



Senator Susan McDonald
Chair
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Chair

Australia's General Aviation Industry – Town of Port Hedland

Thank you for the opportunity to consider and broadly comment on the Terms of Reference for the above-detailed inquiry.

As you are no doubt aware, the Town of Port Hedland is located approximately 1800km north of Perth in the remote Pilbara region. The local government area is mining dominated, primarily iron ore, and includes operations by some of the largest iron ore majors in the world. Iron ore and other minerals are exported out of the Port of Port Hedland (Port), the world's largest bulk export Port which recently announced a throughput of 538.1 Mt for the 2019-20 financial year, up five percent from the previous year.¹ For the same period, iron ore achieved a record \$103 billion on increased output and an eight-year price high.²

The Western Australian Government reports that the resources sector has been relatively unaffected by the pandemic, achieving record sales of \$172 billion in 2019-2020.³ Within the Town of Port Hedland, BHP and Fortescue Metals Group have indicated that they intend to progress with planned large-scale expansion of mines and the Port respectively.⁴

In June 2020, the Australian Chief Economist forecast Australia's resources and energy exports to reach a record \$293 billion in 2019-29 with a fall to about \$263 billion in 2020-21 and \$255 billion in 2021-22, \$263 billion still being the third highest export return in history.⁵

¹ Pilbara Ports Authority, *New Record in FY19/20 annual throughput – PPA exceeds 700 Mt for the first time*, Media Release, 09/07/2020. Available at: <https://www.pilbaraports.com.au/about-ppa/news,-media-and-statistics/news/2020/july/new-record-in-fy19-20-annual-throughput-ppa-exceed>

² Government of Western Australia, *Record Jobs and Sales in WA's Resource Sector*, Media Release, 25/09/2020. Available at: <https://www.mediastatements.wa.gov.au/Pages/McGowan/2020/09/Record-jobs-and-sales-in-WAs-resources-sector.aspx>

³ Ibid.

⁴ Australian Government, Office of the Chief Economist, *Resources and Energy Quarterly*, June 2020, p37. Available at: <https://publications.industry.gov.au/publications/resourcesandenergyquarterlyjune2020/documents/Resources-and-Energy-Quarterly-June-2020.pdf>

⁵ Ibid, p4.



The resource sector is viewed by the Commonwealth Government, and Western Australian Government pursuant to the WA Recovery Plan (July 2020), as central to economic recovery from the pandemic.

The Town of Port Hedland is a strong proponent and partner in economic investment and development, providing services and infrastructure to facilitate achievement of economic outcomes.

The Town has however, raised concerns at both a Federal and State level, along with other Councils in the Pilbara and Kimberley regions, regarding the proliferation of mining aerodromes in proximity to regional RPT airports and adverse socioeconomic impacts on host regional Towns.

Those concerns have primarily centred on:

- the withdrawal of passenger traffic and potential reduction in economies of scale and escalation in airfare pricing with higher flight costs for local businesses, not-for-profits, local government, and residents.
- the capacity of mining aerodromes to undermine significant Government, local government and private sector investment in publicly owned or publicly designated RPT regional airports.
- the size and footprint of mining aerodrome operations.
- statutory inequities in operating requirements between mining aerodromes and regional RPT airports.
- The Town's capacity to effectively assess local government referrals for aerodrome approvals under State local government statutory referral provisions (and in the context of this inquiry, inform CASA's approval processes).

Withdrawal of passenger numbers

In April 2018, Minerals Resources Limited (MRL) was granted two Miscellaneous Licenses (L45/437 and L45/93) by DMIRS pursuant to the Mining Act 1978 to construct a code 4C CASA runway capable of landing an Airbus A320 or Boeing 737; an apron for aeroplane parking; access road off Great Northern Highway; terminal facilities and jet fuel storage facility, at its Wodgina Lithium mine. The facility is located 100km south of Port Hedland.⁶ While Wodgina mine is currently under care and maintenance, the construction of the facility will result in the direct diversion of high numbers of passengers from the Port Hedland International Airport, potentially over the 21 year lease period or 30 year projected lifespan of the project.

In late 2019, Mineral Resources advised publicly that consideration was being given to whether to extend the aerodrome to other mines within the locality.⁷

Port Hedland International Airport, which is owned by the Town of Port Hedland and leased to a private consortium as a regional RPT airport, also includes a Code 4C runway.⁸

⁶ Mineral Resources, Aerodrome, Letter, 01 June 2018.

⁷ North West Telegraph, *Firm to build airstrip*, 12 December 2019.

⁸ PHIA Operating Company Pty Ltd, *PHIA Masterplan 2018-2038*, p22.



Demand forecasting is critical for regional RPT airport investment and is already complicated by fluctuations in the resource sector, primarily associated with demand for iron ore and commodity prices. The Western Australian State Aviation Strategy notes that 'when infrastructure is developed too early, it adds unnecessary costs to passengers; when it is developed too late, demand for services cannot be met by existing infrastructure and results in adverse economic and social consequences.'⁹

In an independent impact assessment of potential socioeconomic consequences of the Wodgina aerodrome, the following concerns (in brief) were identified:

- loss of surface industry transport (and associated employment) from and to the Port Hedland International Airport.
- increased cost of airfares due to reduced economies of scale and flight frequency, negatively impacting tourism and other sectors.
- reduction in drive-in, drive-out, workforce due to the attraction of FIFO, and a resultant negative impact on population levels, town-based services, and the capacity to attract and retain skilled workers.
- reduced FIFO spend at Port Hedland International Airport, affecting commercial businesses.
- increased cost of doing business, due to higher flight costs.
- loss of airport service employment opportunities due to FIFO potentially being employed at the aerodrome.
- increased social isolation due to the cost of retaining contact with family based elsewhere.
- difficulty in attracting skilled workers, reducing the liveability of the Town.¹⁰

Economic impact analysis undertaken for the Town of Port Hedland for the Wodgina aerodrome across low, medium and high impact scenarios based on the level of service provided by the aerodrome (i.e. servicing the Wodgina mine, some additional mines to Wodgina, or all mines within the Wodgina catchment area) identified that the airstrip could divert between 14,000 and 48,200 passengers from the current RPT route with a resultant economic impact of between \$2.3 million and \$8.6 million annually.¹¹

In 2017, and following evidence from a number of concerned stakeholders on the criticality of regional aviation services, the Chair of the Economics and Industry Standing Committee's report *Perceptions and Realities of Regional Airfare Prices in Western Australia* noted that in the regions air travel is 'not a luxury – it is an essential service, akin to buses or trains in the metropolitan area.'¹² The report noted stakeholder cited impacts of high airfares on 'social amenity, government service delivery, the operation of local businesses, and the development and sustainability of a vibrant tourism industry.'¹³

The State Government has since negotiated lower airfares and introduced community feedback mechanisms for regional residents in the Pilbara in relation to airline performance,

⁹ Government of Western Australia, *WA Aviation Strategy 2020*, p36. Available at: https://www.transport.wa.gov.au/mediaFiles/aviation/AV_P_WAAviationStrategy.pdf

¹⁰ Information available Town of Port Hedland.

¹¹ Information available Town of Port Hedland.

¹² Parliament of Western Australia, Economics and Industry Standing Committee, Legislative Assembly, *Perceptions and Realities of Regional Airfare Prices in WA*, tabled 30 November 2017, Chairman's Foreword.

¹³ Ibid.



but resident airfares remain relatively high at \$800 return. As indicated above, the withdrawal of passenger numbers also has broader impacts than airfares.

Airports are also heavily invested in by the Commonwealth and State through grant programs such as the Commonwealth's Regional Airports Program, the Remote Airstrip Upgrade Program and the State's Regional Airports Development Scheme. The Regional Airport Program aims in part to improve passenger safety, connectivity, service provision and passenger air services.

It seems nonsensical for governments to heavily invest in regional RPT airports and then approve satellite aerodrome facilities in close proximity that undermine that investment, with substantial socioeconomic consequences. It is also contrary to government policy aimed at facilitating regional population growth for reasons of decentralisation, and in the north proximity to growing markets in Asia.

Assessment capacity

The Town's capacity to adequately assess aerodrome proposals is constrained legislatively and procedurally at both at a State and Federal level.

Considerable constraints exist at the State level in relation to the capacity of local government under the referral provisions of the *Mining Act 1978* (constitutes the majority of aerodrome referrals) to effectively conduct an assessment of the socioeconomic impacts of an aerodrome on passenger withdrawal from Port Hedland International Airport, and on community and town-based businesses. These constraints extend to incongruity in legislative provisions for approval of aerodromes; short assessment timeframes; procedural issues around information provision by proponents; an absence of requirements or guidelines for consultation or social impact assessment (sometimes captured within State Agreement Acts) or prescription of Government's merit selection process in relation to this type of infrastructure. These issues have been raised with the Western Australian Government.

The Town provides commentary on a number of inclusions within CASA's *Advisory Circular AC 139.B-01v1.0: Applying for Aerodrome Certification*, including:

- 2.2.1 – the applicant needs to demonstrate that it has the authority to use the land on which the facilities are located.
- 2.3.1 – in part, that the aerodrome operator needs to demonstrate that it can safely operate the aerodrome.
- 3.1 – to avoid the potential for aerodrome operations to be constrained, the applicant should engage with federal, state and/or local planning authorities to consider...public safety.
- 3.2 – proximity of aerodromes to other aerodromes...may require further consultation with stakeholders...including land-use planning authorities responsible for the aerodrome site and those in the aerodrome vicinity (i.e. within 15km of the aerodrome).
- 3.2.4 – emergency response plans administered by local government authorities will be critical in the event of an aviation incident, accident or emergency, therefore the applicant should engage with offsite emergency response agencies early in the planning phase.
- 3.3 – at the preliminary meeting with CASA, the applicant should be prepared with the following...anticipated numbers of air transport passenger movements (annually) and anticipated number of aircraft movements (annually).





Briefly responding the above, while authority for an aerodrome is granted in Western Australia pursuant to the Mining Act 1978, State Agreement Acts and the *Land Administration Act 1997* and certain local government referral provisions exist, the capacity for detailed assessment by local government authorities is quite circumscribed.

The safety and security functions for aviation are separated at the Commonwealth level and the Town respectfully suggests this creates issues around interoperability of the legislation/functions. For example, while CASA can certify Port Hedland International Airport and Wodgina Aerodrome as Code 4C runways and is responsible for aircraft safety and pilot licensing, Port Hedland International Airport and not Wodgina Airport is declared a controlled airport pursuant to the *Aviation Transport Security Act 2004* by the Department of Home Affairs. This applies markedly different levels of security at Port Hedland International Airport to the Wodgina Aerodrome despite equal proximity to the Town, critical economic infrastructure, and the scale of infrastructure/aircraft type.

There are a number of reasons why proponents of an aerodrome application should (as opposed to 'may') genuinely consult with local government, transparently share information, and tender evidence of that consultation to CASA:

- local governments own or operate a significant number of regional airports in Australia, pursuant to the Commonwealth Government's transfer of these in circa 1990s.
- the mining tenements on which aerodromes are located are situated within a local government district which impacts planning matters prescribed in the Local Planning Scheme.
- many of these developments are of an extended duration with cumulative impacts on Town planning and investment in services and infrastructure.
- these developments intersect with roads infrastructure often managed by local governments.
- there are innumerable socioeconomic impacts associated with withdrawal of passenger numbers from RPT Airports that need to be considered or mitigated against.
- local government authorities, as cited, have emergency management responsibilities, with Port Hedland at high risk of bushfires and cyclones but potentially a supporting responder in an aircraft incident.

Local government as planning authorities have a mandate to ensure orderly and evidence-based decision-making. The focus of local government's assessment is not just ameliorating unintended or negative consequences of developments but achieving better outcomes for the community, giving due consideration to the totality of projects within the context of its Local Planning Scheme.

The Western Australian Government's Charter Policy notes '[t]he State Government's long-standing objective has been to ensure that charter air services do not detract from the viability of RPT services for regional communities, while also seeking to meet the needs of the resource companies and minimise any cost on the resources and charter industries.'¹⁴ Companies argue 'economic expediency' in relation to the location of aerodromes. In the case Wodgina aerodrome, other large-scale mines within that area utilise Port Hedland International Airport.

¹⁴ Government of Western Australia, Department of Transport, *Charter Policy*, page 63. Available at: https://www.transport.wa.gov.au/mediaFiles/aviation/AV_P_Charter_policy.pdf



The Town respectfully suggests that more consideration needs to be given to the approaches adopted by other Australian jurisdictions such as Queensland and New South Wales regarding consideration of community standards and social obligations (in those instances, in the use of Crown Land) with a focus on Social Impact Assessment. Obligations under Section 9(4) of the *Strong and Sustainable Resource Communities Act 2017* entrusted to the Office of the Coordinator General, and supporting documentation includes not only what should be included in an SIA but management and monitoring throughout the duration of a project. The latter balances economic and community interests through the lifespan of the project but also considers cumulative project impacts.

The proliferation of aerodromes remains an unenviable challenge for regional local governments in resource sector rich areas, in the absence of effective legislative provisions, policies and procedures that support the appropriate assessment of aerodromes (and other high-impact infrastructure on communities) at both a Federal and State level.

Conclusions:

The Town of Port Hedland requests the Committee give due consideration to the following:

- The fragmented nature of legislation and procedures governing aerodromes with a focus on:
 - regulatory consistency for similar sized airports and aerodromes across Commonwealth agencies, in this case security and associated compliance.
 - greater regulatory prescription around approval of aerodromes based on a broader range of factors such as socioeconomic impacts.
 - improvements in Commonwealth and State / Territory assessment and consultation process requirements with key stakeholders regarding the social and economic impacts of aerodromes (prior to land tenure or aerodrome approval), including local government authorities.
- Whether aerodromes should be able to operate effectively as commercial entities in place of regional airports through extension of operations to other mine sites.
- What constitutes proximity in the context of an aerodrome in regions like the Pilbara that are sparsely populated with limited economies of scale.
- What limitations should be imposed on aerodrome size, relevant to the scale of mining operations.
- The relevance of social obligation to host communities, noting that a number of miners are strongly committed in this regard.

Yours sincerely

Carl Askew
Chief Executive Officer

2 October 2020

