



Government of Western Australia  
Department of Regional Development and Lands



ROYALTIES  
FOR REGIONS



PILBARACITIES

DEVELOPING THE FUTURE

# PILBARACITIES Challenges & Opportunities



Institute of Public  
Administration Australia  
WA

# Alison Petrie

Chief Executive Officer

WA Institute of Public Administration

# PREMIER Corporate Member



PSC | Public Sector  
Commission



**Murdoch**  
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Government of **Western Australia**  
Department of **State Development**

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Institute of Public  
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WA

*Advancing Excellence in the Public Sector*

# *"Building Pilbara Cities"*

**Chris Adams**

General Manager  
Pilbara Cities



# Building Pilbara Cities





# Pilbara Cities – A Brief History

- Nov 2009: Premier announces Pilbara Cities vision
- May 2010: State Budget allocates resources for Pilbara Cities Office
- Aug 2010: Pilbara Cities Office established
- Dec 2010: Pilbara Planning Framework endorsed by WAPC for public consultation (this will be the blueprint for Pilbara Cities)

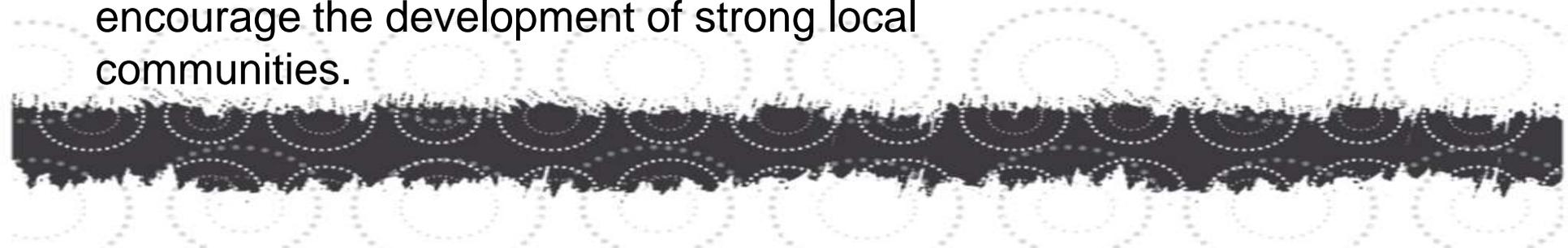


# The Pilbara Cities Vision

- The vision for Pilbara Cities is for modern, vibrant cities and regional centres that can support and deliver a skilled workforce for major economic projects in the Pilbara.
- The realisation of this vision rests on the promotion of quality regional living with modern services and facilities that will encourage the development of strong local communities.



Tom Price





# Transforming the Pilbara



Pilbara Cities has been allocated \$1b in Royalties for Regions funding to transform cities and towns into attractive, sustainable places to live.

Target populations:

- 50,000 for Port Hedland
- 50,000 for Karratha
- 15,000 for Newman

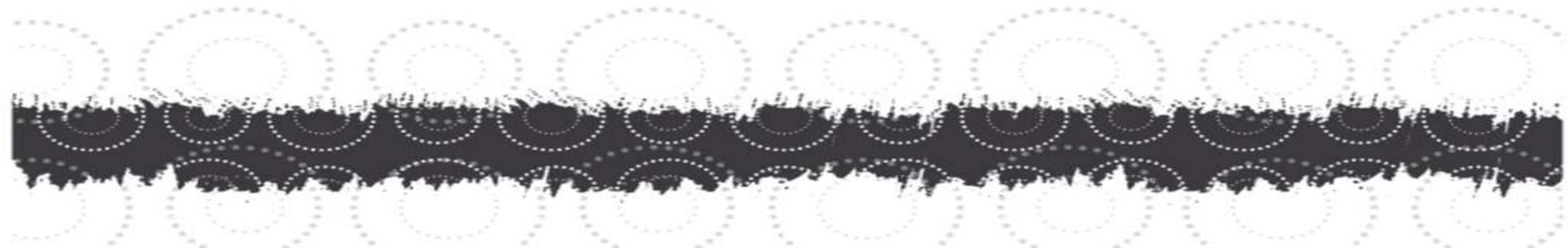


# Pilbara Key Statistics

- Area: 508,000 km<sup>2</sup> (2.2 times the size of Victoria)
- Population: Approx 52,000
- Males/females: 59/41



Newman





# Economic Significance

- 2009 export production of approx **\$45b**
- 2015 projected export value **\$80b**
- **\$90b** of approved projects in the region
- **23%** of nation's exports
- **0.2%** of nation's population
- 2008/09 State royalties from region **\$1.9b**

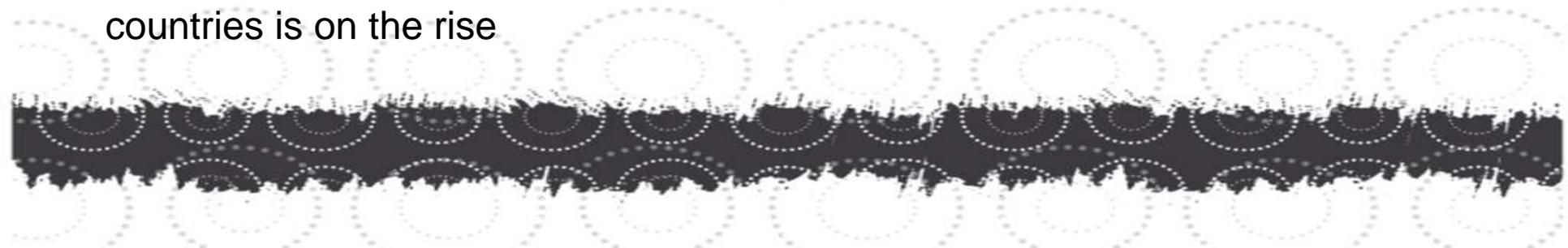


# What Happens when the Boom goes Bust?

- We're building port cities not mining towns
- 80-100 year mining timeframes
- Working on diversifying the economy
- Steel demand in emerging countries is on the rise



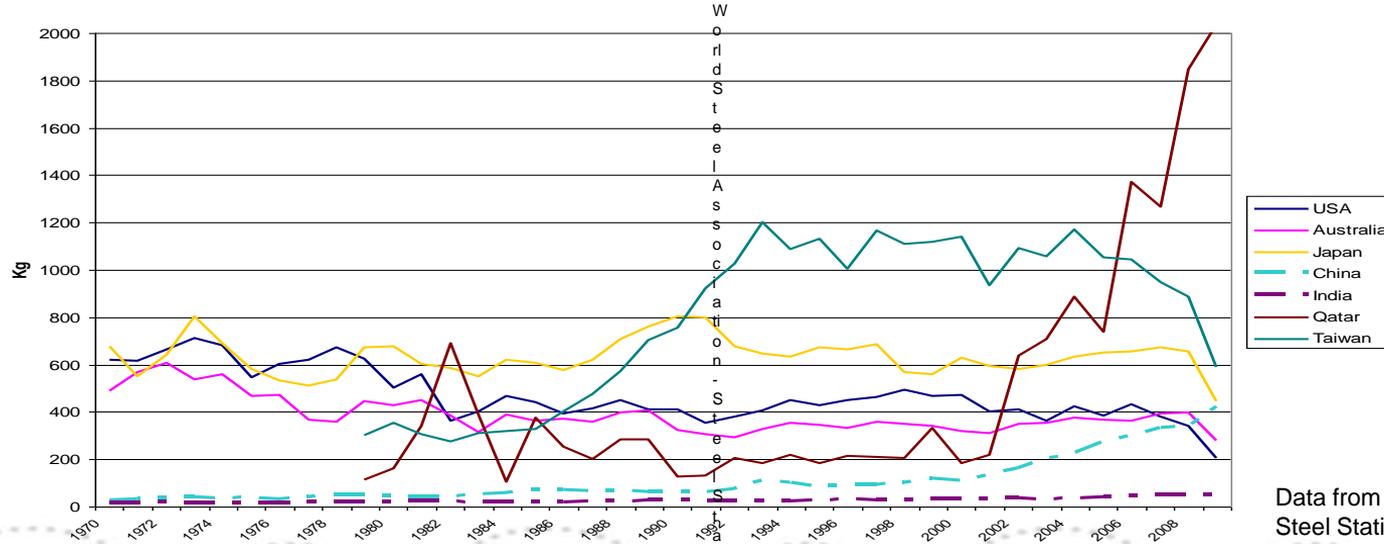
Mulataga CBD – artist impression courtesy of LandCorp





# Steel Demand Statistics

## Steel Use Per Capita



Data from World Steel Association  
Steel Statistical Yearbook

World Steel Association - Statistical Yearbook

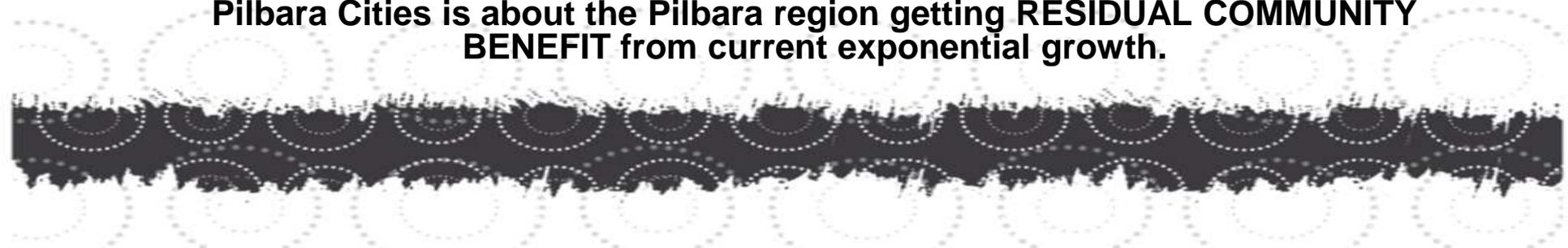


# Pilbara Cities Key Challenges

Massive growth during last decade BUT

- Housing is less affordable
- Infrastructure upgrades and expansions are required at large cost
- Business numbers are too low
- Education and health services well below expectations
- Community services facilities ageing
- Sense of community has declined (FIFO and 12-hour shifts)

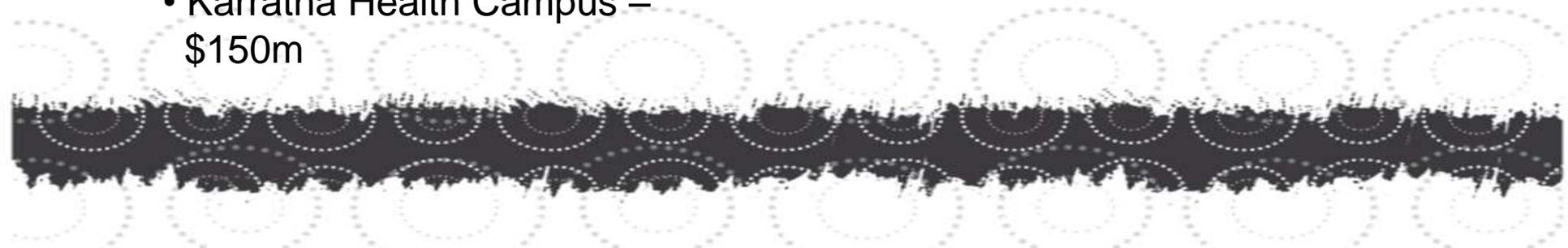
**Pilbara Cities is about building LEGACY from the current growth.**  
**Pilbara Cities is about the Pilbara region getting RESIDUAL COMMUNITY BENEFIT from current exponential growth.**





# Pilbara Cities Major Projects

- Pilbara Cities Strategic Infrastructure – \$460m to 2014/15
- Pilbara Cities Community Projects – \$201m
- Pilbara Underground Power Project (PUPP) – \$100m
- Karratha Health Campus – \$150m





# Pilbara Cities Key Delivery Areas



## **Infrastructure Coordination**

Energy, water, waste water, roads and ports

## **Land Availability and Development**

Land preparation, developer attraction and retention

## **Community Projects and Engagement**

Education, health, community facilities, Aboriginal involvement

## **Economic Diversification**

Industry development, supply chain development, 'transformational projects'



# Infrastructure Coordination

## **Water**

11 pilot projects across region,  
Hinterland Water Project

## **Energy**

PUPP

## **Waste Water**

Roebourne Treatment Facilities  
Upgrade

## **Roads**

Karratha-Wickham Rd

## **Workers Accommodation**

Seeking residual community benefit



Workers Accommodation – Tom Price



# Land Availability and Development



Newman Town Centre – artist impression courtesy of LandCorp

- South Hedland CBD – \$77m
- Port Hedland sewerage ponds relocation – \$42m
- Newman CBD redevelopment – \$20m
- Ngarluma Aboriginal Sustainable Housing – \$5m
- Others: Marina developments, Karratha City of the North Project



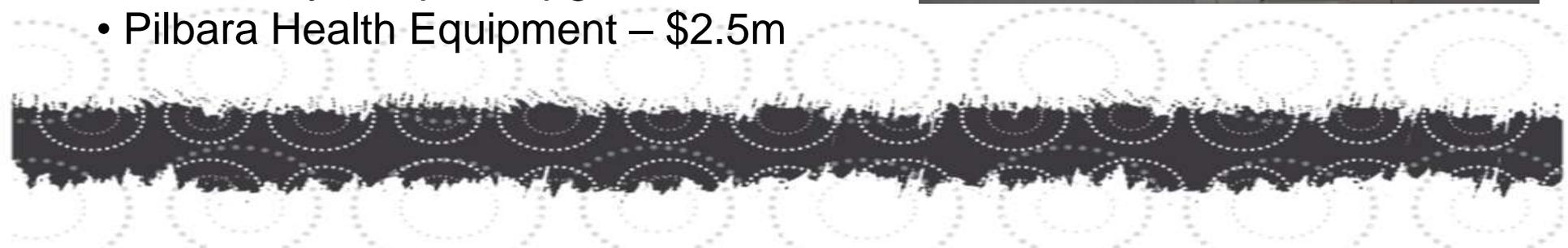
# Community Projects

## Education

- Pilbara Education Partnership – \$50m
- Hedland Senior High School – \$7.33m

## Health

- Karratha Health Campus – \$15m
- Pilbara Health Partnership – \$33m
- Nickol Bay Hospital Upgrade – \$10m
- Pilbara Health Equipment – \$2.5m





# Community Projects (continued)



Onslow Recreation Centre

## Community

- Town of Port Hedland Park Development – \$3m
- Karratha Education Leisure & Training (KELT) Campus, Roebourne – \$16m
- Onslow Recreation Centre – \$5m
- Numerous others

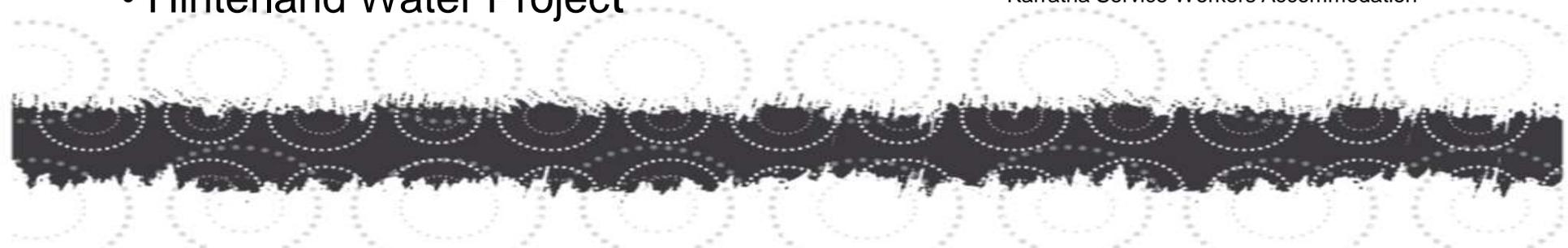


# Economic Diversification

- Karratha Service Workers Accommodation – \$32m
- North West Maritime Common User Facility – \$5m
- Economic Diversification Fund – \$30m
- Hinterland Water Project



Karratha Service Workers Accommodation





# Want More Information?



Pilbara Cities Office  
Ground Floor  
12 Hedland Place  
Karratha WA 6714

Tel: 1300 PC CALL (1300 72 2255)  
Email: [PilbaraCities@rdl.wa.gov.au](mailto:PilbaraCities@rdl.wa.gov.au)



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*Advancing Excellence in the Public Sector*

# *"The Resource Sector in the Pilbara"*

**Warren Pearce**

Executive Officer

Northwest Chamber of Minerals and Energy of  
Western Australia



The Chamber of Minerals and Energy of Western Australia

## The Resource Sector in the Pilbara

Presented by Warren Pearce  
Executive Officer – North West

# Chamber of Minerals and Energy of WA

## About CME

To champion the Western Australian resource sector and assist it in achieving its vision to lead the world in sustainable practice, through innovation, and continuing to underpin Australia's position in the global economy.

- In operation for over 100 years
- Over 180 members representing over 90% of resources production by value in WA
- Represents both large and small companies



# Resource Industry in WA

Western Australia's resources sector is a major driver of the economy and in 2010 accounted for:

- \$91.6 billion in production value  
(average growth of 15% p/a over last decade)
- 91% of the State's merchandise export income
- 44% of National merchandise export income
- State royalties expected to reach \$4.8 billion in 2010-11 (19% of State revenue)
- Approx. 87,000 people directly employed in mining + petroleum



# Commodity Values - Pilbara Region \$71 Billion

## Production Value of Minerals and Petroleum by Commodities - 2010

<b>PILBARA REGION</b>	
Iron Ore	\$46.5b
Gold and Silver	\$1.02b
Copper	\$701m
Manganese and Salt	\$644m
Other	\$68m
<b>TOTAL</b>	<b>\$48.92 Billion</b>

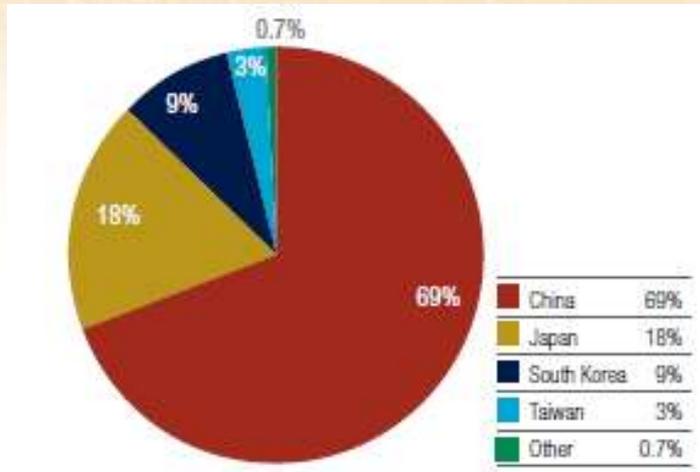
<b>PILBARA OFFSHORE</b>	
Crude Oil and Condensate	\$11.9b
Liquefied Natural Gas	\$8.7b
Natural Gas	\$1.37b
LPG Butane and Propane	\$763m
<b>TOTAL</b>	<b>\$22.8 Billion</b>



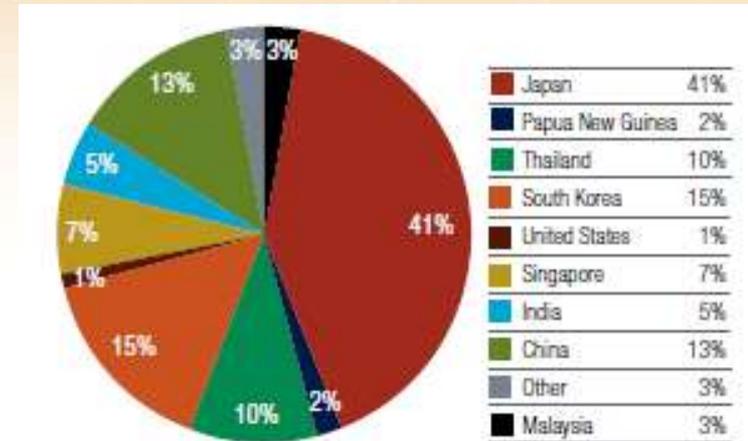
Source: WA Department of Mines and Petroleum Statistics Digest 2010

# Export Destinations for WA's Resources

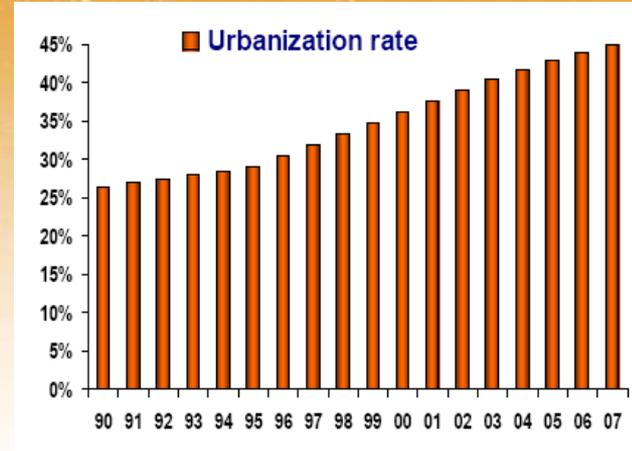
## Iron Ore



## Petroleum



# Urbanisation in China



# India's Change in Middle Class Household Incomes

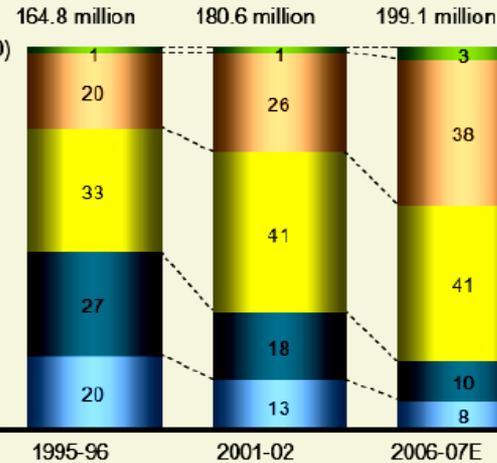
India – the next resource demand frontier.



## Household income\* distribution

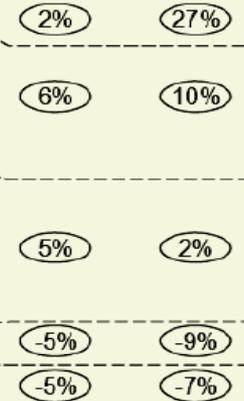
Per cent

100% =  
 High income (> \$18,000)  
 Upper middle income (\$4,000-\$18,000)  
 Middle income (\$2,000-\$4,000)  
 Lower middle income (\$1,400-\$2,000)  
 Low income (< \$1,400)



CAGR

1995-2001    2001-2006



\* Annual Income at PPP levels (PPP = Purchasing Power Parity); Average size of a household 5.8 people  
 Source: NCAER





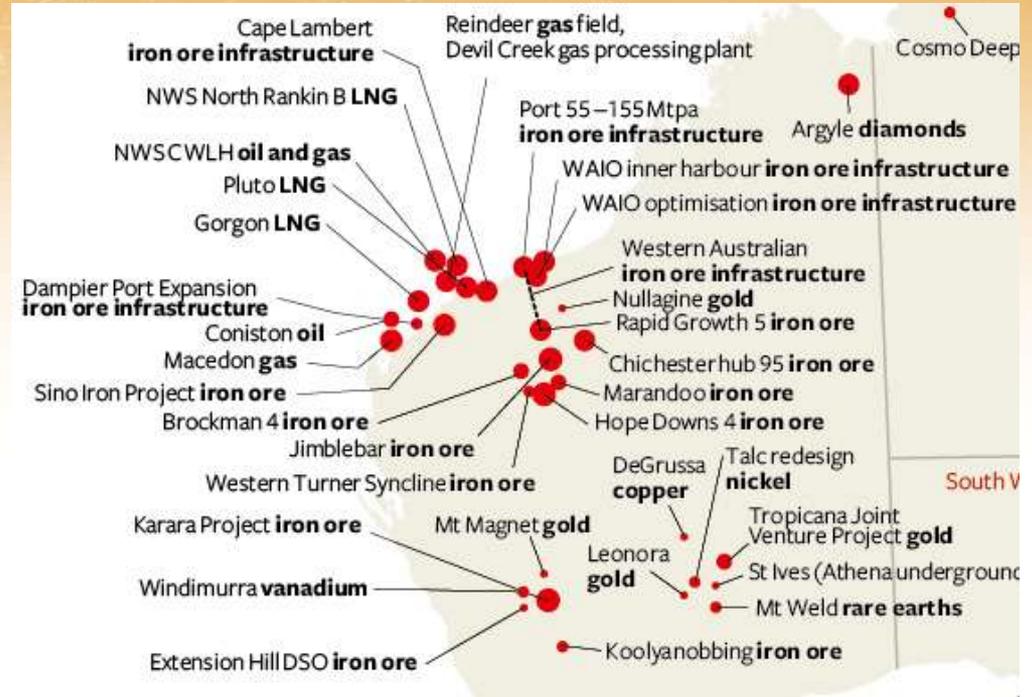
# New Resource Projects in Western Australia

## Resource Project Investment Dollars

Oil, Gas & LNG:	10 projects -	<b>\$119b</b>
Iron ore:	16 projects -	<b>\$43b</b>
Processing:	3 projects -	<b>\$5b</b>
Port/rail	1 project -	<b>\$4b</b>
Other minerals:	3 projects -	<b>\$2b</b>
Power:	3 projects -	<b>\$2b</b>
	<b>TOTAL:</b>	<b>\$175b</b>



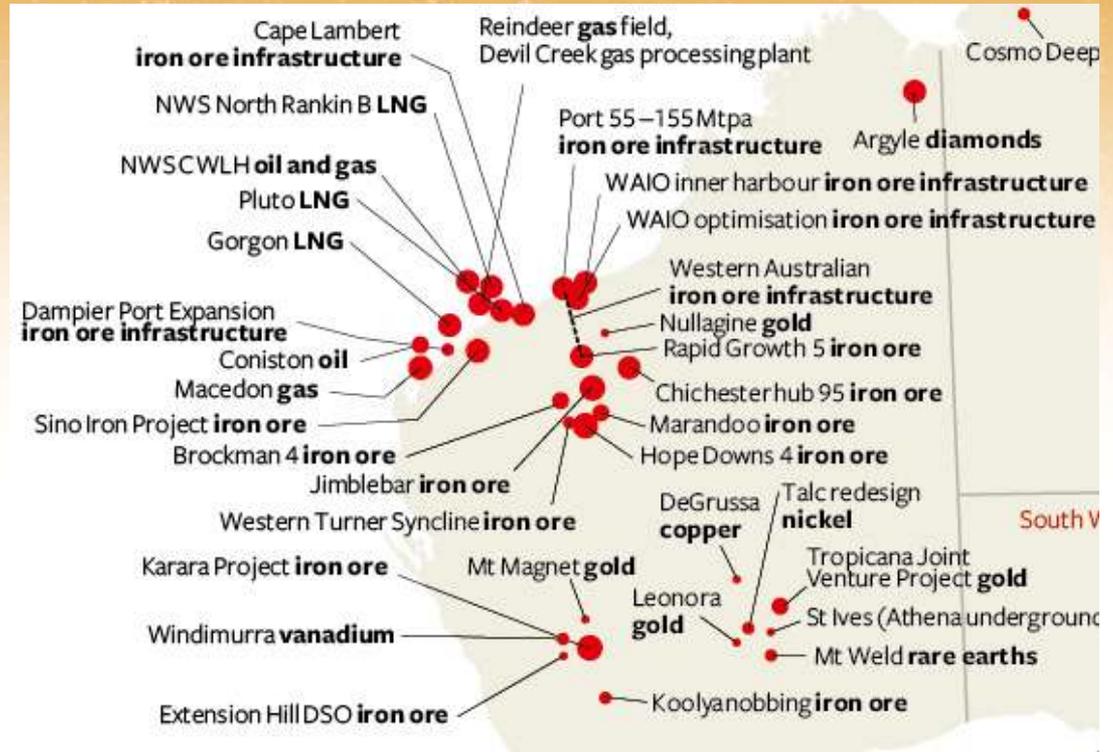
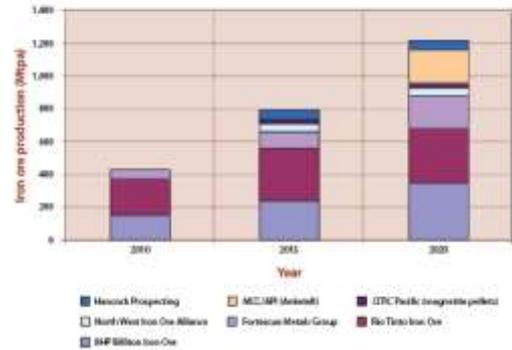
# Oil and Gas Projects



Source: ABARE, *Mineral and Energy Major Development Projects April 2011*.

# Iron Ore Projects

Figure 3.4: Iron ore production aspirations by mine developer (Mtpa) (2010-2020)



Source: ABARE, *Mineral and Energy Major Development Projects April 2011*.  
WAPC Pilbara Planning and Infrastructure Framework

# Infrastructure Constraints

## Pilbara Ports



Port	Total throughput 2008/09	Total exports 2008/09	Total imports 2008/09	Potential capacity
Dampier	140 824	140 122	702	145 000
Port Hedland	159 391	158 382	1 009	488 000
Port Walcott	55 000	55 000	-	330 000
Anketell	-	-	-	350 000
Ashburton North	-	-	-	TBD
Capre Preston	-	-	-	150 000
<b>Total</b>	<b>355 215</b>	<b>353 504</b>	<b>1 711</b>	<b>1 463 000</b>



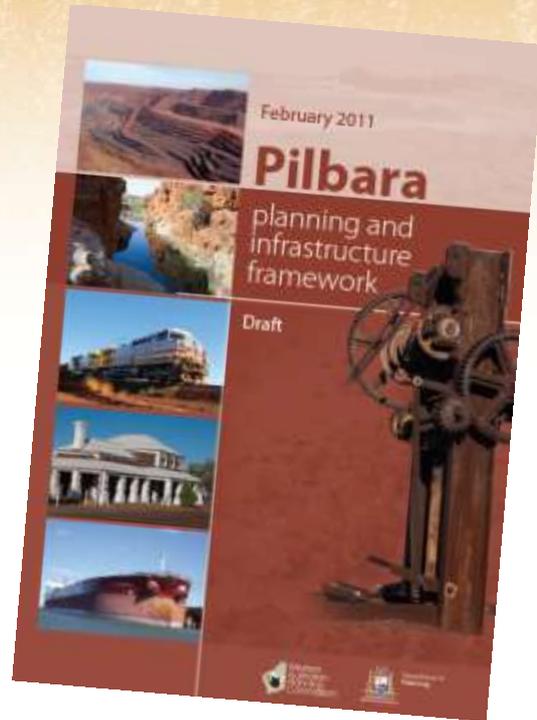
# Infrastructure Constraints

## Rail Networks



# WAPC Pilbara Planning and Infrastructure Framework

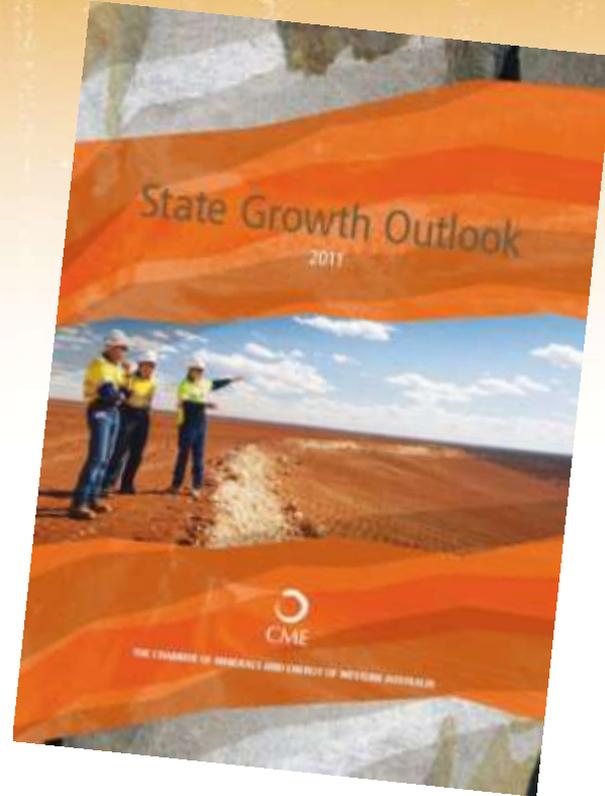
Draft Document



# CME's State Growth Outlook 2011

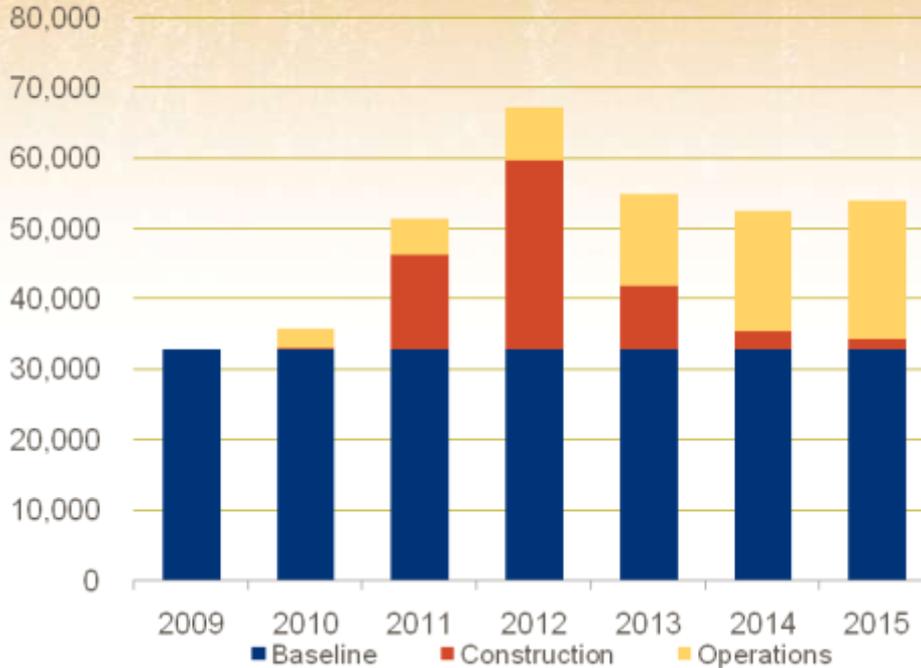
Survey of the development intentions of industry to identify the demand for key growth enablers:

- People
- Energy
- Water



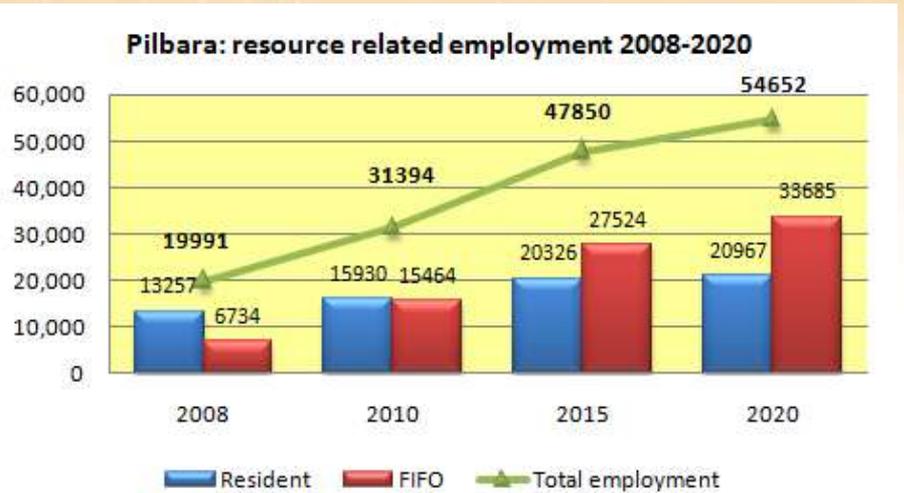
# Workforce needs in the Pilbara

Pilbara Minerals and Energy Workforce  
(Headcount, 2009 – 2015)



# Population Growth

## Resource Related Employment



Source: WAPC Pilbara Planning and Infrastructure Framework  
 PICC Population Figures 2010



# Land and Housing in the Pilbara

## The up-front price of growth

*The Pilbara remains the most expensive region to rent a house in Australia, where median rents sit at \$1,650 - \$2000 week.*

Pilbara median rents were more than four times more expensive than Perth median rents.

*Average house price is nearly \$1 Million.*

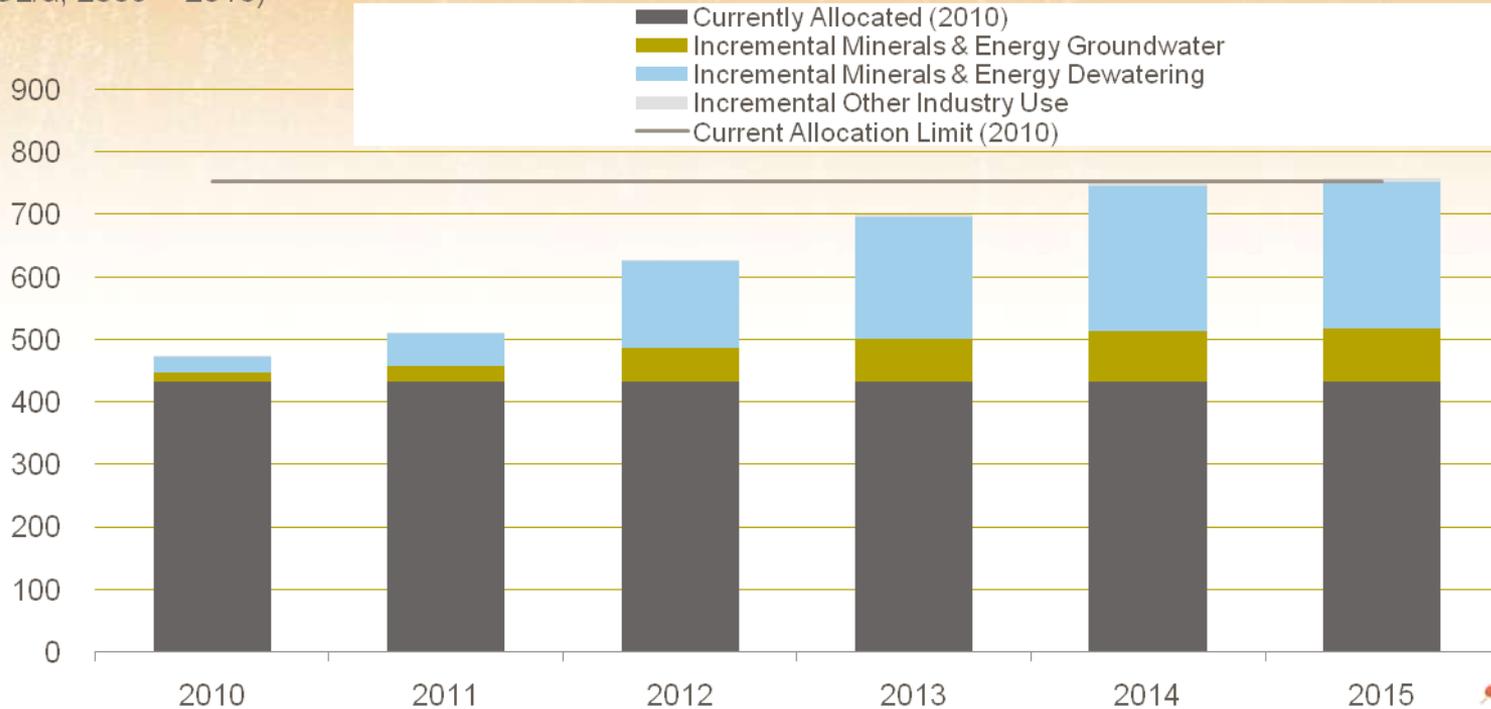
This affects the ability of the minerals and energy sector in drawing permanent interstate and international workers into the state, and specifically into the Pilbara.



# Water Demand in the Pilbara

## Groundwater Use & Current Allocation

(GL/a, 2009 – 2015)



Source: State Growth Outlook, CME 2011

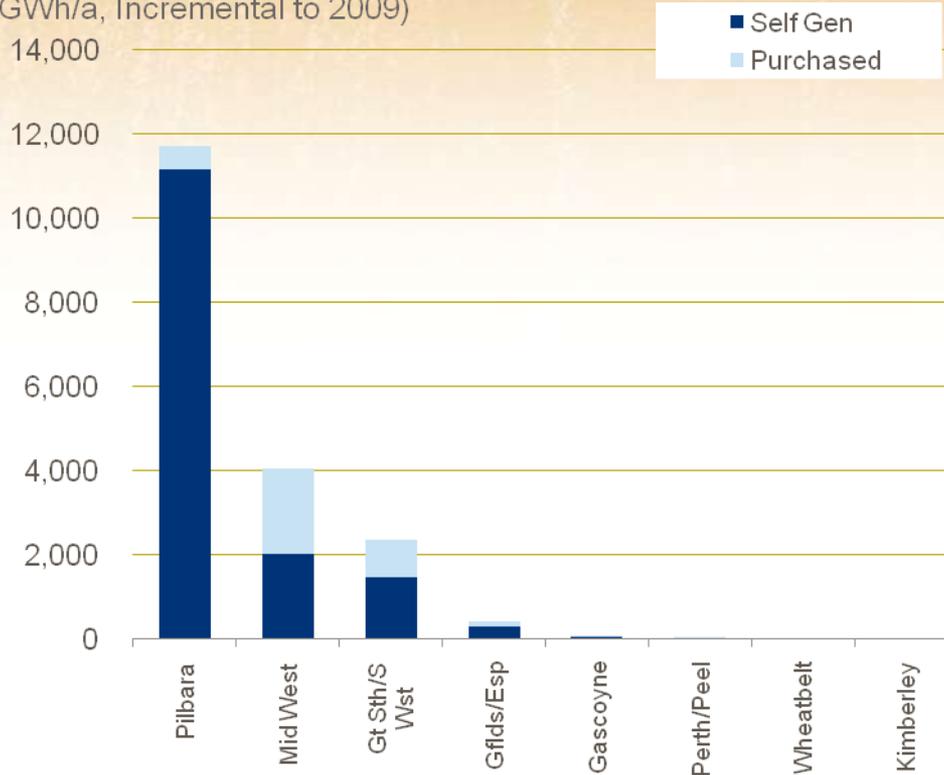


# Energy Demand in the Pilbara

## Massive Incremental Increase for Energy

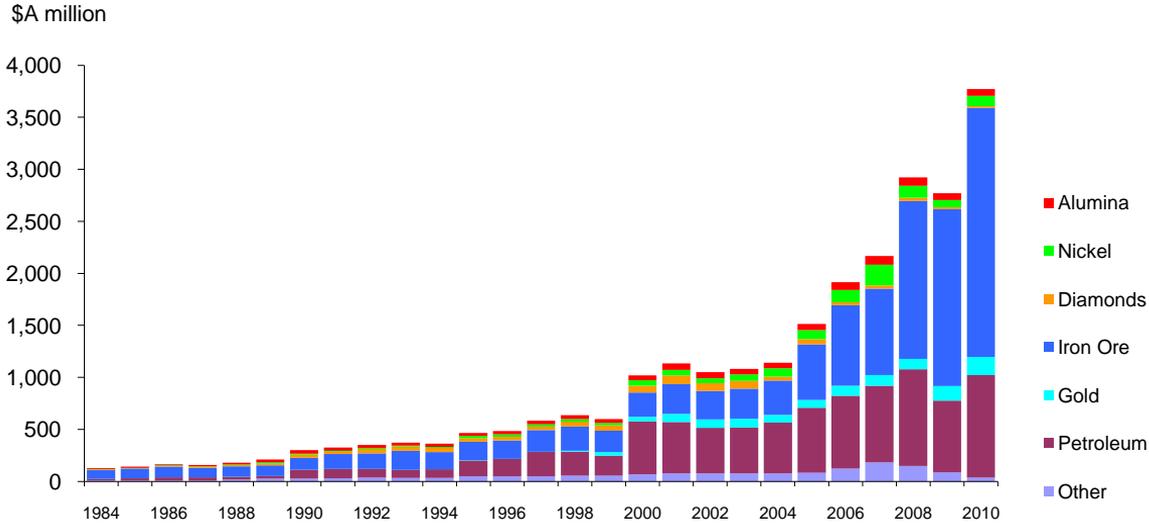
### Electricity Generation by Region – 2015

(GWh/a, Incremental to 2009)



# Resource Royalties in WA

## Royalty Receipts by Commodity



Source: DMP



Source: WA Department of Mines and Petroleum Statistics Digest 2010

# Collaborative Frameworks

## Working with Government and each other

### Pilbara Industry's Community Council (PICC)

- Joint initiative between CME and industry partners, BHP Billiton, Chevron, Fortescue Metals Group, Rio Tinto, North West Shelf Venture and Woodside.

### Objectives:

- The development of a shared vision and strategy to increase Indigenous participation in employment in the Pilbara, including strategies to reduce gaps in education, training, health and housing; and
- Development of a shared vision and strategy in relation to the sustainability of Pilbara towns.



# Company Contributions

## Part of the Community

- Relationships with local communities and key stakeholder groups underpin and promote the resources sector's ongoing 'social license' to operate. Companies continue to expand and strengthen alliances with community and non-government organisations, with the building of stronger local communities an essential consideration of future development.
- The resource sector contributes significantly to the communities of the North West. Initiatives supported either solely or in partnership by industry help sustain the communities in which the companies operate.



# Achieving the Vision

## Industry's Perspective

- Successfully address the Land and Housing issues.
- Good planning, followed by timely delivery of hard and soft infrastructure needs.
- Provide high quality core services that communities expect, education, health, and recreation.
- Understand that it will take more than Mining Industry support and investment. We need to open up the Pilbara to other businesses and diversify the economy.
- Don't expect it to happen overnight. Building real sustainable communities will take time.



Thank you



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***"Pilbara Cities- Developing  
the Future"- your future  
becomes our future- let's get  
it right together***

**Kate George**



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# *"The Opportunities and Challenges of Becoming a Pilbara City"*

**Shelley Pike**

Chief Executive Officer  
Pilbara Regional Council

The Pilbara region is located in North West Australia between the Kimberley and the Tropic of Capricorn and comprises approximately 20% of the land mass of Western Australia.





# **Pilbara Cities**

## **Opportunities and Challenges of becoming a Pilbara City**

**Shelley Pike**  
**Chief Executive Officer**  
**Pilbara Regional Council**



The Pilbara region is located in North West Australia between the Kimberley and the Tropic of Capricorn and comprises approximately 20% of the land mass of Western Australia.





# THE PILBARA REGIONAL COUNCIL

- The Pilbara Regional Council is a local government comprising four local government authorities: Shire of Ashburton; Shire of Roebourne; Town of Port Hedland and the Shire of East Pilbara.
- The PRC works believes that working collaboratively results in improving efficiency and results in better service delivery and more sustainable finances which are vital to the future sustainability of local government in the Pilbara.



# THE PILBARA REGIONAL COUNCIL

## Our Purpose:

A Pilbara Regional Government that delivers a voice and attracts a financial return commensurate with the Region's contribution to the Australian economy.



## How we work with the Pilbara Local Governments:

The PRC governance model recognises that each member council brings specific expertise to the table, and that there is already a spirit of collaboration in the Pilbara.

# PREAMBLE

The Pilbara region is seen as Australia's paradox, it abounds in natural beauty and aboriginal culture, and it is also rich in mineral and petroleum resources that help drive the state and national economies and is responsible for 30% of GDP.



# PREAMBLE

The Pilbara has experienced rapid growth with industry and the number of developments.

This has presented Local Government with a range of opportunities and challenges as it works towards achieving the Pilbara Cities vision.



# OPPORTUNITIES

## INFRASTRUCTURE

Pilbara Cities provides opportunities to invest in improving existing infrastructure and facilities to the standard required of an aspiring City.

Some of the new facilities and infrastructure currently being developed included community recreation and aquatic centre, sporting facilities and town revitalisation and upgrade.



# OPPORTUNITIES

## INFRASTRUCTURE (Continued)

The improvement in transport networks and telecommunications will enhance connectivity between all communities in the Pilbara.



# OPPORTUNITIES

## PLANNING

Pilbara Cities provides a vision for town planners to aspire to, allowing for better long-term planning to provide the best quality outcomes for the Pilbara Community.

Opportunity to build “real” communities that in time will become intergenerational.



# OPPORTUNITIES

## DIVERSIFICATION OF WORK OPPORTUNITIES



# OPPORTUNITIES

## SUSTAINABLE COMMUNITIES

- The relaxed lifestyle is one of the key factors in attracting people to live in the Pilbara. The Pilbara Cities initiative provides the opportunity to continuously improve the quality of life for residents through better community facilities and services.



# CHALLENGES

## RAPID GROWTH

- The Pilbara Communities have embraced the exponential growth associated with Pilbara Cities. One of the challenges facing local government will be keeping pace with the growth.
- Due to a lack of investment and development in the region in the past there are not enough resources currently available to meet the anticipated growth, particularly in relation to housing and services such as power and water.



# CHALLENGES

## ECONOMIC DIVERSIFICATION

- Much of the Pilbara is currently dependant primarily on its mining and shipping industries which creates a mono-economy.
- One of the challenges of Pilbara Cities is to find solutions to create economic diversification which encourages the growth of small to medium enterprises.

# CHALLENGES

## REGIONAL CAPABILITY

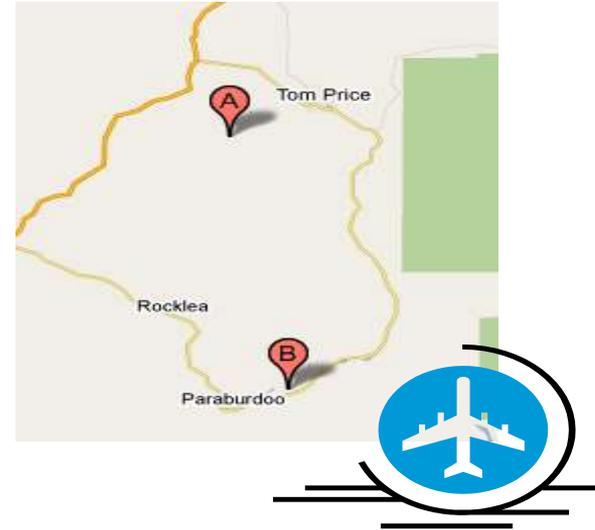
- Whilst the region is prospering local businesses are struggling to source and retain quality staff. Staff turnover in some organisations is as high as 50 -60% annually.
- This is due to a number of factors including the lack of an affordability of housing and accommodation and the competitive conditions offered by the mining industries.

# FLY IN – FLY OUT

Resource sector expenditure of \$152 Billion in the next 4-5 years on a construction program to accommodate people in the FIFO industry.

Government Policy

Airports



From this...



The prosperity and future development of the Pilbara is dependant on increasing the population.

All stakeholders including local and state government, business and the private and not-for-profit sector will need to work together every step of the way if the Pilbara City Vision is to become a reality.



Local government in particular will need to address operational efficiencies and streamline systems and processes to ensure that it can keep pace with the role out of the Pilbara City Program.

# QUESTIONS



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# *Pilbara Cities: Challenges & Opportunities*

**Ross Holt**

Chief Executive Officer  
LandCorp

The background image shows two construction workers wearing hard hats and safety vests, looking at a set of plans. They are positioned in front of a large glass window that reflects a bright blue sky with scattered white clouds. The interior of the building is visible through the glass, showing structural elements like beams and columns.

**A PRESENTATION TO  
Institute of Public Administration**

**5 July 2011**

# Our Purpose

LandCorp is the WA Government's land and property developer, providing balanced social, economic and environmental prosperity through the development of land throughout the state.

We are a Government Trading Enterprise operating under separate legislation.

Industrial

Residential

Commercial

Tourism

# Pilbara Statistics

DSD estimates indicate committed or under-construction resource project investment exceeds \$170 billion

Construction workforce almost 50,000

Ongoing and operating workforce 13,000  
(excl multipliers - families, subcontractors, teachers, retail staff, etc)

# Challenges

- Complex regulatory processes
- Access to land
- Infrastructure capacity
- Skill strategies
- Cross government capacity
- Complacency
- Engaging resource companies and Commonwealth
- Window of opportunity



# Government and Political Support Pilbara Cities Vision



***“build vibrant cities that offer economic and social sustainability from one generation to the next”***



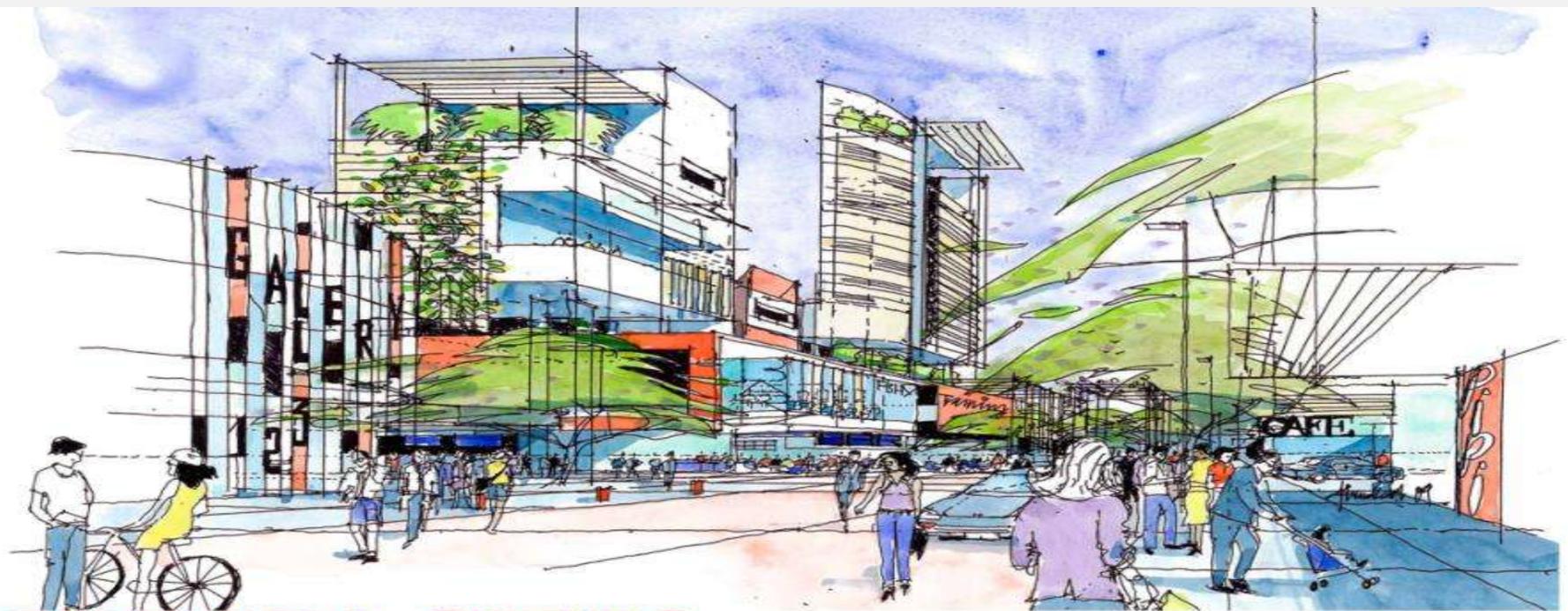
**PILBARA CITIES**  
DEVELOPING THE FUTURE



# Pilbara Cities

- Population centres of 50,000 people;
- Building a place where people want to live;
- A new indigenous future;
- Developing economic diversity;
- Private sector engagement; and
- Building industry capacity substantially increased.





**PILBARA CITIES** uniquely activated mixed-use city streets of daily life

# Karratha



VIEW OF LOT 1 FROM THE SOUTH EAST



**KARRATHA TOWN CENTRE DEVELOPMENT**  
Pt Lot 553, Corner Seapipple Road and Waramble Road, KARRATHA

# Karratha – Town Centre Revitalisation



# South Hedland



north elevation (looking from colebatch west)



elevation

# Private Sector Opportunities

landcorp.com.au/karrathacity&lt;/a&gt; for more information and to download the Expansions of Karratha documents.' and the LANDCORP logo."/&gt;

# Overcoming the silos - an integrated approach



## Political

PM Premier  
Ministers

## Economic

Federal PICC  
DSD RDL  
PDC

## Planning

WAPC  
PRPC DoP

## Stakeholders

Resource Community  
Companies Private sector  
NGOs Indigenous groups



## Infrastructure

Ministerial Taskforce ICC  
LAWG

## Shire

Council CEO  
Reference groups

## Delivery agencies

Horizon LandCorp  
DoH WaterCorp RDL  
MRWA DoHealth

# Factors for Success



- Proactive approach to economic development
- New governance arrangements to drive economic development and infrastructure provision
- Substantial infrastructure investment
- Building on competitive advantage
- Political / Government buy-in and intervention
- Private / resource sector buy-in

***Implementation Framework and Funding Strategy required***

# KARRATHA: CITY OF THE NORTH

## FLY THRU





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# Panellists

- **Chris Adams**, Pilbara Cities
- **Warren Pearce**, Northwest Chamber of Minerals and Energy of Western Australia
- **Kate George**
- **Shelley Pike**, Pilbara Regional Council
- **Ross Holt**, LandCorp



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- ✓Invitations to exclusive member-only events
- ✓FREE information CD to help you excel in your career
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