



A U S T R A L I A N
REGIONAL
TOURISM
L T D

Determinants of regional airfares

ART Submission
April 2026

Submission to the Australian Government Inquiry into the Determinants of Regional Airfares

Introduction

Australian Regional Tourism (ART) is the peak body representing regional tourism operators, local governments and industry stakeholders. ART leads national work to promote sustainable regional development through regionally focused research, destination management planning, innovation and policy advocacy that strengthens Australia's visitor economy.

Australia's tourism sector faces ongoing challenges with reliable air services in regional and remote Australia. Challenges are faced by both passengers and operators, resulting in higher airfares, and reliability issues. Addressing affordability and connectivity requires a coordinated approach to improve critical aviation outcomes to enable growth in regional tourism.

This submission responds to the inquiry into the Determinants of Regional Airfares, focusing on infrastructure development, and regulatory changes that could support a sustainable regional aviation network.

Key Recommendations

Recognise regional aviation as essential infrastructure

Formally recognise regional air services as critical infrastructure for economic development, tourism, healthcare access, and social connectivity, particularly for remote communities where aviation is often the only viable transport option.

Target affordability through various measures

Implement measures to reduce the cost of regional air travel, including airport charges, fair and transparent fee structures, and oversight of pricing practices that disproportionately impact regional travellers.

Support sustainable and competitive regional routes

Introduce or expand well-designed route support programs that respond to seasonal demand and demand volatility, while encouraging competition where it is commercially viable.

Reduce barriers to airline entry and expansion

Address regulatory, infrastructure, and operational barriers that limit new entrants and constrain existing carriers, to improve competition, service frequency, and pricing outcomes on regional routes.

Strengthen integration with broader transport and regional policy

Ensure aviation is considered alongside road, rail, and digital connectivity in regional planning, recognising its complementary role in improving productivity, workforce mobility, and access to services.

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Tourism is vital to many regional communities around Australia, and is essential to local economies, liveability, identity and community resilience. Reliable, affordable aviation is one of the most critical enablers of regional development. For many communities, they are essential infrastructure providing access to services, tourism markets, goods, workers, and social connection.

Aviation delivers significant social value to regional communities. Reliable connectivity allows residents to access specialists, education, cultural events, family networks, and essential services that would otherwise be inaccessible. For remote and Indigenous communities, aviation is often the only transport mode available.

Regional aviation supports business events, seasonal workforces, tour operations, festivals, product distribution and regional exports, in addition to supporting the community that provide goods and services for tourism. For many destinations, aviation access underpins the viability of the entire visitor economy.

Target affordability through various measures

Implement measures to reduce the cost of regional air travel, including airport charges, fair and transparent fee structures, and oversight of pricing practices that disproportionately impact regional travellers.

In recent years, travellers have faced mounting frustrations with airline practices such as excessive fees for families to sit together or steep price hikes for last-minute bookings. Regional airfares remain significantly higher, more volatile, and less competitive than capital-city routes. This has a direct impact on regional tourism, mobility and business confidence. High fares suppress regional dispersal and limit opportunities for destinations that depend on aviation to attract visitors.

Prices often spike during peak periods such as school holidays, public holidays, and major events, and are typically higher on regional routes with limited services or only one carrier. Demand varies by route type, with leisure destinations more price-sensitive, while business routes tend to sustain higher fares due to less elastic demand. Other contributing factors include inflation, staffing and aircraft constraints, airport capacity and seasonality.

Regulatory requirements, including aviation safety, security screening, border processing, and per-passenger charges like the International Passenger Movement Charge (PMC), disproportionately increase costs for low-volume regional airports.

Upcoming reforms, such as stronger consumer protections, new accessibility standards, and the Aviation Consumer Ombudsman Scheme, will add further pressure. With costs largely borne by airports and airlines, and key agencies excluded from cost recovery, these are likely to be passed on to travellers through higher airfares. Without dedicated funding support, regional routes may be reduced where operators cannot afford to meet the new requirements.

Support sustainable and competitive regional routes

Introduce or expand well-designed route support programs that reflect seasonal demand and demand volatility, while encouraging competition where it is commercially viable.

The relatively recent shift to dynamic pricing models means airfares are now adjusted in real time based on demand and other factors, often resulting in price increases during peak travel periods. In regional markets, this has contributed to generally higher airfares and a reduction in the availability of lower-cost or “best discount” fares, which are particularly important for leisure travellers.

Targeted and flexible support mechanisms can help address these challenges by improving route viability, encouraging more consistent service levels, and helping to moderate price volatility. Such programs can play a key role in strengthening the sustainability of regional air services and supporting tourism growth by improving access to regional destinations.

Reduce barriers to airline entry and expansion

Address regulatory, infrastructure, and operational barriers that limit new entrants and constrain existing carriers, to improve competition, service frequency, and pricing outcomes on regional routes.

High fixed costs, including aircraft acquisition, workforce constraints, and compliance with safety, security, and screening requirements, can deter new airlines from entering regional markets. Limited airport infrastructure can further restrict capacity and reduce the ability of carriers to scale or increase frequency on existing routes.

Regulatory settings and cost-recovery models may also disproportionately impact smaller or regional operators, limiting competition and reinforcing market concentration. Where routes are served by a single carrier or have low frequency, there is reduced competitive pressure on pricing, often resulting in higher and more volatile airfares.

Reducing these barriers through streamlined regulatory processes, targeted infrastructure investment, and more equitable cost-sharing can support greater airline participation, enhance competition, and place downward pressure on fares, while improving connectivity and resilience across regional networks.

Strengthen integration with broader transport and regional policy

Ensure aviation is considered alongside road, rail, and digital connectivity in regional planning, recognising its complementary role in improving productivity, workforce mobility, and access to services.

Aviation plays a critical role in connecting regional communities where distances are vast and alternative transport options are limited, infrequent, or time prohibitive. By integrating aviation into broader transport and infrastructure planning frameworks, policymakers can create a more coordinated and efficient network that allows people, goods, and services to move seamlessly across regions

Recognising aviation as a core enabler of tourism supports more strategic investment and policy alignment, helping to ensure regional destinations remain competitive, accessible, and resilient. A coordinated approach strengthens the visitor economy by enhancing reliability, reducing travel friction, and facilitating growth in regional tourism markets. It also enables synergies with other transport modes, encouraging multimodal travel solutions that benefit both residents and visitors. Ultimately, integrating aviation with wider transport and regional policy maximises economic outcomes, supports workforce mobility, and ensures communities remain connected and well-served.

Conclusion

Regional aviation is essential for connecting communities, supporting industries, and enabling visitor access across Australia. Affordable fares, dependable services, and sustainable airport operations are critical to the success of regional tourism and the broader economic and social wellbeing of regional Australia.

ART calls on the Committee to apply a regional-equity perspective to all aviation reforms, ensuring that decisions on pricing, regulation, governance, and investment enhance accessibility, drive tourism growth, and protect the wellbeing of regional communities.

ART stands ready to support the Commission with further evidence or to appear as a witness.

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