

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA



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

SESSION FIVE

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 2.04 pm

Mr BRADLEY WOODS

Chief Executive Officer, Australian Hotels Association (WA), examined:

Ms VICTORIA JACKSON

Government Relations Manager, Australian Hotels Association (WA), 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, Terry Redman, the member for Warren–Blackwood; Yaz Mubarakai, the member for Jandakot; and Stephen Price, the member for Forrestfield. The deputy chair, Sean L'Estrange, the member for Churchlands, is unfortunately not with us 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. 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 for providing a submission to this inquiry. Before we begin with our questions, do you have any questions about your appearance today?

Mr WOODS: No.

The CHAIR: Would you like to make a short opening statement?

Mr WOODS: I could speak to the submission, otherwise we can go straight into questions. What would the committee prefer?

Mr D.T. REDMAN: The first thing I would like to hear is a profile of your constituency as it applies to this issue.

Mr WOODS: Sure; no worries. Thank you very much, Chair, and the other members of the committee, for the opportunity to join you today. The AHA represents a combination of the hospitality sector across the state. Our membership ranges from accommodation, hotels and resorts located in regional WA and metropolitan Perth through to key tourism destinations, whether it is Exmouth, Broome, Albany or in between. Our membership extends into pubs and taverns, small bars and restaurants—those that have liquor licences and predominantly have a larger number of staff and have a need for more ongoing regular advice and support, particularly in relation to HR and IR, in that space. We have a range of other licence types throughout the state—boutique breweries, distilleries, wineries with food and beverage outlets as in restaurants, through to places like Perth Arena and some of the larger conference and exhibition venues, Crown Casino, and everything in between. So it is primarily in the licensed hospitality and accommodation sphere.

Our interest in this obviously is in the context of the distribution of tourists and travellers, both whether they are interstate or intrastate or international visitors who are coming into Western Australia, but also the flow of Western Australians moving from regional areas to other regional areas and also from Perth out into the regions and vice versa. So anything that impacts on

the availability of access, particularly the distribution of those travellers, is important to us. In the context of this, we see airline aviation as a particularly strong impacting factor on Western Australian tourism and hospitality activity.

The CHAIR: We have heard a lot about the impact of high regional airfares on tourism. Has the AHA been involved in any initiatives aimed at packaging destinations, or have your members, and what have their experience been in that regard?

Mr WOODS: Our role is not as a marketing agency, but obviously we do monitor and interface with our members' engagement with other marketing organisations. They could be regional tourism organisations, Tourism Western Australia or Tourism Australia. They can be with wholesalers, with online travel agencies such as Expedia or Wotif, through to other more traditional means of distribution through the bricks and mortar travel agencies and others that distribute packages and products. Obviously, the feedback we have had from our members—some of them have provided submissions to the inquiry as well—is in relation to the overall cost of travel and the overall cost of a tourism product in Western Australia, and comparative decisions that consumers make around where they holiday or where they travel.

Our focus is less so on the FIFO travel and more so on the leisure travel aspect, that business that grows the accommodation and food and beverage demand, and to a smaller extent corporate travel, but to an equal extent the meetings, conferences, exhibitions and events space as well, particularly when regional events play a very important role in driving demand for visitation and tourism visitation in certain parts of the state, and the impact that has, obviously, on the economic activities of those particular regions. The feedback from our members has been broad. I think it is fair to say that there is concern that prices in Western Australia and regional prices of airfares are high, in their view, comparatively to other parts of Australia, and other international choices, for instance, that the intrastate or Western Australian domestic market makes about its leisure activity. So, the context of someone living in Western Australia having a family holiday, do they travel to Broome or do they travel to Bali, or vice versa? Those types of decisions are obviously driven sometimes by economics. They are also driven by the destination and is that attractive to those visitors? Certainly in the interstate market and international market, it is a very high contributing factor to success or otherwise of that movement of travellers throughout the state.

[2.10 pm]

The question, I suppose, is what is the demand and supply impact of price? We know from basic economic theory that demand and supply can be driven by price and availability, and those factors are impacted by a whole range of measures in this space. The key issue, I suppose, that is lacking for us is transparency around pricing. We note from the submissions made by the state Department of Transport in its recommendations, particularly recommendations 1, 2, 3 and 4, that they were around seeking detailed data from airlines about airport charges and fees, and the proportion of fares that is attributable to those fees and charges, and some of the other recommendations were very similar. I suppose that would be one of the things that we would encourage this committee to look at in as far as it has the ability to get greater transparency around those factors.

The CHAIR: Just airport fees, or do you think there is scope to get more information from the airlines?

Mr WOODS: I think it is always a sensitivity around commercial competitive issues. It is a delicate market, and it is a delicate space. I think that what we do not want to have is government coming in and interfering too much in a free market space, but also bringing in potentially regulation that is around pricing or capacity. I do not think a state-driven regulation around pricing is a good outcome. I think what the state can do through this process, and I certainly welcome and our organisations

welcome the establishment of this inquiry, is create better transparency or at least understanding of why the airlines have to price the way they do. It may well give them a platform and an opportunity to provide better clarity so that consumers, government and stakeholders understand that.

Mr D.T. REDMAN: Maybe the answer from the airlines will be exactly the same as the people in your industry, that for commercial reasons they are not going to show anybody their books unless they are forced to do so. Therefore, this issue is one of the barriers, and if the committee was successful in getting access to it, it would be in camera, which means you cannot share it with anybody and we are not even in a position as a committee to give anyone any confidence that we have got views other than we have taken that into account, if that is where it gets to. So when you say “transparency”, what is the expectation?

Mr WOODS: It is more transparency around the statutory fees and charges, but also the fees and charges that can be made available as far as the aerodromes and what they can provide, or what can be provided that is not commercial-in-confidence.

Mr D.T. REDMAN: The experience of the committee in its hearings so far—I assume you have had a bit of a look at some of the hearings—is that the airports have been remarkably transparent and been prepared to put it on the table. A good proportion of them are owned by local governments. The last presentation, which was from WALGA, said that every time they put in their annual report, it has got in black and white what their figures are for the next 12 months in terms of landing fees and charges and all the other costs. There are only two privately owned airports in Western Australia—Perth Airport and Port Hedland. They are the only ones that might have any argument as to what might be transparent or not. Other than that, the rest appears to be there. You have made a suggestion in your submission that that is an area of transparency, yet we have not found that is a barrier. What has been the argument as to why that has been one of the things that you are leading with?

Mr WOODS: I think that up until the point of this inquiry, that data has not been consolidated into one place or into one area. I think now that the inquiry is undertaking its work, it has certainly become available or it is more transparent, from our observation. Certainly pathways to obtaining that information are clearer now in relation to how that can be gathered or collected or formed. So I take your point that through WALGA or other organisations, people are able to access it. What we hear from airlines is that they will often refer to landing fees and airport charges and fees.

Mr D.T. REDMAN: It is in their interests to do that, is it not?

Mr WOODS: Yes. The fact that this inquiry made the transparency more evident is a good way of being able to determine whether those claims are entirely valid or not. The trick is that there is a point at which the commercial confidentiality of their internal pricing mechanisms, dynamic pricing, the way they formulate that pricing—it is periods of times, load factors. All those things are probably commercial IP factors that they build into their pricing models. I am not an expert on aviation pricing, and I do not profess to be either.

Mr D.T. REDMAN: A good proportion of your constituency is in the tourism hospitality space. As a group, do your members believe there is market failure in this space? Then, by extension, the natural definition of market failure is that government should have some sort of intervention.

Mr WOODS: I think there is a view that there is an impact of pricing on their business activity, and there is an impact on seasonality and there is an impact on the way in which they operate. I refer to, for instance, the Seashells Group, which made a submission, and in particular commented on

Broome. It says that it survives on business between July and August each year, and shoulders until May —

A typical hospitality business that stays open year round will run at 95% in July and August, between 60% and 70% September and October, down to 20% to 30% November through until March ... around 40% to 50% in April and May, back to 60% to 70% in June and the cycle continues.

Airfares during the wet season range from \$249 in the off season to \$2 000, plus the accommodation, which can be up to \$3 500 a week. The way low-cost airfares have an impact on demand in those periods is an important factor for those businesses. The differential in pricing comparatively with hotels and airlines, there is a question that some of them have concerns around price hiking during those periods of high demand. Different models exist between hotel relative pricing and airline relative pricing, but the feedback, to answer your question, is, in terms of market failure, no. That terminology has not been specifically used, but concerns around the increase and the capacity of the increase and the level to which price opportunity is taken during a higher period is certainly a question that is raised reasonably and regularly. I think it is two ways: it is the tourists travelling up to those regions; but also people living in the regions being able to come to Perth as well for business or medical needs, or even their own holidays in Perth, as opposed to being located in the regional areas. There are two ways in which those airfares relate.

Mr D.T. REDMAN: You are in an industry that has a level of regulation on its behaviour anyway. Applying that to this industry, do you view that it should still be a light touch in terms of regulation? But, nevertheless, you have had the impetus to have a talk to us in the committee to say that there is an issue out there. The natural response is to say that something needs to happen, therefore, as the Chair has said to a couple of other groups, this notion of regulation is a continuum. It is not going to have a deregulated or a fully regulated port; there are a heap of different regulatory controls. Can you give us an overview about that light touch versus a heavier touch?

Mr WOODS: If you look at the comparative between the hotel/hospitality sector and the airline sector, the airline sector is highly regulated as far as Airservices Australia is concerned or in safety and in issues around air control. That is automatically expected because human lives are at stake, as is the hospitality industry around the regulation and sale of alcohol and the availability of alcohol. A lot of red tape and regulation sits around that. We would like to argue that there is a lot of over-unnecessary red tape around the hospitality sector in areas that have nothing to do with public safety, but more about moralistic views of public servants at certain periods of time that are hangovers from previous governments—not necessarily the previous government, but many that came before as well! Liquor licensing legislation has been around for 150-plus years.

[2.20 pm]

Mr D.T. REDMAN: Make sure Hansard records laughter here!

Mr WOODS: There has been 150 years of evolution of those liquor licensing laws, of course. But the point is that in the pricing space or the issue around the supply and demand, we are not a regulated industry in the sense that the caps on the number of licences in the state disappeared nearly 20 years ago—there were not caps, but sort of the way in which public interest assessments were made, the availability of alcohol in the context of an economic factor, and the impact on other businesses if a licence was issued. That was all driven out during the national competition policy reform period in the late 1990s or early 2000s.

In terms of airlines, again I caution anyone trying to regulate pricing or availability of seats; I think it is through cajoling and more encouragement. If I look at, say, Qantas's recent efforts to introduce

the Walkabout fare between Perth and Broome for international travellers coming into Western Australia off the direct flights out of London, we think that is a great initiative. If they are able to price it up in the international packaging methodology and to encourage international visitors who are coming to the state to jump off the plane before they go to Sydney and Melbourne and see parts of the state—Broome is the first region they are looking at—we think that is a particularly good initiative. There will be other opportunities to do that in other regional parts of the state. We understand that Qantas will put a trial period in, and at the end of that trial period it will be great to have their, I suppose, open transparency around the success or failure of that trial to see whether it can be replicated. They have utilised it in a number of regions in Queensland successfully over a number of years now.

The other question is: is there a possibility of the regional routes also providing—I supposed we talked about this—a fair-dinkum fare for locals, being able to know that at a certain number of days of the week or times of the year they can get a fare that has a guaranteed price year in, year out or day in, day out but if they have to travel for family or health reasons, they can access something for which a certain percentage is reserved. I appreciate that cannot necessarily be regulated, but it is up to airlines to offer that as a gesture of goodwill sometimes, or as a gesture of marketing support as well, or about their community contribution and how they give back to the local community as well. To the extent that we would see regulation, I suppose it is more about encouragement.

Mr D.T. REDMAN: Are you talking about things like government policy settings?

Mr WOODS: They are important in the context of driving visitation like tourism, for instance. Tourism events are a particularly important part. Regional events that encourage visitation because of events, festivals, sporting activities—particular opportunities for visitation—can drive demand, and demand driven through the airlines can hopefully increase capacity and hopefully deliver better pricing as well. I think that is where government certainly has an opportunity to have leverage here. We would see that through two areas: one is through royalties for regions' support of regional events and also through Tourism Western Australia's activities and its support and sponsorship of encouraging, fostering and continuing regional events and activities that are important for the state, and that do not just benefit the local economy in the regions, but also Perth benefits from that as well, particularly when interstate and international visitors are stopping over on their way to a particular regional event. One of the policy levers that can help in that sense, Terry, is definitely that tourism marketing and promotion and event development.

The other factor, looking at certain regions like Broome, for instance, is that the cost of travel to fly to Broome from Perth versus Sydney or Cairns is also an important factor that impacts on regional tourism. The matrix of that pricing that has moved and shifted over many years, the availability of those flights, particularly to Sydney, Melbourne and Broome, has shifted and changed, and whether there can be some better understanding of how the state can encourage the airlines to provide direct airline access and direct flights is important. Tourism Western Australia's collaboration and also State Development's collaboration with the airlines is particularly important to encourage regional visitation. Without getting into questions of aerodrome or airport development such as Busselton or Margaret River, it is about, at the moment, the existing airports and existing destinations and what we can do to drive and support regional visitation destination when it measures up to an economics test as well. I think that is important in the context of where that event sponsorship and events are placed. Tourism WA should, and I imagine used to and should still, have quite detailed economic formulas for how it develops sponsorship and supports sponsorship development in regional events. Some of those events are micro—very small—and some become very large, like the Margaret River Gourmet Escape. Each of them will have economic impact factors and multiplier effects on the local or state economy with a view to driving state demand.

The CHAIR: Your members are obviously significant employers in their own right. We have spoken about the impact of high regional airfares from a tourism perspective, but in terms of your members' operations of business and functions as employers, could you shed a bit of light on the impact from that perspective?

Mr WOODS: I can give you an example with Broome. It is a highly seasonal part of the state and, as we talked about earlier, for about five months of the year it has seasonal activity. The local population is not enough to sustain all the activity in employment within that space, so they are reliant on Western Australians, other Australians and international backpackers on working holiday visas to provide and supplement the employment of labour in that area. But to get staff up there, those kids—I say “kids”; young people—have to be able to afford to get up there. When we are talking about return airfares that cost over \$1 000, to what extent does that make it easily viable for someone who is a medium to long-term unemployed person, living a Perth outer suburb, looking for work during the three, four or five-month peak period of the year in the north west, who has had some hospitality training and who has been certified and who has been working with a job-active provider to get employment—how easy is it for them to get up or down to a regional part of the state where there is employment? Quite often they have to look at alternative means of getting there, through limited buses, coach services or other means of finding a lift. It is a real factor that impacts on, again, local employment and labour availability. We have certainly seen that over the years, in the fluctuations of demand that have occurred when those regions are busy and the availability of particularly casual and part-time staff who are there for the seasonal times of the year. It is not only the tourist being impacted, but the local labour supply is as well, particularly if we can activate a local region, through new events and new tourism activity, to get the bodies up there to work in the businesses, we have to make it accessible, and it has to be cost effective for them as well. Does that make sense?

The CHAIR: It does.

Mr WOODS: I am not sure if that is a factor that has come up before.

The CHAIR: It is a new perspective. Typically, people have spoken to us about training costs, particularly franchise operators. But I had not thought about it from that perspective. There has been some discussion around workforce attraction, but we have not heard about the seasonality of hospitality workers and the fact that there may be an opportunity for people to travel up.

Mr WOODS: I think of some of our more depressed economic zones within the Perth outer regions, where there is a higher level of youth unemployment. The opportunities for them to work in those regional areas, where there is high demand because it is the peak summer season or the peak good season—down south it is in summer; up north it is in winter—they have to be able to afford to get to those places to get the jobs to work. Sometimes there are those impediments because of the fact that airfares, which are a primary transport function, can impede on that availability as well. So the capacity to which employers can access qualified staff or skilled staff, but also in the context I think the state's interest here is around longer term unemployed, medium term unemployed in the youth space, around how we find them work—and it is not always in their own backyard but they are going to have that work—but the availability in other regional parts of the state. In some areas, yes, you can get down south by hitching a lift or getting on a bus or travelling with friends, but in the outer regions, particularly up in the Pilbara and Kimberley, it is a very different story altogether.

[2.30 pm]

The CHAIR: Has the AHA engaged at all the airlines around your fair dinkum fare concept?

Ms JACKSON: In relation to the fair dinkum fare, there were some early conversations with Qantas. We would like to think that some of our discussions resulted in the announcement of their residents' regional airfare trial.

Mr WOODS: We will not take credit for it, but it may have been supported.

The CHAIR: No—we want to!

Mr D.T. REDMAN: You are about the fifth group that has claimed credit for that!

Mr WOODS: We certainly had discussions with them sometime back. As you know, we made some public comments about our submission before Qantas made their announcement. We have discussed it with them and certainly have welcomed it since the announcement.

The CHAIR: Do you think 30 per cent off the maximum fare is fair dinkum?

Mr WOODS: I think any discount is a good result. It is a start. I think the point is that they are genuinely making an effort to try to deliver a better result for Western Australians and for regional residents. It is a good start. I am not in a position to analyse or pull it apart and say whether it should be 30 per cent, 40 per cent or 25 per cent. You will probably have more evidence to be able to recognise that. I think it is a genuine effort that they are making and it should be recognised as such.

Mr D.T. REDMAN: Do you think there is a duopoly operating at many of these ports?

Mr WOODS: There is evidently only a couple of competitors in those spaces. The question that comes about is where the other competition will come from. Some smaller regional airlines maybe, that operate over east, would look favourably about potentially operating in WA, as have some down south. The question of whether there are new opportunities for other emerging businesses to develop I think comes down to demand and supply. It is about driving regional demand as well. The important thing that we have is that some change is forthcoming. The new state government has made very clear that tourism support, growing jobs and tourism marketing is an important policy factor for the government. We certainly welcome that. The previous government had that commitment, and, as you will know, Terry, through royalties regions there was a lot of support for regional events. We are pleased that the new government is committed to funding over a committed period of time—over the term of government—and Tourism WA has some very good solid bases to move forward with. The key will be how that money is spent and does it deliver the best bang for buck. We talked to Minister Papalia and to the department and members of the Tourism WA board around ensuring that every single cent that agency has is spent on delivering bums on seats, bodies in beds, and jobs. These should be the only three factors that are the primary determinants here. If that happens and we get growth in demand, more people travelling and more jobs created, there will be higher demand for air services and seats as well, whether it is the tourist travelling or whether it is people working in hospitality travelling.

Mr D.T. REDMAN: Brad, there are competing arguments here. You might not want to say the word “duopoly”, but you come to the table with everyone else saying the prices are too damn high and it is not fair. You do not want a regulatory impost put on it, because of the operations of business in the commercial space, and you want to see that play through. Your premise is that if government could have some sort of discussion or whatever it might be to have an influence without going to the head or without some sort of regulatory impost, that might have a short-term benefit. Just the formation of the committee might have brought Qantas to the table to do something. How long is that going to last? In the environment of us making a recommendation, it looks pretty nice right now. There has been some suggestion that that is a short-term lolly for the committee before it writes up its recommendations. There are all these sorts of conflicts here, in that with us making

recommendations and government making its response, arguably a shift is not going to happen without some sort of pressure coming to bear. It is a bit more than just putting a policy in place.

Mr WOODS: Yes. I agree it is a question of whether this is a one-off committee or it becomes a process of a standing committee and there is an annual assessment and consideration of these matters. It may well give argument for government to consider that. There may well be bipartisan support for that.

Mr D.T. REDMAN: Tripartisan.

The CHAIR: The “bi” is not here today!

Mr WOODS: Yes, sorry. I mean the opposition. I put everyone in the opposition camp—no one particular party. I take your point, though. Opposition versus government of the day, it is in the state’s interest to keep the flame alive, to keep that transparency and to hold the torch up and ask what is happening in this space, because it impacts on the state in so many different ways. It will impact on the state as the mining and resources economy emerges in different shapes and forms as we are seeing now with the stimulation of activity.

Unfortunately, the tourism data is not particularly favourable. There will be some data released tomorrow. It is the national visitor survey data that I have been provided with. It is embargoed at the moment. It shows an improvement in FIFO travel—some substantial increase—but a relatively disappointing decrease in intrastate travel from a leisure point of view and also in relation to interstate travel. I am not permitted to talk publicly about that data except to observe there are double-digit declines in both intrastate and interstate travel. FIFO is growing quite positively, which is a good sign for parts of the economy, but in terms of the visitor economy and the leisure economy, there are real concerns there. It is regional WA that is being hit there.

Mr D.T. REDMAN: It was interesting in our travels that when the resource sector was running hot three or four years ago, there were not the local issues with airfare pricing that they are having now. It seems to be a relatively recent phenomenon, particularly up north and the pricing arrangements there. The suggestion that a bit more activity coming into the resource sector might be a positive thing seems to be counterintuitive.

Ms JACKSON: Cyclical, maybe.

Mr WOODS: Yes; I think cyclical would be part of it. The argument four years ago or five years ago was about trying to secure seats for tourists. Particular routes were crowded out by FIFO visitors. We were more hopeful of more frequency and larger planes, but sometimes that does not work out. That comes back to your question about duopoly—potential unnatural duopolies that are emerging not through design. I do not believe that duopolistic behaviour is being exhibited in the market. I think an important question to ask when we talk about duopoly is: is the behaviour of the participants in the market duopolistic? I do not believe there is any evidence to suggest that. In the context of consumer choice and driving demand, and also capacity for increase, a good question is: how could there be greater opportunity to see third players come into the market? It is not one that I think anyone has a real, simple answer for.

The important issue for us, as we go forward, is to learn from the mining boom and say, “How can we ensure that there are enough seats for genuine leisure travellers who want to get around the state and see other parts of the state?” I think the fact that Qantas has announced that Walkabout fare is a great factor in that, because they will be mindful of making sure that they have seats available for those fares. There are reasons for them to have visitors attracted to travelling on that route to come to Perth as opposed to going through to, say, Sydney via the Middle East or Asia. To

come to Perth and potentially do a site visit will provide motivation to provide seats and have capacity for those types of fares as well.

The CHAIR: Do you think members have the right level of support in terms of working with the airlines to package up destinations? Do you think adequate support is being provided to grow destinations and to increase throughput through to specific destinations around the state?

Ms JACKSON: I think there are certainly opportunities for greater engagement. I am aware that other submissions have touched on using the GDS system as a means of better promoting an understanding or awareness of what tickets and airline services are available. We are keen to see greater cross-promotion of airline services. Our submission speaks to the promotion of state destinations in state marketing campaigns but not necessarily the underlying support in reasonable airfare pricing that allows people to actually get there, so instead they are choosing overseas destinations that are more cost effective. At the heart of it, there is an argument for better engagement.

[2.40 pm]

Mr WOODS: That engagement is particularly a role for Tourism WA to be resourcing itself through its internal resourcing decisions to ensure it has the capacity to work with airlines to then work with the industry to support that type of packaging. Different tourism authorities in different parts of Australia have different wholesale relationships. Some of them operate almost as wholesalers in a market; others do not. WA does not have that role specifically. There is a multiple range of wholesalers and distribution agents in the market. These days, it is obviously beyond the bricks and mortar or the corporate agents but through the online systems as well. So there is a lot greater distribution capacity and competition in that market, and it is a lot easier, in a way, for a lot of our members to participate.

There is a whole range of arguments around online travel agents and commissions and all sorts of factors around price parity. It is a complex issue that the ACCC is looking at. But from our perspective, I do not think there is a lack of wholesale opportunity. Sometimes there can be better collaboration, particularly where the airlines see they want to grow a route. How can they do that? Probably having closer relationships and discussions with the accommodation providers is a substantial part of the equation. There is no doubt that if you travel in a regional area, you need the accommodation first. The publicly licensed legal accommodation providers I am talking about here, as opposed to the home-share arrangements that are not licensed, are the obvious pathways or channels to put those packages together.

The CHAIR: In Broome, there was a series of local accommodation providers that looked at chartering their own flights to bring people to Broome. They entered into a series of discussions with one of the major airlines. Nothing came to fruition out of that process, but the local industry was trying to introduce some sort of competitive tension and promote Broome as a destination. They seemed to have the most mature framework for engaging and had developed a strategy around it. We have seen degrees of that in different parts of regional Western Australia, where accommodation providers and tourism operators have tried to club together to promote their destination and have had differing levels of success, if you like, in their engagements with the airlines. I am interested in your thoughts on whether doing it in a highly localised and fractured way is effective or whether there is some scope to achieve some sort of critical mass or bargaining parity or some way of engaging more constructively with the airlines, and what the state government's potential role in the space could be.

Mr WOODS: I think that is a role that TWA can assist with by working with the regional tourism organisations. Australia's North West Tourism, in that context, obviously was driving that, but there

are probably going to be better leverage opportunities if it is coordinated by Tourism WA on behalf of. However, there is that economic pressure or question about whether it can be done for this region versus that region. Sometimes it is entirely different—what might work in the south west of the state in airline capacity may be totally different to the north west. So there is that bit of competitive aspect to the RTOs. But there is no doubt that the tourism RTOs need to be proactive in activating that type of activity. They cannot sit back and just expect Tourism WA or Tourism Australia to do it for them. Even if it does not eventuate or succeed, at least they have had a go at it and tried. There is a high level of frustration in the north west, particularly around the capacity and size of aircraft and the downgrading of services. That is evidenced in the Australia's North West submission. Those are factors that impact on tourist experience. Those are really important factors that we would encourage the airlines to be cognisant of and really be aware of. A three-hour flight is not something that people want to not have any catering services on. You get that on a train sometimes over on the east coast better than you would on an airline. Surely there are ways of managing this more effectively. The key issue is that where Tourism WA can give support to those RTOs, it can and should. It is not its primary business, but it does have a role in terms of engagement with airlines, both nationally and internationally.

Ms JACKSON: I think Tourism WA has a strategic role to play in determining how it provides support and provides advice to government in some kind of review as to where some of that investment, whether it is marketing or events, and through some of the royalties for regions funding, is best allocated.

Mr WOODS: Can I just finish up before you go to the other members. I think one of the factors that we just cannot ignore is that some of our most compelling and attractive tourism features of our state are in the regions. The reason why a lot of travellers will want to come to Western Australia is because of our natural environment and our environs that offer unique destinations. It is the experience. It is the beauty of it. It is the open spaces. It is the regional aspect. It is the American traveller who wants to actually feel the open country and have a farming experience through to the European traveller who wants to see the unique experiences in the south west with the forests or up in the north west in the Kimberley with the expanse of desert and ocean. Those are factors that we have to make available to drive tourism for the state.

Tourism has the capacity to create a lot more employment within Western Australia. It has the capacity to drive the economy a lot more successfully. To be able to do that and to draw people in, we need to have Perth open for business, but also getting people out to the regions and air capacity is a critical factor in all of that. In government decision-making, not just in this committee phase but in other phases of government life over the next four years, it is important to be aware of and cognisant of the way in which regional access, aviation and tourism policy will support growth of employment. As I was saying earlier, it is those longer-term young unemployed who are living in Mandurah who will have the opportunity to get a job for four or five months of the year in Broome, for instance, if we can get them up there and there are jobs because we are driving tourism and because there are fares that will get tourists up into the region as well.

Ms JACKSON: I think it is also worth noting as part of our role here and our representation at this committee that the top leisure activity that most visitors state when they come to Western Australia or they intend to go to regional areas is the desire to eat out in a diner or local café.

The CHAIR: There is a lot of good stuff to be done.

Ms JACKSON: I think the importance of developing that food and wine industry, those culinary adventures and those stories around regional areas, together with those unique destinations, is a really unique selling point for us.

The CHAIR: You do not need to convince me!

Ms JACKSON: You have just been up there trying it.

The CHAIR: I will proceed to close today's hearing. Thank you very much 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. Thank you so much for coming in today.

Hearing concluded at 2.47 pm
