

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA



**TRANSCRIPT OF EVIDENCE
TAKEN AT BROOME
TUESDAY, 22 AUGUST 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 8.28 am

Mr HAROLD TRACEY

Deputy Shire President, Shire of Broome, examined:

Mr SAM MASTROLEMBO

Chief Executive Officer, Shire of Broome, examined:

Ms ALETTA NUGENT

Director, Development and Community, Shire of Broome, examined:

Mr MARK DAVIS

Manager, Community and Economic Development, Shire of Broome, examined:

The CHAIR: Good morning. I would like to begin this morning by acknowledging the traditional owners of the land on which we meet and pay my respects to their leaders, past, present and emerging. On behalf of the committee, I would like to thank you for agreeing to appear today to provide evidence 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 right: deputy chair Sean L'Estrange, member for Churchlands; Stephen Price, member for Forrestfield; and Terry Redman, member for Warren-Blackwood. Yaz Mubarakai, the member for Jandakot, is winging his way northwards as we speak so he will join us at some point, assuming his flights have not been delayed or cancelled.

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 would like to thank you for your submission to the inquiry; it was very helpful. Before we begin with our questions, do you have any questions about your attendance today?

The WITNESSES: No.

The CHAIR: Do you wish to make a short opening statement at all about your submission?

Councillor TRACEY: Thank you all for the opportunity for the Shire of Broome to be here today to present further on our submission to the inquiry. Welcome to this iconic part of the world, rich in culture, heritage and natural beauty, but faced with the issue of the price of regional airfares. I would like to highlight that Broome is one of the most remote regional centres on the planet in relation to our distance from any major capital city. Quite often we get caught up in Broome being such an iconic tourist destination, as it has been for a number of years, but people forget the distance from Perth or Darwin and certainly from Sydney, Melbourne or Brisbane.

The Shire of Broome welcomes this inquiry by the state government to help shine a light on the circumstances and seeks urgent action to reduce further impacts from the high cost of domestic airfares. With support from all stakeholders, Broome is well positioned to make rapid progress as a result of the economic opportunities in the region. There is strong willingness from local leadership to drive growth and development. However, in order to do so, we require both the state government and the airlines to come to the table to demonstrate their commitment and prosperity for the region by implementing urgent and overdue actions. Tourism, community and businesses in

Broome are all hurting due to the cost of travel to and from our town. Research clearly depicts dropping tourism numbers. This is not for want of a great product or market appeal. Growth in air travel is shown to be on the back of growth in the regions' offshore liquefied natural gas industry rather than tourism. The shire welcomes and promotes the activation of a diverse economy in the region but continues to hold concerns regarding the impacts and availability of pricing of airfares to both tourists and residents alike in the face of oil and gas expansion.

One of the key benefits of Broome, I suppose, which has held Broome in good stead economically over the last 10 to 20 years, is that Broome has a fairly multifaceted economy; it is tourism and resource based. There are a number of different industries that make Broome. Broome does not get publicity so much on any one industry. The industries that we have within Broome are larger industries and minor industries. The growth of the minor industries for us is just as important as the growth of major industries, and having access to and from Broome and from Broome to the capital cities to do business is very important to us.

Broome is already geographically isolated, which I covered earlier. The current state of the regional airfares only exacerbates this. Regional air travel is a key means of connectivity and the community and business are virtually held to ransom by the price of available airfares and often are unable to affordably access health or education services outside Broome or travel to be with family and friends. Family and friends is another aspect of the airfares: we believe that airfares being affordable and accessible would also promote families to stay in the region longer. We find that with most families, once children get to high school age, their access to outside family help, capital cities or other regions around Australia tends to force families to leave the area for family support rather than having affordable access to the regions.

Travel to Broome is significantly more expensive than comparative routes on the east coast, which is having significant impacts on our local economy and visitation rates. This is probably a double-edged sword for us in that airlines will quite often say that they have more access to bums on seats on the east coast rather than us over here. If we have cheaper airfares, we believe that bums on seats will obviously increase. It is swings and roundabouts. I do not believe that is an argument for higher airfares on this side of the country.

In the following recommendations, the shire calls on both the state government and regional airlines to demonstrate the commitment to our region by taking long overdue action to address the cost of regional airfares to our town. Broome's growth and development demands it and requires demonstrated investment and action by all stakeholders.

Our first recommendation: the shire seeks state government support in advocating for increased seating on the Perth–Broome route to reflect the extra demand associated with the two major LNG projects and accelerated demand. Recommendation 2: the shire calls on the state government to partner with Broome airport to conduct further research and modelling into the full extent of forecast increases in demand for airline seats in Broome due to the growth of the oil and gas industry. It might be worth mentioning here that Broome airport is shovel ready and ready to go with any expansion that comes along with the increased traffic within the town. I think they have been very proactive in demonstrating that they are ready to go when things pick up. Recommendation 3: the shire requests the state government to facilitate the introduction of local pricing on the Perth–Broome route by Qantas and Virgin Australia, which would guarantee lower and capped prices for Broome residents. Recommendation 4: the state government is requested to lead the development of a business case and funding package to attract additional year-round services to the Broome–Perth route and direct services from the east coast to and from Broome. Recommendation 5: the government is requested to investigate the development of a high season

international route from Melbourne or Sydney to Broome and on to South-East Asia. Recommendation 6: the shire requests the state government press for cabotage to be allowed between Australia and regional international airports —

The CHAIR: For what, sorry?

Councillor TRACEY: Cabotage.

The CHAIR: What is that, sorry?

Councillor TRACEY: If you have an international flight coming into Australia at the moment—for instance, if we had an international flight from Singapore to Melbourne, that would come through Broome. If Singapore passengers were to stop in Broome for a week or whatever it is, we would be able to put Broome residents or residents of the Kimberley onto that flight onto Melbourne to Sydney onto that international flight. At the moment that is not allowed in Australia.

We recommend that cabotage be allowed between Australian and regional airports and the four primary international airports in Australia. Once again, there was some talk yesterday during the tourism inquiry that Broome International Airport is not an international airport. I can assure you that Broome is an international airport and is once again shovel ready should that opportunity come along. Thank you for your time today. We look forward to receiving questions and having further discussion.

The CHAIR: Thank you very much for that opening statement. It is certainly very helpful. I do appreciate the time that you have taken in both preparing your initial submission and that statement. If you would not mind perhaps giving us a hard copy of the recommendations, that would be fantastic. You mentioned at several points during your address the impact of the oil and gas industry. Could you explain a little more about that for us, how you see the increased traffic impacting the airfares issue?

Councillor TRACEY: Firstly, the one thing I want to make clear is that we do encourage the oil and gas industry to operate in and out of Broome. I do not want it to be seen that we are having a crack at the oil and gas industry. It is simply the fact that we have a limited number of flights coming in and out of Broome from Perth or Darwin. As there is increased traffic for oil and gas, this is obviously the hub of the service to Browse Basin. INPEX has already set up now out of Browse and I believe that Prelude has arrived at Browse. The impact from a manpower perspective in setting these up is quite significant and it will be over the next 18 months to get these on board. We also have Woodside coming on board in 2022, I believe.

The impact of these extra numbers for all these people accessing the Browse Basin from Broome and their demand for airline seats takes up a lot of, firstly, lower priced seats and probably does not leave us with much scope for any type of budget-type seats for the community. Once again, I want to make it clear that we are not having a crack at the oil and gas industry or the resource industry. It is not just oil and gas; there is a lot of inland exploration and a lot of opportunity in the region. We are simply saying that they are not the only customers that use the airlines.

The CHAIR: Do you have a sense of the proportion nowadays between the oil and gas industry, tourism traffic and local residents?

Mr DAVIS: I believe that Broome International Airport detailed some of the breakdowns and I will probably leave it to them to explain some of the figures. I guess with some of our recommendations that we are suggesting, some of that demand may not be known at the moment. I guess Shell and INPEX and some of the larger resource companies have some knowns but with the add-on services, we have seen local businesses ramping up to be able to service the resource industry. The

contractors, other employment, that is the unknown and I guess that is the true impact, which needs to be understood.

Mr D.T. REDMAN: Just by extension, the use of Broome as a hub for those companies to come in here and then access them via Djarindjin, is that a secure position or is that still up in the air? I know you spoke at one stage about INPEX, for example, just flying straight into Djarindjin and then hopping out with the helicopters from that point. What is the level of security over that decision?

[8.40 am]

Councillor TRACEY: As in any economic decision made by any business, I suppose that the favourite word of any resource oil and gas company is that their solution for the hub is Broome for now or in the foreseeable future. However, for us to say that we are locked into Broome as being the hub, I would say not, unless, obviously, if some other more viable or more economical opportunity comes up. Even if Djarindjin was the solution, at the end of the day, I still think Broome has a major part to play in servicing that. I do not think you would dismiss Broome as a hub just because Djarindjin would be an alternative route.

Mr MASTROLEMBO: Council's strategic position on it is that we want Broome to be the supply base to the Browse Basin. It is a fixated position and we do our best to lobby for that position.

Just on the flights, the supply and demand is obviously the issue. There is some data that we have collected, which could be tabled, if not already. There has been a 14 per cent fall in seats since 2014 that have been available on the flights from Perth to Broome. Clearly, when you are talking about the ramping up of oil and gas, we are really concerned as to where that is going. Even with our coming wet season, officially flights drop during the wet season period, but there is a high level of concern that that will increase and have further ramifications into the next dry season if we do not build or lift the capacity of the actual airlines coming in to seek capacity.

Mr S.J. PRICE: Harold, you mentioned earlier the bums-on-seats scenario, saying if there were more available flights at cheaper prices, you would get more bums on seats. With the increased traffic as a result of the upturn in the resource sector in this area, there are more bums on seats. Has there been downward pressure on prices that you have noticed?

Councillor TRACEY: The difference between resource seats and tourism seats is significant in that resource seats are guaranteed. There is no obligation from an airline to reduce prices. Demand for the resource seats is always going to be there. I am talking about the access to reasonably priced airfares. You hear this white noise from the airlines on the east coast when they say on their Cairns to Sydney route, they have these passenger numbers. When you are talking about a \$169 airfare, I am going to go to Cairns every weekend. It is a no-brainer. I am sure if we had opportunities from Perth to Broome for \$169, that would add another 30 aircraft in the air. When I talk about bums on seats, I am talking about the bums on seats from the people who make the decision to travel as a destination rather than travel as a necessity. Those seats from industry are always going to be there to service industry. There is no obligation. If the plane is still getting filled up, the airline is not concerned whether it is filled up with industry or whether it is filled up with tourism or community.

The CHAIR: The price point is obviously the material issue in this inquiry. With your third recommendation, could you just run through in a little more detail exactly what you are asking the state government to do there? There are all sorts of forms that state government intervention might take. I would just be interested to understand what sort of intervention you have in mind and what you think would be helpful.

Mr MASTROLEMBO: There are some cases over in the eastern states. One was in Roma in western Queensland where a form of local pricing has been implemented there. There are various formats

in which it works. Mark might be able to expand on this. Sometimes even the local government may get involved. Whatever it is, you could get a ticket that is a fixed price if you are a local through either your postcode or whatever gives you that surety. We have issues here where, even as an employee, you are trying to send staff down for professional development or people want to go to the football or a concert, as we discussed earlier, or a funeral. If you are trying to get prices at the last minute, it is ludicrous, to be quite honest, in terms of what you are having to pay.

The CHAIR: Broome is an unregulated route. There are regulated routes within Western Australia where the pricing is agreed between the state government and the airline and there are different fare classes, or fare categories, but the pricing is settled. There are also reporting and information disclosure obligations associated with operating on those routes as well, so there is quite a bit of transparency on those regulated routes. This is an unregulated competitive route, but we are not seeing the same sorts of price reductions that perhaps we are expecting. Do you have any views on whether this unregulated route is sufficiently competitive to push downward pressure on prices?

Ms NUGENT: I think that is what we are hoping may be one of the outcomes of this inquiry—that the state government can focus efforts to create more competition on this route. I think that is what we feel is needed to drive down those prices—greater competition. I guess we have somewhat of a monopoly between Virgin and Qantas at the moment where they have a guaranteed level of traffic and they are the only people to play in the market. We would like to see maybe an additional low-cost carrier included or additional competition.

Mr DAVIS: Just to add to that, I think some of these points have been expanded on in the previous state government's aviation strategy. I think some of the suggestions are not necessarily new. I guess there is a time when the community and the economy have been hurting from the airfares. I guess now is a good time to bring them back to the fore and to get some urgent action on them.

Councillor TRACEY: Just getting back to whether we believe there is a competitive structure going on between the two airlines servicing us, we have done some comparisons to the east coast with comparative routes to what Broome to Perth looks like. We have kept it as a comparison to Qantas, for instance, and we have not included any low-cost airlines to buffer percentages. On a comparative route on the eastern seaboard, we are 50 per cent more expensive here in Broome. That is just Qantas. If you were to look at any competitive low-cost airline, that would be significantly higher again. To answer your question do I think there is a fair amount of competition in this route, I do not think there is. There are statistics on the east coast that clearly demonstrate that, but they are probably not public.

Mr MASTROLEMBO: That is where the cabotage that Harold mentioned earlier we think is key. There is a restriction at the moment on international flights coming in. They come into a capital city as an example, but they cannot then transit from there to another domestic location. Broome is closer to Asia than we are to Perth. If there was an opportunity to open that up, that would be a game changer, we believe. As an example, there was a movement to see whether we could not do a trial of flights from Singapore into Broome. That has not quite happened this year. Hopefully, it will move next year. The shire was looking to underwrite that trial for over \$100 000. That was just to see whether it was viable or not.

It was not just about the tourism opportunities. We all know of the middle class that is growing there in Asia and the opportunity that is there from a tourism point of view into Australia, particularly Broome, but it is also the other way in terms of what opportunities there are for freight. With our growing agriculture and other industries here, we need to see whether we cannot start to build a link that way as a freight route.

The CHAIR: Who are you looking to partner with for that trial for the Broome to Singapore service?

Mr MASTROLEMBO: SilkAir was the name of the airline.

The CHAIR: Are you aware of, or can you give us any detail on, potential partnering arrangements that the local community is exploring with other charter operators or low-cost airfares? What is the local community doing in terms of engaging with airlines to see if there are some opportunities to increase competition? What is happening already? Can you give us a bit of sense of that?

Mr MASTROLEMBO: The chamber may well be presenting or ANW might be better placed to answer that. I am aware that ANW was driving the SilkAir opportunity but in terms of other carriers to come in in terms of domestic —

The CHAIR: But local government does not play in that space at all?

Mr MASTROLEMBO: We have not at this point in time, bar an undertaking to underwrite those flights.

[8.50 am]

Mr D.T. REDMAN: Just going back to the resource sector, it has been suggested to us that in recent times we have got this ramping up of the resource sector activity on the routes, yet the pricing for domestic fares has gone up with it, which seems to be counterintuitive to the competitive pressures that you might expect to see push prices down. Would you support that assertion?

Councillor TRACEY: Yes. If you get on to a Qantas website, you have a regular deal, you have a flexi fare and, when available, you have a business class fare. So to really deal with a limited number of seats available, for the flexi fares, there are a number of seats available, and then it goes significantly wider from there. I think what the ramping up does is takes up that. I do not think the high end or the Red e-Deal component of the airfares has increased too much. I think the access to those deals has diminished through the ramp-up. For instance, there are \$2 500 airfares available, but I challenge anyone to tell me that a resident of Broome would be happy to pay that sort of airfare to fly to Perth. I do not think the airlines will probably say that they have not actually put the price of airfares up, but the access to reasonably priced airfares has certainly been taken out of the market from that ramp-up.

Mr D.T. REDMAN: Do you think they are taking undue advantage of the situation? I could use a more blunt word but I will not.

Councillor TRACEY: Without you putting words in my mouth, I definitely believe so, yes.

The CHAIR: I will change the subject just slightly to the revenue that the council generates to operate the airport.

Councillor TRACEY: It is privately owned.

The CHAIR: It is privately owned—sorry; I am mixing my airports up. Do you derive revenue from the airport in any way?

Councillor TRACEY: No.

The CHAIR: All right; I will leave that alone.

Mr D.T. REDMAN: If I can pursue a question along that line, there has not been any comment, I do not think, on the BIA to any serious extent. Have you got any comments about their activities? In other areas, there have been concerns raised and one of the things we are asking questions about is the level of landing fees as a proportion of the cost of tickets. Has that been raised an issue with you guys?

Mr DAVIS: Just to answer that one, noting the BIA's submission in which they detailed what their airfares are, I think some of the other submissions talk about high landing fees. I think that is probably more a discussion between the BIA that they can answer later today.

Mr D.T. REDMAN: Sure.

The CHAIR: Local government is obviously a key representative institution for your communities. Could you give us a bit of a sense of the lived experience? Do you have anecdotes? Could you give us a bit of a sense of the impact this is having on your community?

Mr MASTROLEMBO: As an example, as an employee, the shire has a 30 to 40 per cent turnover of staff. Traditionally, Broome is a transient place, but we try our best to have local employment where we can. We are trying to improve Indigenous employment as well. But there are some positions where you need skilled, university-qualified staff that you cannot source from Broome; they might come from Perth or over east or wherever. We find, particularly in that demographic, we might get two years or three years out of people and off they go. So, we have other initiatives. We provide staff housing on occasion, a Broome allowance, an isolation-type allowance. We think we are fairly competitive but we are still having that turnover. At our exit interviews, a lot of it is to do with the isolation and the cost of living, particularly the flights.

I go back to where I was earlier. Particularly if you have got a funeral or a family and those types of things, it does impact you. The middle to higher earners are struggling, and, of course, the local people are struggling if they want to go to other events and things across the country. That is an example. In terms of tourism—somebody else might want to explain that other point—I was just talking this morning about the cost of flights. This is an example from Perth, so this a real-life situation. I have a bucks' event coming up shortly and I have 30 guys that I would love to have come up to Broome from Perth to enjoy the event. On 15 September is the Formula One event in Singapore. It is \$405 for that weekend, which you would think would be high demand for people from Perth to go to Singapore. That is \$405 return versus the same weekend to come to Broome is \$668. That is a 65 per cent difference for a weekend that is three weekends away.

Mr D.T. REDMAN: And that is one of the cheaper fares available.

Mr MASTROLEMBO: The cheapest flight for that weekend; it is incredible.

Councillor TRACEY: If I could just expand on that. From a business perspective, I own a construction company in Broome. We operate throughout the Kimberley, with 52 full-time employees throughout the Kimberley. We have a lot of different disciplines not only in construction but in other areas of industry. For a company like mine to access adequate training, to build our capacity within our organisation at a higher level, for us to be able to access that is becoming increasingly difficult. By the time you pay for a training course in Perth, then you pay for accommodation in Perth and then having to pay anywhere from \$600 to \$1 500 for a return airfare, that has an immediate impact on how we can compete with companies in the metropolitan area.

Even though we are trying to act as a reasonably significant business, with government contracting all their major decision-making teams into the metropolitan area, for us to attend anything is increasingly difficult. That is from a personal business perspective, so God only knows what challenges people outside of that realm have to access that.

Mr D.T. REDMAN: Do you think there is a market failure on the air services in and out of Broome?

Councillor TRACEY: What do you mean by that, Terry?

Mr D.T. REDMAN: The market is not delivering a level of service required to meet the needs of Broome in terms of responding to needs.

Councillor TRACEY: I think that is clear. The airlines will say they are meeting the market and they will quote, once again, the resource industry and say that they are meeting the demand there, but are they meeting the demand of the community? I do not think so. Once again, if you have shifted with a young family to Broome and your family is in Perth or Melbourne or Sydney, as the pressures grow as the kids grow up and you want better access to family support that you would have if you were living in the metropolitan area closer to family, the opportunity to have family up or to have that support network diminishes more and more. We do lose a lot of families in that high school range, and that is right across the board—people in government jobs, which is hard enough to fill already, people in the police force and people in all sorts of areas who generally would probably stay in the area if they had better family support.

Mr D.T. REDMAN: By extension to the market value question, all your actions that you have suggested here are a relatively light touch in terms of making a move to get more seating, which was one of the strategies—again, it is just finding a tool to achieve that—and a local pricing strategy. Again, as the chair said, there are a number of options, but a fairly light touch is the suggestion. There is also a state-led business plan in and around getting other activities happening. It is de-regulated route. Have there been any discussions about a level of re-regulation and/or subsidy—no-one likes the word “subsidy”? Have any of those discussions been in the mix?

Councillor TRACEY: I think we would be looking at what the recommendations are coming out of this inquiry to pursue that a bit further. We could certainly get a lot more aggressive in our language towards the airlines; however, we want to remain proactive and hope that there would be a positive outcome from this and that the government would take the lead on some recommendations on how we move forward. But for us to sit here and be more aggressive towards what we think the airlines should be doing would probably be counterproductive at this stage. But I imagine that the language would be different after the inquiry came back and we did not see any outcome that was going to make a real change.

Mr MASTROLEMO: In terms of the market balance, there is some data that we will table with you guys. We have had some research done on Qantas in particular comparing percentages per kilometre; as an example, the average airfares paid on Broome and Perth are over 50 per cent higher than the average of the east coast routes from Sydney and Melbourne to regional tourist centres over east on that per kilometre basis. That is over a five-year period to March 2017. There is some data there and questions that you allude to.

[9.00 am]

Mr S.K. L'ESTRANGE: Has your study of that type of data given you some reasons for why that is the case? Have you identified why it is a lot less?

Mr DAVIS: It is difficult on the operating costs. I guess there is information around about the number of people or the size of the regional centres on the east coast. What we are seeing here is a similar or more expensive price for a lower level of service—smaller planes, less seating capacity. I guess the tourism market in particular, where there is plenty of data floating around, you could say over the last five years compared to the five years previous Broome has seen a seven per cent downturn in tourism for overnight stays. The consistent message coming from the tourism market is that the number one impediment is the cost of air travel and the expense to get here. Yes, there are other challenges; we are not saying that that is the only one, but it is the key driver that comes back and back and back.

In regard to the discussion about the actions, the limited cabotage or the state government's advocacy for the federal government to pursue that type of initiative could potentially be a game changer for not only Broome, but also for Darwin and Cairns—those large regional international

airports across the north of Australia—not only for our traffic and driving down domestic airfares, but also bringing in visitation from a growing South-East Asian market.

Mr S.K. L'ESTRANGE: Essentially you have two markets. You have got your community market—leave Qantas to one side—who need to get back and forth to Perth for various reasons at different points during the year, and you have got your tourism market. You mentioned there has been a significant drop-off in the last five years in your tourism numbers. Are you attributing all of that to airfares or has there been a matched drop in tariff prices for accommodation over the last five years, or has that been sticky-down or have prices gone up? Have you had a look at either?

Mr DAVIS: We could look into the figures we have been provided with. I guess compared with the rest of the state, that same period has seen a 27 per cent growth in tourism. The data that has been provided to the shire through the likes of ANW and those in the tourism sector has been the number one impediment that people are coming back with in the surveys is the airfares and the cost to travel here. The tourism inquiry has talked about different infrastructure and other different actions that can be taken in a more holistic picture, and I think some of that also comes into play.

Mr MASTROLEMBO: Generally speaking, where the Australian dollar has been over the last five years you would have expected the opposite impact really.

Ms NUGENT: We should be focusing not just on the Broome–Perth route, but for locals and for tourism as well focusing on establishing year-round direct routes to the east coast, because at the moment we have them to Broome but they are only from May to October—is that right?

Mr DAVIS: May to October.

Ms NUGENT: So, establishing that direct link year-round as well, I think, will improve the situation for both those different aspects.

Mr S.J. PRICE: In regard to the community, what is the permanent population?

Councillor TRACEY: It is 16 000 to 17 000.

Mr S.J. PRICE: Has that varied much over the last five years?

Councillor TRACEY: It has dropped over the last five years, I think.

Ms NUGENT: It has been reasonably static over the last year or so.

Councillor TRACEY: When I say “dropped”, it has not had any great movement. If you look at Broome over the last 15 years, I think there has been a 3.8 per cent growth in population over those years, but in the last four or five years I would say that that has remained stagnant.

Mr MASTROLEMBO: We get a lot of young families. Probably a point we have not touched on is it is not just the cost of one individual going to Perth, or a couple; if you have kids, that is a huge burden to fly your family down.

Mr S.J. PRICE: I was just talking last night; I have four kids!

The CHAIR: He was planning his holiday and his eyes watered!

Councillor TRACEY: Just as an example, in the last school holidays—I have two boys who attend boarding school in Perth—it was a \$3 500 exercise for us to bring our two boys from Perth to Broome and back to Perth. That is on top of their school fees and so forth.

Mr S.J. PRICE: I am guessing there is probably a reasonable amount of kids that actually do board somewhere for their secondary and higher education. That is a consideration and something that the family has taken into account, whether they decide to stay or leave.

Councillor TRACEY: That is what I was alluding to before. When that situation comes about, I am not saying that everybody in Broome will send their children to boarding school, and given that a lot of the kids who go to boarding school from the Kimberley region are kids who are on scholarships and so forth, everyone gets this sense that kids who go to boarding school are from well-to-do families, in fact they are not. I would say that 20 per cent of those kids would be on scholarships so they are already economically challenged. What ends up happening is that rather than having to go through the term breaks and school holidays and kids coming back all the time, it ends up just being enough for families to make that decision to relocate to Perth. I guess that is what I was talking about with the family structure and actually trying to encourage families to remain in the region.

Mr S.K. L'ESTRANGE: What would be the number of kids travelling at the end of and beginning of each term, backward and forwards to Perth?

Councillor TRACEY: I can only say that when I am sitting at the airport on particular days, I would say there would be well in the hundreds of them, I would imagine.

Mr DAVIS: I think also on school holidays, from the information we have from the tourism sector, is this year in particular the middle school holidays coincided with the east coast, and that has been one of the prime or high spots for tourism in the town over the past year. The traditional dry season—tourism season has not been as long as in previous times.

The CHAIR: I am going to introduce my colleague Yaz Mubarakai, who has just joined us. Yaz will try to catch up. If he wants to jump in and ask any questions, then feel free.

Mr D.T. REDMAN: It has been suggested to us that there is this perception out there that yes, there is recognition that there are higher costs of getting from Broome to Perth in the airfares. It is a huge perception. There was something in the paper about a \$5 000 fare or something, which scared the hell out of everybody. People read that and then shoot through—they do not even go looking for other experiences or whatever Broome might have to offer. The suggestion was that you could actually drill down and get visibility of what some of the “out” prices might look like—early prices—if you can plan far enough ahead, that you can package something up that looks half reasonable. Stephen had a conversation with us this morning along those lines.

You have not mentioned destination marketing yet. I guess, as a marketing exercise, is there scope for work to be done on destination marketing, and part of the messaging being around pricing and they actually can have a holiday here? Whilst it is a little bit more expensive, you have these really unique experiences that blow away any other destination you might want to go to, including South-East Asia. Has marketing been one of the tools in your discussions, given this perception that the first they read a high price, they do not come?

Mr DAVIS: ANW, I guess, is our main region marketer, so the shire contributes funding to ANW. I guess at this point, in continuing to fund ANW, we are more than confident around the messages that they are putting forward which are tackling some of the themes around value, the product, the season's biggest wet. There are still those world-class experiences being offered and the marketing around that has not changed, as evidenced through some of the recent campaigns by ANW.

Councillor TRACEY: I do not think there is any question about Broome as a destination as such and the marketing. A hell of a lot of money has been spent over the last few years, or the last decade, on marketing. The product itself, I think, is fantastic. It is not only Broome, but it is the gateway to the Kimberley and access to the Kimberley. I do not think people's perception is whether they should go to Cairns or Broome. For instance, if I was living in Sydney, I think Broome would be the more desirable destination; however, the cost to get there would be a significant part of whether I should go to one place or the other.

Mr S.J. PRICE: What about the choice of going to Kununurra or Broome?

Councillor TRACEY: In what respect—which would be better?

Mr S.J. PRICE: Yes. Do you see them as part of the overall package of the Kimberley or do you see them as a competitor?

Councillor TRACEY: Yes, we do. You have got one at either end of the Kimberley, I suppose, and they do go hand in glove. I do not think there is a perception that one place is any better than the other. I think Broome as a holiday destination has a lot more to offer than Kununurra—I am very biased here—purely and simply because of its size and its diversity, both culturally and what it offers around Broome. I do not see people sitting here and saying, “Should I go to Broome or should I go to Kununurra?” Both of those destinations are horrifically expensive to get to anyway. I would see a trip to the Kimberley or a trip to North Queensland or a trip to Bali being more of an equitable comparison.

The CHAIR: Thank you very much. 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 the 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 very much.

Hearing concluded at 9.11 am
