



## Runway room

Despite the recent slowdown of the WA economy, the Perth Airport is often at capacity. The construction of a second parallel runway is planned to overcome this problem.

Jobs will be created during the construction. When completed transport to mine sites will be easier for 'fly-in fly-out' workers and more interstate and overseas tourists will be encouraged to holiday in Western Australia.



(from Perth Airport)

- Read these articles about the proposed extra runway
  - [Perth Now](#)
  - [West Australian](#)
- Look at these fact sheets from Perth Airport:
  - [New Runway Project Fact Sheet](#)
  - [Why Perth Airport is Important Fact Sheet](#)





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# EconoBite

Year 11 and 12

## Finding out

### Year 11

- State which component of Aggregate Expenditure the expenditure on building a new airport runway would be considered to be.
- From your reading, identify the following numbers:
  - Proposed investment
  - Projected increase in GDP
  - Time taken to complete the project
- Would this project be considered large in the context of the Western Australian economy? Justify your opinion using economic data such as other major projects or Gross State Product.

### Year 12

- Calculate the value of the multiplier.
- Using the Aggregate Expenditure model, discuss the likely impacts of a new runway at Perth Airport on the Australian economy.



Economics Teachers' Association of  
Western Australia



## Teacher notes

### Purpose

This 'bite' aims to provide students with a real world example of a large infrastructure project and show its impact on the level of economic activity.

### Prior knowledge

Year 11 students need to have been exposed to the following syllabus content before undertaking this 'bite':

- the effect of changes in leakages and injections on the level of equilibrium in the circular flow of income model
- the components of aggregate expenditure

Year 12 students need to have been exposed to the following syllabus content before undertaking this 'bite':

- the components of aggregate expenditure
- the concept of macroeconomic equilibrium
- demonstrate the impact of changes in aggregate expenditure on the equilibrium level of income/output using the AE model
- ...the multiplier process using the AE model

### Follow-up

The EconoBite titled 'Boom Boom' provides examines the impact of proposed large mining projects on economic activity.

