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Transitional Regional Economies
Productivity Commission
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The Peel region of Western Australia faces significant challenges in successfully transitioning to a more sustainable economic base due to the transition from the mining investment boom to broader-based growth.

The Peel region is likely, from any examination of economic and social data, to make a less successful transition from the resources boom than other parts of the country.

The Peel is located 75 kilometres south of Perth with a geographic area in excess of 5,500 square kilometres and a population of 128,7985. There are five local government areas in the region including the City of Mandurah and the Shires of Boddington, Murray, Serpentine-Jarrahdale and Waroona.

The Peel region has the highest average annual growth rate between 2010 and 2015 at 4.2% (compared to 2.5% for WA). The Shire of Serpentine-Jarrahdale grew at 7 per cent in the same period.

These growth rates resulted in significant economic gains and employment opportunities in the land and housing development sector in the region, as developers responded to some of the fastest residential growth in Australia.

A subsequent oversupply, given lag factors, particularly in multi-residential developments, has resulted in pronounced downward movement in prices and substantially reduced employment in the sector.

Compared to jobs across Western Australia, the Peel has a higher proportion of employees in retail, manufacturing, health care, accommodation and food services. A significant number of SMEs (63%) are non-employing and 22% employ 1 – 4 employees.

In 2013 the two WA Local Government Areas contributing the largest share of their own residents to mining areas external to the Peel region (FIFO workers) were Mandurah (3.8%) and Murray (3.3%). In the Shire of Serpentine-Jarrahdale 2.4% of residents worked in mining areas.¹



The Peel's minerals sector produces alumina, gold and copper and is, by value, the third largest mineral producing region in Western Australia. This sector is the 'strong base' of the region's economy in terms of money contributed to the area's gross regional product of \$11.1 billion.

At the 2011 ABS Census, nearly 8% of regional employment was attributed to mining related activity.

Anecdotally a large proportion of these FIFO workers were employed in the construction phase of mining developments outside the Peel region. Since these developments have moved to their operational phase there have been some significant movement in key social and economic indicators:

- 6210 is one of the seven worst postcodes for number of mortgage arrears in WA.ⁱⁱ
- A negative growth rate for Mandurah houses (-6.1%) and units (-14.9%) over the past 12 months, Byford houses (-4%) and Pinjarra houses (-1.4%) and land (-15.6%).ⁱⁱⁱ
- Between September 2015 and September 2016 the number of Newstart recipients increased in Serpentine-Jarrahdale (by 35.9%), Mandurah (by 22.3%) and Murray (by 22.0%).^{iv}
- At the September 2016 quarter, Peel's unemployment rate was 9.7 per cent compared to the State average of 6 per cent. This includes the City of Mandurah unemployment rate of 11.5 per cent and 10.7 per cent unemployment rate in the Shire of Murray.
- Youth unemployment rate is estimated at 19.3 per cent.

To change the structure of the Peel region's economy and develop a broad sharing of opportunity consistent with the national growth outlook the Peel region has developed the *Transform Peel* initiative which has been put forward to be identified as a priority in the 2017-18 Pre Budget Submission process.

Transform Peel is a \$68.8 million program that will change the Peel region's future, provided Australian Government funding is secured.

It comprises a 28,000 ha Peel Food Zone, a 1,000 ha Peel Business Park, the Peel Integrated Water Initiative and a Program Governance and Enterprise Support initiative. It is a 35 year program with an estimated annual economic output of \$16 billion when fully developed by 2050.

The commencement of the program by the Peel Development Commission (PDC) has been achieved by Stage One Activation funding of \$49.3 million from the Western Australian State Government's Royalties for Regions program through the Growing Our South Initiative in April 2016. A Federal investment of \$19,524,490 will enable the program to be completed by the PDC resulting in the following regional benefits:

EMPLOYMENT - 33,000 new jobs by 2050. A significant boost, particularly to meet employment and training needs for youth;

INNOVATION - Smart thinking and Innovation - Big ideas to inform more efficient and sustainable food production, water use and cutting-edge industries;

ENVIRONMENT - The Peel-Harvey Catchment is under stress - Water capture, treatment and storage will be sustainable and reduce nutrient run-off by 50%.

Other benefits that will be realised by *Transform Peel* by 2050 are:

- \$16.2 billion of economic output per annum;
- \$1.8 billion of export value per annum;
- \$5.3 billion per annum gross value add;
- \$50 million per annum additional rates income for local governments;
- \$600 million (land sales only) private sector investment at full build out;
- \$2.5 billion private sector investment in buildings in the Peel Business Park.

Despite its ongoing issues the Peel region appears to have been ignored in the past when requesting Australian Government assistance and intervention. Examples of this include the low approval rate for National Stronger Regions Fund applications and the fact the Regional Jobs and Investment Package has been implemented in a number of Eastern States that are not being impacted as severely as the Peel region.

If you require any further information in regard to this matter please contact:

John Lambrecht
Chief Executive Officer

Thank you for the opportunity to make this submission.

Regional Development Australia Peel has lodged a Registration of Interest with the Transitioning Regional Economies Inquiry.

Yours sincerely

Paddi Creevey OAM
Chair

15 February 2017

ⁱ <http://blog.id.com.au/2013/economy/australian-economic-trends/fly-in-fly-out-workers/>

ⁱⁱ <http://www.propertyobserver.com.au/financing/loans-and-mortgages/18002-monday-the-five-worst-postcodes-for-mortgage-arrears-in-wa-fitch-ratings.html>

ⁱⁱⁱ <https://www0.landgate.wa.gov.au/property-reports/market-trends/suburb-sales-statistics#>

^{iv} <http://data.gov.au/dataset/dss-payment-demographic-data>