

20 February 2026

Rural and Regional Affairs and Transport References Committee

RRAT.Sen@aph.gov.au

Dear Committee,

Re: State of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities – Northwest Tasmanian Airports

1. Introduction

North West and West Tasmanian councils and communities, through the Cradle Coast Authority (CCA), welcome the opportunity to contribute to the Senate Inquiry into the state of Australia's aviation sector and its ability to deliver reliable and affordable services to rural, regional and remote communities.

This submission reflects the collective views of Mayors across the West and North West, together with the Cradle Coast Authority, informed by ongoing engagement with the Tasmanian Government and industry stakeholders.

For Tasmania's North West and West Coast, aviation is **essential enabling infrastructure**. Bass Strait separation, long travel times by surface transport, and the region's reliance on timely access to mainland Australia mean that air services are fundamental to:

- healthcare access
- workforce mobility
- tourism and visitor economy performance
- business connectivity
- emergency response and resilience

The region is currently facing **growing uncertainty around service reliability, frequency and affordability**, alongside increasing pressure on aviation capacity as major economic developments accelerate.

2. Regional Context and Emerging Demand

Across recent engagements with the Tasmanian Government, councils and CCA have consistently highlighted the importance of **maintaining and expanding the capacity of regional airports** to meet both current and emerging needs.

North West and West Tasmania is entering a period of **significant economic transition**, with major projects underway or proposed across:

- renewable energy
- mining
- government infrastructure
- associated supply chains

These developments will generate substantial demand for **Fly In/Fly Out (FIFO) workforces**, specialist contractors, and business travel. At the same time, the region is seeking to grow a **higher value tourism market**, building on assets such as Cradle Mountain, the Tasmanian Wilderness World Heritage Area, and recent recognition of Devonport as *Australia's Top Tourism Town 2024*.

Aviation capacity, reliability and affordability will be decisive in determining whether these opportunities can be fully realised.

3. Service Reliability, Frequency and Affordability

(ToR: costs, competitiveness, service withdrawal and implications)

Councils across the North West and West Coast have expressed strong concern about the **uncertainty surrounding flight schedules, service frequency and pricing**, particularly in relation to Qantas services and the future of Rex Airlines.

While the return of Q400 aircraft to Devonport and Burnie airports is welcomed, there is widespread anxiety that **temporary schedule reductions introduced during pilot retraining may become permanent**. For a region where many residents rely on air services to commute to the mainland for work, healthcare, and family reasons, even small reductions in frequency have disproportionate impacts.

Reduced or poorly timed schedules:

- force residents to incur additional accommodation and travel costs
- reduce flexibility for business and medical travel
- undermine confidence in regional airports
- suppress demand over time

Councils note that while residents are often willing to pay a modest premium for the convenience of local airports, **there is a clear threshold beyond which price and schedule misalignment drive passengers to bypass regional airports** in favour of Launceston or Hobart. This dynamic weakens the viability of the two North West Coast airports and accelerates a negative feedback loop of declining services.

4. Competition and Airline Continuity

(ToR: competitiveness and implications of reducing or withdrawing services)

The uncertainty surrounding **Rex Airlines services**, particularly as new ownership arrangements are implemented, has heightened concern across the region.

The potential withdrawal or reduction of Rex services would:

- significantly reduce competition on key routes
- increase fare pressure
- reduce service choice and reliability
- leave unmet passenger demand

The withdrawal of direct air services by Sharp Airlines between Melbourne and King Island from late April 2026 represents a significant development for the island's connectivity, economic stability and community wellbeing. The direct Melbourne link has long served as a critical transport corridor, providing essential access to mainland markets, services and infrastructure. The removal of Sharp services will materially reduce the ease and efficiency with which residents, businesses and visitors can travel to and from the island and significantly stifle competition, with a resultant increase in airfares.

From an economic perspective, the most immediate and visible impact is likely to be felt within the tourism sector. King Island's visitor economy relies heavily on travellers from Victoria, many of whom value the convenience of a direct and competitive route from Melbourne. Any increase in airfares would have a flow-on effect to accommodation providers, hospitality venues, tour operators, retailers and transport services, constraining revenue and employment in a small and interdependent local economy.

Beyond tourism, the reduction of services on the Melbourne route would affect the broader business environment on King Island in the following ways:

- impacts to client visits, supply chain coordination and access to professional services for local enterprise.
- Reduction in freight capacity, particularly for movement of high-value or time-sensitive goods.

For residents, the impact extends to essential services and quality of life considerations. Air travel is frequently required for:

- medical appointments
- specialist treatment
- education
- government services and family commitments

The removal of a direct mainland connection places additional logistical and financial burdens on households and may contribute to a sense of isolation. In regional and island communities, reliable aviation links are not merely commercial services but critical infrastructure supporting social cohesion and equitable access to services.

The circumstances surrounding the withdrawal also highlight the structural challenge of sustaining thin regional routes without external support. The Melbourne–King Island service has been identified as financially challenging to operate without government assistance, raising broader policy questions about regional aviation funding, cross-jurisdictional responsibility and long-term service guarantees.

In aggregate, the withdrawal of Sharp Airlines' Melbourne service presents a material risk to King Island's economic resilience, social connectivity and long-term growth prospects. The extent of impact will depend on the availability, affordability and reliability of alternative air services;

however, the loss of a direct link to Melbourne represents a substantial reduction in access to one of the island's most important mainland gateways.

Councils note that other jurisdictions, including New South Wales and South Australia, have recognised this risk and adopted mechanisms to **underpin essential regional aviation services**.

North West and West Tasmanian councils believe there is a strong case for:

- Government supported service continuity mechanisms
- targeted route support where market failure risks are evident
- consideration of **community or resident fare models** to improve affordability for local travellers

5. Cost Drivers and Structural Inequity

(ToR: costs, fees, levies, taxes and disparities)

Regional aviation services in Tasmania are disproportionately affected by **fixed and semi-fixed cost structures** that do not scale with passenger volumes, including:

- airport and passenger service charges
- federally mandated aviation security requirements
- regulatory compliance and reporting obligations

While these requirements serve legitimate national objectives, their cost recovery mechanisms often result in **higher per passenger charges at regional airports**, directly inflating airfares.

Councils emphasise that this is not a reflection of inefficiency or lack of demand, but of **structural inequity within the aviation system**, where low volume essential services bear the same baseline compliance costs as high volume metropolitan airports.

6. Federally Mandated Security and Regulatory Costs

(ToR: recovery mechanisms and financial equity)

Councils and CCA have raised ongoing concerns with government regarding the **cost and timing of aviation security equipment upgrades**, and the broader issue of how federally mandated security costs are funded.

These costs:

- are driven by national legislation and policy
- serve national security and safety outcomes
- yet fall disproportionately on regional airports and passengers

The result is reduced affordability, constrained airport finances, and increased risk to service sustainability.

North West and West Tasmanian councils submit that there is a compelling case for **greater national cost sharing**, including:

- direct federal funding of fixed security costs at low volume airports
- equitable recovery models that recognise security as a public good
- pooled or nationally administered mechanisms to smooth regional disparities

7. Tourism Alignment and Market Access

(ToR: policy and practical measures to assist services)

Despite Devonport's national recognition as *Australia's Top Tourism Town 2024*, councils remain concerned that **state tourism promotion does not adequately support regional aviation**.

Tourism Tasmania continues to direct visitors primarily through Launceston and Hobart, rather than actively promoting **Devonport and Burnie airports as gateways to Cradle Mountain and the West Coast**. This misalignment:

- suppresses demand for regional air services
- undermines airline confidence in the market
- conflicts with regional economic development objectives

Councils have identified opportunities for:

- coordinated marketing campaigns promoting North West Coast airports
- targeted industry familiarisation activities
- better leverage of mechanisms such as the **Aviation Attraction Fund**

When combined with increased visitor capacity from the new Spirit of Tasmania vessels, these measures represent a significant opportunity to strengthen regional aviation viability.

8. Planning, Capacity and Regional Aviation Strategy

(ToR: effectiveness of government processes and policy measures)

Councils strongly submit that aviation on the North West Coast must be explicitly and strategically addressed within Tasmania's broader transport and access planning framework.

There is a clear need for:

- a **regional aviation strategy** embedded within a rewritten Cradle Coast Integrated Transport Strategy
- timely implementation of the **Devonport Airport Master Plan 2035**
- coordination between aviation planning, tourism strategy, and major project staging

Councils also note the risk that large-scale developments may place acute pressure on accommodation supply, including tourism accommodation, if workforce travel and staging are

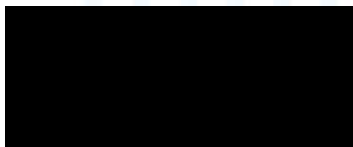
not carefully managed. Aviation planning must be integrated with broader regional planning to avoid unintended impacts on the visitor economy.

9. Recommendations

North West and West Tasmanian councils and communities recommend that the Inquiry consider:

1. **Equitable national funding arrangements** for federally mandated aviation security and regulatory costs at low volume regional airports
2. **Policy mechanisms to safeguard essential regional air services**, including service continuity obligations or targeted support where market failure risks exist
3. Measures to **support competition and affordability**, including route underwriting and community or resident fare options
4. Improved **alignment between aviation policy, tourism promotion and regional economic development**
5. Stronger **regional impact assessment and consultation requirements** for aviation policy and regulatory change
6. Support for the development and implementation of **regional aviation strategies** informed by local councils and economic priorities
7. Timely delivery of airport master plans and aviation security upgrades to ensure regional airports can meet future demand

Sincerely,



Ian Vanderbeek

Chair
Cradle Coast Authority



Philip Reid

Chief Executive Officer
Cradle Coast Authority