



Australian Hotels Association
WESTERN AUSTRALIA

38 Parliament Place West Perth WA 6005
PO Box 660 West Perth Western Australia 6872
T: 08 9321 7701 F: 08 9321 7730 W: www.ahawa.asn.au

9 August 2017

Ms Jessica Shaw
Economics and Industry Standing Committee
Legislative Assembly
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005

Dear Chair

AHA SUBMISSION
WA ECONOMICS AND INDUSTRY COMMITTEE INQUIRY INTO REGIONAL AIRFARES

Thank you for the opportunity to make a submission to the State Parliamentary Economics and Industry Standing Committee into airfare prices on regular public transport (RPT) air routes in regional Western Australia.

The Australian Hotels Association WA (AHA) is the peak industry body in Western Australia advocating for the rights and interests of tourism, hotel accommodation and liquor licensed hospitality businesses. Since the AHA's establishment 125 years ago, our membership has grown to include accommodation hotels, serviced apartments, resorts, pubs, taverns, small bars, wineries, boutique breweries, distilleries, convention and function centres, large restaurants and tourism operators.

The AHA welcomes the inquiry's focus on high regional airfares which is a barrier to tourism and its capacity to generate increased activity, investment and employment across Western Australia's four tourism regions – Golden Outback, South-West, Coral Coast and North-West.

Although aviation is largely a Commonwealth responsibility, this inquiry presents an opportunity to promote greater transparency of the factors that contribute to high airfares that make travel within Western Australia uncompetitive against other Australian capital cities and low cost international destinations like Bali and Thailand.

In order to make regional WA a more attractive destination WA needs cheaper seats, on more flights to more destinations. However, we recognize that there is also a role for industry in

partnership with state government and airlines, to work on increasing visitor numbers within WA.

Our submission outlines the following key priorities for industry:

- Strategic investment in WA tourism;
- Measures that increase regional visitation including marketing and events;
- Development of tourism product that is responsive to visitors expectations including aboriginal tourism and food and wine trails; and
- Aviation initiatives to boost regional dispersal through the expansion of the Walkabout Pass and a “Fair Dinkum Fare”.

IMPORTANCE OF TOURISM TO WA

AHA members are dominant players and key stakeholders in tourism with the industry generating \$15.4 billion in total tourism consumption to the state’s economy and employing 108,700 people in over 5,000 businesses that provide services across the accommodation, tourist attraction and food sectors.¹

Tourism has been identified by Deloitte as one of the “Fantastic Five” super-growth sectors that will drive prosperity into the future². Western Australia’s Tourism 2020 strategy sets out a plan to capitalize on the industry’s potential with stretch targets aimed at doubling the industry’s economic contribution, measured through the growth of overnight expenditure, from \$6billion to \$12billion.³

The AHA has been encouraged by the Government’s recognition of the industry as a key part of its strategy to diversify the local economy and create jobs. Leading up to the 2017 state election, WA Labor committed \$425million in tourism funding over five years, which included annual funding for destination marketing for business events, domestic tourism and international leisure; event tourism to attract major events to WA; and Perth Convention Bureau, to attract big spending business delegates to conventions and conferences. This funding will be critical to lifting Western Australia’s poor tourism performance across all key markets sectors: intrastate, interstate, and international.

BUILDING CAPACITY IN OUR REGIONS

Regional tourism is one of seven strategic pillars in the State’s Tourism 2020 Strategy, and

¹ Total consumption delivered through direct and indirect contributions, [State Tourism Satellite Accounts 2015-2016](#), Tourism Research Australia (2017)

² [Positioning Australia for prosperity? Catching the next wave](#), Deloitte (2013)

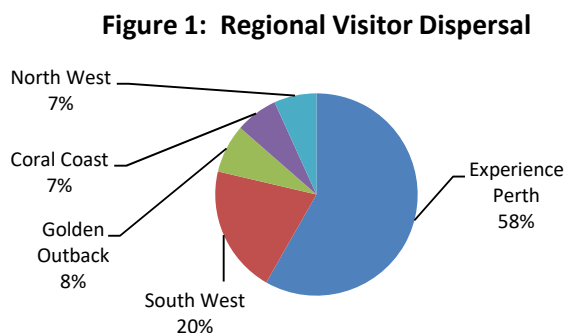
³ [State Government Strategy for Tourism in Western Australia 2020](#), Tourism Western Australia (2012)

critical to achieving state targets to double tourism spend, but the importance of Perth as the gateway to our regions cannot be underestimated.

As the capital city and home to over 60% of the State's population, Perth and Perth Airport is the main entry for domestic and international travellers into Western Australia. Recent investment in development of terminals, upgrading roads, lounges, facilities and runways have improved our aviation network dispersal and visitor experience.

In the year ending March 2017, visitors to and within Western Australia spent \$10.1 billion in the State. Of this 55% remained in Experience Perth, the regional tourism area capturing the Perth Metropolitan region. The remaining share was dispersed into the State's tourism regions.

The trend is repeated in regional dispersal figures with around 60% of intrastate and interstate visitors visiting Experience Perth, 21% the South West, 8% Australia's Golden Outback, 7% Australia's Coral Coast, and 7% Australia's North West. (Reer Figure 1)⁴



The size of Western Australia does present a considerable barrier to travel to remote destinations such as the North-West and Coral-Coast. However, transport data shows a relatively small proportion (27%) of interstate and intrastate visitors are choosing to fly which appears to suggest there is scope for building capacity on aviation routes.

Figure 2: Overnight visitors to Western Australia by Transport⁵

	Air transport		Self-drive vehicle		Other transport		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Interstate visitors ('000)	1,261	1,391	304	261	82	np	1,357	1,478
Intrastate visitors ('000)	1,281	1,224	6,565	6,930	342	383	8,131	8,464
Total visitors ('000)	2,542	2,615	6,869	7,191	424	440	9,489	9,942

There is a role for State Government to build capacity through strategic investment and targeted tourism funding to attract more visitors to our regions and support the development of long-term sustainable tourism and aviation services.

Government's tourism funding commitments come at a critical time for the accommodation and food sector who are natural partners with aviation. Declining visitation numbers are

⁴ [TWA Fast Facts](#)

⁵ National Visitor Survey, Tourism Research Australia, (March 2017)

threatening thousands of existing jobs in the Western Australian tourism and hospitality industries. Many hotels are running at very low occupancy rates and room revenues, particularly on weekdays, and smaller hospitality businesses are being forced to sell or close their doors.

The AHA supports activation of Perth and the regions across the following key focus areas:

- Strategic investment in marketing to key intrastate markets;
- A strong and connected calendar of Perth and regional events; and
- Better co-ordination and support for tourism product including indigenous, nature-based and food and wine trails.

Government investment should identify and fill gaps that respond to visitor dispersal data and motivations for visiting Western Australia and our regions. AHA is aware of recent research that identified “Eating out / dine at a restaurant and/or café” as the number one leisure activity favoured by visitors followed by:

- Go to the beach
- Sightseeing/looking around
- Visit national parks /state parks
- Go shopping for pleasure
- Visit wineries
- Pubs, clubs, discos etc

An improved understanding of tourist expectations will help in the development of tourism marketing campaigns, targeting investment and partnerships that attract and satisfy visitor expectations of their visit to Western Australia.

REGIONAL AVIATION INITIATIVES

The delivery of reasonably priced, quality, connected and reliable aviation transport can be a game-changer in attracting more visitors to explore WA’s unique destinations, driving positive economic and social outcomes for our regions and the State. Destinations like Broome, Exmouth, Kalgoorlie and Albany are integral parts of our State tourism campaigns but are often overlooked due to the high additional cost of securing another airfare.

Walkabout Pass

To assist with visitor dispersal to regional WA, Qantas has launched the “Walkabout Pass”. The pass allows passengers booking any international ticket to add on a significantly discounted regional sector, redeemable within a conditioned period, to encourage regional dispersal.

Currently, Broome is the only WA regional destination offered under the Walkabout Pass. Industry is hopeful the initiative will be embraced in WA's largest market, the United Kingdom, ahead of the launch of the direct London to Perth flight in March. Initial inbound market feedback suggests the competitive fare, shorter 18 hour travel time, more spacious economy product and the development of a streamlined end-to-end travel experience has been very positive.

Fair Dinkum Fares

Many Western Australians are frequently travelling abroad or interstate and are more familiar with Bali and Bangkok than destinations promoted in State tourism campaigns. Discounted international airlines and cheaper airfares have only contributed to the increasing number of Western Australians choosing to holiday abroad representing a significant loss in visitor expenditure and jobs to the local economy.

To arrest the exodus of holiday-makers, AHA seeks that regional airlines consider adopting a fare incentive program that unashamedly places Western Australia first. It is proposed that airlines introduce a "Fair Dinkum Fare" program exclusively for West Australian residents.

Key features of the program would include the allocation of a set quota of seats at a guaranteed price to be available all year round to all destinations within the State. This initiative would help promote tourism but would also respond to the need of local residents to travel to regional centres, access vital medical services, visit family, travel for business or go on holidays.

Red Tape Reduction

Regulatory burdens and unnecessary fees and charges are a constraint on growth for all industries. The hotel and hospitality industry is bound by costs from planning, liquor licensing, health and local government and are sympathetic to the impact red tape can have on aviation operational costs and ultimately on pricing.

The AHA is aware that landing costs imposed by airport-operators are amongst the highest in the country and seek that regional airport operators consider the appropriateness of fees and charges and their impact on ticket prices.

The AHA appreciates the Committee's your consideration of the issues raised in this submission.

Yours sincerely



Bradley Woods
CEO / EXECUTIVE OFFICER