

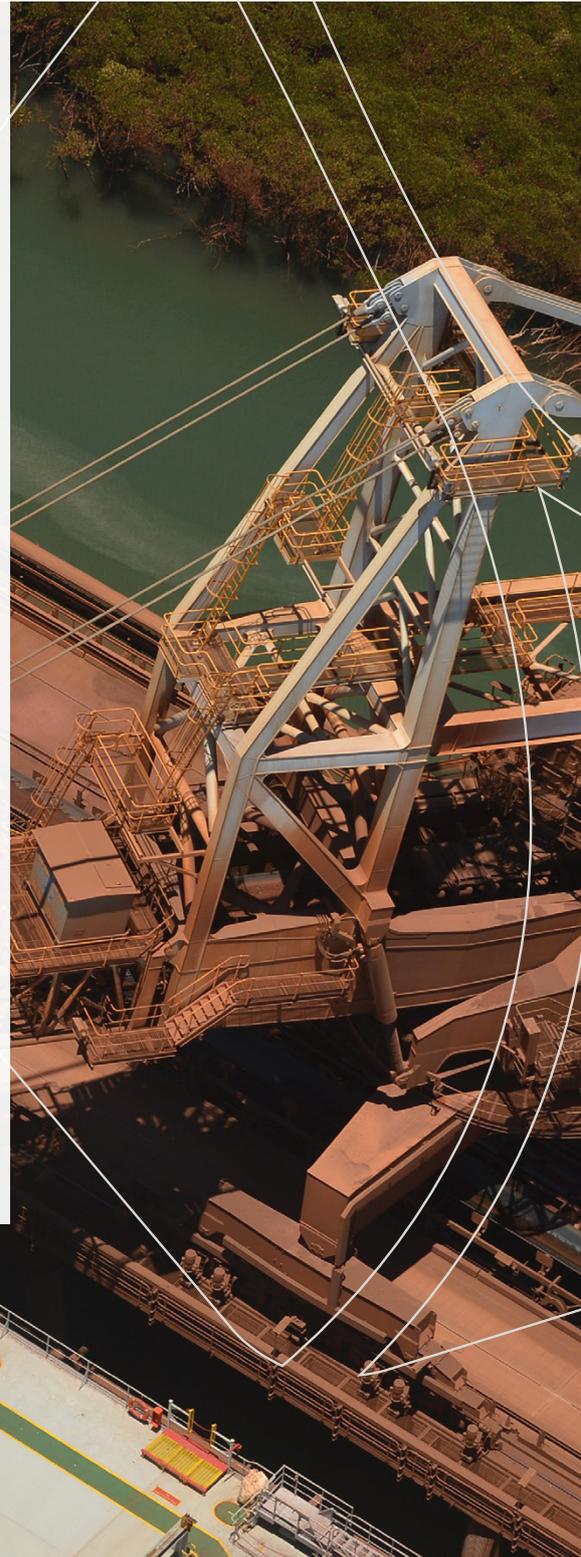


Strategic Plan

2021/22 - 2023/24

Contents

2	Preparation and review of Strategic Plan
3	Role of Regional Development Australia
4	Chair's Foreword
7	Introduction
8	Our region
10	Our economy
18	Competitive advantages
21	Key challenges
25	Policy and funding landscape
26	Our strategy



Preparation and review of Strategic Plan

The Strategic Regional Plan (SRP) is founded on data analysis, The SRP strategically aligns with Commonwealth priorities for regional development facilitated through the Regional Development Australia (RDA) Charter, State Government and Pilbara local government priorities. It identifies regional needs, priorities and coordination to deliver integrated and aligned arrangements that maximise achievement of economic outcomes for the Pilbara.

The SRPs strategic priorities and activities are delivered through RDA Pilbara's Annual Business Plan (work plan), ensuring traction is retained for the delivery of the longer-term vision outlined in the SRP.

The SRP will be reviewed annually to account for critical issues or developments likely to significantly impact the economic growth and performance of the Pilbara, and to ensure currency of data. This includes consideration being given to impacts to industry, infrastructure, sustainability or human capital and impediments to cross-sectoral partnerships or delivery of Regional Development Australia Pilbara's (RDA Pilbara) activities.

RDA Pilbara reports annually and as otherwise required to the Commonwealth Government against established priorities and through ongoing communication with stakeholders under Regional Development Australia Pilbara's Communication Plan.

Disclaimer

Whilst every reasonable effort has been made to ensure the accuracy of the information presented, Regional Development Pilbara and its employees to the extent permitted by law, disclaim any liabilities to any person in respect to errors and omissions. We recognise that policies, programs and statistics may have changed since the publishing of this document. This strategic plan has been produced by RDA Pilbara and does not necessarily represent the views of the Commonwealth, its officers, employees or agents.



Role of Regional Development Australia

RDA comprises a network of committees across Australia that work with all levels of government, business and community groups to develop targeted responses to strengthen regional economies, promote economic opportunity and build capacity.

Through effective facilitation and collaboration, RDAs focus on growing local communities based on competitive advantages, economic opportunities, and investment attraction. RDA Committees operate in accordance with the RDA Charter which establishes the following economic priorities and activities to achieve growth in Australia's regions, aligned to the Commonwealth's regional development policy:

- a) Facilitate regional economic development outcomes, investment, local procurement and jobs.
- b) Promote greater regional awareness of and engagement with Australian Government policies, grant programs and research.
- c) Improve Commonwealth regional policy making by providing intelligence and evidence-based advice to the Australian Government on regional development issues.
- d) Co-ordinate the development of a strategic regional plan, or work with suitable existing regional plans that will align with the Commonwealth's regional priorities!

¹ Government of Australia, Regional Development Australia, *Strong, Confident and Vibrant Regions*, Regional Development Australia Charter. Available at: <https://www.rda.gov.au/sites/default/files/documents/rda-charter.pdf>

Chair's foreword



On behalf of the Committee, I am pleased to deliver our Strategic Regional Plan which provides the strategic focus for Regional Development Australia Pilbara's activities over the forward three years and the framework for anticipating and monitoring trends that affect the region.

The Covid-19 pandemic has given rise to a rapidly changing economic and social landscape with continuous assessment of economic, financial and statistical data; wide-ranging economic forecasts; and a suite of economic and social strategies and fiscal measures to stimulate the economy.

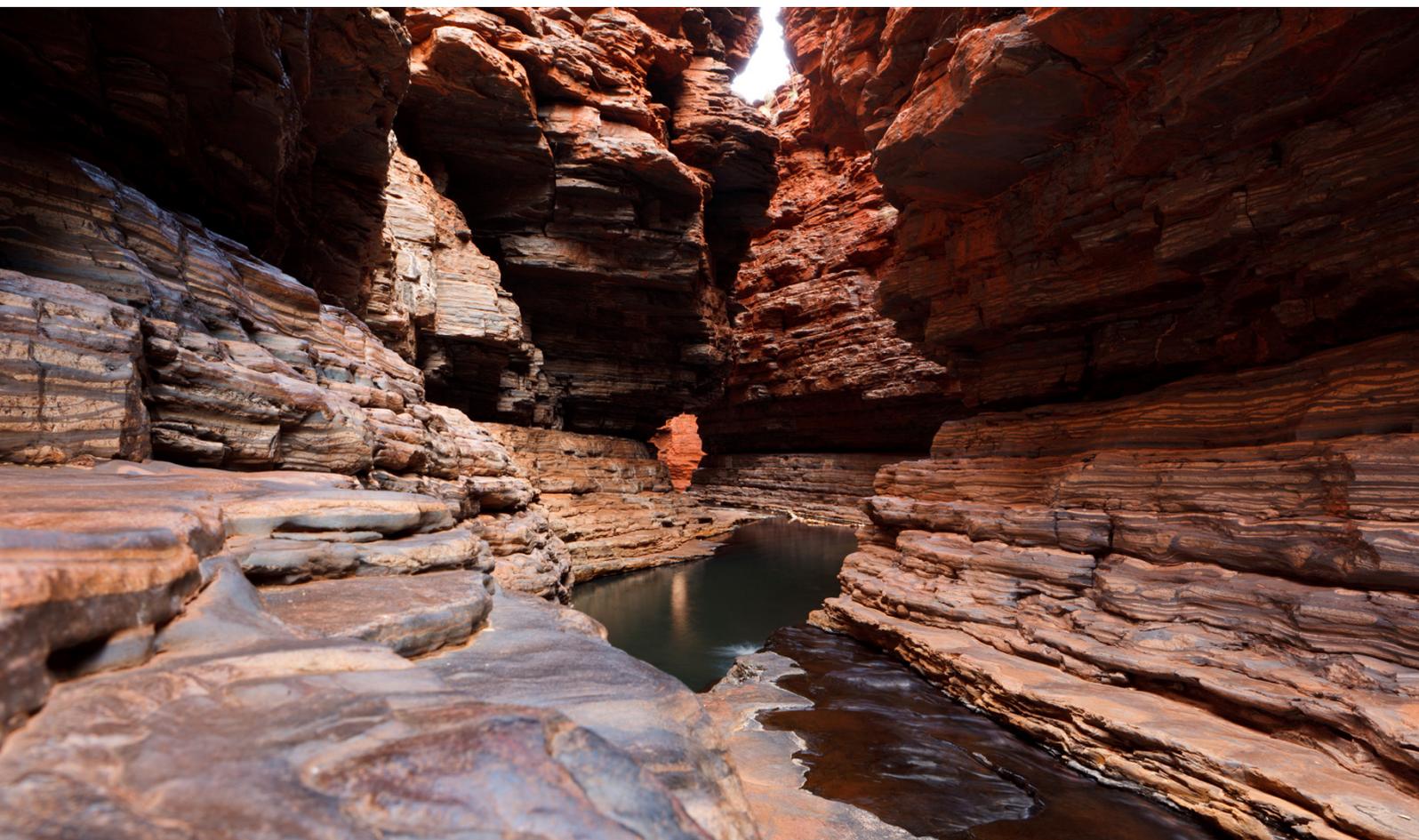
Consistent in Government's messaging is that a 'thriving regional Australia is at the heart' of a strong economy and that minerals exports, many holding firm in the face of Covid-19 impacts on global economies, are key to sustainable recovery.² This includes industries in high demand due to global stimulus packages and industries that can grow given integration of new technologies, expectations around green energy and Covid-19 highlighting the importance of a diversified economy. Diversification being a cyclical focus in the Pilbara given substantial economic fluctuations in the region due to significant reliance on iron ore and China as a dominant export market.

² Hon Michael McCormack MP, former Minister for Infrastructure, Transport and Regional Development, 8 October 2020, *Ministerial Statements Rural and Regional Budget Outcomes*, Parliament of Australia, House of Representatives, Hansard, p7030.

While many cities and regional areas in Australia have recently suffered substantial negative impacts, a result of the depressive effect of Covid-19 containment measures, a buoyant Pilbara economy on the back of the resource sector has generated severe skills shortages; high construction and labour costs; and very high costs of living and doing business. These issues are not new and were evident during the previous mining boom, with access to housing, affordability issues and labour costs key challenges for residents, the small business sector and non-profit organisations.

Economic challenges are not confined to Covid-19 or economic upturns with long standing issues existing around facilitative infrastructure, legislative and policy impediments, and drought on pastoral stations, limiting economic growth.

These challenges are extremely complex and require a multifaceted and collaborative approach to resolution. One that recognises the complex interplay between resource sector and local economies in the Pilbara and which values social and environmental sustainability as key to sustainable economic development.





The Federal Government has recently amended RDA's Charter, substantially shifting the focus of RDA Committees from planning, to leveraging State, regional and local planning with an enhanced focus on brokering and negotiating key regional outcomes. This partnership approach has significant potential to develop tailored responses and attract investment that builds on the Pilbara's competitive advantages and addresses challenges to create economic opportunities across a breadth of pillars of growth. These include but are not limited to, informing government on the economic 'health' of the region, diversifying the industry and business sector and accessing new markets, boosting jobs, building business competitiveness, addressing constraints to productivity, investing in facilitative infrastructure, and exploring new and innovative ways of addressing complex economic challenges. The Committee understands that strong partnerships and growth outcomes centre on excellent leadership; strategic alignment; shared commitment and collaboration; maximising knowledge; cooperative funding models and agreements; evidenced-based advocacy; and performance review and evaluation of activities and investment strategies.

The Committee acknowledges the strong networks established in the Pilbara and the support and collaboration of RDA Pilbara's key partners across levels of government, industry, business, non-profits and the community. RDA Pilbara looks forward to continuing to work with these stakeholders to realise the goals outlined in the Strategy.

Introduction

RDA Pilbara is governed by a cross-regional committee with diverse skills and expertise. RDA Pilbara has long-term established networks across the region and is an important conduit to and from the Federal Government on the region's economy and activities, and Federal Government programs and initiatives.

RDA Pilbara's focus is on growing the Pilbara's economy through job creation, local procurement, attracting investment and facilitating sustainable economic growth through effective networking, facilitation, brokering and advocacy to effectively leverage the region's competitive advantages.

Evidence, expertise and collaboration with key partners, including all levels of government, industry, business, academia and communities, are key to identifying and scoping regional economic opportunities and public and private sector investment in the Pilbara.

RDA Pilbara is a facilitating and funding partner for the national Families and Communities Program,³ supporting community-based agencies to deliver initiatives aimed at improving the health and wellbeing of families and development of children under 12 years of age. This program recognises that community wellbeing and education are key to sustainable economic development.

RDA Pilbara is also a member of the Northern RDA Alliance which aims to assist the Australian Government in implementing the actions of the White Paper on developing Northern Australia, including its new five-year plan.

Risk management and outcomes-based performance measures provide a rigorous basis for planning, decision-making and evaluation by the Committee.



³ Government of Australia, Department of Social Services, *Families and Communities Program*. Available at: <https://www.dss.gov.au/grants/grant-programmes/families-and-communities-programme>

Our region

The Pilbara region located approximately 1200km north of Perth is one of the largest regions in Western Australia, comprising 507,896 km² or 20 percent of Western Australia’s land mass.⁴ The region extends from the Indian Ocean to the Northern Territory border and hosts the City of Karratha, Town of Port Hedland, and the Shires of Ashburton and East Pilbara local government areas. The population of 62,841 (2016) comprises 11.1%⁵ and 19.6%⁶ Aboriginal people in the West and East Pilbara respectively and is predominantly concentrated in the coastal towns of Karratha, Port and South Hedland, and Onslow as well as inland towns of Tom Price, Newman and Paraburdoo and in remote Aboriginal communities. FIFO workforces are not

formally measured under ABS Census statistics, and there are variable FIFO workforce estimates; however, the Pilbara hosts the highest number of FIFO in Australia. In 2018, the Minerals Council of Australia reported to a House of Representatives Inquiry that in 2015-16, mining accounted for 46,697 jobs in the Pilbara, the majority FIFO.⁷ WA Tomorrow forecasts the resident population in the Pilbara to achieve 63,870 and 70,395 by 2031⁸ under a median and high growth scenario respectively. Caution should be applied in interpretation of statistical data in the Pilbara as the region is not always subject to linear growth and can experience population fluctuations in line with economic conditions.



4 Government of Western Australia, Pilbara Development Commission, *Our Region*. Available at: <https://www.pdc.wa.gov.au/our-region/region-pilbara>

5 ABS Census QuickStats, West Pilbara. Available at: https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/51003?opendocument

6 ABS Census QuickStats, East Pilbara. Available https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA53220

7 Parliament of Australia, House of Representatives Standing Committee on Industry, Innovation, Science and Resources, *Keep it in the Regions*, p9.

8 Government of Western Australia, Department of Planning, Lands and Heritage, *Western Australia Tomorrow Population Forecasts: Local Government Area*. Available at: <https://www.dplh.wa.gov.au/information-and-services/land-supply-and-demography/western-australia-tomorrow-population-forecasts>

The region is rich in Aboriginal cultural and pastoral history, has immense reserves of natural resources, a rugged landscape and areas of unique biodiversity.

The following provides key statistical and other data relevant to the Pilbara economy and community wellbeing. These statistics have not been verified and caution should be applied to data, particularly with respect to mining and construction given the current pace of economic growth.



Our economy

The Resources 2030 Taskforce Report 2018 reported:

In 2017, Australia broke world records for the longest run of uninterrupted growth in the developed world. The resources sector played a key role in achieving this, particularly during the general economic downturn in the global financial crisis of 2007–10.⁹

Remplan data prepared for the Department of Primary Industries and Regional Development and based on the latest ABS statistics reports that the Pilbara region supports 63,850 jobs with an annual economic output of \$76.711 billion.¹⁰ The median weekly household income in the West and East Pilbara in 2016 were similar at around \$2,500 per household.¹¹ High incomes are often associated with the resources sector.



⁹ Commonwealth of Australia, *Resources 2030 Taskforce: Australian resources providing prosperity for future generations*, 2018, p20.

¹⁰ Remplan Pilbara, *Economy, Jobs and Business Insights*. Available at: <https://app.remplan.com.au/pilbararegion/economy/summary?state=WZPpFw0lPl7owpXCnEldORtYh2hplq>

¹¹ Australian Bureau of Statistics, 2016 *Census QuickStats*, West Pilbara and East Pilbara.



The region is dominated by mining and petroleum industries with the mining industry sector making the most significant contribution to economic output, equating to \$56.234 billion or 73.31% of total output.¹² The industry sector is the largest employer, affording 29,151 jobs and representing 45.66% of total employment in the region.¹³ It is followed by the small business and services sector (28.8%); construction (17.56%); tourism (4.37%); education, arts and recreation (3.1%) and agriculture, fisheries and aquaculture (.53%).¹⁴

While mining dominates economic output and employment, the construction industry and small business contribute an estimated \$7.88 million per annum with tourism; education, arts and recreation; and agriculture, aquaculture and fisheries also substantial contributors, particularly to town-based economies.¹⁵

¹² Remplan Pilbara, Economy, Jobs and Business Insights, Output.

¹³ Ibid, Employment.

¹⁴ Ibid, Employment.

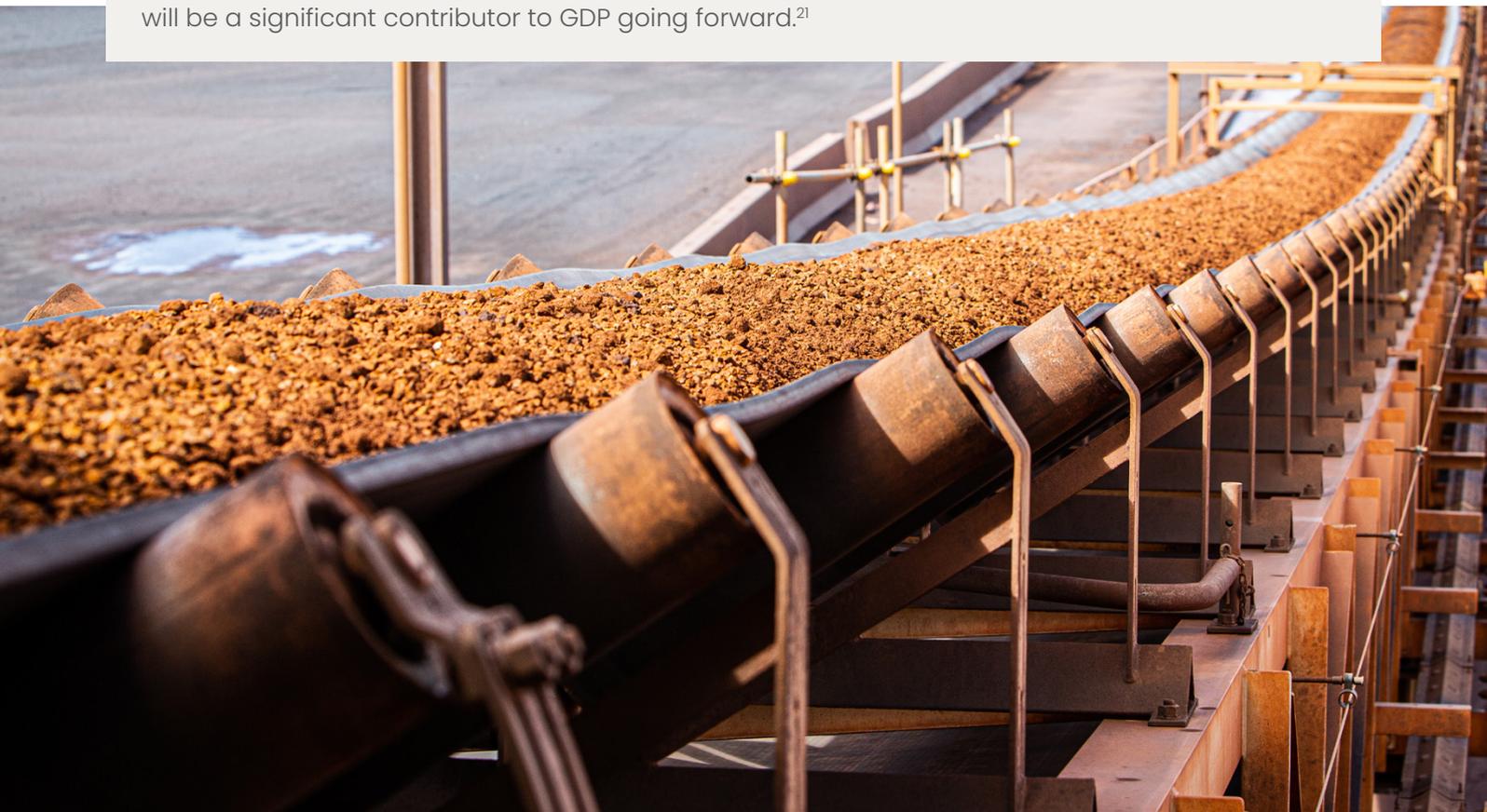
¹⁵ Ibid, Value Added.

Key industries



Iron ore – Is the predominant commodity extracted and exported in the Pilbara with Western Australia the largest supplier of iron ore in the world, accounting for 39% of global supply in 2020.¹⁶ Asian markets dominate, predominantly China, with the remaining markets India, Japan and South Korea.¹⁷ Iron ore prices and exports have recently reached record levels given elevated demand for steel and consumption of goods by China and other advanced economies rebounding from Covid-19, and the tightness in the global iron ore supply chain.

The Pilbara hosts major multinational companies, Rio Tinto, BHP and Fortescue Metals Group, which all have expansion plans in place for new mines and/or production volumes in the Pilbara. In 2020, there was an estimated \$10 billion in iron ore projects constructed or committed with a significant increase in exploration expenditure.¹⁸ Employment in the iron ore industry in 2020 comprised just over half of direct fulltime employment in the mining industry (excluding exploration activities) for that period.¹⁹ The Australian Chief Economist expects export volumes to increase to 2022-23 (economic outlook period), with prices expected to ease by 2022 as supply from Brazil recovers following the tailings dam disaster and world demand moderates.²⁰ Iron ore will be a significant contributor to GDP going forward.²¹



¹⁶ Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia Iron Ore Profile July 2021*, p1.

¹⁷ Ibid

¹⁸ Ibid., pp2 and 4.

¹⁹ Ibid., p4.

²⁰ Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, pp9 and 30.

²¹ Ibid., p10.



Crude Oil and Liquid Natural Gas – Western Australia is the main exporter of minerals and petroleum in Australia, accounts for a significant portion of global supply, and has large reserves of offshore oil and gas.²² Multinationals Chevron, Woodside and Shell are the largest suppliers in Western Australia. Oil prices ended relatively strong in 2019 but were heavily impacted by Covid-19 and related economic shutdowns and international oil price wars, although recovery was evident in the second half of 2020. Going forward, the Office of the Chief Economist expects oil prices to stabilise and likely remain steady during 2022 and 2023 with export earnings forecast to improve going forward. Higher vaccination rates and ground and air travel are likely to contribute to increasing demand.²³

Australia is the largest global LNG supplier, comprising 22% of supply in 2020 with the State comprising 57% share of Australian LNG exports and 12% of global LNG exports.²⁴ The North West Shelf project is the country's single biggest exporter followed by the Gorgon and Wheatstone projects.²⁵ Key processing infrastructure for the North West Shelf and Pluto projects are located within the Burrup Peninsula Strategic Industrial Area, the Gorgon Project on Barrow Island and Wheatstone within the Ashburton North Strategic Industrial Area. Demand is from predominantly Asian markets with Japan and China lead importers in 2020-21.²⁶ LNG trade is generally linked to long-term contracts aligned to the oil price, although spot and short-term contracts are becoming more apparent. This resulted in a substantial drop in pricing in 2020 and 2021, with higher export volumes in 2020 realising lower sales value. The Australian Chief Economist forecasts that LNG export earnings will increase in line with oil-linked contract prices.²⁷



22 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia LNG Profile*, July 2021, p1.

23 Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, p79.

24 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia LNG Profile* July 2021, p1.

25 Regional Development Australia Pilbara, *Economic Prospects and the Cost of Doing Business in the Pilbara*, 2020, p6.

26 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia LNG Profile*, July 2021, p3.

27 Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, p64.

Battery minerals – Lithium batteries predominantly comprise lithium, graphite, nickel, and manganese. Western Australia is the lead global producer of mined lithium, with a 49% share, and produces most other battery minerals.²⁸ Major Lithium mines are operated in the Pilbara by Minerals Resources and Pilbara Minerals. While Lithium prices fell in 2020 due to oversupply and reduction in demand for electric vehicles in China,²⁹ the outlook is positive with the Chief Economist forecasting significant marked price increases for tonnage to 2022–23.³⁰ While Manganese declined in 2019–20 on 2018–19, there has been a relatively steady increase in volumes since the establishment of the Woodie Woodie mine in 2017 (the value of Manganese is not disclosable).³¹ Commissioning of the Butcherbird Manganese project, located in relative proximity to Newman, has commenced, with a mine life of 42 years.³² The Pilbara also includes reserves of Cobalt, Vanadium and other minerals used in battery mineral processing.³³



Gold – Western Australia accounted for 67% of Australia’s Gold output in 2020.³⁴ Gold prices rose in 2020 and while the State’s Gold sales volumes fell marginally, sales values were up 24.7%.³⁵ Western Australia is currently pivotal in Gold exploration with expenditure in 2020 equating to nearly 70% of Australian total Gold exploration.³⁶ Gold prices are expected to ease as the global economy recovers and Covid-19 recedes.³⁷ The Australian Chief Economist reports that discovery of conglomerate Gold nuggets and success of mines in the east Pilbara and Paterson Province has sparked additional exploration, with Paterson Province a globally sought after area. This is likely to result in more exploration and establishment of Gold mines in the region.³⁸



28 Government of Western Australia, *Western Australia Battery Minerals Profile*, July 2021, p1

29 Ibid.,p1.

30 Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, p139.

31 Government of Western Australia, Department of Mines, Industry Regulation and Safety, *Western Australia Mineral and Petroleum Statistics Digest 2019–20*, p37.

32 Ibid., p37.

33 Government of Australia, Department of Industry, Innovation and Science, Australian Trade and Investment Commission, *Australia’s Critical Minerals Strategy*, 2019, p5. Available at: <https://www.industry.gov.au/sites/default/files/2019-03/australias-critical-minerals-strategy-2019.pdf>

34 Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, p98.

35 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia Economic Profile*, July 2021, pp14 and 15.

36 Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, p98.

37 Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, p92.

38 Ibid., p98.

Cu



Copper – Copper reached record prices in 2021 resulting in a significant upward movement in export earnings.³⁹ The Australian Chief Economist expects the Copper price to moderate due to economic recovery and low emissions technologies through to 2023 (outlook period) with downward adjustment in export volumes.⁴⁰ In 2018–19, mineral exploration in Western Australia and higher investment values were dominated by Gold and Copper, followed by iron ore, nickel and cobalt. In 2019–20 drilling results and resource upgrades were particularly strong for Gold, copper, nickel and platinum, with further discoveries in the Mallina and Paterson Provinces in the Pilbara.^{41 42}

Salt – In 2020, Western Australia had a 96% share of Australian salt production and a 4% share of global salt supply.⁴³ The State's largest producer of salt is Dampier Salt with operations at Dampier and Port Hedland in the Pilbara and Lake McLeod in the Gascoyne Region.⁴⁴ It is the global leader of seaborne salt export.⁴⁵



Renewables – Renewable energies' contribution to carbon emissions reductions are a key consideration in the growth of industry and in generating economic benefits for the region, State and nation. Mining comprised 10% of Australia's total energy use in 2017, predominantly supplied by diesel, natural gas and grid electricity. Consumption rose by 6% for the prior 10-year period and long-term energy intensity is expected to increase, with metals and minerals a significant contributor.⁴⁶ Australia is committed to emissions reductions under the Paris Agreement and several mining majors in the Pilbara have cited ambitions of net-zero emissions. Significant renewable energy projects exist or are under construction in the Pilbara including but not limited to, the federally funded Yara Pilbara and Engie renewable hydrogen plant, producing renewable ammonia and scheduled for completion in 2023⁴⁷ and the Alinta Gas Chichester Solar Gas Hybrid Project supplying FMG's Chichester Hub iron ore mining operations in the east Pilbara.⁴⁸ Energy providers such as Horizon Power are increasingly looking towards renewable sources of energy.⁴⁹

39 Ibid., p114.

40 Ibid.

41 Government of Australia, Department of Industry, Innovation and Science, Australian Trade and Investment Commission, *Australia's Critical Minerals Strategy*, 2019, p12.

42 Government of Australia, Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly*, June 2021, p98.

43 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia Economic Profile*, July 2021, p14

44 Government of Australia, Department of Industry, Innovation and Science, Australian Trade and Investment Commission, *Australia's Critical Minerals Strategy*, 2019, p35.

45 Rio Tinto, Dampier Salt. Available at: <https://www.riotinto.com/en/operations/australia/dampier-salt>

46 Government of Australia, Asian Renewable Energy Agency, *Renewable Energy in the Mining Sector White Paper*, 2017, pp4–5.

47 Renewables Now, Engie, *Yara confirm USD-33m Arena grant for green hydrogen project*, Media Release. Available at: <https://renewablesnow.com/news/engie-yara-confirm-usd-33m-arena-grant-for-green-hydrogen-project-740088/>

48 Government of Australia, Northern Australia Infrastructure Facility, *Renewable Energy for Pilbara one step closer following NAIF loan*. Available at: <https://naif.gov.au/media-releases/renewable-energy-for-pilbara-one-step-closer-following-naif-loan/>

49 Horizon Power, *Who we are*. Available at: <https://www.horizonpower.com.au/about-us/who-we-are/>



Beef – The majority of the State’s beef herd grazed on the rangelands are on northern pastoral stations.⁵⁰ In 2016-17 nearly two-thirds of Western Australia’s beef was processed in local abattoirs with a further third exported to live global markets.⁵¹ Main boxed beef export markets are Japan, USA, Korea and Indonesia.⁵² Australian beef is heavily regulated and is of a high meat standard. Gross value production and exports for 2020-21 while down, remain at historically high levels. The value of live exports for this period is forecast to fall.⁵³ Livestock production, export values and volumes are expected to increase over 2021-22, with cattle a significant driver, with live exports forecast to remain unchanged. The Department of Agriculture, Water and Environment reports that the global outlook for livestock exports remains positive.⁵⁴



Industrial infrastructure – The region hosts large-scale Port and landside infrastructure under the management of the Pilbara Ports Authority, predominantly focused on iron ore exports. In 2020-21, the Pilbara Ports Authority achieved a further record-breaking year with a total annual throughput of 724.7 million tonnes and an estimated value of \$155 billion, a 29% increase on the previous year.⁵⁵ Strategic [heavy] industrial areas are located at key coastal areas in the West and East Pilbara with industrial sites also situated in Pilbara towns for general and light industry and heavy vehicle transport operations.



50 Government of Western Australia, Department of Primary Industries and Development, *Agriculture and Food*. Available at: <https://www.agric.wa.gov.au/export-services/western-australian-beef-industry>

51 Government of Western Australia, Department of Primary Industries and Development, *The Western Australian Beef Industry*. Available at: <https://www.agric.wa.gov.au/export-services/western-australian-beef-industry?nopaging=1>

52 Ibid.

53 Government of Australia, Department of Agriculture, Water and the Environment, *Outlook for Livestock*. Available at: <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/livestock>

54 Ibid.

55 Pilbara Ports Authority, *Record-breaking year for Pilbara Ports Authority*, Media Release, 14/07/2021. Available at: <https://www.pilbaraports.com.au/about-ppa/news-media-and-statistics/news/2021/july/record-breaking-year-for-pilbara-ports-authority>



Non-mining sector – Government services in the region are predominantly represented across healthcare, education, community services, housing, utilities and regional development. It is estimated that there are nearly 2,200 small businesses in the Pilbara with 96% employing less than 20 employees. The sector comprises some construction, rental, real estate, warehousing and logistics closely aligned to the strengths of the mining sector. Other sectors such as education, retail and professional services are underrepresented compared to other regional centres of similar size in Western Australia.⁵⁶

While the small business and tourism sectors are relatively small in terms of employment and output compared to mining, they provide diverse enterprises and are therefore critical to the economic performance of town-based economies. Coupled with non-profit organisations, small to medium-sized enterprises (SMEs) collectively facilitate entry level and skilled positions for staff not employed in the mining sector, Indigenous arts and cultural enterprises, community health and wellbeing services and support employment in the local economy during economic fluctuations, particularly downturns when employment in the mining sector is constrained.

The ABS Socio-Economic Indexes for Areas product ranks areas in Australia by relative socio-economic advantage or disadvantage with 2016 reflecting an index range from 188 (most disadvantaged) to 1186 (least disadvantaged). While the Pilbara scored 1016 in 2016 on this index,⁵⁷ caution needs to be applied to these findings as areas of significant disadvantage exists within the region, predominantly in Aboriginal communities. The proportion of children rated as developmentally vulnerable across one and two domains in the Australian Early Development Census is generally higher than the State and national average, and in some cases significantly higher.⁵⁸ The WA Country Health Service Pilbara Health Profile reflects markedly poorer health outcomes compared to Perth across acute and chronic health conditions, hospitalisation and preventable injuries, with significantly higher rates generally for Aboriginal people.⁵⁹ Communities with limited access to education, health and wellbeing services, quality housing and employment can lead to social and economic inequalities.⁶⁰

56 Government of Western Australia, Pilbara Development Commission, *Small Business*. Available at: <https://www.pdc.wa.gov.au/our-focus/strategicinitiatives/small-business>

57 Remplan Community, *Our Place-Our Community*. Available at: <https://app.remplan.com.au/pilbararegion/community/wellbeing/seifa-relative-disadvantage?g=au2016lga&state=mkvDIZ!lbvQsva7bTgyQN6Uv9Ex2fnC5Fm4VIXFAFYF8FYzD>

58 Australian Early Development Census. Available at: <https://www.aedc.gov.au/data>

59 Government of Western Australia, WA Country Health Service, *Pilbara Health Profile Planning and Evaluation Unit*, November 2018. Available at: [https://www.wacountry.health.wa.gov.au/~media/WACHS/Documents/About-us/Publications/Health-profiles-and-service-plans/Pilbara_Health_Profile_2018.pdf](https://www.wacountry.health.wa.gov.au/~/media/WACHS/Documents/About-us/Publications/Health-profiles-and-service-plans/Pilbara_Health_Profile_2018.pdf)

60 Australian Early Development Census, *Research Snapshot Hidden Vulnerabilities in Our Communities*, p1. <https://www.aedc.gov.au/resources/detail/hidden-vulnerabilities-in-communities>

Competitive advantages

The Pilbara is ripe with competitive advantages and has significant strengths in the global resource sector. Leveraging those strengths aims to diversify the economy, to moderate some of the pronounced cyclical fluctuations in the Pilbara and improve liveability.

Mineral reserves – Australia hosts the world’s most ‘diverse and plentiful mineral and energy reserves with a relatively unexplored surface and subsurface geology.’⁶¹ These reserves include a number well-represented in the Pilbara or offshore including but not limited to, iron ore, natural gas, nickel, copper, Gold, Lithium and rare earths.⁶² As at 2020, Western Australia accounted for 28% of the world’s crude iron ore reserves,⁶³ has the second largest reserves of Lithium and Nickel and accounted for over 10% of the world’s cobalt and vanadium reserves.⁶⁴ In 2020, Western Australia accounted for 62% of Australia’s minerals exploration expenditure, up 6% to \$1.7 billion with the majority expended on gold, iron ore, and nickel and cobalt.⁶⁵

Growth in demand and proximity to the Indo-Pacific – Population growth and emerging economies in the Indo-Pacific including four of five of the world’s largest economies; China, India, Indonesia and Japan are seaborne markets in relative proximity to the Pilbara. This means that the Pilbara has lower seaborne costs than its competitors for this region. By 2030 Asia is forecast to produce more than half of the world’s economic output and consume 40 percent of its energy and have a burgeoning middle class. This is forecast to trigger demand for a number of traditional commodities out of the Pilbara such as iron ore, LNG, copper as well as nickel, lithium and rare earths required predominantly for battery mineral technologies. These markets provide opportunity for further development in, or offshore, of the Pilbara, new mineral provinces or basins.⁶⁷

Safety – The Australian resource sector has a strong safety record and low rate of incidents in the sector and despite increases in industrial activity, the oil and gas sector has reported a decreasing number of incidents (as at 2017).⁶⁶

61 Government of Australia, *National Resources Statement*, 2019, p11.

62 Ibid.

63 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Iron Ore Profile*, July 2021, p2.

64 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia Battery Minerals Profile*, July 2021, p2.

65 Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Western Australia Economic Profile*, July 2021, p9.

66 Government of Australia, *National Resources Statement*, 2019, p11.

67 Ibid., p14

Value capture from minerals extraction – new demand for minerals and petroleum products provides opportunity to value capture from the extraction of minerals and improvement and manufacture of these to higher value goods. This includes opportunities associated with an emerging lithium market.⁶⁸

Renewables – Lower emissions targets provide considerable opportunity for renewable energy investment. Australia has been recognised by the International Energy Agency and World Energy Council as potentially the World’s largest hydrogen producer. The Pilbara has some of the ‘highest levels of solar radiation on the planet’ and accessible geothermal energy.⁶⁹ Hydrogen does not emit CO₂ and world demand is expected to increase substantially in coming decades and production costs are falling. The Pilbara is well-positioned to establish itself as a key hydrogen market and centre of excellence for energy hungry markets such as those listed above, and South Korea.⁷⁰

Water – Mines require water for processing, dust suppression and slurry transport but excavation also creates water, often surplus to requirements. The resources sector in the Pilbara region abstracts 450GL of water per annum, which is expected to increase by 29.2% per annum to 578GL by 2024.⁷¹ Growth in the resource sector will also see increased demand for water across other industry sectors, to meet population growth, and service industry and dust suppression requirements. While the State Department of Water and industry have undertaken substantial modelling, assessment and a delivery framework to ensure reliable water supplies, dewatering may provide opportunities to facilitate economic growth such as agricultural enterprises or stockfeed for pastoral stations.

68 Ibid., p15.

69 Pilbara Development Commission, *Energy*. Available at: <https://www.pdc.wa.gov.au/our-focus/strategicinitiatives/energy>

70 Government of Western Australia, *Western Australia Renewable Hydrogen Strategy*, p7. Available at: <https://www.pdc.wa.gov.au/our-focus/strategicinitiatives/energy>

71 Regional Development Australia Pilbara, *Economic Prospects and the Cost of Doing Business in the Pilbara*, February 2020, p18.

Mining Equipment, Technology Services (METS) growth opportunities

– Given the Pilbara’s wealth of natural resources, current and emerging demand and skilled workforce, significant potential exists to further capitalise on METs growth opportunities.⁷² The sector supplies equipment, technical, safety and other services to the mining and petroleum industries and includes but is not limited to, services such as engineering design and project management; Finance, education and HR solutions; Information and specialised technologies, and equipment. The Global METS Investment Report 2020, notes that of the top 100 METS companies globally, 77 operate in Western Australia with 22 headquartered in the State.⁷³ Growth in the METS sector also provides a viable export, particularly given proximity to Asia.

Tourism – The total value of Pilbara tourism has been estimated at \$448 million, 1800 jobs and \$110 million in salaries and wages.⁷⁴ Prior to the impacts of Covid-19, the Pilbara hosted approximately one million visitors per annum.⁷⁵ The majority of visitors to the Pilbara are for business purposes followed by relatively short-stay 55 plus age cohort, ‘caravanners’ travelling predominantly by road. The Pilbara affords a rich tapestry of offerings, including extensive cultural, environmental, and heritage assets coupled with industrial tourism. There are opportunities to further capitalise on the business market and explore opportunities to extend stay.

⁷² Government of Western Australia, *Mining Equipment, Technology and Services*. Available at: <https://www.wa.gov.au/organisation/departments-of-jobs-tourism-science-and-innovation/mining-equipment-technology-and-services>

⁷³ Ibid.

⁷⁴ Regional Development Australia Pilbara, *Initial Impact Assessment of Covid-19 on the Pilbara Economy*, p14.

⁷⁵ Pilbara Development Commission, *Tourism*. Available at: <https://www.pdc.wa.gov.au/our-focus/strategicinitiatives/tourism#:~:text=Tourism%20is%20a%20key%20economic,million%20in%20gross%20revenue%20annually.&text=The%20peak%20tourism%20season%20runs,the%20region's%20warm%20winter%20climate>.

Key challenges

The following outlines some of the key challenges in the Pilbara:

Climate change – Climate change has been identified by the World Economic Forum as the highest future global risk in terms of impact. In the Pilbara, this translates to higher temperatures, increased sea level rise and incidence of extreme sea-level events, greater intensity of natural disasters such as Tropical Cyclones and bushfires, and ecosystem vulnerability. The financial impacts of climate change on industry and business can be considerable and include damage to property and assets, increased operational costs, disruptions to production or devalued and even stranded assets.⁷⁶ Access to reliable energy and water supplies will also be key considerations going forward.

States with larger and more diverse economies are said to have greater capacity to adapt to economic volatility and fiscal challenges associated with climate change. An economy highly reliant on mining increases its exposure to financial climate risk. Australia and by deduction, companies' approaches to climate management may also influence regional, national and international investment.

Other key considerations relevant to climate change in the Pilbara include Port facilities and emissions which are currently being addressed, transport corridors, locally based manufacturing for the construction industry, access to appropriate energy and water supplies and infrastructure, impacts on local government infrastructure, preparedness and response for emergency management, and ensuring the health and wellbeing of the community through access to reliable infrastructure and services.

⁷⁶ Regional Development Australia Pilbara, *Climate Change and the Pilbara Economy: An Overview*, p9. Available at: http://www.rdapilbara.org.au/resources/site1/General/Publication%20Reports/Climate%20Change%20and%20the%20Pilbara%20Economy_20201124.pdf.

Housing – Affordable quality housing and differing housing options are key to skilled worker attraction and retainment, SME business profitability, delivery of essential services and liveability in the Pilbara. Families with young children are highly represented across the region.

Half-yearly housing and land data released by the Pilbara Development Commission⁷⁷ and June 2021 figures by the Real Estate Institute of Western Australia, evidenced rapid escalation in sales prices and rentals across Pilbara Towns, with percentage growth in South Hedland the highest in regional Australia. While causal issues for housing affordability are highly complex, they are strongly aligned to majority company-owned housing, wage disparity, and alignment of the regional housing market with commodity prices and demand for resources, predominantly iron ore, coupled with significant reliance on China as the primary export market. This drives housing demand and investment during an economic boom with a resultant downturn in the market during periods of downward economic adjustment.

While expansion of iron ore markets and diversification of the economy will assist in tempering market fluctuations, there is a requirement to address the immediacy of demand as well as longer-term planning for sustainable land release and housing development. Land sites have been identified by the State Government across the Pilbara.

Workforce shortages – a skilled workforce is key to the success of the resources and business sector and access to quality services within Pilbara communities. Employment in the iron ore industry increased by nearly 20% in 2020 to just over 57,000 FTE.⁷⁸ Access by mining and other industries such as construction, are limited by skills shortages; competition for labour; small local labour force; a lag in responding to skills demand, particularly in the context of the cyclical nature of the economy; border closures (migration) due to the Covid-19 pandemic; and in normal migration conditions, constraints on labour flexibility in skilled migration visas. Fluctuations in the iron ore price and demand also affects the local economy, predominantly small-to-medium sized businesses, non-profits and essential service workers due to competition for labour in the resources sector and an inflated cost structure.

⁷⁷ Government of Western Australia, Pilbara Development Commission, *Pilbara Half Yearly Housing and Land Summary*, December 2020. Available at: <https://www.pdc.wa.gov.au/fast-find/knowledge-hub-2>

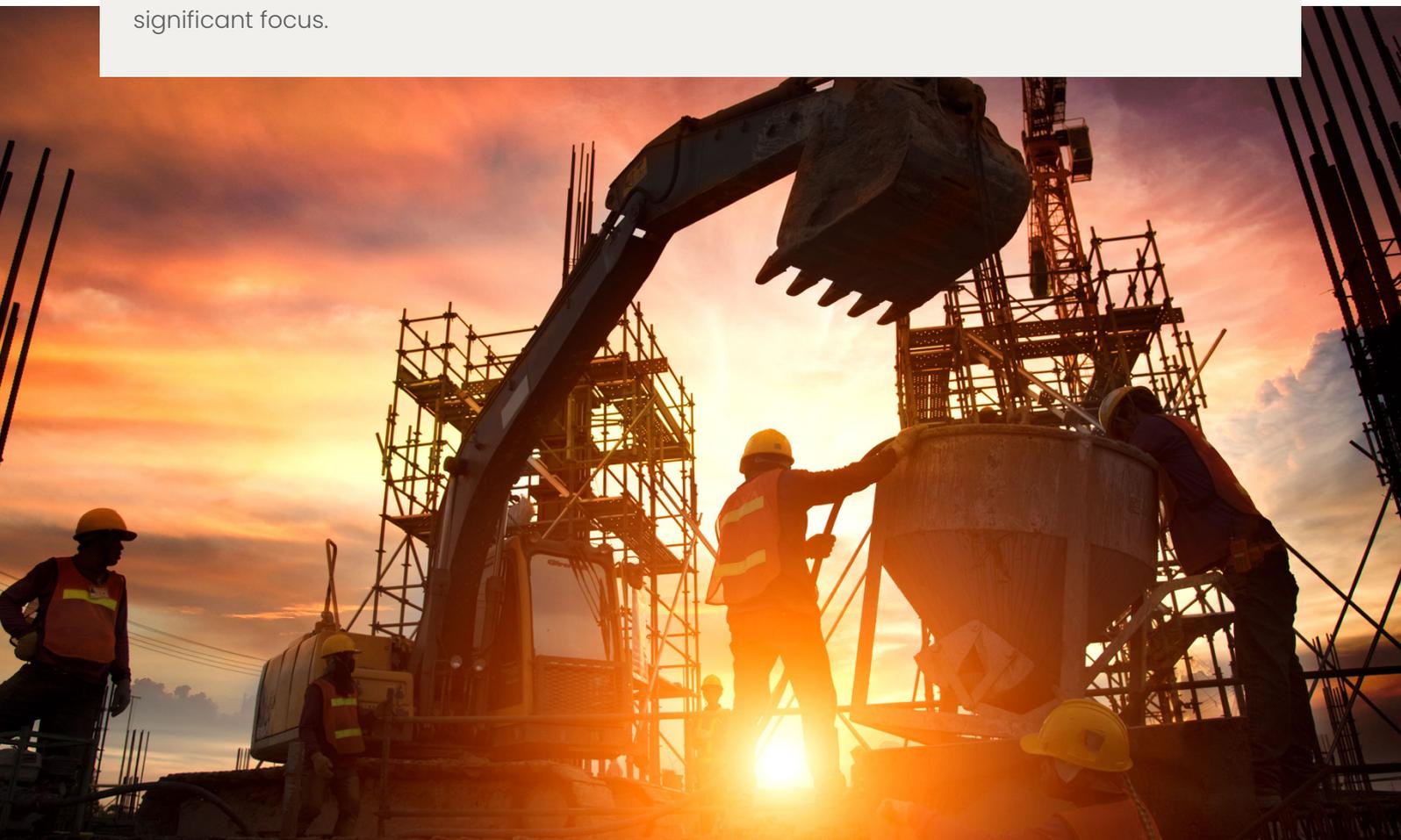
⁷⁸ Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, *Iron Ore Profile*, July 2021, p4.

Infrastructure – Quality targeted infrastructure is key to liveability, a locally skilled and responsive workforce, FIFO transition to residential settlement, investment attraction, diversification and productivity.

Local Governments in the Pilbara have a broad delivery mandate and operate in a high-cost environment where access to specialist and technical resources and construction costs are inflated, predominantly due to transport, labour and climate responsive design. While Governments invested substantially in public and community infrastructure during the previous mining boom, substantial local government infrastructure is dated, not fit for purpose, or unable to meet current exceeded demand or growth forecasts. Recent impacts from cyclones and flooding have also presented cost challenges.

Demand for local government infrastructure includes but is not limited to, sporting and community hubs, road and allied infrastructure, waste management, childcare facilities (chronic shortage), and tourism infrastructure. Mobile and internet connectivity has also been cited as impacting liveability and capacity to effectively do business in the non-mining sector. This will become more of a challenge in the context of a decline in face-to-face service delivery and increased working from home arrangements.

With emerging opportunities in minerals, METS, the mining value chain, and northern beef industry, Port and landside infrastructure, activation of strategic industrial areas, and quality education facilities aligned to current and emerging mining and energy requirements will be a significant focus.



Cost of living and cost of doing business

– Cost of living challenges are heavily impacted by remoteness (distance), access to labour, cost of construction, cost of healthcare and climatic conditions (cyclone code and insurance). Labour, housing and commercial accommodation and construction costs are closely aligned to fluctuations in the economy. During the mining boom cost of living indices evidenced that the Pilbara was 37% above Perth and the highest of any region with differences strongly evident for housing, rent and home insurance. Construction costs in the Pilbara as at 2019 were inflated at about 55–65% above Perth.⁷⁹

Pastoral – Rangelands in the Pilbara are heavily influenced by seasonal quality, grazing pressure, fire and natural disasters, prolonged periods of drought, and requirements to achieve a balance between grazing and sustainable pastoral lands management. State legislation currently limits the extent of diversification to improve profitability and sustainable practices; however, this is currently under review with the aim to increase the viability and profitability of these enterprises. This could facilitate significant opportunities for pastoralists.



⁷⁹ Regional Development Australia Pilbara, *Economic Prospects and the Cost of Doing Business in the Pilbara*, 2020, p16.

Policy and funding landscape

Job creation, export generation and liveability are a strong focus of Governments' budgets, along with drought response, health care and other community wellbeing services. Infrastructure and job stimulus packages evolve in response to data analysis on the economic and social impacts of Covid-19 with recovery programs offering a suite of grant and other funding opportunities for the Pilbara, including for existing and new innovative primary and productive industries, exploration, small business, education and training, community infrastructure and technologies. The focus is on a more diversified economy that ensures resilience to risks such as changes to trade partnerships; sustainable use of natural resources; and partnership approaches between Governments, other sectors, and the community, to generate data-informed, innovative, and more efficient and effective solutions to complex economic and social challenges.

Governments have contracted reports or released strategies relevant to key economic and social issues in the Pilbara. The following are examples and are not intended to be a comprehensive list. Where relevant, reports should be considered in the context of the Government's response to report findings.

Federal

Resources 2030 Taskforce Report, Australia's Global Resources Statement 2020, National Resources Statement 2019, Australia's National Resources Workforce Strategy 2021, the Lithium Ion Battery Value Chain 2018, Australia's National Hydrogen Strategy 2019, Infrastructure Australia Priority List February 2021, Our North, Our Future: White Paper on developing Northern Australia and the Closing the Gap Report 2020.

Western Australia

DiversifyWA 2019 (currently being updated); Western Australia's Future Battery Industry Strategy 2020; Foundations for a Stronger Tomorrow (Infrastructure WA's strategy – current draft) 2021; WA Recovery Plan 2020; Western Australia's Asian Engagement Strategy 2019-2030; WA Climate Policy 2020 and projects such as the Northern Beef Development Project.

Our strategy

Vision

The Pilbara region is an economically vibrant and socially inclusive region that promotes investment and lifestyle opportunities.

Mission

To develop and strengthen Pilbara communities through effective leadership and collaboration and the provision of responsive and innovative services.

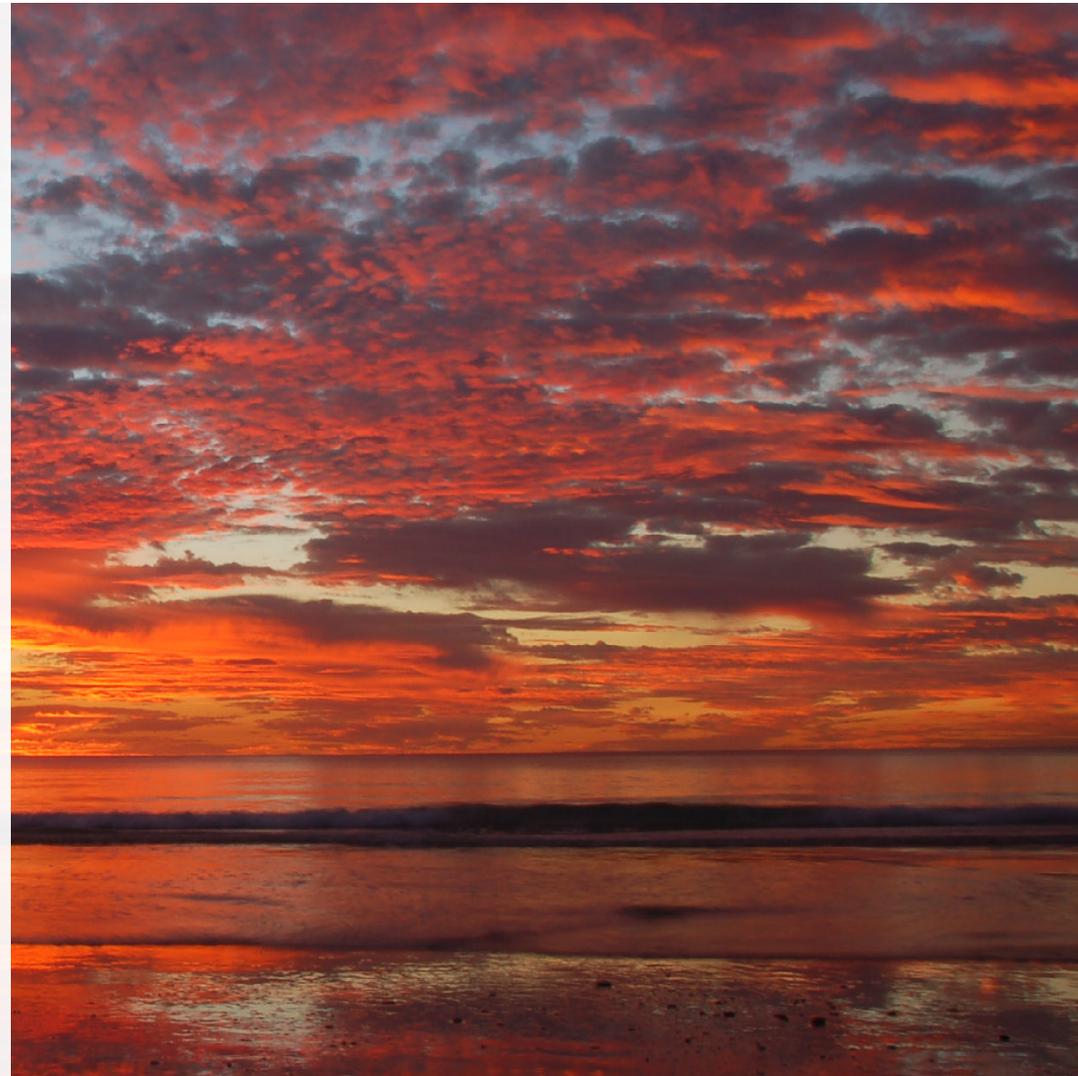
Values

The following core values underpin RDA Pilbara's decisions and actions:

- **Transparent** (in all that we undertake)
- **Accountable** (to the Federal Government, community and ourselves)
- **Collaborative** (inclusive, connected and respectful)
- **Fair** (in all considerations across the Pilbara)
- **Ambitious** (setting ambitious objectives and establishing a rigorous process to make them happen)

Strategic goal

By June 2024, the Pilbara will be better connected, better resourced and have taken significant measurable steps towards achieving a more diversified, liveable and prosperous economy.



Strategy One – Business development and economic diversification

- **Goal** – New diversified industry opportunities maximise economic returns, improve Australia’s market competitiveness, stabilise fluctuations in the economy, and create a thriving and prosperous small business economy.

Goals	Initiatives
Facilitate economic diversification and development, leveraging the strengths of existing industries within the Pilbara	<ul style="list-style-type: none"> • disseminate up-to-date evidenced-based data and knowledge resources on diversification opportunities to key stakeholders, employing a range of digital mediums and forums. • work with industry, government, and other key stakeholders to identify priority opportunities to diversify into high income or complex diversified products, and new markets with due regard given to alignment with Government diversification strategies and enhancing the Pilbara’s adaptive capacities. • leverage existing policies and support new policies that facilitate diversified activities. • advocate for Government interventions to address market, policy or institutional failures that inhibit diversification. • review impediments and opportunities to new business investment • advocate for investment in facilitative infrastructure and other incentivisation measures . • Support diversification and procurement opportunities that value-add to local business, community and environmental sustainability. • Progress economically and environmentally sustainable initiatives with key stakeholders that build on the Towns’ unique tourism offerings and immersive experiences, and which harness higher offerings in a domestic tourism market. • Identify and support targeted funding applications for research to support effective business growth strategies and integration of new technologies and practices. • Explore economic development opportunities afforded from diversification, for Aboriginal communities.

<p>Establish the Pilbara as a centre for excellence in renewable energy, lowering emissions, and enhancing Pilbara's energy security and Australia's cost-competitiveness as a minerals and petroleum resource.</p>	<p>Work with industry, Governments, local businesses and local governments to prepare a hydrogen framework for the Pilbara and submission pursuant to Federal funding under the National Hydrogen Strategy to establish the Pilbara as a key hydrogen hub in Australia to:</p> <ul style="list-style-type: none"> a) drive strategic investment in hydrogen and fuel cell technologies to meet local energy requirements and maximise Australia's export competitiveness in an expanding global hydrogen market. b) facilitate cost-effective investment in projects (including pilot projects) and infrastructure, and promote efficiencies from economies of scale, innovation and synergies from sector coupling. 79 c) ensure that policies and regulatory frameworks address challenges faced by industries and maximise hydrogen outcomes for the local and export economies. d) maximise supply chain opportunities and advance research and development to accelerate uptake of low emissions technologies, clean hydrogen projects, and safe hydrogen practices.
<p>Facilitate responsive solutions to enhance drought resilience in the Pilbara</p>	<p>Establish RDA Pilbara as an integral partner of the Northern Western Australia and Northern Territory (NWANT) Hub to enhance drought resilience in the Pilbara including:</p> <ul style="list-style-type: none"> a) in partnership, identifying and prioritising drought resilience research priorities for the Pilbara. b) participating in landscape scale and scientific evidence-based planning for cost effective and environmentally responsible projects that underpin diversification and focus on sustainability and productivity of pastoral businesses. c) actively facilitating adoption of drought innovation programs. d) fostering partnerships that connect communities and pastoralists with innovative technologies and practices. e) disseminating information to Pilbara stakeholders on the work of the NWANT hub, opportunities for participation and sustainable practices
<p>Promote the Pilbara as a centre for industry growth and diversification</p>	<p>Work with stakeholders to determine options to better promote investment opportunities in the Pilbara giving regard to:</p> <ul style="list-style-type: none"> a) the Pilbara's extensive mineral reserves and green energy attributes and alignment to emerging technologies and market demand. b) the Pilbara as a progressive centre for clean energy and investment. c) high value diversification opportunities that build on the Pilbara's competitive advantages. d) Australia's reputation as a global leader in Mining Equipment, Technology Services (METs) capability. e) Modern towns with access to quality health services and amenities. f) Tourism investment and experiences, giving due regard to leveraging extended overnight stays, the business market and digital technologies and marketing capability.

Strategy Two – skilled workforce attraction and development

- **Goal** – The Pilbara has sustained access to skilled and unskilled human capital in the region to meet current and emerging economic demand.

Objectives	Initiatives
Skills identification and development	<p>Actively participate with Governments, businesses, essential services and educational institutions in the conduct of a skills audit and devising solutions aligned to current and projected demand and industry specialisation.</p> <p>Assess alignment of skills with Federal job creation priorities to assist in leveraging funding.</p>
Sustainable solutions that build skilled and unskilled human capital in the region	<p>Proactively advocate for Government and private sector investment in education, training initiatives and infrastructure to support identified skills gaps and workforce shortages in the Pilbara, with a focus on growing local educational and training capability.</p> <p>Identify opportunities to enhance Aboriginal education, training and employment enterprises.</p> <p>Collaborate with stakeholders to investigate the feasibility of RDA Pilbara coordinating a Designated Area Migration Agreement (DAMA) for the region to complement other workforce planning and recruitment strategies with a view to:</p> <p>a) collaborative advocacy to the Federal Government for approval for establishment of a Pilbara DAMA.</p> <p>b) negotiating operational funding with key partners for the delivery of the DAMA for the period of the agreement.</p>

Strategy Three – Leadership and collaboration

- **Goal** – A productive and cohesive region where key stakeholders share experiences, knowledge and skills and prioritise strategic initiatives to maximise economic development in the Pilbara.

Objectives	Initiatives
Establish and maintain a strong strategic focus on facilitating economic development in the region	<ul style="list-style-type: none"> • RDA Pilbara aligns state and regional planning initiatives with federal, State and regional strategic priorities. • ensures currency in strategic direction-setting and aligns budgets/expenditure accordingly. • collates data to ensure efficacy in reporting to the Commonwealth and stakeholders. • risk management, accountability and performance measures are embedded in Governance practices, operational policies and project plans. • seeks feedback from stakeholders to understand current challenges and opportunities within the region. • disseminates up-to-date economic information in a format that can be easily considered and understood by stakeholders. • evidence-based approaches are used in advocacy and the Commonwealth is apprised of key economic developments or challenges faced within the region.
Effective partnerships are established to maximise achievement of economic development within the region	<ul style="list-style-type: none"> • RDA Pilbara is an active member of local economic development committees, boards and forums. • RDA Pilbara actively fosters inclusive and productive relationships with Governments, Pilbara industry, local governments, business sector, community and regional development organisations. • RDA Pilbara leads collaborative regional initiatives with key stakeholders. • the right people and skills are appropriately considered in the establishment of collaborative partnerships and robust discussion of issues is encouraged. • roles and responsibilities of RDA Pilbara and key stakeholders are identified in strategic planning or initiatives and understood. • collaborative resourcing, procurement and shared services are considered in project design. • Partnership approaches to advocacy or funding for economic investment in the region are considered.

Strategy Four – Infrastructure and services

- **Goal** – Infrastructure and services investment is evidence-based and targeted to deliver sustainable, liveable and economically vibrant communities

Objectives	Initiatives
Improve cost affordability in the Pilbara	a) Investigate short and longer-term solutions to address chronic housing shortages and affordability impacts giving due regard to causes, impediments, trialled and innovative solutions. b) Consider the capacity to leverage the findings of the Northern Australia Insurance Inquiry and Government’s response, to improve insurance affordability and housing and commercial investment in the Pilbara.
Establish quality infrastructure that effectively facilitates social, environmental and economic outcomes in the Pilbara	Advocate for investment in social and economic infrastructure in Pilbara towns giving due regard to: <ul style="list-style-type: none"> • evidenced-based planning, and strategic alignment and demand management • enhanced liveability, community wellbeing and inclusion • workforce attraction and retainment • sustainable job creation • multi-use capability (where applicable) or clustering • integration of contemporary technologies and improved mobile and internet connectivity for business, general industry and the community • driving economic development and facilitating local and international competitiveness • targeting high value return on investment (environmental, social or economic) • facilitating Aboriginal social and economic participation and cultural knowledge sharing and understanding
Build strong, capable and inclusive communities	Coordinate and measure performance of the West Pilbara Communities for Children initiative with a key focus on: <ul style="list-style-type: none"> • early intervention and preventative family support • strengthening family and parent-child relationships • improving health, wellbeing and educational outcomes, particularly young children • increasing participation in the community and workforce. Advocate for establishment of a West Pilbara Communities for Children initiative in the east Pilbara where high levels of social and economic disadvantage are also evidenced.



**Regional
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An Australian Government Initiative