



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](#)





July 2018

Prepared by Sunila Singh and Chris Stone

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



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Year 11 and 12

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.



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