

MITEZ

ECONOMIC DEVELOPMENT

Submission to the Productivity Commission

Determinants of Regional Airfares Inquiry

MITEZ Corridor Context

The Mount Isa to Townsville Economic Development Zone (MITEZ) represents one of Australia’s most strategically important regional corridors. Spanning seven local government areas — Mount Isa, Cloncurry, McKinlay, Richmond, Flinders, Charters Towers and Townsville, the corridor connects the North West Minerals Province with the Port of Townsville through a critical 'Pit to Port' supply chain.

The region is entering a period of significant economic expansion driven by projects such as CopperString 2032, critical minerals development, renewable energy opportunities and continued growth in agriculture and tourism. Reliable aviation connectivity is essential to supporting workforce mobility, investment attraction and regional development across the corridor.



Shaping the Future of Regional Air Services

Airline travel to regional, rural and remote Australia continues to widen the divide between metropolitan centres and regional communities.

For decades industry leaders and rural communities have raised concerns about declining service levels, ageing infrastructure, delays and high fares.

For North West Queensland aviation is not discretionary travel, it is essential infrastructure. Reliable air services support workforce mobility, regional investment, tourism access and the delivery of critical services including healthcare and education.

Economic Impact

The lack of reliable and affordable air services has significant economic implications for regional communities, affecting workforce availability, productivity and regional investment.

Across the North West Minerals Province, aviation connectivity **enables** workforce mobility. Fly-in fly-out arrangements are increasingly relied upon not only for mining operations but also for nurses, teachers, contractors and other essential service providers.

High airfares increase the cost of doing business in regional Australia and create barriers for tourism and family travel.

Action Required: Recognition of aviation as critical regional economic infrastructure.

Service Reliability

Declining service reliability and high costs are eroding confidence in regional aviation. Residents rely on flights to access medical treatment, specialist services, education and government services.

Flight cancellations and limited seat availability create major disruptions for communities that already face geographic isolation.

Action Required: Policy reform to improve service reliability and route sustainability.

Infrastructure Needs

Regional airports are critical infrastructure assets connecting remote communities to economic and service hubs.

Local governments often carry the financial burden of maintaining airport infrastructure with limited resources. Investment certainty is required to support runway upgrades, terminal improvements and infrastructure capable of accommodating larger aircraft.

Action Required: Coordinated Federal and State investment in regional aviation infrastructure.

Market Conditions

Regional aviation markets operate under fundamentally different conditions to capital city routes. Passenger volumes are smaller, travel distances are longer and competition is often limited.

Despite these constraints regional aviation provides essential connectivity supporting tourism, workforce mobility and access to services.

Action Required: Policy settings that recognise the structural challenges of regional aviation markets.

Key Recommendations

- Consideration of regional airfare subsidy mechanisms to improve affordability.
- Increased airline competition on viable regional routes.
- Investment in modern regional aircraft fleets capable of servicing remote communities.
- Government support for regional airport infrastructure upgrades.
- Long-term aviation planning aligned with major regional economic projects including CopperString and critical minerals development.
- Improved coordination between government, airlines and regional stakeholders.

Additional Regional Advocacy Positions

- Capped regional resident airfare targets similar to successful schemes in other jurisdictions.
- Minimum aircraft capacity standards for regulated regional routes.
- Performance standards for airlines operating regional services.
- Regular contract review periods to ensure services align with regional economic growth.

Contact us

Maria James

Chief Executive Officer

MITEZ (Mount Isa to Townsville Economic Development Zone Inc)

Enterprise House, 6 The Strand Townsville

ceo@mitez.com.au