

Implementation of the State Government's response to the  
Parliamentary Inquiry into Regional Airfares in Western Australia

# Regional Consultation Summary: Airfare and Air Services Workshops 2019



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# 1. Overview

In early 2019 the Department of Transport facilitated Airfare and Air Services Workshops in nine regional centres including Broome, Geraldton, Kalgoorlie, Karratha, Kununurra, Newman, Onslow, Paraburdoo and Port Hedland. The consultation was part of the State Government's response to the 2017 Parliamentary Inquiry into Regional Airfares in WA (the Inquiry).<sup>1</sup>

The purpose of the consultation was to explore in a collaborative setting innovative ideas for improving regional airfares and Regular Public Transport (RPT) air services in WA, considering the circumstances and dynamics specific to each route and regions. Questions, ideas, feedback and actions generated through the workshops have helped to inform the review of the State Aviation Strategy, with a focus on the then unregulated routes in WA.

The workshops provided an opportunity to:

- increase stakeholder understanding of how airfare pricing works on regional air routes;
- increase consumer awareness of how to access lower fares; and
- identify innovative approaches to address community concerns about airfares.

Over 220 individuals participated in the nine workshops including representatives from Local Government, local chambers of commerce and industry, small business, the resources sector and tourism industry, State Government agencies, community groups, airport operators and airlines.

In addition to the workshops the Department of Transport hosted community drop-ins in all nine locations, where members of the community were able to speak directly with departmental staff on regional air services and airfares.

The information in this document provides an overview of the workshop discussions, ideas and issues raised facing air services in regional Western Australia.

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<sup>1</sup> Perceptions and Realities of Regional Airfare Prices in Western Australia: [Inquiry report and the Government's response to the report details](#)

## 2. Goldfields-Esperance Region

The Goldfields-Esperance region is in the south-east corner of the State comprising nine local governments. As the largest region in Western Australia, air services are critical for economic and social sustainability and development. The residential population of the Goldfields-Esperance region is around 55,000.<sup>2</sup> Over half of its residents live in the City of Kalgoorlie-Boulder.

Mining, particularly gold mining, is by far the main industry of employment in the region with other important industries including agriculture, tourism, fishing and aquaculture. The workforce associated with gold mining feature high numbers of fly in, fly out (FIFO) workers, which contributes significantly to the need for air services (RPT and charter) into the Goldfields.

### 2.1. Kalgoorlie

#### Consultation Workshop

On 14 March 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Kalgoorlie. Stakeholders who attended the Kalgoorlie workshop included representatives from community organisations, airlines, the resources sector, the City of Kalgoorlie-Boulder, the Kalgoorlie-Boulder Chamber of Commerce and Industry, tourism operators, and State Government agencies.

The workshop generated a range of ideas including fixed-price pre-purchased 'electronic booklet' of fares, capped fares and discounted fares within 24 hours of a flight. In addition to the workshop, the Department of Transport provided for a community drop-in session in Kalgoorlie for residents to convey their views directly to Department of Transport officers.

#### Airline Responses to Community Feedback

One of the main concerns raised by the community through the Inquiry was about the high price of airfares on the Kalgoorlie route, particularly for travel at short notice. In response to these concerns, Qantas introduced the Qantas Discounted Fares for Residents Program for residents of Kalgoorlie in November 2017. The same concerns about the high cost for travel at short notice were also raised during the workshop. Consistent with this theme, the community also noted that they often pay less to fly from Kalgoorlie to Melbourne for the weekend than to Perth. Under the Qantas Discounted Fares for Residents Program, residents of Kalgoorlie can access discounts of up to 30 per cent off the Qantas-controlled component of airfares across all economy fare classes on a maximum of 12 return trips per year; subject to fare rules and conditions.

To augment the effect of the Qantas Discounted Fares for Residents Program, the City of Kalgoorlie-Boulder waives airport passenger service charges and landing fees for those travelling on tickets purchased on the Qantas Discounted Fares for Residents Program.

While the Qantas Discounted Fares for Residents Program has been welcomed by the Kalgoorlie community, feedback from the workshop indicated that the program could be improved by adjustments to its functionality and accessibility. Examples of suggested adjustments include a revision of postcodes eligible under the program and improvements to the searchability of the Qantas Discounted Fares for Residents Program portal when

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<sup>2</sup> Goldfields Esperance Development Commission: [Economy Profile](#), retrieved 5 July 2019.

using the Qantas website. To enhance the social and economic benefits of the Qantas Discounted Fares for Residents Program, stakeholders expressed a strong preference for the program to be extended to friends and families of Kalgoorlie residents to enable reasonably priced travel to the regions. The liveability of the regions is critically dependent on being able to maintain ongoing connections with families and friends through visits to and from regional areas.

An important issue raised about the discounted fares under the Qantas Discounted Fares for Residents Program was that they are only available for the purchase of return travel tickets. Stakeholders reported that the return date is often uncertain, as the purpose for travelling is often to attend such events as medical appointments, funerals and family emergencies. So, they asked Qantas for the program to be available for one-way bookings as well. In June 2019, Qantas responded to this issue by removing the \$99 change fee for bookings made under its Qantas Discounted Fares for Residents Program, to allow flexibility for regional passengers when purchasing a return airfare.

The most popular idea generated at the Kalgoorlie workshop was for fares to be capped at a more affordable price. On 20 August 2019, Qantas announced a maximum fare of approximately \$400 one way (including airport fees and GST) for Kalgoorlie travellers using the Qantas Discounted Fares for Residents Program. The City of Kalgoorlie-Boulder reduced airport service charges for travellers under the Qantas Discounted Fares for Residents Program to unlock this benefit. The maximum fare under the program provides certainty to Kalgoorlie residents about the price of airfares, especially for travel at short notice.

At the Kalgoorlie workshop and community drop-in, the City of Kalgoorlie-Boulder indicated that a 'reasonable' one-way fare to/from Perth for residents would be up to \$199 (including airport fees and GST). While tactical/promotional sales offer fares at that price or lower, stakeholders reported that seats at those sale prices are rarely available i.e. too few seats allocated at that price.

The community view in Kalgoorlie is that demand could increase on the Kalgoorlie-Perth air route if airfares were more affordable. In response to feedback regarding fares on low demand flights, Virgin introduced weekend fares of \$149 (including airport fees and GST) one-way, for ticket purchases made 28 days (or more) in advance.

### Other Workshop Outcomes

- **Airfare sales:** Stakeholders at the Kalgoorlie workshop and community drop-in event reported that they are often not aware of airfare sales and that 'everyday' fares remain too high. Concerns were also raised regarding the availability of technology for some residents to access the sale airfares. It is notable that about 15 per cent of the residents of Kalgoorlie-Boulder do not access the internet from their homes (by any device).<sup>3</sup> It was suggested at the workshop that airlines should seek ways of advertising their sales in ways apart from electronically, for example, in local papers.
- **Community engagement:** Stakeholders are keen to see airlines engaging more directly by meeting with them on a regular basis to collaboratively discuss issues and opportunities for the route. To address this, the Department of Transport placed a condition on the aircraft licences of airlines effective from 1 July 2019, requiring them to

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<sup>3</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Kalgoorlie/Boulder \(C\)](#), retrieved 11 June 2019.

report data and undertake community and stakeholder engagement in Kalgoorlie, when requested.

- **Charter services:** Some stakeholders from the resources sector reported that they would use the RPT service more if they could, but that it is often more efficient for them to use charter services. As at July 2019, Alliance Airlines, Cobham and Virgin provide some charter services for mining companies on the Kalgoorlie-Perth air route in aircraft with 70 - 100 seats. Some charter services fly directly to mine site airstrips in the Goldfields region. Refer to the Department of Transport's Charter Policy for more information.
- **Travel at short notice:** The high price of travel at short notice remains a critical issue for the Kalgoorlie-Boulder community. At the Kalgoorlie workshop, participants expressed support for the idea of discounted fares on remaining seats in the last 24 hours before a flight departure to help address the issue. This and other ideas generated from the workshop have been presented by the Department of Transport to the airlines for their consideration.

### Policy Considerations

Despite robust passenger demand and a significant number of air services on the Kalgoorlie-Perth route, largely underpinned by the resources sector, air services in the current duopoly market are not meeting the community's expectations regarding affordability. Airfares therefore remain a primary policy consideration regarding the State Government's approach to the Kalgoorlie-Perth route.

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable and reliable RPT air services on the Kalgoorlie-Perth route are critical for the Kalgoorlie-Boulder community.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 3. Kimberley Region

The Kimberley region is Western Australia's most northern region and comprises the four local government areas of Broome, Derby-West Kimberley, Halls Creek and Wyndham-East Kimberley. With a residential population of 34,364 in the Kimberley, around 40 per cent of its residents live in the Shire of Broome.<sup>4</sup> Key contributors to the Kimberley economy include the resources sector, agriculture, and tourism.

RPT air services in the region operate from airports in Balgo, Broome, Kununurra, Fitzroy Crossing, Halls Creek, and Kalumburu. Of the airports in the Kimberley region, Broome International Airport receives the most RPT passenger traffic. Availability of RPT air services to/from the main airports in the Kimberley (Broome and Kununurra) increases during the dry season (May to October) to meet seasonal tourism demand.

### 3.1. Broome

#### Consultation Workshop

On 2 April 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Broome. Stakeholders who attended the Broome workshop included representatives from community organisations, airlines, Shell, the Shire of Broome, Broome International Airport (BIA), tourism operators, the Broome Chamber of Commerce and Industry and State Government agencies.

The workshop generated a range of ideas including monitoring of airfares for keeping airlines accountable, standby fares and capped airfares. In addition to the workshop, the Department of Transport provided for a community drop-in session in Broome for residents to convey their views directly to Department of Transport officers.

#### Airline Responses to Community Feedback

One of the main concerns raised by the community through the Inquiry was about the high price of airfares on the route, particularly for travel at short notice. In response to these concerns, Qantas introduced the Qantas Discounted Fares for Residents Program for residents of Broome in November 2017. The same concerns were also raised during the Broome workshop. Under the program, residents of Broome can access discounts of up to 30 per cent off the Qantas-controlled component of airfares across all economy fare classes on a maximum of 12 return trips per year; subject to fare rules and conditions.

While the Qantas Discounted Fares for Residents Program has been welcomed by the Broome community, feedback from the workshop indicated that the program could be improved by adjustments to its functionality and accessibility. Examples of suggested adjustments include a revision of postcodes eligible under the program and improvements to the searchability of the Qantas Discounted Fares for Residents Program portal when using the Qantas website. To enhance the social and economic benefits of the Qantas Discounted Fares for Residents Program, stakeholders expressed a strong preference for the program to be extended to friends and families of Broome residents to enable reasonably priced travel to the regions. The liveability of the regions is critically dependent on being able to maintain ongoing connections with families and friends through visits to and from regional areas.

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<sup>4</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Kimberley](#), retrieved 11 June 2019.

An important issue raised about the discounted fares under the Qantas Discounted Fares for Residents Program was that they are only available for the purchase of return travel tickets. Stakeholders reported that the return date is often uncertain, as the purpose for travelling is often to attend such events as medical appointments, funerals and family emergencies. So, they asked Qantas for the program to be available for one-way bookings as well. In June 2019, Qantas responded to this issue by removing the \$99 change fee for bookings made under its Qantas Discounted Fares for Residents Program, to allow flexibility for regional passengers when purchasing a return airfare.

Stakeholders have expressed concern that the tourism potential of Broome and surrounding areas is not being realised, due to the high cost of airfares. In August 2018, Qantas, in partnership with the State Government through Tourism WA, commenced a trial of special weekend fares between Perth and Broome (from \$199 one-way during the high season and \$179 one-way during the low season). The special weekend fares have received a significant uptake. At the Broome workshop, participants reiterated the importance of supporting tourism through marketable airfares. The trial has been extended into 2020.

The issue of RPT connectivity with regional towns or centres other than Perth was discussed in the final report of the Inquiry, under Recommendation 9, which focused on exploring opportunities for inter-regional air services. A major outcome regarding this matter is that a new inter-regional air service has been established, connecting the towns of Karratha, Newman, Port Hedland and Broome in the Pilbara and Kimberley regions. The new air routes were made possible through collaboration and innovation between the respective Local Governments, the airline and State Government. Rio Tinto has committed support for the introduction of a service between Karratha and Paraburdoo. The new service commenced in August 2019. The air services, using Beechcraft Super King Air B200 aircraft, saves travellers time and money by providing direct access between regional towns and cities, without the need to fly via Perth. As the lead organisation in this initiative, the City of Karratha, in consultation with the Department of Transport, completed an open, competitive tender process in May 2019. Aviair was the preferred tenderer and operates on the route under monopoly rights granted by the Minister for Transport.

At the Broome workshop, the BIA reported that 47 per cent of the passengers travelling through the airport between 2012 and 2018 were doing so for tourism purposes. Heliport/business-related traffic accounted for 35 per cent of the passenger demand and 18 per cent were 'local' travellers. Ensuring the sustainability of existing direct interstate air services, and development of inter-regional and international air routes with Broome are seen by stakeholders as key to the economic and social development of Broome. Developments regarding international and inter-regional connectivity have occurred. SilkAir operated four to five direct return flights between Singapore and Broome under a RPT trial arrangement each peak season in 2018 and 2019 to test demand. Options for future extensions continue to be explored.

### Other Workshop Outcomes

- **Replicating Onslow air services:** Some participants at the Broome workshop were interested in the air services model in operation between Onslow and Perth, and exploring whether it could be implemented for Broome. Virgin operates four weekly 'open' charter flights to Onslow for Chevron, with approximately 30 seats available to the public on each flight. The cost of the flight is underwritten by Chevron. Chevron has worked with Virgin to establish an RPT airfare fixed at \$299 one-way (including airport fees and GST), on the remaining seats. This arrangement has significantly improved accessibility and affordability of the RPT service for the Onslow community. Following

the Broome workshop, the Department of Transport engaged with relevant stakeholders to discuss whether this model can be transferable to other air routes.

- **Monitoring of airfare prices:** Participants at the Broome workshop expressed concern about the dynamic pricing of airfares and the effect of it on prices even when there are a significant number of seats available on a flight. There was strong support from stakeholders for the monitoring of airfares to ensure airline accountability. On 1 July 2019, the Department of Transport placed conditions on aircraft licences requiring airlines operating on the route to report specified data to the State Government on a monthly/quarterly basis. The data collected will be used to inform the biannual report to Government assessing prevailing market dynamics and airfares on WA's lightly regulated RPT routes. A condition was also placed on aircraft licences requiring airlines to undertake community and stakeholder engagement in Broome, when requested.
- **Mine site airstrips:** Some regional stakeholders have expressed concern about the proliferation of mine site airstrips in proximity to RPT airports, which they view as having an adverse impact on the demand for existing RPT air services. This reduction of demand may lead to an increase of airfares as well as the loss of airport revenue for maintaining and developing the airport infrastructure. The issue was identified in the final report of the Inquiry, under Recommendation 13, which focused on the government approval process for new mining airstrips. The State Government recognises that RPT services into Broome could be negatively impacted by any additional airports being developed in the area. Any future airport proposals in the Kimberley region will need to consider the impact on existing demand into BIA. The topic of mine site airstrips is addressed in the *WA Aviation Strategy 2020*.

## Policy Considerations

Despite robust passenger demand and a significant number of air services on the Broome-Perth route, the extent of affordable fares available to residents is not meeting the community's expectations regarding affordability, especially for travel at short notice. Due to the small population base of Broome, resources sector demand and development of tourism is recognised as key to sustaining air services to the town and potentially influencing airfare affordability. Airfares remain a primary policy consideration regarding the State Government's approach to the Broome-Perth route.

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable and reliable RPT air services on the Broome-Perth route are critical for the Broome community.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 3.2. Kununurra

### Consultation Workshop

On 4 April 2019, the Department of Transport facilitated the Kununurra Airfare and Air Services Workshop. Stakeholders who attended the Kununurra workshop included representatives from airlines, local businesses, health services, tourism sector, the Shire of Wyndham-East Kimberley, East Kimberley Chamber of Commerce and Industry, the Kimberley Development Commission, the resources sector and State Government agencies.

The workshop generated a range of ideas, including standby fares, direct access to flights between Kununurra and the Eastern States (e.g. Melbourne), Kununurra to be promoted as a 'soft adventure' destination with inclusive packages (travel, accommodation and activities), route regulation, desire for runway development to accommodate larger aircraft and other ideas. In addition to the workshop, the Department of Transport also undertook a community drop-in session in Kununurra for residents to convey their views directly to Department of Transport officers.

### Airline Responses to Community Feedback

One of the main concerns raised at the Kununurra workshop was the high price of airfares on the Kununurra-Perth route, particularly for travel at short notice. Stakeholders and community representatives reiterated their concerns regarding the impact of the high cost of airfares on social and professional isolation, on accessing medical specialist treatment, tourism development and overall economic growth in the area.

Workshop participants were very interested in having access to discounted standby fares or compassionate fares. Airnorth offers compassionate fares with a 50 per cent discount off the fully flexible fare to passengers who require to travel at short notice due to a bereavement or medical emergency affecting a close family member. In addition, such travel must take place within 72 hours for terminal illness or a medical emergency or 12 days for bereavement.

During the Kununurra workshop participants also expressed a strong view about having discounted fares on flights when the aircraft is not full. Responding to this feedback, Virgin recently introduced special fares into the Kununurra market. This included a trial of one-way fares at \$259 (including airport fees and GST) on selected low demand flights, for example on the Kununurra-Perth sector on Thursday and on the off-peak Perth-Kununurra leg on Friday. Virgin also introduced 90-day advance-purchase special one-way fares at \$249 (including airport fees and GST).

During the workshop various stakeholders highlighted that direct flight connections to the East Coast of Australia are critical to tourism and the economic development of the East Kimberley. They noted that current access from Kununurra to the Eastern States is only through Darwin, Perth or at times through Broome (to Melbourne, Sydney and Brisbane), with indirect flights time being consuming and expensive. The stakeholders' view was that there should be a priority on opening direct access between the Kununurra region and the Eastern States with a direct air service to Melbourne initially, then later, if possible, direct flights to Sydney. This view was also reflected in some of the submissions to the Inquiry.

If larger aircraft are necessary to enable interstate flight connections the Kununurra Airport will need to be upgraded from Code 3C to Code 4C.<sup>5</sup> Such upgrades will require an expansion of the runway and the terminal to accommodate larger aircraft such as the Boeing 737-800 or Airbus 320-200.

In May 2019, Alliance Airlines in partnership with Virgin, Tourism Western Australia, the Shire of Wyndham-East Kimberley and the East Kimberley Marketing Group, announced the introduction of direct flights between Kununurra and Melbourne. The flights will commence in May 2020 with a minimum of 40 direct flights, with up to three return flights per week between May and August 2020. On 1 August 2019 tickets went on sale for the air services which is set to commence on 15 May 2020. The flight time is less than five hours one-way, with ticket prices from \$399 one-way for economy (including airport fees and GST). The aircraft to be used will be a Fokker 70 (seating capacity of 70) which can operate on the current runway at Kununurra Airport.

This interstate air service initiative is the result of extensive collaboration between the, the Shire of Wyndham East Kimberley, East Kimberley Marketing Group, State government and the Kununurra tourism industry, all providing funding towards the service. Additionally, Australian Pacific Touring (APT), a tourism operator in the Kimberley region, has committed to purchasing a set number of seats on the flights.

The State Government's Tourism Western Australia has an active role in the delivery of a comprehensive marketing campaign to promote tourism attractions around Kununurra to the Victorian market in support of the new direct air service.<sup>6</sup>

### Other Workshop Outcomes

- **Airfare sales:** Stakeholders and community members at the Kununurra workshop and community drop-in event reported that they are often not aware of airfare sales. Internet access is central to awareness of airfare sales and being able to book tickets in the timeframe required to take advantage of the sale. In the 2016 Census, conducted by the Australian Bureau of Statistics, 19.8 per cent of the residents of Kununurra reported that they do not access the internet in their homes.<sup>7</sup> This underscores the need for airlines to consider other formats for promoting their sales.
- **Community engagement:** Stakeholders also indicated that they are keen to see airlines engaging more directly with regional communities by meeting with them on a regular basis to collaboratively discuss issues and opportunities for the route. To address this, the Department of Transport placed a condition on the aircraft licences of airlines effective from 1 July 2019, requiring them to report data and undertake community and stakeholder engagement in Kununurra, when requested. At the Kununurra workshop there was some but not significant interest in fully regulating the Kununurra-Perth air route. Some stakeholders indicated increased collaboration between airlines and communities as their preferred approach instead of additional government regulation.

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<sup>5</sup> Civil Aviation Safety Authority: [Manual of Standards Part 139-Aerodromes](#)

<sup>6</sup> Media Statement: [Kununurra poised to receive direct flights from Melbourne](#), 26 May 2019.

<sup>7</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Kununurra](#), retrieved 27 September 2019 .

## Policy Considerations

Serviced primarily by one airline with additional services offered by a second operator during the dry season, passenger demand on the Kununurra-Perth route is relatively low compared to other lightly regulated regional air routes. Underpinned by tourism, with limited resource sector activity in the area, air services in the current monopoly and partial duopoly market in Kununurra are not meeting the community's expectations regarding affordability. Affordable airfares and service accessibility therefore remain the primary policy considerations in respect of the State Government's approach to both the Kununurra-Perth and Kununurra-Broome air routes.

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable and reliable RPT air services on the Kununurra-Perth and Kununurra-Broome routes are critical for the Kununurra community. The State Government will monitor the air services performance and consider if further regulation is appropriate.

Airline reporting of specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 4. Mid-West Region

The Mid West region is flanked by the Pilbara, Gascoyne, Wheatbelt and Goldfields-Esperance regions. It comprises 17 local governments.

The residential population of the Mid West region is 54,019.<sup>8</sup> Around 70 per cent of the Mid West population lives in the local government area of the City of Greater Geraldton.

The Mid West region's economy is built around mining, agriculture, fishing and tourism. Hospitals and primary schools are among the main sources of employment in the region.<sup>9</sup>

Regular Public Transport (RPT) air services in the region operate from airports in Geraldton, Mount Magnet, Meekatharra, and Wiluna. All the airports in the Mid West are owned and operated by local governments.

Of the airports in the Mid West region, the Geraldton Airport receives the most RPT passenger traffic. The RPT services between Perth and Geraldton are currently lightly regulated, while the Mount Magnet, Wiluna, and Meekatharra RPT air routes are fully regulated by the State Government.

### 4.1. Geraldton

#### Consultation Workshop

On 25 March 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Geraldton. Stakeholders who attended the Geraldton workshop included representatives from community organisations, local businesses, both airlines, tourism operators, the City of Greater Geraldton, and State Government agencies.

The workshop generated a range of ideas including inter-regional air services, schedule changes to better suit business travel and consideration of a smaller carrier/aircraft to service the route. In addition to the workshop, the Department of Transport provided for a community drop-in session in Geraldton for residents to convey their views directly to Department of Transport officers.

#### Airline Responses to Community Feedback

In September 2019, Qantas reduced the lead-in fare from \$232 to \$199 and the maximum fare from \$630 to \$475 (including airport fees and GST) following the withdrawal of Virgin from the Geraldton-Perth route in July 2019. Qantas also added services to accommodate some of the capacity lost with the departure of Virgin from the route.

#### Other Workshop Outcomes

- **Air service reliability:** One of the main issues raised at the Geraldton workshop was air service reliability. The BITRE statistics indicate that overall, airline performance on the route (in 2018) was comparable with other routes in regional WA (and greater than 80 per cent).<sup>10</sup> The cancellation rate can be more impactful on a route with fewer scheduled services like Geraldton. For example, if the afternoon flight from Geraldton is

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<sup>8</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Mid West](#), retrieved 5 July 2019.

<sup>9</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Mid West](#), retrieved 5 July 2019.

<sup>10</sup> Bureau of Infrastructure, Transport and Regional Economics: [Domestic on time performance](#), retrieved 21 May 2019.

cancelled, this results in the traveller having to overnight in Geraldton and perhaps miss a morning appointment in Perth.

- **Substitution of mode of travel:** The relatively close distance of approximately 400km between Geraldton and Perth enables travellers to consider driving rather than flying, especially when people can share the ride and travel as a group. Due to the ease of substitution of mode of travel (by road), travellers are often price sensitive on the Geraldton-Perth route. An 'affordable' one-way fare was considered by some in attendance at the Geraldton workshop to be \$149 (including airport fees and GST). Fares available on the Geraldton route are generally higher than that, except during sale periods, where fares have been historically available at rates such as \$99 and \$119 one-way.
- **Airfare sales:** Stakeholders reported that they are often unaware of airfare sales. Internet access is central to awareness of airfare sales and being able to book tickets in the timeframe required to take advantage of the sale. In the 2016 Census, conducted by the Australian Bureau of Statistics, nearly 18 per cent of the residents of Greater Geraldton reported that they do not access the internet in their homes.<sup>11</sup> This underscores the need for airlines to consider other formats for promoting their sales and assisting residents in regional WA to access those special fares.
- **Community engagement:** Some stakeholders submitted at the Geraldton workshop that air services to/from Geraldton do not adequately meet the needs of business travellers. Qantas reported that its flight schedule prioritises return corporate traffic during the week (i.e. early morning and late afternoon/evening departure times). Increased engagement by the airline with the Geraldton community can provide opportunities for improvements to be made to flight scheduling to address the issue. Stakeholders are keen to see airlines engaging more directly with regional communities by meeting with them on a regular basis to collaboratively discuss issues and opportunities for the route. To address this, the Department of Transport placed a condition on the aircraft licences of the airlines effective from 1 July 2019, requiring them to report data and undertake community and stakeholder engagement in Geraldton, when requested.
- **Inter-regional air services:** Inter-regional RPT air services was an idea that many participants at the Geraldton workshop put forward and/or supported. Connectivity with towns and cities such as Broome, Carnarvon, Exmouth, and Karratha were suggested. Some Geraldton workshop participants considered that the air route may also benefit from a mix of aircraft sizes on the route i.e. not just Fokker 100 jets, to improve scheduling timing and frequency. The subsequent departure of Virgin from the Geraldton-Perth route may have strengthened these views. The availability of smaller aircraft on the route may be the key to delivering the inter-regional connectivity and scheduling improvements the community aspires to. This matter is expected to be explored collaboratively by relevant stakeholder organisations in the future.

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<sup>11</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Greater Geraldton \(C\)](#), retrieved 21 May 2019.

## Policy Considerations

With a moderate level of passenger demand the Geraldton community has access to regular air services to Perth. The community's view is that the flight schedule needs to better meet the needs of business travellers flying from Geraldton. Affordability of airfares is important to the community especially given the ease of substitution to other modes of travel (by road).

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable and reliable RPT air services on the Geraldton-Perth route are critical for the Greater Geraldton community.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 5. Pilbara Region

The Pilbara region is in the north of the State and comprises the four local government areas of the Shire of Ashburton, the Shire of East Pilbara, the Town of Port Hedland, and the Shire of Roebourne. With a residential population for the Pilbara of approximately 61,500, around 35 per cent resides in Karratha.<sup>12</sup>

Iron ore mining, the production of liquefied natural gas, and the exporting of those commodities dominate the Pilbara economy. However, tourism is important to the economy in the Pilbara. In particular, the Karijini National Park is known for its unique and diverse landscape.

Regular public transport (RPT) air services in the region operate from airports in Karratha, Newman, Onslow, Paraburdoo and Port Hedland, of which Karratha and Port Hedland airports are the busiest in terms of RPT passenger traffic. The RPT services between Perth and the Pilbara airports are currently lightly regulated, with conditions placed on the aircraft licences of operating airlines including the provision of specified data and undertaking community engagement as directed by the Department of Transport.

### 5.1. Karratha

#### Consultation Workshop

On 21 March 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Karratha. Stakeholders who attended the Karratha workshop included representatives from community organisations, airlines, the resources sector, the City of Karratha, the Karratha and Districts Chamber of Commerce and Industry, and State Government agencies.

The workshop generated a range of ideas, including fixed price (capped) fares, fixed price pre-purchase of an 'electronic booklet' of fares, special fares on low-demand flights, standby fares, interstate routes, inter-regional connections ('milk runs'). In addition to the workshop, the Department of Transport provided for a community drop-in session in Karratha for residents to convey their views directly to Department of Transport officers.

#### Airline Responses to Community Feedback

One of the main concerns raised by the community through the Inquiry was about the high price of airfares on the Karratha route, particularly for travel at short notice. In response to these concerns, Qantas introduced the Qantas Discounted Fares for Residents Program for residents of Karratha in November 2017. The same concerns were later raised during the Karratha workshop. Under the program, residents of Karratha can access discounts of up to 30 per cent off the Qantas-controlled component of airfares across all economy fare classes on a maximum of 12 return trips per year, subject to fare rules and conditions.

While the Qantas Discounted Fares for Residents Program has been welcomed by the Karratha community, feedback from the workshop indicated that the program could be improved by adjustments to its functionality and accessibility. Examples of suggested adjustments include a revision of postcodes eligible under the program and improvements

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<sup>12</sup> Pilbara Development Commission: [Pilbara Region Community Profile](#), retrieved on 12 August 2019.

to the searchability of the Qantas Discounted Fares for Residents Program portal when using the Qantas website.

To enhance the social and economic benefits of the Qantas Discounted Fares for Residents Program, stakeholders expressed a strong preference for the program to be extended to friends and families of Karratha residents to enable reasonably priced travel to the regions. The liveability of the regions is critically dependent on being able to maintain on-going connections with families and friends through visits to and from regional areas.

An important issue raised about the discounted fares under the Qantas Discounted Fares for Residents Program was that they are only available for the purchase of return travel tickets. Stakeholders reported that the return date is often uncertain, as the purpose for travelling is often to attend such events as medical appointments, funerals and family emergencies. So, they asked Qantas for the program to be available for one-way bookings as well. In June 2019, Qantas responded to this issue by removing the \$99 change fee for bookings made under its Qantas Discounted Fares for Residents Program, to allow flexibility for regional passengers when purchasing a return airfare.

During the workshop, participants expressed a strong view about having discounted fares on flights when the aircraft is not full. Responding to this, Virgin recently introduced some special fares into the Karratha market. This included a trial of one-way fares at \$239 (including airport fees and GST) on Mondays and Thursdays for selected low demand sector flights. Virgin also introduced 45-day and 60-day advance-purchase special one-way fares (including airport fees and GST) at \$250 and \$269 respectively.

Some stakeholders at the Karratha workshop suggested capped fares for residents. On 20 August 2019, Qantas announced a maximum fare of approximately \$400 one-way (including airport fees and GST) for Karratha travellers using the Qantas Discounted Fares for Residents Program. The City of Karratha reduced the airport passenger service charge for travellers under the Qantas Discounted Fares for Residents Program to help unlock this benefit. The maximum fare under the program provides certainty to Karratha residents about the price of airfares, especially for travel at short notice.

Another idea supported by many participants at the Karratha workshop was related to airline loyalty programs and the transferability of points. Stakeholders were interested in holders of airline loyalty program points being able to donate or transfer them not only to family members but also to friends and community organisations. As at July 2019, both Qantas and Virgin allow points to be transferred to eligible family members. The Department of Transport has highlighted to the airlines the community's interest in expanding the transferability (beyond family members) of loyalty points.

At the Karratha workshop, stakeholders expressed a view that RPT connectivity with regional towns or centres other than Perth is highly desired by the Karratha community. This issue was discussed in the final report of the Inquiry, under Recommendation 9, which focused on exploring opportunities for inter-regional air services. A major outcome regarding this matter is that a new inter-regional air service has been established, connecting the towns of Karratha, Newman, Port Hedland and Broome in the Pilbara and Kimberley regions. The new air routes were made possible through collaboration and innovation between the respective Local Governments, the airline, and State Government. Rio Tinto has committed support for the introduction of a service between Karratha and Paraburdoo. The new service commenced in August 2019. The air services, using Beechcraft Super King Air B200 aircraft, save travellers time and money by providing direct access between regional towns and cities, without the need to fly via Perth. As the lead organisation in this initiative, the City of Karratha, in consultation with the Department of Transport, completed an open, competitive tender process in May 2019.

Aviair was the preferred tenderer and operates on the routes under monopoly rights granted by the Minister for Transport.

### Other Workshop Outcomes

- **Replicating Onslow air services:** Participants at the Karratha workshop were interested in the air services model in operation between Onslow and Perth, and exploring whether it could be implemented for Karratha. Virgin operates four weekly 'open' charter flights to Onslow for Chevron, with approximately 30 seats available to the public on each flight. The cost of the flight is essentially underwritten by Chevron. Chevron has worked with Virgin to establish an RPT airfare fixed at \$299 one-way (including airport fees and GST), on the remaining seats. This arrangement has significantly improved accessibility and affordability of the RPT service for the Onslow community. Following the Karratha workshop, the Department of Transport engaged with relevant stakeholders to discuss whether this model can be transferable to other air routes.
- **Airfare sales:** Stakeholders at the Karratha workshop and community drop-in event reported that they are often not aware of airfare sales, which impacts their ability to access more affordable airfares.
- **Community engagement:** Stakeholders are keen to see airlines engaging more directly with regional communities by meeting with them on a regular basis to collaboratively discuss issues and opportunities for the route. To address this, the Department of Transport placed a condition on the aircraft licences of airlines effective from 1 July 2019, requiring them to report data and undertake community and stakeholder engagement in Karratha, when requested.
- **Airport fees and charges:** Airlines have indicated a view that airport fees and charges in regional WA need to be considered when discussing airfare prices. The City of Karratha operates Karratha Airport as a commercial business with the charging strategy based on a combination of cost recovery and return-on-asset for the purposes of reinvestment and renewal. In terms of setting airport fees and charges, the City's strategy focuses on increasing load factors of RPT flights. Karratha Airport landing fees are significantly higher than other airports in the region at 75 per cent more than at Port Hedland International Airport (PHIA) (i.e. \$43.50 vs \$24.93 per tonne Maximum Take Off Weight, including GST, as at July 2019). However, passenger service charges at Karratha Airport are 25 per cent lower than at PHIA (i.e. \$19.51 vs \$26.19 per passenger, including GST).
- **Mine site airstrips:** Some regional stakeholders have expressed concern about the proliferation of mine site airstrips in proximity to RPT airports, which they view as having an adverse impact on the demand for existing RPT air services. This reduction of demand may lead to an increase of airfares as well as the loss of airport revenue for maintaining and developing the airport infrastructure. The issue was identified in the final report of the Inquiry, under Recommendation 13, which focused on the government approval process for new mining airstrips. An example relevant to Karratha is Cape Preston (approximately 80km south-west of Karratha), servicing the FIFO operations of the Citic Pacific mine site. The topic of mine site airstrips is addressed in the *WA Aviation Strategy 2020*.

## Policy Considerations

Despite robust passenger demand and a significant number of air services on the Karratha-Perth route, largely underpinned by the resources sector, air services in the current duopoly market are not meeting the community's expectations regarding affordability. Airfares therefore remain a primary policy consideration regarding the State Government's approach to the Karratha-Perth route.

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable and reliable RPT air services on the Karratha-Perth route are critical for the Karratha community.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 5.2. Newman

### Consultation Workshop

On 12 March 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Newman. Stakeholders who attended the Newman workshop included representatives from community organisations, both airlines, the Shire of East Pilbara, BHP, the Chamber of Minerals and Energy of WA, the Newman Chamber of Commerce and Industry, and State Government agencies. Feedback at the Newman workshop reinforced the views expressed during the Inquiry and it was commonly held that airfares are unaffordable for all except resources sector companies.

The workshop generated a range of ideas including capped fares for residents, special fares on low-demand flights, discounted fares for bulk bookings, and expanded marketing of special fares. In addition to the workshop, the Department of Transport provided for a community drop-in session in Newman for residents to convey their views directly to Department of Transport officers.

### Airline Responses to Community Feedback

One of the main concerns raised by the community through the Inquiry was about the high price of airfares on the Newman-Perth route, particularly for travel at short notice. In response to these concerns, Qantas introduced the Qantas Discounted Fares for Residents Program for residents of Newman in November 2017. The same concerns were also raised at the Newman workshop. Under the program, residents of Newman can access discounts of up to 30 per cent off the Qantas-controlled component of airfares across all economy fare classes on a maximum of 12 return trips per year; subject to fare rules and conditions.

While the Qantas Discounted Fares for Residents Program has been welcomed by the Newman community, feedback from the workshop indicated that the program could be improved by adjustments to its functionality and accessibility. Examples of suggested adjustments include a revision of postcodes eligible under the program and improvements to the searchability of the Qantas Discounted Fares for Residents Program portal when

using the Qantas website. To enhance the social and economic benefits of the Qantas Discounted Fares for Residents Program, stakeholders expressed a strong preference for the program to be extended to friends and families of Newman residents. The liveability of the regions is critically dependent on being able to maintain ongoing connections with families and friends through visits to and from regional areas.

An important issue raised about the discounted fares under the Qantas Discounted Fares for Residents Program was that they are only available for the purchase of return travel tickets. Stakeholders reported that the return date is often uncertain, as the purpose for travelling is often to attend such events as medical appointments, funerals and family emergencies. So, they asked Qantas for the program to be available for one-way bookings as well. In June 2019, Qantas responded to this issue by removing the \$99 change fee for bookings made under its Qantas Discounted Fares for Residents Program, to allow flexibility for regional passengers when purchasing a return airfare.

During the workshop, participants expressed a strong desire to have discounted or capped fares on flights when the aircraft is not full and when booking well in advance. It was noted that despite booking in advance, airfares on some flights were still very high for the community. Newman community members told the Department of Transport that they would use the air services more if a greater proportion of the one-way fares were in the \$200-\$300 range. Responding to this community feedback, Virgin recently introduced some special fares into the Newman market. This included a trial of 45-day and 60-day advance-purchase special one-way fares (including airport fees and GST) at \$250 and \$269 respectively.

On 4 September 2019, Qantas announced a maximum fare of approximately \$400 one way (including airport fees and GST) for Newman travellers using the Qantas Discounted Fares for Residents Program. The Shire of East Pilbara reduced the airport passenger service charge for travellers under the Qantas Discounted Fares for Residents Program to unlock this benefit. The maximum fare under the program provides certainty to Newman residents about the price of airfares, especially for travel at short notice, where the fare might otherwise be more than \$400.

At the Newman workshop, stakeholders expressed a view that RPT connectivity with regional towns or centres other than Perth is highly desired by the Newman community. This issue was also discussed in the final report of the Inquiry, under Recommendation 9, which particularly focused on exploring opportunities for inter-regional air services. A major outcome regarding this matter is that a new inter-regional air service has been established, connecting the towns of Karratha, Newman, Port Hedland and Broome in the Pilbara and Kimberley regions. The new air routes were made possible through collaboration and innovation between the respective Local Governments, the airline and State Government. Additionally, Rio Tinto has committed support for the introduction of a service between Karratha and Paraburdoo. The new service commenced in August 2019. The air services, using Beechcraft Super King Air B200 aircraft, saves travellers time and money by providing direct access between regional towns and cities, without the need to fly via Perth. The Shire of East Pilbara worked collaboratively with the City of Karratha and others on the initiative, which involved an open, competitive tender process in May 2019. Aviair was the preferred tenderer and will operate on the route under monopoly rights granted by the Minister for Transport.

## Other Workshop Outcomes

- **Replicating Onslow air services:** Some participants at the Newman workshop were interested in the air services model in operation between Onslow and Perth, and exploring whether it could be implemented for Newman. Virgin operates four weekly 'open' charter flights to Onslow for Chevron, with approximately 30 seats available to the public on each flight. The cost of the flight is underwritten by Chevron. Chevron has worked with Virgin to establish an RPT airfare fixed at \$299 one-way (including airport fees and GST), on the remaining seats. This arrangement has significantly improved accessibility and affordability of the RPT service for the Onslow community. Following the Newman workshop, the Department of Transport engaged with relevant stakeholders to discuss whether this model can be transferable to other air routes.
- **Airfare sales:** Stakeholders at the Newman workshop and community drop-in event reported that they are often not aware of airfare sales, which impacts their ability to access more affordable airfares.
- **Community engagement:** Stakeholders are keen to see airlines engaging more directly with regional communities by meeting with them on a regular basis to collaboratively discuss issues and opportunities for the route. To address this, the Department of Transport placed a condition on the aircraft licences of airlines effective from 1 July 2019, requiring them to undertake community and stakeholder engagement in Newman, when requested.
- **Mine site airstrips:** Some regional stakeholders, including in Newman, have expressed concern about the proliferation of mine site airstrips in proximity to RPT airports, which they view as having an adverse impact on the demand for existing RPT air services. This reduction of demand may lead to an increase of airfares as well as the loss of airport revenue for maintaining and developing the airport infrastructure. The issue was identified in the final report of the Inquiry, under Recommendation 13, which focused on the government approval process for new mining airstrips. The topic of mine site airstrips is addressed in the *WA Aviation Strategy 2020*.

## Policy Considerations

Despite strong passenger demand and a significant number of air services on the Newman-Perth route, air services in the current duopoly market are not meeting the community's expectations regarding affordability. Airfares therefore remain a primary policy consideration regarding the State Government's approach to the Newman-Perth route.

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable and reliable RPT air services on the Newman-Perth route are critical for the Newman community.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 5.3. Onslow

### Consultation Workshop

On 22 May 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Onslow. Stakeholders who attended the Onslow workshop included representatives from community organisations, local business, the tourism sector and health services, Virgin, the Shire of Ashburton, Chevron, BHP, the Onslow Chamber of Commerce and Industry, and State Government agencies.

The workshop generated a range of ideas, including the release of unused seats for public sale, tourist and family friendly flight times, tourism and group all-inclusive packages along with increased promotion and consistency of flight times across the week. In addition to the workshop, the Department of Transport also provided for a community drop-in session in Onslow for residents to convey their views directly to Department of Transport officers.

### Airline Response to Community Feedback

Feedback received during the Onslow workshop suggests that overall, the price of airfares appears to be meeting the community needs. The Onslow airfare price model made possible through Chevron and Virgin's partnership was recognised as a good model by participants at many other regional workshops in WA. They were interested in the air fare pricing in operation between Onslow and Perth, and keen to explore whether it could be implemented for their respective towns. Following the workshops, the Department of Transport engaged with relevant stakeholders to discuss whether the Onslow model can be transferable to other regional air routes.

Workshop participants in Onslow indicated some concern with limited access to seats on the RPT air services. It was reported that Onslow community members and business operators sometimes drive to Karratha and Exmouth to access air services when the Onslow RPT service is sold out. In response to the workshop feedback, Chevron released more RPT seats on their flights to the community for purchase, effective from 17 June 2019.

With the RPT services largely reliant on FIFO demand, the future operational needs of Chevron must be understood and considered to ensure service levels remain appropriate not only for the resource sector but also for the broader Onslow community. As Chevron's Wheatstone Project nears full production phase requiring less staff, the level of RPT air services may need to be adjusted into the future. Prompt engagement with all parties can aid in determining collaborative ways forward.

There was also a view that as the schedule of flights is FIFO centric, flight times (e.g. very early in the morning) are often not suitable for the community. Additionally, there was concern raised as to the continuity of air services at an affordable price and more broadly apprehension around the future of the Onslow-Perth air route given it is underwritten by the resource sector. In mid-2019, Chevron in collaboration with Virgin reviewed the Onslow flight schedule. Following the community feedback, the alternating fortnightly Thursday / Friday service was replaced by a set weekly Friday flight. Effective from 14 October 2019, the Monday morning flight was rescheduled to leave Perth at 7.30am to be more family friendly.

## Policy Considerations

Despite a relatively low level of demand by the general community, Onslow travellers have access to regular air services to Perth due to a unique arrangement between Chevron and Virgin. The community's view is that public access to seats on air services is sometimes limited and the flight schedule needs to better meet the needs of community travellers. The current fixed price of airfares on the route appears to be deemed affordable to the community. Accessibility therefore is the primary policy consideration regarding the State Government's approach to the Onslow-Perth route.

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable and reliable RPT air services on the Onslow-Perth route are critical for the Onslow community.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The new engagement airline licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 5.4. Paraburdoo and Tom Price

### Consultation Workshop

On 5 March 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Paraburdoo. Stakeholders who attended the Paraburdoo workshop included representatives from Paraburdoo and Tom Price community organisations, the airline, resources sector, the Shire of Ashburton, Pilbara Inland Chamber of Commerce and Industry, and State Government agencies.

The workshop generated a range of ideas including reduced airfares for advance purchase, promoted weekend flights with investment in tourism and improvements to the Qantas Discounted Fares for Residents Program. The most popular idea at the workshop was discounts for advanced purchases for all flights. In addition to the workshop, the Department of Transport provided for a community drop-in session in Paraburdoo for residents to convey their views directly to Department of Transport officers.

### Airlines Responses to Community Feedback

One of the main concerns raised by the community through the Inquiry was about the high price of airfares on the Paraburdoo route, particularly for travel at short notice. In response to these concerns, Qantas introduced the Qantas Discounted Fares for Residents Program for residents of Paraburdoo in November 2017. Feedback at the Paraburdoo workshop reinforced the views expressed during the Inquiry and it was commonly held that airfares are unaffordable for all except resources sector companies. Under the Qantas Discounted Fares for Residents Program, residents of Paraburdoo can access discounts of up to 30 per cent off the Qantas-controlled component of airfares across all economy fare classes on a maximum of 12 return trips per year; subject to fare rules and conditions.

While the Qantas Discounted Fares for Residents Program has been welcomed by the Paraburdoo community, feedback from the workshop indicated that the program could be improved by adjustments to its functionality and accessibility.

Examples of suggested adjustments include a revision of postcodes eligible under the program and improvements to the searchability of the Qantas Discounted Fares for Residents Program portal when using the Qantas website. To enhance the social and economic benefits of the Qantas Discounted Fares for Residents Program, stakeholders expressed a strong preference for the program to be extended to friends and families of Paraburdoo and Tom Price residents to enable reasonably priced travel to the regions. The liveability of the regions is critically dependent on being able to maintain on-going connections with families and friends through visits to and from regional areas.

An important issue raised about the discounted fares under the Qantas Discounted Fares for Residents Program, was that only return travel tickets may be purchased. Stakeholders reported that the return date is often uncertain, as the purpose for travelling is often to attend such events as medical appointments, funerals and family emergencies. In the Paraburdoo workshop Qantas was asked for the program to be available for one-way bookings. In June 2019, Qantas responded to this issue by removing the \$99 change fee for bookings made under its Qantas Discounted Fares for Residents Program, providing flexibility for regional passengers when purchasing a return airfare.

### Other Workshop Outcomes

- **Replicating Onslow air services:** Some participants at the Paraburdoo workshop were interested in the air services model in operation between Onslow and Perth, and exploring whether it could be implemented for Paraburdoo. Virgin operates four weekly 'open' charter flights to Onslow for Chevron, with approximately 30 seats available to the public on each flight. The cost of the flight is underwritten by Chevron. Chevron has worked with Virgin to establish an RPT airfare fixed at \$299 one-way, (including airport fees and GST), on the remaining seats that are not used by Chevron. This arrangement has significantly improved accessibility and affordability of the RPT service for the Onslow community. Following the Paraburdoo workshop, the Department of Transport engaged with relevant stakeholders to discuss whether this model can be transferable to other air routes. This matter will be explored in more depth as it appears that the Paraburdoo route has similar characteristics to Onslow.
- **Airfare sales:** Stakeholders at the Paraburdoo workshop and community drop-in event reported that they are often not aware of airfare sales, which impacts their ability to access more affordable airfares. In the 2016 Census, conducted by the Australian Bureau of Statistics, 8.1 per cent of the residents of Paraburdoo reported that they do not access the internet in their homes.<sup>13</sup> This underscores the need for airlines to consider other formats for promoting their sales and assisting residents in regional WA to access those special fares.
- **Community engagement:** Stakeholders are keen to see airlines engaging more directly by meeting with them on a regular basis to collaboratively discuss issues and opportunities for the route. To address this, the Department of Transport placed a condition on the aircraft licences of airlines effective from 1 July 2019, requiring them to undertake community and stakeholder engagement in Paraburdoo, when requested.
- **Connectivity to regional towns:** At the Paraburdoo workshop, stakeholders expressed a view that RPT connectivity with regional towns or centres other than Perth is highly desired by the Paraburdoo community. This issue was discussed in the final report of the Inquiry, under Recommendation 9, which focused on exploring

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<sup>13</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Paraburdoo](#), retrieved 27 September 2019.

opportunities for inter-regional air services. A major outcome regarding this matter is that a new inter-regional air service has been established, connecting the towns of Karratha, Newman, Port Hedland and Broome in the Pilbara and Kimberley regions. The new air routes were made possible through collaboration and innovation between the respective Local Governments, the airline, and State Government. Rio Tinto has committed support for the introduction of a service between Karratha and Paraburdoo. The new service commenced in August 2019. The air services, using Beechcraft Super King Air B200 aircraft, save travellers time and money by providing direct access between regional towns and cities, without the need to fly via Perth. As the lead organisation in this initiative, the City of Karratha, in consultation with the Department of Transport, completed an open, competitive tender process in May 2019. Aviair was the preferred tenderer and operates on the routes under monopoly rights granted by the Minister for Transport.

- **Mine site airstrips:** Some regional stakeholders have expressed concern about the proliferation of mine site airstrips in proximity to RPT airports, which they view as having an adverse impact on the demand for existing RPT air services. This reduction of demand may lead to an increase of airfares as well as the loss of airport revenue for maintaining and developing the airport infrastructure. The issue was also identified in the final report of the Inquiry, under Recommendation 13, which particularly focused on the government approval process for new mining airstrips. An example relevant to Paraburdoo is that Rio Tinto operate several mine sites in the area, such as Brockman 4 located 60 km north-west of Tom Price.<sup>14</sup> FIFO workers are transported on charter services directly between Perth and Boolgeeda Airport servicing the mine sites. The topic of mine site airstrips is addressed in the *WA Aviation Strategy 2020*.
- **Continuity of air services:** Some concern was raised during the workshop as to the future of Paraburdoo Airport given it is owned by a mining entity. Stakeholders pointed to the potential impact on the community should iron ore mining activities within the existing vicinity of Paraburdoo decline in the coming years, which can lead to a significant drop-in demand for RPT services.

## Policy Considerations

With a moderate level of passenger demand and RPT air services on the Paraburdoo-Perth route, underpinned by the resources sector, air services in the current monopoly market are not meeting the community's expectations regarding affordability. Airfares therefore remain a primary policy consideration regarding the State Government's approach to the Paraburdoo-Perth route.

From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions. Affordable RPT air services on the Paraburdoo-Perth route are critical for the local community.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region.

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<sup>14</sup> Rio Tinto: [Brockman 4](#) (NRW Holdings), retrieved June 2019.

The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.

## 5.5. Port Hedland

### Consultation Workshop

On 19 March 2019, the Department of Transport facilitated an Airfare and Air Services Workshop in Port Hedland. Stakeholders who attended the Port Hedland workshop included representatives from community organisations, both airlines, the Town of Port Hedland, Port Hedland International Airport, the Chamber of Minerals and Energy of WA, the Port Hedland Chamber of Commerce and Industry, and State Government agencies.

The workshop generated a range of ideas including, capped one-way fares of \$200 for residents, accelerated accumulation of points under loyalty programs for Pilbara residents and cross-subsidisation (with other Australian air routes) of airfares for the Pilbara. In addition to the workshop, the Department of Transport provided for a community drop-in session for residents of Port Hedland and South Hedland to convey their views directly to Department of Transport officers.

### Airline Responses to Community Feedback

One of the main concerns raised by the community through the Inquiry was about the high price of airfares on the Port Hedland-Perth route, particularly for travel at short notice. In response to these concerns, Qantas introduced the Qantas Discounted Fares for Residents Program for residents of Port Hedland in November 2017. The same concerns were later raised during the Port Hedland workshop. Under the program, eligible travellers can access discounts of up to 30 per cent off the Qantas-controlled component of airfares across all economy fare classes on a maximum of 12 return trips per year; subject to fare rules and conditions.

While the Qantas Discounted Fares for Residents Program has been welcomed by the community, feedback from the workshop indicated that the program could be improved by adjustments to its functionality and accessibility. Examples of suggested adjustments include a revision of postcodes eligible under the program to at least include residents of South Hedland and improvements to the searchability of the Qantas Discounted Fares for Residents program portal when using the Qantas website. To enhance the social and economic benefits of the Qantas Discounted Fares for Residents Program, stakeholders expressed a strong preference for the program to be extended to friends and families of Port Hedland and South Hedland residents to enable reasonably priced travel to the regions. The liveability of the regions is critically dependent on being able to maintain ongoing connections with families and friends through visits to and from regional areas.

An important issue raised about the discounted fares under the Qantas Discounted Fares for Residents Program was that they are only available for the purchase of return travel tickets. Stakeholders reported that the return date is often uncertain, as the purpose for travelling is often to attend such events as medical appointments, funerals and family emergencies. So, they asked Qantas for the program to be available for one-way bookings as well. In June 2019, Qantas responded to this issue by removing the \$99 change fee for bookings made under its Qantas Discounted Fares for Residents program, to allow flexibility for regional passengers when purchasing a return airfare.

During the workshop, participants suggested discounted fares for flights when the aircraft is not full. Responding to this, Virgin introduced some special fares into the Port Hedland market. This included a trial of one-way fares at \$239 (including airport fees and GST) on Mondays and Thursdays for certain low demand sector flights. Virgin also introduced 45-day and 60-day advance-purchase special one-way fares (including airport fees and GST) at \$250 and \$269 respectively.

At the Port Hedland workshop, some stakeholders expressed a view that RPT connectivity with regional towns or centres other than Perth is highly desired by the Hedland communities. This issue was also discussed in the final report of the Inquiry, under Recommendation 9, which particularly focused on exploring opportunities for inter-regional air services. A major outcome regarding this matter is that an inter-regional air service has been established, connecting the towns of Karratha, Newman, Port Hedland and Broome in the Pilbara and Kimberley regions. The new air routes were made possible through collaboration and innovation between the respective Local Governments, the airline and State Government. Rio Tinto has committed support for the introduction of a service between Karratha and Paraburdoo. The new service commenced in August 2019. The air services, using Beechcraft Super King Air B200 aircraft, saves travellers time and money by providing direct access between regional towns and cities, without the need to fly via Perth. As the lead organisation in this initiative, the City of Karratha, in consultation with the Department of Transport, completed an open, competitive tender process in May 2019. Aviair was the preferred tenderer and operates on the routes under monopoly rights granted by the Minister for Transport.

### Other Workshop Outcomes

- **Airfare sales:** Stakeholders at the Port Hedland workshop and community drop-in event reported that they are often not aware of airfare sales. It was also noted at the workshop that people needing the sale-priced fares the most are the ones that may not have access to the technology generally used by airlines. This is perhaps a factor in many regional parts of WA. It is notable that 14.4 per cent of Port Hedland residents do not access the internet from their homes (by any device).<sup>15</sup>
- **Community engagement:** Stakeholders are keen to see airlines engaging more directly with regional communities by meeting with them on a regular basis to collaboratively discuss issues and opportunities for the route. To address this, the Department of Transport placed a condition on the aircraft licences of airlines effective from 1 July 2019, requiring them to report data and undertake community and stakeholder engagement in Port Hedland, when requested.

### Policy Considerations

Despite robust passenger demand and a significant number of air services on the Port Hedland-Perth route, largely underpinned by the resources sector, air services in the current duopoly market are not meeting the community's expectations regarding affordability. Airfares therefore remain a primary policy consideration regarding the State Government's approach to the Port Hedland-Perth route. Affordable and reliable RPT air services on the Port Hedland-Perth route are critical for the Port Hedland community.

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<sup>15</sup> Australian Bureau of Statistics: [2016 Census Quick Stats – Port Hedland \(T\)](#), retrieved 5 June 2019.



From a policy perspective, government intervention may be required when air services do not meet community needs in terms of affordability, frequency, reliability, and quality, and therefore can have a detrimental impact on the liveability of the regions.

Airline reporting on specified data to the State Government will enable greater transparency of air service performance. Regular airline engagement with communities and stakeholders will aim to raise community awareness of lower airfares and collaboratively identify new, innovative opportunities for the route and the region. The community engagement licence conditions are largely consistent with the requirements on the fully regulated routes in WA, the latter of which have been valued by communities and deemed successful.