

## Submission to the Select Committee on Jobs for the Future in Regional Areas

The Shire of Dardanup would like to thank the Select Committee on Jobs for the Future in Regional Areas for the opportunity to make a submission on the Inquiry.

The Shire of Dardanup make the following comments on some of the topics being considered by the Inquiry and believes that whilst these comments are focused on the specific region within which the Shire of Dardanup functions, the South West of Western Australia and particularly the Bunbury Geographe Region, the principles outlined in these comments may be equally applicable elsewhere:

### New industries and employment opportunities that can be created in the regions;

#### Background

The Bunbury Geographe Region has significant comparative advantages associated with Coal Mining, Electricity Production as well as Forestry and Timber production. The Region, including the greater south west (Busselton, Margaret River, Nannup, Bridgetown etc.) also has significant challenges and opportunities associated with domestic or mixed municipal waste management.

According to the Australian Bureau of Statistics (ABS) through these industry sectors, the Bunbury Geographe region contributes significantly to the Western Australian employment market:

Employment per Sector	Coal Mining	Electricity & Gas	Forestry & Forestry Products	Waste
Australia	46,495	61,350	56,862	28,049
Western Australia	1,479	7,010	4,032	3,159
Bunbury Region	687	699	1,125	256
<b>Bunbury Region % of WA Employment</b>	<b>46%</b>	<b>10%</b>	<b>28%</b>	<b>8%</b>

**Source:** ABS Census 2016 Table Builder

Additionally, these industries are estimated to add significant value to the overall Australian economy and over \$1.2 billion to the regional economy:

ABS – Australian Industry Report 2017	Coal Mining	Electricity & Gas	Forest & Forest Products	Waste
Australia Industry Value Added (\$ million)	\$38,100	\$31,100	\$9,200	\$5,000
Bunbury Region Industry Value Added (\$ million) *based on \$ per job	\$727.1	\$452.9	\$145.8	\$37.6

**Source:** ABS Industry report 2018

The recent developments in Lithium mining and processing provides significant new and emerging opportunities for the region. According to the Minerals Council of Australia, Australia is the world's largest lithium producer and lithium mined in 2016-17 was worth \$601million.

Within the region Talison / Greenbushes last year invested \$1 billion into the expansion of the mine site to essentially double production up to 2.4 million tonnes per year. Additionally, Albemarle is currently investing over \$1 billion into its new processing facility in Kemerton. This facility, within the Bunbury Geographe Region, is expected to be the world's largest lithium processing facility.

#### Need Identification through Comparative Advantages

Whilst the industries identified above represent significant economic strengths and opportunities for the Bunbury Geographe region, recent trends indicate a shift away from coal fired power stations posing some significant challenges for the region to maintain employment opportunities and economic value. New and emerging industries associated with lithium processing could provide additional employment opportunities, whilst further value add industries could provide increased employment, export and economic opportunities in waste management, timber manufacturing, coal mining and energy production or storage. Across Australia there is currently significant investment by industry, government and associated agencies into developing new technologies through innovation incubators associated with these industries.

In the Bunbury Geographe region the recent establishment of the South West Timber Hub is providing a great opportunity for cluster based economic development around the Timber Industry. Over the last three years six local governments within the region combined forces to establish a Tourism Partnership which aims to focus on overarching regional tourism initiatives to continue to drive the Tourism Industry through a loosely cluster based model. Unfortunately however, there is currently not a specific cluster focussed on the coordination and development of additional value add opportunities related to the lithium and new energies opportunities that present themselves in the region.

#### Addressing the Need

To address the above issue, the Shire of Dardanup is leading the establishment of the Bunbury Geographe New Industries Cluster (the Cluster) which is intended to develop and drive specific pilot projects aimed at creating connections and fostering cooperation between different industries associated with the sectors identified above. The Cluster will also provide a networking function to identify additional value add opportunities and, where possible, further expand export opportunities. This includes inviting various growth centres established to assist with economic development to provide support for the Cluster's activities, including requesting METS Ignited to run their RISE Scale-Up Accelerator Program in the region, as well as inviting the Future Battery Industries Cooperative Research Centre (FBICRC) to undertake forums and workshops within the region in regards to its Research themes.

Through the Cluster it is intended that an Industry Incubator be established in the region to support research and development activities. The Industry Incubator will also work closely with relevant education and training providers to assist cluster participants to align their operations with new and emerging opportunities, including retraining employees to enable a transition from existing operations to produce new lines, or to incorporate more advanced manufacturing techniques. To achieve this, it is intended to establish a Research and Development presence within the region through the Industry Incubator with an intent to include satellite or support services for the FBICRC.

The project is intended to set up the Bunbury Geopraphe New Industries Cluster (the Cluster), which will be focused on developing and commissioning three pilot projects that would provide commercial and scalable opportunities within the region. The pilot projects are intended to be associated with emerging industries in lithium mining and processing, forestry and timber production, or generally within energy production, distribution and storage.

The Cluster will aim to expand the capacity of the Bunbury Geopraphe Region to contribute towards the overall economy of Western Australia, and to ensure the region continues to play an important part in the State's energy industry as the industry transitions into newer energy production / storage methods. An important component of the industry cluster will be to focus on the interconnectivity of associated industries and the potential to develop new initiatives around the opportunities from the activities of existing exporting core companies, industries hubs and activities within the coal, electricity, timber, waste and lithium sectors.

Currently pilot project ideas include:

1. A small scale Waste-to-Energy plant that processes mixed municipal waste with forestry waste to produce energy.
2. A plasterboard or cement manufacturing plant aimed at reprocessing the tailings from the lithium processing plant in Kemerton. To develop this pilot project it is intended that the Cluster work closely with the Future Batteries Industry Cooperative Research Centre (FBICRC).
3. A battery manufacturing / assembly pilot plant to explore the opportunities for Western Australian based specialist battery manufacturing.
4. An energy storage pilot project within the region. This may include pumped hydrogen, mass-batteries or hydrogen conversion technologies.

Alternative or additional pilot projects will be identified and developed by the industry cluster.

#### **The importance of long-term planning to support the diversification of supply chain industries and local economies;**

The importance of long term planning to support local economies cannot be overstated. Recently the Western Australian Government appointed an independent panel, The Westport Taskforce, to undertake a study into the future port opportunities to service the Perth Metropolitan area. The outcomes of the findings identified five options for building a new port in Kwinana.

The Westport Beacon, Issue 9, in its concluding remarks outlines the following three findings from an earlier assessment of 1989:

- *land transport costs associated with cartage between a regional container port and Perth were prohibitive, given that the majority of containers had an origin or destination in the metropolitan area;*
- *there would be high costs for upgrading rail connections to these ports to handle high volumes of containers; and*

- *regional ports go against the international trend of consolidated container port facilities.*

**Source:** Westport Beacon – Issue 9 – Bunbury supply chain opportunities

However the Westport Beacon – Issue 9 also identified that:

*No major improvements or capital upgrades to the freight rail corridor or intermodal terminal feeder roads would be required to support the daily rail freight service from Bunbury to NQRT (Fremantle North Quay Rail Terminal) in the short-term.*

Thirty years after the findings of the above and it still appears that centralisation around metropolitan infrastructure still remains the main focus for State Governments, sometimes at the expense of regions. Case in point is the recent decision from Alcoa to no longer export from the Bunbury Port, Albemarle having no intention to export from Bunbury Port, and another fruit packing operator moving out of the region to be closer to the metropolitan export infrastructure.

With Bunbury Port being only 172km from Perth CBD and only 144km from the Kwinana Industrial Area in the south of the metropolitan area, and with existing freeways and rail infrastructure in place, it is difficult to accept that the Bunbury Port is not earmarked from the onset to have a more significant role to play in Western Australia's shipping needs.

As somewhat of a consolation however the Westport Beacon Issue 9 identifies that:

*Growing the local container task may eventually lead to the critical mass required to establish a niche stevedore operation at Bunbury Port.*

*Establishing a container operation at Bunbury Port would encourage large industries to operate in the area – especially with such an abundance of industrial land available close to the port. Facilitating industrial development could also spur social and economic development for the region as it would create skilled job opportunities for locals and bring more people to the area for work purposes.*

*With an initial container freight consolidating IMT site operating and then a potential container-handling facility in place, Bunbury may be well-positioned to be included in handling the growing freight needs of the Perth metropolitan area in the long-term.*

**Source:** Westport Beacon – Issue 9 – Bunbury supply chain opportunities

Further in support of containerisation the Beacon identified that there will be significant growth in the region with regards to container handling:

*It is estimated that an additional 10,000 to 50,000 TEU will come on line in the South West region in coming years with expansions and new ventures, including the Albemarle lithium hydroxide manufacturing facility in Kemerton, which is under construction.*

**Source:** Westport Beacon – Issue 9 – Bunbury supply chain opportunities

It is, however, the Shire's understanding that currently Albemarle's intention is to export through the metropolitan area until containerisation becomes available at the Bunbury port. It seems therefore, that even though the lithium originates in the region, and whilst some of it will get processed in the region, any real future jobs associated with this are likely to be located in the metropolitan region where the future port presents additional opportunities associated with further value add

opportunities. Even with the West Port's intention for niche exports, it is well understood that it is a nearly impossible task without a major client and therefore unlikely that such niche operations will be established in Bunbury, particularly when a major competing facility is intended to be developed in the metropolitan area.

In a similar vein the Busselton - Margaret River Airport provides another great opportunity within the South West region for interstate and international export and tourism, however until further upgrades are undertaken at this facility it will not be able to deliver on its full potential. As outlined above long term planning is critical, however without true commitment to develop the regional infrastructure to provide new opportunities, or at very least to retain existing ones, centralisation of infrastructure around metropolitan areas will always have a negative impact on employment within the region.

### **Measures to guide the transition into new industries and employment;**

The Shire of Dardanup would strongly recommend the use of formal Industry Clusters as the primary measure for the development of, or transition to, new industries. Each Industry Cluster would necessitate the interaction of private industry, government, research and education providers as well as financial and logistics industries to provide a supporting, cooperative and competing network to drive the transition and/or growth.

Through Industry Clusters, community infrastructure to attract investment and job creation are more targeted to ensure it addresses specific needs. However, the benefits of such infrastructure is likely to range outside the cluster's immediate needs. Clusters also provide an opportunity for more direct involvement and contact with public authorities, allowing such authorities to better understand what interventions should be undertaken to provide best results for growth, or how to best manage the transition from current industries.

One of the major benefits of Industry Clusters is that it leads to a strong network of players within the industry that are at different levels, which in turn allows for meaningful consultation with industry and communities involved in the cluster. Through this consultation unexploited opportunities, or mechanisms to guide the transition, can often be developed by the community or industries themselves given the chance to do so and the support from authorities as outlined above.

Finally the role of vocational education providers, including TAFE, in enabling reskilling and retraining is an important part of what Industry Clusters are able to refine, to ensure these efforts are targeted and provide maximum impact for the community by being trained with the right skills to participate in the local economy. Additionally an Industry Cluster would also identify research and development programmes that could provide additional opportunities for Universities and/or TAFEs to participate in the cluster and local economy.

### **The use of renewable resources in Northern Australia to build a clean energy export industry to export into Asia;**

Whilst the potential for renewable resources exist in Northern Australia, there is also significant potential for renewable resources to be developed in other parts of Australia.

Emerging technologies and a renewed focus on hydrogen as a fuel source or as energy storage, provides great opportunities across the country to develop energy export opportunities, whilst the

development of Lithium technologies and potentially batteries provides another significant opportunity in the South West of Western Australia.

The State Development Strategy for Western Australia, identifies the opportunities across the state for the use of renewables.

### **Conclusion**

The Shire of Dardanup would like to thank the Committee for considering this submission. As is demonstrated above the Shire of Dardanup is committed to regional and economic development and focussed on driving good outcomes and practices to benefit of the community across the region.

The Shire believes that the Inquiry provides tremendous opportunity to highlight the current and potential contribution of regions to the Australian economy, employment and lifestyle opportunities and importantly to identify the actions required to ensure meaningful State and Commonwealth investment into supporting infrastructure that could drive significant benefits to future employment and emerging industries.

The Shire President, Cr. Mick Bennett and the Chief Executive Officer, Mr. André Schönfeldt, would welcome the opportunity to present to the Committee on the matters contained in this submission or any other matters relevant to the Inquiry.