

**28 February 2026**

Submission to the Productivity Commission  
Inquiry into Regional Airfares  
**Karratha & Districts Chamber of Commerce & Industry (KDCCI)**

To whom it may concern,

**RE: INQUIRY INTO REGIONAL AIRFARES A KARRATHA PERSPECTIVE**

1. Introduction

The Karratha & Districts Chamber of Commerce & Industry (KDCCI) welcomes the opportunity to provide input into the Productivity Commission's inquiry into regional aviation.

KDCCI represents more than 400 businesses operating across the Pilbara region of Western Australia. Our members include small and medium-sized enterprises (SMEs), resource sector contractors, tourism operators, professional services, retail businesses and community organisations.

For regional economies, aviation is not discretionary. It is enabling infrastructure that directly affects productivity, workforce participation, business competitiveness and community sustainability.

2. National economic significance of regional connectivity

The Pilbara is one of Australia's most economically productive regions.

- The region generated \$90 billion in gross regional product in 2024.
- This represents 19.8% of Western Australia's gross state product.
- Pilbara exports totalled \$179 billion in 2024, accounting for 35% of Australia's exports.
- The region supported 59,782 jobs, yet only 42.2% of the workforce lives locally, highlighting the structural reliance on mobility.

Despite this nationally significant contribution, regional communities and businesses continue to face inequitable access to affordable and reliable air services compared with metropolitan centres.

This inequity has direct consequences for national productivity.

3. Impact on business performance — particularly SMEs

High and unpredictable airfare costs are a major constraint on regional business activity.

While large resource companies may access negotiated corporate travel arrangements, SMEs generally do not. Smaller businesses must often purchase flights at short notice, pay peak fares and absorb significant travel costs as a standard operating expense.

This creates several structural disadvantages:

- higher cost of tendering for work outside the region
- reduced ability to attend training, industry engagement and business development opportunities
- limited capacity to build supply chain relationships
- reduced competitiveness compared with metropolitan businesses
- constrained ability to attract investment or grow markets

For many SMEs, airfare costs represent one of the largest controllable overheads. When fares are high or lower fare categories are unavailable, this directly reduces profitability and business viability.

#### 4. Liveability, workforce attraction and economic sustainability

Affordable aviation access is closely linked to regional liveability outcomes.

The City of Karratha recorded a labour force participation rate of 69.2% in the 2021 Census, with 69.1% of workers employed full-time and 39.6% working 45 hours or more per week.

In high-intensity work environments such as the Pilbara, the ability to travel affordably to maintain family connections, access services and participate in cultural life is essential for workforce retention.

Where flights are expensive or difficult to access:

- people are less likely to relocate permanently
- FIFO arrangements become more attractive
- local populations remain transient
- community cohesion and volunteer capacity decline
- business continuity and productivity are affected

These outcomes compound over time, making regional economic development more challenging and increasing pressure on employers.

#### 5. Tourism and diversification constraints

The Pilbara welcomed 1.366 million visitors in 2024, demonstrating growing tourism demand and diversification potential. With recent World Heritage listing of Murujuga National Park, this industry is expected to grow.

However, high airfare costs continue to limit the region's competitiveness as a visitor destination.

Affordable and transparent air access is essential to:

- support tourism investment
- enable event attraction
- grow small hospitality and tourism businesses
- broaden regional economic resilience

Without improvements in aviation affordability and reliability, diversification efforts will be constrained.

#### 6. Cost of living pressures in regional areas

Regional communities already face structurally higher living costs.

The Pilbara's Regional Price Index is 115 compared with Perth indexed at 100, meaning everyday goods and services are materially more expensive.

High airfares compound these pressures, particularly for:

- essential travel to access health services
- maintaining family and social networks
- education and professional development
- participation in national markets

This creates an inequitable burden for regional residents and businesses.

#### 7. Practical Federal Government actions

KDCCI recommends that the Commonwealth take a more active role in ensuring equitable regional aviation outcomes.

##### ***7.1 Establish a Regional Aviation Equity Framework***

The Federal Government should formally recognise regional aviation as critical national infrastructure.

Policy settings should prioritise regions that:

- make significant contributions to national exports and productivity
- rely heavily on air travel for essential connectivity
- face structural cost and service disadvantages.

### ***7.2 Improve transparency on regional air routes***

Introduce standardised public reporting requirements for airlines on monopoly or highly concentrated regional routes, including:

- seat availability at each fare level
- average fares paid
- reliability and cancellation performance
- seasonal pricing trends.

This would improve market confidence and policy effectiveness.

### ***7.3 Strengthen competition oversight***

Ongoing route-level monitoring should be undertaken to assess:

- fare outcomes
- service frequency
- market concentration
- barriers to new entrants.

Where necessary, targeted intervention mechanisms should be considered.

### ***7.4 Introduce targeted support for remote residents***

The Commonwealth should consider a national mechanism such as:

- a remote resident travel credit
- a tax offset for essential personal travel
- means-tested airfare support.

This would recognise the structural disadvantage faced by remote communities.

### ***7.5 Align aviation policy with regional workforce and productivity goals***

Federal regional development, skills and migration policy should explicitly incorporate aviation accessibility as a workforce retention factor.

Improved connectivity supports:

- stable regional populations
- business growth
- long-term national economic resilience.

### ***7.6 Link Commonwealth aviation funding to public-interest outcomes***

Where the Federal Government funds airport infrastructure or aviation programs, this investment should be tied to:

- demonstrable affordability improvements
- service reliability standards
- transparent reporting obligations.

## 8. Conclusion

Regional aviation policy must recognise the broader economic reality facing regions such as the Pilbara.

Affordable and reliable air services:

- support SME competitiveness
- enable workforce attraction and retention
- underpin tourism and diversification
- sustain regional liveability
- protect national productivity.

Regional Australians should not experience structurally inferior access to essential transport simply because of where they live.

KDCCI welcomes continued engagement with the Productivity Commission to ensure regional business perspectives are reflected in future aviation policy settings.

Should you require any additional information, please feel free to contact me

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