional economic growth.

Affordable and reliable aviation services are essential for:

- workforce mobility
- emergency health services
- regional economic development
- community connectivity.

Policy frameworks must recognise that regional aviation is a critical component of national economic infrastructure rather than simply a transport service.

Regional aviation policy should therefore prioritise:

- affordability for regional residents
- long-term infrastructure investment
- resilience of regional aviation markets
- support for remote airport infrastructure.

Regional Development Australia Goldfields Esperance welcomes the opportunity to provide further information or appear before the Productivity Commission as part of this inquiry.