



**Shire of Derby /  
West Kimberley**

# SHIRE OF DERBY/WEST KIMBERLEY

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Dr. Lorraine Abernethie, PHD  
Principal Research Officer,  
Economics and Industry Standing Committee,  
Parliament of Western Australia,  
Parliament House,  
PERTH. W.A. 6000

Dear Lorraine,

## **PARLIAMENTARY INQUIRY – ECONOMIC IMPLICATIONS OF FLOATING LIQUEFIED NATURAL GAS OPERATIONS**

The Shire of Derby/-West Kimberley (Shire) appreciates the opportunity to provide a submission to the Economics and Industry Standing Committee (Committee) to assist the inquiry into the Economic implications of Floating Liquefied Natural Gas (FLNG) operations.

The Shire firmly believes that the advent of FLNG will allow for far reaching economic benefits to be delivered to motivated communities. The Shire is actively working with the community as well as the private sector to deliver mutually beneficial outcomes to the region and industry.

### **About the Shire of Derby/-West Kimberley**

The Shire of Derby/-West Kimberley originated as the West Kimberley Road Board in 1884, in 1961 the name was changed to the Shire of West Kimberley and a further name change occurred in 1983 to the current name of the Shire of Derby/-West Kimberley.

The Shire of Derby/-West Kimberley covers a vast area of 118,560 square kilometres and is located more than 2,300 kilometres north of Perth. Within the Shire there are numerous Aboriginal communities and two main towns - Derby and Fitzroy Crossing being the main population centres.

In 1880, sheep stations were built nearby the Derby Township at Yeeda and a landing port was constructed. The massive 11 metre (36 feet) tides, rips and scattered islands of the Dampier Archipelago made the port necessary for the development of the West Kimberley outback.

In 1885, a jetty was constructed to service the growing pastoral areas and the thousands that flocked to Western Australia for the gold rush.

*The True Kimberley*

In more recent times with the discovery of mineral and oil and gas deposits in the region, the Shire has again been central to the commercialisation of the region. Developments such as the Iron Ore mines of Koolan and Cockatoo Island, Ellendale Diamond Field east of Derby and Lead and Zinc exports from Cadjebut all recognise the importance of Shire in commercialising their tenements.

Today the Shire is poised to be central to the ongoing development of the West Kimberley region and is working tirelessly to realise the potential of the nearby oil and gas fields to the region.

To date the Shire has been instrumental in its advocacy of a deep water Port at Point Torment which is a registered DSD project. This project, as well as upgrades to existing Shire assets such as the Derby Airport and the Derby Export facility (Derby Wharf) are intended to provide benefits for the oil and gas industry.

### **Floating vs land based processing**

The Shire notes the industry move to what is considered to be more innovative technology such as FLNG. It is hoped that the continued optimisation of the industry will allow the Kimberley to benefit from the developments for many decades to come.

With the industry's utilisation of such technology brings the opportunity for benefits to be delivered to a broad range of communities who are willing and motivated to be proactive. Rather than having all economic benefits isolated to one site, as with land based processing, the advent of FLNG will now allow for communities across the region to benefit through direct employment, local contracts, multiplier affects and so on.

The Shire is eager to work not only with the private sector but also government to assist with the delivery of mutually beneficial outcomes which will contribute towards the Federal Government's Vision for the North of Australia.

### **Historical economic development projects**

Two previous projects have affected Derby in the past five years. The benefits are worth consideration, particularly noting that in the context of FLNG projects, they are relatively small in size. The Shire highlights that both of these examples were heavily supported by the community of Derby.

#### **Curtin Detention Centre**

At the time of construction in 2008-2010 the Australian public had a very bad view of detention centres and it was believed that Australian communities did not support these centres being located within their town sites.

The attached transcript from an ABC radio interview in 2010 shows the great level of community support that the community of Derby gave to the facility. The roll on effects of this development were increased housing and land developments, additional government investment into services such as health, education, police and great opportunities for local business development.

#### **West Kimberley Regional Prison**

Located south of the intersection of the Gibb River Road and Derby Highway, the West Kimberley Regional Prison Project was developed to meet the unique cultural needs of Aboriginal people through the design, building and operation of the West Kimberley Regional Prison.

The Prison was designed for 120 male and 30 female inmates who are accommodated in self-care units. The units were been designed to support prisoners in keeping or developing life skills including cooking, cleaning, and budgeting.

The flow on benefits of this project has built upon the benefits delivered by the Curtin Detention Centre and together they have delivered:

- Major hotel and restaurant development (spinifex hotel)
- 50 room hotel extension (Derby Lodge extension)
- State government commitment to \$2.8m in funding for the Derby Aboriginal Hostel Expansion (Kabayji Booroo Aboriginal Hostel) to provide an additional 20 beds.
- State Government commitments to the development of the Derby Indigenous Short Stay Accommodation project to provide 50 beds.
- Upgraded Police Station
- Six new residential subdivisions approved (Total Yield 435 lots)
- High School extension
- Government investment in the improvement of recreation infrastructure
- Population growth of 5% in the years from 2006 – 2011, reversing a trend of rapid decline which saw Derby's population decline 15% in the 5 years prior to these projects commencing.

### **FLNG support Infrastructure**

The Shire controls two strategic assets within the Derby Township which it considers to be ideal for the development of supply base activities, namely the Derby Airport and the Derby Wharf.

The Derby Airport is a 260ha freehold site which is located 8km from the Derby town site. Following interest from the private market, throughout 2012 and 2013, the Shire commenced a competitive process whereby a preferred proponent will be appointed for the development of this asset. Discussions with providers represent genuine interest for Derby to provide a strategic base to support FLNG. It is closer to gas fields than James Price Point, less environmentally sensitive and also in much closer proximity to an urban centre that can support the industry with appropriate services.

The Shire controls the Derby Wharf under a long term lease from the Department of Transport. This facility is arguably the closest marine facility to the gas fields of the Browse basin. The Facility has the current capability for roll on - roll off (RORO) barging as well as crane barging. As with the Derby Airport the Shire has been approached by a number of private investors to deliver upgrades to this asset.

In response to the interest generated from the private market, the Shire has adopted a longer-term approach and view to the development of its infrastructure. Understanding that the current driver for investment is geared towards capturing the lucrative oil and gas business, the Shire is supporting development on the proviso that future tangible benefits to the agricultural industry and other industries such as coal and others are also delivered.

In taking this approach the Shire considers that the legacy from oil and gas development in the region will be the realisation of the Fitzroy Valley's true potential for agricultural and mineral outputs. The Fitzroy Valley, historically identified for major agricultural development, is now under serious investigation from the Barnett government through their \$300 million agriculture package. Development of improved connections to Asia through air and sea will be important in realising these remotes locations agricultural potential.

## **Supportive Communities**

The Shire of Derby/-West Kimberley benefits from having a community which is very supportive of development. The community understands that development is necessary in order to allow Derby to continue to grow and have the potential of the region realised.

An example of this support comes from the Shire's first recorded protest in 1999. The community turned out in force to show its support for a tidal power project when it was perceived that there was insufficient government support for the initiative. It is noted that recently in 2013 this project received environmental approval to proceed.

## **Local Content**

It is understood that during the course of the inquiry a lot of attention has been placed on local content. The Shire agrees that local content is an important element of any development which may have effect on a community but considers there is a joint responsibility for the community and business owners within the community to be proactive in delivering services to the developments.

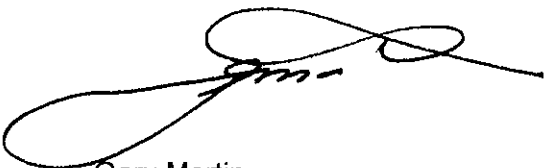
Taking the Wheatstone LNG project as an example whereby Chevron publically committed to delivering local benefits of employment and downstream contracts to the local community. It is understood that the reality of the implementation has been vastly different. Feedback received from local business owners suggest that this has not been delivered due to a number of factors relating to the lack of alignment between the community, Chevron and its contractors.

The Shire of Derby/-West Kimberley considers that the delivery of local benefits through the use of local resources can only be delivered if both the resource companies and the community work together to deliver this outcome. Furthermore, the delivery of social infrastructure through FLNG agreements can still be achieved consistent with the onshore LNG approach if a collaborative approach is adopted. This ensures local communities benefit and also limits exposure to large scale social disruption that has been experienced in other regional communities as a result of a mass influx of construction workers, severely affecting housing affordability and access to basic services.

The Shire appreciates the opportunity to make this submission to the committee. It is the firm belief of the Council that the benefits of any industrial activity will benefit communities that are open to receiving them and Floating LNG vs Land based processing is no different. As is evidenced above, the Shire and community are very supportive of development and are eager to work with Government and Industry to deliver mutually beneficial outcomes that leave a long term legacy to the region.

I confirm that representatives from the Shire are willing to travel to Perth to provide oral evidence if required.

Yours faithfully,



Gary Martin  
**ACTING CHIEF EXECUTIVE OFFICER**

## **Attachment 1 – transcript from ABC radio interview upon the opening of the Curtin Detention Centre**

ELEANOR HALL: It used to be called a 'hell hole' but the Curtin detention centre in Australia's remote north-west is open for business again.

Nearly 200 Afghan asylum seekers were transferred to Curtin from Christmas Island over the weekend.

All of the detainees are men who are subject to the Federal Government's processing suspension. And residents and businesses in the nearby town of Derby have welcomed the reopening, as David Weber reports.

DAVID WEBER: I'm standing outside the gates to the Curtin Detention Centre. The accommodation is a short distance inside, but it's out of sight. No one is allowed to go in without the proper authority.

(Sound of a bus)

There may be no barbed wire, but this is very much like a natural prison surrounded by scrub and red dirt - the unforgiving landscape of the west Kimberley.

The nearest town is Derby and it's 40 kilometres away.

Derby Councillor and manager of the Small Business Centre Ross Sullivan explains some of the benefits that will flow from the Curtin Detention Centre.

ROSS SULLIVAN: I think it will provide some job opportunities and I guess obviously also an economic spin off to the town to small businesses across a range of small businesses as well.

DAVID WEBER: What kinds of businesses do you think will do well?

ROSS SULLIVAN: I guess from hairdressing, IT support that I'm aware of and of course there's a fairly high level of construction happening. So there's the hardwares as well and I guess the incidental or the non direct benefits where employees or more employees in town spend that money in other places from restaurants to clothes to you know recreational activities.

DAVID WEBER: Mr Sullivan says there's not much concern in Derby about potential unrest at the centre, which was known for riots and hunger strikes when it was last open.

ROSS SULLIVAN: You know people recognise it's quite a way out of town, 40 kilometres out of town, but I guess you have faith in the authorities to manage it properly. The prospect of people walking in town and running amuck on us here with - is, you know, fairly remote I suspect.

DAVID WEBER: There is sympathy for those in detention, but some Derby residents who don't want to go on the record have a different view.

One woman believes the Federal Government is spending more money on detainees than on Australia's own disadvantaged people.

She describes the reopened, revamped centre as paradise and says it's doing nothing to discourage asylum seekers.

Long-time Derby resident Chris Kloss says there is a range of views, but the mood is generally positive.

CHRIS KLOSS: Oh yeah I think there's a variety of views from a humanitarian point of view, but certainly from a business and a community point of view I think the general view is that these people are here, they've got to be dealt with somewhere and if they're dealt with in our area well then we as a town and we as people in our isolated area can get some benefit from it.

DAVID WEBER: The Immigration Department seems to want to be able to use Derby and the people of Derby for some kind of interaction. That's happened in the past, there hasn't been any problem with that in the past has there?

CHRIS KLOSS: No. Well one of my roles is to drive school buses now and again and certainly when the place was open previously we had high school age kids who were coming into Derby from the Basin didn't appear to be any problem with that.

And I don't think there's any problem with the community interacting with the people out there either.

DAVID WEBER: This time it's men whose claims have been suspended until a decision is made. Do you think that will make a difference to the tone of the place I suppose?

CHRIS KLOSS: Well I don't fully understand what that means. I guess it means that those men are in limbo. I guess it's going to make a difference to their attitude because I guess they don't know if they're literally coming or going.

But I think in terms of the general interaction between the community here and the detainees at the base - I don't think that should cause any big problems.

ELEANOR HALL: That's Chris Kloss at his home in Derby's rural area. He was speaking to David Weber.