

# **ECONOMICS AND INDUSTRY STANDING COMMITTEE**

**INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA**



**TRANSCRIPT OF EVIDENCE  
TAKEN AT ALBANY  
TUESDAY, 29 AUGUST 2017**

**SESSION THREE**

## **Members**

**Ms J.J. Shaw (Chair)  
Mr S.K. L'Estrange (Deputy Chairman)  
Mr Y. Mubarakai  
Mr S.J. Price  
Mr D.T. Redman**

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**Hearing commenced at 1.27 pm**

**Ms ELISE CHARMAINE VAN GORP**

**General Manager, Albany's Historic Whaling Station, examined:**

**Mrs CATHY GLEN**

**Tourism Lecturer, Skali International Albany, examined:**

**The CHAIR:** On behalf of the committee, I would like to thank you for agreeing to appear today to provide evidence in relation to the committee's inquiry into regional airfares. My name is Jessica Shaw and I am the Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee to my left: Yaz Mubarakai, member for Jandakot; Sean L'Estrange, deputy chair and member for Churchlands; Terry Redman, member for Warren-Blackwood; and Stephen Price, member for Forrestfield. It is important that you understand that any deliberate misleading of this committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege. However, this privilege does not apply to anything that you might say outside of today's proceedings.

Before we begin with our questions, do you have any questions about your attendance today?

**The WITNESSES:** No.

**The CHAIR:** Would either of you like to make a short opening statement?

**Ms VAN GORP:** I am not quite sure what you would like to hear.

**The CHAIR:** That is fine; we will go straight into questions and I will ask you a question that will hopefully lead to a short opening statement. We have been travelling to a lot of different regional centres and hearing from the community at large in public forums and then we have invited tourism operators to come in. Could you give us a bit of an overview of your businesses and the ways in which regional airfares impact your business?

**Ms VAN GORP:** Albany's Historic Whaling Station has been operating as a tourism destination for close to 40 years. It has been the number one tourist attraction in the region and in Albany for a lot of that time, until recent years with the National Anzac Centre opening. It is a great thing that we have a range of other offers and we can work collaboratively and competitively together as well. For those of you who may not have been to the whaling station and not know where it is located, we are about 22 kilometres out of Albany at the end of the Torndirrup Peninsula, and I often refer to the little lighthouse community as an outpost because we are right out on the end of the peninsula. However, we go past a lot of stunning coastline and other natural attractions such as The Gap and the blowholes et cetera. Visitors who come to the whaling station need to get there by transport. There is not any transport available, so that transport needs to be either their private car, their hire car, a taxi, a local tour bus that may be available on a tour at the moment, or if they have come on a coach or have arrived in Albany by air, they still have to find their way there by road. If they come on a cruise ship they may be linked in with a tour from the cruise ship that has been organised, or they may be linked in with some other transport on the day from the cruise ship out of Albany.

[1.30 pm]

**Mr S.K. L'ESTRANGE:** Because a cruise ship is quite close to Albany when it comes in, is it not?

**Ms VAN GORP:** It comes right in to the marina area—to the port, basically. But to get from Albany port, it is still —

**Mr S.K. L'ESTRANGE:** Twenty-two kays.

**Ms VAN GORP:** Yes, 22 kays. Whilst we might be located 22 kays out of Albany, the situation in terms of a visitor coming to Albany is not all that different anyway, because once you get on the ground you have got to be able to get to places. We are not a large enough place to have an infrastructure of buses or whatever that are going to take you to all the places you want to go to that you might be able to in London or Perth, possibly. The situation is such that probably traditionally too with the location from Perth—some 400-odd kilometres, a four to five-hour drive direct down Albany Highway—we are situated in a way that people can drive, and self-drive has really been something that is a major source of transport in reaching Albany. Other means are air and bus, Transwa or coach line that you commit to, and now more frequently cruise ships as well. However, for someone visiting the region, unless you actually have some transport once you get here, it is very difficult to get around, and it is also an added cost to then be able to get out to experience the wonderful things that there are available.

For quite some time probably a lot of the tourism has been promoted incorporating the south west corner. There are packages that are suggested, or trips that are suggested out of Perth that might include coming down through Margaret River and around and on to Albany, or vice versa, so we all get to benefit from the traveller, whether that is interstate or international. People land in Perth and Perth is a major market for people to come from there down here. Also in terms of local Perth people, they have to get down here. In that mix from a tourism perspective—I guess I am speaking both from the role of the position that I hold but also larger than that in terms of tourism and destination marketing here—we do have the opportunity with airfares and air travel, and that is great. I guess it has not formed a large part of the means by which people find their way to the region, for a number of different reasons. Basically, it has not really been supported by an airfare that makes that appealing.

Just to give you some stats, in our last financial year with regard to our visitation, 55 per cent of our visitors to our site were in the category of either concession or families combined. So what you are looking at there is that concessions are going to be seniors, typically a grey nomad category—not entirely—but they are people who have their own transport, they travel around, they are not necessarily restrained by time and probably price is a point. They are not necessarily in the market for an airfare. Families cannot necessarily afford it, and also with more than one or two people who are travelling, it becomes more economical for them to come by road because they still have to find their way around once they get here. A large proportion of our visitors would not necessarily be in the market for an airfare; however, if it was more affordable, they might go, “A weekend away? I’ll be tempted.” It is not necessarily a single person option or a couple option. It could become more than that, particularly also for people visiting the state, visiting Perth, visiting the area.

**Mr D.T. REDMAN:** Can I just expand on that last point that you made about it being affordable. The city has a \$99 fare if someone stays for a couple of nights down here in a package. That looked pretty reasonable and attractive. Is that your judgement?

**Ms VAN GORP:** Yes, I guess that is actually what I would like to talk about a bit more too. I think that we are an emerging market in regard to packaging. We are also in a period in which some of our promotion and destination marketing has not been happening in the way that it needs to. I do not mean to be critical in saying that, but we are at a stage where we are needing to set up a local tourism organisation, and it is going through the motions at the moment. That marketing is not

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going to be happening until January, so we have already missed this next season. It is also about educating people and getting the word out so that they know these things are available.

**Mr D.T. REDMAN:** Just for the rest of the panel, what you are talking about, the LTO, is the Albany–Denmark–Plantagenet alliance.

**Ms VAN GORP:** Yes. I totally think that that is a great option. I do not know that too many people know about it. The other part about it is that within the area, I think there are a limited number of tourism offers that are what we say are product-ready or market-ready to be able to participate in those packages at the moment. That is related to a lot of different things and that is an individual operation choice and what is possible for them to launch into as well, because it takes some investment. It takes some resources and time to do that. What it affords is for them to link in to a wholesale distribution system which then leverages all of the combinations of airfares and packages, and do this and do that, and potentially car hire or whatever as well. I think it is a culmination of a few things: yes, it could well be affordable and I think it is great, but maybe a lot of people do not necessarily know about it.

**Mr S.K. L'ESTRANGE:** Even at \$99 fares, which from previous hearings we have had today seems very reasonable, I think the airlines are getting only \$63 out of that fare for themselves per person. For a family of four, it is still \$400 to fly down and then you have car hire. Is that why you think it is mainly car travellers and bus tour bus travellers?

**Ms VAN GORP:** I think so. When I say bus, coach tours have really diminished in the last few years as well. I think what has grown in the market is self-drive again, with the Winnebagos and all of that, so it is a lot more comfortable, it is a lot more affordable and they can do it. There is more of that on the road. Also, the cruise ship industry has expanded over the years, where it is more affordable for more people to think about opting into that way as well. I think a few different things have changed in the last few years.

**Mr D.T. REDMAN:** What has happened with Whale World numbers going through your gates? Has it been on the increase?

**Ms VAN GORP:** It has not necessarily been on the increase in the way you would expect. We are also bound by the economy in terms of people making choices. We are quite suffering as a result of people not necessarily coming out of Perth or coming into Perth—not being promoted at that end and sufficiently enough for the results to transpire. I think it is a combination of a lot of contributing factors.

**Mr D.T. REDMAN:** We have now a \$99 fare, which the city effectively subsidises through not picking up on its landing charges. It is attached to a package of two nights' accommodation so someone has got to be in that space. There must be other barriers to that—that sounds like a reasonable fare to me. Would that be your assessment? Part of your opening statement was about the cost of fees and the cost of getting out there.

**Ms VAN GORP:** I think it is still a target market, and I think there are other factors as well. I am not sure whether the package includes a car hire or on-ground tour, so there are other things to consider. Everybody in that package needs to contribute, so it is an investment from all the participants at potentially a discounted rate. Everyone who has committed to being able to leverage their business to participate in that distribution system is doing it with an investment and commitment cost factor, which is fantastic, and that is why I say that we are an emerging market and a developing market. Not everyone is necessarily in the position to be able to do that.

[1.40 pm]

**Mr S.K. L'ESTRANGE:** Is Albany's Historic Whaling Station owned by the City of Albany?

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**Ms VAN GORP:** No, it is a not-for-profit organisation.

**Mr S.K. L'ESTRANGE:** Jaycees?

**Ms VAN GORP:** Yes, and it is currently in a process of transition where in time part of the local tourism will be gifted that way, so we are very much a part of the whole tourism experience.

**The CHAIR:** Were you involved in the set-up of this \$99 fare?

**Ms VAN GORP:** No.

**The CHAIR:** I understand that the city has a tourism panel or a tourism committee. Do you participate in that?

**Ms VAN GORP:** No, I have not been personally.

**The CHAIR:** What about from Skal's perspective, Mrs Glen?

**Mrs GLEN:** For those who do not know what Skal is, Skal is an international organisation of tourism and travel professionals. It is basically a networking organisation that promotes tourism and friendship all over the world. There are 15 000 members in 400 clubs in 80 nations. We have a club here. There are four in WA. In Albany it is the whaling station. There are some members of the city that are on it. There are accommodation houses, tourist operators that are members of Skal here. I am the tourism lecturer at our local TAFE, and that is why I am part of Skal.

Elise has covered a lot of the things I was going to say. It is important that you know that it is an emerging tourism market and an increase in capacity is a good thing. I was talking to Sally Pullin who runs the Beach House at Bayside, because we needed to find a representative to fill in for Lesley when Lesley could not make it. She could not make it today, but I did have a good chat with her. She runs a five-star bed and breakfast. She was saying that 30 per cent of people staying with her do come on package holidays. They fly in to Perth and then drive down. It would be really good. Those packages are set up years in advance—2019 is already locked in, so you need to do it well ahead. But having flexible fees that are available to them, to the wholesalers, would be a really good thing.

Again, it is part of a jigsaw puzzle that you have got to put together. If there are hire car companies that can—at the moment if you hire a car and drive through the south west back to Perth, there are the extra fees of the hire car company as well. That is another issue as well. Whether the wholesalers could work together with the airlines—they could all work together to make it so that people could be flying into Perth, driving one sector and flying the other sectors—and to all fit in together somehow would be a really good thing and it would increase visitation I am sure.

**Ms VAN GORP:** I think added to that too is that I do not know that every regional airline is linked into the global distribution system. So potentially an international or interstate visitor could book all the way through and get the benefit of a discounted rate to this regional destination. That is not possible at the moment. Separate to them flying into Perth and then getting the hire car, that is another option to actually bringing them right here.

**Mr D.T. REDMAN:** So Rex is not in that system.

**Ms VAN GORP:** I do not think so.

**Mr S.K. L'ESTRANGE:** From a tourism packaging perspective, if you could fly from Perth to Esperance, pick up a hire car and make your way to Busselton, going through the great southern and across the south west, and then fly back to Perth —

**Ms VAN GORP:** They would have other options, but the problem at the moment is that unless you hire a car and return it to where you started from, you are up for a huge amount because you have only done one section. That makes it almost impossible.

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**Mr S.K. L'ESTRANGE:** It is hard to package these offerings.

**Ms VAN GORP:** It is possible. There is potential for all sorts of different packages but there are limitations at the moment because not everyone is on the same playing field.

**Mr Y. MUBARAKAI:** Girls, I have a two-part question. The first part is about a five-year snapshot. In the five years, have you seen the Albany tourism industry grow? If so, what trajectories or what growth has Albany received and what do you think are the attributing factors?

**Ms VAN GORP:** I cannot give you some stats on it; however, going back five years ago I was employed by the City of Albany and I was the manager of the visitors' centre. We were in the lead-up to the commemoration of the Anzac centenary, so I was very involved in that whole process and that involved a lot of developments throughout Albany. The National Anzac Centre was built and there were also major redevelopments within the CBD area. There has been quite a focus on tourism from that point of view. The focus that was afforded through that whole process of commemoration put a spotlight on Albany. I guess my comment overall is that in the last five years in particular, Albany has very much been put on the map through those events and they continue to roll out in the commemoration of the arrival at Gallipoli—there are continual commemorations at the moment. I do not have my finger on the pulse today with the stats for that, but certainly in the last five years things have changed.

**Mr D.T. REDMAN:** As the centenary celebrations go with a period of the war —

**Mrs GLEN:** In 2019, it is a five-year —

**Ms VAN GORP:** Yes, it is in that process still of rolling out.

**Mr Y. MUBARAKAI:** Do you believe that the airline industry is a critical component in terms of accessing Albany? When you look at the distance between Perth and Albany, do you believe that the airline approach to accessing Albany from a holiday destination point of view is a critical component to taking it from where it was five years ago to where it is now to taking it to the next five years?

**Ms VAN GORP:** I think so.

**Mr D.T. REDMAN:** The comment was made by the chamber of commerce today that they probably have not seen the airline pricing structure as good as it is now, in the recent history of Albany. Would you concur with that?

**Ms VAN GORP:** When you are talking about the \$99 packages, but that is not what happens all the time. However, separate to that, you are able to access some quite good fares if you know about them and get in at the right time.

**Mrs GLEN:** Rex has also been really good with, I guess, their model using smaller planes going more often; it is actually good for tourism as well, I believe. There is greater flexibility in that, and I think that has been a good thing.

**Mr D.T. REDMAN:** Did you have much feedback on the actual service; in other words, time and service—quality of the coffee, dare I say it?

**Mrs GLEN:** I cannot say I have.

**Ms VAN GORP:** It is all about coffee with you!

**Mrs GLEN:** I do not know that any food is served anymore.

**Mr D.T. REDMAN:** Having a fair price is one thing, but also service is the other component, is it not?

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**Ms VAN GORP:** Yes, it is an interesting thing with you talking about them going more often. We were talking about whether potentially you were going to catch the flight tonight and whether there is a second one after it, because I have lost track at the moment of what the timetable is, and maybe that is a function of because they are operating more often or because they keep changing it so much.

**Mr D.T. REDMAN:** Four times a day the city said today.

**Ms VAN GORP:** One of the things that I do remember, which is a great feature and certainly supports business and it could also well support tourism, is that the plane stays overnight now so that we can have a really early flight out of Albany. That has been much more sensitive to the needs of the local community, and not necessarily just the local community. If you want to connect with a flight in Perth, then you have a better chance being able to depart early, depending on the weather, to then make that connection, which is another factor from a tourism point of view.

**Mr D.T. REDMAN:** That is a good point.

**Ms VAN GORP:** You do not have to go up the night before to stay and then have to fork out again for accommodation.

**Mr D.T. REDMAN:** The first flight in the morning goes out of here.

**Ms VAN GORP:** Yes.

**Mr S.J. PRICE:** Do you think that currently the price of the airfares has a negative impact on the tourist market?

**Ms VAN GORP:** I think it does impact.

**Mrs GLEN:** A small percentage of it. Our main market is people coming in vehicles.

**Ms VAN GORP:** Because they need it when they get here.

**Mrs GLEN:** I am only giving an opinion; I do not know the actual percentages of people. Is it something like six per cent—I am not sure—that come in by air at the moment?

**Ms VAN GORP:** Six or eight per cent.

[1.50 pm]

**Mrs GLEN:** There is certainly room for growth. That is why I grabbed that figure from Sally that 30 per cent of her visitors are coming from overseas or interstate doing that fly–drive option. There is certainly room to grow that.

**Ms VAN GORP:** I think the package part requires people to plan ahead, and it is a commitment, probably from further away. If everyone can come on board with making that even more affordable, it will bring more people. We have also got a mentality of lastminute.com. I used to see it at the visitors' centre on a Friday afternoon. If it was hot in Perth, people would make a lastminute.com decision that they were out of there and they would come down south and get cool for the weekend. Then accommodation was the next thing we would be assisting them with. I think we could be ideally placed with more of that weekend temptation escape market. With a lower airfare that then becomes either available at the last minute also, but for people to know about it as well.

I think there are different ways. Events are the other thing that supports people coming for a short time. Whether you travel by air or travel by road, there is a point at which it could end up being a similar amount of time—four to five hours once you actually leave home in Perth, get through the traffic, park the car, wait for the plane and likewise at this end. You might be looking at a similar amount of time. The difference is the fatigue factor. Mentally people go, "Oh, let's just get out of here, just get on a plane and I don't have to do anything." So there is a mental side to it that will be what people are going to be attracted to as part of the whole deal of the great escape. There is more of a place for that than there is currently.

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**Mrs GLEN:** It could be an opportunity to backload as well; have packages for people from here going to Perth as well.

**Ms VAN GORP:** A weekend away—go to the big city, go to a show.

**The CHAIR:** I guess this is a golden opportunity for you to give us some feedback on the steps that you think the state or commonwealth government may be able to take to improve on this issue. Is there anything that you have not discussed in your evidence today that you think would be worthwhile for the state or federal governments to pursue?

**Ms VAN GORP:** I think what I have been suggesting is that there are a lot of different players involved, so I do not see it as any one being responsible and needing to be. I am not coming from that place. I think that there are things that everybody can do that could make a difference to where we are now, even if it is like a short-term injection or subsidy from a government point of view. I know there is a wish list in terms of what money is available, but sometimes with a short-term injection it can bring the focus to an area that without that we are scrambling to perhaps find the funding to make that the spotlight.

**The CHAIR:** What would you target that funding at?

**Ms VAN GORP:** It has got to be the destination, so it either gets linked with a particular event or it also has to tie in with the destination marketing, and support that. But then also coming on board with that is supporting the different means of transport to get here. We also need to work together to do what we can to create the package as well.

**Mrs GLEN:** Itinerary planning is important. There is nobody who kind of does that, and nobody has the time or funds to do that.

**The CHAIR:** So putting it together: if you were going to take a mini break in Albany, here is what your day could look like, with a little map and that sort of thing?

**Mrs GLEN:** Yes, and looking at the whole south west region, not just Albany. Someone mentioned Esperance and doing the whole area. There are lots of different organisations. It would be fantastic if it could be funded somehow to set up itineraries and work that into packages.

**Ms VAN GORP:** I think the other thing with what we have been talking about, from the airfare point of view, is a way in which all airlines could be supported into that global distribution system. Until that happens, we are not going to be on the same page. On that point too is the car hire, because we cannot impact that.

**Mrs GLEN:** Putting all the puzzle together. That is what I mean with itinerary planning.

**Ms VAN GORP:** We can do what we can do on the ground here and support and work together with other tourism operators, but there is other stuff that we cannot really impact on.

**The CHAIR:** If there are no further questions, I will proceed to close today's hearing and thank both of you for your evidence before the committee today. A transcript of this hearing will be emailed to you for the correction of minor errors. Any such corrections must be made and the transcript returned within seven days of the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Thank you.

**Hearing concluded at 1.55 pm**

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