

# **Submission to the Economics and Industry Standing Committee - Legislative Assembly**

**Inquiry into regional airfares  
in Western Australia**

July 2017



**For the better**

# About RAC

RAC represents the interests of more than 900,000 Western Australians, approximately 160,000 of whom live in regional WA.

Drawing on our heritage, a key role for RAC is to act as a voice for our members and as a strong public advocate on the mobility issues and challenges facing Western Australia. RAC collaborates with Government and other organisations to ensure safe, accessible and sustainable mobility options are available for our members and the community. We also advocate to protect and enhance the lifestyle of our members with a focus on reinvesting profits to benefit members and the WA community.

Our vision is to be Western Australia's most valued organisation by 2020. In addition to being a member organisation, RAC also provides a number of services to members through Roadside Assistance, Insurance, Travel, Tourism and Finance, Auto Services, Batteries, Tyres, and Security.

To enhance tourism services to members, RAC established RAC Parks and Resorts in 2015.

Today, RAC Parks and Resorts includes:

- » RAC Cervantes Holiday Park
- » RAC Monkey Mia Dolphin Resort, Shark Bay
- » RAC Exmouth Cape Holiday Park
- » RAC Busselton Holiday Park
- » Ningaloo Reef Resort, Coral Bay



photo: RAC Monkey Mia Dolphin Resort



## Background

RAC Parks and Resorts vision is to create a portfolio of tourism accommodation properties in WA's key tourism destinations, providing a new standard of consistent and reliable quality tourism experiences for our members and broader tourism markets.

The level of private investment in tourism in WA has been low for many years as the industry has existed in the shadow of the resources sector for allocation of both capital and staff.

RAC believes tourism has a major role to play in the future economic development of the State and, with new investment in accommodation, can encourage our members and the WA community to rediscover the traditional 'Aussie holiday' and retain tourism spending in the State.

Three of the five properties currently owned and operated by RAC Parks and Resorts are located in the north of Western Australia and offer unique nature based tourism experiences including two in World Heritage listed locations.

The north of Western Australia offers a wide range of tourism offerings from the rich marine experiences of Shark Bay, Australia's only fringing coral reef at Ningaloo, the dramatic landscapes and gorges of the Pilbara and the rugged landscapes and spectacular coastline of the Kimberley. All these regions are rich in Aboriginal cultural experiences as well as European heritage with both affordable, and an increasing range of high end safari style accommodation options.



photos: RAC Monkey Mia Dolphin Resort





# Shark Bay Airport

As the owner of RAC Monkey Mia Dolphin Resort, RAC is also the owner of Shark Bay Airport, located on the Peron Peninsula which services Monkey Mia, the resort and the nearby town of Denham.

RAC is a member of the Carnarvon/Monkey Mia Aviation Community Consultation Group (CCG).

Skippers Aviation flies Perth to Monkey Mia four days per week (Monday, Wednesday, Friday and Sunday). The flight is 1 hour and 45 minutes direct from Perth (return flights via Carnarvon – 4hr).

Shark Bay Airport visitor numbers have dropped from 6000 to 3000 over the past eight years. About 55 per cent of these visitors are members of the local community, travelling to access services such as medical facilities and schools.

The airport also provides a vital service for the local community. With no medical facilities in town, the airport provides critical access for the Royal Flying Doctor Service (RFDS) to cater for medical emergencies and medical transfers. On average, the airport facilitates flights for the RFDS three times a week, at all hours.

Shark Bay Airport has run at a significant loss for a number of years, due to the issues detailed below.

## » Access

It is a difficult and costly place to access, either by road or air, and therefore faces considerable competition from a wide variety of competing destinations around WA, Australia and beyond. There are no daily flights to Shark Bay Airport and the flights are not listed on the Global Distribution System for airline bookings for the worldwide travel industry.

This significantly hampers the ability for international travellers to access flights.

As an alternative solution, the State Government should encourage relevant airlines (i.e. Qantas and Virgin) to interline with Skippers Aviation and provide access to the Global Distribution System.

## » Cost

The advertised full economy fare starts at \$940 return (which includes \$65 for fees and taxes, including landing fees).

We acknowledge that, occasionally, one-off discounted airfares are offered when unsold seats are available, however there is potential for this to be offered more frequently, as is the case on the Albany and Esperance routes. This would increase opportunities for visitors and the local community, for whom cost prohibits travel to and from the region.

## » Quality

Aging aircraft on the route does not reflect nor enhance the quality of the tourism experience in a World Heritage listed location.

Different aircraft could be deployed if an upgrade to the airport was completed. RAC would consider applying for State and Federal Government funding for the upgrade but would not do so without certainty over government investment in the region, growth in visitor numbers, frequency and price. While the airport is vital infrastructure for the community and provides access for guests to RAC Monkey Mia Dolphin Resort, around 97% of guests arrive by road.



## » Tourism investment and promotion

RAC Monkey Mia Dolphin Resort and the immediately adjacent dolphin interaction experience is Shark Bay's premier tourism drawcard, recognised as an international standard eco-tourism attraction. The property offers a range of accommodation types and facilities but is in need of significant capital investment and improvement.

RAC is well advanced in planning for this redevelopment to expand the caravan and camping facilities, provide new self-contained family accommodation units, improve the arrival and reception area and a range of other much needed improvements.

The redevelopment of Monkey Mia Dolphin Resort would ultimately double the capacity of the property which would significantly increase visitation to the region.

There are other significant tourism opportunities in the Shark Bay region including Bush Heritage plans for Hamelin Station, a safari tent eco-tourism project in Francois Peron National Park, improvements to facilities on Dirk Hartog Island and the recent investment in the region to mark the Dirk Hartog 400th anniversary.

Shark Bay is increasingly reliant on tourism economically with very little other employment drivers. The opportunity currently exists to facilitate transformational change for Shark Bay's tourism industry and the broader employment and social benefits this brings to the community. Regular, affordable and quality air services to the region are critical.





## Conclusion

RAC welcomes the Parliamentary Inquiry into regional airfares in Western Australia and is supportive of any measures to guarantee the air routes' long term viability, foster growth and reduce the high costs of airfares to regional Western Australian destinations.

Access to airline services in the regions is not only vital from a regional tourism perspective, but also as a service to the community, as is the case in Shark Bay, providing access to schools and medical services which are not available locally.

The critical issue for the provision of unsubsidised air services in regional WA is airline profitability. This is driven by demand for the service and the strength of the various markets driving demand. In the case of the Shark Bay air service, the demand is predominantly driven by tourism and local passengers with very little corporate demand.

Where airline profitability is not sustainable, the service can either be subsidised by government or efforts to improve demand can be implemented. The latter is more sustainable and is self-supporting as greater airline profitability introduces competition or the ability of an airline to use more efficient planes, improve standards, better frequencies and fares, and therefore further increasing demand.

## Recommendations

1. RAC is investing in the Gascoyne region with the acquisition of three tourism properties, and a planned redevelopment of the Monkey Mia Dolphin Resort. The State Government should acknowledge private investment in promoting economic growth and employment in the Shark Bay Region, and recognise the importance of affordable air services to both the local community, and the viability and growth of tourism.
2. Requirement for the airline operator of the Shark Bay route to operate, or have access to, the Global Distribution System due to the importance to the local tourism sector.

**A submission by RAC**

Royal Automobile Club of WA (Inc.)  
832 Wellington Street,  
West Perth, WA 6005

For further information contact  
[advocacy@rac.com.au](mailto:advocacy@rac.com.au)



**For the better**