

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 11 SEPTEMBER 2017**

SESSION ONE

Members

**Ms J.J. Shaw (Chair)
Mr S.K. L'Estrange (Deputy Chairman)
Mr Y. Mubarakai
Mr S.J. Price
Mr D.T. Redman**

Hearing commenced at 9:35 am

Ms CHANTELE KING

Chief Executive Officer, Onslow Chamber of Commerce and Industry, examined:

Ms HAYLEY BRETT

Vice-President, Onslow Chamber of Commerce and Industry, examined:

The CHAIR: On behalf of the committee, I would like to thank you for agreeing to appear today to provide evidence in relation to the committee's inquiry into regional airfares. My name is Jessica Shaw and I am Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee: to my left, deputy chair, Sean L'Estrange, member for Churchlands; Yaz Mubarakai, member for Jandakot; Stephen Price, member for Forrestfield; and Terry Redman, member for Warren–Blackwood. It is important that you understand that any deliberate misleading of this committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege; however, this privilege does not apply to anything you might say outside of today's proceedings. I advise that the proceedings of the committee's hearing will be broadcast live within Parliament House and via the internet. This broadcast may include documentation provided by you to assist the committee in its investigations.

Thank you very much, Chantelle, for providing your submission to the inquiry. Before we begin with our questions, do you have any questions about your appearance before the committee today?

Ms KING: No; that is fine.

The CHAIR: Before I kick-off with some questions and handover to the others, would you like to make a short opening statement about your submission?

Ms KING: First of all, thank you for the opportunity to speak directly to the committee regarding our submission. As you would have read, in Onslow, flights are obviously in different circumstances to what happens in a lot of other regional towns. I think it is [inaudible] that we look at what happens here, so thanks for the opportunity to talk in more detail about that, really.

The CHAIR: It is our pleasure. It is certainly an issue that seems to resonate really strongly in your part of the world. Chantelle, we have travelled to a number of regional communities and the chambers in the regional towns we have visited have spoken to us and given us a bit of a sense of what has been going on and how regional airfares impact the business communities. Would you like to give us a bit of an overview of how high regional airfares affect the people of Onslow and the small businesses in your area?

Ms KING: Absolutely. With small businesses in Onslow, a major issue would be if they have short-term contract opportunities with the industry that is happening in Onslow at the moment, and they may be getting a smaller uncontracted workforce for a short period of time [inaudible] FIFO them in to work here in Onslow, which then puts their tender price or their costing price up. [inaudible] higher price in and out of Onslow—not only the price, but just having access to them as well. If they do not have access to the flights, then how are they going to get to be able to do the work for the short-term opportunities? That is more of an industry construction perspective. Then you have the tourism perspective, which sits on another level. How can we encourage people to come and visit Onslow and the Mackerel Islands and the tourism that we have here to offer if it is going to cost

them a significant amount of money? For a family it then becomes a really expensive holiday when they can flock to Bali and go over east for half the price.

The CHAIR: Your membership base: could you give us a bit of an understanding of how many members you have, how many of your members are involved in the tourism industry, how many are involved in the construction sector you have spoken of or in retail?

Ms KING: At the moment, I think we have 143 financial members. That is obviously not all the businesses based necessarily in Onslow. Our membership is basically businesses that service Onslow. Predominantly, our member base is servicing the construction resource sector. We do have a small proportion of our members—there is currently maybe half a dozen at the moment—who are working in that tourism space. We hope that that will grow, especially as Onslow transitions into the operational rather than construction phase, and that there will be further businesses that will start up in Onslow in that tourism space. But then, also, it is all well and good to say that we want tourism in Onslow and to encourage people to come here, but there have to be things for them to do, so that is where we need businesses to start up some tourism businesses, but then also we need to be able to make it affordable and accessible to have people come here to visit those member businesses [inaudible].

[9.40 am]

The CHAIR: What sorts of tourism opportunities are there in Onslow?

Ms KING: We have the Mackerel Islands, which must be 20 kilometres or so off the coast—I think that is right. It is a group of islands which is available with a resort on one island. There is fishing and diving and there is a beach shack on another island. As well—in construction at the moment—Tourism WA is building the Camping with Custodians at Peedamulla Station, which is not far out of the Onslow township. There are some great packages for people to do Camping with Custodians and then within an hour they are out in the middle of the ocean on a deserted island with a beach shack. I guess we just need to be able to ensure that it is affordable for people to come here.

The CHAIR: In terms of trying to develop these tourism opportunities, have you been working as a chamber with Tourism WA? Have you had any interaction with the airlines themselves as you look for these opportunities to expand your tourism industry?

Ms KING: At this stage we have not spoken with the airlines directly. We have created a small working group, which is called the—I cannot remember now! It is basically a working group that we created to get all the current tourism businesses in Onslow around the table at the same time, as well as key stakeholders like the shire, the local Thalanyji Aboriginal corporation, the Business Centre Pilbara—in Karratha they have Warlu Way funding to work with tourist business start-ups, which was really important—the Pilbara Regional Council and the Pilbara Development Commission, and that was about developing the best initial conversation, because it is all well and good to sit here and say, “Yes, we want people to come to Onslow”, but we really need to sit as a round table and understand what that looks like. We created an action document out of that. That was really given to the business centre in Karratha to lead that, as they got the funding through that Warlu Way program and it made sense that it would sit with them. We would still support that. At this stage, my understanding is that it is struggling to get the people who are willing to start the businesses to take the risk. That is just more and more conversation that is needed.

As Onslow transitions, we hope that that will become easier, but really right now, the shire are working on the branding of Onslow and selling Onslow out to the wider market. That is really great, but we then also need the people who are willing to start the businesses. We cannot just pull them out of thin air. As much as we would like to be able to do that, you still need those people. Going on

to the airlines, just to understand, we have Virgin who operate here through the chartered flight system, which is the construction contract tender. They actually have the contract with Bechtel, who are the major contractor for Wheatstone. Moving into operations, that goes out for tender again, which has already happened. Then it is possible—we do not know who is going to be awarded by it first, but it may not be Virgin. We do not know who that is going to be at this stage. Hopefully, that will be awarded by the end of the year by Chevron and then we will have more of an understanding of what that will look like. Our flights are still waiting to change. What we have at the moment is not what we will have forever.

The CHAIR: Sure. You mentioned in your response just then that Onslow is a community in transition. I am very interested to understand what the social impacts of that transition have been and how regional airfares is impacting on your local community, as opposed to not just from a business perspective but obviously your members live and work in the community. How do high airfares impact on the liveability of Onslow?

Ms KING: From a community perspective, the liveability of the community has definitely got better by community infrastructure. By the Chevron, BHP and state-government funding to build community infrastructure up, that has definitely helped with the liveability for the community. But then, also, from a flight perspective, yes, it is important to have those affordable airfares so that people are able to go and see their families and they are able to access medical appointments. That is definitely important. For some people, they need that to be able to live in a town like this. If it is too expensive, then they may choose not to live here, which definitely impacts the community.

The CHAIR: Sure.

Ms KING: Hayley Brett is here, our vice president, so I might just introduce her if that is okay.

The CHAIR: Yes, that would be great.

Ms BRETT: Hi.

The CHAIR: Hello, Hayley. How are you?

Ms BRETT: Good thanks.

The CHAIR: Just before we move on, Hayley, I am just going to read a little spiel to you about the extension of parliamentary privilege. So, welcome, and thank you very much for agreeing to give evidence to the committee today. It is important that you understand that any deliberate misleading of this committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege; however, this privilege does not apply to anything you might say outside of today's proceedings. Could you just please introduce yourself and your role, for the record.

Ms BRETT: Hayley Brett. I am the vice president of the Onslow Chamber of Commerce and Industry.

The CHAIR: Thanks, Hayley. I will just also remind you that the proceedings of the committee's hearing are being broadcast live within Parliament House and via the Internet today, and the broadcast may include documentation provided by you to assist the committee in its investigation. That is the formalities out of the way. Hayley, we did give Chantelle an opportunity to make a brief statement to the committee. Is there anything that you would like to say in general about this issue before we start firing some questions at you as well?

Ms BRETT: No, it is fine, thank you.

The CHAIR: Okay. I have already asked a series of questions, so I might hand over to my colleagues.

Mr S.K. L'ESTRANGE: My question is to either of you both. Thank you so much for giving up your time for us today. My question is: Ningaloo Reef is obviously quite well known to the people of

Perth, with the effort it has done to try and diversify its economy and use that as a real tourism base. Do you see Ningaloo as your competitors in trying to broaden your tourism offerings to people of not only Western Australia but globally?

Ms KING: I do not think it is a competition. I actually think that we need to leverage off that and get people. So if they are going to experience the Ningaloo, how do we get them to continue on and into the Pilbara as a whole, and not even just Onslow? In the Pilbara, we are jam-packed between the Ningaloo and the Kimberley, so rather than getting people driving through, how do we get them to stop? It is leveraging off that advantage. People are already visiting them. How do we get them to just come that little bit further?

Mr S.K. L'ESTRANGE: Thanks. Just following up on that comment you made then, so do you see your main tourism as coming from people driving vehicles in that area or do you see it as people who might do visits using aircraft?

Ms KING: I hope it would be a mixture of both. Right now, it is definitely people who drive in, especially like the grey nomads with their caravans et cetera, but it would be great to get some people who would fly in and potentially just come in for a few days' holiday into the Pilbara and then fly out again. Or maybe they fly into Exmouth, they do that there and then they get a bus that drives them over to Onslow to experience here and fly out of Onslow. So as long as those flights, I guess, line up and are affordable, then there is no reason why that cannot happen.

Mr S.K. L'ESTRANGE: Okay. But at the moment, you do not have a fly in, fly out tourism industry happening at Onslow?

Ms KING: I am sure there is a small number. I could not tell you if there is a lot, but I am sure there is a small number of people who do fly out for a holiday into Onslow via the flights that are currently available, but I definitely do not think it is a large, significant number. Would you agree?

Ms BRETT: Yes.

Mr S.K. L'ESTRANGE: Okay. Therefore, would it be fair to say that the majority of flights that are used by the residents of Onslow are used for business or for personal reasons like visits to Perth for hospital, family and things like that?

Ms KING: Yes, I would say predominantly workforce and business, and then family and personal use would be behind that.

Mr S.K. L'ESTRANGE: Thank you.

Mr D.T. REDMAN: Just a question from me. Thank you, again, for making the time, both to Hayley and Chantelle. You are in a situation now where Chevron is coming to the end of a significant construction phase. You talked about in the submissions that there is some benefit that has come from having the significant amount of transport that they have coming in by flights. Now you are moving into a little bit of an unknown in terms of the production phase and just what the traffic will be and, I guess, the interaction with the community. Where we are now, what would you like to see as a recommendation from this committee to support what you see as the essential service needs of your community, and particularly the business community?

[9.50 am]

Ms KING: I believe that, again, it comes back to that they need to be at an affordable price, and then you need access to the flights. Like you said, it is unknown as the moment as to what that is going to look like. Right now we have flights available with seats every day of the week, but that is more than likely going to change as Chevron are currently transporting over 5 000 people by the end of the year. It is 2 500 the then next year. It just continues to get less and less. They are naturally not

going to need as many flights as they need at the moment. We would hope that they will spread them out and not just have them all on one day. I believe that the Shire of Ashburton are working very closely with Chevron as to what might look like. I think the more days of the week that we can have flights available, and then also the more seats available on the day. At the moment on a Thursday, there are only five seats available to the public—Hayley did not even go a few weeks ago—but Thursday flights are not available because book out so quickly and so far in advance. Right now, if you look online for the next two or three weeks, the only day you can fly out of Onslow is a Tuesday, and that is because the Tuesday flight is the BHP flight, which has 80 seats available for the public on that plane. I think we need to make more seats available. If that maybe means that there are only flights four days a week, but there are more seats on those planes, I think that people can definitely plan their business and their appointments and things around that. Would you agree?

Ms BRETT: Yes.

Mr D.T. REDMAN: So the arrangements where the companies have preserved seats available to the public, is that a satisfactory arrangement going forward if it was able to be achieved to achieve what you describe as an affordable seat; and, the next question attached to that is: What is an affordable seat? How much do you think people are prepared to pay before it starts becoming a negative issue to them?

Ms KING: Yes, I think with the first question with the charter flights system and how it works at the moment, I do not think there is any issue with the way that that operates in comparison to having a completely commercialised flight system. I do not think it really matters. I think—this is what we tried to make clear in our document—whether they are charter flight or whether it becomes a commercialised Chevron purchased flights through that system, it does not really matter as long as we have got them.

Going to what is affordable, I think that is a really good question, but everybody would consider affordable to be a different price. When flights first started, we had prices stretching from \$299 to \$599 depending on how many seats had been booked out. The Shire of Ashburton wanted Chevron and Virgin to cap that so \$699 one way is the price that you would pay. You can purchase a \$599 flight, which gives you more flexibility with your flights if you want to cancel and things like that. I think the feedback is that the \$299 is okay. Cheaper would be great! We are grateful to have something. Flights into Karratha are sitting at about \$315 one way, flights into Exmouth are sitting at about \$330 one way. In comparison to what is surrounding us, it is still slightly cheaper to fly into Onslow at the \$299 price. I guess we are quite lucky as well in not having exorbitant parking prices at our airport, which I know that some of the regional airports do have. It is free to park at our airport. How long is a piece string! To give you a final figure, I think it is hard without us having a really detailed conversation or a survey or something with our members or the community to really understand, I think you will find a big mix. Lots of people say \$299 is affordable, but lots of people would say that it is not.

Mr D.T. REDMAN: What has been the experience in Onslow in terms of negotiating or talking to or at least having an open discussion with both the airline and Chevron? Have they been in your view open and fair in terms of trying to raise the issues the community, in particular the business community, have?

Ms KING: I think so, yes—especially in the early stage when there were a few little teething problems when it first started. People need to know that prior to this, we did not have any flights into Onslow, so we are really grateful to get these seats on a charter flight; and, if there is ever an issue, you can raise it directly with Chevron or Virgin or even with the shire president and they are definitely

resolved very quickly. There were some issues with the online system for a long time with pricing issues and errors on the website itself, and they were all resolved quite quickly. I know some people got some refunds because there were errors on the website, and I believe the relationship has been really great. In regards to the flights moving forward and the conversation between the shire, Chevron and Virgin, I believe that that conversation has been going well. We have not been a part of that brief, though.

Mr D.T. REDMAN: Thank you.

Mr S.J. PRICE: Thank you for your time this morning and your submission. I am after a little bit more information on the Macedon flights because, to be honest, until I read your submission, we were aware of the Chevron or Bechtel ones heading up to Onslow, but Macedon sort of comes as a pleasant surprise that you have got that opportunity and availability there as well. Can you give us a bit of detail about costings associated with those flights?

Ms KING: It is still the same. It is still \$299 one way. We have had the BHP flights for 18 months maybe. When BHP first went into operations with Macedon, they were flying to Karratha and then chartering a small plane to Onslow. I believe the Shire of Ashburton approached them about how we could go about putting in another plane to Onslow and potentially getting public seats on that plane. That was the arrangement that came out of it. They have chartered the Fokker 100, which is exactly what Chevron does. They only need approximately 20 seats—sometimes 25 to 30 seats on those days. The rest of the seats are made available to the public. I know from a business perspective, especially if people have a FIFO workforce with lots of contractors in town with community infrastructure happening, I always say to them that they should try to book on the Tuesday flight because you are guaranteed to get your seats and you can do your rotational FIFO rosters on Tuesday to fly in, fly out. It has been really great. I think people forget that that flight is actually chartered by BHP; it is not chartered by Chevron. The Tuesdays are definitely by BHP. Also, they have already been in operation for a couple of years and we need to use those seats because hopefully that will not go anywhere, whereas with the other flights, there is uncertainty as to what that will look like.

Mr S.J. PRICE: Thank you for that. What service was provided through Onslow prior to both Macedon and Wheatstone coming to town, so to speak? Was there a regular flight through Onslow whether it be a milk-run-type approach or a direct flight back to Perth or did you have to go to either Karratha or across to Learmonth?

Ms BRETT: There was a milk-run flight through Onslow, Carnarvon and then down to Perth, but it was only —

Ms KING: A good few years ago now, Skippers tried to run a commercial flight system into Onslow. That was available Mondays, Wednesdays and Fridays on small 14-seater planes that flew from Perth to Carnarvon to Onslow and then back. It was one flight a day again. I believe from a commercial perspective, there was not the demand there for flights. Skippers were not making their money back with the cost of fuel and their landing fees at the airport, and that happened to end at the same time that Chevron agreed to allow seats on the Virgin charter flights. I could not really tell you what the conversation was or what exactly happened there, but prior to that, there was nothing—so you would travel to Karratha or to Exmouth to fly out of Onslow to get to Perth.

The CHAIR: Thank you very much, ladies, for your evidence this morning. I will proceed to close today's hearing. Thank you for your evidence before the committee today. A transcript of this hearing will be emailed to you for correction of minor errors. Any such corrections must be made and the transcript returned within seven days of the date of the letter attached to the transcript. If

the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Thanks very much.

Hearing concluded at 9.59 am
