



# Economic Development and Tourism Strategy

## Consultation Summary

*Report prepared for*

**Town of Port Hedland**

May 2021



**LUCID**  
ECONOMICS



# lucid

*/ˈluːsɪd/*

*adjective*

1. expressed clearly; easy to understand

2. bright or luminous



## Document Control

Job Name: Port Hedland EDS  
Client: Town of Port Hedland  
Client Contact: Laura Hawes

### Version Control

Version	Date	Authorisation
Draft v1	06/05/21	OH

#### Disclaimer:

While every effort has been made to ensure the accuracy of this document, Lucid Economics Pty Ltd is unable to make any warranties in relation to the information contained herein. Lucid Economics Pty Ltd, its employees and agents accept no liability for any loss or damage that may be suffered as a result of reliance on this information, whether or not there has been any error, omission or negligence on the part of Lucid Economics Pty Ltd, its employees or agents. Any forecasts or projections used in the analysis and relied upon for any findings can be affected by a number of unforeseen or unknown variables, and as such no warranty is given that a particular set of results will in fact be achieved or realised.

# Table of Contents

---

<b>Table of Contents</b> .....	<b>ii</b>
<b>1. Introduction</b> .....	<b>1</b>
<b>2. Consultation Process</b> .....	<b>2</b>
<b>3. Stakeholder Feedback</b> .....	<b>3</b>
3.1 Community, Business and Government Alignment .....	3
3.2 Workforce Attraction and Retention.....	4
3.3 Community Perception and Liveability .....	4
3.4 Strategic Industrial Land Development .....	5
3.5 Residential Land and Housing Sustainability .....	6
3.6 Capture of Local Spend.....	6
3.7 Emerging Industry Opportunites .....	6
3.7.1 <i>Net Zero Emissions</i> .....	6
3.7.2 <i>Maritime Education</i> .....	7
3.7.3 <i>Battery Critical Minerals Processing</i> .....	7
3.7.4 <i>Mining, Engineering and Technology Services (METS)</i> .....	7
3.7.5 <i>Automation</i> .....	8
3.7.6 <i>Land and Environmental Management</i> .....	8
3.7.7 <i>Corporate Business Travel and Tourism</i> .....	8
<b>4. Summary and Next Steps</b> .....	<b>9</b>

# 1. Introduction

---

Lucid Economics Pty Ltd (Lucid Economics), and our project partner, RFF Australia, have been engaged to deliver an Economic Development and Tourism Strategy on behalf of the Town of Port Hedland.

The initial background and research report prepared in phase 1 of the project identified the following:

- Population growth in the Town of Port Hedland has been volatile, which is partly due to the volatile nature of the resource and mining sector (particularly considering the previous mining investment boom).
- The Town of Port Hedland suffers one of the largest rates of population churn (i.e. the volume of local residents arriving and departing each year) in the nation, the fifth largest for towns with over 5,000 population.
- The economy is fully dominated by mining and resources and specifically iron ore. While the sector is very valuable, makes a significant contribution to the local economy and will be active in the town for the foreseeable future, the economy is at risk from this dominance. Diversifying the economy away from iron ore would be close to impossible. However, instead the focus should be on fully leveraging the future opportunities that the significant mining and resource sector can bring, including associated supply chain (both in terms of products and services) as well as ancillary and similar type industries, including large-scale processing and production.
- Tourism remains a very small part of the Town of Port Hedland economy, however, it injects \$175 million into the local economy, mostly to locally owned small businesses. At the same time, there is a lack of visitor experiences and product. Embracing the area's significant mining and resource sector as a visitor experience (i.e. the largest bulk export terminal in the world) is an example of how to embrace the local competitive advantages and leverage them for tourism gains.
- Based on a number of factors, the local economy could be on the verge of another growth cycle. As such, the Town of Port Hedland needs to ensure that it is prepared to capture future economic growth from this cycle.

Feedback has since been received from the Town and will be considered/ incorporated into the final economic development strategy.

Project consultation commenced to support development of the economic development strategy subsequently commenced in March 2021. This report contains the findings from the consultation phase of the project, which combined with the background research, will provide the foundation for the strategy.

## 2. Consultation Process

---

The approach to stakeholder engagement was developed in consultation with the Town of Port Hedland. The approach to consultation was agreed on undertaking one-on-one in-person, online or phone meetings with a diverse set of stakeholders relevant to Port Hedland's economy. This approach was chosen based on Lucid and RFF experience (supported by the Town) that information gathered through a conversational approach with individual stakeholders can provide more opportunities to explore unique issues or examples of factors affecting the economic development in the Town of Port Hedland.

The themes for the discussions revolved around the following:

- What are the advantages of doing business here? (what are the strengths of the location)
- What are the weaknesses of doing business here? (what are the disadvantages, the barriers)
- What opportunities do we have to grow this economy? (generally around industry opportunities, but could include specific business opportunities or infrastructure that is required, this would include identifying the gaps in the local market)?
- What should the Town be doing to drive economic growth role? (obvious for the chamber stuff, this is what is the Town's role)?

A key stakeholder list was developed in consultation with the Town and meetings were arranged to be held between March and April. Meetings have been undertaken in Perth, Karratha and Port Hedland in person as well as via phone and virtually (where in-person meetings could not be arranged). Stakeholders have included:

- Small local businesses;
- Tourism Operators and Industry representative bodies;
- Key state government agencies;
- Industry representative bodies;
- Infrastructure operators/ managers;
- Individual resources companies;
- Property and real estate business.

In addition, some information received via the Port Hedland Chamber of Commerce and Industry through their Economic Development Action Plan consultation has further provided feedback from stakeholders.

In some instances, best endeavours were made to contact identified stakeholders. However, contact and a meeting time were unable to be arranged within the agreed timeline for the stakeholder consultation phase. As required and opportunities exist, engagement with these stakeholders will take place and be incorporated into the development of the strategy.

### 3. Stakeholder Feedback

---

The stakeholder feedback received remained broadly consistent and several key themes emerged during the consultation which are discussed further below. These themes includes:

- Local Government, Business and Community Alignment on Port Hedland’s economic role and future;
- Workforce recruitment and retention challenges which increase organisation risk profiles when considering growing;
- Enhancing the liveability of the Port Hedland community through improved amenity, social and commercial infrastructure;
- Addressing underlying national perception of Port Hedland, whether it is as a place to live or the knowledge of its relevance to the state and national economy;
- Leveraging industry motivation to invest in and achieve net zero carbon emissions between now and 2030 or 2050 depending on the business and the sector and reduce waste output;
- Creation of new tourism product including events and aboriginal tourism experiences, with potential focus on the business tourism sector;
- Enabling access to and investment in both industrial land, with particular reference to suitable sized, serviced located landholdings to support the bulk commodities sector and emerging critical battery minerals sector;
- Greater transparency of local procurement outcomes in terms of real tangible spend in the local economy;
- A solution to a more sustainable supply of residential housing to support growth.

#### 3.1 Community, Business and Government Alignment

There was a general expression amongst stakeholders that there must be improved clarity and consistency of messaging as to the aspiration Port Hedland’s community about its future and role in the economy. It was strongly recommended that key representative bodies come together to provide a clearer, coordinated and aligned message to the business sector about:

- Port Hedland as a place to live;
- Port Hedland’s support for industry, particularly that of the bulk commodities sector;
- Major project initiatives and investment opportunities supported by all stakeholders.

In this context, many stakeholders emphasised that campaigns can assist at a broad scale, however there must be an underlying sense of cohesion and cooperation at a local level to provide the foundation to any such campaign.

Stakeholders cited that the Town of Port Hedland has an important role in defining the vision for the future, achieving alignment and driving implementation of initiatives and partnerships.

It was also highlighted that approaches to economic development should seek alignment wherever possible with the strategic direction set out by Industry, Federal and State Governments. As an example, the WA Government identified seven priority sectors where WA’s strengths meet global demands and development may increase potential investment and secure, quality jobs for the State.

These priority sectors include:

- Primary Industries
- Defence Industries
- Health and Medical Technology
- International Education
- Tourism, Events and Creative Industries
- Mining and METS
- Energy.

The economic development strategy should provide clear links to such priority sectors (where possible) to ensure interest an investment can be captured from both Government and Industry wherever possible.

### **3.2 Workforce Attraction and Retention**

There are several distinct elements relevant to this matter outlined below. Fundamentally however, many businesses expressed:

- A challenge in recruiting workforce due to underlying perceptions of the living conditions and lifestyle offered in Port Hedland;
- A challenge in retaining workforce due to a lack of community, retail and hospitality services in the community, alongside, broader public realm amenity and social challenges;
- A highly competitive recruitment market with recruitment and employment market where employers cited that employees change roles amongst businesses for any marginal increase in pay (which also bids up local salaries)
- The lack of security in attracting and retaining staff, complemented by the high overall cost of the labour force (high wages, plus housing, additional leave etc.) are significant deterrents to business scaling up operations in Port Hedland.

The primary opportunities suggested to mitigate these challenges include:

- Improving the image of Port Hedland at a state and national scale;
- Investing in training and education of multi-generational families which have set roots within Port Hedland;
- Pursuing direct migration opportunities for the workforce; and
- Enhancing the experience of Fly-in/ Fly-out workers whilst in Hedland.

Some of these matters are discussed further below under other themes.

### **3.3 Community Perception and Liveability**

Linked to population growth and also population churn, the liveability of Port Hedland was consistently highlighted as a key area where dedicated focus and leadership is required from the Town of Port Hedland.

Opportunities expressed include:

- Development of a clear brand for Port Hedland and investment in changing established perceptions of Port Hedland amongst at a State and National level;
- Continued investment in social infrastructure that can attract and retain women to the community noting the continued progression to increase workforce diversity, particularly in the resources sector;
- Improvements in the quality and availability of early and high-school education;
- Enabling hospitality and retail operators to expand their offering;
- Enhancing the public realm throughout Port Hedland and South Hedland, including the Port Hedland foreshore, South Hedland town centre and South Hedland residential areas;
- Managing public safety and youth delinquency.

### 3.4 Strategic Industrial Land Development

A consistent theme through the engagement phase was hardship in accessing industrial land linked to new major investments, which has overtime led to:

- Fragmentation of industrial operations (i.e. proliferation of industrial uses along Great Northern Highway towards Broome) diminishing the benefits of colocation and critical mass which could support new supporting industries to emerge; and
- Lost opportunities in terms of the establishment of new business in Port Hedland, with them either locating elsewhere (current risks with Hastings Technology Metals) or never eventuating (i.e. New Energy Corporation Boodarie Facility).

Some of the underlying challenges which were influencing this include:

- The State Government's approach to the development of Strategic Industrial Areas which is reliant on a 'foundational proponent' to develop multi-user infrastructure capable of enabling broader growth in the precinct;
- A perception that Strategic Industrial Areas primary purpose is primarily for down-stream processing whereas in Hedland, strategic industry may also include supporting industries to the bulk commodities sectors efficient operations;
- A reliance on the State Government to provide adequate funds to DevelopmentWA to ensure industrial land is available to respond to a highly volatile market;
- Onerous development controls on building design which are contrary to Hedland's industrial scale, bulk haulage operations;
- A desire for flexibility in terms of lease or purchase of land given some contractors may be mobilising to Port Hedland for short-term fixed contracts where the capital outlay for purchase is not feasible.

Opportunities to drive better outcomes in this space were suggested to include:

- Ensuring planning controls are not onerous on industrial project developments;
- Supporting interested businesses looking to expand or establish in Hedland to navigate the land access and approvals pathway which is unique when compared with conventional property markets;
- Financing development of business cases; or even the development of land and infrastructure to ensure there is an unencumbered pathway and time-line to bring land to market in response to rapid changes in the local economy (and at an affordable cost).

### 3.5 Residential Land and Housing Sustainability

Hedland's highly volatile housing sector was a consistent theme throughout consultation. The lack of available housing, quality of housing and the urban environment of housing were all primary issues which were considered to hold back population growth, workforce attraction and contribute to the high churn rate in the community. These same issues have often led to significant pressure on housing costs (driving them up and down), which has then also contributed to lack of population growth, workforce attraction and the high population churn.

Opportunities indicated to assist to improve this housing outcome included:

- Leverage state and local government's own housing growth requirements as a primary purchase of land and builder of new housing in the market;
- Ensuring new land and housing can be made available in Port Hedland as the community grows;
- Partnering with industry to finance development of business cases; or even the development of land to ensure there is an unencumbered pathway and time-line to bring land to market in response to rapid changes in the local economy;
- Improving engagement with the finance and banking sectors to enable more affordable and easy to obtain finance both for house purchaser and land developers;
- Continuing to advocate for methods to achieve lower fixed holding costs of housing including insurance and public investment in infrastructure.

### 3.6 Capture of Local Spend

Whilst there is continued efforts being made to increase the level of local spend by industry and government, concerns were raised about the 'real' impact of these initiatives in terms of direct flow through to the local economy. It was expressed that companies are leveraging a small local presence to secure work and then outsource back to Perth or other urban areas to deliver the bulk of the project, diminishing the 'direct impact'. Opportunities to better understand and report on direct local spend outcomes may lead to greater endeavours to locate a larger proportion of operations into the Hedland.

### 3.7 Emerging Industry Opportunitites

#### 3.7.1 Net Zero Emissions

Many key stakeholders were aware of the desire of major industry to drive an agenda towards net zero emissions as part of their operations in Hedland and globally. This was perceived as a significant opportunity to diversify Port Hedland's economy:

- Development of renewable energy sector leveraging the regions climate which may have capacity for export;
- Assisting with the transition of the heavy haulage operating around Hedland to net zero battery/ fuel source;
- Leveraging the rangelands to explore carbon capture, storage and regeneration as an offset opportunity;
- Enabling renewable energy at source, close to the community and port to deliver net zero solutions for Hedland community as a whole;
- Enhancement in the waste management and recycling sector
- Integrating net zero goals into small to medium business operations to increase alignment with major industry ESG directions.

Issues enabling such outcomes being successful for Port Hedland include:

- State Domestic Gas Policy considering the refueling of vessels in Port Hedland an ‘export’ utilising the domestic gas network which is not supported unless there are exceptional circumstances;
- Straightforward accessibility to the North-West Interconnected System for new energy generators;
- Availability of land to support larger scale renewable energy infrastructure given underlying tenure challenges; and
- Enhancement in technology to achieve equivalent energy density outcomes in the heavy vehicle and haulage sector.

### **3.7.2 Maritime Education**

The growth in Port Hedland’s port operations and an increase in the number of people needed to service port operations has been identified as a potential opportunity for Hedland to develop a new maritime education precinct. The potential availability of land nearby the port which is arising through the West End Voluntary Buy-Back could be an enabler for this initiative, and could possibly support an international student economy.

### **3.7.3 Battery Critical Minerals Processing**

The emergence of demand to rapidly progress toward a net zero solution globally has resulted in strong interest to progressed development of battery critical minerals. Mining in and around Hedland of some metals including Lithium has already commenced, however limited processing of minerals is occurring. Emerging miners linked to rare earths, manganese, copper and vanadium are also exploring either processing or exporting of materials through Port Hedland (i.e. Element25, Hastings Technology Metals, Rio Winu Project).

The proximity of operations to Port and growing limitations on the capacity accommodate movement of bulk commodities through the port could provide an opportune basis to encourage processing of minerals prior to export within the Boodarie Strategic Industrial Area. Strong incentives would be needed to motivate this outcome, including access to affordable power, water and land.

### **3.7.4 Mining, Engineering and Technology Services (METS)**

Whilst METS encompasses a significant component of Port Hedland’s economy it was discussed that there are significant opportunities to further strengthen the local communities METS capability to support the bulk commodities and emerging mineral producers in the region. Key areas identified include:

- Professional Services including engineering design, EPCM, tenement management which are predominantly imported into the region;
- Enhance local heavy plant and machinery maintenance as the mining sector’s output continues to grow and diversify;
- Exploration and drilling following the significant expansion in exploration activity in the region driven by a need to identify and develop emerging minerals.

### 3.7.5 Automation

Automated mine vehicles, rail and also the haulage fleet (through the likes of platooning) are continuing to be pursued by the resources sector. Whilst risks are posed to future employment, Hedland's highly efficient transport network offers unique opportunities to engage with the trial and development of new automation technology where the right investment and human capital can be attracted.

### 3.7.6 Land and Environmental Management

There is growing momentum to enhance the opportunities for land management activities to have a more direct integration into the local economy. This opportunity represents a new approach to create new jobs for Aboriginal people on Country. Aside from core land management measures, opportunities for fee for service arrangements could create more sustainable jobs, less reliant on periodical funding agreements.

- Land and Social Carbon Capture;
- Cultural Awareness and Tourism;
- Compliance and Monitoring

### 3.7.7 Corporate Business Travel and Tourism

The primary driver of Port Hedland's tourism sector is linked to business travel. The opportunity to enhance the capability of the region and Hedland specifically to cater for large scale resource focused events; and to offer the quality and availability of amenity needed to encourage business travellers to extend stays could form a strong foundation to Hedland's tourism economy, and lift the quality and standard of hospitality and retail offerings for the broader community.

In addition, continued investment to improve our exposure to the leisure market through more accessible and better quality core infrastructure (i.e. visitor centre, caravan parks), and interpretive information and engagement on industrial tourism could enhance the visitor experience and entice visitors typically driving through to stay overnight and spend in the local community.

## 4. Summary and Next Steps

---

This report provides an overview of the key findings from the consultation phase of the project. These findings will be developed together with the background research and in consultation with the Town of Port Hedland to develop the Economic Development and Tourism Strategy.

It is clear from the engagement phase that there is a strong role and opportunity for the Town of Port Hedland to drive population growth and investment through:

- Advocacy and leadership on Port Hedland's future;
- Improving partnerships and messaging on the opportunities Port Hedland offers to individuals, families and businesses;
- Outwardly engaging with emerging industries and mineral resources projects to encourage investment within Port Hedland;
- Continuing to invest in community and social infrastructure, particularly those where their may be market failure or where the State Government can't justify investment in its own right to enhance the liveability of the community;
- Driving a land development agenda to ensure the both industrial, commercial and residential housing is able to be delivered in a timely manner through investment;
- Working with State Government and Industry to collectively build new housing stock within greenfield housing projects as a means to enable project viability and limit intervention in the private housing market;
- Driving a new approach to the protection of Boodarie for down stream processing and developing an alternative narrative as to what 'Strategic Industry' means for Port Hedland;
- Developing a whole of community and business sustainability and net zero strategy which drives innovation and collaboration;
- Actively supporting the vision and redevelopment agenda for Port Hedland's Maritime Precinct and Maritime Education Project;
- Embracing automation, technological advancement in mining and haulage automation be encouraging colocation and collaboration between operators and innovators;
- Developing partnerships with Traditional owners which leverage knowledge of Country to enhance land management outcomes, cultural tourism and also support achievement of regulatory obligations;
- Investing in tourism infrastructure capable of enabling growth in the corporate tourism sector and building visitor infrastructure that is high profile, accessible and capable or providing a meaningful experience and understanding to visitors of the size and scale of Port Hedland's industrial and logistics operations.

The next phase will include a workshop with the executive and management where a series of concepts to enhance and build Hedland's economy will be workshopped.



**LUCID**  
ECONOMICS

**Lucid Economics Pty Ltd**

[www.lucideconomics.com.au](http://www.lucideconomics.com.au)

[info@lucideconomics.com.au](mailto:info@lucideconomics.com.au)

ABN 67 600 265 567