



13 March 2026

## **Submission to the Productivity Commission Inquiry – Determinants of Regional Airfares**

On behalf of Bundaberg Regional Council and Bundaberg Tourism, I am pleased to provide our response to the Productivity Commission Inquiry into Determinants of Regional Airfares. Reliable and affordable air services are critical for regional economies. For communities such as Bundaberg, aviation connectivity supports business productivity, workforce mobility, tourism growth, and access to essential services including health care.

The Bundaberg Region is a dynamic and fast-growing economy, outperforming both state and national growth rates. Anchored by strong foundations in agriculture, manufacturing, health, construction, and tourism, the region is currently experiencing an unprecedented surge of investment.

### **Executive Statement**

Reliable, affordable, and well-connected air services are essential to the economic productivity, liveability, and long-term sustainability of regional Australia. For the Bundaberg region, aviation connectivity underpins key sectors including tourism, agriculture, manufacturing, health services, and professional industries, while also enabling residents to access essential services, employment opportunities, and family connections.

Despite strong population growth, significant economic investment, and increasing tourism demand, regional air services remain constrained by high fares, limited route options, and reliability concerns. Evidence from the Bundaberg region demonstrates that these constraints reduce business productivity, limit workforce attraction and retention, restrict tourism growth, and create additional costs and travel time for residents and businesses. Community feedback and recent market experience, particularly the strong performance of direct services introduced by Bonza indicate there is significant latent demand for more affordable and direct regional air connections.

This submission outlines the structural challenges that influence regional airfares and route availability, and the impacts these issues have on the Bundaberg economy and community. It also highlights the important role that government policy can play in supporting sustainable regional aviation networks.

Bundaberg Regional Council and Bundaberg Tourism recommend targeted government action to support route development, strengthen regional airport infrastructure, expand airfare and reliability monitoring, and provide temporary incentives that help airlines establish new regional services. These measures would improve competition, enhance connectivity, and unlock economic growth opportunities for regional communities.

Strengthening regional aviation connectivity will not only benefit Bundaberg but will also support broader national productivity by ensuring regional economies remain connected to major domestic and international markets.

### ***The Bundaberg region***

The Bundaberg region has a population of 106,000 people and a gross regional product of \$6.08 billion.<sup>1</sup> The Bundaberg region has a median age of 47 years and an aging population that requires an increase in aged care and health care services.<sup>2</sup> There are 7,542 businesses across the region, 129 with a turnover of \$10 million or more. Across the region 18.1% of businesses are agriculture, forestry or fishing, and 17% of businesses are in the construction industry.<sup>3 4</sup> There are \$5.8 billion in major projects underway across the Bundaberg Region, including the \$1.2 billion new Bundaberg Hospital.<sup>5</sup>

Regional areas are facing workforce challenges across a range of sectors, driven in part by lack of access to housing and training and increased investment. Access to affordable flights and diverse routes is another factor challenging workforce attraction.

Tourism is a significant contributor to the Bundaberg region's economy and functions as an export industry that brings new money into the region. The visitor economy supports accommodation providers, hospitality venues, tour operators, retail businesses, transport providers and event organisers across the Bundaberg region.

Over a nine-month period in 2025, overnight domestic visitor expenditure reached \$1.1 billion, supported by 1.5 million overnight visitors and 4.8 visitor nights.<sup>6</sup> Air connectivity plays a critical role in enabling visitor access to regional destinations. When air services are limited or expensive, it reduces the competitiveness of regional destinations and constrains the ability of tourism businesses to grow, invest and employ staff.

The Bundaberg region is the gateway to the Southern Great Barrier Reef and home to nationally recognised visitor experience including Mon Repos turtle encounters, Bundaberg Rum and Bundaberg Brewed Drinks. The region offers a range of tourism attractions including outdoor adventure, food and agriculture experiences and opportunities to explore the local hinterlands of Childers and Gin Gin.

### ***Bundaberg Regional Airport***

Bundaberg Regional Council operates the Bundaberg Regional Airport. The airport has modern amenities, appropriate services, and the required passenger screening facilities. The runway, taxiways, and aprons have sufficient capacity to support further services. There are currently six domestic commercial services to Brisbane a day, as well as other non-Regular Public Transport (RPT) commercial services.

---

<sup>1</sup> <https://economy.id.com.au/bundaberg>

<sup>2</sup> <https://abs.gov.au/census/find-census-data/quickstats/2021/LGA31820>

<sup>3</sup> <https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/latest-release#interactive-map>

<sup>4</sup> <https://abs.gov.au/census/find-census-data/quickstats/2021/LGA31820>

<sup>5</sup> <https://www.bundaberg.qld.gov.au/files/assets/public/v/1/council/documents/bundaberg-region-economic-dev-strategy-final.pdf>

<sup>6</sup> <https://www.bundabergregion.org/corporate/blog/1065-tourism-in-the-bundaberg-region-playing-the-long-game>

The airport is also a base for aeromedical services such as the Royal Flying Doctor Service and LifeFlight and supports the seasonal deployment of the Queensland Fire Department's Large Air Tanker and air resources.<sup>7</sup>

Bundaberg Regional Council has received funding from the federal government under the Regional Airports Program, which has enabled Council to undertake maintenance and improvements to runways and taxiways.<sup>8</sup>

One-way QantasLink flights from Bundaberg to Brisbane operate 4 times a day. Prices range from \$179-\$366 for flights booked at least 4 weeks in advance. Last-minute flights cost between \$295-\$673. One-way Link Airways flights cost between \$255-\$565. Flights from Hervey Bay to Sydney start from \$184 and Hervey Bay to Melbourne starts from \$218.<sup>9</sup>

### **Bonza experience**

Bundaberg-Melbourne was one of 37 regional routes operated by Bonza, often with 99% load factors.<sup>10</sup> Passenger numbers at the Bundaberg Regional Airport increased from 117,191 (2022-23) to 165,224 (2023-24) which then decreased to 140,649 (2024-25) after the collapse of Bonza.<sup>11</sup>

This demonstrates a latent demand for affordable flights beyond Brisbane. According to the Australian Competition and Consumer Commission (ACCC), Bonza's operation had improved connectivity across the regional market.<sup>12</sup> Bonza's flights to Melbourne from Bundaberg were meeting greenfield route demand and were seemingly not in competition with the Bundaberg to Brisbane route. The performance of this route demonstrated that price-sensitive regional markets can respond strongly when direct services are introduced

at competitive price points. Enabling more direct connections from regional centres to major capital cities (including seasonal services where appropriate) would improve visitor access, strengthen regional tourism, business productivity and support broader economic development.

*"The positivity I witnessed when Bonza flew into Bundaberg was incredibly uplifting with an influx of new customers and a tangible uplift in turnover. A new client base was forming for my retail store, and my local customers were also expressing their joy of city experiences on weekends that they couldn't afford to do with the ease that a direct service offered."* Respondent to community survey.

<sup>7</sup> <https://www.brcnow.bundaberg.qld.gov.au/2026/02/06/bundaberg-airport-sites-for-lease/>

<sup>8</sup> <https://www.brcnow.bundaberg.qld.gov.au/2026/02/04/airport-works-to-support-safe-operations/>

<sup>9</sup> <https://www.qantas.com/en-au/book/flights> search undertaken 18 February 2026 and Link Airways <https://www.linkairways.com/>

<sup>10</sup> <https://www.brcnow.bundaberg.qld.gov.au/2023/07/19/bundaberg-having-bonza-of-a-time/>

<sup>11</sup> [Airport traffic data | Bureau of Infrastructure and Transport Research Economics](#)

<sup>12</sup> ACCC, 2024, Domestic Airline Competition in Australia – August 2024 <https://www.accc.gov.au/about-us/publications/serial-publications/domestic-airline-competition-monitoring-reports/domestic-airline-competition-in-australia-august-2024>

Bundaberg Regional Council is committed to attracting new airlines and routes to the region; however, this requires an extensive business case and market analysis to demonstrate the viability of new routes to airlines. This is expensive and still relies on the airline's willingness to enter a potentially thin market.

***Importance of affordable and reliable flights to the Bundaberg region.***

Bundaberg Tourism facilitated a community and business survey to gather information about the impact of affordability and reliability of flights. This was not a representative survey, rather a snapshot of the community experience. 536 people from across the community and businesses responded.

*“No access to other capital city centres for business trips causing travel to have to span over multiple days which results in lost productivity and additional expense. Unable to attract higher level staff to work or commute to Bundaberg office.”* Respondent to community survey.

The majority of respondents (99%) reported that the cost of flights and limited routes impacted their life, business or organisation. 80% of respondents report these impacts ranged from moderate to significant. Half of respondents said they occasionally experienced flight cancellations or delays, and 21% said they experienced this frequently. Most respondents (92%) felt that if airfares were more competitive then business revenue or visitation would increase.

From a tourism perspective, pricing and limited flight availability has resulted in visitors or clients choosing to drive, forgo travel, or select other destinations, impacting event attendance and visitor numbers. Of the respondents, 89% said they had customers, staff or visitors indicate they didn't visit because flights were too expensive or unavailable. The availability of flights also makes it challenging to attract conferences, events or sporting opportunities to the region.

*“Lack of direct and affordable flights made it difficult to attract and retain health professionals which limits our ability to expand and offer additional services.”* Respondent to community survey

Businesses report pricing and limited availability has led to higher business travel costs and lost time and productivity from extended travel times. The majority of businesses who responded to the survey (83%) said limited route options affected them or their business. These impacts include added expenses and time to fly from Bundaberg to major capital cities, increased costs and time to access training opportunities for staff, lost business opportunities, and reduced attendance at meetings, conferences and events. In addition, 64% of businesses who responded said that the cost or limited routes has impacted their ability to recruit or retain staff. Airfare pricing and availability also make it difficult for local businesses to grow and remain connected to important markets and stakeholders. It has also made it difficult to attract investment to the region.

Limited, expensive or unreliable, regional businesses and organisations experience additional travel time, higher costs and reduced access to national markets. These inefficiencies create a cumulative productivity impact across multiple sectors including tourism, agriculture, health services, education and professional services.

*“The knock-on effect is time and money. Limited frequency means one delay or cancellation can wipe out an entire day: you can miss the only workable connection, get stuck waiting for the next service, or arrive too late to make meetings worthwhile. Even*

*when the flights run, the schedule can stretch travel into a full business day—effectively losing productive hours that would otherwise go into operations, staff, customers, and growth.”*

Respondent to community survey

Access to affordable and reliable flights has an impact on community members, including limiting the visiting friend and relatives’ market. One respondent outlined how a family member flying to Bundaberg ahead of Christmas had their flight cancelled and rebooked for the next day, which also faced delays. The high cost of flights can mean missing important family events or family emergencies. Respondents highlighted how challenging it can be to travel to attend specialist medical appointments, which can often take two days rather than one to ensure appointments are not impacted by cancellations or delays. This can have flow on effects and impact caring responsibilities in Bundaberg.

Community members have reported driving to Hervey Bay and flying to Sydney, which is often cheaper than the Bundaberg to Brisbane leg of the journey. While this may be cheaper, there are additional costs such as fuel and airport parking. Several respondents also highlighted the additional risks that come with choosing to drive longer distances and their preference to be able to fly direct from Bundaberg. This is particularly the case for community members travelling for medical appointments.

### ***Factors that drive regional airfares***

The determinants of regional airfares have been well established through previous productivity commission inquiries, parliamentary inquiries, and the Federal Government Aviation White Paper.<sup>13</sup> The challenges for regional airports in attracting new airlines or routes include lower passenger volumes, higher per-passenger charges, higher maintenance and input costs, regulatory requirements, and limited economies of scale.<sup>14 15</sup>

These are structural factors that contribute to limited competition in the aviation market.<sup>16 17</sup> This makes it so that shorter regional routes are more expensive per kilometre than

---

<sup>13</sup> <https://www.infrastructure.gov.au/department/media/publications/aviation-white-paper-towards-2050>

<sup>14</sup> ACCC submission to Senate Inquiry State of Australia’s Aviation Sector and its Ability to Deliver Reliable and Affordable Services to Rural, Regional and Remote Communities

<sup>15</sup> Australian Airports Association submission Senate Inquiry State of Australia’s Aviation Sector and its Ability to Deliver Reliable and Affordable Services to Rural, Regional and Remote Communities

<https://www.aph.gov.au/DocumentStore.ashx?id=b0e6b1e4-c230-46f9-aa2e-b1902109a1dd&subId=781582>

<sup>16</sup> ACCC submission to Senate Inquiry State of Australia’s Aviation Sector and its Ability to Deliver Reliable and Affordable Services to Rural, Regional and Remote Communities

<https://www.aph.gov.au/DocumentStore.ashx?id=ca78c3fc-6bf5-4f52-a74c-ee6ac65bd83c&subId=781252>

<sup>17</sup> Australian Airports Association submission Senate Inquiry State of Australia’s Aviation Sector and its Ability to Deliver Reliable and Affordable Services to Rural, Regional and Remote Communities

<https://www.aph.gov.au/DocumentStore.ashx?id=b0e6b1e4-c230-46f9-aa2e-b1902109a1dd&subId=781582>

longer regional routes or metro routes, which benefit from economies of scale and/or a lower risk of alternative travel methods, such as driving or rail transport.

The ACCC airline monitoring program is an important mechanism to ensure transparency of pricing, delays and cancellations. The Bureau of Infrastructure and Transport also reports performance data for airlines and airports; however, this is only for routes where the passenger load is over 8,000 per month over the past six months.<sup>18</sup> Responses to the community survey highlight how the community and businesses are unable to plan flights with confidence, which results in added time and costs to travel.

### **Recommendations**

Federal and State governments to establish funding programs to support regional airports in developing route business cases and the market analysis required to attract new airline services. This would assist regional airports in demonstrating the viability of new routes to airlines.

Federal and State governments to establish subsidies and financial incentives to airlines to encourage them to establish more regional routes. This would help address the structural barriers regional airports face in attracting new routes or airlines. These subsidies should

be temporary and progressively phased down once a route is established. Governments should consider targeted route development partnerships that support new regional air services to destinations with demonstrated tourism growth potential.

Federal Government to establish ongoing financial support for regional airports to support ongoing maintenance, upgrades, and imposed security overheads. These programs must have set funding rounds with annual funding commitments to provide certainty for regional airports to be able to undertake appropriate asset management planning.

Federal Government to expand the ACCC's airfare and reliability monitoring to more regional markets.

Queensland Government to review and increase the Patient Travel Subsidy Scheme to reduce the costs of travel for medical appointments. Queensland and Federal governments to consider other passenger supports to reduce the costs of travel from regional centres.

### **Conclusion**

While Brisbane is an essential hub for the Bundaberg region, a Brisbane-only network constrains the region's ability to compete for visitors, events, investment access to important domestic and international markets. For many leisure and business travellers, itineraries that require a Brisbane connection add cost, complexity and additional travel time, which can reduce conversion and encourage travellers to choose alternative destinations with direct access. This has a direct negative impact on the local economy, community and local businesses. Regional airports are essential economic gateways that enable tourism, trade and investment.

---

<sup>18</sup> <https://www.bitre.gov.au/statistics/aviation/otphome>

-7-

Bundaberg Regional Council and Bundaberg Tourism are ready to partner with government and industry to support sustainable air services. Bundaberg Regional Airport has the infrastructure and operational capacity to accommodate additional services, and Council is committed to working collaboratively with airlines and government on route development. Bundaberg Tourism can support evidence-based business cases through local demand data, coordinate destination marketing and industry engagement, and participate in trial or pilot initiatives designed to reduce initial market risk and improve long-term route viability.

Mayor Helen Blackburn  
**Bundaberg Regional Council**