

Sharp Airlines Submission

Senate Rural and Regional Affairs and Transport References Committee

Inquiry into the state of Australia's aviation sector and its ability
to deliver reliable and affordable services to rural, regional and
remote communities



Introduction

Sharp Airlines welcomes the opportunity to provide this submission to the Senate Inquiry examining the current state of Australia's aviation sector and its ability to support rural, regional and remote communities. As a long-standing regional airline with more than three decades of continuous service, Sharp Airlines plays a critical role in connecting isolated communities, supporting essential services, and underpinning the economic and social fabric of the regions we serve.

Our operations are built on a commitment to safety, reliability, affordability and regional accessibility. However, the current aviation environment is placing unprecedented pressure on smaller regional carriers. Escalating operational costs, ageing aircraft, workforce shortages, regulatory requirements, and constrained revenue bases collectively threaten the viability of essential air services.

We appreciate the Inquiry's focus on these issues and provide this submission to outline our operational context, highlight cost pressures, detail the assistance provided by the Tasmanian Government, and advocate for continued and strengthened support, particularly through national mechanisms such as the proposed Regional Aviation Investment Fund (RAIF) put forward by the Regional Aviation Association of Australia (RAAA).

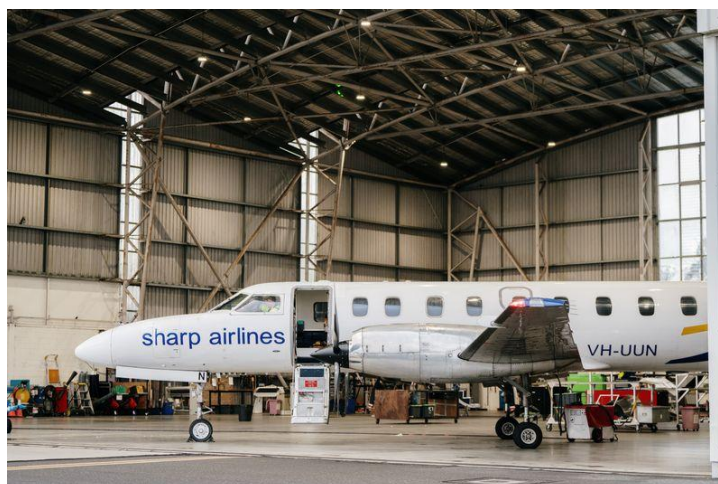
Overview of Sharp Airlines

Founded in 1990 Sharp Airlines is a privately owned regional airline. headquartered in Melbourne, Victoria. Sharp Airlines employs more than 100 staff across Australia with bases in Launceston, Melbourne (Essendon), Adelaide and Brisbane.

Our diverse range of aviation activities include scheduled airline operations to King and Flinders Island from Launceston and Essendon, FIFO / charter operations and freight services throughout regional Australia.

We currently operate a fleet of 18 Metroliner aircraft and have a proud history of supporting the Bass Strait Island communities that we have served over the last 15 years.

We carry approximately 100,000 passengers per year (approx. 40,000 to and from the Bass Strait islands).



Current State of Bass Strait Operations

Sharp Airlines continues to operate essential passenger and freight air services to Tasmania's Bass Strait, ensuring vital access for communities, local businesses and tourism operators and access to essential medical travel under the State Patient Transport Assistance Scheme ((PTAS). These air services exist because they are *essential*, not because they are commercially lucrative.

Our direct experience as a long-standing operator on the Bass Strait Regional network has made clear that the current market conditions no longer support the sustainability of these types of regional routes in their current form. This is not an isolated issue. It reflects a broader structural challenge affecting regional aviation across Australia, where vital air routes are becoming increasingly unviable without timely government intervention. The absence of a fair and equitable structured Federal Government support framework jeopardises genuine competition in the market and risks undermining the long-term sustainability and diversity of regional aviation across Australia.

Sharp Airlines acknowledges and greatly appreciates the funding assistance provided to date by the Tasmanian Government. Since May 2025, the state government has provided vital short-term funding support, primarily focussed on our Launceston operations, that has enabled the viable continuation of these essential services. The current support package ends on 30 April 2026, and we are actively working with the state government to discuss the potential continuation of their support. Ongoing state government support is not guaranteed and even if provided, may not apply to all routes in the Sharp Airlines network. Without a sustainable pathway forward, there is the real risk of our network shrinking, leaving remote island communities with reduced connectivity and risks creating a monopoly that will be of no benefit to the residents, tourism operators or the community. A sustainable pathway forward will require some form of government support for these routes.

We ask that the Federal Government engages with regional operators to take an industry-based approach in supporting regional aviation and regional communities.



Workforce and Skills Shortages

Regional airlines provide vital employment and training opportunities in regional areas where meaningful employment outcomes can at times be limited. Many regional operators face challenges attracting or retaining employees, including:

- Shortages in qualified pilots
- Increasing competition for maintenance engineers
- Rising labour costs driven by industry-wide scarcity

Sharp Airlines pilots are held in very high regard in the industry and as such are targeted for recruitment by the major airlines. Recent lowering of experience requirements by several of the major airlines has seen an increase in our pilot attrition rate amongst both Captains and First Officers.

Sharp Airlines is Tasmania's only Part 145 approved Maintenance and Repair Organisation (MRO) and the largest employer of skilled aviation maintenance personnel in the state. However, in the industry there is a growing shortage of qualified aircraft maintenance engineers, driven by an aging workforce, limited training pipelines, and increasing industry demand. For small operators, this shortage creates significant challenges in both attracting and retaining skilled personnel. Larger airlines and maintenance organisations often offer higher salaries, better benefits, and more stable career paths, making it difficult for smaller companies to compete. As a result, small operators may face increased recruitment or employment costs and pressure to retain existing staff. Many smaller operators have to provide above award wages and employment conditions to remain relevant.

These pressures increase operational costs and reduce flexibility, making service continuity more challenging.

Further timely structural changes to the regulatory requirements for training and licensing of engineers and the recognition of foreign licenses is needed to help address current industry skills shortages.





Fleet Challenges

Our Metroliner fleet continues to serve us well, however:

- Maintenance costs continue to increase well above the CPI rate
- Parts availability is decreasing and/or increasingly expensive.
- Turnaround times for the overhaul of components have increased significantly, forcing operators to hold higher numbers of spares to retain operational capability.
- Fuel efficiency is lower than modern aircraft
- There currently is no direct modern replacement for the Metroliner
- Replacement aircraft (if suitable) are prohibitively expensive due to limited access to capital

The Sharp Airlines fleet is maintained to the highest possible standard, however the rising costs of spare parts and labour this is an ever-increasing financial burden. Running a fleet replacement program would require cost-effective access to substantial capital. Without access to affordable finance or targeted government support, renewing regional fleets remains unrealistic for many operators.

Recently the New Zealand Government established the Regional Infrastructure Fund that provides up to \$30M in concessionary loans to support regional airlines and safeguard essential air services across New Zealand. The loans are available to support capital investments and debt refinancing for eligible regional airlines.

Sharp Airlines strongly endorses the Regional Aviation Association of Australia's (RAAA) proposal for a Regional Aviation Investment Fund (RAIF). This fund would provide interest-free or low-interest loans to help operators invest in:

- Modern, fuel-efficient and lower-emission aircraft
- Enhanced maintenance facilities
- Safety and operational technology
- Training and workforce development

For operators like Sharp Airlines, such a mechanism is critical. Access to capital is one of the largest barriers to fleet renewal. Enabling regional airlines to transition to modern, cost-effective aircraft would:

- Reduce operating costs
- Improve reliability and fuel efficiency
- Lower emissions
- Increase long-term sustainability
- Support regional economies

The RAIF represents one of the most practical, targeted and scalable solutions currently under consideration.

Cost Challenges in Maintaining Essential Regional Services

Regional aviation economics differ profoundly from major airline environments.

Most regional routes:

- Have small, geographically constrained catchments
- Are sensitive to fare increases
- Cannot cross-subsidise from larger, more profitable routes
- Are often the only available transport option for communities

Regional airlines do not generate the same level of revenue as larger domestic carriers. Their smaller route networks, use of smaller aircraft, lower passenger numbers, and fluctuating seasonal demand all limit income potential. Operators of smaller regional aircraft face the challenge of recouping rising operating costs across a small number of seats and services. Regional operators cannot simply pass rising operating costs on to customers without making essential services unaffordable for the communities they serve. These communities are highly price-sensitive, and any substantial fare increase risks reducing accessibility and hindering economic participation.





Conclusion

Regional aviation is a critical service that supports the social and economic wellbeing of rural, regional and remote communities across Australia. Sharp Airlines remains dedicated to delivering essential air services to the regions we serve. However, the challenges facing our sector are significant, longstanding and structural, not short-term, and they require ongoing policy and financial support. Without such support, regional air networks will continue to contract, visitor numbers will decline, local businesses and tourism operators will be impacted, and some regional or remote communities may face reduced or fully withdrawn services.

We respectfully request that the Federal Government:

- Recognise more fully the essential role regional aviation plays in sustaining remote communities
- Provide targeted economic assistance to regional and remote aviation operators
- Support all regional carriers through initiatives such as the RAIF or similar programs
- Increase efforts to address the shortage of skilled aviation personnel

Sharp Airlines welcomes the Senate Inquiry's focus on these issues and stands ready to work with government to ensure regional Australians continue to have access to reliable, safe and affordable air services—now and into the future.