

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 18 SEPTEMBER 2017**

SESSION TWO

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 10.48 am

Mr NEIL VAN DRUNEN

Policy Adviser, Association of Mining and Exploration Companies, examined:

Mrs CAROLINE CHERRY

Manager, Economic Competitiveness, Chamber of Minerals and Energy of Western Australia, examined:

Ms LISA-MAREE CAMPBELL

Policy Adviser, Chamber of Minerals and Energy of Western Australia, examined:

Mr PAUL CMRLEC

Managing Director, Pantoro Ltd, 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 the Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee. To my left is the member for Warren–Blackwood, Terry Redman; the member for Jandakot, Yaz Mubarakai; and the member for Forrestfield, Stephen Price. Sean L'Estrange, the deputy chair, is an apology today. He cannot be with us. 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 you that today's proceedings are being broadcast both within Parliament House and also on the internet.

I would like to thank you for your submissions to the inquiry. Before we begin with our questions, do you have any questions about your attendance here today?

The WITNESSES: No.

The CHAIR: Would you like to make short opening statements about your submission?

Mr VAN DRUNEN: Yes.

The CHAIR: Thank you. Fire away.

Mr VAN DRUNEN: Good morning. Thank you for the opportunity to appear before you this morning. I work for the Association of Mining and Exploration Companies. May I extend the apologies of Graham Short, who is our acting CEO. He is unable to attend today. As the committee is probably aware, AMEC represents over 350 emerging mining and mineral exploration companies nationally, many of whom have projects based right here in Western Australia and all of which have differing travel needs. This inquiry is important for our members as the location of mine sites is determined by the geology, not the available infrastructure. The cost of travelling to the mine site is a significant cost for Western Australia miners, which is internally monitored and controlled at all times. Our members' choice between a regular passenger transport and charter flights or a mix of both is determined by the cost of flights available and the availability schedule. It must be noted that the mining industry supports RPT where possible given the broader community benefits RPT can offer. For example, at Mt Magnet, Ramelius Resources chooses to use RPT services, and prior to Ramelius Resources' decision, the Mt Magnet route had the lowest number of passengers compared to others

in the northern goldfields. Furthermore, Ramelius, as a community benefit, provides flights for Mt Magnet residents for short-notice specialist appointments and return flight back to Mt Magnet following a Royal Flying Doctor flight. Due to the location of our members' mines, as well as the costs and scheduling, a lot of our members choose to use charter flights that are individually negotiated to reflect the needs of the company. A consistent piece of feedback from our members that I have been asked to share is that there are higher costs using some of the regional airports and a complete lack of transparency over how these costs and fees are determined. If this committee could create a greater transparency around why those figures are set that way, that would be a very beneficial outcome. Thank you for the opportunity to appear today.

Mrs CHERRY: The Chamber of Minerals and Energy of Western Australia welcomes the opportunity to address the Economics and Industry Standing Committee's hearing as part of the inquiry into regional airfares in Western Australia. CME is the peak resources sector representative body in Western Australia. CME leads policy development on issues impacting the resources sector, promotes the value of the sector to the community and provides an avenue through which members and stakeholders are able to collaborate. We are funded by member companies. Members are responsible for most of the state's mineral and energy production and our major employers of the resources sector workforce in the state.

The resources sector is a major user of regular public transport air routes in the movement of employees to areas of operations, which are usually in regional and remote areas. CME made a number of findings and recommendations in our submission to the inquiry, particularly in relation to the need for transparency around the setting of local government airport fees and charges, the reporting of the value of the revenue generated by those fees and charges, and also in potential cross-subsidisation on those fees and charges through other local government services. In trying to get transparency around the airport fees and charges, CME considered that this could potentially be done through the Department of Local Government, Sport and Cultural Industries' review of the Local Government Act, which is occurring towards the end of this year.

We also wanted to note that the certainty provided by corporate contracts for air services enables the aviation sector to maintain frequent flights on regional RPT air routes with capacity which is higher than otherwise would be expected. Without corporate contracts, many regional RPT air routes would probably not exist. Access to cost-effective regional RPT air routes are essential for resources companies to remain competitive and enable the transport of workers to their workplaces. It is critical, therefore, to the resources sector that capacity and frequency of RPT air routes in regional areas are not adversely impacted by unintended consequences to regulatory action. A recommendation that CME also provided was that consideration should be given to a scheme that enables local residents to access these regional RPT air routes at reasonable costs while not adversely impacting the viability of those routes, nor access to flights used by resources companies. These schemes could potentially be funded by governments, maybe in partnerships with discounts from airline services and local governments through discounts to their fees and charges. Thank you very much.

The CHAIR: Thank you for your statements. I would like to begin by addressing—

Mr D.T. REDMAN: There is Paul Cmrlec to go.

The CHAIR: Sorry, I assumed you were part of the AMEC.

Mr CMRLEC: Yes, sure. We are members of AMEC. AMEC has requested that we come along and offer to present the specifics of a case study of our operations, which are near Halls Creek in Western Australia. We are near an RPT route and we utilise those services. Whether you want me to go through that case study now or wait until later is entirely up to you.

The CHAIR: By all means, run through it and then we will kick off with our questions.

Mr CMRLEC: We are a goldminer approximately 40 kilometres south west of Halls Creek. Obviously, the location necessitates a fly in, fly out workforce and we currently have a workforce on a fly in, fly out roster of approximately 140, so at any one time we have about 80 people on-site. In September last year, we applied for an upgrade to our charter services in the area and we had quite a bit of trouble getting that upgrade because of the RPT and how it was being operated by the Department of Transport. We had meetings immediately to set out our concerns with the RPT. The issues for the mining company in being forced to utilise the RPT service are the seating capacity which is highly variable, the available seats do not adequately serve the number of people needing transport, the timing of the flights and the scheduling of the flights is not really directed around commercial activity or, for that matter, tourism activity, and utilising the RPT as it stands represents a major loss in work time for our personnel on-site. Importantly, the flights are considerably more expensive than utilising a charter. I have not gone into specific costs here because obviously we have contractual arrangements, which are confidential, with our current charter provider, but I can confirm that the cost difference is very, very significant. We have continued to utilise the RPT on an ad hoc basis and we intend to continue doing that as we go forward.

A few of our concerns on the overall issue are that, first of all, the route was previously a subsidised route flying from Broome to Halls Creek. We do not have anything in writing confirming that the changes to that subsidy was on the back of us commencing mining activity up in the area. However, the subsidised route was moved from Kununurra to Halls Creek rather than flying from Broome to Halls Creek, and the majority of the government services continue to be serviced out of Broome. There is a need to fill that up there and, I guess, we felt that we were being forced, or an attempt was made to force us to utilise that RPT to subsidise those government services. To continue using the flights today, we are talking about \$495 one way from Broome to Halls Creek, which you will appreciate with 140 people flying in and out is a very major cost for us.

The delays in getting the approval to move from the RPT to having those charters became so desperate that we got to the point whereby it was not economical to utilise the RPT on the costs that we had there. We got to the point at which we looked into contractual arrangements to lease our own aircraft and put our charter operator in as an operator there simply to get around the mechanisms that were in place to force us to utilise that RPT service at the increased cost. We continue with some of that uncertainty. We were granted short-term licences in October, November and January. Eventually in January we were given a licence through until the middle of this year. We are still regulated to the point whereby we can only utilise the charters for directors, employees and contractors of our operation. We cannot share those flights with other mining companies or other organisations. I think the overall outcomes of our investigations, which were acknowledged by the Department of Transport, were that there were very, very few members of the public utilising that RPT service, and that was simply because of the overall cost. There are not too many people living in those regional areas in our view who would be willing to pay \$500 to fly from Broome to Halls Creek. They would suffer the 700-kilometre drive and drive across there.

[11.00 am]

The CHAIR: And that is a one-way flight?

Mr CMRLEC: That is a one-way flight, yes. In looking a little further into this—a lot of these stats have come from our operators so I cannot vouch for them 100 per cent—it appears that the cost to land at Broome for our charter, or presumably for the RPT, is approximately three times the cost to land at Halls Creek, so you are talking \$50 versus \$140. We have other significant restrictions in Broome —

The CHAIR: Can you just clarify that: \$50 versus \$140—\$50 for what and \$140 for what?

Mr CMRLEC: That is purely a fee levied by the operator.

The CHAIR: And it is \$50 at Halls Creek?

Mr CMRLEC: It is \$50 at Halls Creek. Again, some of these details would need to be verified, but as we understand, the Halls Creek airstrip is owned by the local government. The Broome airstrip was purchased by a private operator approximately 20 years ago from government.

The CHAIR: So your evidence is that the landing fees that you are aware of at Broome are \$140 per passenger?

Mr CMRLEC: No, that is the landing fee per plane when it is landing—for the charter flight.

In terms of the costs that I have been supplied by our operators, one of which is Qantas, it appears that the cost per head for landing on the commercial flights—approximately 80 per cent of our workforce live in Perth; the remainder live in Broome or Kununurra. We fly Perth to Broome and then we utilise the charter for Broome. From what we understand, it is \$20 per head for landing. I have not been able to ascertain whether it is per landing and per take off, or whether it is just per landing, but it is \$20 per head. It appears that there is another \$13 per passenger for a security screening on the outbound flight. Obviously, adding those landing fees to the commercial fees, they are a significant part of our costs and of course the tourism industry and everyone else is feeling those fees. With Broome, I have tried to get a little more data on other sorts of mining routes and public airstrips, but I have not managed to get that data together in terms of that per head landing fee for commercial flights.

The CHAIR: Would you be able to provide that to us when you do get it together?

Mr CMRLEC: Yes.

The CHAIR: That would be greatly appreciated.

Mr CMRLEC: Sure; no problem.

I guess that sums up the bulk of what I had to say. In terms of servicing and benefitting the local communities, we have a monthly cost in the order of \$5 million to \$6 million. Our analysis shows that about 20 per cent of all of that cost goes into local businesses in the region. A fairly large proportion of that is obviously going to flights. We are at a point with the company whereby we started very small and we are continuing to expand our output. We get to a point whereby we start assessing whether or not we should put our own airstrip on our own area and bypass all those costs all together and fly direct from Perth to our site. As we extend further, that is something that we will be forced to assess.

One final point that I missed, I am sorry, is the charging of fuel. The charging of fuel is highly variable, based on the location, which is understandable to a point in terms of transporting it, but we are looking at a cost—these are all published rates—of about \$1.98 a litre in Halls Creek at this point in time versus about \$1.56 a litre in Broome.

Mr D.T. REDMAN: This is fuel for what?

Mr CMRLEC: This is fuel for aircraft filling up. The price for Perth—again, I am happy to supply that for you when I receive it, but the quantum of increase there is very significant. The fuel supply cost at Halls Creek from what we understand is set by the airstrip operator, which is an operator appointed by the Halls Creek shire. That is essentially the information I want to put forward today.

The CHAIR: Thank you. Both your organisations have raised airport charges. Have you had an opportunity to look at the various submissions made by the airport operators where they have listed out their charges—both the structure and quantum of fees that they levy?

Mrs CHERRY: I have not had an opportunity, no, sorry.

The CHAIR: We have had quite a high degree of transparency around the structure of airport charges and the volume of passengers coming through. So there really is quite a bit of information on the public record about airport charging structures—information that would suggest that airport charges constitute somewhere around five per cent to 10 per cent of the total airfare charged to regional destinations. Is that really the issue around high regional airfares? Why is there a demand for airports to be more transparent about how they charge, but not the airlines themselves about how they structure their costs?

Mrs CHERRY: I think from our point of view, transparency across the board would be a good thing. But in trying to get the information, we found it quite difficult in some instances to find that information either through the local governments' annual reports or on their websites. It was quite difficult to actually find itemised information of the fees and charges or the revenue that is generated through the airports themselves, and then again, what the maintenance and operating costs of those airports are and whether or not the revenue generated through the airports is actually being used for maintenance and operation or if it is being used for cross-subsidisation purposes for other local government services such as the repair of roads or potentially for the local swimming pool. That information is not readily available, so if that was made more available and we could actually understand what goes into the airport fees and charges themselves, it would be a lot more beneficial for people I would think.

The CHAIR: When you consider that the local shires are paying for these assets to be constructed and they are there and they do provide a considerable service for the FIFO industry in particular, why is it not legitimate when there are significant impacts on local communities on account of the FIFO industry for local government authorities to generate revenue from airport through traffic, and to use that for things like roads and swimming pools? Why is it not legitimate that they see an opportunity there to generate some revenue from the FIFO industry? Why is it not legitimate for them to do that?

Mrs CHERRY: I think the FIFO industry itself contributes a lot to the community as well through community contributions. The CME did quite a number of fact sheets for the 2015–16 financial year, which are available on our website, that show how much the resources sector contributes to community contributions through salaries and wages, so people are actually spending in each of these communities themselves. We were able to get the data down to a postcode level which we were then able to provide in a map form in each of the statistical boundaries, the Legislative Assembly electorates and the Legislative Council electorates, where the resources sector is spending its money, either through salaries and wages or business support opportunities as well. I think in that sense the resources sector does provide a lot of economic value to these local communities as well.

The CHAIR: I accept that.

Mrs CHERRY: I think it is more just about the transparency of it.

[11.10 am]

Mr D.T. REDMAN: The point that Jess is making is that there are only a couple of privately owned airports. One is Perth Airport; I do not think there has been too much commentary on Perth Airport as one of the cost bases for travel. Also Broome airport is privately owned. Largely, the rest are local

government-owned and a significant proportion of those are actually making operating losses on those strips—with the exception of perhaps your Kalgoorlies and your Karrathas, which are big resources-based ones, so obviously pretty significant assets and a lot of airline traffic through there. One of the highlighting points of your submission is around the cost of fees going in and out of those airports, which would seem inconsistent with the facts that are there. You have made a strong point now about driving the contribution of the resources sector to those local economies, but seem to have missed a little in-depth research around landing in the strips and who actually makes the money out of it, if in fact they make any money at all.

Mrs CHERRY: That goes to the point—the difficulty of actually finding that information was actually quite difficult for us.

Mr D.T. REDMAN: But you have led with your chin in your submission on that without that information.

Mr VAN DRUNEN: One of the benefits of this inquiry is that there has been increased transparency around these costs. For example, the ACCC do price monitoring nationally on ports, which is a similar sort of infrastructure, but for boats of course. That then goes and explains the costs that are there and the prices of the various airstrips, which makes it a lot more transparent. I think it comes down to a perspective on the view of infrastructure, and from AMEC's perspective, the role of infrastructure is to facilitate jobs and growth and to allow mine sites to operate. It is a public good that then allows mine sites, because it provides transport, which is a necessity to get our people up at that mine.

Mr D.T. REDMAN: No-one denies the support for the resources sector and what it is doing for regional Western Australia—in fact indeed for Western Australia. I do not think anyone would want to challenge that. But there is this interaction which is happening in the airline space between activities of the biggest driver of our economy in Western Australia and a local user who is trying to get a flight up and down from Perth from any number of these particular centres. I guess the challenge for us in making recommendations—the last presentations came from the tourism sector, the third biggest driver of our state economy and the interactions with your sector are substantial. If we took the resources sector away, as you have highlighted in your presentations here today, some of these routes would not happen. I guess the challenge for us is recommending something that government has a chance to pick up that covers off on what is an essential public service for many of the community members.

The criticism of the resources sector out on the ground has been that they do block bookings. There are commercial drivers that are doing that. In fact, the basis of your presentation today is largely: “Don’t forget that we are trying to make our businesses work”, yet someone locally cannot get a fair priced airfare out of those communities. You are striving for a social licence to operate in and around these communities of largely a FIFO market, which many would be somewhat critical of how much that does actually support their communities. What is your suggestion as to how we manage that from a recommendation perspective, because that makes it very difficult?

Mr VAN DRUNEN: I can lead off with a recommendation—to increase transparency.

Mr D.T. REDMAN: Of the airlines?

Mr VAN DRUNEN: Of the airlines and of the airports in particular, so that we do not have a situation in which we have had this inquiry and then there has been a lot of information that has come to light as a result of it. This is economics 101 to a certain sense, but if you can go and have at all the various costs published, and like—I brought the ACCC's airport report, not only because it is big, but because they do price monitoring through that and it is one of their basic levels. Just before

regulation, it goes and publishes what all the prices are. I think that would be a very good first step. Then, as a result, everyone would have the information constantly rather than at each inquiry there are a lot of submissions and you get a lot of data. Theoretically, at least, you would then be able to pick out where there are monopolies and where there is price gouging occurring. That would be a good starting point at least.

The CHAIR: Do you think that is happening at the moment on air routes in Western Australia?

Mr VAN DRUNEN: Price gouging?

Mr D.T. REDMAN: Your suggestion was from the airport owners, as distinct from the airlines.

Mr VAN DRUNEN: I would not say—gouging is a very strong word, and I would probably step back a bit from that, but from the views of some of our members, the prices are excessive—especially because they have difficulty quantifying why those fees have been set.

Mr D.T. REDMAN: Airports?

Mr VAN DRUNEN: Yes. Mining companies are reasonable, because they want a social licence; they want to fit into their community. I have spoken to a lot of our members, and, for example, Ramelius do things at Mt Magnet to go and help the community around their medical trips and all the rest of it. If they could have more information, they could understand why the fees are set a certain way.

The CHAIR: What about the fares that the airlines charge?

Mr VAN DRUNEN: I do not have any further comment on that.

The CHAIR: You think the routes are competitive and that there is no gouging going on by the airlines on the RPT routes?

Mr VAN DRUNEN: What I was going to say is that with our members, if the fares are not at a price that they are willing to pay, and it hits a point, they then charter. Then, as a result, we have problems with RPT not having enough passengers. That does not really answer your question, but it does talk around it.

Mr CMRLEC: I can probably make a little bit of comment on that in that in comparing the RPT with charter services, if I have got more than four people or four people or more doing a return trip to a site, it is cheaper for me to charter a full separate aircraft that to go onto that nine-seat aircraft which runs only at RPT.

The CHAIR: Wow; that is a very significant difference.

Mr S.J. PRICE: Can we pick up some additional information on that? What sort of cost is associated with getting your employees from Perth to Broome, to begin with?

Mr CMRLEC: On average, we budget approximately \$1 000 return for people to go Perth to Broome. During the wet season—the majority of the season apart from the tourist season—we sit at sort of \$700 to \$800 generally. We book a long way in advance as far as possible—again, probably something that you have heard about from your tourist operators, because we are taking all the cheap seats on Qantas as we can. Then to fly Broome to Perth on charter services, you are looking at somewhere in the order of half of that. If you are using the RPT, you are looking at somewhere in the order of the same price to go Broome to Halls Creek as you are Perth to Broome.

Mr S.J. PRICE: Roughly, \$1 000 return to Perth, \$1 000 return from Broome to Halls Creek—and what sort of passenger numbers, just on average, on a day, a week sort of thing?

Mr CMRLEC: Most days we are flying somewhere between nine and 11 people to a site, out at site, Monday to Friday.

Mr D.T. REDMAN: Can I ask a question to the CME? One of the presentations that was put to us, if we talk about the Karratha airport and the CITIC project, wherever it is, 80 or 90 kilometres south, they have built their own airport or airstrip and arguably I guess the company is making a financial decision to suggest that that is a competitive way to go, rather than flying into what is a pretty substantial airport up the coast and supporting a whole number of resource sector groups. Do you have any comments about the notion of building an airstrip that is close enough to be in direct competition with traffic into existing airstrips and airports, and therefore effects the viability of those airports quite directly? That is the first question. Moving on from that, the suggestion is that to help fund or make the airstrip on the CITIC site viable, there is a suggestion that they are asking other mining companies as to whether they would like to co-use it with them. Not only is it just the operator, in this case, but potentially other users of that strip. Does the CME have a view on that and the policy settings in and around that?

[11.20 am]

Mrs CHERRY: I think I did hear the discussion that occurred in the previous hearing around CITIC and whether or not there should be a radius set up of 80 or 90 kilometres where no airports should be allowed to be built if one is already established. I cannot speak on behalf of CITIC Pacific as to the decision as to why they did that. Part of it might be commercial reasons, the price of flights into Karratha and then potentially safety reasons as well, because it is 90 or 100 kilometres from Karratha to get to their site and then having their staff fly into Karratha and then bussing them to the site. So it may be cutting down the cost of that time allocation, as well as getting their staff to site safely and a lot more efficiently.

In regard to whether or not they are asking other mine sites to use their airstrip, I have not heard anything so I cannot comment on that either. Whether or not it is going to impact on the commercial viability of Karratha, again, I cannot comment on that because I do not have the commercial understanding of what is going into those airports, what is coming out of them, what the landing fees and charges are and what the revenue is. So I really cannot comment on that.

Mr D.T. REDMAN: But from a policy perspective—there is potential for this committee to produce a recommendation that suggests that you do put a circle around airports inside of which you should not be building any airstrips—have you got a view about that?

Mrs CHERRY: I think in a sense it would be difficult to say. As I said, as to some of the decisions that are made as to whether or not a site will build an airstrip to their site, it could be commercial decisions, it could be safety for their staff, as well as reducing inefficiencies and costs for themselves. I think it would depend on what the radius is as to what you are going to limit that to as to whether or not it would be a viable possibility for a recommendation.

Mr CMRLEC: If I may, I have a couple of pretty strong opinions on that. Halls Creek, again, is a very good example in that particularly during the wet season, we are highly restricted as to what aircraft we can land there. So we have chartered a plane that allows 11 seats per flight. Preferably, we would be flying 28-seat Brasilias into the area. We cannot do that at Halls Creek. It is about 500 metres short to be able to do it. To put a restriction in place saying you are not allowed to build an airstrip within a certain radius of one of these regional airfields, there needs to be a really close look at what the capacity of that existing airfield is and whether or not those airfields should be upgraded to allow for larger aircraft; otherwise, there will be a significant impost. The five flights a week for us with the smaller plane is adequate at the moment, but if we go much larger, it is going to be uneconomic to fly those. We are going to need two or three of those planes flying in and out per day to meet our requirements.

Mr S.J. PRICE: And how far away from the airport are you?

Mr CMRLEC: We are about 45 kilometres by road, so 40 kilometres up the highway and then five kilometres on a dirt track.

The CHAIR: Could you step us through the FBT part of your submission? It has been an issue that has come up a few times, so I would not mind a bit of an overview of your position there.

Mrs CHERRY: As Neil mentioned before, the geographic location of the resources is not a variable which companies can control. They go where the resources are available and generally that is in regional and remote areas; therefore, workers need to be transported to the location of those resources. The easiest way to do that is via air routes—so, planes and distances. When the fringe benefits tax scheme was introduced in 1986, it provided for deductions for employees' long-distance commute flights to remote areas, and that included offshore petroleum installations. The policy view that was taken when this was implemented was that it was a benefit that was necessary in order to assist employers in being able to attract the necessary skills in order to get them to those locations, which, again, have relatively high degrees of isolation. FBT deductions for the resources sector company are not really any different from those—apologies for the example that we used in the submission—for a politician who, for example, would be travelling to Perth during a parliamentary sitting period.

The CHAIR: Only one of us here would be exposed to that, I think!

Mrs CHERRY: It would be like any commercial business that has to fly their employees for business purposes. They would be claiming an FBT deduction for those purposes. The resources sector is no different in that instance.

The CHAIR: You said that when the policy was introduced, it was basically around the attraction of a workforce. Do you think things have changed since the policy was introduced?

Mrs CHERRY: No.

The CHAIR: You do not think so?

Mrs CHERRY: No.

Mr D.T. REDMAN: What would need to change for the policy to be superfluous?

Mrs CHERRY: I do not think I can answer that one; I am not too sure.

Mr D.T. REDMAN: Are you talking about the scale of communities in the regions?

Mrs CHERRY: That one is difficult because FIFO is a choice for each individual worker. In some instances, especially during the construction phase, you have got a lot of people so it is a much higher proportion of the workforce going to a site and it is for a very defined period of time. So whether they want to choose to move their family to the location of where their work is, that is completely a decision for them. Most of them would prefer to do FIFO work because their family is situated within a metropolitan area and it benefits them. That really is an individual choice and we support individual choice.

Mr D.T. REDMAN: There has been a lot of anecdotal feedback, particularly in places like Karratha, that people have been told that they do not have a job unless they go FIFO. Do you accept that?

Mrs CHERRY: No, not at all.

Mr CMRLEC: Also, we would not have a workforce if we were not FIFO. We simply would not have an operation. I have operated extensively in Kalgoorlie and have plenty of associates who are still actively working there and they have been forced to go FIFO because they cannot retain people, even within Kalgoorlie. Unfortunately, for me, I love living out in those places. The world has changed and people want to live in the city.

Mr VAN DRUNEN: Also, a lot of our mine sites are very remote and there are not the communities where people are able to stay, which is a reality but I am obliged to say that.

The CHAIR: On page 6 of the CME submission, it states —

... increased regulation of the regional aviation industry would ultimately lead to less competition and drive cost of airfares up for all users.

This committee has received some evidence from Curtin University to suggest otherwise. Has the CME done any research or do you have any reports that we could look at that backs the assertion that you have made in your submission?

Mrs CHERRY: No.

The CHAIR: I will proceed to close today's hearing and 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 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 for coming along today.

Hearing concluded at 11.28 am
