

Submission to the Senate Committee Inquiry into the Indian Ocean region and Australia's foreign, trade and defense policy.

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The Pilbara Region

Situated in the north west of Western Australia, the Pilbara generates an extraordinary proportion of Australia's wealth. With immense reserves of natural resources, the Pilbara is also blessed with stunning natural beauty boasting striking landscapes and a rich and diverse cultural heritage.

Estimated Gross Regional Product (GRP) of the Pilbara in 2008/9 was just over \$7 billion. In 2009-10 the Pilbara's GRP exceeded \$12 billion and was \$14.04 billion in 2010-11. The GRP per capita in the Pilbara in the 2010-11 year was \$342,398 and the GRP per worker was \$605,64813. This contrasts dramatically with the national average of less than \$50,000 per person

The scope and scale of investment in the Pilbara can be gauged from data for Western Australia since the majority of the investment is in the Pilbara. The magnitude of the State's mining developments is demonstrated in the Australian Bureau of Statistics (ABS) figures for 2010-11. This data shows that Western Australia's share of national mining capital expenditure rose 29% to \$28.3 billion and accounted for 60% of the total \$47.2 billion.

Over the past five years private new capital expenditure by the industry has grown on average by 21%. Western Australia attracted the bulk of mineral and petroleum exploration expenditure in Australia drawing in 54% and 72% respectively in 2010-11. Western Australia attracted the majority of total mining capital expenditure in Australia accounting for a 60% share in 2010-11.

Over the same period, mining investment contributed 77% of all business investment in Western Australia that totaled \$36.9 billion. Underpinned by the rapidly expanding resources sector, total private new capital expenditure in Western Australia grew by almost 21% in 2010-11. The total value of mining industry investment in Western Australia has more than doubled, rising on average by 22.3% each year. In September 2011, Western Australia had \$138 billion worth of resource projects under construction or in the committed stage of development. A further \$169 billion has been identified for planned or possible projects in coming years.

The projected total value of earnings of minerals and petroleum to be produced in the Pilbara by 2018 is approximately \$211 billion (excluding 'other' minerals). As a comparison, if in 2010 the Pilbara had been producing this value of resources, \$211 billion then represents:

- 17% of Australia's total GDP;
- 150% of New Zealand's GDP; and,
- Greater than the individual GDP of 117 of the world's 184 nations.

[SOURCE: RDAP PILBARA REPORT 2012]

Pilbara Defense Matters

- The Pilbara Regional Council views 'defense' of the Pilbara region in a considerably broader context than simply invasion by another nation; with our definition of a regional security architecture encompassing preservation of communities and strategic assets at both land and sea from all threats, protection of key trading routes, and establishment of broad multilateral arrangements that promote regional order and cooperation.
- At a national level, Australia appears to acknowledge the need to protect the Indian Ocean rim, with a commitment to the Indian Ocean Rim Association for Regional Cooperation and the Indian Ocean Naval Symposium.
- Despite this acknowledgement, little effort appears to be evident 'at the coal face'; with air, sea and land defense infrastructure woefully inadequate to protect the scale of strategic assets.
- The ageing RAAF base at Learmonth is noted as a 'bare base', with no air force units currently based there and maintained by a small caretaker staff.
- Norforce is an infantry regiment of the Australian Army Reserve, and based within ready proximity of Darwin and the Kimberley. Expecting this force to protect the Pilbara is akin the expecting English units to travel across Europe to the southern borders of Spain.
- Other defense 'assets' in the region include the Pilbara Regiment, also an infantry regiment of the Australian Army Reserve and designated primarily as a surveillance unit.
- Operation RESOLUTE is the ADFs only contribution to full-time protect Australia's borders and offshore maritime interests. It is also the only ADF operation that currently defends homeland Australia and its assets.
- This is in stark contrast to the vast majority of defense assets located along the eastern seaboard of Australia.
- The Pilbara Regional Council poses the questions as to whether ADF infrastructure is positioned on the basis of:
 - a mid-last century perspective of a likely theatre of war;
 - a desire to 'fall in line' with the plans of mid-last century allies;
 - ADF personnel access to families and amenities; or
 - a genuine threat assessment for strategic Australian communities and assets
- Australia's security profile has changed markedly since the last large-scale armed conflict, moving from a likely Asia-Pacific to an Indo-Pacific theatre.
- Australia is now more likely to experience an unconventional or non-traditional risk event than an 'invasion from the North' (or anywhere else), most likely targeted at strategic infrastructure (the Pilbara supplies a substantial proportion of South Korea's LNG requirements).
- Violent transnational threats pose a very credible risk to maritime commerce, and the blocking of Port Hedland or Dampier's port facilities would have an immediate and measurable adverse impact on the Australian economy.

Pragmatically ...

- The Pilbara Regional Council posits that the ADF must urgently review its defense posture for the north-west of Australia, particularly focusing on the Pilbara region.
- The Pilbara Regional Council further proposes that the ADF consider investment in:
 - A permanent patrol boat base at either Port Hedland or Karratha;
 - An inland air force presence at Newman or Tom Price; and
 - The establishment of a permanent regular army regiment at Karratha
 - Renewed focus on the development of regional cooperation agreements
 - A regular schedule of ADF and joint military exercises in the region
 - The permanent basing of specialist multi-force response teams at or near strategic export infrastructure
 - The development of a security-focused regional forum to regularly discuss matters of Indian Ocean rim security

The Pilbara Regional Council welcomes the Senate Committee's Inquiry into the Indian Ocean region and hopes that the work of the Committee will drive tangible outcomes towards a more robust defense posture for the region's export-generating assets.

The Pilbara Regional Council

The Pilbara region comprises four Local Government authorities - the Shires of Ashburton, East Pilbara, Roebourne and the Town of Port Hedland. The Pilbara Regional Council was established in 2000 to serve the collective interests of these Local Governments; acting both as an external advocate for Local Government across the region and as an internal service provider to member Governments.