ACCC submission

Submission to the Senate 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

15 December 2025

Acknowledgement of Country

The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.

Australian Competition and Consumer Commission
Land of the Ngunnawal people
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ACCC 12/25
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Contents

Executive summary

Aviation is fundamental to Australia's economic performance and social cohesion. For many regional and remote communities, air services provide the only feasible access to essential goods, healthcare, education, and employment. While major cities typically enjoy frequent services and some degree of competition, less populated areas experience more limited connectivity, fewer flights, and comparatively higher airfares.

This submission draws on the ACCC's understanding of the aviation sector from its formal roles in monitoring and reporting on both domestic airline services and the major airports, as well as its role in assessing proposed pricing proposals from Airservices Australia (Airservices) and Sydney Airport (regional services).

Most of the data contained in the submission was collected from major airlines Jetstar, Qantas, Rex and Virgin Australia as part of the ACCC's airline monitoring role. Domestic routes are categorised as major city, regional or remote using the ABS remoteness structure. In some cases, these classifications may differ from how people commonly view certain routes. For example, Hobart-Melbourne, Brisbane-Newcastle, Avalon-Sydney and Adelaide-Cairns are all considered regional routes under this structure.

The degree to which the aviation sector meets the needs of passengers and the broader Australian economy depends greatly on the level of competition between airlines. The domestic airline sector is highly concentrated and exhibits high barriers to entry. Across all domestic routes, the Qantas Group comprising both Qantas and Jetstar accounted for almost two-thirds (64.8%) of domestic passengers in October 2025, and the Qantas Group and Virgin Australia together flew 98.4% of all domestic passengers. Qantas is the dominant provider of remote routes; and it can be the only airline on a particular route.

Increasing market segmentation may also be decreasing the intensity of competition between airlines for customers, with possible implications for airfares. Today, Qantas is the leading provider for premium and corporate travel, Virgin Australia has repositioned itself to focus on the middle of the market ('value conscious' customers), and Jetstar is the only low-cost carrier. Further, airlines appear to have less of a focus on growing market share than they did in the early to mid-2010s.

In October 2025, the monitored airlines comprising of Jetstar, Qantas, Rex, Virgin Australia collectively flew 5.45 million domestic passengers. While it is positive that the industry has effectively recovered to pre-pandemic passenger levels, this figure remains noticeably below what might be expected given the significant population growth over the same period.

Much of the reason for this relates to supply, with seat capacity continuing to lag pre-pandemic levels (-3.0% in October 2025). The closure of Virgin Australia's low-cost carrier Tigerair in 2020 removed a significant number of seats from the market, while Rex has also offered fewer seats than it did in 2019. The rest of the industry has not picked this capacity up, whether due to delayed aircraft deliveries or a lack of commercial incentives.

The ACCC has found that per kilometre, it costs passengers significantly more to fly on remote routes than it does on major city and regional routes. Average revenue per passenger collected by the monitored airlines for remote routes is around 25 cents per kilometre. This compares to around 17 cents per kilometre for both major city and regional routes.

Airfares on remote routes are typically higher because these markets have higher airline operating costs per seat and lower demand. Major city routes support larger aircraft and

higher utilisation, which reduces the airline cost per seat, while remote services rely on smaller aircraft and that raise average costs and lower frequencies. Load factors, measured by total passengers as a proportion of available seats, are also lower in remote areas, so airlines must recover fixed costs from fewer passengers. Many of these routes have only one carrier, which reduces competitive pressure, whereas major city routes usually feature several airlines competing on price and service. Consumers generally enjoy lower airfares where there is more competition on a route.

The main costs for airlines relate to labour, aircraft costs and jet fuel, but other notable costs include airport charges and Airservices' charges for air navigation and aviation fire and rescue services. Both the major airports and Airservices have substantial capital expenditure programs both currently underway and for the near future.

Investment will help ensure both the airports and Airservices can continue to meet the needs of passengers and airlines, especially following a period of relatively low investment after the pandemic. It is likely that the substantial capital expenditure will result in an increase in charges to airlines to recoup these costs in the coming years. It is important that charges to airlines only reflect prudent investment decisions, efficient costs of providing services, and a rate of return that is commensurate to the risks involved.

Before Airservices can increase its prices, the ACCC must assess the proposal against statutory criteria, including whether its proposed prices reflect prudent and efficient expenditure. Airservices must also seek approval from the Minister for its price increases. Airservices is currently consulting with stakeholders as it develops its next price notification, which it expects to submit to the ACCC in the first half of 2026.

In contrast to Airservices, the regulatory oversight applied to airports is limited. The ACCC conducts annual monitoring and reporting of prices, costs, profits and service quality at Brisbane, Melbourne, Perth and Sydney airports and, in the case of Sydney Airport, assesses proposed price increases for regional services. While valuable, these activities do not amount to an effective constraint on the major airports from exercising their market power.

As recommended to the last Productivity Commission inquiry into the economic regulation of airports, we continue to support the idea of a scheme where there is recourse to commercial arbitration where airports and airlines cannot reach agreement. In addition, in 2023 the ACCC provided the government with recommendations for improving the effectiveness of the monitoring and reporting regime.

1. Introduction

The ACCC welcomes the opportunity to provide this submission to the Rural and Regional Affairs and Transport References Committee's inquiry into the state of Australia's aviation sector and its capacity to deliver reliable and affordable services to regional, rural and remote communities. The ACCC recognises the value of this inquiry in informing future policy settings and ensuring that aviation markets function effectively for consumers, businesses and communities across the country.

Aviation plays a vital role in supporting Australia's economic and social connectivity. While major cities benefit from relatively high-frequency services and some degree of competition on popular routes, air services outside metropolitan areas are often the only practical means of accessing essential goods, medical services, education and employment opportunities.

For many regional, rural and remote communities, aviation is not simply a matter of convenience, but an enabler of participation in the broader Australian economy and society. Aviation is a critical driver of regional economic activity, underpinning tourism in remote destinations and enabling the resources sector to operate through the movement of fly-in fly-out (FIFO) workers. Ensuring that these communities have access to safe, affordable and sustainable air transport options is therefore an important consideration for policymakers.

While international aviation is an integral component of Australia's broader transport system, this submission concentrates on the domestic market, given its direct relevance to the inquiry's terms of reference and their significance for communities beyond the major cities.

Further information beyond what is outlined in this submission is available in the ACCC's quarterly airline competition reports and the associated supplementary data tables on our website.[1]

The ACCC's role in aviation

The ACCC is an independent Commonwealth statutory agency that promotes competition, fair trading and product safety for the benefit of consumers, businesses and the Australian community.

The ACCC's primary responsibilities are to enforce compliance with the competition, consumer protection, fair trading and product safety provisions of the *Competition and Consumer Act 2010* (CCA), regulate national infrastructure and undertake market studies.

The CCA also contains the Australian Consumer Law (ACL), which is enforced by state and territory ACL regulators alongside the ACCC under a one law, multi-regulator model.

The ACCC currently has the following roles specifically relating to the aviation industry:

- Conducting annual price and service quality monitoring of the 4 major airports (Brisbane, Melbourne, Perth and Sydney, collectively the 'monitored airports') under Part VIIA of the CCA and Parts 7 and 8 of the *Airports Act 1996*. This includes monitoring the prices, costs and profits of aeronautical and car parking services at those airports.

[1] Australian Competition and Consumer Commission (ACCC), Domestic airline monitoring, ACCC, accessed 3 December 2025.

- Monitoring and reporting quarterly on prices, costs and profits of domestic air passenger transport services. This role was given to the ACCC under a direction issued by the Treasurer in November 2023, which lasts until 31 December 2026. The direction aligns with a previous direction in effect from June 2020 to June 2023.
- Assessing proposed price increases by Sydney Airport (for regional air services) and Airservices Australia (Airservices) under the price notification regime contained within Part VIIA of the CCA.

The ACCC's monitoring activities have strengthened our understanding of the aviation sector and provide early visibility of emerging competition and consumer issues. This enables us to respond more quickly as concerns arise and ensures we are better informed when undertaking related investigations.

Competition issues may relate to conduct such as anti-competitive conduct on specific routes or exclusionary practices by firms with substantial market power that impede access to key facilities or services. Potential consumer issues include misleading or deceptive behaviour in ticket pricing and sales.

By way of examples, we note the following ACCC matters recently considered or investigated in the aviation sector.

In October 2024, the Federal Court ordered Qantas to pay $100 million in penalties following enforcement action by the ACCC.[2] The penalties were imposed because Qantas misled consumers by offering and selling tickets for flights it had already decided to cancel, and by failing to promptly tell existing ticketholders of its decision.

Separately, the ACCC investigated whether Qantas' entry and expansion on certain routes in competition with Rex in late 2020 and early 2021 was a misuse of market power in contravention of competition law. In closing the investigation, we noted that a range of factors impacted competitive dynamics at the time, particularly the COVID-19 related movement restrictions and border closures.[3]

In April 2023 the ACCC announced that it opposed the proposed intention by Qantas to acquire the remaining shares in Alliance Airlines, after acquiring a 19.9% holding in 2019.[4] Qantas and Alliance are key suppliers of air transport services to mining and resource companies who need to transport in FIFO workers to remote and regional locations in Western Australia and Queensland. The ACCC concluded that the proposed acquisition was likely to result in a substantial lessening of competition in charter air services.

The ACCC also has a role assessing applications from airlines who wish to work together in a way that may otherwise raise concerns under the competition provisions of the CCA. For example, in March 2025 the ACCC granted authorisation to Virgin Australia and Qatar Airways to allow them to engage in cooperative conduct under an integrated alliance for 5 years, doubling the frequency of flights between Doha and major Australian airports.[5] International alliances can help feed traffic onto domestic routes and therefore assist an airline to build scale.

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2 ACCC, *Federal Court orders Qantas to pay $100m in penalties for misleading consumers* [media release], 8 October 2024, accessed 3 December 2025.

3 ACCC (June 2022), Airline competition in Australia – June 2022 report, Australian Government, accessed 3 December 2025.

4 ACCC, *ACCC opposes Qantas' acquisition of Alliance* [media release], 20 April 2023, accessed 9 December 2025.

5 ACCC, *Virgin Australia and Qatar Airways integrated alliance authorized, doubling flights between Doha and Australia* [media release], 28 March 2025, accessed 9 December 2025.

2. State of the Australian aviation sector

This section of the submission considers the state of the Australian domestic aviation sector, including in relation to air services provided in regional and remote parts of the country. It considers:

- the number of routes offered across the network
- the number of passengers flown and seat capacity offered
- market structure and levels of competition
- airfares, and
- the reliability of services in terms of both flight cancellations and delays.

Box 1 A note on data used in this section

The data in this section is primarily drawn from data collected by the ACCC as part of its domestic airline monitoring function. Data is collected from Jetstar, Qantas, Rex and Virgin Australia. Data was also collected from Bonza for up to March 2024, even though it operated services until the end of April 2024.

This data does not include contributions from other smaller airlines, which are estimated to account for around 2.5% of total domestic seat capacity on regular public transport services. The data also does not include chartered air services.

In its monitoring, the ACCC identifies the following types of routes using the remoteness areas as defined in the ABS Australian Statistical Geography Standard Edition 3:

- major city routes: where both airports are major cities
- regional routes: where at least one airport is in regional Australia, but not remote
- remote routes: where at least one airport is in remote Australia.

Of the airports flown to by the airlines that provide data to the ACCC, 8 are defined as major city, 44 as regional, and 47 as remote. The major city airports are Adelaide, Brisbane, Canberra, Sunshine Coast, Melbourne, Gold Coast, Perth and Sydney.

In some cases, these classifications may differ from how people commonly view certain routes. For example, Hobart–Melbourne, Brisbane–Newcastle, Avalon–Sydney and Adelaide–Cairns are all considered regional routes under this system. Darwin and Hobart airports are considered regional airports.

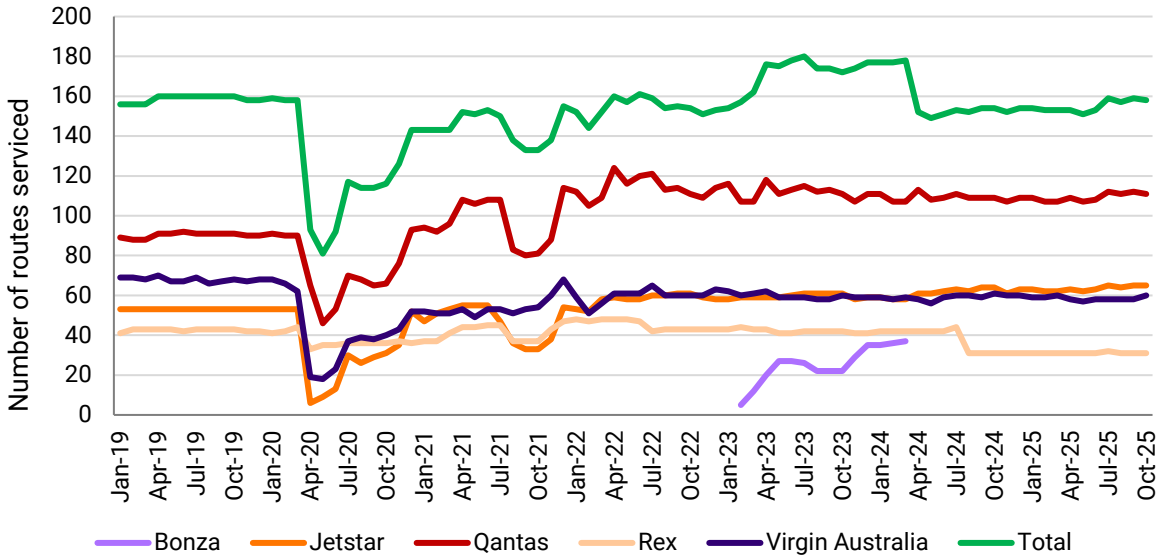
Further information on the classification of routes and airports can be found in the Appendix.

2.1. Number of routes and connectivity

The number of routes offered by domestic airlines is a key indicator of the connectivity available to consumers, particularly affecting regional communities. Limited direct connections can increase travel time and costs, making access to essential services, business opportunities, and leisure travel more difficult for these areas.

Figure 1 shows the number of domestic routes operated by the monitored airline groups since January 2019. The chart shows how the level of connectivity is generally stable from month to month, although it went through a dynamic period following the pandemic. As of October 2025, there were 158 routes in operation, 2 fewer than prior to the pandemic in October 2019.

Figure 1: Number of domestic routes operated by airlines – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

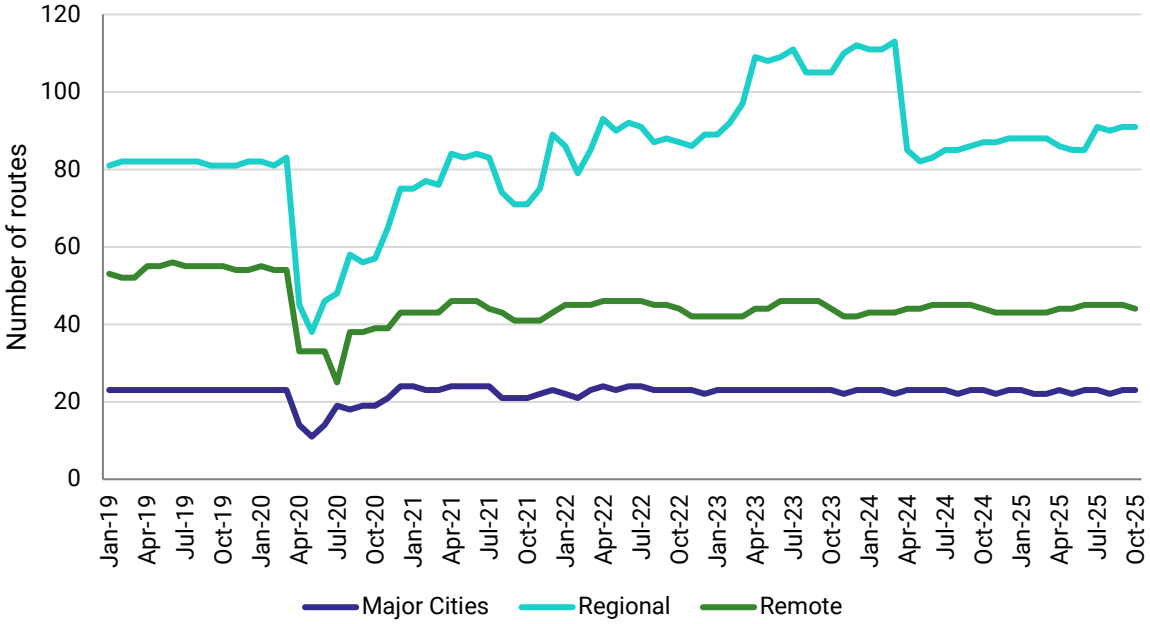
Note: Routes with less than 7 monthly flights are excluded from the total number of routes.

Qantas, including its regional brand QantasLink, operates by far the largest domestic network, and had 111 routes in October 2025. This was followed by Jetstar with 65, Virgin Australia with 60, and Rex with 31. The number of routes operated by Rex declined when it entered voluntary administration at the end of July 2024 and abandoned its expansion on to major intercity routes.

The total number of domestic routes increased notably during 2023 with the commencement of services by budget leisure airline Bonza, which sought to stimulate new routes with low fares. The number of domestic routes reached a high of 180 in July 2023. This growth in the level of connectivity was short-lived however, with the airline entering voluntary administration in April 2024.

Figure 2 shows the distribution of routes operated by the monitored airlines across major city, regional and remote categories. In October 2025 there were 23 major city routes, 91 regional routes, and 44 remote routes. The number of regional routes has been quite volatile over the almost 7-year period, reflecting both the entry and exit of Bonza, but also other airlines (particularly Jetstar) testing out demand on new routes to regional centres.

Figure 2: Number of domestic routes by route type – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: Routes with less than 7 monthly flights are excluded from the total number of routes.

There were around 55 remote routes immediately prior to the pandemic in 2019, but this number has since stabilised at around 45. The main reason for this reduction was Virgin Australia's revised business strategy after coming out of voluntary administration in 2020, in which it sought to consolidate its fleet around Boeing 737 jet aircraft suited to flying busier routes.

Rex has continued to operate 31 regional and remote routes since it exited major city jet routes in July 2024. Rex competed with Qantas on 14 of the 31 routes. It was the sole operator on the remaining 17 routes.

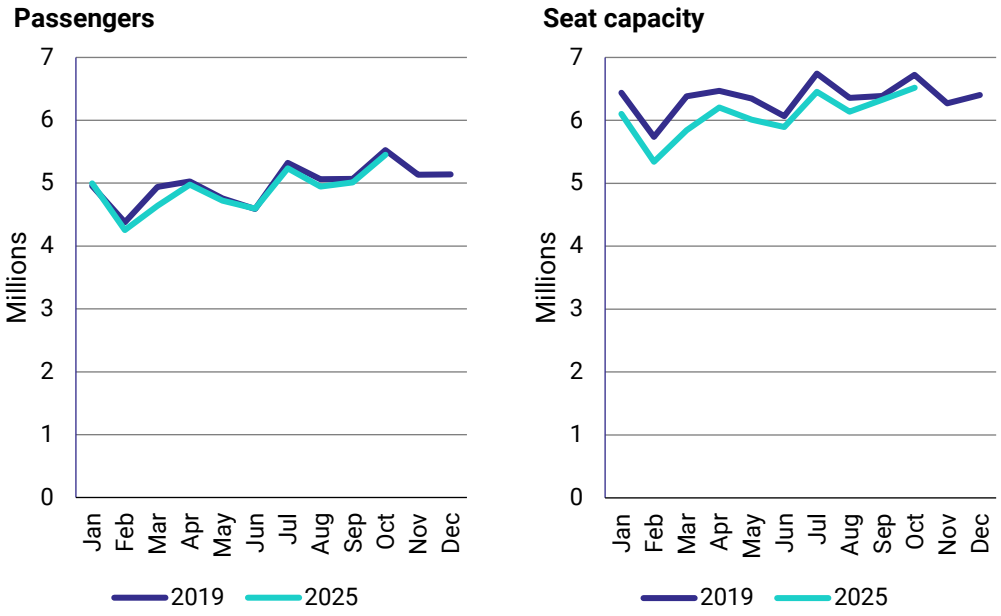
Some state governments protect and subsidise the operation of flights on certain regional and remote routes to ensure accessibility and connectivity to and from those communities. Rex has arrangements with the Queensland and Western Australian governments to fly certain regional routes exclusively (regulated routes). As of October 2025, there were 9 regulated routes (one regional route and 8 remote routes) flown by Rex.

2.2. Number of passengers and seat capacity

Passenger numbers and seat capacity indicate both demand for air travel and whether airlines are meeting it with adequate connectivity, services, and pricing. It also reflects the aviation sector's contribution to economic activity.

Figure 3 compares both domestic passenger numbers and seat capacity for the monitored airlines for both 2019 and 2025 (to date). The chart depicts these measures by month because of the clear seasonal trends in both sets of data.

Figure 3: Monthly number of domestic passengers and seat capacity — 2019 and 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

The left chart shows that domestic passenger numbers in 2025 are broadly consistent with those in 2019. October is typically a peak month for air travel, and in October 2025 the monitored airlines carried 5.45 million passengers. While it is positive that the industry has effectively recovered to pre-pandemic passenger levels, this figure remains noticeably below what might be expected given the significant population growth over the same period. Australia's population in March 2025 was 9.0% higher than in March 2019.[6]

One explanation for why the number of passengers has not recovered to a level more commensurate with population growth could be a structural change in demand, where some business travel has been replaced by online meetings. This is consistent with views from airlines, and the fact that the business-reliant routes connecting Sydney, Melbourne and Brisbane have not recovered passenger levels while leisure-based routes have typically grown strongly.

But it may also relate to the supply side of the industry. The right side of Figure 3 shows that the seat capacity operated by the monitored airlines continues to trail behind 2019 levels. In October 2025 the monitored airlines carried 6.52 million seats, 3.0% fewer than the number of seats in October 2019. The disparity was as high as 8.4% in March 2025.

The primary reason for the fall in seat capacity over this period was the closure of Virgin Australia's low-cost carrier, Tigerair. In June 2019, Tigerair accounted for 398,000 domestic seats. In addition, Rex has reduced seat capacity by 24.5% (68,000 seats) since October 2019. Rex exited a number of regional and remote routes since 2020, and has reduced capacity on its remaining regional and remote routes after it entered administration in July 2024.

However, only some of the capacity vacated by Tigerair has been picked up by other airlines. The remaining low-cost carrier Jetstar has added the most capacity, increasing seats by

[6] Australian Bureau of Statistics (March 2025), *Population and components of change – national* [time series spreadsheet], National, state and territory population, accessed 27 November 2025.

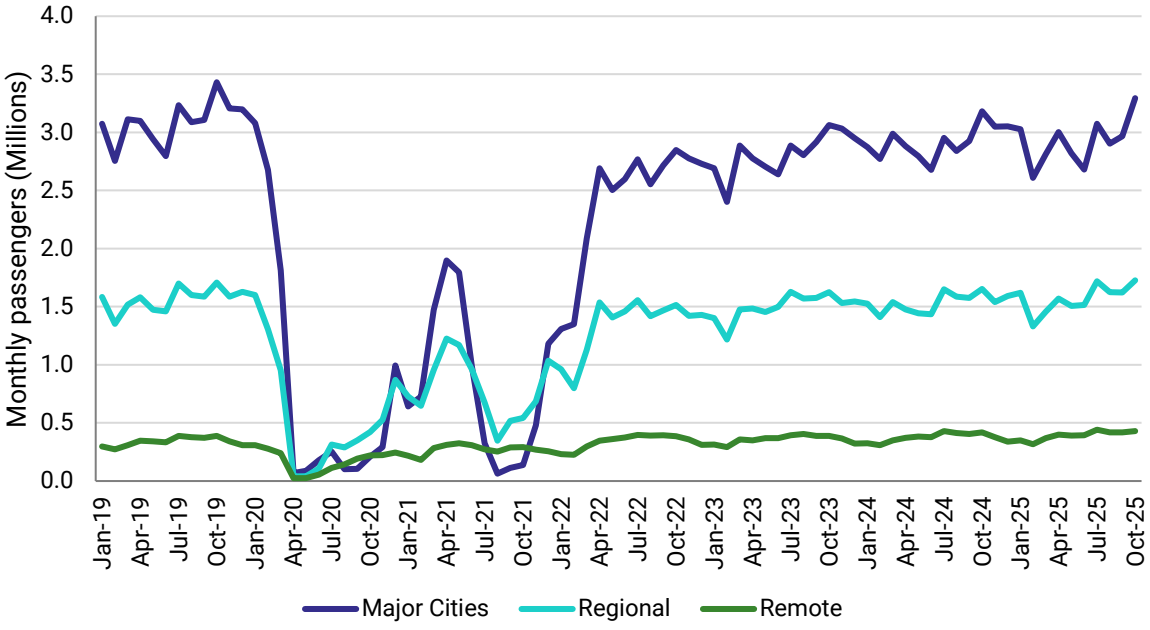
12.8% (or 187,000 seats) from October 2019 to October 2025. Virgin Australia increased seat capacity by 3.6% (71,000 seats) over this period, and Qantas increased capacity by 1.6% (41,000 seats).

Jetstar's faster capacity growth compared with Qantas likely reflects strategic and market factors, including opportunities created by Tigerair's exit and stronger post-pandemic demand for leisure travel. This suggests the Qantas Group has focused expansion on the price-sensitive budget segment rather than the premium market.

The COVID-19 pandemic has impacted on the global supply chain, resulting in aircraft delivery and maintenance delays. These impacts may have slowed domestic capacity growth affecting both the Qantas Group and Virgin Australia. Airlines have managed these constraints by extending wet-lease contracts and using older aircraft, although delivery delays have eased somewhat recently.

Figure 4 shows the distribution in number of passengers carried by the monitored airlines based on route type. By far the most passengers flew on major city routes. In October 2025, 3.3 million passengers flew on these routes, representing 60.4% of the total. Regional routes accounted for 1.7 million passengers (31.7%) and remote routes accounted for 430,000 passengers (7.9%).

Figure 4: Monthly passengers by route type – January 2019 to October 2025



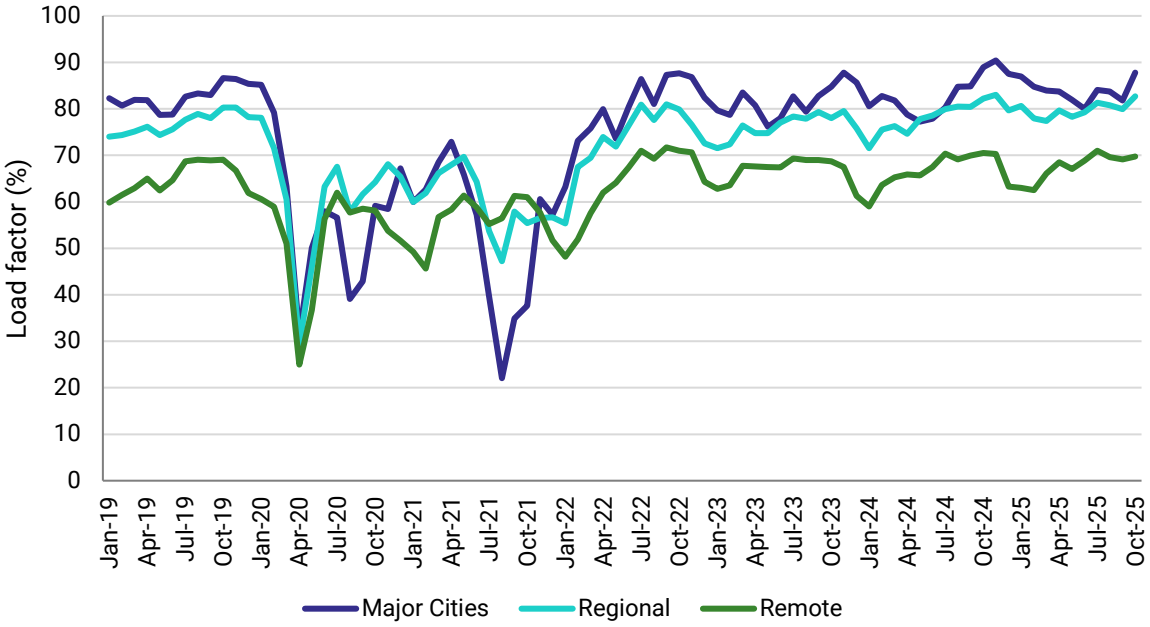
Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

The number of passengers on remote routes was 11.2% higher in October 2025 than it was in October 2019. The number of passengers on regional routes did not change much over this period (+1.2%), while passengers on major city routes fell by 4.0%.

Figure 5 shows the proportion of seats that were filled by passengers—known as load factor—by different route categories. Load factors for major city routes have generally fluctuated between 80-88% depending on the time of year. Load factors on regional routes have hovered around the 80% mark. In contrast, flights on remote routes have a higher proportion of empty seats, with typical load factors in the high 60s. All three route categories

are recording slightly higher load factors than in 2019, reflecting the relatively slower recovery in seat capacity since the pandemic.

Figure 5: Monthly load factor by route type – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

2.3. Market structure and competition

Australia's domestic airline services remain highly concentrated, with economies of scale and other structural factors creating substantial barriers to entry that tend to advantage the large incumbent airline groups (see Box 2). Recent developments, including Rex's unsuccessful expansion onto intercity routes and Bonza's exit from budget leisure markets, highlight the challenges new or smaller carriers face in establishing a sustainable presence.

Box 2 Key barriers to entry in the Australian domestic airline industry

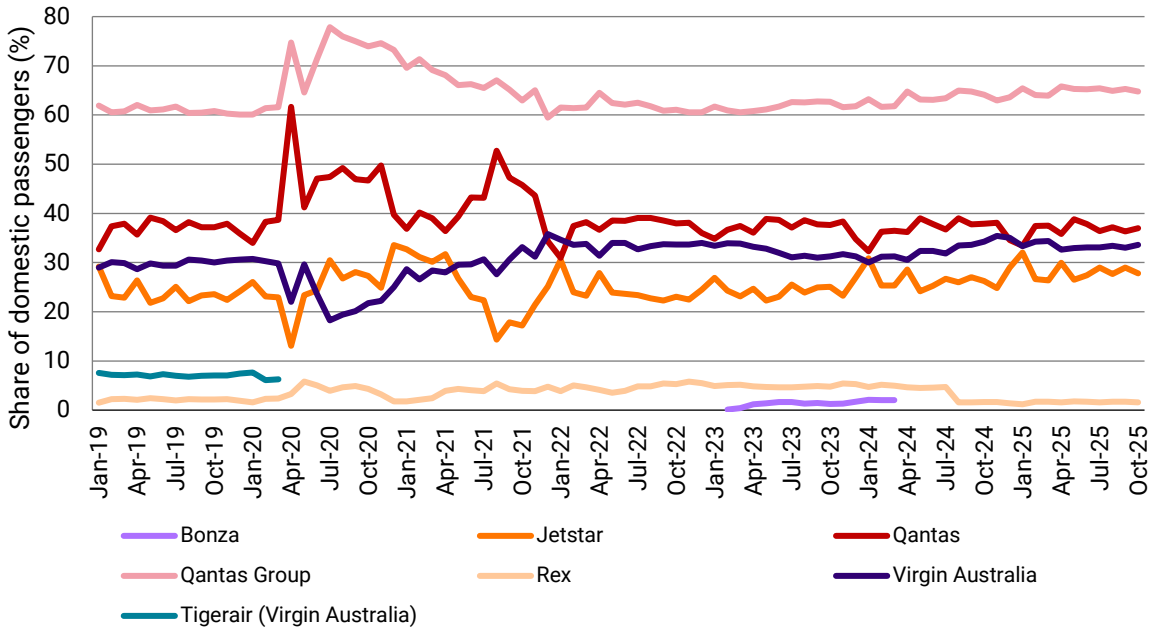
1. *Economies of scale* – Incumbents like Qantas and Virgin Australia spread high fixed costs across large fleets, networks, and passenger volumes, creating cost advantages difficult for new entrants to match.
2. *Airport access* – Limited peak-period slots and terminal space at major airports, particularly Sydney, restrict entry and expansion on key routes.
3. *Brand and loyalty* – Established carriers have strong reputations and large frequent flyer programs, generating customer stickiness that new entrants cannot easily replicate.
4. *Corporate market entrenchment* – Long-standing corporate contracts and negotiated agreements favour incumbents, as these airlines are able to offer schedule breadth and reliability that small entrants cannot match.
5. *Network and fleet integration* – Large, integrated networks support passenger feed across routes and efficient aircraft utilisation, reducing operational risk.

6. *Regulatory approvals* – CASA safety and operational assessments extend start-up timelines and require significant resources.
7. *Capital intensity* – High upfront investment in aircraft, staff, and systems, combined with financing challenges, makes market entry risky.
8. *Behavioural responses of incumbent airlines* – responsive changes to capacity, routes serviced and airfares by incumbents can impact the planning for, and viability of, new entry.

The domestic airline sector is highly concentrated

Figure 6 illustrates the highly concentrated nature of Australia's domestic airline sector by showing the passenger market shares of the monitored airlines. Benefiting from its legacy advantages as one of the first domestic airlines permitted to operate in Australia, Qantas has consistently been the largest domestic airline for over 2 decades. The chart shows that the Qantas share of domestic passengers has largely remained in the 35-39% range. It accounted for 37.0% of domestic passengers in October 2025.

Figure 6: Airline passenger market shares across all domestic routes – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

A key aspect of the concentrated nature of the Australian domestic airline sector is the combined ownership of both Qantas and Jetstar within the Qantas Group. Together, the 2 airlines accounted for 64.8% in October 2025. This number is higher than it was immediately prior to the pandemic in 2019 and has been trending upwards over the past 2 years. This upward trend has been driven by the expansion of Jetstar, which accounted for 27.8% of domestic passengers in October 2025. In contrast to Qantas, Jetstar increases its share of passengers during school holiday periods, when a greater proportion of travel is leisure based.

Virgin Australia has maintained about one third of domestic passengers. As of October 2025, Virgin Australia flew 33.6% of domestic passengers. The domestic aviation sector has long been characterised as a duopoly—Qantas Group and Virgin Australia carried 98.4% of the domestic passengers in the ACCC's data.

As the third largest airline group in Australia, Rex increased its market share in the years following the pandemic when it expanded beyond its purely regional operations and introduced services on major city routes. It accounted for 5.8% of passengers in November 2022, but this declined notably after the airline entered voluntary administration in July 2024 and exited major city routes. Its market share has dropped further as it has struggled with accessing parts for its ageing fleet of Saab turboprops. While Rex is now in the process of coming out of administration as a result of a sale to Air T, it accounted for just 1.6% of domestic passengers in October 2025.

Box 3 Rex and Bonza represented a chance for a more competitive domestic aviation sector

Rex's expansion onto major city routes in 2021 and Bonza's entry into the domestic market in 2023 represented an opportunity to introduce greater competition.

Following Virgin Australia's entry into voluntary administration in 2020, Rex leased Boeing 737 aircraft and began services between Sydney and Melbourne, later expanding to Adelaide, Brisbane, Cairns, Canberra, the Gold Coast, and Perth. Rex's entry had a noticeable effect on airfares. The ACCC's March 2022 Domestic Airline Competition in Australia report showed a 25% drop in industry revenue per passenger on key routes, including Sydney–Melbourne and Melbourne–Gold Coast, in the weeks following Rex's arrival.

Despite this impact, Rex ceased its major city operations when it entered voluntary administration in July 2024. Administrators cited pilot shortages and supply chain issues as key factors which led Rex to accrue significant debt. Rex's decision to expand to intercity routes may have been more successful if Virgin Australia had not successfully returned to operation under Bain Capital's ownership.

In contrast to Rex, Bonza entered the market in 2023 as a low-cost carrier, targeting underserved regional and domestic routes. By the time it went into voluntary administration in April 2024, it serviced 30 exclusive routes and competed on 7 others. Bonza may have expanded to challenge major city routes had it succeeded.

Several factors have been suggested for Bonza's failure, including the size of its Boeing 737 aircraft being unsuitable for the thinner routes flown, funding issues, fleet expansion challenges, and time required for securing regulatory clearances.

The collapses of Rex and Bonza underscore the significant barriers to entry and expansion in the Australian domestic market. While reports suggest that a new airline, Koala Airlines, may enter the market in 2026, details remain limited.

A highly concentrated market with high barriers to entry and expansion is unlikely to exhibit strong levels of competition. A feature of the Australia domestic aviation sector that may be exacerbating this outcome is the increasing level of customer segmentation by airlines. Prior to the pandemic, Australians benefitted from both Qantas and Virgin Australia competing directly as full-service carriers, while Jetstar and Tigerair (owned by Virgin Australia) competed directly for budget leisure travellers.

Today, the airlines' strategies appear to focus on discrete customer segments in the market. Qantas is the dominant provider for premium and corporate customers, while Virgin Australia has repositioned itself to focus on the middle by targeting value-conscious

customers. Jetstar is now the only low-cost carrier after Tigerair ceased operations in 2020. While passengers may be more readily able to find a product offering that meets their needs, they are also likely missing out on benefits of more intense competition for the same customer segment.

Further, the 2 largest airline groups now appear to have a different strategy to the early–mid 2010s when both engaged in intense capacity expansion and fare discounting to win market share. This earlier period of aggressive rivalry subsided after around 2014–15, when Qantas publicly withdrew from its domestic capacity-growth strategy and abandoned its 65 per cent market-share target, signalling an end to the "capacity wars."[7] Since then, public statements and financial disclosures indicate a clearer strategic emphasis on yield management and profitability, including a focus on maintaining strong margins in both full-service and budget segments.

The combination of a highly concentrated domestic market, high barriers to entry, increasing market segmentation, and reduced rivalry between airlines has likely resulted in consumers paying more to fly than they would otherwise.

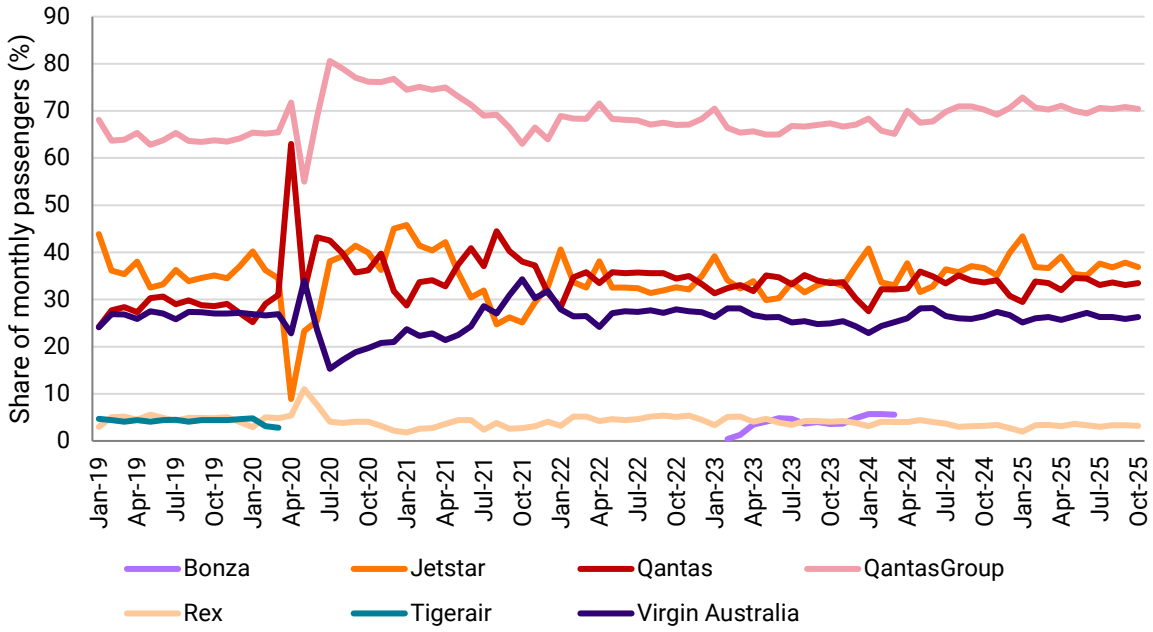
Qantas Group accounts for a higher proportion of passengers on regional and remote routes

The Qantas Group accounts for even higher proportions of passengers on regional and remote routes, although the market structure for these routes look quite different from each other. The Appendix provides a list which shows whether each route is considered to be major city, regional or remote.

Figure 7 shows the monitored airline market shares for regional routes. Collectively, the Qantas Group now accounts for just above 70% (70.4% in October 2025), up from around 64-65% in 2019, prior to the pandemic. Jetstar services a similar or greater share of passengers to Qantas on regional routes, whereas Qantas services a greater share of passengers across all domestic routes. In October 2025, Jetstar flew 36.9% of passengers on regional routes, while Qantas accounted for 33.5%.

7 J Freed 'Qantas waves white flag in domestic capacity war', *Australian Financial Review*, 22 May 2014.

Figure 7: Airline passenger market shares on regional routes – January 2019 to October 2025

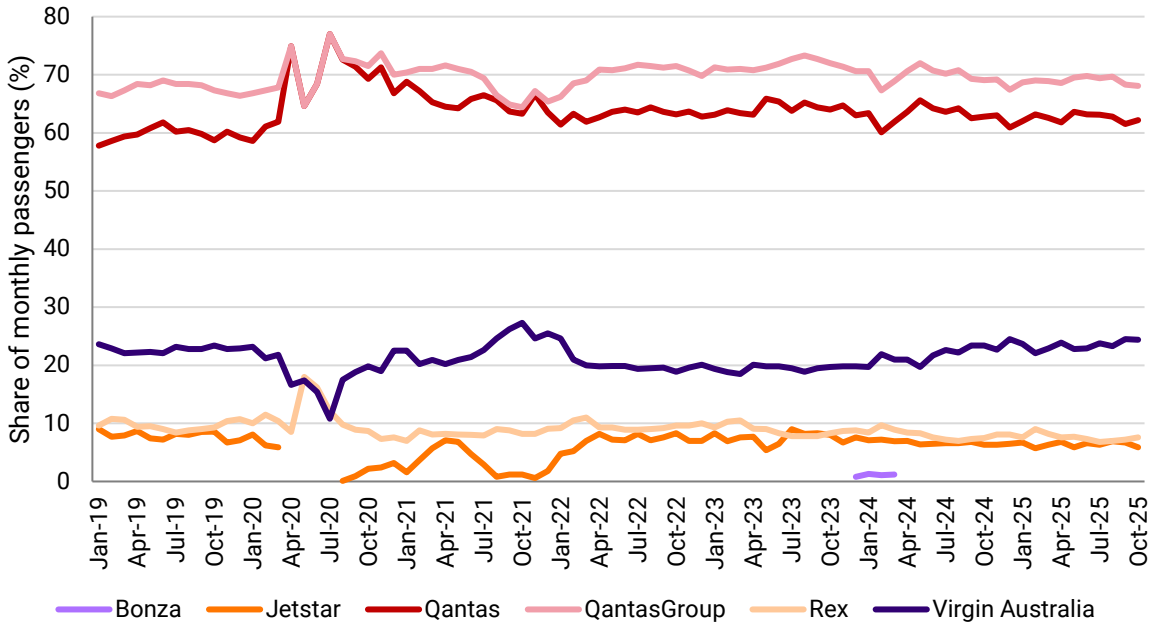


Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Virgin Australia accounted for 26.3% of passengers on regional routes in October 2025. Rex flew 3.2%, which is double its share on all domestic routes.

While the market structure for regional routes looked somewhat similar to the chart for all domestic routes, Figure 8 shows a very different market structure for remote routes. Qantas, most likely through its QantasLink brand, dominates this part of the sector. It has consistently flown almost two-thirds of all passengers on these routes, with 62.2% in October 2025. Jetstar only accounted for 5.9% of passengers, bringing the Qantas Group total to 68.1%.

Figure 8: Airline passenger market shares on remote routes – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Virgin Australia accounted for 24.4% of remote passengers in October 2025. Many of these passengers would have flown on its Virgin Australia Regional Airline (VARA) brand, which mainly operates in Western Australia and includes FIFO services for the mining sector.

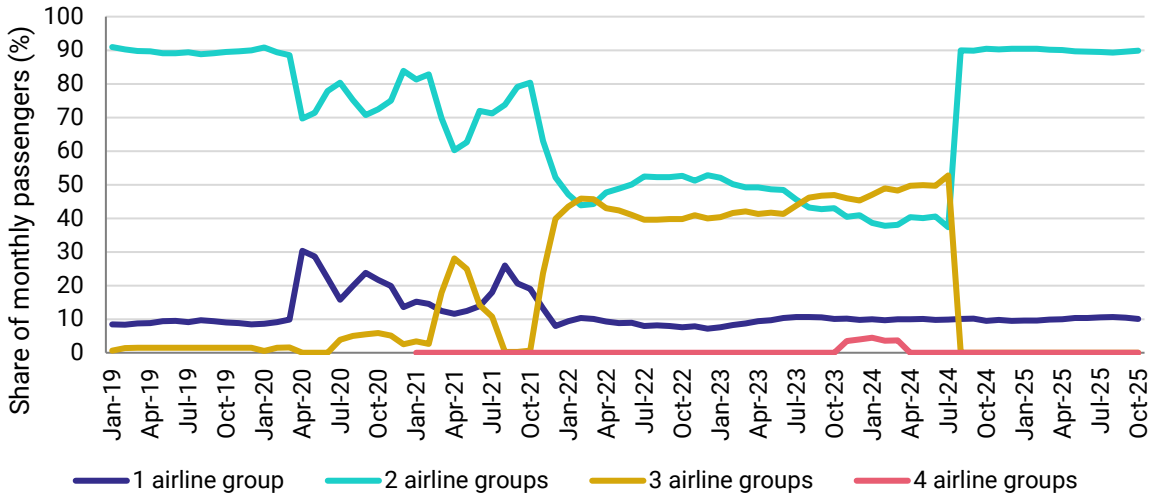
Rex only accounted for 7.6% of passengers on remote routes. This reflects both Rex's small aircraft and how Rex's routes are some of the smallest in terms of passenger numbers, included those under contract with state governments.

A vast majority of passengers fly on routes with 2 competing airline groups

The level of competition differs among domestic routes because some are flown by more airlines than others.

Figure 9 shows the respective share of passengers carried by airlines on domestic Australian routes with 1, 2, 3 and 4 different airline groups. We use airline groups for this purpose because we do not consider that the 2 Qantas Group airlines, Qantas and Jetstar, to be in competition with each other.

Figure 9: Share of passengers on routes serviced by 1, 2, 3 and 4 airline groups – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: Potential airline groups are the Qantas Group (including Jetstar), Virgin Australia, Rex and Bonza (up to March 2024).

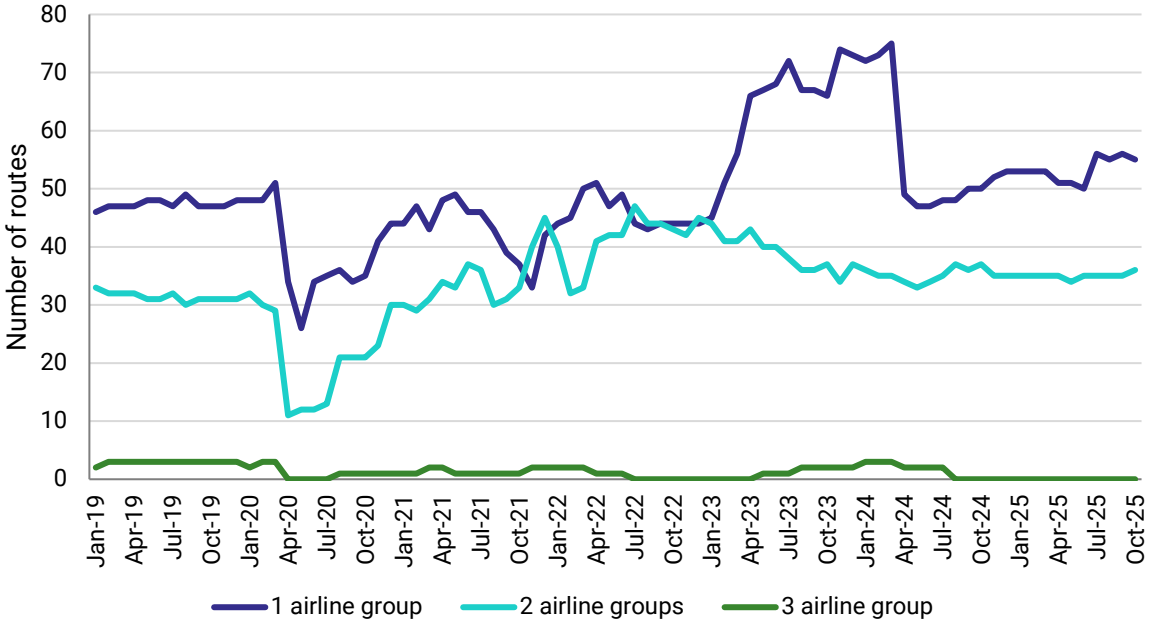
The chart illustrates certain developments within the domestic airline sector over this period. In 2019, there was strong stability with broadly 90% of passengers flying on routes with competition between 2 airline groups, and most of the routes with just a single airline group. This began to change in 2021, when Rex began to challenge Qantas Group and Virgin Australia on busy intercity routes.

Between December 2021 and July 2024, the proportion of domestic passengers that travelled on routes that were serviced by 3 competing airline groups ranged between 40% and just over 50% each month. From November 2023 to April 2024, for the first time there was a route (Melbourne—Gold Coast) that was serviced by 4 competing airline groups, representing around 4% of domestic passengers.

The chart shows that this did not last. Bonza ceased all operations at the end of April 2024, while Rex abandoned its intercity operations at the end of July 2024. From that point onwards, once again approximately 9 in 10 passengers flew on routes with 2 competing airline groups, and the rest flew on a route with a single airline group.

Figure 10 shows the number of regional routes with 1, 2 and 3 airline groups. This distribution has shown a fair degree of volatility over the period. It has been most common to have only a single airline group operating on a regional route. The reason for the spike in the number of these routes between early 2023 and April 2024 was Bonza, which generally serviced completely new routes to and from regional centres. In October 2025, there were 55 regional routes with one airline group, while the remaining 36 regional routes had 2 airline groups.

Figure 10: Number of airline groups on regional routes – January 2023 to October 2025

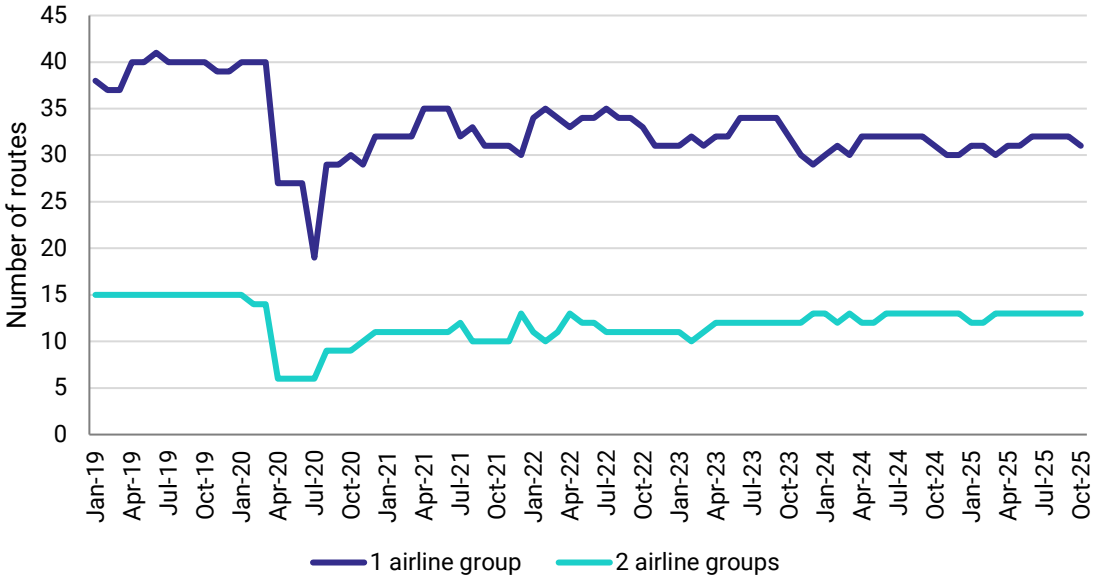


Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: Potential airline groups are the Qantas Group (including Jetstar), Virgin Australia, Rex and Bonza (up to March 2024).

Figure 11 is the equivalent chart for remote routes. As mentioned earlier, there has been a reduction in remote routes over this period, as Virgin Australia has reduced its operations in these areas. There were fewer routes of both one (31 routes) and 2 airline groups (13 routes) in October 2025 than there were in 2019.

Figure 11: Number of airline groups on remote routes – January 2023 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: Potential airline groups are the Qantas Group (including Jetstar), Virgin Australia, Rex and Bonza (up to March 2024).

2.4. Airfares

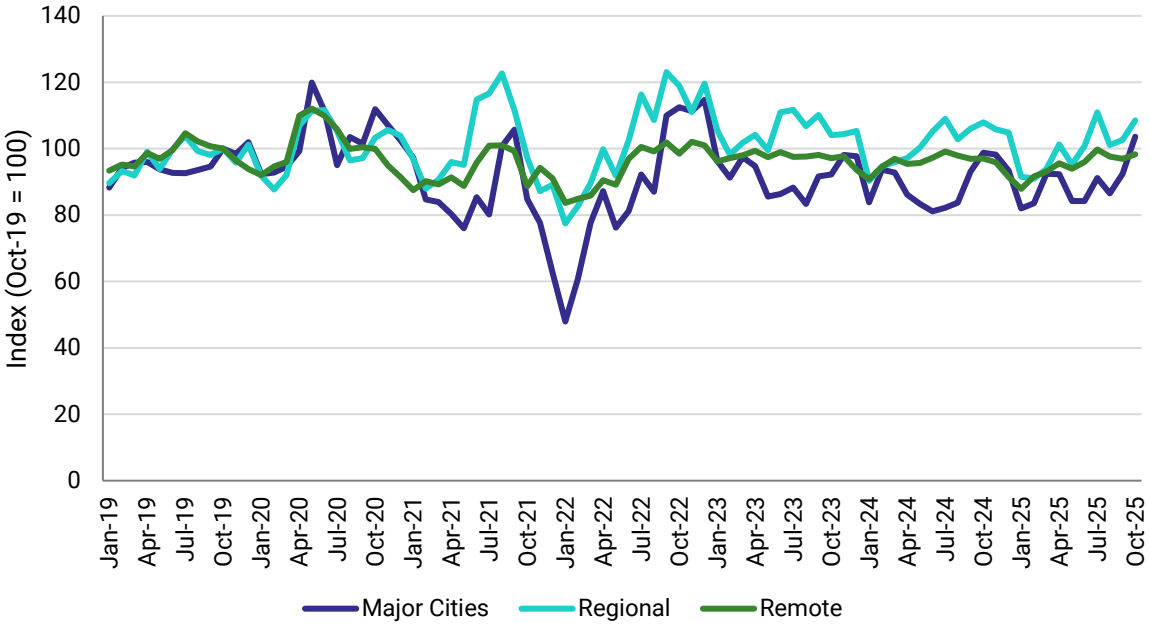
Airlines have a lot of flexibility regarding how they set their airfares. Most use dynamic pricing, meaning airfares will fluctuate based on real time factors such as demand and supply. The lack of effective competition in the sector means that there is less incentive for airlines to reduce ticket prices.

Trends in airfares

Average revenue per passenger is a useful proxy for average airfares paid by passengers. The metric reflects movements in airfares across all types of domestic tickets and fare classes.

Figure 12 shows the real average revenue per passenger index since January 2019 by route type (major city, regional and remote).

Figure 12: Index of average fare revenue per passenger by route type – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: (1) Average revenue per passenger includes both economy and business fare revenue. It excludes data associated with ancillaries, such as baggage fees, fees for seat selection and food and drink sold on board. (2) Data has been adjusted for inflation using ABS CPI quarterly data up to September 2025.

Since 2023, average airfares have returned close to pre-pandemic (2019) levels when adjusted for inflation, with some month-to-month fluctuations. In the 6 months to October 2025, the real revenue per passenger index was 1.6% lower on average compared to the 6 months to October 2019.

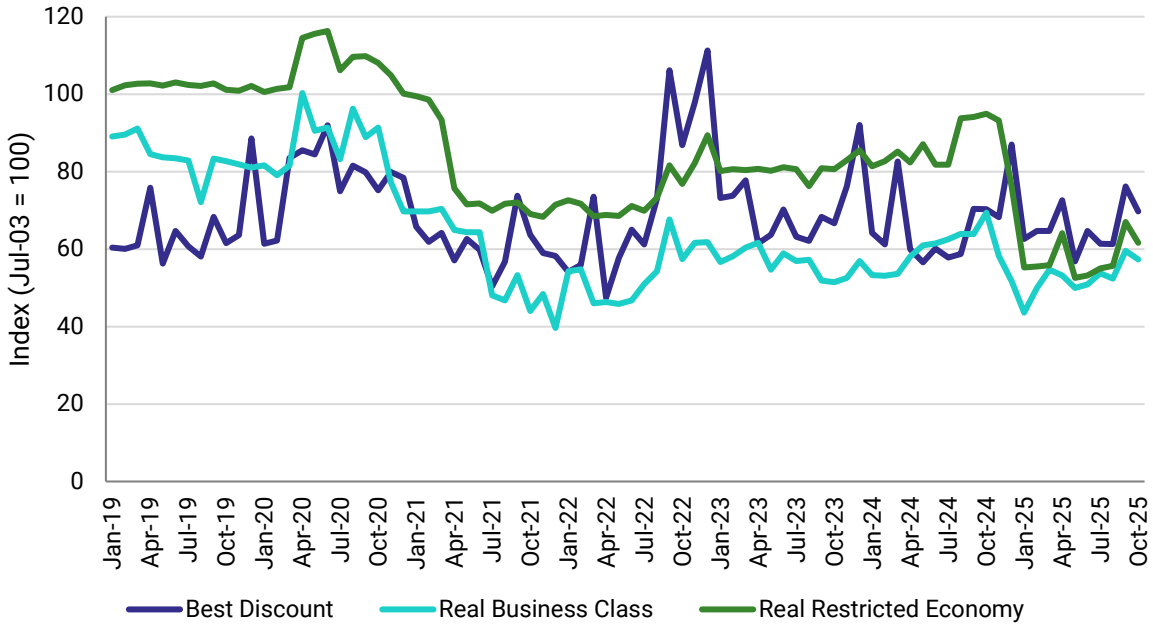
Real average airfares were close to 2019 levels despite a fall in fuel prices. Real jet fuel prices were 5.2% lower on average in the 6 months to October 2025 compared to the 6 months to October 2019, and Brent crude oil prices were 9.0% lower.

The revenue per passenger index in nominal terms however was 21.9% higher over the same period, reflecting the high inflationary environment post-pandemic.

On regional routes, real average airfares have increased when compared to pre-pandemic levels. In the 6 months to October 2025, the real revenue per passenger index was 4.1% higher on average on regional routes compared to the 6 months to October 2019. Meanwhile, the average revenue per passenger index was lower on major city routes (-4.4%), and remote routes (-3.6%) over the period.

Figure 13 shows alternative airfare data reported by BITRE. BITRE produces different price indices for best discount fares, restricted economy fares and business fares. It calculates the price indices by looking for the cheapest available airfare of that type on a route, across any airline, for the last Thursday of the month. Best discount refers to the cheapest fares excluding baggage surcharges. Restricted economy refers to flexible fares.

Figure 13: BITRE real cheapest airfare index, by airfare type – January 2019 to October 2025



Source: BITRE Domestic Air Fares index. The price index is weighted across the 70 busiest domestic routes.

Similar to real average airfares, BITRE's real best discount airfares spiked in 2022 and 2023 when air travel returned. For example, the index was 25.6% higher in December 2022 compared to December 2019. The index has fallen since, however remains above 2019 levels. In the 6 months to October 2025, BITRE's real best discount airfares index was 5.6% higher than compared to the 6 months to October 2019.

BITRE's restricted economy index and business index both decreased following the COVID-19 pandemic and remained low until 2024.

Both the restricted economy index and business index then fell again after November 2024. The reason for the fall in 2024 is due to a structural change in Virgin Australia's airfare offering implemented in November 2024. Virgin Australia made changes to its fare structures which gave customers more pricing options across the Economy fare brands (Lite, Choice and Flex fares), offering Lite and Choice fares across a longer booking period up to the day of departure (subject to availability), and offering the availability of more

affordable Flex fares further in advance of the day of departure.[8] The restricted economy fare index was 35.1% lower in October 2025 compared to October 2024.

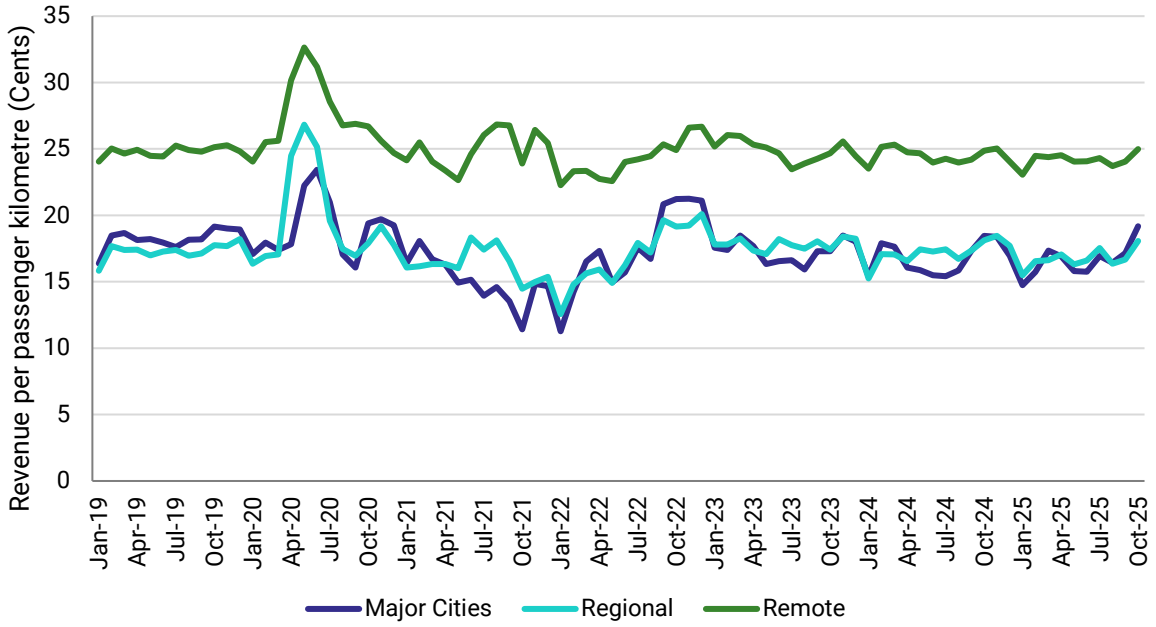
Difference in airfares for major city, regional and remote routes

Averages airfares may differ by route and route type due to a range of factors including differences in cost, demand, and competitive dynamics.

It can be useful to control for distance when comparing the average airfares of different route types. This is because major city routes are on average longer than regional and remote routes, and all other things being equal, longer flights will involve greater fuel and labour costs.

Figure 14 shows average fare revenue per passenger per kilometre by route type (major city, regional and remote) in real terms. It shows that it costs passengers significantly more on average to fly on remote routes than it does on major city and regional routes. In October 2025, real average revenue per passenger collected by the monitored airlines for remote routes was around 25 cents per kilometre. This compares to around 19 cents per kilometre for major city routes and 18 cents per kilometre for regional routes.

Figure 14: Average fare revenue per passenger kilometre by route type in real terms – January 2019 to October 2025



Source: ACCC calculations using data collected by the ACCC from Bonza (up to March 2024), Jetstar, Qantas, Rex and Virgin Australia.

Note: (1) Average revenue per passenger includes both economy and business fare revenue. It excludes data associated with ancillaries, such as baggage fees, fees for seat selection and food and drink sold on board. (2) Data has been adjusted for inflation using ABS CPI quarterly data up to September 2025.

Average airfares per kilometre for each type of route are broadly the same as they were in 2019. This means the price disparities between major city, regional and remote routes have not changed in a meaningful way.

[8] ACCC, *Domestic airline competition in Australia - May 2025*, ACCC, Australian Government, accessed 29 July 2025.

Why airfares are more expensive on remote routes

Airfares on remote routes are typically higher than those on major city routes for several structural reasons that shape the cost base, demand profile and competitive dynamics of these markets. Their combined effect means that remote communities often face comparatively limited choice and higher prices for air travel.

First, airlines serving remote routes are unable to access the economies of scale that are available on high-volume trunk routes between major cities. On busy capital-city routes, airlines can operate larger aircraft with high seat capacity, spreading fixed costs over a much larger passenger base, and schedule flights at a higher frequency to maximise aircraft utilisation. In contrast, remote routes often involve smaller aircraft and fewer opportunities to improve productivity through frequency or fleet optimisation. These structural scale limitations increase the average cost of providing each seat, which is then reflected in the fares offered to passengers.

Second, demand on remote routes is generally lower, which typically results in a higher proportion of empty seats on a flight relative to those on other services, despite the smaller aircraft typically used on remote routes. For example, in October 2025, the average load factor on major city routes was 87.8%, followed by regional routes at 82.7%, and remote routes at 69.8%. Because airlines' costs are largely related to operating the flight, regardless of how many passengers are on the flight, these lower load factors significantly increase the effective cost per passenger. Airlines serving remote markets therefore need to recover their costs from a smaller customer base, which contributes to higher airfares.

Third, many remote routes have limited or no competition. A single airline may be the only operator on a route due to the small passenger base, high entry costs, limited airport infrastructure, or the commercial viability challenges associated with serving thin markets. Where competition is absent or limited, airlines may face reduced pressure to constrain fares. Conversely, on major city routes, multiple airlines often compete on price, frequency, service quality and loyalty benefits, which places downward pressure on fares. Research published by the Australian Treasury has shown a clear relationship between the number of airlines operating on a route and the fares paid by passengers, with increased competition associated with lower prices (see Box 4).

Box 4 Treasury study of the impact of competition on airfares

A 2024 study by the Australian Treasury found a clear link between the number of airlines on a route and lower airfares.[9] Routes with more carriers experience significantly lower prices, with the addition of one airline typically reducing fares by 5–10%. Routes served by a single airline averaged around 39.6 c/km, falling to 28.2 c/km with 2 airlines and 19.2 c/km with three, highlighting the strong consumer benefits of competition. Even the potential for new entrants can exert downward pressure on fares, particularly on regional or less-served routes.

Overall, Treasury estimates that competition in domestic aviation has delivered consumer welfare benefits of A$27–35 billion over the past 14 years, equivalent to savings of roughly A$60 per return trip, or A$240 for a family of four. The findings underline that

[9] O Majeed, R Breunig and A Domazet (2024), *How competition impacts pricing: The Australian aviation sector*, Treasury, Australian Government, accessed 3 December 2025.

competitive, well-functioning domestic aviation not only lowers prices but also restrains fare growth over time, demonstrating the value of maintaining effective market rivalry.

Finally, the cost environment in regional aviation can also be higher. Some regional airports have higher per-passenger charges because their fixed costs must be recovered from a much smaller volume of travellers.[10] Other factors, such as additional costs of maintaining services to remote locations, more expensive transportation of fuel either on the aircraft or to a remote airport, specialised fleet types, or operational challenges associated with weather and infrastructure, can further increase the cost of providing air transport to regional Australia.[11]

These factors help explain why remote routes tend to have higher fares than busy metropolitan routes, even when distances are similar.

On thin remote routes, competition and economies of scale can operate in tension. While the presence of 2 airlines on a route can introduce competitive pressure that may help constrain airfares, splitting a small passenger base across multiple operators can further dilute load factors and increase per-passenger costs. This dynamic has led some state governments to regulate certain routes by allocating exclusive operating rights to a single airline through a competitive tender process. This is discussed further in section 4.

2.5. Reliability of services

Reliable airline services with low rates of cancellations and delays are essential to ensuring that passengers can plan travel with confidence and that Australia's aviation network functions effectively. This reliability is especially critical for people living outside major cities, where limited service frequency and fewer alternative transport options mean that disruptions have far greater consequences.

Some factors that lead to cancellations and delays are within an airline's control, including aircraft maintenance and readiness, crew scheduling and availability, and operational planning. Factors outside of an airline's control may include adverse weather conditions, air traffic control, and airport infrastructure issues.

The Bureau of Infrastructure and Transport Research Economics (BITRE) collects and publicly reports on airline service reliability.[12] Domestic airline performance has generally improved over 2024 and 2025, after several years of poor performance following the COVID-19 pandemic.

Cancellation rates

Figure 15 shows the monthly cancellations rates of the monitored airlines and the industry averages. Figure 16 shows the monthly cancellation rates of select regional airlines and the industry averages. A flight is regarded as a cancellation if it is cancelled or rescheduled less than 7 days prior to its scheduled departure time.

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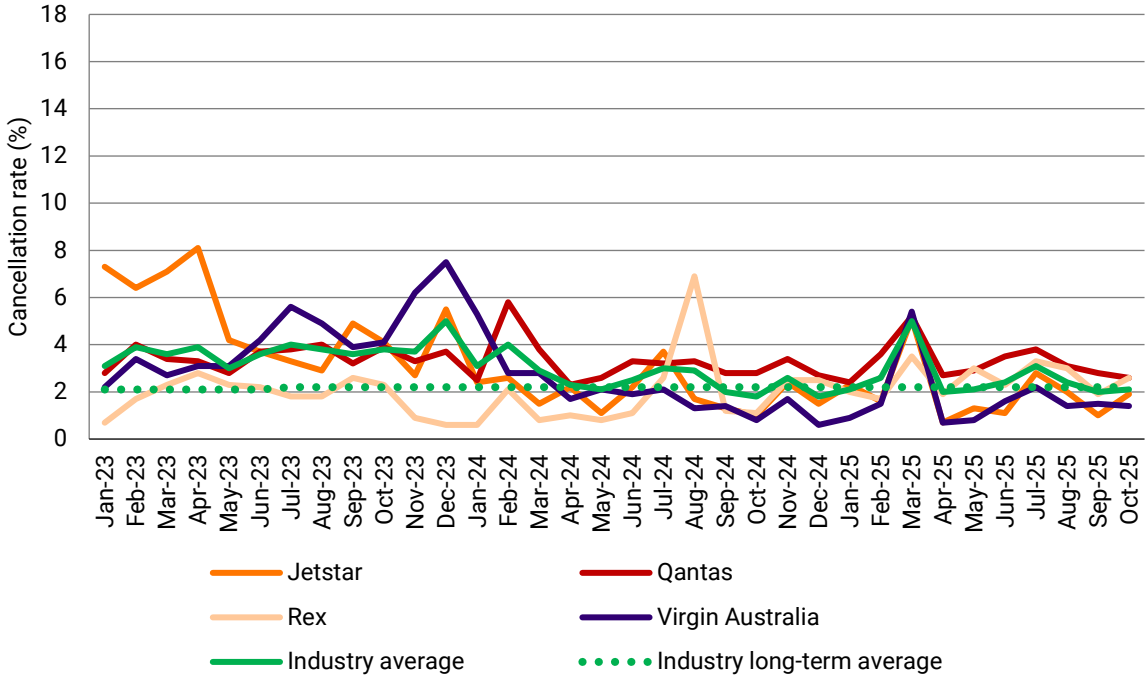
10 The Rural and Regional Affairs and Transport References Committee, *Inquiry into the operation, regulation and funding of air routes service delivery to rural, regional and remote communities*, The Senate, Australian Government, June 2019, pp. 76, 176.

11 The Rural and Regional Affairs and Transport References Committee, *Inquiry into the operation, regulation and funding of air routes service delivery to rural, regional and remote communities*, pp. 46, 104-109.

12 Bureau of Infrastructure, Transport, and Regional Economics (BITRE), 'Domestic on time performance', BITRE, accessed 3 December 2025.

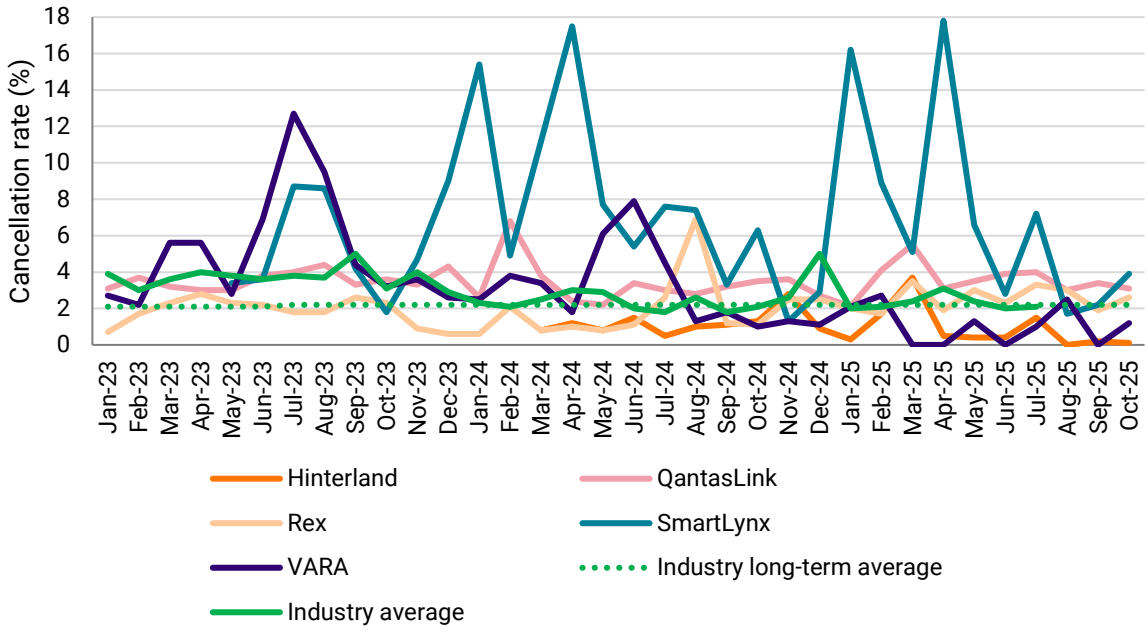
Figure 15: Cancellation rates of monitored airlines – January 2023 to October 2025



Source: BITRE, On-time performance time series – October 2025. Qantas figures include QantasLink and Virgin Australia figures include VARA.

Note: A flight is regarded as a cancellation if it is cancelled or rescheduled less than 7 days prior to its scheduled departure time.

Figure 16: Cancellation rates of select regional airlines – January 2023 to October 2025



Source: BITRE, On-time performance time series – October 2025.

Note: A flight is regarded as a cancellation if it is cancelled or rescheduled less than 7 days prior to its scheduled departure time.

Cancellation rates spiked during the COVID-19 pandemic and remained relatively poor when air travel first returned during 2022 and 2023. The industry average cancellation rate was 3.7% on average over the 12 months to October 2023. Rates improved over 2024 and 2025 and were closer to pre-pandemic levels on average over the 12 months to October 2025 at 2.5%.

Since August 2024, Virgin Australia has generally had the lowest cancellation rates of the monitored airlines. Similarly, its regional airline brand Virgin Australia Regional Airlines (VARA) has outperformed select regional airlines, with Queensland-based Hinterland Aviation also performing strongly.

Virgin Australia beat both the industry average cancellation rate and the long-term industry average 11 out of the 12 months to October. VARA beat the industry average cancellation rate 9 out of the 12 months to October 2025, and the long-term industry average of 2.2% 10 out of the 12 months. Virgin Australia's performance, including VARA, has indicated a prioritisation of high completion rates, although sometimes at the expense of on-time arrival rates.

Jetstar also had relatively low cancellation rates, outperforming the industry average 10 out of the 12 months to October 2025, and the long-term industry average 8 of the 12 months.

Qantas has generally had the highest cancellation rates of any monitored airline and cancellation rates with QantasLink, its regional airline brand, were slightly higher. Qantas and QantasLink's cancellation rate were generally worse than both the industry average and the long-term industry average, over the 12 months to October 2025.

Rex's service reliability was much stronger in 2019 and throughout 2023 however has slipped since entering administration in July 2024. The airline beat the industry average cancellation rate 7 out of the 12 months to October 2025, compared to 12 out of 12 months to October 2023.

Given smaller regional airlines generally operate fewer total flights compared to the larger airlines, any number of cancellations or delays will have a relatively greater impact on their respective cancellation and arrival rates. Smaller airlines also have less flexibility in their fleet to replace aircraft in the event of engineering or maintenance issues. As such, regional airline cancellation and arrival rates may be more volatile month to month. For example, SmartLynx (previously Skytrans) scheduled just 284 flights in October 2025 which can lead to the results appearing more volatile month-to-month compared to other airlines.

On-time arrivals

Figure 17 shows the monthly on-time performance rates (arrivals) of monitored airlines and the industry averages. Figure 18 shows the monthly on-time performance rates of select regional airlines and industry averages. A flight is considered on-time if it arrives within 15 minutes of the scheduled arrival time shown on the airline's schedule.

Figure 17: Airline on-time performance rates (arrivals) for monitored airlines – January 2023 to October 2025

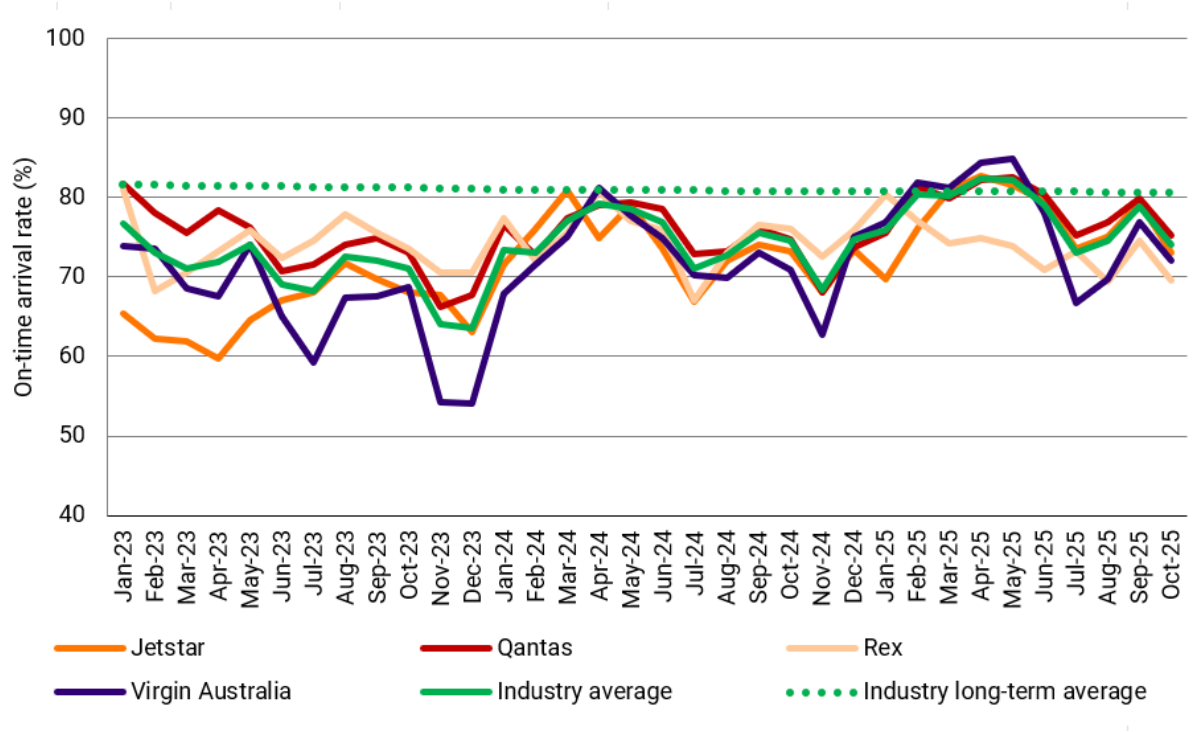
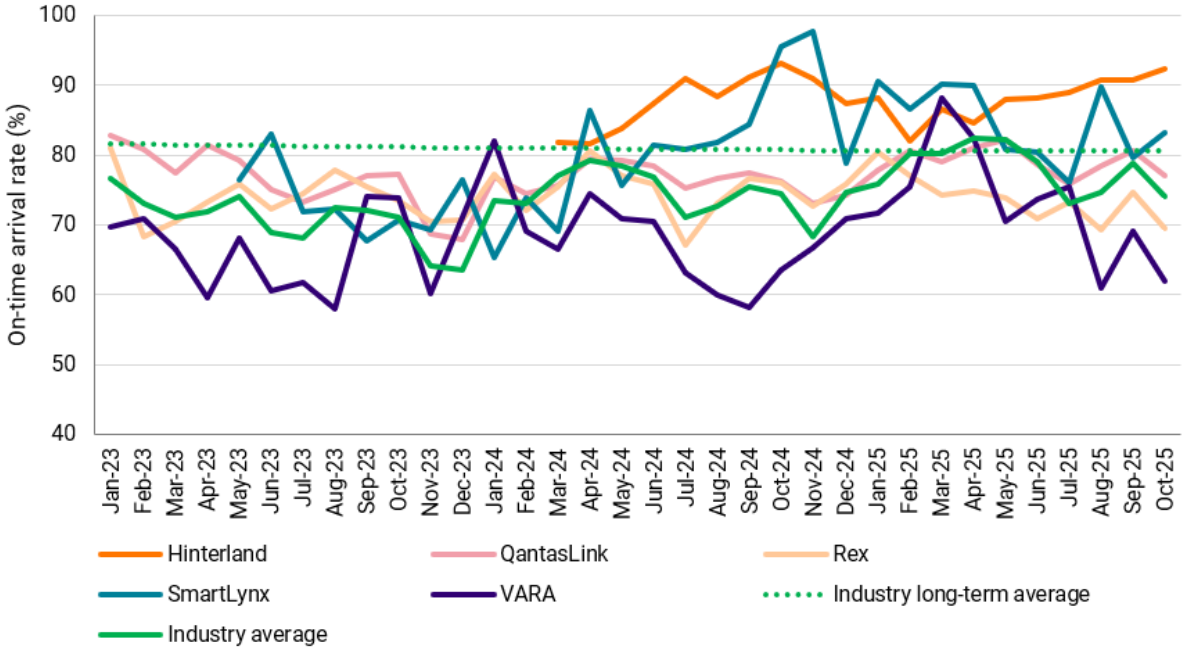


Figure 18: Airline on-time performance rates (arrivals) for select regional airlines – January 2023 to October 2025



Similar to cancellation rates, on-time arrivals were poor in 2022 and 2023, when air travel first returned following the outbreak of the COVID-19 pandemic. There have been notable fluctuations as the industry grappled with supply chain issues and workplace shortages. In the 12 months to October 2023, the industry average arrival rate was 71.4%. Industry on time performance has improved since 2024 and now similar to pre-COVID levels (78.6%) on average in the 12 months to October 2025 at 77.0%.

Notably, airlines, airports, and Airservices, have made a collective effort to improve operational performance across the domestic network. Focus areas have included reducing aircraft turnaround times, increasing workforce resilience and improving scenario planning to better respond to disruptions. Industry-on time performance improved in the 5 months to April 2025, and at 82.4%, beat the long-term industry average of 80.7% for the first time since February 2022. On-time performance however declined from June 2025 due to adverse weather conditions.

Hinterland Aviation and SmartLynx have beaten the long-term industry average almost every month over the 12 months to October 2025. Monitored airlines and other select regional airlines, except for Rex, beat the long-term industry average for a couple of months around the April 2025 peak.

Qantas was the best on-time performer of the monitored airlines over the 12 months to October 2025 (beating the industry average arrival rate 7 out of the 12 months). This was followed by Jetstar and Virgin Australia (6 out of the 12 months). Some regional airlines performed equally or slightly worse. QantasLink beat the industry average 7 out of the 12 months to October 2025. Rex beat the industry average 4 out of the 12 months, and VARA 2 out of the 12 months. There was greater variability in VARA's on-time performance compared to other regional airlines including Rex and QantasLink.

In the years immediately following the COVID-19 pandemic, air traffic control was responsible for a relatively higher proportion of airline cancellation and delays. Airservices reported air traffic control contributed up to 4.4% of total flight cancellations and 11.1% of ground delays in October 2023. Since 2024 however, Airservices has improved its network performance. As of October 2025, Airservices reported that air traffic control did not contribute to any flight cancellations, while the proportion of affected ground delays was also lower, at 3.9%.

3. Costs for the provision of air services

This section of the submission examines the major cost drivers in the provision of air services. It includes discussion of airport charges, air navigation charges, and aviation fire and rescue service charges, informed by the ACCC's visibility of these matters through its monitoring of the major airports and assessment of pricing proposals by Airservices Australia.

3.1. Key costs for the provision of air services

Breakdown of costs

The ACCC examined the typical cost structure of domestic airlines in its March 2022 airline competition report, finding that fuel and labour are typically an airline's biggest expenses.[13]

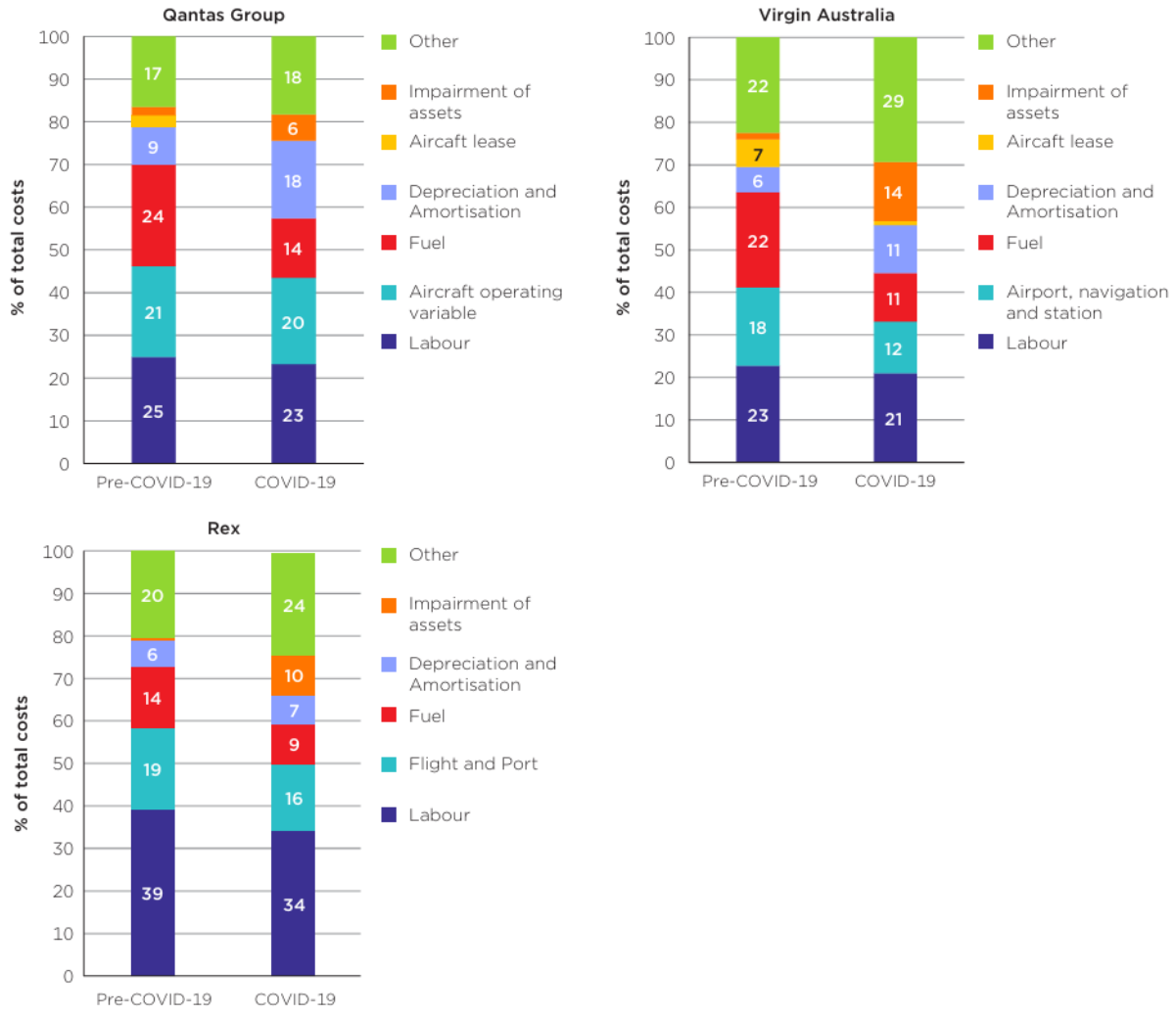
Airline cost structures can vary substantially with business models and route characteristics. Low-cost carriers generally maintain tighter labour arrangements and operate uniform fleets, reducing maintenance and training expenses. By contrast, full-service carriers often incur higher fixed costs per flight due to more diverse aircraft, more frequent services, and less efficient network utilisation.

Route types also influence costs. Regional and remote services typically experience lower load factors and deploy smaller aircraft, raising per passenger costs. Conversely, high-density metropolitan and trunk routes can yield significant economies of scale. Longer flights will incur a higher proportion of fuel costs, while shorter flights will incur a higher proportion of airport charges. The cost breakdown can also vary over time, particularly due to the variability in the price of jet fuel.

Figure19 shows the breakdown of costs for the Qantas Group, Virgin Australia and Rex from the March 2022 report, spanning the period from 2011-12 to 2020-21. The cost items were derived from each airline group's statutory annual reports, which can differ slightly in terms of how costs are categorised.

[13] ACCC (March 2022), *Airline Competition in Australia (March 2022)*, ACCC, Australian Government, accessed 3 December 2025.

Figure 19: Costs as a proportion of total costs by airline group, 2011-12 to 2020-21



Source: ACCC calculations based on the airline's annual reports.

Note: Pre-COVID-19 period is 2011-12 to 2018-19. COVID-19 period is 2019-20 to 2020-21. Annual report data is at the consolidated group level. Virgin Australia's $4.4 billion creditor's relief return has been excluded from 2020-21. Qantas aircraft operating variable includes airport and navigation charges, maintenance, and other inflight expenses.

Given the huge impact of the pandemic on airlines' costs, the chart separately presents the pre-COVID-19 and COVID-19 years. Total costs more than halved between 2018–19 and 2020–21 due to the significant reduction in flying. With reduced activity, variable costs such as jet fuel and airport and navigation became relatively less significant. Fixed costs such as depreciation and amortisation became relatively more significant, while each group also reported an impairment amount as some assets were revalued downwards to reflect the new market conditions.

Labour costs represented just under 40% of total expenditure for the Rex, which was higher than the Qantas Group and Virgin Australia at around a quarter each. This is likely due to Rex's smaller fleet of Saab 340 turboprops (around 34 seats) typically flown on regional routes requiring a higher crew-to-passenger ratio compared with larger jets (175+ seats).

Jet fuel is also a substantial cost item for airlines. In the pre-COVID-19 years, jet fuel accounted for a little under a quarter of the Qantas Group's and Virgin Australia's total costs, while for Rex it was around 10 percentage points below that. This is likely due to Rex's

network, and in particular its primary fleet of Saab 340 turboprops, which burn significantly less fuel than jet aircraft.

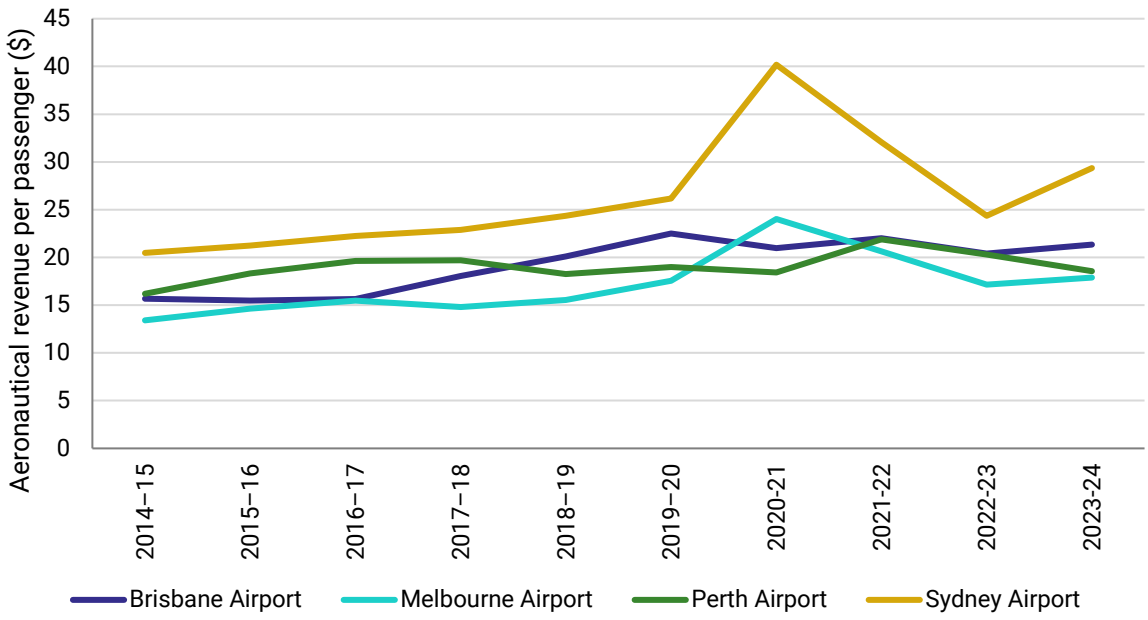
Airport charges

It is generally accepted that Australia's 4 major airports (Sydney, Melbourne, Brisbane, and Perth) are geographic monopolies and therefore have the ability to exercise market power. There is a concern that at some of these airports, airport users, including airlines, do not possess enough bargaining power to ensure appropriate commercial outcomes.

An airport not constrained by competition or regulation could be expected to exercise its market power to earn monopoly profit to the detriment of airport users and the broader Australian economy.

As shown in Figure 20 below, the average real aeronautical revenue collected per passenger by these airports has increased significantly over time. Sydney Airport reported the highest real aeronautical revenue per passenger, growing 43% over the decade in real terms to $29.36.[14] Brisbane and Melbourne airports followed with increases of 36% and 33%, resulting in per-passenger revenues of $21.33 and $17.88 in 2023-24. Perth Airport's increase was the lowest of the major airports at 15%, bringing its revenue to $18.57 per passenger.

Figure 20: Real aeronautical revenue per passenger, 2014-15 to 2023-24



Source: ACCC analysis of information from the monitored airports.

Note: Revenue per passenger increased at some airports during the pandemic-impacted 2020–21 financial year because there were fewer passengers on flights, but some airport charges are not determined on a per-passenger basis (e.g. use of runway, parking).

Given international airlines incur higher airport fees than domestic airlines, aeronautical revenues per passenger are likely to be higher at airports that service a greater proportion of

[14] Sydney Airport received back-payments from airlines in 2023–24, which somewhat inflated 2023-24 revenues and deflated 2022-23 revenues.

international passengers. In 2023-24 Sydney Airport serviced a greater share of international passengers (39%), compared to Brisbane, Melbourne, and Perth airports (25% to 31%).

Sydney Airport's charges specifically for regional services have remained constant since 2001. As discussed in section 4.1, these services are subject to a price notification regime. The ACCC objected to a proposed price increase for these services in 2010. This means that Sydney Airport's charges for regional services have remained the same since 2001, representing a fall of 48% in real terms.

Australia's major airports are currently undertaking a substantial investment program, which the Australian Airports Association (AAA) has said will cost about $19 billion over the next decade.[15] This program includes new runways at Melbourne and Perth airports, new terminals at Perth and Brisbane airports, and Sydney Airport's T2 check-in and security hall redevelopment.

Investment will help ensure airport facilities can continue to meet the needs of passengers and airlines, especially following a period of relatively low investment after the pandemic. However, it is likely that the substantial capital expenditure will result in an increase in charges to airlines to recoup these costs in the coming years. It is important that any capital expenditure is both prudent and efficient. It is important that the airports consult closely with airlines to ensure that the timing and scale of the investment is appropriate, and then to implement the investment in the most cost-effective manner. Finally, it is important that the resulting prices reflect the Australian Government's Aeronautical Pricing Principles, including how the return on investment should be commensurate with the regulatory and commercial risks involved, and no more.

As discussed further in section 4.3, the ACCC considers its monitoring role is an insufficient constraint on airport behaviour. A more effective regulatory regime, such as a negotiate-arbitrate framework, would assist in reducing major airport's ability to exercise their market power.

In contrast to major airports, smaller regional airports are less likely to possess monopoly power. Airlines serving regional and remote airports can more feasibly withdraw these services if charges become excessive, an option which is not a credible threat at major airports. For example, Rex has threatened to or has cut several regional routes due to what it considers to be high airport charges. In July 2023, Rex exited its Adelaide–Whyalla route due to "significant additional security costs" that made the route "unviable".[16]

As the ACCC's monitoring regime covers only the 4 major airports, the Commission has limited visibility over the prices, profits, and quality of service at other airports. However, the ACCC is aware of airline concerns about Darwin Airport more than doubling its landing fees since July 2025.[17]

Charges for air navigation and fire and rescue services

All airlines incur charges when flying through Australian airspace. This relates to their use of Australia's Air Traffic Management and Aviation Rescue and Fire Fighting (ARFF) services.

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15 Australian Airports Association (AAA), *Australia's biggest airports maintain high quality of service levels in ACCC report* [media release], AAA, 17 March 2025.

16 Regional Express, *Rex Exits Whyalla-Adelaide Route Due to Council Imposed Security Charges* [media release], Regional Express, 18 May 2023.

17 For example, see: https://www.abc.net.au/news/2025-07-18/darwin-airport-operator-adg-increases-landing-fees-110-per-cent/105546200 and https://australianaviation.com.au/2025/07/darwin-airport-slammed-over-unreasonable-fee-hike/. Both articles were accessed on 25 November 2025.

These services are provided by Airservices Australia, who are responsible for managing the safe and efficient operation of Australian airspace.

Airservices provides 3 main services to airlines, for which they charge airlines:

- **Enroute Navigation:** air traffic control services provided to aircraft travelling through Australian airspace, but not within terminal navigation range.
- **Terminal Navigation:** air traffic control services provided at an airport to aircraft near that airport (that is, aircraft arriving and departing at the airport).
- **Aviation Rescue and Fire Fighting (ARFF):** emergency rescue and fire-fighting services provided at an airport.

Aircraft flying through Australian airspace are subject to enroute navigation charges. These charges are dependent on an aircraft's maximum take-off weight (MTOW) and the distance the aircraft travels. If the aircraft arrives at an Australian airport where terminal navigation and ARFF services are provided, the airline will additionally be charged for these services, which are based on the aircraft's MTOW and the arrival location.[18]

Airservices is the monopoly provider of these services. It is a corporate Commonwealth entity established and governed by the *Air Services Act 1995*.[19] It is wholly owned by the Australian Government, and accountable to the Minister for Infrastructure, Transport, Regional Development, and Local Government.[20] The ACCC is required to assess any price increase against statutory criteria, which is then subsequently approved or not approved by the Minister (see section 4.1 for further details).

On 1 August 2025, Airservices increased its prices by 6%, on a weighted average basis. This followed the ACCC's decision to not object to the increase on 16 October 2024, and the Minister approving the increase on 30 June 2025.[21]

An airline can incur Airservices charges of several thousand dollars or more to operate a flight, depending on the route and the size of the aircraft. According to figures provided by Airservices, airlines flying a Boeing 737-800 from Gold Coast to Sydney currently incur a per passenger cost of about $9 for Airservices services (or about 2% of the average airfare). To fly a Saab 340 from Sydney to Coffs Harbour the current per passenger cost incurred by airlines is about $12 (or about 3% of the average airfare).[22]

Airservices is currently developing a Long-Term Pricing Agreement (LTPA) to cover the five-year period from 1 July 2026 to 30 June 2031. The ACCC expects this pricing proposal to include several major infrastructure projects, which will likely lead to substantial price increases. This includes OneSKY Australia, a multi-billion-dollar project funded on an 'as-commissioned' basis.[23] Other major infrastructure programs expected to be included are Airservices ARFF NextGen fleet and facilities renewal program, new services provided at Western Sydney International Airport, and its Enterprise Network Modernisation Program.[24]

Like their concerns over airport investment, airlines have raised issues with the ACCC about the likely size of these price increases from Airservices, particularly the impact from capital

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18 For the full list of charges by service and location, see: *Airservices Australia price notification*, 1 October 2024, pp. 3-6.

19 *Air Services Act 1995*

20 Further details are available on Airservices website: https://www.airservicesaustralia.com/about-us/our-governance/.

21 The ACCC's assessment is available here: https://www.accc.gov.au/by-industry/travel-and-airports/airport-and-aviation-price-notification/airservices-australia-2023.

22 This figures are derived from Table 19 of *Airservices Australia Draft Price Notification 2024-2026*, 20 November 2023.

23 This means the vast majority of OneSKY expenditure incurred since the beginning of the project in 2016-17 will be included in its regulatory asset base when the project comes online in 2027-28.

24 Airservices Australia, *Airservices Australia Corporate Plan 2025-26*, Airservices Australia, 1 July 2025, pp. 27-29.

expenditure. While airlines recognise the need for the capital expenditure programs, they expressed concerns about the costs, timing, and the amount of information received to date about the need for the investment. In its assessment of Airservices upcoming price notification, the ACCC will closely review these capital expenditure programs to ensure they represent efficient and prudent expenditure.[25]

[25] The ACCC's regulatory approach to assessing price notifications is available at www.accc.gov.au/about-us/publications/regulatory-approach-to-price-notifications.

4. Policies to support regional air services

This section of the submission examines policies aimed at supporting regional aviation services and infrastructure. It first outlines existing measures, including subsidies, resident airfare programs, and the ACCC's role in monitoring pricing. It then considers potential enhancements to the regulatory oversight of airport charges, before presenting key principles to guide any future government interventions to support regional aviation.

4.1. Existing policies that help support regional aviation

This chapter outlines aviation policies that support regional air services and in which the ACCC has some role. It does not cover broader government measures, such as subsidies for regional services or infrastructure, or state-based regulation of specific routes where low demand limits the effectiveness of open competition.

ACCC monitoring and reporting on domestic airline services

The ACCC monitors the prices, costs and profits of domestic air passenger transport services under a direction from the Treasurer in November 2023.[26] The direction applies until December 2026. The direction follows a previous 3-year direction which expired in June 2023.

Under the direction, the ACCC is required to report at least quarterly on its findings. The ACCC has published 20 reports since monitoring first commenced in 2020. The reports provide data and analysis relating to passengers and seat capacity, the number of routes, airline market shares, airfares and service reliability. The reports also consider the implications of relevant industry developments on competition and consumers.

The ACCC's industry monitoring increases transparency and helps deter anti-competitive behaviour, particularly by established airlines toward new or expanding competitors. It also allows the ACCC to respond more quickly to competition or consumer issues where any inappropriate market conduct is identified.

Monitoring also strengthens policy advice. Public reports have informed the Australian Government and other stakeholders about key competitive developments, and the knowledge gained has aided both this submission and the ACCC's engagement in the review of Sydney Airport's demand management scheme.

While the ACCC's reports typically focus on broader trends across the domestic network, in particular on the busiest routes travelled by the highest number of passengers, the reports also seek to draw out relevant developments regarding regional services. For example:

- analysis and commentary regarding developments associated with Rex and Bonza, including how their financial situations may impact on regional connectivity and competition

[26] ACCC, Domestic airline monitoring, ACCC, accessed 3 December 2025.

- reporting the number of routes provided across Australia, including the number of routes flown by regional carrier Rex
- changes in a price index representing average real fare revenue by passenger, broken down by major city, regional and remote routes
- a dedicated chapter on smaller Australian airlines in its November 2024 report, and
- a dedicated chapter on regional air services in its September 2021 report.

With fewer airlines operating on regional and remote routes, there can be challenges to publishing more detailed data on these routes without disclosing commercially sensitive information. The ACCC is required to take this into account when determining what can be published.

Section 4.5 of this submission considers the merit of a further Ministerial direction in order to extend the ACCC's monitoring role beyond its current expiry in December 2026.

Regulatory oversight of Airservices Australia's pricing for air navigation and fire and rescue services

Airservices is a declared person under Part VIIA of *the Competition and Consumer Act 2010* (CCA), and its terminal navigation, enroute navigation, and ARFF services are notified services which are those which have had charges set by a determination made under s 53 of the *Air Services Act 1995*. This means that Airservices cannot increase the price of these services without first notifying the ACCC and obtaining approval from the Minister.

The ACCC's role is to consider Airservices proposed price increase and decide whether to:

- not object to the price increase, or
- not object to a price that is less than the proposed increase, or
- object to the price increase.

Airservices is not permitted to increase the price of its notified services until:

- 21 days have elapsed since the formal notification to the ACCC, or the ACCC has decided to not object to the proposed increase (or another lower proposed increase which Airservices has agreed not to exceed), and
- either the Minister has approved the proposed increase, or 30 days have elapsed since the notification to the Minister, and the Minister has not approved or disapproved the proposed increase.

That is, the ACCC does not set the prices of Airservices' notified services. Rather, any price increase proposed by Airservices requires the Minister's approval.

The ACCC's assessment considers, amongst other things, whether Airservices price increases are commensurate with the efficient costs of providing its services and that the increases reflect economically sound pricing principles. Subsequently, the ACCC assessment includes consideration of whether Airservices appropriately allocates its costs between metropolitan and regional services, and that the prices charged at regional airports reflect the efficient costs of providing those services.

As mentioned in section 3.1, Airservices implemented a 6% weighted average price increase on 1 August 2025. Airservices is also developing a price notification expected to run between FY27 and FY31. This notification is expected to include costs related to several major infrastructure projects, which will likely lead to substantial price increases.

Regulatory oversight of Sydney Airport's pricing for regional services

The ACCC assesses notifications of proposed price increases from Sydney Airport Corporation. These are for aeronautical services and facilities provided to regional air services. As with Airservices, while the ACCC reviews these price increases, the decision to approve price increases lies with the Minister. In assessing price notifications from Sydney Airport, the ACCC follows a pricing standard. This standard means price increases cannot be more than the increase in the consumer price index for the same year.[27]

Sydney Airport Corporation has not increased its charges for services to regional airlines since 2001. Its most recent application for a 2.9 per cent increase to its terminal, runway and passenger security charges was objected to by the ACCC in 2010.[28]

Monitoring and reporting of the major airports

The ACCC monitors prices, costs, profits, and quality of aeronautical, car parking and landside access services at Brisbane, Melbourne, Perth, and Sydney airports. This monitoring regime promotes greater transparency around:

- the performance of Australia's major airports
- whether airports are taking advantage of their limited competitive constraints.

Each year, the ACCC publishes a report outlining its findings on our website, which is also provided to the Treasurer.[29] Our monitoring functions originate from the legislative requirements in Parts 7 and 8 of the *Airports Act 1996,* the directions issued by the Assistant Treasurer pursuant to section 95ZF of the *Competition and Consumer Act 2010,*[30] as well as voluntary data provided to the ACCC by the airports.

Affordable access to major airports is not only important for inter-city airline routes, but also for regional-metropolitan routes. To the extent that a monitoring regime deters major airports from exercising market power (through increased transparency and the threat of further regulation), airlines servicing regional routes are better able to offer affordable, high-quality services to regional communities, as well as expanding the number of regional routes they operate.

As discussed further in section 4.3, the ACCC considers that the current monitoring regime is an insufficient deterrent to prevent major airports from exercising their market power over airlines. Consistent with the ACCC's 2019 submission to the Productivity Commission, we consider a negotiate-arbitrate framework provides stronger incentives for major airports to negotiate with airlines in good faith.[31]

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27 Further information is available here: https://www.accc.gov.au/by-industry/travel-and-airports/airport-and-aviation-price-notification.

28 The ACCC's decision is available here: https://www.accc.gov.au/by-industry/travel-and-airports/airport-and-aviation-price-notification/sydney-airport-regional-aviation-2010.

29 The ACCC's annual airport monitoring reports are available here: https://www.accc.gov.au/about-us/publications/serial-publications/airport-monitoring-reports.

30 Links to the 2 relevant directions can be found on the ACCC website at https://www.accc.gov.au/by-industry/travel-and-airports/airport-monitoring.

31 The ACCC's submission is available here: https://www.accc.gov.au/inquiries-and-consultations/accc-submissions-to-external-consultations#airports.

Reforms to the way slots at Sydney Airport are managed

The updated Sydney Airport Demand Management Framework (Framework), which commenced on 26 October 2025, should provide small airlines, including regional airlines, with improved access to slots at Sydney Airport. A 'slot' is a permission for an aircraft to enter or leave an airport gate at a particular time.[32]

The allocation of slots at Sydney Airport is constrained, particularly during peak periods, due to the limited availability of land for expansion, and measures imposed by the Australian government to address community concerns about airport noise. Given Sydney Airport is Australia's largest airport and a key international gateway, it is imperative that slots are allocated in a transparent, competitive and efficient manner.

The allocation of slots at Sydney Airport is governed by the Framework. At its core, the Framework imposes a cap of 80 aircraft movements per hour to balance air traffic management, access, efficiency, and noise management objectives.[33]

Under the previous slot management scheme at Sydney Airport, the ACCC was concerned that airlines were able to hold more slots than they needed.[34] Historic precedence under the previous regime allowed an airline to retain a slot series from the previous scheduling season, if it could demonstrate that it used 80% of the slots in the series and complied with the 'size of the aircraft' test.[35] Slot series that are retained by an airline pursuant to historic precedence are termed 'historic slots'.

This new Framework aims to improve slot utilisation and address slot retention issues. It seeks to ensure slots that an airline does not genuinely need are made available to other airlines. One way the Framework seeks to improve slot utilisation is by introducing 4 new slot misuse offences and higher penalties for airlines that commit a slot misuse offence.[36] The new regime also grants the Slot Manager new monitoring and administrative powers to better identify and address slot misuse.[37]

The Framework requires the Slot Manager to publish information on slot allocation and use[38]. Moreover, the regulator, the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, can at any time arrange an audit of the allocation and use of slots.[39] These measures should provide greater transparency on slot usage and scrutiny of airlines' compliance with the new regime.

The original framework contained provisions that secure access to slots in peak periods for New South Wales (NSW) regional services. The Framework preserves access to peak period slots for regional airlines and should provide regional airlines with improved access to Sydney Airport. The Framework grants new entrants (airlines with less than 7 slots) priority access to non-historic slots (i.e. slots other than historic slots).[40] Furthermore, NSW regional services should be able to access additional slots in peak periods.[41] These changes should

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32 *Sydney Airport Demand Management Act 1997*, subsection 34(2).

33 *Sydney Airport Demand Management Act 1997*, section 6.

34 See page 9 of the ACCC's submission to the Aviation Green Paper.

35 Under the new regime, the size of the aircraft test has been replaced by the 'conditions test'. The conditions test allows the Slot Manager to impose certain conditions on the use of a slot series.

36 See Division 4 of the *Sydney Airport Demand Management Act 1997*.

37 *Sydney Airport Slot Management Scheme 2025*, sections 31 and 32.

38 *Sydney Airport Demand Management Regulations 2025*, subsection 47(1).

39 *Sydney Airport Slot Management Scheme 2025*, section 36.

40 *Sydney Airport Slot Management Scheme 2025*, section 18.

41 *Sydney Airport Slot Management Scheme 2025*, paragraph 22(1)(iv).

create conditions that allow regional airlines greater access to Sydney Airport, which in turn, could provide more travel options and cheaper airfares for regional NSW communities.

4.2. Principles to support effective aviation policy

In considering options to strengthen aviation services for regional, rural and remote communities, the ACCC encourages the Committee to adopt principles that promote efficient, transparent and sustainable market outcomes. Where demand is sufficient, competition remains the most effective mechanism for delivering lower fares and improved service quality. Policy settings should therefore allow entry and expansion where viable and avoid measures that unintentionally raise barriers or protect incumbents on routes capable of supporting rivalry.

The ACCC recognises that competition may not be feasible on many routes with low passenger numbers. In these circumstances, governments may consider targeted interventions. Principles that could guide such interventions include ensuring that any support is contestable, transparent, and designed to minimise distortion of market incentives. Assistance should be linked to clearly defined community needs and subject to regular review, so that support remains proportionate and can be adjusted or withdrawn as conditions evolve.

More broadly, policies should ideally avoid favouring particular airlines or constraining competition on profitable or potentially contestable routes. Neutral and consistent treatment across operators (including in relation to airport access, regulatory obligations and any support programs) will help maintain the conditions for effective competition where it is possible, while ensuring reliable and affordable air services where it is not.

4.3. The need for stronger regulatory oversight of major airports

For some years, the ACCC has considered that stronger regulatory oversight of the major airports is required to prevent them from exercising their market power and imposing higher charges on airlines, including those that operate in regional areas.

The existing framework, based on ACCC monitoring and reporting, no longer acts as a constraint on behaviour because there is less of a threat of regulatory action than there was when the regime was first introduced over 2 decades ago.

At the last inquiry by the Productivity Commission into the economic regulation of airports in 2019, the ACCC and airlines supported the introduction of a scheme to enable binding commercial arbitration to occur should negotiations between major airports and airlines breakdown (i.e. a negotiate/arbitrate regime). We considered that this would incentivise the major airports to negotiate with the airlines in good faith.

In the Productivity Commission's inquiry report, it made a number of recommendations including:

- for the major airports to provide the ACCC with more detailed financial information (recommendation 9.4)

- for the set of quality-of-service indicators used by the ACCC in its monitoring to be updated by the government (recommendation 9.5), and
- for the Aeronautical Pricing Principles to be amended to specify that any agreement between an airport and airport user must not contain anticompetitive clauses.[42]

We continue to support the idea that a commercial arbitration scheme would help to address concerns with the major airports exercising their market power, which would help to reduce airport charges faced by airlines including those that operate in regional locations.

The ACCC supports action to improve the effectiveness of the ACCC's monitoring and reporting of airports. In this regard we would like to see the government adopt the recommendations that the ACCC made in May 2023 regarding the collection of more disaggregated financial data from the airports.[43] This information would better enable the disaggregated analysis of airport profitability in the supply of domestic and international services.

We also consider more effective oversight of the major airports would be assisted by the adoption of the ACCC's recommendations for a new set of quality-of-service indicators, which we also provided in May 2023 following a request from the government.[44] We understand that Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts is currently actively considering the ACCC's recommendations on both the quality-of-service indicators and greater financial data.

The ACCC also supports the proposed amendments to the Aeronautical Pricing Principles, which set out the government's expectations for how airports determine their aeronautical charges. Under initiative 12 of the Aviation White Paper, the government said that it would consult on amendments to the APPs to specify that:

- pricing agreements between airports and airlines should not contain anti-competitive clauses (as recommended by the Productivity Commission), and
- airports should provide such information and data to airlines to ensure transparent pricing negotiations.[45]

The Aviation White Paper also said that the government will consider options for the ACCC to monitor the conduct of aeronautical pricing negotiations at Sydney, Brisbane, Melbourne, Perth and Western Sydney airports.

4.4. The need for effective consumer dispute resolution

As outlined in the ACCC's submission to the Aviation Green Paper, over many years, aviation consumers have reported poor customer service including poor communication, decreasing service quality, and issues in resolving disputes and obtaining redress.[46]

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42 Productivity Commission (2019), *Economics regulation of airports*, Productivity Commission, Australian Government, accessed 3 December 2025.

43 ACCC (2023), *More detailed information on financial performance of* airports, ACCC, Australian Government, accessed 3 December 2025.

44 ACCC (2023), *Airports quality of service review*, ACCC, Australian Government, accessed 3 December 2025.

45 Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, *Aviation White Paper–Towards 2050*, Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, accessed 26 November 2025.

46 ACCC, Aviation Green Paper submission, November 2023.

The financial impact and inconvenience on consumers travelling to and from regional areas is often more acute, given flights to those locations operate with less frequency. These consumers can end up being significantly out of pocket in the event of delayed or cancelled flights. For example, they may have paid for related activities and accommodation which they are unable to use.

Customers may be placed on alternative flights which are unsuitable for their travel needs, such as missing a medical appointment, major life event (e.g., wedding, funeral), or a business meeting. Consumers may receive a flight credit for their original disrupted flight but still need to pay for a new flight with another airline, or some other mode of travel, to travel in time to meet these appointments or life events. However, these new flight or other travel bookings often need to be made very close to, or on, the date of travel, resulting in the consumers often paying substantially higher prices to get to their destination.

In addition, consumers on a disrupted flight may be placed on the next available flight which given the limited frequency of flights may be the following day, or even multiple days later. Consumers report bearing the cost and inconvenience of paying for and booking accommodation, food, and transport to and from the airport, with some airlines providing limited or insufficient assistance.

Consumers need an effective dispute resolution body to help them resolve issues with the airlines when things go wrong.

The ACCC supports the Federal Government's commitment to establish the Aviation Consumer Ombudsperson, which was a key initiative announced in the Aviation White Paper. The introduction of a well-designed ombuds scheme will ensure that aviation consumers have access to accessible, fair, and effective dispute resolution. It will also mean greater efficiencies and improved effectiveness in dispute resolution, including through incentivising airlines to improve internal complaints handling. Consumers flying to and from regional Australia will significantly benefit from this.

In order to be effective, the ACCC considers that the governance arrangements and operating procedures of the Aviation Consumer Ombudsperson should be modelled on comparable and effective ombuds schemes, such as the Telecommunications Industry Ombudsman (TIO).

The ACCC supports the government's proposal that the Aviation Industry Ombuds Scheme would be funded by members of the scheme. An industry-funded scheme will align the Aviation Industry Ombuds Scheme with comparable ombuds schemes, including the TIO. The scheme could be funded by a regular membership fee, set at an appropriate amount and scaled to business size, plus an additional scheme fee for each member based on the volume of complaints against them and their complaints escalation rates.

A scalable funding model would mean that smaller or medium sized businesses could contribute a small amount to the operation of the scheme, unless they are a source of high levels of escalated complaints. Additionally, to assist new entrants establishing in the sector, the funding arrangements could also be structured to allow their membership fees to be waived or reduced for an initial period, for example, in the first year of membership.

4.5. Possible extension of the ACCC's airline monitoring role

The ACCC notes that the current direction underpinning its airline monitoring role is due to expire in December 2026. The monitoring framework allows the ACCC to collect and analyse information on competition, pricing and capacity trends in the domestic aviation sector. As demonstrated in this submission, this information helps inform the ACCC's understanding of the market and to identify any inappropriate market conduct.

Maintaining the monitoring role beyond 2026 would ensure that this insight continues during a period when competition in domestic aviation remains concentrated. The reporting provides a source of transparency for the sector and helps identify emerging trends or areas of concern.

An extension would also contribute to understanding how the aviation sector is meeting the needs of rural, regional and remote communities, supporting a clearer picture of sector performance and providing ongoing visibility for stakeholders and policymakers.

Appendix: Airline route categorisation

For the purposes of its airline monitoring reporting, as well as this submission, the ACCC identifies each domestic airline route as either a major city, regional or remote route.

Route type is based on the remoteness of each airport connected by the route. The remoteness of airports is defined by the ABS remoteness structure which is part of the Australian Statistical Geography Standard (ASGS) Edition 3.

Routes are categorised as follows:

- major city route: both airports are in Major Cities of Australia
- regional route: at least one airport is in Inner Regional Australia or Outer Regional Australia, but not in Remote or Very Remote Australia, and
- remote route: at least one airport is in Remote or Very Remote Australia.

Table 1 shows each domestic route operated in October 2025 by the three monitored airline groups by route type.

Table 1 List of domestic routes by remoteness class – October 2025

Route		Route type
ADL–BNE	Adelaide–Brisbane	Major city
ADL–CBR	Adelaide–Canberra	Major city
ADL–MCY	Adelaide–Sunshine Coast	Major city
ADL–MEL	Adelaide–Melbourne	Major city
ADL–OOL	Adelaide–Gold Coast	Major city
ADL–PER	Adelaide–Perth	Major city
ADL–SYD	Adelaide–Sydney	Major city
BNE–CBR	Brisbane–Canberra	Major city
BNE–MEL	Brisbane–Melbourne	Major city
BNE–PER	Brisbane–Perth	Major city
BNE–SYD	Brisbane–Sydney	Major city
CBR–MEL	Canberra–Melbourne	Major city
CBR–OOL	Canberra–Gold Coast	Major city
CBR–PER	Canberra–Perth	Major city
CBR–SYD	Canberra–Sydney	Major city
MCY–MEL	Melbourne–Sunshine Coast	Major city
MCY–SYD	Sunshine Coast–Sydney	Major city
MEL–OOL	Gold Coast–Melbourne	Major city

MEL–PER	Melbourne–Perth	Major city
MEL–SYD	Melbourne–Sydney	Major city
OOL–PER	Gold Coast–Perth	Major city
OOL–SYD	Gold Coast–Sydney	Major city
PER–SYD	Perth–Sydney	Major city
ABX–SYD	Albury–Sydney	Regional
ADL–BHQ	Adelaide–Broken Hill	Regional
ADL–CNS	Adelaide–Cairns	Regional
ADL–DRW	Adelaide–Darwin	Regional
ADL–HBA	Adelaide–Hobart	Regional
ADL–MGB	Adelaide–Mount Gambier	Regional
ADL–WYA	Adelaide–Whyalla	Regional
ALH–PER	Albany–Perth	Regional
ARM–SYD	Armidale–Sydney	Regional
AVV–OOL	Avalon–Gold Coast	Regional
AVV–SYD	Avalon–Sydney	Regional
BDB–BNE	Brisbane–Bundaberg	Regional
BNE–CNS	Brisbane–Cairns	Regional
BNE–DRW	Brisbane–Darwin	Regional
BNE–EMD	Brisbane–Emerald	Regional
BNE–GLT	Brisbane–Gladstone	Regional
BNE–HBA	Brisbane–Hobart	Regional
BNE–HVB	Brisbane–Hervey Bay	Regional
BNE–LST	Brisbane–Launceston	Regional
BNE–MKY	Brisbane–Mackay	Regional
BNE–MOV	Brisbane–Moranbah	Regional
BNE–NTL	Brisbane–Newcastle	Regional
BNE–PPP	Brisbane–Proserpine	Regional
BNE–ROK	Brisbane–Rockhampton	Regional
BNE–TSV	Brisbane–Townsville	Regional
BNK–MEL	Ballina–Melbourne	Regional
BNK–SYD	Ballina–Sydney	Regional
CFS–MEL	Coffs Harbour–Melbourne	Regional
CFS–SYD	Coffs Harbour–Sydney	Regional
CNS–DRW	Cairns–Darwin	Regional

CNS–MEL	Cairns–Melbourne	Regional
CNS–OOL	Cairns–Gold Coast	Regional
CNS–PER	Cairns–Perth	Regional
CNS–SYD	Cairns–Sydney	Regional
CNS–TSV	Cairns–Townsville	Regional
DPO–MEL	Devonport–Melbourne	Regional
DRW–MEL	Darwin–Melbourne	Regional
DRW–PER	Darwin–Perth	Regional
DRW–SYD	Darwin–Sydney	Regional
GET–PER	Geraldton–Perth	Regional
HBA–MEL	Hobart–Melbourne	Regional
HBA–OOL	Gold Coast–Hobart	Regional
HBA–PER	Hobart–Perth	Regional
HBA–SYD	Hobart–Sydney	Regional
HVB–SYD	Hobart–Sydney	Regional
KGI–PER	Kalgoorlie–Perth	Regional
LST–MEL	Launceston–Melbourne	Regional
LST–SYD	Launceston–Sydney	Regional
MEL–MGB	Melbourne–Mount Gambier	Regional
MEL–MIM	Melbourne–Merimbula	Regional
MEL–MQL	Melbourne–Mildura	Regional
MEL–NTL	Melbourne–Newcastle	Regional
MEL–PPP	Melbourne–Proserpine	Regional
MEL–TSV	Melbourne–Townsville	Regional
MEL–WGA	Melbourne–Wagga Wagga	Regional
ABX–MEL	Albury–Melbourne	Regional
MKY–ROK	Mackay–Rockhampton	Regional
MKY–TSV	Mackay–Townsville	Regional
MRZ–SYD	Moree–Sydney	Regional
NTL–OOL	Gold Coast–Newcastle	Regional
OAG–SYD	Orange–Sydney	Regional
PKE–SYD	Parkes–Sydney	Regional
PPP–SYD	Sydney–Proserpine	Regional
PQQ–SYD	Port Macquarie–Sydney	Regional
SYD–TMW	Sydney–Tamworth	Regional

SYD–TSV	Sydney–Townsville	Regional
SYD–WGA	Sydney–Wagga Wagga	Regional
SYD–WTB	Sydney–Toowoomba	Regional
BXG–SYD	Bendigo–Sydney	Regional
ADL–LST	Adelaide–Launceston	Regional
LST–PER	Launceston–Perth	Regional
ADL–NTL	Adelaide–Newcastle	Regional
BNE–WLE	Brisbane–Miles	Regional
BNE–PQQ	Brisbane–Port Macquarie	Regional
MQL–SYD	Mildura–Sydney	Regional
NTL–PER	Newcastle–Perth	Regional
CNS–NTL	Cairns–Newcastle	Regional
ABX–BNE	Albury–Brisbane	Regional
ADL–TSV	Adelaide–Townsville	Regional
BNE–WGA	Brisbane–Wagga Wagga	Regional
BQB–MEL	Busselton–Melbourne	Regional
CNS–MCY	Cairns–Mackay	Regional
BQB–SYD	Busselton–Sydney	Regional
DRW–OOL	Darwin–Gold Coast	Regional
AVV–BNE	Avalon–Brisbane	Regional
HVB–MEL	Hobart–Melbourne	Regional
ADL–PPP	Adelaide–Proserpine	Regional
Melbourne - Albury - Wagga Wagga		Regional
Sydney - Dubbo - Broken Hill		Regional
Sydney - Griffith - Narrandera		Regional
Sydney - Moruya - Merimbula		Regional
ADL–ASP	Adelaide–Alice Springs	Remote
ADL–CED	Adelaide–Ceduna	Remote
ADL–CPD	Adelaide–Cooper Pedy	Remote
ADL–KGC	Adelaide–Kingscote	Remote
ADL–PLO	Adelaide–Port Lincoln	Remote
ASP–BNE	Alice Springs–Brisbane	Remote
ASP–DRW	Alice Springs–Darwin	Remote
ASP–MEL	Alice Springs–Melbourne	Remote
ASP–SYD	Alice Springs–Sydney	Remote

AYQ–BNE	Brisbane–Uluru	Remote
AYQ–CNS	Cairns–Uluru	Remote
AYQ–MEL	Melbourne–Uluru	Remote
AYQ–SYD	Sydney–Uluru	Remote
BME–MEL	Broome–Melbourne	Remote
BME–PER	Broome–Perth	Remote
BNE–HTI	Brisbane–Hamilton Island	Remote
BNE–ISA	Brisbane–Mount Isa	Remote
CNJ–ISA	Cloncurry–Mount Isa	Remote
CNJ–TSV	Cloncurry–Townsville	Remote
CNS–HID	Cairns–Horn Island	Remote
CNS–ISA	Cairns–Mount Isa	Remote
CNS–WEI	Cairns–Weipa	Remote
EPR–PER	Esperance–Perth	Remote
HTI–MEL	Hamilton Island–Melbourne	Remote
HTI–SYD	Hamilton Island–Sydney	Remote
ISA–TSV	Mount Isa–Townsville	Remote
KNX–PER	Kununurra–Perth	Remote
KTA–PER	Karratha–Perth	Remote
LDH–SYD	Lord Howe Island–Sydney	Remote
LEA–PER	Learmonth–Perth	Remote
PBO–PER	Paraburdoo–Perth	Remote
PER–PHE	Perth–Port Hedland	Remote
PER–ZNE	Perth–Newman	Remote
ONS–PER	Onslow–Perth	Remote
Central 1		Remote
Central 2		Remote
Gulf		Remote
Melbourne - Burnie - King Island		Remote
Northern 1		Remote
Northern 2		Remote
Perth - Carnarvon - Monkey Mia		Remote
Perth - Christmas Island - Cocos Island		Remote
Western 1		Remote
Western 2		Remote

Table 2 lists the 99 airports serviced by the 3 monitored airline groups in October 2025 and their respective remoteness classification.

Table 2 Airport and remoteness – October 2025

IATA	Airport name	Airport remoteness	Airport remoteness area
ADL	Adelaide International Airport	Major city	Major Cities of Australia
BNE	Brisbane International Airport	Major city	Major Cities of Australia
CBR	Canberra International Airport	Major city	Major Cities of Australia
MCY	Sunshine Coast Airport	Major city	Major Cities of Australia
MEL	Melbourne International Airport	Major city	Major Cities of Australia
OOL	Gold Coast Airport	Major city	Major Cities of Australia
PER	Perth International Airport	Major city	Major Cities of Australia
SYD	Sydney Kingsford Smith International Airport	Major city	Major Cities of Australia
ABX	Albury Airport	Regional	Inner Regional Australia
ARM	Armidale Airport	Regional	Inner Regional Australia
AVV	Avalon Airport	Regional	Inner Regional Australia
BDB	Bundaberg Airport	Regional	Inner Regional Australia
BNK	Ballina Byron Gateway Airport	Regional	Inner Regional Australia
BQB	Busselton Regional Airport	Regional	Inner Regional Australia
BXG	Bendigo Airport	Regional	Inner Regional Australia
CFS	Coffs Harbour Airport	Regional	Inner Regional Australia
DBO	Dubbo City Regional Airport	Regional	Inner Regional Australia
GLT	Gladstone Airport	Regional	Inner Regional Australia
HBA	Hobart International Airport	Regional	Inner Regional Australia
HVB	Hervey Bay Airport	Regional	Inner Regional Australia
LST	Launceston Airport	Regional	Inner Regional Australia
MKY	Mackay Airport	Regional	Inner Regional Australia
MYA	Moruya Airport	Regional	Inner Regional Australia
NTL	Newcastle Airport	Regional	Inner Regional Australia
OAG	Orange Airport	Regional	Inner Regional Australia
PQQ	Port Macquarie Airport	Regional	Inner Regional Australia
ROK	Rockhampton Airport	Regional	Inner Regional Australia
TMW	Tamworth Airport	Regional	Inner Regional Australia
WGA	Wagga Wagga City Airport	Regional	Inner Regional Australia
WTB	Toowoomba Wellcamp Airport	Regional	Inner Regional Australia

ALH	Albany Airport	Regional	Outer Regional Australia
BHQ	Broken Hill Airport	Regional	Outer Regional Australia
BWT	Wynyard Airport	Regional	Outer Regional Australia
CNS	Cairns International Airport	Regional	Outer Regional Australia
DPO	Devonport Airport	Regional	Outer Regional Australia
DRW	Darwin International Airport	Regional	Outer Regional Australia
EMD	Emerald Airport	Regional	Outer Regional Australia
GET	Geraldton Airport	Regional	Outer Regional Australia
GFF	Griffith Airport	Regional	Outer Regional Australia
KGI	Kalgoorlie Boulder Airport	Regional	Outer Regional Australia
MGB	Mount Gambier Airport	Regional	Outer Regional Australia
MIM	Merimbula Airport	Regional	Outer Regional Australia
MOV	Moranbah Airport	Regional	Outer Regional Australia
MQL	Mildura Airport	Regional	Outer Regional Australia
MRZ	Moree Airport	Regional	Outer Regional Australia
NRA	Narrandera Airport	Regional	Outer Regional Australia
PKE	Parkes Airport	Regional	Outer Regional Australia
PPP	Proserpine Whitsunday Coast Airport	Regional	Outer Regional Australia
RMA	Roma Airport	Regional	Outer Regional Australia
TSV	Townsville Airport	Regional	Outer Regional Australia
WLE	Miles Airport	Regional	Outer Regional Australia
WYA	Whyalla Airport	Regional	Outer Regional Australia
ASP	Alice Springs Airport	Remote	Remote Australia
BME	Broome International Airport	Remote	Remote Australia
CNJ	Cloncurry Airport	Remote	Remote Australia
EPR	Esperance Airport	Remote	Remote Australia
HTI	Hamilton Island Airport	Remote	Remote Australia
ISA	Mount Isa Airport	Remote	Remote Australia
KGC	Kingscote Airport	Remote	Remote Australia
KTA	Karratha Airport	Remote	Remote Australia
PHE	Port Hedland International Airport	Remote	Remote Australia
PLO	Port Lincoln Airport	Remote	Remote Australia
SGO	St George Airport	Remote	Remote Australia
AYQ	Ayers Rock Connellan Airport	Remote	Very Remote Australia
BCI	Barcaldine Airport	Remote	Very Remote Australia

BEU	Bedourie Airport	Remote	Very Remote Australia
BKQ	Blackall Airport	Remote	Very Remote Australia
BQL	Boulia Airport	Remote	Very Remote Australia
BUC	Burketown Airport	Remote	Very Remote Australia
BVI	Birdsville Airport	Remote	Very Remote Australia
CCK	Cocos (Keeling) Islands Airport	Remote	Very Remote Australia
CED	Ceduna Airport	Remote	Very Remote Australia
CMA	Cunnamulla Airport	Remote	Very Remote Australia
CPD	Coober Pedy Airport	Remote	Very Remote Australia
CTL	Charleville Airport	Remote	Very Remote Australia
CVQ	Carnarvon Airport	Remote	Very Remote Australia
DMD	Doomadgee Airport	Remote	Very Remote Australia
HGD	Hughenden Airport	Remote	Very Remote Australia
HID	Horn Island Airport	Remote	Very Remote Australia
JCK	Julia Creek Airport	Remote	Very Remote Australia
KNS	King Island Airport	Remote	Very Remote Australia
KNX	Kununurra Airport	Remote	Very Remote Australia
LDH	Lord Howe Island Airport	Remote	Very Remote Australia
LEA	Learmonth Airport	Remote	Very Remote Australia
LRE	Longreach Airport	Remote	Very Remote Australia
MJK	Shark Bay Airport	Remote	Very Remote Australia
NTN	Normanton Airport	Remote	Very Remote Australia
ONG	Mornington Island Airport	Remote	Very Remote Australia
ONS	Onslow Airport	Remote	Very Remote Australia
PBO	Paraburdoo Airport	Remote	Very Remote Australia
RCM	Richmond Airport	Remote	Very Remote Australia
ULP	Quilpie Airport	Remote	Very Remote Australia
WEI	Weipa Airport	Remote	Very Remote Australia
WIN	Winton Airport	Remote	Very Remote Australia
WNR	Windorah Airport	Remote	Very Remote Australia
XCH	Christmas Island Airport	Remote	Very Remote Australia
XTG	Thargomindah Airport	Remote	Very Remote Australia
ZNE	Newman Airport	Remote	Very Remote Australia
ZNE	Newman	Remote	Very Remote Australia