



**first
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REGAIR Submission 78
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Economics and Industry Standing Committee

Inquiry into Regional Air Fares in Western Australian

Submission by Hedland First National,

2/20 Wedge St, Port Hedland, WA

To Whom It May Concern,

Hedland First National is the Pilbara's largest real estate agency and represents over 1000 owners of residential, commercial and industrial property in Port Hedland, WA.

The high cost of travel to Port Hedland causes a significant impact to the cost of business in the Pilbara. This is not only in direct monetary cost but also in the social cost of adding to the feeling of isolation of the community. We have over the years lost countless staff to the impact of the cost of being able to regularly return to see family and friends outside of the region. As the Pilbara is such an important part of the national and WA economy any impediment to labour force mobility to support this region is of national significance. We welcome and congratulate the Government's commitment to address the issue.

We submit the following points for consideration by the Committee;

- There exists a perception in Port Hedland that prices to the public are higher due to the prevalence of FIFO corporate travellers. The low load factors on the Perth-Port Hedland route are cited as airlines as the reason why the cost of the airfares are disproportionately high. Locals feel that corporate requirements are the main driver of this and there is a subsidy being paid by the private to the corporate traveller in the form of unnecessarily high airfares to the consumer market. This is never more evident than on Friday afternoon where four largely empty flights fly up to Hedland to fly large numbers of corporate travellers back on the return route. The cost of the empty flights to meet the FIFO demand profile is being borne in part by the community.
- It is perceived that airlines view this route as not being price sensitive and therefore able to set at high margin pricing. Geography and the lack of alternative to air travel adds to the captive market for the airlines to exploit.
- There is anecdotal evidence to suggest that the airlines (and in particular Qantas) routinely cancel scheduled service to Port Hedland where services have simply not met a seat sale target. This is done as late as possible and causes significant inconvenience to travellers. We feel it would be worth the committee examining the on time/cancellation data from the airlines to see if there is statistical substance to the accusation.

Yours sincerely

Morag Lowe