

Admin, LACO

Subject: FW: Regional Airfare Pricing

From: Elizabeth Grey
Sent: Monday, 17 July 2017 2:33 PM
To: Committee, Economics & Industry Standing
Subject: Regional Airfare Pricing

Regional airfares are dominated by three cost constraints which are common to most if not all business management decisions.

1. Return on Investment

Given the relatively small population intrastate and tourist flows into the state, regional airlines must balance income generation against available passenger numbers (seasonal and non seasonal) and against kilometers flown. Equipment type and staffing requirements will be considered against the potential or historical income generation for a given route. Having said that, I urge the committee to examine other airfares in comparable routs such as Northern Queensland, Northern Territory and parts of South Australia to see if there is a disparity in pricing on a kilometer flown basis versus the Western Australian experience.

2. Competition

There is a lack of competition in this market place which is dominated by the big two - Qantas and Virgin and their subsidiaries. The problem is in the passenger raw numbers and relatively low frequency of flights that does not attract other airlines to the WA market. I urge the committee to consult with the regional airlines currently servicing the FIFO market with the view of opening access to non FIFO passengers on viable routs.

3. Tourism

The Federal Government has a role to play in supporting regional tourism. In the 2016 budget, the Tourism minister has proudly stated that the Federal Government will be " Providing \$50 million over 4 years to promote Australian wine overseas and wine tourism within Australia." What share of this initiative will WA enjoy? What regional initiatives can be expected by the current Federal Government to promote the wine industry of the South West of WA? The Federal Tourism minister has also stated that "Record funding for Tourism Australia of \$629 million over four years" will be achieved. What share of this funding increase will be directed at promoting tourism within WA to boost passenger numbers and lead to lower airfares for all Western Australians? Regional airfares can be lowered if passenger numbers, especially tourists, can be increased - so it is vital that the committee gain specific initiatives and outcomes from the Federal government Tourism portfolio. Given the low share of GST back to WA from Canberra, I would hope that the committee urges the State Government to lobby The Federal Government for an increase in tourism dollars allocated to WA.

Regards
Price Grey