

Submission to the Senate Rural and Regional Affairs & Transport References Committee Australia's Aviation Sector - February 2026



The Regional Aviation Association of Australia (RAAA) welcomes the opportunity to provide a submission to the Senate Rural, 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.

The RAAA is a not-for-profit organisation formed in 1981 to protect, represent, and promote the combined interests of its regional aviation organisations across Australia.

Airline members include Airnorth, Alliance, Link Airways, Marooomba, Nexus, QantasLink, Rex, Sharp Airlines, Skippers, Skytrans and Virgin Australia Regional Airlines (VARA). Other non-airline members include engineering and flight training organisations, airports, finance, fuel and insurance companies and government entities. RAAA's members operate successful, and in most cases, profitable businesses providing employment and economic sustainability within regional and remote areas of Australia.

The RAAA has 130 members who together directly employ over 10,000 people. On an annual basis, the RAAA's Air Operator Certificate (AOC) members jointly turnover more than \$1.5 billion, carry more than two million passengers and move over 23 million kilograms of freight. Our regional airport members also provide and manage critical infrastructure across Australia.[1]

The RAAA's members provide vital connectivity services between regional communities and city centres which enable those living in regional and remote locations to access services such as healthcare and education. They also facilitate the delivery of services to regional communities including emergency medical or disaster relief services, transport of Fly-In-Fly-Out (FIFO) workers and the delivery of cargo and mail. Given the geography of Australia and the proportion of Australians residing in remote or regional locations, the regional aviation sector is essential to ensuring Australians can access the services they need.

Regional aviation is critical to the Australian economy, also acting as an enabler to the mining, oil and gas, construction, manufacturing, and higher education industries. More than 60,000 Australians work more than 350km from their usual place of residence, with many workers in the mining, oil and gas industries working in very remote areas.

The current operating environment for the regional aviation sector continues to be extremely challenging. Many regional aviation businesses are operating on the financial edge with limited profitability.

[1] <https://raaa.com.au/>

The RAAA firmly believes there must be a well-considered range of policy reforms by government and its aviation agencies to ensure the regional aviation sector can survive and the essential air services provided by RAAA members are not put at further risk.

Recently there has been positive recovery for the larger airlines and capital city airports with sustained growth in both international and domestic travel, however regional operators are not seeing the same quantum of improvement in the regional aviation sector. The ongoing viability and profitability of the regional aviation sector continues to be challenged by rising costs and operational challenges. These factors include:

- increased airport charges
- the cost of fuel
- labour shortages and staff costs
- new legislative requirements
- regulatory charges and delays in service delivery
- increased air navigation and air traffic control charges
- aircraft spare parts availability and ongoing supply chain issues
- the value of the Australian dollar and foreign exchange rates

While a change in one or multiple factors would help alleviate the situation, the cost burden for regional operators has reached an extremely challenging point and, in some cases, some businesses may not be sustainable in the future.

The RAAA is urging the federal government to establish a new Regional Aviation Investment Fund (RAIF) that would provide dedicated funding to be used for a range of regional aviation support initiatives. The RAAA proposes that the Regional Aviation Investment Fund can be funded by redirecting a percentage of the revenue collected through existing aviation charges like the Passenger Movement Charge (PMC) -it would not require the introduction of a new charge or levy. Currently half of the \$1.1 Billion in revenue collected through the PMC goes into consolidated government revenue and is not used directly for border security or aviation purposes.

The Regional Aviation Investment Fund would provide a reliable and affordable funding stream generated through aviation activity that could be accessed by all regional operators and regional airports to assist with investment. This would include investment in new or replacement aircraft acquisition, sustainability maintenance, initiatives to attract and retain qualified staff across the regional aviation network or to assist with meeting operational challenges like increased government charges or regulatory fees.

The Regional Aviation Investment Fund would give regional operators access to:

- low-interest loans, grants, or government-backed guarantees to enable regional airlines and operators to source affordable finance to acquire new, efficient, and reliable aircraft suited to regional conditions and operations.
- ensure the ongoing operational viability of the existing aircraft fleet through aircraft sustainability maintenance and other operational improvement opportunities
- ensure regulated and proportional airport charging schemes
- support the targeted expansion of regional routes leading to increased productivity and employment
- fund investment in aviation training and support for apprenticeships and cadetships in regional airlines
- subsidise and support the sector to meet the rising cost pressures caused by increases in airport pricing, air navigation charges and government regulatory fees and charges

More details on the Regional Aviation Investment Fund is provided in this submission.



Regional Airlines and The Regional Aviation Sector

Australian aviation is made up of many small and medium sized businesses, many who serve regional aviation specifically:

- 2281 have less than 19 employees
- 107 have between 19 and 199 employees
- 23 have more than 200 staff [2]

Keeping these small and medium sized businesses viable and profitable is hard work, especially in regional and remote Australia. Margins are thin and return on capital hard-earned.

By their very nature a regional airline operation does not enjoy the same scale of revenue afforded by a larger domestic airline due to the size of the route network, the smaller aircraft being operated, the smaller numbers of passengers carried and the variability of passenger demand. The ability for a regional operator to absorb any cost increase is therefore minimal. Any small increase in the cost base can mean a regional route moves from a break-even to loss-making basis very quickly.

When costs go up a regional operator has no choice but to eventually pass on the increase to the passenger through a ticket price increase or, in some cases, they may even have to make a hard decision and cancel the service as it has become unsustainable.

Recent examples like the administration and sale of Rex Airlines to an overseas buyer required significant financial input, including a multi-million-dollar financial support package from the federal government. This highlights that no regional operator is immune, no matter how large or small the business is. Everyone is operating on the edge of financial viability with razor thin margins.

In quantifying how critical the situation has become it is also important to note that 41 percent of domestic passengers in Australia travel through regional airports each year, yet there are fewer regional airlines today than there were 20 years ago, even with 55 percent of aviation workers based in

regional and remote areas.[3]

Despite the challenges, the people who own, manage and work in regional and remote aviation understand how important their services are to their local communities, and they're committed to keep flying. They also live within, and are an integral part of, the communities they serve.

To keep regional airlines flying they need support... and they need it now. Support from well thought-out policies, targeted assistance where appropriate and relief from unnecessary bureaucratic burdens.

Many people in regional aviation feel governments largely take them for granted and do not appreciate their daily challenges and risks. Political leaders can be slow to respond to issues unless there is a full-blown crisis (like Rex) and bureaucratic wheels turn at their own speed. Talk can be more common than action.

But without action on key issues now the future looks increasingly bleak for regional and remote aviation. More aviation businesses will rationalise or close and services will shrink, potentially leaving large swathes of Australia isolated from safe, timely and reliable air transport.



How Do We Improve Regional Aviation

The regional aviation industry knows the challenges and risks ahead and is ready to tackle them. However we need support to ensure success and, just like all other sectors in the economy, we are looking to government to provide the right policy settings.

The RAAA once again calls on government and all political parties to make commitments to address these key issues. A bi-partisan commitment to a regional aviation investment support scheme would deliver a multitude of benefits across the sector and for the Australian community.

The Regional Aviation Investment Fund would:

- Provide economic support to regional and remote aviation businesses to foster greater investment in the sector
- Do more to address shortages of skilled aviation personnel
- Provide greater monitoring (and if needed regulation) of airport charges
- Remove unnecessary regulatory and cost burdens and ensure government aviation agencies are resourced to provide efficient and cost-effective services
- Accelerate the use of technology to improve safety
- Provide additional support for regional and remote aviation businesses who adopt new technologies to reduce carbon emissions
- Avoid one-size-fits-all government policies that place extra financial and administrative pressures on regional and remote operations.

Investment in the Sector

It is no secret the regional aviation fleet is not bristling with new aircraft. There are a range of factors at play, including cost and the availability of suitable replacements.

Many smaller aircraft used on regional and remote routes today do not have like-for-like replacements and operators are faced with difficult decisions about the future of their fleet. Aircraft can be kept flying safely with careful and thorough maintenance, however over time the cost of spare parts and labour becomes a financial weight on business. At the same time a new aircraft will cost millions of dollars and may not be an ideal replacement. Many businesses want to invest but cannot afford to invest in newer aircraft or technologies because they cannot source affordable finance. This is in part due to the sector being viewed as too high a risk for medium-to-long-term finance lenders. Substantial capital investment is required to replace aircraft. For example, a used SAAB 340 or Bombardier Dash 200 would cost USD2M to \$3M, a new ATR 42 would cost over USD\$20M and single isle regional jets are significantly higher again.

It is well known that newer aircraft are more fuel efficient - up to 25 percent - and this can significantly reduce costs and lift productivity. The Aviation White Paper says fleet renewal will be a source of future productivity growth for Australian aviation.[4]

Regional and remote operators who want to undertake fleet renewal are caught in a financial bind, with limited ability to recover new costs and low rates of return on current investments. They want to take advantage of the longer-term benefits of fleet renewal but face a steep commercial hill to climb.

In many sectors of the Australian economy governments recognise business investment challenges and provide support to allow timely investment to begin. The resource and mining sectors are prime examples where governments provide direct funding for nationally important projects, underwrite loans, provide loan guarantees and grant tax relief. All of these could be funded through the Regional Aviation Investment Fund to utilise funding obtained through existing aviation activity in support of future aviation activity.

Regional and remote aviation is an industry of national significance that enables other sectors to flourish, such as mining and agriculture. It is time for an even playing field, where government support for aviation is seen as just as important as support for other key sectors.

This policy has been adopted by other nations, where aviation operators can get government backing to invest in aircraft fleet renewals.

In the United States the Essential Air Service (EAS) program guarantees communities that are served by certificated regional airline are provided a minimum level of scheduled air service. Airlines are selected to provide an EAS and contracted for terms that range from two to four years. This allows for a competitive bidding process to help keep subsidy costs in check and to give communities and the government opportunities to switch air carriers if appropriate. The EAS requires that a community must maintain an average of a minimum of ten passengers per service per day. For communities that are more than 282kms by road (175 road miles) from the nearest large or medium sized airport are exempt.

In New Zealand the Government provides up to NZ\$30 million in concessionary loans from their Regional Infrastructure Fund (RIF) to support regional airlines and safeguard essential air services across New Zealand. These loans are available to help regional airlines manage debt, maintain aircraft, and continue operating vulnerable routes that are vital to the wellbeing, resilience, and economies of regional communities. The regional airlines RIF funding was implemented to help stabilise existing routes and prevent further service cuts that could leave communities isolated.

[4] Aviation White Paper 2024, p96

To keep regional aviation alive we need:

- Government recognition that regional aviation is an industry of national significance essential to communities and major business sectors
- A financial support package through a Regional Aviation Investment Fund that provides long term certainty to regional and remote aviation businesses ready to invest in large ticket initiatives such as fleet renewal
- Decisions on the best type of support package, including direct financial investment, loan underwriting, loan guarantees, concessional finance or grants
- Examination of taxation incentives for operators to invest in aircraft fleet renewals
- Access to existing revenue streams, like the Passenger Movement Charge (PMC), which currently go back into consolidated revenue and do not benefit the industry from which they were generated

We Need More Skilled People

Aviation does not exist without a highly trained and committed workforce. Nationally, there is a workforce of more than 71,000 people, which is forecast to need to grow by more than 20 percent over the next 10 years.[5]

Already there is a shortage of pilots, flight instructors, aircraft maintenance engineers and air traffic controllers.[6] This shortage hits hardest in regional and remote areas, where there are challenges in attracting staff and sometimes different skill needs. A lack of aircraft maintenance personnel is a serious problem right now.

The Aviation White Paper published by the federal government in 2024 sets out actions to begin addressing this issue.[7] The RAAA supports initiatives to streamline training and accreditation for licensed aircraft maintenance engineers (LAMEs), although more still needs to be done. It is important there is

additional action to support pilot training and that all operations, from the large airlines through to regional and remote services, play their part in training the pilots the industry needs.

Given the years it takes to train pilots and engineers, even with quick action it will take a long time to end the current skills shortages.

To keep regional aviation alive we need:

- The regulatory requirements for training and licensing of LAMEs to be properly and quickly aligned with vocational training to end confusion and frustration for both people training and for the aviation businesses who supply or access those services
- Continued delivery of the RAAA's plan to address the shortage of LAMEs and to further streamline their training, including the recognition of foreign LAME licences from comparable countries
- The safety regulations covering pilot flight reviews to be reviewed and streamlined - Civil Aviation Safety Regulation (CASR) Part 61 is now over ten years old and there are many opportunities to improve pilot flight reviews and the use of synthetic training aids
- Co-ordinated and funded plans to promote aviation as a career of choice for young people - we must attract and retain more young people into an aviation career
- Timely licensing and training planning for the introduction of new technologies such as Advanced Air Mobility operations

[5] Aviation Skills Industry 2024 Workforce Plan, Industry Skills Australia, p10

[6] Aviation White Paper 2024, p78

[7] Aviation White Paper 2024, p73-74

Greater Monitoring and Oversight of Aviation Charges

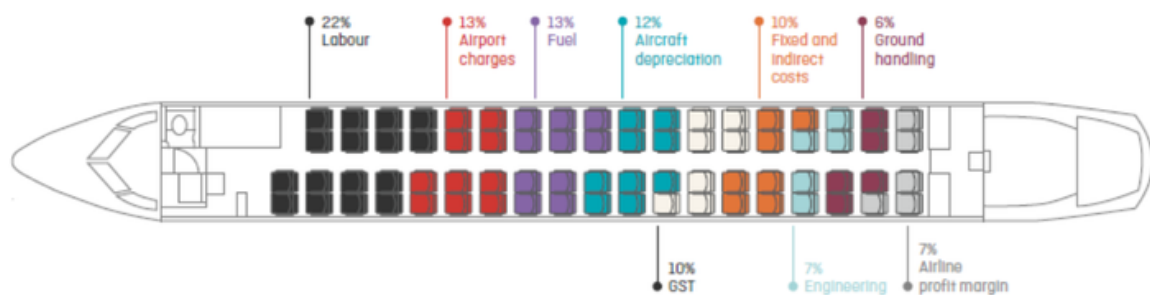
The cost of running a regional airline or charter operation continues to challenge all operators due to the economics of scale. Regional aviation is required to pay more due to the size of the aircraft and frequency of operations. Particularly, the fees and charges levied for passenger service charges and security screening costs.

An example of the challenge can be seen in Darwin Airport's 114 per cent increase in landing fees introduced in July 2025. The change and increase in fees mean that Darwin now has the highest landing charges of any Australian capital city airport. Additionally, they also introduced new tiered pricing depending on the type of operation been undertaken (e.g. government versus non-government work) and cumbersome audit requirements on operators including flying schools.

As a comparison, Darwin Airport aircraft landing charge is \$77.71 per tonne Maximum Take-off Weight (MTOW) compared to Melbourne Airport at \$30.12 per tonne MTOW and Sydney Airport at \$17.00 per tonne MTOW. Airport landing charges and fees impact the total cost of an airline ticket. For example, the passenger service charge at Sydney airport is around \$11.00 per passenger whilst the passenger service charge at Darwin airport is over \$20.00 per passenger.

When the total fixed costs are added up, airport charges now account for roughly the same cost of the fuel for the flight. As can be seen in Figure 1. The profit margin for a regional airline flight is around 7% or less if the flight is fully sold. Unfortunately for many marginal regional air routes there is no profit margin, and operators often rely on state and federal Government subsidies where they exist to at least break-even. The only other option is not to fly!

Figure 1: Economics of a Turboprop Airfare



Based on FY23 Qantas Group turboprop operations, and includes crew accommodation, transport, catering, marketing, IT costs, property and other expenses.

The RAAA supports the Aviation White Paper initiatives to ensure that airport charges and aviation security pricing are open and transparent. Government must ensure that the fees and charges levied by airports for landing fees, passenger service charges and security screening are reasonable and affordable.

The Australian Consumer and Competition Commission (ACCC) enforce compliance with the Competition and Consumer Act 2010 and is required to monitor airport pricing at Brisbane, Melbourne, Perth and Sydney airports. The current Ministerial Direction for the ACCC is set to expire in December 2026. The ACCC has publicly stated that “the ACCC considers that the current monitoring regime is an insufficient deterrent to prevent major airports from exercising their market power over airlines”.[8]

The ACCC has stated that they believe an extension of their role is necessary for ongoing market insight and that continued monitoring will enhance transparency and help identify market conduct issues. An expanded role would also support understanding of how the aviation sector serves rural and regional communities.

The RAAA fully supports the ACCC's view that their responsibility should be expanded under their new Ministerial Direction and recommends that it should include monitoring airports that have more than one million passenger movements per year. This would see greater charging transparency at the top 20 Australian airports. This will ensure industry and the community have full oversight of the charges that are levied by the airports, and any price proposals are fully explained, consulted and understood by industry and the community before they are implemented.

The ACCC's industry monitoring is welcomed as it increases transparency and helps deter anti-competitive behaviour. It also allows the ACCC to respond more quickly to competition or consumer issues where any inappropriate market conduct is identified. Monitoring also strengthens future policy advice and decision making.

To keep regional aviation alive we need:

- Expansion of the airport price monitoring function of the Australian Consumer and Competition Commission (ACCC) to enable it to monitor airport charging at the top 20 airports and not just Brisbane, Melbourne Perth and Sydney
- Completion of the current Productivity Commission review of the determinants of regional airfares to identify opportunities to improve regional services, access to capital cities and reliability
- Action to ensure a disproportionate burden of charges does not fall on regional and remote operations
- A commitment to not further increase charges for required government aviation services



Remove Unnecessary Burdens

Aviation is quite heavily regulated and is capital intensive. The public expect nothing less than the highest possible safety and service standards when they fly and that is what every air operator strives for every day.

However safety regulations do not have to impose unnecessary burdens like cost - government and regulators must avoid creating red tape that ties up businesses in ever tighter knots. The Aviation White Paper calls on the Civil Aviation Safety Authority (CASA) to prioritise changes that reduce regulatory burdens. [9] However, the current funding model for CASA does not provide adequate funding to cover the expanding workload and their service delivery for industry continues to suffer.

At the same time, federal aviation agencies such as CASA and Airservices Australia are clearly not as efficient and cost effective as they should be. Resources are either inadequate or sometimes incorrectly allocated. Staff at both CASA and Airservices are top heavy with administrators and light on the technical and operational people who deliver services and are responsible for safety.

[9] Aviation White Paper 2024, p117

CASA can take months to deliver a relatively straightforward service required to be provided under the safety regulations due to a lack of qualified staff. Additionally, some regulatory processes do not add any value or improve aviation safety. For example, an RAAA member was required to recertify an aircraft for Reduced Vertical Separation Minima (RSVM) because there was a change of aircraft owner. It was still the same already certified Australian aircraft and it was still flying in Australian airspace. The aircraft had not changed, only the owner (whose pilots were also already endorsed for RSVM operations).

In another example, delays by CASA in assessing an application to add a new aircraft to an Air Operators Certificate (AOC) cost that operator tens of thousands of dollars in lost revenue and expensive lease costs when a simple regulatory process took months instead of weeks. The operator was highly experienced and already operated several aircraft of the same type but the delay in the regulatory assessment could have been avoided if there were more CASA staff available to undertake the required work, including recognition of the extensive experience and safe operations of the business.

Whilst there has been recent improvement, Airservices Australia continues to be challenged by service restrictions often due to lack of staff availability, particularly in Sydney. The aviation industry still pays for these services despite the shortcomings, and the community ultimately pays with reduced services and lost time. The most recent reduction in air traffic control services at Sydney Airport cost Australian operators millions of dollars due to the flight cancellations and delays. Sydney Airport is the hub for all Australian aviation and any delay at Sydney ultimately impacts regional airlines and rural and remote communities too.

When government aviation agencies are unable to provide timely and comprehensive services to the aviation industry it hits business bottom lines.

To keep regional aviation alive we need:

- Immediate federal government action to ensure aviation agencies have the right level of financial and human resources
- To re-balance the staffing levels at CASA and Airservices Australia to ensure more jobs are allocated to the technical and operational people who deliver vital operational aviation services, rather than administrative roles that do not add value to industry or the community
- Action to make regulatory requirements less complex and onerous, with a particular focus on flight crew licensing and LAME licensing
- Action to ensure that regional operators only complete regulatory requirements that maintain and enhance aviation safety and not those that are purely of an administrative nature





Embrace New Technology

Aviation is a cautious business when it comes to technical change because safety must come first. However, when new technology clearly delivers better safety, there is no reason to dawdle.

Automatic Dependent Surveillance-Broadcast (ADS-B) technology was endorsed more than 20 years ago by leading aviation safety regulators around the world as a much better way of identifying and tracking aircraft in flight. Mandates for ADS-B use by most commercial aircraft started in Australia more than 10 years ago, but these requirements are yet to be expanded to all general aviation and recreational aircraft. This is despite the obvious safety and operational benefits for everyone flying.

The federal government has moved to encourage aircraft owners without ADS-B to install the equipment by providing a 50 percent rebate on costs – a move strongly backed by the RAAA. Yet this program has not been as successful as hoped, with a relatively low take-up rate for new installations. The RAAA believes a 100 percent subsidy rebate must be applied to incentivise fitment by everyone.

The Aviation White Paper committed government to consider setting a timetable for mandating widespread ADS-B use by late 2025, which it has now published for consultation.[10] The RAAA believes the time for action is now, with the majority of the aviation industry supporting widespread mandatory use of ADS-B.

To keep regional aviation alive we need:

- Recognition that a mandate for the use of ADS-B should not be bogged down in bureaucratic processes or delayed any further
- The federal government to take a decision quickly to set deadlines for ADS-B In and ADS-B Out installations, understanding the work will take time due to the shortage of LAMEs
- The rebate scheme for ADS-B should be updated to cover 100 percent of the costs of installation

Power the Future

Regional and remote aviation operators are well placed to be at the cutting edge of the introduction of new aviation technologies.

Technologies such as electric and hydrogen powered engines and vertical take-off and landing aircraft are being trialed and commercialised. These technologies will contribute to the aviation sector's journey to net zero emissions, along with sustainable aviation fuels.

[10] Aviation White Paper 2024, p118

Australian company and RAAA member Stralis Aircraft is advanced in the development of hydrogen electric powered aircraft. In partnership with regional airline and RAAA member Skytrans they plan to begin commercial operations in a 15-seat aircraft in Queensland in a few years. Another Australian company and RAAA member, AMSL Aero, is developing a long-range vertical take-off and landing (VTOL) aircraft powered by hydrogen-electric engines.

There is welcome government support for research and development of these new technologies, however, there needs to be appropriate support for regional and remote aviation operators who want to invest in this new equipment.

Sustainable aviation fuels (SAF) will also come with challenges for the regional and remote operators who have aircraft with suitable engines to use the fuel. Regional and remote operators are likely to face higher costs than the major airlines, with less resources to make the transition and guarantee of supply not assured until there is a reliable national distribution network available.

To keep regional aviation alive we need:

- Recognition from government of the investment and cost challenges ahead as regional and remote aviation adopts new technologies
- A program that offers financial support to regional and remote operators who invest in these technologies, including subsidies, loan guarantees and tax concessions

One Size Does NOT Fit All

Several government policies with well-intentioned goals have the risk of unintended and negative consequences for the regional aviation sector and their passengers. These include new legislation, initiatives for passengers (aviation consumers) and changes in industrial relations legislation.

The key point is that in aviation, one size policies do not fit all operations. Legislation or other requirements primarily aimed at addressing issues identified with large air operations may not be suitable for smaller regional and remote operators.

Proposals to address consumer concerns about flight delays and cancellations have been primarily based on passenger experience with the large airlines. RAAA members understand the frustration felt by passengers when flights do not run to time, but we need to be careful that responses to these concerns do not result in further passenger pain. There are already a range of suitable consumer protection provisions in place, and the implementation of new and expanded consumer protections will come at an additional cost to airline operators. These cost increases will ultimately be passed onto the travelling public through further ticket price increases.

Regional and remote operators do their utmost to ensure flights run to schedule, however many factors such as weather and air traffic congestion at the major city airports can cause delays. With small aircraft fleets and limited personnel, the impact of these factors is amplified in smaller operations.

The introduction overseas of so-called 'delay and pay' schemes have flowed on to higher passenger fares or reduced services. This will be even worse in smaller air operations in Australia. The RAAA believes new policies and legislation on aviation consumer rights must recognise the unique circumstances and role of regional and remote operators. The costs of establishing and operating the ombuds scheme should be borne by government and not by all of industry.

Additionally, the application of recent industrial relations legislation changes as one-size-fits-all also poses risks to the viability of regional and remote aviation operations. It is simply not realistic for small and medium-sized aviation businesses to match employee pay and conditions offered by the large airlines.

Any expectation that this is possible raises false hopes for the workforce and any attempt by the aviation unions to force regional and remote operations to match large business industrial conditions will further threaten the sector's financial viability. At the very least, fares will increase, and some operations will be forced to close.

To keep regional aviation alive we need:

- A statement of recognition by government that regional and remote aviation operations have unique circumstances and must be given appropriate policy and legislative consideration
- The new Aviation Consumer Rights Charter must consider the type of airline operation, their operational capacity and the locations being serviced, which may mean some operators are exempt
- The new Aviation Disability Access legislation must consider the type of airline operation, their operational capacity and the locations being serviced, which may mean some operators are exempt
- The application of industrial relations legislation must be fair to both employees and employers to ensure that regional aviation businesses can remain viable.



Conclusion

Regional aviation is well recognised as a vital part of the Australian community. As a key enabler for regional and remote communities to access health care, education, business and family connections, regional aviation is, and must continue to be, a key focus for all governments across Australia.

The current operating environment for the regional aviation sector continues to be extremely challenging. Many regional aviation businesses are operating on the financial edge with limited profitability. The ongoing viability and profitability of the regional aviation sector continues to be challenged by rising costs and operational challenges.

There must be a well-considered range of policy reforms by government and its aviation agencies to ensure the regional aviation sector can survive and the essential air services provided by RAAA members are not put at further risk.

By their very nature a regional airline operation does not enjoy the same scale of revenue afforded by a larger domestic airline due to the size of the route network, the smaller aircraft being operated, the smaller numbers of passengers carried and the unreliability of passenger demand. The ability for a regional operator to absorb any cost increase is minimal. Any small increase in the cost base can mean a regional route moves from a break-even to loss-making basis instantly.

When costs go up a regional operator has no choice but to eventually pass on the increase to the passenger through ticket prices or they may even have to make the hard decision and cancel the service.

The RAAA urges the federal government to implement a new Regional Aviation Investment Fund (RAIF) that would provide a reliable and affordable investment funding stream that could be accessed by all regional operators. The Regional Aviation Investment Fund could be established by redirecting some of the existing funds collected through the Passenger Movement Charge (PMC) into the new fund.

The Regional Aviation Investment Fund will give regional operators access to:

- low-interest loans, grants, or government-backed guarantees to enable regional airlines to acquire new, efficient, and reliable aircraft suited to regional conditions.
- ensure the ongoing operational viability of the existing aircraft fleet through sustainability maintenance and operational opportunities
- fund investment in aviation training and support for apprenticeships and cadetships in regional airlines
- subsidise and support the sector to meet the rising cost pressures caused by increases in airport pricing, air navigation charges and government regulatory fees and charges

Taking aviation for granted will cost the national economy billions in lost regional business and productivity. It will deny people who live outside the major cities the right to connect quickly and easily with their family, friends and workplaces.

However, the hardworking people who are involved in regional and remote aviation are always optimistic. They are passionate people who are passionate about aviation and the services they provide to their own communities. They love what they do... and they are committed to keeping on doing it.

We thank the Senators for their consideration of our submission and encourage them to assist our vital sector and help keep regional aviation alive.

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