



Shire of Derby /
West Kimberley

SHIRE OF DERBY WEST KIMBERLEY

SUBMISSION TO THE JOINT
SELECT COMMITTEE ON
NORTHERN AUSTRALIA



Chief Executive Officer

Shire of Derby West Kimberley

Ph: 08 9191 0999

Fax: 08 9191 0998

Email - ceo@sdwk.wa.gov.au

Contents

1.0	KEY RECOMMENDATIONS OR THIS SUBMISSION.....	03
2.0	INTRODUCTION	09
2.1	Where is the Shire of Derby- West Kimberley	09
2.2	A Basic Overview of the Status Quo.....	09
2.3	Growth Trends and the Local Economy	09
2.4	What Does This Mean	11
2.5	Developing natural assets to reduce Government Dependence.....	12
3.0	ADDRESSING THE TERMS OF REFERENCE	13
3.1	Examine the Potential of the regions Mineral, Energy, agricultural, tourism, defence and other industries.....	13
3.1.1	Minerals and Energy.....	13
3.1.2	Agriculture.....	19
3.1.3	Tourism	21
3.1.4	Defence.....	24
3.2	Trade and Investment with Asia- Pacific.....	26
3.3	Regulatory, Taxation and Economic Environment.....	27
3.3.1	Land Tenure.....	27
3.3.2	Remote Community Services.....	27
3.3.3	Public Sector Employment Practices	28
3.3.4	Zone Tax Offset.....	29
3.3.5	Special Economic Zones.....	30
3.4	Impediments to Growth.....	30
3.4.1	Youth Suicide	30
3.4.2	Infrastructure	31
3.4.3	Established Policy Framework	31
3.4.4	Making the Private Sector Pay for Broader Public Benefit.....	32
3.5	Private Investment and Innovation	32
3.6	Critical Economic and Social Infrastructure Investments.....	33
3.6.1	Economic Infrastructure.....	33
3.6.2	Social Infrastructure.....	34
4.0	Summary.....	34



1.0 KEY RECOMMENDATIONS OR THIS SUBMISSION

The following items are bullet pointed as the key recommendations and observations of this report, with the evidence and supporting documentation provided in detail, and for reference below:

- Section 1.5 and 1.6 – The Shire’s economy is reliant on the public purse to maintain a functioning local economy. State and Federal funding should be directed into the region, focusing on diversifying the community economic base and leveraging the existing competitive advantage of the area, particularly its proximity to oil, gas and mineral reserves as well as agriculture and aquaculture developments.
- Section 2.1.1.1 – Planning and development of infrastructure must properly consider potential land use conflicts and the residual impacts that such activity may have on another sector of local economies.
- Section 2.1.1.2 – The Development of Point Torment is critical to realising the potential of the Kimberley region. It will have tangible links to long term private investment in the region and unlock the potential for significant trade to Asia.
- Section 2.1.2.1 – The Development of a Fitzroy Valley agricultural region would facilitate improved economic participation amongst remote communities in the Fitzroy Region. The Government should encourage the development of this area as part of the implementation of the National Indigenous Economic Development Strategy.
- Section 2.1.2.2 – The committee should explore new initiatives to encourage further investment into Aquaculture such as the Kimberley Aquaculture Precinct.
- Section 2.1.2.3 – The provision of infrastructure to facilitate the export of produce from the region is important. This Shire is actively seeking to have private investment deliver a logistics hub at the Derby Airport and also upgrades delivered to the Derby Wharf. Both developments will not only support the oil, gas and resources industry but will also support agriculture and aquaculture developments in the region.
- Section 2.1.3 – The integrity of Broome as the Tourism gateway to the Kimberley must be protected if the region is to benefit from its natural assets and develop a meaningful relationship with Asia.
- Section 2.1.4 – Derby’s strategic location to offshore oil and gas assets and our northern border make it an ideal location for an increased defence presence. In doing so the Federal Government should make more efficient use of a major infrastructure investment in Curtin Airbase and nearby Yampi Sound Training Ground.
- Section 2.1.4.2 – Funding upgrades to the western sections of the Gibb River Road will allow defence to increase usage of the Yampi Sound Training Group and also encourage increased utilisation of a destination tourist route. Increased traffic along this road will also link to increased economic participation for remote communities.



- Section 2.2 – The international community must be encouraged to visit Northern Australia to better understand the opportunity for investment through experience. Major events such as APEC should be focused in the northern regions moving forward where Australia has an opportunity to be host.
- Section 2.3.1 – The resolution and alignment of Land Tenure across the Nation should be facilitated as a priority to streamline process, alleviate red-tape and increase the opportunities for investment.
- Section 2.3.2 – An improved funding structure for local governments with small ratebase is needed to provide basic services and improve the quality of failing community and municipal infrastructure needs.
- Section 2.3.2 – New funding structures must be localised and reflective of issues for individual areas and communities rather than generic and regionalised.
- Section 2.3.3 – State and Federal Governments should investigate mechanisms to increase interaction between public servants and regional communities through relocation or improved communication technology.
- Section 2.3.4 – A holistic review of the Zone Tax Offset is needed. It should be focused around better understand the cost of living in a region relative to the capital metropolitan area of a State or Territory. Applying a zone tax offset to small businesses in the region should also be considered.
- Section 2.4.1 – A review of funding arrangements for youth suicide prevention initiatives should be undertaken and focus on empowering local communities through on-the-ground programming, social services and appropriate infrastructure to support change to this tragic endemic.
- Section 2.4.2 - Well-informed infrastructure and assets management plans for critical public infrastructure (social and municipal) are needed to better plan for and allocate funding to complete either maintenance, upgrades or new capital works.
- Section 2.4.4 - Infrastructure Australia and the State Government should not set to choose/ prioritise 'economic infrastructure' (i.e. ports, rail, road) for support. There should be open and willingness to consider support or funding through appropriate partnerships where the private sector expresses genuine desire to facilitate an outcome.
- Section 2.5 - The Shire supports an unsolicited proposals process at Local, State and Federal level. An unsolicited proposal process is a mechanism encouraging the private sector to approach government with innovative and unique ideas to facilitate, develop or provide services while still meeting the government's strategic objectives.
- Section 2.6.1 – Infrastructure Australia should be charged with the preparation of a holistic northern transport plan. The colocation of different forms of transport throughout the region and a clear framework to inform potential private sector investment should form the basis of the plan.
- Section 2.6.1 – A focus should be maintained on increased communication technology in the north to improve business efficiency and increase education and training opportunities.



- Section 2.6.2 – Regional Education Plans should be developed in conjunction with local government authorities and communities to ensure plans are responsive to local needs.
- The Shire supports the Shire of Halls Creek’s push to have the Tanami Road upgraded and sealed and understands that the large scale infrastructure project will deliver significant benefits to the Kimberley and Northern Australia as a whole.

To further highlight the Shire strategic location the following maps has been prepared for reference.



POINT TORMENT

DERBY WHARF

DERBY TOWN SITE

CURTIN AREODROME

DERBY AIRPORT

Joint Select Committee on Northern Australia

Shire of Derby-West Kimberley Submission

This concept has been prepared for the purpose of consultation only and does not constitute an invitation, agreement or contract for any of the services or facilities described in this document by RPE. All parties associated with the preparation of this document accept full responsibility for any errors or omissions. The right is reserved to change the plan at any time. Any person who wishes to object to any of the proposals shown on any Visual Impression gained from this drawing should do so in writing to the Shire of Derby-West Kimberley. All areas and dimensions shown on this drawing are subject to final survey.



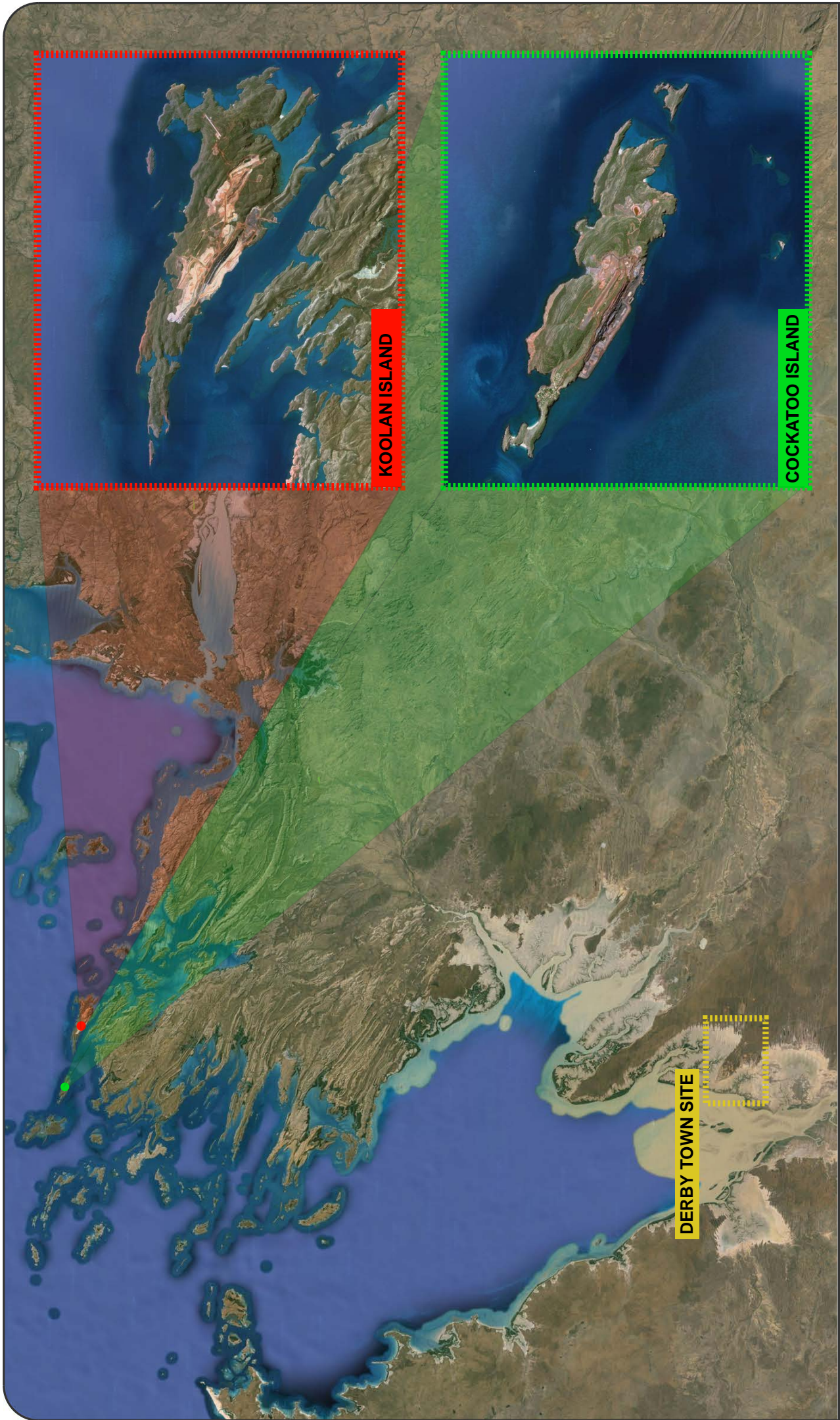
Title: Derby Town Site and Surrounds

Date: March 2014

Revision No: A



Shire of Derby / West Kimberley



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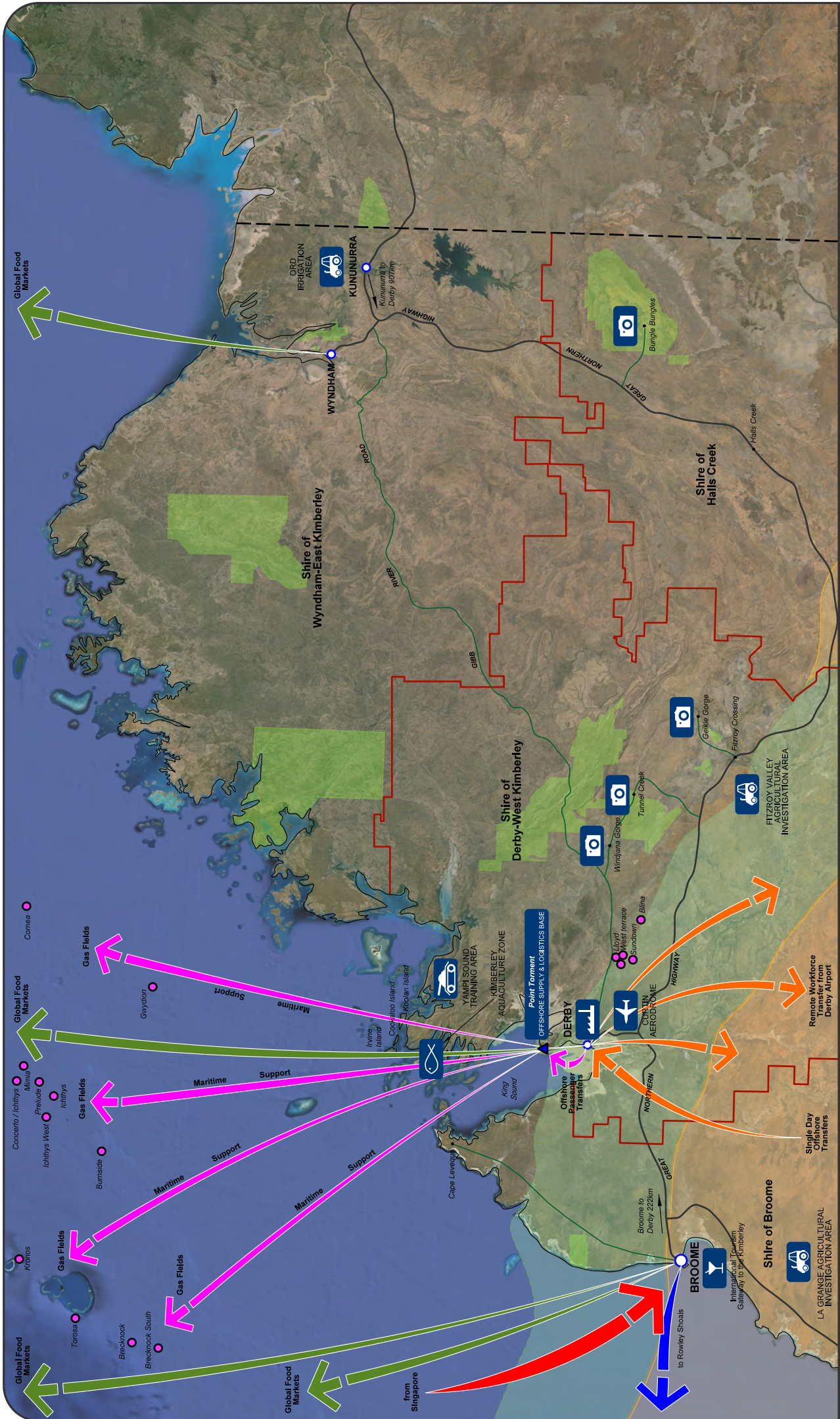
Title: Derby Town Site in relation to Koolan and Cockatoo Islands

Date: March 2014

Revision No: A



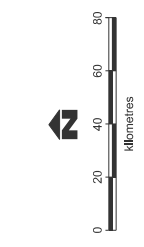
Shire of Derby / West Kimberley



Joint Select Committee on Northern Australia

Shire of Derby-West Kimberley Submission

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LEGEND

	TOWN
	HIGHWAY
	ECO-TOURISM ROUTE
	SHIRE BOUNDARY
	NATIONAL PARK
	GAS EXPLORATION SITE
	CANNING BASIN
	FITZROY TROUGH

Title:	ASSETS OF THE KIMBERLEY
Date:	March 2014
Scale:	1:2,500 000@A3
Revision No.:	A



Shire of Derby / West Kimberley

2.0 INTRODUCTION

The Shire of Derby/West Kimberley (Shire) appreciates the opportunity to make this submission to the Joint Select Committee on Northern Australia. We have taken this opportunity to tell you our view and make our own recommendations on matters we consider are both tangible and offer positive contribution to the discussion on the future of the north. You will note from the submission that the Shire is focused on delivering benefits at a regional level as it is the Shire's opinion that any large scale initiative needs to consider how investment can be made to benefit the region rather than a single geographical subset of the region.

2.1 Where is the Shire of Derby- West Kimberley

The Shire covers a vast area of 118,560 square kilometres and is located more than 2,000 kilometres north of Perth in the West Kimberley. This includes two main centres, Derby and Fitzroy Crossing, in addition to 53 remote Aboriginal communities.

Derby is the main urban centre within the Shire and is approximately 220km of Broome. Fitzroy Crossing, surrounded by the flood plains of the Fitzroy River, is approximately 260km south east of Derby and almost 400km east of Broome. The balance of remote communities' within the Shire are mainly spread throughout the Fitzroy Valley.

2.2 A Basic Overview of the Status Quo

In the 2011 census Derby recorded a population of 3,261 and comprised just over one-third of the entire Shire of Derby-West Kimberley population which was 8,435. Consistent with the broader Kimberley Population, the Shire has a very high indigenous population (48%) and a proportionately low median age of 29 compared to Western Australia which is 36.

ABS data suggests 42.5% of the Shire's workforce were employed in Public Administration, Safety, Education and Training and Health Care compared to the State average of just 22% in the same fields. Just 1.7% of the population is employed in Professional, Scientific and Technical Services compared to 2.4% across the Kimberley and 7.1% across the State.

Occupation in the Shire reflects the skills of the community with over 20% of the workforce identifying themselves as labourers which is the most common occupation in the Shire and over double the state and national average. It has been suggested that education within the Shire reflects the available skills of the local workforce with just 21.9% of the population completing year 12 compared to 34% across the broader Kimberley Region. Further, just 4.9% of the population was attending either further education (technical or tertiary) compared with the broader Kimberley Region which had 9.3% undertaking such studies.

The Shire also has a very poor workforce participation rate with over 46% not partaking in employment or looking for employment compared to just 31% across the Kimberley and 29% across the State.



2.3 Growth Trends and the Local Economy

In the period between 2001 and 2011, the Shire of Derby-West Kimberley population experienced a minor increase in population of 953 (8%). This growth period included a period of decline between 2001 and 2005 where the population reduced by 1112 (13%) but was followed five years of high growth where the population grew 29% between 2006 and 2011.

This period of rapid population increase and decline are reflected throughout the last 20 years of the Shire's life. The following table summarises the Shire's growth and decline over the 20 years between 1991 and 2011 in relation to local economic circumstances:

Census Period	Growth/ Decline	Economic Factors
1991 - 1996	Decline	In 1994 the Derby Wharf was closed by the State Government. The Derby Wharf was an important piece of economic infrastructure which had previously served the Shire and region positively for the 100 years prior.
1996 - 2001	Growth	In 1997, The Shire successfully lobbied to obtain management of the Derby Wharf, leading to its reopening. The Wharf was upgraded to act as a bulk export facility, providing for export of lead and zinc by Western Metals Pty Ltd and also wharfage facilities to more remote mining operations. In 1999, the Federal Government also opened the Curtin Regional Detention Centre resulting from increased numbers of asylum seeker arrivals.
2001 - 2006	Decline	In 2002, the Curtin Detention Centre was closed by the Federal Government. The suspension of export operations through the Derby wharf by Western Metals in 2003.
2006 - 2011	Growth	Full production and export of commercially farmed barramundi at Cone Bay by Marina Produce Australia commenced in 2005. In 2007, Lennard Shelf Pty briefly recommenced export operations using the Derby Wharf however these operations again ceased in 2009. In 2009, the State Government announced the preferred location of the \$150 million new West Kimberley Regional Prison, just kilometres from the Derby town-site. The project commenced in 2010 with opening of the facility in 2012. Aggressive exploration of numerous offshore gas field projects off the northern coast of the Kimberley including Itchys and Browse Basin was underway. Major investment from the State and Federal Governments was also committed to the Kimberley region with large public infrastructure projects being constructed during this period.



These circumstances can also be viewed in light of a larger employment/ industry trend throughout the Shire when ABS data relating to employment by Industry is investigated over the same period:

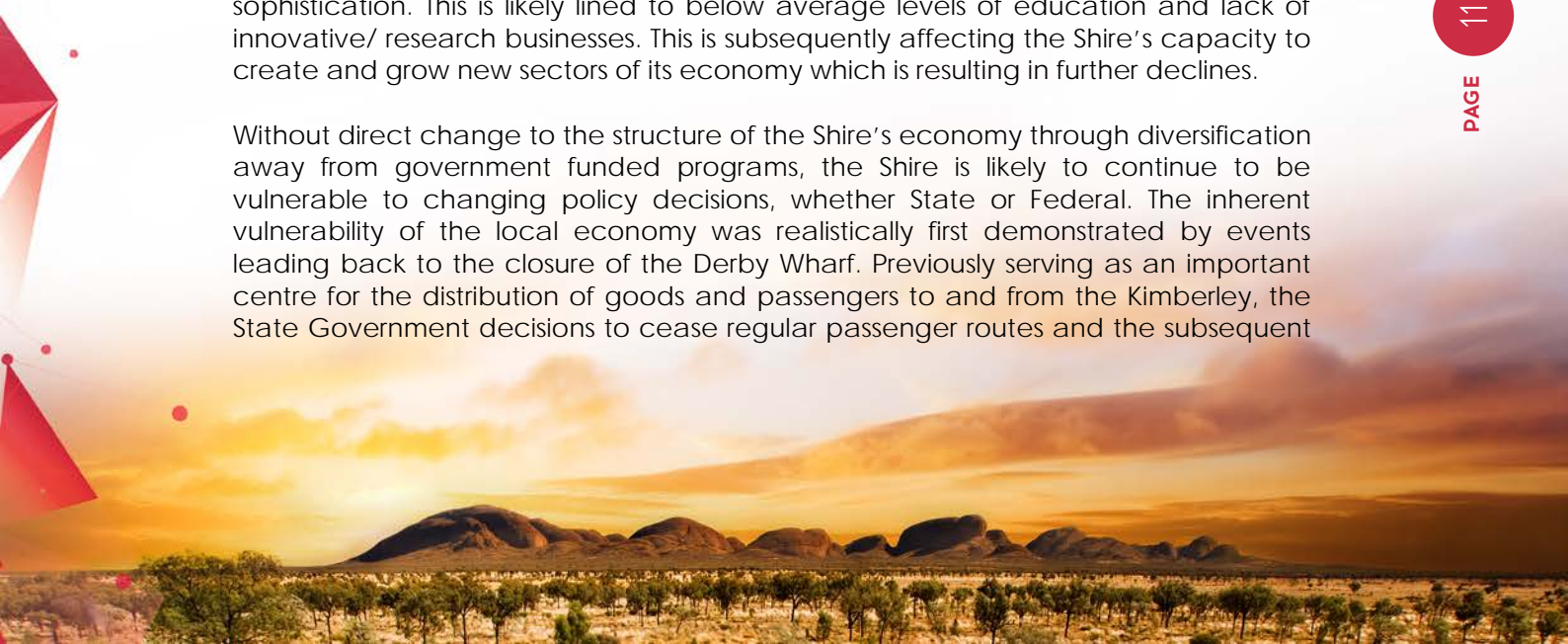
- Despite the overall growth in population over the 10-year period, the number of people living in Derby in the local workforce has fallen by over 1,000 (17.9%) from 3,626 to 2,613 and during 2006 the workforce was as small as 1,285 which equates to just one-third of the workforce five years earlier;
- The only employment sector which experienced any significant jobs growth is education and training which has increased by 189 (69.5) from 272 to 461 persons;
- In other major employment sectors such as agriculture, forestry and fishing, mining, manufacturing, wholesale trade, retail employment numbers, health care and social services fell by as much as a 39% (agriculture, forestry and fishing and retail);
- Whilst all sectors between 2001 and 2006 experienced decline, sectors associated with mining activity, construction or operation of the Curtin Detention Centre experienced mass declines in jobs between 2001 and 2006 with mining (83%), construction (53%), Accommodation services (62.5%), Transport (55%) and Property and Administration (50%) which before experienced jobs growth again reaching levels much closer to the 2001 census period; and
- The Sector Public Administration and Safety had the highest number of employees in 2001 at 835 or 23% of the workforce but this has since dropped to less than a third that number and in 2006 it reached just 15% of the number of employees five years prior.

2.4 What Does This Mean

Derby is a vital regional support base and the Shire is reliant on public administration/ policy to keep the local economy afloat. Some of the fluctuations in jobs and population can be attributed to periods driven by small mining investment, federal government policy decisions focused around infrastructure investment and level of service provision to remote communities. These elements have largely driven employment and growth within the sector and supporting industries of accommodation, property, hospitality, transport.

The Shire has a low level of human capital, capacity for innovation or business sophistication. This is likely lined to below average levels of education and lack of innovative/ research businesses. This is subsequently affecting the Shire's capacity to create and grow new sectors of its economy which is resulting in further declines.

Without direct change to the structure of the Shire's economy through diversification away from government funded programs, the Shire is likely to continue to be vulnerable to changing policy decisions, whether State or Federal. The inherent vulnerability of the local economy was realistically first demonstrated by events leading back to the closure of the Derby Wharf. Previously serving as an important centre for the distribution of goods and passengers to and from the Kimberley, the State Government decisions to cease regular passenger routes and the subsequent



closure of the Wharf created a period of stagnated development for the Derby community and broader Local Government Area.

The various openings and closures of the Curtin Detention Centre and completion of major housing projects supporting jobs growth linked to the construction of the new Derby Regional Prison have highlighted the modern day vulnerability of the local economy to public policy. This potential impact of Policy decisions is further evidenced by comments made by the President of the Local Chamber of Commerce, Wayne Holland during the consideration of the closure of the detention centre during October 2013 when he was interviewed by the ABC:

Otherwise, I think there's a lot of people who suffer in Derby who've actually geared up and invested in the town, on the basis of the detention centre being there,

"That's probably going to wind down and come to an end."

"And, in the meantime Derby geared up pretty highly to cater for that task."

"When the detention centre winds up or leaves altogether, it's going to leave us all geared up with nowhere to go."

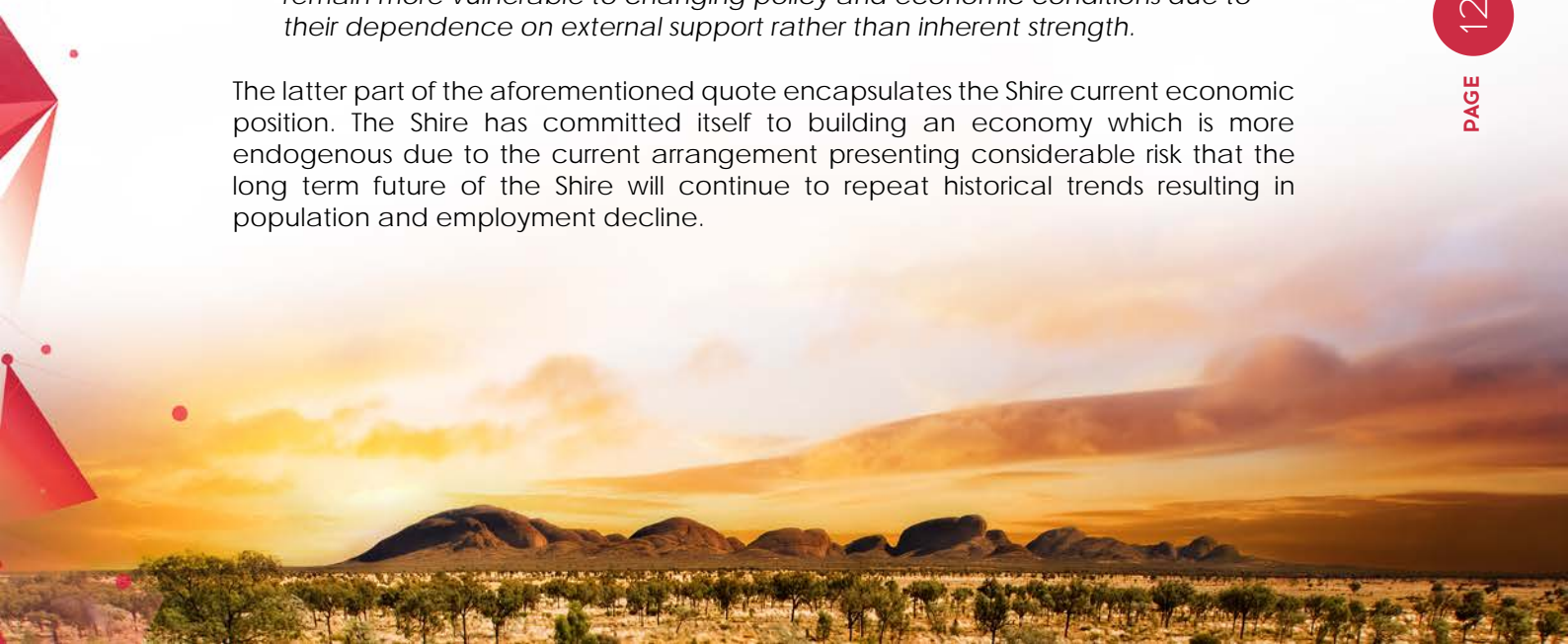
Anecdotally, the reality of the closure is starting to be felt with many accommodation providers being heavily affected by substantially reduced room occupancy. This reaffirms the vulnerability of the economy and it's over reliance on public policy to drive growth in the Shire.

2.5 Developing natural assets to reduce Government Dependence

The Shire of Derby-West Kimberley recognises the need for a shift in the local economy through more endogenous growth. This will require regional, State and Federal cooperation when considering the overall development of the north. In 'Rethinking the Future of Northern Australia's Regions (2013) published by the Regional Australia Institute, the report highlights:

Contemporary regional policy focuses first on building the inherent capacity of regions to grow from within. This is because regions that can grow by utilising their own resources are likely to be more successful in the long run as they build a strong base to meet the needs of existing markets, expand or enter new markets. In contrast, regions which overly rely on external help from governments, through dedicated subsidies, investments or special legislative arrangements to create artificially favourable economic conditions, will remain more vulnerable to changing policy and economic conditions due to their dependence on external support rather than inherent strength.

The latter part of the aforementioned quote encapsulates the Shire current economic position. The Shire has committed itself to building an economy which is more endogenous due to the current arrangement presenting considerable risk that the long term future of the Shire will continue to repeat historical trends resulting in population and employment decline.



A further key driver for the Shire's focus on reconfiguring its economy is to safeguard the future of remote communities where continued investment, advocacy and support are needed in order to 'Close the Gap' on Indigenous Well-Being in the Kimberley.

Actions continue to speak louder than words. The Shire's endeavours to reopen the Derby Wharf under the Shire's management following the States refusal in 1997 has led to some variable economic development for the community through support logistics to remote mining and aquaculture operations. In addition, the Shire's current actions in relation to the Derby Airport site as well as the Derby Wharf and Point Torment all demonstrate a proactive Local Government committed to improving opportunities within the Region.

The Shire has shown regional leadership in driving the development of its assets, whether that is people, infrastructure, natural resources or the environment. To achieve genuine economic shifts however it will require a new approach to government investment in the Shire. In order to empower local economies, collaborative targeted decision making is required in addition to a policy framework that allows for innovation and encourages private investment.

Current endeavours will require support and empowerment to strengthen the Shire into the future and align with many of the key issues outlined from other submissions including infrastructure investment, agricultural development, tourism and social infrastructure. In addressing the Terms of Reference below, the Shire has highlighted genuine opportunities and constraints that are affecting our ability to take charge and drive investment in the areas where the Shire has a competitive advantage in the Kimberley.

3.0 ADDRESSING THE TERMS OF REFERENCE

3.1 Examine the Potential of the regions Mineral, Energy, agricultural, tourism, defence and other industries

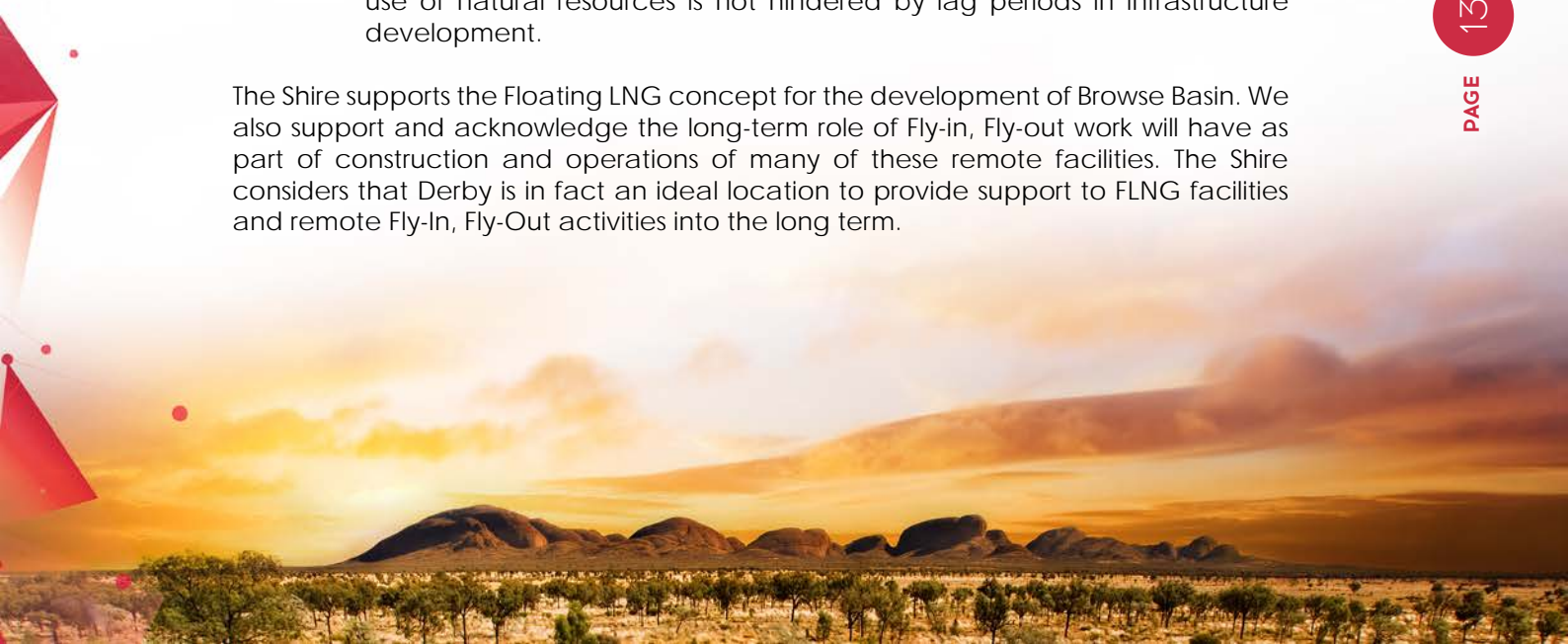
3.1.1 Minerals and Energy

3.1.1.1 *Our Vision to Support Minerals and Energy*

The Shire of Derby-West Kimberley is a major supporter of the oil, gas and resources sector. We openly encourage investment and have been actively pursuing private sector investment around Derby to:

- Support efficiency and productivity improvements for existing operations through improved infrastructure; and
- Ensure major support infrastructure to support long term development and use of natural resources is not hindered by lag periods in infrastructure development.

The Shire supports the Floating LNG concept for the development of Browse Basin. We also support and acknowledge the long-term role of Fly-in, Fly-out work will have as part of construction and operations of many of these remote facilities. The Shire considers that Derby is in fact an ideal location to provide support to FLNG facilities and remote Fly-In, Fly-Out activities into the long term.



A number of strategic benefits situate Derby as an ideal location to encourage and support investment around infrastructure development to facilitate this outcome:

1. The community acknowledges and embraces industry. The Shire is actively working with the private sector to encourage industrial development to support Kimberley resources projects.
2. Derby is geographically centrally positioned to support the industry both onshore and offshore comparatively to other centres including Broome, Kununurra and Darwin. Proximity to mineral and gas resources would therefore be logistically cheaper.
3. Derby has a comparatively low cyclone risk (and associated impacts) compared to Broome which has been recognised by the Bureau of Meteorology ([www.http://www.bom.gov.au/cyclone/history/wa/derby.shtml](http://www.bom.gov.au/cyclone/history/wa/derby.shtml)). Impacts to flight/ marine activity will therefore be limited reducing production delays as a result of weather.
4. There is available and planned infrastructure located appropriately so that unhindered development and use can occur both with respect to road, maritime and air support. In other words, existing and future infrastructure assets will not be subject to land use conflicts which have historically hindered long term operations. For example the impact of the Port Hedland Port to the established residential community has caused on-going concern regarding health impacts of noise, dust and amenity impacting on both operations and community well-being. Similarly Broome's current airport location, centrally within the town has required restrictions on air movements to manage conflict. Industry requirements for regular or emergency air passage could lead to longer term exacerbation of the existing conflict.
5. Extensive Freehold Land is available for development to accommodate housing development to meet demand. During construction phases this will assist in alleviating affordability pressures as land can be brought to market much quicker than through the government land development system for either housing or non-resident workforce accommodation. This is a critical issue when planning for major development and is a key learning from the Pilbara's Boom Time where LandCorp, Western Australia's State land development agency failed to assemble or develop land to meet demand due to the red tape and procedures they were required to follow. This subsequently led to the well-known affordability crisis.
6. The proximity of infrastructure assets would allow Derby to service logistical operations and accommodate staff and workers in the community.

3.1.1.2 The Enabling Infrastructure

This Shire currently operates four significant transport assets namely, the Derby Wharf, Derby Airport, Curtin Civil Terminal and the Fitzroy Crossing Airport. These facilities are essential to support economic and social activity and growth of the Region. The Shire operates these assets within its current limited rate base and in addition to the operation has been working to upgrade and improve particular assets.



The development of Derby into a logistical supply base is focused on the enhancement of the Derby Airport, Derby Wharf in the short term giving rise to the development of Point Torment. Planned road infrastructure upgrades to Great Northern Highway have already been flagged by the State Government. The development of these four intermodal infrastructure assets, their proximity to each other and Broome would provide an ideal location to support both:

- Logistical movement of materials, plant and support infrastructure for onshore/offshore operations; and
- Passenger transfers to and from remote facilities.

Details regarding the development of Point Torment, the Derby Wharf and Derby Airport are included below.

Derby Wharf

The Derby Wharf site was first developed in 1884/85 and the current structure was constructed between 1962 and 1965. Since the wharf's establishment it has been through numerous iterations of its existence including providing support for the Australia war effort in World War 2, facilitating a trade/supply route for the West Kimberley cattle industry and small mineral producers, as well acting as a supply base for offshore mineral exploration activities.

In 1994 the state government closed the Derby Wharf amid a downturn in commercial traffic and partly due to the Wharf's deteriorating condition. Information from this time suggests that the wharf was at risk of being demolished due to the associated cost of it repair.

After a number of attempts by the Shire of Derby/West Kimberley to have the Wharf reopened, the Shire itself entered into an agreement with the State Government that transferred management rights of the Wharf to the Shire. This lease term was for 21 years, with a 21 year extension option.

Since the Shire of Derby- West Kimberley took management of the facility, further diversification of the Wharf's use has occurred. In the past 13 years, the Wharf has:

- Provided logistical support to important mining deposits including Cockatoo Island and Koolan Island;
- Accommodated major exports of lead and zinc via Western Metals and Lennard Shelf Pty Ltd; and
- Facilitated development of a major aquaculture operation at Cone Bay by Marine Produce Australia.

The on-going operation of and investment in the Wharf will see it continue to provide a viable multiuser operation as it has successfully done in the past.

1. Current Usage

The Wharf is operated as a commercial asset for the region and delivers services for Mt Gibson Mining, Pluton Resources and Marine Produce Australia.



Last financial year the Wharf facilitated the movement of over 26,000 tonnes of general cargo and in excess of 22,700,000 litres of fuel. This financial year is on track to deliver a significant increase in the movement of fuel through the facility.

Of note is the fact that the Wharf currently facilitates supplies for the operations at Koolan and Cockatoo Island. Although not material in the state and federal budgets this enabling asset allows the State government to collect royalties from the Mount Gibson Iron Operations which last year the company made payments in excess of \$46,000,000 with approximately \$12,000,000 of that attributed to its west Kimberley operations. The Shire notes this point to highlight the potential that the region has to contribute to the economy of the State and the Nation.

The Shire is working with the private market to deliver the necessary upgrades in order to enable further throughput at the Wharf facility.

Derby Airport

The Derby Airport is located 8km from the gazetted town site boundary and unhindered for development or usage. The land area totalling just over 260ha is owned in Freehold by the Shire of Derby-West Kimberley.

The airport is only used for light aircraft purposes at this point in time with the RPT service and passenger terminal facility operating out of the Curtin Aerodrome. During 2013, the Shire commenced a process to actively seek investment from the private sector to lease and develop the airport. This action was taken by the Shire for the following reasons:

2. *A need to secure a domestic passenger terminal in the long term*

Indications from the Federal Government regarding the potential upgrade and strategic location of the Curtin Aerodrome for enhanced defence use was considered to place the use of the aerodrome for domestic passenger use at risk. Securing a long-term passenger terminal is critical to the region as a community asset, support to existing mining operations linked to the local economy and source of revenue.

3. *Expressed Interest from the Private Sector (investors) and Gas Producers regarding a possible Transfer Station to Mining and Offshore Gas Fields*

Discussions have been on-going with the offshore gas sector regarding potential passenger transfers from Derby to Offshore rigs consistent with current arrangement to occur to support the offshore industry in the Gascoyne (Learmonth air base) and Pilbara (Karratha Airport). Facilitating a new rotary wing passenger terminal to support offshore transfers will be of significant benefit to the region and attracting private investment to facilitate this is critical.

Derby Airport is seen to have a number of strategic advantages to the present operation out of Broome to support exploration. These include:

1. **Location to Derby** – The site is only 8km away so easily accessible and serviceable by the community. It is however located sufficiently far away and in a suitable location so as not to have any short or long term impact



on the amenity of Derby. This will allow uninhibited operations 24/7 to meet industry requirements. Broome is however restricted in its operations due to proximity to residential areas which would likely force emergency/ urgent repair activity to operate from a second base which would be either Derby or Curtin leading to duplication of infrastructure.

2. Capacity for Single Day Transfers – Industry has indicated it may be possible to transfer offshore staff from Perth to Rigs in a single day via Derby given its slightly improved proximity to the gas fields and ability to operate 24/7. Broome operations presently require an overnight stay for staff on their way through which is a significant cost to business operations. Furthermore, the ease of accessibility and proximity of Derby to the rigs has identified opportunities to explore possible ‘fast cat’ marine transfers from Derby Wharf via Derby Airport. This practice, now being employed in other international major gas fields allows for much larger scale passenger transfers offshore compared to the 6-8 person capacity of helicopter transfers.
3. Proximity to Canning Basin – Exploration and development of the Canning Basin to access onshore gas reserves and also minerals will continue into the future. Potential operations in the long-term will also likely rely on non-resident workforce for their operations due to remoteness. Derby Airport is a preferred location for air to road transfers to support workforce and equipment transfers to these remote locations simply given its proximity to many of the key basin/ resources identified in the south-eastern areas of the Basin.

In late 2013, the Shire entered into a due diligence agreement with Transshipment Australia Pty Ltd to progress a development plan and seek interest from users for the development of the Derby Airport. This initiative by the Shire does not focus on seeking funds from government, but rather increasing the Shire’s financial position through stimulating private investment to ensure infrastructure to support major industry will be ready when it is needed. It will also support local jobs growth and employment locally.

Point Torment

Point Torment is located approximately 30 km north of the town of Derby, 52 km via road. Being located within King Sound, access to Point Torment is through the Sunday Strait which is approximately 3000 m (3 km) wide and up to approximately 160 m deep. Since 1983, there has been various reports and consideration of the development of Point Torment as a logistical maritime supply base to the oil and gas industry associated with the development of Browse Basin.

1983 - A study considering the possibility of establishing a new deep-water port at two Potential sites in the west Kimberley was completed. The study suggested that a development at Black Rocks/Point Torment (eastern shores of King Sound near Derby) had potentially better operational features and lesser costs than a similar development in the Inner Anchorage, Broome.

2006/7 – Due to the level of exploration activity in the Browse Basin (INPEX, Woodside and Shell), the Shire of Derby-West Kimberley advocated for further investigation of



Point Torment as a supply base. Subsequently the State Government became involved and developed a scope to commission the study into the west Kimberley. The report (West Kimberley Marine and Industrial Support Facility, Pre-feasibility study and options evaluation, GHD) identified the need for marine and industrial support facilities to and complement facilities within the region. The report concluded Point Torment as the preferred location for such facilities.

2009 – The State Government engaged Worley Parsons to investigate the suitability of four different sites for the development of a Supply Base, being Broome Port, James Price Point, Point Torment and Derby Wharf. The report identified Point Torment as the second preferred option for the development of the supply base due to its proximity to a major service centre (Derby) and Community Support for the project. Broome Port which was identified as preferred simply because it had existing infrastructure in place was later discounted:

- Due to land use conflicts between the Broome residential population and potential port operations; and
- The Broome's community concern of the impacts on the character of the Broome for which its tourism economy relies heavily upon.

Despite the last detailed investigation by the State Government, Point Torment was discounted due to unknowns and limited scope of the assessment. This was a result of:

1. Insufficient information regarding potential impacts of tidal influence of King Sound

A preliminary assessment of the tidal influences affecting establishment of a supply base at Point Torment to support the Itchys gas field development was completed in 2009. It confirmed there were no fatal flaws which would fundamentally prevent establishment of such a facility. Historical heavy freight use of King Sound have consistently been used as a basis to discount this concern.

2. Assumed Excessive Infrastructure and Development Costs of Point Torment

Despite assumed cost issues with Point Torment, interest in the development of the site as a supply base has interested various private entities over past years. Notably, the Chamber of Minerals and Energy 2012 summary report 'Shaping the Kimberley' outlined:

The key to development in the West Kimberley is the construction of a supply facility port at Point Torment in King Sound. This port would increase the region's economic diversity, create employment opportunities for locals and support the growing resources sector.

Construction of Point Torment and expansion of the Port of Wyndham can be completed while managing environmental and heritage issues. Investment in Point Torment and the Port of Wyndham will go a long way towards addressing the existing limited port access into the region.

Discussions continue with key offshore industry players in Browse Basin including INPEX and Shell on possible development of Point Torment. Furthermore, the Shire of Derby-West Kimberley has received strong interest from QUBE logistics, one of the largest bulk port operators in the world for the development of Point Torment, focused around the long term development of industry associated with a supply base.



The State Governments 2009 supply base assessment report acknowledged the suitability of Point Torment for such long term planning:

On the other hand, the ramp-up, level of demand and the timing for offshore support services, combined with considerations of regional development, might be such as to favour a comprehensive development at Point Torment. This could possibly be in conjunction with a regional port for other export industries, unencumbered by tidal constraints at the wharves, in contrast to Derby, which is tidally constrained and now only open to small vessels and barges.

Given this strong level of private sector interest in the site and the potential for long term return on investment it appears assumptions about potential costs for development may not be fully warranted. The development of the right funding model for the delivery of the project appears to be the critical issue.

Since the decision to shift to Floating LNG options and the collapse of the James Price Point proposal, the State Government has aggressively pursued rationalisation and purchase of land to accommodate a supply base in this location. This is despite clear market indications that there are more suitable locations and interest to develop other sites, including Point Torment.

3.1.2 Agriculture

3.1.2.1 Kimberley Cattle and Beef industry

The Shire points to the future positive direction of our northern beef industry in light of the \$20 million dollar investment by Jack Burton to construct an abattoir half-way between Broome and Derby. When complete the facility will have the capacity to process 55,000 cattle per annum and employ 35 people.

This major investment will complement the northern live export industry, creating jobs through further processing on Australian soil. This project is a reflection of private sector ingenuity to deliver successful development for the region against all odds. It happens to be convenient rather than planned that the abattoir is actually isolated from a major centre simply because it was one of the few parcels of land with the right regulation and in Freehold around Broome and Derby that could facilitate this scale on investment. The ingenuity of the private sector to attract foreign investment is also highlighted by this project. Up to 25% of the project is backed by foreign interests which are making the project a reality.

Key issues with the Broome Airport and Port, outlined in this report is suggested to have given rise to the development of the abattoir. With Derby history in supporting this industry the Shire is keen to see a return to having its transport infrastructure provide support. It is fundamental to the State and Federal 'Dining Boom' mentality that we make supply chains more efficient for agriculture through greater investment in the supporting infrastructure needed.



3.1.2.2 Fitzroy Valley and Knowsley Agricultural Areas

The development of Fitzroy Valley is considered by the Shire to be a strategic opportunity to diversify the economic base of Fitzroy Crossing. Establishment of such industries around Fitzroy Crossing are fundamental to improved outcomes in closing the gap for our remote communities. It could form an important part to the success of the Remote Service Delivery National Partnership Agreement trials in Fitzroy.

Fitzroy Crossing was identified as 1 of 29 trial sites to implement COAG's Remote Service Delivery National Partnership (RSD NP). The implementation plan for Fitzroy includes core objectives around economic growth and participation in the workforce:

Indigenous families and communities should have the opportunity to benefit from the mainstream economy – real jobs, business opportunities, economic independence and wealth creation. Employment and training programs, incentive structures and social and physical infrastructure, including communications and transport, are needed to foster economic participation and community engagement. Access to land and native title assets, rights and interests can be leveraged to secure real and practical benefits for Indigenous people. The design and delivery of individual and community support (both transfer payments and services) needs to promote active engagement, enhanced capability and positive social norms.

The Fitzroy Valley Agricultural Opportunity sits on the doorstep of Fitzroy Crossing, the main centre of the Fitzroy Valley and is accessible from the community and Great Northern Highway. Investigations into the development of an irrigated agriculture project in the Fitzroy Valley has been ongoing for over 20 years. It is recognised to have significant agricultural potential.

The State Government has recently committed \$130 million to assist in the development of intensive agriculture throughout the West Kimberley including Fitzroy Valley and the Knowsley Agricultural Area located in proximity to the Derby Town Site. These investigations require effective water and land management and absolute recognition of the importance of this to the traditional owners of the lands. Engagement throughout the investigation, development and subsequent management of intensive land use in the Kimberley with the Traditional Owners is emphasised throughout the final report of the Northern Land and Water Taskforce which considered the capacity of the Fitzroy Valley.

Managing effective investment in the intensive agriculture industry such as the Fitzroy Valley opportunity with land tenure and management responsibility of Traditional Owners is critical to the future prosperity, empowerment and strength of the remote communities of Derby-West Kimberley. The Fitzroy Valley in particular can deliver long-term local indigenous employment opportunities directly in agriculture land and water management.

3.1.2.3 Kimberley Aquaculture

The recent approval of the Kimberley Aquaculture Precinct in Cone Bay, King Sound is a significant step forward towards a prosperous new industry in the Kimberley. The Shire of Derby- West Kimberley already has a positive working relationship with Marine Produce Australia who are presently sole operators within the precinct. This precinct,



when fully developed will be able to support production of up 20,000 tonnes per annum of marine finfish as compared to the currently approved operation of Marine Produce Australia which delivers just 2,000 tonnes per annum.

The State Government has taken a proactive and positive approach to facilitate further investment in this element of Kimberley's economy. The implementation of the new zone will make it easier for new proponents to enter into the industry with substantially shorter approval periods and less paperwork, alleviating upfront project risk and spending.

Continued investment in this sector of the economy is likely to create new jobs for Derby and make a positive contribution to the change of the local economy. Such proactive approaches from government to progress approvals and facilitate easier access into new industries such as the aquaculture (finfish) sector are important stepping stones to a diverse and strong economy in the north.

3.1.2.4 Infrastructure to support Agricultural Development

The Derby Wharf has a potential long term role servicing both land based agriculture, rangelands and aquaculture throughout the West Kimberley region. In its historical roles over a period of 100 years the Wharf has been used to export cattle and now serves as a logistical base for Marine Produce Australia in association with the Cone Bay barramundi farm. It is a point for the export of goods to the farm and where stock is brought onshore for sale and distribution.

The impending diversification and development of new industry in the Kimberley is likely to increase competition for access to infrastructure. Those with bigger pockets (often minerals and Energy) historically win this battle. This has proven to be the case at Broome Port where agricultural exports have been 'bumped' from port access. A decision by the port operator at Broome highlighted this example whereby an exporter of cattle was forced to truck his produce from Broome to Darwin for export. This equates to an additional 1,871km of travel costs.

Guaranteed access to affordable export facilities for rangelands, intensive agriculture and aquaculture will be important for attracting investment to the region to develop these industries further. An effective Port Strategy would look to limit competition between minerals and energy industry from the broader agricultural sector by providing separate and appropriately located facilities.

The Derby Wharf is limited in size and capacity to cater for large scale mineral projects. However land and access to support lower scale food production consistent with current and historical use is entirely appropriate. Appropriate port planning and further direction from government to support private sector investment in the Wharf will assist in further de-risking future diversification of the northern economy and

3.1.3 Tourism

The Shire of Derby-West Kimberley considers the protection and enhancement of Broome as a Tourism Gateway to the Kimberley is critical to the future prosperity of the entire Kimberley Region's Tourism Industry. This is critical to the downstream leisure, eco and adventure tourism markets that continue to expand throughout the Kimberley as



the natural assets become more accessible as a result of the investment in Broome to create a genuine 'destination'.

We strongly support the investment in Broome's Airport and continued international marketing and development to trigger a new international flight routes into Broome from Singapore, Kuala Lumpur and Dubai. Alternatively the utilisation of Darwin's proximity to Broome could allow for an alternative international route. It will open new markets to a growing middle class in Asia creating wealth, prosperity and jobs for the entire region, particularly amongst our remote indigenous communities where land management and educational tours are already growing with Traditional Owners.

The potential transformation of Broome into an industrial support base is a concern to the strength of the industry and future of a much broader Kimberley Tourism opportunity. The potential impacts of the resource sector on tourism has been well documented by peak tourism bodies. The cyclical nature of the resources sector naturally drives higher revenue over short periods of time. It provides for;

- An increasingly competitive labour market in remote communities both with respect to access to labour and cost of labour;
- Increases in the cost of accommodation and hospitality as well as decreasing accessibility due to heightened demand for accommodation; and
- Decreased social amenity amongst communities and higher burdens on infrastructure originally only planned to provide for the local community.

In 'The economic impact of the current mining boom on the Australian tourism industry' published by Tourism Research, overall findings of the investigations concluded:

*Overall, industry feedback confirms the broader trends contained in official statistics, namely, **that while the mining boom impact on the tourism industry has been very mixed, it has had a negative impact on leisure tourism**. The feedback also highlighted concerns about tourism's inability to attract and retain skilled staff and the impact that the displacement of leisure travel with business travel (miners) is having on the leisure tourism sector. This report identifies in detail a range of economic impacts of the mining boom, both positive and negative.*

The report finding was consistent with industry feedback during research which:

"suggested that the mining boom represents a greater challenge for leisure-focused businesses in remote and regional areas of Australia, such as tour operators. FIFO/business travellers to these regions are spending more on accommodation, aviation and hospitality, which means that they are occupying more of the key infrastructure also used to deliver and house leisure tourists. However, FIFO/business travellers have different spending patterns, and are less likely to undertake or spend money on leisure activities nearby such as tourism attractions. This impact on leisure-focused businesses is magnified as more miners commute to work and displace tourists using these services."



The research is substantiated by specific investigations of Australian regions which have been heavily influenced by mining development and operations. In a report commissioned by the Pilbara Development Commission, the 'Demand Needs Analysis for Short-Stay Accommodation in the Pilbara Region' (2013) outlined:

Albeit relatively unknown, the Pilbara has an underlying tourism industry. While the tourism sector in the region has been dominated of late with business travellers associated with the resource and mining activity, the region has a drive based leisure tourism market focused on the natural amenity of the area. The region currently experiences over 500,000 visitors annually, and before 2006, leisure visitors outnumbered business visitors.

This suggests the Leisure tourism within the region was largely over run by business travel associated with mining and has likely limited growth of this sector of the Pilbara's economy. Findings were reiterated by further anecdotal evidence during the Federal House Committee's Inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia. The final report, included an entire section on the negative impacts to tourism industries throughout mining regions as a consequence of these practices.

The Kimberley region has developed a destination name domestically and internationally. Potential new markets resulting from international flight routes will strengthen the industry in the long term. Placing pressure on affordability through the short term use of leisure accommodation for FIFO will only make Broome less competitive in an international market. This is particularly relevant given Australia's high, and lasting dollar which has already affected its use by domestic travellers.

The downstream consequences could lead to a fundamental loss of image of the Kimberley as a 'pristine destination' if the Broome gateway is lost to resources development even for a number of years. Further to this there is a risk that this could shrink an important part of the economy as has occurred in other regions. This will detrimentally affect current leisure operators. It will also have substantial impacts on the growing remote cultural tourism market in regional Australia which is becoming an important area of employment for remote indigenous communities.

The development of Derby to support industry alleviates much of the risk and potential impact to the regions tourism industry. Although part of the 'grey nomad' experience, Derby's tourism is not strong and has been built more around business and industry travel associated with mining and government operations over the past 20 years. We consider this decision to be a strategic requirement which will protect the entire regions tourism industry. The lessons from previous experiences show clearly what could happen otherwise.

As an alternative to industry in Broome, government and the regional community should look to strengthen and compliment the established tourism industry. The growing high-end tourist experience continues to grow as remote eco tours and cruises collaborate to provide world class offerings to the International Middle Class. As an example, development of a northern Casino in Broome would cement Broome as a Gateway destination to Northern Australia and the Kimberley and further strengthen the foundation of Broome's economy and heritage as a genuine destination.



3.1.4 Defence

Two strategic northern defence assets are located in The Shire of Derby- West Kimberley being the RAAF Curtin Defence Base and Yampi Training Ground. Historically these facilities have not garnered significant use from the Defence Force for reasons of remoteness, accessibility or simply need. The provision of enabling infrastructure to improve use would be a more cost effective way to improve North West defence capability rather than developing completely new facilities. In addition the potential for Point Torment to provide marine defence capability and subsequently delivering a total defence solution needs to be considered in the context of the other two facilities.

The 2012 Defence Force Posture Review highlighted an impetus to shift, consolidate and upgrade at least some of our defence capability in the north-west. Overarching recommendations around the defence posture in the north included the following:

Defence should maintain a continually updated assessment of civil infrastructure and the available logistics capacity to support operations in the North West in a range of contingencies.

Defence should enhance its familiarity and preparedness for operations in the North West.

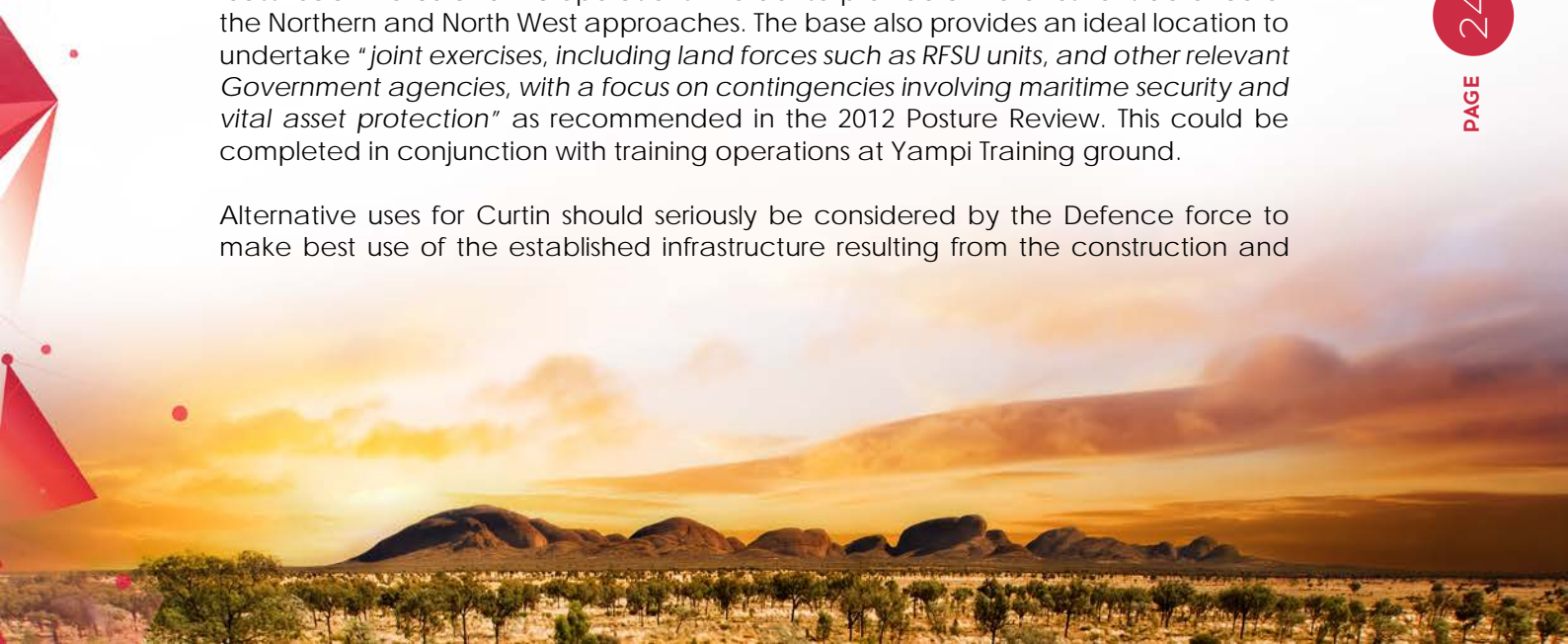
3.1.4.1 Curtin Aerodrome

RAAF Base Curtin is a Royal Australian Air Force base located on the north coast of Western Australia approximately 40km south of Derby. It was the first major military airfield built in Australia since World War II, and was constructed as a bare base that could be used for exercises or when required for national defence. Work at the site commenced in 1983, with the official opening of the base in 1988. The base is named in honour of former Prime Minister John Curtin.

The Defence Posture review and subsequent white paper recommend Curtin be upgraded to support Joint Strike Fighters and with reference to Department of Defence. The RAAF has since commenced the Environmental Impact Statement for the Joint Strike Fighter. Although main flying operations will not be based at Curtin, the proposal notes that amongst all other air bases, Curtin will be used for operational and training purposes.

Consistent with the overarching recommendation of the posture Review, continued investment to improve infrastructure at Curtin should progress over the long-term to at least reach KC-30 and P-8 operations in order to provide a more resilient defence of the Northern and North West approaches. The base also provides an ideal location to undertake "joint exercises, including land forces such as RFSU units, and other relevant Government agencies, with a focus on contingencies involving maritime security and vital asset protection" as recommended in the 2012 Posture Review. This could be completed in conjunction with training operations at Yampi Training ground.

Alternative uses for Curtin should seriously be considered by the Defence force to make best use of the established infrastructure resulting from the construction and



operation of the Detention Centre. Much of these relatively new assets are now in care and maintenance with no planned future purpose. As examples:

- The accommodation assets, associated infrastructure and the airbases proximity to Derby as a Service Centre provide an excellent opportunity to undertake defence/ reserve training exercises with appropriate modifications;
- It could be the base for on-going offshore aerial border protection activities (i.e. Operation Sovereign Border Patrols); or
- Potential base for US Marines/Air Force.

The posture review highlights the following key issues around heightened operations in the north of Australia:

- The storage capacity of some air bases, especially the bare bases (i.e. Curtin), noting the increased fuel consumption requirements of Force 2030;
- The dependence of Curtin, Learmonth, Scherger and Tindal on fuel supply by road, which could be challenging during protracted high tempo operations, with some routes also vulnerable to closure during the wet season.

Improvement of fuel holding infrastructure and other facilities on Curtin should form part of a long term infrastructure and asset management plan for the defence force. It should clearly work towards the provision of a logistically capable defence air base with an ability to respond rapidly to protect strategic oil and gas assets fundamental to Australia's economy.

Supply chain issues can be resolved in the long-term through development of Point Torment or appropriate upgrades to the Derby Wharf. In doing so fuel would, if necessary, be brought in via boat with only a small road transit of 30 – 70km. The recently adopted Western Australian Regional Freight Transport Network Plan (2013) also identifies planned upgrades to the Great Northern Highway from Derby to Fitzroy Crossing to further mitigate wet season flooding which will provide for a year round secure freight route to Derby into 2020. Both solutions will contribute to strengthening the supply chain to Curtin in the long-term.

In addition the sealing of the Tanami Road would also allow for improved infrastructure corridors between the East and West Coast. This infrastructure project will benefit the Defence force but also both regions with improved linkages across the North of Australia.

3.1.4.2 Yampi Training Ground

Yampi Sound Training Area consists of 566,000ha, 35km south of Koolan Island on Yampi Sound, Western Australia (location depicted in context maps in the front section of this submission). It was acquired in by the Defence Department in 1978. As highlighted in the posture review, its difficulty to access due to the condition of Gibb River Road and impacts on the Wet Season in addition to the sites and constraints for large scale amphibious training.



As highlighted above, joint training operations making best use of both Curtin and Yampi Training Ground to undertake land and air based training exercises to improve response capability around maritime asset protection and major offshore asset protection should be considered due to the current infrastructure available to Defence.

Opportunities may also exist for State and Federal Government to jointly fund the upgrade of the western sections of the Gibb River Road to Yampi Training Ground. 'Doing the Gibb River Road' is becoming increasingly popular amongst outback tourists during the dry season when the road is safe. Joint improvements and flood mitigation upgrades could both enhance accessibility for Tourists and the Defence Force.

3.2 Trade and Investment with Asia- Pacific

The Shire considers that utilising cultural awareness and tourism to develop stronger relationships with Asia- Pacific is important to the future trade and investment opportunities of the north, many of which may not have been identified.

Strengthening trust between nations has been shown to provide a solid foundation for on-going investment and trade. It is important that our neighbours understand the north, the people that live there and the environment in which we live and who they might be doing business with or where they may be investing. As an example, in a recent submission by the British Council titled 'Culture is Trade' they highlight that people are more willing to invest when they have had experiences with people from the UK or have had their own personal experienced in the UK. The same would apply to Australia and the Kimberley Region.

Australia already has many avenues to foster relationships with the Asia-Pacific rim through things such as APEC and Austrade. The Shire of Derby-West Kimberley considers that if the intention is to attract genuine investment to develop opportunities for trade, the Asia-Pacific community must come, experience and understand the opportunity and the people.

A way to do this may simply be to facilitate major economic meetings or summits across the north of Australia in Broome, Darwin and major Queensland Centres. These summits are a basis to create a better understanding of the opportunity the north may offer to the international community. In doing so, the actual economy of the region can grow and cultural awareness through tourism will lead to jobs and employment in more remote areas of the north.

The recent Northern Beef Roundtable and Producer Forum in Broome is a pertinent example of the use of conferences and summits to attract international attention with the summit receiving international media coverage.

Finally the decision by the four Kimberley Local Governments to have their 'Kimberley zone' meeting in Jakarta will also allow for improved relations to be fostered with our nearest international neighbours.



Other issues such as infrastructure, land tenure and labour law will be important in the long run to facilitate actual trade to the adjoining region. First we must capture their interest and make them want to invest.

3.3 Regulatory, Taxation and Economic Environment

3.3.1 Land Tenure

Numerous submissions submitted to date highlight one of the absolute areas of reform that needs to be addressed. It must be done cooperatively with the Traditional Owners of this Country, State and Federal Government if tangible improvements to the complex system are to be resolved. The Shire supports the current proactive investigations of the Federal Government with respect to Land Tenure Reform in conjunction with the CSIRO.

The use or development of land in the north for any purpose should be focused around a system similar to, or easier than undertaking the same on Freehold land. Essentially, a group, entity or individual is granted leasehold (or freehold if appropriate) and all the associated assets associated with the land and anything underneath it. Any right for subsequent development would be subject to negotiations with the leasehold/owner of the land and the approval of State or Federal Government under applicable legislation. If a leaseholder/owner is not willing to participate in development of a project that may be in the national interest, the Crown has the right to intervene and compulsory acquire tenure of the required area of land.

The above creates suitable market conditions to permit reasonable negotiations to obtain access to land or assets on the land for development. It would be competitive but also allow proponents who have invested time and money into a proposal to have their local knowledge or relevant intellectual property deliver them a competitive advantage. This approach will allow for a more innovate market which will allow for free market outcomes.

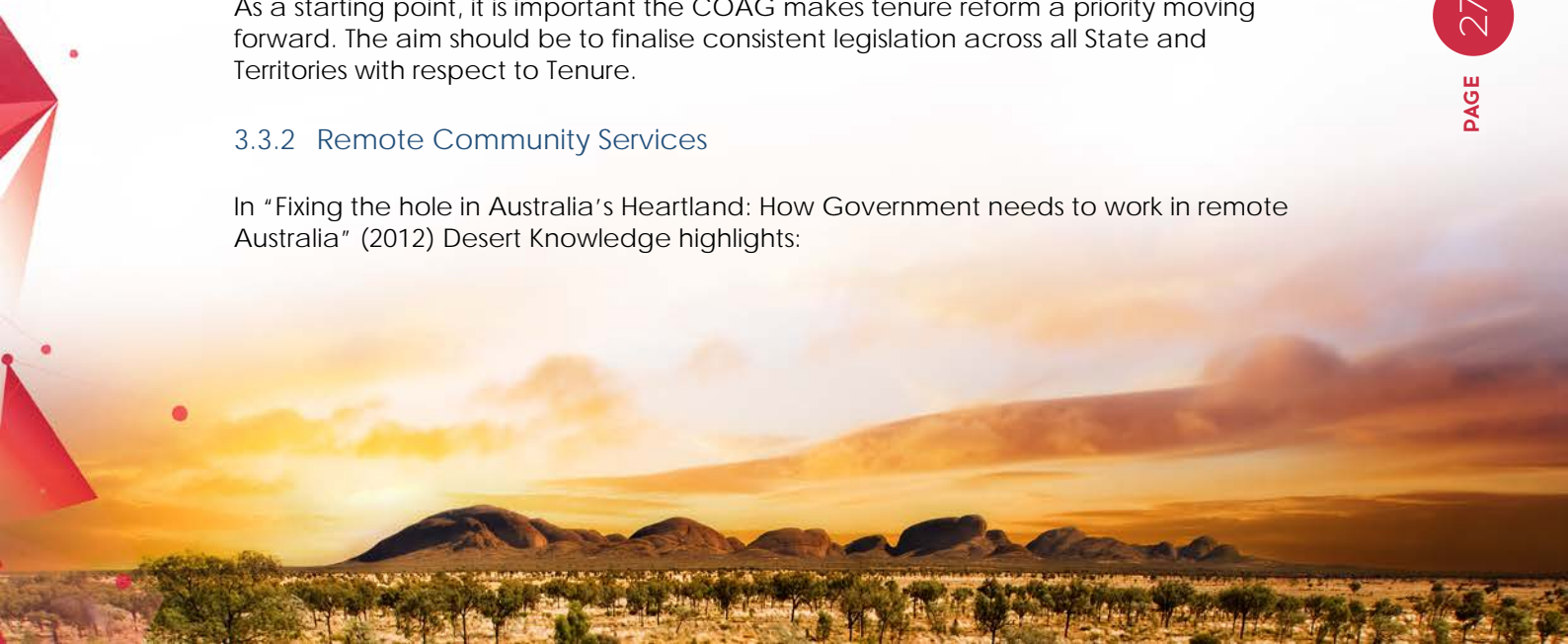
Tenure should be simple and tiers of government should be reliant on a supporting regulatory framework to determine the merits of a proposed development from a social, economic and environmental perspective before it might come to reality.

The Shire appreciates that achieving something like what is outlined above is very challenging given the existing overlapping tenure arrangements and matters of probity associated with the sale or leasehold of land to the private sector. As a vision, we consider it is the right way to be moving. It will make the development of Northern Australia easier and ensure that learnings from other areas that have undergone rapid growth are factored into the future plans and incentivise large scale private market developments.

As a starting point, it is important the COAG makes tenure reform a priority moving forward. The aim should be to finalise consistent legislation across all State and Territories with respect to Tenure.

3.3.2 Remote Community Services

In "Fixing the hole in Australia's Heartland: How Government needs to work in remote Australia" (2012) Desert Knowledge highlights:



- Funding made available has been consistently less than the costs of obligations to deliver services.
- Funding has been made available in ways that undermine the ability of local authorities to operate effectively.
- Huge backlogs in capital infrastructure investment remain unmet either through incapacity of local government funding or Commonwealth grant mechanisms.

This has been the Shire of Derby-West Kimberley's experience. Aside from broader governance reform across all levels of government in the management of remote communities it is crucial that adequate and predictable funding for long term periods, rather than year to year agreements is secured in the future. Doing so will improve the quality of outcomes and increase accountability for the achievement of those outcomes.

A much broader review to the governance and management of remote communities is required. However in the short to medium term, an improved funding arrangement for Local Governments to provide basic services and improve the quality of failing community and municipal infrastructure needs to be established. Without it, the quality of life of many remote communities will continue to deteriorate rather than improve.

New funding structures must be localised and reflective of issues for individual areas and communities rather than generic and regionalised. Active engagement with local authorities and the communities to determine funding that will facilitate local ownership and community responsibility. This will facilitate better fiscal management and delivery of services to communities therefore further improving outcomes on the ground.

3.3.3 Public Sector Employment Practices

The centralisation of public servants and government decision makers away from the regions affects how well State and Federal governments understand the day-to-day realities on the ground. This disconnect leads to less effective decision making about the planning, development and operation of regional communities. It also leads communities to feel that there may be a lack of understanding or care by many public servants of how decisions they make impact on the affected community or region.

As an example with reference to the Shire of Derby-West Kimberley, recent State Government decisions to aggressively support development of the two larger communities in the Kimberley, Broome and Kununurra, through major economic investment, policy decision in agriculture and oil and gas have made the Shire of Derby-West Kimberley feel that its voice is being 'drowned out' in the discussion about the future development of the region.

A stronger presence of local public servants who have genuine authority to make decisions in regional communities is needed. It will lead to a more informed public sector that provide strategic direction on the future of communities rather than a reactive one. We believe that public servants who do live in the region or communities



they provide services to are also more focused and passionate on addressing issues because it affects them directly. It gives them a genuine incentive to try and improve the place they live in.

The Shire understands that the decentralisation of decision making and public servants into regional areas may be more costly. It also has the impact on labour pool accessibility as many people may not wish to work in a regional community or only intend on doing so for short periods of time. High rates of turnover and a less skilled workforce will not facilitate the right outcomes.

A multi-pronged approach therefore is needed to:

- Establish an administrative structure that allows for the relocation of public servants to regional areas in the north of Australia; and
- Incentivise the broader labour pool of the benefits of living and working amongst regional communities.

Remote Focus identified a number of potential opportunities to facilitate this outcome in 'Challenge, Conversation, Commissioned Papers and Regional Studies of Remote Australia' published in 2012 where the following recommendations are made:

- *Specific selection criteria, relevant training, mentoring support on the job, and career paths and rewards are established and maintained.*
- *Technical best-practice and specialist knowledge in remote issues (legal, demographic, political, governance, cultural, anthropological, institutional, fiscal, communication and technological) are sourced and encouraged.*
- *Professional recognition is provided for remote specialists, including field and community development expertise, to ensure that senior position(s) are created which serve to recognise remote experience that is directly related to a track record of achievement.*

As an alternative to large scale relocation of public servants to remote communities, enhanced use of communication technology between local communities and public sector decision making authorities is needed. Through the roll out of NBN, greater accessibility to communicate with public servants in metropolitan areas may help to better educate them on the consequences of decisions made. It will also provide for easier consultation with communities in the decision making process leading to more informed decisions by higher tiers of government.

3.3.4 Zone Tax Offset

The Zone Tax Offset requires review. The amount that is currently provided to people living in the remote parts of Australia's verges on negligible in most instances. The Shire also notes it has not increased since 1992 despite the introduction of the GST and annual inflation rates. A review should be commissioned to clearly understand the cost of living in a region relative to the capital metropolitan area of a State or Territory and provide a tax offset that fully reflects the difference in the cost of living. Similar to the determination of rates by Local Governments, a review of the difference in the cost of living amongst regions should be review every 5 years to reflect changing circumstances.

Consideration of a Zone Tax Offset allowance for business that operate in remote parts of Australia should also be considered. The Shire considers that this would encourage businesses to maintain all operations in regional areas where they operate rather than relocating non-core operations (i.e. administration, human resources) to Perth to manage the cost of operations to business.

3.3.5 Special Economic Zones

The potential for a Special Economic Zone in the north may be genuine. However, without the resolution of land tenure and the streamlining of the nationally regulatory framework, encourage development through tax offsets will not actually assist in facilitating new development in the region. It should therefore not become a focus of this White Paper.

3.4 Impediments to Growth

3.4.1 Youth Suicide

Youth Suicide in our communities is chronic. This is well documented and it has massive impacts on the functionality of the communities in the Shire and deprives the region of its future.

Although numerous programs have commenced or are funded by State and Federal Government, tangible impacts are not being experienced. An overhaul of the funding programs and refinement of these services needs to be completed immediate to facilitate new arrangements that ensure government and non-for-profit resources start to have tangible and real impacts on regional communities. The Northern Territory's March 2012 report into Youth Suicide, *Gone Too Soon: A Report into Youth Suicide in the Northern Territory* highlighted the reality of this very real issue around effective use of resources where it was noted:

The greatest priority is to work better with what we have got. The need for greater coordination and collaboration was raised with the Committee wherever it went. It does not make sense to hear that there are too many service providers in places where some people cannot access services. Nor does it make sense to hear of successful and vital programs closing or losing staff because a grant program has ceased or changed its priorities.

The inquiry completed by the Northern Territory Government highlighted the importance of education, schooling and provision of better youth specific infrastructure in regional communities. The Shire considers the same focus on the provision of effective useable spaces for youth in the Kimberley is similarly needed which focuses around safe places to be and active participation in Sport and Recreation.

Youth Suicide can't be addressed at a national level or even a state level. Local empowerment with support of higher tiers of government is require to ensure resources and programs respond to the unique issues of a community. Therefore, a review of funding arrangements for youth suicide should focus on empowering local communities and local government to identify and work with other agencies to

deliver on-the-ground programming, social services and appropriate infrastructure to support change to this tragic endemic.

3.4.2 Infrastructure

Numerous submissions to the Joint Select Taskforce on Northern Australia have highlighted that either non-existent or deteriorating public infrastructure in the north is heavily impacting on the amenity of the region, ability to attract labour and access to markets. The Shire of Derby-West Kimberley agrees that infrastructure provision is an impediment to growth and development of the region.

Well-informed infrastructure and assets management plans for critical public infrastructure (social and municipal) is needed to better plan for and allocate funding to complete either maintenance, upgrades or new capital works. Historically governments have largely had to be reactive rather than proactive with respect to the provision of public infrastructure. This has led to many bottlenecks during high growth periods and significant pressure on the public purse to address failing infrastructure or simply provide infrastructure that should have been planned for. An example of this is the overall failure to properly plan for and provide the necessary water, power and sewer infrastructure throughout the Pilbara to support the sustained and rapid growth associated with the mining boom.

Although the State Government has now prepared regional planning and infrastructure frameworks, the content is broad brushed and does not clearly map out trigger points referenced to population growth which signal a requirement for upgrades to, or the provision of new infrastructure. A greater level of science and sensitivity analysis to account for slower or higher growth rates of communities should be included into such plans.

An overarching authority at a State or Federal Level should exist to oversee and facilitate delivery of such infrastructure plans by the relevant authorities or private sector. This infrastructure authority should be removed from day to day operations of government and established to be independent so that is not affected by the 'four-year' fiscal cycles of government.

3.4.3 Established Policy Framework

It is the Shire's view the present government policy has acted as a key impediment to growth in the north. The overarching consequence of the recent State Governments 'desire' to force private investment in a manner and location undesirable to the market has cost the Kimberley region and major investor's time and money. A case in point is James Price Point and the on-going pressure from government to force onshore gas development and build infrastructure at James Price Point. This is despite clear direction from the market that other options should be explored to develop and support offshore oil and gas activities. Further evidence of un-optimised State Policy is Western Australia's loss of INPEX to the Northern Territory. This current Western Australian State Policy Framework has given rise to the commonly referred to promotion of Darwin which says:

"Go to Western Australia for opportunity, come to the Northern Territory for certainty"



The cumulative economic impacts of the loss of both of the aforementioned projects to the Kimberley will have long lasting effects and most certainly represents billions of dollars of lost regional benefits to the community.

Government Policy needs to be more flexible on where and what the private sector want to invest. This does not mean a regulatory framework where the private sector can do as they please. But it can't be so rigid that it makes potential projects or investment so unpalatable financially that they do not proceed.

3.4.4 Making the Private Sector Pay for Broader Public Benefit

Investment in transport infrastructure does and will have long term broader benefits to the regional economy. It opens doors to new market and new trade opportunities which otherwise may have been hindered. This can generate further jobs growth and economic diversification.

Facilitating investment in infrastructure through government support, financial or otherwise is particularly important for Northern Australia where access to market is preventing growth and diversification. Present policy on some major infrastructure upgrades dictate that it will only occur if funded entirely from private investment. This is a disincentive to the private sector who may consider a proposed infrastructure development to be feasible with some form of government support.

Infrastructure Australia and the State Government should not set to choose/ prioritise 'economic infrastructure' (i.e. ports, rail, road) for support. There should be open and willingness to consider support or funding through appropriate partnerships where the private sector expresses genuine desire to facilitate an outcome.

In this regard, the development of the north of Australia is in the National interest and therefore it is our view the Federal Government through COAG should develop mechanisms to ensure the State Government Public Policy or fiscal positions do not jeopardise large scale investment in economic infrastructure.

3.5 Private Investment and Innovation

The Shire supports an unsolicited proposals process at Local, State and Federal level. Governments should not be afraid to enter into private and sole negotiations with the private sector without undertaking an open tender or request for proposal process. It should have confidence in its decision making process to make decisions that are in the best interest of the State or the Nation.

An unsolicited proposal process is a mechanism encouraging the private sector to approach government with innovative and unique ideas to facilitate, develop or provide services while still meeting the government's strategic objectives. Obviously, to progress through an unsolicited proposal process, and commence negotiations with government, the private sector's proposal must demonstrate value to the state and align with government's priorities.

The key benefits to an unsolicited proposal process is that it allows the private sector to approach the government with new opportunities that the government or others



in the market have not yet identified. This provides the market incentive to investigate and identify development and investment opportunities knowing there may be an opportunity to secure rights without competing in an open market environment.

In New South Wales, an unsolicited proposal process has led to the progression of the proposed new Crown Complex at Barangaroo. This process has three stages for evaluating an unsolicited proposal and provides government with the right to cease negotiations at any stage:

1. The government undertakes a comprehensive initial assessment of the proposal to identify the potential benefit to the state and the value of engaging in a direct commercial relationship rather than through an open tender;
2. A detailed proposal is then further developed and assessed cooperatively between the proponent and government; and
3. The proponent and government negotiate a final binding offer.

The assessment of unsolicited proposals should be conducted in line with probity principles designed to maintain impartiality, accountability, transparency and confidentiality. The probity principles also relate to managing conflicts of interest and obtaining a value for money outcome.

We strongly recommend a framework is established for the implementation of unsolicited proposal opportunities across all tiers of government.

3.6 Critical Economic and Social Infrastructure Investments

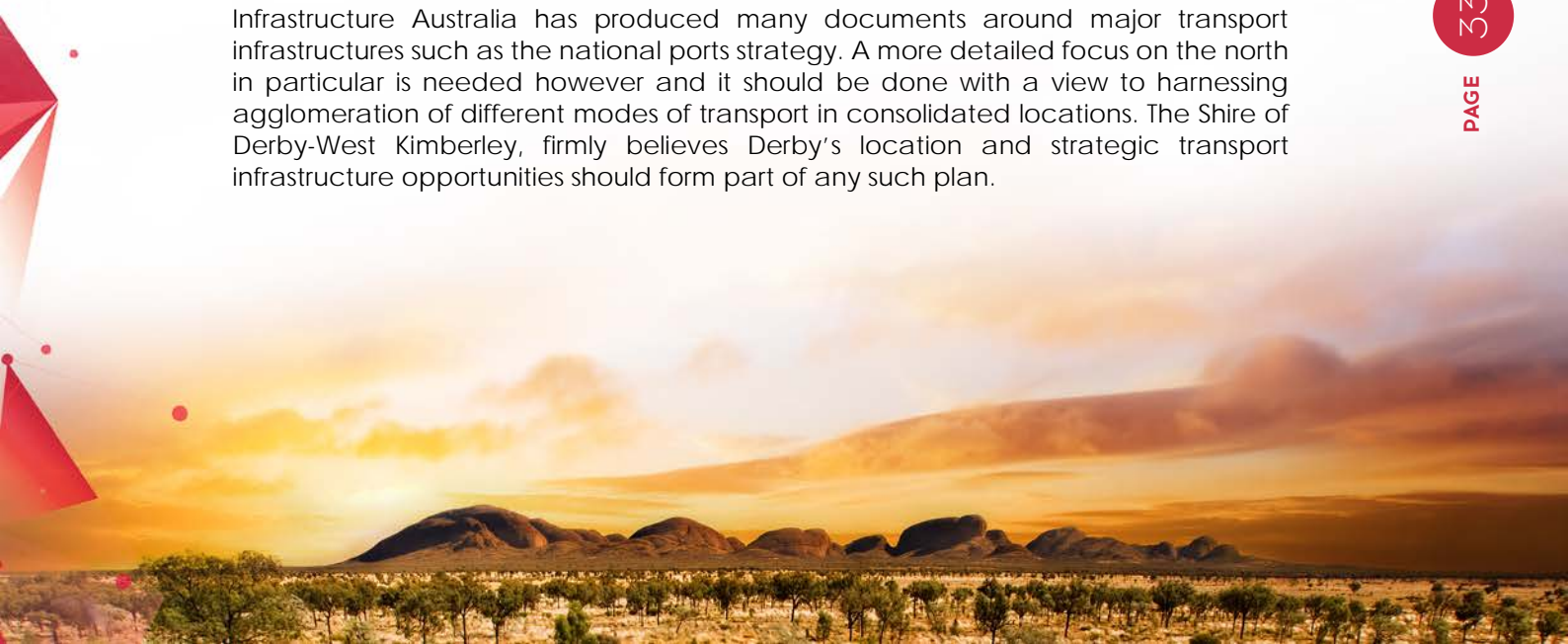
3.6.1 Economic Infrastructure

Transport Infrastructure

Increasing the accessibility of the region through improved transport networks, locally, regionally, nationally and internationally within Northern Australia is the most critical area of economic infrastructure requiring investigation and planning. Fundamentally, accessibility to markets will facilitate genuine opportunities to harness resources, produce and tourism assets of the region.

A review should look at a coherent, multi-governmental transport infrastructure plan for the northern regions of Australia which addresses ports, rail, road and air infrastructure planning. It should identify all opportunities to develop transport infrastructures and a clearly established framework for decision-making on private investment and public funding.

Infrastructure Australia has produced many documents around major transport infrastructures such as the national ports strategy. A more detailed focus on the north in particular is needed however and it should be done with a view to harnessing agglomeration of different modes of transport in consolidated locations. The Shire of Derby-West Kimberley, firmly believes Derby's location and strategic transport infrastructure opportunities should form part of any such plan.



Communication Technology

Continued investment in regional communication technology is also crucial to an improved economy in the north. In addition to reducing the cost of doing business in regional communities, enhanced communication technology will provide opportunities for regional communities with the ability to offer specialised knowledge and innovation based services to the broader national and international community.

3.6.2 Social Infrastructure

Education

A strong and on-going commitment to infrastructure to support all forms of education in the regions is needed to provide a strong future for the proportionately high youth population of the Kimberley and the Shire.

The demographic analysis of the Shire and the review of various documents highlights the high number of public servants in the region offering health and education services. The outcomes that are achieved in the area however do not reflect the level of resources allocated. We consider this is primarily due to accessibility to quality facilities and the centralised nature of many higher order educational services in the larger communities of the region. It also suggests that perhaps more public servants are employed in the administration of education rather than actually being educators.

A long-term, funded plan to invest in educating the north will deliver on the many social outcomes governments it targeting to achieve around closing the gap. Through education job creation and workforce participation will increase. This will only lead to much longer term economic benefit to governments through increased GDP and reduced reliance on welfare in the north.

4.0 Summary

The Shire thanks the Joint Select Committee on Northern Australia for the opportunity to make comment on the Terms of Reference. We consider our submission provides many tangible opportunities and recommendation for further investigation that will assist in the development of the Shire's community, the Kimberley Region and Northern Australia is a hole.

Overarching to our recommendations, the Shire wishes to stress that in all things it investigates, the Taskforce takes into account learnings from the 'Pilbara Boom Time'. Failure to invest or plan and be proactive hurt communities and probably led to missed opportunities to grow the region more than what it has. All tiers of government must be mindful to ensure this doesn't occur in other areas of northern Australia.

We respectfully request on-going involvement throughout the preparation of the White Paper. Local Knowledge and empowerment in this process is crucial and we look forward to ensuring that the outcomes of this paper are real, achievable and reflect the true vision and aspirations of Australia's north communities. We finalise this



submission with the full support of Elected Members, Shire Officers and the community of the Shire of Derby West Kimberley behind us.

Should the committee require further clarification on any matters in the report please contact the Shire of Derby West Kimberley Chief Executive Officer whose details are included for reference on the coversheet.





**Shire of Derby /
West Kimberley**