

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA



**TRANSCRIPT OF EVIDENCE
TAKEN AT ESPERANCE
WEDNESDAY, 30 AUGUST 2017**

SESSION TWO

Members

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

Hearing commenced at 11.57 am**Ms KYLIE RYAN****Chief Executive Officer, Esperance Chamber of Commerce and Industry, 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 air fares. My name is Jessica Shaw, and I am Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee to my left: Yaz Mubarakai, the member for Jandakot; deputy chair Sean L'Estrange, the member for Churchlands; Terry Redman, the member for Warren-Blackwood; and Stephen Price, the 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 you might say outside of today's proceedings.

I am assuming that you provided your feedback through the regional chambers of commerce and industry for the preparation of their submission?

Ms RYAN: We did, yes.

The CHAIR: Fabulous. Before we begin with our questions, do you have any questions about your attendance here today?

Ms RYAN: No, thank you.

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

Ms RYAN: I would like to thank you for the opportunity to provide feedback and to hopefully feed into what will help benefit our community through making sure that airlines are more accessible and more affordable for tourism and business alike.

The CHAIR: Ms Ryan, thank you, as I say, for your input into the regional chambers' submission. Would you like to elaborate a little more on how regional airfares and expensive regional airfares impact on the business community here in Esperance?

[12 noon]

Ms RYAN: Certainly. In terms of that, you can see an airfare costing about \$360 if you are just going on a general booking. That is one-way, so obviously you are looking at about \$700 return there. We have also had from businesses a lot of feedback around the weight restrictions. They find that quite limiting. From tourism as well we have received feedback that if you are looking at 20 to 23 kilograms coming in as an eastern states passenger and then connecting through, a reduction to a 15 kilo maximum limit is quite restrictive and leaves a lot of people with no alternative as to what they should do with the rest. You do have the opportunity of excess baggage et cetera but what you are looking at in reality is that a tag goes onto your luggage and it may not get on the same flight as you do, so that can be quite daunting.

In terms of meeting with the consultation group and looking at the types of passengers, they share quite good information on the fare types that are booked. So you can look and see the different types of fares, but you are then not aware as to which ones are tourism-based or business-related or may just be general back and forth flights for other reasons. I am not sure if Rex has provided you with the information, but they have quite good details about their on-time performance. From the evidence I have seen over the past two years, they are not only meeting but exceeding their KPIs in

terms of on-time performance. They have also been very proactive in providing additional flights and then providing us with the information about those additional flights so we can share that. We also promote the community fare availability to the community in general. Being a part of those aviation meetings they have also shared—which was not for us to share publicly—details of their base fare, which I believe is about \$73, so they are cutting quite close to the bone with the community fare. We obviously want them to be a profitable enterprise because we want them to continue providing services here.

The CHAIR: Could you give us a bit of an overview of your membership—so how many members you have and what sorts of industries they are drawn from?

Ms RYAN: Sure. We have about 160 members. It is a rolling membership, so that sort of goes up and down over the year. They are from the industrial areas, so sheet metal services, carpet, flooring, communications, retail, hospitality. They come from a broad range. We have politicians who are members. We have sole-traders. We have franchise businesses. We have micro businesses, home-based businesses. So we have a broad range. We are a small community. There are lots of people doing different things here.

The CHAIR: How dependent is the business community here on the tourism industry?

Ms RYAN: I think it is very dependent. There is a great deal of opportunity for jobs and job growth through the tourism industry. We are a fantastic location and we have got lots to offer tourists when they visit. Probably our biggest barrier is our distance from other locations and our isolation. We are not on the way to anywhere else; we are at the end of the road. So that is quite a challenge, but we are well worth driving that road to get to. Obviously if we have a good flight service—we are in the flight path for the eastern states, and I know when I am on an eastern states flight it breaks my heart to fly over Esperance and then have to go to Perth and hop on another flight and have an hour and 40 trip back here as well. If we can just make those shoulders wider and stop some of those eastern states flights, I think we could look at increased opportunities through that. That was at a personal level as well as in my CEO role.

Mr D.T. REDMAN: We were listening when we were talking to the shire's views about the service that comes in from Rex, and it has probably been the experience of the committee so far that there is not a lot of criticism down here about the service that Rex provides into Esperance. Yes, it will be things on the fringes with freight and at points in time there will be bigger issues. But generally, certainly by comparison to other areas that we have visited, would it be the experience of your membership that what is being provided now is a reasonable service? There is the profile of fares and the timing issue. You just talked about the KPIs of the company. You might make some comments about that. And I guess, by extension, does your constituency have a view about what recommendations you would like to see out of this committee as a final report?

Ms RYAN: I think the general consensus would be that we are in a better situation than we were historically in terms of the number of flights, the cost of flights and also the performance of flights. I think people feel a lot more hard done by if they have had an expectation and then that has not been delivered. Rex have been very open and honest and transparent in what they can and cannot do, and they are very clear about that. As Victoria Brown mentioned too, they are negotiable and flexible and they really try to work with people. They just do not want to get blindsided, like anybody else does not want to. They have certainly been very approachable. We very much appreciate the opportunity that they go quite out of their way to come to our community and to have the consultation groups, which are well attended by good representation across a number of sectors, and give us the opportunity to raise any issues, which they then respond to by providing us with

information that we can feed back into the community. And what we are hoping is that we are bringing about better outcomes for everyone by doing that. I hope that answers it.

Mr D.T. REDMAN: Yes, the last point?

Ms RYAN: In terms of the recommendations, Tourism Council WA actually have provided me with some great recommendations, which I am quite happy to pass on to you as well. The following recommendations were made. The commonwealth government could cover the cost of its own regional passenger screening requirements. All regular passenger transport aviation services should be bookable online through the global distribution system. The state government, airlines and the tourism industry should focus on leisure packaging with discounted airfares, and the packaging has been referred to earlier as well. Regional development funding should be focused on increasing leisure–tourism passengers to regional destinations; developing direct international and interstate leisure routes to regional destinations; attracting a low-cost carrier to regional routes; using business and tourism events to extend peak seasons in regional destinations. The state government should regulate prices and services on RPT routes which cannot sustain competition. Are they the sorts of recommendations that you are looking for?

Mr D.T. REDMAN: A few of those do not apply here. I hear that you do not need a screening service. I think that Rex has been described as a low-cost carrier compared to others.

Ms RYAN: Yes. Perhaps those suggestions we have alluded to as well in terms of the interstate connections, and you were talking about connections to Carnarvon, Monkey Mia and locations like that—packaging as well. I know that they are perhaps things that are also on those burners in terms of a relationship between Rex, the local government here and the tourism. But it is about having the tourism providers and operators step up also to say that they are happy to be part of these package deals. I guess the agencies themselves can only progress those plans so far and then you actually need the individual businesses to put their hand up and say, “I will be a part of that. I will commit to being part of a package.”

Mr S.J. PRICE: Have your members raised the issue of restrictions regarding the air freight as, I suppose, an economic issue for them to carry out their —

Ms RYAN: Not so much the air freight as a separate sort of entity. It is much more attached to themselves and what they are wanting to take for a business commitment. I know that one of our executive committee members, for instance, travels to Perth and then up north and connecting flights and often sets off with quite some, so she is consistently saying that is an issue for her. On a number of occasions she has had to drive as an alternative to just making sure that she can take what she needs to take. In terms of air freight separately, no, but I think that is because people have perhaps adjusted and use a system of road-freighting, because that has become the norm. That is maybe why it is not identified as an issue, because people are just not trying to go the alternate and use air freight.

The CHAIR: Ms Ryan, how long have you been the CEO of the CCI for?

Ms RYAN: Almost a year.

The CHAIR: Right. So you are very new to the job.

Ms RYAN: Yes, 10 years in health and mental health, so almost a year in the role of the CEO.

The CHAIR: Congratulations.

Ms RYAN: Thank you.

The CHAIR: I was going to ask you about whether your members have noticed a difference in the approach to, I guess, social responsibility between the two airfare providers as the provider has

changed, but given that you are fairly freshly minted into the job, I do not know. Has anybody ever mentioned that to you?

Ms RYAN: I could comment historically, I guess, as someone who has lived Esperance for some time.

The CHAIR: All right.

Ms RYAN: Looking back historically when I was first looking into providing a submission to the regional chambers for inclusion, it is my perception that people feel that the airlines are far more socially responsible, apart from the screening. There are some concerns around the screening and the fact that obviously people from here are going into an airport at the other end and where they may go from that point. I think in general anyone watching the six o'clock news probably has concerns about —

Mr D.T. REDMAN: As in they would like to see screening?

Ms RYAN: As in they would like to see the screening return.

Mr D.T. REDMAN: Do you think they are prepared to pay for screening?

Ms RYAN: That is the other—yes, exactly.

Mr D.T. REDMAN: So you think they are prepared to pay for screening?

Ms RYAN: I think they are, but I think there is probably a proportion of people who would say that they are not. Much like Victoria said, it may well depend which member of the community that you speak to in regard to that. So, yes, it is not cool to expect something for nothing. There would obviously be a cost attached to the screening returning. I think in turn people would like the fact that the airport has been cheaper to use in the absence of it. Yes, a little bit around personal safety, but when it comes down to what is hurting the purse or the pocket, it is a bit of a catch 22.

Mr D.T. REDMAN: Does the CCI share the view of the shire that you would like to see this maintained as a regulated route?

Ms RYAN: I feel so with the security of that, yes, as the shire said. I think until, as they mentioned, if we got up around 80 000 to 100 000, we could look at being a more competitive site, then we would perhaps feel more confident having it deregulated. Until that point, though, which I do not think will be happening in the very close future, I think we will feel much more secure with the regulated route. It certainly has offered us a better and consistent and more reliable service it seems than we have had in the past.

[12.10 pm]

Mr S.K. L'ESTRANGE: You gave a very thorough submission to this inquiry. I noticed you were listening to the hearing earlier today. Is there anything that has not been raised that you think is important for us to consider?

Ms RYAN: I did make some notes. I was not sure whether or not Rex had shared with you the details from the community consultation group meetings here.

The CHAIR: We have not met with them yet.

Ms RYAN: Okay. So that might be something you could ask—if they could share that information with you. It is very helpful, it is very simple and it may feed into the inquiry. Much of what we have already covered in our discussion here—so in terms of Rex providing us with a better service, on-time performance et cetera, including the fact that they can share with you the types of fares booked. However, we cannot break that down into passenger, tourism. That might be something that Rex could possibly look at capturing through a simple online additional booking tick or something like that.

The base fare costs et cetera for Rex I have spoken on; security and screening; business with the weight restriction; and tourism in regards to the differences if you have a connecting flight. Agriculture—it has been raised by our members that whilst they are aware that agriculture is a big key, large industry here, in terms of the actual jobs created, there are limited opportunities, whereas many of our members do believe that the real potential for the growth of jobs here is tourism-based. So that is really what we would like to see—opportunities that support that tourism. And the tarmac—just that consideration of what it might cost us to increase the shoulders of the tarmac and, therefore, increase the opportunities that we have for larger connecting flights et cetera.

Mr Y. MUBARAKAI: What do you and the members see as a fair price on this route from Perth to Esperance?

Ms RYAN: I guess you are probably looking at something in-between what you can be charged and what the community fare offers, so I would say anywhere between \$200, \$250 to \$280 would be seen as a fair price for somebody booking a week or two in advance of their flight—obviously perhaps with some flexibility also included with that fare to allow for changes due to unforeseen circumstances. I know for people who are perhaps travelling for leisure, they are quite happy to take advantage of that within-24-hour booking, because it does not matter if you do not get on today, you will just try again tomorrow, and most of them find that they can get on. People who very much know they have scheduled meetings in the metro area are able to use the 60 days' criteria. So people are given the criteria for those fares, very much working with those systems and booking around that, dependent on their commitment, obviously, to work and other factors.

The CHAIR: Is there anything that you think the state government could be doing or any other recommendations that you have? This is your shot!

Ms RYAN: I think what you are doing—going around and talking to people, gathering that information. I guess what we would like to see come from that is not obviously a lovely report containing all of what has been discussed et cetera but some real strategies that will be put in place or may become future projects on the ground that will show positive outcomes for communities such as Esperance. So, yes, just moving forward and taking everything that you learn and then I guess coming back to us, or even if you get back to the community and say, “Look, this is what we have identified. Here are some strategies that you as the community can do.” It does not have to be the state government doing it also, but you can certainly help point us in the right direction and save us a lot of hassle from perhaps wading around in the wrong direction.

The CHAIR: One of the things that we have heard from several local government authorities is around the business community, the airline, the local government authorities working together to encourage packaging up. Is that something that you think there is a real appetite for in the business community here in Esperance?

Ms RYAN: I believe so, yes. I certainly think that the key is working together, getting the key stakeholders in the community to work together, and in that way everybody has the opportunity to raise what they see as the issues and the barriers, and the communication is open, the actions are transparent, the information is shared. I find that usually the smaller the community, if somebody who is credible in the community says something, it can suddenly become fact, and that often might not be the case. So if you have got key stakeholders working together, you will find that most often what are actually the facts are getting out there. I think the community then feel well informed and well able to make choices based on the fact that they are well informed.

Mr Y. MUBARAKAI: Could you give us an example of any situation in which the key stakeholders of the CCI are working with the city to entice and help with the strategic format of increasing tourism in Esperance? Are there any such examples you can give us as a panel as food for thought?

Ms RYAN: We are engaged with Tourism Esperance. So we work with Tourism Esperance and then filter through to Tourism WA and Australia's Golden Outback. We are working, I guess, with tourism industries to raise awareness of what Esperance has to offer, to get that out to the surrounding regions and further through the social media and other channels that we have. We work with the Goldfields–Esperance Development Commission and the local government. One of the initiatives we are working on at the moment is free wi-fi in the town centre. We are working on the concept plan for the new jetty with Tourism Esperance and the shire, which has been quite a matter of contention here and is something that the community very much wants to see move forward. They believe that is a drawcard for tourists in our community as well. We are engaged wherever we can to try and take that feedback from our business members into factors like when the foreshore was developed. This was before my time but I know that the chamber was engaged in that strategic planning process. We have been engaged with the local government on the parking strategy for the central business area and the changes to the public thoroughfares and signage laws, and working to get that information out to our businesses so that they are aware that they have greater ability to place signage and what that signage can do. We are working with the Small Business Development Corporation and with GEDC around a business incubator concept here as well. Just this morning I met with GEDC and the local government around what we are hoping is a proposal or a project put through by one of our local guys at SEPWA, which is the South East Premium Wheat Growers Association, in regards to a data opportunity for farmers out in the sticks. This would increase their ability to be able to conduct business using better data uploads than what they have at the time. That one is just hot off the press, so I cannot give you too much more on that. Is that the sort of thing you were after?

Mr Y. MUBARAKAI: Yes, that is fine. Thank you.

The CHAIR: Thank you, Ms Ryan. I will proceed to close today's hearing and thank 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 12.18 pm
