

Part 3: Future of the Peel region

Summary of proceedings

Wednesday, 12 November 2014

8.45am to 3.00pm

Mandurah Offshore and Sailing Club

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This document is based on discussions and presentations at CEDA's Future of the Peel region event held on 12 November 2014. This document reflects the presentations delivered by speakers at the event, which do not necessarily reflect the views or opinions of CEDA, the series sponsors or the event sponsors.

Regional Overview

The Peel had an estimated resident population of 124,500 in 2013, representing five per cent of Western Australia's population. The Western Australia Planning Commission's *WA Tomorrow (2012)* forecasted the population of the Peel will continue to increase to approximately 179,000 by 2023.

The estimated value of gross regional product for the Peel region was \$11 billion in 2012-13. Some major components of that figure:

- > Mineral production is valued at \$3.2 billion.
- > The retail sector has experienced remarkable growth over the past 10 years, increasing 126 per cent from 2001-02. The value of the industry was \$1.1 billion in 2011-12. The industry is a large employer and significant contributor to the regional economy.
- > Tourism attracted an average of 346,800 overnight visitors annually from 2010 to 2012. In the same period, turnover was estimated at \$174 million per annum.
- > Agricultural production remained relatively steady over the decade to 2011-12 when production value totalled \$125 million.

The level of employment in the Peel grew steadily over the last decade to over 50,000 in 2012-13. The mean taxable income for the region showed an annual average growth rate of 7.2 per cent over 10 years.

Summary of Proceedings

Session 1: Vision for the Peel region

Blueprint for the Peel region

The fundamental role of the Peel Development Commission (PDC) is economic development, job creation and creating rewarding careers for the Peel community, said PDC Chief Executive Officer, Melissa Teede.

Ms Teede announced the public release of the Peel Regional Investment Blueprint. The Blueprint is the result of engagement with 200 representatives of government, community and business interests, and it provides a vision for the Peel region up to 2050. The document articulates a vision for the Peel as a progressive, dynamic region, which creates prosperity for the whole Peel community.

The Peel Blueprint is focused on economic development across a wide range of industries as a result of the desire to diversify and rebalance the economy of the region on a more sustainable footing. Much of the planning work being done was about identifying the unique competitive advantages that can secure the Peel's future.

The Blueprint recognises a series of significant social challenges exist for the Peel region, including unemployment and other indicators of social, economic and educational disadvantage. The Peel region's unemployment rate is two percentage points higher than the state average, while youth unemployment

stands at 25 per cent. In 2011, 39 per cent of residents had not finished Year 12, while the number of bachelor's degrees held by residents was also very low. In order to address these issues, the Blueprint focuses on young people, their skills and education by increasing the presence of universities in the region, developing centres of specialisation in local primary and secondary schools, and linking these initiatives to the skill requirements of industries in the region.

State Government's vision for the Peel region

Leader of the National Party in the Legislative Council; then-Parliamentary Secretary to the WA Minister for Regional Development (now WA Minister for Housing; Racing and Gaming), the Hon. Colin Holt stated that the Government has a strong vision for regional Western Australia. People in the regions have experienced a change in their aspirations and have developed a 'can do' attitude over the last five years. The Government wants to see this continue.

Mr Holt noted there are three key reasons why developing regions is important:

- > The first is equality: regional populations deserve the same access to services and opportunities as those in the metropolitan area. Generally, country people do not expect the same level of service, but want decent access so they can stay living in the regions;
- > The second is unlocking economic potential through investment in infrastructure and services, in order to develop the regions to contribute to nation; and
- > The third is population dispersal across state.

To date, Royalties for Regions has concentrated on northern Western Australia due to a historic under-investment there. The Pilbara Cities initiative was designed to develop vibrant coastal cities in Western Australia's north, similar to those along the coast of Queensland. As a result of investment in Pilbara Cities, the region is now a much more welcoming place for residents than it once was. Now, more funds are going to head into the south, including the \$600 million Growing Our South project. This funding will revitalise the south in a similar way to the revitalisation funds that other regions have received. Major projects in the Peel region, such as the Nambeelup Business Park and the new Mandurah traffic bridge, could be assisted with that fund.

The main themes for the future of the Peel region revolve around a thriving industry with a broadened base, agriculture and food innovation, which the Government sees as the next economic boom for the state given the rise of the Asian middle class and capable people. Real gains can be made in the Peel through developing an educated and highly skilled workforce. If the Peel can make jobs, education and access to health uniform, people will stay and thrive. Mr Holt noted the Peel Blueprint is vital to addressing these issues and commended the plan.

Building communities in the Peel region

Former Mayor of Mandurah, Paddi Creevey noted there are many challenges facing the Peel, including the region being high on national statistics for disadvantage. Some of the region's people experience severe hardship, homelessness, poverty, and there is a long history of dispossession for Aboriginal people. However, the region does have a great sense of commitment, of people working together to make things better, and the Peel Blueprint is the call to action. The Blueprint is about putting all the current thinking, data and strategy to work to instigate positive change.

Ms Creevey said regional development is about reducing inequality, because the price of not reducing inequality is high. In developed countries, the greater the inequality, the greater the negative impact on society. Ms Creevey stated the challenges that exist in Mandurah are the result of such inequality. The natural beauty and assets of the region are also noted in the Blueprint. These assets can be harnessed to create opportunities and jobs in the region. For example, the region derives a huge dollar value from bird-watching tourism, where the spend is far in excess of that for the average tourist. Tourists come to see the Peel-Yalgorup RAMSAR waterways, one of the most ancient fly routes in the world: birds come from places as far away as Siberia to nest. Ms Creevey added that there are only two other places in the world with anything like the biodiversity in the Peel Harvey Catchment.

Community cohesion is critical to ensuring economic development is not fractured and leadership is vital. There exists an obligation to enable people to be leaders, simply by inviting them. This requires emotional intelligence, which is a key element of successful leadership.

Session 2: Future proofing the Peel region

Demographic trends in the Peel region

The Regional Australia Institute (RAI) is an independent policy think tank that undertakes research into regional Australia. Some of RAI's key contributions to regional Australia include: [In]Form, an online research library for regional research published since 2000; and [In]Sight 2014, a regional competitiveness index collating data from other sites and uses an online interactive map. Their Western Australian research focuses on population growth, regional cities, non-place-based work, and access to finance. RAI's nationally-focused research includes studies on regional returners, 'super-boomers' (baby boomers), the future of regional Australia, and better government in regional Australia.

RAI Chief Executive Officer, Su McCluskey noted the key trends relating to population for the Peel included the influx of super boomers, and those seeking affordable housing, lifestyle change and international migration. Super Boomers are arriving in the Peel region at a rate of 2.6 per cent, which is higher than anywhere else in Australia.

Ms McCluskey said that future policy must be connected to the data and indicators. She said the three key drivers for the Peel are: industry, proximity (to Perth) and size.

The big question, however, is how to build on these drivers? New industry and diversification are vital to the region because mining is currently the core major industry in the region. Maintaining the 'Peel' identity is imperative, but may be difficult due to the proximity of Perth and its growing urban sprawl. As one of the smallest regions, the size of the Peel and the problem of what appears to be two economies functioning in the region (Mandurah and the rest of Peel) needs to be resolved.

Ms McCluskey said to achieve a bright future, the Peel needed to make full use of the great opportunities provided by its natural resources, and embrace technology, health, education and the older population.

Land development

Mandurah and the Peel have experienced significant growth over time and LandCorp Chief Executive Officer, Frank Marra said that LandCorp is well-placed to help the region grow into the future. He observed that LandCorp has the capacity to think both big and small when required to unlock residential land and

industrial land. LandCorp has a vital and strategic interest in helping Peel to meet the needs of being the fastest growing region in Western Australia.

Mr Marra said that LandCorp delivered whole communities by following the principle of developing land to create jobs. Job creation underpins diversification. LandCorp ensures that their industrial developments are in close proximity to major transport infrastructure and that housing developments are close to transport and other local amenities/facilities. He said that LandCorp was cognisant of the need to deal with the long-term unemployment issues in the Peel, particularly youth unemployment. LandCorp projects create jobs and employ workers from the local area.

The current mix of housing in the Peel will not cater for the region's growth and housing needs. Mr Marra said that LandCorp is looking at innovative ways to meet these needs, for example LandCorp has re-invented the use of the Maisonette (single-storey residences in multi-storey complexes) to cope with the needs for higher density living.

Mr Marra concluded that LandCorp has the land infrastructure in place to support the Peel's future development.

Research and education

Murdoch University connects with the Peel region based on three key focus areas: food security, sustainability and health futures. Murdoch University Interim Vice Chancellor, Professor Andrew Taggart said the university is researching across fields including:

- > Fisheries and dolphins;
- > Estuarine health and water quality;
- > Community and child health;
- > Indigenous art;
- > Agriculture and food security;
- > Meat quality (lamb and beef); and
- > Educational attainment (MAP4U).

One of the most important areas of Murdoch's engagement with the Peel region is the Regional Skill Development program, which is focused on correcting the disparity between young people in public and private education. Improvements have been made in school completion levels, but the level of educational attainment remains low. A high proportion of school leavers in the Peel are unlikely to be suitable for direct entry to university. Too many students, particularly at public schools, are not in the tertiary entrance (ATAR) stream, despite fairly good aspirations. Increasingly, public school students are being pressed to go into vocational training streams, rather than tertiary entrance streams based on the myth that trade jobs are available in the Peel region: 25 per cent youth unemployment demonstrates that these jobs do not exist.

The Murdoch program MAP4U, seeks to build academic aspirations and achievement among school students, using an innovative curriculum and teaching methods. Projects involving the arts, particularly the digital arts, have been particularly effective in encouraging students to aspire to university education. Murdoch is also working with local schools and vocational education and training (VET) providers to ensure VET programs are tailored to outcomes and job prospects.

Professor Taggart said that there was strong alignment with Murdoch University and the Peel Blueprint and looks forward to the development of strong local partnerships to create jobs.

Healthcare

Ramsay Health Care, Operations Manager WA, SA, Indonesia and Malaysia, Kevin Cass-Ryall explained that Ramsay owns and operates 69 private hospitals in Australia and 212 hospitals in the world, including being the largest private hospital provider in France, where it has 101 hospitals. In 2013, the State Government awarded Ramsay the contract to manage the Peel Health Campus. The Peel Health Campus is a 127-bed regional hospital that treats public and private patients.

The Peel has significant health challenges due its low socioeconomic status. For example, the Peel region has an obesity rate of 38 per cent (Perth's rate is 27 per cent) and 18 per cent of the population are smokers, compared with Perth's 16 per cent.

Major health challenges in the Peel region include chronic illness, mental health, oral health, Aboriginal health, maternal and child health and healthy ageing. Serious investment is required to turn this around. Ramsay Health Care estimates that there will be a 120 per cent growth in demand for hospital services to 2027. Ramsay Health Care is seeking to develop and expand the Peel Health Campus by creating a new private hospital on the present site, while adding 40 public beds, an additional 33 private beds, four additional operation suites, one procedure room and an additional birthing suite. Mr Cass-Ryall added that Ramsay Health Care will increase the capacity of the emergency department and the expansion of the hospital's capacity in renal dialysis and day chemotherapy. To attract and retain more specialist doctors, Ramsay Health Care will construct purpose build specialist suites on site.

Session 3: Industries in the Peel region

Indigenous engagement

South West Aboriginal Land and Sea Council (SWALSC) Chief Executive Officer, Glen Kelly said that Mandurah is a place of great significance for Noongars, as it is where initiates finished their journeys. The natural environment of water, hills, rivers and wet lands all contribute to the very strong sense of place in Mandurah. The values, knowledge and song-lines still exist, and there are movements to reinvigorate the ceremonies around Mandurah.

The area is growing very fast, with an increasing urban footprint. Noongars view this with despair as their important places are being covered over by development. However, the Noongars also realise there is incredible potential in the region, that this is the world we live in, and recognise the need to have prosperity, but in a form that is cognisant of Noongar values. The key aspirations for the Noongar people are to be able to prosper and have a stake in the prosperity of the region, while maintaining the security of their culture and beliefs. Noongars wish to be healthy, well educated and employed. The Newmont Boddington Gold Mine has shown commitment to Aboriginal employment and is a good example of what can be achieved.

Unlike the natural environment, Noongar cultural heritage is not being preserved. Heritage values tell stories about the land, and that would benefit residents of the Peel, not just the Noongar people. Noongar culture can be incorporated into the urban layout and built environment to create a sense of place for the region. The Peel could use the example of Noongar engagement with the Metropolitan Redevelopment Authority on the development of Yagan Square in Perth, which, in the built form, will reflect Noongar

heritage and culture. The opportunity exists with the current negotiations for the South West Native Title Settlement, which surrenders Native Title in exchange for a comprehensive package of benefits including a significantly well endowed trust fund, land and recognition of the Noongars as traditional owners through an Act of Parliament. Consultation with Noongar communities on the proposed settlement will occur in February and March 2015, and if agreed to, the Noongar (Koorah, Yeye, Boordah) (Past, Present, Future) Recognition Bill 2014 will be passed through Parliament and enter into law.

Business landscape in the Peel region

Chamber of Commerce and Industry Western Australia (CCI) Chief Economist, John Nicolaou said that the Western Australian economy is transitioning. The major growth driver across the regions has been business investment, especially in the resources sector, which is now declining. However, the export boom is well underway as a result of the recent resources investment growth. China is driving this, with \$49 billion of the \$50 billion increase in exports going to China. Labour is now in abundance and scarcity levels have declined by approximately 10 per cent. This has resulted in very low growth in wages. Even so, 50,000 jobs were created in the last 12 months.

The big challenge for the state is the prolonged period of low confidence in the economy. Job security is a big factor on consumer confidence and has been in decline over the last year, as demonstrated by low retail sales growth. Business confidence is also low and this has held back investment decisions and limited employment growth.

Mr Nicolaou observed that the Peel economy is growing faster than all other regions excluding the Pilbara. The Peel region's above-average population growth has been a big driver of job creation, but at the same time has led to a higher unemployment rate.

The forecast economic outlook for Western Australia is to grow at a higher rate than the Australian average into the near future, although the spectacular growth of past years is unlikely to be repeated soon. The CCI's vision for the future is that the state will be home to a population of 3.5 million in the next 20 years, with more than half a million additional people with a tertiary education, a six-fold increase in research and development spending by business, an economy that is more than double its current value, and an additional 740,000 people will be employed, for a total workforce of 2.3 million.

Newmont Boddington Gold

Newmont is the second largest gold mining company in the world and the first gold mining company included in the Dow Jones Index for sustainability. The Newmont Boddington Gold Mine commenced operations in 1987, continuing to 2001, after which feasibility studies were undertaken to determine the viability of the site. The process identified 600 million tonnes of basement rock, and a 15-20 year project was approved in 2006, with a \$3 billion investment to restart the mine completed in 2009. The life of the mine has now been extended to 2041.

Newmont Boddington Gold External Relations Manager, Javier Brodalka explained that the key challenges for Newmont are: gold price fluctuations (currently the gold price is low and the production costs have increased), the new tax regime, especially the gold royalties review by the State Government (if the proposed changes are implemented the royalties cost will double), and the possible removal of the diesel rebate, which would add \$47 million in costs. Mr Brodalka added that the approval process for extensions and permits is drawn out and complex. Additionally, the mine uses a lot of water, when average rainfall in the region is decreasing. He noted that an alternative water source might be one of the many saline rivers in the south west, but the capital costs are high.

Mr Brodalka said Newmont has a 'think local' guideline by buying services and goods from the local area. In the first six months of 2014, 44 'local local' (Boddington town – the nearest town to the mine) suppliers were contracted, spending \$20 million, while 71 'local' (from the region and state) suppliers were employed, with a contract value of \$39 million. Additionally, Newmont works with the Peel Business Council and supports the Annual Business Expo. The Newmont Boddington Gold Mine is a drive-in-drive-out (DIDO) site with 2000 employees, 1024 of whom are local residents. Newmont has 56 Aboriginal employees and has had a partnership agreement since 2006 with Noongar groups to enhance employment, cultural heritage, cross cultural awareness, and business development and support.

Future of the Peel region

List of speakers (in order of presentations):

- Melissa Teede, Chief Executive Officer, Peel Development Commission
- The Hon. Colin Holt MLC, then-Parliamentary Secretary to the WA Minister for Regional Development (now WA Minister for Housing; Racing and Gaming)
- Paddi Creevey, Former Mayor of Mandurah
- Su McCluskey, Chief Executive Officer, Regional Australia Institute
- Frank Marra, Chief Executive Officer, LandCorp
- Professor Andrew Taggart, Interim Vice Chancellor, Murdoch University
- Kevin Cass-Ryall, Operations Manager, WA, SA, Indonesia and Malaysia, Ramsay Health Care
- Glen Kelly, Chief Executive Officer, South West Aboriginal Land and Sea Council
- John Nicolaou, Chief Economist, Chamber of Commerce and Industry WA
- Javier Brodalka, Manager Sustainability and External Relations, Newmont Mining Corporation
- Alan Cransberg, Chairman and Managing Director, Alcoa of Australia

Peel region, WA

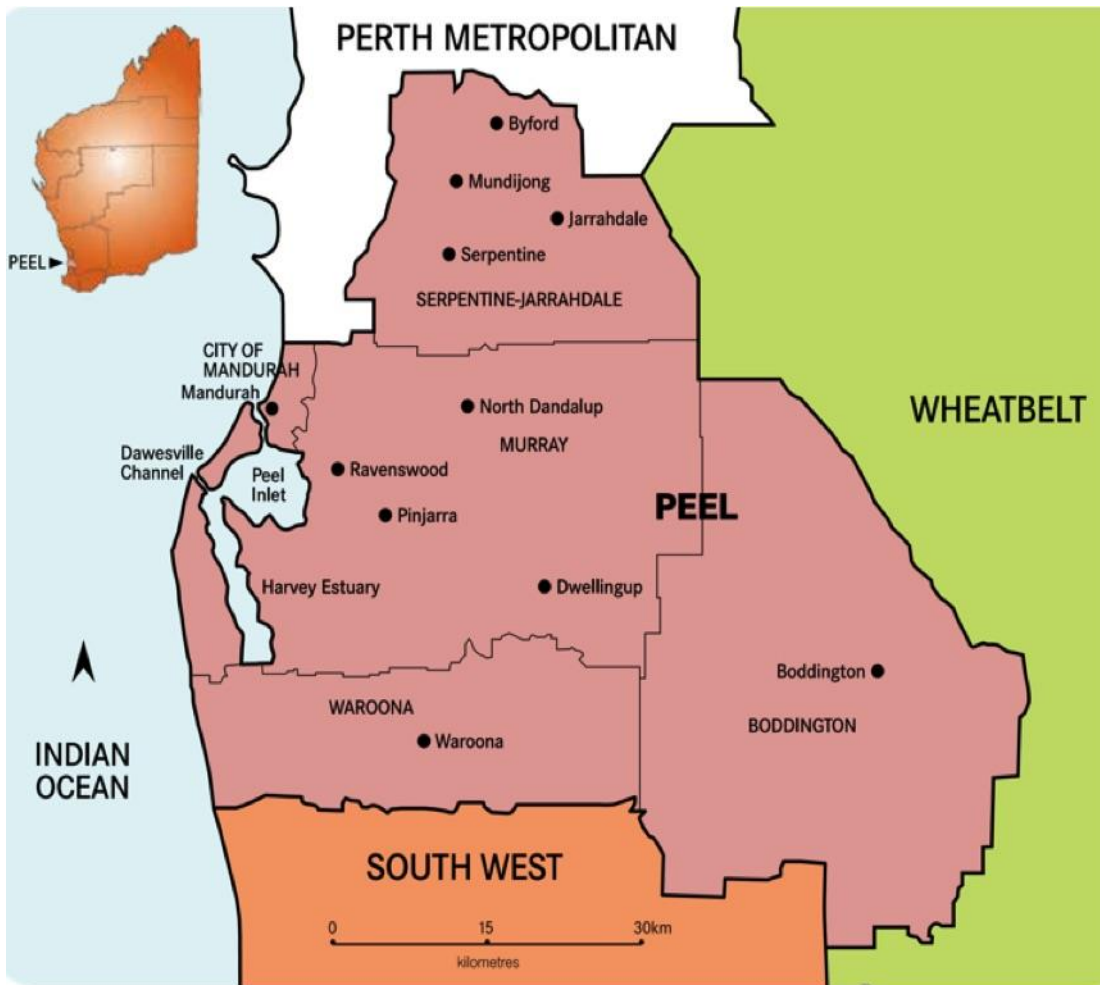


Image provided by the Government of Western Australia, Department of Regional Development.

CASE STUDY – Alcoa of Australia Chairman and Managing Director, Alan Cransberg

Alcoa of Australia Chairman and Managing Director, Alan Cransberg said Alcoa has a strong future in Australia, particularly in the Peel. Alcoa has invested over \$12 billion in Australia over 51 years. It is one of Australia's leading exporters supplying 10 per cent of the world's alumina demand and produces approximately 18 per cent of Australia's aluminium. The Pinjarra Refinery is the largest of Alcoa's Australian refineries. Alcoa is 40 per cent Australian owned with 60 owned by the United States. Mr Cransberg said Alcoa is proud of the fact that it is seen to be an Australian company and seeks to maintain and retain this perception.

Alcoa employs 4,000 employees in Western Australia, 2,100 of whom live in the Peel region. This equates to an annual payroll for Peel-based employees of approximately \$248 million, 70 per cent of which is spent locally. Being part of the local community is of high importance to Alcoa. Alcoa asks all its employees to volunteer in their communities, and has a strong local procurement policy, with \$1.36 billion being spent nationally and approximately \$83 million in the Peel. Alcoa also delivers approximately \$6 million in national grants and \$3.7 million in grants to the Peel region.

However, Mr Cransberg noted that Alcoa faces significant challenges, although the growth in demand for alumina is still strong. The Wagerup Refinery Unit 3 expansion is on hold due to the uncertainty of the economic environment.

In the last decade, prices for aluminium have halved, which has meant Alcoa has had to achieve significant cost efficiencies. Energy supply is a critical strategic issue for Alcoa and represents 20 to 30 per cent of its operating costs. Alcoa consumes 25 per cent of Western Australia's domestic gas supply. Gas supply contracts are due to expire during 2020, and if Alcoa is unable to secure sufficient supply the consequences will be significant.

In closing, Mr Cransberg stated that the Peel has the world's best alumina integrated complex, and it will be in the region for the next 50 years. However, he cautioned not to take industry for granted. Governments need to understand the pressures industry faced due to the enormous global competitive issues. Mr Cransberg believes that Alcoa, the Peel community and government can work together to achieve positive outcomes for the future.