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CENTRE FOR REGIONAL DEVELOPMENT

April 29th

Senate Standing Committee on Rural and Regional Affairs and Transport,
PO Box 6100,
Parliament House,
Canberra ACT 2600.

To whom it may concern,

Please find attached our submission to the Senate Inquiry regarding **The future role and contribution of regional capitals to Australia**. Our submission is based on extensive work and research conducted in rural, regional and remote communities of Western Australia over the last three decades. The Centre for Regional Development at the University of Western Australia is research intensive, focussing on understanding the major economic, social and environmental opportunities and challenges facing rural, regional and remote Australia. It was established in 1999 and has since undertaken research for, and disseminated scholarly and applied academic information to, a range of national and government agencies, private sector and community organisations and natural resource management groups.

Our submission draws upon intensive socio-economic assessment of the largest and/or most strategically located regional towns in Western Australia: Port Hedland, Karratha, Geraldton, Bunbury, Kalgoorlie-Boulder and Albany.



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Should you have any additional questions that you think we may be able to assist with, please do not hesitate to contact us.

Yours sincerely,

on behalf of

Professor Fiona Haslam McKenzie Co-director Centre for Regional Development

Professor Paul Plummer Co-director Centre for Regional Development

Professor Matthew Tonts Head, School of Earth and Environment



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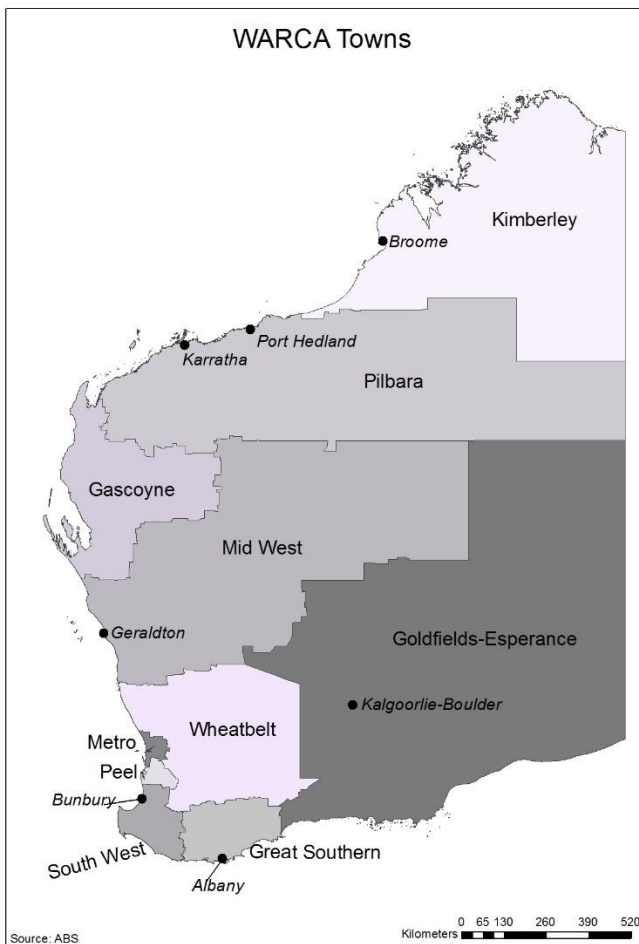
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Senate Inquiry

The future role and contribution of regional capitals to Australia

This submission draws on research undertaken for seven of the largest regional centres in Western Australia, referred herein as the Western Australian Regional Capitals. They are the cities of Greater Geraldton, Albany, Bunbury, Karratha and Kalgoorlie-Boulder, the Shire of Broome and the Town of Port Hedland (see Figure 1). They play an important role in the State's overall economic structure and have economies that are distinctive within the settlement hierarchy. Collectively, the regional capitals are the most significant concentrations of employment in non-metropolitan Western Australia.

Figure 1: The regional capitals of Western Australia





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A regional capital in this paper is defined in terms of the viability of the identified urban settlements **and** their strategic significance in terms of growth potential within the Western Australian settlement hierarchy (P. Plummer & Tonts, 2013a). As regional capitals they have an important role as centres for key government services and thus, attract population in from neighbouring local government areas to access those and other services.

An assessment of current demographic trends and the changing role of regional capitals

The past decade has seen extraordinary economic growth in Western Australia due to the expansion of the resources industries. Regional capitals have experienced population growth over the last decade (see Table 1*) although the rate of growth has lagged that of Perth.

Table 1: Population Change 2001-2011 Western Australian Regional Capitals

Local government area	2001	2006	2011	% change 2001-2006	% change 2006-2011
Albany	31,362	33,171	34,873	5.75	5.13
Broome	13,249	14,326	15,737	8.13	9.85
Bunbury	30,616	31,450	32,580	2.72	3.60
Geraldton-Greenough	34,019	35,736	38,340	5.05	7.23
Kalgoorlie-Boulder	29,771	30,086	32,208	1.06	7.05
Port Hedland	12,881	14,084	15,659	9.33	11.18
Roebourne **	15,118	20,054	23,634	32.65	17.85

(Source: Australian Bureau of Statistics, 2012b)

* Note: population data varies depending upon whether Place of Enumeration or Place of Work data is used.

** Note: for this analysis the local government area of Roebourne includes the settlements of Dampier, Karratha, Roebourne, Wickham and Port Samson.

The population data does not indicate however the demographic makeup of the population growth. During the decade-long resources boom, the majority of Western Australian newcomers were from overseas (Australian Bureau of Statistics, 2012b, 2013). For example, in Port Hedland (Pilbara), 40 per cent of the population were born overseas and the town has more than 72 nationalities represented. This diversity imposes considerable costs on the local government authority which expends considerable staff time assisting immigrants integrate. In the City of Greater Geraldton in the Mid West, the Aboriginal population is growing three times faster than the non-Aboriginal population and the settlement patterns



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are uneven. The demand on housing and other support services is unprecedented (Hoath & Haslam McKenzie, 2015).

In some circumstances, population growth in Western Australian regional capitals over the last decade was thwarted by inadequate housing supply and infrastructure, and a lack of available developable land (see Haslam McKenzie *et al.*, 2009). Long distance commuting, most particularly fly-in/fly-out work arrangements, has to some extent addressed the labour force demands in the resource industry with company-provided accommodation. However, the incidence and impact of long distance commuting work practices are not easily measured. As noted above, there is considerable variability in population data depending upon whether Place of Enumeration or Place of Work data is used. *Host* communities, such as Karratha and Port Hedland, experience considerable demand on transport networks, infrastructure and services by a population cohort whose local long term presence is not formally captured in Place of Enumeration statistics (Haslam McKenzie, 2011).

Transient populations often undermine social and economic capital, particularly in *host* communities (places where they work, but do not necessarily settle). For example, large *transit worker accommodation (TWAs)* settlements, on the edge of towns such as Karratha and Port Hedland which support mining industries, provide all the services necessary for the resources and associated support and construction industries and very little is spent locally by the long distance commuting workforce. Despite providing all the necessary infrastructure such as roads, utilities, airports, health facilities, emergency services etc, the local government authorities reap almost no rates or reimbursement from the long distance commuting workforce.

Consequently there are considerable costs to regional capitals through **lack of consistent and reliable population data**. Furthermore, the data which underpins Financial Assistance Grants lags population growth and infrastructure and services demands putting considerable pressure on regional capitals.

Analysis undertaken at the local scale indicates that Western Australia is characteristic of a multi-speed or patch work economy (see P. Plummer *et al.*, 2014b). While the Western Australian regional capitals located in resource dominated locations such as Karratha and Port Hedland grew very quickly, growth and population pressures were also experienced in other regional centres such as Broome and Bunbury.

One of the complexities in regional settlement planning is the need to understand the changes in population distribution and how that distribution might change in response to social and economic 'shocks'. This is highly relevant given that the resources boom appears to have tapered off. Our research shows that the Western Australian regional capitals are



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growing more quickly than small settlements, suggesting 'divergence' and thus, uneven growth with bigger centres growing faster than smaller places, and consequently more demand on infrastructure, services and the community (Chapman *et al.*, 2014).

Importantly, research shows that despite all the Western Australian regional capitals showing population growth, examination of the rates of growth and population changes by age cohort also show considerable differences between the regional capitals. Analysis of population trends shows significantly different dynamics and forces shaping each city, with distinctive growth trajectories. Albany and Bunbury have a higher percentage of population in the older cohorts (55 years and above) and Broome has comparatively more in the 55-74 age group. These regional capitals have a lower proportion of the population in the younger age cohort while Kalgoorlie-Boulder, Roebourne and Port Hedland are characterised by large populations in the core working aged cohort (20-54 years), consistent with high demand for labour in the resources industries. Albany and Greater Geraldton have significantly more people in the child dependent cohorts. The cumulative impact of the differences between each regional capital will largely influence the efficacy of various policy measures adopted within their respective locations (Australian Bureau of Statistics, 2012a, 2013).

Understanding the population structures and growth potential of each of the regional capitals assists in understanding their local competitiveness and helps to determine the strategic needs and policy options available to the regional capitals.

Economic Performance of Western Australian Regional Capitals

The geography of uneven development and the inevitable spatial inequalities contribute to economic divergence as more successful localities forge ahead of lagging competitors (see P. Plummer *et al.*, 2014b). The seven regional capitals have collectively made an important contribution to the overall performance of the Western Australian economy, driving job creation over the last decade. However, when considered in isolation, there is evidence of considerable variability in the ways these localities have performed over the period. While it would be tempting to simply point to the role of global demand and macro-economic processes as the main drivers of growth, our research shows that a suite of more local processes and characteristics may be critical in accounting for the existence of a multi speed economy. An in depth assessment of industry shift share patterns between 2001 and 2011 show the impact of economic structure and local competitiveness on economic performance of each of the seven Western Australian regional capitals. The findings of our research demonstrate that competitiveness plays out differently by sector and locality, suggesting the need for not just broad place-based policy interventions, but also **strategies**



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and funding arrangements that are specific to individual sectors and places (P. Plummer & Tonts, 2013b; P. Plummer *et al.*, 2014b).

While broader economic structures, as reflected in the ‘industry mix’, are difficult to influence at the regional scale, since they are a product of long standing path dependent processes and are often influenced by macro-economic conditions. More direct influence can be asserted over local competitiveness. This can be facilitated through improvements in local economic conditions, including the quality of infrastructure, technological innovation, improving social capital, enhancing local environmental or urban amenity, reducing regulatory imposts and creating conducive planning regimes. “Local competitiveness is not only important in enabling cities to capitalise on a favourable industry mix; it can also provide a basis for local economies to growth despite having an unfavourable industry mix” (P. Plummer *et al.*, 2014b, p. 22). Broome and Greater Geraldton are two regional capitals where local amenity, services, infrastructure and housing accessibility and affordability were important local attributes.

Although external demand in driving development is imperative, a key learning from our research is that local attributes are important in contributing to growth. Furthermore, the qualitatively different experiences of each of the seven regional capitals in Western Australia in terms of local competitiveness and global engagement on growth potential, **questions the efficacy of a ‘one size fits all’ policy stance.**

Employment

Not surprisingly, the Western Australian regional capitals experienced a strong and persistent pattern of employment growth and an increase in specialisation and a decrease in diversity during the period 2001-2011, a period which coincided with the most intense resources boom period in Australian economic history. Over the period, the regional capitals added more than 23,000 direct jobs to the state’s economy, although this is significantly less than the number of jobs created in Perth. As the boom accelerated post 2006, the average job growth rate increased (see Table 2). As the boom unfolded, the economies of the regional capitals adapted to capitalise on the emerging economic opportunities and hence became more specialised as shown in Table 2 (P. Plummer *et al.*, 2013a; P. Plummer *et al.*, 2013b).

During 2001-2006, the job creation differentials within the Western Australian regional capitals was greater than that within the local government areas of Perth or the remainder of regional local government areas.



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Table 2: Employment in Western Australia's Regional Cities 2001-2011

Local government area	2001	2006	2011	% change 2001-2006	% change 2006-2011
Albany	12,064	13,789	14,711	14.3	6.7
Broome	7,586	7,985	9,303	5.3	16.5
Bunbury	12,619	13,841	14,711	9.7	6.3
Geraldton – Greenough*	12,470	13,902	16,601	11.5	19.4
Kalgoorlie-Boulder	14,124	14,377	15,902	1.8	10.6
Port Hedland	6,164	5,619	9,526	-8.8	69.5
Roebourne**	7,929	9,234	15,554	16.54	68.4

* In mid 2011 Geraldton – Greenough amalgamated with Shire of Mullewa to form City of Greater Geraldton

** The Shire of Roebourne became the City of Karratha in 2014

During the 2006-2011 period, there was a discernible gap between the best performing and worst performing local government areas and there was considerable spatial variability in growth rates (P. Plummer *et al.*, 2013a). Port Hedland, Roebourne and Greater Geraldton outperformed the level of job creation at the state level in the 2006-2011 period, reflecting their resource industry activities. While the rest of the state showed divergence in job creation, the regional capitals showed a greater degree of equality in the 2001-2011 period.

Table 3: Regional Diversity Index and Rank 2001, 2006 and 2011

	RDI 2001	RDI 2006	RDI 2011
Bunbury	5.72	4.38	3.91
Geraldton-Greenough	5.40	5.83	4.58
Albany	4.55	4.32	3.93
Broome	2.89	3.38	3.15
Kalgoorlie-Boulder	2.61	2.52	2.71
Port Hedland	2.53	2.18	1.64
Roebourne	2.18	1.85	1.43



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From a policy perspective, the strategic role that Western Australian regional capitals play in generating new jobs is clear. Each regional capital has a distinct economic niche. It is apparent that the regional capitals have quite different labour markets and job creation dynamics to the Perth metropolitan area and the rest of regional Western Australia, underscoring the need for more specialised policy responses if uneven development in regional Western Australia is to be addressed.

Our research has identified clear divergence in economic performance, job creation and local competitiveness in the seven regional capitals, meaning that there has been a concomitant falling behind of many of the smaller localities throughout rural, regional and remote Western Australia (P. Plummer & Tonts, 2013a; P. Plummer *et al.*, 2014a). As the population of Perth has grown exponentially over the last decade, the regional economic development evident in the regional capitals offer an alternative if a more spatially distributed pattern of growth is desired. Regional policy and investment should then be targeted to take advantage of the growth potential of these larger centres.

Concluding remarks

The future role of the Western Australian regional capitals is unlikely to change, and arguably, if the divergence trends in employment, job creation and competitiveness continues, their importance will escalate. Their location in their respective regions is critical for their functional and connectivity roles in relation to their neighbours, as providers of key government services, social amenities such as cultural, sporting and community development and economic functions including jobs, industry hubs and transport centres.

It is therefore important that regional policy be appropriately flexible to enable each regional capital to capitalise on its strengths, rather than hobbled by a homogenous public policy framework.

The scale of growth in the Western Australian regional capitals underscores the importance of accurate and timely economic and demographic data which will influence future public and private sector investment in the capitals.



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