



AUSTRALIAN
AIRPORTS
ASSOCIATION

STATEMENT

4 April 2019

Response to airline claims referenced in the Australian Financial Review – 3 April 2019

The Australian Financial Review's story *Lack of action on high regional airfares 'disgraceful'*, reports that airlines have blamed the high cost of regional airfares on airports. The fact is that the cost of airport charges has little impact on airfares. We know this because:

- research commissioned by the AAA and provided to the Productivity Commission confirms it, as does research by Airports Council International in Europe
- a recent Western Australian parliamentary inquiry found airline claims about regional airport charges don't stack up
- the Productivity Commission draft report released this year found major airports are not abusing market power with respect to domestic (including regional) services

A 2017 AAA survey of regional airports found 75 per cent of airports taking part had not increased airport charges in real terms for the last five years. Airfares are a different matter, and passengers see the truth of this when they pay different prices to travel on the same route, with the same airline, on different days – even as airport charges stay the same.

There is currently a Federal senate committee inquiry underway to look at why regional airfares are so high. A few examples the inquiry's heard are:

- when regional roads in Queensland were closed, an airfare to Townsville was advertised at \$982, rising further to \$1035 the next day
- a ticket from Mount Isa to Brisbane can vary from \$500 to \$1800 per person
- a return airfare for a student going to boarding school, travelling the same route, had cost \$765, \$463 and \$614 at different times of the year

Airfares change, but airport charges stay the same – for years. And even if you accept Qantas' claims that regional airport charges average between \$17-\$26 per passenger, it is hard to see how those charges can be blamed for airfares that rise beyond \$1000.

Regional airfares are high. But profitable domestic airlines squeezing struggling regional airports will not lead to lower airfares. It will simply lead to more profits for airlines. With many regional airports facing persistent budget deficits and struggling to fund essential maintenance and upgrades, it is time for airlines to get real about high regional airfares.

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