

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 18 SEPTEMBER 2017**

SESSION ONE

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 9.36 am

Mr EVAN HALL

Chief Executive Officer, Tourism Council WA, examined:

Ms TANIA DONOVAN

Chairperson, Western Australian Indigenous Tourism Operators Council, examined:

Mr ROBERT WILLIAM TAYLOR

Chief Executive Officer, Western Australian Indigenous Tourism Operators Council, 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 member of the committee to my left, Terry Redman. Sean L'Estrange, the Deputy Chairman, is an apology, as is Stephen Price, and Yaz Mubarakai is on his way. We do apologise for their inability to be with us this morning. 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 advise that the proceedings of the committee's hearing will be broadcast live within Parliament House and via the internet. This broadcast may include documentation provided by you to assist the committee in its investigations. I would like to thank you all for your submissions to the inquiry.

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

The WITNESSES: No.

The CHAIR: Would you like to make short opening statements about your submissions?

Mr HALL: Thank you very much for the opportunity to appear before the inquiry. We certainly think the issue of airfares in general, and regional airfares in particular, is probably the most important issue affecting tourism in Western Australia. As per our submission, we wanted to touch on three things. Firstly, to give a sense of the scale of the impact of regional airfares on tourism. Secondly, to have as much as possible an unbiased assessment of the factors that are driving those airfares. Thirdly, to have a look at some practical recommendations for how to go forward to try and change the situation that we find ourselves in.

Just having a look at the impact on tourism, I guess I will not shock you if I tell you that tourism operators across the state are very concerned about the very high regional airfares. We went through a process of surveying our members to try and get a sense of the scale and significance of that, and we have never had a higher response to any survey in the history of the Tourism Council as what we got back from regional tourism operators. The first thing that they said very consistently—I hope you have a copy of our submission, which looks like this.

The CHAIR: We do.

Mr HALL: On the bottom of page 3, overwhelmingly they were nominating the cost of the airfares as the most significant barrier to tourism, particularly leisure tourism to regional Western Australia—well ahead of any other costs, such as the cost of hospitality, accommodation

or customer service or any of those factors. More importantly, we asked them, based on their feedback from their customers, what they thought would be the impact of having lower airfares or, from a customer's perspective, more reasonable airfares. Certainly, we went through a process of doing some modelling around that. If you look at the scenario of a 15 per cent reduction in airfares, based on the response we were getting from members and current data, we would expect to see around about a 97 000 increase in leisure tourism visitors to regional Western Australia, if we had, on average, a 15 per cent reduction in airfares. That would obviously be good for tourism operators, but, really, it is quite critical for regional economies.

On the basis of current visitor expenditure patterns, around about 440 jobs would be created across regional Western Australia if you were to achieve a 15 per cent reduction in average airfares. To put it the other way around, if you consider the airfares currently are 15 per cent above what they should be, then it is costing us 440 jobs across regional Western Australia. That is, in short, because leisure tourists are very price sensitive, particularly to the up-front cost of airfares and it does change their choice of destination as to where they are travelling. I wanted to quantify that and that is all on page 16. We had a look at 15 per cent, 30 per cent and 40 per cent scenarios for airfares if they were to be reduced, how many additional visitors we would get, how much additional money would be injected into regional Western Australia and how many additional jobs, which goes from 440 up to well over 700 jobs that would be created by reduced airfares.

[9.40 am]

Just having a look at the factors that drive airfares, there is a bit of mythology around airfares. I think people often look at it from a consumer perspective, but airlines do not look at things from a consumer perspective. They look at things from their own perspective and things like airports, airport capacity, airport facilities, distance and even competition has relatively little to do on the final impact on the price of airfares. You just have to look at Broome to say, well, it is a route with competition on but the airfares are incredibly high, and you would have to say probably proportionally higher than say a monopoly route such as Perth to Exmouth, or Perth to Albany, so competition does not have a huge impact.

What really drives airfares is the demand profile of who wants to fly on the route. No-one is flying in an airplane because they particularly enjoy flying on an airplane. They go for a reason and in Western Australia those reasons are business, or they are regional residents commuting by and large to and from Perth, or they are leisure tourists to regional destinations. In that scenario, it is that basic demand profile that is charging airline behaviour. Business travel, the nature of it is that if you drop the price, you do not get any increase in business travel. There is no particular extra reason to go up there even if the airfare is low, so airlines price as high as they can for the business travel knowing that people will go because they have to for business purposes.

Regional residents are, on the other hand, extremely price sensitive but small in population, so, once again, a reduction in airfares does not lead to a large increase in passengers simply because the population base is so low. Leisure tourists, on the other hand, are the very opposite; they are very price sensitive and if you drop the price, more will turn up and the demand is potentially unlimited. Again, if you take the scenario of Broome, a very attractive destination around the world, particularly Germany and Europe, it gets a lot of visitors from those nations who will be prepared to travel, again, depending on the airfare.

It leaves airlines to take one of two strategies, and you see this across Australia and across the world, really. If you are aiming for yield from the business market, you reduce your number of services; in Broome's case, you shorten the period of the season as much as possible, reduce the size of the aircraft and drive up the load factors, which is a percentage of seats occupied, to keep demand at

the place where you can charge a higher rate. It is pretty simple, and that yields a certain amount of revenue to the airline.

The alternate strategy is leisure growth: you expand the number of services, you expand the season, you expand the size of the aircraft to make as many seats available, you drop the price and you get more tourists on the plane, and you drive revenue through volume as opposed to price. In Western Australia's scenario, in what I would describe as an unmanaged environment by airlines, they basically rely on the business yield strategy, and that is what drives growth. Fundamentally, the prices are high because business will pay it. People are travelling at those prices, otherwise they would not be charging them, unlike Queensland, for example, where over similar distances or routes and so on and so forth you will see a much higher proportion of leisure travellers on the plane, and it simply changes airline behaviour from putting a price to in fact reducing price to expand the number of leisure visitors on the plane and driving revenue through greater volumes. It is the fundamental difference in Western Australia, and I think that should really drive what should be the strategy going forward.

I think it is also worthwhile noting, because of the size of the market I mentioned, that this is relatively unmanaged. Please bear in mind that no decisions are made about airfare prices for, say, Qantas and Virgin, from anyone in Western Australia because decisions are made from Sydney. They are largely made by a computer through an algorithm that sets the price on a 30-minute basis through the global distribution, and it sets the price in order to maximise yield for the airlines. There is very little active intervention. From time to time they will talk about various discounting that they are doing on those routes, but by and large it is simply left to the algorithm and the algorithm is set as such: we have locked in these contracts for these mining companies. To justify the discount in those contracts we have to keep the public airfare high. They will even say that they will provide discounts for local residents which, again, you can only do if you keep the public airfare high to pay for the discount, and the algorithm is simply automatically balancing supply and demand on a 30-minute basis, which has the net effect of keeping the public airfares high. It is very different from the strategy of saying, "We are going to deliberately grow the size of the market by using packaging and discounting", which is what I would like to touch on. At this point in time it is very passive: once you lock in a contract for a mining company, your algorithm does the rest and sets the prices. It needs a bit of a PR filter, because those prices simply get to a ridiculous point, but it is no-one making conscious decisions. Their management decision is not to actively set prices and drive an increase in the market, if that makes sense.

Just looking at the way forward: how can you drive lower airfares? I am not sure if Qantas briefed you on their new £35 airfare to Exmouth or £60 airfare to Broome, which they are offering to visitors on what would be the London to Perth direct flight. You can then do an additional flight from Perth onto Broome, for example, for £60, which is less than \$100, which is, of course, an unheard of airfare if you simply buy off the open market an airfare from Perth to Broome. The reason they do that is threefold, and it is all basically the same thing: first of all, the people on that flight are leisure visitors, so they will respond to the lower price. Secondly, they are new visitors, and this is quite critical: it is an additional person on the plane and, therefore, it really costs the airline nothing to have an additional person on the plane, so they are selling it cheap because they can afford to do so. Thirdly, it is not a publicly available airfare; you have to in fact be over in Europe buying an Explorer Pass and a London–Perth direct flight. It works out for them because it will actually increase the volume on the London–Perth direct flight and they are selling a seat that would otherwise be empty in the plane and because it is a new visitor, it is additional revenue for them, and they will price it at the additional revenue point rather than the base revenue point. These are the factors you need to get sustained lower airfares. Visitor growth—you cannot do it on the current base of passengers. If you

reduce the airfare, you simply reduce the revenue to the airline. We might like that but the airline is never going to do it, so you need to increase the number of passengers and you need to make sure that the increase in passengers is from new markets and that they are leisure passengers who will therefore keep the price down.

In terms of the way going forward, we think there are three things in public policy that can be done to make a substantive difference. We can use some PR pressure, if you like, from inquiries such as this. That can drive changes, but I would warn against anything that is along the line of a 10 per cent discount for regional residents. A 10 per cent discount on an incredibly high airfare is still an incredibly high airfare and, in fact, only puts upward pressure on the airfare, because you are dealing with the existing number of visitors and, therefore, it is simply a revenue reduction and I do not think it will be sustained by the airline. As I say, the way to do it is to drive growth.

The first thing that we think should be actively looked into is new routes, which would be interstate and international routes direct into regional Western Australia. By definition they will be leisure routes. We think the most promising would be Singapore–Broome and Kununurra–Melbourne, which by their very nature would not attract business travel. They would attract new leisure visitors, which is the cornerstone of lower airfares. In turn, particularly in Broome's case, the more visitation you get through the airport, for example, the more it brings down the per unit cost of airport fees that go into security costs and onwards into the airfare. That is new routes, and we think that is the highest priority. In a general sense we would say that there has been significant investment in the past or a focus from state government on what I call supply side factors, which cannot fundamentally change the nature of aviation in Western Australia. No amount of laying down tarmac will make a destination more appealing and bring in more visitors. So we certainly suggest a shift from airport development into route developing and then focusing on direct interstate and international services, for which we are confident there is demand.

[9.50 am]

Secondly, on your existing RPT routes, be they regulated or unregulated, I think there should be a push from state government to enter into agreements with the airlines. You can use regulatory powers if you wish, or the threat of regulatory powers, or the buying power that you have, given the amount of money that goes into either market or emergency services and so on and so forth. But one way or another to bring them to the table and make sure every single airline—as I said, regardless of whether it is currently a regulated route that is flying in Western Australia—is doing two things.

First, they have to be on the global distribution system, which makes airfares available around the world. We have one airline, for example, that is currently serving on a regulated routed destination. It used to be a previous airline that was on the global distribution system—I am talking about Skippers going to Monkey Mia. Skippers is not on the global distribution system, so if I am a travel agent or a consumer in Germany, for example, I cannot find the flight to Monkey Mia. It is simply not on Webjet; it is not on the global distribution system for travel agents to access, and, as an unsurprising result, the number of passengers flying to Monkey Mia has decreased by 50 per cent since that airline took over because, quite simply, tourists cannot find the flight and purchase the airfares. If you are going to have any competition on price, it has to be available in the market, and so the first step is to be on the global distribution system.

The second step would be to require airlines to—if, for example, the load factor is less than 80 per cent more than two months or whatever out of the due date of the flight—make those empty seats available through packaging. This would require active management from the airlines that they are not doing at the moment. Nonetheless, if they pledged to put a certain amount of seats

aside, and you could generally expect a 20 to 30 per cent reduction on airfares to be in a leisure tourism package, what the industry will do—and certainly overwhelmingly in our survey the industry said that they would do—is they would match that reduction in airfares and again put it in the package.

The advantage of the package is that they are sold to the leisure market. If I bought a flight down to Albany, for example, that included the National Anzac Centre over a long weekend and included a caravan park cabin or whatever, no business traveller is going to buy the package. It is simply unappealing to them. It will allow the airlines, frankly, to discriminate and to leave the airfares higher for business travel while dropping the airfares for the leisure market. What you get in the long run is an expansion of the leisure market until such time as it becomes the dominant source of revenue. You then can move into an era where, as is the case in regional Queensland, it is leisure tourism which is setting the prices on the aviation route, not business travel.

Packaging is highly unexplored in Western Australia for a variety of reasons, but again, if I use the Queensland example, 69 per cent of leisure tourists who flew to their regional tourism destination in Queensland did so on a leisure tourism package. The equivalent in Western Australia is nine per cent. There is a huge difference between how we are getting airfares through to the leisure tourist and because they are not in packages, airlines cannot put in a lower airfare for tourists because they can be accessed on the public market by business travel. Airlines have a huge incentive to keep the public airfare up, because they have got contracts with mining companies that discount from the public airfare and now they have to do 10 per cent discounts for local residents, based on a public airfare. It is a strong incentive to keep the public airfares high.

Put those airfares into leisure packages and two things will happen. Firstly, you are hiding it if you like, and making it only available to the leisure market. Secondly, you actually increase the demand because the accommodation also discounts; it becomes cheaper. Attractions and tours can all discount, put it in, and each one is discounting and driving greater demand for everybody else in the package, if that makes sense. In essence, you are discounting the destination to make the destination more appealing. That also gives commission to travel agents and so on around the world who will then start actively marketing Albany or Broome or whatever because there is a package that they are actually sell, if that makes sense. We think that requiring airlines to do that packaging can be achieved, if you just put in a certain formula or expectation if they are going to fly on any RPT routes. That needs to be backed up by marketing of those packages, that is destination marketing, which I think would be the responsibility of Tourism WA or regional tourism organisations. Thirdly, one of the reasons why the packaging is not used as well as it is and why therefore the airfares are higher in Western Australia is it is not just the airlines who are not using them; the tourism operators are not using them either. Again, of those we surveyed, which is well into the hundreds, they were saying, “Yes, we would match a 30 per cent discount by an airline in a package with a 30 per cent discount on my motel or my tour.” But only 50 per cent of them actually had the means to do so. Most of them do not have the skills or the IT systems or what we call “commissionable product” to be actually include their tour, for example, in a tourism package.

We have been doing a lot of work with Tourism WA on a program called Boost, which we wrote into the submission. We are actually doing one on one mentoring with small business about when you would use packaging, what IT software you would use to handle your inventory of seats on the bus or rooms in the bed and what contracts you should enter into with whom for the packaging. But I would have to say in general, both from the airline’s perspective and from Tourism WA’s perspective and the industry’s perspective, we have not been as good as what we should. Competing destinations are about bringing lower airfares together with lower accommodation into packages through the global distribution system effectively marketed by regional tourism

organisations and Tourism WA. If you were to get that in, it requires active management from all those players. It requires some coordination, some leadership from government and some planning, but not a great deal. Then you will actually start driving new business through the airlines and through those packages onto those routes, which puts downward pressure on everything: the cost of security at the airport per passenger, the car parking at the airport, the propensity to have hire cars available at the airport and certainly overall the airfares.

The only thing that will reduce airfares in the long run is by having an increase in volume from the price sensitive—market. Everything else will simply be some window dressing until they return to the time where their main strategy, which they will always do, is to focus on yield from business, as opposed to growth from leisure. We certainly think that pricing and distribution mechanism really needs some backup from government, certainly with emphasis on airlines to participate, working with businesses so that they are able to participate and some funding for destination marketing to make it work. I probably went over time. That is the basis of our submission and I am certainly happy to answer any questions you might have

The CHAIR: Thank you, Mr Hall. Would WAITOC like to make a short statement?

Mr TAYLOR: Evan has covered a fair bit, obviously, so I will just let you know who WAITOC is, to start. We are an Aboriginal tourism organisation that markets and advocates for our members, which Evan has pretty well covered, in the regions: 80 per cent of our businesses are in those regions. To increase that market, I think, it is very important to change. The people going there at the moment are all driving in or across the borders, so to increase the season, which is so short, being only five months, extra flights and extra people coming in will help increase that season as well, or at least increase the business in the times they can go in there.

One of the things mentioned by our members the other day was that we are doing product development training for our businesses at the moment to get them to understand how to service their guests. A lot of them have not been on a holiday, so they do not know what it is like to be served and then have to do that service, just because of the costs of the flights. They do not go anywhere. That will help improve the Aboriginal perspective of what a holiday is about, because if they have never been on one, then they cannot really showcase what they want to do. I think that seasonality will help increase that, and also just bringing more visitors into those regions that were not there before. As Evan has touched on, adding that cheaper flight on the end of those international flights will make a huge difference as well in getting people out there. Once they fly there, then they can hire cars, or even save people on the roads. Instead of driving then there is a bus tour that can be packaged up and take them on a trip. It is twofold on that as well.

Ms DONOVAN: I would just like to add—and I guess it is more of a question because I do not know the answer—in relation to the current airport ownership in Western Australia and what impacts that may have on regional airfares. I know we had an amazing airport in Busselton, but now we do not have an airport in Busselton because the original airport in Busselton was ripped up due to whatever. But also, I guess, the long-term leadership in Western Australia about sustainable tourism, again, railway lines that ran all the way Margaret River and now stop in Bunbury. I guess I am asking the question of how this review will look at the long-term opportunities for Western Australia to grow as a tourism destination that provides a number of opportunities from regional airfares to rail transport as well.

[10.00 am]

The opportunity for regional airfares to be more affordable in packaging—I like the idea—will also, I believe, add a lot of influence to the opportunity for Aboriginal people to drive their own economic independence. Small business is difficult. Small business in the regions is difficult. Small business in

remote Aboriginal communities is even more difficult. But certainly a lot of Aboriginal people in those communities have aspirations for business development, and particularly around developing products that engage the national and international visitor within the communities. My belief is also that the increase in domestic travellers and WA people holidaying will increase value to our current businesses—an example being the whale experience in Albany the other day. They are unaware of the whale research being done in Pender Bay in the Kimberley. That connectivity of our community will increase the opportunity and diversity of business growth.

I think it is also important, with the size of Western Australia and a desire from the east coast and international visitors to experience remote Western Australia—the isolation that we have—that we can offer unique experience here in Western Australia by connecting through our regional airports and car hires at those locations and connecting up with Aboriginal tourism products in remote communities. On the flow-on from the airfares, we mentioned the parking and so on and, again, there are opportunities for Aboriginal people to have a footprint in the business within the airports, servicing to the airlines and providing those services to add value to people's holidays.

To be honest, whatever the committee can do to highlight the opportunities for Western Australians to experience Western Australia, I think, will be a bonus to Western Australia and whatever influence can be made to ensure that the rest of Australia has the opportunity to visit Western Australia. We are currently looking also at Developing the North and we talk about the competition between the north and the south. I think we all see that as quite real. We cannot afford that in Western Australia. We need to work as a collective. Those airfares will allow that business-to-business growth happening across the rest of the state.

The CHAIR: Thank you for very comprehensive submissions and opening statements. Can I explore this concept of packaging a little further? In your evidence, Mr Hall, you have said that it is something that the airline should be required to do and that it would then require active management. Are you aware of other jurisdictions where airlines are required to look at this packaging and how that has worked?

Mr HALL: I am not aware of it. It would be worth having a look at Queensland, but I would suspect that it was an unnecessary step to take in Queensland because it has a long history of being a tourism destination. You really do not have to go to Cairns or Townsville to explain to them the importance of packaging. There is no-one flying through those airports that is not participating in packaging. We, on the other hand, have had a background where most of our regional travel has been business to business—Qantas directly to a mining company—and everything else is incidental fares. Certainly, during the resources boom, that just intensified it at a time when leisure travel was growing, particularly from Asia, and really growing rapidly on the east coast of Australia. The leisure markets were moving into more packaging and more distribution, as well as lower airfares and more air services. We became increasingly concentrated on the mining travel. I think, in a lot of ways, to the extent that there were skills involved in this area, they have disappeared. Hotels were selling whole floors to mining companies. Skywest was in that business to some degree and, of course, that airline has gone. If you are interested, I would certainly give you some views about the policy coming out of the Department of Transport over the years. The mistake was made of thinking that this is normal and that this was sustainable. We have locked ourselves out of distribution systems and we have locked ourselves out of the skills. Even organisations like Tourism WA are not as active in marketing packages as what you would see in other state tourism organisations, because we simply have not done it because it has all been about business-to-business travel rather than consumer-to-business travel.

I have to say that I am incredibly worried about regional tourism in Western Australia. You ask yourself those questions: what keeps you up at night? I look at the expectations of consumers around the world about what they will pay for airfares. We have had 10 years of low-cost carriers dramatically changing how much people think is reasonable to pay for an airfare. The prices to Broome are the same as what they were 10 years ago. Everywhere else, they have dramatically reduced. People are simply going to look at those airfares and say, "Not on your nelly." It is the very first thing you do when you think: "I would like to go to the Kimberley and have a great Aboriginal experience." They are sitting in Germany and thinking what they would most like to do. When they start doing their research, what is the first thing they look up? It is Webjet. What is the first thing they see? It is those airfares, and it just sends the signal, which is not actually correct, that it must be an incredibly expensive destination. It is not just the airfare, which is higher than the expectation. They start drawing out of that: "It will take me a long time and I bet it is really expensive up there for accommodation and so on", which is not necessarily true. But all they are seeing is the up-front airfare, which is largely a public airfare designed to keep up a public rate for mining contracts.

The CHAIR: So why do you think low-cost carriers have not come into the regional airfare market?

Mr HALL: There are a couple of complicated processes. First and foremost, that is the nature of travel in the current Western Australian market; it is business dominated. To cater for the low-cost carrier model, you would have to create all this demand instantly. That is a huge barrier to entry. What you have to do is start from your existing base and expand it. The existing base is all locked up in mining contracts. This is very specifically what they do. The great evil of, I would say, the 2011 review of regulated routes was Perth–Exmouth, for example, was deregulated or semi-regulated down to two airlines. Any idiot could have told you that that route would never ever keep two airlines going, not chasing mining yields. So one locks up all the contracts; therefore, it is now impossible. You do not need route regulation; they have done it themselves. They have locked up contracts for all the mining business between Perth and Exmouth and it would be almost impossible for any airline to enter into that route.

I think what you need to do is say, fundamentally, there is a privilege in serving those routes here in Western Australia. Whether or not it is a regulated route is kind of neither here nor there; that is just government's preparedness to regulate. You should simply say, "If you are going to fly this route"—you have all the power in the world to do this at the state government level—"there are certain things that we expect if you are going to be on a regular passenger transport route. You must be in the global distribution system. People must be able to buy your airfares."

Secondly, let us put 20 per cent of seats aside at a 30 per cent discount, so long as it is in the leisure package. If it is not sold by X date, it can come back on the market and you can try to sell it. But if we have that certainty of lower airfares, we will start packaging with the lower accommodation and so on and so forth. I think it is, by nature, a gradual process. You must increase the amount of leisure traffic. Only then will low-cost carriers have a look at destinations like Broome.

Ironically, I think you are far more likely to start it up with interstate or international services, because they will be, by nature, leisure, and start off chartering a service and move into a low-cost carrier. I do not have the time to explain. It is certainly the experience at Ayers Rock Resort at Uluru. It went through a very similar sort of process where they had two airlines. One of the big two dropped out and that left the other one in and the other one automatically upped their price. They desperately started searching for a low-cost carrier or some other competition to fly into Ayers Rock Resort at Uluru. They could not get anywhere and decided to charter the service. Within six months, they had much lower airfares, they had increased the overall demand to the resort and not one but two airlines came back in. One of the other majors plus a low-cost carrier came in, flying particularly

from Melbourne and Sydney into Ayers Rock Resort. The reason why that worked is the Ayers Rock Resort is a company town. The company owns the airport, the shops and the accommodation. Every dollar spent by the passengers coming in paid for the chartering of the service when you have got that leisure base, which moved in to low-cost carriers. Our challenge for a destination like Broome is that the beneficiaries are many, if you like, but there is no one beneficiary who would therefore front up the money. That is where the market failure exists. We think we will see a decision from government: "Yes, we will invest in marketing this, but you, the airline, must put this number of seats aside at this package rate."

[10.10 am]

Mr D.T. REDMAN: Just to expand on that point, the Tourism Council has hung pretty heavily on destination marketing and potentially some new traffic as a strategy to grow the leisure component of what you have described as the profile of traffic as a strategy of getting some of those prices down for that component. You have also used Queensland as the example of some of that, but also highlighted that Queensland has naturally been able to achieve it without any intervention because of the 26 million people living in Australia, 24 million live on the east coast, and because of the connectivity up and down the east coast, where even Townsville has a population of 170 000 compared to our next biggest city, Mandurah, which has about 60 000, and that is south; it is not even north. So the demographic challenge for us is substantial. You have hung pretty heavily on an investment in that space by government to shift the profile of demand as a strategy to build that traffic. What is the basis for being quite bolshie in terms of suggesting that there is going to be a response there, because the airlines would be looking pretty carefully at the resource sector market as the backbone of what they are doing? For them to shift away from that would be pretty difficult, I would have thought.

Mr HALL: Yes, which is why fundamentally the packaging is the key, because you are not asking them to move away from that. The packaging is really fundamentally only available for the leisure market. The design of the package is such that an airline does not cannibalise its business market, so it in no way sacrifices the yield it gets from the business market. The missing X factor is management time and effort to participate in the marketing, and they clearly do not think the return is there; or, more to the point, the return is not there compared to if they put that effort into another route and another destination. This is why we think investment in destination marketing and leadership from government will make a difference.

In terms of the analysis, it comes down quite simply to this: you are right about the population base. There is a limited population base, and a limited amount of business activity in these towns as well. It has gone up and down with the resources boom, but fundamentally it is relatively limited. We have got no way of increasing that. There is nothing that you can do that is going to suddenly dramatically increase the population in those towns. The only market that is unlimited is the leisure market. We have seen that time and again with destinations that invest in destination promotion and couple it with low-cost carriers. That is why I gave you the example of Uluru and Ayers Rock Resort. It is in the middle of bloody nowhere. It is as simple as that. There is no business travel there. It is a company town. It is all leisure. There are no permanent residents based at Uluru yet they were able to attract multiple airlines competing on low-cost fares because they invested in doing so. Everyone will chase the dollar if there is a dollar to be had.

Mr D.T. REDMAN: There have been a lot of presentations to us on the ground from organisations and groups that are trying to engage with the airlines; and, quite frankly, on the ground there has been pretty negative feedback in terms of what they are seeing as the airlines not wanting engage or not being able to engage, for whatever reason. Airlines do not quite have that same view; they

suggest that they are talking pretty closely. Has the Tourism Council endeavoured to engage with the airlines at the level that you are talking about now, and what is your assessment of your groups that work on the ground out there and their capacity to engage with the airlines to have this discussion?

Mr HALL: Yes. First and foremost, the decisions about airline activity are simply not made here in Western Australia; they are all made over east. Every time I go over there, I do try and engage with the leading airlines and talk to them about the opportunities and so on. The potential is there. Something is going to need to change the current pattern of pricing and behaviour. We are certainly hoping this inquiry is it. What we are worried about is a bit of a flush: we will throw a 10 per cent discount on an incredibly high airfare for local people, and then walk away, and we have done something. Unless they start seeing the state as an area of growth for leisure, there is nothing for them to do but stick to the current pattern of behaviour, which is to compete with each other for mining contracts and then keep the public rate up high and the computer does the work for you just as the algorithm.

As I say, I think the X factor there is the carrot and the stick from the state government that is going to say, "If you are going to run these routes and there is money to be made from them in the mining sector, you can invest in future growth." For them, that is putting a discount on largely empty seats. It is not that hard an ask. It is not a revenue loss for them; it is a management time loss and a marketing effort loss. The only way to build that up is to add the incentive of, "We have got others who are going to discount with you to help drive demand, and government will invest in marketing effort."

I will give you this example. We have had these discussions over the years. Governments can invest in driving demand through marketing, or they can invest in infrastructure to meet supply, and you would always find that your investment in marketing will yield much higher returns because it sweats the existing infrastructure. I would expect from an airline marketing partnership that you should be getting returns at a bare minimum of a 20 to one ratio on taxpayers' dollars, probably closer to 30 to one; and if you are setting up new routes, it can be as high as 60 to 80 to one. You will never get that sort of return in investment in airport development, for example, by building up the facilities and so on, because it does not change the fundamental demand for the service.

The CHAIR: Are we tooled up here in Western Australia to be able to do that? It sounds like, and you have mentioned in your statement previously, that the behaviour of the airlines needs to change around engagement with Western Australia. Are we well positioned to be able to engage meaningfully with them? We have heard as we have moved through the different towns about varying levels of sophistication in terms of the capabilities to engage, and even very town-focused, discrete activities, and probably not at the sort of scale that would be required to engage meaningfully with the major airlines. Are we tooled up enough? What needs to be done in terms of facilitating the industry to do this packaging exercise?

Mr HALL: Can we do packaging? Yes, we can. We do have the means to do it. Really, it is about the scale upon which we can do it. Again, it is a bit of a chicken and egg situation: who is going to get into packaging if there are no airline discounts to package with? You have to get everyone—airlines and the rest of the industry—moving at the same time. That is where the coordination and the leadership role comes in.

The CHAIR: So who do you think should be doing that?

Mr HALL: At the most fundamental level, it needs to be Tourism WA sitting down with the major airlines, working out what I would call airline agreements that are not, as they are now, limited to just marketing arrangements. You need the Department of Transport sitting at the table and saying,

“One of the first things we want is two operators in Western Australia.” We need a whole-of-state-government package with them. “Yes, you have got the social and legal licence to operate, but we are going to put some conditions on it—you have got to be on a global distribution system, you have got to make fares available for packaging.” But here from Tourism WA, we are also setting some money aside to market those packages so that we can shift them.

The CHAIR: So they have not been doing that to date?

Mr HALL: I think from the kind of supply side area, which largely has come from the Department of Transport, it has been a “let us get out of this business altogether” deregulation approach, which I think has not served the state well in either 2011 or in the last round. Clearly, I sat through the State Aviation Strategy work that had been done last time. It was very clear that the purpose of the department was to get itself out of regional aviation altogether.

The CHAIR: This is the Department of Transport?

Mr HALL: Yes, the Department of Transport. I do not think they have got the policy grunt or the understanding of how aviation works. There has been the sort of focus that you get on infrastructure and regional airport development schemes, and if only we get out, we will get competition. There is a profound misunderstanding of how airlines operate and how aviation hope is driven by demand, not by supply, and thinking of competition as the solution when it is demonstrably not. Just look at Broome. No amount of competition is changing the airfares up there. There needs to be a skill upgrade, I would say, and a recognition from the Department of Transport that they have a degree of responsibility, in the same way that they would certainly assume they have got a degree of responsibility over roads and rail. I do not know why it suddenly disappears when it comes to aviation, particularly in a state of our geographic nature.

Within Tourism WA, I think certainly they need some discretionary funding to do this. I think if ever there has been an astute use of RforR funding, it would be saying, let us take a destination like Broome. I think it is worthwhile picking off a town at a time and building up the skills and capacity for the town. So let us take a town like Broome. We are not talking millions of dollars here. We are not talking about infrastructure upgrades. A relatively small amount of money can make a significant difference if you are sitting down with an airline, “It is privilege to fly to Broome, and you make a lot of money out of flying to Broome. We expect you voluntarily to enter into an agreement; and, if not, we might regulate it. So please do enter into the agreement to set seats aside for packaging, but we are also putting \$300 000 on the table to run a campaign, but all the operators in town are going to discount their tours and their accommodation by 30 per cent as well.”

The CHAIR: Are you aware of the efforts that the tourism operators in Broome undertook to try to secure that sort of outcome with an airline operator?

Mr HALL: Yes.

The CHAIR: There was no outcome. What do you think were the major barriers to them achieving an outcome when they tried to do that very thing?

[10.20 am]

Mr HALL: It is lack of state government leadership and funding for destination marketing, and saying, “We’ll back a Singapore–Broome route”, for example. There needs to be a clear decision for doing it. Like I say, for some reason we have had discussions about investing in airport infrastructure, not decisions in investing in route development. It has always puzzled us, because without the demand there is no aviation, and that is what you need to fix it. There is no doubt in my mind that a Singapore–Broome route is possible—all you have to do is look at the number of the internationals already moving through Broome—and those markets will quite easily come through Singapore as a

hub. We are not talking about Singapore coming down; we are talking about the Germans and so on who are flying through and who would come down to Broome. It just needs start-up money to underwrite a charter route, which is exactly what they did at Ayers Rock Resort, for example, underpinned by a concerted destination marketing effort—spend a tenth of what you would spend on airport infrastructure but put it into getting the service up and running.

Mr D.T. REDMAN: Can I expand upon that? You used a couple of examples in bringing in new traffic—one was Singapore–Broome and the other was Kununurra–Melbourne. Also on the cards now are upgrades to the Busselton–Margaret River Airport and looking at eastern states traffic directly into that. Have you any comments about that as a strategy? That is an area that will not have big resource traffic. There are not too many mines down there—there are some, but not very many—and you would expect that to be a largely leisure market. Is that something that you would support the same sort of government leadership on?

Mr HALL: If you take the investment in the airport as a given and therefore sink in money, the answer is yes. I think the Busselton airport is very different from, say, Broome airport insofar as there is an already existing alternative route to get to Margaret River, which is fly to Perth and drive. It is a different route in terms of how consumers will make a decision about it, because they will have a choice. They will have a choice between flying to Busselton direct and having to get a hire car there—because it is fundamentally a drive touring destination to visit wineries and so on—or going through Perth. I have in my mind significant doubts as to whether or not, given the fact that there be the competition of flying direct to Perth, there will be sufficient demand to be able to underpin a service that goes direct to Busselton. I doubt very much whether any airline would do it of its own volition—you will have to pay for it—as opposed to, say, a Melbourne–Kununurra, where there is no alternative but to drive. I think you will always find that, say, a Melbourne–Perth route will be strong competition for a service from Melbourne to Busselton, particularly the times that it would be available, the limited number of flights overseas and so on. I think it would struggle to compete with flying to Perth and then hiring a car in Perth and driving down.

Mr D.T. REDMAN: Yet you seem to think that the Melbourne–Kununurra one will fly on the basis of what?

Mr HALL: Because there is no alternative route. Your only alternative, fundamentally, is to drive or to fly. If you are going from Melbourne, you can fly from Melbourne to Perth and then Kununurra. That is hugely different from a Melbourne to Kununurra direct route. Whereas I think most consumers on the east coast would see Melbourne to Perth, or Melbourne to Busselton as two competing options to decide between.

Mr TAYLOR: I think you have to consider also what you mentioned earlier. There are 24 million people on the east coast; we need to bring them over here. They are used to flying up and down on the east coast with those rates. WA has only two million to three million people. They would like to but because of the sparseness and how many people are spread out, I think we need to concentrate on, as Evan said, getting those 24 million people over there on flights over here—on cheaper flights as well, because they are used to flying that way.

Mr D.T. REDMAN: One big challenge the committee has, and it is less so for the committee than the government—the same thing applied when we went into the communities—yes, we had some tourism operators come in our door, but what filled the halls was the local users, the local market, who could not get down for a grandparent’s funeral in a timely way because price was a barrier. If you are going to set or make recommendations, I am hearing for the follow-on, to government settings that focuses on the tourism market, it does not solve the problem for the local users. Do

you have any comments about what recommendations might catch both of those birds in an outcome?

Mr HALL: I disagree with the comment that it provides no benefit for the local users. At the end of the day, the population discussion is the fundamental cause of what we are talking about. We have two million, or a potential even from the east coast space, of 20-plus million to underpin aviation services. It is only when we start tapping into the 20 million-plus space or the hundreds of millions from the international market that we will get the economies of scale to fundamentally bring down the public rates. That is what people are concerned about—the rate they will see when they go on Webjet or whatever when they want to fly to Broome. You will never be able to sustainably bring it down on the basis of two million people and the current mining sector because it is not in the airline's interest to do so even if they could do so.

I am concerned about outcomes like a 10 per cent discount for local residents that will do nothing in the long term but put upward pressure on the public rate. If you are looking for sustainable solutions for the public as well as for the tourism industry, then you will have to get the volumes on, and only from leisure tourism can you get the volumes that are going to do those routes. I would have to say that, yes, it will be only for leisure destinations like Broome. I doubt whether it would work for Port Hedland, but that is the nature of it—to focus in on those areas. But it will reduce the public rate over time because it is in the airlines' interest to get the rates down to bring in more visitors, which is why I think you need a town-by-town strategy—they are not all the same; each route is different—and to focus on the demand profile for those towns.

The CHAIR: Do you have a view on cabotage at all?

Mr HALL: Again, it is complex. It is the same with pushing airlines too far on the mining routes. Like I say, the rates are where they are because people are paying them. They could do one of two things: they could increase the rates or lower the rates. If people were not prepared to pay the rate, they could drop the rate and then they would get increased business; or they could go out of the business altogether. I do not think it is a given that all these routes currently being flown are naturally always going to have an airline that will fly them. I am very concerned about Esperance, for example; it is absolutely touch and go. An airline would not be flying there if it were not part of the regulated route through Albany. I think even Albany is quite marginal. We were extremely lucky to get Rex to come into that scenario. Rex is a Queensland-based airline that has experience in leisure tourism. It is on the global distribution system and knows how to do packaging, so in Albany it was able to start building off a very, very low base.

As to cabotage, I do not know. The one thing I know about airlines is that even more valuable to them than paying customers is that the information they hold—and they will not share it with you—is the basis of their businesses, having won over governments all around the world when negotiating things like marketing partnerships and over their competition. They will tightly hold onto that information. It is extremely difficult to try to work out their true price point and true profit margin. I honestly cannot tell you or even cast an opinion on whether or not we would be better or worse off with cabotage. I think there would be a risk of losing current services. Would we be better off with more competition from international carriers on other services? We could be. I would have a hard time judging the net benefit for Western Australia. I think we are better off taking the current business, which is the mining business, and focusing on those areas of growth, which to our mind are interstate and international—particularly direct routes—on those towns that can attract demand, such as Broome.

Mr D.T. REDMAN: In your presentation you have focused on tourism in regional WA and put a big footprint on Broome. I guess Broome has a tag, one that needs an airline to get people who cannot

drive there. It has a certain profile in terms of already being a tourism destination. To a lesser extent, you have Kununurra. Karratha is a deregulated market but is largely built on the resources—and, yes, there is Karijini and a lot of opportunities there. I have been through one of those recently with Clinton Walker. Then you have Port Hedland, which you just described as possibly challenging. Then we head south on what is called the milk-run route, down to the Ningaloo coast, which is a fantastic asset. In fact, all those other destinations have fantastic assets, but they are not going to carry a deregulated airline there with the best destination marketing in the short term. There is a lot of work to be done in that space.

Moving outside of Broome for a second, what are your suggestions about those areas that have been and are currently regulated? You talk about GDS as being an important piece of that. I do not know what it costs for an airline to take that on, but there is going to have to be a level of regulation on those in order to carry them, otherwise you simply will not have anyone running them. That is a big proportion of regional air routes in Western Australia outside of what is largely driven by the resources sector in some of those bigger centres. Any comments about that second tier of destination?

[10.30 am]

Mr HALL: You are quite right. If we are saying substantially—this what I absolutely hope to convey—it is all about the demand profile for the town, in which case, every town is different and there is no one setpiece solution for all Western Australia; we can do this, that is the right thing to do or not. A town that can experience growth through leisure tourism because it is an attractive destination—these are the areas you should focus on. I would certainly put Exmouth, as well as Broome, Albany, even Esperance in this scenario.

Again, if you look at a town like Esperance, you cannot rely on regulation. I certainly would not remove regulation—I am happy to come back to that point—at this point in time. If you removed it as a regulated route without putting in those initiatives to grow leisure tourism, I think you would probably lose the Esperance route or it would be incredibly marginal or incredibly expensive, or both. You cannot adjust the population. There is no policy lever to quickly adjust the population. There is no policy lever to suddenly increase business travel in any particular way. But there are quite simple and effective and well tried and tested methods of using policy levers to drive leisure demand. It has been done around the world. It is really a question of how much you invest. I think you should have a look at those airports. Here are the airports that are serving destinations where the demand profile is such that there is leisure demand for the product and all you have to do is: how do you connect someone in Germany who desperately wants to go to Broome or Esperance? They get connected through the distribution of airfares that go out to them, and then they fly in on air routes. It is all entirely possible and other destinations have done it. Queensland is a practical example, because they have grown up with it and it has always been a part of the business. I think we need a kickstart. But is it going to happen for every airport across WA? No, I cannot say that it is. But I can say that it is the only way that you can sustainably increase the volume and therefore achieve a lower airfare in the long run.

Mr D.T. REDMAN: Do you think there is any need to change the strategy that the Department of Transport uses to put those regulated routes to market? Right now, for example, it is only Albany and Esperance, and then there is a northern route—a milk run route. Do you think you could pitch those to airlines because therefore you have a lot of scale that might be attractive to getting more business to the market?

Mr HALL: I would certainly say this: if a route is not currently able to sustain competition—I reckon it is fairly obvious which ones can and cannot sustain competition—you must regulate it. There is one thing worse than a regulated monopoly and that is an unregulated monopoly.

The CHAIR: Or an unregulated duopoly?

Mr HALL: You take Exmouth, two are allowed to fly, but it does not mean two do fly; it is making no commercial sense for them. It does actually introduce competition. I think this is the point that was missed by most—something we have now lost for Exmouth, for example—because it only lasted for four years in which case you had to go back to tender, so there was a competition. It might have only been once every four years, but there was competition. You now look at routes that are unregulated. The first thing I would do if I was running an airline to a place like Exmouth, I would make sure that we never get regulated again or that I was protected from any competition by staggering my mining contracts so that they did not all come up at the one point in time; there is no chance for another airline to swoop in and pick up enough business to sustain itself and take over that route. I will stagger my mining contracts over multiple periods of time, so there is only X amount of business that can come up, but not enough to start a service. That is a way that I have now set up a permanent barrier to entry, because I am only in the business market. It is the same fundamental challenge; competition comes from the leisure market not from the business market. Those routes that are regulated: I certainly would not recommend any of them become unregulated at this point in time. I think the Exmouth experience clearly illustrated to those, particularly coming from the Department of Transport, that all we have to do is deregulate and somehow we are going to get low-cost carriers was fantasy thinking, and it has proved to be so.

Mr D.T. REDMAN: Do you think it should be re-regulated?

Mr HALL: Here you get into your problem and into a legal area that I would not profess to have any expertise on. But I have no doubt that would come at significant financial loss to airlines and I would imagine there would be compensation that would need to be associated with it, because you would be forcing them to breach contracts and so on and so forth. I do not know if you can unscramble the omelette. I think poor decisions were made in 2011 and again in 2015, when clearly Rex should have picked up the contract for the Monkey Mia route.

The CHAIR: Regulation, though, is a bit of a continuum. There are certain things, particularly around licensing to operate on particular routes, that the state government could potentially do. Do you see any role for even increased transparency or the information that you talk about as being of such value to the airlines—do you think that a greater degree of transparency could have some sort of impact on prices?

Mr HALL: If you could get airline transparency—it would be difficult to achieve. It is their primary currency.

The CHAIR: On regulated routes there are information disclosure obligations.

Mr HALL: There is, absolutely. There is information available. I am also sure that you have a lot of submissions from a lot of airports, airlines and so on, and somehow the same information seems to show that airports are incredibly expensive or incredibly not expensive and so on and so forth. It is very hard to get a hold of what is really happening. They do not just have a duopoly on routes. I would say they have a duopoly on the information or a monopoly on the information and they use it. But I do agree with you about the continuum. If I go to the social licence to operate argument, I do not believe it is a difficult ask for state government to say to everyone operating an RPT route whether or not they are currently regulated or not, “We want to enter into an agreement with you voluntarily—otherwise we might consider regulating—that you are going to put a certain number

of airfares available aside through packaging.” It is a relatively small ask. You are not asking them to forgo seats that are currently being used by the mining sector. If you have got empty seats, if your load factor falls below 85 per cent or whatever it might be, you will put the management time and effort into shifting them. You will enter into contracts with wholesalers. We will back that up with a financial incentive in terms of we will market those packages into Melbourne or so on.

The CHAIR: I am very conscious of the time, and we have heard this from you.

Mr HALL: I am saying that that is a small regulatory step that will start changing their behaviours and put some active management into growth instead of relying, as they currently do, on yield.

Mr TAYLOR: I think it has to come from the whole industry as well, which is what Evan was saying about packaging that will help. When we market to internationals at ATE, talking to them, it is too expensive to come to WA. It is not just the flights, it is the accommodation and everything. The whole industry needs to get behind it and change that.

The CHAIR: Can I ask you specifically on the Indigenous tourism opportunities, because one of the points you made in your submission is that 80 per cent of international visitors would like an Aboriginal cultural experience but only 20 per cent have one. Do you know what proportion of those international visitors have their cultural experience in regional WA? What could we be doing to support Indigenous and Aboriginal tourism opportunities?

Mr TAYLOR: For sure. Being that 80 per cent or 85 per cent of our members are regional, I would say that a high percentage of them were regional. But in saying that, they are in the regions that are easy to get to from Perth, because they fly into Perth. A lot of them will drive to Monkey Mia and the Shark Bay area to get that experience, drive down to Busselton. There is not a huge amount of experiences down there, so that is why. Again, Perth had a small amount of businesses in there for Aboriginal tourism experiences, which is growing now, but in those figures there was hardly any businesses operating at all.

The CHAIR: Compared with interstate Aboriginal experiences, how does regional WA cut it against say the outback of New South Wales or Queensland or the Northern Territory?

Mr TAYLOR: Those figures of 80–20 was an international visitor survey for Australia. I think WA is around 76–24, so it is a little bit different, but not much. There is more connectivity through there—I could not say because there is not actually another council like WAITOC. There is a new one in New South Wales, but, again, it has just been formed. There is not a lot of information coming from any of those other states that we can work with. We do our best to connect with different committees and things over there.

Mr D.T. REDMAN: Just on the back of Jess’s question, what is your understanding of the level of price sensitivity people have to having Aboriginal tourism experiences? The demand seems to be there, and you would have thought that people might be therefore prepared to pay. As you highlighted right from the outset, when you are going remote, when you are going into difficult access areas, the cost goes up. Are people very price sensitive to those experiences or is the demand such that they tend to bat that down and keep going?

Mr TAYLOR: No, I do not think the prices are a problem at all—not in Aboriginal businesses. A lot of the tours are between \$50 and \$80, which is not a huge amount of money to pay. Unless they go on a bigger experience —

Mr D.T. REDMAN: Something unique.

Mr TAYLOR: Yes, something that might be in the middle of nowhere that you cannot fly to and you have to get on a bus or a tag-along tour. I do not think the price is a problem; I think getting there is more the problem.

Mr D.T. REDMAN: So getting to the point of departure?

Mr TAYLOR: Yes.

[10.40 am]

Ms DONOVAN: The really important thing to remember that I think a lot of Western Australians do not have knowledge of is that Aboriginal people previously did not have an opportunity to own land. So that was not legal in Western Australia for Aboriginal people to own land. We do not have intergenerational wealth. This generation of Aboriginal people are carving out that future for the future generations. All of our operators in Western Australia predominantly are self-invested full-time employees making a transition into small business. On the east coast, you have a number of examples of commonwealth investment to stimulate Aboriginal tourism. Western Australia's baseline is the fire in the gut investing in itself to make it happen. I believe our strength here is far greater. If we do not perpetuate Aboriginal economic independence, we are going to have tenfold of the social issues that we have had previously. The only way that we can alter our landscape for the future is Aboriginal people being encouraged to invest in themselves for business development. The opportunities for Aboriginal people to be at the coalface a lot of developments or investments still is not currently there. When we see parking at airports or parking at Crown casino, it is a no-brainer where Aboriginal people could have had an opportunity for economic independence.

I believe that tourism is the only landscape we currently have that offers that opportunity for Aboriginal people because the story is told by the person. That is part of what we are maintaining—that authentic Aboriginal tourism. That will also complement mainstream tourism and drive the visitor to regional locations. If we do not increase Australian visitors to remote locations, there is no way to change that landscape. In relation to Busselton, I am a Busselton girl, so I did hear your comment about Busselton. There are certain times of the year when you could stimulate flights into Busselton—obviously, Gourmet Escape, Ironman competitions, events and so on. Rio is, I believe, having flights out of Busselton for their FIFOs into the Pilbara. There is a lot of opportunity for cross-pollination potentially from those regions visiting each other on those return flights and so on. Aboriginal economic independence—through business—truly is the only way we are going to change our current environment.

The CHAIR: Thank you very much. We are, unfortunately, short of time.

Ms DONOVAN: That was Evan, not us.

The CHAIR: I will proceed to close today's hearing and thank you for your evidence before the committee. The transcript of this hearing will be emailed to you for 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 by 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. Thanks very much for coming today.

Hearing concluded at 10.42 am
