



Select Committee on Productivity in Australia

Submission from Regional Development Australia Goldfields Esperance

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Australian Government Initiative



Regional
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Australia

GOLDFIELDS ESPERANCE

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Inquiry Terms of Reference

On 4 November 2025, the Senate resolved that the Select Committee on Productivity in Australia be established.

Terms of Reference

- a) That a select committee, to be known as the Select Committee on Productivity in Australia, be established to inquire into and report on:
- b) the history of productivity growth in Australia in both multifactor and labour terms;
- c) objectives for a multi-decade national settlement strategy to achieve a more balanced distribution of population between cities and regional Australia, with a view to enhancing economic resilience, productivity and social cohesion;
- d) the current position and opportunities to gain productivity growth;
- e) conflicts of interest and structural barriers to sustainable growth;
- f) the efficacy of federal competition law;
- g) opportunities for the states and territories to drive growth;
- h) the impact of regulatory tax burdens on productivity growth;
- i) the impact and opportunity of technology;
- j) priority opportunities in the market and non-market sectors for productivity growth;
- k) Australia's competitiveness and benchmarking against similar nations; and
- l) any other related matters.

1. INTRODUCTION AND SUBMISSION OVERVIEW

Regional Development Australia Goldfields Esperance (RDA Goldfields Esperance) is part of the national RDA network funded by the Australian Government. Our role is to:

- identify regional priorities and strategic opportunities,
- support investment attraction and project development,
- facilitate collaboration between local, state and federal stakeholders,
- provide an evidence-based regional voice to government, and
- strengthen local economies, liveability and community resilience.

We work across ten local government areas spanning mining centres, coastal communities, remote Aboriginal communities and vast pastoral and agricultural districts.

RDA Goldfields Esperance welcomes the opportunity to contribute to the Senate Select Committee on Australia's Productivity.

The Goldfields Esperance region is one of Australia's most economically significant yet infrastructure-constrained regions. It:

- Covers approximately 955,276 square kilometres
- Is home to approximately 58,000 residents
- Supports 37,696 jobs
- Generates approximately \$39.9 billion in annual economic output

Mining accounts for approximately \$25.87 billion (69.1%) of total output. The region is a major producer of gold, nickel, rare earths and critical minerals and is central to Australia's battery, defence and renewable energy supply chains.

However, productivity in the region, and nationally, is being constrained by structural regulatory settings, infrastructure bottlenecks, labour shortages, freight vulnerability, housing scarcity and fiscal misalignment between levels of government.

This submission draws on regional economic data, previous Commonwealth inquiries and direct business input gathered through RDA Goldfields Esperance's regional consultation process.

2. CHALLENGES IN MEASURING PRODUCTIVITY

The Committee's Discussion Paper notes weaknesses in productivity growth and the complexity of measurement. From a regional perspective, three distortions are evident.

2.1 Capital-Intensive, Low-Population Regions Are Undervalued

Goldfields Esperance generates nearly \$40 billion in output with a small resident population. Traditional labour productivity measures do not adequately account for:

- FIFO workforce distortions
- Capital-intensive mining output
- National strategic value of critical minerals
- Freight redundancy and supply chain resilience

Productivity frameworks that emphasise per-capita output risk underestimating the contribution of remote regions that underpin national supply chains.

2.2 Non-Market Productivity and Cost Shifting

The Discussion Paper highlights weak productivity performance in non-market sectors. In remote Australia, this is compounded by cost shifting. Local governments in Goldfields Esperance are:

- Subsidising GP services
- Maintaining strategic airstrips
- Operating essential retail services when private operators withdraw
- Supporting workforce accommodation and essential infrastructure

When rate revenue is diverted to substitute for health, housing and service delivery gaps, councils have reduced capacity to invest in productivity-enhancing infrastructure. This structural burden is not captured in national productivity accounts but directly constrains regional economic performance.

3. AUSTRALIA'S GLOBAL COMPETITIVENESS

Australia ranks 16th in labour productivity among OECD nations, with recent growth slowing. In Goldfields Esperance, competitiveness constraints are structural rather than cyclical.

3.1 Regulatory Delays and SME Burden

Regional businesses report productivity decline over the past decade. Examples include:

- An occupancy certificate unresolved after more than five years, preventing business expansion
- HR compliance and reporting burdens limiting operational focus
- Workers compensation inefficiencies reducing workplace confidence

These regulatory settings disproportionately affect SMEs in thin regional markets, constraining investment and capital deepening.

3.2 Wage Distortion Across Sectors

High mining wages, while economically beneficial at macro scale, create labour market distortion for regional SMEs. Businesses report inability to compete with mining wage structures. This cross-sector

compression reduces productivity in manufacturing, agriculture and services and limits economic diversification.

4. INDUSTRY CONTRIBUTIONS TO PRODUCTIVITY

4.1 Mining and Critical Minerals

Mining remains the dominant productivity driver in the region, accounting for 69.1% of output. Major projects including rare earths processing and proposed renewable energy hubs such as the Western Green Energy Hub are nationally strategic. However, infrastructure, freight resilience and workforce supply constraints limit full realisation of productivity gains.

4.2 Agriculture and Export Supply Chains

The Port of Esperance is a major export gateway for grain and minerals

Agricultural producers face:

- Drought impacts
- Live export disruption
- Freight cost escalation
- Skilled labour shortages

These pressures constrain capital reinvestment and farm productivity.

4.3 Non-Market Sector Constraints

Healthcare shortages are acute, with some shires spending up to \$300,000 annually to secure a single GP. Childcare shortages reduce workforce participation, with licensed capacity operating below potential due to staffing shortages. These service gaps directly reduce labour force participation and productivity.

5. REGULATORY BURDENS LIMITING PRODUCTIVITY

Regulation is essential but must be proportionate and risk-based.

In regional contexts, burdens include:

- Delayed planning and occupancy approvals
- HR and employment compliance complexity
- Freight and trucking regulatory constraints

Competitive grant programs that fail to weight remoteness also impose administrative burdens on small councils. A risk-based regulatory approach and harmonised freight settings would materially improve SME productivity.

6. INVESTMENT, CAPITAL FLOWS AND HOUSING

Capital deepening is central to productivity growth

In Goldfields Esperance:

- Businesses are purchasing housing to accommodate staff due to shortages
- Vacancy rates are critically low
- Construction labour shortages delay projects

Housing capital diversion reduces reinvestment capacity and suppresses business expansion. Targeted regional housing supply measures would deliver direct productivity uplift.

7. FREIGHT SUPPLY CHAINS AND INFRASTRUCTURE RESILIENCE

Freight productivity is a national issue. Flooding in the region has disrupted east–west rail, with national supply chain impacts

The region manages:

- Approximately 3,200 km of state roads
- More than 17,000 km of unsealed local roads

These corridors carry nationally significant freight tasks, including quad road trains and critical mineral transport.

Corridor-based governance and national significance weighting in infrastructure assessment would better align productivity outcomes with national interest

8. REGIONAL PRODUCTIVITY AND SETTLEMENT

Regional productivity directly contributes to national output.

However, structural challenges include:

- Workforce shortages across mining, health, construction and logistics
- Skilled migration settings insufficient to meet regional demand
- Housing constraints limiting labour mobility
- Local government fiscal pressure limiting infrastructure co-funding

Skilled migration, housing supply reform and infrastructure investment must operate in concert.

9. COMPETITION POLICY IN THIN REGIONAL MARKETS

Competition settings designed for metropolitan markets do not account for geographic thin markets. In some communities, councils are required to operate supermarkets or intervene to maintain essential services. Productivity frameworks must recognise that service continuity in remote areas underpins labour force participation and economic output.

10. TECHNOLOGY ADOPTION, DIGITAL CAPITAL AND MULTIFACTOR PRODUCTIVITY

In 2025, Regional Development Australia Goldfields Esperance released the [Goldfields Esperance Digital Plan](#), developed in partnership with nbn local and regional stakeholders. The Plan provides a comprehensive assessment of digital access, infrastructure capability, technology adoption and digital skills across the region. Its findings offer a practical case study in how digital capital formation and technology diffusion interact with labour productivity, multifactor productivity and economic resilience in regional Australia.

10.1 Technology and Australia's Productivity Slowdown

Australia's post-2000 productivity performance has been characterised by periods of capital deepening followed by multifactor productivity (MFP) stagnation. While investment in mining and infrastructure delivered significant output gains during the resources boom, diffusion of productivity-enhancing technologies across the broader economy has been uneven.

Digital infrastructure and capability now represent the most significant opportunity to lift multifactor productivity across both market and non-market sectors.

The Goldfields Esperance region provides a practical case study in how digital capital, connectivity and skills interact to either constrain or enable productivity growth.

10.2 Digital Access and Productivity Gaps

The Goldfields Esperance Digital Plan identifies substantial disparities in digital inclusion across Local Government Areas

The Australian Digital Inclusion Index (ADII) shows:

- Ngaanyatjaraku scoring 52.8 (–20.4 below national average)
- Dundas scoring –11.6 below national average
- Wiluna scoring –8.5 below national average

While affordability scores are generally strong, Access and Digital Ability scores remain significantly below national benchmarks in remote LGAs

This has direct productivity implications:

- Reduced workforce capability in digital environments
- Lower SME technology adoption
- Barriers to remote service delivery
- Limited participation in e-commerce and digital supply chains
- Constrained telehealth and online education uptake

Digital exclusion is therefore not merely a social equity issue. It is a measurable constraint on labour productivity and economic participation.

10.3 Digital Capital Deepening

As of July 2025, more than 23,000 premises in the region are “gig-capable” through fibre upgrades, with further upgrades funded under national programs

Recent investments include:

- Fibre Connect upgrades in Kalgoorlie-Boulder
- Fixed Wireless performance improvements to 100–200 Mbps, capable of bursts to 400 Mbps
- Expanded satellite service capability

These investments constitute digital capital deepening. High-capacity broadband infrastructure enables:

- Cloud-based business operations
- Remote work and workforce attraction
- Advanced manufacturing
- Real-time data analytics in mining and agriculture
- Automation and machine-to-machine communication

Digital infrastructure investment therefore contributes directly to multifactor productivity growth.

10.4 Technology Diffusion: IoT, Automation and AI

The Digital Plan identifies significant opportunity for Internet of Things (IoT) deployment across:

- Mining operations
- Precision agriculture
- Environmental monitoring
- Emergency services

IoT adoption allows for:

- Predictive maintenance

- Real-time resource optimisation
- Reduced downtime
- Improved safety outcomes
- Lower input waste

However, inconsistent connectivity and limited digital literacy present barriers to widespread adoption.

The productivity opportunity lies not only in infrastructure provision but in technology diffusion and workforce capability.

Without digital skill development, capital investment will not translate into productivity gains.

10.5 Low Earth Orbit (LEO) Satellite and Market Adaptation

The introduction of Low Earth Orbit (LEO) satellite services has significantly improved connectivity in remote areas

In some cases, LEO uptake has occurred even in Fibre to the Node (FTTN) areas due to performance dissatisfaction

This demonstrates:

- Latent demand for higher-speed digital services
- Market-driven adaptation where fixed infrastructure is insufficient
- The importance of performance reliability to productivity

LEO services offer resilience and flexibility, particularly in remote and emergency contexts, but at higher cost.

Policy settings should therefore aim to:

- Improve awareness of available options
- Support informed consumer decision-making
- Ensure equitable access to high-performance services

Technology choice is increasingly less about infrastructure allocation and more about whether the connection meets operational need.

10.6 Smart Infrastructure and Public Sector Productivity

The Digital Plan outlines opportunities for nbn Smart Places and fibre extension to non-premises locations such as:

- Traffic systems
- CCTV
- Public Wi-Fi
- Smart poles

These technologies improve:

- Traffic efficiency
- Public safety
- Service coordination
- Asset monitoring

Public sector digital transformation has direct implications for non-market productivity, which has been identified as lagging nationally.

Smart infrastructure contributes to:

- Reduced service delivery costs
- Faster response times

- Improved data-driven decision-making
- Enhanced community safety

Investment in smart infrastructure should therefore be viewed as productivity reform, not discretionary expenditure.

10.7 Telecommunications Resilience and Productivity Stability

Recent bushfire and flood events have exposed vulnerabilities in telecommunications infrastructure across the region

Programs such as STAND and Temporary Emergency Management Solutions provide temporary connectivity during disasters

However, resilience remains uneven.

Productivity is not solely about output per worker in stable conditions. It also depends on:

- System redundancy
- Network reliability
- Continuity of supply chains
- Ability to operate during disruption

Improved telecommunications resilience reduces productivity volatility and supports economic continuity in disaster-prone regions.

10.8 Digital Skills as Human Capital Investment

The most significant barrier identified in the Digital Plan is digital ability, not affordability

Investment in digital literacy:

- Raises labour productivity
- Increases SME competitiveness
- Enables technology diffusion
- Improves service delivery
- Supports Aboriginal economic participation

Human capital development in digital capability is essential to translating infrastructure investment into sustained productivity growth.

10.9 National Implications

The Goldfields Esperance region illustrates broader national themes:

1. Digital capital deepening must be matched with skills development.
2. Technology diffusion drives multifactor productivity.
3. Infrastructure resilience underpins economic stability.
4. Market adoption of emerging technologies signals unmet demand.
5. Digital exclusion suppresses workforce participation and economic output.

Closing regional digital gaps is not only a settlement strategy objective. It is a productivity reform priority.

Australia's future productivity growth will depend on the speed and effectiveness with which digital infrastructure, skills and innovation diffuse beyond metropolitan centres into high-output regional economies.

11. RECOMMENDATIONS

RDA Goldfields Esperance recommends a coordinated, multi-pronged approach:

- Introduce remote-region weighting and national strategic value criteria into federal productivity and infrastructure assessments.
- Reform cost–benefit analysis frameworks to explicitly include supply chain resilience, critical minerals and freight redundancy.
- Implement risk-based SME regulatory reform, including streamlined approvals and harmonised freight regulation.
- Expand and recalibrate regional skilled migration pathways, including DAMA-style agreements, to address structural workforce shortages
- .
- Establish a Regional Housing and Workforce Growth Fund to unlock labour mobility.
- Increase Financial Assistance Grants and reform indexation to reflect real construction, freight and climate cost drivers.
- Adopt corridor-based governance models for nationally significant freight and infrastructure systems.
- Align productivity policy with the Critical Minerals Strategy, Net Zero 2050 and National Freight Strategy.

12. CONCLUSION

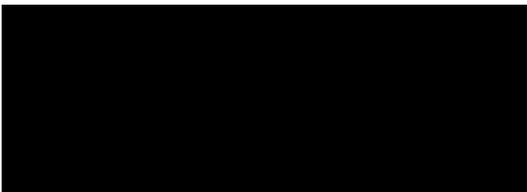
No single reform will restore productivity growth.

Productivity recovery requires structural reform across regulation, migration, housing, infrastructure, freight resilience and fiscal sustainability.

Goldfields Esperance demonstrates that high-output regional economies can drive national prosperity, but only when supported by fit-for-purpose policy frameworks that recognise strategic value beyond population metrics.

Australia’s productivity future will not be secured solely in metropolitan centres. It will be secured in regions that generate critical minerals, export grain, host renewable energy projects and sustain national freight corridors.

RDA Goldfields Esperance welcomes the opportunity to provide further evidence or appear before the Committee.



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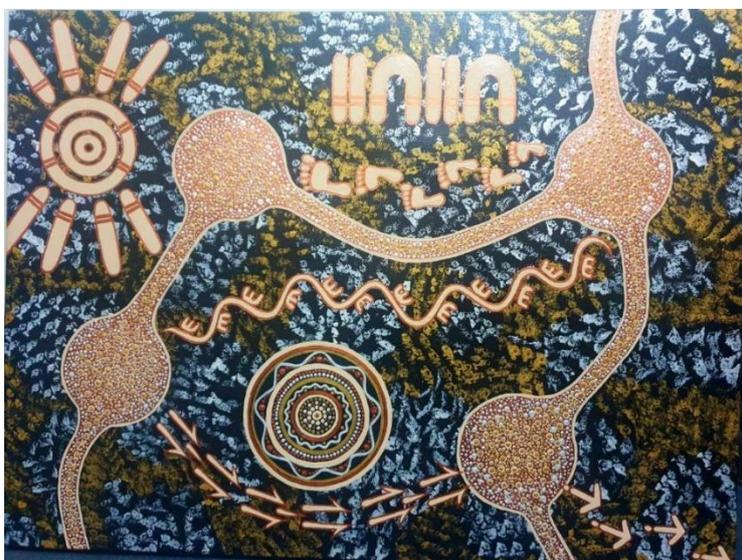
An Australian Government Initiative



GOLDFIELDS ESPERANCE

Acknowledgement of Traditional Owners and Country

Regional Development Australia Goldfields Esperance acknowledges First Nations peoples as the Traditional Owners and Custodians of Australia. We respect and celebrate the inherent strengths of Aboriginal and Torres Strait Islander peoples, and their commitment to the land, waters and their communities. We pay our respects to their Elders past and present.



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