



Kimberley Regional Group

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Jessica Shaw MLA

Chair

Economics and Industry Standing Committee - Legislative Assembly

Dear Chair

Submission from Kimberley Zone of WALGA

The Kimberley Zone of WALGA appreciates the opportunity to make a submission on the Inquiry into regional airfares in Western Australia. The Kimberley Zone of WALGA group consists of four local governments comprising the Shires of Broome, Derby West Kimberley, Halls Creek and Wyndham East Kimberley who work on strategic projects that will assist the region.

All four Kimberley Shires have regional airports with regular public transport services. The opportunity to participate in the work of the standing committee is appreciated.

Terms of Reference

The Economics and Industry Standing Committee resolved to inquire into and report on matters relating to airfare prices on regular public transport (RPT) air routes in regional Western Australia. In particular, the Committee will evaluate the:

- factors contributing to the current high cost of regional airfares;
- impacts that high-cost regional airfares have on regional centres- from a business, tourism and social perspective;
- impact of State Government regulatory processes on the cost and efficiency of regional air services;
- actions that the State and local government authorities can take to limit increases to airfares without undermining the commercial viability of RPT services;
- actions that airlines can take to limit increases to airfares without undermining the commercial viability of RPT services; and
- recent actions taken by other Australian governments to limit regional RPT airfare increases.

The attached submission details the perspective of the Kimberley Group and incorporates their unique circumstances and experiences issues.

Kind regards

Stephen Gash

Secretariat – Kimberley Regional Group



Shire of Derby /
West Kimberley





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Kimberley Zone of WALGA

Submission to the Economics and Industry Standing Committee

Inquiry into regional airfares in Western Australia

Stephen Gash
Secretariat – Kimberley Zone of WALGA.
31 July 2017



Submission to the Economics and Industry Standing Committee

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Submission to the Economics and Industry Standing Committee

1.0 Submission

This document is in response to a request by the Economics and Industry Standing Committee for submissions to the Inquiry into regional airfares in Western Australia.

Request for Submissions

The Economics and Industry Standing Committee resolved to inquire into and report on matters relating to airfare prices on regular public transport (RPT) air routes in regional Western Australia. In particular, the Committee will evaluate the:

- a) factors contributing to the current high cost of regional airfares;
- b) impacts that high-cost regional airfares have on regional centres- from a business, tourism and social perspective;
- c) impact of State Government regulatory processes on the cost and efficiency of regional air services;
- d) actions that the State and local government authorities can take to limit increases to airfares without undermining the commercial viability of RPT services;
- e) actions that airlines can take to limit increases to airfares without undermining the commercial viability of RPT services; and
- f) recent actions taken by other Australian governments to limit regional RPT airfare increases.

Kimberley Group Submission

This is a group submission on behalf of the Shire of Broome, Shire of Derby West Kimberley, Shire of Halls Creek and Shire of Wyndham East Kimberley referred throughout the submission as the 'Kimberley Group'.

In support of this submission will be individual submissions made by the Shire of Wyndham East Kimberley, Shire of Broome and Shire of Derby West Kimberley. Each Shire holds strong views on the issues raised by the committee and have, to add emphasis, provided these views directly in submissions that are consistent with the group's.

The Kimberley Group is grateful of the opportunity to make a submission that responds to the issues from the perspective of the Kimberley Group and incorporates their unique circumstances, experiences and geographical issues.

All four Kimberley Shires appreciate the inquiry process. We have taken this opportunity to provide our view and make our recommendations on regional airfares that we consider are both fair and equitable. The Kimberley Group is focused on delivering benefits at a regional level and trust that our recommendations help shape the committee report to the House.

Submission to the Economics and Industry Standing Committee

2.0 Overview of the Kimberley Local Government's

The Kimberley has a population of around 40,000 people, at least half of indigenous descent. During the tourist season, the resident population swells to over 50,000 people.

The main towns are Kununurra and Wyndham in the north, Derby and Broome in the south, with Halls Creek and Fitzroy Crossing inland on the Great Northern Highway. There are 218 remote Indigenous communities within the Kimberley of which there are 286 in Western Australia. The distance from Perth city to the nearest town, Broome, is 2,415km. The distance from Broome to Wyndham is 1055km via the Great Northern Highway.

The Kimberley region covers an area of 419,558km² which is one sixth of Western Australia's total land area. It is three times the size of England and approximately the size of California. It is one of the nine regions of Western Australia and is located in the northern part of the State.

The Kimberley is located north of the Tropic of Capricorn, so the climate is tropical monsoon, defined by a distinct wet season (November to April) and a dry season (May to October) with average temperatures generally above 30 °C. During the wet, monsoonal rains inundate the region, rivers flood, and most of the area is impassable.

The geography is one of contrasts - deep rocky gorges, limestone caves, pristine lakes and waterfalls, volcanic remnants, sandstone cliffs, grassy plateaus, and ancient mountain ranges and desert country. The Kimberley has large areas of crown land, two of Australia's largest national parks, along with smaller national parks and conservation areas, Aboriginal land and reserves, farming land and pastoral leases as well as many mining exploration leases.

The Kimberley has many challenges with its seasonal variations, geographically remote location and heavy wet seasons often result in the area being cut off from essential outside services and deliveries. The airports play a crucial part of the infrastructure chain which enables people and goods to enter or leave from the region and especially supports tourism and economic development.

These factors and general isolation make the communities in regional areas very different to those in urban areas. The resulting needs and requirements for access to essential transport services are very different to those living in larger centres. These differences need to be recognised and any government responses and initiatives must be tailored to the regional environment.

Submission to the Economics and Industry Standing Committee

3.0 Background

Shire of Broome

Broome International Airport is the regional hub of the north-western part of Western Australia. It is considered the gateway to the Kimberley region. From 18 November 2010 Broome International became a Class D non-radar controlled aerodrome which means that aircraft are separated by air traffic controllers based on estimates provided by pilots and reporting their distances and altitudes from the airfield.

The Airport runway was extended in around 2004-2006. It also has had several upgrades to helicopter infrastructure. It is home to state of the art firefighting equipment. The Kimberly Qantas lounge was upgraded in 2014-2015 when the terminal had landscaping and maintenance work carried out.

Statistics;

Airlines and destinations

- Airnorth services Darwin, Kununurra - All Year
- Qantas services Perth - All Year
- Qantas services Brisbane, Sydney and Melbourne, typically from April to September
- QantasLink operated by Cobham Aviation services Perth - All Year
- Skippers Aviation services Fitzroy Crossing and Halls Creek - All Year
- Virgin Australia Regional Airlines services Perth, Fitzroy Crossing, Kununurra, Halls Creek, Darwin and Port Hedland - All year

Charter airlines

- Broome Air Services
- Broome Aviation / Northwest Regional
- Slingair Heliworks
- King Leopold Air
- Skippers Aviation
- KAS Helicopters
- Kimberley Aviation

Passengers – 313,627

Aircraft movements - 5,828

Shire of Derby West Kimberley

The Curtin Domestic Airport is located 40 km from Derby and is both a public airport and a military base for the Royal Australian Air Force. Constructed in the 1980s, this regional airport is a functioning airfield for the RAAF, but also connects Derby and Curtin to the rest of Australia. This airport is made up of a fairly basic single terminal building. Domestic services operated through Virgin Airlines ceased in February 2016.

The Derby Airport is located 9.4 km from Derby. Domestic charter, regional light aircraft and helicopters operate from this airport.

The Fitzroy Crossing Airport is located 3.7 km from Fitzroy Crossing. Domestic charter, regional light aircraft and helicopters operate from this airport. Airport has basic amenities including an undercover waiting area, water fountain and toilet facility for passengers. The airport has a number of private hangars and helipads for light aircraft and small regional airlines. There is a regular passenger service operated by Skippers Aviation between Halls Creek and Broome that picks passengers up in Fitzroy Crossing.

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Shire of Halls Creek

The Halls Creek Airport is located 2 km from Halls Creek. Aircrafts movements are primarily general aviation with sightseeing flights and commutes to remote community's dominant. There is a regular public transport flight service from Broome and a twice weekly mail service to a number of the outlying remote Aboriginal communities. Halls Creek Airport is managed by Aerodrome Management Services Pty Ltd (AMS) on behalf of the Shire of Halls Creek since April 2010.

Skippers Aviation operate an air service three times per week connecting Broome/Fitzroy Crossing/Halls Creek from \$495pp one way. There are limits on freight logistics on these air services, thus the majority of freight are transported by road.

Shire of Wyndham East Kimberley

The East Kimberley Regional Airport, located on the Victoria Highway, Kununurra, is a certified Aerodrome and a security control Airport. This airport services regular passenger air services as well as charter and private flight operations. The terminal building contains a café, which provides refreshments and a licensed area, as well as hire car facilities during the times of regular passenger aircraft transfers.

The Wyndham Airport, located on the Great Northern Highway, Wyndham, is a registered Aerodrome. This airport services charter and private flight operations.

Aviation fuel services are available at both Kununurra and Wyndham Airports by prior arrangement.

Statistics;

Airlines and destinations

- Airnorth servicing Broome, Darwin, Perth
- Aviair servicing Halls Creek
- Virgin Australia Regional Airlines servicing Perth

Charter airlines

- Kimberley Air Tours
- Shoal Air
- Slingair Heliworks

Passengers - 86,955

Aircraft movements - 2,779

Shire of Cocos (Keeling) Islands and Shire of Christmas Island

While both these locations are outside the scope of this inquiry, these Shires form part of the Kimberley Zone, thus it was important to include information on air services to these two locations in this submission.

Virgin Australia services both Cocos and Christmas Island for Perth on a twice per week nonstop air service that costs from \$720pp one way.

Toll Freight operate a charter freight air service once per fortnight for all freight requirements.

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4.0 Terms of Reference

The Kimberley is currently faced with challenges associated with high airfare pricing and its detrimental effects on the community and economic development. The opportunity to create awareness of these issues and advocate for change is a great privilege.

For the purpose of this submission, the Regional Group has only presented commentary on point b) in the terms of reference.

'Impacts that high-cost regional airfares have on regional centres- from a business, tourism and social perspective'

Tourism Impacts;

- Increased cost of travel
- Damages the Kimberley's ability to compete within the international and domestic travel market
- Flow on effects to the tourism sector with decreased bookings
- Concerns regarding impact on pricing and availability of airfares for tourism/residents where resources companies are utilising a fly in – fly out workforce
- The absence of low cost carriers contributes to the high cost
- For small regional airports with low passenger numbers, the cost impost per passenger is higher

Social Impacts;

- Contributes to the high cost of living in regional communities
- Increased isolation for residents who have distant family or other requirements to travel elsewhere in the state.
- Limits access to specialist medical and recreation services not available in the regions
- Prohibitive for residents to access the specialist health, education, commercial and recreational facilities that are not available where they normally reside. Increased costs for residents requiring travel to access medical services outside of Broome – especially where the Patient Assisted Travel Scheme (PATS) does not fully cover costs or is unable to be accessed. Increased costs of boarding school or remote schooling, especially when children return home during school holidays.
- Last minute, unexpected or peak season flights are regularly unaffordable for the majority of residents. Flights during the tourist season (April – October), around public holidays (Christmas, Easter etc) or during school holidays are not accessible for the community.

Business Impacts;

- Increased costs of operating businesses in the north west, and additional impediments to new businesses.
- Provide challenges for businesses looking to relocate to a regional area with access to good air services
- Additional challenge to economic growth and diversification
- Limited ability for local businesses and organisations to cost effectively access professional development, training, conferences, meetings etc where travel is required
- Limited pool of prospective employees based on cost of living/travel, remoteness and related pay scales/living allowances to commensurate
- Increased costs of goods and services to the community to reflect business costs

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- Challenges to current and future economic development - impacting the ability to establish, strengthen and accelerate trade and social connections across the state, country and abroad
- Contribution to stifling stronger productivity performance and economic growth

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5.0 Cost of flights

The following table illustrates the cost of airfares from Perth to Broome and Kununurra, with one week and three months' notice. A comparison of interstate fares with similar travel distances was also provided.

Route (one-way flight distance)	Passenger numbers	Airline	Fare – 1 Week in advance	Cost per km	Fare – 3 months in advance
Perth – Broome (1680km)	302,400	Virgin	\$418	\$0.25	\$186
		Qantas	\$474	\$0.28	\$252
Perth – Kununurra (2213km)	105,800	Virgin	\$423	\$0.19	\$376
Perth – Broome – Kununurra (2410km)		Airnorth/ Qantas	\$925	\$0.38	\$434
Perth – Adelaide (2120km)	612,300	Jetstar	\$160	\$0.07	\$170
		Virgin	\$245	\$0.11	\$157
		Qantas	\$255	\$0.12	\$172
Melbourne – Cairns (2320km)	795,000	Tigerair	\$280	\$0.12	\$116
Perth – Newman (1020km)	323,100	Qantas	\$872	\$0.85	\$873
Brisbane – Mount Isa (1570km)	124,400	Qantas	\$458	\$0.29	\$421

* Fares via Skyscanner on 27 July with travel on 7 August and 6 November 2017 respectively.

* Passenger numbers via Department of Infrastructure and Regional Development Report May 2017

While it is recognised that interstate routes of similar distance are serviced by more airline providers handling higher passenger numbers, it does not justify a two to three-fold increase in the cost per kilometre basis to travel within WA.

This difference is neither justified by economies of scale. If a comparison is made between Perth-Newman and Brisbane-Mount Isa both mining communities, Perth-Newman has nearly three times the passengers as Brisbane-Mount Isa, but costs three times as much.

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6.0 Recommendations

- Encourage expansion of inbound air services through Perth
- Encourage competition of existing carriers
- Attract new airlines to Perth and regional WA
- Develop Broome as a gateway for interstate and international (Singapore) travel
- Support regional airport development through such schemes as the Northern Australia Infrastructure Facility (NAIF) or the Regional Airports Development Scheme (RADS)
- Provide financial incentives for the development of additional or complementary regional air routes
- Financially support regional airports meet increasing obligations for standards of security and screening
- Re-establish an air service to Derby
- Establish daily connectivity with Dash-8 aircraft between Broome/Derby/Fitzroy Crossing/Halls Creek/Kununurra
- Guarantee Freight Logistics of all freight classifications (consumables, animals, deceased persons) on all air routes
- Review to be launched to lift cabotage on international carriers traveling on domestic routes to improve connectivity