



28<sup>th</sup> July 2017

Ms Jessica Shaw  
Chair, Economic and Industry Standing Committee  
Parliament House  
PERTH WA 6000

Dear Ms Shaw

**INQUIRY INTO REGIONAL AIRFARES IN WESTERN AUSTRALIA**

Thank you for the opportunity to provide input to the Inquiry into Regional Airfares in Western Australia.

The Association of Mining and Exploration Companies (AMEC) is the peak national representative body for hundreds of companies in the mining and mineral exploration sector, many of which have projects in regional Western Australia.

The membership base is extremely diverse and includes a number of service providers, suppliers, contractors and consultants to industry, all of which have different travel needs through the State.

Various cost saving measures continue to be applied on a daily basis by emerging miners, exploration companies and their service providers in order to manage their cash flows. As travel costs are a comparatively high business input they need to be responsibly managed and controlled at all times in order to provide certainty for workforce transportation purposes. This requires flexibility in flight departure times to meet the demands of an operating mine and family friendly workforce roster arrangements.

Subject to location, the number and regularity of workforce movements several companies have negotiated their own contracts with independent charter airline services and not with commercial airlines. Other companies use the Regulated Public Transport (RPT) services on an ad hoc basis, or operate their own airport.

The mining and mineral exploration industry has a direct interest in the outcomes and recommendations emanating from this Inquiry and looks forward to further consultation as it progresses. In the meantime **attached** is the AMEC submission. I would be pleased to appear before the Committee if necessary.

Yours sincerely

**Simon Bennison**  
Chief Executive Officer

**Association of Mining and Exploration Companies**

Offices located in Perth and Brisbane. Please address all correspondence to:  
PO Box 948, West Perth WA 6872 | 6 Ord Street, West Perth WA 6005  
P: 1300 738 184 | F: 1300 738 185 | [info@amec.org.au](mailto:info@amec.org.au) | [www.amec.org.au](http://www.amec.org.au)



# Submission to Economic and Industry Standing Committee Inquiry into Regional Airfares in Western Australia

ASSOCIATION OF MINING AND EXPLORATION COMPANIES

July 2017

**Contents**

EXECUTIVE SUMMARY ..... 3

RECOMMENDATIONS..... 3

WORKFORCE PLANNING STRATEGIES..... 3

USE OF REGULATED PUBLIC TRANSPORT (RPT) AND CHARTER SERVICES..... 4

SHIRE LANDING CHARGES..... 5

**Prepared by**

Association of Mining and Exploration Companies Inc (AMEC)

**Head Office**

6 Ord Street, West Perth WA 6005 (Offices located in Perth, Brisbane and Sydney)  
Please address all correspondence to: PO Box 948 West Perth WA 6872  
P: 1300 738 184 E: [info@amec.org.au](mailto:info@amec.org.au) [www.amec.org.au](http://www.amec.org.au)

## EXECUTIVE SUMMARY

The Association of Mining and Exploration Companies (AMEC) is the peak national representative body for hundreds of companies in the mining and mineral exploration sector, many of which have projects in regional Western Australia.

The membership base is extremely diverse and includes a number of service providers, suppliers, contractors and consultants to industry, all of which have different travel needs through the State.

Various cost saving measures continue to be applied on a daily basis by emerging miners, exploration companies and their service providers in order to manage their cash flows. As travel costs are a comparatively high business input they need to be responsibly managed and controlled at all times in order to provide certainty for workforce transportation purposes. This requires flexibility in flight departure times to meet the demands of an operating mine and family friendly workforce roster arrangements.

Subject to location, the number and regularity of workforce movements several companies have negotiated their own contracts with independent charter airline services and not with commercial airlines. Other companies use the Regulated Public Transport (RPT) services on an ad hoc basis, or operate their own airport.

The mining and mineral exploration industry has a direct interest in the outcomes and recommendations emanating from this Inquiry and looks forward to further consultation as it progresses.

The following specific recommendations and comments are made:

## RECOMMENDATIONS

- 1. The Committee notes that FIFO and DIDO are legitimate workforce planning strategies and an essential component of the cyclical nature of the mining sector**
- 2. Cost effective and reliable Regulated Public Transport and charter services continue to be available to support mining sector workforce movements around the State**
- 3. Improved transparency and accountability on fees and charges and operating costs at all regional airports**

## WORKFORCE PLANNING STRATEGIES

Based on employment statistics<sup>1</sup> produced by the Department of Mines, Industry Regulation and Safety (DMIRS), the State's mining workforce (employees and contractors) peaked at around 105,000 in July 2013, and has since reduced to an estimated 85,000 at the end of 2016.

---

<sup>1</sup> [http://www.dmp.wa.gov.au/Documents/Safety/RS\\_RSM\\_Mag\\_Mar17.pdf](http://www.dmp.wa.gov.au/Documents/Safety/RS_RSM_Mag_Mar17.pdf) - page

Mining contractors accounted for the major proportion of those workers (an estimated 55-60%), which is reflective of the industry workforce structure and changing dynamics to meet the cyclical demands of the industry.

Subject to location, a large proportion of the mining workforce operates on Fly-in Fly-out (FIFO) and / or Drive-in Drive-out (DIDO) arrangements, which has resulted in a high demand for passenger movements throughout the State on a regular basis.

Access to cost effective and reliable RPT and charter airline services is a critical component of the Western Australian mineral exploration and mining sector. This is even more important for companies with projects in regional Western Australia, which may be hundreds of kilometres from major regional towns.

Project economics and geographic location also play a major role in determining workforce planning strategies around rosters, travel and accommodation arrangements.

The cyclical nature of mining also makes it difficult to strategically forecast permanent operational workforce numbers and their future travel requirements. This is caused by a variety of issues including global trends, commodity pricing, project funding, approvals, competitive forces, the quantity and quality of mineral deposits, and the mine life cycle itself.

**Recommendation:**

- 1. The Committee notes that FIFO and DIDO are legitimate workforce planning strategies and an essential component of the cyclical nature of the mining sector**

## **USE OF REGULATED PUBLIC TRANSPORT (RPT) AND CHARTER SERVICES**

Airline costs represent a significant business input which need to be closely managed and controlled to ensure that operational efficiency is not detrimentally affected. Charter services are individually negotiated to reflect the business needs of the mining company, including workforce rosters and flight routes.

It is understood that a large proportion of mining companies use these charter flights in preference to RPT services as the latter is not as flexible in relation to such issues as flight departure times, route patterns and costs.

Companies have indicated that they often have spare seats available on their charter flight as they have been requested by some regional shire councils not to allow general public use because it may impact their RPT services.

**Recommendation:**

- 2. Cost effective and reliable Regulated Public Transport and charter services continue to be available to support mining sector workforce movements around the State**

## SHIRE LANDING CHARGES

Industry is concerned that regional airports operated by local authorities charge an inward and outward passenger fee for which there appears to be limited transparency, accountability, governance principles, control measures or consultation requirements.

AMEC research confirms that these charges vary significantly between airports, with no clear justification or financial supporting data provided. There also seems to be a general lack of consultation processes with users.

### **Recommendation:**

- 3. Improved transparency and accountability on fees and charges and operating costs at all regional airports**