GOVERNMENT OF
WESTERN AUSTRALIA

WA Aviation Strategy 2020 - Supporting Documents

WA Air Services

February 2020

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1. Overview

The *WA Aviation Strategy 2020* seeks to achieve four main goals:

This document provides information in respect of these goals.

- **Section 2 – National and State Policy Context** outlines State and Commonwealth subsidy schemes and the state of aviation training and development.
- **Section 3 – Regulation Policy for Air Services** sets out the strategic policy and governance context of aviation in Western Australia and the State Government's objectives and approach to Regular Public Transport (RPT) air services.
- **Section 4 – Regional Air Routes in WA** provides an overview of community consultation undertaken as part of the review of the State Aviation Strategy and route by route profiles within each region.
- **Section 5 – Aviation Route Development and its Impact on Tourism outlines** the economic benefits of tourism through air route development and details Tourism Western Australia's two-year action plan.
- **Section 6 – Air Freight in Western Australia** details demand and growth in air freight in Western Australia and discusses the economics and future opportunities for air freight.

2. National and State Policy Context

The *WA Aviation Strategy 2020* considers the broader national and state policy context.

2.1. National Inquiry into the Operation, Regulation and Funding of Air Route Service Delivery to Rural, Regional and Remote Communities

In November 2017, the Commonwealth Government's Senate referred an inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities, to the Rural and Regional Affairs and Transport References Committee (RRATR Committee).[1]

The issues in the inquiry were consistent with those addressed through Western Australia's Economics and Industry Standing Committee (EISC) Parliamentary Inquiry into Regional Airfares in Western Australia. The final report, *Perceptions and Realities of Regional Airfare Pricing in Western Australia*, was released in November 2017 (refer to Section 3.3. Strategic Policy Approach to Regular Public Transport Air Routes in WA).

On 7 June 2019, the RRATR Committee delivered its report and made many findings in line with those set out by the WA EISC Inquiry. The Commonwealth Government responded to the RRATR Committee Inquiry, in December 2019, agreeing to review WA's Strategic Airport Asset and Financial Management Framework and noting the other recommendations. It committed to develop a Regional Aviation Policy statement and undertake up to six case studies to assess the financial impact of the new aviation security requirements on regional airports and, where possible, the flow on impact to local communities.

The outcomes from the RRATR Committee Inquiry that are relevant to Western Australia are also considered in the **WA Airports** document.

2.2. Commonwealth Remote Air Services Subsidy Scheme

The Remote Air Services Subsidy (RASS) Scheme subsidises a regular weekly air transport service for the carriage of passengers and goods such as educational materials, medicines, fresh foods and other urgent supplies to communities in remote and isolated areas of Australia.

2.3. State Regional and Remote Travel Subsidy Schemes

2.3.1 Patient Assisted Travel Scheme

The Patent Assisted Travel Scheme (PATS), which is administered by the Western Australian Country Health Service, provides a subsidy to eligible patients for the costs associated with travelling to receive medical specialist services. Financial assistance for air travel is provided to permanent residents in a WA Country Health Service region, if the nearest eligible medical specialist is more than 16 hours (one-way) by road.

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[1] *Senate Standing Committees on Rural and Regional Affairs and Transport*, Parliament of Australia.

Patients undergoing cancer treatment may be eligible for the air travel subsidy, if the journey is more than 350 kilometres by road.

2.3.2   Pensioner Annual Free Trip Scheme

The Pensioner Annual Free Trip Scheme (PAFTS) is a subsidy scheme administered by the Department of Transport (DoT) that provides eligible pensioners living above the 26th parallel, one return trip to Perth or elsewhere in the South West Land Division (provided the fare is not greater than that to Perth) per calendar year.[2] In 2018-19, $1.2 million was expended on the PAFTS.[3]

2.3.3   Student Travel Subsidy Scheme

The Student Travel Subsidy Scheme (STSS) provides travel assistance to eligible full-time enrolled school and tertiary students who live in remote and regional Western Australia to overcome geographical isolation from schools and other educational institutions.[4]

The fare allowance is limited to the cost of the air/bus/train fare for the most direct route between the principal family home or usual place of residence and Perth. Any additional cost must be borne by the parent(s).

In 2018-19, DoT provided almost $1.3 million in subsidies to assist families living in the regional and remote Western Australia, with the cost of travel to and from educational institutions.[5]

2.4.   Premier's Circular on Government Travel

In March 2019, the State Government committed to greater utilisation of public air transport by departments and agencies to help maintain an adequate level of Regular Public Transport (RPT) air services to remote and regional towns.

2.5.   Aviation Training

In response to the accelerating demand for aviation and its burgeoning airline fleets, there is a worldwide growth in demand for pilots, with the Asia-Pacific region representing the area of greatest need, as identified in Figure 1.[6]

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[2]   Pensioner annual free trip scheme, Department of Transport website.
[3]   As advised by On Demand Transport, Department of Transport 19 November 2019.
[4]   Student travel subsidies, Department of Transport website.
[5]   As advised by On Demand Transport, Department of Transport 19 November 2019.
[6]   Airbus forecasts $3 trillion commercial aviation aftermarket services over the next 20 years, 12 July 2016, Airbus website, retrieved 19 March 2019.

Figure 1: Pilot outlook by region map[7]
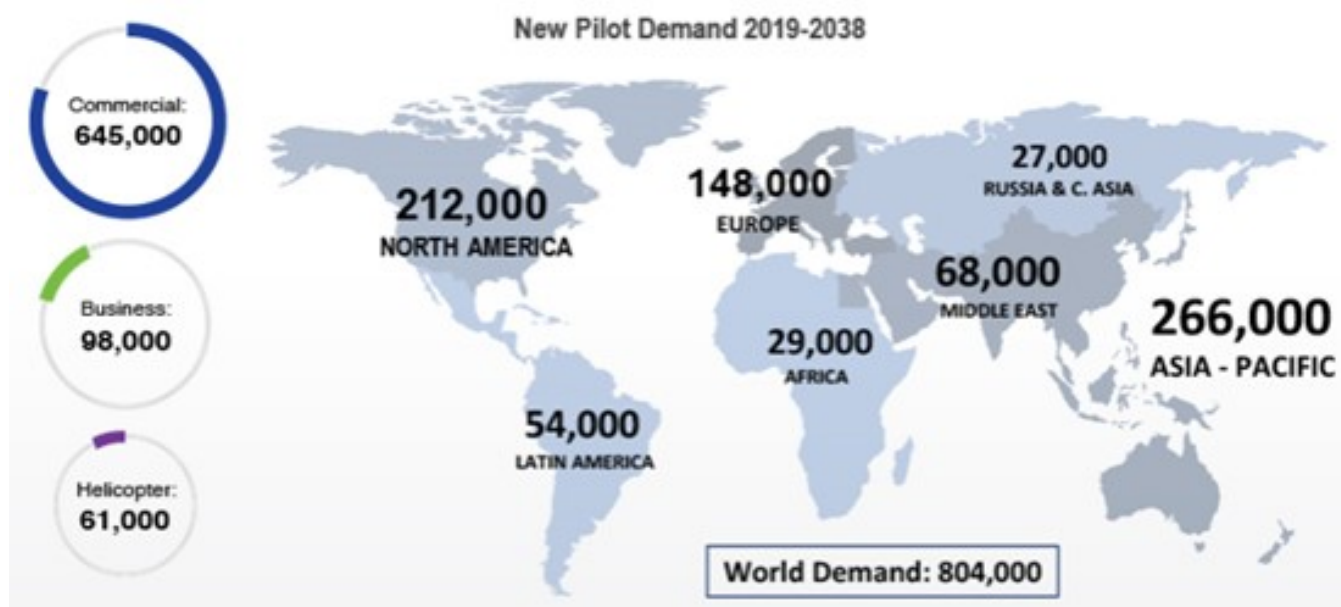
Strong demand for pilots has created situations, particularly for small to medium sized airlines where individual regional flights - or even regular services - are cancelled, because there are no available pilots to operate the aircraft. For example, in May 2018 Regional Express (Rex) announced a reduction in South Australian regional air services in a bid to better utilise scarce resources amid a global pilot shortage.[8]

Pilots and flight instructor numbers in Western Australia declined from 1,373 in 2011 to 1,295 in 2016.[9] The decline is attributed to an ageing workforce and retirements, a low level of replacement workforce and poaching from overseas airlines. New entrants to the pilot workforce are limited by the long lead time to get the necessary experience and licenses, significant costs associated with flying hours and a lack of flying instructors to facilitate training. Pilot shortages affect more than just RPT and charter services, but also general aviation industries including aeromedical and emergency services operations, along with the Police Air Wing.

Fewer young people are also entering the aircraft maintenance engineering workforce and the average age of licensed aircraft maintenance engineers in Australia has increased from 48 in 2012-13, to 52 in 2018-19.[10,11] This occupation has faced issues with efficient licensing processes. This issue is expected to improve once changes to align relevant training packages with Civil Aviation and Safety Authority (CASA) licensing requirements are finalised.[12]

Across the aviation industry, the following occupations have been identified as being affected by some level of skills, experience and/or labour shortages:

- aeroplane flight instructors
- check and training captains
- flight examiners

[7] _Pilot Outlook: 2019-2038_, Boeing website, retrieved 3 September 2019.
[8] Media Release: _Rex announces a reduction in services between Mt Gambier and Adelaide_, Regional Express, 16 May 2018.
[9] ABS Census data report, WA, 2011, 2016, as provided to Department of Training and Workforce Development.
[10] _Annual Report 2016-17_, Civil Aviation Safety Authority, September 2017, p.192.
[11] _Annual Report 2018-19_, Civil Aviation Safety Authority, September 2019, p.164.
[12] _Aviation IRC Skills Forecast - 2019_, Australian Industry Standards, 2019.

- aeroplane pilots – fixed wing
- helicopter pilots
- licenced aircraft maintenance engineers
- airport manager and airport operations managers
- senior aerodrome operators
- surface engineers for runways and tarmac

Retaining key staff at regional airports continues to be a specific challenge.

2.5.1 Industry-driven Workforce Development

Rather than continue to attract pilots from competing airlines or directly from training colleges, where pilots may not have experience in relevant aircraft types, many airlines are instead investing in their own airline-specific training schools.

In 2018, the Qantas Group announced that Toowoomba (Queensland) will be the first of two regional locations for its new Pilot Academy. The Toowoomba Academy is due to open in late-2020 and has the capacity to train up to 250 pilots a year.[13] In 2019, Qantas Group announced Mackay (Queensland) as its second regional location for its new Pilot Academy.

Virgin Australia has been running a Pilot Cadetship program through Flight Training Adelaide since 2012, training between 10-20 cadets each year.[14] In 2019, it commenced a program of two *ab initio* (no experience required) intakes, in January and July. Virgin Australia has also announced plans to set up a pilot training school as part of an Aviation Centre of Excellence at Tamworth (New South Wales), though details have not yet been confirmed.[15]

Since 2007, the Australian Airline Pilot Academy (AAPA), a subsidiary of Rex, which is based in Wagga Wagga (NSW), has undertaken 23 courses (231 cadets), of which 211 have successfully completed training.[16] AAPA was established by Rex to combat the severe pilot shortage which impacted the aviation industry in 2007-08.[17]

Singapore Flying College, which has a base at Jandakot Airport, offers a Multi-crew Pilot Licence program for students sponsored by Singapore Airlines.[18] A Commercial Pilot Licence program is also available which is suitable for privately sponsored students. China Southern West Australian Flying College, has bases at Jandakot and Merredin and has the capacity to graduate 120 pilots each year, who are then offered places at China Southern Airlines.[19]

The Republic of Singapore Air Force (RSAF) has also conducted flying training at the Royal Australian Air Force (RAAF) Base Pearce since 1993. Every current RSAF pilot has undertaken training at RAAF Base Pearce.[20]

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[13] *Qantas Group Pilot Academy to land in Toowoomba*, Qantas Group Media Release, 27 September 2018; and Qantas Group Pilot Academy website.
[14] *Careers: Pilot Cadetship*, Virgin Australia website, retrieved 19 March 2019.
[15] *Virgin Australia Group announces world-class pilot training centre in Tamworth*, Virgin Australia Newsroom, 31 October 2018.
[16] *Why AAPA?*, Australian Airline Pilot Academy website, retrieved 8 April 2019.
[17] Media Release: *Rex to Construct Pilot Academy at Wagga Wagga*, Regional Express and City of Wagga Wagga, 18 February 2009.
[18] Singapore Flying College website, retrieved 19 March 2019.
[19] China Southern West Australian Flying College website, retrieved 20 March 2019.
[20] Media Statement: *25 years of the Republic of Singapore Armed Forces training at RAAF Base Pearce*, Commonwealth Department of Defence, 12 November 2018.

2.5.2   Aviation Training Development

The Department of Training and Workforce Development is responsible for the State Priority Occupation List (SPOL). The SPOL is an annually produced list of occupations considered critical to the State and/or that have demonstrated significant unmet demand. A key purpose of the SPOL is to help guide Government purchasing of training in WA. The SPOL is based on relevant labour market data and compiled each year in consultation with key stakeholders, including the State's nine industry-linked training councils.

For several years, the SPOL has identified the occupations of aeroplane pilot, flying instructor, helicopter pilot, aircraft maintenance engineer (avionics), aircraft maintenance engineer (mechanical) and aircraft maintenance engineer (structures) as priority occupations for Western Australia.

The Department of Training and Workforce Development is responsible for the broad training strategy and planning, as well as the provision of funds to registered training organisations for certain types of training delivery. These organisations, which include both public and private providers, are responsible for the actual delivery of the training.

Further information on the SPOL is available on the Department of Training and Workforce Development website.[21]

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[21] State priority occupation list, Department of Training and Workforce Development website.

3. Regulation Policy for Regular Public Transport Air Services

3.1. Strategic Policy Context

Aviation in Western Australia is essential to the economies of regional communities and for the social and health needs of regional people, who are dependent on sustainable, safe and reliable air services. Air services are often the most efficient mode of transport for WA's dispersed communities. Air services are also critical for mining and business operations across the State, as well as bringing visitors to the regions, growing tourism markets.

Aviation policy is complex; there are many volatile factors in the dynamic and multi-layered environment of Regular Public Transport (RPT) air services. In the WA aviation context, key factors that affect the aviation environment include the volatility of global commodity prices, higher costs of regional operations, one-way passenger demand, demand for closed charter (fly-in, fly-out) operations, capacity and infrastructure of regional airports, changing trends in the aircraft fleet operating within WA, changing aircraft technology and other factors. The complexity is further increased by the differing components of the air service market in WA including:

- intrastate (regional):
  - intra-regional (i.e. between regional centres in a single region); and
  - inter-regional (between regional centres in different regions);
- interstate (domestic)
- international.

3.2. State Government Objectives for Regular Public Transport Air Services in WA

The State Government's objectives for RPT air services on intrastate routes in WA are to:

- enable affordable access to essential air services for the community;
- enable adequate frequency of air services;
- improve the liveability of regional towns;
- foster economic, social and tourism development throughout WA; and
- support the wider State economy, particularly the resources and tourism sectors.

The State Government encourages and supports the development of direct air services between regional towns, Perth, other Australian capital cities and international destinations, particularly where there are opportunities to stimulate inbound interstate and international tourism.

Examples of direct interstate and international connections to WA's regions include the Kalgoorlie-Melbourne, Broome-Melbourne, Port Hedland-Brisbane and Port-Hedland-Denpasar air routes, with new Busselton-Melbourne flights starting from March 2020. In addition, to encourage further regional travel for passengers travelling on direct flights between London and Perth, Qantas continues to offer its Explorer Pass, providing savings on additional domestic flights within Australia for international travellers.

This includes travel to Broome or Exmouth (where fares of £35-£50, or approximately AU$60-$90 have been available) (refer to Section 5.2. Case Study 8: Qantas London-Perth). Virgin offers a similar 'PlusPass' product for inter-Australian travel as well.

3.3. Strategic Policy Approach to Regular Public Transport Air Routes in WA

3.3.1 Policy Rationale

The 2017 Parliamentary Inquiry into Regional Airfares in Western Australia prompted a review of the State's regulatory approach, and the introduction of new measures such as additional licence conditions on previously unregulated routes (refer to Section 3.4.1. Aircraft Licences).

Historically, the State Government had adopted a relatively light-handed approach to regulation of air routes in regional Western Australia. Prior to June 2018, six regional air routes in WA were fully regulated, leaving up to nine air routes open to competition or unregulated. To date all RPT routes in WA have been operating without government subsidies, except for the Kununurra-Halls Creek-Balgo route.

The level of government intervention in aviation markets in WA needs to take into consideration both the needs and aspirations of the community, as well as the commercial realities of the aviation and resources industries.[22] Decisions on the extent of regulatory intervention in the aviation market must balance the (often competing) objectives of communities and industry in the context of each route's unique characteristics and dynamics.

Deeds of agreement on regulated routes, and new licence conditions on previously unregulated routes, require airlines to provide specified data to the State Government on a regular basis. Transparency about air service performance and pricing is essential to ensure the public interests are being met, and to enable the State Government to make data-driven decisions about policy and regulation. In addition, qualitative data is received from engagement between airlines, airports, communities and stakeholders on a route-by-route basis.

Analysis of this data enables the State Government to conduct its policy and regulatory functions more effectively. By monitoring the operation of the intrastate aviation market, and identifying whether the market is operating to provide reasonable service and pricing outcomes on each RPT route, decisions can be made whether to take a more interventionist regulatory approach if satisfactory outcomes are not being achieved in a timely manner.[23]

3.3.2 Route-by-Route Regulation

The State Government considers various levels of regulation on air routes while taking into account the unique circumstances of each route, particularly the needs of community and industry. The RPT routes in WA are discussed in detail in later sections, by region and route.

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[22] Perceptions and Realities of Regional Airfare Prices in Western Australia, 30 November 2017.
[23] Perceptions and Realities of Regional Airfare Prices in Western Australia, 30 November 2017.

3.3.3 Regulatory Options Available to the State Government

In fulfilling its role as a regulator, the State scales its response between the following regulatory options for RPT routes:

- **Fully regulate** routes on which demand for RPT air services is marginal and there is a significant risk in communities not having access to an adequate level of RPT services. Fully regulated routes are established by awarding exclusive monopoly rights to one airline through a competitive tender process.

  This approach:
  - creates a protected monopoly for a defined term (typically five years), restricting market entry by another airline
  - provides greater certainty of air services and pricing to both the community and industry for the term of the deed of agreement
  - protects the viability of marginal RPT air services, enables the State Government to periodically test the market's pricing levels and provides the opportunity for airline industry innovation through flexibility within the tender process. However, this does not mean guaranteed profits for the RPT airline awarded exclusive rights to operate air services on the route

- **Lightly regulate** routes that receive an adequate level of RPT air services in a monopoly or duopoly airline market, but where there is community concern about the affordability and reliability of air services.

  On lightly regulated routes the State Government, at a minimum:
  - requires airlines operating RPT air services to report statistics and prescribed records in order to monitor service performance
  - requires engagement by airlines with regional stakeholders and communities on a route-by-route basis
  - does not restrict entry into the market by other airlines.

- **Do not regulate** routes where multiple airlines operate, and where the passenger demand is robust in a well-functioning free market.

Table 1 outlines the policy framework for Government intervention on intrastate routes; and Figure 2 demonstrates the regulatory options for RPT air routes and the actions taken since the Parliamentary Inquiry.

Table 1: Policy Framework for Regular Public Transport Routes

No.	Route Market Type	Characteristics	Type of Government's Intervention	Regulatory Tool and Rationale for Government Intervention
1.	Duopoly	- Two airlines operate RPT air services - No State regulatory barriers to new carriers - Examples: Karratha, Broome, Kalgoorlie routes	Lightly regulated	- Aircraft licence conditions for: - community engagement - data provision - Application of this tool provides for both quantitative and qualitative assessment of route performance which in turn assists with better informed decision making.

No.	Route Market Type	Characteristics	Type of Government's Intervention	Regulatory Tool and Rationale for Government Intervention

2.	Monopoly (underpinned by resources sector)	• One airline operates RPT air services
		• No State regulatory barriers to new carriers
		• Services underwritten by one or more major resource companies
		• Examples: Paraburdoo, Onslow routes
			Lightly regulated	• Aircraft licence conditions for:
				  – community engagement
				  – data provision
				• Application of this tool provides for both quantitative and qualitative assessment of route performance which in turn assists with better informed decision making.

3.	Monopoly (other)	• One airline operates RPT air services
		• No State regulatory barriers to new carriers
		• Services dependent on a range of types of demand
		• Examples:
		• Geraldton, Exmouth routes
			Lightly regulated	• Aircraft licence conditions for:
				  – community engagement
				  – data provision
				• Application of this tool provides for both quantitative and qualitative assessment of route performance which in turn assists with better informed decision making.

4.	Monopoly (marginal but commercially sustainable)	• Government tenders RPT air route
		• Airline competition at point of tender only
		• Government awards exclusive monopoly rights of operation and enters into a deed of agreement with a single operator
		• Examples: Albany, Esperance routes
			Fully regulated	• Deed of agreement governing:
				  – aircraft
				  – route
				  – service levels
				  – pricing / airfares including maximum capped airfare
				  – data provision
				  – community engagement
				• This tool ensures the community has access to an adequate level of RPT air services.

5.	Monopoly (subsidised)	• Government tenders RPT air route
		• Airline competition at point of tender only
		• Government awards exclusive monopoly rights of operation and enters into a deed of agreement with a single operator
		• Subsidy provided to operator
		• Example: Kununurra - Halls Creek - Balgo route
			Fully regulated	• Deed of agreement governing:
				  – aircraft
				  – route
				  – service levels
				  – pricing / airfares including maximum capped airfare
				  – data provision
				  – community engagement
				  – operating subsidy
				• This tool ensures the community has access to an adequate level of RPT air services.

Figure 2: Regulation of Regular Public Transport air services in Western Australia

UNREGULATED
Open to competition
No aircraft licence conditions

LIGHTLY REGULATED
Open to competition
Aircraft licence conditions

REGULATORY OPTIONS

FULLY REGULATED
Tendered by Government
Monopoly or subsidised routes
Conditions imposed under deeds
of agreement

REGULATORY ACTIONS SINCE THE PARLIAMENTARY INQUIRY INTO AIRFARES IN REGIONAL WA (2017)

Prior to June 2018
No licence conditions imposed on
unregulated air routes

2018-19
Licence conditions imposed:
- Data retention
- Data provision as requested by DoT

2019-20
Licence conditions imposed:
- Data retention/provision
- Community consultation

2020 onwards
Further licence condition(s)
may be imposed

Broome-Perth
Exmouth-Perth
Geraldton-Perth
Kalgoorlie-Perth
Karratha-Perth
Kununurra-Perth
Onslow-Perth
Paraburdoo-Perth
Port Hedland-Perth
Newman-Perth

3.3.4   Future Policy Considerations

As part of the implementation of the Government's response to the recommendations of the Inquiry, the State has increased regulation on certain regional air routes in WA as an intermediate intervention step (refer to Section 3.3.3 Regulatory Options Available to the State Government, Table 1 and Figure 2). The Department of Transport (DoT) has placed aircraft licence conditions on airlines for data reporting and community and stakeholder engagement effective from 1 July 2019 (refer to Section 3.4.1. Aircraft Licences).

The State Government's preference is for airlines and airport operators to take voluntary steps to address community concerns about the high price of airfares. However, where voluntary actions to improve the affordability of regional airfares are not sufficient or timely, the State may take a more interventionist approach to regulation, which can include additional conditions being placed on aircraft licences or fully regulating additional routes.

Future regulatory decisions will be based on the State Government's assessment of feedback received through consultation with community and business stakeholders, results from community perception surveys, data received from airlines and through collection of data from airline websites.

The State will give consideration to increasing the level of regulation or tendering regional routes that are serviced by a sole operator, (i.e. functional monopoly routes) or where airline competition occurs only seasonally (refer to Section 3.3.3 Regulatory Options Available to the State Government, Table 2 and 3.6. Maps of Air Routes in WA, Figure 4), or where community concerns remain unaddressed.

3.4.   Governance of Air Services in WA

3.4.1   Aircraft Licences

Under the *Transport Co-ordination Act 1966* (the Act) and the *Transport Coordination Regulations 1985*, the Minister for Transport has the authority to issue aircraft licences up to five years to airlines operating within the State for commercial purposes (hire or reward). The purpose of the Act is to ensure Western Australians are provided with reliable, efficient and economic transport services, and to provide greater certainty for air services to regional communities.

In line with the Transport Co-ordination (Part III Exemptions) Order, all aircraft operated by airlines from and/or into nominated airports in WA need to be licensed, unless the airline is exempted. Aircraft licences can be issued for RPT or charter operations on intrastate (including intra-regional and inter-regional) and interstate air routes, if the flight departs from or lands in any of the nominated RPT airports in WA (refer to Section 3.7. List of Airports in WA – Licence Requirements).

Aircraft licences are free of charge and therefore do not represent a direct financial impost on airlines, which may otherwise be passed on to passengers through airfare fees and charges.

The Minister for Transport can place conditions on aircraft licences. These can include conditions that restrict the extent of airline operations, require the provision of statistics or any other conditions considered in the public interest.

In response to Recommendation 5 of the Inquiry, new licensing conditions were introduced from 1 July 2019, requiring airlines operating on the previously unregulated routes (refer to Section 3.6. Maps of Air Routes in WA, Figure 5) to:

- provide certain data to the Government relating to service levels and airfare prices on a quarterly basis; and
- engage with regional communities and stakeholders on a regular basis, as directed by DoT.

These new conditions are aimed at enabling State Government to make data-driven decisions regarding State aviation policy and regulation, and improving airlines' understanding of and responsiveness to the needs of WA's regional communities.

The Minister may provide airlines with a monopoly licence to operate RPT air services on a specified route by way of a legal deed of agreement. This currently occurs on marginal RPT air routes between Perth and Albany, Esperance, Carnarvon, Monkey Mia and the Northern Goldfields.

DoT is the State Government agency responsible for administering aircraft licences in WA and managing deeds of agreement between the State and airlines for the provision of RPT air services. It is through these instruments that the State Government regulates air routes in WA.

3.4.2 Charter Policy

Charter operators also require aircraft licences for the provision of charter air services in WA and are subject to various licence conditions.

Government Policy Position

In the interest of ensuring existing RPT air services are maintained in terms of affordability and frequency, the State Government will continue to regulate closed charter air services operating to/from RPT airports in Western Australia.

This includes assessment of proposed charter services and the ability to place various charter conditions on aircraft licences.

Objectives

In the context of seeking to balance both the needs of the resources industry and regional communities, the objectives of the Charter Policy are to:

- ensure charters do not detract from the viability of RPT services on marginal RPT air routes;
- reduce the impact of charters on existing RPT air services, in terms of airfare affordability and service frequency; and
- adopt a transparent approach to charters on a route-by-route basis.

The Charter Policy will be reviewed, ensuring the policy objectives consider any impact of charters on the affordability and frequency of existing RPT air services. Airlines will be engaged during the review of the Charter Policy in 2020. Following the industry consultation, the revised Charter Policy will be submitted to Government for approval.

3.5. Overview of Regular Public Transport Air Services in WA

Air services in WA varies from town to town. RPT air services on regional routes are subject to a mix of marginal, medium and robust passenger demand; some routes are serviced by a single airline, while others are serviced by two airlines. Historically, very few air routes in WA were operated by three or more airlines at the same time (until Skywest was acquired by Virgin Australia; Skywest, Virgin and Qantas operated on the Broome-Perth air route).

Western Australia is the only state in Australia where the dominant demand for air services on most regional RPT air routes is from business passengers (including the resources industry), except for the Broome-Perth and Exmouth-Perth routes, which have high levels of tourism and leisure demand. WA is unique in that air operations have been largely driven by the resources industry's fly in, fly out (FIFO) workforce, particularly in the Pilbara and northern Goldfields regions. Without the demand generated by the resources sector, some small regional towns in WA would not have an RPT air service. Refer to Section 3.6. Maps of Air Routes in WA, Figure 3, for a map of all RPT Air Routes.

3.5.1 Monopoly Markets

In some regional areas of WA, demand for RPT air services is so low that it is only possible for an airline to operate in a protected monopoly market. For this reason, WA's most marginal air routes with small passenger volumes are typically put out to tender for five-year deeds of agreement to ensure the communities have an adequate level of air services. Adequate levels of service are determined by many factors, including the size of communities, local industry activities, price of airfares, and access to other modes of available transport. Refer to Section 3.6, Figure 4, Maps of Air Routes in WA, for a map of WA's fully regulated (marginal monopoly) routes.

There is a second type of monopoly market in WA, where there is sufficient demand to ensure that the market is not at risk of market failure (i.e. the risk of no air service being provided), but there is not sufficient demand to attract a second airline into the market.

There can be many reasons for this, but often the monopoly airline operator has major corporate contracts (such as in the markets of Exmouth, Onslow and Paraburdoo). This creates high barriers to entry, and limited capacity for other airlines to enter the route. At present, the State Government does not tender these monopoly routes, as there is not a significant risk of the airline withdrawing air services from the community. However, airfares and service levels on these routes will be closely monitored and the State Government can increase regulation on the route if there is evidence of monopoly powers being exercised inappropriately on these routes. Airlines' periodical data reporting to the Department of Transport (DoT) and participation in regular community engagement (as required under aircraft licence conditions) provides the State Government with the ability to monitor airfares and service levels on all lightly regulated air routes.

Where corporate demand from a single corporate entity dominates the market (such as at Onslow and Paraburdoo), the State Government prefers to enable the corporate entity to choose the airline that best meets its needs. In these instances, the State Government encourages the resources sector companies to consider during the procurement process with airlines how to make vacant seats available to regional community members at corporate rates (refer to Case Study 1: Onslow Community Fare in this section).

Case Study 1: Onslow Community Fare[24]

Through a collaborative approach, ongoing RPT air services between Perth and Onslow have been secured for the Onslow community. Access to affordable airfares are at a set price of $299 one-way (including airport fees and GST). These services have been made possible through the partnership between Chevon Australia and Virgin. The cost of the flight is underwritten by Chevron for its Wheatstone Project, enabling the Onslow community to have increased access to an RPT service through reduced price fares.

In 2017 through a competitive tender process, Chevron awarded Virgin the air service to operate four 'open' charter flights per week each way between Onslow and Perth. On these 'open' charter services, approximately 30 seats are made available to the public on each flight, with the remaining seats quarantined for Chevron staff. Two airfares are offered on the route: $299 and $599 (fully flexible fare) one-way (including airport fees and GST).

This partnership has improved accessibility of public air services for the Onslow community at an affordable price.

3.5.2   Duopoly Markets

In a few regional areas, robust passenger demand can sustain RPT air services in a duopoly airline market (i.e. with two competing airlines servicing the route). However, even with two airlines operating on a route, airline price competition is often limited. This is why the State Government licenses aircraft and now requires airlines to comply with certain licence conditions (including community and stakeholder engagement and provision of specified airfare data), even where there is some competition on the route.

3.5.3   Summary of Regular Public Transport Air Services in WA

As at February 2020, 23 regional towns in WA received RPT air services.

Table 2 outlines the regional air routes which currently receive RPT services within WA, and Table 3 shows RPT routes operating between WA's regions and other states. Section 3.6 provides various maps showing WA's RPT air routes.

Table 2: Intrastate Regular Public Transport air services – 2018-19

RPT Air Route[1]	Market Type	Annual Number of Passengers[2]	Type of Regulation	Operated By
1. Broome-Fitzroy Crossing-Halls Creek[3]	Monopoly	1,704	Lightly regulated	Skippers
2. Karratha-Port Hedland-Newman-Broome[4]	Monopoly	Annual data currently not available	Fully regulated (tendered)	Aviair
3. Kununurra-Broome	Monopoly	Annual data currently not available	Lightly regulated	Airnorth

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[24]   Case Study: Onslow Community Fare - Presentations delivered by Chevron Australia and Virgin at the Airfare and Air Services Workshop in Onslow on 22 May 2019; available airfares based on search by Department of Transport on 23 July 2019 Virgin's website.

RPT Air Route[1]	Market Type	Annual Number of Passengers[2]	Type of Regulation	Operated By
4. Kununurra-Halls Creek-Balgo[5]	Monopoly	851	Fully regulated and subsidised (tendered)	Aviair
5. Kununurra-Kalumburu	Monopoly	1731	Lightly regulated	Aviair
6. Perth-Albany[6]	Monopoly	61,469	Fully regulated (tendered)	Rex
7. Perth-Broome	Duopoly	329,442	Lightly regulated	Qantas Virgin
8. Perth-Carnarvon-Monkey Mia[7]	Monopoly	22,366 / 4,605	Fully regulated (tendered)	Rex
9. Perth-Esperance[6]	Monopoly	50,988	Fully regulated (tendered)	Rex
10. Perth-Geraldton[8]	Monopoly	110,217	Lightly regulated	Qantas
11. Perth-Kalgoorlie	Duopoly	284,432	Lightly regulated	Qantas Virgin
12. Perth-Karratha	Duopoly	446,123	Lightly regulated	Qantas Virgin
13. Perth-Kununurra	Monopoly Seasonal Duopoly	77,072	Lightly regulated	Virgin Airnorth
14. Perth-Learmonth (Exmouth)	Monopoly	85,789	Lightly regulated	Qantas
15. Perth-Leonora-Laverton[9]	Monopoly	6,142 4,852	Fully regulated (tendered)	Skippers
16. Perth-Mount Magnet-Meekatharra-Wiluna	Monopoly	1,157 3,911 2,301	Fully regulated (tendered)	Skippers
17. Perth-Newman	Duopoly	322,744	Lightly regulated	Qantas Virgin
18. Perth-Onslow	Monopoly	7814 (calendar year data - 2018)	Lightly regulated	Virgin
19. Perth-Paraburdoo[7]	Monopoly	181,514	Lightly regulated	Qantas
20. Perth-Port Hedland	Duopoly	364,956	Lightly regulated	Qantas Virgin

Notes to Table 2:

1. The Broome, Kununurra, Karratha, Port Hedland, Newman, Paraburdoo, Kalgoorlie, Geraldton, and Onslow routes were the primary focus of the Inquiry. These routes became lightly regulated effective from 1 July 2019 whereby airlines are required to provide route data and undertake community engagement as directed by the Minister for

Transport. Derby, Kalbarri, Kambalda, and Ravensthorpe currently do not receive RPT air services, but future services would be subject to licensing.

2. Passenger data is based on 2018-19 BITRE data and data provided by airlines to the Department of Transport.
3. The Kimberley route was tendered and is underwritten by the WA Department of Health.
4. This inter-regional route was tendered by the City of Karratha. The State has issued a licence to the airline with monopoly rights for RPT operations from 16 August 2019.
5. The Department of Transport appointed the airline on this route based upon a Commonwealth tender process.
6. The Albany and Esperance routes are under a deed of agreement until 27 February 2021.
7. The Carnarvon-Monkey Mia route is under a deed of agreement until 30 June 2023.
8. The Geraldton route became a monopoly Qantas route after Virgin withdrew from the route on 22 July 2019.
9. The towns of Leonora, Laverton, Mount Magnet, Meekatharra, and Wiluna are collectively known as the Northern Goldfields routes.
10. The Paraburdoo route became a monopoly Qantas route after Virgin withdrew from the route on 23 March 2018.

Table 3: Interstate connections

RPT Air Route	Market Type	Status	Type of Regulation	Operated By
1. Broome-Brisbane (seasonal)	Monopoly	Existing	Unregulated	Qantas
2. Broome-Darwin	Monopoly	Existing	Unregulated	Qantas
3. Broome-Melbourne (seasonal)	Monopoly	Existing	Unregulated	Qantas
4. Broome-Sydney (seasonal)	Monopoly	Existing	Unregulated	Qantas
5. Busselton-Melbourne	Monopoly	From March 2020	Unregulated	Jetstar
6. Kalgoorlie-Melbourne	Monopoly	Existing	Unregulated	Virgin
7. Kununurra-Darwin	Monopoly	Existing	Unregulated	Airnorth
8. Kununurra-Melbourne (seasonal)	Monopoly	From May 2020	Unregulated	Alliance - Virgin
9. Port Hedland-Brisbane	Monopoly	Existing	Unregulated	Qantas

3.5.4 International Connections

As at February 2020, there is one international air service between Port Hedland and Denpasar (Bali.) This is the only regional town in WA that receives a direct flight to another country. There have also been recent short trials of flights between Broome and Singapore.

3.5.5 Airlines Operating in WA

The following airlines provide RPT air services to/from regional airports in WA:
- Airnorth
- Aviair
- Jetstar
- Qantas, including its subsidiaries; Network Aviation and QantasLink
- Regional Express (Rex)
- Skippers Aviation (Skippers)
- Virgin Australia, including its subsidiary, Virgin Australia Regional Airlines

Alliance Airlines, Cobham Aviation and Tigerair have an Air Operators Certificate issued by the Civil Aviation Safety Authority endorsed for RPT operations within Australia, which means they can apply (to DoT) for an aircraft licence to provide RPT air services in WA.

3.6. Maps of Air Routes in WA

Figure 3: Regular Public Transport air routes in WA
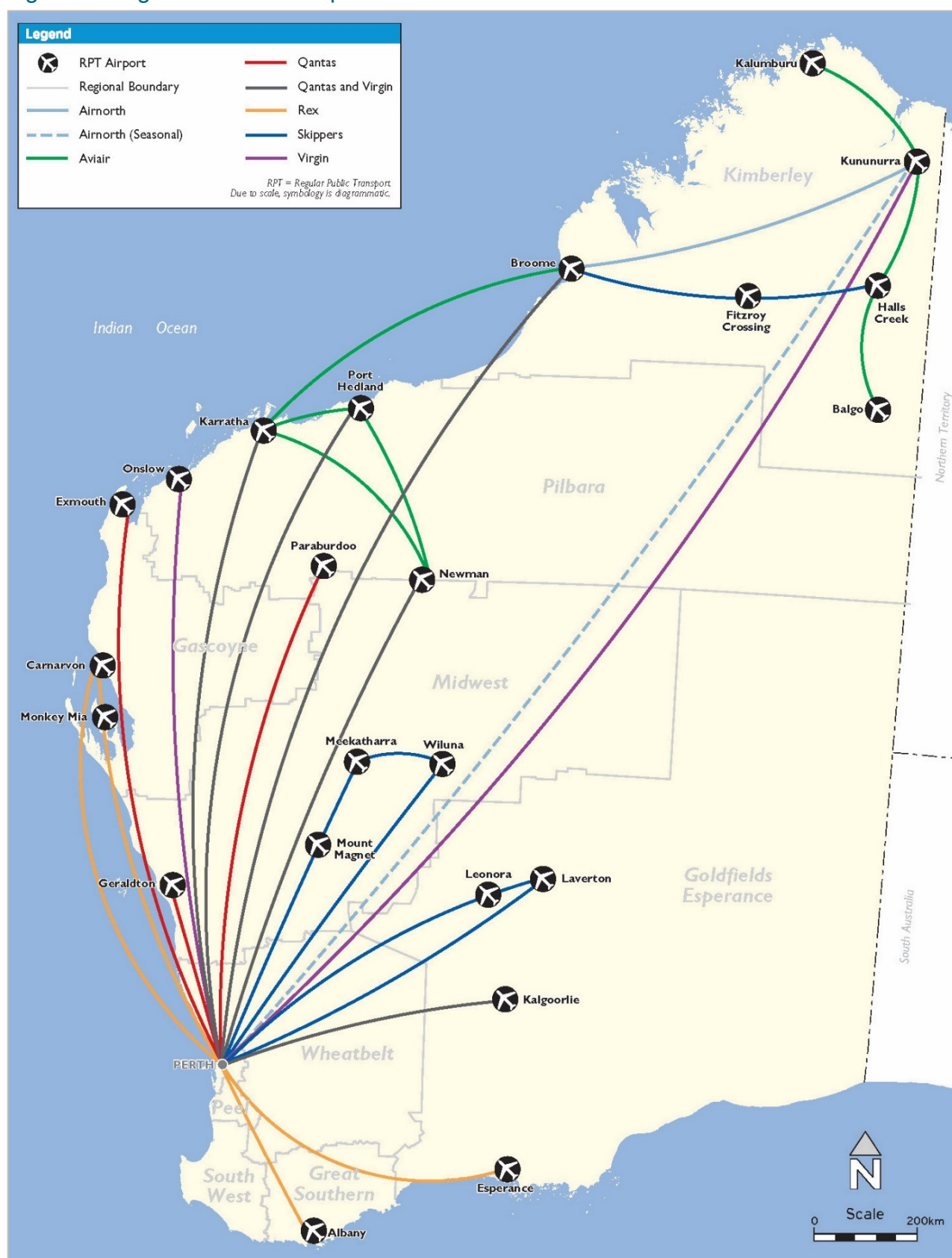
Figure 4: Fully regulated Regular Public Transport air routes in WA
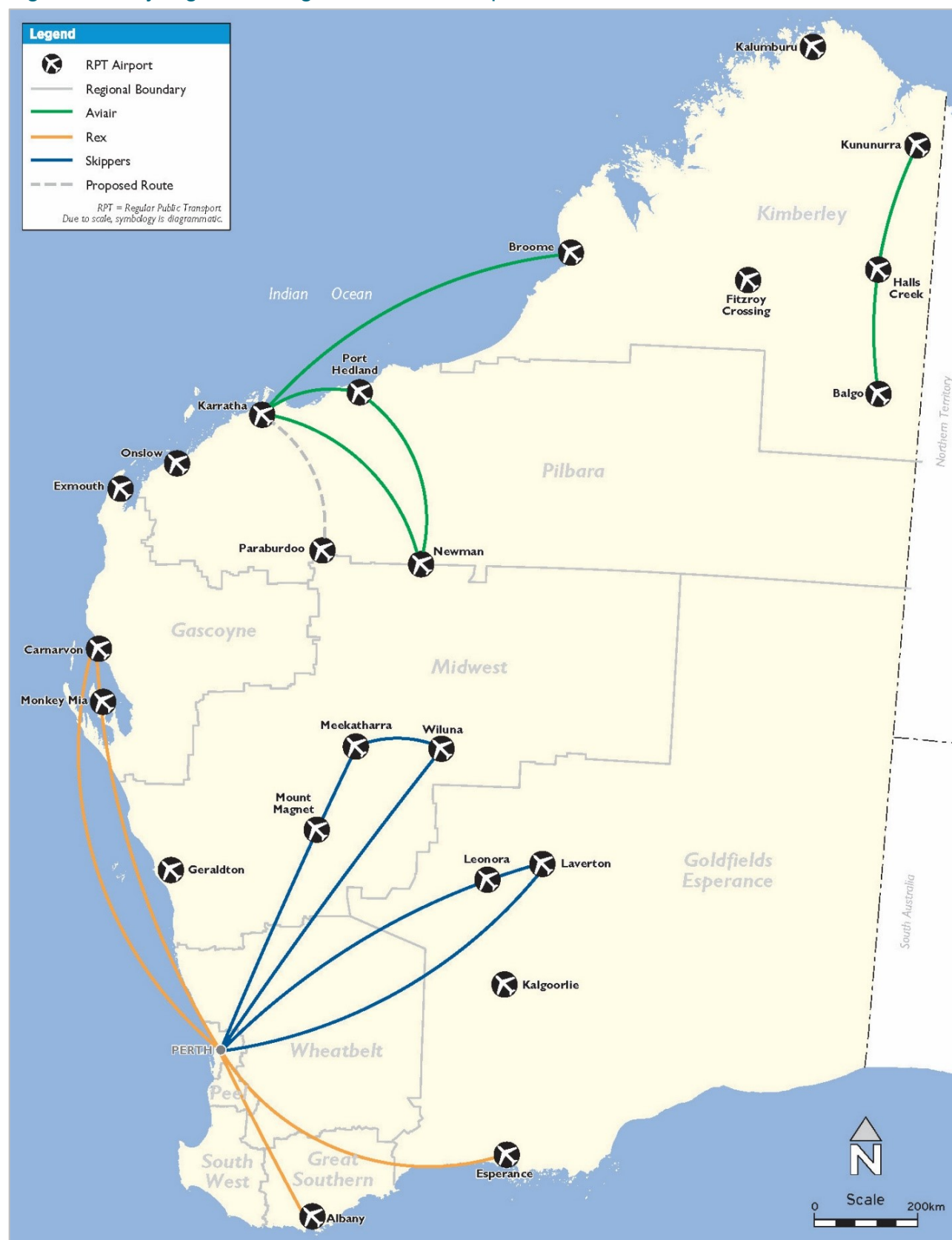
Figure 5: Lightly regulated Regular Public Transport air routes in WA

Legend

- RPT Airport
- Regional Boundary
- Airnorth
- Airnorth (Seasonal)
- Aviair
- Qantas
- Qantas and Virgin
- Skippers
- Virgin

RPT = Regular Public Transport
Due to scale, symbology is diagrammatic.
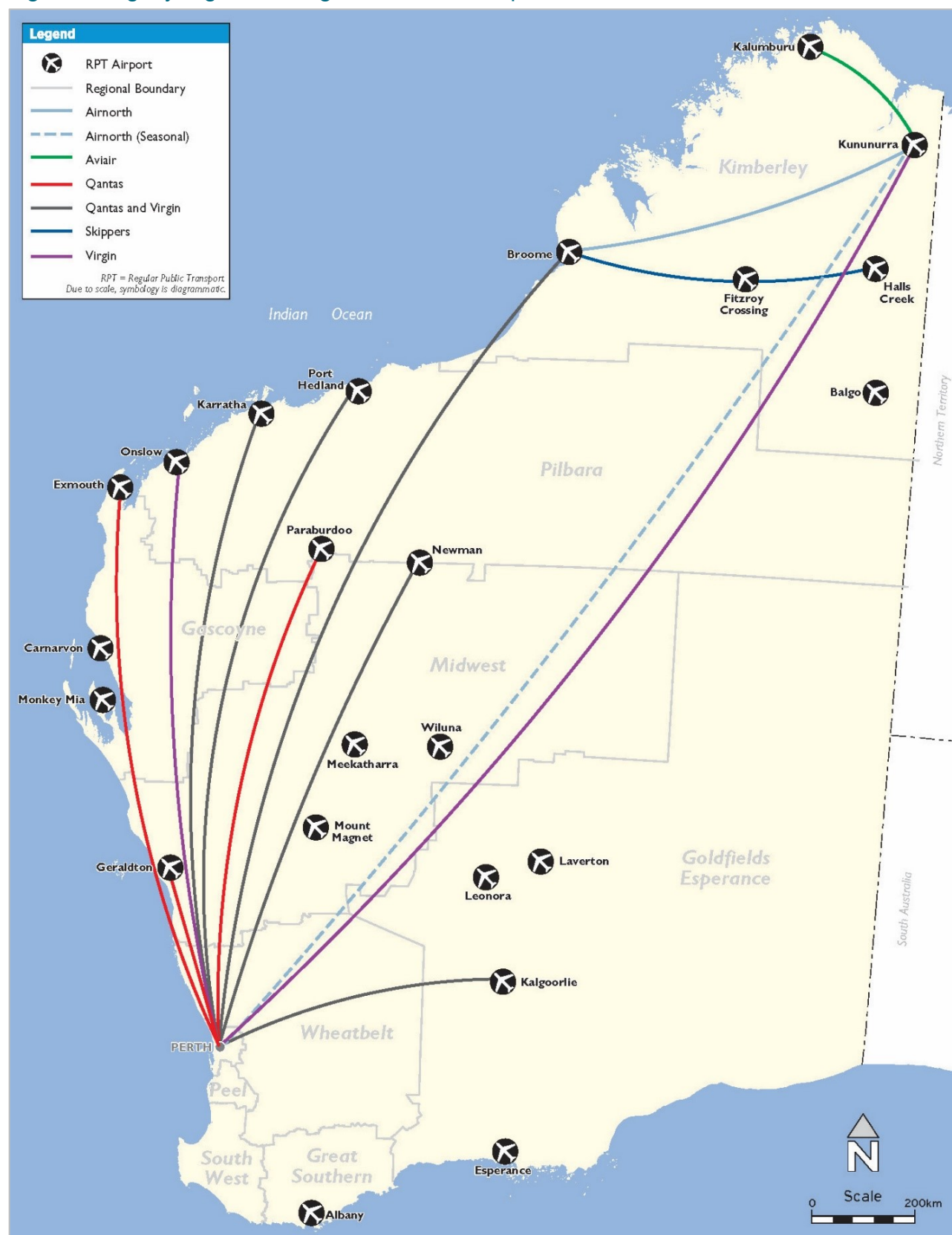
3.7.   List of Airports in WA - Licence Requirements

In line with the Transport Coordination (Part III Exemptions) Order, gazetted on 21 June 2019, all aircraft operated by airlines from and/or into the below airports need to be licensed, unless the airline is exempted.

1. Albany
2. Broome International
3. Busselton-Margaret River
4. Carnarvon
5. Curtin
6. Derby
7. Esperance
8. Fitzroy Crossing
9. Geraldton
10. Halls Creek
11. Kalbarri
12. Kalgoorlie-Boulder
13. Kambalda
14. Karratha
15. Kununurra
16. Laverton
17. Learmonth
18. Leonora
19. Meekatharra
20. Mount Magnet
21. Newman
22. Onslow
23. Paraburdoo
24. Port Hedland International
25. Ravensthorpe
26. Shark Bay
27. Wiluna

Legislative amendments are currently being considered to reflect the addition of Balgo and Kalumburu Airports to the above list.

4. Regional Air Routes in WA

Ongoing robust collaboration between airlines, airport operators, State Government, tourism bodies, resources sector and other stakeholders is central to identifying innovative and sustainable solutions for building passenger demand and lowering airfares on regional RPT air routes in WA.

4.1. Consultation in the Regions

This section provides a summary of the key aviation issues and ideas, identified through extensive regional consultation on RPT air routes that impact the affordability of airfares.

Between March and May 2019, the Department of Transport (DoT) facilitated airfare and air services workshops in nine regional centres including Broome, Geraldton, Kalgoorlie, Karratha, Kununurra, Newman, Onslow, Paraburdoo and Port Hedland. This consultation was part of the State Government's response to the 2017 Parliamentary Inquiry into Regional Airfares in WA (the Inquiry).[25] The purpose of the consultation was to explore, in a collaborative setting, innovative ideas for improving regional airfares and RPT air services in WA, considering the circumstances and dynamics specific to each route and region. Questions, ideas, feedback and actions generated through the workshops have helped inform the new WA Aviation Strategy, with a focus on lightly regulated 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 240 individuals participated in the 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-in events in all nine locations, where members of the community were able to speak directly with departmental staff on regional air services and airfares.

Table 4 provides an overview of the key issues and the ideas put forward at the workshops to help address those issues. Some of the ideas have already been implemented, such as 'capped' airfares for regional residents, establishing inter-regional and interstate air services, and increased regulatory oversight.

Kalgoorlie Airfares and Air Services Workshop, 14 March 2019

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[25] Parliamentary Inquiry into regional airfares in Western Australia, Parliament of Western Australia website.

Table 4: Overview of key issues and ideas put forward at the regional workshops

	KEY IDEAS									
KEY ISSUES	Standby and/or 24-hour-out special fare	Airline-issued fare voucher booklet	Capped or community fares	Better communication of sale fares	More collaboration between stakeholders [26]	Increased regulatory oversight [27]	'Milk-run' inter-regional air services	State and/or Federal subsidies	More interstate and international connections	Incentivise low-cost carriers
High cost of fares	✈	✈	✈	✈	✈	✈		✈		✈
High cost of fares for short-notice travel	✈	✈	✈	✈	✈			✈		✈
High cost of fares limiting economic development	✈	✈	✈	✈	✈	✈		✈		✈
Distortion of market by resources sector	✈	✈	✈	✈	✈					
Lack of collaboration/cooperation			✈	✈	✈	✈	✈		✈	
Airline duopoly – lack of competition	✈	✈	✈	✈		✈				✈
Unreliable air services						✈				
Unsuitable scheduling					✈	✈	✈		✈	
Isolation/lack of regional connectivity	✈	✈	✈	✈	✈		✈	✈	✈	
Uncertainty regarding the sustainability of air services			✈		✈	✈		✈		✈
Mine site airstrips impact on air services sustainability					✈	✈				
One-way demand	✈			✈	✈		✈			

[26] E.g. Tourism packaging; the resources sector working with airlines on scheduling and charter/RPT combination models etc.
[27] E.g. Require airlines to report data to the State Government and participate in regular stakeholder engagement.

4.2. Composition of Airfares

The issue of regional airfares is multifaceted and complex. The price of airfares is made up of several elements, including the base fare (the airline component), various airport fees (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Figure 6 and Figure 7 provide examples of the breakdown of an airfare obtained from airlines' website in 2019.

Figure 6: Broome-Perth air route – Qantas airfare breakdown[28]

QF2657 – Thursday 4 April 2019, 9:20 am

Red e-deal

$233.03	Base fare
$26.82	GST
$20.37	Passenger Service Charge*
$9.26	Passenger Service Charge**
$5.53	Safety and Security Charge
$295.01	**Total**
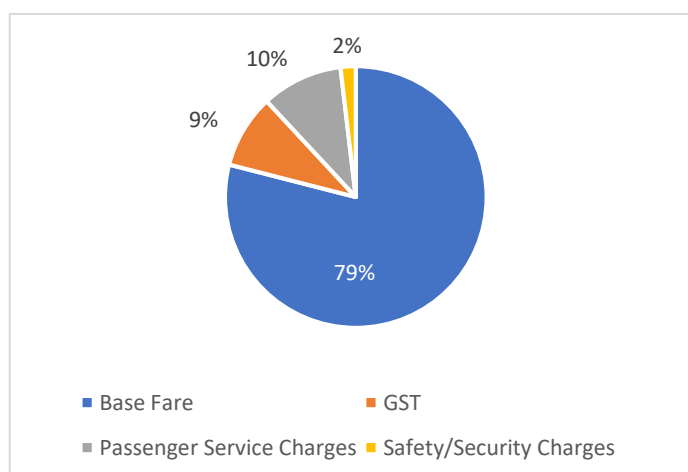
QF2657 – Thursday 4 April 2019, 9:20 am

Flex

$563.93	Base fare
$59.91	GST
$20.37	Passenger Service Charge*
$9.26	Passenger Service Charge**
$5.53	Safety and Security Charge
$659.00	**Total**
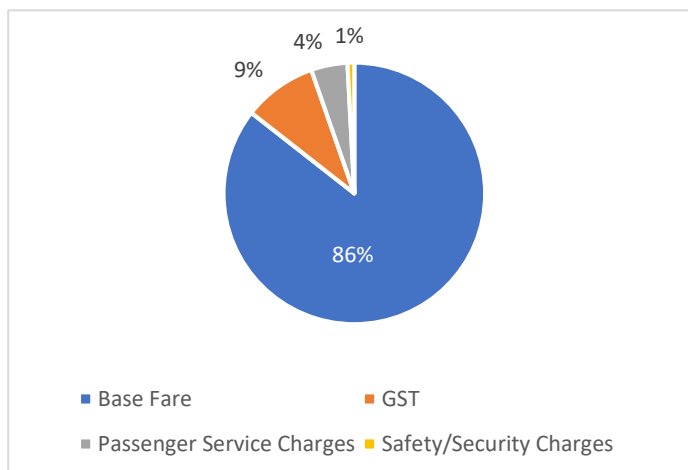
* Relates to Broome International Airport

** Relates to Perth Airport

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[28] Airfare breakdown example extracted from airlines' website 23 February 2019. Fare includes landing fees.

Figure 7: Broome-Perth air route – Virgin airfare breakdown[29]

VA1482 – Thursday 4 April 2019, 11:25 am

Getaway

$211.67	Base fare
$23.55	GST
$13.24	Passenger Service Charge*
$4.72	Passenger Service Charge**
$5.82	Safety and Security Charge
$259.00	**Total**
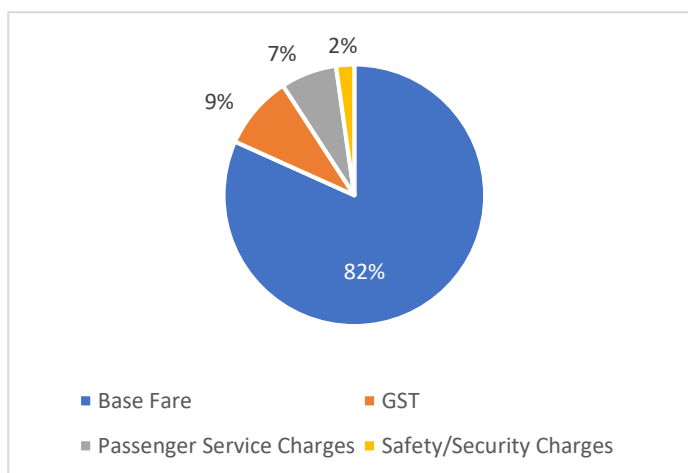
VA1482 – Thursday 4 April 2019, 11:25 am

Freedom

$520.77	Base fare
$54.46	GST
$13.24	Passenger Service Charge*
$4.72	Passenger Service Charge**
$5.82	Safety and Security Charge
$599.01	**Total**
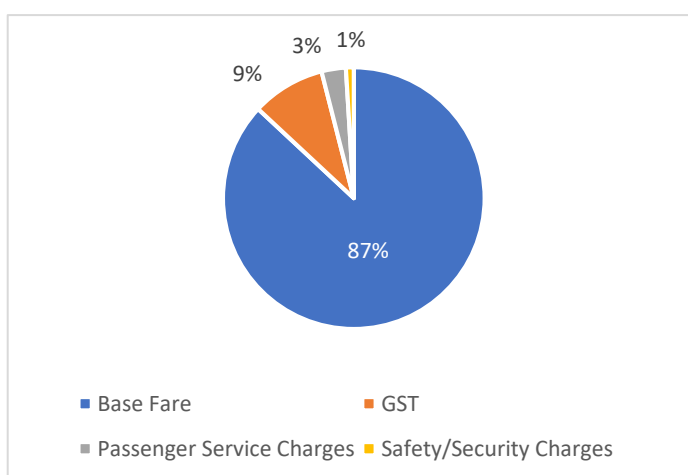
* Relates to Broome International Airport

** Relates to Perth Airport

4.3. Route-by-Route Profiles

The following section recognises through a route by route analysis that each regional air route in WA has unique circumstances and dynamics. The following route profiles have informed the State Government's policy and regulatory position.

4.3.1 Gascoyne Region

Located in the north west of Western Australia, the Gascoyne region has a population of approximately 9,480, covering four local government areas including Shark Bay, Carnarvon, Exmouth and upper Gascoyne.[30] The main industries in the region include agriculture, forestry and fishing along with some resource sector activity with liquid natural gas exploration in the Onslow area and to a lesser extent, salt mining.[31] Tourism is a growing industry with access to key destinations along Australia's Coral Coast including Carnarvon, Coral Bay, Exmouth, Denham, Ningaloo Reef and the Shark Bay World Heritage site. All these industries contribute to the demand for air services in the Gascoyne Region.

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[29] Airfare breakdown example extracted from airlines' website 23 February 2019. Fare includes landing fees.
[30] Australian Bureau of Statistics, 2016 Census QuickStats (LGA data used), retrieved 10 July 2019.
[31] Department of Primary Industries and Regional Development.

4.3.1.1 Carnarvon-Monkey Mia

State Government Policy and Regulation

The WA Government will continue to fully regulate the Perth-Monkey Mia-Carnarvon RPT air route and to monitor the performance of the services, unless there are substantial community concerns and/or changed market conditions that warrant a review of the regulatory approach to the route.

Actions Taken to Date

1. The WA Government, through the Department of Transport (DoT) entered into a deed of agreement with Rex effective from 1 July 2018, requiring the airline operating on the Carnarvon-Monkey Mia-Perth route to:
   - report specified data to the State Government on a monthly basis; and
   - participate in bi-annual Community Consultation Group meetings in Carnarvon.
2. In July 2018, Rex introduced a discounted Community Fare of $198 and $157 to Carnarvon and Monkey Mia respectively in collaboration with the Shire of Carnarvon and Monkey Mia airport owner and operator - RAC Parks & Resorts.

Carnarvon and Monkey Mia (also known as Shark Bay), are located on the Coral Coast. Carnarvon with a population of around 5,528 is located approximately 890 kilometres north of Perth and is located between Shark Bay and the Ningaloo Coast World Heritage Area. Monkey Mia, with an approximate population of 946, is located around 847 kilometres north of Perth in the Shire of Shark Bay.[32]

With driving times to Perth of almost 9.5 hours to Carnarvon and just over 9 hours to Monkey Mia, and with a flying time of around 2 hours for each leg Carnarvon-Perth and Monkey Mia-Perth, air services are important for the social and economic development of the region.

Air Service Overview

Airline:	• Regional Express (Rex)
Service Agreement:	• Five-year deed of agreement with the State Government awarded on 2 July 2018 under competitive tender process, until 30 June 2023.
State Government's Role:	• Under this deed, DoT chairs two Aviation Community Consultation Group meetings in Carnarvon per year. During the meeting, key stakeholders meet with DoT and Rex to discuss airline performance, initiatives and partnership opportunities. These discussions are vital in ensuring the air routes' long-term viability and to foster potential route growth. • DoT engages with Rex regularly regarding any issues that may occur on the air routes. • Under the deed, Rex is required to report monthly on key statistics such as passenger numbers, load factors, airfares and On Time Performance (OTP).

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[32] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 30 July 2019.

Air Services:	• Under the deed Rex provides the following minimum services:
	  – Perth-Carnarvon – 12 return flights per week
	  – Perth-Monkey Mia – 6 return flights per week
	  – The schedule provides for 2 return services Monday-Friday and 1 return service each on Saturday and Sunday.
	• As passenger demand is generally lower over the summer months (December-January), a summer schedule with a reduced number of air services is implemented to ensure the viability of air services during that period.

Aircraft:	• Saab 340 B-plus turboprop – 34 seats
Flight Times (one-way):	• Perth-Monkey Mia – 2 hours • Monkey Mia-Carnarvon – 30 minutes • Carnarvon-Perth – 2 hours 10 minutes *(All times are approximate)*
Airport Operators:	• Carnarvon Airport is operated by the Shire of Carnarvon. • RAC is the private owner and operator of Shark Bay Airport.

Demand

The demand for RPT air services on the Monkey Mia-Carnarvon-Perth route is illustrated in Figure 8, providing a breakdown of the annual RPT passenger demand over the seven-year period between 2012-13 and 2018-19. Following a steady decline from 2012-13 through to 2017-18, passenger demand increased by 20 per cent for Carnarvon to 22,366 in 2018-19 with Monkey Mia passenger demand increasing a substantial 55.5 per cent to 4,605 in the same year. The increase in passenger demand on the route in 2018-19 is, in part due to the introduction of the discounted Community Fare for each Carnarvon and Monkey Mia in July 2018.[33]

Figure 8: Monkey Mia-Carnarvon-Perth air route – annual passenger movements

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Monkey Mia	4,351	3,632	3,107	3,236	2,786	2,962	4,605
Carnarvon	25,137	24,605	21,400	20,054	19,983	18,652	22,366
Route total	29,488	28,237	24,507	23,290	22,769	21,614	26,971

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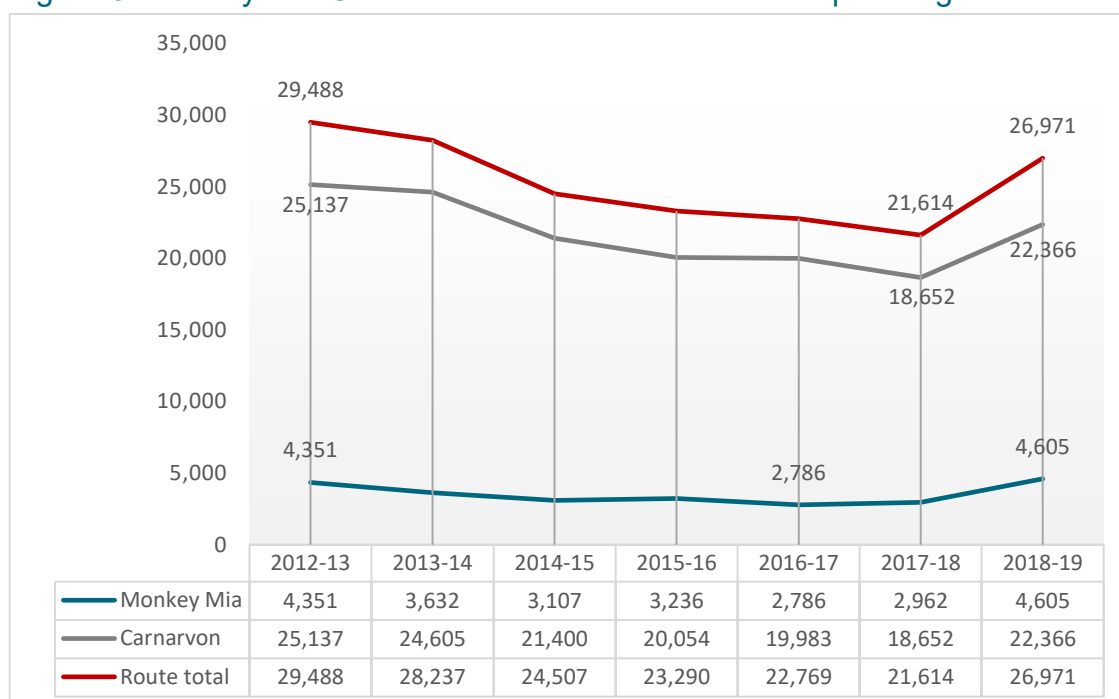
[33] All data for the Monkey Mia-Carnarvon-Perth air route has been provided by the airline as a condition of the deed of agreement.

Load Factor

Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. As illustrated by Figure 9 the route load factor has remained above 65 per cent in the seven years 2012-13 to 2018-19.[34]

Figure 9: Monkey Mia-Carnarvon-Perth air route – annual average load factors

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP). The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time. Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays), and by factors that are not in the airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

Historically, feedback from the community was that the most significant impact is when a flight is delayed more than one hour. This feedback has resulted in additional OTP benchmarks for 60 and 120 minutes. Under the deed the airline is required to meet or exceed the following benchmarks for controllable OTP for aircraft departures and arrivals:

- 80 per cent controllable OTP for aircraft departures and arrivals within 15 minutes of scheduled departure and arrival times;
- 85 per cent controllable OTP for aircraft departures and arrivals within 60 minutes of scheduled departure and arrival times; and
- 90 per cent controllable OTP for aircraft departures and arrivals within 120 minutes of scheduled departure and arrival times.

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[34] All data for the Monkey Mia-Carnarvon-Perth air route has been provided by the airline as a condition of the deed of agreement.

Table 5 shows that Rex met or exceeded the 80 per cent industry benchmark for the overall OTP on the Perth-Monkey Mia-Carnarvon-Perth route, with the average OTP for 2018-19 being 85.75 per cent.[35] The overall cancellation rate of scheduled flights was well below the national average of 2.1 per cent.[36]

Table 5: Monkey Mia-Carnarvon-Perth air route – overall On Time Performance 2018-19[37]

Air Route	On Time Performance	Cancellations
Perth-Monkey Mia	87.0%	0.32%
Monkey Mia-Carnarvon-Perth	80.0%	0.45%
Carnarvon-Perth	86.0%	0.66%
Perth-Carnarvon	90.0%	0.33%

Airfares

The price of airfares is made up of several elements including the base fare (the airline component), airport fees and charges (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and Goods and Services Tax (GST). Table 6 and Table 7 provide a breakdown of the airport charges and GST associated with the maximum economy fare, also known as the Y fare, and the community fares for Monkey Mia and Carnarvon.

A key feature of the deed is that the fare is capped, meaning the maximum airfare is fixed and cannot be exceeded. In 2018-19 the maximum airfare stipulated in the deed on the Perth-Monkey Mia air route was $464.16 one way (including airport fees and GST) and $482.86 for Perth-Carnarvon one way (including airport fees and GST).

When Rex began operating on the air route in July 2018, the airline introduced a significantly discounted community fare. The Rex Community Fare is $156.16 one-way on the Perth-Monkey Mia route (including airport fees and GST) and $197.96 on the Perth-Carnarvon route.[38] The community fare was made possible through a partnership agreement between Rex, Perth Airport and the regional airports operated by the Shire of Carnarvon and RAC Parks & Resorts respectively.

The partnership agreement provides a growth incentive for Rex in respect of airport fees and charges enabling Rex to provide community fares (refer to Case Study 2: Regional Express (Rex) Community Fares, in this section). In 2018-19, 835 community fares were sold for Perth-Monkey Mia and 3,129 sold for Perth-Carnarvon, representing 18 and 14 per cent respectively, of the total passengers for the same year.

The Rex Community Fare is available for passengers booking a flight more than 30 days in advance, and all unsold seats 24 hours before flight departure. Depending on the flight times, between 10 per cent and 25 per cent of the advance purchase seats are set aside for the Rex Community Fare.
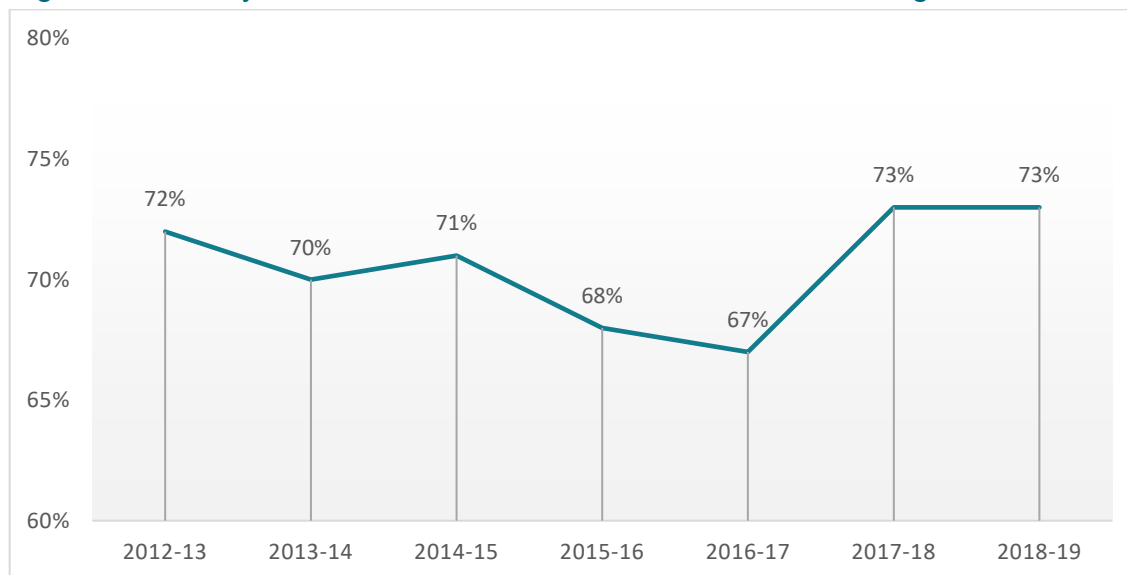
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[35] All data for the Monkey Mia-Carnarvon-Perth air route has been provided by the airline as a condition of the deed of agreement.
[36] Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics
[37] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
[38] Published fares on Rex website as at 30/06/2019

By way of comparison, Integrity Coach Lines offers three weekly coach bus services from Perth to Monkey Mia and Carnarvon. The adult one-way bus fare Perth-Monkey Mia (Overlander House) is $126 as at 10 February 2020 with the trip taking around ten hours. There is an additional transfer fee of $30 from Overlander House to Monkey Mia by Shark Bay Coaches. The adult one-way bus fare Perth-Carnarvon is $170 (less for concession card holders and children) with a trip of almost 12.5 hours.[39]

Table 6: Monkey Mia-Perth air route – airfare breakdown (as at 30 June 2019)[40]

Fare Type	Base Fare	GST	Perth Airport Tax	Regional Airport Tax*	Total
Maximum (Y) Fare	$383.00	$42.20	$20.96	$18.00	**$464.16**
Community Fare	$103.00	$14.20	$20.96	$18.00	**$156.16**

* This is the standard RPT published head tax. Rex has entered into a guaranteed airport revenue agreement with the regional airport.

Table 7: Carnarvon-Perth air route – airfare breakdown (as at 30 June 2019)[41]

Fare Type	Base Fare	GST	Perth Airport Tax	Regional Airport Tax*	Total
Maximum (Y) Fare	$388.00	$43.90	$20.96	$30.00	**$482.86**
Community Fare	$129.00	$18.00	$20.96	$30.00	**$197.96**

* This is the standard RPT published head tax. Rex has entered into a guaranteed airport revenue agreement with the regional airport.

Case Study 2: Regional Express (Rex) Community Fares[42]

A willingness to collaborate was key to the introduction of the discounted Rex Community Fare on the fully regulated routes between Perth and the regional towns of Albany, Esperance, Monkey Mia and Carnarvon, resulting in more affordable airfares being available to not only local residents but also visitors to these regional destinations.

The community fares on these routes were made possible by proactive and collaborative engagement with stakeholders and community. The community fare is the result of partnership agreements between Rex, Perth Airport and the respective regional airport operators of the Shire of Esperance, City of Albany, RAC (the Monkey Mia airport owner and operator) and the Shire of Carnarvon. The partnership agreements ensure a minimum revenue for the airports along with a Consumer Price Index yearly increase, and provides a growth incentive for Rex in respect of airport taxes, enabling the introduction of the Rex Community Fare.

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[39] Integrity Coach Lines, retrieved 24 July 2019.
[40] All data for the Monkey Mia-Carnarvon-Perth air route has been provided by the airlines as a condition of the deed of agreement.
[41] All data for the Monkey Mia-Carnarvon-Perth air route has been provided by the airlines as a condition of the deed of agreement.
[42] Case Study: Regional Express (Rex) Community Fares - Data as provided to the Department of Transport from Rex as a condition of the deed of agreement; additional information available on the Department of Transport website – Regulated Air Routes in WA: Snapshots - https://www.transport.wa.gov.au/aviation/air-services-in-western-australia.asp; Rex media release 11 October 2019 – Rex announces community fare for Armidale.

All unsold seats are released at the Community Fare rate 24 hours prior to flight departure. Additionally, the community fare is available for bookings made more than 30 days in advance of the travel date. Depending on the flight times, between 10 per cent and 25 per cent of the seats are set aside for the Rex Community Fare.

Albany and Esperance were the first communities in Australia to benefit from the Rex Community Fare which was introduced in May 2016. The community fare for Albany and Esperance are $139 and $138 one-way (including airport fees and GST), respectively. A total of 17,012 and 12,409 Rex Community Fares were sold on the Perth-Albany and Perth-Esperance routes respectively for the 2018-19 financial year. The number of community fares sold represented approximately 27.7 per cent of the total passenger demand on the Albany route and 24 per cent for the Esperance route. Both routes have recorded the highest passenger demand in 2018-19 since 2011.

The discounted community fare program was also introduced for Carnarvon and Monkey Mia travel when Rex began operations on these routes on 2 July 2018. The community fare is $158 to Monkey Mia and $199 to Carnarvon, one-way (including airport fees and GST). A total of 835 and 3,129 community fares were sold for Monkey Mia and Carnarvon respectively in the first year of Rex operations, the 2018-19 financial year. Since service commencement, there has been a significant increase of 55 per cent in passenger demand for Monkey Mia air services and 20 per cent for Carnarvon compared to the previous year.

Following the success of the program in Western Australia, Rex has rolled out the discounted fare program to 40 other locations across Australia, with the most recent addition (October 2019) being Armidale to Sydney.

Rex operates RPT air services in WA under deeds of agreement with the State Government. The community fare in WA continues to be welcomed by the communities, which attests to the success of collaborative and innovative approaches.

4.3.1.2   Exmouth (Learmonth)

State Government Policy and Regulation

The WA Government will continue to lightly regulate the Exmouth-Perth route (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:

- report statistics and records to DoT; and
- engage with stakeholders and communities to an adequate level.

Actions Taken to Date

1. The WA Government, through DoT, placed conditions on the aircraft licence effective from 1 July 2019 requiring the airline operating on the Exmouth-Perth route to:
   - report specified data to the State Government on a quarterly basis; and
   - undertake community and stakeholder engagement in Exmouth, as requested by DoT.
2. In June 2019, the State Government, through Tourism Western Australia, in partnership with Qantas, commenced a trial of special weekend fares between Perth and Exmouth (from $169 one-way during the high season).
3. To build incremental demand for regional tourism through increased fly/drive holidays into the region, the State Government, through Tourism Western Australia, and Avis Australia jointly introduced a trial incentive of hire car relocation fees. Avis Australia offers a reduced one-way relocation fee of $250 for those driving Perth to Exmouth and $150 if driving from Exmouth to Perth (normally $1,000). The incentives apply for a two-year period, from 1 April to 31 October in 2019 and again in 2020.

Exmouth is a remote coastal town on WA's north-west located 1,270 kilometres from Perth with a driving time of 13 hours. With a flying time of 1.5 hours one-way, RPT air services are important for the social and economic development of the region. In 2016 the population of Exmouth was 2,728.[43]

Air Service Overview

Airline:	• Qantas
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.
Air Services:	• 12 return flights per week: – 2 return services on weekdays and 2 return services on the weekend • Seasonality is a key aspect of travel to/from Exmouth, impacting the level of air services throughout the year. While Exmouth can be visited all year round, tourism peaks during the months June to September. • The RPT services are underpinned by the oil/gas and tourism sectors. As major users of air services, both sectors have influence over the flight schedule.
Aircraft:	• Fokker 100 – 100 seats • Boeing 717 – 125 seats
Flight Time:	• 1.5 hours one-way *(approximately)*
Airport Operator:	• RPT services are currently provided to the airport located at the Learmonth Royal Australian Air Force (RAAF) base. The Learmonth Airport, operated by the Commonwealth Department of Defence, is jointly used as a RAAF and civil airport and can accommodate a variety of aircraft.

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43   Australian Bureau of Statistics, 2016 Census Quick Stats retrieved 24 July 2019.

Demand

Demand on the Exmouth-Perth route is from a combination of oil and gas activities as well as the tourism/leisure sector. In terms of passenger volume, the demand for RPT air services on the route is relatively low compared to other regional routes in WA. Karratha, Broome and Port Hedland's passenger numbers for 2018-19 were 446,123, 407,322 and 364,956 respectively. Figure 10 illustrates the annual RPT passenger demand on the route over the seven-year period between 2012 and 2019. Demand over the seven years was highest in 2012-13, with nearly 91,000 passengers. After that, demand gradually declined over the years reaching a low of 80,575 passengers in 2016-17. In the following year demand rose by 8.1 per cent and then dropped slightly to 85,789 passengers in 2018-19. Various factors may have contributed to the changes in demand over the period such as fluctuating oil and gas activities, as well as changing tourism/leisure patterns.

Figure 10: Exmouth-Perth air route – annual passenger movements[44]
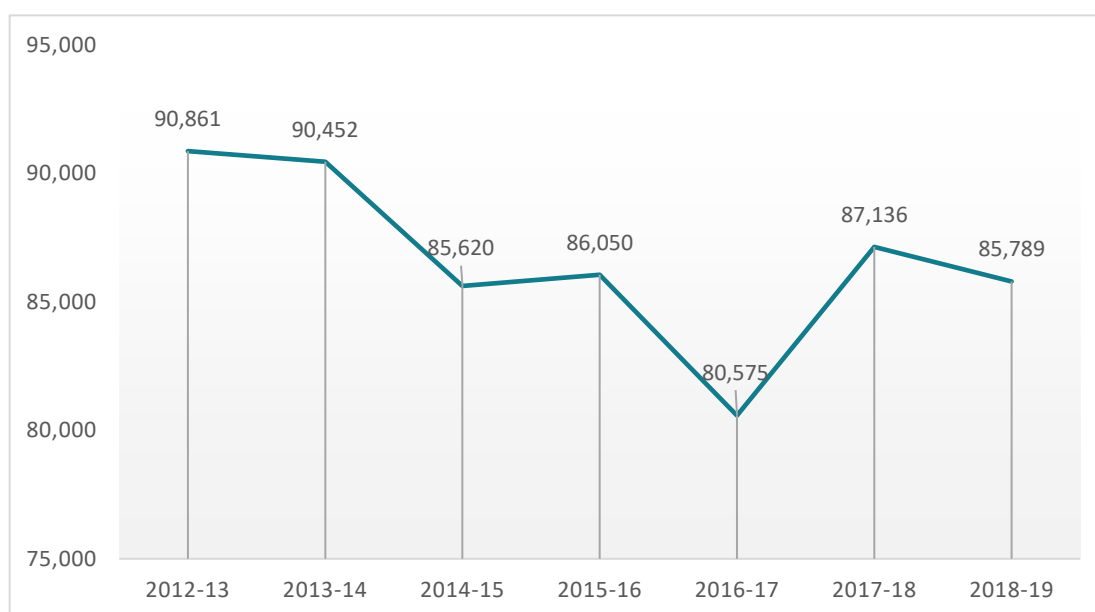
Airfares

The price of airfares includes several elements: the base fare (the airline component), various airport fees (passenger fee, landing fees and security screening charges) of both the regional airport and Perth Airport, and GST.

Table 8 provides examples of the airfare components.[45] In the examples provided the landing fee is included in the fare. As the examples of airfares for travel within the low and high seasons demonstrate, there can be a significant difference in airfares based on seasonality (in the Red e-Deal category prices ranged from $489 one-way during the high season and $245 one-way during the low season).

Airfare data obtained from the airline's website by DoT in September 2019 (for travel in September 2019, January 2020 and April 2020), indicated that the lowest available fares on the Exmouth-Perth route ranged from $179 to $800 one-way (including airport fees and GST). Given that there is a large market size for leisure travel, the seasonality of the route is a key aspect to the price of airfares.

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44   [Bureau of Infrastructure, Transport and Regional Economics](), retrieved 21 November 2019.
45   Airfare breakdown example extracted from airlines' website on 24 July 2019. Fare includes landing fees.

In June 2019, Qantas launched a trial of discounted weekend airfares from $169 one-way (including airport fees and GST), to boost visitors to Exmouth through a partnership with the State Government's Tourism Western Australia. (refer to Case Study 3: Exmouth Fares, in this section for full details.[46]

From time-to-time Qantas also has sales with discounted airfares between Exmouth and Perth. In the period January to May 2019, Qantas offered on five separate occasions, sale airfares for a period of 27 days for the route, covering travel during various periods from March 2019 to March 2020.[47] The advertised sale airfares ranged from $169 to $199 one-way (including airport fees and GST).

As a comparison, the adult one-way bus fare between Exmouth and Perth (as at 10 February 2020) is $243 (less for concession card holders and children). A bus service, operated by Integrity Coach Lines, provides three return services per week taking over 11 hours.

Table 8: Learmonth-Perth air route – airfare breakdowns

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety / Security Charge	Total
Red e-Deal QF1643 - Monday 23/06/2019, 3:20pm	$117.94	$15.36	$9.26	$20.91	$5.53	**$169.00**
Flex QF1643 - Monday 23/06/2019, 3:20pm	$478.84	$51.45	$9.26	$20.91	$5.53	**$565.99**
Low Season Travel						
Red e-Deal QF1641 - Monday 13/01/2020, 11:30am	$187.04	$22.27	$9.26	$20.91	$5.53	**$245.01**
Flex QF1641 - Monday 13/01/2020, 11:30am	$451.57	$48.73	$9.26	$20.91	$5.53	**$536.00**
High Season Travel						
Red e-Deal QF1641 - Monday 13/04/2020, 11:30am	$408.84	$44.45	$9.26	$20.91	$5.53	**$488.99**
Flex QF1641 - Monday 13/04/2020 11:30am	$478.84	$51.45	$9.26	$20.91	$5.53	**$565.99**

* Relates to Perth Airport | ** Relates to Learmonth Airport

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[46] Media Statement: *Affordable flight boost for Coral Coast*, 11 April 2019.
[47] Data provided by Qantas, 24 May 2019.

Case Study 3: Exmouth Fares[48]

Through a trial of special weekend airfares, the local community of Exmouth along with tourists have access to lower airfares providing a boost in tourism and the local economy. The weekend airfare trial offers airfares from $169 one-way, (including airport fees and GST) depending on the period of travel. Since the introduction of the weekend fares in April 2019, 91 per cent of the special fares made available during the trial period were taken up by passengers between Perth and Exmouth.

The trial has been possible through a partnership between Qantas and Tourism Western Australia aimed at encouraging regional residents to holiday in WA. For the 2019 trial, Qantas operated larger Boeing 717 aircraft on Saturday and Sunday flights instead of the smaller Fokker 100, allowing for the carriage of 25 more passengers per flight.

The discounted fares are available for selected flights on Friday, Saturday, Sunday and Monday. To take advantage of the special airfare the flights need to be booked 45 days in advance of air travel. It is hoped that the increase in tourism will stimulate the local economy through investment in the region to meet the additional demand in the hospitality sector. The trial will be assessed and if deemed successful may be extended.

A similar program was introduced for Broome in 2018-2020 (refer to Case Study 9: Qantas Affordable Fares Perth-Broome, Section 5.4. Regional Aviation Development).

Goldfields-Esperance Region

The Goldfields-Esperance region comprises nine local governments. Being the largest region in Western Australia, air services are critical for the economic and social sustainability and development of the Goldfields and Esperance areas. The residential population of the Goldfields-Esperance region is around 55,000, with over half of its residents living in the City of Kalgoorlie-Boulder. [49] Mining is the main industry of employment in the region, particularly gold ore mining, with other industries such agriculture, tourism, fishing and aquaculture also contributing to the region's economy. The workforce associated with gold ore mining features high numbers of FIFO workers, which contributes significantly to the need for air services (RPT and charter) into the Goldfields.

4.3.1.3   Esperance

State Government Policy and Regulation

The WA Government will continue to fully regulate the Esperance-Perth RPT air route and to monitor the performance of the services, unless there are substantial community concerns and/or changed market conditions that warrant a review of the route regulatory approach to the route.

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[48]   Case Study: Exmouth Fares - Qantas website Perth to Exmouth (Learmonth): *https://www.qantas.com/au/en/travel-guides/australia/wa/exmouth-and-ningaloo-reef.html ;* Tourism Minister Paul Papalia media statement announcing trial (11 April 2019): *www.mediastatements.wa.gov.au/Pages/McGowan/2019/04/Affordable-flight-boost-for-Coral-Coast.aspx*

[49]   Goldfields Esperance Development Commission, retrieved 5 July 2019.

With a population of approximately 14,236, Esperance is located 720 kilometres south-east of Perth. Compared to the driving distance of approximately eight hours to Perth, RPT air services have a flying time of just over 1.5 hours one-way.

Air Service Overview

Airline:	• Regional Express (Rex)
Service Agreement:	• Five-year deed of agreement with the State Government awarded in February 2016 under competitive tender process, until 27 February 2021.
State Government's Role:	• Under this deed, DoT chairs two Aviation Community Consultation Group meetings in Esperance per year. During the meeting, key stakeholders meet with DoT and Rex to discuss airline performance, initiatives and partnership opportunities. These discussions are vital in ensuring the air routes' long-term viability and to foster potential route growth. • DoT engages with Rex regularly regarding any issues that may occur on the air routes. • Under the deed, Rex is required to report monthly on key statistics such as passenger numbers, load factors, airfares and On Time Performance (OTP).
Air Services:	• Under the deed Rex provides the following minimum services: – 18 return flights per week • The schedule provides for 3 return services each day Monday-Friday with an additional service on Saturday. The aircraft remains in Perth overnight and returns to Esperance on Sunday. • As passenger demand is generally lower over the summer months (December-January), a summer schedule with a reduced number of air services is implemented to ensure the viability of air services during that period.
Aircraft:	• Saab 340 B-plus turboprop – 34 seats
Flight Time:	• 1 hour 35 minutes one-way *(approximately)*
Airport Operator:	• Shire of Esperance

Demand

The demand for RPT air services on the Esperance-Perth route is the second highest of all fully regulated regional routes in WA, after Albany. The demand for air travel on the Esperance-Perth air route is predominantly business related. The community of Ravensthorpe, located approximately 190 kilometres from Esperance along with surrounding mining activities also contributes to the demand for Esperance flights. There is also a growing tourism market for the Esperance region.

Figure 11 illustrates the annual RPT passenger demand on the route over the seven-year period between 2012-13 and 2018-19. With 44,901 passengers in 2012-13 passenger demand increased over most of the following years, peaking at 50,988 in 2018-19. The increase in demand is likely due to the introduction of the discounted community fare in May 2016.[50]

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[50] All data for the Esperance-Perth air route has been provided by the airline as a condition of the deed of agreement.

Figure 11: Esperance-Perth air route – annual passenger movements
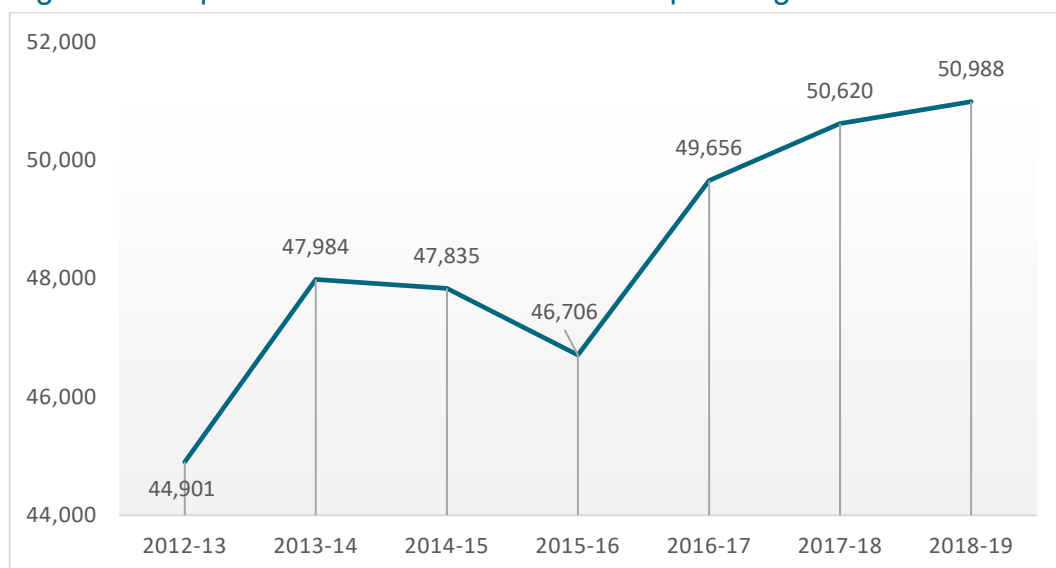
Load Factor

Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. As illustrated by Figure 12, the route load factor has remained above 65 per cent in the five years since 2014-15, peaking at 79 per cent in 2018-19.[51]

Figure 12: Esperance-Perth air route – annual average load factors
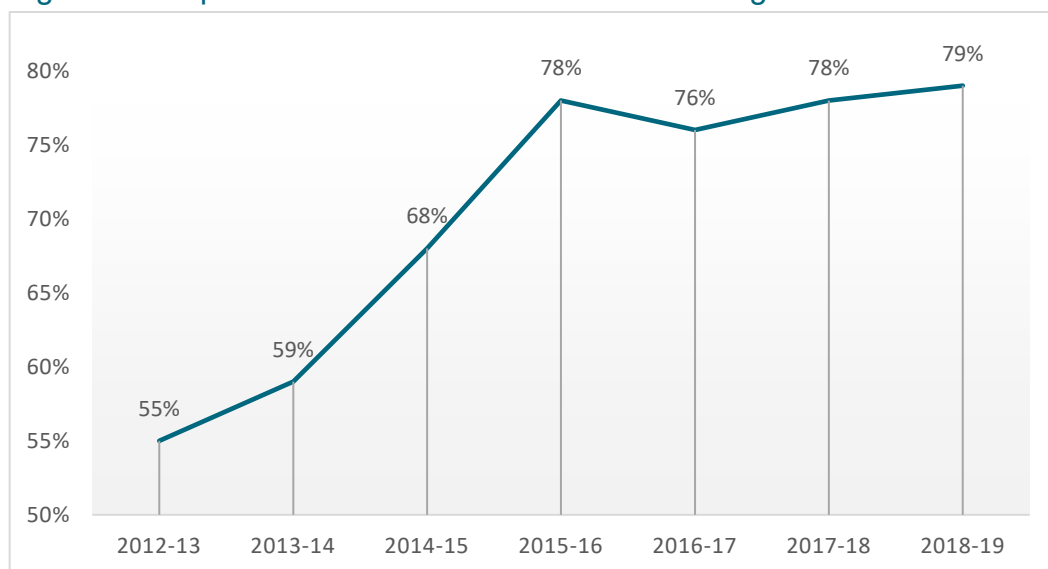
On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP). The industry standard for OTP is commonly accepted as 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time.

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[51] All data for the Esperance-Perth air route has been provided by the airline as a condition of the deed of agreement.

Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays), and by factors that are not in the airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

Historically, feedback from the community was that the most significant impact is when a flight is delayed more than one hour. This feedback has resulted in additional OTP benchmarks for 60 and 120 minutes. As such, under the deed the airline is required to meet or exceed the following benchmarks for controllable OTP for aircraft departures and arrivals:

- 80 per cent controllable OTP for aircraft departures and arrivals within 15 minutes of scheduled departure and arrival times;
- 85 per cent controllable OTP for aircraft departures and arrivals within 60 minutes of scheduled departure and arrival times; and
- 90 per cent controllable OTP for aircraft departures and arrivals within 120 minutes of scheduled departure and arrival times.

Table 9 shows that Rex exceeded the 80 per cent industry benchmark for the overall average OTP for 2018-19, and was well below the national average for flight cancellations of 2.1 per cent.[52,53]

Table 9: Esperance-Perth air route – overall On Time Performance 2018-19

Air Route	On Time Performance	Cancellations
Esperance-Perth	88.2%	0.11%
Perth-Esperance	91.1%	0.53%

Airfares

The price of airfares comprises several elements including the base fare (the airline component), airport fees and charges (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 10 provides a breakdown of the airport charges and GST associated with the maximum fare, also known as the Y fare, and the community fare.

A key feature of the deed is that the fare is capped, meaning the maximum airfare is fixed and cannot be exceeded. In 2018-19 the maximum airfare stipulated in the deed on the Esperance-Perth air route was $376.06 one-way (including airport fees and GST).

When Rex began operating on the air route in July 2018, the airline introduced a significantly discounted community fare. The Rex Community Fare is $138.46 on the Esperance-Perth route (including airport fees and GST) and was made possible through a partnership agreement between Rex, Perth Airport and the regional airport operator, the Shire of Esperance.

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[52] All data for the Esperance-Perth air route has been provided by the airline as a condition of the deed of agreement.
[53] Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics

The partnership agreement provides a growth incentive for Rex in respect of airport fees and charges enabling Rex to provide the community fare scheme (refer Section 4.3.1.1. Case Study 2: Regional Express (Rex) Community Fares for details). In 2018-19, a total of 12,409 Rex Community Fares were sold for Esperance-Perth, representing 24.3 per cent of the total passengers for the same year.

The Rex Community Fare is available for passengers booking a flight more than 30 days in advance and all unsold seats 24 hours before flight departure. Depending on the flight times, between 10 per cent and 25 per cent of the advance purchase seats are set aside for the Rex Community Fare.

As a comparison, the Transwa adult one-way bus fare between Esperance and Perth (as at 10 February 2020) is $99.90 including GST (less for concession card holders and children), with the trip taking around 10 hours.[54] There are multiple bus route options and over six return services per week.

Table 10: Esperance-Perth air route – airfare breakdown (as at 30 June 2019) [55]

Fare Type	Base Fare	GST	Perth Airport Tax	Regional Airport Tax*	Total
Maximum (Y) Fare	$300.00	$34.19	$20.96	$20.91	**$376.06**
Community Fare	$84.00	$12.59	$20.96	$20.91	**$138.46**

* This is the standard RPT published head tax. Rex has entered into a guaranteed airport revenue agreement with the regional airport.

4.3.1.4   Kalgoorlie

State Government Policy and Regulation

The WA Government will continue to lightly regulate the Kalgoorlie-Perth route (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:

- report statistics and records to DoT; and
- engage with stakeholders and communities to an adequate level.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated an airfare and air services workshop in Kalgoorlie on 14 March 2019 for stakeholders to collaborate on ways to:
     - increase stakeholder understanding of how airfare pricing works on the Kalgoorlie-Perth air route;
     - increase consumer awareness of how to access lower fares; and
     - identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;

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[54] Transwa timetables, Transwa website.
[55] All data for the Esperance-Perth air route has been provided by the airline as a condition of the deed of agreement.

- held a community drop-in event in Kalgoorlie for residents to convey their views directly DoT staff;
- placed conditions on aircraft licences, effective from 1 July 2019, requiring airlines operating on the Kalgoorlie-Perth route to:
  - report specified data to the State Government on a quarterly basis; and
  - undertake community and stakeholder engagement in Kalgoorlie, as requested by DoT.
- since November 2017, Qantas has offered its discounted fares for residents to Kalgoorlie residents. Under the program, residents of Kalgoorlie can access discounts from 20 per cent off the Qantas-controlled component of airfares across all economy fare classes (except sale fares) on a maximum of 12 return trips to Perth, per year (other conditions apply).

2. The City of Kalgoorlie-Boulder waives airport passenger service charges and landing fees for travellers under the Qantas Discounted Fares for Residents Program.
3. In June 2019, Qantas removed the $99 change fee for bookings made under its Discounted Fares for Residents Program to allow flexibility for regional passengers when purchasing a return airfare.
4. 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 capping of the airfare under the program provides certainty to Kalgoorlie residents about the price of airfares, especially for travel at short notice.
5. In mid-2019, Virgin introduced one-way fares of $149 (including airport fees and GST) on low-demand weekend flights between Kalgoorlie and Perth.

Kalgoorlie, located in the Goldfields region, is about 600 kilometres east of Perth. The trip between Kalgoorlie and Perth by road is approximately six and a half hours, while flying time is around one hour. While the driving distance to Perth is not as great as other regions (e.g. the Pilbara and Kimberley), air services are nonetheless essential for community and business. The population of Kalgoorlie-Boulder is 30,059, with the local economy underpinned by mining activities, e.g. gold, nickel and lithium.[56] Nearly 20 per cent of the employed residents of Kalgoorlie-Boulder work in gold ore mining.[57]

Air Service Overview

Airlines:	• Qantas and Virgin
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.
Air Services:	• Qantas provides 21 return services per week (as at July 2019) • Virgin provides 19 return services per week (as at July 2019) • This equates to approximately 5 to 8 return services on weekdays, 3 return services on Saturdays and 4 return services on Sundays (subject to scheduling variations). • The 40 return services per week are largely underpinned by the

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[56] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 11 June 2019.
[57] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 11 June 2019.

	resources sector. As the major user of air services, the resources sector influences the flight schedule to accommodate the industry's FIFO staffing rosters.
	• In addition, Virgin operates 1 weekly direct return air service Kalgoorlie-Melbourne
Aircraft:	• Airbus 320 – seating for 168-186 passengers
	• Boeing 717 – seating for 110-125 passengers
	• Boeing 737 – seating for 170-176 passengers
	• Fokker 100 – seating for 100 passengers
Flight Times (one-way):	• Kalgoorlie-Perth – 1 hour 7 minutes
	• Kalgoorlie-Melbourne – 3 hours 5 minutes
	(All times are approximate)
Airport Operator:	• City of Kalgoorlie-Boulder

Demand

Figure 13 illustrates annual RPT passenger movements on the route in the seven years between 2012-13 and 2018-19. Following a trough in 2013-14, when the annual RPT passenger demand was at its lowest point of 215,159 passenger movements, demand rose by 32 per cent to 284,432 in 2018-19.[58]

Figure 13: Kalgoorlie-Perth air route – annual Regular Public Transport passenger movements
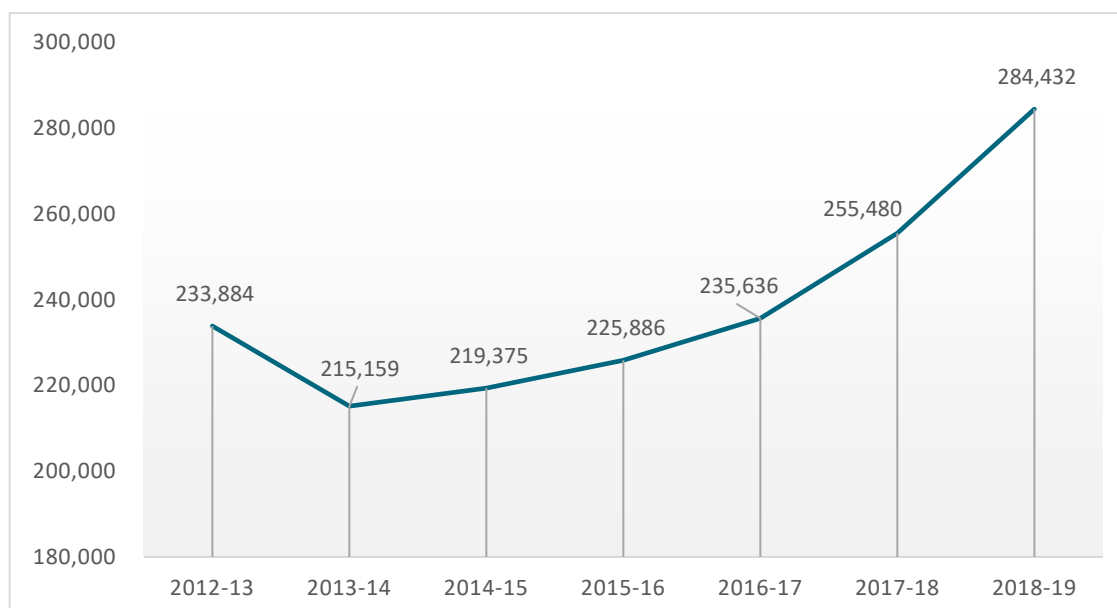
Load Factor

Figure 14 shows the average load factor calculated as an aggregate between the two airlines since 2012-13.[59] Some changes of aircraft occurred on the route during 2018-19 moving from Fokker 100s to larger aircraft, namely Boeing 717s, Boeing 737s and Airbus 320s. In 2018-19, the average load factor was 57 per cent; an increase of 9 percentage points since the low point of 48 per cent in 2013-14.

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58   Bureau of Infrastructure, Transport and Regional Economics, retrieved 21 May 2019.
59   Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. Load factors on routes with significant mining demand can be lower than 65 per cent, due to the one-way nature of FIFO traffic. Kalgoorlie is one such example.

Figure 14: Kalgoorlie-Perth air route – annual average load factors
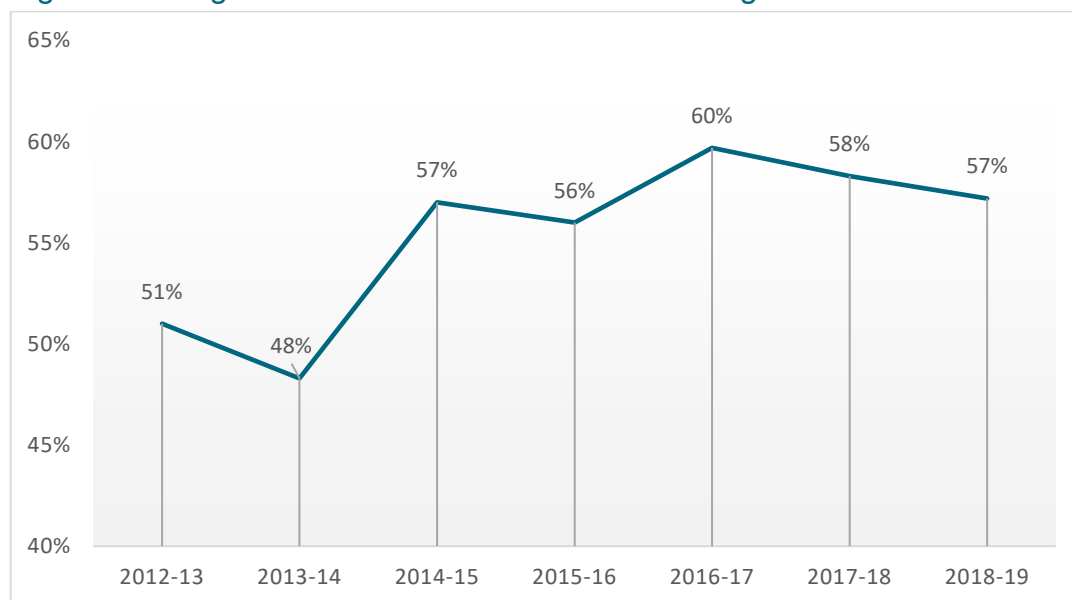
On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP). The industry standard for OTP is commonly accepted as being 80 per cent. A flight is considered on time when departing and arriving within 15 minutes of the scheduled time.

Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays), and factors that are not in airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

The Bureau of Infrastructure, Transport and Regional Economics (BITRE) collects and reports on airline and airport OTP. The overall OTP of both airlines combined on the Kalgoorlie-Perth route for 2018-19 is shown in Table 11. The OTP of flights on the Kalgoorlie-Perth air route during that year well exceeded the 80 per cent industry benchmark. The overall cancellation rate of Kalgoorlie-Perth scheduled flights was below the national average of 2.1 per cent.[60]

Table 11: Kalgoorlie-Perth air route – overall On Time Performance 2018-19[61]

Air Route	On Time Departures	On Time Arrivals	Cancellations
Kalgoorlie-Perth	88.2%	88.8%	1.8%
Perth-Kalgoorlie	91.1%	88.4%	1.4%

[60] Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics
[61] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Airfares

The price of airfares comprises several elements including the base fare (the airline component), various airport fees (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 12 provides an example of the airfare components for each airline operating on the Kalgoorlie-Perth route. In the examples provided, the landing fee is included in the fare.

In contrast to other regional air routes in WA, where the lowest available fares have ranged up to $1,119, the span of airfares on the Kalgoorlie-Perth air route is somewhat lower. Airfare data obtained from the airlines' websites by DoT in February 2019 (for travel in March, April and May 2019), indicated that the lowest available fares on the Kalgoorlie-Perth route ranged from $185 to $752 one-way (including airport fees and GST).

Airlines occasionally offer sale-priced fares between Kalgoorlie and Perth, e.g. $129, $139, $149, $159 etc. one-way (including airport fees and GST). As a comparison, as at July 2019, the adult one-way train fare between Kalgoorlie and Perth was $93.65 (including GST); less for travellers eligible for concession fare. The Prospector train service operated by Transwa, offers nine return services per week taking around seven hours.

In airfare data collected by DoT from airline websites in June 2019 (over a travel period between June 2019 and January 2020), advertised one-way airfares (including airport fees and GST) for the Kalgoorlie-Melbourne route ranged from about $269 to $665, averaging at around $300.

Table 12: Kalgoorlie-Perth air route – airfare breakdowns

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Qantas						
Red e-Deal QF1061 – Monday 18/03/2019, 8:10am	$196.44	$23.55	$9.26	$24.23	$5.53	**$259.01**
Flex QF1061 – Monday 18/03/2019, 8:10am	$370.24	$40.93	$9.26	$24.23	$5.53	**$450.19**
Virgin						
Getaway VA1856 - Monday 18/03/2020, 8:30am	$174.19	$20.82	$4.72	$23.45	$5.82	**$229.00**
Freedom VA1856 - Monday 18/03/2019, 8:30am	$328.74	$36.27	$4.72	$23.45	$5.82	**$399.00**

*   Relates to Perth Airport | ** Relates to Kalgoorlie-Boulder Airport

4.3.1.5   Laverton-Leonora

State Government Policy and Regulation

The WA Government will continue to fully regulate the Perth-Laverton-Leonora RPT air route and to monitor the performance of the services, unless there are substantial community concerns and/or changed market conditions that warrant a review of the regulatory approach to the route.

Actions Taken to Date

1. The WA Government, through DoT entered into a deed of agreement with Skippers Aviation effective from 1 July 2018 requiring the airline operating on the Laverton-Leonora-Perth route to:
   - report specified data to the State Government on a monthly basis; and
   - participate in bi-annual Community Consultation Group meetings.
2. In September 2018, Skippers introduced discounted community and standby fares of $253 and $227 one-way respectively, for residents of Laverton and Leonora (conditions apply). These reduced airfares provide certainty to residents about the price of airfares, especially for travel at short notice.

Laverton, located around 990 kilometres from Perth with a drive of over 11.5 hours, has a population of approximately 1,153 with over 61 per cent of residents employed within or supporting the mining sector.[62]

The gold mining township of Leonora with a population of around 1,411, lies some 877 kilometres north-east of Perth and around 284 kilometres north of Kalgoorlie.[63] The main industry includes mining and mineral exploration along with some pastoral holdings, with almost 39 per cent of residents employed within or supporting the resource sector.[64]

With long driving times from Perth of over 11.5 hours to Laverton and 9 hours to Leonora RPT air services, with flight times of under 2 hours, are important for the local community and the social and economic development of the region.

Air Service Overview

Airline:	• Skippers Aviation
Service Agreement:	• Five-year deed of agreement with the State Government awarded under competitive tender process, until 30 June 2023, provides RPT air services between Perth-Laverton-Leonora and Meekatharra-Mount Magnet-Wiluna, collectively known as the Northern Goldfields air routes.
State Government's Role:	• Under this deed, DoT chairs two Aviation Community Consultation Group meetings per year. During the meeting, key stakeholders meet with DoT and Skippers to discuss airline performance, initiatives and partnership opportunities. These discussions are vital in ensuring the air routes' long-term viability and to foster potential route growth.

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[62]   Australian Bureau of Statistics, 2016 Census QuickStats - Industry of employment, retrieved 31 July 2019.
[63]   Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 31 July 2019.
[64]   Australian Bureau of Statistics, 2016 Census QuickStats - Industry of employment, retrieved 31 July 2019.

	• DoT engages with Skippers regularly regarding any issues that may occur on the air routes. • Under the deed, Skippers is required to report monthly on key statistics such as passenger numbers, load factors, airfares and On Time Performance (OTP).
Air Services:	• Under the deed Skippers provides the following minimum services: – 3 return services per week - 1 service on Monday, Wednesday, and Friday. • At times Skippers trials additional flights on the route.
Aircraft:	• Fairchild Metroliner – 19 seats • Embraer Brasilia – 30 seats • Dash 8-100 – 36 seats • Dash 8-300 – 50 seats
Flight Times (one-way):	• Perth-Laverton – 1 hour 55 minutes • Laverton-Leonora – 35 minutes • Leonora-Perth – 1 hour 50 minutes *(All times are approximate)*
Airport Operator:	• Shires of Laverton and Leonora

Demand

The demand for RPT air services on the Laverton-Leonora-Perth route is illustrated in Figure 15, providing a breakdown of the annual RPT passenger demand over the seven years' period between 2012-13 and 2018-19. Passenger numbers overall for the route saw a significant drop of 48.6 per cent from 2012-13 to 2013-14, followed by a trough in 2015-16. Demand increased somewhat in 2017-18, however this was followed by another decline in 2018-19. The decreases in demand is likely due to the decline of resource sector activity and the number of closed charter air services operating within the region to private air strips.[65]

Figure 15: Laverton-Leonora-Perth Air route – annual passenger movements

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Laverton	5,294	2,981	3,420	3,405	4,482	7,809	4,852
Leonora	15,144	7,524	5,665	3,850	4,387	5,624	6,142
Route total	20,438	10,505	9,085	7,255	8,869	13,433	10,994

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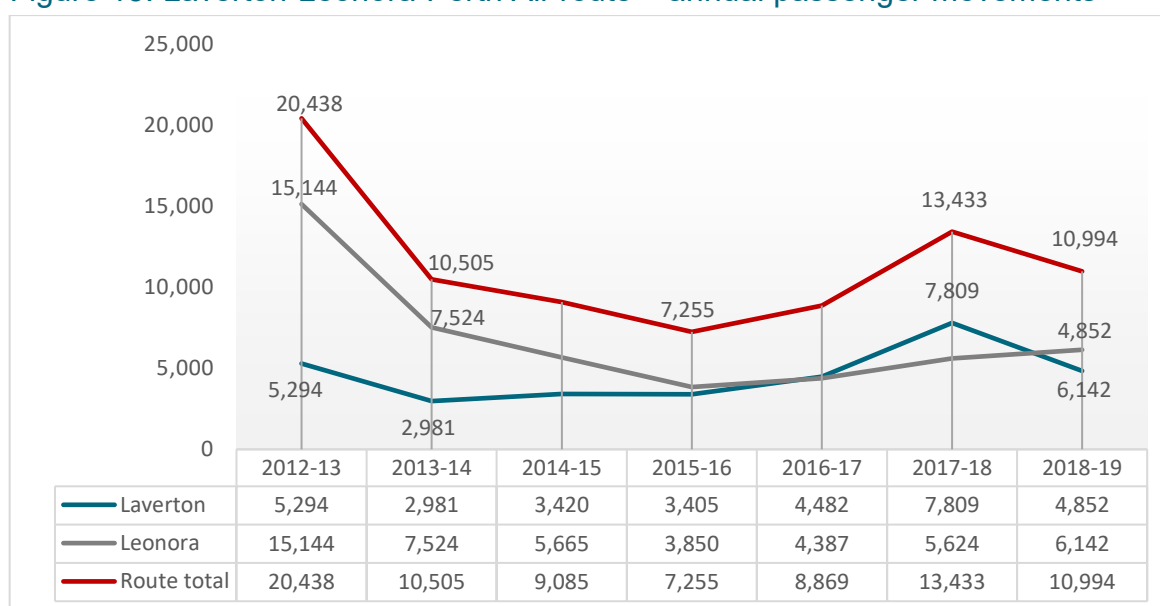
[65] All data for the Perth-Laverton-Leonora air route has been provided by the airline as a condition of the deed of agreement.

Load Factor

As illustrated by Figure 16, the route load factor recovered somewhat in 2016-17 and 2017-18 compared to earlier years[66]. However, 2018-19 saw a drop to 66 per cent which may be attributed to some resource companies moving from RPT to dedicated charter services.

Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. Load factors on routes with significant mining demand can be lower than 65 per cent, due to the one-way nature of FIFO traffic.

Figure 16: Laverton-Leonora-Perth air route – annual average load factors

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP). The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time.

Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays) and by factors that are not in the airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

Historically, feedback from the community was that the most significant impact is when a flight is delayed more than one hour. This feedback has resulted in additional OTP benchmarks for 60 and 120 minutes. As such, under the deed the airline is required to meet or exceed the following benchmarks for controllable OTP for aircraft departures and arrivals:

- 80 per cent controllable OTP for aircraft departures and arrivals within 15 minutes of scheduled departure and arrival times;
- 85 per cent controllable OTP for aircraft departures and arrivals within 60 minutes of scheduled departure and arrival times; and

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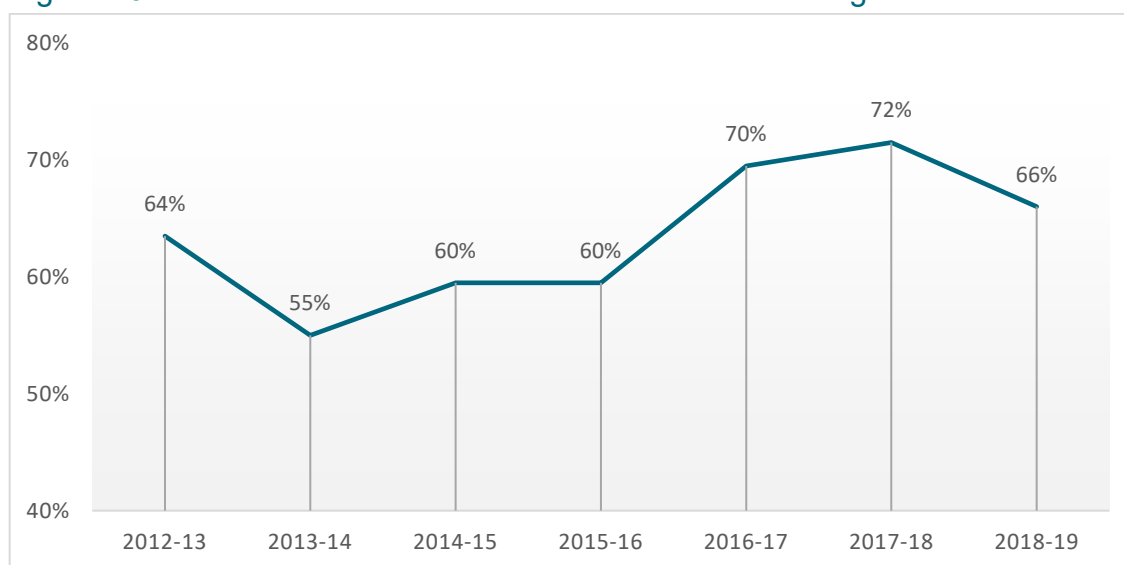[66] All data for the Perth-Laverton-Leonora air route has been provided by the airline as a condition of the deed of agreement.

- 90 per cent controllable OTP for aircraft departures and arrivals within 120 minutes of scheduled departure and arrival times.

Data supplied to DoT by Skippers shows that the 80 per cent industry benchmark has been exceeded by an overall average OTP for 2018-19 of 96 per cent.[67]

Airfares

The price of airfares comprises several elements including the base fare (the airline component), airport fees and charges (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 13 provides a breakdown of the airport charges and GST associated with the maximum fares, also known as the Y fare, and the community/standby airfares for Laverton and Leonora.

A key feature of the deed is that the fare is capped, meaning the maximum airfare is fixed and cannot be exceeded. In 2018-19, the maximum airfare stipulated in the deed on the Perth-Laverton air route was $484 one-way (including airport fees and GST) and $422 for Perth-Leonora one-way (including airport fees and GST).

In September 2018, Skippers introduced the discounted community and standby fares of $253 one-way (including airport fees and GST) for Laverton and $227 for Leonora. The community fare is available to local residents no less than 60 days prior to flight departure time subject to seat availability. The standby fare is available only 24 hours prior to flight departure time subject to seat availability (refer to Case Study 4: Skippers Community Fares, in this section). Since the introduction of the discounted fares 541 have been sold for Laverton and 1,181 sold for Leonora (September 2018 to December 2019).

By way of comparison, Laverton and Leonora are also accessible via weekly coach bus services operated by Goldrush Tours linking the towns to Kalgoorlie for a starting ticket price of around $91. The coach trip between Laverton-Kalgoorlie is around 4.5 hours, and the trip from Leonora to Kalgoorlie is 2 hours 45 minutes.

Table 13: Laverton-Leonora-Perth air route – airfare breakdowns (as at 30 June 2019)[68,69]

Fare Type	Base Fare	GST	Perth Airport Tax	Regional Airport Tax*	Total
Laverton-Perth air route					
Maximum (Y) Fare	$402.46	$44.00	$25.74	$11.82	**$484.00**
Community/Standby Fare	$192.44	Combined Airport Taxes and GST $60.56			**$253.00**
Leonora-Perth air route					
Maximum (Y) Fare	$345.81	$38.36	$25.74	$12.09	**$422.00**
Community/Standby Fare	$168.53	Combined Airport Taxes and GST $58.47			**$227.00**

* Skippers has entered into an agreement with the regional airport.

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[67] All data for the Perth-Laverton-Leonora air route has been provided by the airline as a condition of the deed of agreement.
[68] Airfare data for the Northern Goldfields air routes has been provided by the airlines as a condition of the deed of agreement. Airfare data current as published on the Skippers website on 27/8/2019.
[69] All data for the Laverton-Leonora-Perth air route has been provided by the airline as a condition of the deed of agreement.

Case Study 4: Skippers Community Fares[70]

Discounted community fares on the Northern Goldfields RPT air routes are providing residents with improved access to Perth. The community fares introduced by Skippers Aviation, a WA-owned and operated airline, have proved popular with over 1,800 purchased across all five towns in the first 12 months since they were introduced in September 2018.

The Northern Goldfields air routes are regulated and include the towns of Laverton, Leonora, Meekatharra, Mount Magnet and Wiluna. Skippers Aviation operates on two air routes; Perth-Laverton-Leonora-Perth; and Perth-Wiluna-Meekatharra-Mount Magnet-Perth, under five-year Deeds of Agreement with the State Government until 30 June 2023.

Skippers offers two levels of discounted fares:

- Community fare which is available to local residents no less than 60 days prior to flight departure time subject to seat availability; and

- Standby fare which is available 24 hours prior to flight departure time subject to seat availability.

The community fare is based on percentage discounts of between 44.5 per cent to 64.5 per cent of the maximum airfare. Residents of Laverton and Leonora receive discounted airfares of $253 and $227 one-way (including airport fees and GST), respectively. In the first 12 months since the community fares were introduced in September 2018, a total of 1,309 have been sold for the Perth-Laverton-Leonora air route, a total of 12.3 per cent of all passengers.

Local residents for the towns of Wiluna, Meekatharra and Mount Magnet receive discounted airfares $237, $233 and $227 one-way (including airport fees and GST), respectively. In the 12 months following September 2018, a total of 520 community fares have been sold for the Perth-Wiluna-Meekatharra-Mount Magnet air route, ten per cent of all passengers. The introduction of these discounted fares has been well received by residents and recognised as improved access to more affordable airfares between Perth and regional centres in the northern Goldfields.

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[70]   Case Study: Skippers Community Fares - Based on data provided to the Department of Transport from Skippers Aviation under the deed of agreement; additional information available on the Department of Transport website – Northern Goldfields air routes: Snapshot at www.transport.wa.gov.au/aviation/air-services-in-western-australia.asp ; Skippers Aviation: Skip-e-deal (community fare) information - www.skippers.com.au/special-deals

Great Southern Region

The southernmost region in Western Australia, the Great Southern, incorporates eleven local government areas with a combined population of approximately 58,372.[71] The region is largely supported by viticulture and primary production including agriculture, wool, timber and fishing and tourism. Some demand for air services in the region can come from these industries.

4.3.1.6 Albany

State Government Policy and Regulation

The WA Government will continue to fully regulate the Albany-Perth RPT air route and to monitor the performance of the services, unless there are substantial community concerns and/or changed market conditions that warrant a review of the regulatory approach to the route.

Located 418 kilometres south east of Perth, Albany has a population of 36,583, with the primary industry agriculture, followed closely by construction.[72] Tourism also contributes to the region's economy. Perth is a 4.5-hour drive, while the flying time is just over one hour one-way. RPT air services are important for business, tourism and medical transfers for the local community.

Air Service Overview

Airline:	• Regional Express (Rex)
Service Agreement:	• Five-year deed of agreement with the State Government awarded in February 2016 under competitive tender process, until 27 February 2021.
State Government's Role:	• Under this deed, DoT chairs two Aviation Community Consultation Group meetings in Albany per year. During the meeting, key stakeholders meet with DoT and Rex to discuss airline performance, initiatives and partnership opportunities. These discussions are vital in ensuring the air routes' long-term viability and to foster potential route growth. • DoT engages with Rex regularly regarding any issues that may occur on the air routes. • Under the deed, Rex is required to report monthly on key statistics such as passenger numbers, load factors, airfares and On Time Performance (OTP).
Air Services:	• Under the deed Rex provides a minimum of 23 return flights per week. • The schedule provides for 4 return services daily Monday-Friday and 1 return service on Saturday, where the aircraft overnights in Perth before returning to Albany on Sunday. • As passenger demand is generally lower over the summer months (December-January), a summer schedule with a reduced number of air services is implemented to ensure the viability of

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[71] Australian Bureau of Statistics, 2016 Census QuickStats (LGA data used), retrieved 19 July 2019.
[72] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 24 July 2019.

	air services during that period.
Aircraft:	• Saab 340 B-plus turboprop – 34 seats
Flight Times (one-way):	• 1 hour 10 minutes *(approximately)*
Airport Operator:	• City of Albany

Demand

The demand for RPT air services on the Albany-Perth route is the highest of all regulated regional routes in WA. Figure 17 illustrates the annual RPT passenger demand on the route over the seven-year period between 2012-13 and 2018-19. Following a low of 52,661 passengers in 2015-16, demand has increased by 16.7 per cent, peaking at 61,469 in 2018-19. The increase in demand is in part due to the introduction of the discounted community fare in May 2016.[73]

Figure 17: Albany-Perth air route – annual passenger movements
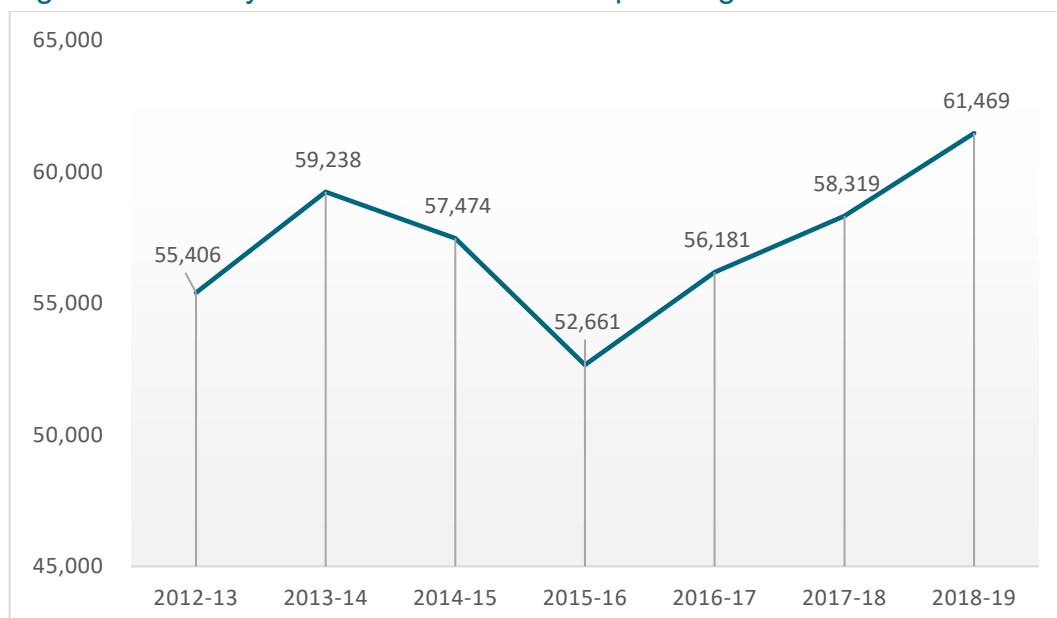
Load Factor

As illustrated by Figure 18, the route load factor has remained above 65 per cent in the seven years since 2012-13, peaking at 78 per cent in 2018-19.[74] This is greater than the overall load factor greater of 65-70 per cent which is generally desired by airlines.

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[73]   All data for the Albany-Perth air route has been provided by the airline as a condition of the deed of agreement.
[74]   All data for the Albany-Perth air route has been provided by the airline as a condition of the deed of agreement.

Figure 18: Albany-Perth air route – annual average load factors

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP).

The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time. Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays) and by factors that are not in the airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

Historically, feedback from the community was that the most significant impact is when a flight is delayed more than one hour. This feedback has resulted in additional OTP benchmarks for 60 and 120 minutes. As such, under the deed the airline is required to meet or exceed the following benchmarks for controllable OTP for aircraft departures and arrivals:

- 80 per cent controllable OTP for aircraft departures and arrivals within 15 minutes of scheduled departure and arrival times;
- 85 per cent controllable OTP for aircraft departures and arrivals within 60 minutes of scheduled departure and arrival times; and
- 90 per cent controllable OTP for aircraft departures and arrivals within 120 minutes of scheduled departure and arrival times.

Table 14 shows that Rex exceeded the 80 per cent industry benchmark for the overall average OTP for 2018-19.[75] The overall cancellation rate of scheduled flights was well below the national average of 2.1 per cent.[76]

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[75] All data for the Albany-Perth air route has been provided by the airline as a condition of the deed of agreement.
[76] Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics

Table 14: Albany-Perth air route – overall On Time Performance 2018-19

Air Route	On Time Performance	Cancellations
Albany-Perth	84.58%	0.17%
Perth-Albany	84.17%	0.34%

Airfares

The price of airfares comprises several elements including the base fare (the airline component), airport fees and charges (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 15 provides a breakdown of the airport charges and GST associated with the maximum fare, also known as the Y fare, and the community fare. A key feature of the deed is that the fare is capped, meaning the maximum airfare is fixed and cannot be exceeded. In 2018-19, the maximum fare stipulated in the deed on the Albany-Perth air route was $342.58 one-way (including airport fees and GST).

In May 2016, Rex introduced a significantly discounted community fare. The Rex Community Fare is $137.98 one-way on the Albany-Perth route (including airport fees and GST). The community fare was made possible through a partnership agreement between Rex, Perth Airport and the regional airport operator, the City of Albany.

The partnership agreement provides a growth incentive for Rex in respect of airport fees and charges enabling Rex to provide the community fares (refer to Section 4.3.1.1 Carnarvon-Monkey Mia, Case Study 2: Regional Express (Rex) Community Fares). In 2018-19, 17,012 Community Fares were sold for the Albany-Perth air route, representing 27.7 per cent of the total passengers for the same year.

The Rex Community Fare is available for passengers booking a flight more than 30 days in advance and all unsold seats 24 hours before flight departure. Depending on the flight times, between 10 per cent and 25 per cent of the advance purchase seats are set aside for the Rex Community Fare.

Table 15: Albany-Perth air route – airfare breakdown (as at 30 June 2019) [77]

Fare Type	Base Fare	GST	Perth Airport Tax	Regional Airport Tax*	Total
Maximum (Y) Fare	$260.00	$31.14	$20.96	$30.48	**$342.58**
Community Fare	$74.00	$12.54	$20.96	$30.48	**$137.98**

* This is the standard RPT published head tax. Rex has entered into a guaranteed airport revenue agreement with the regional airport.

[77]   All data for the Albany-Perth air route has been provided by the airline as a condition of the deed of agreement.

4.3.2   Kimberley Region

The Kimberley region, with a residential population of 34,364, 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. Around 40 per cent of the region's residents living in the Shire of Broome.[78] Key contributors to the Kimberley economy include the resources sector, agriculture, and tourism.

4.3.2.1   Balgo

Balgo is a permanent aboriginal community in the Shire of Halls Creek with a population of 359.[79] Balgo, which is located around 256 kilometres from Halls Creek on unsealed roads, is classified by the Australian Statistical Geography Standard Remoteness Structure as very remote.[80] Aboriginal art is a major industry for the Balgo Community.

Air Service Overview

Airline:	• Aviair
State Government's Role:	• DoT, in collaboration with Aviair, have underwritten the operation of the trial subsidised Kununurra-Halls Creek-Balgo RPT air service for an initial two-year period that expires on 30 June 2020. Nearing the end of the trial, DoT will assess the development, demand and future funding opportunities for the trial air route going forward.
Air Services:	• 1 return air service each Tuesday and Friday
Aircraft:	• Cessna 208 Grand Caravan – 9-seater turbo prop aircraft

Demand

In 2018-19, total passenger numbers between Kununurra-Balgo return was 434 and between Halls Creek-Balgo return was 143. In 2018-19 the purpose of travellers using the air service was 53 per cent patients, 16 per cent business, 14 per cent private, 11 per cent government staff and 6 per cent per cent health workers.

Airfares

Under a deed of agreement with the State Government, Aviair provides fixed airfares on specific intra-regional services with $325 one-way for flights Kununurra-Halls Creek, $265 one-way Halls Creek-Balgo and $495 one-way between Kununurra and Balgo. All Aviair airfare prices include airport fees and GST.[81]

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[78]   Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 10 June 2019.
[79]   Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 22 April 2019.
[80]   The Australian Statistical Geography Standard (ASGS) Remoteness Structure, Australian Bureau of Statistics, retrieved 5 June 2019.
[81]   Airfare prices from Aviair website, current as at 16 July 2019.

4.3.2.2   Broome

State Government Policy and Regulation

The WA Government will continue to:

1. Lightly regulate the Broome-Perth and Broome-Kununurra routes (allowing multiple operators on the route/s) and monitor performance by requiring airlines operating RPT air services to:
   – report statistics and records to DoT; and
   – engage with stakeholders and communities to an adequate level.
2. Regulate the inter-regional and intra-regional RPT air routes between Karratha, Broome, Newman, Port Hedland and Paraburdoo by giving exclusive monopoly rights for operation to a single airline and by monitoring the performance of the RPT air services.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated an airfare and air services workshop in Broome on 2 April 2019 for stakeholders to collaborate on ways to:
     – increase stakeholder understanding of how airfare pricing works on the Broome-Perth air route;
     – increase consumer awareness of how to access lower fares; and
     – identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - provided for a community drop-in event in Broome for residents to convey their views directly to DoT staff; and
   - placed conditions on aircraft licences effective from 1 July 2019 requiring airlines operating on the Broome-Perth and Broome-Kununurra routes to:
     – report specified data to the State Government on a quarterly basis; and
     – undertake community and stakeholder engagement in Broome, as requested by DoT.
2. In August 2018, the State Government, through Tourism Western Australia, in partnership with Qantas, 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 trial has been extended into 2020.
3. Since November 2017, Qantas has offered its Discounted Fares for Residents Program to Broome residents. Under the program, residents of Broome can access discounts from 20 per cent off the Qantas-controlled component of airfares across all economy fare classes (except sale fares) on a maximum of 12 return trips to Perth, per year (other conditions apply).
4. In June 2019, Qantas removed the $99 change fee for bookings made under its Discounted Fares for Residents Program to allow flexibility for regional passengers when purchasing a return airfare.
5. On 1 November 2019, Qantas announced a maximum fare of $392 during the low season (October-June) and $455 one-way during the high season (including airport fees and GST) for Broome travellers using the Qantas Discounted Fares for Residents Program. The capping of the airfare under the program provides certainty to Broome

residents about the price of airfares, especially for travel at short notice.

6. In mid-2019, Virgin introduced a trial of special Broome-Perth airfares of $199 one-way (including airport fees and GST) for tickets purchased 60 days in advance.

7. The City of Karratha worked collaboratively with other local governments, Aviair, airports in the Pilbara and Kimberley regions, and DoT to establish intra-regional and inter-regional air services. The initiative enables air services between Karratha, Broome, Newman, Port Hedland and Paraburdoo. The first flight (between Karratha and Broome) commenced on 16 August 2019. On 21 January 2020, Aviair announced it will connect Karratha and Paraburdoo, the last leg of the inter-regional service, from 4 March 2020.[82]

8. SilkAir operated four to five direct return flights between Singapore and Broome under a trial arrangement each peak season in 2018 and 2019 to test demand. The initiative is a partnership between the Broome International Airport, Australia's North West Tourism, the Shire of Broome and Tourism Western Australia. Options for future extensions continue to be explored.

Broome is located on the coast of Western Australia, approximately 2,230 kilometres north east of Perth in the Kimberley region. The considerable road distance takes nearly 24 hours to drive. This means that RPT air services, with a flying time of 2.5 hours one-way, are essential for social and economic development of the region. The population of Broome is 16,222, although this increases during the tourism peak season (May to October).[83]

While pearl products continue to be a part of Broome's economy, tourism and operations to support the oil and gas industry dominate economic activity in the town.

Air Service Overview

Airlines:	• Qantas and Virgin
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.

Air Services / Aircraft:	• Qantas provides 20 return services per week (as at February 2020)
	• Virgin provides 13 return services per week (as at February 2020)
	• This equates to approximately 5 return services on weekdays and 3-5 return services on Saturdays and Sundays (subject to scheduling variations)
	• The 39 return services per week are largely underpinned by the tourism and resources sectors. As major users of air services, both sectors have influence over the flight schedules.
	• Direct intrastate RPT air services are also available to/from Broome:
	  – 3 flights per week to/from Karratha (Aviair)
	  – 7 flights per week to/from Kununurra (Airnorth)
	  – 3 flights per week to/from Fitzroy Crossing and Halls Creek (Skippers)
	• Qantas offers direct interstate RPT air services to/from Broome:

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[82] *Award-winning flight network announces expansion with new Paraburdoo service*, 22 January 2020, Aviair website.

[83] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 10 June 2019.

	– 1 flight per week to/from Brisbane – 4 flights per week to/from Melbourne – 2 flights per week to/from Sydney – In October 2019, Qantas began its Broome-Darwin service, operating 3 return flights per week
Aircraft:	• Airbus 320– seating for 168 - 186 passengers • Boeing 717– seating for 110 - 125 passengers • Boeing 737 – seating for 170 -176 passengers • Fokker 100 – seating for 100 passengers • Beechcraft 200 Super King Air – seating for 9 passengers • Embraer 170 – seating for 76 passengers • Cessna Conquest 441 – seating for 11 passengers
Flight Times (one-way):	• Perth-Broome – 2 hours 30 minutes • Broome-Karratha – 1 hour 50 minutes • Broome-Kununurra – 1 hour 20 minutes • Broome-Fitzroy Crossing – 50 minutes • Fitzroy Cross-Halls Creek – 55 minutes • Broome-Brisbane – 4 hours 5 minutes • Broome-Melbourne – 3 hours 50 minutes • Broome-Sydney – 4 hours 5 minutes *(All times are approximate)*
Airport Operator:	• The Broome International Airport (BIA) has been under private ownership since 1991 by the Broome International Airport Group.

Demand

The Broome-Perth air route has the highest demand of the airports in the Kimberley region. Figure 19 illustrates the passenger demand on the route over the seven years from 2012-13 to 2018-19.[84] Passenger movements were at their highest in 2017-18, at 343,843, which was an increase of 19 per cent from the lowest point of 289,223 in 2016-17.[85] This increase has been attributed to a combination of increased activity in the resources and tourism sectors. There were 329,442 passengers on the route in 2018-19, which was a four per cent drop from 2017-18. Tourism demand on the air route is seasonal, coinciding with the dry season (April/May to September/October).

The annual RPT passenger numbers through BIA for all routes (with flights arriving and departing from/to Perth as well as other destinations) increased by approximately 15 per cent to 417,860 in 2017-18.[86] There were 407,322 RPT passengers through BIA in 2018-19, which was 2.5 per cent less than 2017-18.

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[84] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
[85] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
[86] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Figure 19: Broome-Perth air route – annual Regular Public Transport passenger movements
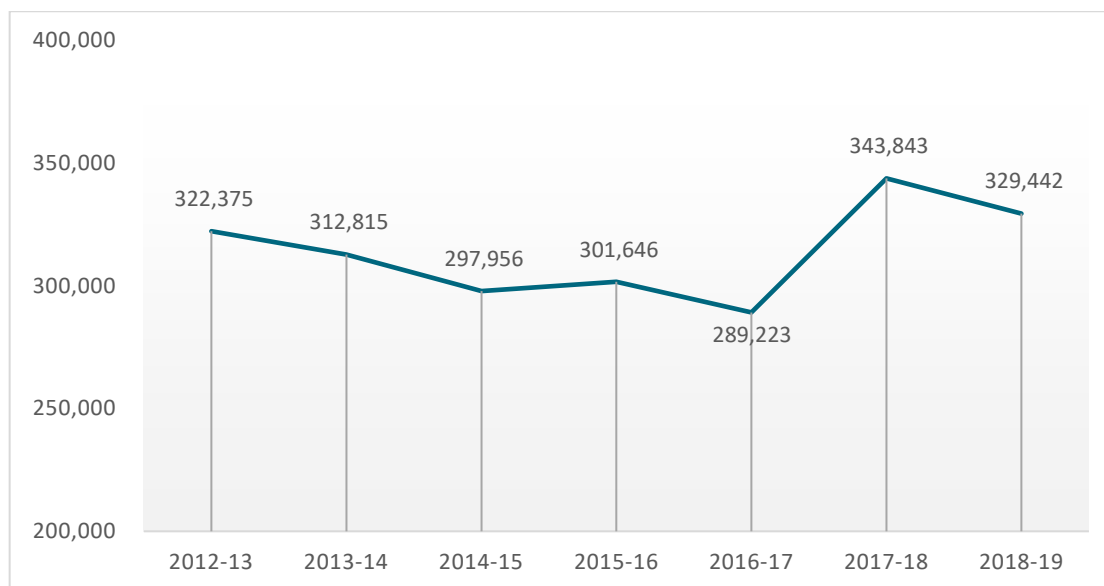
Load Factor

Figure 20 shows the average load factor calculated by BITRE as an aggregate between the two airlines since 2012-13.[87] In 2018-19, the average load factor was 76 per cent, an increase of 7 percentage points since the lowest load factor of 69 per cent in 2013-14.

Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired. Load factors on routes with significant mining demand can be lower than 65 per cent, due to the one-way nature of FIFO traffic. The Broome-Perth air route is less impacted by this one-way factor (compared to Pilbara routes), as there is significant tourism demand to supplement overall demand.

Figure 20: Broome-Perth air route – annual average load factors[88]

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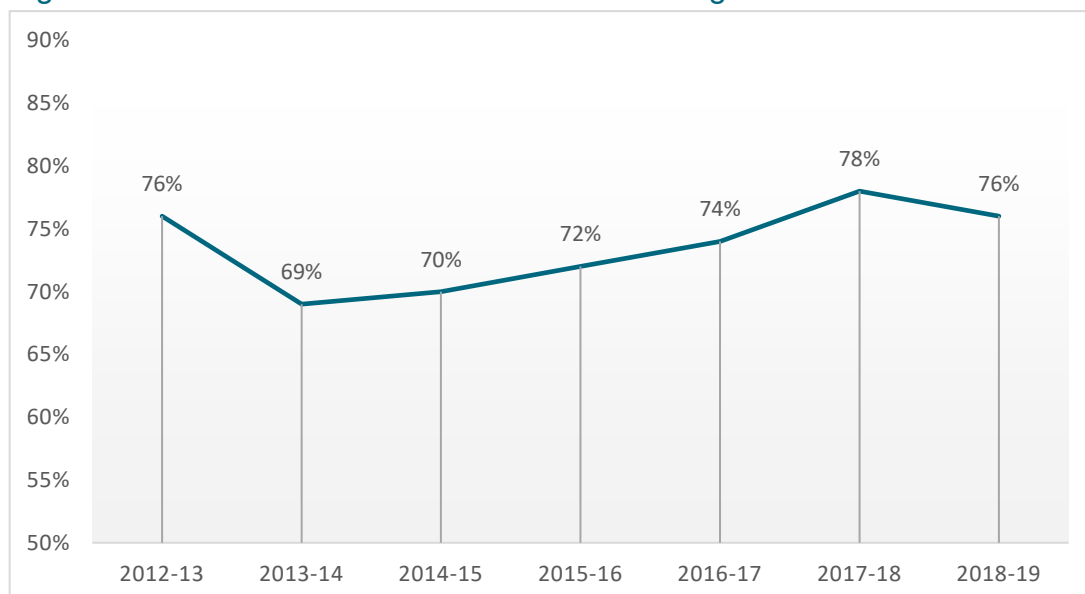
87   Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
88   Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP). The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time. Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays), and by factors that are not in airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

The Bureau of Infrastructure, Transport and Regional Economics (BITRE) collects data and reports on airline and airport OTP. The overall OTP of both airlines combined on the Broome-Perth route for the year ended December 2018 is shown in Table 16. The average OTP of 81 per cent marginally exceeded the 80 per cent industry benchmark. The overall cancellation rate of Broome-Perth scheduled flights in 2018-19 was lower than the national average of 2.1 per cent.[89]

Table 16: Broome-Perth air route – overall On Time Performance 2018-19[90]

Air Route	On Time Departures	On Time Arrivals	Cancellations
Broome-Perth	77.4%	80.4%	1.4%
Perth-Broome	83.8%	82.2%	0.7%

Airfares

The price of airfares comprises several elements including the base fare (the airline component), various airport fees (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST.

Table 17 provides examples of the airfare components for each airline operating on this route. In the examples provided, the landing fee is included in the fare.

In August 2018, Qantas, in partnership with the State Government, through Tourism Western Australia, 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 trial was extended into 2020. Virgin also offered similar special fares.

Airfare data obtained from airline websites by DoT in February 2019 (for travel in March, April and May 2019), indicated that the lowest available fares on the Broome-Perth route ranged from $179 to $800 one-way (including airport fees and GST).

Occasionally both airlines offer sale fares for travel to/from Broome e.g. $169 one-way (including airport fees and GST). As a comparison, as at July 2019, the adult one-way bus fare is $355; less for concession card holders and children. The twice-weekly return bus service is operated by Integrity Coach Lines, and takes about 35 hours. There is also a bus service between Broome and Derby, operated by Derby Bus Service, which operates three times per week with the adult one-way fare of $50.

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[89] Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics.
[90] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Table 17: Broome-Perth air route – airfare breakdowns

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Qantas						
Red e-Deal QF2657 – Thursday 4/04/2019, 9:20am	$233.03	$26.82	$20.37	$9.26	$5.53	**$295.01**
Flex QF2657 – Thursday 4/04/2019, 9:20am	$563.93	$59.91	$20.37	$9.26	$5.53	**$659.00**
Virgin						
Getaway VA1482 – Thursday 4/04/2019, 11:25am	$211.67	$23.55	$13.24	$4.72	$5.82	**$259.00**
Freedom VA1482 – Thursday 4/04/2019, 11:25am	$520.77	$54.46	$13.24	$4.72	$5.82	**$599.01**

* Relates to Broome International Airport | ** Relates to Perth Airport

4.3.2.3   Fitzroy Crossing

The town of Fitzroy Crossing, with a population of 1,295, is located 400 kilometres east of Broome and 300 kilometres west of Halls Creek. [91] Approximately 2,500 people live in communities throughout the Fitzroy Valley.[92] The Fitzroy Crossing townsite is classified by the Australian Statistical Geography Standard (ASGS) Remoteness Structure as very remote.[93] The main industries in the Fitzroy Valley area are tourism, beef production and mining.

Air Service Overview

Airline:	• Skippers Aviation
State Government's Role:	• WA Country Health Service has underwritten the operation of the Broome-Fitzroy Crossing-Halls Creek air service for an initial two-year period up to 22 April 2021, with an option for a further one-year extension. Prior to WA Country Health Service underwriting the current air service, DoT provided a subsidy to the airline on the air route.
Air Services:	• 3 (subsidised) return RPT air services per week - 1 return service each Monday, Wednesday and Friday
Aircraft:	• Cessna Conquest C441 – 9-seater turbo prop aircraft

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[91]   Australian Bureau of Statistics 2016 Census QuickStats, retrieved 5 June 2019.
[92]   *About Fitzroy Crossing*, Department of Communities website, retrieved 5 June 2019.
[93]   The Australian Statistical Geography Standard (ASGS) Remoteness Structure, Australian Bureau of Statistics, retrieved 5 June 2019.

Demand

WA Country Health Service currently uses the RPT air service to transport passengers from Fitzroy Crossing to Broome for regular medical treatments. Seats not required by WA Country Health Service are then made available to the public.

In 2017-18, total passenger numbers between Broome-Fitzroy Crossing return was 537, with a reduction of 16.8 per cent to 447 passengers for the following year, 2018-19.[94]

Airfares

A standard airfare of $495 one-way (including airport fees and GST) is charged across all sections of the Broome-Fitzroy Crossing and Fitzroy Crossing-Halls Creek air route legs.[95]

4.3.2.4   Halls Creek

The town of Halls Creek, with a population of 1,546, is located 358 kilometres south of Kununurra and 686 kilometres east of Broome.[96] The Halls Creek town is classified by the ASGS Remoteness Structure as very remote, with around 3,269 people living in communities throughout the Shire of Halls Creek.[97],[98] The main industries in the Halls Creek region are tourism, beef production and mining.

Air Service Overview

Airlines:	• Skippers Aviation and Aviair
State Government's Role:	• Broome-Fitzroy Crossing-Halls Creek air route – WA Country Health Service has underwritten the air service for an initial two-year period which expires on 22 April 2021, with an option for a further one-year extension. Prior to WA Country Health Service underwriting the air service, DoT provided a subsidy to the air service provider on the air route. • Kununurra-Halls Creek-Balgo air route – DoT, in collaboration with Aviair, have underwritten the operation of the trial subsidised RPT air service for an initial two-year period which expires on 30 June 2020. DoT has recently tendered this route for a maximum three-year period.
Air Services:	• Skippers provides 3 return weekly services Broome-Fitzroy Crossing-Halls Creek every Monday, Wednesday and Friday • Aviair provides 2 return weekly air services (subsidised trial) between Kununurra, Halls Creek and Balgo every Tuesday and Friday
Aircraft:	• Cessna Conquest C441 – 9-seater turbo prop (Skippers) • Cessna 208 Grand Caravan – 9-seater turbo prop aircraft (Aviair)

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[94] Information supplied by the WA Country Health Service, July 2019.
[95] Data provided by Skippers Aviation, 7 February 2020.
[96] Australian Bureau of Statistics 2016 Census QuickStats, retrieved 5 June 2019.
[97] Australian Bureau of Statistics 2016 Census QuickStats, dated 27 June 2017, retrieved 5 June 2019
[98] The Australian Statistical Geography Standard (ASGS) Remoteness Structure, Australian Bureau of Statistics, retrieved 5 June 2019

Demand

WA Country Health Service currently uses the RPT air service to transport passengers from Halls Creek to Broome for regular medical treatments. Seats not required by WA Country Health Service are then made available to the public.

In 2017-18 and 2018-19, total passenger numbers between Broome-Halls Creek return was 1,095 and 1,195 respectively. There is minimal passenger demand on the Halls Creek-Fitzroy Crossing leg of the air route.

In 2018-19, total passenger numbers between Kununurra-Halls Creek return was 274 and between Halls Creek-Balgo return was 143. The demand profile of passengers using the service in 2018-19 was: 53 per cent patients, 16 per cent business, 14 per cent private, 11 per cent government staff and 6 per cent per cent health workers.

Airfares

Under a deed of agreement with the State Government, Aviair provides fixed airfares on specific intra-regional services with $325 one-way for flights Kununurra-Halls Creek, $265 one-way Halls Creek-Balgo and $495 one-way between Kununurra and Balgo. All Aviair airfare prices include airport fees and GST.[99]

4.3.2.5 Kalumburu

Kalumburu is the most remote permanent settlement in Western Australia and is located on the King Edward River, 550 kilometres from Kununurra and 650 kilometres from Derby on unsealed roads and has a population of around 412.[100] [101] The Kalumburu town is classified by the Australian Statistical Geographic Standard Remoteness Area Classification as very remote.[102]

Air Service Overview

Airlines:	• Aviair
State Government's Role:	• The air service between Kununurra and Kalumburu is not subsidised by State Government.
	• The State Government, through a Premier's Circular requires all state government departments and other public-sector agencies to use RPT air services (where available), when travelling to regional and remote communities throughout Western Australia. Exemption to this policy can be made when the cost per passenger to use a closed charter flight is less than the cost per passenger to use a public service or if air travel is to be undertaken in an emergency.[103]
Air Services:	• 3 return air service weekly on Monday, Wednesday and Friday
Aircraft:	• Cessna 208 Grand Caravan – 9-seater turbo prop aircraft

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99 Airfare prices from Aviair website, current as at 16 July 2019.
100 *Kalumburu Community*, Australia's North West website, retrieved 5 June 2019.
101 Australian Bureau of Statistics 2016 Census QuickStats, retrieved 5 June 2019.
102 The Australian Statistical Geography Standard (ASGS) Remoteness Structure, Australian Bureau of Statistics, retrieved 5 June 2019
103 Chartering of aircraft on regional regular public transport air routes - Premier's Circular 2019/03, Department of the Premier and Cabinet

Demand

In 2018-19, total passenger numbers between Kununurra and Kalumburu return was 1,731 and the average passenger load factor was 61 per cent.[104] In 2017-18, total passenger numbers between Kununurra and Kalumburu return was 1,592 and the average passenger load factor was 47.8 per cent. The purpose of which the air service was used in 2018-19 was 25 per cent medical transfer, 24 per cent business, 22 per cent private, 18 per cent government staff and 12 per cent health workers.[105]

Airfares

Aviair provides fixed airfares on specific intra-regional services including Kununurra to Kalumburu for a standard price of $389 one-way, a special fare of $249 was offered during the 2019 Easter holiday period. All Aviair airfare prices include airport fees and GST.[106]

4.3.2.6   Kununurra

State Government Policy and Regulation

The WA Government will continue to lightly regulate the Kununurra-Perth and Kununurra-Broome routes (allowing multiple operators on the route/s) and monitor performance by requiring airlines operating RPT air services to:
– report statistics and records to DoT; and
– engage with stakeholders and communities to an adequate level.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated a workshop in Kununurra on 4 April 2019 for stakeholders to collaborate on ways to:
     – increase stakeholder understanding of how airfare pricing works on the Perth-Kununurra and Kununurra-Broome air routes;
     – increase consumer awareness of how to access lower fares; and
     – identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - held a community drop-in event in Kununurra on 4 April 2019 for residents to convey their views directly to DoT staff; and
   - placed conditions on aircraft licences effective from 1 July 2019 requiring airlines operating on the Kununurra-Perth and Kununurra-Broome routes to:
     – report specified data to the State Government on a quarterly basis; and
     – undertake community and stakeholder engagement in Kununurra, as requested by DoT.
2. In mid-2019, Virgin introduced lower airfares trials on the Kununurra-Perth route: a trial of advance purchase airfares, 90 days plus, of $249 one-way (including airport fees and GST); and a trial of off-peak airfares of $299, for low demand flights.
3. In May 2019, the State Government announced the introduction of direct flights between Kununurra and Melbourne which are expected to commence in May 2020 with

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[104] Information provided by Aviair
[105] Note: The figures may not total 100 per cent due to rounding.
[106] Airfare prices from Aviair website, current as at 11 February 2020\.

up to three return flights per week, between May and August 2020. This initiative is a result of collaboration between the Shire of Wyndham-East Kimberley, the East Kimberley Marketing Group, the State (Tourism Western Australia), and the tourism industry in partnership with Alliance Airlines and Virgin.

Kununurra, within the Shire of Wyndham-East Kimberley, has a population of 5,308. Kununurra is located 2,211 kilometres from Perth, a 34-hour drive, while driving to Broome 1,065 kilometres away takes 10.5 hours. The vast distance from other major centres means that RPT air services are essential for the social and economic development of the region.

Visitors and residents of Kununurra have access to direct air services between Kununurra and three major centres of Perth, Broome and Darwin with flight times of around 3.5 hours to Perth, 1.5 hours to Broome and one hour to Darwin. By way of comparison, coach bus services by Greyhound Australia are available between Kununurra and Broome or Darwin which take 14 and 12 hours respectively.

Kununurra has horticulture, agriculture and aquaculture industries, the surrounding region includes some resources sector activity through Panoramic Resources and Rio Tinto's Argyle diamond mine, although there is a limited FIFO workforce, with staff flying direct to the mine sites. Tourism provides strong economic support to the region, especially in the dry season from May to September.

The community has access to RPT air services between Kununurra and three major centres - Perth, Broome and Darwin. In addition, direct air services are also available between Kununurra and the smaller towns of Halls Creek and Kalumburu (refer to Sections 4.3.2.4. and 4.3.2.5.). This section focuses on the air links between Kununurra and Perth, Broome and Darwin.

Air Service Overview

Airlines:	• Virgin, Airnorth and Aviair
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.

Air Services:	• Air services on the Kununurra-Perth route are provided by Virgin as a monopoly operator for the majority of the year. However, during the dry season Airnorth also provides air services.
	• Kununurra-Perth:
	  – Virgin provides 4 return services per week (as at February 2020). Morning flight on Friday and afternoon flights on Sunday, Tuesday and Thursday.
	  – Airnorth operates 2 return flights per week. These services are seasonal and operate May-September, with additional ad-hoc services during holiday periods (e.g. Christmas).
	  – As at February 2020, the Airnorth Perth-Kununurra air service operates on Thursday and Saturday mornings as well as Kununurra-Perth services on Wednesday and Friday afternoons. This scheduling allows people to travel from Perth to Kununurra on a Thursday morning and return to Perth Friday afternoon.
	• Additional intrastate and interstate air services are also available:
	  – Kununurra-Broome – daily return flights (Airnorth)

	– Kununurra-Darwin – daily return flights (Airnorth) – Direct air services of Kununurra-Halls Creek and Kununurra-Kalumburu (Aviair) (refer to Sections 4.3.2.4. and 4.3.2.5.). • Seasonality is a key aspect of travel to/from Kununurra, impacting the level of air services throughout the year as it changes during the dry and wet season. While Kununurra can be visited all year round, tourism peaks during the dry season months May to September.
Aircraft:	• Fokker 100 – seating for 100 passengers • Embraer E120 – seating for 30 passengers • Embraer E170 – seating for 76 passengers
Flight Times (one-way):	• Kununurra-Perth – 3.5 hours • Kununurra-Broome – 1.5 hours • Kununurra-Darwin – 1 hour *(All times are approximate)*
Airport Operator:	• Shire of Wyndham-East

Demand

Demand for Kununurra RPT air services is relatively low compared to other regional routes in the North-West of WA. Passenger traffic through Kununurra Airport comes from several towns and centres including Perth, Broome, Darwin, Halls Creek, Balgo and Kalumburu. As illustrated by Figure 21, demand has dropped by 24 per cent from 91,992 passengers in 2012-13 to its lowest point (69,599 passengers in 2017-18).[107] Following this fall in passenger numbers, there was an increase of 10.76 per cent to 77,072 in 2018-19 which is likely to be due to targeted sale fares and promotions.

Figure 21: Kununurra-Perth air route – annual Regular Public Transport passenger movements

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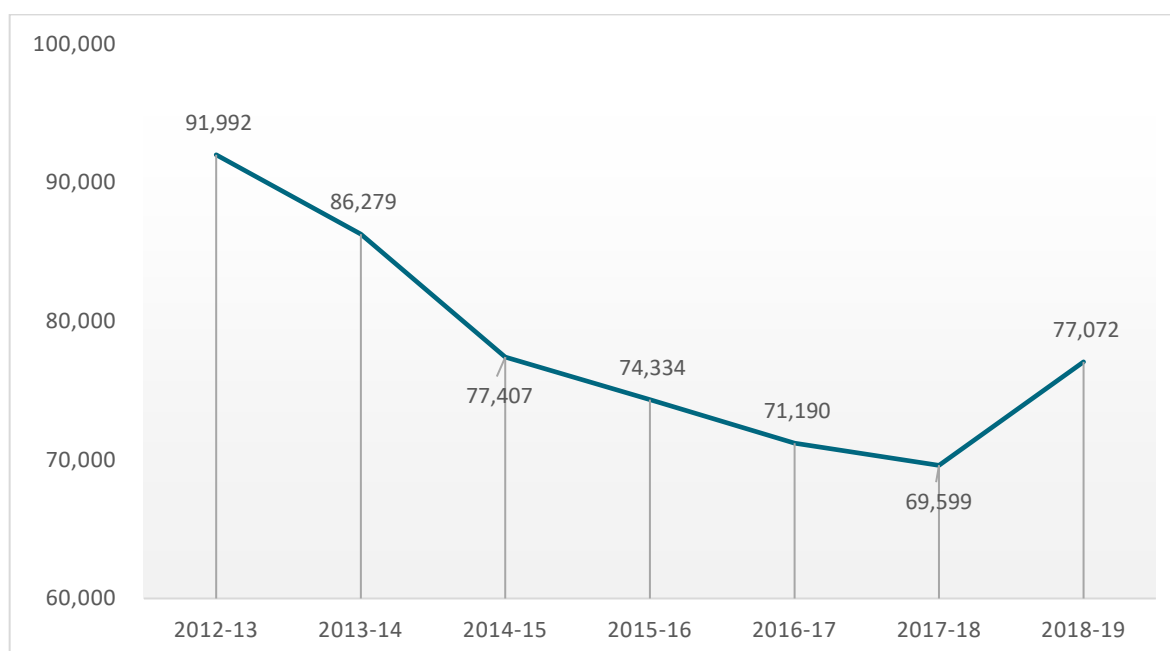
[107] Bureau of Infrastructure, Transport and Regional Economics, retrieved 21 November 2019.

Airfares

The price of airfares is made up of several elements including the base fare (the airline component), airport fees and charges (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 18 provide examples of the airfare components for each airline operating on the route. In the examples provided the landing fee is included in the fare.

Airfare data obtained from airlines' websites by DoT in March 2019 (for travel in June, July and August 2019), indicated that the lowest available fares ranged from $249 to $1,119 one-way (including airport fees and GST). On the Kununurra-Broome and Kununurra-Darwin routes airfare data from Airnorth website shows Kununurra-Broome's lowest available fares range from $256 to $649; airfares for travel between Kununurra and Darwin range between $197 and $479.[108]

Table 18: Kununurra-Perth air route – airfare breakdowns

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Virgin						
Getaway VA1722 – Monday 25/03/2019, 8:50am	$341.73	$36.82	$15.91	$4.72	$5.82	**$405.00**
Freedom VA1722 – Monday 25/03/2019, 8:50am	$627.19	$65.36	$15.91	$4.72	$5.82	**$719.00**
Airnorth*						
Air Saver TL338 – Friday 17/05/2019, 5:30pm	$293.17	$36.27	Total Taxes $69.56			**$399.00**
Air Flex TL338 – Friday 17/05/2019, 5:30pm	$884.08	$95.36	Total Taxes $69.56			**$1,049.00**

* Relates to Kununurra Airport | ** Relates to Perth Airport | *** Seasonal service only, data extraction date reflects this.

4.3.2.7   Case studies - Remote Kimberley Community Regular Public Transport Air Services

Driving is the only transport option available for many remote Kimberley residents wanting to regularly travel for social and economic activities outside their communities. Driving through the remote Kimberley normally requires long travel times on unsealed and potentially unsafe roads that are often inaccessible during the wet season. An RPT air service provides a regular, safe and essential transport link for many remote Kimberley communities. There are a number of challenges in attracting and retaining RPT airline operations to these remote locations. These challenges vary for each community and are approached by the State Government on a case-by-case basis.

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[108] Sample airfares extracted from Airnorth's website on 18 July 2019 for travel on 25/7/2019, 30/8/2019, 21/10/2019 and 17/2/2020.

Significant challenges in operating air services to remote locations include:

- the higher start-up and ongoing operational costs;
- smaller revenue opportunities due to limited passenger numbers; and
- significant airstrip upgrades required to meet RPT air service standards;

The State Government is supporting the development and sustainability of remote Kimberley community RPT air routes through a combination of the following approaches:

- the identification and engagement of sponsors (such as the WA Country Health Service) that can underwrite the ongoing operation of RPT community air services;
- use of policy tools to support RPT air routes (such as the Premier's Circular and air route regulation);[109]
- utilisation of the Regional Airports Development Scheme to improve remote airstrip accessibility through project management and funding assistance; and
- short-term trial air service subsidies to regional airlines to help them reduce the financial risk in trialling a remote community RPT air service.

The following three case studies show the different approaches taken by the State Government to support the start-up and ongoing operation of remote Kimberley community RPT air routes.

Case Study 5: Kalumburu Community Regular Public Transport Air Service

Aviair and Kalumburu community representatives from the Kalumburu Aboriginal Corporation (KAC) and Wirrimanu Aboriginal Corporation contacted DoT requesting the State Government's assistance with the development of a community RPT air service between Kalumburu and Kununurra. Air travel between Kalumburu and Kununurra was previously only by charter air services with a significant proportion of government charter air services. An assessment by DoT of the need for a Kalumburu RPT air service identified a number of benefits including:

- providing residents greater travel certainty compared to waiting until sufficient passenger numbers would allow for the booking of a charter air service;
- reducing the total government travel costs by requiring government staff utilising the RPT air service than taking separate charter air services;
- reducing the cost of travel for trade persons who regularly visit the community for more than a day;
- being a catalyst to underpin the development of community tourist enterprises at Kalumburu; and
- allowing consistent freight movements into the community.

The State Government recognised Aviair was taking a significant commercial risk in starting up an untested commercial community RPT air service to Kalumburu. For a Kalumburu RPT air services to operate successfully, two key challenges needed to be overcome. The first challenge was sufficient ongoing passenger demand between Kalumburu and Kununurra, and the second challenge was the airstrip infrastructure at Kalumburu was not to a standard that would meet RPT air service requirements.

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[109] Chartering of aircraft on regional regular public transport air routes - Premier's Circular 2019/03, Department of the Premier and Cabinet website.

All stakeholders recognised the high number of government charters regularly moving between Kalumburu and Kununurra.

The Departments of Transport and Primary Industries and Regional Development, worked together successfully to develop a case that supported the creation of a Premier's Circular, which required all departments and other public-sector agencies to use RPT air services (where available) when travelling to regional and remote communities throughout Western Australia. To ensure ongoing and efficient charter operations remained on the air route and agencies still had flexibility in organising emergency travel, the Premier's Circular provided exemption when the cost per passenger to use a charter flight is less than the cost per passenger to use a public service, or when air travel by a department or agency must be undertaken in an emergency.

KAC did not have the financial resources or project management skills to redevelop the Kalumburu airstrip infrastructure to RPT air service standards. DoT assisted KAC in its application for Regional Airports Development Scheme (RADS) funding. Subsequently, the Minister for Transport approved a total of $815,060 in funding to KAC for: a project management consultant; development of an Airport Concept Plan; and constructing a public toilet, removal of rocks at each end of the runway, passenger shelter area, pilot rest area, passenger terminal fencing, lighting and a passenger bus storage shelter.

The development of a Premier's Circular (policy tool) and utilisation of RADS funding (infrastructure upgrades) provided sufficient confidence for Aviair to invest in commencing commercial RPT air services between Kalumburu and Kununurra. Aviair has stated that since the inception of the air service in July 2017 the increase in passenger numbers on the air route has continued to grow towards commercial viability. The Kalumburu community RPT air service has successfully provided air service options to the Kalumburu community, without the need for an ongoing subsidy by Government.

Case Study 6: Broome-Fitzroy Crossing-Halls Creek Community Regular Public Transport Air Service

Over a two-year period, DoT collected passenger data on the RPT air service between Broome-Fitzroy Crossing-Halls Creek identifying the level of passenger demand at each town and the reasons for travelling (e.g. residents, tourists, health, business). The passenger data collected for each town determined that the main reason for passenger's travel was for WA Country Health Service medical appointments in Broome. DoT used the passenger data collected to show there were cost savings made by using a partly subsidised community RPT air service over regular chartering on the Broome-Fitzroy Crossing-Halls Creek air route for WA Country Health Service. DoT presented its findings to WA Country Health Service who subsequently engaged with a regional airline in a contract to provide a two-year community RPT air service. Seats not required by WA Country Health Service are made available to the public wanting to travel between Broome-Fitzroy Crossing-Halls Creek.

Case Study 7: Trial Balgo-Halls Creek-Kununurra Community Regular Public Transport Air Service

With the success of the Kalumburu community RPT air service, DoT saw an opportunity to improve passenger numbers on its community RPT Halls Creek-Kununurra air service by possibly including passengers from the Balgo community. DoT engaged with key representatives from Halls Creek and the Balgo community to understand their air travel requirements and if a community RPT air service would provide benefits. DoT's findings showed that the benefits of a community RPT air service for the Balgo community would be similar to those achieved for the Kalumburu community. Additional benefits included potential air travel cost savings for State Government agencies as there was a number of government charter air services regularly operating between Balgo and Kununurra.

Based on the potential benefits that could be achieved with a trial RPT Balgo-Halls Creek-Kununurra community RPT air service, DoT negotiated with Aviair to extend the current Kununurra to Halls Creek air service to Balgo for one year with the option to extend the trial a further year at the discretion of the Minister of Transport. Aviair agreed that they would cover any additional costs over and above the fixed State Government subsidy amount that applies to the route.

The trial RPT Balgo-Halls Creek-Kununurra community RPT air service was extended for an additional year to 30 June 2020. The Government has now determined to re-tender this route for up to 3 years from 1 July 2020.

4.3.3   Mid West Region

The Mid West region comprises 17 local governments and has a population of 54,019 with around 70 per cent living in the City of Greater Geraldton.[110]

The Mid West's economy is built around mining, agriculture, fishing and tourism. Health and education are among the main sources of employment in the region.[111]

4.3.3.1   Geraldton

State Government Policy and Regulation

The WA Government will continue to lightly regulate the Geraldton-Perth air route (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:

- report statistics and records to DoT; and
- engage with stakeholders and communities to an adequate level.

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[110]   Australian Bureau of Statistics, 2016 Census QuickStats retrieved 5 July 2019.
[111]   Australian Bureau of Statistics, 2016 Census QuickStats retrieved 5 July 2019.

Actions Taken to Date

1. The WA Government, through DoT:

   - facilitated an airfare and air services workshop in Geraldton on 25 March 2019 for stakeholders to collaborate on ways to:
     - increase stakeholder understanding of how airfare pricing works on the Geraldton-Perth air route;
     - increase consumer awareness of how to access lower fares; and
     - identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - held community drop-in event in Geraldton for residents to convey their views directly to DoT staff; and
   - placed conditions on aircraft licences effective from 1 July 2019 requiring airlines operating on the Geraldton-Perth route to:
     - report specified data to the State Government on a quarterly basis; and
     - undertake community and stakeholder engagement in Geraldton, as requested by DoT.

2. In September 2019, Qantas reduced the lowest non-sale fare from $232 to $199 and the maximum fare from $630 to $475 (including airport fees and GST), this was following the withdrawal of Virgin from the Geraldton-Perth air route in July 2019.

Geraldton is located 424 kilometres north of Perth, with a driving time of about four and a half hours. By comparison the flight time is around one hour. The population of the City of Greater Geraldton is 38,634, with the health care and education sectors among the main employers.[112, 113] Geraldton provides infrastructure support to the smaller mining operations and projects of the Mid West region.

Air Service Overview

Airlines:	• Qantas
State Government's Role:	• The RPT air service between Geraldton and Perth was deregulated in 2011. As at July 2019 one airline operates RPT air services on the Geraldton-Perth route in an open market (i.e. airlines can enter and exit the market as they choose). • The air route is currently lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.
Air Services:	• Qantas provides 16 return services per week (as at July 2019). • Approximately 2 to 3 return services are available on weekdays, 1 return service on Saturdays and 2 return services on Sundays (subject to scheduling variations). • Qantas increased its services following the withdrawal of Virgin Australia from the route on 22 July 2019. Overall there was an approximate 25 per cent net loss of total available seats on the Geraldton-Perth route compared to 2018 levels of seat availability

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[112] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 21 May 2019.
[113] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 21 May 2019.

		when both Qantas and Virgin operated on the route.
Aircraft:	•	Fokker 100 - 100 seats
Flight Time (one-way):	•	1-hour *(approximately)*
Airport Operator:	•	City of Greater Geraldton

Demand

Figure 22 illustrates the annual RPT passenger demand on the route over a seven-year period between 2012-13 and 2018-19. Since peaking in 2012-13 at 132,853 passengers, there has been a significant decrease of approximately 17 per cent over the period. [114]

Figure 22: Geraldton-Perth air route – annual Regular Public Transport passenger movements
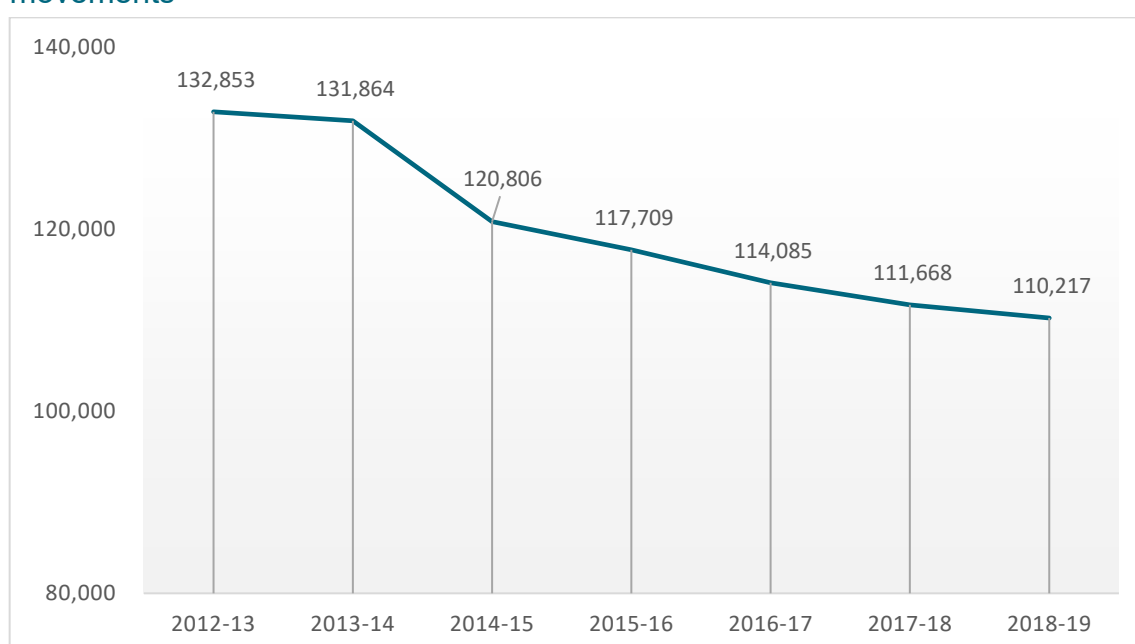
Load Factor

Figure 23 shows the average load factor calculated as an aggregate between the airlines operating on the route since 2012-13.[115] In 2018-19, the average load factor was 55 per cent; an increase of 6 percentage points since 2016-17. Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines.

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[114] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
[115] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Figure 23: Geraldton-Perth air route – annual average load factors

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for OTP. The industry standard for OTP is commonly accepted as being 80 per cent. A flight is considered on time when departing and arriving within 15 minutes of the scheduled time. Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays) and by factors that are not in airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

The overall OTP of both airlines combined on the Geraldton-Perth route for 2018-19 is shown in Table 19. The OTP on the Geraldton-Perth route during 2018-19 exceeded the industry benchmark of 80 per cent. The overall cancellation rate of scheduled flights was lower than the national average of 2.1 per cent.[116]

Table 19: Geraldton-Perth air route – overall On Time Performance 2018-19[117]

Air Route	On Time Departures	On Time Arrivals	Cancellations
Geraldton-Perth	82.8%	84.0%	1.5%
Perth-Geraldton	84.2%	84.6%	1.0%

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116 Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics.
117 Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Airfares

The price of airfares is made up of several elements including the base fare (the airline component), various airport fees (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 20 provides an example of the airfare components for the airline operating on this route. In the examples provided, the landing fee is included in the fare. Airfare data obtained from airlines' websites by the DoT in February 2019 (for travel on the air route in March, April and May 2019), indicated that the lowest available fares ranged from $119 to $229 one-way (including airport fees and GST). Occasionally sale fares for travel between Geraldton and Perth have been offered e.g. $99 one-way (including airport fees and GST). As a comparison, as at July 2019, the adult one-way bus fare between Geraldton and Perth is $69.80 (less for travellers eligible for a concession fare). The bus service is operated by Transwa and has 14 return services per week taking about six hours.

Table 20: Geraldton-Perth air route – airfare breakdown

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Qantas						
Red e-Deal QF1619 – Monday 25/03/2019, 8:40am	$169.31	$20.46	$20.45	$9.26	$5.53	**$225.01**
Flex QF1619 – Monday 25/03/2019, 8:40am	$278.40	$31.36	$20.45	$9.26	$5.53	**$345.00**

* Relates to Geraldton Airport | ** Relates to Perth Airport

4.3.3.2   Wiluna-Meekatharra-Mount Magnet (Northern Goldfields)

State Government Policy and Regulation

The WA Government will continue to fully regulate the Perth-Wiluna-Meekatharra-Mount Magnet RPT air route and to monitor the performance of the services, unless there are substantial community concerns and/or changed market conditions that warrant a review of the regulatory approach to the route.

Actions Taken to Date

1. The WA Government, through DoT entered into a deed of agreement with Skippers Aviation effective from 1 July 2018 requiring the airline operating on the Wiluna-Meekatharra-Mount Magnet-Perth route to:
    *   report specified data to the State Government on a monthly basis; and
    *   participate in bi-annual Community Consultation Group meetings.
2. In September 2018, Skippers introduced discounted community and standby fares of $237 for Wiluna, $233 for Meekatharra and $226 for Mount Magnet residents one-way (including airport fees and GST, conditions apply). These reduced airfares provide certainty to residents about the price of airfares, especially for travel at short notice.

Key industries of all three towns within the Mid West region include mining and pastoral grazing. Tourism for the region is also increasing. With the substantial driving time to Perth of over 12 hours from Wiluna, almost 11 hours from Meekatharra and 6.5 hours from Mount Magnet, RPT air services are important for the local community and the social and economic development of the region.

Wiluna is located approximately 966 kilometres from Perth with a population of around 742, with over 40 per cent of residents employed within or supporting the gold mining industry.[118]

Meekatharra is the largest of the towns on this air route with a population of around 1,067, with over 40 per cent of residents employed within or supporting the resource sector.[119] Meekatharra is approximately 764 kilometres from Perth and around 536 kilometres north-east of Geraldton.

Located around 560 kilometres north-east from Perth, Mount Magnet has a population of 482, with approximately 23 per cent of the town's residents working in gold mining.[120]

Air Service Overview

Airline:	• Skippers Aviation
Service Agreement:	• Five-year deed of agreement with the State Government awarded under competitive tender process, until 30 June 2023, provides RPT air services between Perth-Laverton-Leonora and Meekatharra-Mount Magnet-Wiluna, collectively known as the Northern Goldfields air routes.
State Government's Role:	• Under this deed, DoT chairs two Aviation Community Consultation Group meetings per year. During the meeting, key stakeholders meet with DoT and Skippers to discuss airline performance, initiatives and partnership opportunities. These discussions are vital in ensuring the air routes' long-term viability and to foster potential route growth. • DoT engages with Skippers regularly regarding any issues that may occur on the air routes. • Under the deed, Skippers is required to report monthly on key statistics such as passenger numbers, load factors, airfares and On Time Performance (OTP).
Air Services:	• Under the deed Skippers provides the following minimum services: – 3 return services per week -1 return service to each town on Monday, Wednesday and Friday. • At times Skippers trials additional flights on the route.
Aircraft:	• Fairchild Metroliner – 19 seats • Embraer Brasilia – 30 seats • Dash 8-100 – 36 seats • Dash 8-300 – 50 seats
Flight Times (one-way):	• Perth-Wiluna – 2 hours • Wiluna-Meekatharra – 35 minutes • Meekatharra-Perth – 1 hour 55 minutes • Perth-Mount Magnet – 1 hour 20 minutes *(All times are approximate)*

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[118] [Australian Bureau of Statistics, 2016 Census QuickStats - Industry of employment](#), retrieved 31 July 2019.
[119] [Australian Bureau of Statistics, 2016 Census QuickStats - Industry of employment](#), retrieved 31 July 2019.
[120] [Australian Bureau of Statistics, 2016 Census QuickStats](#), retrieved 31 July 2019.

Airport Operator:	•	Shires of Wiluna, Meekatharra and Mount Magnet

Demand

The demand for RPT air services on the Wiluna-Meekatharra-Mount Magnet-Perth route is illustrated in Figure 24, providing a breakdown of the annual RPT passenger demand over the seven-year period between 2012-13 and 2018-19. Passenger numbers overall for the route saw a steady decline from 2012-13 through to 2015-16, with slight increases in the following two years before dropping again in 2018-19. The decreases in demand on the route in 2018-19 is likely to correlate with the decline of resource sector activity and the number of closed charter air services operating within the region to private air strips.[121]

Figure 24: Wiluna-Meekatharra-Mount Magnet-Perth air route – annual passenger movements

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Wiluna	2,559	3,585	3,776	3,261	3,584	2,604	2,301
Meekatharra	5,822	4,746	3,328	3,402	3,442	3,498	3,911
Mt Magnet	1,907	1,670	1,477	1,036	1,291	1,920	1,157
Route total	10,288	10,001	8,581	7,699	8,317	8,022	7,369
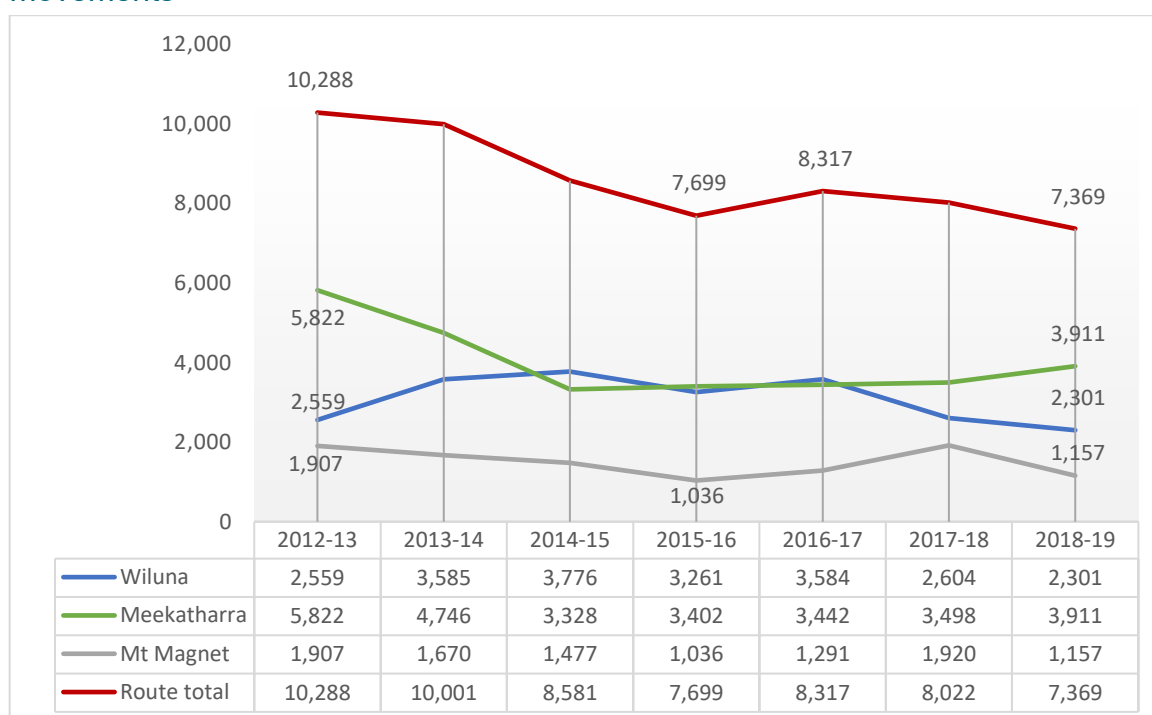
Load Factor

As illustrated by Figure 25, the route load factor recovered somewhat in 2016-17 followed by a significant decline in 2018-19.[122] Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. Load factors on routes with significant mining demand can be lower than 65 per cent, due to the one-way nature of FIFO traffic.

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[121] All data for the Perth-Wiluna-Meekatharra- Mount Magnet air route has been provided by the airlines as a condition of the deed of agreement.

Figure 25: Wiluna-Meekatharra-Mount Magnet-Perth Air Route – annual average load factors

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for OTP. The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time. Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays), and by factors that are not in the airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

Historically, feedback from the community was that the most significant impact is when a flight is delayed more than one hour. This feedback has resulted in additional OTP benchmarks for 60 and 120 minutes. As such, under the deed the airline is required to meet or exceed the following benchmarks for controllable OTP for aircraft departures and arrivals:

- 80 per cent controllable OTP for aircraft departures and arrivals within 15 minutes of scheduled departure and arrival times;
- 85 per cent controllable OTP for aircraft departures and arrivals within 60 minutes of scheduled departure and arrival times; and
- 90 per cent controllable OTP for aircraft departures and arrivals within 120 minutes of scheduled departure and arrival times.

Data provided to DoT indicates that Skippers continues to exceed the 80 per cent industry benchmark for the overall average OTP for 2018-19 of 92 per cent.[122]

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[122] All data for the Perth-Wiluna-Meekatharra-Mount Magnet air route has been provided by the airline as a condition of the deed of agreement.

Airfares

The price of airfares comprises several elements including the base fare (the airline component), airport fees and charges (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 21 provides a breakdown of the airport charges and GST associated with the maximum fares, also known as the Y fare, and the community and standby airfares for Wiluna, Meekatharra and Mount Magnet. A key feature of the deed is that the fare is capped, meaning the maximum airfare is fixed and cannot be exceeded. In 2018-19, the maximum airfare stipulated in the deed on the Perth-Wiluna air route was $463 one-way (including airport fees and GST), $408 for Perth-Meekatharra and $327 for Perth-Mount Magnet.

In September 2018, Skippers introduced discounted community and standby fares of $237 one-way (including airport fees and GST) for Wiluna, $233 for Meekatharra and $227 for Mount Magnet. The community fare is available to local residents no less than 60 days prior to flight departure time subject to seat availability. The standby fare is available only 24 hours prior to flight departure time subject to seat availability (refer to Case Study 4: Skippers Community Fares, Section 4.3.1.5 Laverton-Leonora). Since the introduction of the discounted fares 134 have been sold for Wiluna, 456 for Meekatharra and 37 sold for Mount Magnet (September 2018 to October 2019).

By way of comparison Integrity Coach Lines has a weekly coach bus service taking just under eight hours from Perth to Mount Magnet with adult one-way ticket price of $113, including GST. The same coach service takes almost 10.5 hours to Meekatharra at a ticket price of $146 adult one-way including GST.

Table 21: Wiluna-Meekatharra-Mount Magnet-Perth air route – airfare breakdowns (as at 30 June 2019)[123]

Fare Type	Base Fare	GST	Perth Airport Tax	Regional Airport Tax*	Total
Wiluna-Perth air route					
Maximum (Y) Fare	$369.72	$42.09	$25.74	$25.45	**$463.00**
Community/Standby Fare	$164.26	$21.55	Combined Airport Taxes $51.19		**$237.00**
Meekatharra-Perth air route					
Maximum (Y) Fare	$331.52	$37.09	$25.74	$13.65	**$408.00**
Community/Standby Fare	$172.43	$21.18	Combined Airport Taxes $39.39		**$233.00**
Mount Magnet-Perth air route					
Maximum (Y) Fare	$256.53	$29.73	$25.74	$15.00	**$327.00**
Community/Standby Fare	$165.62	$20.64	Combined Airport Taxes $40.74		**$227.00**

* Skippers has entered into an agreement with the regional airport.

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[123] All data for the Perth-Wiluna-Meekatharra-Mt Magnet air route has been provided by the airline as a condition of the deed of agreement. Airfare data current as published on the Skippers website on 27/8/2019.

4.3.4 Pilbara Region

The Pilbara region, located in the north of the State, comprises the four local government areas of the Shire of Ashburton, the Shire of East Pilbara, the Town of Port Hedland, and the City of Karratha with a residential population of approximately 61,500. Approximately 35 per cent of the region's population resides in the City of Karratha (including the towns of Karratha, Dampier, Roebourne and Wickham).[124]

Iron ore mining, the production of liquefied natural gas, and exporting of those commodities dominate the Pilbara economy. Demand for air services in the Pilbara region is largely driven by the resources sector.

4.3.4.1 Karratha

State Government Policy and Regulation

The WA Government will continue to:
1. Lightly regulate the Karratha-Perth route (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:
   - report statistics and records to DoT; and
   - engage with stakeholders and communities to an adequate level.
2. Regulate the inter-regional and intra-regional RPT air routes between Karratha, Broome, Newman, Port Hedland and Paraburdoo by giving exclusive monopoly rights for operation to a single airline and by monitoring the performance of the RPT air services.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated an airfare and air services workshop in Karratha on 21 March 2019 for stakeholders to collaborate on ways to:
     - increase stakeholder understanding of how airfare pricing works on the Karratha-Perth air route;
     - increase consumer awareness of how to access lower fares; and
     - identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - held a community drop-in event in Karratha for residents to convey their views directly DoT staff; and
   - placed conditions on aircraft licences effective from 1 July 2019 requiring airlines operating on the Karratha-Perth route to:
     - report specified data to the State Government on a quarterly basis; and
     - undertake community and stakeholder engagement in Karratha, as requested by DoT.
2. Since November 2017, Qantas has offered its Discounted Fares for Residents Program to Karratha residents. Under the program, residents of Karratha can access discounts from 20 per cent off the Qantas-controlled component of airfares across all economy fare classes (except sale fares) on a maximum of 12 return trips to Perth, per year (other conditions apply).

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[124] Pilbara Development Commission – Community profile, population, retrieved on 12 August 2019.

3. In June 2019, Qantas removed the $99 change fee for bookings made under its Discounted Fares for Residents Program to allow flexibility for regional passengers when purchasing a return airfare.

4. On 20 August 2019, Qantas announced a maximum fare of approximately $400 one-way (including fees and GST) for Karratha travellers using its 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 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.

5. In mid-2019, Virgin introduced a trial of special airfares of $239 one-way (including airport fees and GST) for selected air services on Mondays and Thursdays between and Karratha and Perth. Virgin also introduced 45-day and 60-day advance-purchase special one-way fares (including airport fees and GST) at $250 and $269 respectively.

6. The City of Karratha worked collaboratively with other local governments, Aviair, airports in the Pilbara and Kimberley regions, and DoT to establish intra-regional and inter-regional air services. The initiative provides air services between Karratha, Broome, Newman, Port Hedland and Paraburdoo. The first flight (between Karratha and Broome) commenced on 16 August 2019. On 21 January 2020, Aviair announced it will connect Karratha and Paraburdoo, the last leg of the inter-regional service, from 4 March 2020.[125,126]

Karratha, with a population of 21,473, is located on the WA coast approximately 1,535 kilometres north of Perth.[127] The considerable road distance takes over 15 hours to drive. This means that RPT air services, with a flying time of just two hours one-way, are essential for the social and economic development of the region. Iron ore mining, and oil and gas activities offshore are key industries in the region. Nearly 25 per cent of the employed people in Karratha work in the resources sector.[128] Agriculture, fishing and tourism activities also contribute to Karratha's economy.

Air Service Overview

Airlines:	• Qantas and Virgin
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.
Air Services:	• Qantas provides 43 return services per week (as at February 2020). • Virgin provides 16 return services per week (as at February 2020). • This equates to approximately 9 to 11 return services on weekdays, 3 return services on Saturdays and 5 return services on Sundays (subject to scheduling variations). • The 58 return services per week are largely underpinned by the resources sector. As the major user of air services, the resources sector influences the flight schedule to accommodate the industry's FIFO staffing rosters.

125 *Inter-regional flights ready for take-off*, 11 July 2019, City of Karratha website.
126 *Award-winning flight network announces expansion with new Paraburdoo service*, 22 January 2020, Aviair website.
127 Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 4 June 2019.
128 Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 4 June 2019.

	• In August 2019, Aviair commenced a new RPT inter-regional air service connecting the Pilbara and Kimberley regions. Aviair provides: – 3 direct return weekday services per week Karratha-Broome. – 2 return services per week Karratha-Newman (plus a further service on Fridays from Newman to Karratha, via Port Hedland). – 1 return service per week Karratha-Port Hedland.
Aircraft:	• Airbus 320 – seating for 168-186 passengers • Boeing 717 – seating for 110-125 passengers • Boeing 737 – seating for 170-176 passengers • Fokker 100 – seating for 100 passengers • Inter-regional air service uses Beechcraft 200 Super King Air – seating for 9 passengers
Flight Time (one-way):	• 2 hours *(approximately)*
Airport Operator:	• City of Karratha

Demand

The demand for RPT air services on the Karratha-Perth route is the highest of all regional routes in WA. Figure 26 illustrates a breakdown of the annual RPT passenger demand on the route over the seven-year period between 2012-13 and 2018-19. Since peaking in 2012-13 at 763,043 passengers, there has been a significant decrease of approximately 43 per cent, with demand falling to its lowest point of 431,648 passengers in 2017-18. This decrease has been largely due to the down-turn in the resources sector, which is a major user of air services.

Demand rose slightly (by 3.3 per cent) in 2018-19, with a total of 446,123 RPT passengers on the route.[129] Increased demand can be expected to continue based on investments occurring in the resources sector (i.e. industrial developments, gas projects and iron ore mining).

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[129] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Figure 26: Karratha-Perth air route – annual Regular Public Transport passenger movements
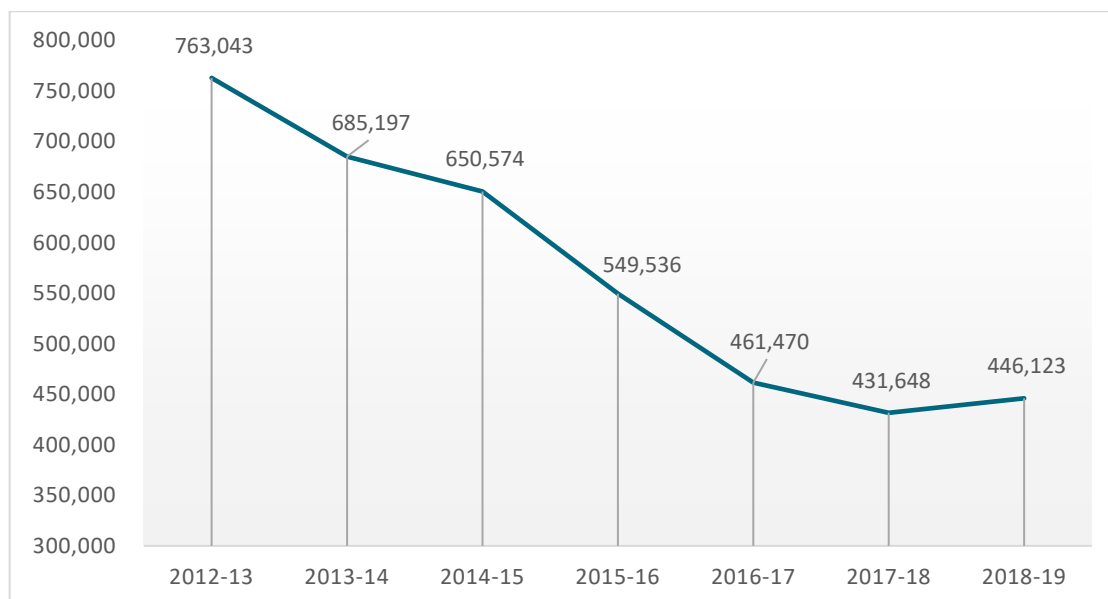
Load Factor

Figure 27 shows the average load factor calculated as an aggregate between the two airlines since 2012.[130] In 2018-19, the average load factor was 64 per cent; an increase of nine percentage points since 2013-14. Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. Load factors on routes with significant mining demand can be lower than 65 per cent, due to the one-way nature of FIFO traffic. Karratha is one such example.

Figure 27: Karratha-Perth air route – annual average load factors

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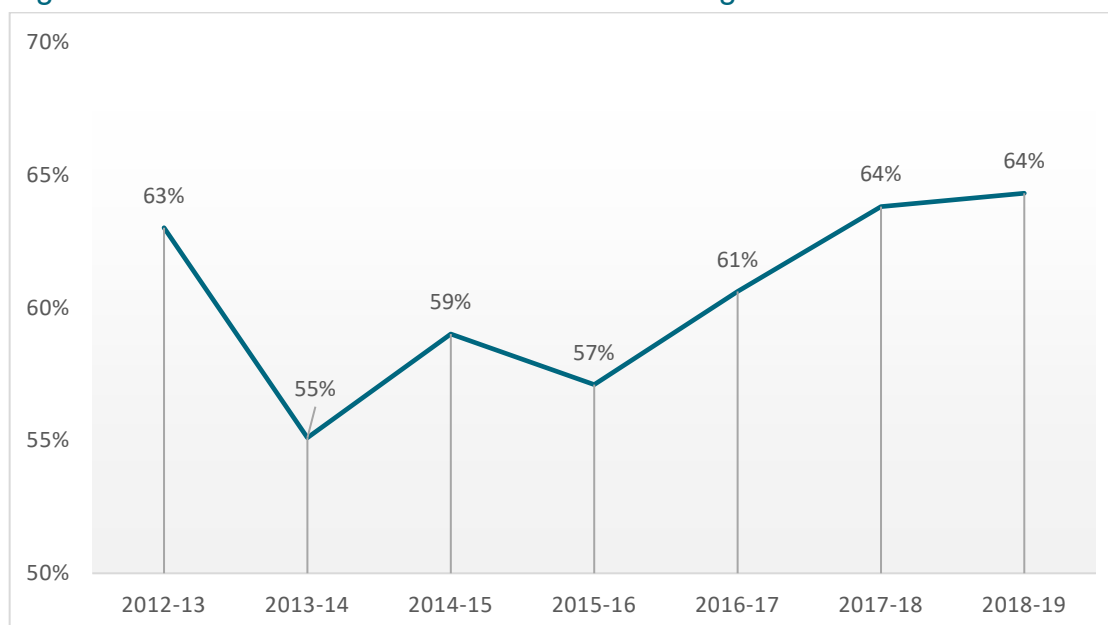
[130] Bureau of Infrastructure, Transport and Regional Economics, retrieved 4 June 2019.

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP). The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time. Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays), and by factors that are not in airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

The overall OTP of both airlines combined on the Karratha-Perth route for the year ended December 2018 is shown in Table 22. The average OTP of 84.9 per cent exceeded the 80 per cent industry benchmark. However, the overall cancellation rate of Karratha-Perth scheduled flights in 2018 was higher than the national average of 2.1 per cent.[131]

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[131] Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics

Table 22: Karratha-Perth air route – overall On Time Performance 2018-19[132]

Air Route	On Time Departures	On Time Arrivals	Cancellations
Karratha-Perth	85.7%	84.2%	3.0%
Perth-Karratha	89.3%	83.6%	2.1%

Airfares

The price of airfares comprises several elements including the base fare (the airline component), various airport fees (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 23 provides an example of the airfare components for each airline operating on this route. In the examples provided, the landing fee is included in the fare.

Airfare data obtained from the airlines' websites by DoT in February 2019 (for travel in March, April and May 2019), indicated that the lowest available fares on the Karratha-Perth route ranged from $205 to $993 one-way (including airport fees and GST).

Occasionally both airlines offer sale fares for travel to/from Karratha e.g. $188 and $199 one-way (including airport fees and GST). As a comparison, at July 2019, the adult one-way bus fare between Karratha and Perth was $282 (less for concession card holders and children). The bus service, operated by Integrity Coach Lines, offers three return services per week taking over 24 hours.

Table 23: Karratha-Perth air route – airfare breakdowns

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Qantas						
Rede-Deal QF2641 – Monday 25/03/2019, 8:15am	$300.18	$32.73	$12.31	$9.26	$5.53	**$360.01**
Flex QF2641 – Monday 25/03/2019, 8:15am	$677.45	$70.46	$12.31	$9.26	$5.53	**$775.01**
Virgin						
Getaway VA1722 – Monday 25/03/2019, 8:50am	$276.82	$29.91	$11.73	$4.72	$5.82	**$329.00**
Freedom VA1722 – Monday 25/03/2019, 8:50am	$613.18	$63.55	$11.73	$4.72	$5.82	**$699.00**

* Relates to Karratha Airport | ** Relates to Perth Airport

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[132] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

4.3.4.2   Newman

State Government Policy and Regulation

The WA Government will continue to:

1. Lightly regulate the Newman-Perth route (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:
   - report statistics and records to DoT; and
   - engage with stakeholders and communities to an adequate level.
2. Regulate the inter-regional and intra-regional RPT air routes between Karratha, Broome, Newman, Port Hedland and Paraburdoo by giving exclusive monopoly rights for operation to a single airline and by monitoring the performance of the RPT air services.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated an airfare and air services workshop in Newman on 12 March 2019 for stakeholders to collaborate on ways to:
     – increase stakeholder understanding of how airfare pricing works on the Newman-Perth air route;
     – increase consumer awareness of how to access lower fares; and
     – identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - held a community drop-in event in Newman for residents to convey their views directly to DoT staff; and
   - placed conditions on aircraft licences effective from 1 July 2019, requiring airlines operating on the Newman-Perth route to:
     – report specified data to the State Government on a quarterly basis; and
     – undertake community and stakeholder engagement in Newman, as requested by DoT.
2. Since November 2017, Qantas has offered its Discounted Fares for Residents Program to Newman residents. Under the program, residents of Newman can access discounts from 20 per cent off the Qantas-controlled component of airfares across all economy fare classes (except sale fares) on a maximum of 12 return trips to Perth, per year (other conditions apply).
3. In June 2019, Qantas removed the $99 change fee for bookings made under its Discounted Fares for Residents Program to allow flexibility for regional passengers when purchasing a return airfare.
4. In mid-2019, Virgin introduced 45-day and 60-day advance-purchase special one-way fares (including airport fees and GST) at $250 and $269 respectively.
5. The Shire of East Pilbara (the owner and operator of the Newman Airport) worked collaboratively with other local governments, Aviair, airports in the Pilbara and Kimberley regions, and DoT for establishing intra-regional and inter-regional air services. The initiative provides air services between Karratha, Broome, Newman, Port Hedland and Paraburdoo. The first flight (between Karratha and Broome) commenced on 16 August 2019. On 21 January 2020, Aviair announced it will connect Karratha and Paraburdoo, the last leg of the inter-regional service, from

4 March 2020.[133],[134]

6. The State Government, through DoT, has commenced engagement with the airlines and BHP to explore potential opportunities for collaborative approaches to deliver lower airfares.

The inland town of Newman in the Shire of East Pilbara, located approximately 1,180 kilometres north-east of Perth in the Pilbara Region of Western Australia (WA), takes nearly 14 hours to reach by road. This makes RPT air services, with a flying time of just an hour and 45 minutes one-way, the preferred mode of transport for many in the community. The social and economic development of the region relies upon air services. The population of Newman in 2016 was 7,238, with over half of the employed residents working in iron ore mining.[135]

Air Service Overview

Airlines:	• Qantas and Virgin
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.
Air Services:	• Qantas provides 33 return services per week (as at February 2020). • Virgin provides 9 return services per week (as at February 2020). • This equates to approximately 6 to 9 return services on weekdays, 1 return service on Saturdays and 3 return services on Sundays (subject to scheduling variations). • The 43 return services per week are largely underpinned by the resources sector, particularly from BHP activities. As the major user of air services, the resources sector influences the flight schedule to accommodate the industry's FIFO demand. • Aviair operates 2 direct return weekday services Newman-Karratha and Newman-Port Hedland.
Aircraft:	• Airbus 320 – seating for 168-186 passengers • Boeing 717 – seating for 110-125 passengers • Boeing 737 – seating for 170-176 passengers • Fokker 100 – seating for 100 passengers • Aviair service uses Beechcraft 200 Super King Air aircraft
Flight Time:	• 1 hour 45 minutes one-way *(approximately)*
Airport Operator:	• Shire of East Pilbara

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[133] *Inter-regional flights ready for take-off*, 11 July 2019, City of Karratha website.
[134] *Award-winning flight network announces expansion with new Paraburdoo service*, 22 January 2020, Aviair website.
[135] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 21 May 2019.

Demand

The passenger demand on the Newman-Perth route is fourth in the North-West of the State after Karratha, Broome, and Port Hedland. Figure 28 illustrates the RPT passenger demand on the route over the seven years between 2012-13 and 2018-19. Since peaking at 438,884 passengers in 2012-13, there has been a significant decrease of approximately 33 per cent over the period, with demand falling to its lowest point of 292,479 passengers in 2016-17. This decrease has been largely attributed to the down-turn in the resources sector. However, demand rose in 2018-19, with a total of 322,744 RPT passenger movements on the route.[136]

Based on BHP's strategic expansion proposal for the Pilbara (approved by the State Government in July 2019), increased demand can be expected to continue.[137] BHP is seeking to increase its residential workforce in the Pilbara, offering 'drive-in, drive-out' (DIDO) work options at operations near Newman.[138] The net impact of any workforce movement from FIFO to DIDO on demand for RPT or charter air services cannot be known at this time. Some of the resources sector passenger demand is serviced by Network Aviation and Virgin Australia Regional Airlines under closed charter arrangements.

Figure 28: Newman-Perth air route – annual Regular Public Transport passenger movements
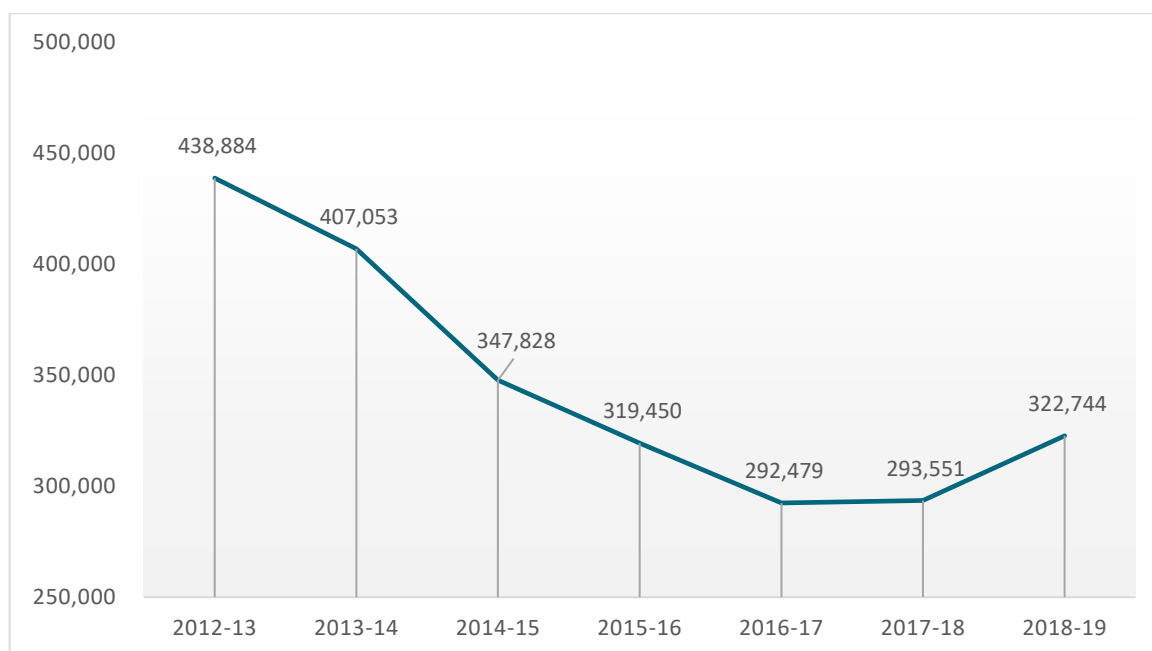
Load Factor

Figure 29 shows the average load factor as an aggregate between the two airlines since 2012.[139] In 2018-19, the average load factor was 58 per cent, an increase of seven percentage points since the lowest load factor of 51 per cent in 2015-16. Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. Load factors on routes with significant mining demand can be lower than 65 per cent, due to the one-way nature of FIFO traffic. Newman is one such example.

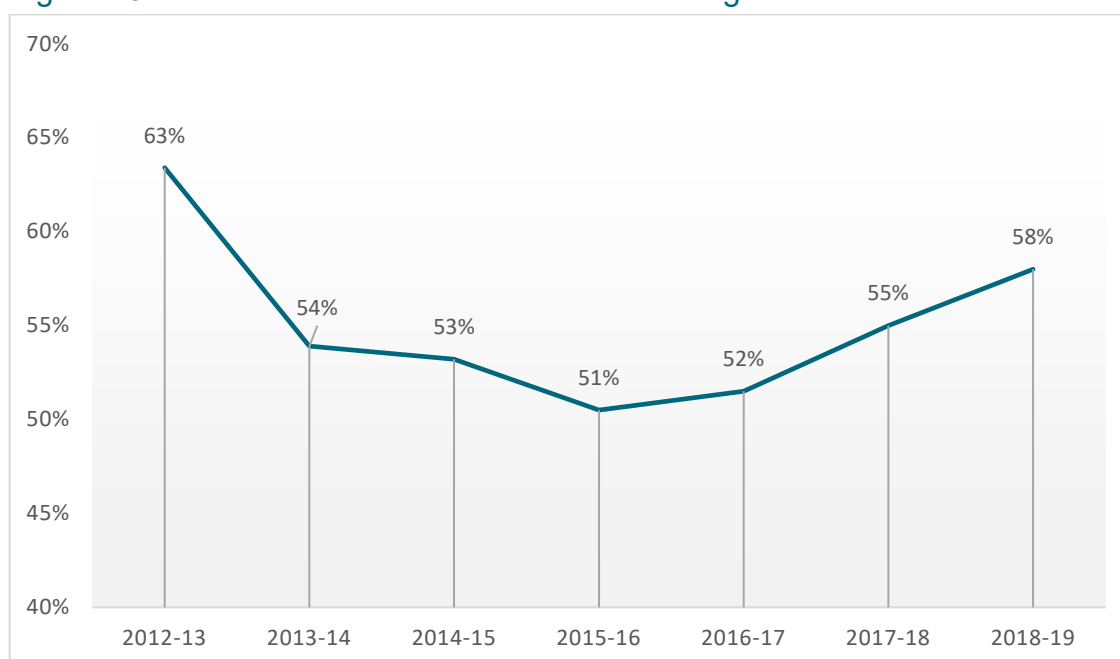136 Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
137 Media Statement: *Mining giant's long-term plan for the Pilbara approved*, 12 July 2019.
138 Australian Mining publication article *BHP to transition to drive-in drive-out in the Pilbara*, 9 April 2019.
139 Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Figure 29: Newman-Perth air route – annual average load factors

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On-Time Performance (OTP). The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time.

Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays), and by factors that are not in airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

The overall OTP of both airlines combined on the Newman-Perth route for the year ended December 2018-19 is shown in Table 24. The overall OTP for the Newman-Perth route was among the top ten in Australia for that period.[140] The overall cancellation rate of Newman-Perth scheduled flights was below the national average of 2.1 per cent.[141]

Table 24: Newman-Perth air route – overall On Time Performance 2018-19[142]

Air route	On Time Departures	On Time Arrivals	Cancellations
Newman-Perth	88.6%	87.4%	1.9%
Perth-Newman	91.1%	89.5%	1.2%

140 Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
141 Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics.
142 Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Airfares

The price of airfares comprises several elements including the base fare (the airline component), various airport fees (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 25 provides examples of the airfare components for each airline operating on the route. In the examples provided, the landing fee is included in the fare. Airfare data obtained from airlines' websites by DoT in February 2019 (for travel on the air route in March, April and May 2019), indicated that the lowest available fares ranged from $205 to $1,087 one-way (including airport fees and GST).

Occasionally both airlines offer sale fares for travel to/from Newman e.g. $199 one-way (including airport fees and GST). For comparison purposes, at July 2019, the adult one-way bus fare between Newman and Perth in July 2019 was $252 (less for concession card holders and children). The twice-weekly return bus service is operated by Integrity Coach Lines and takes about 15 hours or more.

Table 25: Newman-Perth air route – airfare breakdowns

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Qantas						
Rede-Deal QF2633 – Monday 11/03/2019, 8:40am	$276.17	$31.38	$22.86	$9.26	$5.53	**$345.20**
Flex QF2633 – Monday 11/03/2019, 8:40am	$650.72	$68.84	$22.86	$9.26	$5.53	**$757.21**
Virgin						
Getaway VA1876 – Monday 11/03/2019, 8:50am	$260.35	$29.00	$19.11	$4.72	$5.82	**$319.00**
Freedom VA1876 – Monday 11/03/2019, 8:50am	$596.71	$62.64	$19.11	$4.72	$5.82	**$689.00**

* Relates to Newman Airport | ** Relates to Perth Airport

4.3.4.3 Onslow

State Government Policy and Regulation

The WA Government will continue to lightly regulate the Onslow-Perth (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:

- report statistics and records to DoT; and
- engage with stakeholders and communities to an adequate level.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated an Airfare and Air Services Workshop in Onslow on 22 May 2019 for stakeholders to collaborate on ways to:
     - increase stakeholder understanding of how airfare pricing works on the Onslow-Perth air route;
     - increase consumer awareness of how to access lower fares; and
     - identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - held a community drop-in event in Onslow for residents to convey their views directly to DoT staff; and
   - placed conditions on the aircraft licence effective from 1 July 2019 requiring the airline operating on the Onslow-Perth route to:
     - report specified data to the State Government on a quarterly basis; and
     - undertake community and stakeholder engagement in Onslow, as requested by DoT.
2. 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.

Onslow is located within the Shire of Ashburton with a population of 848.[143] The coastal town is 1,149 kilometres north of Perth, with a driving time of around 14 hours. Onslow is also accessible via a twice-weekly coach bus service operated by Integrity Coach Lines with the trip taking 22 hours. The long distance from Perth means that RPT air services, with a flying time of two hours one-way, are essential for the social and economic development of the region.

The main industry is liquid natural gas (LNG) exploration operated by Chevron Australia (Wheatstone Project) and BHP (Macedon Domestic Gas Plant), and to a lesser extent salt mining in the area.

Air Service Overview

|	
Airlines:	• Virgin
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.

Air Services:	• 4 return services per week:
	  – 1 return flight per week on Tuesday with 80 seats available for public purchase on each flight
	  – 3 return flights per week on Monday, Wednesday and Friday (as at September 2019). The cost of these services is underwritten by Chevron and are effectively 'open charters', whereby approximately 150 RPT seats are available to the public each week and the remaining seats are quarantined for Chevron staff.

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[143] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 24 July 2019.

	• Flight schedule is targeted towards FIFO 'swings', catering for around 700 Chevron workers.[144]
Aircraft:	• Fokker 100, with seating for 100 passengers
Flight Time:	• 2 hours one-way *(approximately)*
Airport Operator:	• Shire of Ashburton

Demand

Current demand for Onslow RPT air services is relatively low, however, demand has increased steadily from 2016 to 2018, as illustrated by Figure 30.[145] The RPT air services by Virgin were only introduced in July 2015. Prior to that, Virgin operated only closed charters on the Onslow-Perth route, primarily provided for Chevron Australia's operation associated with the Wheatstone Project and other oil/gas activities in the region. Passenger data for 2019 is currently not available for the RPT air services between Onslow and Perth.

Figure 30: Onslow-Perth air route – annual passenger movements
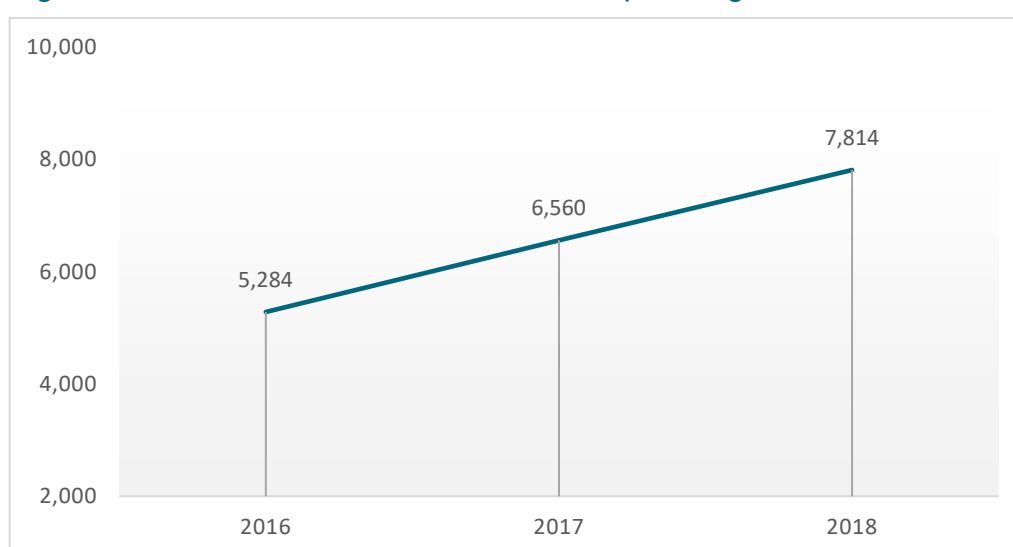
Airfares

Table 26 provides examples of the airfare components for the airline operating on the route.[146] In the examples provided the landing fee is included in the fare. The current air services on the Onslow-Perth route are unique in operation and have enabled an innovative opportunity for airfares for the Onslow community as well as the general public. Chevron and Virgin provide RPT seats on the Chevron-chartered flights at a fixed airfare price of $299 one-way (including airport fees and GST) on the seats that are not used by Chevron. A fully flexible airfare of $599 is also available.[147] As a comparison to air travel, as at July 2019, the adult one-way bus fare between Onslow and Perth was $256 (less for concession card holders and children) with the twice-weekly bus service operated by Integrity Coach Lines taking around 22 hours.

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[144] Chevron Australia Community Notice, 22 August 2019.
[145] Data as provided by the Shire of Ashburton during the Airfare and Air Services Workshop held in Onslow on 22 May 2019.
[146] Fare breakdown examples extracted from Virgin's website on 23 February 2019.
[147] Information presented by Chevron Australia at the Airfare and Air Services Workshop in Onslow on 22 May 2019.

Table 26: Onslow-Perth air route - Virgin airfare breakdown[148]

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Elevate VA2504 – Wednesday 27/03/2019, 8:30am	$225.28	$27.18	$36.00	$4.72	$5.82	**$299.00**
Freedom VA2504 – Wednesday 27/03/2019, 8:30am	$498.01	$54.46	$36.00	$4.72	$5.82	**$599.01**

* Relates to Onslow Airport | ** Relates to Perth Airport

4.3.4.4 Paraburdoo and Tom Price

State Government Policy and Regulation

The WA Government will continue to:

1. Lightly regulate the Paraburdoo-Perth route (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:
   - report statistics and records to DoT; and
   - engage with stakeholders and communities to an adequate level.
2. Regulate the inter-regional and intra-regional RPT air routes between Karratha, Broome, Newman, Port Hedland and Paraburdoo by giving exclusive monopoly rights for operation to a single airline and by monitoring the performance of the RPT air services.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated an airfare and air services workshop in Paraburdoo on 5 March 2019 for stakeholders to collaborate on ways to:
     - increase stakeholder understanding of how airfare pricing works on the Paraburdoo-Perth air route;
     - increase consumer awareness of how to access lower fares; and
     - identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - held a community drop-in event in Paraburdoo for residents to convey their views directly to DoT staff; and
   - placed conditions on the aircraft licence effective from 1 July 2019 requiring the airline operating on the Paraburdoo-Perth route to:
     - report specified data to the State Government on a quarterly basis; and
     - undertake community and stakeholder engagement in Paraburdoo, as requested by DoT.
2. Since November 2017, Qantas has offered its Discounted Fares for Residents Program to Paraburdoo and Tom Price residents. Under the program, residents of Paraburdoo

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[148] Fare breakdown examples extracted from Virgin's website on 23 February 2019.

can access discounts from 20 per cent off the Qantas-controlled component of airfares across all economy fare classes (except sale fares) on a maximum of 12 return trips to Perth, per year (other conditions apply).

3. In June 2019, Qantas removed the $99 change fee for bookings made under its Discounted Fares for Residents Program to allow flexibility for regional passengers when purchasing a return airfare.

4. On 1 November 2019, Qantas announced a maximum fare of approximately $400 one-way (including fees and GST) for Paraburdoo travellers using its Discounted Fares for Residents Program. The maximum fare under the program provides certainty to Paraburdoo and Tom Price residents about the price of airfares, especially for travel at short notice.

5. The City of Karratha worked collaboratively with other local governments, Aviair, airports in the Pilbara and Kimberley regions and DoT for establishing intra-regional and inter-regional air services. The initiative provides air services between Karratha, Broome, Newman, Port Hedland and Paraburdoo. The first flight (between Karratha and Broome) commenced on 16 August 2019. On 21 January 2020, Aviair announced it will connect Karratha and Paraburdoo, the last leg of the inter-regional service, from 4 March 2020.[149]

The town of Paraburdoo in the Shire of Ashburton is located 1,536 kilometres from Perth and 79 kilometres south west of Tom Price, with a driving time to Perth of over 16 hours. This means that RPT air services, with a flying time of less than two hours one-way, are essential for the social and economic development of the region.

The combined population of Paraburdoo and Tom Price is 4,315 with iron ore mining (operated by Rio Tinto) remaining the principal industry. Over 50 per cent of the workforce in Tom Price and around 62 per cent in Paraburdoo is employed in iron ore mining.[150] RPT air services are predominantly used by the extensive FIFO workforce for the resource sector.[151]

Air Service Overview

Airlines:	• Qantas
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.
Air Services:	• 23 return services per week (as at September 2019). • This equates to approximately 4 return flights on Monday and Tuesday, 5 return flights on Wednesday and Thursday, 3 return flights on Friday and 1 return flight on Saturday and Sunday (subject to scheduling variations).
Aircraft:	• Fokker 100 – seating for 100 passengers • Boeing 717-200 – seating for 110 passengers
Flight Time:	• 1 hour 45 minutes one-way (approximately)

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[149] *Award-winning flight network announces expansion with new Paraburdoo service*, 22 January 2020, Aviair website.
[150] Australian Bureau of Statistics, 2016 Census Quick Stats, retrieved 19 July 2019.
[151] Rio Tinto website, retrieved 19 July 2019.

Airport Operator:	• The Paraburdoo Airport is owned by Rio Tinto (Pilbara Iron Pty Ltd) and managed by Aerodrome Management Services Pty Ltd.[152]

Demand

Demand for Paraburdoo RPT air services is relatively high compared to some routes in WA (such as Albany, Exmouth, Geraldton and others) but somewhat lower compared to all other routes in the Pilbara region (such as Karratha, Port Hedland and Newman). As illustrated by Figure 31, demand dropped on the air route by 38.7 per cent from 266,146 passengers in 2012-13 to its lowest point of 163,207 passengers in 2015-16. This is due to the downturn in the resource sector with projects moving from the construction to production phases. Following this decline, there was an increase of 11 per cent to a total of 181,514 passengers in 2018-19.

Figure 31: Paraburdoo-Perth air route – annual passenger movements[153]
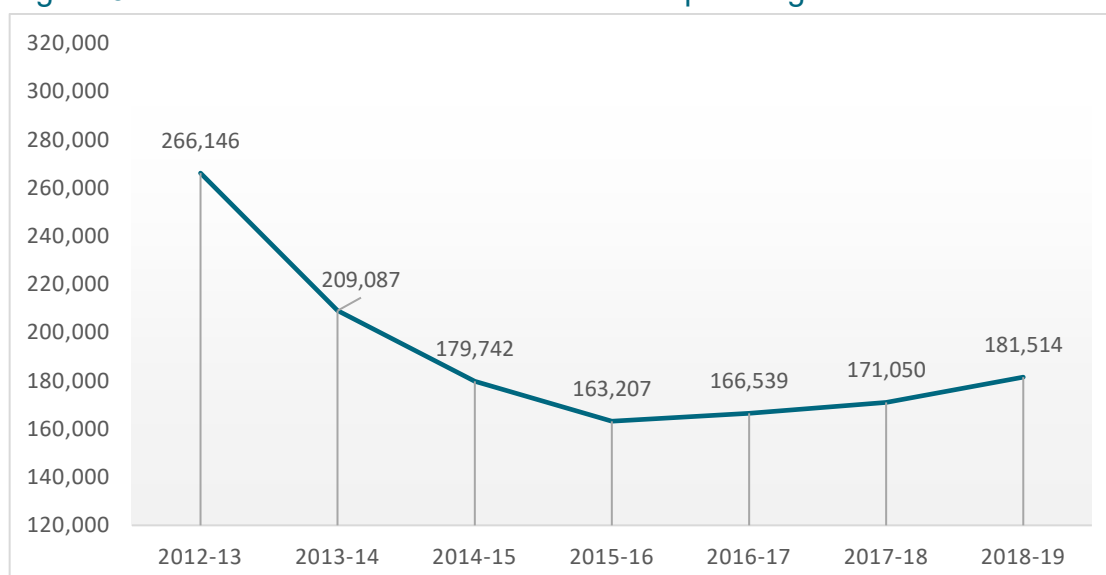
Airfares

The price of airfares includes several elements including the base fare (the airline component), airport fees and charges (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 27 provides an example of the airfare components for the airline operating on this route. In the examples provided the landing fee is included in the fare.

Airfare data obtained from the airline's websites by DoT in February 2019 (for travel in March, April and May 2019), indicates that the lowest available advertised one-way airfare on the route can range from $220 to $905 during sale periods, and between $345 and $905 during non-sale periods (including airport fees and GST). From the information collected during the airfare research it appears that afternoon flights are around half the price of morning flights between Perth and Paraburdoo (Monday to Friday) and fares appear to be generally lower for weekend flights (both morning and afternoon).

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[152] Northwest Aviation Services.
[153] Bureau of Infrastructure, Transport and Regional Economics, retrieved 21 November 2019.

As a comparison, as at 22 July 2019, the adult one-way bus fare between Paraburdoo and Perth was $293 (less for concession card holders and children). The weekly bus service operated by Integrity Coach Lines takes around 24 hours.[154]

Table 27: Paraburdoo-Perth air route – Qantas airfare breakdown[155]

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Red e--Deal QF1803 – Monday 5/03/2019, 8:55am	$273.85	$31.36	$25.00	$9.26	$5.53	**$345.00**
Flex QF1803 – Monday 5/03/2019, 8:55am	$464.75	$50.45	$25.00	$9.26	$5.53	**$554.99**

* Relates to Paraburdoo Airport | ** Relates to Perth Airport

4.3.4.5   Port Hedland

State Government Policy and Regulation

The WA Government will continue to:
1. Lightly regulate the Port Hedland-Perth route (allowing multiple operators on the route) and monitor performance by requiring airlines operating RPT air services to:
   - report statistics and records to DoT; and
   - engage with stakeholders and communities to an adequate level.
2. Regulate the intra-regional and inter-regional RPT air routes between Karratha, Broome, Newman, Port Hedland and Paraburdoo by giving exclusive monopoly rights for operation to a single airline and by monitoring the performance of the RPT air services.

Actions Taken to Date

1. The WA Government, through DoT:
   - facilitated an airfare and air services workshop in Port Hedland on 19 March 2019 for stakeholders to collaborate on ways to:
     – increase stakeholder understanding of how airfare pricing works on the Port Hedland-Perth air route;
     – increase consumer awareness of how to access lower fares; and
     – identify innovative approaches to address the concerns raised during the Parliamentary Inquiry – focussing on airfares;
   - held a community drop-in event in Port Hedland for residents to convey their views directly to DoT staff; and
   - placed conditions on aircraft licences effective from 1 July 2019 requiring airlines operating on the Port Hedland-Perth route to:
     – report specified data to the State Government on a quarterly basis; and

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[154] Integrity Coach Lines.
[155] Airfare breakdown example extracted from Qantas website on 21 February 2019. Fare includes landing fees.

- undertake community and stakeholder engagement in Port Hedland, as requested by DoT.

2. Since November 2017, Qantas has offered its Discounted Fares for Residents Program to Port Hedland/South Hedland residents. Under the program, residents can access discounts from 20 per cent off the Qantas-controlled component of airfares across all economy fare classes (except sale fares) on a maximum of 12 return trips to Perth, per year (other conditions apply).

3. In June 2019, Qantas removed the $99 change fee for bookings made under its Discounted Fares for Residents Program to allow flexibility for regional passengers when purchasing a return airfare.

4. On 1 November 2019, Qantas announced a maximum fare of approximately $400 one-way (including fees and GST) for Port Hedland travellers using its Discounted Fares for Residents Program. The maximum fare under the program provides certainty to Hedland residents about the price of airfares, especially for travel at short notice.

5. In mid-2019, Virgin introduced a trial of special airfares of $239 one-way (including airport fees and GST) for certain air services on Mondays and Thursdays between and Port Hedland and Perth. Virgin also introduced 45-day and 60-day advance-purchase special one-way fares (including airport fees and GST) at $250 and $269 respectively.

6. The City of Karratha worked collaboratively with other local governments, Aviair, airports in the Pilbara and Kimberley regions, and DoT for establishing intra-regional and inter-regional air services. The initiative provides air services between Karratha, Broome, Newman, Port Hedland and Paraburdoo. The first flight (between Karratha and Broome) commenced on 16 August 2019. On 21 January 2020, Aviair announced it will connect Karratha and Paraburdoo, from 4 March 2020.[156]

Port Hedland, with a population of 14,469, is located approximately 1,640 kilometres north of Perth on the Pilbara coast.[157] The town comprises two main residential areas, Port Hedland and South Hedland. The considerable distance takes about 17.5 hours to drive to Perth, compared to a flying time of around two hours, which means that RPT air services are essential for the social and economic development of the region. Almost 22 per cent of the employed residents of Port Hedland work in iron ore mining, with activities related to the offshore natural gas fields, salt, manganese, and livestock also supported by the town and port.[158]

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[156] *Award-winning flight network announces expansion with new Paraburdoo service*, 22 January 2020, Aviair website.
[157] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 21 May 2019.
[158] Australian Bureau of Statistics, 2016 Census QuickStats, retrieved 21 May 2019.

Air Service Overview

Airlines:	• Qantas and Virgin
State Government's Role:	• The air route is lightly regulated (allowing multiple operators on the route) by State Government through conditions placed on the aircraft licences.

Air Services:	• Qantas provides 35 return services per week (as at February 2020).
	• Virgin provides 12 return services per week (as at February 2020).
	• This equates to approximately 7 to 9 return services on weekdays, and 3 return services on Saturdays and Sundays (subject to scheduling variations).
	• The 47 return services per week are largely underpinned by the resources sector. As the major user of air services, the resources sector influences the flight schedule to accommodate the industry's FIFO staffing rosters.
	• Inter-regional air service operated by Aviair:
	  – 2 direct return weekday services per week Port Hedland-Newman and 1 return flight each week Port Hedland-Karratha.
	• Interstate and international connections:
	  – Qantas operates 1 service per week, Port Hedland-Brisbane
	  – Virgin operates 1 direct RPT air service on Saturdays, Port Hedland-Denpasar (Bali).

Aircraft:	• Airbus 320 – seating for 168-186 passengers • Boeing 717 – seating for 110-125 passengers • Boeing 737 – seating for 170-176 passengers • Fokker 100 – seating for 100 passengers • Beechcraft 200 Super King Air – seating for 9 passengers
Flight Times:	• Port Hedland-Perth – 2 hours one-way • Port Hedland-Brisbane – 5.5 hours one-way • Port Hedland-Denpasar (Bali) – 2 hours one-way *(All times are approximate)*
Airport Operator:	• Port Hedland International Airport (PHIA) is operated under a 50-year lease arrangement that commenced in March 2016, from the Town of Port Hedland to Port Hedland International Airport Asset Pty Ltd.

Demand

The Port Hedland-Perth air route is the third busiest route after Karratha and Broome in the north-west of the State in terms of passenger demand. Figure 32 illustrates a breakdown of the annual RPT passenger demand on the route over seven years between 2012-13 and 2018-19. Since peaking in 2012-13 at 476,971 passengers, there has been a significant decrease of approximately 28 per cent over the period, with demand falling to its lowest point of 344,067 passengers in 2016-17. This demand decrease has been largely due to the down-turn in the resources sector, which is a major user of air services.

However, demand rose by six per cent between 2016-17 and 2018-19, with a total of 364,956 RPT passengers on the route in 2018-19.[159]

Figure 32: Port Hedland-Perth air route – annual Regular Public Transport passenger movements
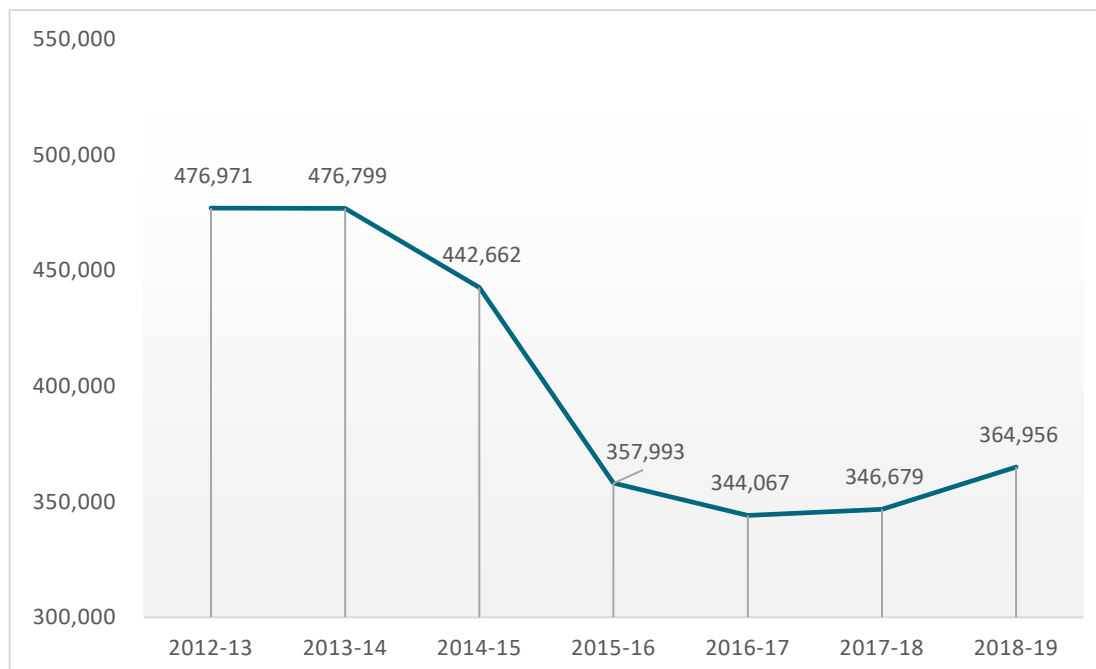
Figure 33 shows that following a few years of declining passenger numbers, the annual RPT passenger numbers through PHIA increased by approximately six per cent between 2016-17 and 2018-19 to a total of 382,590. The PHIA passenger movement data includes flights from/to Perth, as well as other destinations, such as Brisbane and Denpasar.

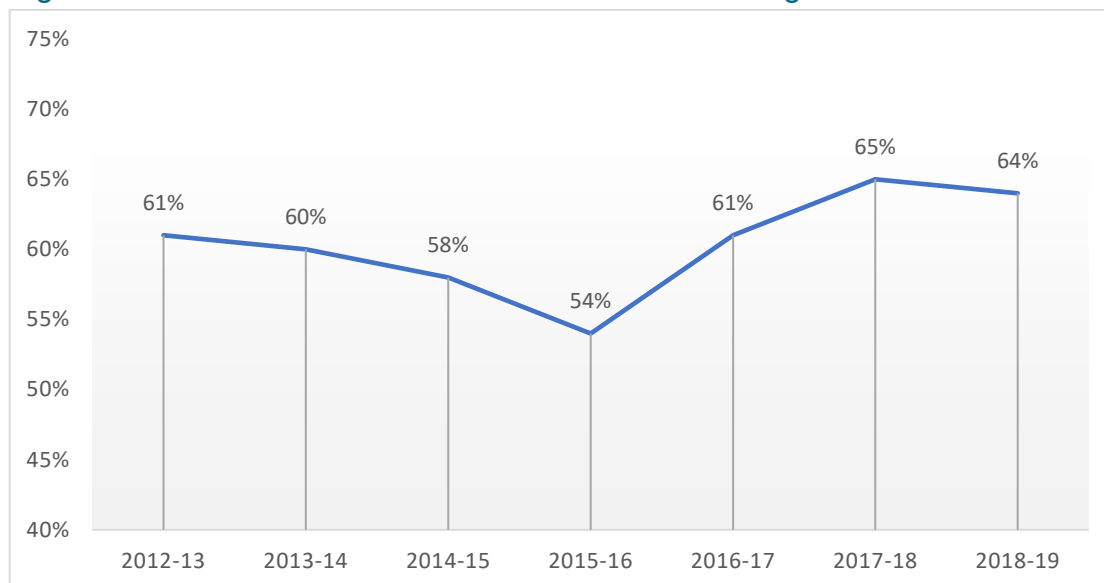Figure 33: Port Hedland International Airport – annual Regular Public Transport passenger movements

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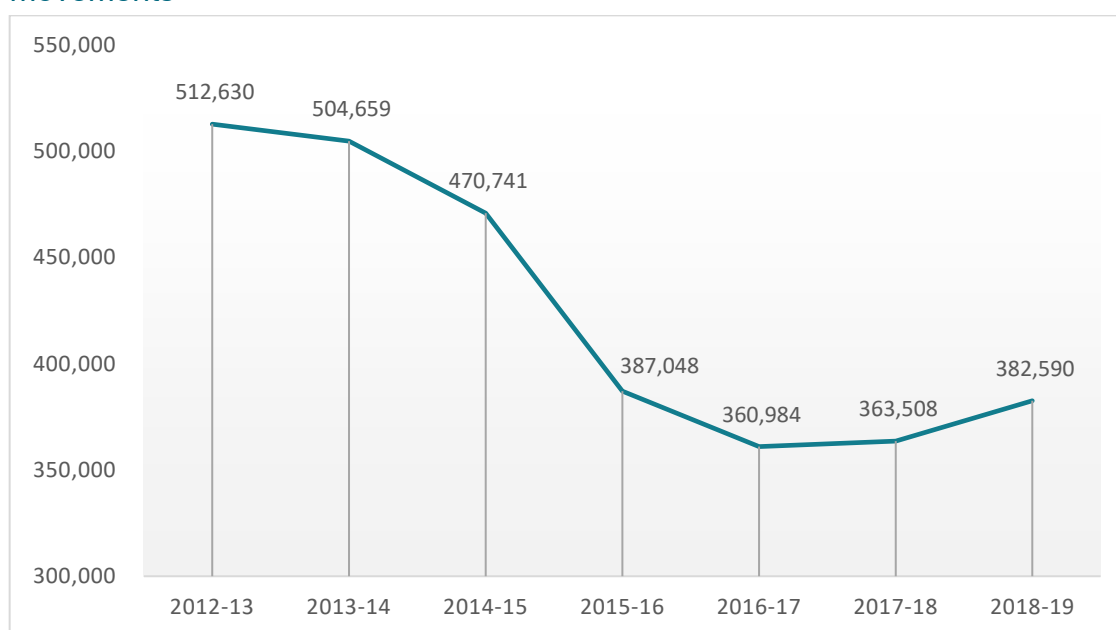
[159] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.

Load Factor

Figure 34 shows the average load factor calculated as an aggregate between the two airlines since 2012-13.[160] In 2018-19, the average load factor was 64 per cent, an increase of 10 percentage points since 2015-16. Load factor is one indicator of commercial sustainability of a route, with an overall load factor greater than 65-70 per cent generally desired by airlines. Load factors on routes with significant mining demand can be lower than 65 per cent, due to the one-way nature of FIFO traffic. Port Hedland is one such example.

Figure 34: Port Hedland-Perth air route – annual average load factors[161]

On Time Performance

The reliability of air services is critical for travellers, especially when connecting with other flights. Reliability of an RPT air service is measured by industry benchmarks for On Time Performance (OTP). The industry standard for OTP is commonly accepted as being 80 per cent. Generally, a flight is considered on time when departing and arriving within 15 minutes of the scheduled time. Airline OTP is influenced by factors such as aircraft maintenance and crew management, which are within the airlines' control and capacity to rectify (i.e. controllable delays) and by factors that are not in airlines' control or capacity to rectify, such as weather conditions and slot allocation by third parties at airports (i.e. uncontrollable delays).

The overall OTP of both airlines combined on the Port Hedland-Perth route for the year ended December 2018 is shown in Table 28. The OTP on the Port Hedland-Perth route during 2018 exceeded the industry benchmark of 80 per cent. The overall cancellation rate of Port Hedland-Perth scheduled flights was below the national average of 2.1 per cent.[162]

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[160] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
[161] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019.
[162] Airline On Time Performance, 2018-19 Financial Year Report, Bureau of Infrastructure, Transport and Regional Economics.

Table 28: Port Hedland-Perth air route – overall On Time Performance 2018-19[163]

Air Route	On Time Departures	On Time Arrivals	Cancellations
Port Hedland-Perth	86.7%	84.3%	2.0%
Perth-Port Hedland	89.9%	86.2%	1.5%

Airfares

The price of airfares comprises several elements including the base fare (the airline component), various airport fees (passenger fee, landing fees, security screening charges) of both the regional airport and Perth Airport, and GST. Table 29 provide an example of the airfare components for each airline operating on this route. In the examples provided, the landing fee is included in the fare.

Airfare data obtained from the airlines' websites by DoT in February 2019 (for travel in March, April and May 2019), indicated that the lowest available fares on the Port Hedland-Perth route ranged from $205 to $1,019 one-way (including airport fees and GST).

Occasionally both airlines offer sale fares for travel to/from Port Hedland e.g. $179 and $199 one-way (including airport fees and GST). As a comparison, as at July 2019, the adult one-way bus fare between Port Hedland and Perth from $274 to $293 (less for concession card holders and children). The bus service, operated by Integrity Coach Lines, offers four return services per week taking over 21 hours.

Website research on airfares, by DoT in June 2019, indicated that the one-way airfare between Port Hedland and Denpasar ranged from $239 to $644 (including airport fees and GST), depending on seasonality. The average advertised one-way fare over the travel period (15 June 2019-2 May 2020) was $354 (including airport fees and GST).

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[163] Bureau of Infrastructure, Transport and Regional Economics, retrieved 25 October 2019

Table 29: Port Hedland-Perth air route – airfare breakdowns

Flight	Base Fare	GST	Passenger Service Charge*	Passenger Service Charge**	Safety and Security Charge	Total
Qantas						
Red e-Deal QF1111 – Tuesday 19/03/2019, 9:10am	$286.48	$32.36	$22.37	$9.26	$5.53	**$356.00**
Flex QF1111 – Tuesday 19/03/2019, 9:10am	$655.56	$69.27	$22.37	$9.26	$5.53	**$761.99**
Virgin						
Getaway VA1840 – Tuesday 19/03/2019, 8:50am	$268.44	$29.91	$20.11	$4.72	$5.82	**$329.00**
Freedom VA1840 – Tuesday 19/03/2019, 8:50am	$595.71	$62.64	$20.11	$4.72	$5.82	**$689.00**

* Relates to Port Hedland International Airport | ** Relates to Perth Airport

5. Aviation Route Development and the Impact on Tourism

The tourism industry in Western Australia is highly dependent on aviation, with more than 93 per cent of all international and domestic visitors to Western Australia arriving by air.[164] For a growing and prosperous visitor economy, WA must remain competitive in attracting and maintaining air service capacity into the State, and ensuring that there are adequate and reasonably priced airfares for travel within and around WA.

Aviation development is a key enabler of tourist visitation growth into Western Australia. 'Tourism' is broadly defined to consist of holiday-makers, visiting friends and relatives, business travellers and students.[165]

As at November 2019, there were 20 international and 12 domestic carriers operating to Perth Airport, connecting travellers to more than 100 destinations around Australia and overseas (refer to Figure 35 illustrating regional Western Australian interstate and international connections). Domestically, the four major Australian domestic carriers – Qantas, Virgin Australia, Jetstar and Tigerair Australia – provide interstate services to Perth Airport.

Ensuring adequate direct and affordable international capacity can help grow tourism, business, freight export and international education for the State.

Regional aviation is also important to the development of tourism in the State given its sheer size and scale. While self-drive holidays remain popular for some visitor segments or markets, the ability to travel easily and affordably remains critical to regional dispersal of the State's leisure visitor market, particularly for those short on time, or less inclined to undertake driving holidays.

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[164] Tourism Western Australia Strategy and Research, Year Ending 2018
[165] Glossary of Statistical Terms, from Organisation for Economic Co-operation and Development website, retrieved 27 May 2019, defines tourism as "the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes". This definition has been adopted by the Australian Bureau of Statistics and Bureau of Tourism Research.

Figure 35: Connecting WA – international and interstate air routes
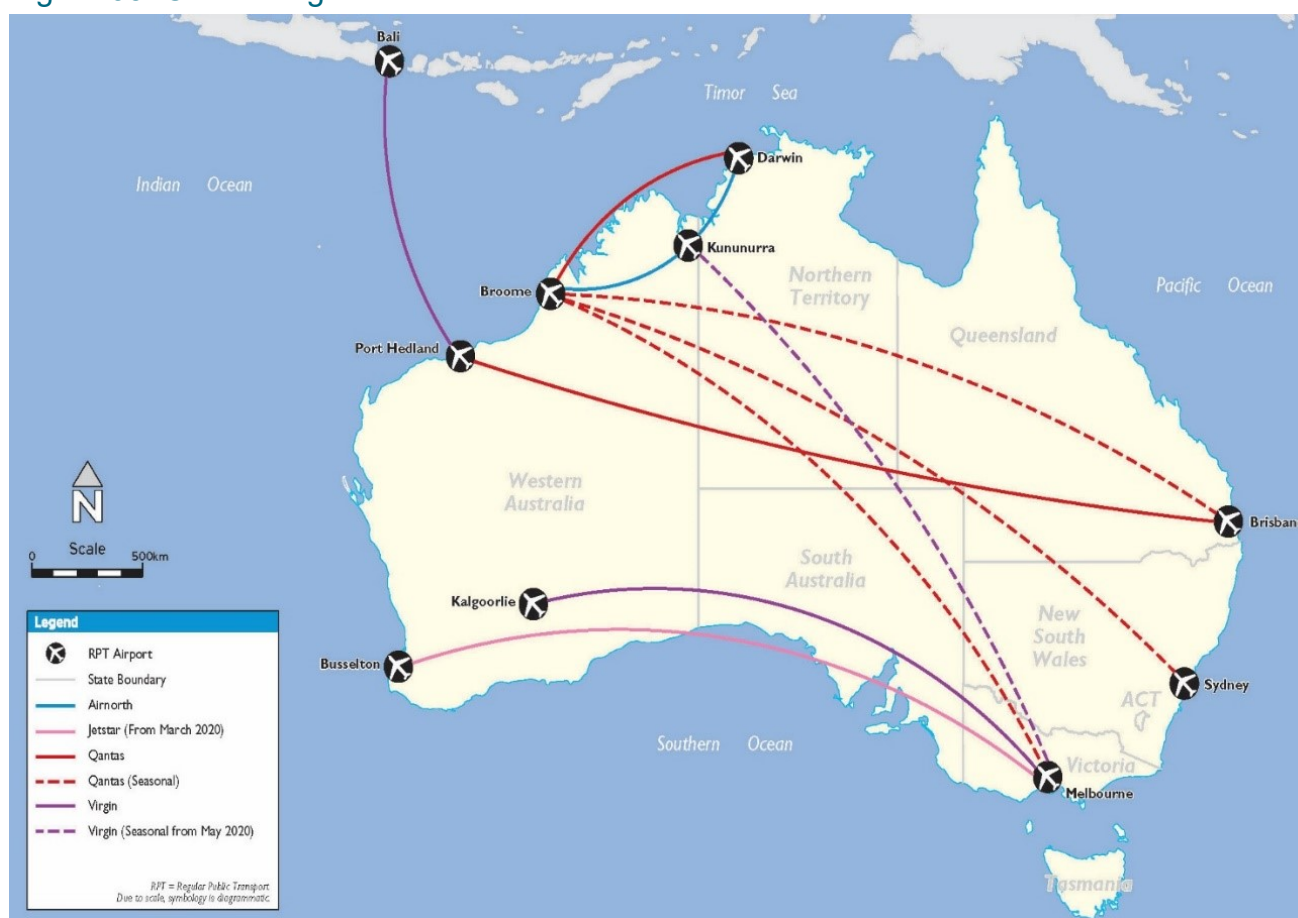
5.1. Economic Benefits of Tourism

The WA tourism industry generates more than 108,800 jobs and injected $12.9 billion into the Western Australian economy as measured by Gross State Product in 2017-18, highlighting the significance of this growing segment of the economy.[166] Apart from contributing directly to the State's tourism industry, improving aviation access is critical to the ongoing development of Perth as a global city and the positioning of Western Australia as the western gateway to Australia. Aviation access is also considered a key enabler to growing the international education market as well as an opportunity to grow businesses and investment opportunities.

Direct international air services into Western Australia can deliver significant economic returns for the WA economy. In a report commissioned by Tourism Western Australia, it was identified that the commencement of one additional flight per week by China Southern on its Guangzhou to Perth flight in 2017-18 brought nearly 4,000 additional Chinese visitors to Perth, Western Australia, who were considered unlikely to have travelled to Perth without the flights. In 2017-18, the inbound economic value attributed to Tourism Western Australia's partnership agreement with China Southern Airlines was $47.1 million ($20.8 million direct income contribution and $26.3 million indirect income contribution to Western Australia).

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[166] Tourism Research Australia, State Tourism Satellite Accounts 2017-18

5.2. Tourism Western Australia's Two-year Action Plan

In 2016, Tourism Western Australia released a plan to grow the number of visitors to the State. The overall aim is to make Western Australia the most desirable leisure and business event destination in Australia. This plan focused on four key areas:

1. positioning the State as Australia's western gateway;
2. promoting Perth as an affordable, vibrant destination close to nature;
3. attracting more people to regional Western Australia; and
4. intensifying promotional activity in target markets to encourage travel.

Tourism Western Australia is currently developing a longer-term plan to guide the State's tourism strategy into 2020 and beyond.

5.3. International Aviation Development

The State is focussed on opening up international aviation access to support the growth of tourism and the wider State economy. Perth Airport, as the major gateway into WA, is the primary focus for international aviation development for the State; although explorations on development of secondary airports (such as Broome) where international inbound tourism can be stimulated are also being explored.

Tourism Western Australia seeks to maintain and grow existing air capacity and attracting new routes from priority markets, developing and growing a sustainable aviation environment, the following case study is one such example.

Case Study 8: Qantas London-Perth[167]

The commencement of Qantas' daily flights between London and Perth in March 2018 repositioned Perth on the global stage, and opened the door to grow Perth as the western gateway to Australia, for Qantas and potentially other carriers. The direct flight has facilitated direct international and interstate visitors travelling to Perth and the rest of Western Australia since inception. The world's first direct regular passenger service between Australia and Europe has proven to be very popular with the majority of passengers either commencing or finishing their journey in Western Australia, or stopping over en route to either London or Melbourne.

In a study undertaken in 2019 by Deloitte Access Economics (engaged by Qantas), it is estimated that the direct London-Perth flights facilitated visitation to the State contributing $59.1 million in visitor spend. The flights have reported average load factors of 94 per cent in their first year of operation and, at the time of publication, continue to be the longest regular flight operated on the Qantas network.

The ongoing growth of tourism from Asia, a result of an expanded middle class, will remain of high importance to WA. Key growth markets of China, Japan and India are key priorities, with Tourism Western Australia already determining that a lack of direct, non-stop capacity from these markets will limit growth potential. For Japan, the direct, daily service between Tokyo and Perth which commenced in September 2019, will greatly assist in continuing to aid visitor growth from this priority market.

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[167] Case Study - Qantas London-Perth - Economic contribution of Qantas' London-Perth direct flight, Deloitte Access Economics for Qantas Airways Ltd, March 2019; Media Release: One Year Later: Perth-London exceeds expectations…and speed records, Qantas Airways Ltd, 26 March 2019.

Other regions and markets such as South-East Asia, Hong Kong and New Zealand remain core for the State, and ensuring that the supply of air seats is greater than demand. Longer-haul markets like the United States, Europe and the UK, remain largely reliant on secondary carriers in the Middle East or Asia, with the exception of the direct non-stop London-Perth flight by Qantas.

Ensuring adequate flights with short connection times into these key markets, and regional connections for regional dispersal, will support a healthy and competitive market, aiding both access and price. As aircraft technology continues to advance, Tourism Western Australia will also seek further expansion of direct flights into these longer-haul markets, seeking opportunities for non-stop flights to Europe or other further afield destinations.

5.4. Regional Aviation Development

The development of affordable and sustainable regional air services is crucial to grow leisure tourism. Fares are perceived to be, and often are, expensive; stemming in part from how closely regional aviation relies on resource sector FIFO patrons. While leisure traffic exists on some regional routes, the tourism industry is subject to being crowded out by the resources industry. This can limit the number of seats available and drive fare prices higher when booking closer to departure, constraining potential visitor growth.

Case Study 9: Qantas Affordable Fares Perth-Broome[168]

Tourism Western Australia, in partnership with Qantas, Australia's North West Tourism and Broome International Airport, introduced a 12-month affordable fares program on flights between Perth and Broome in 2018. The one-year trial of low-cost airfares was aimed at stimulating leisure demand on the Perth-Broome route, to help boost intrastate travel to the region. The special fare was also available to residents in Broome giving them access to affordable fares to Perth.

Offering two ranges of airfare discounts, when booked either 60 days or 45 days ahead of travel, the special fares were offered by Qantas over weekend flights operated on its A320 aircraft on the Perth-Broome route operating once a day, from Friday to Sunday. In total, 29,700 seats were available at discount prices as low as $199 one-way during high season (between 17 August 2018 and 16 October 2018; and 21 June 2019 and 17 August 2019), and $179 during low season (17 October 2018 to 20 June 2019).

Twelve months into the program, 70 per cent of seats had been taken up as discount fares and the program viewed favourably by the Broome International Airport and by the Broome tourism industry. This led to the extension of the program for an additional 12 months. An extension of the program was announced in May 2019, with fares available through to June 2020.

Consumer research engaged by Tourism Western Australia in 2019 revealed that the affordable fares program had increased the likelihood of consumers in Perth considering Broome for a holiday, helping change perceptions of Broome as an expensive destination.

A similar program was introduced for Exmouth in 2019 (refer to Case Study 3: Exmouth Fares, Section 4.3.1.2. Exmouth (Learmonth)).

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[168] Case Study: Qantas Affordable Fares Perth-Broome References: Media Statement: Perth to Broome Qantas special fares to continue, the Hon Paul Papalia CSC MLA, Minister for Tourism, 20 May 2019.

Much of the State's regional leisure visitation is self-drive, due to a combination of consumer travel preference and lack of affordability or accessibility of air services (i.e. lack of intra-state connection, flights originating primarily from Perth, lack of fly/drive affordable options). As such, to drive inbound tourism into the regions, the State is looking at regional routes with existing leisure traffic to establish incremental growth opportunities on these routes through collaborative partnerships with airlines such as is occurring on the Broome and Exmouth routes.

Tourism Western Australia has identified a number of critical factors required in a regional destination which indicate the potential to stimulate tourism-related regional aviation:

- market potential and the supporting tourism infrastructure of a destination (i.e. accommodation, density and diversity of attractions, availability of other support services such as supermarkets, hire cars, banks/automatic teller machines);
- current visitor market size and mode of travel preferences;
- current aviation market size and trends (growth, inbound/outbound, category of traveller); and
- geographical location, population and other industry support.

Where regions are not identified as a tourism aviation priority, typically they are assessed to have some or all of the following limiting factors:

- an inadequate level of leisure tourism drivers and/or a predominant local focus on industries such as resources;
- a population base and current aviation market size too small to enable the growth of an inbound aviation leisure market; and/or
- a predominant preference of the leisure market for self-drive.

Regional aviation development requires collaborative and innovative approaches. There is a growing willingness and desire in the regions to actively seek opportunities to open new ways to access the state to make regional air travel more affordable for residents and tourist alike. Achieving this will require the Government to work with airlines, airport operators and/or other partners, as occurred in the development of the Melbourne to Kununurra and Melbourne to Busselton-Margaret River routes (refer to Section 5.7. Route Development Achievements).

5.5. Western Australia's Tourism Industry Segments

Table 30 identifies the importance of the different visitor segments, particularly as far as tourism expenditure is concerned. Although smaller in size, international tourists stay longer and expend a much higher amount per person. Table 31 identifies the ten most valuable international tourism markets by visitor spend, noting six of these are located in Asia which continues to grow as an outbound tourism market.

Table 30: WA visitors and tourism expenditure (year ending June 2019)[169]

	Visitors (M)	Spend ($B)	Spend per Visitor ($)
International	0.97	2.18	2,244
Interstate	1.79	1.76	987
Intrastate	8.81	4.36	495
Day Trip	22.49	2.15	96

Table 31: WA's top international tourism markets - ranked in order of visitor expenditure by country (year ending June 2019)[170]

Country	Visitors Nos ('000)	Spend ($M)
1. China	66.7	280
2. United Kingdom	103.5	252
3. Singapore	145.2	239
4. Malaysia	99	184
5. United States of America	63.8	108
6. New Zealand	29.5	97
7. Germany	74	96
8. India	34.5	84
9. Hong Kong (region)	33.8	62
10. Japan	29.9	62

The State's top international tourism markets by spend show one side of the total market. Figure 36 illustrates the top ten travel markets for arrivals into WA for both residents and international visitors. The preference for outbound leisure travel by West Australians to Bali, Denpasar can clearly be seen, and with just under 450,000 inbound arrivals (WA residents and visitors) it is the State's busiest international route. This is also reflected in the number of flights and airlines operating on the route, which in turn drives price downward, making it very affordable.

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[169]   Tourism Western Australia, Domestic Visitation – Fast Facts, Year Ending June 2019.
[170]   Tourism Western Australia, International Visitation – Fast Facts, Year Ending June 2019.

Figure 36: Top 10 WA markets by arrivals - WA residents and international visitor arrivals[171]
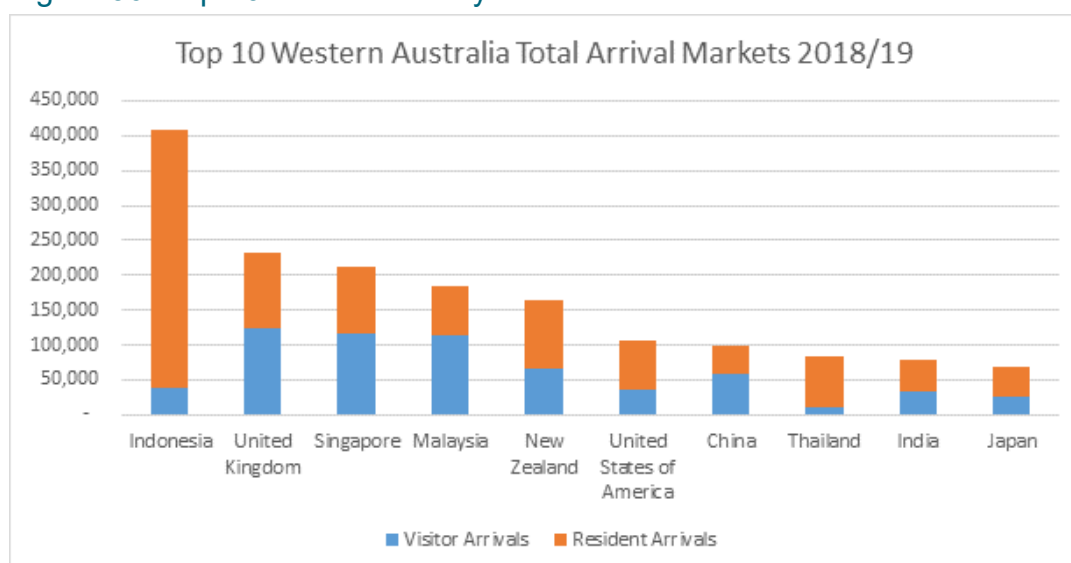
5.6. Aviation Market Environment

Aviation development worldwide is growing more competitive, with destinations in Australia and other countries all competing to attract airlines and secure new or additional flights. Moreover, airlines have increased their focus on cost-effectiveness rather than market share and high load factors alone. This results in an overall review of route profitability. Airlines now also operate "dynamic schedules" often changing frequencies and/or aircraft size throughout the year to reflect traffic seasonality.

While overall demand in commercial aviation is still strong, the price pressure from low cost carriers, or consequences of excess capacity, can challenge profitability for all airlines – low cost and full service. Faced with increasingly price sensitive consumers and rising prices of jet fuel, airlines are now more conservative and financially risk averse in their expansion and new route development.

Perth Airport Pty Ltd, the operator of Perth Airport, has worked with international airlines and the State Government to secure and deliver growth on existing routes and establishment of new routes.

Regional air services face a challenging environment due in part to underlying route economics – i.e. smaller traffic numbers, or smaller population numbers.

These changing circumstances in the aviation marketplace have meant that new and innovative approaches are required in order to achieve growth in the State's air services development and to secure better access and affordable airfares for our regions. From a tourism viewpoint, it is important to provide certainty regarding aviation services so as to underpin investment in marketing, accommodation and visitor facilities in the tourism regions.

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[171] Department of Home Affairs, Overseas Arrivals and Departures, June 2019.

5.7.   Route Development Achievements

Since the publication of the previous State Aviation Strategy in 2015, the following achievements have been reached in aviation route development:

- China Eastern announced it will operate a seasonal trial over Chinese New Year in 2020 operating three services per week over a five-week period between Shanghai and Perth. The first flight commenced on 15 January 2020.
- All Nippon Airways commenced daily flights between Tokyo and Perth in September 2019.
- Singapore Airlines has up-gauged all of its four times daily flights to Perth with larger aircraft (either Boeing 787-10s (x 2) or Airbus A350 (x 2) operated.
- Qatar up-gauged to the larger Airbus A380 in 2018, joining Emirates as the only airlines in WA to operate these jumbo aircraft. Emirates commenced a daily A380 to Perth in 2015.
- Virgin Australia launched direct flights between Hobart and Perth in September 2018.
- Cathay Pacific up-gauged in October 2017 to the Airbus A350 on its daily service, the airline operates 10 flights per week to Perth. In late-2019, the airline operated an even larger version of the same aircraft to capitalise on the peak travel period over Christmas and Chinese New Year.
- Malindo Air launched daily flights between Kuala Lumpur and Perth in November 2015 and has grown these to now operate 14 flights a week. Its sister carrier, Indonesian airline Batik Air, launched services between Denpasar (Bali) and Perth in June 2017; while Malaysia Airlines operates a 12-weekly service to Kuala Lumpur and increased to a larger Airbus A330 aircraft in 2019 on seven of these weekly flights, and Malaysia Airlines continues to operate services to Kota Kinabalu.
- China Southern increased flights to Perth and now operates four to five flights a week between Guangzhou and Perth over higher travel periods.
- Qantas reinstated its Singapore-Perth service in June 2015 and now operates up to twice daily on this route depending on time of year.
- Air New Zealand operates up to ten flights per week on the Auckland-Perth route over the peak travel period.
- Qantas launched the world's first non-stop flights between London and Perth with a daily service commencing in March 2018.

For the State's regions:

- All regional aviation routes with a significant tourism aspect, including Monkey Mia, are now accessible on the Global Distribution System.
- Jetstar announced it will commence a service between Busselton-Margaret River Airport and Melbourne, three times a week from March 2020.
- In 2018, and again in 2019, SilkAir operated a seasonal trial service between Singapore and Broome in June, marking the first international passenger service to Broome in 17 years and opening up new ways to access the State.
- Marketing of a 'Fly and Drive Holiday' to the Coral Coast, including a reduced one-way relocation fee for the hire car (see Case Study 10: The Coral Coast Highway – a Fly and Drive Holiday, in this section), from 1 April to 31 October 2019 and again in 2020. This initiative contributes to addressing a long-term problem of improving access to key

- Tourism Western Australia partnered with Qantas to develop an affordable fare program for weekend flights between Perth and Broome in 2018, which was subsequently extended through to 2020; and introduced a similar program for Exmouth in 2019 (refer to Case Study 3: Exmouth Fares, in Section 4.3.1.2 Exmouth (Learmonth)).
- Alliance Airlines will begin direct flights between Kununurra and Melbourne, commencing in May 2020. These will be operated as a codeshare with Virgin Australia. The implementation is a result of partnership between the Shire of Wyndham-East Kimberley, Alliance, Virgin, Tourism Western Australia, and the East Kimberley Marketing Group.

Case Study 10: The Coral Coast Highway – a Fly and Drive Holiday[172]

The 1,200 kilometres 'Coral Coast Highway' between Perth and Exmouth connects dozens of attractions and experiences which are popular with both domestic and international tourists. However, the drive takes approximately 13 hours one-way and a return drive is considered a deterrent to some travellers.

To build incremental demand for regional tourism through increased fly/drive holidays into the regions, a trial incentive subsidy of hire car relocation fees has been jointly financially supported by the State Government and Avis Australia. For prospective travellers, Avis Australia offers a reduced one-way relocation fee $250 for those driving Perth to Exmouth and $150 if driving from Exmouth to Perth (normally $1,000). The incentives apply for a two-year period, from 1 April to 31 October in 2019 and again in 2020. Marketing of the Fly and Drive Holiday, including the discounted car hire relocation fee, is being sold internationally through the travel wholesale trade, with positive feedback.

The State Government has invested $43.25 million towards the development of the Busselton-Margaret River Airport and attracting an airline to operate an interstate RPT air service. A further $3.265 million is being invested by the State Government to upgrade the Busselton-Margaret River Airport terminal in readiness for the commencement of direct RPT air services between Busselton-Margaret River Airport and Melbourne in March 2020.[173] The air service is a result of collaborative efforts by the State Government, the City of Busselton and Jetstar.

5.8. Tourism Actions

To stimulate inbound tourism growth through improved aviation access, the State Government will:

- continue to identify and facilitate a proactive approach to airline route development for both existing and new routes;
- continue to work with a range of partners in route development to attract and support new air services;
- seek to increase aviation capacity from mainland China by developing the existing direct route Guangzhou-Perth, as well as exploring further direct routes and securing an ongoing Shanghai-Perth service;

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[172] Case Study: The Coral Coast Highway – a Fly and Drive Holiday References: *Travel the Coral Coast Highway*, from Australia's Coral Coast website, retrieved 18 June 2019; Google Maps; Tourism Western Australia.

[173] Hon Alannah MacTiernan, Minister for Regional Development and Hon Paul Papalia CSC MLA, Minister for Tourism. *Media Statement: Jetstar direct flights to Busselton to take off*, 4 October 2019.

- investigate opportunities for direct routes from India and other priority markets, positioning WA as the western gateway to Australia;
- continue to seek opportunities to improve accessibility and lower air fares for regional aviation travel within WA, and seek opportunities for low cost carriers in the longer term;
- seek opportunities to secure ongoing services between Singapore and Broome;
- work with airline stakeholders to review routes and endorse opportunities to increase the availability of seats for leisure visitors, particularly from interstate;
- reignite the east coast market and change perceptions of Perth through strong trade relationships and advertising, a world-class event strategy and the development of demand-driving visitor experiences;
- explore the feasibility of linkages between Exmouth and Broome; and
- continue to promote and find opportunity to stimulate leisure air travel.

6. Air Freight in Western Australia

High-value, time-sensitive and perishable goods are predominately moved to, from and within Western Australia by international or domestic passenger aircraft, dedicated domestic regular air freighters or specialised charter air freighters.

Air freight is used for transporting high value, time sensitive and perishable goods across Australia and the world. Western Australia's international air freight market is primarily driven by WA's high-value agri-food and resource industries.[174] Domestic air freight is driven by the needs of communities and industry, including the movement of medical and pharmaceutical goods, fresh produce, letters, parcels and machinery parts.[175] Most freight still moves by sea; air freight comprises less that one per cent by volume of Australian international trade. Despite the small volume, it represents more than 21 per cent by value.[176,177] The majority of air freight is carried in the belly of commercial passenger aircraft. From some regions of WA, world-class agricultural produce is trucked to and air freighted out of Perth Airport. The development and growth of new export markets for high-value, time- sensitive and perishable WA goods is expected to influence the future of the State's air freight airport infrastructure requirements.

6.1. Future Opportunities for Air Freight

Time-sensitive agricultural exports that are high-value and low-volume may be suited for air freighting from WA. The Department of Primary Industries and Regional Development estimates approximately ten per cent of agri-food is carried by air freight from WA.[178] Currently, all of WA's fresh produce requiring air freight to the eastern states or international markets is taken through Perth Airport in the cargo hold of passenger aircraft services. There are no direct regular international air freighters servicing regional centres in WA. Several requirements need to be met before a regular international air freighter operating from a regional centre can transport fresh WA produce to international markets. These are:

- the requirement for consistent quality and guaranteed supply of goods;
- a sustainable long-term market (demand); and
- if not already established, the necessary infrastructure to accommodate larger aircraft.

Consideration should be given to the advantages of developing new passenger air routes in conjunction with air freight opportunities rather than only seeking dedicated air freighter services only. While air freight is reliant on established passenger air routes, the revenue generated from freight carried in the belly of passenger aircraft may provide the necessary margin to sustain the commercial viability of a route or region.[179]

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[174] *Perth Airport Preliminary Draft Master Plan 2020*, Perth Airport Pty Ltd, July 2019, p.61.

[175] *Pilbara Freight Study*, Australian Floating Decks Pty Ltd for City of Karratha, February 2019, p.61.

[176] *Study on the strategic development of Western Australia's regional airports*, The Airport Group for the Department of Transport and Department of Primary Industries and Regional Development, September 2018, p. iv (not published).

[177] *2019 Australian International Air Freight Indicator*, Infrastructure Partnerships Australia, March 2019, p.3.

[178] *Study on the strategic development of Western Australia's regional airports*, The Airport Group for the Department of Transport and Department of Primary Industries and Regional Development, September 2018, p.96 (not published).

[179] *2019 Australian International Air Freight Indicator*, Infrastructure Partnerships Australia, March 2019, p.8.

7. Glossary

ABS	Australian Bureau of Statistics
BIA	Broome International Airport
BITRE	Bureau of Infrastructure, Transport and Regional Economics
CASA	Civil Aviation Safety Authority
DIDO	Drive in, drive out
BIA	Broome International Airport
CCG	Community Consultation Group
FIFO	Fly-in, fly-out
Global Distribution System	Computerised network system that enables transactions between providers of travel industry products and services
GST	Goods and Services Tax
OTP	On Time Performance
MTOW	Maximum Take-Off Weight
PAX	Passengers
PHIA	Port Hedland International Airport
RADS	Regional Airport Development Scheme
RPT	Regular Public Transport
State Government	The State Government of Western Australia
Up-gauge	Increase aircraft size for a flight
WA	Western Australia
Y Fare	Full-fare economy-class ticket