

Regional Air Access

POSITION STATEMENT

KEY MESSAGES

- ✓ The Pilbara suffers constraint on economic growth due to the high cost of regional air access.
- ✓ Flight premiums are an economic handbrake on economic growth and a direct risk to the value and objectives of government investment in regional development.
- ✓ Affordable air access is essential to the development of fully diversified regional economies in the Pilbara; it is an enabler of tourism and business visitation, of urgent freight, and of the perception that WA has connected cities in the north.
- ✓ Commonwealth Government tax incentives such as the Fringe Benefits Tax Assessment Act exemption for FIFO work practices distort the RPT market, and there exists a legitimate anti-distortion rationale behind the proposal to reduce this subsidy to raise funds to mitigate the negative side-effects of its use.
- ✓ State Government should invest in regional air services in the same way, and for the same reason, that it subsidises metropolitan bus and rail transport; it enables population and economic growth.

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COMMITMENTS SOUGHT

- ✓ That the State Government commit to funding greater regional air services;
- ✓ That the State Government commit to lobbying the Commonwealth Government for change to the FBT FIFO exemption to allow for regional resident-only subsidies; and
- ✓ That the Commonwealth Government commit to modifying the FBT FIFO exemption from 'full' to 'partial' in order to fund regional resident-only subsidies.

BACKGROUND INFORMATION

In FY17, the Pilbara Regional Council was successful in advocating for a Parliamentary inquiry into regional airfares, and will participate in that inquiry by means of a submission. However, there is more to be achieved, and has participated in that inquiry by means of a submission, and evidence before the committee.

Regional stakeholders must pursue other options available to reduce flight costs, including advocacy with Commonwealth leaders around Fringe Benefits Tax exemptions, holding the State Government accountable for inquiry recommendations, and investigating intra-regional models for subsidise airfare 'milk runs'.

By continuing to prosecute the case that market distortions are prevalent and relate directly back to the resource industry, and by continuing to place pressure on leaders to act, this issue will remain in the forefront of public discourse.

Affordable air access is essential to the development of fully diversified regional economies in the Pilbara. It is an enabler of tourism and business visitation, of urgent freight, and of the perception that WA has connected cities in the north.

Flights to the Pilbara region in WA continue to be amongst the highest in the country on a per kilometre basis. With stabilised and ongoing demand from the resource industry and a growing permanent population base, there is an opportunity to tackle this key connectivity issue.

