



**SUBMISSION TO THE SENATE STANDING COMMITTEES  
ON RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

ON THE

**OPERATION, REGULATION & FUNDING OF AIR ROUTE  
SERVICE DELIVERY TO RURAL, REGIONAL & REMOTE  
COMMUNITIES**

23 FEBRUARY 2018



**Queensland Tourism Industry Council**

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## OVERVIEW

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The Queensland Tourism Industry Council (QTIC) welcomes the opportunity to respond to the inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities.

Based on our consultations and stakeholder feedback outlined below, QTIC makes the following recommendations:

### **Regional air access to be given the same focus as metropolitan transportation strategies**

Connectivity is a vital part of the tourism industry and impacts the competitiveness of a destination and travellers propensity to travel. As regional economies diversify offering safe ways of reaching regional destinations is imperative to the successful diversification of economies in to tourism. Metropolitan transportation strategies are integral to ensure the unlocking infrastructure bottlenecks and to modernise the nation's economic infrastructure. In the development of the metropolitan transportation strategies, prioritisation of needs is given to increases in the size of our cities and the implications of growth for productivity. As metropolitan strategies reach a state of consolidation, it is important to now consider implications for connectivity to regional Australia and the opportunities to strengthen regional development and productivity. This strategy must include the integration of transportation including air, train, private transport and roads to provide accessibility across regional and rural Australia and encourage visitation to these regions.

### **Consider targeted subsidies to underpin growth strategies**

Regional airlines are working towards stimulating greater accessibility for residents. Further targeted subsidies driven by government that assist airlines in providing these opportunities is likely to underpin further growth. A clear strategy should guide investment towards growth of destinations with strong tourism product.

### **Targeted marketing strategies to support growth**

In order to achieve the growth and support subsidies, funding already directed towards marketing Australia, both domestically through the states and internationally could support the push for regional development by focusing on experiences and opportunities in regional Australia. This strategy would assist in ensuring the viability of routes.

### **Sustainable & resilient future**


A long term strategy and sustainable plan must be developed to ensure the longevity of these routes. Short term fixes and rigid control mechanisms will not support the long term growth of the sector and regional Australia. Consideration should be given to evolving sectors, changing consumer demands and new technologies that will assist in activating regional Australia and supporting the viability of air routes.

## QUEENSLAND TOURISM INDUSTRY COUNCIL

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QTIC is the state peak body for tourism in Queensland. QTIC is an independent private sector, membership-based tourism industry organisation.

All of Queensland's 13 Regional Tourism Organisations (RTOs) are members of QTIC, as are 20 industry sector associations and in excess of 3,000 regional members, operating in all sectors of the tourism industry.



QTIC works in partnership with government agencies and industry bodies at a local, state and national level and is a member of the Australian Tourism Industry Council (ATIC).

## TOURISM IN QUEENSLAND

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The tourism industry in Queensland contributed \$25.0 billion to Queensland's Gross State Product (GSP), representing 7.9% of total GSP<sup>1</sup> and generated \$7.1 billion in exports in the year ending June 2016<sup>2</sup>, making it the state's third largest export industry accounting for 14.8% of total Queensland exports.

In recent years, government and business communities have recognised tourism is contributing significantly to economic growth in Queensland and generating significant numbers of new jobs. Due to a slowdown in the resource industry, tourism has experienced resurgence and is flourishing against a relatively soft economic backdrop. In Deloitte's *Tourism and Hotel Market Outlook*<sup>3</sup>, it is reported that international arrivals to Australia grew at twice the rate of global outbound travel and international visitation "continues to outshine broader economic performance". Forecasts to 2020 indicate tourism will continue to grow faster than the wider economy.

The World Travel and Tourism Council<sup>4</sup> (WTTC) project travel and tourism employment will grow 5.8% (compound annual growth) over the next decade in the Asia Pacific region. In contrast, total economic growth is projected at 4.1% per annum and other industries such as mining and agriculture are forecast to grow at 1.8% and 2.2% per annum respectively.

Strong international visitor growth is forecast to continue for the next five years, with international visitation to Australia anticipated to grow at 6% per annum reaching over 11.4million arrivals by 2012-2022<sup>5</sup>. Domestic visitor growth over the next five years is predicted at a slower rate of 2.2% per annum reaching over 104.3million trips by 2012-22. Expenditure is expected to grow at the same rate, with average trip spend tipped to decrease slightly<sup>5</sup>.

One in ten businesses in tourism is a small or medium sized enterprise. Tourism employs over 225,300 Queenslanders across almost 54,000 businesses<sup>1</sup>. These organisations are reliant on strong connectivity to ensure that visitors are able to reach regional Queensland.

## AVIATION AND TOURISM

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Transportation and aviation services are an integral part of the tourism industry<sup>6</sup>. The transportation links of a tourist destination have an impact on the tourism experience, it is the first and last contact that a traveller has with a destination, forming part of the experience and shaping the overall attractiveness of a destination. Convenient connectivity by air is now seen as a requirement for a destination to be competitive<sup>7</sup>. As such, aviation policies that foster strong and vibrant local industries will support the development of tourism across

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<sup>1</sup> Tourism Research Australia, *State Tourism Satellite Accounts 2015-2016*

<sup>2</sup> Tourism Research Australia - *State Tourism Satellite Accounts 2015-16*, Queensland Government Office of Economic and Statistical Research - Overseas exports of goods by industry.


<sup>3</sup> Deloitte, *Tourism and Hotel Market Outlook*, Edition 1, 2017

<sup>4</sup> World Travel and Tourism Council. 2017. *Travel & Tourism Economic Impact 2017 Asia Pacific*

<sup>5</sup> Tourism Research Australia. *State of the Industry Report 2016-17*.

<sup>6</sup> Sorupia, E. *Rethinking The Role Of Transportation In Tourism*. (2005). Proceedings of the Eastern Asia Society for Transportation Studies, Vol. 5, pp. 1767 - 1777, 2.

<sup>7</sup> Henderson, J. *Transport and Tourism Destination Development: An Indonesian Perspective*. (2009). Tourism and Hospitality Research Vol 9, Issue 3, pp. 199 – 208.



the country. Positive impacts derived from appropriate accessibility include growth in local economies, resulting from increased employment, more visitor spend locally and due to air services acting as an attractor to businesses that value frequency and cost-effective air travel when deciding on locations<sup>8</sup>. A strong economic argument can be made that effective regional air services lead to better regional economic outcomes resulting in more jobs and more diversified industries. Thus, regional economic development strategies should ensure a strong focus on air transport<sup>9</sup>.

Research highlights that services to distant and smaller communities are particularly important in Australia, because there is no close substitute for this travel mode due to distances<sup>10</sup>. Many parts of regional Australia fall into this category. Regional Australia accounts for about one third of the total population and two thirds of the national export income. Air services are vitally important in connecting those regional areas to capital cities and the rest of the world to facilitate the movement of goods and people<sup>11</sup>. In 2014, the passenger movement (the sum of passenger arrivals and departures) at Australian regional airports reached 24.3 million, an increase of 45% from 16.8 million in 2005. The total passenger movement in the domestic market was 115 million in 2014, an increase of 42.5% from 80.7 million in 2005. Much of the traffic is concentrated at the relatively large airports, with the top 50 regional airports handling 22.8 million passengers in 2014, or 94% of the total passenger movement at all regional airports (BITRE 2015). Special consideration needs to be given to regional airports, because they can be vulnerable to economic shocks such as commodity price and exchange rate volatility yet they are integral to the visitor experience and movement of people and goods across the country<sup>11</sup>. Developing an effective subsidy policy is complex but critical for the aviation sector and its impact on the broader economy<sup>9</sup>.

## FEDERAL TOURISM INITIATIVES

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### **Tourism 2020**

In December 2011, the Federal Government announced its national strategy *Tourism 2020*, with a goal of doubling the value of tourism to \$140 billion by 2020. One of the key factors that will dictate the success or failure of Australia's tourism industry to meet its global potential is to meet the expected surge in demand with sufficient increases from the supply side of the tourism industry, such as tourism, aviation capacity and transport infrastructure.

One of the key strategies in the plan relates to ensuring the tourism transport environment supports growth: *"Tourism transport capacity and infrastructure needs to allow increasing numbers of visitors to travel to, from and within Australia. Governments will work in partnership with industry to ensure the supply of transport capacity and infrastructure continues to move ahead of demand and facilitates, rather than hinders, tourism traffic"*.

The 2017 *Travel and Tourism Competitiveness Index*<sup>12</sup> rates Australia at 4<sup>th</sup> out of 136 countries in regards to air transport and infrastructure suggesting the country is currently in a strong position. However, quality of air transport infrastructure is ranking 37<sup>th</sup>, aircraft departures is 16<sup>th</sup> and number of operating aircrafts is ranked

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<sup>8</sup> Percoco, M. *Urban Transport Policies And The Environment: Evidence From Italy* (2010) Articles, International Journal of Transport Economics, vol. 37(2).


<sup>9</sup> Baker, D., Merkert, R., & Kamruzzaman, Md. *Regional aviation and economic growth : cointegration and causality analysis in Australia*. (2015). Journal of Transport Geography, 43, pp. 140-150.

<sup>10</sup> Pagliari, R., *Trends in air service development within the highlands and islands of Scotland 1983-2006*. (2010). In George Williams and Svein Brathen (eds), *Air Transport Provision in Remoter Regions*, Ashgate, England, 21-46.

<sup>11</sup> Zhang, Y., Wang, K., Fu, X. *Air transport services in regional Australia: Demand pattern, frequency choice and airport entry*. (2017). Transportation Research Part A: Policy and Practice. Vol 103. 472-489.

<sup>12</sup> World Economic Forum. (2017). The Travel and Tourism Competitiveness Report 2017.





34<sup>th</sup> indicating room for improvements across these areas. Furthermore, in regards to price competitiveness, ticket taxes and airport charges are ranked 94<sup>th</sup> out of 136, this is negatively impacting the perception of Australia and the competitiveness of the country, reassessment of airport charges and ticket taxation is needed in order to raise Australia's competitive standing, capitalise on the growth trends and to reach the 2020 goals.

## STATE TOURISM INITIATIVES

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The Queensland Government and the Queensland tourism industry share an ambition to restore Queensland's leadership position as Australia's premier tourism state. The former government supported a **goal of doubling visitor expenditure, to \$30 billion by 2020**, in line with Commonwealth ambitions. The current Queensland Government has committed to maintaining these goals and to continue working with industry leaders to develop a prosperous and sustainable tourism industry. QTIC remains committed to working with government and industry to achieve a strong tourism industry through the strategies outlined below.

### ***Advancing Tourism***

*Advancing Tourism 2016–20* is the Queensland government's plan to capitalise on the significant tourism growth in Queensland. It targets key areas, identified by industry, to increase market share and boost tourism jobs air travel is directly reflected in two of the four priority areas including invest in infrastructure and access and in seizing the opportunity in Asia:

- Secure more international aviation access through the use of incentive programs such as the Attracting Aviation Investment Fund and the Advance Queensland: Connecting with Asia Fund.
- Strengthen existing strategic partnerships and pursue new strategic opportunities with airlines, trade and the travel industry.
- Utilise the Advance Queensland: Connecting with Asia Strategy to secure more international aviation access from Asia to regional Queensland, attract investment in new products and experiences, increase the digital capability of regional tourism businesses and encourage Asian travellers to visit multiple regional destinations as part of their Queensland experience.
- Implement a Queensland Asia Tourism Strategy, which provides the following strategic directions and a series of targeted actions to enable Queensland's tourism industry to capitalise on the Asia opportunity including:
  - Strengthening aviation access and strategic partnerships.



## RESPONSE TO DISCUSSION PAPER QUESTIONS

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### Social impacts of air route supply and airfare pricing

Regional airports are a vital transport link and are both economically and socially important to regional communities. Regional airports are a connection to cities, services and families for many. A number of the roads leading north and west from the major cities are notoriously dangerous with a significant number of fatal accidents annually. Air links provide a safer alternative to reach these destinations. Regularity of services from Brisbane and other major coastal airports to regional airports caters for business, visiting friends and relatives' needs, bringing communities together and opening opportunities for businesses. Often these routes are considered to be a 'lifeline'. Without it many communities would struggle to remain viable. In some cases air transport is the only practical means for a person from a small community to travel<sup>13</sup>.

Many regions in Queensland are highly dependent on the provision of air transport. Omitting or reducing such services could inhibit movement, keep families apart, and suppress business and tourism growth, leaving damaging impacts both socially and economically<sup>13</sup>. Regular air route supply allows individuals within remote communities to feel more connected and less removed from society<sup>12</sup>. The UN Commission on Social Development<sup>14</sup> acknowledges transport services and systems (including air transport) contribute to economic and social development as efficient and environmentally sound activities. The commission further states that they should be affordable and accessible in order to ensure mobility on an equitable basis to all sectors of society. The benefits of air transport delivered include 'community health and safety, infrastructure, gender aspects, employment and labour conditions and providing for those with special needs'<sup>15</sup>.

Airlines recognise the importance of affordable and sustainable air services to residents living in remote areas, both Qantas and REX have introduced discount schemes to assist locals living in remote locations. Whilst this benefits residents, business travellers and tourists are still subject to comparatively higher fares. This lack of accessibility acts as a deterrent to visitation.

#### Feedback from stakeholders

"Social impacts include lower visitor numbers which impacts destination competitiveness, local businesses and confidence within the destination. Further impacts include reduced access to medical treatments, in particular cancer treatments having significant negative influences on families and communities."

"Air route linkages to and within the Queensland outback currently exhibit a lack of strategic connectivity and regularity. This renders outback Queensland incapable of leveraging the record levels of visitation growth experienced in Queensland and Australia to build Queensland's outback tourism industry and economy."

### Economic impacts of air route supply and airfare pricing


As an input into numerous types of economic activity, including tourism, trade and investment, air transport is an important factor in achieving economic development and welfare enhancement objectives. Numerous studies have confirmed a link between the provision of connectivity through transport networks and economic growth<sup>13</sup>. Air transport is not only a substantial employer but is also an important enabler for businesses to operate in an increasingly globalised marketplace. Access to air services can be a requirement for communities

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<sup>13</sup> Smyth, A et al., "Is air transport a necessity for social inclusion and economic development?" (2012). Journal of Air Transport Management. 22. 53-59.

<sup>14</sup> United Nations Commission on Sustainable Development (UNCSD). "Report of the Inter-Sessional Ad Hoc Working Group on Transport and Atmosphere". (2001).E/CN.17/2001/16. UNCSD: New York.

<sup>15</sup> United Nations Commission on Sustainable Development (UNCSD). "Report of the Inter-Sessional Ad Hoc Working Group on Transport and Atmosphere". (2001).E/CN.17/2001/16. UNCSD: New York.



to preserve and enhance their economic standing. Air transport also drives and facilitates wider economic activity through connectivity.

#### **Feedback from stakeholders**

“Airfare pricing is an area of ongoing contention in our community. In the past when we only had the one Operator; airfares were considerably higher. As the Bundaberg route is not subsidised by the State Government, Bundaberg Regional Council worked hard to attract Virgin Airlines back in 2013 and this one service/day continues today with Alliance Airlines on a code share basis. Having the two airlines flying into Bundaberg adds some competitive tension to fares, particularly through the middle of the day which is when the Alliance service comes in/out.”

Businesses within rural and remote Queensland are already challenged by higher operating costs than major cities. This includes higher electricity, freight and water charges. Further challenges include the recruitment and retention of staff and the ability to attract skilled staff to a perceived remote location. These challenges combined with expensive airfares inhibit the growth and sustainable business operations in rural and regional Queensland.

A recent inquiry by the Select Committee into *Regional Development and Decentralisation* examines the opportunity to diversify regional economies and stimulate economic growth through promoting private sector attraction in regional Australia. In order to stimulate growth in regional Queensland, a competitive environment must be on offer, this is currently lacking.

### **How airlines determine fare pricing**

Airline pricing is determined by a number of variables and is driven by supply and demand in the market. Demand for air routes is influenced by the size of the market and the propensity of a potential consumer to fly. Airlines have significant operating cost, variable costs incurred per route include fuel, personnel, airport charges, navigation charges, security charges and catering. Airport charges are derived from the capital costs of delivering and updating airport infrastructure that is both necessary and legally required. Airport charges are generally reviewed annually, or when airports are considering the requirement for the upgrade or redevelopment of facilities to meet airport growth. Fixed costs include ownership or leasing charges, regular maintenance and administrative overheads. Airlines must generate sufficient revenues to cover these costs.

#### **Feedback from stakeholders**

“The airline continues to serve regional routes – sometimes as the sole operator – which, in some cases, operate at a deficit.”

Airlines offer dynamic pricing and multi-level pricing offers. Lower prices, for price sensitive consumers, offer inflexible fares with limited inclusions whilst higher prices offer more flexibility and added value for less price sensitive travel.

Price points utilise statistical modelling for forecasting demand and factor in expected economic conditions, seasonality, events, schedule changes and route capacity. Prices may be skewed by uneven demand – for example in fly-in-fly-out destinations with small population bases, the outward flight may have significantly less demand than the inward flight at certain times, thereby forcing higher prices on the inward journey to recoup less profitable return journeys.

### **The determination, subsidisation and equity of airfares**

Airlines recognise the impact of higher than average airfare prices on residents and as a result, discount schemes have been recently introduced by Qantas and Regional Express (Rex) airlines.



Qantas' scheme commenced in November, offering discounts of between 10% and 30% off economy airfares, with the lower discount applied to the cheaper airfare (e.g. red e-deal) and 30% to the more expensive economy airfares. The discount does not apply to the entirety of the airfare but only to those costs within Qantas' control (e.g. it excludes airport charges, security charges and GST). It applies to local residents undertaking personal travel (limited to four trips per year per person) on the return journey for Mount Isa–Brisbane–Mount Isa and Mount Isa–Townsville–Mount Isa routes. Residents obtain a free frequent flyer membership to assist to establish that they are a Mount Isa resident.

In January 2017, Rex announced a discount airfare of \$198 for a direct flight between Mount Isa and Cairns. This airfare is supported by a discount on airport charges at Mount Isa, but not Cairns. The fare will be made available for 30% of the seats on a direct flight and must be booked at least 30 days in advance or on the day before take-off, depending on availability. This community airfare is an extension of what Regional Express airlines has introduced to other regional communities across Australia.

#### **International context**

In its resolution of 2 July 2013, the EU Parliament considered 'that bilateral air service agreements are not always the most appropriate solution to combat market restrictions or unfair subsidies', noted that a more coordinated Union approach should be applied to establish fair and open competition and called on the Commission to propose the revision or replacement of Regulation (EC) No 868/2004. The debate and concerns regarding the 'fairness' of competition from third country players is not limited to the EU and is also taking place in the United States of America (USA), where several US network airlines and labour unions have raised the issue. Provisions that cover competition are enshrined in the International Air Transportation Fair Competitive Practices Act (IATFPCA) that aims to protect US carriers from unfair and discriminatory practices from third countries airlines or governments and to protect the rights acquired within the framework of bilateral air services agreements. The scope of this act is quite broad and in practice gives the US Department of Transportation substantial discretionary powers to protect the US aviation industry, based on complaint from a US airline or on its own initiative.

A significant factor influencing the propensity for travel is 'affordability'. Low cost carriers (LCC's) in particular have widened inclusion, access and have created opportunities to travel. In some cases air transport is the only realistic means for a person from a small community to travel yet often regional routes now appear relatively more expensive than low cost, popular routes.

### **Determination of regulated routes and distribution of residents' fares across regulated routes**

#### **Example of resident fares and regulated routes**

QantasLink provide two regional programs in Queensland, The Local Fare Scheme and the Long Distance Air Service initiative.

The local fare scheme is a Queensland State Government funded subsidy for regional and remote residents. The subsidy is up to \$400 per return journey for up to 12 trips per year. A letter of eligibility is required from local council and personal identification. The subsidy is not applicable on lead in or sale fares.

The long distance air service initiative is two regulated routes from Brisbane to Roma and Charleville and Brisbane to Barcaldine and Longreach. The routes have a predetermined number of resident fares, when resident fares are taken, residents must then book under full flight.





## Airline competition within rural and regional routes

### Feedback from stakeholders

“Mackay Region is different, with four airports in close proximity. Demand across the 4 airports has risen showing increased demand for the region. We are finding that routes are switching airports within the Bowen Basin depending on the different demand from industry sectors. Competition can pillage competition, making it harder for airlines.”

“Airline competition is a double edged sword, some airline operators in a regional environment may only be marginally profitable. Competition can lead to market growth, some cheaper airfares, but it can also lead to an operator leaving the market, seeing airfares grow as a result of the market contracting. The true and full cost per hour for an airline operator to establish and then ultimately continue to deliver viable services to regional destinations should be reviewed to understand the airfare price ladder and the construct of airfares.”

“The Queensland Government regulated routes scheme on the basis it delivers necessary, affordable, sustainable air services to residents living in remote areas where passenger demand is not high enough to create healthy competition among airlines, or to even attract one airline to service the route.”

## Consistency of aircraft supply and retrieval of passengers by airlines during aircraft maintenance and breakdown


One of the most contentious issues in the aviation sector is increased travel time, particularly due to congestion and delays. Research indicates substantial increases in flight operations, limited increases in infrastructure capacity and few changes in infrastructure deployment, have led to increases in congestion at a number of regional airports. The consequence of this congestion is the increase in travel time, increases in mean delays and increased uncertainty around expected arrival times. Flight delays have numerous causes. Some disruptions, such as severe weather, are beyond an airline’s or an airport’s direct control others occur due to airline’s scheduling policies and availability, or lack, of redundant equipment and personnel. It must also be noted that airline operations are complex and the remote location of many of the airports in rural and regional Australia coupled with adverse weather can pose challenges for airline operations. Further challenges arrive where airports are only equipped for smaller aircraft, meaning larger crafts are unable to be deployed to recover disrupted passengers.

### Feedback from stakeholders

“Flights get cancelled at the last minute and people are ‘bumped’ to the next flight which can sometimes be a couple of hours. This impacts travelers’ perceptions of the destination and their willingness to travel to regional Queensland in the future.”

“In recent times we have noticed a number of cancelled flights. This has been blamed on aircraft maintenance and lack of available flight crews. Services have now been reduced over the Christmas/NY period (which is normal) and the late cancellation of services has been greatly reduced. Given the frequency of flights if an aircraft becomes unserviceable generally passengers are put on the next flight or are delayed until a new aircraft can arrive. This can be frustrating but most passengers have experienced this some time on other airlines and at different airports and accept it as a risk when flying. Important to note that Alliance have been extremely reliable in delivering on their scheduled flight and the one time they could not complete the flight due to bad weather they provided accommodation for all passengers in Brisbane overnight and flew them all up on an unscheduled flight the next morning.”

“Airline maintenance facilities need to be located where airline movements are most heavily concentrated because of commercial considerations.”



“From time to time our Airline partners will experience delays as a result of technical requirements. These are generally managed well by the airline partners, however from time to time delays can roll, where parts are required or an engineer is required to inspect the unserviceable aircraft. The only way to alleviate this type of an issue is to accept that this will occur from time to time and that communication between the airline and passengers is of paramount importance. Unfortunately inventories of parts to regional destinations and basing engineers at regional ports are no longer financially viable.”

The experience of smaller regional airports may be different from those outlined in the stakeholder feedback and their experience should be reviewed as part of deliberations relating to this section. Furthermore, the importance of safety is paramount and consumer safety should always take precedence over schedule.

### **Other related matters**

There is an opportunity to expand on the existing programs that have demonstrated success in assisting residents travelling to and from rural communities by committing additional funds to supplement fares for residents.

Within the tourism industry interstate travellers spend over \$62 billion in Australia, in Queensland domestic travellers spend \$15.4billion. Domestic flights have a significant amount of value and as such should be valued at both a state and federal level with a clear strategy employed to enhance value of routes across the state and promote connectivity. An Air Transport strategy would need input from airlines and airports to ensure needs of key stakeholders are met and consideration should also be given to connecting travellers to and from the airport for example through a connected public transportation system, through road access and through private and shared transportation links.

Changes in technology and markets (driverless cars, ride-sharing etc.) are likely to impact air travel across the country. These changes in conjunction with infrastructure improvements will stimulate self-travel and greater accessibility between regions. In long term planning for this sector, future trends should be considered to ensure that investment is made wisely and is reflective of consumer needs. This must also be conducted in a sustainable way, climate change is significantly impacting the Queensland tourism industry and *all* actions must consider how to ensure that Australia has a resilient future outlook.

#### **Feedback from stakeholders**

“Overall it must be noted that regional airports are vital community assets that drive economic growth and prosperity, while providing links to other regional centres and state capitals. Regional airports conduct their business in a transparent and collaborative way to provide mutually beneficial outcomes for airline partners and the airport and the local community. Airport charges are transparent and generally constitute a small component of an overall airfare. Airline pricing can significantly impact accessibility to regional and remote communities and should be viewed on an open and transparent basis as per that of airports. Regional airports are inherently capital-intensive infrastructure assets with limited revenue generation opportunities.”

## **RECOMMENDATIONS**

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### **Regional air access to be given the same focus as metropolitan transportation strategies**

Connectivity is a vital part of the tourism industry and impacts the competitiveness of a destination and travellers propensity to travel. As regional economies diversify offering safe ways of reaching regional destinations is imperative to the successful diversification of economies in to tourism. Metropolitan transportation strategies are integral to ensure the unlocking infrastructure bottlenecks and to modernise the



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In order to achieve the growth and support subsidies, funding already directed towards marketing Australia, both domestically through the states and internationally could support the push for regional development by focusing on experiences and opportunities in regional Australia. This strategy would assist in ensuring the viability of routes.

#### **Sustainable & resilient future**

A long term strategy and sustainable plan must be developed to ensure the longevity of these routes. Short term fixes and rigid control mechanisms will not support the long term growth of the sector and regional Australia. Consideration should be given to evolving sectors, changing consumer demands and new technologies that will assist in activating regional Australia and supporting the viability of air routes.

## **FURTHER ENQUIRIES**

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QTIC welcomes the opportunity for further discussion regarding the points raised in this submission. For all enquiries, please contact QTIC Policy Team on (07) 3236 1445 or email [policy@qtic.com.au](mailto:policy@qtic.com.au).