

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA



**TRANSCRIPT OF EVIDENCE
TAKEN AT KALGOORLIE
THURSDAY, 31 AUGUST 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 10.07 am

Ms JESSICA BIDDLE

President, Kalgoorlie–Boulder Chamber of Commerce and Industry Inc, examined:

Mr HUGH GALLAGHER

Chief Executive Officer, Kalgoorlie–Boulder Chamber of Commerce and Industry Inc, examined:

Mr RONALD MOSBY

Deputy President, Kalgoorlie–Boulder Chamber of Commerce and Industry Inc; President, Regional Chambers of Commerce and Industry (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 air fares. My name is Jessica Shaw, and I am Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee to my left: deputy chair, Sean L'Estrange, the member for Churchlands; Terry Redman, the member for Warren–Blackwood; Yaz Mubarakai, the member for Jandakot; and Stephen Price, the member for Forrestfield. 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 that you might say outside of today's proceedings.

Thank you very much for the submission that you have given us today. Before we begin with our questions, do you have any questions about your attendance today?

The WITNESSES: No.

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

Mr GALLAGHER: Who would like to do that?

Ms BIDDLE: I can do that. As the president of the chamber of commerce, we have spoken to numerous businesses in town, and the effect of the regional affairs on practising business in Kalgoorlie–Boulder. Every year we do business report. Hugh actually sees numerous businesses. How many businesses would you see?

Mr GALLAGHER: Hundreds.

Ms BIDDLE: He see in excess of 100 businesses to get a clear report on the climate and the economics and basically just what is happening in Kalgoorlie–Boulder, which we find an absolutely essential item. A lot of that is the cost of the airfares coming into it. Basically our submission goes through and states the reasons why, the consistency and the changing of the costs from daily pricing and not being able to budget for it and actually work it into a day-to-day procedure budget that we can actually run with in the business platform. On the regional side of it, I think Ron has got a little bit to say.

[10.10 am]

Mr MOSBY: We have a vibrant business community throughout Western Australia. In his previous portfolio, Sean would remember that 97 per cent of businesses in Western Australia are small business and 67 per cent of Western Australians are employed in small business. We have a vibrant business in this locality in this region. We have just celebrated the business awards on Saturday

night. We had over 400 people attend on that night. We are happy to table that report. The activity that happens in our region is quite significant. A lot of people believe that the resource sector employs the majority of people, and probably, as parliamentarians, you are aware that that is a skewed view in reality. A lot of our submission is based around the facts of small business and the effects on small business and living in isolation, or perceived isolation, in the regions. It is a six or seven-hour drive, as you may be aware, to Perth and a four-hour drive to Esperance.

Living in this sort of location, people often really hark for the beach, even in that sense of living near it even if they do not go to it. It can be enhanced when you feel you cannot reach that coastal area, or particularly Perth, because of the cost of airfares for a normal small-business situation. Small business is recovering, yes, but our region has struggled significantly, as has the state, because of the economic times we are in and the costs for the mining companies—they wanted to keep them low—and therefore it has been a real challenge to have employees located here. The perception of our community has been made more difficult because of perceived riots, which get talked about in plural terms, whereas it may have been a riot or a 41-minute incident in a community. That has continued to affect people wanting to stay here and live here and wanting to get out of the community at different times or wanting to come in or bring people in. That is a real challenge because of the cost and the time, therefore, of driving them in and out.

Those are the things. I think some of those are commonalities, not only to Kalgoorlie but some of the other regions. You may have read the regional submission that Kitty Prodonovich had put in as CEO. Some of those are common factors and some are common factors to this particular location, but today we sit here speaking about Kalgoorlie–Boulder.

Mr GALLAGHER: I think you will find when you take a glance at our submission that it refers to community in there a lot. The chamber of commerce has many not-for-profits as members and some government departments as well. So the submission is really about the world of small business and our wider community. A regional chamber of commerce is very, very different to a city-based chamber of commerce, and I think you would have found that when you were in Karratha et cetera and anywhere else. You would have received a submission from a chamber of commerce. We do tend to be all things to all people, and I think that is a strength of the regional chambers of commerce and in that the way most regional chambers operate. So I think we have covered all bases.

The CHAIR: Could you give us a bit of an indication? You have 460 local businesses and support groups as members?

Mr GALLAGHER: Yes.

The CHAIR: Could you give us a bit of a snapshot of the industries—so what sort of proportion of your membership is based in, say, mining services or retail or tourism—to give us a bit of a flavour of your constituents?

Mr GALLAGHER: Sure. The majority would be in the service sector. They would not be mining companies. I think we would probably have about two mining companies who are members. They are generally members of the Chamber of Minerals and Energy. The smallest areas would be retail, and I think that would reflect retail just about anywhere in Australia for that matter, but particularly regional Western Australia. We do have quite a few not-for-profits who are members, and the reason they are is that they like to be associated with the business community in general, because we do actually have a lot in common. They operate these days as many businesses do.

The service sector would be the strongest, and when I say the service sector, not just those who service mining. Probably the biggest employers in our part of the world would be anything to do with servicing mining per se within, say, a 1 000-kilometre radius of Kalgoorlie–Boulder. Kalgoorlie—

Boulder is not a mining town; it is a service centre. It has changed dramatically. I came here 30 years ago and it was all about the Super Pit then when Mr Bond had set it up as it was. That has all changed. We go everywhere. Our membership is very broad-based but there is definitely a service sector, and service like anything—servicing buildings.

We have many members in building and construction. I would say all sectors less mining. Many would probably think that mining companies would be the backbone of a regional chamber of commerce. It in fact is, but not the mining companies per se, because we actually work on behalf of their members quite a fair bit with mining companies when members have issues that they themselves cannot take to a mining company.

The CHAIR: Have you taken up your members' issues with the airlines directly at all?

Mr GALLAGHER: Yes, we have, but I think what we have identified—we had a conversation only in the last week with Qantas and we have had discussions with Virgin as well—is that at a Western Australia level, from what we could gather, and the feedback we got, this conversation has not been taken up at the level where the difference really can be made, because both those airlines, particularly Qantas, do not have a very strong influence on what happens with particularly scheduling. Whilst we did speak with them about the cost of airfares, it was really all about scheduling in that appointment. One other thing that pops up in the submission is reference to freight. That is a massive part of the way they operate their business. We understand that, but we probably did not realise just how important it is to underpinning the commercial viability of any airline.

Ms BIDDLE: Specifically, I have spoken to a car yard owner in town. He has six mechanics and four dealerships. It is the Westland Autos dealership, so he has four different types of vehicles, including Nissan and Mitsubishi. For each one of those dealerships two of the mechanics have to be flown to Perth to get extra training four times a year, so that is every quarter. Obviously his issues are that you cannot budget for these things because you just never know when they are going to schedule the training, what the costs are going to be, and at the last minute someone gets sick and they cannot go on the training or something like that happens.

I have also spoken to other mining contractors who are trucking companies. They obviously have their base in Kalgoorlie, and they never want to move from Kalgoorlie. Obviously it would be a lot cheaper to have a head office in Perth, but he flies in 30 people a week to backfill his road trains. I think he has about 50 or 60 road trains on the go at a time, and every week it has to be last-minute because you are not sure when you are going to need the staff and he will backfill 30 truck positions every week. So it is not something you can preplan for and obviously you are not big enough to be a mining company to schedule those flights in on an ongoing basis.

So talking to them, their main concern is not being able to budget the cost. So it is not a set cost or it is not an estimated sort of cost, so you just never know what you are going to get. The other one is that they would have to fly them down the night before for training, because you cannot guarantee that you are going to get there on time for the day for the training. So you have the extra cost of the accommodation the night before and then the accommodation after. Often the flight comes back at five o'clock in the afternoon, so you have to leave the training at three o'clock in the afternoon to get to the airport on time to get back up. The scheduling times do not work for a lot of us to get the training and that side of it. They are specific examples, if that is what you are looking for.

The CHAIR: That is great.

Mr D.T. REDMAN: Does the chamber consider an airline service to Kalgoorlie and Perth an essential public service and, if you do, do you consider that what is happening now is market failure in that space?

Mr GALLAGHER: I will start that one. It certainly is essential infrastructure. Transport is our lifeblood and air travel is part of that. Of course, time is money. If we do not have an effective airline system—effective and affordable is probably the best way to put it—we are very, very disadvantaged and it has a significant effect on the performance of our economy—a direct impact in fact.

[10.20 am]

Ms BIDDLE: I agree. Air travel is absolutely essential. I do not believe it is run badly. I believe that everything can be improved, but I think it is absolutely essential. I would not want to see deregulation. I want to be able to connect to Melbourne really quickly, because obviously you do not always just go to Perth. That is not our life: we want to go to Perth, we want to fly overseas, we want to have those connection flights and we want the services. So it is a bit like if you want your cake and eat it, too.

Mr D.T. REDMAN: To take that discussion a step further, the basis of your presenting to us is the fact that there are significantly higher prices that are affecting the business community or affecting your constituency. Out of that you would suspect that the market is not playing fair on prices. If you therefore think there is market failure by necessity, there might be scope for government intervention to have influence on that, which is contrary to your line about supporting a free enterprise system here. It has broken down is really what you are saying here. Any advice for us to what recommendations might come out of our report in response to what you are identifying to us?

Mr GALLAGHER: What is very noticeable in the last 12 months is that the prices have spiked. In the past, say up until 12 months ago, you would get the return fare relatively conveniently between \$380 and \$450. I doubt very much whether you are going to get that at the moment. Ron probably can give a real-life instance of that that happened to him only in recent days.

Mr MOSBY: The fluctuation in pricing is the real challenge and the spike, the rise, that we have probably faced over the 12 months. For example, I had a text message last Tuesday. The orthopaedic surgeon wanted to see me on the Friday. It was \$1 129 return. That was the best fare I could get. To drive down and to drive back is simply impractical. We have clients in the situation where they look and they have got to get two or three people, and they put them in a car. And when these guys are doing 10-hour days, the fatigue level—I know the government spent a lot of money improving those road facilities. But a good road is a good road. It does not change the fatigue level. And when people are looking at those sorts of costs, that safety factor starts to come into play.

But going back to myself, there are numerous other cases that I know of with clients and our members who are just finding—in a drilling company the cost per shift to attract the staff here has been a real challenge. They have had to go FIFO. They have never wanted to be FIFO. They have been here 30 years and never had FIFO. They have had to go to that now. Their return has dropped by 25 per cent and margins are a lot thinner, but per swing the cost of \$3 300 more to fly them in, to house them, to feed them, for a FIFO staff member is just making the margins thinner and thinner, so it is a real challenge for lots of businesses.

Mr S.K. L'ESTRANGE: Ron, wearing your regional CCI hat, you have obviously got awareness of the differences from these different regional centres. We have been to Kununurra, Broome, Karratha, Albany and Esperance and they are all quite uniquely different. You started talking about FIFO. There are similarities here with the Karratha situation. Is there something unique about Kalgoorlie, in your

observations, that a fix with the airline airfares is something we should focus on that is different to maybe these other centres?

Mr MOSBY: Like you allude to and in the state submission we made, there are 14 chambers that contributed to that, and they all had different factors, and regulation worked obviously for some of them and pricing is good for some of them. We are all a little bit different. But some of the major centres, I suppose like Kalgoorlie–Boulder—the variation in the cost price and the availability of a reasonable price is I think the common factor with Karratha. In our submission we have presented the opportunity when we see a flight come in and we are leaving and it has 30 people on it and it is a 110-seater. For the locals, or small business, to have that opportunity to get onto that short-term fare, whereas, as Hugh was saying earlier, the large companies do not have a lot of influence on the scheduling and pricing from Western Australia. There seems to be a lack of awareness from the eastern seaboard that these seats could be made available to locals to get on for \$300 or whatever and get on that half empty, or even less, plane. We have seen planes often—I travel quite a bit—with 30 people on the plane going back. The plane comes in full. So we think there is a real opportunity there for locals.

Mr S.K. L'ESTRANGE: Linked to our inquiry is this aspect of how FIFO can impact on airfares. You mentioned that for the first time the drilling company you spoke of has had to go to a FIFO workforce. That is probably a broader issue of why are they not attracting people to staying in Kalgoorlie to get a job. Have you got any comments just linked to that unique to Kalgoorlie and why it is that you are seeing a change in people not wanting to live here?

Mr MOSBY: Unfortunately, as you are aware, we had the anniversary of an unfortunate event just a few days ago, and that event continues to play out throughout Australia. If you talk to local tourism operators, you will find that they are not getting as many bookings and some people are withdrawing bookings because of concern for their safety being here or living here. There has been a particular push by the media to make it an extreme event. I happened to be in Nuremberg when the event occurred and I read about it on the second page, internationally. I would not be the only person. It has had a significant negative effect, and continues drawing that up, when trying to get people here. One of the things you try to do as a local business is fly them up, have a look at the community, get a feel for the community, take them out to look at the Oasis, the golf course, the schools, the playgrounds, what different social activities you can be involved in. The chamber runs an event in February when we bring all the volunteer organisations out, the supporting groups, the craft groups and the art groups and the like. To bring them here is significant. Even if you plan ahead, that cost is prohibitive to small business.

Mr S.K. L'ESTRANGE: We will try and draw a connection to the FIFO impact on airfares as we go through all of our evidence to see if there is one or not or whether it is negligible or not. But for people to be making life choices that, “I would rather stay in Perth and not be employed than go to Kalgoorlie and be employed”—I think that is a significant point you are raising.

Mr MOSBY: That is right.

Ms BIDDLE: That is an unfortunate situation, obviously. I have been trying to find an office receptionist—just the basic, does not need any skills, happy to train on the job—and I got eight applicants. One of the girls said that she actually applied in Perth and 400 people went for an office job and she is just like, “I moved here because how in the world do you stick out with 400 people applying for a job?” That is a whole community issue I think. There are an awful lot of things. I know the GEDC are working on a new proposal for an ongoing marketing scheme for Kalgoorlie, so obviously once you do live here we do love it. Fly in, fly out provides the planes. I do not believe that that is a bad thing, because obviously we get almost 300 000 people through our

airport—absolutely essential. It gives the basis of the seats. We are not silly. We do not want to remove that.

Obviously you are still going to have to have fly in, fly out. If you had all those people living here, it would be fabulous and it would be a great city, but it is still impractical. We would like the smaller businesses to be able to get their employees here, fly in, fly out for a little bit and, hopefully, want to move their families here. We are not silly enough to think that Northern Star or whoever—I do not think they do fly in, fly out, but whichever companies are fly in, fly out. No, I would not want to push fly in, fly out to be an issue. That is a whole other social issue with families and everything as well. As a chamber, as we said, we do advocate for our businesses; however, we know it is the people behind the businesses and the lifestyle and the livability, and that is why we spend a lot of time in the chamber with spring festivals and with markets and with what is happening in the community, because it is the people behind the small businesses that make a difference.

[10.30 am]

Mr GALLAGHER: With the FIFO factor as well, if we take out the term FIFO and simply look at it as travellers, if it were anywhere else in Australia, there are all of these people flying and it puts downward pressure on the cost of travel. Here the extra people flying in that have come in here over the last 18 months as our economy has picked up, and we need the people, have actually driven the prices up. It is rather weird in some ways. They should be coming down.

Mr D.T. REDMAN: In submissions and presentations from the City of Karratha and also from the City of Kalgoorlie–Boulder here this morning, there is a suggestion that the FIFO market gets a block booking of seats at a particular price, and therefore to make up the yield they have got to price the other piece to make that work. Is that your understanding of how it works?

Ms BIDDLE: I think that is what has been explained to us. I do not know if that is 100 per cent —

Mr D.T. REDMAN: Explained to you by the airlines or explained to you by —

Mr MOSBY: There are two parts. Referring back to Hugh's comments earlier, we thought that was the case. However, we have learnt that the freight component can carry a significant part of the airline itself and there can be low passenger numbers and it still operates at a reasonably profitable level because of the freight component to Karratha, Kalgoorlie and some of the other locations. Obviously we cannot get access to information, but we actually think it is purely their software systems driven by the east coast that once these are all booked those fares automatically go up. It is not a choice of the major airlines that they are going to purposely charge you those fares. It just happens to be that their systems allocate them at that price.

Mr D.T. REDMAN: The experience out of Karratha is that they still get on a plane and there is a big heap of empty seats. Is that the experience here?

Ms BIDDLE: I have not sat next to someone on the plane in a long time, I have to say. It is great, but when you have paid \$680 you ask why is this happening. That is absolutely the case.

Mr MOSBY: That is right. My average fare for the last three or four times would be around \$690 return.

Mr S.J. PRICE: Mr Gallagher, in your submission here, under the options point 3, you refer to the flight schedules. That is something that has not been raised with us too much. Can you just expand a little bit on that?

Mr GALLAGHER: We can only perceive that the reason for it is that you never give a sucker an even break, and by having both flights arrive and leave simultaneously, in terms of generating, or more to the point, getting contracts or agreements with the corporate sector, it keeps both airlines

relatively close, and the advantage either party would get would simply be based on price; it would not be based on service. I think that still happens in mainstream airports everywhere. We have seen occasionally where one airline or the other will provide a totally different timing, but then they always seem to come back again to parallel scheduling.

Ms BIDDLE: I have suggested that go on there due to training and actually having a day in Perth when you want business in Perth. The flight does not get in until 10 o'clock in the morning. So you finally get there at 10.00 and then you have to leave the meeting at three o'clock in the afternoon to be back. So you cannot actually do a day. You have to go down the night before. You have to be there a day to be able to schedule that. But it works on the side of people from Perth coming up. They get here earlier. They can then leave at 6.30 or 7.30 at night, so they get a full day of work.

The CHAIR: That is what we are doing today.

Ms BIDDLE: Exactly. So for you guys it is good in that case, but if you are going the other way, it does not work, and that is where we suggested that the two airlines could work together and one does it a bit earlier so that you could actually have it for Kalgoorlie people going down and you also still have those Perth people. Because you guys get in at 7.30 or something?

The CHAIR: About eight o'clock, I think.

Mr D.T. REDMAN: Just on that point, Rex airlines on the Albany and Esperance runs park their planes up in Albany or Esperance, so the first flights are the ones out of those regions to Perth for reasons of capturing that. Do you think that there is likely to be a bigger market for Kalgoorlie–Boulder residents who are going to Perth for the day versus presumably the corporate market coming back the other way to do a day?

Ms BIDDLE: I would say so. I would say yes.

Mr MOSBY: General member feedback would indicate that, yes.

Ms BIDDLE: And as I said, the training. Obviously all training gets done in Perth. If you have to send more than one and you prefer just to send one because of the cost going down, you have to put them up the night before; they have to be away from their families; you have got to do all that sort of stuff. If you could get them on an early morning flight and then back that night, it works.

Mr D.T. REDMAN: One major player in this discussion here, which has not really come up with the city's presentation and did to some extent in Karratha, is the resource sector. Have you, as an organisation, engaged with the resource sector and had this discussion? They have some sort of booking arrangement or agreement because it obviously provides all the backbone transport for them, so they try to strike a good deal. The times, all those things, presumably hit a FIFO working schedule, so I assume that is why it spikes at certain times. Have you endeavoured to engage with them in an effort to support some small business and/or local market?

Mr MOSBY: Hugh has actually referred to those in one of his points.

Mr GALLAGHER: We do speak with them regularly about this topic. The airlines, with all respect, do always come out the winner. The position they take is, "You are part of a Western Australian airline system and we've got other ports to service as well." We have actually in the past had aircraft parked here overnight, and it has probably marginally worked, but not significant enough. The space we are in at the moment is quite different to normal times. I mean, things here are going pretty well at the moment.

Mr D.T. REDMAN: You are talking about because of the buoyancy in the resources sector—gold and the like?

Mr GALLAGHER: Yes. Part of your question there as well is like with the small business sector and the community sector, how could we possibly stimulate an option for them to fit into the airline system? To give the airlines their due, over the years I think they actually have at times made some variations to suit. Ever so recently, you can get an earlier flight to Perth at the moment, but people from Perth hate it because you have got to get up at four o'clock in the morning. I do not care about that! It has always been a juggling act. I think what is really missing though—I made this in my initial earlier point—is the conversation with the highest level of both airlines. I am not aware of it, having come from our wider community, including the City of Kalgoorlie–Boulder. It may be that in their submission they told you something that we do not know, which is respected, but when we met with Qantas the other day it was very obvious, because when we met with them we said, “Would it be in our interest to have a conversation with the decision-makers on the east coast and explain the circumstances to them?” And the answer was, “Yes, but can you deal with us first?” Ron and I had the conversation with Qantas, and I think at the time we said, “Well, it is terrific that we are having the opportunity to meet with you people today”—because government has a mandate to take things up to that very high level on behalf the wider community. We said we would have that conversation with Qantas at a state level but really hoping that it can get to the level where a difference can actually be made, because what we did find out in Western Australia is that with the administration of the airlines they will tell HQ, so to speak, what they want but they do not necessarily get it, and they really do battle to influence any change.

[10.40 am]

Mr S.J. PRICE: At whose instigation did you have that meeting with Qantas?

Mr GALLAGHER: It was actually theirs.

Mr S.J. PRICE: Was that just recently?

Mr GALLAGHER: Yes, it was.

Ms BIDDLE: I believe they actively know what is happening and I think they do want to work with us, but as Ron did allude to, I think it is their scheduling system and how it works. If they have hit their budgets and they are going to make money on a flight, then somehow their scheduling system, with a bunch of algorithms and technical stuff, the flight does get changed. Obviously our other main opportunity may be if we could fix flights. We are all business people, so we understand that people need to make money. We do not want to lose our services that we have. But if we can fix a price that everyone is happy with, that you can budget for—because from a business point of view, if you know it is going to cost \$390 one-way, it is \$390. Everyone gets over it.

I have worked in the fuel industry. As we know, everyone starts looking at it when it fluctuates. It is when it fluctuates that everyone starts talking about it. When it is stable, everyone is happy and they know what the price is and they can budget for it and everything. It is exactly the same sort of situation. If we could have that side of it, and I do not know how that would all work or what—that is people's perception. It is all a perception. We understand that sometimes you get a \$200 flight and you are really lucky, but there are other times when you are getting the \$680 and you never know what you are going to get. That is the belief from the business people and what is actually happening.

The CHAIR: Are there any more questions on this particular aspect, because I would like to go in a little bit of a different direction? I thank you for your evidence. It has really presented some very interesting points for the committee to consider. I would like to slightly change tack. Recognising that Kalgoorlie is broadly a service centre and your economy is very much about service provision, one opportunity to place downward pressure on airfares, it has been suggested to us, is around

economic diversification and particularly encouraging the growth of the tourism market to increase the number of bums on seats coming into and out of regional centres, with the idea being that that sort of grows the pie, reduces the costs and we will see cheaper airfares.

Some local government authorities, working with their local chambers, with the airlines and with accommodation providers, are looking at opportunities to package up low airfares, accommodation packages and tourism sort of activities. Has that been something that has been explored in Kalgoorlie, and could you maybe expand a little bit on the tourism sector here and any approaches that your members might have had to the airlines along those lines?

Ms BIDDLE: I believe a fair bit of work gets done with that.

Mr GALLAGHER: We do try to get something happening there, but when the cost of airfares are what they are—I think this takes us to the point you make. The whole of regional Western Australia, from the consumer's point of view, is seen to be a very expensive place to visit, so they are all jumping on planes and going to South-East Asia and places like that. It is bigger than the goldfields—there are no two ways about it. The chances, you would have to say, of getting affordable airfares for the tourists in the current—it is not the current market, it is the current environment really. It is being able to have that conversation with either of the two airlines and saying, "Well, what can we actually make happen here?"

From a regional point of view—I think I can speak on behalf of a fair few of them—when you know you really have an almost impossible task in front of you to get the fares changed, then it is almost mission impossible. However, if it became obvious that they were open for business and were prepared to take on these opportunities—because there are heaps of them throughout regional Western Australia and wonderful parts of Australia that could be promoted, but a lot of it is about flying. We do need to have those two big parties willing to have the conversation.

The CHAIR: And you do not get the sense that that is in the offing? You are not getting that?

Mr GALLAGHER: I must say, I think that we are hoping that out of this process —

The CHAIR: This inquiry you mean?

Mr GALLAGHER: Yes—at the level we are speaking to, we will be able to exert some influence holistically and encourage the two players. We refer to the two key players, but maybe the conversation can be had with others as well, like low-cost airlines. It is probably the industry. We are not actually picking on the two airlines, because the service they provide is fantastic. We do not argue with that. Every now and again you have a late flight—you rarely have an early flight—but that is understandable. It is the same as everything. But it is the industry itself that we need to have that conversation with.

Ms BIDDLE: I do believe there is a lot of work done with the tourist centre, and when things like the race round is coming up they do put packages together for people to fly up with accommodation, and they do all that. So they plan that months and months in advance. I do believe there is a fair few tourist packages that can be bought and put together.

Mr GALLAGHER: There is certainly a will to do it, but you have got to have the opportunity to do it. That is what is missing—the opportunity to influence those sorts of opportunities that are there. Western Australians and all Australians love to fly; it is part of their DNA. It is so different to what it used to be. I think this perception thing—in fact it is reality—that the cost of flying into regional Western Australia is so ridiculous, there are many opportunities that we are missing.

Mr D.T. REDMAN: What is the price of a return trip from Perth to Kalgoorlie on the *Prospector*? Can you make some comments about the value of the *Prospector* as a supporter of the tourism sector here?

Mr GALLAGHER: It is \$160 return. It is mostly full. It is generally considered almost like a welfare or commuter train—call it what you like. There are a lot more people using it these days.

Ms BIDDLE: Is it nine hours?

Mr MOSBY: It can vary a fair bit. Seven hours.

Mr GALLAGHER: Yes. There are some really good packages offered by tourism for the *Prospector*, particularly for people who are retirees and that sort of thing. It is very affordable, very good and very proactive, and the local visitor centre here or the tourism industry really take advantage of that. So it works well. It comes up every year in their annual reports as a feature of their reports that they can actually do that. So definitely the *Prospector* is an integral part of our tourism industry.

Mr S.K. L'ESTRANGE: Would many of your CCI members use the *Prospector* for business?

Mr GALLAGHER: I would say there are more and more of them using it now. I do not think that is a blasé response to that one. There are definitely more of them using it simply because of cost. It has changed a little bit now, and Jess referred to it earlier: the flying component is one component, but if you have got to stay in Perth overnight, you have got to and from the airport and you have got your accommodation to consider—so your \$600 or \$700 return plus add-ons makes it \$1 000 trip.

Mr D.T. REDMAN: And the *Indian Pacific* has a different sort of clientele and different space?

Ms BIDDLE: Very touristy is it not?

Mr GALLAGHER: Yes, we do not hear of that one anymore. When we first moved to Kalgoorlie that was very popular with people. They would get on the train at six o'clock at night and be in Perth by five o'clock. But I am not even sure that that is offered anymore.

Mr D.T. REDMAN: It does stop here though?

Mr GALLAGHER: It does stop, yes.

Mr MOSBY: The schedule is very different now.

Mr S.J. PRICE: What about the *Prospector*? Is that up and back in a day?

Ms BIDDLE: It does two trips a day, does it not?

Mr GALLAGHER: Yes.

Ms BIDDLE: It leaves here at seven in the morning and gets there at one-ish.

Mr GALLAGHER: I think two o'clock, yes.

Ms BIDDLE: Two. And then it will come back that night; is that right?

Mr MOSBY: No, there is a three o'clock, I think, that leaves Perth.

Mr GALLAGHER: So you definitely have to stay in Perth overnight at least.

[10.50 am]

Ms BIDDLE: I use it to bring staff up from Perth.

Mr MOSBY: In talking with Tourism WA about why visitors come to Western Australia, they want an Aboriginal experience in culture—they want to see the wildlife and they want to see their tools—and you do not see that in the metropolitan area as you are aware. But regional WA is full of that, and when they are time-poor coming from China, Asia and the like, they want to get out here only

for the day or maybe overnight, and then to add a *Prospector* trip in—a lot of them do not do a lot of those train trips—it is the hurdle that we talked about with Tourism WA. They just want to get out. It is a quick trip down south then a quick trip somewhere else, and they cannot fit three days into one visit on a one-day trip.

The CHAIR: Anyone else? Any other questions?

Mr S.K. L'ESTRANGE: Just one final one. The airlines that coming here are Qantas and Virgin. Are there any others?

Mr MOSBY: No.

Mr S.K. L'ESTRANGE: Have there been any discussions from the CCI to airlines like Rex to see if they would be interested?

Ms BIDDLE: I think—was it you who was telling us about —

Mr MOSBY: It was informal conversation, not at the highest level. But the availability of aircraft is their issue. If they were going to roll out—not at the corporate level—my understanding from talking to them is that if they wanted to do more, it would have to be a major move to more regional centres rather than just one regional centre. So it would be a significant commitment by them.

The CHAIR: All right. I will proceed to close today's hearing and thank you very much 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 so much.

Hearing concluded at 10.53 am
