

SUBMISSION TO THE STATE ECONOMICS AND INDUSTRY STANDING COMMITTEE
INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA BY:

Sue Knowles

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Former Senator for Western Australia - 1984-2005

Former Board Member - Tourism Council of Western Australia

Firstly, may I congratulate the Committee on undertaking this vital inquiry and wish you well in achieving outcomes for this crucial component of viable tourism in Western Australia and, in particular, the Kimberley.

I have been an investor/owner and Chairman of the Council of Owners in the Seashells Resort in Broome for many years. The focus of your enquiry has been the focus of my fellow investors and management for as long as one can recall.

While we have an multi-award winning property, it is not helped by the exorbitant prices the airlines charge for people to visit. This has been a constant issue raised by owners and would-be visitors year in year out.

Despite the best, and ongoing efforts, of the Tourism Council of WA, North West Tourism, the Shire Council, and all the various local operators, the airlines do nothing to offer reasonably priced flights. They instead continue to offer extremely attractive prices for people to fly over the Kimberley to Asia or Europe instead of into it.

The Committee has, no doubt, been provided with endless examples of the airline price gouging in the Western Australian market. I can provide recent examples:

Two weeks ago a one way fare offered by both major airlines was in excess of \$1,000 EACH WAY economy.

Last week, it varied but was over \$1,300 return - best available economy.

This week, was \$1,500 return - best available economy return.

All these flights are on small aircraft (for two and a half hours) as opposed to those used interstate or internationally.

By contrast, one could get cheaper fares to all Australian capital cities; 'ticket only' RETURN flights to Asia for \$370; 'ticket only' RETURN to Europe for between \$1,400 and \$1,800.

How can the airlines seriously think they are doing 'the right thing' by Western Australian tourism and businesses by having fares to Europe and the US priced the same as a two and a half hour internal flight?

This price gouging not only seriously affects tourism in the Kimberley but also affects the locals who wish to travel to Perth or onward to further destinations. That is unfair to treat people who live in the remote parts of Australia with such blatant disregard.

Admittedly, there is a degree of effect on pricing by the high costs imposed by the owners of Broome Airport in terms of operating costs passed onto the airlines. However, that is only part of the problem.

The Airport costs also have an impact on the price to hire vehicles as the airport places outrageously high imposts on hire car companies to have their vehicles picked up and dropped off within the airport perimeter. Tourists just look at the excessively high cost of hiring a vehicle compared to other Australian ports and it immediately places the destination at a disadvantage.

The airlines will always claim there is a premium to be paid in peak seasons, school holidays or festive periods. The question therefore needs to be asked: why is that premium so much higher for the Kimberley than for other Australian destinations or elsewhere in the world?

For the airlines to use the excuse of peak season price adjustments just isn't true. The prices charges in the so-called wet season are still extremely high by comparison to other routes.

The airlines have also said in the past that they are prepared to cut prices if the resorts will do package deals. These offers have invariably meant that it is the resort and local tourism operators that end up taking the higher proportion of loss in margins, not the airlines.

Once again, why will they only make that type of offer to Australian destinations when the cheap 'fare only' prices to international destinations does not have to be attached to specific hotel deals?

It is hard enough to do business in remote Australia by virtue of isolation and on-costs without the Australian airlines doing everything within their power to encourage tourists to travel outside the country instead of exploring and enjoying the wonders we have.

It goes without saying, the third group of seriously affected people are international travellers who would dearly like to experience the more remote parts of our country if the airfares weren't so prohibitive.

Should the Committee wish to receive further information in writing or in person, I would be pleased to oblige.

Sue Knowles

As an aside, you may wish to ask Qantas why it is that they are charging more for fares from Perth-London on the Dreamliner than with their code-share partners Emirates? The Dreamliner is a vastly more fuel efficient aircraft and the route has no stopover which encounters additional costs. Given that this is the ONLY Qantas service to Europe out of Perth, it seems that, once again, Western Australians are to pay the premium prices.