

To: Western Australian Planning Commission, Department of Planning, Lands and Heritage

Re: Draft Port Hedland West End Improvement Scheme Policy No.1 – West End Precincts

3 May 2021

Introduction

AMEC appreciates the opportunity to provide a submission to the Western Australian Planning Commission's Consultation on the draft Port Hedland West End Improvement Scheme Policy No.1 – West End Precincts (West End Improvement Scheme). We thank the Department for the extension to the due date. Due to the high concentration of mineral exploration and mining activity in Western Australia's Pilbara Region, it is important industry remains engaged in all aspects of planning and development relevant to the region.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry body representing over 350 member companies across Australia, with the majority having project interests in Western Australia. Collectively, AMEC's member companies account for over \$100 billion of the mineral exploration and mining sector's capital value.

The mining and exploration industry make a critical contribution to the Australian economy, employing over 255,000 people, and in 2018/19 collectively paid over \$39 billion in royalties and taxation. In 2019/20 resources companies invested \$35 billion in new capital and generated more than \$176 billion in mineral exports. \$2.8 billion was spent on minerals exploration in 2019/20, representing an 18% increase from the previous year.

West End Improvement Scheme

General feedback

AMEC appreciates the opportunity to provide input to this Policy process, which is intended to guide land use and development within Port Hedland's West End. Development that will maximise regional opportunities and support economic growth to support the needs of the Port Hedland community, with due consultation processes, will attract investment to the precinct.

The Policy's aim of assisting in the implementation of the Western Australian Government's response to the Port Hedland Dust Management Report to Government (2016) and existing spatial arrangements of land uses, will have both direct and indirect impacts on the mining sector. These impacts and their effects on the industry, require consideration given the prominence of mineral activity in the region.

Minerals exported via Port Hedland's port

Port Hedland is arguably Australia's most important port.

In 2018-19, Port Hedland's port was found to contribute \$64.1B to the Australian economy, set to increase even further over the next decade¹. In the 2019-20 financial year, the port saw an increase of 3% of product exported, despite COVID-19 restrictions in the first half of 2020. As the world's largest bulk export port, it is important to note that 99.1% of the port's exports were iron ore, and this represented 59% of Western Australia's total iron ore exports in 2019². Should commodity prices remain favourable and demand continue, predicted increased production could deliver an additional \$21B in taxes and royalties, creating over 5,300 FTE over the next 10 years.

The surging, record level iron ore prices and heightened demand from China as it rebuilds following COVID-19 lockdowns through 2020, will expectedly create even more competition for already limited access to port facilities from our State's iron ore capital. The Port Hedland Industries Council aptly noted that the port's supply chain supports one in every 12 Western Australian jobs; an important reflection of the importance of the port to the economic future of the town, State, and nation¹.

As Western Australian minerals projects increase their output, where possible, to meet heightened demand for iron ore and other minerals, the traffic through the town and the port is expected to grow. It is important that there is infrastructure, realistic zoning and early planning in place to support this heightened demand, and likely need for future port extensions.

The Port Hedland airshed is a limitation on the growth of the Port. Ensuring that the zoning and planning scheme are appropriate for one of the country's most important ports is crucial.

Proposed prohibition of all future residential development

AMEC supports the proposed prohibition of all future residential developments in Port Hedland's west end, based on identified health impacts arising from dust generating Port activities.

Industry is heavily concentrated in Port Hedland, and accounts for 20% of the State's Gross State Product (GSP), and 56% of its mining industry value added in 2018-19².

Our iron ore sector accounted for 82% of WA's royalties in 2019, and 18% of the State Government's revenue in 2018-19³. As lithium prices increase and other critical mineral projects in the State's \$17B pipeline of emerging projects are switched on, it is important that land can be developed for commercial purposes.

The proposal to block residential developments in a busy part of the town, should apply to residential developments only. It is important this will not eventually extend to industrial zoning. It is expected there will be increased demand from residents who have undertaken the Government's relocation incentives, for commercial services within the west end. Meeting this demand will be assisted by the

¹ <https://www.australianmining.com.au/news/increased-port-hedland-activity-to-create-thousands-of-wa-jobs/>

² https://www.jtsi.wa.gov.au/docs/default-source/default-document-library/wa-iron-ore-profile-0520.pdf?sfvrsn=4795711c_4

³ WADepartment of Mines, Industry Regulation and Safety, Resource Data Files; and WA Government 2019-20 Mid-year Financial Projections Statement(December 2019).

availability of land that is suitable for development. It would be pragmatic for the Department to increase commercial services and facilitate future port extensions within this precinct by ensuring residential developments will not compete for limited land availability.

With the number and size of minerals projects ready for development in the short-medium timeframe within proximity to Port Hedland, industry requests more consideration be given to the West End Improvement Scheme, and the commercial services that will support these projects.

The more service providers and suppliers available as a local resource for use by these projects, the more funding there will be within community. As these projects are developed and the workforce increases, there is generally a trend of more job creation, more local service provider engagement, higher job skills, and support behind request for additional schools and medical facilities, to benefit the whole community. However, this growth will be contingent on the ability of development to proceed.

Final comment

AMEC continues to welcome opportunities to engage with the Department as regulatory reforms are undertaken, and opportunities for development considered.

The Policy and Scheme will play an important role in implementing the Government's response to the 2016 Dust Management Report. It is important that any changes or steps forward undergo robust consultation with a variety of stakeholders, including our industry, who is heavily concentrated in Port Hedland, and will be directly impacted by changes to the West End and the port.

AMEC looks forward to continued engagement with the Department as this project progresses.

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Addendum:

Pilbara infrastructure requirements

While not directly related to this consultation process, but important for consideration as other policies and development priorities are initiated, are the hard-infrastructure developments required in the Pilbara. Last year AMEC participated in Infrastructure Western Australia's State Infrastructure Strategy consultation, in addition to ongoing engagement with the Department. We ran a series of working groups with members across regional Western Australia, and found that each locality shared common views expressing the need for freshwater supply and storage, improved road and transport networks, secure lower-cost energy supplies, and training needs.

The following infrastructure developments were suggested as a priority for the Pilbara, and should be considered by the Department, as development policies and Schemes progress.

Centralised energy waste recycling facility

A multi-user, multi-commodity, energy waste recycling facility in the Pilbara would improve sustainable development practices in the region. With the heavy presence of mining in the prospective Pilbara area, the need for innovative and more neutral ways to handle waste are required.

The development of an energy waste recycling facility would encourage more efficient energy and waste management practices, with low transport costs, and create a pipeline of regional jobs. As this would be a long-term facility, the development through to operation of the project would encourage a wide variety of community engagement, boosting relations between industries and residents.

The opportunity for innovative recycling initiatives, such as the current tyre recycling initiative, will prompt more sustainable ways of dealing with waste and transform industry into the future, for the better.

Improve the road network from Perth to the Pilbara

Large steel structures manufactured in Perth are currently limited by choice of the transport route to the Pilbara, due to limited road network options. As such, materials required in the Pilbara are imported from other locations rather than from within WA. The development of road networks capable of supporting road-vehicles carrying large structures presents WA with the opportunity to increase the manufacture of steel infrastructure, for local use. The opportunities are circular and present long-term, multi-user benefits across the State.

Infrastructure Corridors and Plug-and-Play-land

AMEC recommends the Planning Commission considers the development of a strategic infrastructure corridor to support the growing demand for Australia's mineral offerings, including ores and our developing downstream, value-added critical minerals. These corridors link industries with reliable transport and energy networks, providing fast access to supply chains. In locations where they have been established, there has been associated investments into primary and secondary supporting industries. Alongside plug-and-play land, such as the Wedgefield Industrial Park, land that is ready for development as environmental approvals and permits are already in place, will significantly streamline lengthy and often cumbersome approvals processes.

The Kwinana Industrial area is a great example of a cluster of supporting industries within close proximity, supplying and providing each other with industrial processing operations services and materials. The strategic location with accessible port facilities has encouraged many supporting services operations to further embed the industrial base of the area. The provision of key production inputs and export facilities has proven successful and generated large revenues for several decades.

Strategic developments such as infrastructure corridors and plug-and-play land present welcome opportunities for long-term economic and social benefits to the region they are located in. With associated streamlined approvals to attract genuine investment, the development of supporting industries would diversify our supply chains, and create long-term job opportunities and a highly skilled workforce.

Develop the Newman to Marble Bar road

The ongoing safety concerns relating to this road continue to be raised to the WA Government. There have been multiple deaths, raising huge safety concerns for industry due to the state the road is currently in. Safety is paramount to industry, but they need Government to play a role in ensuring this safety by addressing significant concerns relating to roads that are outside of the mining industry's jurisdiction.

Iron ore, gold, and bulk commodity mining companies, plus pastoral users would all benefit from the development of this critical road.

Integrated power network

Industry is reliant on secure, stable and affordable power to source their operations. The longevity of mining operations in the Pilbara requires readily accessible power supplies.

The current connection of mining networks to power grids is not a sustainable, efficient use of energy, as the amount of power required by mining services can be three times that of a town's entire supply. Shared power use where the mine site competes with the residents for power creates conflict.

One suggestion to address these issues, experienced across most mining towns in the State, is reticulating gas. By extending gas pipelines and/or enabling gas-fired power stations to be developed nearby, towns and mine sites would both be able to utilise the same power source without competition, and for a much lower cost.

Current Government subsidies providing remote towns with unreliable power sources are extremely costly to the State. The benefits from a stable and lower cost power supply would enable the expansion of mining activity, amortizing the cost of the extension in a commercial manner over time.

Public access import and export capacity improvements

The strength of the mining sector throughout COVID-19 was demonstrated by the exports for the State continuing at a steady pace despite much of the world's operations stopping. Logistics in accessing import and export facilities are already experienced by most mining companies in the Pilbara, as the current port is monopolised by a few large mining companies.

Smaller miners with diverse commodities struggle to gain fair access to import and export capacity as a result. As production and demand continue to increase, they need a guarantee they can export their products to the market. The Lumsden Port concept is still some time away, and until that can be addressed, existing facilities can be expanded to cater for the smaller companies who do not have a fair share of access.