

## Senate Standing Committee on Education and Employment

### QUESTIONS ON NOTICE Budget Estimates 2014-2015

#### Outcome 2 - Workplace Relations & Economic Strategy

Department of Employment Question No. EM0885\_15

Senator Back asked on 3 June 2014 on proof Hansard page 121

#### Question

##### Effects of a strike in the iron ore industry

CHAIR: For those who visited WA and presumably Port Hedland, Ms Parker, can you inform the committee what the flow-down effect would be likely to be to other workers associated with the iron ore industry? Would a strike or a stoppage of exports of iron ore be likely to impact others in the industry or indeed in kindred industries?

Ms Parker: The advice from the company is that the impact could be \$100 million per day, and of course that would have significant flow-on. For the mining companies delivering iron ore to the port for export, the evidence we got was that they can only stockpile for a number of days and then they need to stop stockpiling. That means those operations would cease. As for flow-on to the community and the Western Australian economy, we have started some analysis on that. I am not sure I have that with me. I can certainly take it on notice in terms of the specifics—Port Hedland, the actual town.

#### Answer

According to the Western Australian Treasury's 2014-15 Budget, total royalty income stood at \$5,911 million in 2013-14, of which \$5,337 million (or around 90 per cent) was attributable to royalties from iron ore. Approximately half of Western Australia's iron ore exports are shipped from Port Hedland.

The department notes reports published on the *West Australian* website indicating that industrial action at Port Hedland could cost the Western Australian Government in excess of \$7 million per day in lost royalties.

Port Hedland serves as an export hub for much of the broader Pilbara region. As such, any protracted disruption to port services in Port Hedland has the potential to have significant flow-on effects across other parts of the Pilbara, the labour market in the broader Pilbara region.

The Pilbara region (comprised of the LGAs of Port Hedland Roebourne, Ashburton and East Pilbara) is dominated by the resources sector and, in particular, the iron ore and natural gas sectors. Mining was the largest employing sector in the Pilbara in 2011 (latest available data), with 36 per cent of workers employed in the industry.