



30th August 2017

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To whom it may concern

**RE: KBCCI SUBMISSION TO ECONOMICS AND INDUSTRY STANDING COMMITTEE
INQUIRY INTO REGIONAL AIRFARES**

The Kalgoorlie-Boulder Chamber of Commerce & Industry (KBCCI), is a member not for profit organisation representing 460 local businesses and support groups within the Eastern Goldfields region of Western Australia.

Thank you for the opportunity to contribute to this Inquiry, it is most appreciated by our community.

The following is an excerpt from the KBCCI annual Goldfields Business Report hence underpins why this enquiry is so meaningful to the Goldfields business community.

The cost of airfares came up in the majority of conversations. The small to medium business sector in particular are hardest hit by the cost. Travel for training, negotiations and like cannot be avoided. Business needs to be mobile, employees have differing quality of life expectations, entitlements, and hence travel is a core factor that in most instances cannot be dismissed.

The following comments reflect the many conversations and concerns raised with the KBCCI on the cost of regional airfares endorsed by the KBCCI Executive Committee.

General community perceptions

1. The major airlines appear to run flight schedules to accommodate their resource company clientele to maintain FIFO commitments and provide consistency.
2. It is not uncommon for aircraft to be half full or less dependent on corporate demand. Maybe both airlines would consider supporting the regional community by making fares on these flights affordable to the wider community.
3. Usually cheaper flights are available if booked long in advance. This factor suits the corporate sector as they have a reasonable understanding of their workforce trends in advance. These seats are generally booked very quickly by the corporate sector.
4. The freight component of regional airlines makes up for low passenger numbers on flights negating the need to focus on innovative strategies to grow passenger numbers. This factor likely influences the lack of need for proactive marketing strategies to underpin commercial viability of regional services.
5. Most small to medium business owners have the need to travel to Perth various times during the year for business meetings, business opportunities, professional development, training, purchasing and improving their capacity. Because of the high air fares they often choose not to attend as they cannot justify the cost, and their capacity to grow and develop is negatively affected. Small to medium business owners are choosing not to send their employees to Perth for training and development because of the cost.
6. Decreased access to industry professionals who choose not to deliver services to the region, due to the high cost of travel reduces the level of expertise being developed in the region. Such expertise is critical retaining and developing high levels of business and community capability. Such regional capability is critical to economic sustainability.
7. Government agencies are reducing the services they normally provide to the region due to cost cutting by the Government of the day. Unfortunately the regional

community is the victim albeit we can understand why this is happening and do not blame the Government.

8. Kalgoorlie is a relatively isolated City, though only an hour flight or less from Perth. Yet the business and wider community indicate they feel isolated and disconnected from their extended families in the metropolitan area or interstate. This factor is particularly relevant to those who recently chose to make the Goldfields their home. Understandably the flow-on effects impact on the liveability of the City and has a direct influence on growing the region's economy. The irony is this trend will have flow-on effects to overall passenger numbers for both airlines as they will ultimately become reliant on the corporate sector.
9. The corporate sector has no need to have strong loyalty to any location, generally they are there for the opportunities they provide (this does not apply to all corporates). Regional communities generally are the most stable source of passenger numbers, they complement the corporate sector.
10. Indications are corporates would support the residential community if practical options are considered and put in place.

Tourism Impacts

1. The cost of airfares precludes any development related to flights. This does not mean there are no attractions. Like most regional locations there are many unique attractions that can be promoted that would stimulate passenger numbers hence contribute to the sustainability of both commercial airlines.
2. Conference, sporting, corporate and events tourism are well supported however air fares are an inhibitor to organisers or potential visitors.

Social Impacts

1. People wanting to travel to Perth with little notice for family, health or other unexpected emergencies are confronted by the cost of the air fares adds to the already emotional situation they are confronted with.
2. Generally speaking the cost of regional airfares contributes to extremely poor perceptions of regional lifestyle. Australia is a very mobile community. Perceptions, reality, that they cannot have similar lifestyle to other mainstream Australians is a major obstacle confronting the wider Goldfields region.

Options

1. Make empty seats available to the wider community at a reasonable price.
2. Fixed costs for Businesses regardless of size.
3. Vary Flight schedule to suit regional businesses.

Summary

Being committed to a free enterprise system, the KBCCI considers a solution driven, collaborative approach, committed to by strategic stakeholders could produce an acceptable outcome

Should you require elaboration on any aspect of this correspondence, the KBCCI is committed to doing so.

Regards



Hugh Gallagher
Chief Executive Officer