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ABN 45 503 070 070

Dear Mark Fitt,

### **Inquiry into the indicators of, and impact of, regional inequality in Australia**

I am writing on behalf of the Shire of Ashburton with a brief submission to the Inquiry into the indicators of, and impact of, regional inequality in Australia. Please see below an introduction to our Shire followed by individual responses to the questions.

#### **About the Shire of Ashburton**

The Shire of Ashburton is located in the Pilbara region of Western Australia, about 1,400 kilometres north of Perth. Covering 105,000 square kilometres (nearly half the size of Victoria), it includes the major towns of Tom Price, Paraburdoo and Pannawonica, originally created to service the needs of the local mining industry, and Onslow which is expanding to service the offshore energy industry. There are also a number of small remote Aboriginal communities (nearly 10% of the Shire's population).

The Shire's population is about 13,262 and projected to grow up to 15,410 residents by 2026 (based on historical migration and birth patterns, not on economic trends). The main employing industries in the Shire are mining (including oil and gas extraction, making up 38.9% of total employment) and construction. A distinctive feature of the Shire's population is strong Fly In-Fly Out (FIFO) workforce that exists to service the mining and energy industries. Of the 23,359 people who work in the Shire of Ashburton, 68% work in the area but live outside, and 31.8% also live in the area.

#### **About our economy**

The Shire of Ashburton economy contributes about \$8.523 billion or 30.59% of Gross Regional Product to the Gross State Product of \$239.706 billion.

The economy of the Pilbara region contributes enormously to the Australia's economy, the [Pilbara Regional Investment Blueprint \(Summary Report\)](#) highlights the Pilbara's role: 'The Pilbara's share of Australia's Gross Domestic Product (GDP) has risen from 2% in the late 1990's and early 2000's, to 6.2% in 2014. The size of the Pilbara's economy is approximately 55% of New Zealand's GDP and greater than the individual GDP of 127 of the world's 189 nation states. The Pilbara produces 95% (\$62 billion) of the value Western Australia's iron ore production. The region also services the north-west shelf oil and gas fields, which produce approximately two thirds of Australia's oil and gas, worth \$27 billion'



### ***Experiences of individuals and localities of unequal access to opportunities and unequal outcomes in non-metropolitan areas***

As CEDA states (Committee for Economic Development of Australia) in [the Regional Development for Western Australia Report \(June 2016\)](#) 'the Pilbara widely-dispersed populations in many areas mean that there are few economies of scale. This creates other barriers to growth, including high business costs, inadequate infrastructure provision and inefficient value chains. Many regional areas find it difficult to attract and retain a critical mass of population and skilled workforce, which further exacerbates issues related to lack of scale. In addition, social challenges arise from unequal opportunities and outcomes for Indigenous people, a lack of community engagement and partnership in some areas, and a need for stronger leadership'.

The Pilbara (inclusive of our LGA) is presented with additional barriers to development, these have been recognised in many reports and studies, and they are summarized below:

- Low levels of population retention
- Remoteness and accessibility
- High air fare costs
- Lack of accommodation (both residential and for tourism purposes)
- High construction costs
- Land access, availability and costs
- Access to affordable housing and housing availability
- Extended development timeframes
- Low levels of advanced technologies and lack of technology firms
- Volatility in the economy due to its reliance on mining and energy
- Tourists are 'put off' by lack of accommodation, road networks and driving distances
- Lack of destination awareness
- Most of our tourism infrastructure i.e. accommodation is exhausted and/or massively influenced by mining and energy workers

All of the above result into a situation which sees our communities not being able to access the same opportunities and outcomes than residents in a metropolitan area would (i.e housing, affordable transportation, health services - more explained below).

### ***Views on the causes of inequality between regions, especially between capital cities and other areas***

The main causes of the Shire of Ashburton's inequality compared to metro areas are:

- our remoteness
- high costs of living, construction and development
- dominance of mining and energy sectors

### ***Analysis of the economics of regional inequality, including wider impacts***

Whilst the main barrier to development is remoteness, isolation of the townships and access to our region, these have a negative effect on other major sectors such as employment (low levels of staff retention); access to skilled workforce; business & investment attraction; high travel costs;



cost of living in general; access to specialized medical services and more. Wider impacts are also relative to tourism.

A recent research study conducted by Tourism WA about consumers' perspective of the Pilbara has revealed:

- Knowledge of the Pilbara region as a tourist destination is low and perceptions are often negative (including Karijini which has low visitor awareness)
- Visitors who have been to the region think of the Pilbara as 'red dirt', non-visitors think of it as 'mining'
- The Pilbara region lacks a clear identity, it is most known for 'mining'
- People are not motivated to visit the Pilbara for a holiday
- Motivation for people who have visited is mostly work related
- There is a high level of appeal for tours with indigenous locals
- Lack of appeal of current Pilbara offering is the biggest barrier to future visitation
- The Pilbara region is not perceived as a tourism destination in its own right
- Compared to other tourist regions of WA, the Pilbara held the least overall appeal as a destination for a holiday or short break
- The Pilbara region does not have one clear signature experience
- Perceived gaps exist in the basic tourism offer including:-access-range of accommodation-food and drink options

***Examples of solutions: what has caused some regions or towns to prosper?***

Growth in the Shire has been and is being driven by the iron ore mining operations in Tom Price, and the construction of two of the world's largest LNG projects – Chevron's Gorgon and Wheatstone LNG plants, which are being constructed on the Barrow Island and near Onslow respectively. However the Shire isn't in a position to rely on these two dominating industries as when they cease operations, this has a massive impact on our population and local economy.

Whilst 'solution' is a big word, we are currently undergoing an economic strategic process to identify ways of diversifying the Shire's economy from the dominating mining and energy sectors as well as have a strong tourism focus.

Our intent is to

- ✓ diversify from the mining and energy sectors
- ✓ increase employment, business and investment opportunities
- ✓ promote local business development and private investment
- ✓ enhance facilities that service both residents and visitors
- ✓ strengthen relationships and communication with stakeholders and communities
- ✓ make the most of the local resources and assets, including human capital
- ✓ make the Shire an attractive and desirable place to live and work

We are positive that these small actions will assist towards our economic growth, however our role in addressing the inequality between regions, especially metro and remote is extremely minimal.

**End of submission.**



Please accept this as a brief submission to the inquiry into the indicators of, and impact of, regional inequality in Australia. Please note that the information contained within has been sourced from several reports, including:

[PDC Regional Investment Blueprint Summary Report](#)

[PDC Regional Investment Blueprint: Technical Report](#)

[The Regional Development for Western Australia Report \(June 2016\)](#)

If there are any questions please contact me on 9188 4439 or [anna.delrio@ashburton.wa.gov.au](mailto:anna.delrio@ashburton.wa.gov.au).

Yours sincerely,

Anna Del Rio  
**Manager Economic Development & Tourism**