



13 October 2017

Dr David Worth
Principal Research Officer
Economics and Industry Standing Committee
Legislative Assembly Committee Office
Level 1, Harvest Terrace
West Perth WA 6005

Dear Dr Worth

SUPPLEMENTARY SUBMISSION - INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA

Thank you for providing the Chamber of Minerals and Energy of Western Australia (CME) with a draft transcript of evidence taken on Monday 18 September 2017, at the Economics and Industry Standing Committee's hearing for the inquiry into regional airfares in Western Australia.

CME confirm the transcript is an accurate recording of the hearing proceedings. Furthermore, CME would like to provide the following supplementary information to the statements given during the hearing.

Local Government Fees and Charges

The Chair of the Economics and Industry Standing Committee raised a question during the hearing as to why local governments should not be able to use revenue generated through their airports to fund maintenance of other local government assets or provision of local government services.

Local governments through their annual budget process will determine their expenditure requirements in order to provide local government services and asset maintenance for the financial year. Local governments will collect the necessary moneys to fund those expenditures through either local government rates; and for airport operation and maintenance through the airport fees and charges. CME contends that local governments should have the necessary funds to meet the delivery of those services and therefore airport revenues should be used solely for operation and maintenance of that asset.

Further, many regional airports seek to obtain additional funding and grants from State Government to maintain their airports, rather than utilising the revenue raised from the airport. This has been identified as an issue by the Department of Transport. In response to the problem, the Department requires any local governments seeking funding through the Regional Airports Development Scheme (RADS) to provide, in addition to income and expenditure statements, an Airport Asset Management Plan detailing how funds will be allocated and the asset managed.

Community Contributions

During the hearing a question was raised regarding what community contributions the resources sector make. Mrs Caroline Cherry mentioned CME had earlier this year released its Economic Contribution Survey Results, for the financial year 2015-2016.

Data was provided by 46 companies across the Western Australian resources sector and results showed the resources sector continues to underpin the economic foundations of the state. This economic contribution to Western Australia were \$32 billion in wages and salaries, business purchases, community contributions and payments to local and state governments.

The Economic Contribution Survey has highlighted that each and every electorate in Western Australia has local residents who work in the resources sector, and businesses who supply goods and services to the sector. There were 886 arts, education, health, sports, indigenous, environment and social organisations across the state who receive support from the sector. Companies are aiding community organisations to deliver services and programs in the broader community.

Fact sheets on the economic contributions are broken down by statistical divisions, State legislative council and legislative assembly electorates and Federal electorates and can be found on CME's website here: <http://www.cmewa.com/policy-and-publications/economic-contribution-maps/state-legislative-assembly>

Factors influencing use of private airstrips

During the hearing, there were questions relating to the decision of resources sector companies to utilise private airstrips rather than regional airports. There are many factors influencing the decision of how and where resources sector companies transport their workforce, which are not mutually exclusive. Several of these factors which are pertinent to the hearing questions are:

- Location of the work – whether the project is remote or in proximity to an established town, and whether the project is fixed (i.e. a single operational site) or variable (utilising rail or port). The location of a regional airport is not always in close proximity to the resources project.
- Safety – A major concern amongst resources companies is the distance between project sites and the closest community. There is inherent risk involved where workers are required to drive or be bussed from airports to site for extended periods of time. The commute can often be on unsealed regional roads, before or after shifts to transit to airports or local communities. These commutes add additional hours on to the worker's day and potentially creates fatigue risk.
- Shift duration and roster configuration – Companies manage and configure shift patterns in adherence with the Western Australian Government's Code of practice: Working hours. Bussing workers in and out of nearby towns can add significant travel time on top of a shift, and needs to be assessed for potential impacts on worker fatigue.
- Suitability of local infrastructure – whether the local community has sufficient infrastructure in place to cope with increased numbers of workers as a result of the project. If local infrastructure is insufficient and is upgraded as a result of the project, there is a need to ensure the local community is able to afford to maintain the infrastructure once the project transitions from construction to operation and also when projects end and workforce numbers decrease.
- Access to site – during seasonal weather changes some resources sites become inaccessible by road from the local airport, this is mainly due to severe flooding of the site's access roads (both sealed and unsealed roads). In order to allow continued access for employee shift rotations, companies may invest in private airstrips in close proximity, if not directly, to site.
- Commercial – Resources companies are continually seeking to increase productivity by improving business processes and reduce costs within their control. A number of companies have reduced their travel costs by building airstrips close to, or on their site.

Approvals for private airstrip

During the hearing it was noted the Economics and Industry Standing Committee were considering the implementation of a radius, that is where a regular public transport (RPT) airport

is located, within a certain distance (i.e. 70 kilometres) of that RPT airport no private airstrip will be able to be built.

CME does not support this recommendation. CME considers the distance or proximity to an RPT airport should not be the only determining factor regarding approval of private airstrips. As mentioned above, resources companies take into consideration a number of factors such as employee safety, accessibility to site, and suitability of the infrastructure to facilitate required aircraft and number of passenger movements before a decision to build a private. These important factors should also be considered, rather than an arbitrary distance, when making a decision whether or not to approve a private airstrip.

Should you have any questions regarding the issues raised in this submission, please do not hesitate in contacting me on 08 9220 8514 or c.cherry@cmewa.com

Yours sincerely

A handwritten signature in black ink, appearing to read 'Reg Howard-Smith', written over a horizontal line.

Reg Howard-Smith
Chief Executive