

22 November 2019

Mr Matt Brown
General Manager Corporate Affairs
Perth Airport
PO Box 6
Cloverdale WA 6985

Sent via email: Matt.Brown@perthairport.com.au

Dear Matt

PERTH AIRPORT PRELIMINARY DRAFT MASTER PLAN 2020

The Chamber of Minerals and Energy of Western Australia (CME) is the peak resources sector representative body in Western Australia. CME is funded by member companies responsible for more than 90 per cent of the State's mineral and energy production and employment of its workforce.

On behalf of members,¹ CME welcomes the opportunity to express support for the Perth Airport Preliminary Draft Master Plan 2020 (the Master Plan). Recent efforts by Perth Airport to consult with members regarding future runway demand and capacity are also appreciated.

CME has been closely engaged with Perth Airport throughout the consultation process and in October held a joint Aviation Forum with the Department of Transport, Perth Airport and a wide range of CME member companies. CME has appreciated Perth Airport's willingness to openly engage in this and other forums which provided a mechanism for CME members to provide direct feedback on the Master Plan.

Background

In 2018-19, the Western Australia's mineral and petroleum industry reported a record value of \$145 billion.² Iron ore is currently the State's most valuable commodity at \$78 billion. Petroleum products (including crude oil, condensate, liquefied natural gas, liquefied petroleum gas and natural gas) followed at \$38 billion, with gold third at \$12 billion.

The value of royalties received from the sector totalled \$6.5 billion in 2018-19, accounting for 20 per cent of Government revenue.^{3 4 5 6} In addition, contributing to 40 per cent of the State's total industry Gross Value Added,⁷ the sector is a significant contributor to growth of the local, State and Australian economies.

For example, communities in regional and remote Western Australia benefit from a prosperous sector. In 2017-18, a sample of members had supported more than 700 community organisations and 13,000

¹ Members include mining, oil and gas, energy generation and distribution, services to the sector and airline associates.

² Government of Western Australia, *Latest statistics release: Mineral sector highlights*, Department of Mines, Industry Regulation and Safety, September 2019: <http://dmp.wa.gov.au/About-Us-Careers/Latest-Statistics-Release-4081.aspx>

³ References hereafter to Government refers to the Government of Western Australia, unless otherwise indicated.

⁴ Includes North West Shelf grants but excludes monetary contributions via State taxes, levies, fees and charges.

⁵ Government of Western Australia, *Industry activity indicators: Royalties*, Department of Mines, Industry Regulation and Safety, September 2019: <http://dmp.wa.gov.au/About-Us-Careers/Latest-Resources-Investment-4083.aspx>

⁶ Government of Western Australia, *Budget paper no. 3: 2019-20 Economic and fiscal outlook*, Western Australian State Budget 2019-20, Department of Treasury, May 2019, p. 68.

⁷ Duncan, A. and Kiely, D., *BCEC Briefing note: WA Economic update*, Bankwest Curtin Economics Centre, November 2019, p. 4.

businesses in Western Australia.⁸ The sector also continues to employ more First Nation Australians than any other sector.

In response to economic opportunities and shocks experienced over the last three decades, the sector has developed a fly-in, fly-out (FIFO) workforce model to attract and retain labour in the most safe, adaptive and competitive manner. Mobilisation of labour by air to regional and remote sites across Western Australia has become the preferred choice for both employers and employees, enabling spatial and temporal deployment of labour when and where it is needed. Of the four million intrastate passengers passing through Perth Airport, more than half was attributable to the sector in 2017-18. Perth Airport therefore is an important hub for the sector's FIFO workforce and communities it supports.

Future growth

As of September 2019, there was an estimated \$108 billion worth of Western Australian resource projects in the pipeline. Some of these projects will increase or diversify the State's exports, including iron ore, liquefied natural gas, lithium, nickel and other battery minerals.

Many of these projects in the pipeline will be located in regional and remote areas, more than 100 kilometres away from a well-established town. Pending final investment decision of these projects, up to 20,000 employees will be needed at peak construction. With the short-lived nature of construction phases and the likely geographic isolation of these sites, a high proportion of this required labour will be deployed by chartered or regular public transport flights. This will impose an additional demand on slots at peak times, exceeding Perth Airport's current runway and apron capacity, as well as adding to congestion and delays experienced at domestic terminals during these peak times.

CME understands the third runway is necessary to meet this future demand in intrastate aviation services and acknowledges Perth Airport has exhausted supply-side alternatives to improve productivity of existing assets and processes. It is important to note the resources sector and airlines have explored the demand-side alternative of flying employees on non-peak days and times to reduce demand. This is not possible due to a variety of limitations imposed by external factors, e.g. by enterprise bargaining agreements, codes of practice for working hours and the inherently competitive nature of attractive roster and shift arrangements to retain labour in a tightening market. For these reasons, CME provides in-principle support to Perth Airport's Master Plan and new runway. This is notwithstanding a robust business case that has the agreement of airlines who act on behalf of our members.

Without planned investment to improve the airport's capacity, the sector may be unable to take advantage of future opportunities in commodity prices. This will have implications for jobs, regional communities and government revenue. The provision of punctual, reliable, safe and efficient aviation services is crucial for the sector to avoid a repeat of congestions and delays experienced in 2012-13.

CME looks forward to continued engagement with Perth Airport through CME's Infrastructure Committee, Perth Airport's Planning Coordination Forum and Master Plan process.

Yours sincerely



Paul Everingham
Chief Executive Officer

⁸ CME, *2017-18 Western Australian resource sector operations*, May 2019: <https://cmewa.com.au/wp-content/uploads/2019/06/Australia.pdf>.