



## **Submission to the Senate Rural and Regional Affairs and Transport References Committee**

The State of Australia's Aviation Sector and its Ability to Deliver Reliable  
and Affordable Services to Rural, Regional and Remote Communities

**Submitted by:**

*Paul Lister*

*CEO - Chartair & Group Chief Operating Officer*

*Aviation Logistics Group Pty Ltd*

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## **About Aviation Logistics Group**

Aviation Logistics Group (ALG) is one of Australia's most diverse and regionally focused aviation organisations, delivering critical air transport, medical retrieval, freight, engineering and charter services across New South Wales, the Northern Territory, Queensland and Victoria. The group brings together five specialist aviation businesses - Air Link, Chartair, AirMed, Air Link Engineering and GroundMed - each operating in complementary segments while sharing a unified commitment to safety, compliance and service reliability. Together, our companies connect some of Australia's most remote communities, support regional health networks, provide essential freight pathways, and deliver specialised aviation solutions that underpin the social and economic wellbeing of many regional communities. With operational bases including Essendon, Bankstown, Dubbo, Archerfield, Cairns, Darwin, Alice Springs and Katherine, ALG maintains a footprint that is both wide-reaching and strategically positioned to respond to community and government needs.

Across the group, ALG operates more than 60 aircraft ranging from piston twins to turbine and jet aircraft, supported by an integrated Part 145 and Part 42 engineering organisation and a dedicated aeromedical capability. This allows ALG to deliver essential services such as scheduled regional air routes, government-supported passenger services, urgent medical transfers, charter operations, remote community support, and specialist logistics solutions for public and private sector organisations. With more than 200 staff, decades of operational experience and a deep understanding of the unique challenges facing remote Australia, Aviation Logistics Group is a critical aviation backbone for regional communities that would otherwise face significant barriers to connectivity, healthcare access and economic participation. ALG welcomes the opportunity to contribute to this inquiry and to advocate for a stronger, more sustainable future for general aviation and regional aviation in Australia.

## **About Chartair**

Chartair is one of the Northern Territory's longest-standing and most experienced aviation operators, providing critical aviation services across some of the most remote and geographically challenging regions of Australia. Operating a diverse fleet of piston and turbine aircraft from key bases in Darwin, Alice Springs and Katherine, Chartair delivers a wide range of essential services including regular passenger transport, government and community contracts, freight operations, Australia post mail services, and bespoke charter services for industry and remote communities. With more than 50 years experience, Chartair has built a reputation for reliability, safety and operational adaptability in a region where aviation is often the only practical mode of transport.

As a proudly Territory-based company, Chartair plays a vital role in connecting remote communities, supporting regional development, and enabling access to essential services across the Top End and Central Australia. The company employs local staff, maintains a significant engineering and maintenance capability in-house, and supports remote communities through regular flights and urgent freight delivery. Chartair's commitment to safe, dependable aviation services underpins economic activity, health access, and community resilience in areas not served by larger airlines. As regional and remote aviation continues to face rising costs, workforce shortages and infrastructure challenges, Chartair brings valuable on-the-ground experience and a pragmatic operational perspective to inform policy discussions on the future sustainability of aviation in northern and remote Australia.

### **About Air Link**

Air Link is a long-established regional aviation operator with more than five decades of continuous service to rural and remote New South Wales. Since its formation in 1974, the company has specialised in providing reliable passenger, charter and freight support services to some of NSW's most isolated communities. Operating from its base in Dubbo, Air Link connects towns such as Bourke, Walgett and Lightning Ridge to essential government, health, business and social services. With a fleet of piston, turbine and jet aircraft, the company plays a vital role in sustaining regular air transport links that underpin regional economic participation, community wellbeing and access to critical services.

As part of the broader Aviation Logistics Group, Air Link benefits from integrated operational, engineering and safety systems that meet Australia's highest civil aviation standards. The company delivers more than 1,000 flights annually, provides regional charter services to government, corporate and community clients, and supports specialist missions such as medical clinician transport and time-sensitive logistics. Air Link remains deeply committed to strengthening regional connectivity, enhancing service reliability, and partnering with government to ensure that rural and remote communities across western NSW are not left behind. The company brings practical experience, industry insight and a strong safety culture to this submission and welcomes the opportunity to contribute constructively to the inquiry.

## **Introduction**

The present day general aviation operating environment is challenging to say the least where we have experienced escalating costs, expectations for low fares, significant competition and little industry support all combining to create a difficult operating environment delivering extremely thin margins that place the future viability of services at risk.

Our submission primarily focuses on Chartair's experience, whilst providing some selective examples focusing on Air Link's scheduled passenger flights servicing Bourke, Walgett and Lightning Ridge in Western NSW.

## **1. Costs, Fees, Levies, Taxes and Charges**

From Chartair and Air Link's perspective as long-standing operators, the cost base for regional airlines and general aviation has increased sharply and structurally over the last decade. These increases are occurring across almost every major input: airports, airways charges, fuel, insurance, labour, maintenance and regulatory compliance. For small and medium regional operators with limited pricing power and low passenger volumes, these pressures are existential.

By contrast, many upstream suppliers in the aviation value chain – particularly major airports, monopoly service providers and global insurers – have reported strong revenue growth and, in some cases, record profits over the same period. This imbalance is at the heart of the current sustainability challenge for regional and remote aviation.

### **1.1 Airport charges**

Airport charges are one of the most visible and least avoidable cost pressures for regional and GA operators. Airports are natural monopolies; airlines and charter operators have no practical capacity to choose an alternative airport, particularly in regional and remote areas.

A recent example of market power manipulation is Darwin Airport's 114 per cent increase in landing fees, introduced on 1 July 2025. The change created the highest landing charges of any Australian capital city airport and imposed complex new tiered pricing and audit requirements on small operators and flying schools<sup>1</sup>.

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<sup>1</sup> <https://www.visaverge.com/news/darwin-airport-more-than-doubles-landing-fees-compared-to-australia/>

For a business like Chartair, which is headquartered in Darwin and provides essential services across the NT, such an increase is not something that can be absorbed; it flows directly into higher fares and in some cases reduced demand.

Darwin airport's increase occurs in a context where major airports remain strongly profitable, some at record levels. The ACCC's airport monitoring reports show that aeronautical revenues and profits at the four monitored airports (Sydney, Melbourne, Brisbane and Perth) have rebounded strongly as traffic has fully recovered, with the 2023–24 report highlighting that airports can exercise market power and “earn monopoly profit” to the detriment of airport users and the broader economy<sup>2</sup>.

Sydney Airport, for example, recorded aeronautical operating profit of \$570.5 million in 2023–24, representing a 20.2 per cent return on aeronautical assets, with aeronautical revenues across the monitored airports growing more than 30 per cent<sup>3</sup>.

In other words, airports have been able to rebuild and grow profits, while regional operators operating on thin and diminishing margins, face steep price hikes with no recourse.

## **1.2 Airservices charges and federally controlled fees**

Federally controlled charges – particularly those levied by Airservices Australia – are another major cost pressure. On 30 June 2025, the Minister approved Airservices' proposal for a 6 per cent weighted-average increase in the prices it charges industry for en-route navigation, terminal navigation and aviation rescue and fire-fighting services, following ACCC review<sup>4</sup>.

For small regional airlines and general aviation operators, these charges are unavoidable and cannot be “designed out” of the network. Unlike large airlines, we cannot spread them over millions of passengers; meaning the impact of these charges are often disproportionate with the cost burden falling on a relatively small number of customer's, often those living in remote communities.

## **1.3 Fuel, supply chain and maintenance costs**

Fuel remains one of the largest single operating costs for airlines and is both volatile and largely outside operators' control. Industry commentary highlights that rising fuel costs, airport fees and security charges have been key factors in the closure or restructuring of carriers. Large airlines are not exempt with Qantas citing “rising

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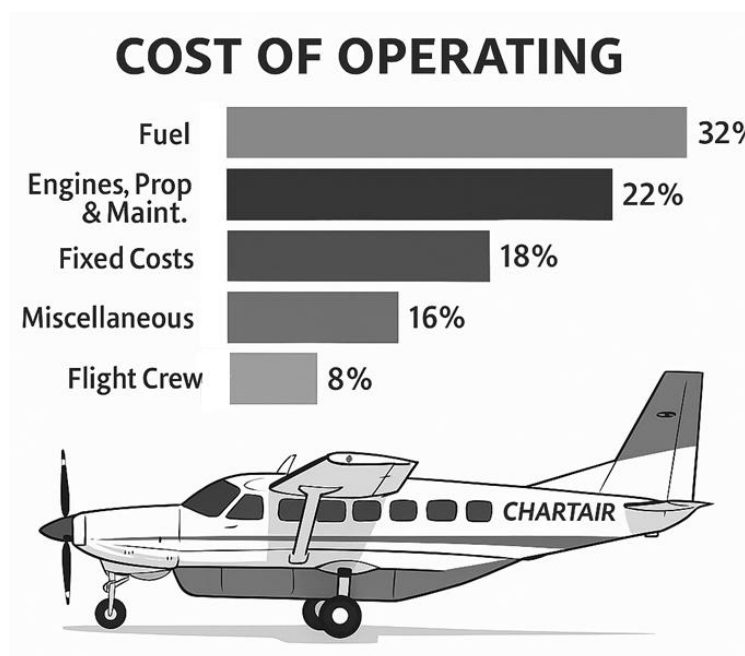
<sup>2</sup> <https://www.accc.gov.au/system/files/accc-airport-monitoring-report-2023-24.pdf>

<sup>3</sup> <https://info.creditriskmonitor.com/NewsStory.aspx?NewsId=51936048&>

<sup>4</sup> <https://www.airservicesaustralia.com/industry-info/aviation-charging/>

operational costs, including increases in fuel, airport and security fees” in closing its Jetstar Asia operation in 2025<sup>5</sup>.

To provide some context our fuel cost represents 32% of aircraft operating costs compared to flight crew at 8%, engines, props and maintenance at 22%, fixed cost (admin, compliance, insurance etc) 18% and miscellaneous costs 16%.



Another consideration impacting general and regional aviation is the reduction of competition between fuel suppliers as some airports move to reduce the number of on-site suppliers. An example is Archerfield Airport in Queensland, where the airport operator has removed all fuel suppliers and has assumed total management and supply of fuel at the airport resulting in reduced competitive pricing and reduced service levels.

Beyond fuel, the price and lead time for aircraft parts, including engines and overhauls, have increased significantly. The ACCC has reported that shortages of pilots and engine parts were among the factors that pushed Rex Airlines into significant debt prior to its voluntary administration, with administrators citing supply chain issues as a key contributor to more than \$500 million in liabilities<sup>6</sup>.

International analysis from IATA and others confirms that airlines globally face higher maintenance costs many due to older fleets and shortages of aircraft and critical spares, with MRO providers reporting significant increases in parts and engine costs<sup>7</sup>.

<sup>5</sup> <https://www.reuters.com/world/asia-pacific/australias-qantas-close-low-cost-arm-jetstar-asia-2025-06-10/>

<sup>6</sup> <https://www.abc.net.au/news/2024-08-12/rex-airlines-debt-pilot-shortage-supply-chain-administration/104214958>

<sup>7</sup> <https://www.iata.org/en/pressroom/2024-releases/2024-12-10-02/>

These impacts are magnified in Australia's north, where freight and logistics costs are higher again.

In December, regional airline Alliance Airlines, issued a significant downgrading of financial performance for the year, identifying maintenance cost as one of the drivers with cost blow outs of \$1 million per month<sup>8</sup>.

For small to medium general aviation businesses, these increasing cost do not only impact profitability but also cashflow making it difficult for businesses to forecast and manage large lumpy expenditure such as engine and component overhauls.

## **1.4 Insurance premiums**

Aviation insurance has become another escalating cost for regional and general aviation operators. Global aviation insurance gross written premiums (GWP) are projected to reach a 20-year high of more than US\$8 billion in 2024, driven in part by higher rates and increased demand for cover<sup>9</sup>. Industry analysis indicates that general aviation accounts for around 47 per cent of aviation insurance premiums, with significant premium increases observed across the segment<sup>10</sup>.

While insurers have enjoyed strong premium growth and record sector revenues, operators like Chartair and Air Link have faced increases in hull and liability premiums, further squeezing already thin margins.

## **1.5 Labour shortages and wage pressures**

The Australian Government's own workforce analysis recognises that there are acute shortages of key aviation workers, including pilots and aircraft maintenance engineers, with a disproportionate impact on general aviation and smaller regional airlines<sup>11</sup>. The Regional Aviation Association of Australia (RAAA) and other industry bodies have described the shortage of Licensed Aircraft Maintenance Engineers (LAMEs) as being at "crisis point", particularly in regional areas<sup>12</sup>.

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<sup>8</sup> <https://smallcaps.com.au/article/alliance-aviation-lowers-fy26-earnings-guidance-shakes-up-leadership-team>

<sup>9</sup> <https://commercial.allianz.com/news-and-insights/reports/aviation-trends.html>

<sup>10</sup> <https://www.insurancebusinessmag.com/au/news/breaking-news/aviation-insurance-market-faces-growing-pressure--gallagher-531249.aspx>

<sup>11</sup> <https://www.infrastructure.gov.au/sites/default/files/documents/awp-factsheet-a-skilled-secure-and-productive-workforce.pdf>

<sup>12</sup> [https://raaa.com.au/wp-content/uploads/RAAA\\_LAME\\_policy\\_submission\\_WEB.pdf](https://raaa.com.au/wp-content/uploads/RAAA_LAME_policy_submission_WEB.pdf)

To attract and retain scarce skilled labour to locations such as Darwin and Alice Springs, employers must offer higher wages, sign-on incentives and relocation support, directly increasing operating costs. At the same time, major carriers have negotiated substantial wage increases – with reports of pilot deals delivering up to 25 per cent pay rises for Qantas short-haul pilots and up to \$42,000 annual increases for Virgin captains over recent agreements<sup>13</sup>. While these increases may be justified in a competitive labour market, they reset expectations across the sector, often resulting in the accelerated departure of pilots from regional airlines and general aviation businesses once they have accrued sufficient experience to move into the major airlines. This results in constant and increasing cost for regional and general aviation operators that do not enjoy the same scale or profitability as the major airlines.

## **1.6 Regulatory compliance and “overhead” costs**

Compliance with CASA and other federal regulatory requirements is essential and supported by the Aviation Logistics Group. However, the cost of meeting these obligations has risen materially, particularly for smaller operators who must maintain the same depth of systems and documentation as much larger airlines.

The cumulative effect of new or expanded requirements – Safety Management Systems, fatigue risk management, security processes, continuing airworthiness obligations under CASR Part 42 – add to the fixed cost base. Industry groups and unions alike have highlighted that these changes, coupled with skills shortages, are putting additional pressure on maintenance organisations and general aviation businesses<sup>14</sup>.

In addition to compliance cost, the industry has experienced declining service levels and delays in the review of operational paperwork and approvals that have, in some cases, blown out to more than 6 months. An example of this is the change to key personnel or the addition of a new aircraft type – requirements under an operators AOC or maintenance approvals – over the past year. Chartist and Air Link have been forced to wait extended periods before these types of applications for changes are reviewed and approved. This inefficiency and under resourcing at the regulator have a direct impact on an operators ability to adapt and respond to commercial and operational changes meaning general aviation and regional airlines are slow to respond to commercial or operational opportunities that flow through to our commercial viability.

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<sup>13</sup> <https://www.vibewire.com.au/?p=179975>

<sup>14</sup> [https://raaa.com.au/wp-content/uploads/RAAA\\_LAME\\_policy\\_submission\\_WEB.pdf](https://raaa.com.au/wp-content/uploads/RAAA_LAME_policy_submission_WEB.pdf)



## 1.7 Revenue and profit growth elsewhere in the supply chain

What makes these cost increases particularly challenging is that many parts of the aviation supply chain have been able to grow revenues and profits, while regional and general aviation operators struggle to remain viable:

- Major airports have delivered strong aeronautical profit margins and revenue growth, with monitored airports recording high returns on aeronautical assets and the ACCC warning that airports can exercise market power to earn monopoly profits<sup>15</sup>.
- Airservices Australia has successfully implemented a 6 per cent increase in navigation and ARFF charges, approved through a regulatory process that recognises its cost-recovery needs, but not the limited capacity of smaller operators to absorb these rises<sup>16</sup>.
- Global insurers have seen aviation GWP reach a two-decade high, underpinned by premium hikes across airline and general aviation portfolios<sup>17</sup>.
- Component suppliers, overhaul facilities and the impact of the USD exchange rate have compounded the challenges faced by operators from both an affordability and cashflow perspective.

By contrast, smaller regional and general aviation operators are operating on razor-thin margins, with industry analysis noting that regional airlines are particularly vulnerable to fluctuations in fuel, parts and labour costs and have far less capacity to withstand financial shocks<sup>18</sup>. The recent voluntary administration of REX – citing pilot shortages, supply chain issues and escalating costs – and the recent Alliance Airlines market disclosure are high-profile examples of these systemic pressures, but many non-listed GA operators sit in an even more fragile position<sup>19</sup>.

For Chartair and similar operators supporting remote communities in the Northern Territory, these trends mean that every new fee, levy or mandated cost introduced upstream must either be passed on to passengers – many of whom have no alternative transport and little capacity to pay – or absorbed into an already strained bottom line. Over time, this erodes the capacity of regional operators to maintain routes, invest in

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<sup>15</sup> <https://www.accc.gov.au/system/files/accc-airport-monitoring-report-2023-24.pdf>

<sup>16</sup> <https://www.airservicesaustralia.com/industry-info/aviation-charging/>

<sup>17</sup> <https://www.insurancebusinessmag.com/au/news/breaking-news/aviation-insurance-market-faces-growing-pressure--gallagher-531249.aspx>

<sup>18</sup> <https://www.mightytravels.com/2024/10/rex-airlines-restructures-what-it-means-for-australian-regional-air-travel/>

<sup>19</sup> <https://www.abc.net.au/news/2024-08-12/rex-airlines-debt-pilot-shortage-supply-chain-administration/104214958>

fleet renewal and provide the reliable and affordable services that rural, regional and remote communities depend upon.

## **2. Disparities in Costs Across Rural, Regional and Remote Airports**

Despite national aviation policy often assuming a “one-industry” view, the reality for regional and remote operators is that geography, logistics and workforce location create significant structural cost disparities that challenge viability. Chartair’s experience in the Northern Territory is a case in point.

### **2.1 Labour and Skills Location Premium**

Chartair has recently advertised, for a continuous 2+ months, for B2-licensed avionics engineers for our Darwin and Alice Springs bases and found that all qualified applicants were located overseas. As part of the recruitment campaign, Chartair offered a higher salary than comparable offers on Australia’s east coast, relocation assistance, and would pay the cost of converting a foreign licence to a CASA-approved Australian licence. In spite of this generous package, one candidate based in New Zealand ultimately accepted a role on the Sunshine Coast, citing lifestyle and accessibility preferences.

This example highlights several disparities:

- Remote-location staffing requires premium wages and incentives to attract qualified personnel, which regional operators like Chartair must fund.
- Competition for skilled labour is national and international; remote operators effectively compete against coastal metropolitan employers for the same staff.
- The cost to the business is not only salary but also relocation cost, license conversion, and risk of candidate attrition.

### **2.2 Logistics, Shipping and Freight Cost Premiums**

Operating from Darwin and Alice Springs and servicing remote Northern Territory bases means Chartair must incorporate significantly higher freight and logistics costs into its business model. For example, when shipping an aircraft engine for inspection and overhaul, domestic shipping alone can cost in the order of AUD \$1,000 each way (Darwin to major maintenance base and return). This is consistent with broader freight

data which shows Adelaide to Darwin routes attract a remote-location premium of AUD \$1,800–\$3,800 for larger freight<sup>20</sup>.

These shipping costs translate directly into higher maintenance overheads, longer downtime, as parts await freight, and ultimately higher fixed cost recovery per flight hour. The disparity is stark: operators in more accessible locations simply avoid such extreme freight charges.

### **2.3 Infrastructure, Airport and Service Cost Disadvantage**

Remote bases face higher cost in nearly every operational element: utilities (fuel, power), accommodation for transient staff, parts procurement, and facility overheads. Darwin and the NT, in particular, must absorb elevated shipping and delivery costs for parts, consumables and even everyday items. This is particularly evident at regional airports in remote areas often having limited ability to negotiate better pricing for services such as fuel delivery. A case in point is Daly Waters located 600km south of Darwin – despite receiving several charter flights each day to support nearby mining operations the airport has no infrastructure and no fuel. This has resulted in individual operators organising their own reserve of Jet-A1 “drum fuel” costing up to \$7/litre compared to Darwin at \$2.05/litre.

In effect, remote-region operators like Chartair face a “double cost burden”: higher input costs plus the need to maintain low and competitive pricing or risk losing customers.

### **2.4 Impact on Service Sustainability**

When cost disparities become entrenched, the business model for regional service provision becomes fragile. Chartair must simultaneously offer competitive pricing and cover these elevated cost structures. This tension means fewer options for investment - fleet renewal, facility investment, expansion - and less room to absorb shocks - fuel spikes, regulation changes, currency fluctuations. Ultimately, this leads to a real risk of service reduction or withdrawal, which has major social and economic implications for remote communities.

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<sup>20</sup> <https://besttratedtransport.com.au/blog/2025-transport-price-guide-state-by-state-cost-comparison>

### **3. Mechanisms for Recovering Security and Regulatory Costs and Options for Greater Equity**

For regional and some general aviation operators, security and regulatory costs are among the least flexible and most difficult to recover. Unlike major airlines, which operate large networks with thousands of aircraft movements and millions of passengers each year, regional and general aviation operators have low volumes and thin margins, providing very limited capacity to spread or absorb these costs.

#### **3.1 Scale advantage of major airlines**

Large airlines operate extensive domestic and international networks. Security screening charges, Airservices fees, compliance overheads and regulatory levies can be spread across high-density trunk routes, premium cabins and ancillary revenues, diluting the impact per passenger. A few dollars per ticket on a jet service carrying hundreds of passengers multiple times per day is manageable; the same absolute charge on smaller regional aircraft operating once or twice daily into a remote community is not.

From Chartair and Air Link's perspective, the economics for general aviation and regional operators are fundamentally different. Our aircraft carry small numbers of essential travellers - health workers, teachers, government staff, local residents - where fares are already at the upper limit of affordability. When fixed security and compliance costs are imposed uniformly across the sector, they bite far harder in regional and remote operations.

#### **3.2 Security screening where it's not legally required – the Dubbo example**

The way security costs are applied at some regional airports illustrates the inequity. At Dubbo Airport in New South Wales, REX Airlines wrote to Dubbo Regional Council noting that around two-thirds of regular public transport (RPT) flights at Dubbo do not legally require security screening under federal aviation security legislation, yet the imposition of screening on all flights was "negatively impacting the commercial viability of regional air services to/from Dubbo Airport"<sup>21</sup>.

This is also the experience of Air Link, that operates scheduled regional services between Dubbo and Bourke, Walgett and Lightning Ridge. Despite our passenger not legally required to undergo security screening due to the small size of our aircraft,

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<sup>21</sup><https://www.rex.com.au/NewspaperClip/SubmittedDocs/Rex%20Letter%20to%20Dubbo%20Regional%20Council%20-%20Airport%20Masterplan%20Feedback%2018SEP19.pdf>

Dubbo Airport unilaterally imposes these charges on all carriers. This approach results in additional and disproportionate cost to be met by regional and remote passengers.

The Regional Aviation Association of Australia (RAAA) publicly criticised Dubbo City Council for applying security screening charges across all operators, not just those required to screen under federal rules, and called on the council to rethink the policy<sup>22</sup>.

Parliamentary and departmental case studies on regional aviation security have echoed these concerns, recording that airlines believe additional screening costs can reduce the financial viability of regional routes and lead to reduced frequency or route withdrawal<sup>23</sup>.

This is a clear example of how security measures, when applied beyond regulatory necessity or without nuanced cost allocation, can directly undermine regional connectivity.

### **3.3 Disproportionate burden on regional airports and councils**

In many regional centres, local councils operate airports and are effectively paying national security costs upfront, then recovering them via higher passenger levies or airline charges. Recent commentary has highlighted that passengers in major city airports pay well under a dollar per head for screening, while travellers in regional centres can be charged multiple dollars per sector to cover the same function<sup>24</sup>.

For small communities, this becomes a deterrent to travel. Councils face an impossible choice:

- absorb the cost and strain local budgets; or
- pass it on through higher charges, making regional fares - even to access medical care - more expensive.

Either way, the economic burden of a national security obligation is shifted onto the smallest and least able to pay.

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<sup>22</sup> <https://www.australianflying.com.au/news/raaa-slams-dubbo-over-screening-charges>

<sup>23</sup> [https://www.aph.gov.au/-/media/Committees/rrat\\_ctte/Other\\_Committee\\_Activities/Hearings/Dept\\_of\\_Infrastructure\\_Regional\\_Aviation\\_Security\\_Screening\\_Case\\_Studies\\_Final\\_Report.pdf](https://www.aph.gov.au/-/media/Committees/rrat_ctte/Other_Committee_Activities/Hearings/Dept_of_Infrastructure_Regional_Aviation_Security_Screening_Case_Studies_Final_Report.pdf)

<sup>24</sup> <https://michaelwest.com.au/airport-screening-costs-up-whats-the-scam/>

### **3.4 Regulatory and compliance costs for general aviation**

Aviation Logistics Group fully supports high safety and security standards and acknowledges that Australia's regulatory framework has contributed to a strong safety record. However, the cost of demonstrating, documenting and maintaining compliance has escalated significantly for GA and regional operators.

General aviation businesses with a modest fleet and relatively low passenger throughput are required to maintain sophisticated Safety Management Systems, continuing airworthiness systems, security programs and detailed exposition and reporting structures that are, in many respects, similar to those required of large airlines. This includes ongoing CASA oversight, audits, manual revisions, training, and compliance with ever-evolving rulesets.

Industry submissions from the Regional Aviation Association of Australia have cautioned that loading new security and regulatory costs onto regional operators - without compensating support - inevitably drives up ticket prices or forces service reductions<sup>25</sup>. For a general aviation operator with a limited number of aircraft and relatively few passengers compared with the major airlines, there is simply no meaningful base over which to amortise these compliance costs.

In short, we are held, appropriately, to high regulatory standards, but without the scale or financial buffer that major carriers enjoy.

### **3.5 Chartair's support for a national aviation passenger levy**

Chartair and Air Link support the concept of a national aviation passenger levy as a more equitable means of funding security and core regulatory infrastructure across the entire travelling public, rather than disproportionately burdening regional operators and communities.

A well-designed levy could:

- Be uniform per passenger, regardless of whether they depart from a major capital city or a remote regional airport;
- Pool funds nationally to support security screening, regulatory oversight and essential regional air routes;
- Reduce the reliance on local councils and small airports to recover security costs from a very small passenger base; and

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<sup>25</sup> [https://treasury.gov.au/sites/default/files/2022-03/258735\\_regional\\_aviation\\_association\\_of\\_australia.pdf](https://treasury.gov.au/sites/default/files/2022-03/258735_regional_aviation_association_of_australia.pdf)

- Create a more level playing field between major airlines and regional/GA operators in terms of how mandated costs are recovered.

Commentary from independent analysts has already suggested that a modest, nationally-consistent security charge (for example, in the order of \$1.50 per sector) could support security screening and regulatory compliance costs across the network and remove the current penalty on regional travellers<sup>26</sup>. Chartair believes this approach would better reflect the fact that aviation security and regulatory compliance is a national responsibility and public good, not simply a local “user-pays” issue for regional communities.

For regional airlines and general aviation businesses like Chartair and Air Link, compliance and regulatory costs are not just another line on the P&L; they are a major determinant of whether services to remote communities remain viable at all. Large airlines with dense networks and millions of passengers have options for cost recovery that simply do not exist for operators running small aircraft in highly competitive, price sensitive markets.

Chartair and Air Link urges the Committee to recognise that:

- Uniform cost recovery mechanisms are not equitable in a sector defined by extreme differences in scale and geography; and
- A national aviation passenger levy, combined with more flexible and targeted support for operators, offers a fairer way to fund essential security, regulatory compliance and regional subsidies to help preserving critical air links for rural, regional and remote Australia.

#### **4. Competitiveness of the Aviation Sector and the Implications of Reducing or Withdrawing Services**

Australia's general aviation sector is one of the most competitive segments of the entire aviation industry - far more competitive than either the major airline or regional airline sectors where Qantas Group and Virgin Australia control 98% of the market.

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<sup>26</sup> <https://michaelwest.com.au/airport-screening-costs-up-whats-the-scam/>

#### **4.1 Intense competition and suppressed pricing**

In the Northern Territory alone, Darwin hosts around ten separate general aviation operators offering charter, freight, and passenger services to regional and remote communities. Additional operators based in Gove, Katherine, and other regional centres also compete actively in the Darwin market.

This high level of competition - combined with a relatively small total market - has created a pricing environment that is effectively self-regulating. Even as costs have risen sharply across fuel, labour, maintenance, insurance, and compliance, competitive pressures have prevented operators from recovering this cost by lifting charter or seat rates to more sustainable levels.

For businesses such as Chartair, this means that:

- Profit margins remain razor-thin, often below what is required for reinvestment or modernisation.
- Capital-intensive improvements such as fleet renewal, new technology, and enhanced passenger facilities are delayed or cancelled.
- The ability to offer wage increases or staff incentives to attract skilled labour to regional bases is constrained.

In short, while the broader public often perceives general aviation as a small and protected niche, the reality is that general aviation operators compete directly and aggressively for every flight, every charter, and every contract - often driving prices down to levels that are operationally unsustainable.

#### **4.2 Essential role but limited recognition**

The Australian Government's Aviation White Paper — Towards 2050 sets out a long-term strategic vision to ensure Australia's aviation sector remains safe, competitive, productive, and sustainable well into the future. Released on 26 August 2024, the White Paper was developed through extensive industry consultation and outlines 56 policy initiatives across key areas including connecting regional Australia and regenerating General Aviation (GA), in recognition of the vital role GA and regional carriers play in linking remote communities, supporting economic activity, and maintaining nationwide connectivity. The Paper explicitly identifies the importance of a diverse and resilient aviation ecosystem that includes not only major airlines but also smaller regional operators and general aviation businesses that serve areas often uneconomic for larger carriers, underpinning their economic and social value to rural and remote Australia.<sup>27</sup>

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<sup>27</sup> <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/aviation-white-paper>



While the White Paper marks a significant step in articulating government commitment to the entire aviation sector, it also highlights areas where policy settings could better support general aviation and regional airlines. To translate high-level recognition into tangible outcomes, the government could introduce targeted support measures such as dedicated funding mechanisms for regional air services, incentives to lower the regulatory cost burden on small operators, and enhanced infrastructure investment in remote aerodromes. These measures would complement the White Paper's broader goals by ensuring that regional and general aviation operators not only survive but can thrive, delivering essential services - something especially critical for the community's operators like Air Link and Chartair serve. Providing specific programs aimed at cost relief, workforce development and regulatory simplification for general aviation and regional airlines would reinforce the intent of the White Paper and make its long-term vision more achievable in practice.<sup>28</sup>

Despite intense competition, the general aviation sector plays an essential and often overlooked role in maintaining connectivity for rural, regional, and remote Australia. General aviation operators:

- Deliver charter and contract services for government, mining, and community agencies.
- Provide urgent freight and medical transport in areas not served by regular airline routes.
- Enable access to education, health, and social services for small and isolated communities.

Yet in terms of government policy and funding, general aviation receives almost no structured assistance or recognition compared with the support afforded to major and regional airlines.

#### **4.3 Consequences of service reduction or withdrawal**

The effects of operators being forced to reduce or withdraw services are deeply felt across regional Australia. When a regional airline or general aviation operator scales back or ceases trading:

- Remote communities lose essential connectivity, often without any replacement service.
- Medical, education, and government programs relying on charter access become more expensive or impractical.

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<sup>28</sup> <https://www.infrastructure.gov.au/sites/default/files/documents/awp-factsheet-policy-initiatives.pdf>

- Regional economic activity declines, affecting tourism, small business, and employment.

Once lost, such services are rarely restored. The cost of re-establishing routes or rebuilding fleet capacity is prohibitive, and skilled personnel are quickly absorbed elsewhere.

#### **4.4 Urgent need for government recognition and support**

Aviation Logistics Group emphasises that current government support for the general aviation sector is virtually non-existent. The policy focus remains largely on the major and regional airline networks, despite general aviation being the backbone of transport in the most remote parts of the country.

Without targeted support - such as fairer airport pricing oversight, access to low-interest fleet-replacement loans, tax relief on fuel and imports, and programs to recognise, attract and train skilled labour – general aviation operators will continue to struggle to remain viable.

If nothing changes, the sector will see continued erosion of services, reduced competition, and ultimately, the loss of critical connectivity for remote Australians.

### **5. Adequacy of Government Fees and Levies and Financial Equity**

The Commonwealth directly controls, or strongly influences, several fixed costs that regional airlines and general aviation operators face - airways and air traffic control charges, CASA regulatory fees, and aviation security requirements. Through cost-recovery policy, these government-mandated charges are levied on operators that operate on very thin margins.

#### **5.1 Government cost-recovery and the burden on regional and GA operators**

Both CASA and Airservices Australia operate under explicit cost-recovery frameworks. CASA states that it is required under the Commonwealth Performance Framework to recover the costs of its regulatory services, using the Australian Government Cost Recovery Guidelines and the Civil Aviation (Fees) Regulations 1995<sup>29</sup>. Airservices likewise levies charges on aircraft operators for air traffic control, en-route navigation

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<sup>29</sup> <https://www.casa.gov.au/about-us/reporting-and-accountability/service-standards-fees-and-statistics/fees-and-charges>

and aviation fire-fighting services, including some fees collected on behalf of other agencies<sup>30</sup>.

For large airlines with high passenger volumes, these costs can be spread across millions of tickets. For operators like Chartair and Air Link, serving small communities with low passenger numbers, the same classes of fees are effectively “lump sum” overheads that cannot be diluted over large networks.

The Bureau of Infrastructure and Transport Research Economics (BITRE) has recently highlighted that general aviation plays a critical role in delivering essential services - health, education, freight and emergency support - particularly in regional and remote Australia, yet operates under significant economic pressure<sup>31</sup>. This pressure is amplified when cost-recovered government charges are applied uniformly across a sector with such diverse scale and revenue capacity.

## **5.2 Evidence from industry: fees and levies as a threat to viability**

Industry submissions repeatedly warn that federal charges, particularly when layered on top of airport costs, threaten the viability of regional and general aviation operators:

- The Regional Aviation Association of Australia (RAAA), in its submission to the Aviation Green Paper, notes that regional operators often lack bargaining power and face increasing regulatory burdens that cannot be easily passed on to price-sensitive regional passengers<sup>32</sup>.
- In its submission on aviation and maritime security, the RAAA explicitly called on the Federal Government either to directly fund aviation security or to introduce a national ticket levy, noting that regional travellers can otherwise end up paying up to twenty times more for screening than passengers at major city airports<sup>33</sup>.

These concerns mirror Chartair and Air Link's experience: fees and levies designed in the name of national safety and efficiency are falling disproportionately on small operators and their regional customers, with very limited offsetting assistance. An example of this has been recent regulatory changes relating to Part 42 continuing airworthiness regulations that require small operators to essentially maintain systems and processes akin to large airlines.

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<sup>30</sup> <https://www.airservicesaustralia.com/industry-info/aviation-charging/>

<sup>31</sup> <https://www.bitre.gov.au/publications/2025/economic-measures-general-aviation-australia>

<sup>32</sup> <https://www.infrastructure.gov.au/sites/default/files/documents/agp2023-submission-c118-regional-aviation-association-of-australia-raaa.pdf>

<sup>33</sup> <https://raaa.com.au/raaa-submission-into-the-review-of-aviation-and-maritime-security>

The Government does operate a small number of support schemes - such as the Airservices Enroute Charges Payment Scheme, which partially reimburses en-route charges for *certain* commercial and aeromedical services to regional and remote locations - but funding is capped and only applies to a narrow class of operations<sup>34</sup>. For many general aviation activities - charter, training, maintenance, specialist operations - no relief exists.

### **5.3 Strong support for charities and not-for-profits vs limited support for commercial general aviation**

Aviation Logistics Group fully recognises and respects the critical role of not-for-profit aeromedical providers such as the Royal Flying Doctor Service (RFDS) and CareFlight. However, the scale and structure of public funding to these entities, compared with the absence of direct support for commercial general aviation, has created a distorted competitive landscape.

Recent examples include:

- A major 10-year strategic partnership between the Australian Government and the RFDS worth nearly \$1 billion to provide long-term funding certainty for aeromedical services<sup>35</sup>.
- Additional federal funding of \$71.3 million over three years announced to support RFDS health services in rural and remote areas<sup>36</sup>.
- State and territory programs such as the NSW \$15 million funding boost for RFDS operations to support regional and remote health access<sup>37</sup>.
- Targeted federal funding to CareFlight, Little Wings and Heart of Australia - for example, \$18 million in 2022–23 as part of the Stronger Rural Health Strategy - to guarantee emergency aeromedical services<sup>38</sup>.

While this funding is primarily directed at health outcomes, these organisations compete directly in parts of the charter and commercial contract market, often bidding for work against general aviation operators that receive no equivalent subsidy or relief. The result is that commercial general aviation operators must comply with the same, or very similar, regulatory standards - CASA oversight, security requirements, airways

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<sup>34</sup> <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/regional-remote-aviation/enroute-charges-payment-scheme>

<sup>35</sup> <https://kingairnation.com/blog/australian-government-and-royal-flying-doctor-service-rfds-agree-to-10-year-partnership>

<sup>36</sup> <https://www.flyingdoctor.org.au/news/RFDS-committed-to-the-Best-for-the-Bush>

<sup>37</sup> [https://www.health.nsw.gov.au/news/Pages/20250606\\_00.aspx](https://www.health.nsw.gov.au/news/Pages/20250606_00.aspx)

<sup>38</sup> <https://www.health.gov.au/sites/default/files/documents/2022/03/budget-2022-23-royal-flying-doctor-service-careflight-little-wings-and-heart-of-australia.pdf>

charges, company and payroll tax, but without the benefit of ongoing operational funding from government.

From Chartair, Air Link and AirMed's standpoint, this undermines competitive neutrality and places further pressure on general aviation businesses that are already struggling with escalating government and monopoly-provider charges.

Examples of where the RFDS directly compete in the commercial charter market include the operation of regional clinic flights in Western NSW, directly competing with Air Links scheduled passenger services and across the top end where RFDS aircraft regularly carry commercial charter passenger to communities or tourist lodges.

It's important to note that the RFDS **does not** hold any emergency medical retrieval contracts in Darwin or the Top End however the RFDS still maintains a significant base where they directly compete with local general aviation aircraft charter providers.



RFDS Dubbo based passenger configured charter aircraft

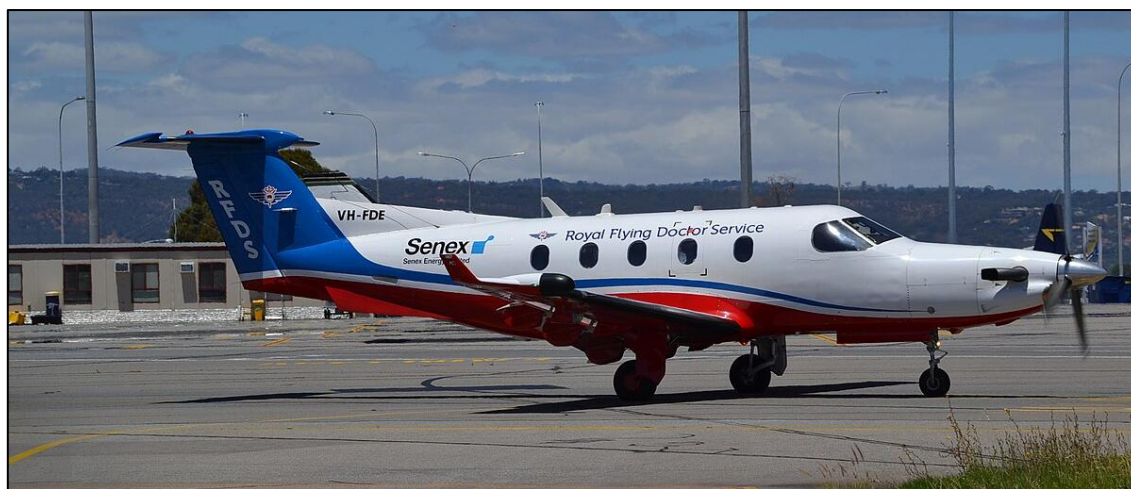


RFDS passenger configured charter aircraft<sup>39</sup>

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<sup>39</sup> <https://aopa.com.au/new-king-air-250-delivered-for-rfds/>





RFDS passenger configured charter aircraft based in Darwin servicing private clients

Adding to these operational and financial pressures is the fact that charities are not subjected to the same tax system as commercial operators further distorting the market and threatening the viability of regional and remote scheduled passenger and charter services. Examples of taxes that charities are exempt from include income tax, some GST concessions, FBT exemptions or rebates and payroll tax.

Commercial general aviation businesses and charity providers also compete in the same pool for skilled labour such as pilots and licensed aircraft maintenance engineers, however charity operators benefit from generous employment concessions including FBT exemptions and concessions, tax free salary packaging benefits, additional tax free meal/entertainment provisions and access to government funded workplace programs<sup>40</sup>.

Regional airlines and general aviation operators are capable of offering government representatives the same photo opportunities and cheque presentation events but we are continually overlooked when it comes to government funding and support. This distortion of commercial reality places additional pressure of regional airlines and general aviation businesses that are already struggling to survive in an environment of increasing costs and diminishing margins.

Unlike RFDS, CareFlight and Little Wings - AirMed, Air Link and Chartair do not receive salary packaging tax exemptions or FBT concessions. This means charitable operators can offer employees significantly higher take-home remuneration at materially lower cost, creating an uneven playing field in the competition for pilots, engineers and clinical staff across regional and remote Australia.

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<sup>40</sup> <https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/getting-started/tax-concessions-for-not-for-profits>

## **5.4 Airports, government charges and “double dipping”**

Government monitoring has also drawn attention to the profitability of certain parts of the aviation ecosystem that sit “upstream” of regional and general aviation operators. The ACCC’s airport monitoring reports have repeatedly concluded that Australia’s major airports hold significant market power and that some have been able to earn high aeronautical returns, with calls for stronger information provision and potential enforcement mechanisms if misuse of market power is identified<sup>41</sup>.

Aeronautical revenues across the monitored airports have risen strongly as domestic and international traffic has recovered and recent examples such as Darwin Airport and Sydney Airport passing on price increases of up to 2000% highlight that airports are not capable of self-regulation<sup>42</sup>.

Aviation Logistics Group believes that regional and general aviation operators are powerless to have any impact on unregulated or lightly-regulated airport charges that are underpinned by monopoly power and, in most cases, strong profitability.

Yet the general aviation sector itself receives almost no direct structural support commensurate with the essential services it provides.

When considering airport ownership across Australia, all major airports are owned by a handful of fund managers, infrastructure investors and private equity groups. In many cases the same owners have significant stakes in multiple airports resulting in high shareholder concentration that appear to be focused on rolling out a uniform strategy of maximising returns across multiple assets.

## **5.5 Aviation Logistics Group position: the need for greater support and equity**

Aviation Logistics Group view is that the current fee and levy framework is not equitable for regional airlines and general aviation. We therefore:

- Acknowledge the need for robust safety and security regulation, and accept that some level of cost recovery is inevitable;
- Note that general aviation and regional operators lack the scale and public funding enjoyed by major airlines and not-for-profit charities, yet are required to compete with these organisations;
- Call out that current support programs are fragmented, narrowly targeted and do not address the structural imbalance faced by general aviation; and

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<sup>41</sup> [www.accc.gov.au/system/files/accc-airport-monitoring-report-2023-24.pdf](http://www.accc.gov.au/system/files/accc-airport-monitoring-report-2023-24.pdf)

<sup>42</sup> <https://www.theaustralian.com.au/business/aviation/airport-carparking-ripoff-exposed-in-accc-report-highlighting-obscene-profit-margins/news-story/3fcf5dd194528c2a45483b8112c2a81d>

- Strongly support greater and more predictable government support for general aviation operators, including:
  - review of CASA and Airservices cost-recovery settings as they apply to small operators;
  - targeted relief from or reduction of federal levies and charges for general aviation and regional operations that serve remote communities; and
  - a move towards fairer competitive conditions, recognising that heavily government-funded charities are active participants in the same commercial aviation markets as unsubsidised general aviation businesses.

Aviation Logistics Group reiterates that general aviation is a critical enabler of regional Australia, and that without meaningful reform of the fees, levies and funding structures overseen by the Commonwealth, general aviation operators will remain under constant financial pressure, limiting their ability to invest, grow and continue serving the communities that depend on them.

## **6. Effectiveness of government processes and mechanisms to identify and quantify capital and ongoing costs due to federal legislation and regulations**

From Chartair's perspective, current Commonwealth processes do not adequately identify, quantify or manage the capital and ongoing costs that are ultimately passed through to regional airlines and general aviation operators as a result of federal legislation, regulation and associated infrastructure investment. In practice, airports and other monopoly providers are often able to recover major capital programs with limited regulatory scrutiny, while smaller operators in regional and remote areas bear a disproportionate share of the burden.

A recent example is Darwin Airport's decision to increase landing fees by 114% from 1 July 2025, extending its lead as the most expensive airport in Australia for landing charges. Media reports note that this change has more than doubled the cost for every aircraft landing at Darwin, with industry groups warning the impact on small operators, flight schools and general aviation businesses is "major" and may threaten business viability<sup>43</sup>. Avdata's current schedule shows a general aviation landing charge at Darwin of \$77.71 per tonne (ex GST) with a minimum charge of the same amount, confirming that Darwin has cemented its position at the very top end of Australian airport pricing<sup>44</sup>.

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<sup>43</sup> <https://www.abc.net.au/news/2025-07-18/darwin-airport-operator-adg-increases-landing-fees-110-per-cent/105546200>

<sup>44</sup> <https://avdata.com.au/airport-charge-rates>



This issue is not confined to Darwin. Sydney Airport has also implemented a significant fee overhaul for business and general aviation. Industry analysis and trade media report that from 1 July 2025 Sydney introduced steep increases in parking and runway fees for business and general aviation, with some proposed charges initially rising by over 2,000% for certain long-stay general aviation users<sup>45</sup>. General aviation operators have publicly stated that these increases appear designed to push them out in favour of higher-yield airline traffic, highlighting how unregulated airport pricing power can be exercised in ways that directly undermine the viability of smaller operators<sup>46</sup>.

Against this backdrop, several regional and remote airports remain some of the highest-charging facilities in the country, despite servicing some of the most economically vulnerable communities:

- Avdata's current national schedule shows Tennant Creek Airport (YTNK) charging \$38.67 per tonne (ex GST) for general public landing fees with a one-tonne minimum – more than double the typical regional rate. While aircraft carrying government department/agency personnel are charged \$231.17 per tonne (ex GST) in what can only be described as monopoly price gouging<sup>47</sup>. In this example fees are charged not only on the size of aircraft but also who the end user is.
- Darwin Airport (YPDN) now charges \$77.71 per tonne (ex GST) for general aviation landings, again with a one-tonne minimum, making it Australia's most expensive major airport on a per-tonne basis<sup>48</sup>.
- At Broome International Airport, published aerodrome charges show non-RPT aircraft under 5,700 kg paying \$32.31 per tonne and aircraft ≥5,700 kg paying \$38.11 per tonne (ex GST)<sup>49</sup>.

By contrast, many regional airports administered by Avdata charge between about \$10 and \$16 per tonne for general aviation and regional airline operations. For example:

- Rockhampton Airport (YBRK): \$13.64 per tonne for most aircraft up to 90,000 kg MTOW<sup>50</sup>.
- Roma Airport (YROM): \$11.45 per tonne for most GA and regional aircraft above 1,501 kg<sup>51</sup>.

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<sup>45</sup> <https://www.australianflying.com.au/latest/sydney-airport-to-escalate-charges-for-ga>

<sup>46</sup> <https://travelweekly.com.au/sydney-airport-defends-new-ga-parking-prices-as-fair-and-overdue>

<sup>47</sup> <https://avdata.com.au/airport-charge-rates>

<sup>48</sup> <https://avdata.com.au/airport-charge-rates>

<sup>49</sup> <https://www.broomeair.com.au/wp-content/uploads/2025/09/BIA-Aerodrome-Charges-July-2025-002-1.pdf>

<sup>50</sup> <https://avdata.com.au/airport-charge-rates>

<sup>51</sup> <https://avdata.com.au/airport-charge-rates>

- Wagga Wagga Airport (YSWG): \$15.77 per tonne<sup>52</sup>.

In other words, remote airports that are most dependent on general aviation are often levying landing charges two to five times higher than the norm, yet there is no effective federal mechanism to check whether these prices are efficient, proportionate or affordable for the communities they serve.

Airport	\$ per Tonne MTOW ex GST
Darwin <sup>^</sup>	\$77.71
Alice Springs <sup>^</sup>	\$37.26
Tennant Creek <sup>^</sup>	\$38.67
Moorabbin	\$37.54
Broome	\$32.37
Melbourne	\$30.12
Essendon	\$28.74
Port Hedland	\$28.55
Hobart	\$23.76
Bankstown	\$20.35
Kununurra	\$20.00
Brisbane	\$18.35
Cairns	\$18.60
Archerfield	\$18.00
Perth	\$17.26
Sydney	\$17.00
Townsville <sup>*</sup>	\$12.37
Adelaide	\$10.86
Williamtown <sup>*</sup>	\$9.25

<sup>\*</sup> Joint User Facilities with Civilian & Military operations

<sup>^</sup> Darwin, Alice Springs and Tennant Creek all owned by Airport Development Group NT

At the same time, federally-mandated services and charges - such as Airservices Australia's navigation and aviation rescue/firefighting charges - are levied nationally under a structured charging framework. Airservices itself acknowledges that its levies recover the costs of providing air traffic management and related services across the network<sup>53</sup>. However, there is no equivalent, transparent framework for airport-imposed fees, even where the airport is a federally leased monopoly and where capital works (for example, runway overlays or security-driven terminal upgrades) are often triggered by federal policy decisions.

<sup>52</sup> <https://avdata.com.au/airport-charge-rates>

<sup>53</sup> <https://www.airservicesaustralia.com/industry-info/aviation-charging>

For operators like Chartair, the practical results are:

- Capital costs driven by federal requirements (e.g. runway strength, lighting, security facilities) are often passed through via higher airport charges without a clear or transparent process to test efficiency, affordability or timing from the perspective of regional and remote operators.
- Commonwealth regulatory impact assessment processes do not consistently quantify downstream impacts on thin regional markets, charter operations and remote community services, even where federal policy changes (for example, security screening or infrastructure standards) are the root cause of large capital programs at airports.
- GA and regional airlines have no meaningful counterweight to airport monopoly pricing power: they must use the local aerodrome, cannot substitute suppliers, and generally lack the scale or bargaining position of major airlines.

Chartair and the entire Aviation Logistics Group supports:

1. Independent oversight and enforcement powers over airport pricing, at least for airports above a defined passenger or revenue threshold (for example, full ACCC price-monitoring, merits-review powers and enforceable pricing regulation for airports processing  $\geq 1$  million passengers a year).
2. Mandatory, transparent cost-allocation and consultation processes whenever federally driven regulatory changes (such as new security requirements or infrastructure upgrades and standards) force airports to undertake major capital works that will be recovered through aeronautical charges.
3. Specific consideration of regional and remote impacts in all federal regulatory impact statements affecting aviation, including an explicit requirement to model the effect on per-passenger or per-tonne charges at aerodromes.
4. Improved avenues for dispute resolution, so that regional airlines and general aviation operators can challenge unreasonable or sudden price shocks (such as the Darwin and Sydney fee increases) without jeopardising essential access to the airport.

Without these reforms, government processes will continue to under-estimate and under-manage the capital and regulatory cost burdens that ultimately flow to regional airlines, general aviation operators and the communities we serve across Australia.

Top 15 Airports By Pax	Annual Passenger Numbers
Sydney	40,567,873
Melbourne	34,842,260
Brisbane	22,234,133
Perth	12,786,968
Adelaide	8,248,761
Gold Coast	6,321,886
Cairns	4,634,632
Canberra	2,280,395
Hobart	2,677,432
Sunshine Coast	1,897,584
Darwin	1,781,681
Townsville	1,671,367
Launceston	1,412,989
Newcastle	1,201,167
Mackay	911,711

Top 15 Airports by Movements	Annual Aircraft Movements
Sydney	295,767
Parafield	223,136
Moorabbin	221,000
Brisbane	218,010
Jandakot	206,000
Bankstown	197,000
Archerfield	196,000
Melbourne	188,560
Perth	118,466
Adelaide	105,676
Canberra	40,050
Gold Coast	38,000
Cairns	36,000
Hobart	33,000
Darwin	30,000

Airports with more than 1,000,000 passenger movements each year and Top 15 airports ranked by aircraft movements.

## 7. Policy & Practical Measures – What can be done?

Chartair and Air Link maintain that a mix of targeted policy measures is required to support regional and general aviation operators. Our group believes there are a range of policy and regulatory levers that can be pulled to improve the plight of regional and general aviation, including - concessions on air traffic/airways fees, interest-free long-term loans to assist with fleet replacement, a national passenger movement charge, and further skills support for remote labour.

### a) Concessions or exemptions for general aviation and regional operators

**Policy idea:** Reduce charges or exempt regional airlines and general aviation operators from air traffic control, regulator levies and fuel excise to improve the financial sustainability of the sector.

**Example & benefit:** in the United States, the federal government does not levy direct en-route air navigation charges on general aviation or regional airlines. Instead, ATC and airways services are funded predominantly through aviation excise taxes (tickets, freight and fuel) paid into the Airport and Airway Trust Fund, and general revenue, rather than per-flight user charges.

**How it assists:** The cost of delivering important industry wide systems and structures are shared across all passenger and freight movements providing greater equity between major airlines and small regional and general aviation operators.

### b) Full pricing regulation of airports over a threshold (e.g., >1 m passengers/year)

**Policy idea:** Subject these airports to full ACCC price regulation, monitoring and enforcement, including consultation, benchmarking and efficiency reviews.

**Example & benefit:** In 2012, the UK introduced the Civil Aviation Authority's regulatory regime for major airports (e.g., Heathrow, Gatwick) which sets a framework for price controls and protects against excessive airport pricing. Similarly, global studies such as

Oxera Consulting “An international review of airport regulation” outlined how regulated airports create better outcomes for airlines and travellers<sup>54</sup>.

Another example was the New Zealand Government review of Auckland Airport that resulted in an 11% reduction on average for airline passenger charges after the Commerce Commission found the airport was earning excessive returns<sup>55</sup>. This shows that oversight and adjustment of aeronautical charges can provide direct relief to airlines and by extension to smaller operators and the travelling public.

**How it assists:** With regulated pricing, regional operators face lower and more predictable airport charges - reducing cost shocks (like Darwin's 114 % increase) and enabling longer-term business planning, fleet replacement and route investment.

### **c) Interest-free long-term loans (or low-interest financing) for fleet replacement**

**Policy idea:** Government-backed financing to support GA and regional airlines to modernise older aircraft, improve fuel/maintenance efficiency, meet regulatory standards and deliver modern fleets with associated reliability and safety improvements for customers.

**Example & benefit:** In other industries (e.g., agriculture, regional manufacturing), governments often provide targeted low-interest or no-interest loans for capital equipment renewal which results in long-term productivity gains. While direct aviation examples are limited, the principle is broadly established. A simple audit of the current general aviation fleet in Australia would show that the majority of aircraft are more than 30 years old and more likely 40-50 years old.

**How it assists:** The ability to access cheaper capital for fleet renewal means lowered maintenance and fuel costs over time, improved safety and reliability, lower emissions and the ability to invest in service quality, reliability and smaller operator competitiveness. This policy would contribute directly to the federal government aviation white papers objective of net zero of 2050. Regional and remote customers will benefit through access to a more modern national general aviation fleet providing safer, more reliable services.

### **d) A national passenger movement levy (or similar industry-wide charge) to fund regional and general aviation support, security screening, and equitable access**

**Policy idea:** Introduce a modest fee attributed to each air passenger and kilogram of freight (or alternative levy model) that pools funds to support regional connectivity, security screening cost-sharing and general aviation support.

**Example & benefit:** While specifically focusing on funding to achieve Net Zero, the report “Designing an equitable aviation climate levy” by International Council on Clean

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<sup>54</sup> <https://www.oxera.com/wp-content/uploads/2018/03/An-international-review-of-airport-regulation.pdf>

<sup>55</sup> <https://www.comcom.govt.nz/regulated-industries/airports/projects/review-of-price-setting-event-4-auckland-airport/commission-says-auckland-airport-charges-are-too-high/>

Transportation (ICCT) investigates a range of levy applications and how they can apply in the aviation sector. The report demonstrates levies can raise substantial revenue while distributing the cost burden more equitably across aviation users<sup>56</sup>. These levies could easily be designed and applied to achieve a range of different outcomes including supporting regional and general aviation in a broad and equitable way.

**How it assists:** A national passenger levy or similar would allow regional and general aviation operators to share the burden of mandated security, regulatory, and infrastructure costs across the entire flying public - rather than absorbing these charges entirely or sharing them across small passenger numbers. Sharing this cost across all passenger will enhance sustainability and connectivity while improving equity and access across the entire sector.

#### **e) Skills and workforce incentives for remote labour**

**Policy idea:** Provide relocation assistance, increased training subsidies and government-funded job placements for key roles like Licensed Aircraft Maintenance Engineers (LAMEs) and pilots in remote regions.

**Example & benefit:** Workforce strategies including remote-zone allowances and tax offsets help industry to attract skilled labour to high-cost and remote areas, however current measures are inadequate and have little impact to encourage relocations. Chartair's experience in Darwin exemplifies this need.

**How it assists:** By lowering remote labour cost through government support rather than simply passing them onto business, general aviation and regional operators can compete more effectively, invest in training pipelines and retain staff in remote locations.

#### **f) Mutual recognition of foreign Licensed Aircraft Maintenance Engineers**

**Policy idea:** Recognise and fast track mutual recognition of foreign licenses for aircraft maintenance engineers under Part 66 of the Civil Aviation Safety Regulations. The CASR's currently permit the recognition of foreign states however CASA has never exercised this section of the regulations due to a lack of framework around assessing and recognising foreign states.

**Example & benefit:** Examples exist where holders of foreign aircraft maintenance engineer licenses can freely work on, sign for and dispatch approved aircraft maintenance falling within their license category however that engineer is not permitted to undertake the same work in Australia unless they first acquire a CASA issued license.

**How it assists:** Through mutual license recognition the industry could benefit from access to a much larger pool of available and qualified aircraft maintenance engineers. This will help to attract new skilled labour to Australia, provide a greater pool of

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<sup>56</sup> <https://theicct.org/publication/designing-an-equitable-climate-levy-mar25/>

resources for a struggling industry and increase the industry's competitiveness within the global labour market.

#### **g) Tax relief measures: excise, import duties, payroll tax exemptions**

**Policy idea:** Exempt regional and general aviation operations from fuel excise (or reduce it), waive import duties on aircraft and spare parts, and provide payroll tax relief for regional aviation businesses.

**Example & benefit:** In other industries around the world, governments provide tax relief and concessional import duty regimes to support targeted operations.

**How it assists:** Fuel excise relief or import duty exemptions would meaningfully reduce one of the largest cost inputs (fuel) and lower maintenance/spare-parts cost structures enabling reinvestment and greater competitive flexibility.

#### **h) Restrictions on not-for-profit and charity operators from competing in commercial charter operations**

**Policy idea:** Attach conditions to the provision of government funding limiting charity and not-for-profit operators from undertaking commercial charter flights and competing with commercial operators that do not receive the same level of government funding and tax concessions.

**Example & benefit:** This approach would help to support and assist commercial general aviation operators and regional airlines by leveling the competitive environment and creating a more sustainable industry.

**How it assists:** The regional and general aviation industry is under immense pressure and by adopting measures to remove government subsidised charity and not-for-profit operators from commercial operations will have a positive impact on financial sustainability across the industry.

#### **How These Policies Will Assist the Sector**

- Reducing fixed cost burden gives operators breathing space to maintain services rather than trimming route frequency or viability.
- Pricing oversight and regulation of airports prevents monopoly market behaviour, something the ACCC has repeatedly found, and sudden fee hikes that erode business models in remote markets.
- Shared levy funding shields small operators from significant operating costs and spreads this burden across a larger base.
- Access to no or low interest state backed capital supports fleet renewal, safer and more efficient operations, improved passenger experience and the government objective of net zero by 2050.

- Workforce incentives and tax relief recognise the unique challenges of remote aviation operations and help level the playing field.

Chartair and Air Link strongly supports a coherent policy framework that ensures equity, sustainability and ongoing connectivity for rural, regional and remote Australia.

## 8. Conclusion

Australia's regional and general aviation industry is under extreme and compounding financial pressure.

Operators like Chartair - serving the Northern Territory and the most remote parts of the country - are facing escalating costs across every input: fuel, maintenance, insurance, airport charges, compliance, and workforce. These pressures are intensifying at a time when margins are already razor thin and when the communities we serve are most in need of reliable air services.

Despite operating under the same regulatory standards as major airlines, general aviation businesses do not enjoy the scale advantages or government funding that protect larger carriers and not-for-profit providers. The economic model that sustains regional aviation is now stretched to its limits. Without meaningful change, more operators will reduce services, withdraw from routes, or cease trading altogether - and the communities that rely on them will lose critical lifelines for transport, freight, health, and social connection.

This submission demonstrates that the financial, operational, and compliance burdens faced by the sector are not the result of inefficiency or poor management; they are the predictable outcome of structural imbalance. Costs are rising across the supply chain - through airport monopolies, regulatory cost recovery, security obligations, and supply-chain inflation - while competition in the general aviation charter market prevents operators from increasing prices to recover these costs.

### 8.1 A picture of an industry under pressure

- **Airport fees:** Unregulated and rising sharply, with some regional airports (e.g., Darwin, Tennant Creek, Broome) charging up to five times the national average per tonne of maximum take-off weight.
- **Airways and regulatory charges:** Increased by federally controlled agencies through cost-recovery, with little regard to the limited scale of regional and general aviation operators to meet the increased cost.



- **Labour shortages:** Severe skill shortages are forcing higher wages and recruitment costs to attract and retain qualified staff to remote areas like Darwin and Alice Springs.
- **Maintenance and insurance:** Escalating costs, global supply-chain delays, and rising premiums add further strain. This is further impacted by USD currency fluctuations.
- **Compliance:** CASA and security requirements continue to expand in scope and documentation depth, often mirroring the burden placed on major airlines (Part 42) without proportional resources or relief.
- **Competition:** Intense competition among small general aviation operators keeps pricing artificially low, often preventing cost recovery and does not allow investment in fleet renewal.
- **Distorted Commercial Environment:** Charities and not-for-profit operators such as the Royal Flying Doctor Service, Care Flight and Little Wings receive large amounts of taxpayer funding but compete with commercial operators in what is a distorted and unfair commercial environment.

These pressures are not sustainable. Chartair and other regional operators are reaching the limits of what can be absorbed. Without intervention, the risk is a slow contraction of regional connectivity and the erosion of aviation capability in regional and remote Australia.

## 8.2 The benefits of implementing the recommendations in this submission

The recommendations in this submission form a blueprint for stabilising and revitalising Australia's regional and general aviation sector. If adopted in full, they would deliver tangible benefits:

- Airport pricing oversight and regulation would prevent monopolistic market behaviour, improve transparency, and ensure that regional and general aviation operators are charged fairly and that charges reflect the minor impact general aviation has on infrastructure.
- Concessions and exemptions for smaller operators would immediately reduce operating costs, helping to preserve services to remote communities.
- A national passenger movement levy would distribute the burden of aviation security, regulatory, airways and infrastructure costs more equitably across the entire travelling public.

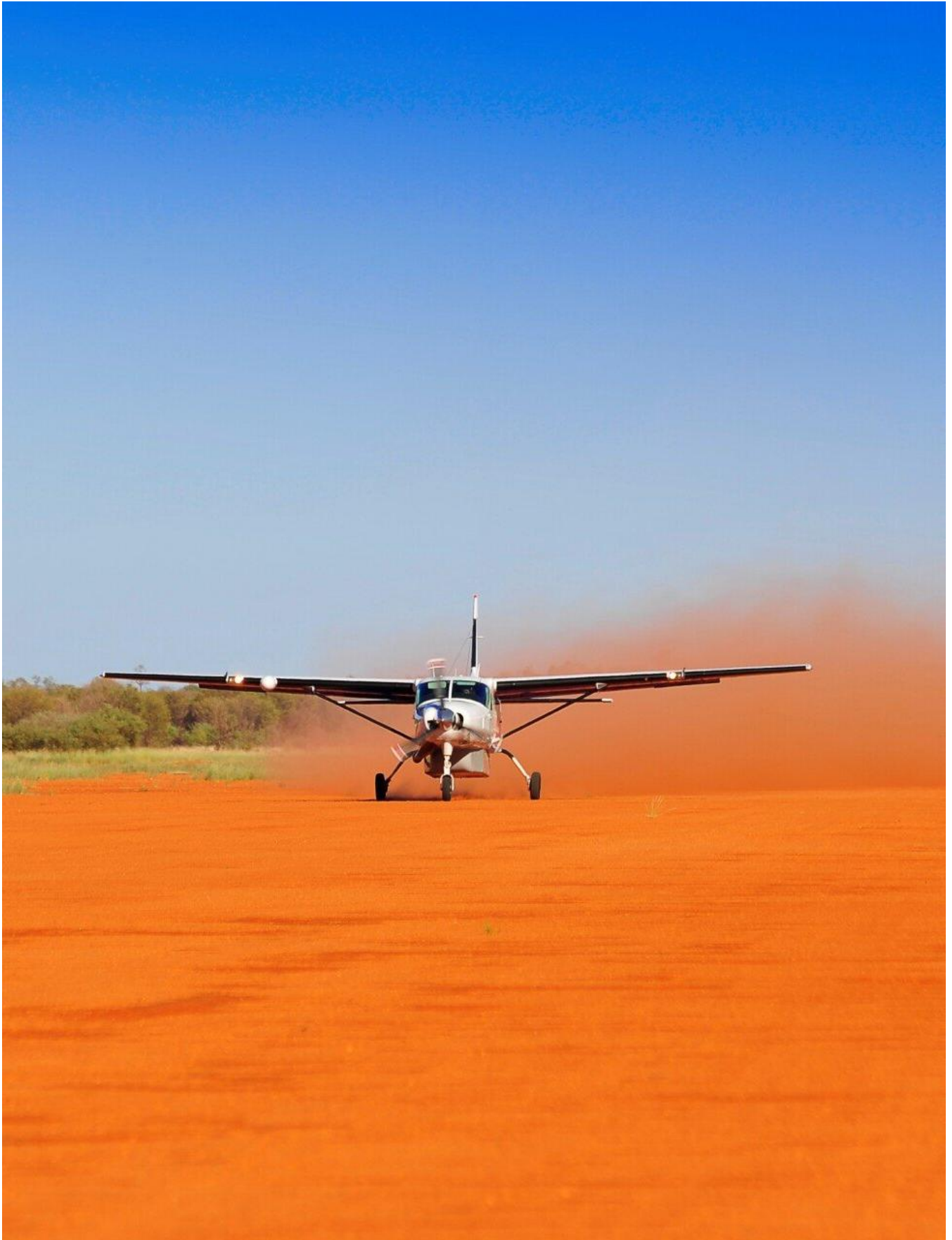
- Interest-free or low-interest loans for fleet renewal would allow operators to modernise aging aircraft, reduce maintenance and fuel costs, and improve safety and passenger comfort.
- Skills and workforce incentives would help attract and retain the engineers, pilots and support staff essential to regional and general aviation, particularly in remote areas like the Northern Territory.
- Tax and duty relief measures would reduce the cumulative financial load on small businesses in aviation.
- Greater recognition of general aviation's essential role would help rebalance government support currently concentrated on major airlines and charity operators.

Together, these measures would ease the financial, operational and compliance burdens that currently make it difficult for general aviation operators to remain viable. They would enable businesses like Chartair to reinvest in fleet renewal, workforce development and service reliability - strengthening the backbone of regional connectivity across Australia.

### **8.3 Final statement**

Aviation Logistics Group urges the Committee to recognise that the general aviation sector is not a peripheral part of the national aviation landscape seeking to profit and price gouge the traveling public in the delivery of our services – but rather it's the foundation of rural and remote connectivity. Every dollar invested in supporting this sector flows directly into the resilience of regional communities, the safety and efficiency of Australia's regional and general aviation network, and the economic stability of our regions.

Without meaningful policy reform and targeted support, Australia risks losing a vital part of its national infrastructure. With it, we can secure a future where regional and general aviation not only survives but thrives - continuing to connect people, sustain communities, and support the nation's prosperity.



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