

GREEN PAPER ON DEVELOPING NORTHERN AUSTRALIA

City of Karratha Submission
August 2014



Karratha

Dampier

Wickham

Roebourne

Point Samson

Cossack

“It has always been the case that regional Australia drives our country’s economic prosperity. When the regions are strong, so is our nation. Too often these days that fact is forgotten – or just ignored. Unless we can bring businesses and people to regional cities and develop new commercial hubs, the 40 million people Australia is expected to have by 2050 will grind our cities into potential gridlock.

It is a little known fact that Australia’s population is already one of the most densely concentrated in the OECD – almost double the OECD average. Just under 90% of our population is crammed into 3% of the landmass – namely Sydney and Newcastle, Melbourne, Brisbane, Adelaide, Perth and Queensland’s south-east.

That’s not a sustainable population.”

The Hon Warren Truss MP
Keynote address to the 2013 Federal Council of the National Party.

“With its abundant resources and proximity to Asia, Northern Australia is set to become the new frontier in the economic development of Australia, opening up new opportunities which will benefit the entire nation.

With the right policies and incentives in place, Northern Australia has the capacity to become a leader in agriculture, minerals and energy, tourism, research and education. We must remove impediments to growth and set the stage for innovation and investment.”

The Hon Warren Entsch MP
Committee Chair

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EXECUTIVE SUMMARY

Northern Australia is a large and diverse portion of the nation. In order for the region to truly take its place with the Asia Pacific rim, and capitalise on its many strengths, government must understand that diversity. An effective strategy for developing Australia's North will not be achieved through a one-size-fits-all approach. Arguably the Pilbara is the most unique of all the Northern regions, and as such needs to be considered both as a single entity as well as part of the whole.

The Pilbara region has been described as the engine room of Australia's economic growth, producing 6% of Australia's total GDP. Within this region is the City of Karratha, which produces the sixth largest economic output of all Australian municipalities.

Figure 1: CITY OF KARRATHA - Sixth largest Economy in Australia



Source: National Economics (NIEIR) 2013

Boasting a residential population over 25,000, there is still work to be done before Karratha becomes a city of choice. Infrastructure shortfalls along with the high costs of living and doing business all contribute to a challenging environment for our municipality in providing the level of services and amenities required to attract permanent residents while remaining financially sustainable.

The City of Karratha welcomes the government's Green Paper on Developing Northern Australia and puts forward the following key actions that we believe will encourage growth and investment in our region:

Actions	Short Term	Medium Term	Long Term
Action 1 Urgent investment in critical social and economic infrastructure: <ul style="list-style-type: none"> Elevate priority of region for implementation of the National Broadband Network. Improved Aged Care and Family support. Support for Indigenous business development and workforce development. Sustainable job outcomes for Pilbara people. Further development of trade training centres (TTCs). Adequately fund RFDS. Support for North West Interconnected System (NWIS). Invest in higher education, research and vocational education and training institutions in Northern Australia. 			
Action 2 Reduction of red tape.			
Action 3 Established a Conducive Regulatory, Taxation and Legislative Environment: <ul style="list-style-type: none"> Prioritise taxation reform to encourage regional population growth and incentivise taxpayers working in remote and harsh environments. Ensure a social responsibility focus is included in all agreements, policies and legislation pertaining to the Pilbara region. Ensure an environmental focus is included in all agreements, policies and legislation pertaining to the Pilbara region. 			
Action 4 Seed funding for research and development: <ul style="list-style-type: none"> Establish a cooperative research centre (CRC) focusing on cyclone risk management. Support research into economic diversity for the region with a focus on Agribusiness and tourism. 			
Action 5 Coordinated approach and two way communication between all tiers of government: <ul style="list-style-type: none"> Create clear delineation of roles and responsibilities between all tiers of government, so as to alleviate relationship strain and unfair cost pressures on local government. Improve communication through two-way engagement with local government, particularly in the early stages of major projects and policy initiatives that affect the region. 			
Action 6 Enhanced trade and investment with Asia-Pacific: <ul style="list-style-type: none"> Create opportunities for Asian market connections and the development of Asian literacy to build closer partnerships through the understanding of cultures and languages. 			
Action 7 Enhanced presence of Australian Government Agencies: <ul style="list-style-type: none"> Customs, Quarantine, Federal Police, Immigration (Regional Outreach Officer), and Defence. 			

Moving forward, the Pilbara's priorities are broadly aligned with those of other Northern regions. The overwhelming dominance of the mining sector has inflated prices and crowded out other industries despite the need for industry diversification.

Growth potential in the Pilbara is unparalleled, but the barriers to entry are higher than anywhere else in Australia's great North. The single greatest focus for government needs to be an interventionist approach to break through those barriers (many associated with market failure) and allow development to occur.

Now "open for business", the City of Karratha is ready to embrace the opportunity to partner in a shared vision where the Pilbara region is a key driver of development in Australia's Northwest.

INTRODUCTION

Northern Australia covers the area north of the Tropic of Capricorn. This is a total of nearly 300 million hectares that stretches from the Pilbara and the Kimberley in the West, across the Northern Territory and the Gulf of Carpentaria, to Cape York Peninsula in the east - totalling around 40% of Australia's land mass (CSIRO, 2014).

Characterised by extreme climates, extensive mineral and energy resources, fast growing populations and expanding city centres, Northern Australia is renowned for its natural and cultural values. Each region of Northern Australia is unique with environmental assets that cannot be found anywhere else in the world. These assets support the livelihoods of many residing in rural and remote Indigenous communities.

The potential for Northern Australia is infinite with significant opportunities to create substantial economic growth at a national level. However, to capitalise on these opportunities, it is important to get the balance right. With the appropriate level of investment into social and economic infrastructure, the region's attractiveness can be enhanced to potential residents and investors (refer to Appendix A and B).

The City of Karratha is located in the Pilbara region of Northern Western Australia, about 1,200 kilometres north of Perth. Covering a massive 15,278 km², the City of Karratha is bounded by the Indian Ocean in the north and west, the Town of Port Hedland in the east, and the Shire of Ashburton in the south.

This submission will concentrate on how developing Northern Australia will impact on the City of Karratha - the powerhouse of the Pilbara.

Figure 2: Arial View of the City of Karratha, 2014



Snapshot of Karratha and the Pilbara Region

The Pilbara is a large, dry, thinly populated region in the north of Western Australia known for its Aboriginal peoples, its stunning landscapes, the red earth and its vast mineral deposits. It is a bioregion under the Interim Biogeographic Regionalisation for Australia.

The Pilbara is remote – from major centres, from markets, from labour sources. Its environment is harsh, with many days above 40°C. It is subject to cyclones. There is not much water.

It is also one of the most productive and dynamic regions in Australia.

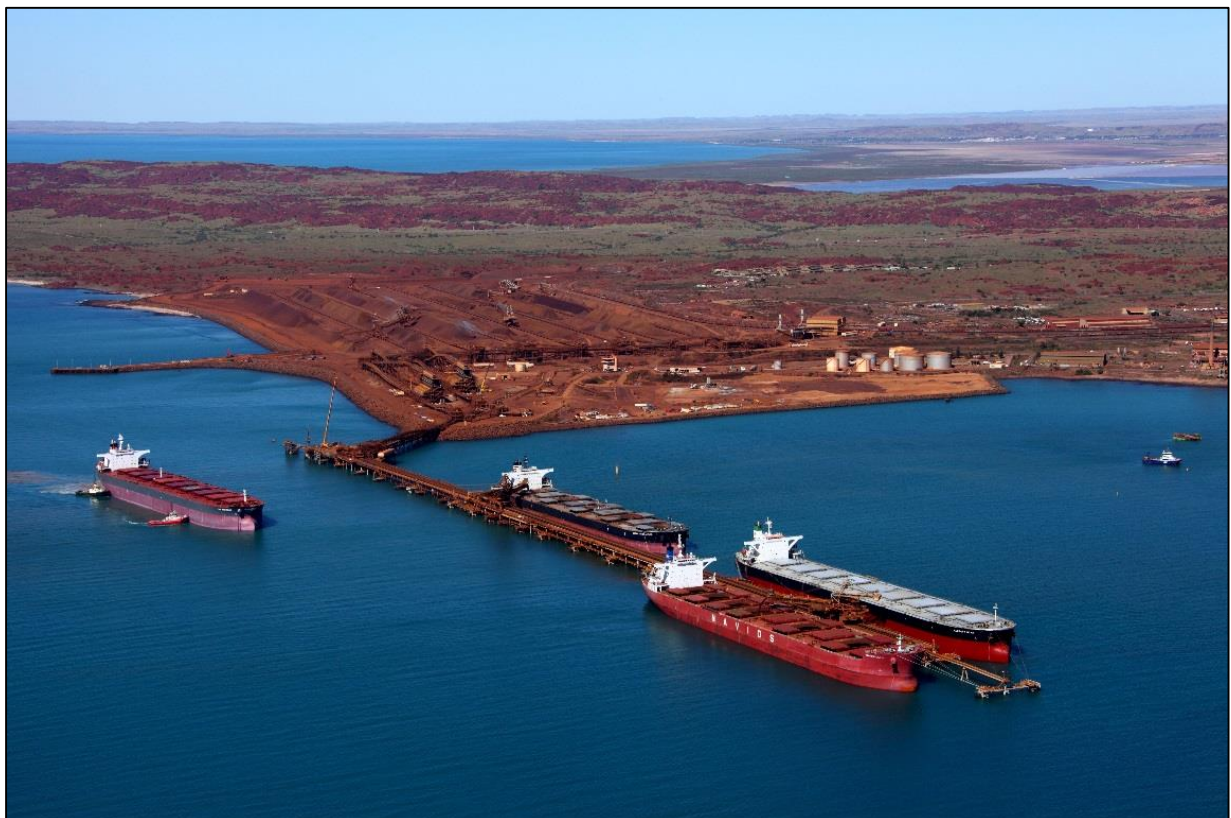
Source: Regional Development Australia – Pilbara, 2014

Described as the “Powerhouse of the Pilbara”, the City of Karratha is located in the dynamic Pilbara region of Northwest Western Australia (WA). A key driver of the national economy, the Pilbara contributes the following:

- 95% of Australia’s iron ore production
- 70% of Australia’s natural gas production
- 85% of Australia’s crude oil and condensate production
- \$900 m petroleum resources rent tax (52% of national total)
- The Pilbara produces 6% of Australia’s total GDP

Projected earnings in the Pilbara are estimated to reach \$211 billion by 2018. As a whole, the Pilbara contributes \$4.36 billion in state royalties.

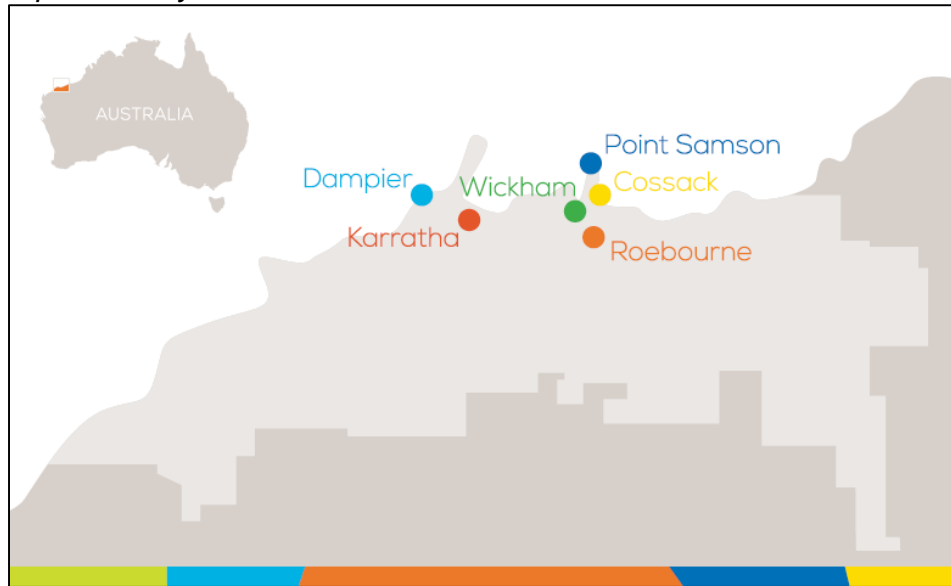
Figure 3: Dampier Port, City of Karratha



The City of Karratha

Established in 1961, the City of Karratha (previously known as the Shire of Roebourne) comprises the towns of Karratha, Dampier, Wickham, Roebourne, Point Samson and Cossack.

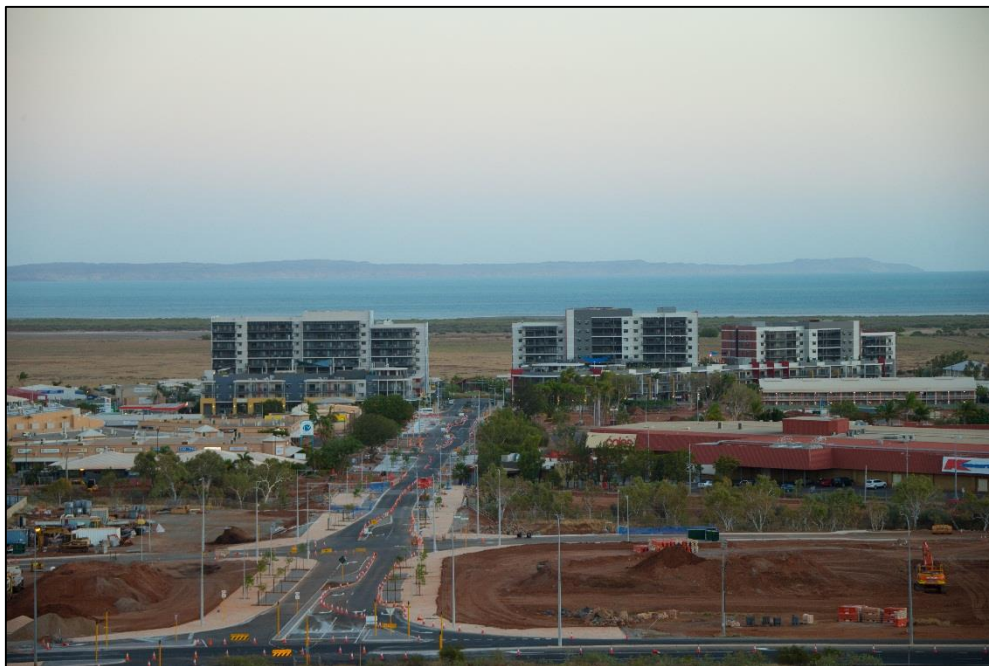
Figure 4: Map of the City of Karratha



The transformation of the Karratha town centre from a mining town to a major Australian city is well underway.

Our economy is now starting to see expansion and diversification of industry. This has resulted in population growth (over 25,000 residents), and new housing being built at an unprecedented rate. As a local government, we have responded by collaborating with private industry and the State Government to deliver new quality infrastructure not previously seen this far north in WA.

Figure 5: Developing the Central Business District, City of Karratha 2013



We cannot, of course, build a city of choice in Karratha all on our own.

Recently, the City of Karratha was invited by the State Government to join the Western Australian Regional Capitals Alliance (WARCA) along with the Cities of Albany, Bunbury, Greater Geraldton, Kalgoorlie-Boulder and the Shire of Broome. This vote of confidence in our municipality as a legitimate and respected regional community has allowed us to engage equally in a collaborative alliance to lobby State and Federal Governments for continued improvements to infrastructure and funding allocations of which are required to continue growing the region sustainably.

To date, the State Government has shown its commitment to the region by investing more than \$1 billion in Royalties for Regions funding. Much of this has gone into the development of Karratha. Funding has been spent on fast tracking housing construction, improving utilities and roads, as well as creating additional commercial/industrial space in an effort to improve the overall quality of life.

Figure 6: Construction of Sharpe Avenue in Karratha CBD Nearing Completion, 2014



However there is still work to be done. Infrastructure shortfalls along with the high costs of living and doing business all contribute to a challenging environment. For our municipality to continue to prosper, to remain financially sustainable while providing the levels of services and amenity required to attract and retain permanent residents, the City of Karratha requires significant investment into both economic and social infrastructure.

SECTION A: PROFILE OF NORTHERN AUSTRALIA

Northern Australia is characterised by rich cultures, unique landscapes and biodiversity, modern and growing cities, vast mineral and energy wealth, important agricultural developments and iconic tourist destinations.

This section explores:

- *population and demographics*
- *the natural environment and resources*
- *the economy*
- *education and health*
- *infrastructure*
- *land*

A number of characteristics are integral to Northern Australia's development, including:

- *The North is not an uncharted frontier. It has a fast growing population, mostly located in coastal cities. These cities are grappling with the benefits and pressures of urbanisation, similar to other cities around the world.*
- *Northern Australia is already growing, with potential for further economic growth. It has benefited from the resources boom and been a major contributor to Australia's economic success.*
- *The North is extremely diverse. In addition to its fast growing cities, there are many smaller rural and remote communities. Some are experiencing rapid population and economic growth; others face entrenched disadvantage and uncertain futures.*
- *The Northern climate and landscapes are highly variable. This presents challenges — perceived and real — around liveability and development.*

A1. ARE THESE THE MAJOR CHARACTERISTICS OF NORTHERN AUSTRALIA?

The City of Karratha agrees that the above characteristics as stated in the Green Paper are integral to the development of Northern Australia. However, the following points need to be taken into account:

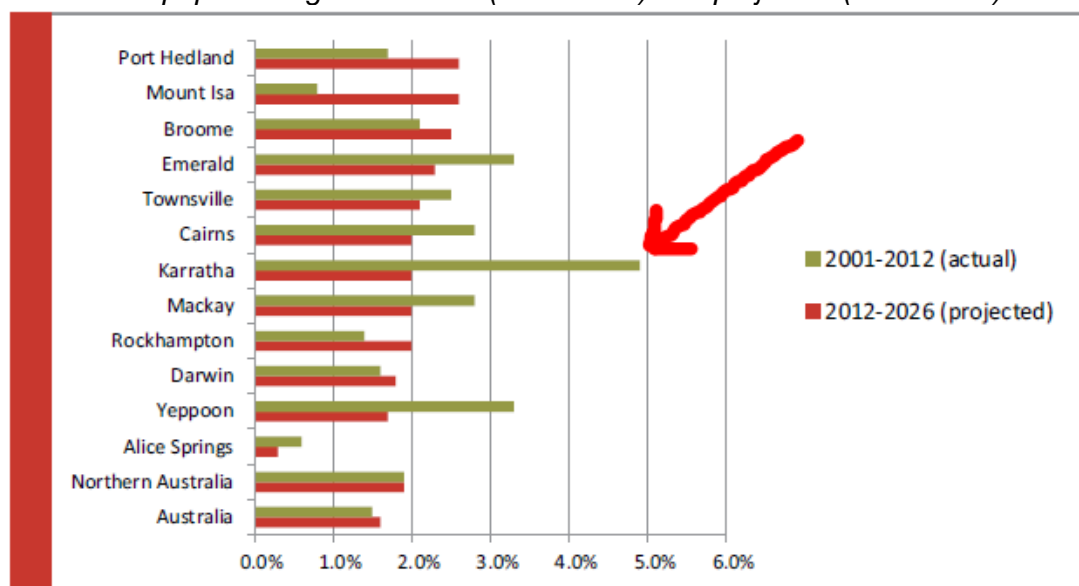
Key demographic statistics from the 2011 ABS census data for the City of Karratha include:

- Males (60%) Females (40%).
- Households renting 57%.
- Average age was 32 .
- 17.3% have a tertiary qualification, 25.6% have vocational qualifications.
- 77% are in in full time employment with an additional 18.5% in part time employment.

A1.1 Population Growth

Townships in the North West are diverse with many small remote and rural communities which are currently seeing some of the fastest growth in the country. In fact Karratha had the highest actual level of population growth in the last 10 years. This exponential growth over the past 10 years has far exceeded the predicted rates and is well above any other regional town centre in Northern Australia as demonstrated in figure 7.

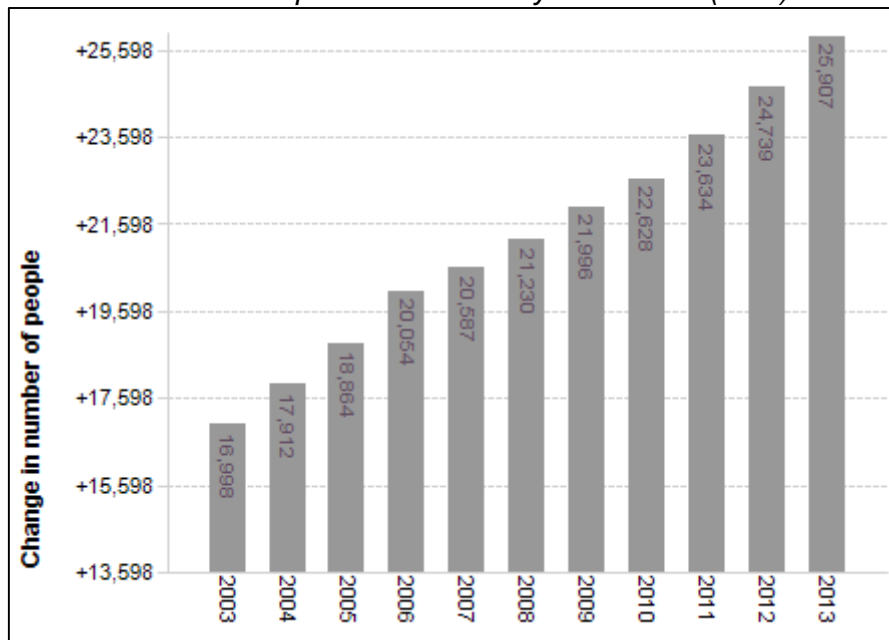
Figure 7: Annual population growth actual (2001-2012) and projected (2012-2026)



Source: Department of Infrastructure and Regional Development, unpublished, 2014.

Neither the City of Karratha or the Australian Bureau of Statistics agree with the data published in the Green Paper (p4) for projected future growth during 2012-2026 (refer to Appendix C). With an estimated residential population of 25,907 (2013), the City of Karratha has had the highest actual growth rate of any regional capital in WA over the last decade. As indicated in Figure 8, this growth trend has remained constant.

Figure 8: Estimated Residential Population for the City of Karratha (ERP)



Source: Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

This substantial and sustained growth pattern is projected to grow at a higher percentage rate than Darwin over the next 15 years (albeit off a lower base).

A1.2 Economy

The current Pilbara economy as outlined in Table 1, has a lot of advantages to attract employees to the region. For example low unemployment, high wages and low levels of welfare

dependence. It also indicates positive levels of growth, such as the high rate of building approvals.

However, this table also shows a number of opportunities that only investment into the region (be it private or public) can develop. For example, industry diversification, research and development and an increase in the small business sector.

Table 1: Economic Conditions in the Pilbara for 2014

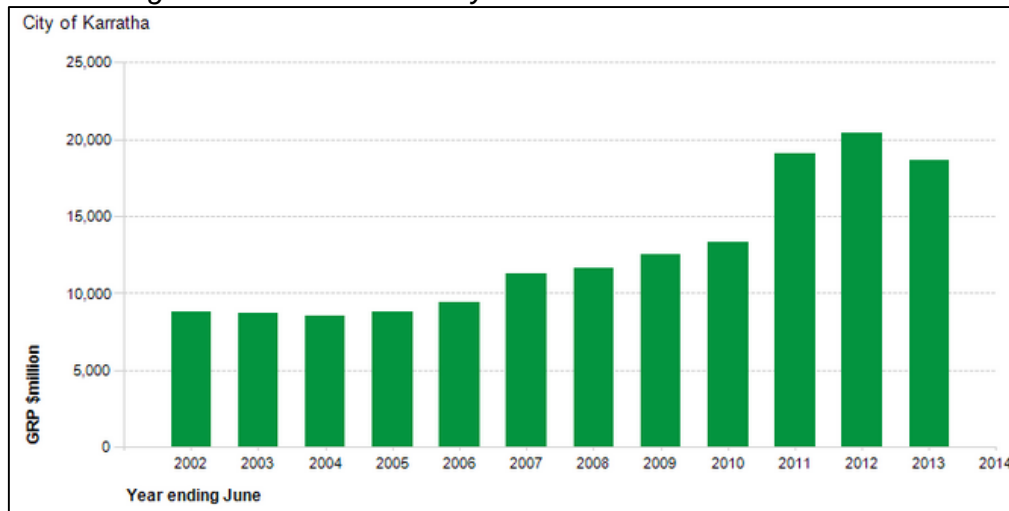
Economic Condition	Competitiveness Index Element	Pilbara Situation 2014
Macroeconomic Conditions	Population churn	The population turnover is high. This makes it difficult to develop a large and consistent group of regional 'champions'.
	Stability of the local economy (local inflation)	Local inflation is high – local costs generally are high compared with elsewhere in the country.
	Building approvals – value of new investment	The rate of building approvals is generally high, showing good evidence of business willingness to invest in the local community.
	Total income per person	The average income is much higher than the national average, with a very high proportion of individual workers earning very high incomes.
Human Capital	Median age of the workforce	Generally the workforce is younger than the national average, with a high proportion in the 25 to 44 year age groups.
	Workforce education levels	The region has a lower proportion of people with tertiary education in the workforce, even compared with other resources regions in Australia.
Labour Market Efficiency	Wage/labour costs	Very high.
	Unemployment rates in the region	Generally low.
	Levels of labour force participation in each region	Generally high.
	Youth unemployment	Generally low
	Skilled labour	Generally very low
	Welfare dependence	Generally low (except for Indigenous community).
Business Sophistication	Quality of region's overall business networks	Small business networks and local chambers of commerce exist and can be expanded.
	Dominance of large employers - number of large firms in the region	Economy is dominated by a very small number of very large employers.
	Exports	High proportion of imports in all sectors (except for mining), particularly services.
	Economic diversification	Low.
	Access to local finance	All channelled through Perth and elsewhere.
	Income source – own business	Relatively small SME sector.
Innovation	Human resources in science and technology	Comparatively low.
	Presence of research organisations	Very low.
	Patents	Very low.
	Expenditure on research and development	Very low, except for within major companies as part of their operations research; this explains the high overall ranking.

Source: Regional Development Australia – Pilbara, 2014

The City of Karratha contributes the following to the State and National economies:

- Headline Gross Regional Product (2012): \$18.17 billion.
- Largest industry by employment (2012): Mining – 5,775 jobs.
- Largest industry by value added (2012): Mining - \$12.25 billion.
- Largest industry by output (2012): Mining – \$18.9 billion.
- The City of Karratha produces 8.3% of WA's total exports.
- 20% of Australian goods exports are produced by 0.2% of the national population.

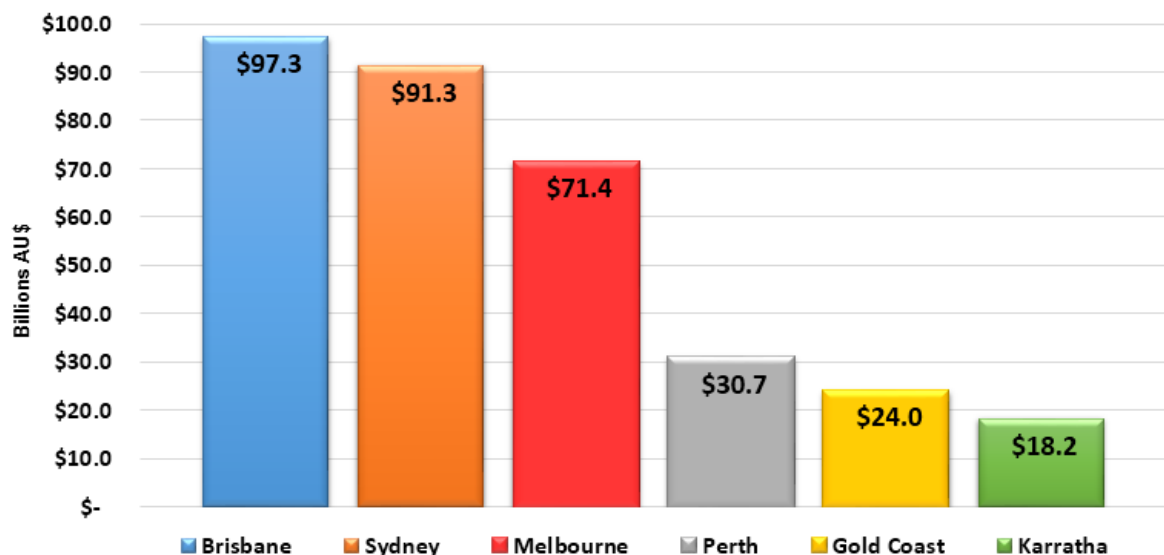
Figure 9: Gross Regional Product for the City of Karratha 2002-2012



Source: National Institute of Economic and Industry Research (NIEIR), 2014

Producing the sixth largest economic output of all Australian municipalities, the City of Karratha is the second largest non-capital city economy after the City of Gold Coast as seen in Figure 10.

Figure 10: Gross Regional Product in \$billions, Local Government Areas 2011/12



The City of Karratha is the:

2nd largest local government area for Gross Regional Product in WA

2nd largest non-capital local government area for Gross Regional Product in Australia

6th largest local government area for Gross Regional Product in Australia

Source: National Economics (NIEIR) 2013

Impact of FIFO/DIDO

'Fly-In, Fly-Out' (FIFO) practices are one of the most challenging economic issues facing the Pilbara. This practice impacts on a range of critical social and economic factors. Left unresolved, these issues will strongly mitigate against the development of Pilbara cities and townships as sustainable, welcoming, attractive and vibrant places in which to reside, work and lead a fulfilling life. While FIFO is to an extent recognised as unavoidable in the current resources boom in Western Australia, its ongoing use, growth and expansion is in fact counter-intuitive to the regional development objectives of both the State and Australian Governments, and the cause of considerable financial and other pressures for the Local Governments affected, compromising the future sustainability of their respective communities.

"The tax write-off involved in FIFO would well outweigh the added cost of fringe benefits the company will face housing people in the town (FMG told the government this in their submission looking at the effect of FIFO on towns). Good on them [YARA Pilbara] for taking on the added cost to try to save communities fast becoming FIFO camps. Based on the issues many have found associated with FIFO and family breakdown you may actually get the best person for the job who wants to keep his family together."

Source: M. Bastow, cited in Australian Mining, 2014

AECgroup have estimated that there were a total of 33,100 FIFO mining workers in the Pilbara region in 2011-12. Had all these workers been local residents with the average expenditure pattern on goods and services, the local economy would have benefitted (both from the direct contributions and the flow on activity) from an additional:

- \$2,126 million in output.
- \$1,087 million in gross value add to the local economy.
- \$709 million in wages and salaries.

Figure 11: FIFO Workers arriving at Karratha Airport, City of Karratha



A1.3 Infrastructure

The City of Karratha strongly disagrees with the Green Paper statement “*These cities are grappling with the benefits and pressures of urbanisation, similar to other cities around the world*”. The paucity of government services and infrastructure, in relation to both the population growth seen in Karratha and the income the region generates sees the pressures of urbanisation reach a far greater level than what other cities would experience.

The challenges associated with record population growth must be addressed. These include the coordination and investment in critical infrastructure as well as land availability and development.

A1.3.1 Economic Infrastructure

There are a range of critical infrastructure assets that need attention in the Pilbara if economic growth is to be achieved and sustained:

Roads – Significant roading improvements are required in the Pilbara, including the upgrade of the North West Coastal Highway to national highway status which would create a new major supply chain link. Access roads improvements are also required, particularly to ports and to link to connecting inland towns such as Newman, Tom Price and Paraburdoo (Regional Development Australia – Pilbara, 2014).

Figure 12: A Typical Sight on the Roads in the City of Karratha



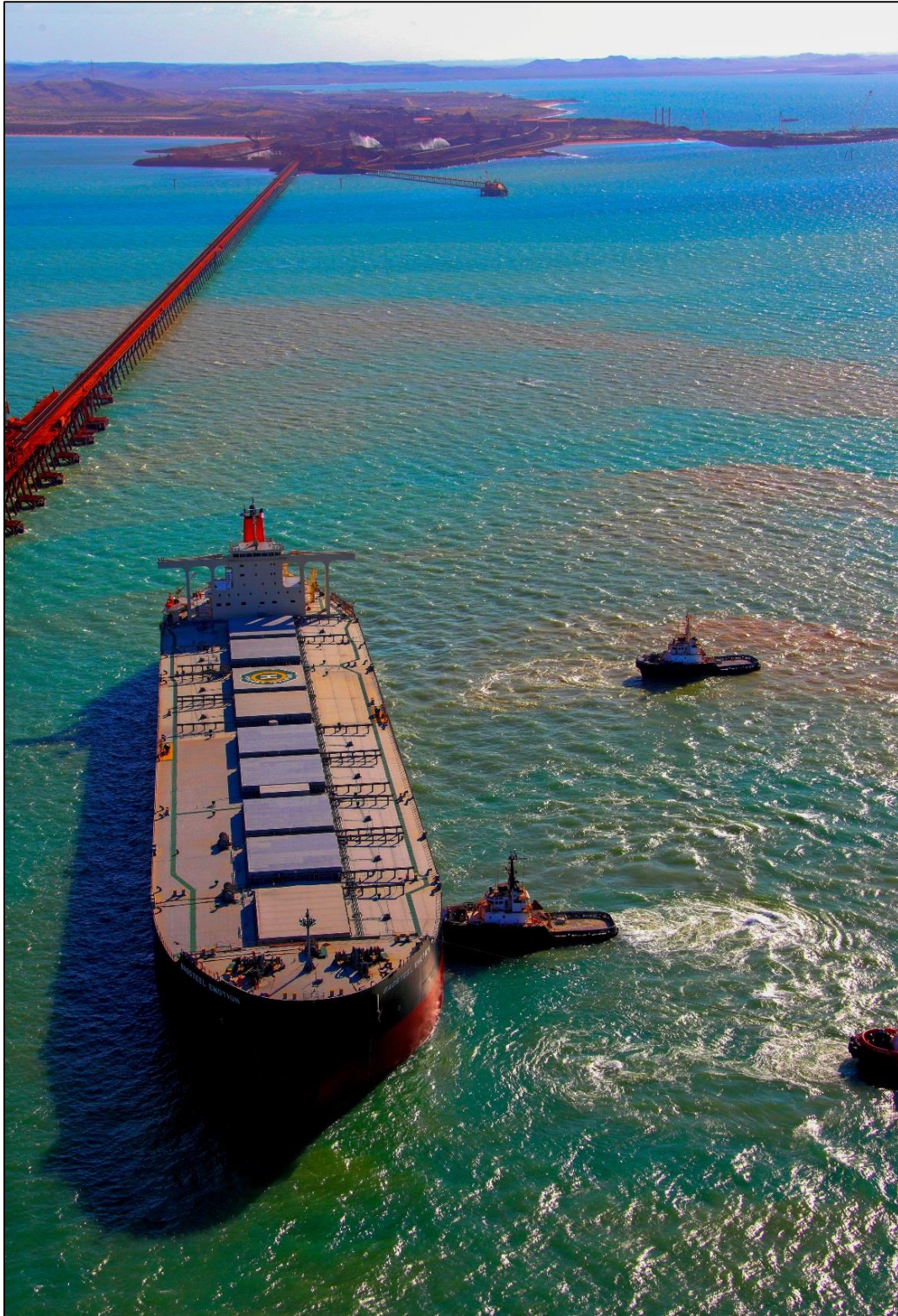
Rail – There is no public use rail network in the Pilbara. All rail facilities in the region are **privately owned** and operated by individual mining companies. There is no public access available.

Figure 13: Fully Loaded Iron Ore Train, City of Karratha



Ports - The Pilbara has three of Australia's largest ports. These have grown exponentially and are still growing at a faster rate than the ports located in Queensland. The Pilbara ports participate in the export of iron ore, oil and gas, salt, nickel and other minerals mined in our region. All of these ports are **privately owned** and operated by individual mining companies, including the undertaking and funding of port expansion programmes. There is no public access available.

Figure 14: Cape Lambert Port, City of Karratha



Airstrips – The City of Karratha has two public use airstrips – one in Karratha and the other in Roebourne. As the second busiest regional airport in Western Australia, the Karratha airport saw 870,000 passengers pass through in 2013 making it 15th busiest airport in Australia. In addition, there are numerous large **privately owned** airstrips in the Pilbara region which do not allow public access except in emergency situations.

Figure 15: Karratha Airport, City of Karratha



Water – The water schemes servicing Karratha and Port Hedland have only recently been able to meet the demand. They are sitting at capacity and new supply is urgently required.

Figure 16: Harding Dam - Water Supply for the City of Karratha



Waste Water Management – The second Karratha Waste Water Treatment Plant is at capacity and to be upgraded to cope with increased flows.

Power - With ample generation capability, much of the power network is privately owned in the Pilbara. Major changes are required to bring these private systems into the North West Integrated System or an additional power source will be required to cope with any further population growth.

Waste – The current waste site in Karratha is nearing capacity and investigations are currently being undertaken for the establishment of the Class IV site. Recycling options are also being investigated and trialled.

A1.3.2 Social Infrastructure

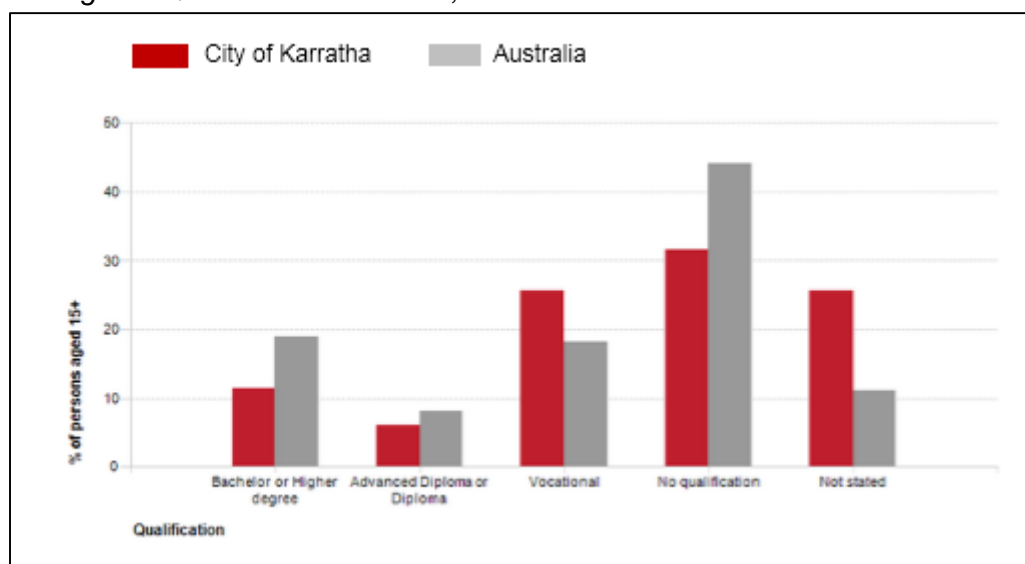
The majority of socio economic indicators for the Pilbara indicate more focus is required to ensure the region keeps up with the Eastern States. For example, tertiary education, health and housing.

Figure 17: Inspirational Talk at the Karratha Leisureplex, City of Karratha



Education – In 2011, the City of Karratha had a resident population with a higher than average number of vocational qualifications or no qualifications at all. The number of residents with bachelor degrees or higher is shown in Figure 18.

Figure 18: Highest Qualification Achieved, 2011



Source: Australian Bureau of Statistics, Census of Housing & Population, 2011

Health – There are many factors that can influence a person's health, including genetics, lifestyle, environmental factors and social factors. Socio-economic disadvantage can be seen in the Pilbara particularly within our Indigenous communities which results in increased health issues and/or risk factors. Poor health can have a significant impact on a population's ability to participate at school or in the workforce. It also puts pressure on limited health resources.

According to the 2012 report from the WA Country Health Service the overall hospitalisation rate during 2006 to 2010 for Pilbara residents was significantly higher than for residents in the rest of Western Australia. The leading causes of hospitalisation in the Pilbara region related to contact with health services and health status, injury and poisoning, pregnancy and childbirth.

Table 2: Leading Causes of Hospitalisation of Pilbara Residents, 2006-2010

Rank	Cause of hospitalisation	Number	% of total	State rank
1	Factors influencing health status and contact with health services	21,536	28.0%	1
2	Injury and poisoning	7,873	10.2%	5
3	Pregnancy and childbirth	7,495	9.8%	7
4	Digestive diseases	6,630	8.6%	2
5	Respiratory diseases	4,574	6.0%	10
All hospitalisations		96,862		

Source: WA Morbidity Data System

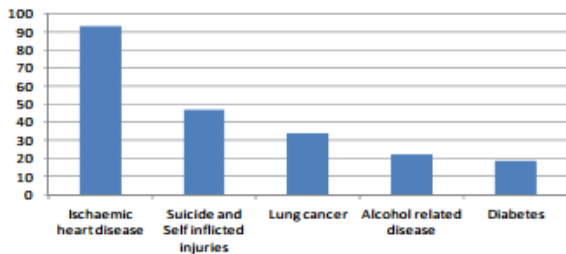
Hospitalisations in the Pilbara which could have been avoided with disease intervention plans and various methods of preventative care, include:

- Potential Preventable Hospitalisations (PPH) accounted for 6,823 (9%) of hospitalisations. This figure was significantly high when compared to the rest of the State.

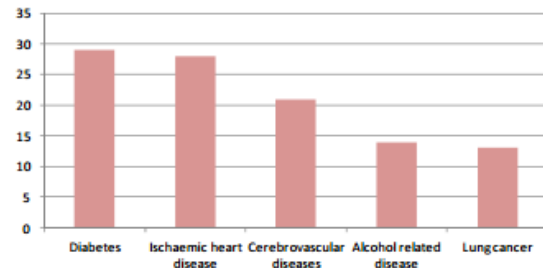
- Vaccine preventable conditions were 2.5 times higher in the Pilbara when compared to that of the State.
- Diabetes with its complications ranked number one (23% of all PPH's).
- Aboriginal residents had a PPH rate more than five times greater than non-Aboriginal residents.

Figure 19: Leading Cause of Avoidable Mortality in the Pilbara, 1997-2007

Males



Females



Source: WA Country Health Service, 2012

Some of key issues for Indigenous health include (taken from the Pilbara Health Profile, 2012):

- 45.1% of Aboriginal people smoke compared to 20.1% of non-Aboriginals
- High levels of psychological stress.
- Higher prevalence of chronic conditions – 1.6% more likely to have asthma, 3 times more likely to have diabetes.
- Hearing loss in children aged 0-10 years is 66% higher than non-Aboriginals.
- Aboriginal residents in the Pilbara had significantly higher mortality rate for diabetes, cardiovascular disease, respiratory disease, injury and poisoning, mental health conditions, kidney disease, alcohol-related conditions and tobacco-related conditions compared to with the State Aboriginal population.

Figure 20: Nickol Bay Hospital, City of Karratha



Land Availability - During 2013, construction growth statistics for the City of Karratha resulted in the following:

- Total value of building licenses issued \$517 million.
- Number of building licenses issued 43,554.
- Planning development application value \$479 million.

Figure 21: New House Construction in the City of Karratha



There are many land issues that face the City. However with all land in the region either Crown Land or Native Title, the most prominent issues include:

- *Crown Land* – Investigations, approvals and infrastructure are all required to be undertaken by the land owner, which in this case is the State Government of Western Australia. Without these three aspects, releasing of land for development is stifled.
- *Native Title Processes* – While native Title is a great protection for the cultural and environmental heritage of our region, the time, costs and slowness of achieving negotiated development clearances create significant constraints to growth.
- *Rating of Mining* - Government Policy and the *Mining Act 1978* places restrictions on the rating of the resource industry processing infrastructure. This has created inconsistencies with resource proponents currently paying rates on infrastructure. In addition, there are State Agreement limitations on unimproved valuations for high value industrial land such as the North West Shelf/Cape Lambert. These factors carry huge implications for the City of Karratha in regards to ability to establish and maintain critical infrastructure at the required level without placing greater burden of financing on the householder. Greater equity is required across all landowners.

Housing - According to the 2011 census, 23% of households in the City of Karratha either owned or had a mortgage on their own home, 46.1% were renting privately, and 8.7% were in social

housing. City planning in partnership with State Government has been opening up more land for the private householder to establish a greater land supply for residential housing and to drive down the rental market to more affordable levels. However, a substantial increase the release of Crown land is required to meet the Pilbara Cities Vision.

Figure 22: Housing in the Central Business District, City of Karratha 2014



Figure 23: Housing in the Suburbs, City of Karratha 2014



Volunteering - In the City of Karratha 15% of the population (2,713 people) reported doing some form of voluntary work in 2011.

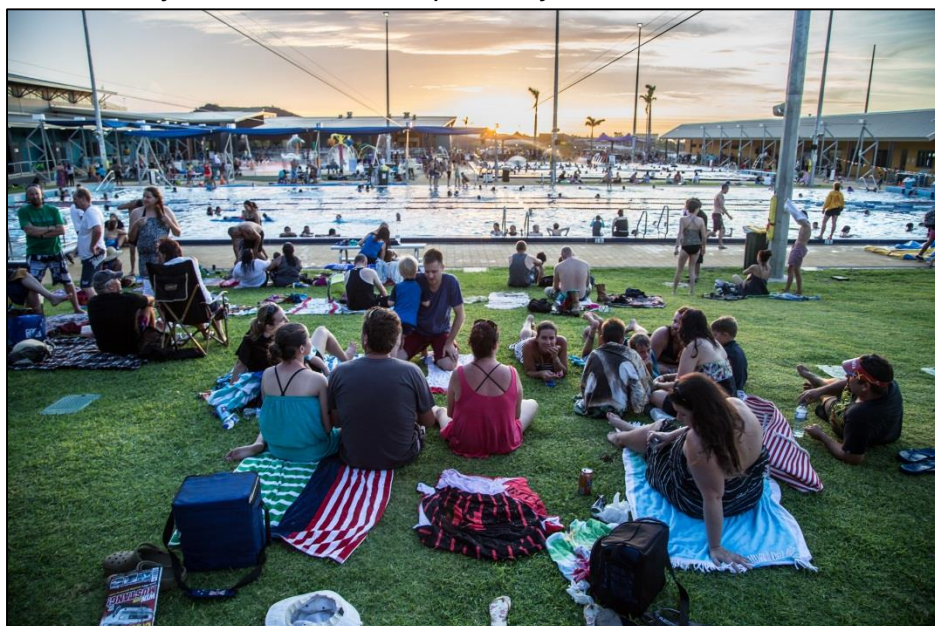
Figure 24: Dampier Volunteer Marine Rescue Service, City of Karratha



Royalties for Regions - Introduced in 2008, the Western Australian State government's initiative 'Royalties for Regions' ensures that 25% of the royalties obtained from the mining and petroleum sector flow back to the regions of Western Australia through the investment in priority infrastructure projects identified by local councils. During the 2012-2013 financial year, the Pilbara received \$380.7 million of the total \$1.07 billion, to invest in the development of the region. Of this, 27% (\$102 million) went directly towards development in the City of Karratha.

Figure 25 shows an example of one such project. The Karratha Leisureplex (pool and gym complex) was a \$63 million project of which \$20.3 million was funded by the Royalty for Regions initiative.

Figure 25: Australia Day at Karratha Leisureplex, City of Karratha



Disadvantage and Uncertain Futures - While it is agreed that the City of Karratha faces disadvantage in terms of social and economic infrastructure along with industry diversity, we strongly disagree that the City faces an uncertain future. The City of Karratha has already proven itself to be the powerhouse of the North. With the appropriate assistance from State and Federal Governments, Karratha will become a desirable City to live in and we believe it will achieve the Western Australian government's Pilbara Cities Vision.

A1.4 Climate and Landscape

Every city has climatic issues to contend with and it is true that these can impact on perceived liveability by potential residents. The climatic conditions in the City of Karratha contribute to the beauty of the landscape. Instead of snow and ice hazards, we have heat and pindan (red dirt). Instead of earthquakes, the Pilbara has damaging cyclones, impressive lightning and thunderstorms and occasionally tornados.

Figure 26: Tornado in Karratha Town Centre, City of Karratha 2013



Figure 27: Severe Tropical Cyclone Christine Clean-up, Karratha State Emergency Service, 2014



These issues only impact an unprepared community. The City of Karratha and the volunteer emergency services spend time and money every year ensuring that the local community are educated and prepared for climatic hazards.

For the most part however, the Karratha landscape is nothing short of stunning as can be seen by Figures 28 and 29

Figure 28: Foreshore at Point Samson, City of Karratha



Figure 29: View from Hills Surrounding the City of Karratha



Environmental Assets

The City of Karratha notes that none of the stunning and unique landscape features of the North West were included in the Green Paper. Dampier Archipelago, Burrup Peninsula rock art and Karijini National Park are three of the most significant environmental and cultural assets we have in the Pilbara. Likewise the Kimberley has the Bungle Bungles, the Mitchell Plateau, Mitchell Falls and the Buccaneer Archipelago. All of these landscapes offer huge tourist potential to our Nation as they cannot be seen anywhere else in the world.

Figure 30: Indigenous Rock Art on the Burrup Peninsula, City of Karratha



A2. HOW DO THESE CHARACTERISTICS DIFFER ACROSS AND WITHIN NORTHERN AUSTRALIA?

Each region of Northern Australia is unique. Each has their own challenges in terms of population disbursement, economic diversification, infrastructure requirements, landscape and climate issues as well as cultural considerations. It is essential that the right balance is achieved between development and environmental protection while acknowledging the rights of the traditional owners of these lands.

A2.1 Population Growth in Northern Australia

The populations in Northern Australia are diverse. There are “Indonesian and Timorese communities in Northern Western Australia, the Northern Territory and Christmas Island; and Papuan and Pacific Island communities in North Queensland” (Dale, 2013).

Population Growth by Region – Table 3 shows the extensive population growth experienced in Northern Australia as captured by the census data for 2006 and 2011. It clearly shows that WA and NT are growing in population faster than Queensland.

Table 3: Population Figures by Local Government Area

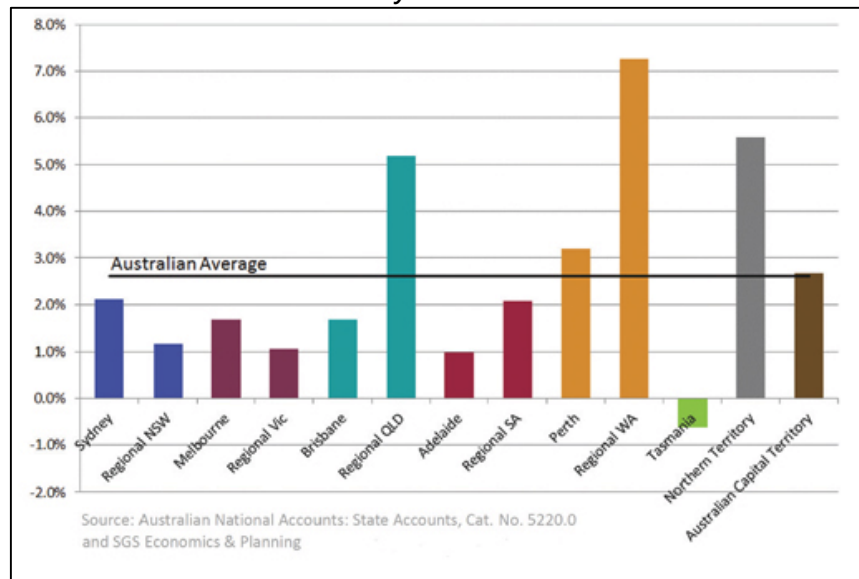
	Local Government Area	Total population			% Male (2012)	% Female (2012)
		2006	2011	Difference		
Pilbara, WA	Karratha	16,423	22,900	72%	61%	39%
	Port Hedland	11,958	15,044	79%	57%	43%
	Ashburton	6,077	10,001	61%	67%	33%
	East Pilbara	6,544	11,950	55%	67%	33%
	Pilbara Total	41,002	59,895	68%	63%	37%
Kimberley, WA	Broome	13,059	14,997	87%	50%	50%
	Derby-West Kimberley	6,504	8,435	77%	68%	32%
	Halls Creek	3,135	3,560	88%	51%	49%
	Wyndham-East Kimberley	6,597	7,799	85%	52%	48%
	Kimberley Total	29,295	34,791	84%	55%	45%
NT	Alice Springs	23,890	25,186	95%	52%	48%
	Darwin	66,290	72,930	91%	52%	48%
	Litchfield	15,553	18,994	82%	55%	45%
	Palmerston	23,719	27,703	86%	50%	50%
	NT Total	129,452	144,813	89%	52%	48%
QLD	Cairns	127,438	156,169	82%	50%	50%
	Mackay	84,889	115,960	73%	52%	48%
	Rockhampton	58,748	109,336	54%	50%	50%
	Townsville	95,464	174,462	55%	50%	50%
	QLD Total	366,539	555,927	66%	51%	50%

Source: ABS Census Data 2006 and 2011

A2.2 Economic Factors in Northern Australia

The Northern Australian region contains areas of differing levels of economic prosperity. Looking at economic growth via GDP, it can be seen that “Regional Western Australia (7.3 per cent), Northern Territory (5.6 per cent), and Regional Queensland (5.2 per cent) were the strongest growing regions” (SGS Economics & Planning, 2013) as shown in Figure 31.

Figure 31: 2012-2013 GDP Growth Rates by Volume



Where “North Queensland is home to well-developed cities that have the economies of scale to support growth” (Queensland Government, 2014), regions in the Northern Territory and Western Australia have not been as fortunate. Infrastructure investment has been neglected by governments despite the considerable population growth and significant contribution to the National economy. This has had a significant impact on the City of Karratha’s ability to drive economic expansion and diversification at the level the City is capable of achieving.

One of the most significant differences between the regions of Northern Australia is the consumer price index as seen in Table 4.

Table 4: Consumer Price Index 2013

	WA		QLD				NT
	Pilbara	Kimberley	Cairns	Mackay	Rockhampton	Townsville	Darwin
Food & non-alcoholic drinks	101.5	114.5	112.9	113.7	107.0	96.8	100.3
Cigarettes, Tobacco & alcoholic drinks	108.4	113.6	103.0	105.5	102.6	97.9	103.9
Clothing & Footwear	109.0	116.9	101.7	104.6	97.4	96.6	99.5
Housing	139.8	125.6	88.4	120.2	86.6	93.4	103.8
Household equipment & operation	108.9	109.7	112.0	93.7	108.9	111.0	101.7
Health and personal care	129.6	103.7	100.0	100.0	100.0	100.2	102.4
Transportation	112.0	108.8	96.6	91.6	96.6	93.7	102.0
Recreation & Education	111.7	106.5	95.7	104.5	105.8	101.9	102.3
Total Basket	118.6	114.7	100.0	106.3	99.1	98.4	102.1

Source: Regional Price Index 2013, Department of Regional Development, WA and Price’s Across Queensland: how they compare, Queensland Treasury and Trade, 2013

It should be noted, that the cost of living in the Pilbara has started to show signs of normalization with the rest of the country.

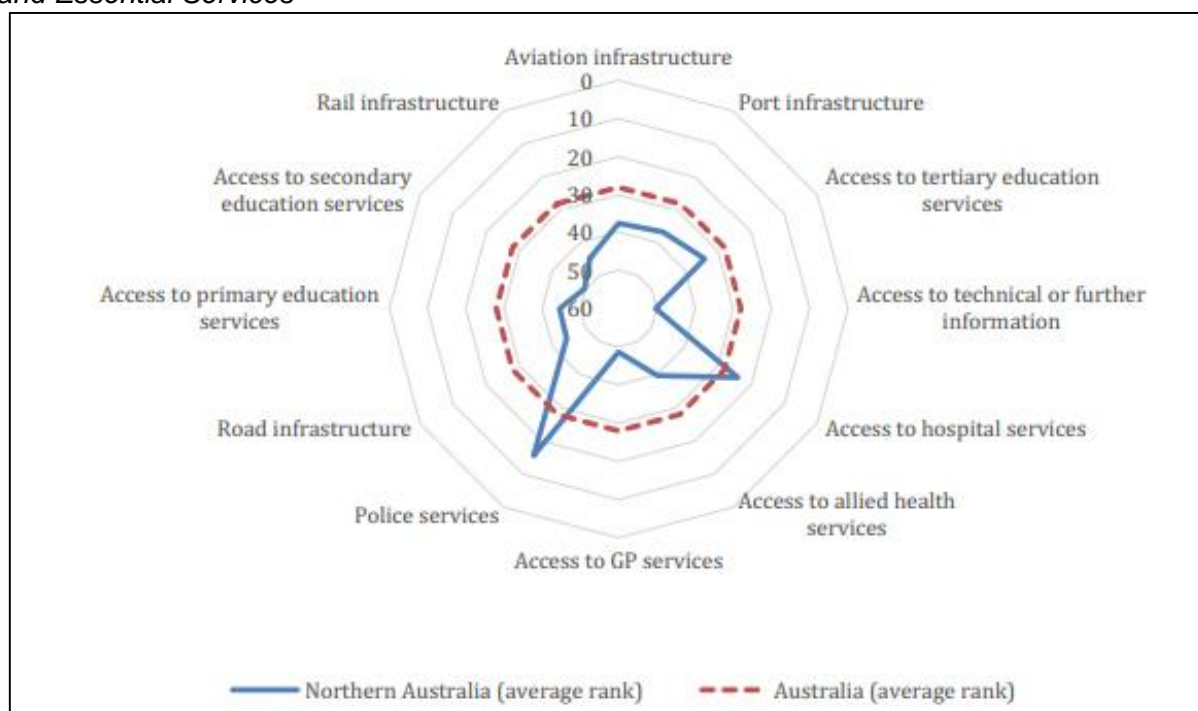
A2.3 Infrastructure in Northern Australia

“Access to infrastructure, transport and essential services all play a crucial role in determining the location and type of investment activities and business sectors that can develop in a region. Industries depend upon reliable supply and distribution chains to succeed. Communities require access to sufficient power, clean water and reliable waste treatment services to support a high quality of life. A skilled and healthy workforce is only possible with access to education and medical facilities.”

Source: Regional Australia Institute, 2013

Northern Australia requires significant investment in the development of infrastructure. This is particularly so in terms of developing the City of Karratha. Figure 32 provides an indication of where Northern Australia sits in relation to the National average on these issues:

Figure 32: Comparison of Northern Australia to the National Average Indicators for Infrastructure and Essential Services



Source: Regional Australia Institute, 2013

Local Government Responsibilities - With a high population of Aboriginal people, many living in communities, clarification on Local Government responsibilities regarding waste, power and so on within Aboriginal communities is essential.

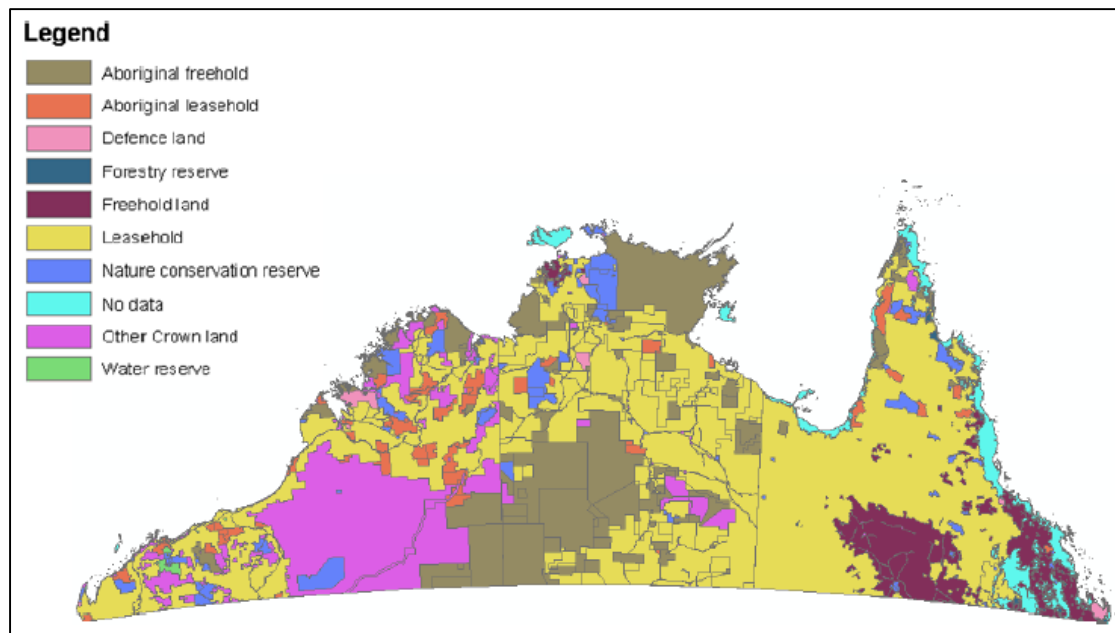
Land Issues - The Cairns Institute's 2013 report on Governance Challenges for Northern Australia provides the following commentary on land issues:

The majority of land (75.4%) in the North is Crown-owned and potentially subject to native title claims. Another 18.5% is Indigenous land. Privately owned land accounts for only 6.1% (Gutteridge, Hall & Hanna, 2000). Hence, in complete contrast to much of the south, the North comprises pockets of (private and Indigenous) freehold within a vast landscape of government-owned leases, public conservation reservations and a multitude of other government-owned tenures (Holmes, 2000). This gives the Australian public a higher stake in, and responsibility for, the state of Northern land and water resources (JCU & CSIRO, 2013). The tenure-based foundations of our private sector economy are hence also different to the south.

The vast majority of local governments across Northern Australia cover vast land masses and have tiny populations. The rates base of many councils is paltry, limiting their capacity to cover basic asset maintenance and civic services. Alongside this, these councils face significant complexity in both large and small development decisions relating to land use change. Native title considerations are ubiquitous. Widespread issues of international, national and state significance often trigger major environmental assessments and additional regulatory complexities.

Figure 33 provides an indication of land tenure across Northern Australia.

Figure 33: Land Tenure in Northern Australia in 1999.



Source: CSIRO Ecosystem Sciences, 1999.

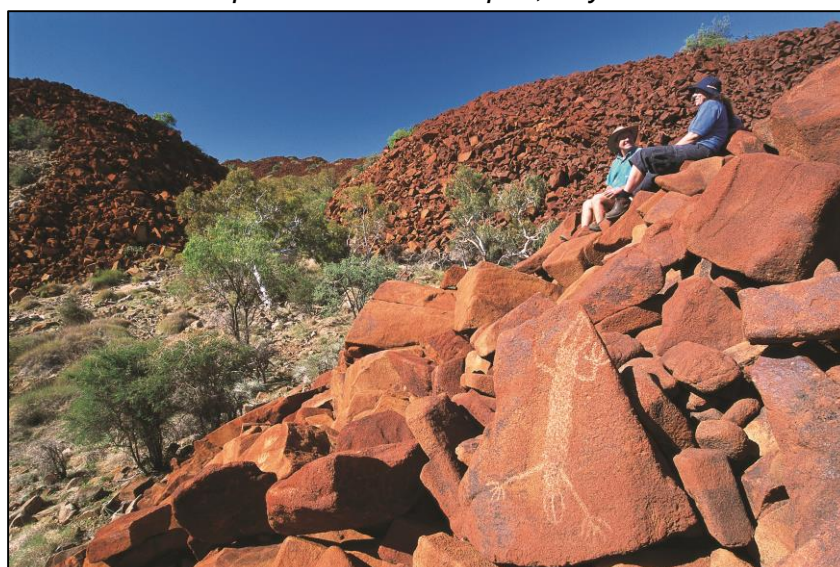
(Note: No current comparable tenure data has been recently compiled)

A2.4 Climate and Landscape in Northern Australia

As stated in The Cairns Institute report (2013), Northern Australia is vulnerable to climate change and biodiversity loss. “Overall, the frequencies of extreme events (in rainfall, temperature and cyclonic terms) will likely increase and sea level rise poses problems...New weeds and pest are changing entire landscapes when the rest of the world is looking to treasure, even pay for, North Australia’s biological and cultural values. There is consequential risks in disaster management, health and biosecurity and challenges in managing key environmental assets”.

Unlike Queensland and the Northern Territory, the Pilbara is the most arid of Northern Australian climates. While there are no rain forests, the Pilbara landscape is arguably the most unique and at times, the most challenging. However, its beauty is incomparable and the region attracts tourists from all over the world wanting to explore its historic and cultural offerings.

Figure 34: The Hills of the Burrup Peninsula in Dampier, City of Karratha



A3. WHAT FEATURES OF NORTHERN AUSTRALIA ARE THE MOST IMPORTANT TO ITS GROWTH AND FUTURE DEVELOPMENT?

The Pilbara economy is diverse when it comes to breadth of natural resources that derive from the region. For example, the Pilbara:

- Exported 455 million tonnes of iron ore in 2012 – 40% of the world's production.
- Services Australia's largest oil and gas reserve in the Carnarvon Basin – 97% of Western Australia's petroleum production.
- Has the second largest gold mine in Australia.
- Has the second largest salt flats in the world.
- Produced \$2.2 billion in 2012 of minerals (gold, silver, copper, manganese, salt, construction materials, tantalite, tin and gems).
- Obtains 23% of Western Australia's total finfish catch.

The strategic importance of the Western Australia mineral industry to the national economy just simply cannot be ignored. "There is ongoing mine, port and other heavy infrastructure expansion and long-term contracts, and the forecast is for continued growth in resource exports from the Pilbara for the foreseeable future" (Regional Development Australia – Pilbara, 2014).

Figure 35: Dampier Salt Mines, City of Karratha



A3.1 Competitive Advantages of Karratha

The competitive advantages for the City of Karratha include:

- *Career Opportunities* - Higher average incomes than the state and national averages, low unemployment and accelerated career prospects.
- *Change of Lifestyle* – Less densely populated towns in the City of Karratha offer seaside living and a family friendly lifestyle. Work life balance for some, and bulk leave for others, allows residents more time to undertake hobbies.

- *Outdoor Activities* – Such as four-wheel driving, boating, fishing and diving.
- *Climate* – A warm, sunny, blue-skied paradise.
- *Places of Interest* – The Pilbara offers world class national parks and Indigenous heritage experiences such as the world’s largest agglomeration of Indigenous rock art.
- *Transport* – No traffic jams and ease of travel create savings in time and fuel costs.
- *Land* – Industrial areas are currently available for major industry development at the Burrup Peninsula, Maitland Industrial Estate and planning is underway for the new Anketell Strategic Industrial Area.
- *Industry Opportunities* - Growth opportunities are plentiful within existing industry sectors providing global business experience on some of the world’s largest natural resource projects. With a strategic Asia-Pacific location, the Pilbara is “*open for business*” for the development of new industry sectors.

Figure 36: North West Shelf Oil and Gas Project, Burrup Peninsula, City of Karratha



A3.2 Governance and the Public Service Sector

The City of Karratha would like to draw attention to Page 10 (Figure 6) of the Green Paper which indicates there are no Australian Public Service employees in the region. According to the Australian Public Service Commission, there are 15 employees registered as being employed in the jurisdiction of the City of Karratha.

In addition, there are 1,238 public sector employees in the City of Karratha employed by the State government as seen in Table 5. Note that these figures only show the WA public sector employees as defined in the *Public Sector Management Act 1994*. Therefore, these figures do not include sworn police officers, electorate officers, and local government employees.

Table 5: WA Public Sector Employees as at March 2014

	Local Government Area	Headcount	FTE
Pilbara, WA	Karratha	1238	1019.36
	Port Hedland	974	833.89
	Ashburton	280	211.70
	East Pilbara	310	243.14
	Pilbara Total	2802	2308.09
Kimberley, WA	Broome (S)	1851	1569.87
	Derby-West Kimberley (S)	680	588.80
	Halls Creek (S)	208	174.56
	Wyndham-East Kimberley (S)	696	589.10
	Kwinana (T)	7	6.16
	Kimberley Total	3442	2928.49

Source: Public Sector Commission, 2014

In relation to local government employees, the City of Karratha employs 350 staff.

Therefore, combining Local, State and Federal levels together, the City of Karratha has more than 1500 public sector employees who live and work in our jurisdiction.

Figure 37: City of Karratha's Mayor Peter Long - Official City Declaration Ceremony, 1 July 2014



Utilised as the regional hub for government services in the North West, the Pilbara has had extensive development planning undertaken resulting in the Karratha City of the North Plan; City of Karratha Strategic Community Plan and Local Planning Strategy, Pilbara Plan (RDA Pilbara); Pilbara Blueprint (PDC), Pilbara Planning and Infrastructure Framework (DOP).

Despite all of these plans and strategies, current governance methods have created significant disconnect and discord in the regions of Northern Australia (Dale, 2013). Five key points that would improve governance issues at all levels were captured in Walker, Porter and Marsh's 2012 report as follows:

- The desire for people to have a say in decisions which affect them.
- The need for equitable and sustainable financial flows.
- The need for better services and a locally responsive public service.
- The desire for local control and accountability where possible.
- The desire for inclusion in a greater Australia narrative.

Table 6: Governance Issues in the Pilbara, 2014

Competitiveness Index Element	Pilbara Situation
Regional government influence at state and national level	The Pilbara is a high profile regional location and has very good exposure at the state government level and, to a lesser extent, nationally.
Clear roles and responsibilities in regional governance	At the development level there is quite a lot of crossover between individual local governments and state agencies and at development policy level there is some duplication across all three tiers of government.
Financial burden of local government	The local governments have very high financial commitments for the provision of infrastructure and services for a rapidly expanding population, with a limited rate base and are under constant financial pressure.
The local and regional assistance available for businesses	The local and regional bodies have limited funds available for direct business assistance, but it ranks amongst the highest among Australian regions.
Regional government independence (Councils with more autonomy are more able to respond to local needs/demands)	Compared with some other Australian jurisdictions, there is a high reliance on government decisions made outside of the region, particularly at State government level.

Source: Regional Development Australia – Pilbara, 2014

A3.3 Future Development of Northern Australia

The most important aspects for developing Northern Australia, in particular the Pilbara region to ensure a long term future post mining boom would include:

- Urgent investment into critical social and economic infrastructure.
- Reduction of red tape.
- Establishment of a conducive regulatory, taxation and legislation environment.
- Seed funding for research and development.
- Coordinated approach and two way communication between all tiers of government.
- Enhanced trade and investment with Asia-Pacific.
- Enhanced presence of Australian Government Agencies.

A4. WHAT DO THE POPULATION, DEMOGRAPHIC, EMPLOYMENT AND URBANISATION TRENDS MEAN FOR NORTHERN AUSTRALIA?

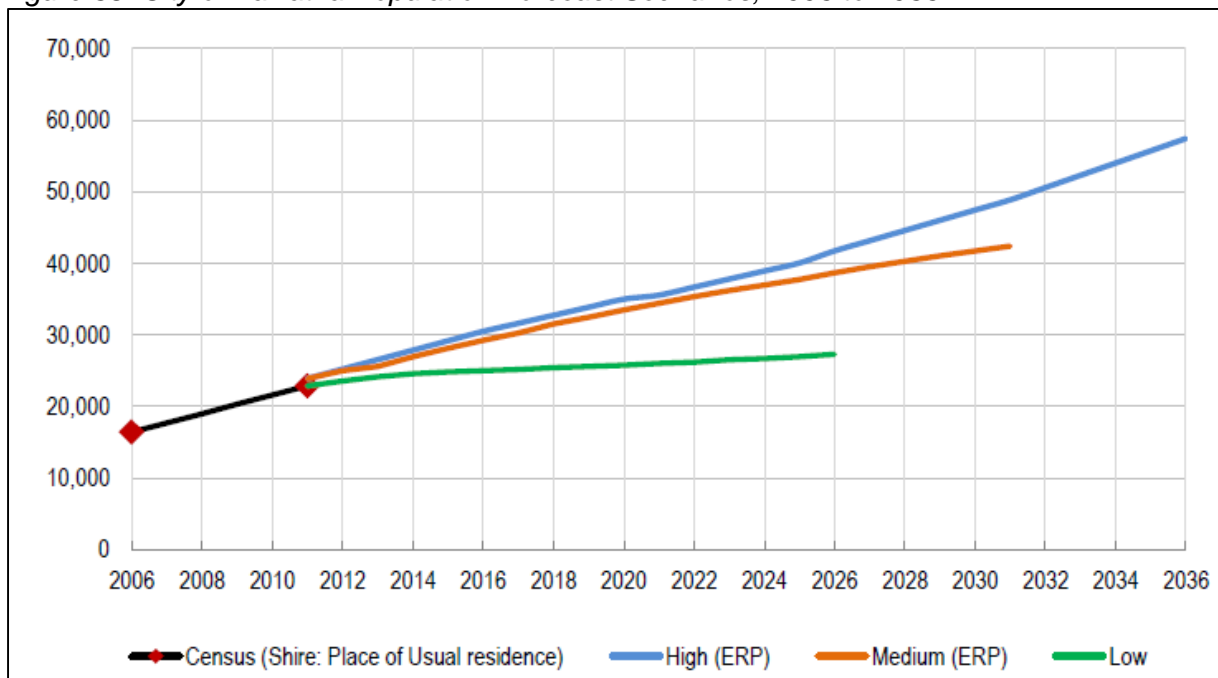
The Western Australian government's Pilbara Cities Vision is to create attractive, sustainable local communities and places where people choose to settle on a permanent basis, to bring up families with access to high standards of education, health as well as diverse employment and career opportunities.

A4.1 Population Forecasts

Under the Pilbara Cities Vision, the City of Karratha is aspiring to achieve a population of 50,000 people by 2035.

However, it needs to be noted that the population of the City of Karratha is highly dependent on economic activity within the Council's jurisdiction. Population growth is based on the economic diversification of the region and the City.

Figure 38: City of Karratha Population Forecast Scenarios, 2006 to 2036



Source: Syme Marmion & Co, 2014

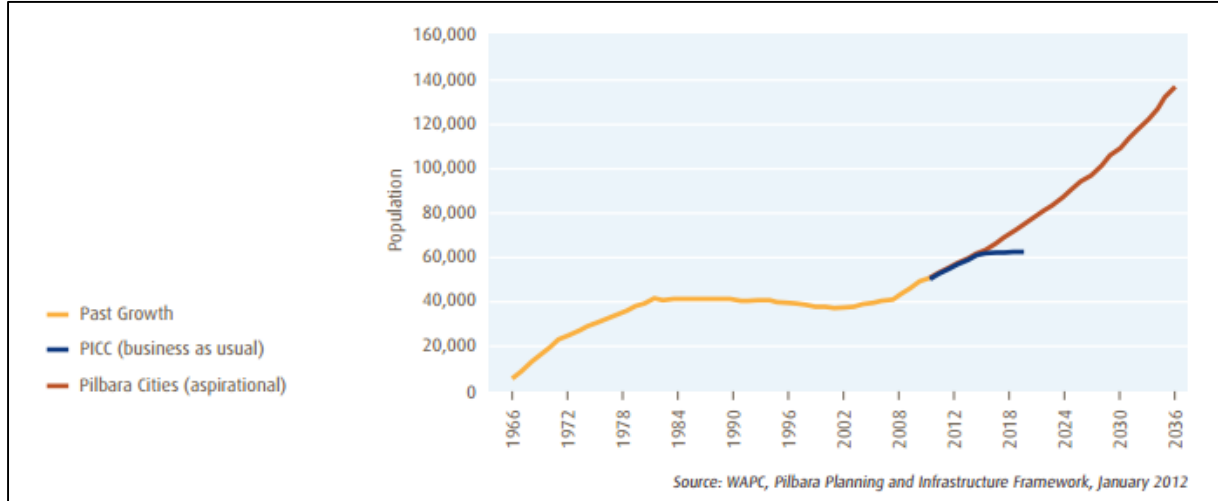
Figure 38 shows the three population scenarios that have been identified for the City of Karratha to guide planning and development:

- 1. Low-Range Growth:** (WA Tomorrow, Band E) - The low scenario is consistent with results of the Chamber of Minerals & Energy of WA / PriceWaterhouse Coopers 2012 study and the forecast from Planning Western Australia in regards to their 2012 WA Tomorrow band (which is based on the 2006 Census data). This growth rate also most closely corresponds to the 2011 Census.
Assumptions: It assumes limited economic diversification and no substantial new resources projects.
- 2. Mid-Range Growth:** (ID Consultants, City of Karratha) - The mid scenario is based on projections from consultants .id the Population Experts. It is consistent with the current development activity and developer intentions as known by Council.
Assumptions: It assumes some economic diversification.

3. *High-Range Growth*: The high scenario is consistent with the Karratha City of the North plan and the Pilbara Cities strategy, as reflected in the Pilbara Planning and Infrastructure Framework (WAPC, January 2012). This publication contains slightly modified and more detailed projections compared with the original 2010 Karratha City of the North plan. It aims for a population of 50,000 in Karratha / Dampier by 2035.

Assumptions: It assumes significant economic diversification.

Figure 39: Population Outcome for “Business as Usual Approach” vs Investment in the Pilbara.



A4.2 Employment Trends

The City of Karratha currently has a relatively narrow but very robust economic base of which the vast majority of the population are directly or indirectly dependent (Syme Marmion & Co, 2014).

It includes:

- a processing port and service base for off-shore LNG;
- a port and service base for in-land iron ore (high-quality hematite) operations;
- a port and processing base for iron ore (magnetite) mining operations;
- a producer of selected other minerals (e.g. salt); and
- an administration and regional government centre.

The Pilbara is forecast by Chamber of Minerals & Energy of WA (2012) to require 9,000 fewer workers in 2018 as the region moves from a construction phase to an operational phase. This fall comprises a reduction of 23,000 construction workers, partially offset by 14,000 additional operational workers.

Each of the population forecasts are based on economic diversification which broadens the economy of the region and the City. Several initiatives which may provide alternate development opportunities and have the potential to create permanent jobs in the Pilbara region are currently being considered. For example, a number of blue-chip Asian companies have indicated their interest with the City of Karratha to establish industries in solar energy, methanol production, algae biofuel, omega 3 & beta-carotene production and algae based stockfeed. In addition, interest has been shown in the development of a datacentre if the Trident subsea cable proceeds for high speed communications.

A4.3 Natural Environment and Resources

When discussing the natural environment and resources, there is always the ongoing dilemma between the development of land and the need to preserve specific environments.

Land Development - The vision for Karratha under Karratha City of the North is a population of 50,000. Substantial investment has begun to ensure Karratha is development-ready in terms of infrastructure and land supply to accommodate such population growth. However more focus is required in this area. To get land 'development-ready', means having environmental and Native Title approvals, approved structure plans, infrastructure and tenure in place for identified new development areas. This will minimise the timeframe for making these areas available for subdivision and development when the need arises.

Roadblocks to Land Development - Most of the land identified for future development is Crown land. Land then needs to be transferred to freehold title before it can be developed by addressing the Native Title issues. Plans for the identified development areas are then adopted by Council and endorsed by the Western Australia Planning Commission (WAPC). This requires more detailed technical studies to be undertaken. One of the key considerations at this point is making sure adequate infrastructure capacity and connection points are in place.

This work would get the land to subdivision approval but it is probably an 18 month process from that point to being able to commence development. Changes in the development cycle are more pronounced in Karratha because of ties to decisions on major construction projects. To be better prepared for such projects in terms of land supply it is necessary to assist the development industry by making more land development-ready.

Importance of Resources to Development – Reference is made to Bowen Basin's importance for coal in the Green Paper but there is no similar mention of the Pilbara's importance for iron ore and base metals or the North West Shelf for natural gas. These substantial mining and extraction industries in the Pilbara have been at the heart of the mining boom with Karratha and Port Hedland the major town centres servicing these phenomenal contributors to the State and National economies.

Figure 40: Mining Machinery in the City of Karratha



Fly In Fly Out (FIFO) Impact on Land Development – One significant downside of the resources sector on regional areas is in regards to FIFO workers. The use of FIFO workers removes the need for land development under its general definition. It is easy to place dongas and transient workforce accommodation camps anywhere to service a construction project. However, by allowing FIFO to continue from the construction phase to the operational phase results in minimal contribution to the local community and local economy. This is not how sustainable communities are built. Operational workers in the resources sector should be located in the regions to ensure we get the balance right.

Government incentives for both industry and small business to establish local operations with residential workforces is the only means of building a sustainable local community.

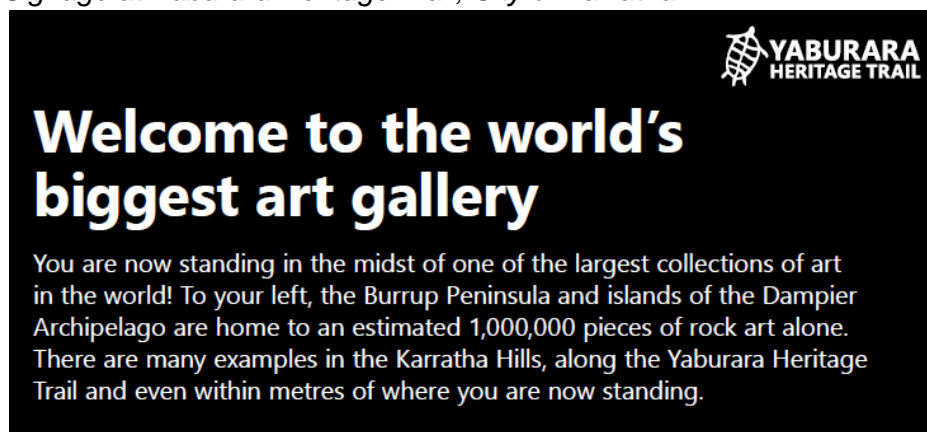
Cultural and Environmental Importance - With all development in Northern Australia, cultural heritage and environmental assets must be taken into consideration. For example, cultural assets in the City of Karratha include the Burrup Peninsula rock art, Cossack and Roebourne heritage buildings, and the Yaburara Heritage Trail.

Figure 41: Historic Roebourne Church, City of Karratha



Environmental assets include the Dampier Archipelago, Mt Herbert, Chichester Ranges and the Montebello Islands. In addition, the City of Karratha is in close proximity to Millstream, Karijini National Park and Ningaloo Marine Park (where the Ningaloo Reef is located).

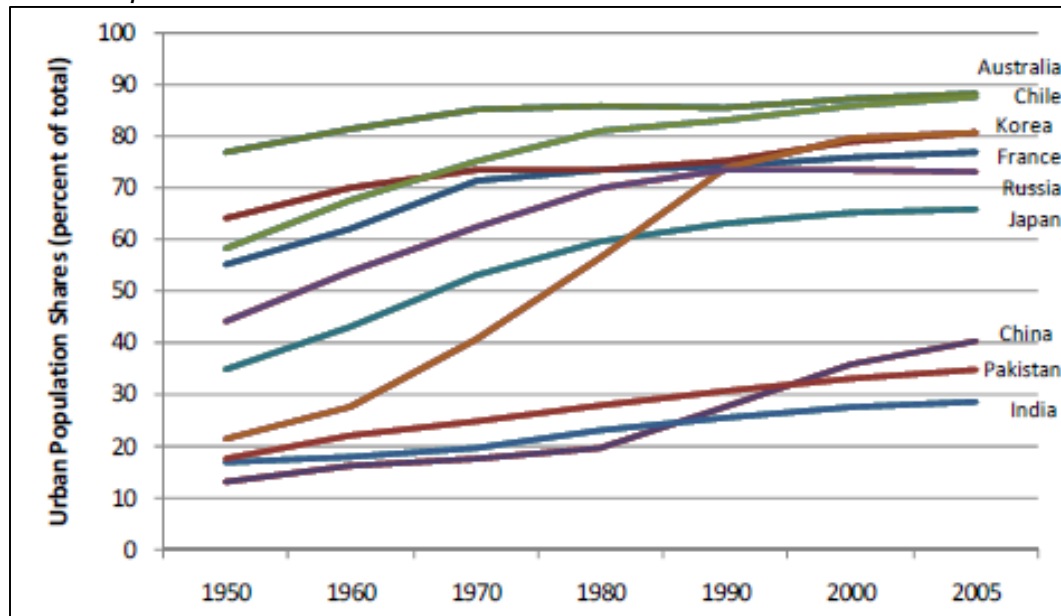
Figure 42: Signage at Yaburara Heritage Trail, City of Karratha



A4.3 Urbanisation Trends

Australia is one of the highest urbanised populations in the world as indicated by the OECD graph below (Figure 43). With approximately 90% of the nation's population living in urban areas, forecasts predict that within 40 years only 6% will reside in rural or remote areas (Kleyn, 2010).

Figure 43: Comparison of Global Urbanisation Trends



Source: UN Population Database, 2010

Driven predominately by migration, the impact of this urbanisation trend means that residents and potential residents have high expectations as to what a city should look like in terms of infrastructure and service levels.

Concern has been expressed through numerous studies on the Pilbara about the unsustainability of current practices if a stable and sustainable community is to be developed. At the local government level, urbanisation can only occur through economic development. This means ensuring the delivery of positive outcomes for the community in line with their needs, wants and expectations. It also means ensuring land, social infrastructure and critical economic infrastructure is available and has the ability to cope with the growth.

The City of Karratha is currently working to negate the ramifications of urbanisation. However there are still many issues that are of significant concern to the Council, particularly as we aim to achieve the high growth vision for the Pilbara Cities. For example, the ability to maintain adequate levels of economic and social infrastructure (refer to section C3 of this submission for further details), the supply of food, land availability for development, security and defence issues. These concerns are particularly relevant for the vulnerable members of our community. For example, housing and health:

Housing - Overcrowding and poor quality housing is common in remote Indigenous communities such as Cheeditha where there can be up to 17-20 people per house. The lack of adequate housing impacts on family violence, sexual assault and breakdowns in respect systems. This is often a result of discrimination in the provision of public housing and related services to Aboriginal people (2005, Finding a Place Report).

Health - Socio-economic disadvantage can be seen in the Pilbara particularly within our Indigenous communities. Not only does this impact on a person's health, but it ultimately affects the ability to participate in society, particularly in regards to learning at school and being successful in the workforce. It also puts pressure on the limited health resources allocated to the region. The Pilbara Health Profile (2012) identifies the following key issues for Indigenous communities:

- 45.1% of Aboriginal people smoke compared to 20.1% of non-Aboriginals
- High levels of psychological stress.
- Higher prevalence of chronic conditions – 1.6% more likely to have asthma, 3 times more likely to have diabetes.
- Hearing loss in children aged 0-10 years is 66% higher than non-Aboriginals.

In addition, Aboriginal residents in the Pilbara have significantly higher mortality rate for diabetes, cardiovascular disease, respiratory disease, injury and poisoning, mental health conditions, kidney disease, alcohol-related conditions and tobacco-related conditions compared to with the State Aboriginal population.

There are a number of critical infrastructure issues that must be addressed if urbanisation trends are to remain positive and the growth of our City to remain successful and vibrant. The City of Karratha would like to see research undertaken to identify best practice models and programs related to all urbanisation issues with subsequent development of appropriate strategies and programs. For example, increased focus on health education and an expansion on the current Indigenous Health Services would be extremely beneficial to our region.

A5. WHAT ARE THE PROSPECTS AND MAJOR RISKS FOR THE NORTHERN AUSTRALIAN ECONOMY OVER THE NEXT DECADE? WHAT ASPECTS OF THE NORTHERN AUSTRALIAN ECONOMY SHOULD BE A FOCUS FOR GOVERNMENTS?

Now that many of the major construction projects are completed, the Pilbara region is moving into a busy operational phase with the mineral and energy sectors. However there are still some major challenges that require addressing, such as industry diversification and investment into infrastructure. Without this immediate focus, there is risk that the region will not reach its maximum potential.

A5.1 Major Risks

The most significant risk to the Northern Australian economy is complacency towards developing the City of Karratha and the Pilbara region.

"Its location to the North of Western Australia and in the same time zone as many of the highest growth countries in the world provides some interesting opportunities. However, without investment in critical community infrastructure and services, that enhance livability, the capacity of the Region to continue to respond to this demand will be compromised and productivity will decline."

Source: Regional Development Australia – Pilbara, 2014

A5.2 Doing Business in Karratha

Australia's attractiveness as an investment destination is based on its long standing economic resilience, its sound regulatory framework for business, and a stable political system. The City of Karratha offers a range of business advantages over other areas such as:

- A stable and lucrative economy.
- Residents with a high level of disposable income.
- A capable, supportive and outcomes focussed local government.
- A solid growth forecast for the region.
- A strategic Indian Ocean rim location with the same time zone as China.
- Identified as a regional capital by both state and federal governments, Karratha has moved to city status bringing new opportunities to the region designed to stimulate investment, attract grants, and retain highly skilled residents.

Figure 44: Small Business is Thriving in the City of Karratha



A5.3 SWOT Analysis for the City of Karratha

Table 7: SWOT Analysis for the City of Karratha

Strengths	Weaknesses	Opportunities	Threats
Reputation for minerals & resources industry	Transient population	Room for new SME business ventures	High priced housing & accommodation
Young, diverse and increasing population	Inability to attract the quantity of skilled staff required	Regional self-sustainability (food, electricity and fuel)	Overcrowded governance with uncoordinated strategic planning and economic development between agencies, minimal implementation
High Disposable incomes	Insufficient health care facilities	Trade, investment & closer relations with Asia	Increase of cyclones & fires
Location within the Pilbara and distance from sea ports	Lack of childcare and educational options	Diversification into new industries – sustainable energy, tourism, aquaculture, and emergency management	Poor access to communications technology (phone coverage and fast speed internet)
Close proximity to Asia	Minimal aged care provisions	Entertainment and activities for residents	Intense summer heat
Low levels of poverty and unemployment	Customer service	High research and development potential	Continued FIFO growth
Entrepreneurial Spirit	High living costs	Implementation of incentives for investment	Land restrictions
Lifestyle opportunities and outdoor activities	High cost of doing business	Raise and improve the profile of the Pilbara	Inadequate social and economic infrastructure
Stunning rugged scenery & stability of weather conditions	Transport options		Inadequate funding to support desired growth

A5.4 Seven Desirable Actions for Developing the Pilbara

The focus for Governments in developing the Pilbara should include the following:

Action 1 Urgent investment in critical social and economic infrastructure.

Action 2 Reduction of red tape.

Action 3 Establishment of a Conducive Regulatory, Taxation and Legislative Environment.

Action 4 Seed funding for research and development.

Action 5 Coordinated approach and two way communication between all tiers of government.

Action 6 Enhanced trade and investment with Asia-Pacific

Action 7 Enhanced presence of Australian Government Agencies

SECTION B: OPPORTUNITIES FOR NORTHERN AUSTRALIA

Unlocking Northern Australia's full potential has been debated for many years. There is a long history of governments, businesses and individuals pursuing Northern development. Some have succeeded and others have ended in costly failures, highlighting the challenging and at times unforgiving nature of the North.

The global and domestic environment is constantly changing. Much of Northern Australia is already growing — especially its cities — providing a solid platform for further development. New opportunities are emerging that play to its strengths, making this the right time to develop the North.

These include:

- **The rise of Asia:** the expanding Asian middle class is creating new global markets and unprecedented growth in demand for goods and services, including the North's agricultural and tourism sectors.
- **Global energy markets:** energy use is expected to increase in the next 25 years — led by emerging economies — and Northern Australia is well positioned to take advantage of this trend.
- **Strategic importance:** more emphasis on regional security, border protection and biosecurity is shifting Australia's strategic focus (and associated resources) to the North.
- **Technology and innovation:** emerging technologies and innovation can transform industries and improve services in the North.
- **Education, research and skills:** proximity to Asia and the North's tropical expertise offer opportunities for education and training providers and research institutions to excel.
- **Economic diversification:** a more diverse Northern economy, building on its strengths beyond minerals and energy, will reduce exposure to volatile commodity markets and unlock potential across other industries.
- **Indigenous economic development:** Indigenous Australians can play a greater role in the Northern economy, including through leveraging cultural, intellectual and land assets.
- **Natural resources and landscapes:** The North's natural assets and resources — including minerals, energy, water and unique landscapes — provide opportunities for agriculture, tourism, mining and other industries, as well as communities.

Figure 45: Fireworks Display to Celebrate Australia Day 2014, City of Karratha



B1. ARE THESE THE MAJOR GLOBAL AND DOMESTIC TRENDS THAT ARE CREATING OPPORTUNITIES FOR DEVELOPMENT IN NORTHERN AUSTRALIA?

The City of Karratha agrees that the above opportunities and strengths stated in the Green Paper are integral to the development of Northern Australia. However, the following opportunities should be also included in this list:

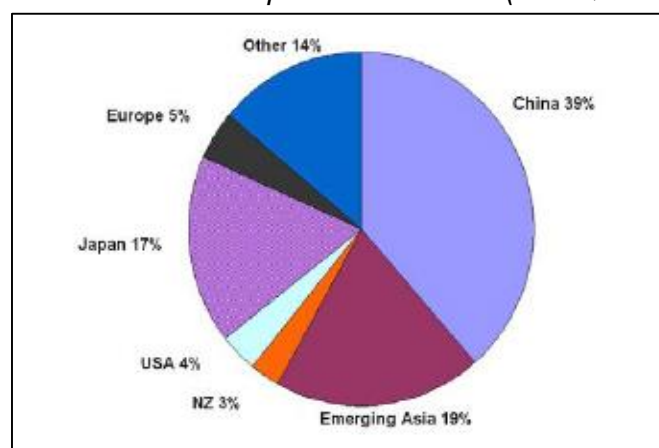
- Indigenous Health.
- Medical Research.
- Emergency Management which includes mitigation, preparedness, response and recovery. This opportunity also includes research into hazards such as cyclones and storm surge along with the impact of climate change.

B2. WHAT DOES THE RISE OF ASIA MEAN FOR NORTHERN AUSTRALIA? HOW COULD NEW OPPORTUNITIES BE PURSUED?

The transformation of the Asian Region into the economic powerhouse of the world is gathering pace. This ascent has already changed the Australian economy, society and strategic environment. Within a few years, Asia will not only be the world's larger producer of goods and services, it will also be the world's largest consumer of them.

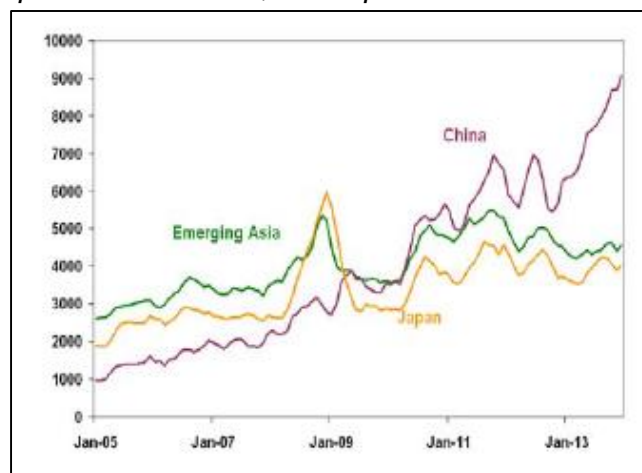
Already, East Asia is a crucial export market for the Australian economy as can be seen below:

Figure 46: Distribution of Merchandise Exports for Australia (Dec Quarter 2013)



Source: National Australia Bank, 2014

Figure 47: Australia Exports to East Asia \$million per month



Source: National Australia Bank, 2014

Operating in the same time zone (refer to Figure 48), Pilbara businesses, exporters and the community have engaged regularly with the Asian region – the minerals and energy sector being the most visible. With such a strong record of engagement, these links have enabled the Pilbara to develop economic, social and cultural awareness and experience with many Asian countries. To build on these relationships, the City of Karratha has recently established a Sister City Relationship with Rizhao in China. This relationship is designed to build closer economic relations, while allowing both communities to exchange ideas, gain an international perspective and increase global understandings.

Figure 48: International Time Zones



Source: Regional Development Australia – Pilbara, 2014

The Pilbara region requires clear policy guidance from the Federal Government as to what can be sold and invested so that opportunities can be packaged and presented to potential investors. For example, many Asian companies are interested in infrastructure development such as an airport expansion, but want to package it with a new hotel nearby. Additional release of land is often required to cater for these investment opportunities.

In addition, many Asian companies want to bring some of their own staff to manage or oversee the investment but can be restricted by visa regulations such as the 457 Visa for Temporary Skilled Workers.

A series of policies, programs, initiatives and incentives are required to assist Northern Australia, and in particular the Pilbara, to:

- Establish an open, adaptable and resilient economy through the reform and investment across the five pillars of productivity – skills and education, innovation, infrastructure, tax reform and regulatory reform.
- Invest in developing creativity and design-based thinking within industry sectors.
- Improve the visibility and accessibility to programs designed to assist local Pilbara firms to be highly innovative and competitive.
- Encourage trade, investment and partnerships with the Pilbara region through openness and integration.
- Ensure stability and sustainable security of the Asian region through the building of trust, co-operation and participation in regional developments.
- Create opportunities for Asian market connections and the development of Asian literacy to build closer partnerships through the understanding of cultures and languages.
- Establishment of innovation zones and business packaging opportunities.

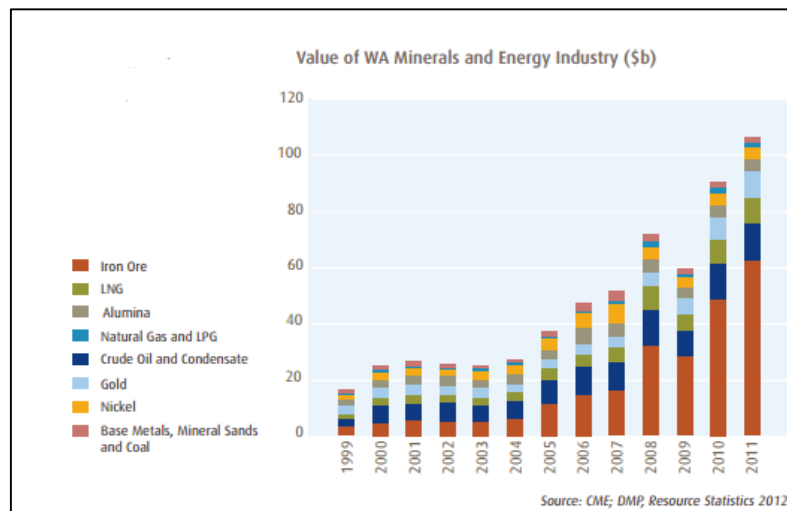
Figure 49: Karratha Business Expo and the Pilbara Pulse Economic Summit, 2013



B3. WHAT ARE THE PROSPECTS TO FURTHER EXPAND NORTHERN AUSTRALIA'S MINERALS AND ENERGY SECTORS?

The natural resources industry in the Pilbara is one of the strongest in the world and its value has grown substantially as can be seen in Figure 50.

Figure 50: Value of WA Minerals and Energy Industry (\$b)



B3.1 Mineral Industry

The Pilbara is dominated by the minerals industry and is considered to be WA's premier mining region. Capital intensive, with a high demand for skilled labour, this industry along with the remote nature of the Pilbara region, has led to significant living and business costs.

Current Situation - As the largest employer within the City of Karratha, the mineral industry produced 5,775 jobs in 2012, predominately in iron ore extraction and salt production. These industries have provided the City with experience working with multi-national companies and their business requirements for some of the largest projects in the world.

- **Iron Ore:** In 2012-13, 513 million tonnes of iron ore was exported from the Pilbara, at a value of \$56.4 billion, around 40% of world production. The main industry players include Rio Tinto, BHP Billiton and Fortescue Metals Group.

Figure 51: Iron ore Exports for Western Australia 2012-2013

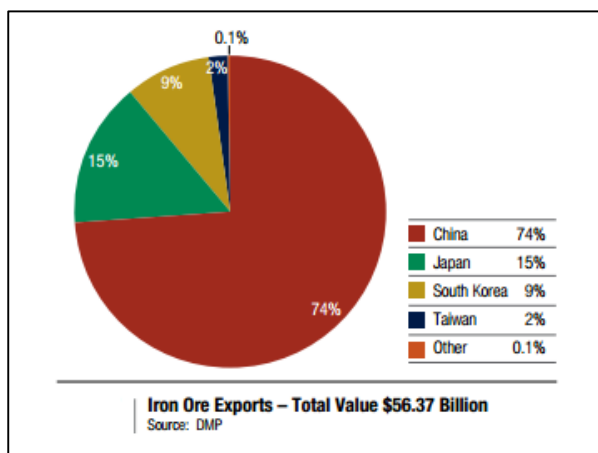
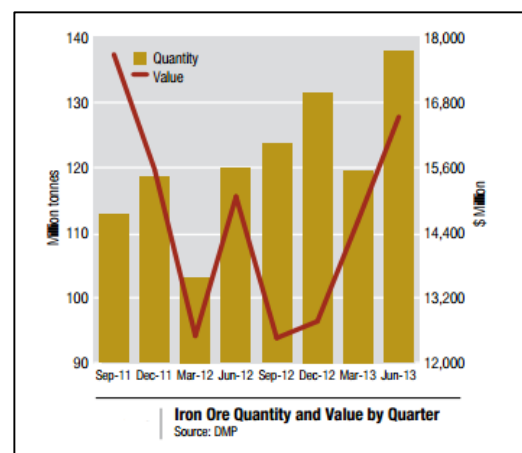


Figure 52: Iron Ore Quantity and Value by Quarter for Western Australia 2012-2013



Strong economic growth in large emerging nations, such as China and India, has lifted steel production, fuelling demand for iron ore and boosting its price. Rising prices have led to capacity expansions and large-scale increases in Australia's iron ore output, resulting in a 16% growth in revenue each year between 2009 and 2013.

- *Salt:* WA accounts for over 80% of the salt production in Australia. Of this, Dampier Salt Limited accounts for 76% of the total salt produced in WA and is the largest exporter of high-quality bulk, solar salt. Production levels continue to trend upwards yielding growth of 1-3% annually.

Figure 53: Dampier Salt Mine, City of Karratha



- *Other minerals:* Minerals such as gold (the second largest gold mine in Australia), silver, copper, manganese, salt, construction materials (rock sand), tantalite, tin and gems are also mined in the Pilbara region. This created a total value of \$2.2 billion for the region's economy in 2012-13.

Potential for Developing the Mineral Industry - The City is able to accommodate new players in the minerals industry and the following key areas have been identified for development:

- Mining of magnetite to satisfy Chinese demand - mining has recently started within the City and has the potential to grow.
- Further exploration for other mineral deposits including nickel, tungsten, platinum etc
- Port and other heavy infrastructure expansion (such as rail and the development of Ankatell).
- Development of remote mining technology to continually reduce on-site labour costs (this is likely to impact on the number of unskilled people required by this industry as focus moves to skilled professionals).
- Establishing value adding industries such as the down-stream processing of minerals prior to export.

The most important aspect in developing the minerals industry is to ensure that the development is undertaken in a considered and concentrated manner. Keeping industry confined to one location will allow appropriate infrastructure to be constructed fully and effectively. This will assist in attracting permanent staff to the area in preference to FIFO workers.

Figure 54: Iron Ore Extraction, City of Karratha



Federal Government Actions to Support the Mineral Industry - There are a number of ways to assist growth in the mineral industry, such as:

- Federal Government investment in critical infrastructure to cope with resident demand, for example, improvements to health, education, transport, power and communication networks.
- Ensure a social responsibility focus is included in all agreements, policies and legislation pertaining to the Pilbara region.
- Ensure an environmental focus is included in all agreements, policies and legislation pertaining to the Pilbara region.
- Identifying how local communities will benefit by further development in the minerals industry.
- Incentives to develop second stage processing opportunities.

Figure 55: Resource Industry Employees, City of Karratha

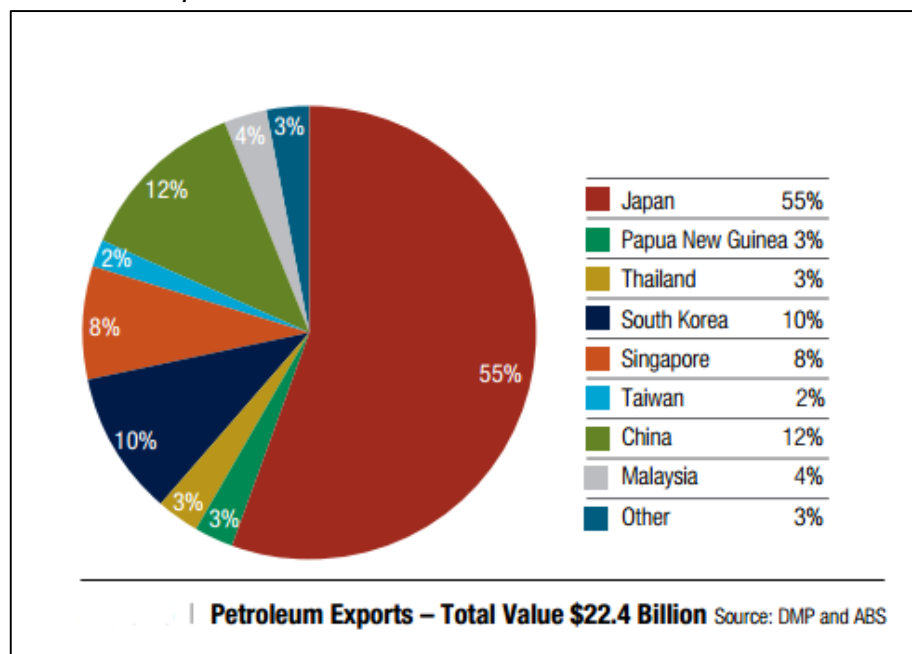


B3.2 Energy Industry

The energy industry includes all industries involved in the production and sale of energy resources. This includes fuel extraction, manufacturing, refining and distribution. In addition, this industry is currently experiencing a strong global focus on the production of sustainable energy sources.

Current Situation - The Pilbara services the offshore Carnarvon Basin, Australia's largest known oil and gas reserve that earned a record \$24.4 billion in 2012 (21% of WA's total mineral's and petroleum value), comprising of 51% LNG, 25% crude oil, 16% condensate, 6% natural gas and 2% LPG. Equating to 97% of WA's total petroleum production, the oil and gas extraction sector has seen in a 16% annual growth in revenue between 2009 and 2013.

Figure 56: Petroleum Exports from Western Australia 2012-2013.



LNG from the Northwest Shelf Venture's (NWSV) project at Karratha has seen sales reach \$8.7 billion, with Australia's biggest resource initiative, the Gorgon Joint Venture LNG project being developed at an estimated cost of \$43 billion. A further \$26.2 billion of offshore committed projects are planned to be developed in the near future with petroleum exploration in WA reaching a record \$3.3 billion in 2012-13 (an increase of 59% on the previous year).

Lack of electricity infrastructure has led Pilbara based companies to install their own generation and transmission systems. A small number of these standalone systems merged in 1985 to form the North West Interconnected System (NWIS) – a partial grid operated by Horizon Power. However, until investment is made into the physical infrastructure and all electricity generation brought into one system to facilitate the efficient use of transmission and generation activity, the cost to the Pilbara community is approximately \$700 million per annum – a significant barrier to economic development.

In addition, the Pilbara has been scoped for the development of sustainable energy and alternative fuels, particularly solar power and the creation of an algae biofuel industry. However, some opportunities (such as in the Algae industry) were lost due to the high cost of doing business and lack of infrastructure in the Pilbara.

Potential for Developing the Energy Industry - By 2018, global LNG trade is expected to be heavily dominated by Qatar and Australia, with a combined total of approximately 50% of the global market. This outcome would generate a very substantial pricing position for Australia for the life time of the product extraction.

Shale gas has recently been identified in the Pilbara region and this extraction offers a significant but finite income to the region.

Sustainable energy, however, is a sector that shows great promise, not only for the sustainable development of the region but in offering research opportunities on a global scale. Some examples of sustainable energy that are worthy of investigation for the Pilbara region include:

- Solar energy and solar hydrogen production.
- Hydropower.
- Tidal energy.
- Wind farms.
- Hot rock geothermal energy.
- Carbon sequestration.
- Algae based fuels.

Figure 57: Pluto Liquefied Natural Gas Plant at Night, City of Karratha



Federal Government Actions to support the Energy Industry - There are a number of ways to assist growth in the energy industry, such as:

- Incentives and intervention to expand the North West Interconnected System (NWIS) to achieve greater efficiencies and build infrastructure that has the capacity to cater for regional growth.
- Greater expenditure on infrastructure and amenities to attract skilled people to the region.
- Elimination of red tape.
- Seed funding and incentives to develop new industries in this field.
- Development of training and research centres (perhaps in association with universities).
- Faster internet speeds and improved access.

B4. WHAT IMPACT DOES THE STRATEGIC ENVIRONMENT HAVE ON NORTHERN AUSTRALIA'S ECONOMIC DEVELOPMENT?

Despite its seeming isolation, the Pilbara could potentially become one of Australia's fastest growing regions over the next 50–100 years. However, to do so, the Pilbara needs to pin its future success on being a smart, connected region. A region that can support its growth across social, environmental and economic values.

The Australian Government has a role in generating both private investment and innovation. Private resources cannot be mobilised without a public lever. Smart public financing can encourage local and international private investments, while fostering collaboration between investors, companies and the public sector. For example, digital applications and information technology are already being leveraged by companies in the natural resources industry to transform their operations and implement world-first operating models in the Pilbara.

The Pilbara has the chance to leapfrog into the future by doing things differently - to leverage new business models and the unique assets of the region; and by setting audacious goals.

Some ideas for encouraging private investment and innovation include:

- *An innovation centre* – Funded by both public and private sectors, this centre would solicit, receive and shape new ideas into actions and projects that would benefit the Pilbara.
- *A public investment bank* – Aimed at raising and managing funds from government, industry and community sectors, for investment in key infrastructure projects. Bringing together disparate and uncoordinated funding sources (such as crowd sourcing and tax breaks), industry is encouraged to keep banking on-shore; and is focused on providing a medium-term return for investors.
- *An online business incubator* – By linking products, producers and services together, this concept provides small and micro businesses the infrastructure required get their products to market, potentially reducing overheads in Pilbara that are restrictive to setting up a new business.
- *Physical and online innovation hubs* - for development of both business and community initiatives.
- *Centres of excellence* - creating partnerships with industry for research and development.
- *Public Infrastructure* - Embed digitisation into the provisioning of new physical infrastructure including buildings, roads, energy, water networks, community centres, hospitals and schools.
- *Public Private Partnerships* – Section 3.59 of the *Local Government Act 1995* (The Act), requires change to allow local governments in Western Australia the opportunity to participate in commercial ventures. This would assist the Council to:
 - Build closer relationships with the private and not-for-profit sectors.
 - Create sustainable new business opportunities that encourage investment in the region.
 - Further develop industries identified as key economic drivers for the region.
 - Increase efficiencies, achieve cost-savings and generate new income streams.

B4.1 Conditions for Private Investment and Innovation

Increasing private investment and innovation is essential to increasing the vitality and workforce participation in the Pilbara region. Appropriate governance and collaboration models are therefore required to:

- Have an awareness of the need for innovation as a key driver for better outcomes.
- Develop a co-ordinated approach which includes consultation, negotiation, cooperation and agreement across and within Federal, State and Local Government departments and incorporating the private sector and community.
- Create policies and programs that have a long term focus, inspire curiosity and involve a degree of risk aimed at challenging the status quo.
- Ensure policy development, program design and service delivery is better targeted, achieves greater efficiencies and is responsive to community needs.
- Increase the availability to seed funding and other initiatives designed to stimulate small business growth.
- Invest in critical infrastructure such as digital services to ensure the Pilbara communities are appropriately connected for business development.
- Implementation of incentives such as tax credits for innovation.
- Project specific private funding can be encouraged by the Australian Government by ensuring sufficient scale of projects with clear identification of potential commercial returns.
- Enhance the presence of the public sector, in particular Defence & Emergency Response.

According to the Organisation of American States (2000), some methods of encouraging private sector investment include:

- *Authority to select private parties.* Public entities need the authority both to select the private party which will perform the “public” activity as well as to enter into legally binding relationships designed to produce a firm, reliable stream of payments to support project financing.
- *Exemption from taxes.* Substantially lowering taxes and duties.
- *Foreign loans and contracts.* Foreign investors need the right to remit, at the prevailing exchange rate at the time of the remittance, such sums required for the payment of interest and principal on foreign loans and obligations arising from contracts.
- *Freedom from expropriation.* Foreign investors need legal certainty that property represented by investments shall not be expropriated except in the interest of national welfare and upon prompt payment of just and adequate compensation.
- *Judicial stability.* Lending institutions sometimes require a judicial stability agreement to the effect that the tax regimes and the foreign exchange regimes valid at the granting of a concession will remain unchanged during the lifetime of the concession.
- *Reduction or Elimination of Import Duties.* High capital import duties and tariffs distort the market, artificially raising the price of goods and services. Waivers may be justified on the basis that investment is in “pioneer” (or start-up) industries.
- *Remittance of earnings.* Foreign investors need the right to remit earnings from foreign investments in the currency in which the investments were made and at the prevailing exchange rate at the time of remittance.

- *Repatriation of investments.* Foreign investors need the right to repatriate the entire proceeds of the liquidation of their investments in the currency in which the investments were made and at the prevailing exchange rates at the time of repatriation.
- *Requisition of investment prohibited.* Foreign investors need legal certainty that property represented by investments shall not be requisitioned except in time of war or national emergency and only for the duration thereof. In the event of such requisition, provisions need to be made to ensure that just compensation shall be determined and paid either at the time of requisition or immediately after the cessation of the state of war or national emergency.

B5. WHAT ARE THE MAJOR OPPORTUNITIES TO GROW EDUCATION, RESEARCH AND SKILLS DEVELOPMENT IN THE NORTH? WHAT COMPARATIVE ADVANTAGES DO NORTHERN INSTITUTIONS HAVE?

B5.1 Current Situation

There are 10 primary schools and 2 secondary schools located within the City of Karratha, accommodating 3,400 students. Vocational education is delivered by the Pilbara Institute. In addition, there are various privately registered training organisations that operate in the Pilbara, however most of these operate within the mining and resources industries.

Figure 58: Extracurricular Activities for Students, City of Karratha



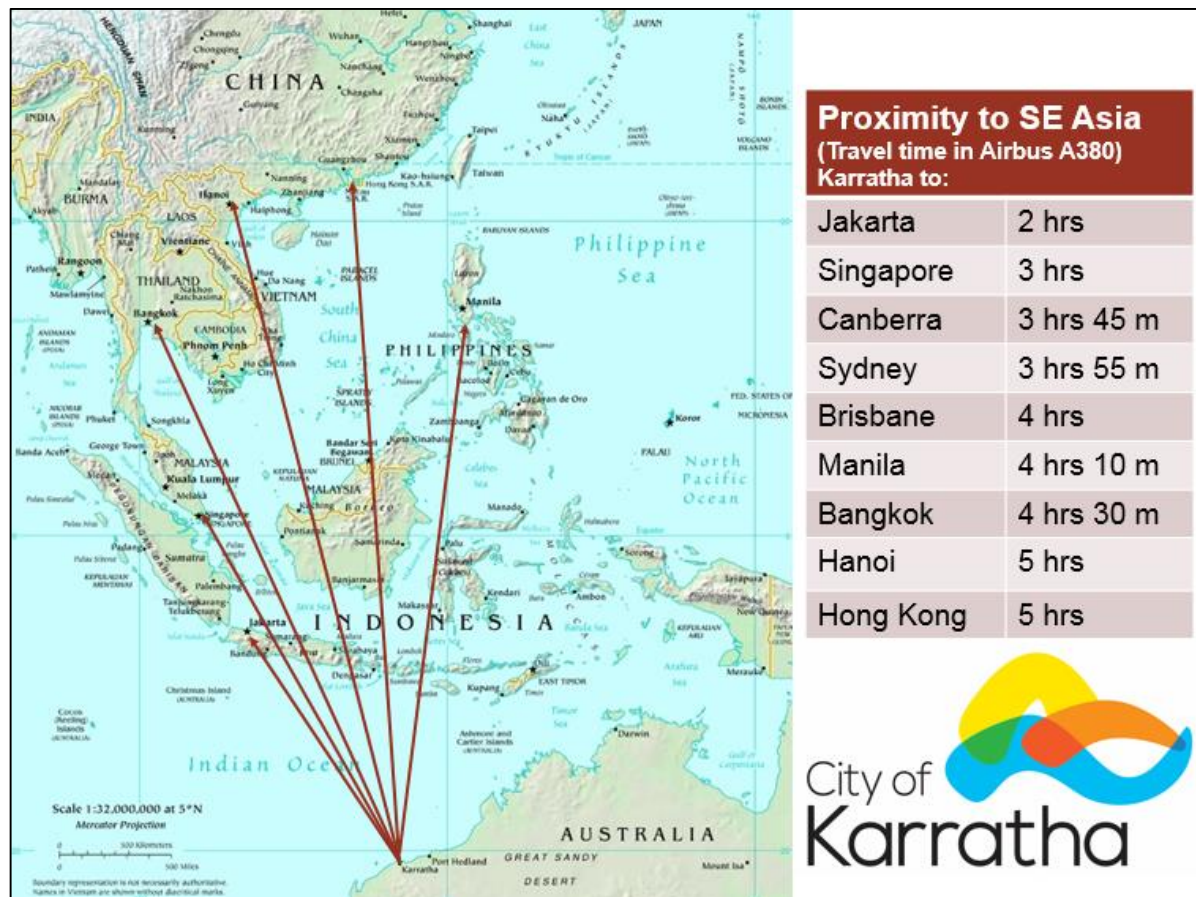
B5.2 Opportunities and Competitive Advantages

The opportunities to grow education, research and skills development in the Pilbara are unparalleled. Blessed with expansive land resources, there is plenty of room to establish and expand both educational and research facilities.

With so many new industries emerging (listed in Appendix C), there is significant potential to capitalise and develop Karratha in these areas. This would be beneficial not only to the local residents and the development of new local businesses, but would also increase the City's contribution to the National economy.

Being so close to Asia (Figure 59), Karratha is the perfect location to host international students, enabling them to be close to family while still achieving the Australian 'education experience'.

Figure 59: Proximity to South East Asia from the City of Karratha



Based on the unique features of the Pilbara, research centres could be established in the following areas:

- Cyclone Research – focus on risk management, preparedness and response as well as new technologies for improved capability.
- Renewable energy – focus on biofuels, solar power, tidal energy, wind power and geothermal energy.
- Medical research – focus on tropical diseases, superbugs, heart disease, diabetes and Indigenous health.
- Marine science – focus on coral reef research at Ningaloo Reef.
- Climate change – focus research on monitoring and measuring impacts.

B6. HOW CAN INDIGENOUS AUSTRALIANS IN THE NORTH MORE ACTIVELY PARTICIPATE IN ECONOMIC DEVELOPMENT?

The City of Karratha is privileged to have living in our region, a relatively high number of Aboriginal people - the traditional custodians of this land. As such, we recognise that these communities have a deep historical and spiritual connection to the land, waterways, rivers and seas within our region. It is with respect to past, present and future ancestors of the Aboriginal people that we write this section on behalf, and with input from our Indigenous communities.

Figure 60: Performing Arts in the City of Karratha



In the 2011 Census, 8.8% of the population in the City of Karratha identified themselves as Aboriginal or Torres Strait Islander. Of this figure, 85.5% were employed in the following occupations cited in Table 8:

Table 8: Occupation of Employment of Indigenous Peoples in the City of Karratha

Occupation of Employment	Percentage of Indigenous Population in the City of Karratha			
	2011		2006	
Managers	32	5.5%	16	3.6%
Professionals	61	10.5%	57	13.0%
Technicians and Trades Workers	107	18.4%	79	18.0%
Community and Personal Service Workers	75	12.9%	66	15.0%
Clerical and Administrative Workers	76	13.1%	37	8.4%
Sales Workers	11	1.9%	16	3.6%
Machinery Operators and Drivers	111	19.1%	59	13.4%
Labourers	85	14.6%	82	18.7%
Inadequately Described	24	4.1%	27	6.2%
TOTAL	582	100.0%	439	100.0%

Source: Australian Bureau of Statistics, Census of Population and Housing 2006 and 2011 (Usual residence).

Education - Most of the older Aboriginal people residing in the City of Karratha have little or no formal (non-traditional) schooling. This has a direct impact on the ability for parents to actively participate in, and understand today's schooling of their children.

Figure 61: Basketball at Roebourne Primary School, City of Karratha



While children attend primary and secondary schools, with a small but increasing number progressing to trades courses or university degrees, the literacy and numeracy levels remain low. Substantial issues also include school attendance, behavioural problems, school to home connections and cross cultural differences (Mead, 2004). Without significant intervention, these educational issues will continue to hinder access to employment opportunities.

It should be noted that English for most Indigenous residents of the Pilbara, is their second, third or even fourth language. Cultural differences and language barriers therefore are a significant factor for learning and skill development both in terms of education and employment.

Like all parents, Indigenous parents want their children to go to school and gain an education. However, if Indigenous children had the “opportunity to learn about their own culture at school, including skin and respect systems and cultural stories of place and the seasons, they would learn better and it would help them feel that school is a part of their everyday life rather than something extra. This would be consistent with customary teaching practices” (Trees, 2004).

Table 9 indicates that the education programs being implemented in our region are beginning to show signs of success as more Indigenous students gain qualifications and skills that will assist them to enter the workforce.

Table 9: Educational Attainment of Indigenous Peoples in the City of Karratha

Qualification Level	Percentage of Indigenous Population in the City of Karratha			
	2011		2006	
Bachelor degree or higher	37	2.6%	23	1.9%
Advanced diploma or diploma	28	1.9%	25	2.1%
Vocational (certificate)	174	12.1%	132	11.0%
Year 11 or 12	323	22.5%	194	16.1%
Year 10 or below	465	32.4%	413	34.3%
No educational attainment	26	1.8%	25	2.1%
Not stated/inadequately described	383	26.7%	393	32.6%
TOTAL	1,436	100.0%	1,205	100.0%

Source: Australian Bureau of Statistics, *Census of Population and Housing* 2006 and 2011 (Usual residence)

Workforce Participation - The City of Karratha would like to see increased opportunities provided to Aboriginal and Torres Strait Islander residents through the engagement of Pilbara based Indigenous employment service providers under the Indigenous Employment Program.

In addition, we continue to support the implementation of recommendations put forward by the Australian Government's Department of Industry from the "Addressing the Skills and Workforce Needs of the Resources Sector Report 2013", in particular:

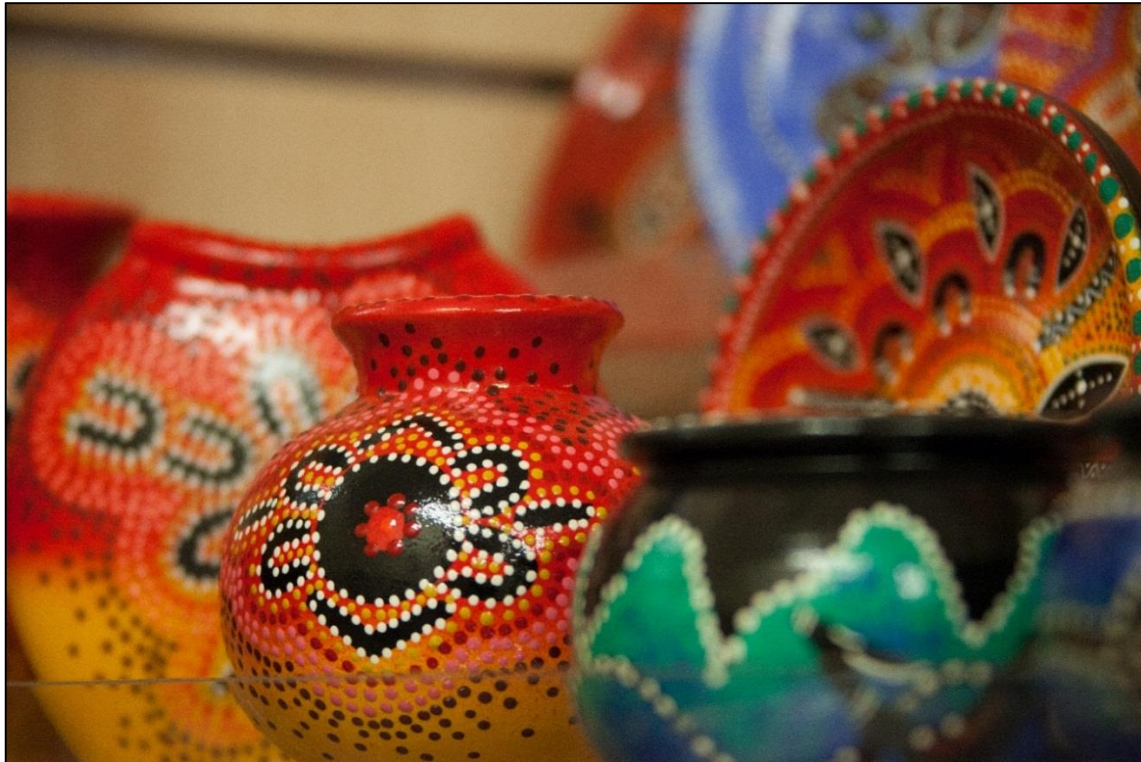
- *Recommendation 5.2 - Sustainable Job Outcomes for local people in the Pilbara.*
In partnership with the Minerals Council of Australia (MCA), the Department of Industry will continue to support the Pilbara Regional Coordinator for Indigenous Employment and Enterprise Development in guiding long-term action, bringing together stakeholders at the local level to identify and progress employment and enterprise development opportunities for Indigenous Australians in mining and related industries.
- *Recommendation 5.7 - Better integrate Indigenous businesses into major projects in Western Australia.*
That the Australian Government, in conjunction with the Western Australian Government, explore the possibility of expanding the capacity of brokers and mentors, and better use existing business support programs in the Pilbara (as a priority area) to work with existing small-to-medium sized Indigenous contracting businesses and resources companies to better integrate Indigenous businesses into the supply chain for major projects. If successful this model could later be replicated in other regions.

Economic Development - There have been a number of economic development strategies written for the Indigenous Community. On the 19th October 2011, the Australian Government released its Indigenous Economic Development Strategy aimed at providing pathways for participation as well as closing the economic gap between Indigenous and non-Indigenous Australians in terms of health, education, employment and life expectancy. In this document (refer to Table 10 for framework), the following guiding principles were raised:

- Indigenous Australians can make a unique contribution to our economy.
- Closing the Gap requires a genuine partnership with Indigenous Australians at all levels and the Government is committed to a relationship based on trust and mutual respect.
- Lasting Indigenous economic wellbeing relies on Indigenous Australians having the opportunities and taking responsibility for their individual and family wellbeing, education and economic independence.

- Indigenous leadership is essential to leading and shaping sustainable improvements in Indigenous economic wellbeing.
- Real, sustainable change cannot be achieved by government alone. It relies on Indigenous Australians, the private sector, the not-for-profit sector and all levels of government.
- Action is most effective when it supports the goal of greater Indigenous economic self-reliance.
- Effective action targets both existing and future needs. A long-term perspective is essential to building greater economic independence and prosperity for Indigenous Australians.

Figure 62: Local Indigenous Art, City of Karratha



Addressing these principles is the Pilbara Indigenous Economic Development Strategy. The following points were identified by our Indigenous community as ways to encourage more active participation in economic development:

1. *Establish a trusted Pilbara Economic Aboriginal Elders Chamber, with economic advisors of their choice, to:*
 - a. Supply compliance, governance and growth services to Chamber entities.
 - b. Enable Supply Chain Efficiency – in cooperation with Resources industry;
 - i. Clarify resource industry specific supply-chain and regionally diverse supplier-chain connectivity.
 - ii. Coordinate Tier 1, 2 and 3 contractor engagement with Aboriginal businesses.
 - iii. Enhance supply chain confidence, connectivity and standards.
 - iv. Articulate solutions to achieve social licence commitments in supply and supplier chain entities.
 - v. Competitive Contract Management Services – streamline tender and contract interface expenses with regional insourcing options to forward-plan, cost, resource, write and acquit tenders/contracts.

2. *Enable extra-industry Aboriginal commerce:*
 - a. Competitively enable unique wealth creation and wealth distribution choices of Prescribed Bodies Corporate (PBCs), and other Aboriginal entities by establishing regional centres of fiscal mechanics (cooperative resourcing, commercial law, financing, strategy, alliance building, governance, advocacy, reporting, risk analysis, entrepreneurial leadership, marketing, security, information & communications technology, finance/accounting, et al).
 - b. Align investment opportunities and utilise services of the Elders Chamber.
 - c. Enhance Aboriginal authority, trust and efficiency in commercial engagement.
 - d. Economically diversify Aboriginal wealth base.

3. *Enable Aboriginal Economic Human Capital - Aboriginal Economic Strategic pathway planning and capacity building:*
 - a. Aspiration, market and skill gap analyses and aspiration-specific training.
 - b. Innovation incubators for Aboriginal asset and youth driven entrepreneurial activity.
 - c. Train non-Aboriginal entities about Aboriginal methods of authority, communication, priorities, relevant entity structures and investment opportunities.

4. *Communicate – publish appropriate and trusted economic information to enable industry, government and entrepreneurial entities to engage efficiently, meaningfully and respectfully with Aboriginal business interests:*
 - a. Publish robust social licence relevant economic and Aboriginal achievements.
 - b. Enable remote digital connectivity to non-regional centres of commercial excellence.
 - c. Regionally report supply chain, Reconciliation Action Plans (RAP) and Indigenous Land Use Agreements (ILUA) commitment progress.

Figure 63: Community Event - Metal Art Workshop, City of Karratha



Table 10 provides the National framework for Indigenous economic development.

Table 10: Australia's Indigenous Economic Development Framework

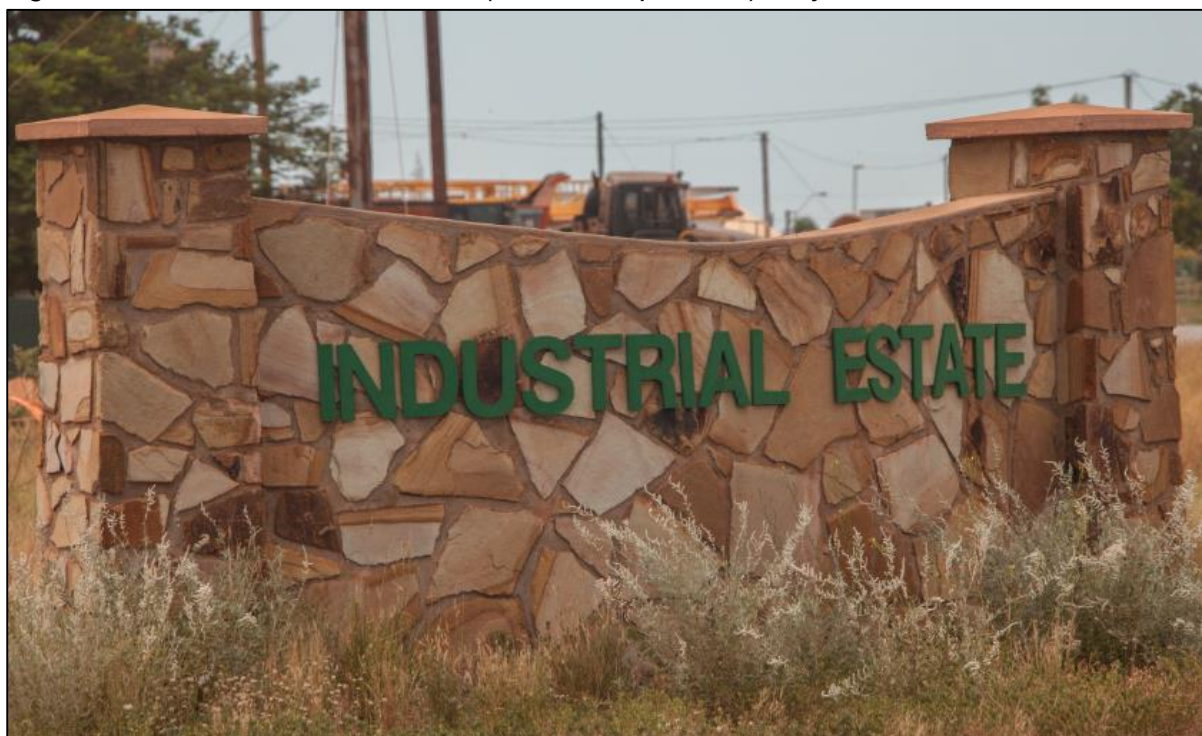
Indigenous Economic Development Framework					
Why is this important?	Strengthening Foundations	Education	Skills Development and Jobs	Business and Entrepreneurship	Financial Security and Independence
	Individuals are more likely to engage in the broader economy when they are healthy, live in safe, well-run communities and when welfare and taxation policies are designed to support participation.	Economic development relies on people's ability to participate in the economy. All Australians must have access to high quality education and opportunities for training.	Jobs are the pathway to greater economic participation, financial security and independence.	Business is the backbone of the economy. Self-employment allows direct participation in markets and can offer opportunities for wealth creation.	Financial security gives people choices and provides the stability individuals and their families need to plan for the future.
Objectives and Strategies to 2018	<p>Increase access to safe and affordable housing</p> <ul style="list-style-type: none"> Increase the supply of safe and affordable housing Encourage responsibility for homes Support the transition from tenancy to home ownership <p>Ensure infrastructure investments support economic development</p> <ul style="list-style-type: none"> Increase access to new information technology Improve essential infrastructure <p>Increase access to health services</p> <ul style="list-style-type: none"> Improve health infrastructure Support an expanding Indigenous health workforce Increase access to mental health services Improve access to primary health care <p>Support safe communities</p> <ul style="list-style-type: none"> Improve community safety <p>Support strong leadership</p> <ul style="list-style-type: none"> Strengthen capacity of Indigenous leaders <p>Ensure tax and welfare systems support economic development and participation</p> <ul style="list-style-type: none"> Increase participation through welfare reform Remove disincentives in the tax and welfare systems <p>Support good governance and increase coordinated government</p> <ul style="list-style-type: none"> Support good corporate governance Increase place based partnerships Reduce red tape Increase availability of accessible and reliable information 	<p>Improve school readiness, school attendance and educational outcomes</p> <ul style="list-style-type: none"> Improve access to early childhood education Improve school attendance levels Improve Indigenous literacy and numeracy outcomes Improve Indigenous educational outcomes Improve teacher quality Encourage Indigenous families and communities to be involved in their children's education Improve access to high quality secondary schooling for people in regional and remote areas <p>Support successful transitions from school to work</p> <ul style="list-style-type: none"> Encourage and support students to build their aspirations for life after school Provide opportunities for work, scholarships, cadetships and mentoring Provide opportunities for students to access school based vocational education and training <p>Improve access to higher education</p> <ul style="list-style-type: none"> Support success in higher education Attract and retain Indigenous students in higher education Encourage students to view higher education as a real option Increase representation of Indigenous Australians in the higher education workforce 	<p>Support job readiness</p> <ul style="list-style-type: none"> Improve vocational education and training to deliver skilled workers Provide support to industries and regions experiencing skills shortages Provide more support to disadvantaged Australians to get skills Increase assistance to Australian apprentices Provide Indigenous Australians with the training needed to take up local jobs <p>Improve employment services to increase participation</p> <ul style="list-style-type: none"> Increase assistance and training for disadvantaged job seekers Provide Indigenous job seekers with mentoring support when starting work Ensure participation and employment services are tailored to remote circumstances Trial place-based initiatives in areas of significant disadvantage Apply tougher rules to job seekers <p>Assist more Indigenous Australians to secure and retain a job</p> <ul style="list-style-type: none"> Encourage employers to develop strong partnerships with Indigenous Australians and local employment service providers Support inclusive and culturally aware Australian workplaces Promote best practice in Indigenous employment and retention Support people moving from remote Indigenous communities to pursue training and employment opportunities Increase public sector employment of Indigenous Australians <p>Improve Indigenous employment outcomes through government procurement and service delivery</p> <ul style="list-style-type: none"> Reform government procurement to improve Indigenous employment outcomes from government investment 	<p>Support the growth of the Indigenous business sector</p> <ul style="list-style-type: none"> Seek advice from key stakeholders on strategies for the sector Improve support and advisory services for Indigenous enterprises Encourage skills development Build our knowledge base of the Indigenous business sector <p>Improve access to finance and business support</p> <ul style="list-style-type: none"> Ensure government support to Indigenous business owners meets their needs Remove barriers to accessing finance <p>Encourage private-sector partnership</p> <ul style="list-style-type: none"> Increase private-sector commercial engagement with the Indigenous business sector Support private-sector partnerships <p>Increase economic outcomes from government investment</p> <ul style="list-style-type: none"> Increase the use of Indigenous businesses through government procurement 	<p>Increase home ownership to build financial security, personal and family wealth</p> <ul style="list-style-type: none"> Support the transition from tenancy to home ownership Improve access to mainstream financial services for home loans <p>Increase savings and financial management skills</p> <ul style="list-style-type: none"> Improve access to money management and financial counselling support Provide incentives for savings Improve access to fair and affordable credit Improve access to mainstream financial services and banking products <p>Support Indigenous Australians to get the most out of their assets</p> <ul style="list-style-type: none"> Support effective native title settlements Ensure land and native title payments benefit future generations Ensure leasing, access and planning arrangements support economic development Support Indigenous Australians to identify and develop economic opportunities Improve the protection of Indigenous Australians' intellectual property rights

Source: http://www.dss.gov.au/sites/default/files/documents/09_2012/ieds_framework.pdf

B7. WHAT ARE THE OPPORTUNITIES TO DIVERSIFY NORTHERN AUSTRALIA'S ECONOMY? WHAT COULD BE DONE TO GROW ESTABLISHED SECTORS, SUCH AS AGRICULTURE, TOURISM OR DEFENCE?

Currently mining and construction generate the bulk of money flowing through the Pilbara, a reliance that has a significant impact on the City of Karratha when these sectors slow. Diversification of industry is essential to creating a healthy city, growing the infrastructure and the service based industries required to attract population growth. The Pilbara region is in dire need of the stability and a stronger sense of community that goes with such diversification.

Figure 64: Karratha Industrial Estate (with native plant life), City of Karratha



Diversification of industry is already organically occurring in the Pilbara. For example, Karratha, as the central hub for the region, has businesses operating in retail, accommodation, food, science and technology, information technology, healthcare and arts/recreation.

However, potential residents have expectations around the availability of goods and services. Often this will impact directly on their decision to relocate and/or settle permanently in a specific location.

Table 11 indicates some of the industry gaps as identified by local residents in Karratha.

Table 11: Gaps and Needs Analysis for the City of Karratha

Sector	At least 1 needed	2-5 needed	5+ needed
Accommodation	backpackers	Motels, retirement villages, guest houses, hotels (esp. outside Karratha), chalets	Resorts, caravan parks, bed and breakfasts
Food	Fish and chip shop, cold storage, healthy food, delicatessen	Upmarket pubs/ taverns, cafes/ coffee shops	Restaurants, fast food/take away outlets
Construction	n/a	Carpenters, plasters, scaffolding services, tile layers, stonemasons, boiler makers, hydraulics, boat maintenance	Building contractors, fencing contractors, electricians, plumbers, earthmoving contractors, handymen
Financial and insurance services	Mortgage brokers, bankruptcy trustee, finance broker, stockbroker, liquidation & insolvency services	Investment services providers, insurance providers	Accountants and auditors, financial planners
Real estate services	n/a	Real estate agents, valuers, property management, conveyancing services	Settlement agents
Hiring services	Boat hire, formal wear hire	Party hire	n/a
Trades	n/a	Panel beaters, painters/decorators, diesel fitters, boilermakers, hydraulics, marine air con, boat maintenance	Mechanics, hairdressers
Manufacturing	n/a	n/a	n/a
Other services	Home cleaning providers, dry cleaner, window cleaner, dressmakers, event managers, show repair/bootmaker, boat wash, watch/clock repairs	Pest controllers, childcare centres, commercial cleaning contractors, laundries, beauty salons, caterers, car washes, massage therapists, embroiders, gardeners, celebrants, travel agents, waste disposal services, wedding planners, cremation services, funeral directors, upholsters, furniture designers	Landscapers, carpet cleaners, tree fellers
Entertainment	Skydiving, golf courses, museum, nightclub, cinema, bowling alley, library, art gallery	Amusement centre, dance tutors, children entertainment, boat charters	n/a
Health	Fitness centres, dietician, occupational therapist, disabled services, obstetrician, paediatrician, aged care, palliative care	Medical centre, naturopaths, optometrists, counsellor/psychologists, podiatrists, acupuncturists, chiropractors, nursing home, refuges (men/women/youth), dentists, specialist medical	physiotherapists
Education	TAFE (mining and non-mining), university	n/a	n/a
Professional services	Interior designer	Town planners, photographers, environmental consultants, architect/building designers, marketing/advertising, veterinarian, graphic designers	Lawyers
Transport	Courier, international airport, taxis, public transport (bus)	Limousine providers, petrol stations	n/a
Wholesale/retail	Music store, nursery, chemist (longer opening hours), second hand shop, ice works	Florists, glass merchants/glaziers, air conditioning, car yards, carpet stores, hardware stores, computer stores, art/craft stores, jewellers, liquor stores, bakeries, bathroom equipment, camping equipment	Specialist retail fashion (mens, womens, childrens), solar energy providers, flooring, brick paving, shoe stores

Source: ACIL Tasman (April 2012)

B7.1 Agricultural Industry

The agricultural industries include plant industries, including field crops, horticulture and forestry and animal industries, including livestock and livestock products.

Current Situation - With a workforce around 50 and an economic output of under \$5 million agriculture is currently a minor contributor to the district's overall \$18 billion economy. The main activity is pastoralism with beef cattle. There is also a small fishing industry, which accounts for approximately 15 workers and an output of \$6 million.

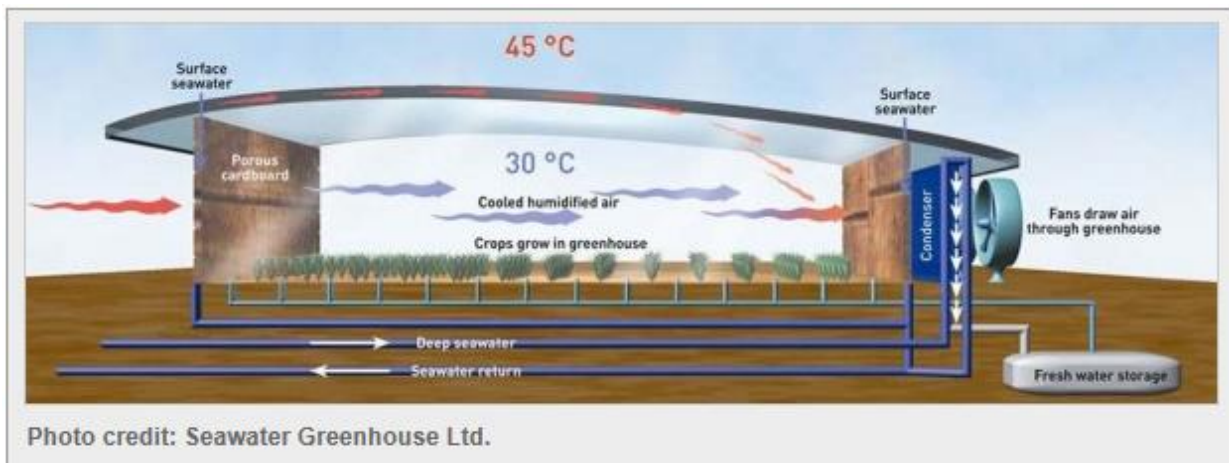
The climate is not conducive to agriculture in a traditional sense. However, there is some potential specialist and technology-intensive applications that may be applied.

Potential for Developing the Agricultural Industry - Utilising the current agricultural and horticultural practices, the following sectors have potential for further growth:

- Beef – boutique abattoir and chilling plant.
- Diversification for pastoralists – horticulture, tourism.
- Development of crops known to grow in arid conditions (such as coconuts, mangos, tomatoes, pistachios, Moringa shrubs and so on).
- Aquaculture - fish and shellfish.
- Algae industry – biomass can be used for stockfeed.

The greatest potential is in the growing of fresh fruit and vegetables as the region currently relies heavily on items being trucked in from Perth at great expense. With an excess of available land, sun and seawater, arid agriculture is a prime industry sector for development. Combining desalination plants, solar energy and evaporative hedges, seawater based greenhouses (Figure 65) adapted to cater for cyclones, are a way to provide cheap, high-quality, pesticide-free vegetables that can be grown year-round in commercial quantities.

Figure 65: Restorative Greenhouse Agriculture for Arid Conditions



Federal Government Actions to support the Agricultural Industry - There are a number of ways to assist growth in the agricultural industry, such as:

- Review of environmental policies and licensing for the Pilbara.
- Changes to policies on water management/utilisation.
- Policy changes to allow pastoralists to diversify their businesses.
- Ensuring that Commonwealth marine reserves are appropriately implemented to ensure the fishing industry remains viable (disproportional impacts reduced).
- Policy changes to ensure that the fishing industry can coexist with recreational fishing.

- Tax incentives for new business development, particularly sustainable options.
- Infrastructure improvements.
- Improvements to access markets for export and local trade.

B7.2 Tourism Industry

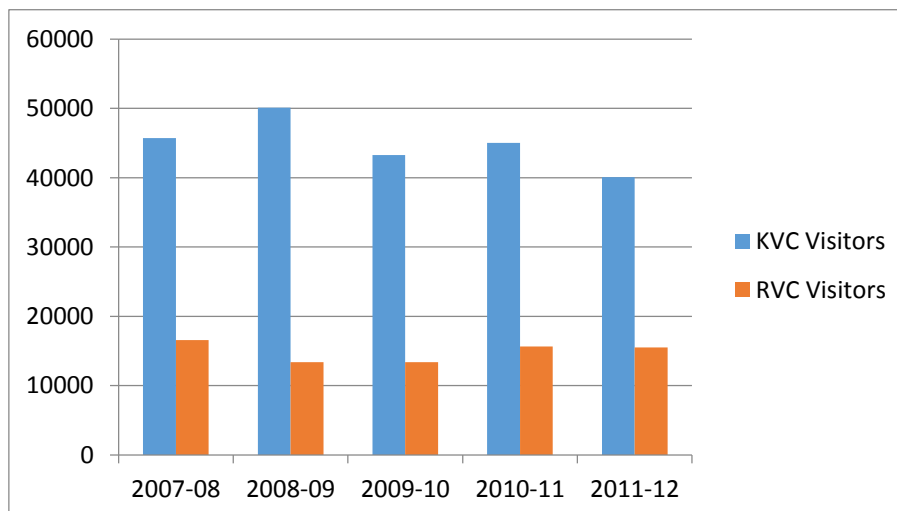
Tourism is one of the largest industries in Australia and it impacts on almost every other industry sector. Total tourism consumption was worth more than \$98.7 billion in 2012-2013 and directly contributed \$42.3 billion to Australia's GDP in that period.

Figure 66: Karratha Visitor Centre Signage, City of Karratha



Current Situation - As one of the world's last true wilderness areas, the Pilbara is home to beautifully rugged landscapes and boasts an Aboriginal history dating back more than 40,000 years. There are many opportunities to increase tourism and the City of Karratha are currently undertaking work to define the City's role in developing this sector.

Figure 67: Visitor Numbers to Karratha and Roebourne Visitor Centres 2007 – 2012



Source: Shire of Roebourne (Sept 2013). Monthly Council Meeting - Visitor Centre Report

Advocacy: With the removal of Pilbara based officers by both Tourism WA and Australia's North West Tourism over the past 5 years, promotion of the region has been less than optimal.

Figure 68: Red Dog Merchandise, City of Karratha



Attractions: A number of iconic tourist attractions are identified in our district, including:

- Burrup Peninsula and Murujuga National Park.
- Cossack townsite and Roebourne heritage precincts.
- Yaburara and Emma Withnell Heritage Trails.
- Mt Herbert and Chichester Ranges.
- The Dampier Archipelago.
- The home of Red Dog.

Karratha is also a major gateway to other world-class Pilbara tourism icons such as the Montebello Islands, Millstream National Park, Karijini National Park and the World Heritage Listed Ningaloo Reef.

Amenity: Improved infrastructure at regional rest stops and coastal tourism spots through partnerships with the Pilbara Regional Council has been a key focus, however there still needs to be more work undertaken to improve the amenities in the region.

Access:

- *By road* - Many roads are unsealed which is attractive to adventure tourists seeking 4 wheel drive opportunities, but provides a limitation to other tourist groups. Fuel costs are also higher in the Pilbara which may provide a barrier to those on a budget.
- *By air* - High fuel costs also have an impact on air travel, of which four domestic airlines operate from the Karratha Airport. In 2013 this airport saw 870,000 passengers pass through, making it the second busiest in WA and the 15th busiest in the country. The airport is currently being scoped for expansion to provide international travel.

- *By boat* – Access is mainly via beaches, boat ramps and marinas. Boat ramps exist at Karratha, Dampier, Wickham, Point Samson, Cossack, Cleaverville, 40 Mile Beach and Balla Balla. Marinas exist at Dampier and Point Samson. Construction of a new marina at Dampier has had progression hampered by high infrastructure costs. All other wharves within the Shire are privately owned and operated by the mining companies.
- *By rail* – Currently privately owned by the mining companies for freight transfer only.

Accommodation: One of the leading barriers to tourism development is the lack of affordable accommodation options.

Activities: The City in collaboration with private industry undertake a large range of events and activities, including The Cossack Art Awards, The Red Earth Arts Festival, NAIDOC Week and FeNaCL Festival. In addition, a Visitor Information Centre in Karratha and in Roebourne are able to provide visitors with information on organised tours, self-guided tours and other activities that may be of interest.

Potential for Developing the Tourism Industry - There are many opportunities for an expansion of the tourism sector, for example:

- Adventure tourism.
- Industrial and business tourism.
- Indigenous tourism and walking trails (such as the Burrup rock art tours).
- Cruise ships.
- Conference and events market.

Federal Government Actions to support the Tourism Industry - For tourism to grow in the Pilbara, there needs to be:

- Improvements in the overall infrastructure and facilities to cater for a tourism industry.
- Tourism Skills development.
- Incentives to encourage small to medium tourism operations to develop and grow.
- Increased support by federal agencies through the location of offices in the Pilbara. For example, customs, quarantine, federal police, immigration.
- Enhanced promotion and support for tourism small business services and grants.

Figure 69: Tourist Map of Local Attractions, City of Karratha



B7.3 Defence Industry

One of the fundamental responsibilities of any Australian Government is to protect and defend the people of Australia against direct attack; to protect and enhance national security interests, while improving the stability and cohesion of our immediate neighbourhood.

Current Situation - The Pilbara's resource extraction and processing assets account for approximately one-sixth of the nation's gross domestic product. These are some of the world's largest projects, yet they are remote and highly exposed with no military, aircraft or ships stationed permanently in the region to protect them.

Various training exercises are occasionally carried out in the Pilbara, engaging Australia's elite counterterrorist force, the Special Air Service Regiment, along with the Navy, Police and the Border Protection Command, to rehearse their response to threats against shipping and offshore oil and gas platforms. In addition, the Royal Australian Navy operate sea patrols throughout the North West Shelf over a 90 day period each year in an effort to provide visibility of a defence presence.

Figure 70: Australia Defence Forces in Pilbara Waters



The Pilbara Regiment of the Australian Army Reserve form a limited defence presence in the region – one of three Regional Force Surveillance Units employed in Northern Australia. Their responsibilities cover 1.3 million square kilometres from Port Hedland to Carnarvon in WA, and from the coast to the Northern Territory border - approximately one-sixth of the total Australian land mass.

Government officials and business leaders have expressed their desire and agreement in establishing a stronger military presence in the Pilbara Region. Three substantial reports recently prepared on defence in the North West – a Defence Force Posture Review, a Defence Force White Paper and a Senate Committee Report – all agreed that a greater defence presence is required.

Potential for Developing the Defence Industry - Defence has the potential to play a significant role in keeping WA's economy the strongest in the country by enabling the industry to:

- Assist with economic growth of the region, particularly in social infrastructure.
- Defend against terrorist attacks that could cripple the nation's economy.
- Ease security concerns raised by American investors.
- Defend against invaders.
- Detect asylum seekers.
- Respond to humanitarian requests.
- Assist in emergency management ie. tsunami, flooding and cyclone.
- Protect the increasingly valuable resources industry.
- Reassess the strategic power of nations such as China and India, along with the economic strengths of Japan and Korea, and the general growth of the ASEAN economies.

Development of the defence industry would allow the Federal Government a one-off opportunity to co-ordinate with State Government investment in infrastructure.

Federal Government Actions to support the Defence Industry - There are a number of ways to assist growth in the defence industry, such as:

- Relocation of defence forces to the Pilbara.
- Extensive development of social and economic infrastructure.
- Status of the Pilbara must be elevated in the considerations of security and disaster response stakeholders.
- Deterring and protecting potential target acquisitions such as energy centres, must remain at the forefront of Australia's defence and security plans.

Figure 71: The Pilbara Regiment



B7.4 Other Industries

The opportunities are endless when it comes to possibilities for industry diversification in the Northern Australian economy.

Potential for Developing Other Industries - With no shortage of land in the Pilbara, some of the most obvious industry sectors to develop include:

- Aquaculture.
- Emergency management technologies (including Cyclone research).
- Sustainable energy.
- Sustainable waste - sustainable uses of current industry by-products and recycling.
- Education.
- Medical and health research.
- Advanced equipment design and manufacturing.
- Spatial intelligence and public innovations.

Figure 72: Aquaculture and Solar Power in the City of Karratha



Further industries that could be developed in the Pilbara can be seen in Appendix D.

Federal Government Actions to Support Other Industries - There are a number of ways to assist the Pilbara to create industry diversification, such as:

- Investment and development of critical infrastructure.
- Special Economic Zones (SEZ) to incentivise new and emerging industries.
- Policies to drive down the high cost of living and the high cost of doing business in the Pilbara.
- Investment into new public innovations that can be showcased on a global scale.
- Policies conducive to developing emerging industries, for example, emergency management policies that clearly outline response priorities and how organisations are to work together under a comprehensive plan. This will provide a perception of safety for potential residents and act as a key driver for growth in this industry.

B8. ARE THE NORTH'S NATURAL ASSETS AND RESOURCES UNDERUTILISED? WHAT CAN BE DONE TO REALISE THE OPPORTUNITIES PROVIDED BY THE REGION'S UNIQUE NATURAL QUALITIES?

The City of Karratha agrees that the North's natural assets and resources are underutilised. Some examples include:

Renewable Energy - The most underutilised natural assets in the Pilbara are those that can be used to generate renewable energy. Mining industries in the Pilbara contribute substantially to Australia's CO₂ emissions. The Pilbara has ideal conditions to generate solar, tidal, geothermal and wind power. For the most effective application, renewable energy needs to be able to be distributed to the main energy users. There are also plans to recycle mining wastewater for crop irrigation.

Water Harvesting - Another example is the WA government's Pilbara Hinterland Agricultural Development Initiative in East Pilbara. This water harvesting programme takes waste water from the Woodie Woodie Manganese Mine and supplies it to pastoralists for crop irrigation. These crops include hay for stock fodder, and sorghum which is then converted into biofuel (Bell, 2014).

Shale Gas - Located in Western Australia, is the Canning Basin which covers an area of approximately 530,000 square kilometres. It is estimated to contain 235 trillion cubic feet of natural gas from shale. This is equivalent to almost 500 years of domestic gas supply based on current consumption levels (Department of Mines and Petroleum, 2013).

Tourism – Tourism attracts both short-term and long-term visitors to Northern Australia. Backpackers visit all year round, responding to the availability of the diverse work and recreational opportunities. 'Grey nomads' visit over the cooler winter months, exploring the historic destinations offered by the Pilbara. As a key driver of economic growth at local, regional and State levels, tourism propels the creation of income, employment and investment opportunities in the area (Regional Australia Institute, 2013).

Although tourism is well established in the Kimberly, prospects for the Pilbara are yet to be fully realised. Local attractions include the Burrup Peninsula with the world's largest collection of Indigenous rock art; the Dampier Archipelago, the historic buildings of Roebourne and the historic township of Cossack - birthplace of Western Australia's pearling industry.

Figure 73: Exploring the Pilbara



SECTION C: BARRIERS TO DEVELOPMENT

While there are many opportunities for development in Northern Australia, a number of barriers must first be understood and managed. Some barriers are complex and require a sustained effort over the long term by governments, business and communities to address them. Some also affect other parts of the country — cities, regions and remote areas — but the impacts can be more pronounced in the North.

These include:

- **Remoteness, climate and liveability:** less services, extreme weather events and distance from other major centres can make it difficult to attract people and workers.
- **Infrastructure:** some transport, energy and communications infrastructure is limited, which can constrain industry and community growth.
- **Land access and use:** land tenure arrangements are complex and often criticised as being too restrictive, stifling investment and innovation.
- **Water use:** capturing and storing water can be difficult and costly due to rainfall variability, topography, high evaporation rates and knowledge gaps.
- **Business, trade and investment:** high costs and red tape constrain business and affect productivity.
- **Governance:** geography and relatively small population heighten the risk that governance will be a barrier to development, particularly when institutional capacity and capability are stretched.

C1. ARE THESE THE MAJOR BARRIERS TO FURTHER ECONOMIC DEVELOPMENT IN NORTHERN AUSTRALIA? WHAT ARE THE IMPACTS ON INDUSTRIES AND COMMUNITIES?

The City of Karratha agrees that the management of the above barriers as stated in the Green Paper are integral to the development of Northern Australia. However, the following impediments to growth also need to be taken into account:

C1.1 Impediments to Growth

One of the biggest barriers to growth is the ability to undertake business in the Pilbara. Australia is ranked eleventh in the world for ease of doing business (Refer to Appendix E), behind New Zealand who rank third and the USA who rank fourth. This is a significant issue for potential investors. Other limitations and barriers to development include:

- *Disproportionate small business sector* – Currently do not have the full range of services that would normally be expected in a community of this size.
- *High development costs* (The Karratha factor 50%+) - Due to skilled labour shortages, cyclone rating, transportation costs for materials, high costs of contractors, expensive base materials.
- *Investment risks* – For all levels of public and private sectors. Banking institutions viewing the region as mono-economy, some requiring 20% deposit for residential property loans.

- *“Pilbara time”* – The additional time taken to plan, seek approvals and implement projects, potential disruptions due to cyclonic activity, mobilise workers, transport materials.
- *Infrastructure capacity constraints* - Power, water and waste water which impact on timely release of land for development.
- *Housing affordability* – still 41.5% more expensive than Perth (Regional Prices Index 2013). However down from 102% in 2011.
- *Ability to attract and retain skilled workers* - This is particularly impacting on the government, non-government and small business sectors as workers from these sectors are drawn into the resource sector plus skilled operator shortages in oil, gas and minerals extraction due to competing projects and attractive remuneration packages.
- *Cost of Living* - Karratha is the second most expensive town in regional WA to live and work, 18.8% higher than Perth (2013 Regional Prices Index) with Port Hedland and Newman the first and third most expensive respectively. This makes the Pilbara the least affordable region in WA.
- *Tyranny of distance* – dislocation from markets and major locations
- *Differing views on population trends add complexity to forward planning* - and the resulting demands for goods and services, infrastructure provision.

Figure 74: Grading Iron Ore, City of Karratha



C1.2 Implications of Fly In Fly out (FIFO)

In the Pilbara Regionals Council submission to 2012 Parliamentary Inquiry into the use of FIFO workforce practices in Regional Australia, the following was stated:

The first of these shared issues is in respect to the application of various taxes, which encourage FIFO activities to the detriment of permanent based residents as workers. Currently taxation encourages companies to utilise FIFO workforces as all

costs associated with the use of this workforce are largely tax deductible. If FIFO workers are housed in camp arrangements there are no fringe benefit tax implications however, housing subsidies paid to a permanent resident workforce attract this tax. Further to this, to avoid fringe benefit tax implications plus secure a 50% concession on rental costs, the companies can rent the house as opposed to purchasing it outright. This activity has a dual implication in some communities as this use of the commercial rental market to house FIFO workers drives the rental market upward.

In addition to inflating accommodation prices, FIFO practices do not promote any investment or expenditure in the local economy. A recent study undertaken by AECgroup, estimated that there were a total of 33,100 FIFO mining workers in the Pilbara region in 2011-12. Had all these workers been local residents with the average expenditure pattern on goods and services, the local economy would have benefitted (both from the direct contributions and the flow on activity) from an additional:

- \$2,126 million in output.
- \$1,087 million in gross value add to the local economy.
- \$709 million in wages and salaries.

By comparison, the 33,100 FIFO workers, being paid the same amount and following the usual expenditure pattern of a FIFO worker in the region, the economic contribution to the Pilbara local economy is estimated to be:

- \$339 million output.
- \$180 million in gross value add.
- \$123 million in wages and salaries.

On average, hiring a resident mining worker and not a FIFO mining worker in the Pilbara statistical district results in an estimated total (i.e. direct and indirect¹) net beneficial impact of;

- \$53,500 in economic output.
- \$27,000 in gross value add (a measure of GRP).
- \$17,500 in incomes (wages and salaries).

It is essential that Government policies are developed to discourage FIFO practices. Incentives for companies to locate their staff in regional locations would assist in creating balance rather than simply putting pressure on services that are only designed to cater for the residential population. By changing the incentives to support regional centres, local economies would be stimulated through the organic growth of local communities, small business and local investment.

C1.3 Implications of Natural Disasters

Much of the resource sector in the Pilbara involves on- and off-shore facilities that are vulnerable to natural disasters, industrial accidents and, potentially, acts of sabotage and other forms of violence and destruction.

¹ Indirect type 1 impacts (industry induced impacts) have been included in this assessment; however, type 2 impacts (consumption induced impacts) have been excluded due to the nature of the study.

Figure 75: Destruction from Severe Tropical Cyclone Christine, 2014, City of Karratha



A relatively minor disruption may result in a significant and costly loss of production. Nor is the cost restricted to export earnings: loss of employment, environmental damage and the impact on local, regional and national economies cannot be under-estimated.

To help prevent and alleviate such disasters, Australia requires a national capability. This capability must be able to:

- Plan for [and recover from] such disasters.
- Have an analytical and research capacity.
- Have the ability to develop the necessary doctrine and capabilities.
- And the authority to deploy and direct assets.

Capabilities require time to develop. This involves not only identifying the personnel needed but also considerations relating to doctrine, training and preparation, equipment and communications and aspects of command and control.

Many of these capabilities will not necessarily be dedicated to disaster or emergency management. Instead they will include existing national and state emergency and security forces as well as health, communications, transport and other agencies. Well-established disaster management strategies and plans within the private sectors should also be incorporated.

Figure 76: Emergency Management Challenges for the Pilbara

KEY POINTS

- Regional development in northwest Australia suggests that the Pilbara will increasingly continue to be a significant generator of wealth for Australia, Western Australia and the region itself.
- The rise of the Pilbara's economic profile is accompanied with an increased sense of vulnerability to existing, as well as emerging threats. These threats may be human, environmental or industrial.
- The region has some experience of natural disasters and industrial accidents, such as cyclones and Varanus Island. These events have shown how vulnerable the region is to emergency situations and the challenge of dealing with them.
- The Pilbara's economic credentials and importance as a resource and energy export hub make it particularly vulnerable to catastrophic disaster.
- The circumstances and consequences of such events require a unique emergency management response. Currently, doubts remain over Australia's ability to manage a large-scale disaster.

Source: *Future Directions*, (May 2013)

C2. WHAT ARE THE MAIN FACTORS THAT ATTRACT OR DETER PEOPLE FROM LIVING AND WORKING IN NORTHERN AUSTRALIA?

The State Government's Department of Regional Development recently undertook an extensive study (*Living in the Regions*, 2013) on what attracts or deters people from regional areas in Western Australia. The following outlines the results of this report:

C2.1 Why People Move to Regional Areas

Key reasons for people to move to the regional areas include:

- Increased happiness levels.
- Feel more connected to their community – a sense of belonging.
- Isolation creates a “can do attitude – people don't wait they do!”
- Strong sense of personal safety in the regional community.
- To achieve a work life balance (absence of commuting time).
- Gain a better lifestyle.
- Greater employment prospects.
- Increased financial rewards.
- Improved health and general wellbeing.
- Vibrancy of the economy.

The regional composition of Western Australia indicated that:

- 31% of regional residents were born in the area they in which they currently live.
- 55% had mostly lived in the regions before the age of 15 years.
- 27% moved to the regions from a capital city.

In addition, one third of metropolitan respondents surveyed in this report were seriously considering moving to the regions.

Figure 77: “The City of Karratha Lifestyle”



C2.2 Why People Leave Regional Areas

Of those surveyed, 17% of residents indicated they were considering leaving their regional area for the following reasons:

- Access to shopping outlets.
- Access to health services.
- Quality of health services.
- Social activities.
- Cost of living is lower elsewhere.
- To be closer to family.
- Just want a change.
- Quality of schooling is better elsewhere.
- Access to schooling is better elsewhere.
- To be closer to friends.
- Cultural activities.
- Loneliness.
- Sporting activities.

C2.3 Regional Price Index

In 2011 the Regional Price Index found that it was 37.5% more expensive in Karratha than in Perth. In most other categories, the cost of living in Karratha is either at or below costs in other regional centres. Overall it is 18.8% more expensive to live in Karratha than in Perth and while these difference are decreasing, the City of Karratha is still the second most expensive regional location. Much of this result can be put down to accommodation costs, which have been dropping rapidly over the past 12 months.

According to the results of the Regional Price Survey, which measures the price of 502 goods and services in 25 regional towns and 6 metropolitan locations; goods and services that have seen the costs have come down (relative to Perth) include:

- Food and non-alcoholic drinks,
- Tobacco/Cigarettes/Alcohol,
- Clothing,
- Housing and Recreation/Education.

Goods and services that have seen the costs go up in price (relative to Perth) include:

- Household Equipment and Operation,
- Health and Personal Care
- Transport.

Figure 78: Karratha Central Business District at Night, City of Karratha



C3. WHAT ARE THE INFRASTRUCTURE LIMITATIONS ACROSS NORTHERN AUSTRALIA?

There are many infrastructure limitations that are impacting on the growth and development of the City of Karratha. The following sections will outline what we believe will assist our City achieve the Pilbara Cities Vision.

C3.1 Critical Economic Infrastructure to Support Long Term Growth

“If the workforce is stabilised and living costs in the Pilbara are lowered by investing in economic and social infrastructure, productivity will rise, labour turnover will dramatically reduce, and the cost of economic and social services will decrease”

Source: The Pilbara Plan (2012)

The resources sector provides a strong economic base for the Pilbara region, however, its rapid growth has left the local infrastructure struggling to keep pace. In response, the Western Australian Government initiated the ‘Pilbara Cities: Karratha, City of the North Plan’, a framework for transformation in which the re-vitalisation and development of Karratha was identified as a critical component to the region’s growth.

In addition, the 'Royalties for Regions' program has enabled dramatic increases in public amenities and infrastructure. But the reality is that living standards, amenities infrastructure and services are still well below those enjoyed by other regional centres of similar size.

Investment in the projects listed below, while having substantial benefits in their own right, will stimulate further private investment:

Communications

- A comprehensive digital telecommunications network with enhanced mobile phone network coverage along the transport corridors between the settlements in the Pilbara – essential for quality of life and safety.
- Improved priority for connection to the NBN given the economic importance of the region.

Utilities

- Expansion of the North West Interconnected System (NWIS) to link all electricity generation and transmission with a Pilbara-wide grid to create efficiencies and redundancy during adverse weather events.
- Water source/ conveyance investigations and construction for the Pilbara water supply scheme (Dampier, Karratha, Roebourne, Wickham, Point Samson, and Cape Lambert).
- Renewable energy initiatives to assist the Pilbara in becoming sustainably self-sufficient.

Transport and Logistics

- Consideration of inclusion of the North-West Coastal Highway from Perth to Karratha in the National Network given the huge increase in logistics and transportation tasks associated with oil and gas developments and additional iron ore projects in the West Pilbara.
- Continue to fund the improvement of the existing National Highway within the Pilbara to ensure adequate safety and capability for transportation and logistics.
- Sealing of the Tom Price to Karratha Road to open up the West Pilbara for additional resource projects, tourism and improved inter-regional connectivity for Pilbara Communities.
- Upgrade of port facilities.

Land

- Support for development of major new strategic industrial areas (such as the proposed Anketell Port).

Population

- Government policy is required to ensure centralisation of population nodes in existing towns to maximise expenditure on infrastructure and avoid the duplication of development caused by creating new towns. For example, there is an argument that the gas plant being constructed near Onslow would have better been located near Karratha which is already the major regional centre with far less infrastructure constraints, the major regional airport, ample housing, land, social and community infrastructure.

- Redefine the use of FIFO camps, ensuring that they are only utilised for temporary construction projects and that the operational staff are encouraged to form a permanent population in the region.

Industry

- The Australian Government to support studies into Agriculture and economic diversification in the Pilbara via the Economic Diversification Package.
- Sustainability and diversification of industry sectors (including not-for-profit).
- Public and private sector investment driving economic growth.
- Reduction in benefits for FIFO workers to encourage regional living (current policies result in FIFO workers earning up to \$8,000 per year more than local residents).

Figure 79: New Road Construction in the City of Karratha



C3.2 Critical Social Infrastructure to support Long Term Growth

It has been argued that public investment in social infrastructure (schools, hospitals, etc.) has a major bearing on the community's wellbeing and can be seen as a sign of government commitment to a region, which, in turn, stimulates private infrastructure investment. Despite, or perhaps in part as a result, of the extraordinary strength and dominance of the mining industry many socio economic indicators for the Pilbara rate considerably lower than other Northern regions.

Investment in the projects listed below, while having substantial benefits in their own right, will stimulate further private investment.

Affordable Housing

- Ensure that National Housing Schemes such as the National Rental Affordability Scheme have applicable and sustainable models that work in Northern Australia.
- Undertake research to identify best practice models and programs related to Indigenous housing issues with subsequent development of appropriate strategies and programs.

- Develop multi-tiered affordable quality housing program for non-mining /resource industry employees that takes into account all income levels, and the various makeups of households.

Health

- Develop a more transparent and efficient funding model that adequately supports the increasing level of activity and upward cost pressures experienced by the Royal Flying Doctor Service and continues support of initiatives such as the Rural Women's General Practitioner Service and rural mental health service.
- 'Rescue package' upgrades for the region's hospitals, increased focus on the provision of community and primary health services; specialist, rehabilitation and allied health services as well as the expansion of Indigenous Health Services.
- Investment in the prevention of obesity and diabetes.
- Establishment of a regional cancer treatment centre will generate savings in the Western Australian's Patient Assisted Travel Scheme.
- Focus on Indigenous health education (strong culture of drug and alcohol use).

Education

- Re-initiate the Australian Government's Education Investment Fund (EIF) with a view to supporting the development of significant infrastructure in higher education, research and vocational education and training institutions in Northern Australia.
- Expansion of Initiatives such as the Language, Literacy and Numeracy Programme (LLNP) and Workplace English Language and Literacy (WELL) project to improve English language, reading and literacy levels for people who are experiencing difficulty entering the job market due to low levels of language, literacy and/or numeracy.
- Increase opportunities for secondary and post-compulsory education.
- Increase apprenticeship training and traineeship places in the region and establishment of a Pilbara Mining Academy.
- General expansion and upgrade of existing facilities to include university level education.
- Develop new training programs to improve the local skills base and resident workforce.

Indigenous relations

- Ensure that increased opportunities are provided for Aboriginal and Torres Strait Islander people through the engagement of Pilbara based Indigenous employment service providers under the Indigenous Employment Program.
- With a high population of Aboriginal people, many living in communities, clarification on Local Government responsibilities regarding waste, power and so on within Aboriginal communities is essential.

Family and Children Services

- That the Commonwealth Department of Social Services review services and benefits and payments provided to families and children in Northern Australia and adjust to take into consideration issues of remoteness and cost of living. For example:
 - That tax free thresholds be adjusted upwards via the Household Assistance Package
 - ABSTUDY living allowances.

Community Safety

- Initiatives to reduce crime and its impact on communities.
- Review institutional and legal provisions regarding cyclones and recovery processes, such as the reduction of incentives for initiatives that are located in areas of known risk, and incorporating the impact of climate change on emergency management practices.
- Improvements in cyclone forecasting are required to mitigate the impact on burgeoning off-shore oil and gas developments.
- Improve cyclone response capability and increase community awareness.
- Establish a cooperative research centre (CRC) focusing on cyclone risk management.

Workforce Participation

- Continue to support the implementation of the following recommendations of the “Addressing the Skills and Workforce Needs of the Resources Sector Report 2013” namely:
 - *Recommendation 5.2* – Sustainable Job Outcomes for local people in the Pilbara. In partnership with the Minerals Council of Australia (MCA) continue to support the Pilbara Regional Coordinator for Indigenous Employment and Enterprise Development in guiding long-term action, bringing together stakeholders at the local level to identify and progress employment and enterprise development opportunities for Indigenous Australians in mining and related industries.
 - *Recommendation 5.6* - fund brokerage roles in the Pilbara to forge stronger links between employers, training providers and employment services providers.
 - *Recommendation 5.7* Better integrate Indigenous businesses into major projects in Western Australia. That the Australian Government, in conjunction with the Western Australian Government, explore the possibility of expanding the capacity of brokers and mentors, and better use existing business support programs in the Pilbara (as a priority area) to work with existing small-to-medium sized Indigenous contracting businesses and resources companies to better integrate Indigenous businesses into the supply chain for major projects. If successful this model could later be replicated in other regions.
 - *Recommendation 6.3* Fund Trade Training Centres. Continue support of the Pilbara TTC (WA) which has partnership arrangements with BHP Billiton Iron Ore, Rio Tinto and Woodside who are all contributing funding to support the TTC’s operations.
- The Australian Government to provide planning and funding support to assist in implementing the Pilbara Workforce Development Plan 2013.

Ageing Populations

- Australian Government to invest in extra support and care services for older Australians in Northern Australia – such as cleaning, meals, nursing care and transport as Pilbara communities in particular tend to have a low number of Senior Australian’s due to the lack of aged care service provision.

Immigration

- The Australian Government should continue to work closely with local governments and regional authorities in Northern Australia to provide regional migration programs that support regional development and help supply the skill needs of regional employers.
- In particular, the location of a Regional Outreach Officer in the Pilbara to assist employers and regional authorities to determine the most appropriate regional

migration solution should be considered as Cairns is the only other Northern Australian city to have such a service.

Figure 80: Childcare in the City of Karratha



C4. HOW EFFECTIVE ARE THE ARRANGEMENTS FOR ACCESSING AND USING LAND IN NORTHERN AUSTRALIA?

Land in the City of Karratha is classified as either Crown Land or Native Title. Both of these land types involve constraints that impact on the ability to develop land quickly. Constraints include:

- Availability of land.
- Purchasing costs.
- Development costs.
- Lack of studies and investigations to identify land for future development.
- Lack of planning required to prepare land to be development ready.
- Complex approval processes.
- Lengthy processing times for releases and clearances on land.
- Lack of infrastructure investment on development ready land.

These constraints have had a significant impact on the economic growth and industry diversification within the City as frustrated investors have walked away.

Figure 81: Wickham Town Centre, City of Karratha



C4.1 Crown Land

The most significant constraint for the City of Karratha is that of Crown land. Much of the Crown land in our region has not had any of the initial studies and investigations undertaken that would allow for future land development. The State has a responsibility to undertake these studies and investigations. They are also responsible for processing many of the approvals required to process Crown land as well as identifying and developing the critical infrastructure required for successful land development.

Under the current inefficient processes, large corporations in the Pilbara are able to override local government requirements by offering large amounts of money to queue jump. Local governments just do not have the financial resources to be able to compete with this.

The State Government sells Crown land at market value as determined by its valuers. In many cases, the value placed on Crown land undermines the viability of development plans, while the State Government benefits from the proceeds of Crown land sales. The City of Karratha would like to have the opportunity to negotiate on such matters having regard for the best strategic outcomes for the town, not just the purchase price for a particular land parcel.

In addition, the City of Karratha would advocate that land development processes are streamlined, particularly in relations to investigations, approvals and infrastructure. This is essential for future planning and for the attraction of new business investors into the region.

C4.2 Native Title

Once the Crown land has been approved for development, the next hurdle is obtaining Native Title clearance. The City of Karratha recognises that Native Title is a capacity builder for our Indigenous communities. Native Title is seen by the Council as a tool that encourages and assists the environmental and cultural protection of our land. It allows us to work closely with the Aboriginal corporations to negotiate and achieve mutually beneficial initiatives for land

development in our region. This is particularly important as the Pilbara has some of the oldest and culturally significant areas in all of Australia.

Figure 82: Roebourne Town Centre, City of Karratha



There are several constraints when it comes to Native Title land. The first is the National Native Title Tribunal (NNTB) process. This process is rarely used as it is time consuming and cumbersome. Negotiated settlement is far more common in the Pilbara. While this works currently, the fact that the agreed government framework is regularly being superseded needs to be addressed.

The second constraint with Native Title is the number of unresolved claims that impact on determining ownership and associated rights. The City of Karratha would like to see an increase in resolved claims for the Pilbara region so that we can progress and achieve economic success and industry diversification.

“Recognising title and access to country to traditional owners through native title, land purchase and other means is not just a social justice issue; it is an economic one. Even with the land redistribution secured in the last 40 years, however, the crippling social dysfunction of many communities remains pervasive. As a result, the important work of progressing land, water and sea rights must be partnered by determined and tenacious support for strengthening Indigenous governance and long-term, Indigenous-centred community development.”

Indigenous communities, proud to have their land title formally recognised, can struggle with the long hard haul of the economic and social reform needed to take advantage of recovered rights and resources (Palmer, 1988). Apart from the need for continuous improvements in native title and land-claim related processes (JCU and CSIRO, 2013), every lost community development opportunity associated with traditional owners securing their rights can perpetuate economic and social marginalisation. It can further delay the return of traditional owners to a strong position of social and economic wellbeing within Australian society.”

C4.3 Pastoral Lease

This section will utilise key data from the Productivity Commission's 2002 report on pastoral leases as the issues are still as relevant today as they were when this report was written:

Pastoral leasing arrangements are characterised by extensive and prescriptive legislation and regulation. They are generally designed to support and facilitate pastoralism only, the predominant use being for the grazing of livestock (primarily sheep and cattle). These leasing arrangements typically constrain the emergence of non-pastoral land uses, such as tourism, farming of non-conventional livestock (such as goats, kangaroos and camels) and conservation of native wildlife. The leasing arrangements also inhibit competition between pastoral and non-pastoral land uses. Further, the arrangements may increase the relative costs and risks of managing land for non-pastoral land uses and influence investment decisions. As a consequence, innovative land uses and potential economic and ecological gains, that could benefit land managers and the wider community, may be stifled.

Key issues surrounding pastoral leases include:

- Uncertainty surrounding property rights held by State Governments and the application of lease conditions, such as stocking rates, may inhibit the emergence of non-pastoral land uses.
- Native title is a key element of the broader institutional framework — changes to existing land use will need to be consistent with native title.
- In some jurisdictions, pastoral lease rentals do not cover the costs of administering the pastoral lease arrangements or provide a commercial return to governments.

Figure 83: The Pilbara Corridors Project, Department of Agriculture and Food, 2014



C4.4 Other Considerations for Land Development

Other considerations for land development in the Pilbara include:

- Increased construction specifications and costs to cater for cyclonic and storm surge conditions
- Coastal inundation, particularly for some suburbs of Karratha town centre and the historic township of Cossack.
- Marine environments, for example to develop or expand a port requires dredging which then has significant impacts on marine eco-systems.
- Indigenous heritage issues such as sacred sites.

Lastly, the City of Karratha would like to see the Government implement incentives and subsidies for organisations and people to invest in land, commercial space and home ownership in our City.

C5. HOW EFFECTIVE HAS INVESTMENT IN WATER INFRASTRUCTURE AND PLANNING BEEN IN NORTHERN AUSTRALIA? WHAT IMPACT HAS THIS HAD ON ECONOMIC DEVELOPMENT, INDUSTRY GROWTH AND THE ENVIRONMENT?

Aboriginal people have lived in the Pilbara's arid and variable environment for thousands of years, and their way of life and system of beliefs are intimately linked to water.

In fact, water is a defining feature of the Pilbara and its management continues to be vital to the towns and ports, tourism, the pastoral industry and the mining industry. The Pilbara has a Regional Water Plan which outlines a long term vision for the sustainable development of our water resources.

Management of water resources in the City of Karratha rest with the Department of Water. It is their role to maintain the City's water supply keeping in mind (and enhancing) the natural environment as well as the cultural and spiritual values that contribute to the economic development of our region.

Karratha is heavily reliant on cyclonic weather and tropical lows to ensure water availability. Due to this, water infrastructure has only recently been able to meet the demand for water supply.

As the City grows and develops, so too does the demand for water. It is essential to maintain the current growth pattern by increasing the investment into sustainable water infrastructure options such as desalination or accessing private bore fields. Note that underground water options are preferred due to water quality issues and the high evaporation rates of water contained in dams.

Other water initiatives that are occurring in the City of Karratha include:

- *Effluent reuse scheme* - The City of Karratha in collaboration with Water Corporation along with support through Royalties for Regions and other contributions, is currently installing an Effluent Reuse Scheme to reticulate public green spaces in Karratha.
- *Water harvesting* - Plans for the reuse of mining waste water could contribute substantially to economic development if sufficient priority and investment is directed towards implementation.

Figure 84: Harding Dam, City of Karratha



Water conservation strategies are essential in the development of the City of Karratha.

C6. WHAT IS IMPEDING FURTHER BUSINESS GROWTH, TRADE AND INVESTMENT IN THE NORTH? HOW DO THESE CHALLENGES AFFECT DIFFERENT INDUSTRIES?

The City of Karratha believes there are seven key areas that impede on the development of business growth and industry diversification as well as trade and investment in our region.

Impediment 1: Inadequate critical social and economic infrastructure which directly impacts on investment decisions and potential community growth.

Impediment 2: Excessive red tape which make processes disproportionately long and costly.

Impediment 3: Overly complex Regulatory, Taxation and Legislative Environment that is not conducive to international or local investment and trade.

Impediment 4: Lack of support and seed funding for research and development in our region.

Impediment 5: No coordinated approach and a lack of two way communication between all tiers of government.

Impediment 6: Insufficient recognition and support for the relationships and trade experience the Pilbara already has with Asia resulting in missed trade and investment opportunities with Asia-Pacific.

Impediment 7: Minimal presence of Australian Government Agencies which would assist the City in developing communities and economic growth.

Figure 85: Business Transactions in the City of Karratha



C7. WHAT ARE THE GOVERNANCE CHALLENGES IN NORTHERN AUSTRALIA? HOW DO THEY MANIFEST IN CITIES, TOWNS AND REMOTE COMMUNITIES? HOW DO THEY AFFECT ECONOMIC DEVELOPMENT IN THE NORTH?

In Western Australia, political decision making sits in Perth. The level of political representation for the City of Karratha and the Pilbara region is meagre due to limited population and the perceived difficulties of living in a regional area. “Northern Australian interests are not strong in departmental executives, intra-governmental committees and in Cabinet and Treasury. Day in and day out, major decisions do not always fully account for the North’s differences. This traditionally leads to a high level of frustration both among Northern Australian communities and even among the North’s elected members” (Dale, 2013).

C7.1 Indigenous Governance

This section comes directly from the 2013 Cairns Institute Report – Governance Challenges for Northern Australia:

It is difficult for many beyond Northern Australia to understand that there are several very distinct domains of Indigenous governance at play in the North. First, few recognise the distinct difference between governance in Aboriginal versus Torres Strait Islander domains. Torres Strait Islanders enjoy a level of political autonomy quite different to Aboriginal North Australians. As a Commonwealth statutory authority, the Torres Strait Regional Authority (TSRA) exercises a higher level of control over Australian Government budgetary allocation and program design and delivery in the Straits. The TSRA also works closely with two Indigenous-led councils, the Torres Strait Regional Council (governing some 18 island communities) and the Torres Shire (governing the main commercial hubs of Thursday and Horn Islands). Much political debate continues among these parties and the Queensland and Australian Governments regarding the most desirable longer term form of political autonomy for Islanders. Islanders also play a significant role in managing governance and decision-making with respect to relations with our near neighbours in Papua New Guinea (PNG).

Secondly, as mentioned above, Indigenous local governments play a central role in governance in NT and Queensland communities, while the WA Aboriginal Land Trust manages lands and services in Northern WA. Third, woven through both the Aboriginal and Islander landscape, is the governance role of a plethora of national, state/territory, regional, sub-regional and local Indigenous not-for-profits that deliver health, housing, welfare and other services. These institutions are very diverse in their role and governance arrangements. Pearson (2013) notes and laments the increasing marginalisation of these Indigenous organisations from the business of service delivery across Indigenous communities.

Finally, traditional owner governance systems influence both Aboriginal and Torres Strait Islander interests across the North Australian landscape. This first plays out through the cultural institutions (families, clans and tribal groups) that dominate decision-making. Additionally, these informal institutions often set up more formalised traditional owner organisations under particular legislative frameworks. Such groups include land trusts, prescribed body corporates, management trusts, joint management boards, incorporated associations and commercial companies. Sometimes the governance needs of traditional owners are scaled-up at the regional and even State/ territory-wide level. Infused with this, is the role of statutory land councils; regional or supra-regional organisations supporting the determination of native title and other land and sea rights under Commonwealth legislation.

Figure 86: Hon. Brendon Grylls MLA, Official City Declaration Ceremony, 1 July 2014



C7.2 Government Reform

Government reform is required if the City of Karratha is to develop.

Recommendations for government reform include:

Collaboration

- Stronger collaborative alliances between all levels of government.
- Integrated policy frameworks across the North that encourage innovation and growth.

Indigenous issues

- Awareness that much of Indigenous disadvantage stems from English being a second, third or even fourth language for our communities. Consideration also needs to be made in regards to the impact previous years of enforced slavery and ongoing racism has on current generations.
- Improvement to working relationships between community leaders and policy makers/service providers.
- Focus on equal economic rights and educational interventions rather than welfare delivery.
- Raise expectations for programs and projects to be successful through regular monitoring and reporting.

Economic Drivers

- Increased recognition of the Pilbara's contribution to the national economy and increase the Government's investment into the region accordingly.
- Awareness of cultural, environmental, social and economic clashes of opinion and impacts on the local communities.
- Increased awareness and integration of local community values.
- The inclusion of global trends and emerging industry sectors to ensure Northern Australia remains internationally competitive.

Strengthening of Regions

- Incorporating and understanding that each region in Northern Australia has their own culture, natural environment, climate and identity.
- Ensuring that policies and government direction strengthens and supports the visions and growth plans held by each region.
- Long term initiatives that are not left vulnerable to changes dealt from the political cycles.
- Appropriate consultation and negotiation to develop agreed upon solutions for regional problems.
- Acknowledgement and integration of local knowledge.

Strengthening of Local Government

- Stronger regional and statutory land use planning and integrated natural resource management planning.
- Ensuring Local Governments undertake the prioritisation of infrastructure and asset management requirements.
- Remove red tape and other compliance impediments that make business and investment into the regions unnecessarily complex.
- Investigate and determine new methods for Local Governments to increase methods of obtaining revenue. For example, under Western Australian law, local governments are unable to establish Public-Private Partnerships.
- Ensure all new policies incorporate the desires of the local communities by acknowledging and integrating with local government long term strategies.

Figure 87: Sunset over the City of Karratha



SECTION D: POLICY DIRECTIONS

The Government has identified six possible policy directions to develop Northern Australia.

- ***Delivering economic infrastructure:*** including through planning and prioritising projects and identifying effective ways to fund and finance them, particularly through leveraging private sector investment.
- ***Improving land use and access:*** including through more flexible and longer term tenure, greater consistency across jurisdictions, new ways for Indigenous Australians to use their land for development, efficient native title processes and more accurate information.
- ***Improving water access and management:*** including through better understanding of systems, planning and investing in new infrastructure (such as dams) and reforming water management and planning, including functional water markets.
- ***Promoting trade and investment and strengthening the business environment:*** including through boosting population, improving labour availability, cutting red tape and increasing trade, especially with Asia.
- ***Fostering education, research and innovation:*** including through developing research networks, improving local workforce and industry skills and engaging with international education and training markets.
- ***Enhancing governance:*** including through better coordinating government and non-government activities, greater engagement with the North and building local capacity.

The actions needed to drive development in the North coalesce around major themes, including:

- *the specific opportunities for industries, particularly agriculture, tourism and mining*
- *the importance of well-functioning cities as the economic engine rooms of the North*
- *the critical role of Indigenous communities in Northern development.*

D1. WHAT ARE THE RIGHT POLICY DIRECTIONS FOR FURTHER DEVELOPING NORTHERN AUSTRALIA? HOW CAN WE SUPPORT INDUSTRY AND COMMUNITY GROWTH?

The City of Karratha agrees with the above mentioned policy directions. In addition, we view the following actions as being critical to future policy development so as to ensure the success and sustainability of our City:

Action 1: Urgent investment in critical social and economic infrastructure.

Action 2: Reduction of red tape.

Action 3: Establishment of a Conducive Regulatory, Taxation and Legislative Environment.

Action 4: Seed funding for research and development.

Action 5: Coordinated approach and two way communication between all tiers of government.

Action 6: Enhanced trade and investment with Asia-Pacific.

Action 7: Enhanced presence of Australian Government Agencies.

Karratha is more than just mining as Table 12 indicates:

Table 12: Pilbara Employment by Industry Sector, 2006 to 2011

Industry Sector	2006 Persons	2011 Persons	2011 % Distribution	2006-2011 % Growth
Mining	5,754	11,431	35.3%	98.7%
Construction	2,087	5,303	16.4%	154.1%
Accommodation and food services	990	1,637	5.1%	65.4%
Transport, postal and warehousing	916	1,694	5.2%	84.9%
Professional, scientific and technical services	409	916	2.8%	124.0%
Manufacturing	835	1,111	3.4%	33.1%
Education and training	1,359	1,544	4.8%	13.6%
Health care and social assistance	1,293	1,358	4.2%	5.0%
Retail trade	1,416	1,442	4.5%	1.8%
Public administration and safety	1,124	1,300	4.0%	15.7%
Administrative and support services	716	1,052	3.3%	46.9%
Other services	568	938	2.9%	65.1%
Inadequately described/ Not stated	589	938	2.9%	59.3%
Rental, hiring and real estate services	415	588	1.8%	41.7%
Wholesale trade	397	512	1.6%	29.0%
Electricity, gas, water and waste services	203	350	1.1%	72.4%
Agriculture, forestry and fishing	169	162	0.5%	-4.1%
Financial and insurance services	141	145	0.4%	2.8%
Information media and telecommunications	83	90	0.3%	8.4%
Arts and recreation services	76	108	0.3%	42.1%
TOTAL	19,531	32,368	100.0%	65.7%

Source: Australian Bureau of Statistics 2011c, Population Census (based on place of usual residence).

D1.1 Supporting Industry and Community Growth

Investment into Infrastructure development is the most important aspect required to support industry and community growth – in terms of both local and international investment.

The City of Karratha would like to submit the following recommendations from the 2011 Ernst and Young report - “Strong Foundations for Sustainable Local Infrastructure: Connecting Communities, Projects, Finance and funds” – which outlines specific policy requirements for creating sustainable communities:

An overview of local infrastructure

- Although the experience varies according to location and community demands, Australian councils generally have responsibility for a homogenous stock of assets, including roads, land and buildings.
- The value of local infrastructure has grown at a steady pace over the last decade. However, most councils invest a relatively small amount per annum in infrastructure and this has implications for the development of in-house capability and skills.
- The infrastructure development and maintenance task is dominated by local roads networks. Non-road projects can be substantial but at the individual asset level tend to be once-off rather than regularly procured.

Funding sources and their limitations

- There are core sources of revenue which all Australian councils are able to access. These include rates and taxes, sales of goods and services, and government grants. The relative contribution of the different income streams varies considerably from council to council.
- While there is some scope for the local government sector to increase its core sources of revenue, there are also a number of limitations which prevent individual councils from doing so.
- In the absence of extensive reform of the overall funding structure for local government, the sector needs to ensure it is best placed to make the most of the funds it currently receives.

Furthermore, councils need to look towards innovative funding, procurement and financing solutions without which their ability to accelerate new investment in infrastructure will continue to be limited.

Recommendation 1: Information portal for grants programs

The Australian Government should develop a portal to bring together information and application material relating to local government grants programs in a single location.

Borrowing for infrastructure investment

- There is significant capacity within the local government sector to optimise its level of borrowing. However, this is currently held back by the “fear of debt” and the absence of a structured local government debt product suitable for institutional investors.
- Centralised financing, where available on a state basis, currently provides the benefit of low finance costs and a government guarantee. Centralising financing on a national level would not only enhance these benefits, but is also likely to be an essential prerequisite for the creation of financial products to channel institutional investment into local government infrastructure.
- There is a role for the Australian Government in working with the states and territories to investigate the feasibility of establishing a national financing authority for local government to bridge the gap between institutional investors and Australian councils.
- Furthermore, the Australian Government can provide assistance in creating sustainable revenue streams which form a direct link between those who benefit from new investments and those who pay for them. Tax Increment Financing, whereby councils leverage future rates revenues to borrow for infrastructure investment, represents one such revenue stream.

Recommendation 2: Tax Increment Financing

The Australian Government should work with the states and territories to investigate the legislative changes that would be required to enable councils to introduce Tax Increment Financing.

Recommendation 3: National financing authority

The Australian Government should work with the states and territories to investigate the feasibility of establishing a national financing authority to aggregate local government borrowing and facilitate the creation of debt products for private investors.

Prioritising local infrastructure investments

- The Nationally Consistent Frameworks for local government asset and financial management - and associated programs such as the Local Government Reform Fund

- have succeeded in creating momentum for improvement and a good return on the investment in capability building. However, current capacity varies widely and there is a clear need to sustain support.

- Role definition is a problem and can create cost pressures for local government and strains on the relationship between tiers of government.
- There is insufficient engagement with local government during the early stages of significant projects or policy initiatives undertaken by federal, state and territory departments and agencies. This creates an added level of complexity for local government prioritisation and planning processes.

Recommendation 4: Capability building programs

Programs of targeted training and capability building in asset and financial management should be extended.

Recommendation 5: Review of asset and financial management practices

Asset and financial management reform initiatives should be supplemented by periodic independent reviews of the implementation of the Nationally Consistent Frameworks.

Recommendation 6: Local government impact statements

Federal, state and territory governments should commit to completing local government impact statements as part of the business cases prepared to support new policy proposals and projects, where there is likely to be a direct cost impact upon local government.

Recommendation 7: Local government roles and responsibilities

All tiers of government should commit to building on the intent of the Inter-Governmental Agreement 2006 by outlining clear steps to achieving better clarity of the roles and responsibilities of each tier of government. In particular:

- State, territory and local governments should cooperatively review the asset registers of local governments to ensure that, for each asset class, the boundaries of responsibility are unambiguous and that an appropriate and transparent process to transfer responsibility between governments is in place.
- As part of its community engagement, local government should present its forecast long-term capacity to fund the role it is proposing, with specific reference to the capacity to sustain defined levels of service for existing and proposed assets, services and projects.

Creating value through the procurement process

- Despite some tentative moves by local government to explore procurement models involving private finance or risk allocation, the sector has not given enough consideration to methods of procurement outside the traditional approach.
- Without investigating the full spectrum of infrastructure procurement options available, the ability of the local government sector to accelerate new investment will continue to be constrained by limited access to capital.
- Councils should consider achieving procurement efficiencies through alternative delivery models, in particular those that involve a degree of project and financing risk transfer to private sector partners. There is currently an information gap in this area.
- The lack of engagement by private investors in local government infrastructure projects is driven primarily by the absence of projects of sufficient scale within the sector. Other barriers include the lack of a clear pipeline, the absence of commercial returns and/or

tradeable products for investors, and concerns around the local government sector's internal capability.

- The Australian Government has a role in generating private finance for specific projects by supporting a trial project with the aim of developing a replicable market and a pipeline of future projects.

Recommendation 8: National advisory body for local infrastructure procurement

The Australian Government should work with the states and territories to establish a national body to provide skills and oversight of local government infrastructure. Its role would include capability building and the development of policy, guidelines and other assistance.

Recommendation 9: Major project procurement guidance

Major project procurement guidance should be developed and issued to local government to promote awareness of the spectrum of alternative procurement models for infrastructure delivery.

Recommendation 10: Trial project for private investment in local infrastructure

The Australian Government should identify an opportunity for a suitable local or regional infrastructure project whereby a market can be “created”, and establish a collaborative group of stakeholders to take the project forward. A “waste to energy” project may be a good candidate.

Regional capacity and attraction

- The benefits of regional planning and prioritisation have long been recognised by all tiers of government, which is reflected in the large number of regional alliances and collaborations which exist today. The benefits include the prevention of duplication, better interface management and inter-government coordination.
- Improvements to the consistency and coordination of the existing regional frameworks will help regions achieve their full potential.
- Better alignment of regional structures, including voluntary alliances, could improve buy-in by member councils. In particular, this could result in a smoother application process for grants, where grant funding is available on a regional basis.
- In order to make the most of the potential of regional infrastructure planning, all tiers of government need to work together to align the different regional frameworks which currently exist in parallel. The Australian Government should collaborate with state, territory and local governments to review the most appropriate way to achieve this.

Recommendation 11: Rationalisation of existing regional structures

All tiers of government should work together to rationalise and align the regional structures which currently exist.

Alternative ownership structures for community assets

- Certain local government assets may be better suited to alternative ownership structures, including corporatisation or privatisation. Not only can this provide revenue for local government, but transferring the management of assets to corporate entities can provide access to new skills, asset and risk management processes, and independent strategic planning.
- The benefits of regional planning and prioritisation could be far greater if regional structures had the ability to move beyond advocacy and support towards ownership of assets, and the delivery and financing of infrastructure investments.

- The benefits of regional delivery are likely to be greatest where they relate to network assets such as local roads. The regionalisation of local roads would make it possible to introduce competitive tendering for regional capital and maintenance programs, whereby multiple assets are bundled under a single outsourced contract.

Recommendation 12: Review of asset ownership

Local government bodies should review their infrastructure portfolios with a focus on identifying and testing the rationale for continued ownership.

Recommendation 13: Regional infrastructure delivery

The Australian Government should work with the states and territories to develop incentives that can be given to councils to create formal regional structures with responsibility for delivering and financing infrastructure investments relating to specific asset classes, with a particular emphasis on local roads.

Figure 88: Official Opening of Sharpe Avenue and the Karratha Central Business District



D2. HOW EFFECTIVE ARE PROGRAMMES AND POLICIES AFFECTING NORTHERN AUSTRALIA? HOW COULD THEY BE IMPROVED?

D2.1 Establishing a Conducive Regulatory, Taxation and Legislative Environment

It has been well documented that small and medium-sized enterprises (SMEs) can play a catalytic role in driving economic development, particularly if diversification of industry is the aim. However without a conducive regulatory, tax and legislative environment, this contribution becomes difficult and at times, impossible.

D2.2 Regulatory and Legislative Environment

While it can be difficult to isolate specific business types in policy structures, there are some regulatory and legislative aspects that with change, could contribute to a more conducive environment to encourage industry diversification in the Pilbara:

- Review existing laws and regulations with careful mapping undertaken so as to identify appropriate reforms that will result in the stimulation of growth.
- Improve the co-ordination of 'Pilbara plans' being written and begin implementing the recommendations.
- Create clear delineation of roles and responsibilities between all tiers of government, so as to alleviate relationship strain and unfair cost pressures on local government.
- Improve communication through two-way engagement with local government, particularly in the early stages of major projects and policy initiatives that affect the region.
- Reduce red tape and unnecessary complexity, especially regarding regulatory frameworks.
- Improve access, applicability, support and promotion of economic and business development programs.
- Improve investment into amenities such as health, education and overall living costs.
- Accelerate bilateral free trade agreements.
- Establish affordable financing options to support critical infrastructure such as:
 - Investment by superannuation companies through packaging good quality investments such as Airports (high ROI) with social investments such as library (low ROI).
 - Infrastructure bond – join with other councils to fund packaged projects.
 - Pilbara bond scheme – projects specific to the region.
- Consideration and implementation of the Strong Foundations for Sustainable Local Infrastructure Report (2012) recommendations:
 - Information portal for grants programs.
 - Tax increment financing.
 - National financing authority.
 - Capacity building programs.
 - Review of asset and financial management practices.
 - Local government impact statements.
 - Local Government roles and responsibilities.
 - National Advisory body for local infrastructure procurement.
 - Major project procurement guidance.
 - Trial project for private investment in local infrastructure.

D2.3 Taxation Environment

Taxation reform should be a high priority to encourage regional population growth and incentivise taxpayers working in remote and harsh environments. The current Australian tax zone system has been in place since 1945 and was implemented to provide tax relief to residents where isolation, uncongenial climate and high cost of living impacted on population growth. The current rebate values have not been adjusted for many years and have declined significantly in real value. In addition, the current system is targeted at individual taxpayers and offers no taxation relief to corporate taxpayers. Analysis of other countries would highlight alternatives for consideration such as empowerment zones (USA), enterprise zones (UK) and rural development areas (USA).

Tax reform that would assist the development of the City of Karratha includes:

- Zone based tax rebates – many people are claiming who do not live in the Pilbara (National Institute of Economic and Industry Research, 2013).
- Zone rebates should be indexed so they maintain real value over time.
- Restoring the real value of zone tax rebates would encourage more families to make a permanent commitment to regional living. It would also assist small to medium enterprises to better compete with city based businesses.
- Review and alter Fringe Benefits Tax and the Living Away from Home Allowance (LAHA) to encourage reductions in FIFO numbers and provide incentives for workers to become part of the local community.
- Review both personal and business tax incentives and other mechanisms to encourage regional living.

Figure 89: Chevron City to Surf Fundraiser for the Disabled, City of Karratha



D3. WHAT SHOULD BE THE RESPECTIVE ROLES OF THE COMMONWEALTH, STATE, TERRITORY AND LOCAL GOVERNMENTS, THE PRIVATE SECTOR, NON-GOVERNMENT ORGANISATIONS AND COMMUNITIES IN PURSUING THESE POLICY DIRECTIONS?

To answer this question, the City of Karratha would like to refer to the “Rethinking the Future of Northern Australia’s Regions” 2013 Report from the Regional Australia Institute. Adapted to fit with the Pilbara Cities Vision, the following is how we believe the Federal Government can work most effectively with our region:

Across the diverse regions of Northern Australia there are some binding challenges and common opportunities for future development. This is where central leadership can have the

greatest impact alongside empowerment of communities to develop and implement locally relevant strategies.

The central challenge for future national policy is to implement a genuine regional development strategy that goes beyond the polarised general debate about the North and puts in place a suite of sensible initiatives that will enable the different areas of Northern Australia to realise their opportunities.

Figure 90: Roebourne Races, City of Karratha

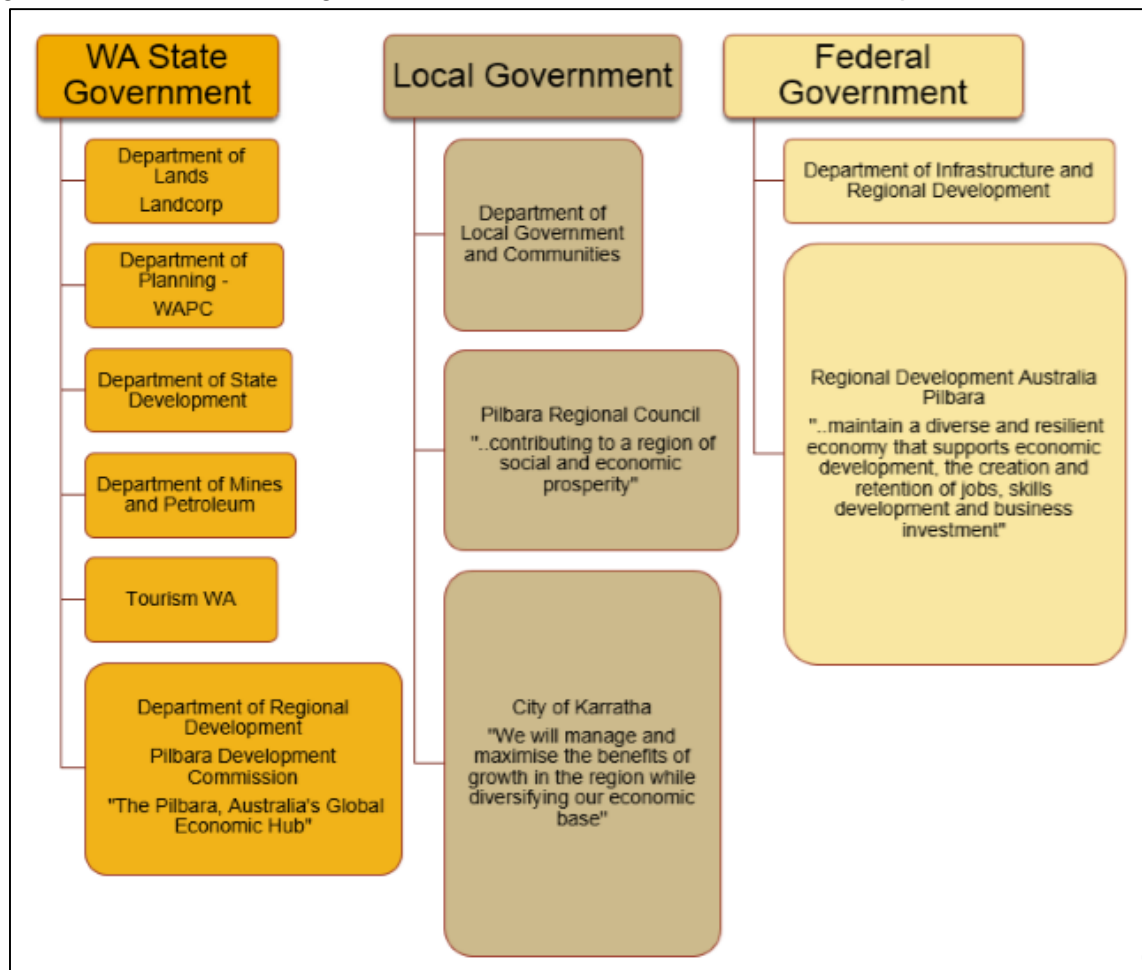


The City of Karratha would like to emphasise that policy for Northern Australia should recognize that:

- The future of the City of Karratha is linked closely to the investment into economic and social infrastructure. It is this investment that will drive the diversification of industry as the City forges into new emerging industry sectors. With the unpredictability of the resources sector, it is essential that development outcomes move away from the current reliance on this industry to uphold Australia's global economic position.
- Unlike other remote regions, the City of Karratha is not constrained for international trade opportunities. In fact, we are closer to many of our Asian trading partners than any other part of Australia. This opens up endless possibilities for developing new trade opportunities and developing closer business relationships.
- Conventional regional development approaches may be ineffective. To inspire innovation and development, new methods must be explored. The role of government investment and institutional change alongside local leadership are crucial to achieving any meaningful change and development in our region.

Figure 91 provides a snapshot of some of the Government organisations involved in the development of the Pilbara:

Figure 91: Government Organisations Involved in the Economic Development of the Pilbara



Source: City of Karratha's Draft Economic Strategy 2014

With a focus on the following key actions we will be able to achieve the Pilbara Cities Vision:

Action 1: Urgent investment in critical social and economic infrastructure.

Action 2: Reduction of red tape.

Action 3: Establishment of a Conducive Regulatory, Taxation and Legislative Environment.

Action 4: Seed funding for research and development.

Action 5: Coordinated approach and two way communication between all tiers of government.

Action 6: Enhanced trade and investment with Asia-Pacific.

Action 7: Enhanced presence of Australian Government Agencies.

As the 'Powerhouse of the Pilbara', the City of Karratha is extremely willing to continue working with both State and Federal Governments to achieve these actions for the betterment and growth of our City.

D4. HOW SHOULD NATIONAL APPROACHES BE TAILORED TO SUPPORT DEVELOPMENT IN NORTHERN AUSTRALIA? WHAT WOULD THIS MEAN FOR OTHER PARTS OF AUSTRALIA?

To answer this question, the City of Karratha would like to refer to a section of the “Rethinking the Future of Northern Australia’s Regions” 2013 Report from the Regional Australia Institute which identifies the most significant issue for our region.

Figure 92: Critical Challenges for the City of Karratha

Critical Challenges: Desert Regions, Building an Accurate Statistical Picture

Regions with small or scattered populations combined with large land areas often face substantial structural disadvantage when placed in nationally comparative datasets. In large datasets, they are often too small to have an identifiable footprint or are continually overshadowed by the dominance of more populous regions in the wider neighbourhood. This often leaves them struggling to have an authoritative voice about the things that everybody in the area knows to be right (or wrong), but nobody has the evidence to prove (or disprove) the case.

Nowhere is this more apparent than in the remote, desert regions of northern Australia. There are significant levels of disparity between these regions and their larger, more prosperous neighbours, but it is quickly evident when talking to the people who live and work there that there is so much more to the story than can be revealed using conventional macro approaches. So many regions find that currently available nationally comparable data does not accurately reflect the variability – both strengths and weaknesses – at a local level.

Failure to develop appropriate sources of data and reliable methods of analysis risks wasting precious resources through the imposition of inappropriate, externally developed strategies or the erosion of communities from sustained neglect. It is also disheartening and disempowering for the people who live there and want to see positive change.

There is an identified need to move beyond the ‘constant anecdote’ to develop reliable systems of baseline regional economic data which provide an accurate and comprehensive picture of smaller regional communities^{viii}. Important steps have been made towards this goal, but there is still much work to be done in bringing people together to work on appropriate regional strategies and solutions.

D4.1 Tax Reform

There are two taxation reforms that would make a significant difference to the City of Karratha – the elimination of Fly In Fly Out (FIFO) incentives and the creation of an economic zone allowance.

In the Pilbara Regionals Council submission to the 2012 Parliamentary Inquiry into the use of FIFO workforce practices in Regional Australia, the following was stated:

The first of these shared issues is in respect to the application of various taxes, which encourage FIFO activities to the detriment of permanent based residents as workers. Currently taxation encourages companies to utilise FIFO workforces as all costs associated with the use of this workforce are largely tax deductible. If FIFO workers are housed in camp arrangements there are no FBT implications however, housing

subsidies paid to a permanent resident workforce attract this tax. Further to this, to avoid FBT implications plus secure a 50% concession on rental costs, the companies can rent the house as opposed to purchasing it outright. This activity has a dual implication in some communities as this use of the commercial rental market to house FIFO workers drives the rental market upward.

As for the zone allowance the Pilbara Advocacy Group endorsed the following suggestion.

The second area of tax reform should be to the Taxation Zone Rebate (TZR) an income tax concession which recognises the disadvantages to residents in 'specific areas' of Australia. These 'specific areas' consist of two zones. Zone A includes nearly the entire continent above the 26th parallel and some offshore islands with the exception of approximately 50% of eastern Queensland.

Zone B which is deemed to be less remote includes the remainder of the continent except for highly populated areas. A resident is defined as a taxpayer who spends time in the Tax Zone Rebate zones, not necessarily continuous time. Entitlement to the rebate requires a combined residency period of 182 days minimum over 2 years. It presently allows large benefits in equal measure to FIFO workers and remote bona fide residents. It is recommended that for the purpose of Tax Zone Rebates the definition of resident be restricted to permanent residents residing continuously in an area and those eligible to be enrolled are enrolled at that address.

Figure 93: Live Music at the FeNaCLNG Festival, City of Karratha



D5. IN VIEW OF THESE POSSIBLE POLICY DIRECTIONS, WHAT SPECIFIC ACTIONS SHOULD BE TAKEN TO DEVELOP NORTHERN AUSTRALIA? BY WHOM? OVER WHAT TIME PERIOD?

Table 13 is a summary of actions the City of Karratha believe will produce the greatest assistance in progressing the Pilbara as part of the Development of Northern Australia:

Table 13: Actions for Developing the City of Karratha

Actions	Short Term	Medium Term	Long Term
Action 1 Urgent investment in critical social and economic infrastructure: <ul style="list-style-type: none"> Elevate priority of region for implementation of the National Broadband Network. Improved Aged Care and Family support. Support for Indigenous business development and workforce development. Sustainable job outcomes for Pilbara people. Further development of trade training centres (TTCs). Adequately fund RFDS. Support for North West Interconnected System (NWIS). Invest in higher education, research and vocational education and training institutions in Northern Australia. 			
Action 2 Reduction of red tape.			
Action 3 Established a conducive regulatory, taxation and legislative environment: <ul style="list-style-type: none"> Prioritise taxation reform to encourage regional population growth and incentivise taxpayers working in remote and harsh environments. Ensure a social responsibility focus is included in all agreements, policies and legislation pertaining to the Pilbara region. Ensure an environmental focus is included in all agreements, policies and legislation pertaining to the Pilbara region. 			
Action 4 Seed funding for research and development: <ul style="list-style-type: none"> Establish a cooperative research centre (CRC) focusing on cyclone risk management. Support research into economic diversity for the region with a focus on Agribusiness and tourism. 			
Action 5 Coordinated approach and two way communication between all tiers of government. <ul style="list-style-type: none"> Create clear delineation of roles and responsibilities between all tiers of government, so as to alleviate relationship strain and unfair cost pressures on local government. Improve communication through two-way engagement with local government, particularly in the early stages of major projects and policy initiatives that affect the region. 			
Action 6 Enhanced trade and investment with Asia-Pacific <ul style="list-style-type: none"> Create opportunities for Asian market connections and the development of Asian literacy to build closer partnerships through the understanding of cultures and languages. 			
Action 7 Enhanced presence of Australian Government Agencies: Customs, Quarantine, Federal Police, Immigration (Regional Outreach Officer), Defence.			

Figure 94: City of Karratha - Official City Declaration Ceremony, 1 July 2014



CONCLUSION

It is well understood that the Pilbara is a region of vital national significance and its contribution to the overall Australian economy cannot be underestimated. Despite possible market volatilities and new competing sources of commodities, the minerals and energy sector will continue to expand at an unprecedented pace. Coinciding with this, is increased pressure for adequate social and economic infrastructure, highly skilled staff and diversification of industry.

Contrary to the government's projections, forecast population growth and a more complex demographic character are far from guaranteed. Current social, economic and political deficiencies provide obvious disincentives to population growth. Significant barriers can be seen in housing availability and affordability, uncoordinated planning, recovery from extreme weather, land restrictions, and the continued negative impact of FIFO workers on the local community.

Weaknesses of the region have been identified in critical infrastructure for health, education and the basic provision of services, each failing to meet community expectations. While high living costs and high costs to do business impact significantly on whether a new or potential resident will make the Pilbara their permanent home.

Despite these challenges, the City of Karratha possesses strengths in the well-established partnerships with global companies in the resources sector, a young population with a strong entrepreneurial spirit, high disposable incomes and family friendly living. The inspirational beauty of the rugged landscape is also a drawcard for many, offering both work and recreational opportunities. It is these strengths that form the foundation for the many opportunities available to the Pilbara region.

Indications show that unless major intervention occurs quickly, the value delivered by the Pilbara could be compromised through the inaction of underinvesting in the region. Concern has been expressed in a large number of studies with input from the resource sector and all

levels of Government that the current practises are not maintainable as they are not developing sustainable local communities.

The *Pilbara Cities: Karratha, City of the North Plan* provides a framework to establishing sustainable communities in the North West of Australia, however Federal Government assistance is urgently required to strengthen and deliver a strategic long term sustainable focus to the region through incentives, tax reform and legislative/regulatory change. These drivers of change are essential to the implementation of social and economic infrastructure, the creation of industry diversification, greater use of available land, the encouragement of research and investment, and the building of closer relations with Asia.

The time is now for creating strong resilient communities for the future and forever changing the perception of 'mining boom towns' to a sustainable region that is 'open for business'.

Figure 95: The City of Karratha at Dusk



APPENDIX A: DEVELOPMENT OF THE NORTH

Views of Peter Long as the Shire President of the Shire of Roebourne for the Joint Select Committee Inquiry on the Development of Northern Australia

[As of 1 July 2014, known as the Mayor of the City of Karratha]

It is now becoming recognised at a federal level, that one of the pillars of the future prosperity of Australia will be development of the North of our country. While remote, generally arid, with low population and a difficult economic history, the Asian economic miracle and its need for resources has changed the equation. Our North is close to Asia: Darwin is less than 500 km from the island of Timor; Broome is only 1280 km from Denpasar, Bali. Our North has vast mineral wealth, huge areas suitable for meat production, largely uninterrupted solar irradiation and parts have extensive water resources. What once was the North's handicap – distance from markets, low population and difficult working conditions – has reduced the exploitation of these resources and made them available for the new century.

Development means growth and progress and is generally considered to be synonymous with new infrastructure, towns, industries and businesses. While it is indeed this, it also means growth that is sustainable, balanced, long term – progress that ensures people can and will want to live in the new world we have made. Finally we have realised that cutting down all the trees without planting new ones to keep the wood-cutters' sons in work, is both pointless and stupid. So it is with the resources of the North: we want to be still utilising them for our well-being in 100, 200 years time. Planning is therefore a vital prerequisite to development. Our Plan needs to consider what Australians want and need to live a good life in the North and provide a mechanism to ensure that we allow for this in the new projects.

To develop the North, we need to consider both what our region can produce and also what our client nations require and how we can supply that demand. The traditional limitations for the North - remoteness, lack of infrastructure, extreme weather, vast internal distances – have been reduced in Western Australia through investment by the resource industry. The great wealth that has come from iron ore production in particular, especially over the last decade when China's mineral imports have increased exponentially, has provided some extensive, but generally private infrastructure in the form of new towns, railways and ports. Roads and airports to service the mines and ports have also opened up the Pilbara over the last 50 years. However, when mineral prices drop, as happens in the cyclic resource industry, the towns go quiet, investment stops and the local economy stagnates.

The second requirement for the North, after Planning, is clearly Diversity of economic opportunity. With a diverse economic base, remote towns and cities are not dependant on the price of one particular commodity for their well-being. Diversity also means that a range of different support industries and professions can flourish which in turn means people can live their lives in these towns, not just visit for the big money before settling elsewhere.

To attract people to live we need an environment where people can recreate, be entertained, self-improve, be educated, communicate and travel with a similar ease as is expected in the South. Appropriate infrastructure: roads, sporting venues, cultural venues, communication links, etc are vital. The WA State Government Royalties for Regions initiative has been remarkable for recognising this and directing mineral wealth back into the regions rather than siphoning off the wealth to the major population centres, as is traditionally the case. This process has transformed Karratha and Port Hedland and the initiative needs to be maintained.

Apart from protection of critical landscape, development of some of these areas at least will be required to ensure recreational opportunities exist for a wide range of the population. To date there has been no initiatives in this space at all.

The Shire of Roebourne [now called City of Karratha] in particular has been reviewing possible new industries that can provide diversity of income for the North. Possibilities raised include:

- Servicing of the minerals industry through provisions of warehousing, manpower, maintenance services, materials and consumables supply.
- Solar energy – photovoltaic and concentrating solar power (CSP) installations.
- Algal Biofuel – growth of microalgae on the vast coastal saline flats of the North-West.
- Agriculture – both damming of rivers and deep mining activities provide water in the North-West. Deep voids required by current mines release vast quantities of fresh groundwater which can be used to grow crops.
- Hi-tech service industries: the vast mining infrastructure built by the mining and oil & gas companies has resulted in some areas of world-leading technology. The size of the projects and the wealth generated can be spun off to develop secondary service industries.
- Education: following on from the previous point, location of post-graduate university study centres in the North would allow researchers to be close to the action in developing new technologies and processes associated with the mining and oil & gas industries.

Existing industries can also be expanded and developed to meet the new markets. These may include:

- Grazing – how can we make the grazing industry more viable and productive? What markets exist and what new ones can we develop?
- Mining – what is holding back the small miners? How can we help them – what are their issues?
- Tourism – in many areas tourism has nearly died because of a lack of labour, high costs of both labour and equipment, poor roads, poor communication, low quality accommodation, low quality or inadequate tours and tourist experiences. The North is unique in world terms and tourism can be developed much further.

Note that Tourism and Mining will sometimes have conflicting land uses. No-one wants a mine in their back yard or a beautiful recreational area. To stop the arguments at the project approval level, an inventory of valuable places needs to be developed where we can say “no mining” so that the mining approvals process can be made much quicker.

Further to the industry-related opportunities, government (local, State and Federal) needs to support the North through:

- Local placement of defence personnel, equipment and weaponry
- Regional location of government departments
- Tourism support
- Quality secondary, technical and further education facilities.
- Quality medical care
- Adequate child-care
- Fast data transfer and communications services
- Sporting and cultural facilities
- Recreational facilities
- Appropriate infrastructure – roads, ports, power, water sewage etc

Finally, commercial ventures need to be promoted. These include professional and non-professional businesses which are needed to support a community.

How can the Federal Government assist in this?

The North needs impetus to overcome the challenges of distance to markets, remoteness from population centres and difficulties of climate. This impetus needs to come from:

- Investment in infrastructure – particularly roads and ports.
- Assistance to State Governments in providing other infrastructure and services.
- Tax concessions – make it worthwhile for people on normal salaries to come North by reducing the tax burden. Currently businesses have to pay more to attract staff which increases the cost of all business in the North. If people can come to the North on a salary reasonably commensurate with the South, but pay far less tax, it will enable businesses to prosper.
- Investment inducements – promote new business investment by providing tax holidays, reduced taxation rates in particular areas.
- Identifying new business opportunities – doing studies, funding pilot projects, getting proposals ready to sell to overseas investors. We cannot say “we have it all – come and invest” – we need to say “here is an opportunity for you”.
- Developing business relationships with our trading partners: not just China and Japan, but Indonesia, ASEAN countries, India and South American countries in addition to more traditional markets.

The North must be allowed to buzz and to do this the advantages of investing here must be recognised - people have got to be able to make money. This results in more taxation revenue and more jobs. It doesn't happen by hoping and praying – we all need to work at this together to make it happen.

Appendix B: Pilbara city finds its rhythm

West Australian, Perth - Business News - page 4 - 926 words - ID 281448616

08 Jul 2014

Eight consecutive quarters of decline in Karratha and locals say life has never been better, Kim Macdonald reports Coffee tells the story of Karratha's move from a rough mining region, to a boom town, to a post-boom city.

From its pre-boom preference for instant, it last year became home to possibly Australia's most expensive cup of joe, a \$7 flat white at Soul, a trendy inner-city cafe in the cosmopolitan centre. Soul is now selling the same cup for \$6 in a move that not only signals the city's price reduction on hot drinks but also on wages, rents and real estate on the back of a resource sector downturn. Soul owner Beth Corps said she dropped the price after the rent was reduced on her commercial lease at the prestigious Pelagio complex earlier this year from \$750/sqm to \$500/sqm.

"There had always been complaints that the coffee was too expensive but we couldn't sell it for any less because our costs were so high," Mrs Corps said. "As soon as we were able to get a rent reduction, we passed it on to our customers."

Ironically, while it would appear that Karratha is suffering after eight consecutive quarters of decline, local residents say conditions have never been better for the small businesses that used to struggle with resource giants poaching their staff and driving up the cost of doing business. The new-found vibrancy has prompted Mrs Corps to extend her trading hours, opening on some nights. She is seeking a liquor license and wants to add to her 15-strong workforce with three more staff. Her husband Vaughan is expanding his earth-moving business.

Local MP Brendan Grylls, speaking last week at a ceremony to celebrate Karratha's newly acquired city status, said small business growth was keeping ambitions to turn Karratha into the "Dubai of the North" on track, despite the passing of the resources boom that sparked the vision. He said small business would be the primary catalyst for growth in the Pilbara. He said a recruitment drive by smaller construction companies had already swelled enrolments at his sons' primary school by 8 per cent this year, as contractors prepare for \$500 million of infrastructure projects in Karratha's central business district in the next three years. The recruitment drive has added to the total regional population 26,000 last year, up from 22,000 in the 2010 boom.

"I think for too long the north has been regarded as being in boom or bust," Mr Grylls said. "If there was not a big-billion-dollar announcement made by a major mining company, it was believed there was no growth. What we are seeing at the moment is organic growth in the small business sector. Mums and dads are choosing to live in town rather than being fly-in, fly-out."

The change in demographics is in evidence in the FIFO camps for major resource projects, where capacity is down to as little as 20 per cent, while the council continues to approve 700 new homes every year. Homes are now more affordable, with two local real estate agents claiming an average 30 per cent drop in prices in the past few years.

Local real estate agent Rob Sleator said the executive market had held up well in the post-boom era but rental reductions were steep at the cheaper end of town. A house that cost \$700,000 to buy and \$1200 a week to rent during the boom now cost \$410,000 to buy and \$500 a week to rent.

Agent George Cook said prices started falling in August as construction on Woodside's Pluto project neared completion. "It simply could not go on," he said. "We had people living in cars at the golf course because they could not afford the rent. We've seen a lot of (Pluto project) workers leave town but Anketell has brought a lot of confidence back in. If we have not bottomed out, we are very close."

A local retailer, who did not want to be named, said employers had been quick to remove premiums they had previously been forced to offer to attract staff.

Chris Wood, the business manager of labour hire company Skilled, said areas such as Bunbury and Geraldton felt the downturn about 18 months ago but the Pilbara was not affected until this year when job demand on the Cape Lambert project eased. He said jobs were down about 25 per cent in some areas, but claims it is too difficult to nominate an average drop on wages.

Kelly Gradey, managing director of Indigenous recruitment firm Refap said the job losses were being keenly felt within the local Aboriginal community. Refap had had 1200 unemployed people on its books, up 400 people in the past 12 months. Ms Gradey said the resources sector was responsible for 80 per cent of all job placements in the boom, with the balance going to the small business sector. But these days there was an even split, with the booming small business sector eager to recruit. "The resources boom put us on the map and created a lot of opportunities," she said. "But the changes we've seen since the boom have been good for Karratha too, because it has diversified the risk and made everyone think outside the square."

Appendix C: ABS Population Figures for the City of Karratha

From: Phil Browning [mailto:phil.browning@abs.gov.au]

Sent: Friday, 4 July 2014 11:55 AM

Subject: Re: Green paper on developing Northern Australia

It's unfortunate that the green paper report writers have used the projections we did for the Dept Health and Ageing (now DSS) designed for aged-care planning. They are not designed to be used as presented as in this report. It would be much better if they had used the projections from the WA planning department, as they are able to incorporate better on the ground information than our model can.

Moreover, it looks as if they've used superseded figures for the actuals. The SLA has been replaced with the SA2 as a building block unit. The figures I'm showing below (sourced from 3218.0) appear to be more recent than those in the report. So if your submission included the updated Estimated Resident Population figures as well as the WA government figures, that data would be more fit for this purpose.

These are the latest LGA figures (actuals)

		ERP at 30 June											Change	
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012r	2013p	2012r-2013p	
LGA code	Local Government Area	no.	no.	no.	no.	no.	no.	no.	no.	no.	no.	no.	%	no.
57560	Roebourne (S)	16998	17912	18864	20054	20587	21230	21996	22628	23634	24739	25907	4.7	1168

These are the latest SA2 figures (actuals)

		ERP at 30 June											Change	
		GREATER CAPITAL CITY STATISTICAL AREA (GCCSA),												
		STATISTICAL AREA LEVEL 4 (SA4),												
		STATISTICAL AREA LEVEL 3 (SA3) and												
ASGS Code	Statistical Area Level 2 (SA2)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012r	2013p	2012r-2013p	
		no.	no.	no.	no.	no.	no.	no.	no.	no.	no.	no.	%	no.
1220	Karratha	12020	12742	13496	14440	14793	15239	15749	16265	17007	17946	18945	5.6	999

These figures have been superseded (do not use)

		ERP at 30 June											Change	
		STATISTICAL DIVISION (SD),												
		Statistical Subdivision and												
		Statistical Local Area												
ASGC Code		2001	2002	2003	2004	2005	2006	2007r	2008r	2009r	2010r	2011p	2006-2011p(a)	2010r-2011p
		no.	no.	no.	no.	no.	no.	no.	no.	no.	no.	no.	%	no.
7560	Roebourne (S)	15058	15469	16005	16371	16927	17650	18278	18456	18823	19143	19782	2.3	639

Phil Browning - Acting Director

Demography | Population, Labour and Social Statistics Group | Australian Bureau of Statistics

Appendix D: Emerging Industries Worldwide

Industries	Emerging Sectors
Advanced Equipment Design and Manufacturing	<ul style="list-style-type: none"> • smart robots • precision instruments and equipment • computer aided manufacturing (such as 3D printer manufacturing)
Data Mining and Analytics	<ul style="list-style-type: none"> • big data analysis • information extraction • information management • industry intelligence • coding
Education	<ul style="list-style-type: none"> • massive open online courses (MOOCs)
Emergency Management	<ul style="list-style-type: none"> • integrated communications systems • quick response and monitoring technologies • transportation-based solutions • assessment, planning and risk-based design innovations
Environmental Sustainability	<ul style="list-style-type: none"> • pollution control • green and sustainable building construction • green transport and energy storage technology
Ergonomics	<ul style="list-style-type: none"> • product design and creation
Sustainable Energy	<ul style="list-style-type: none"> • solar energy • biomass energy • battery and fuel cell development
Health	<ul style="list-style-type: none"> • genomics • biostatistics • neurophysics • medical tourism • biomedical engineering • disease therapy and molecular diagnostics
New Materials	<ul style="list-style-type: none"> • optoelectronic materials • microelectronic materials • nano materials • composite materials
Ocean Economy	<ul style="list-style-type: none"> • ocean engineering and high-tech shipbuilding • marine aquaculture (mariculture) • off-shore wind, tidal and wave energy • offshore extraction of oil and gas in deep-sea and other extreme locations; • sea-bed mining for metals and minerals; • marine biotechnology (such as algae production); • ocean-related tourism and leisure activities; • ocean monitoring, control and surveillance.
Online Entrepreneurs including:	<ul style="list-style-type: none"> • social networking • gaming and gamification • simulation development • internet security • online product sales • open source software • 'lite' website development (for use on mobile devices) • cloud computing • the Internet of Things (IoT) – includes QR codes, digital watermarking & RFID technologies • biometric technology
Precision Agriculture (also called satellite farming or site specific crop management)	<ul style="list-style-type: none"> • crop science • precision tools and wireless technologies • integrated spatial technologies - including GPS and GIS for yield and loss analysis
Spatial Intelligence and Public Innovations	<ul style="list-style-type: none"> • smart city innovations and infrastructure • intelligent city innovations and infrastructure

Source: www.myfuture.edu.au, www.seek.com.au, www.bloomberg.com and www.deloitte.com

Appendix E: Cost of Doing Business in Australia – Global Rankings and Trends

AUSTRALIA		OECD high income	GNI per capita (US\$)	59,570	
Ease of doing business (rank)	11	High income	Population (m)	22.7	
Starting a business (rank)	4	Registering property (rank)	40	Trading across borders (rank)	46
Procedures (number)	3	Procedures (number)	5	Documents to export (number)	5
Time (days)	2.5	Time (days)	4.5	Time to export (days)	9
Cost (% of income per capita)	0.7	Cost (% of property value)	5.0	Cost to export (US\$ per container)	1,150
Minimum capital (% of income per capita)	0.0	✓ Getting credit (rank)	3	Documents to import (number)	7
		Strength of legal rights index (0–10)	10	Time to import (days)	8
Dealing with construction permits (rank)	10	Depth of credit information index (0–6)	5	Cost to import (US\$ per container)	1,170
Procedures (number)	11	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	14
Time (days)	112	Private bureau coverage (% of adults)	100.0	Procedures (number)	28
Cost (% of income per capita)	13.3	Protecting investors (rank)	68	Time (days)	395
		Extent of disclosure index (0–10)	8	Cost (% of claim)	21.8
Getting electricity (rank)	34	Extent of director liability index (0–10)	2	Resolving insolvency (rank)	18
Procedures (number)	5	Ease of shareholder suits index (0–10)	7	Time (years)	1.0
Time (days)	75	Strength of investor protection index (0–10)	5.7	Cost (% of estate)	8
Cost (% of income per capita)	8.7			Recovery rate (cents on the dollar)	81.3
		Paying taxes (rank)	44		
		Payments (number per year)	11		
		Time (hours per year)	105		
		Total tax rate (% of profit)	47.0		

NEW ZEALAND		OECD high income	GNI per capita (US\$)	38,222	
Ease of doing business (rank)	3	High income	Population (m)	4.4	
Starting a business (rank)	1	Registering property (rank)	2	Trading across borders (rank)	21
Procedures (number)	1	Procedures (number)	2	Documents to export (number)	4
Time (days)	0.5	Time (days)	1	Time to export (days)	10
Cost (% of income per capita)	0.3	Cost (% of property value)	0.1	Cost to export (US\$ per container)	870
Minimum capital (% of income per capita)	0.0	Getting credit (rank)	3	Documents to import (number)	6
		Strength of legal rights index (0–10)	10	Time to import (days)	9
Dealing with construction permits (rank)	12	Depth of credit information index (0–6)	5	Cost to import (US\$ per container)	825
Procedures (number)	11	Public registry coverage (% of adults)	0.0	✓ Enforcing contracts (rank)	18
Time (days)	94	Private bureau coverage (% of adults)	100.0	Procedures (number)	30
Cost (% of income per capita)	28.3	Protecting investors (rank)	1	Time (days)	216
		Extent of disclosure index (0–10)	10	Cost (% of claim)	27.2
Getting electricity (rank)	45	Extent of director liability index (0–10)	9	Resolving insolvency (rank)	12
Procedures (number)	5	Ease of shareholder suits index (0–10)	10	Time (years)	1.3
Time (days)	69	Strength of investor protection index (0–10)	9.7	Cost (% of estate)	4
Cost (% of income per capita)	97.0			Recovery rate (cents on the dollar)	83.3
		Paying taxes (rank)	23		
		Payments (number per year)	8		
		Time (hours per year)	152		
		Total tax rate (% of profit)	34.6		

✓ Reform making it easier to do business ✗ Reform making it more difficult to do business

UNITED STATES		OECD high income	GNI per capita (US\$)	50,120	
Ease of doing business (rank)	4	High income	Population (m)	313.9	
Starting a business (rank)	20	Registering property (rank)	25	Trading across borders (rank)	22
Procedures (number)	6	Procedures (number)	4	Documents to export (number)	3
Time (days)	5	Time (days)	12	Time to export (days)	6
Cost (% of income per capita)	1.5	Cost (% of property value)	3.4	Cost to export (US\$ per container)	1,090
Minimum capital (% of income per capita)	0.0	Getting credit (rank)	3	Documents to import (number)	5
		Strength of legal rights index (0–10)	9	Time to import (days)	5
Dealing with construction permits (rank)	34	Depth of credit information index (0–6)	6	Cost to import (US\$ per container)	1,315
Procedures (number)	16	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	11
Time (days)	91	Private bureau coverage (% of adults)	100.0	Procedures (number)	32
Cost (% of income per capita)	16.7	Protecting investors (rank)	6	Time (days)	370
		Extent of disclosure index (0–10)	7	Cost (% of claim)	18.4
Getting electricity (rank)	13	Extent of director liability index (0–10)	9	Resolving insolvency (rank)	17
Procedures (number)	4	Ease of shareholder suits index (0–10)	9	Time (years)	1.5
Time (days)	60	Strength of investor protection index (0–10)	8.3	Cost (% of estate)	7
Cost (% of income per capita)	15.6			Recovery rate (cents on the dollar)	81.5
		Paying taxes (rank)	64		
		Payments (number per year)	11		
		Time (hours per year)	175		
		Total tax rate (% of profit)	46.3		

Source: World Bank (2014). Doing Business 2014: International Ranking

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