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Supplementary Submission to the Productivity Commission

Inquiry into the determination of regional airfares

March 2026

Purpose of this supplementary submission:

RDA Pilbara's primary submission to this inquiry addressed the structural barriers facing the Pilbara aviation market and the direct impact of high airfares on workforce attraction, cost of living, and regional productivity. This supplementary submission provides additional evidence on one aspect not addressed in detail: the disproportionate impact of high regional airfares on Aboriginal communities in the Pilbara.

This evidence is relevant to the Terms of Reference, in particular the inquiry's consideration of regional productivity, economic development, and Closing the Gap outcomes. It also speaks directly to the distributional impacts of airfare pricing in a region where the aviation market is shaped by corporate demand rather than household affordability.

RDA Pilbara acknowledges that many of the issues raised here also affect the broader not-for-profit and social services sector operating in remote communities. The structural inequities described below are not limited to Aboriginal households, though Aboriginal residents experience them most acutely.

1. Structural pricing in a resource economy:

The Pilbara aviation market is not a typical regional market. It is shaped by the demand profile of the resources sector, where corporate travel contracts, fly-in fly-out (FIFO) workforce rotations, and high average incomes set the pricing environment. Key routes including Karratha to Perth and Port Hedland to Perth carry significant FIFO volumes, and accordingly airlines will price to that demand.

The result is a pricing structure aligned with corporate budgets and high-income workers. For such an employee, an airfare to Perth could represent a small proportion of weekly income. For a low-income Aboriginal family in Roebourne or Newman, the same fare can represent the majority of a week's income or more.

This creates a regressive pricing outcome. The market delivers affordable travel for those least affected by cost and unaffordable travel for those most dependent on access.

2. Intra-regional Inequality: the SEIFA evidence

The City of Karratha Local Government Area gives one of the most extreme cases of intra-regional inequality in Australia. Data from the Australian Bureau of Statistics Socio-Economic Indexes for Areas (SEIFA) shows Ieramugadu (Roebourne) ranks among the most socioeconomically disadvantaged communities in our country. Suburbs such as Baynton West and Dampier rank among the most advantaged, with high median household incomes driven by the resources sector.

Many households in Ieramugadu and in Martu communities further inland live over or below the poverty line, compared with households also in the Pilbara, who are some of the highest income earners in Australia, this disparity is stark. The proportional burden of travelling to Perth for medical or family reasons differs dramatically between these two groups.

Most importantly, I ask you to consider that this disparity does not appear in aggregate regional data. Regional averages, driven by high resource-sector incomes, can mask the lived experience of the lowest-income residents. The inquiry's assessment of affordability impacts should account for this distribution, not only regional median income.

3. Aviation as non-discretionary travel for Aboriginal communities

For many Aboriginal residents of the Pilbara, air travel is not a lifestyle choice or occasional expense. It is essential transport for access to services and fulfilment of obligations that have no equivalent for metropolitan Australians. Examples of essential travel include:

- Health travel for specialist appointments and chronic disease management, often in Perth.
- Cultural obligations including Sorry Business, ceremony, and kinship responsibilities that carry significant social and cultural weight.
- Family connection and maintaining relationships across country, which is central to cultural identity and community wellbeing.

None of these travel needs are optional. When air travel is unaffordable, people forego health treatment, or lose connection to family and culture. These are not market failures at the margins. They are direct consequences of an aviation pricing structure that does not account for the most vulnerable people in the Pilbara.

4. PATS limitations and health access gaps

The Western Australian Patient Assisted Travel Scheme (PATS) provides financial assistance for regional patients travelling long distances for specialist medical treatment. While PATS is an important program, it doesn't fully address the health travel burden on low-income Aboriginal families.

Key limitations include:

- PATS does not fully cover airfare costs in many cases, leaving a gap that low-income households must find independently.
- Reimbursement often requires upfront payment, which is a barrier for households with no financial buffer.
- Escort eligibility is limited, despite the fact that many patients require support to travel or attend appointments.
- PATS does not cover non-medical essential travel, including justice, cultural, or education-related trips.

In practice, many low-income families struggle to cover the gap between the PATS subsidy and the actual airfare cost. Evidence from community organisations and health services indicates that some residents avoid or delay specialist treatment as a direct result of airfare costs. This is a health equity issue with long-term consequences for individuals and for the health system.

5. Cultural connectivity

Maintaining cultural and family connection is critical to the social stability and long-term wellbeing of Aboriginal communities. This has direct relevance to Closing the Gap targets relating to social and emotional wellbeing, community safety, and intergenerational outcomes.

High airfares affect the capacity of Aboriginal residents to participate in cultural ceremonies and Law and Lore and attend funerals. When mobility is unaffordable, dislocation increases. The social costs of that dislocation are suffered by individuals, families and communities.

The inquiry should consider whether the current pricing structure of regional aviation is consistent with Australia's commitments under the National Agreement on Closing the Gap, particularly targets relating to health, justice, and social and emotional wellbeing.

6. Policy implications and recommendations

My points above demonstrate a failure in the Pilbara aviation market that competition-based policy alone won't resolve. Supply-side reforms and competition measures are important, but they don't address the affordability gap faced by low-income Aboriginal households on routes priced for FIFO demand.

RDA Pilbara recommends the Productivity Commission consider the following additional policy options:

1. **Link regional airfare affordability programs to Closing the Gap objectives.** Support mechanisms for essential travel could be designed with Aboriginal households in mind and measured against Closing the Gap outcomes, including health, justice, and economic participation targets.
2. **Designate key Pilbara routes as public interest corridors.** Routes serving communities with high proportions of low-income residents and limited transport alternatives justify public interest designation, with obligations for fare composition and access conditions to be clear to everyone.
3. **Consider subsidy mechanisms as part of the policy toolkit.** While subsidy programs may not be the preferred policy instrument for this or future governments, they represent one of the few direct mechanisms for addressing the proportional affordability gap experienced by low-income households on routes structurally priced for corporate or FIFO demand. RDA Pilbara recommends the inquiry keep this option on the record, noting that policy settings may evolve as the evidence base grows.
4. **Require greater transparency in route-level pricing.** On monopoly or duopoly routes, fare composition transparency would allow government and community organisations to better understand the cost drivers and assess whether pricing reflects genuine cost recovery or market power.
5. **Reform and strengthen PATS.** As a complementary measure, the Australian Government could work with Western Australia to address the gaps in PATS coverage, including closing the reimbursement gap, improving escort eligibility, and extending coverage to non-medical essential travel for remote Aboriginal people.

Conclusion

The Pilbara is a region of extreme economic contrast. We have the highest socio-economic groups and some of Australia's most disadvantaged communities all living alongside each other. Airfare pricing, defined by the resources sector demand, reflects the former while disregarding the latter.

For Aboriginal communities in the Pilbara, high regional airfares are not a convenience issue. They limit access to health care, cultural connection, and economic participation. They divert scarce community funds away from long-term development. They widen a gap that Australia has committed, through the National Agreement on Closing the Gap, to close.

An inquiry into regional airfares that does not examine this distributional impact will miss a big part of the picture. RDA Pilbara welcomes the opportunity to provide further evidence or facilitate direct community and organisation input should the Commission wish to explore these issues in greater depth.

Contact details for submission:

Daiva Gillam

Chief Executive Officer

Regional Development Australia Pilbara

Unit 2, 18 Hedland Place Karratha 6714 WA

ceo@rdapilbara.org.au