

Australian Government  
Productivity Commission  
Determinants of Regional Airfares

13 March 2026

Dear Commissioners,

The North Queensland Airports Group (NQA), owner and operator of Cairns and Mackay airports, welcomes the opportunity to provide a submission to the 'Determinants of Regional Airfares' inquiry. Affordable connectivity is critical to our nation, with its wide-reaching geography and spread-out population centres. We support a thorough analysis of this issue to ensure stability and equal opportunities for every Australian resident.

This submission will highlight recommendations and considerations including that:

- **Regular, reliable and affordable** regional and remote air services are critical to the ongoing prosperity of communities across Australia, supporting key economic and social pillars.
- **Greater transparency and consistency** are required around airfare pricing on regional and remote routes. Consideration should be given to lack of competitive pressure, airline operating costs with regard to actual kilometres travelled, and airline profit margins in tandem with airport charges.
- **Regional communities** in Northern Australia are uniquely positioned to benefit from improvements in global aircraft technology, which will offer unparalleled access to Asia's growing aviation markets. Consistent air connectivity across the North will be vital to the success of many emerging opportunities.

### About Us

Cairns and Mackay airports are major economic drivers for regional Queensland and service some of the nation's most remote communities. Situated at the gateway to Cape York and the Torres Strait Islands, Tablelands and Cassowary Coast, Cairns is one of Australia's most aviation-dependent communities, with more than three times as many passenger movements per resident than that of capital cities. Cairns Airport also provides access to the only place in the world where two natural UNESCO World Heritage areas sit side-by-side; the Great Barrier Reef and Wet Tropics, including the iconic Daintree Rainforest.

Mackay Airport is located in the heart of the Central Queensland resource centres of the Bowen and Galilee Basins and is adjacent to the popular Whitsundays tourist destination. Mackay Airport provides a multi-modal integrated transport hub for these key sectors. Both Cairns and Mackay airports operate busy general aviation precincts, providing a base for vital aeromedical and emergency services, Fly-In Fly-Out (FIFO) movements, tourism operators, aircraft maintenance and much more.

### **Connectivity is Critical**

- *Identifying the impacts of regional air fares and access to regular and reliable air services on regional economies, productivity, and improving Closing the Gap outcomes*
- *Identifying the main drivers of demand for regional air services*

Many Queensland communities are separated by vast distances and limited or precarious road infrastructure. Reliable access to major hubs via air is critical to basic liveability; aviation connects remote residents to health care, education and training, government services and employment. Approximately 90 per cent of Indigenous children living remotely must leave their communities to complete their education. There are currently 100 students from 45 remote Far North regions residing at the AFL Cape York boarding houses in Cairns.

Cairns Airport is also a gateway for tourism, agriculture, marine services and First Nations enterprises. Tourism is the main economic driver in the region and the number one employer, with one in five people employed in the industry. Mackay Airport is integral to the workforce capability of major primary providers. Both airports enable vital freight movements and provide supply chain reliability for products and services, including pharmaceuticals and medical supplies, fresh produce and other perishable goods, mail, spare parts and equipment. Many Cape York communities were left stranded and vulnerable during the major flood in December 2023. While some roads remained inaccessible for weeks, air access from Cairns Airport enabled provision of supplies and crucial disaster relief efforts. Air access was also prioritised to support isolated communities during recent flooding across the Gulf of Carpentaria, as saturated roads stopped trucks from transporting essential supplies (inset). *Source: ABC North West Queensland, 8 January 2026.*



Intrastate travel is also a long-running reality for local families supporting children with sporting commitments and other extracurricular activities, undeniably beneficial for overall community health, wellbeing and social cohesion. For many families, inaccessible air fares lead to unavoidable and lengthy travel on the Bruce Highway, the “spine” of Queensland which stretches 1,671km from Brisbane to Cairns. The Bruce Highway is commonly referred to as the state’s most dangerous road, with high crash rates and multiple vulnerable sites, particularly during wet weather.

### **Inconsistency, Comparison, Incentive**

- *Assessing the role of government and the most efficient forms of government intervention in the market and other policies to improve access, pricing and service outcomes*
- *Identifying policies and regulatory settings that may contribute to higher regional airfares, reduced service levels or reduced competition*
- *Analysing the determinants of regional airfares and service offerings, and the composition of factors that contribute to differences between airfares available on regional routes and those available between major cities, including airport fees and charges*

Both federal and state governments have implemented measures which recognise and seek to balance the impacts of living remotely. These frameworks aim to mitigate the higher consumer costs and travel burdens

often associated with geographic distance, such as groceries, fuel, freight, health, employment and education.

### Queensland Government

Seven key regional aviation routes are regulated by the Queensland Government in a bid to provide communities with reliable and affordable air services. This includes the route linking Cairns with Normanton, Mornington Island, Burketown, Doomadgee and Mount Isa. Airlines compete for contracts to operate these routes. The Queensland Government’s Department of Transport and Main Roads also runs the Local Fare Scheme in collaboration with local councils and airlines operating Regular Passenger Transport (RPT) flights. Under the Local Fare Scheme, airfares can be subsidised for eligible residents to ensure access to essential services. Residents receive up to \$200 discount for each one-way flight.

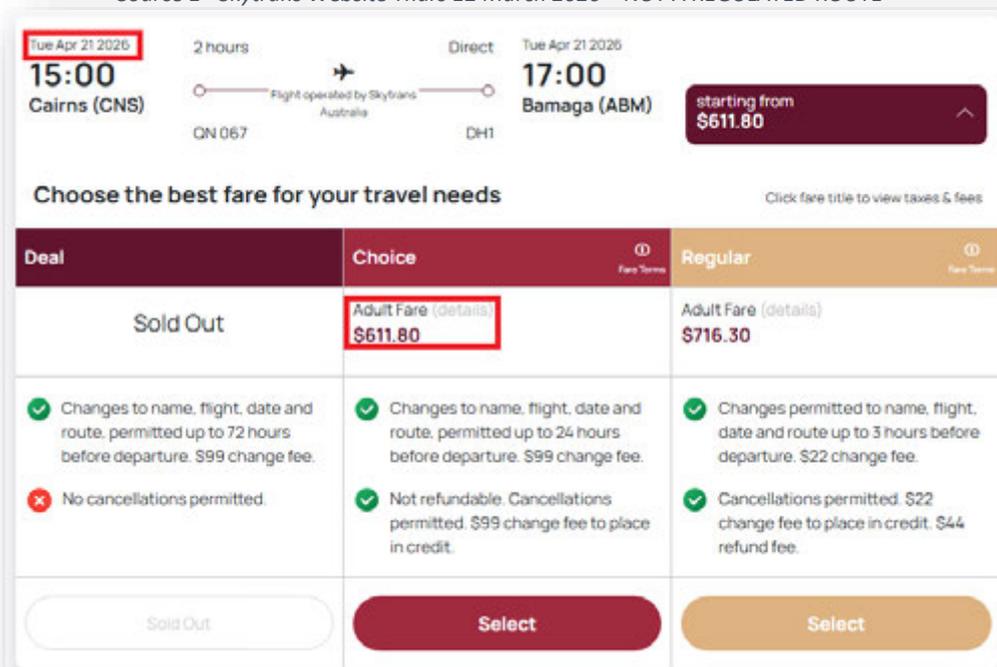
### Federal Government

Cairns Airport is a hub for many remote destinations across the Torres Strait Islands, Cape York Peninsula and Gulf of Carpentaria. Most of these communities are classified by the Federal Government as Zone A special areas for the purpose of tax offset. A special area is defined as ‘particularly isolated’ and more than 250 km, by the shortest practicable surface route, from the nearest population centre of 2,500 or more people.

### Comparison

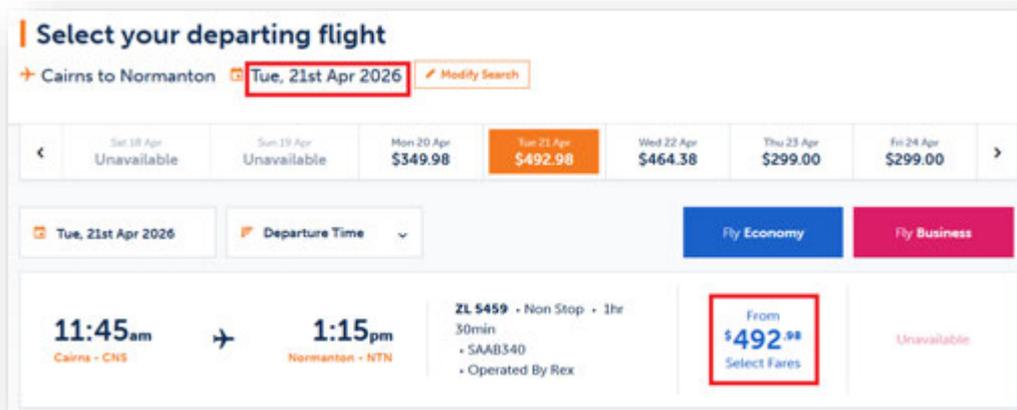
Despite government awareness and some intervention, fares on many critical routes are inconsistent and often far exceed the national average. For example - the service from Cairns to Normanton is a regulated route. The service from Cairns to Bamaga is not. Both towns are classified by the Federal Government as Zone A special areas, and flight times are similar (Cairns to Normanton being one-and-a-half hours, and Cairns to Bamaga being two hours). One-way fares on the regulated route sit around the \$300-\$450 mark, with some variability (screenshots below). A one-way flight to Bamaga can vary from \$400 - \$600+, with the ‘deal’ fares regularly ‘sold out’.

Source 1 - Skytrans Website Thurs 12 March 2026 – NOT A REGULATED ROUTE



The screenshot shows a flight search result for Cairns (CNS) to Bamaga (ABM) on Tuesday, April 21, 2026. The flight is direct, 2 hours, and operated by Skytrans Australia. The 'Deal' fare is 'Sold Out', the 'Choice' fare is \$611.80, and the 'Regular' fare is \$716.30. The 'Choice' fare is highlighted with a red box. Below the fare table, there are three columns of fare conditions:

Deal	Choice	Regular
Sold Out	Adult Fare (details) \$611.80	Adult Fare (details) \$716.30
<ul style="list-style-type: none"> <li>Changes to name, flight, date and route, permitted up to 72 hours before departure. \$99 change fee.</li> <li>No cancellations permitted.</li> </ul>	<ul style="list-style-type: none"> <li>Changes to name, flight, date and route, permitted up to 24 hours before departure. \$99 change fee.</li> <li>Not refundable. Cancellations permitted. \$99 change fee to place in credit.</li> </ul>	<ul style="list-style-type: none"> <li>Changes permitted to name, flight, date and route up to 3 hours before departure. \$22 change fee.</li> <li>Cancellations permitted. \$22 change fee to place in credit. \$44 refund fee.</li> </ul>
Sold Out	Select	Select



Source 2 - Rex Airlines Website Thurs 12 March 2026 – REGULATED ROUTE

Airline contracts under the Queensland Government’s regulated routes scheme are due to expire in December 2026. Community consultation sessions have been held across regional and remote centres in recent months, as the government seeks resident and stakeholder feedback to determine the effectiveness of the current framework. It is hoped this process will identify additional remote areas who would benefit from inclusion in an expanded scheme, while also ensuring the consistency and ongoing affordability of fares on routes already serviced.

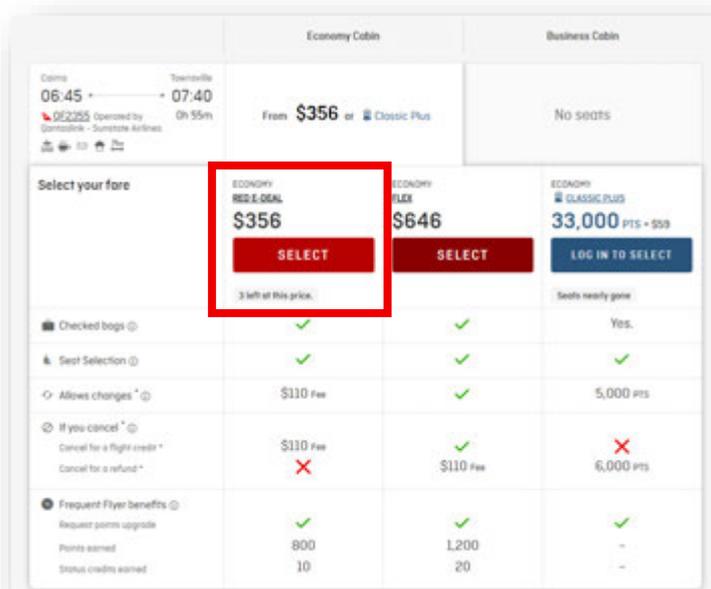
Data produced by the Australian Competition and Consumer Commission (ACCC) in October 2025 shows the average revenue per passenger collected by monitored airlines for remote routes was around 25 cents per kilometre, compared to around 19 cents per kilometre for major city routes and 18 cents per kilometre for regional routes. Concurrently, independent analysis conducted by InterVISTAS Consulting in 2025 demonstrates that domestic airfares are overwhelmingly driven by airline cost structures rather than airport pricing. The largest component of the all-in airfare is the airline base fare, which accounts for more than 80 per cent of the total price and reflects airline operating costs including fuel, crew, aircraft ownership and maintenance, network efficiency and utilisation. Government taxes and charges represent a further 8.9 per cent of the average domestic airfare, while airline ancillary charges add additional cost for many passengers. By contrast, airport aeronautical charges account for only 7.6 per cent of the average all-in domestic airfare. This analysis confirms that affordability outcomes in regional markets are driven primarily by airline economics and network decisions, rather than by airport pricing or cost recovery practices.

### Constraining Regional Prosperity

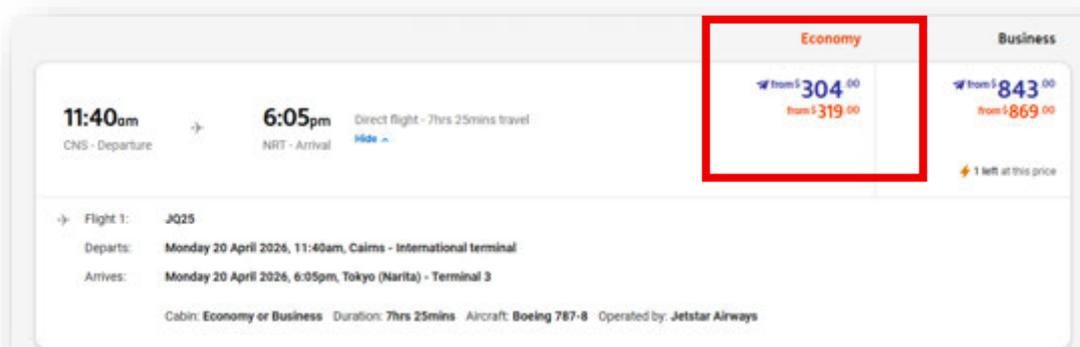
Cairns and Mackay are both classified by the Federal Government as Zone B (moderately remote). A number of regional routes operating from Cairns and Mackay airports are serviced by a single carrier. There is no competitive pressure or incentive for the airline to reduce ticket prices, and fares on some of these routes suggest exceptionally high yield per passenger. For example – a basic economy return fare from Cairns to Mackay, with a 20-minute stopover in Townsville, sits at approximately \$800 and often exceeds \$1000. Further, while passengers buy a ticket on each different leg of this route (Cairns > Townsville > Mackay > Rockhampton), the crew and pilots typically remain for the entirety of the service, which should contribute

to mitigation of the airline’s labour costs. **On many days, it can be cheaper for a customer to fly from Cairns to Japan than it is to fly 55 minutes from Cairns to Townsville.** On Monday April 20, the cheapest fare from Cairns from Townsville is \$356. On the same date, fares of \$319 are available from Cairns to Tokyo Narita (screenshots below). As cost-of-living pressures continue to bite, customers are more inclined to travel offshore because fares are far more palatable. Our regional communities miss out on the economic benefits associated with steady visitation.

Finally, it is worth noting the revenue of Australia’s two major airline groups reported in February 2026. For the six months to December 31, the Qantas Group reported a statutory net profit after tax (NPAT) of \$925 million, including a 5 per cent increase in Qantas Domestic’s revenue. Virgin Australia’s NPAT came in at \$341 million.



Source 3 - Qantas Website Fri 13 March 2026



Source 4 - Jetstar Website Fri 13 March 2026

## **Northern Australia's Potential + Strategy for Regional Growth**

Cairns Airport's vision is to connect the world with Australia, servicing passengers while supporting economic growth as a thriving northern hub. Our proximity to Asia's growing aviation markets is unparalleled and highly advantageous as airlines continue to adopt new long-range, narrowbody aircraft. These aircraft can fly directly to Cairns from a raft of Asian markets, but do not have the range to service many other Australian airports, including Brisbane.

Increased direct international access to Cairns will provide significant flow-on opportunities for remote communities across North Queensland, including enhanced prospects for First Nations tourism, trade, employment and infrastructure investment. However, this potential for growth will only be realised if regional and remote air routes from Cairns are affordable and consistent. New industrial developments in Mackay are also poised to support regional economic growth in Central Queensland, and drive demand for air access. The Milton Precinct project, adjacent to Mackay Airport and strategically positioned near emerging community zones, is expected to be a catalyst for new industry and employment as a large mixed-use service hub.

The North Queensland Airports Group has committed significant investment for future aeronautical infrastructure aimed at supporting airline access and profitability. Cairns Airport's Eastern Aviation Precinct development, which commenced in 2024, will provide four new aeronautical stands, a common-user Maintenance, Repair and Overhaul (MRO) hangar, aeromedical and emergency response infrastructure and a new dedicated base for helicopter operators, taking these services off the main runway and increasing available landing times for airlines. Greater capability for onshore MRO facilities will give airlines streamlined access to regional aircraft maintenance requirements.

### **Thank You**

A strong and accessible aviation network is essential for keeping Queensland and Australia connected, safe and economically strong. Enabling reliable and affordable air access will support future regional development and national strategic interests, while ensuring sufficient emergency response, social connectivity and wellbeing. Should you require further information or clarification, please contact Caitlin Francis

Yours sincerely

Richard Barker  
**Chief Executive Officer**  
**North Queensland Airports Group**