

SENATE COMMITTEES

SELECT COMMITTEE JOBS FOR THE FUTURE IN REGIONAL AREAS

Submission by City of Mandurah

ceo@mandurah.wa.gov.au

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Jobs for the Future in Regional Areas

Introduction

The City of Mandurah is pleased to provide a submission to the *Select Committee into Jobs for the Future in Regional Areas*. As an inner-regional Western Australian local government that has often had its regional status called into question by other levels of Government, the City welcomes this renewed national focus on regional sustainability.

The Committee's focus on emerging industry employment opportunities - including clean energy technology and ecological services - is welcome, as is its emphasis on the need for industry diversification and infrastructure investment. These are issues that are increasingly relevant to Mandurah and the Peel Region's future sustainability.

Mandurah is the capital and service centre of the Peel Region, located adjacent to the Perth Metropolitan Region, approximately 72km south of Perth, with a current population of over 85,000. It is a City facing a range of socio-economic challenges, including limited education outcomes, inter-generational disadvantage, high unemployment and under-employment, low labour force participation rates, low employment self-sufficiency, high local business attrition rates, lack of export-oriented activity and lack of industry diversity. The neighbouring Shire of Murray, with over 17,000 residents, faces similar challenges, notwithstanding its significant manufacturing and mining sectors.

To address these challenges, the City of Mandurah and Shire of Murray recently entered into an economic development partnership with a focus on water science, agri-innovation, tourism trails and emerging industries attraction. The partnership, *'Mandurah and Murray: a shared economic future'* places significant emphasis on the *Transform Peel* regional development program, located within Nambeelup in the Shire of Murray, approximately 13km east of Mandurah.

Transform Peel

Transform Peel is an initiative and has been developed and delivered by the Peel Development Commission and funded by the Western Australian Government's *Royalties for Regions* program. It comprises three integrated elements: a 28,000-hectare Peel Food Zone, a 1000-hectare Peel Business Park, and the Peel Integrated Water Initiative. The 35-year development program is a partnership between LandCorp, the Shire of Murray and the Peel Development Commission, and is projected to create more than 30,000 jobs and contribute more than \$16 billion per annum to the WA economy by 2050¹.

The 28,000 hectare Peel Food Zone will incorporate innovative food technology solutions, whilst protecting the capacity of soil and water resources and maintaining food biosecurity. The Peel Integrated Water Initiative will address the future water demands of the Food Zone and Business Park. The Peel Business Park will focus on technology-driven agri-food and agri-innovation, as well as light industry, warehousing, transport, logistics and support industries.

Peel Business Park will be a staged development, with the first-stage headworks infrastructure currently under construction. The Australian Government recently invested \$21.75 million in the Peel Business Park and Agri-Innovation Precinct (AIP) under its *Regional Growth Fund*.

¹ www.peel.wa.gov.au/transformpeel; *Transform Peel: an integrated approach to building regional resilience*; 2017.

The Agri-Innovation Precinct is an agricultural innovation hub designed to create a highly skilled primary industries workforce. The AIP's common-use facilities will accommodate high-technology food production, value-added processing and research and development, including science laboratories, food production facilities, offices and incubator spaces, cold and dry storage, warehousing, packaging and distribution areas, and café and public presentation areas. The AIP is due for completion by late 2021.

A recommendation to the Select Committee is to review the current performance of the State Government and its departments in carrying out its committed economic projects, and whether the timeframes and objectives are being met. The delay in commencement of projects and funding can impact a local government's future job opportunities and economic growth.

Emerging Industries

In addition to its role in hosting agri-innovation and traditional light industries, *Transform Peel's* 1000-hectare Peel Business Park has potential to become the home of several globally emerging industries in WA. The Mandurah/Murray economic development partnership is currently undertaking research and industry stakeholder engagement that will help shape its emerging-industry attraction focus. This will enable us to determine which emerging industries provide the greatest opportunity to grow Mandurah/Murray's export economy, whilst also empowering us to play a greater role in addressing climate change, reducing our waste output and protecting our natural environment. Identified emerging industries include – but are not limited to – the following sectors:

- Future Battery Metals;
- Advanced Manufacturing of Prefabricated Housing;
- Circular Economy;
- Hydrogen Economy.

Future Battery Metals

The *Future Battery Industry Strategy*, launched by the WA Government in January 2019, aims to grow the state's battery metals industry and reap the full potential of its battery minerals, processing and manufacturing capacity, technical expertise and research capability. The strategy will examine opportunities across the breadth of the battery value chain, and will seek to facilitate favourable conditions for further downstream manufacturing activities. It also aims to build on WA's expertise in battery-based energy storage systems.

The strategy outlined four stages of the lithium-ion battery value chain: exploration and mining; processing; battery component manufacturing; and battery cell manufacturing. The Mandurah/Murray partnership seeks to examine the latter two stages of the value chain to determine their potential for establishment in the Peel sub-region. These stages comprise the manufacture of battery cell components (e.g. cathodes, anodes, separators, and electrolytes), battery pack assembly for electric vehicles and battery energy storage systems, installation of storage systems, and – potentially – electric vehicle manufacturing.

Western Australia has among the world's largest reserves of battery minerals, including lithium, cobalt, nickel, alumina and rare earths. The *Future Battery Industry Strategy* identifies a number of strategic industrial areas across Western Australia that will undertake the heavy-industry processing stage (manufacture of lithium hydroxide, nickel sulphate, cobalt sulphate etc.). However, little focus has to date been placed on potential locations for the light-industry battery component and battery cell manufacturing downstream processing stages of the lithium-ion battery value chain.

Transform Peel's Peel Business Park offers significant potential to meet this need. The Mandurah/Murray sub-region already has an established metals manufacturing capability and a highly skilled workforce, and Peel Business Park is ideally located with large industrial land parcels available and infrastructure and utilities currently under construction. Peel Business Park is also close to Perth and has excellent links to Bunbury, Kwinana and Fremantle Ports and Perth Airport.

A recommendation to the Select Committee is to explore how the Government can attract and provide incentives to emerging industries to locate in regional areas.

Advanced Manufacturing of Prefabricated Housing:

In June 2019, the Australian Government announced funding of \$2 million to develop a new collaborative Innovation Hub to help manufacturers design innovative new prefabricated buildings, and to strengthen Australia's global position in the prefabricated building market. The funding will be provided to the Advanced Manufacturing Growth Centre (AMGC) to undertake a study to establish the feasibility and describe the requirements for the establishment of a hub. If the Commonwealth subsequently approves the establishment of the hub, its role will be to deliver the following outcomes:

- Support links between the construction and manufacturing sectors to enable businesses to benefit from advanced manufacturing processes;
- Support new technologies and innovations enabling the transformation of the industry to provide smarter, more affordable and more sustainable construction solutions;
- Grow the manufactured buildings ecosystem to improve business capability to incorporate advanced technologies and processes within industry.

Previously, in June 2015, the Australian Government announced \$4 million funding to the Australian Research Council (ARC) Training Centre for Advanced Manufacturing of Prefabricated Housing. The ARC Training Centre aims to unlock the potential growth of Australia's prefabricated building industry by creating a cooperative training system between industry and universities to increase employment and export growth of prefabricated products and services. Its goals include:

- Tripling prefabricated housing's market share to 10% in the next 10 years;
- Improving housing construction time by up to 90%;
- Reducing housing construction costs by up to 50%;
- Addressing affordable housing shortages;
- Achieving housing construction material recycling rates of 80%;
- Expanding export opportunities.

Construction is a major industry in Mandurah and Murray, currently employing 8.3% of Mandurah's and 7.8% of Murray's workforce, whilst manufacturing is currently Murray's major employment industry (24.5%)². The establishment of an advanced manufacturing of prefabricated housing industry in Mandurah/Murray would create new construction and manufacturing jobs, upskill the local workforce, reduce housing costs and homelessness, construction times and materials waste, and create new export opportunities for the Peel Region.

A recommendation to the Select Committee is to review the role that the Federal and relevant State Governments should play in providing new funding programs to regional local governments to undertake planning, due diligence and business cases to identify land opportunities to accommodate industries that will create jobs for the future.

² Id community; *City of Mandurah Economic Profile, 2017/18*; *Shire of Murray Economic Profile, 2016 Census*.

Hydrogen Economy

The *Western Australian Renewable Hydrogen Strategy*, released in July 2019, outlined renewable hydrogen's potential role in displacing the use of fossil fuels in energy applications such as transport and heat and power generation. The strategy highlighted the WA Government's mission to develop Western Australia's industry and markets to become a major exporter of renewable hydrogen. To facilitate this, the state will develop domestic production capabilities and applications of renewable hydrogen. Specific goals include:

- By 2022, a hydrogen vehicle refuelling facility will be available in Western Australia;
- By 2040, renewable hydrogen will be widely used in mining haulage vehicles, and will become a significant fuel source for regional transportation.

The strategy contains four strategic focus areas: export; remote applications; hydrogen blending in natural gas networks; and transport. It noted that hydrogen for road freight could provide a viable decarbonised transport option, particularly for vehicles that require longer ranges or shorter refuelling times, or are weight-constrained. It also outlined four key actions that the WA Government will undertake to support the growth of a renewable hydrogen industry in Western Australia:

1. Establish a \$10 million *Renewable Hydrogen Fund*;
2. Establish a dedicated Renewable Hydrogen Unit to coordinate industry growth;
3. Work closely with the Australian Government to support hydrogen industry growth;
4. WA Renewable Hydrogen Council to provide strategic advice on industry development.

In April 2018, the Australian Government announced the establishment of a Future Fuels CRC, under Round 19 of its *Cooperative Research Centres* program. The Future Fuels CRC received \$26.2 million grant funding over seven years to provide enabling research and development to transition energy infrastructure to a low-carbon economy using fuels such as hydrogen and biogas.

In December 2018, the COAG Energy Council approved the development of a *National Hydrogen Strategy* to support the development of a clean, innovative and competitive hydrogen industry in Australia. In July 2019, the Energy Council called for industry and public comment on nine issues papers to help develop the hydrogen strategy, which is due to be delivered by late 2019.

Renewable hydrogen is produced from renewable sources, such as solar and wind-powered electrolysis, or from methane via organic waste biogas production. Given the availability of large land parcels within *Transform Peel* for wind and/or solar farm establishment, and the large volumes of organic waste produced by the Peel Region's agriculture and hospitality sectors and via household green waste, significant opportunity exists to establish a domestic renewable hydrogen production facility within Mandurah/Murray. Furthermore, the City is currently exploring opportunities to undertake pilot hydrogen demonstration projects in Mandurah/Murray, potentially utilising ferries, trucks, buses, trams, street sweepers or forklifts, as well as the establishment of a hydrogen refuelling facility.

A recommendation to the Select Committee is to review the process in relation to how the relevant State Government department interacts with new businesses and how they determine the best location. It is unknown whether an opportunity to locate in a regional area is even presented to new businesses and industries. A request for greater transparency by the relevant State Government departments by identifying the role they play and any policy or assessment criteria that is followed. It would be recommended that regional areas are included in any assessment and feedback is provided to the regional local government in relation to why it was not the preferred location in order to improve the attractiveness for the future.

Diversify WA

In July 2019, the Western Australian Government released its state economic development strategy, *Diversify WA*. The strategy seeks to grow and diversify the state's economy by matching emerging global trends with Western Australia's unique strengths and capabilities. The strategy identified six priority sectors for development: Energy; Tourism, Events and Creative Industries; International Education; Mining and Mining Engineering and Technical Services (METS); Technology and Advanced Manufacturing; and Primary Industries.

In August 2019, a report by the Bankwest Curtin Economics Centre, *Future-Proofing the WA Economy*, highlighted the Peel Region as one of WA's most significant areas for further potential jobs growth and industry diversification. The report found that while the Peel Region already enjoys a substantial comparative advantage with its bauxite and gold mining and metals manufacturing industries, the region has potential to diversify into, or expand a number of industry sectors, including agriculture and food production, construction, tourism, scientific testing and analysis services, and freight and rail transport manufacturing. It advised that the identified industry classes could generate an additional 10,350 jobs in Peel and \$781 million in additional gross value added for the Western Australian economy.

Under its joint economic development partnership, the City of Mandurah and Shire of Murray are currently focussing on expansion and/or diversification of the following priority sectors identified in *Diversify WA*:

- Energy (hydrogen);
- Tourism, Events and Creative Industries (trails tourism);
- Primary Industries (agri-innovation, equine);
- Mining and METS (battery metals);
- Technology and Advanced Manufacturing (water science, advanced manufacturing of prefabricated housing, circular economy).

The Mandurah/Murray partnership is currently exploring emerging industry opportunities via engagement with various national entities including the Future Battery Industries Cooperative Research Centre, the Advanced Manufacturing Growth Centre (AMGC), the Australian Research Council Training Centre for Advanced Manufacturing of Prefabricated Housing, and the Future Food Systems Cooperative Research Centre. The importance of Government support for emerging industries via programs and strategies such as the Cooperative Research Centre program, Industry Growth Centres Initiative, and *Diversify WA* cannot therefore be understated.

Conclusion

In summary the following recommendations that the City of Mandurah would like to be considered are:

1. Review the current performance of the State Government and its departments in carrying out its committed economic projects and whether the timeframes and objectives are being met. The delay in commencement of projects and funding can impact a local government's future job opportunities and economic growth.
2. Explore how the government can attract and provide incentives to emerging industries to locate in regional areas.
3. Review the role that the Federal and relevant State Government should play in providing new funding programs to regional local governments to undertake planning, due diligence and business cases to identify land opportunities to accommodate industries that will create jobs for the future.
4. Review the process in relation to how the relevant State Government department interacts with new businesses and how they determine the best location. It is unknown whether an opportunity to locate in a regional area is even presented to new businesses and industries. A request for greater transparency by the relevant State Government departments by identifying the role they play and any policy or assessment criteria that is followed. It would be recommended that regional areas are included in any assessment and feedback is provided to the regional local government in relation to why it was not the preferred location in order to improve the attractiveness for the future.

The Mandurah/Murray economic development partnership is but one example of many innovative local government undertakings designed to stimulate economic growth across regional Australia. Whilst it is essential that regional local governments demonstrate initiative in dealing with their respective challenges rather than merely relying on other levels of government to support them, State and Federal Governments nonetheless play a vital role in ensuring regional economic success. Examples include:

- Trade and investment support (e.g. Australian Trade and Investment Commission, WA Department of Jobs, Tourism, Science and Innovation);
- Infrastructure and land investment (e.g. *Regional Growth Fund*, *Royalties for Regions*, Industrial Lands Authority)
- Industry diversification and business development support (e.g. Ausindustry, *New Industries Fund*, Small Business Development Corporation);
- Research and development support (e.g. *Cooperative Research Centres Program*, *Industry Growth Centres Initiative*, Innovation Hubs).

Of key importance to sustainable regional economic growth is ensuring that State and Federal Government regional initiatives support all regions, and do not leave out regions on the fringes of Australia's capital cities. The WA Government, via *Diversify WA*, has committed to creating 30,000 regional jobs in Western Australia by 2024. If this commitment was matched by the Australian Government in Western Australia, and backed by significant trade and investment support, infrastructure investment, and industry diversification, business development and R&D support, then regions such as Peel could be truly transformed.

Mark R. Newman
Chief Executive Officer