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Community Recovery and Survival in a Boom and Bust Economy

Submitted by

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Community Recovery and Survival in a Boom and Bust Economy

The State of Western Australia is one of the most productive and diversified mineral and petroleum regions in the world (The Chamber of Minerals and Energy of Western Australia, 2009). It is the powerhouse of the resources industry not only in Australia, but for the Asia-Pacific region as a whole (Acil Tasman, 2009). However, the resources sector has a long history of boom and bust cycles, reflecting its exposure to international markets and fluctuations in demand and supply.

This paper will review three communities in three different Western Australian regions which have experienced industry withdrawals and contractions over a twenty five year period. Two towns have subsequently revived and successfully reinvented themselves while the third is still recovering from a recent substantial industry shut down. This paper will describe how each town responded, the timelines for recovery and the strategies developed which assisted in each community's subsequent revival. Common themes and useful lessons will be identified.

Introduction

Australia has experienced a prolonged economic boom and Western Australia in particular has benefited from the growing Indian and Chinese economies and their demand for mineral resources. The resources sector has a long history of boom and bust cycles, reflecting its exposure to international markets and fluctuations in demand and supply (Haslam McKenzie et al., 2009). As noted by Wilson (2004: 261) “the volatility of mineral prices produces a ‘resource roller coaster’ on which mining communities rides”. Too often, it is shareholders of the large corporate mine operators that benefit while the communities and even countries endowed with the mineral wealth are left poorer for the mining activity, hence, suffering the resource curse (Pick et al., 2008, Humphreys et al., 2007a, Davis and Tilton, 2005, Auty, 1993). The fortunes of public companies are highly newsworthy but rarely are the local and personal impacts of the resources super-cycles and ‘roller coaster’ given much media attention.

The renewed mining fervour in Western Australia has had far reaching impacts in rural regions. Some communities have been overwhelmed by a new population connected with mining, many of whom have not had anything to do with agriculture or rurality before. The newcomers bring with them a range of social and economic stresses and strains and some small communities, in particular, struggle to cope. One such community is that of the Shire of Ravensthorpe on the Southern Coast of Western Australia. The Shire changed from being a small farming community with a quiet coastal town, Hopetoun, where farmers chose to recreate in the summer or retire, to a busy place with a local population dominated by an entirely different demographic. Many of the newcomers wanted to live in Hopetoun, after a large corporation, BHP Billiton announced that it would develop a large nickel mine in the Shire and the workforce would be located locally.

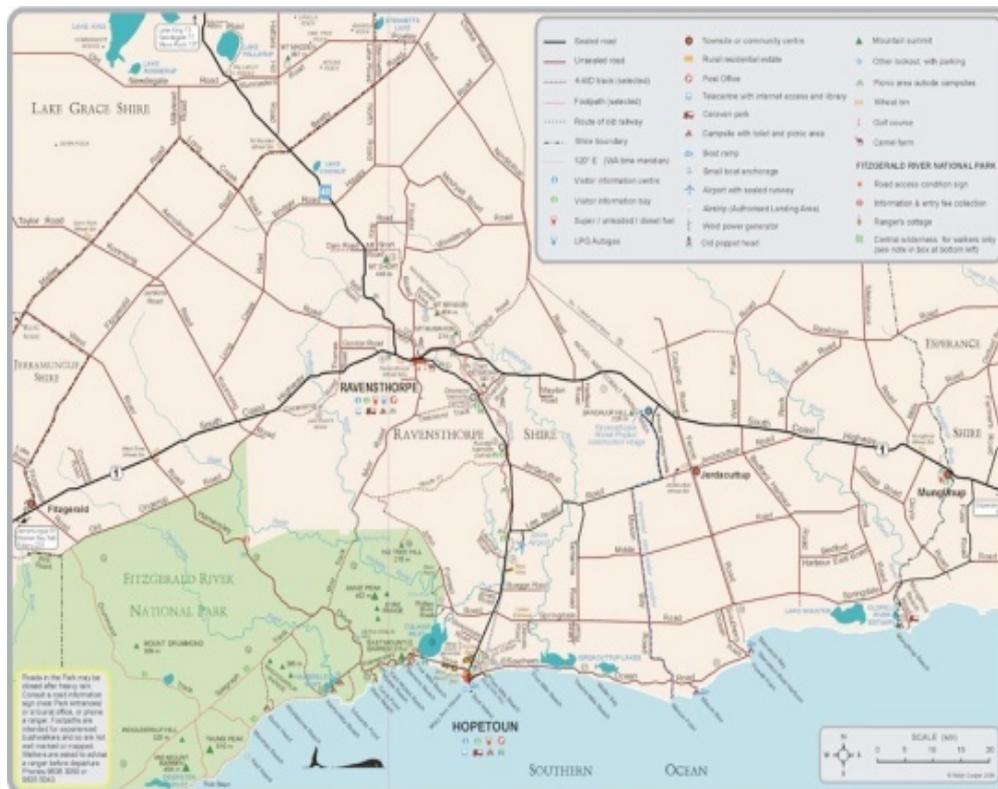
This paper will provide an overview of the mine development and the sudden and unexpected suspension of mining activities. The impact of the suspension was distressing for many individuals and families and the community was left in a state of bewilderment as people immediately made plans to leave. The communities had undergone considerable change in a short period of time and then there was a hiatus with the announcement of the suspension before the communities were once again launched into a new phase of transformation. However, the impacts of industry contraction or failure are not new and this paper will discuss other communities which have also experienced the impact of sudden change, have reinvented themselves and ultimately recovered. The aim is to identify the successful strategies these communities adopted to recover and how the lessons learned in those communities might be adapted in other small communities such as Ravensthorpe and Hopetoun where large structural changes have an overwhelming impact. As often occurs, tourism is touted as a quick-fix solution. The paper will conclude with an assessment of a proposed solution that has been promoted as ‘the answer’, but using the experience in

other communities, this paper will show that if tourism is indeed a solution, it won't be easy nor will it be 'quick'.

Background

In 2002, BHP Billiton announced that it intended to develop a nickel operation in the Shire of Ravensthorpe in a location east of the town. It was anticipated that the mine would be Australia's largest laterite nickel mine and it was projected that it would be operational for about 25 years and that the returns to the State and the nation through royalties would be substantial. During the development of the Ravensthorpe Nickel project, the company's and other stakeholders' aspirations were keen to pursue a locally based workforce in the region. Subsequently, many employees and their families chose to live near the mine and relocated to the coastal communities of Hopetoun and Esperance on the southern coast of Western Australia (see Figure 1). People came from all over Australia and the world to work at the mine and as a consequence, the Shire of Ravensthorpe changed from being a small farming community with a quiet coastal town, Hopetoun, where farmers chose to recreate in the summer or retire, to a busy Shire with a local population dominated by an entirely different demographic, most of whom wanted to live in Hopetoun.

Figure 1: Map of Ravensthorpe and Hopetoun



Source: www.ravensthorpe.wa.gov.au/maps/maprac/view (Retrieved 6th March 2009)

The population of the Shire at the 2006 Census was 1,950 people and when the mine was fully operational two years later, the Shire reported a residential population of 2,348

people. The median age of residents was 38 years which was considerably younger than the median age of the Shire residents in the 2001 Census (42 years) and younger than other Western Australian rural, agricultural-based populations in 2006 (Australian Bureau of Statistics, 2008a).

Families and young couples moved to Ravensthorpe and Hopetoun, many with spending habits and capacity not previously experienced in the Shire. To support the increased population, the company, government and the local government authority spent considerable funds upgrading and building new infrastructure, including roads, a primary school, airport, wind-generated energy, water and sewage services. The housing stock more than doubled in the town of Hopetoun and by about a third in Ravensthorpe.

Without warning from the company, on 21st January 2009, BHP Billiton placed the Ravensthorpe Nickel Operation (RNO) on indefinite suspension after only eight months in operation. The employees and the community were shocked and devastated. The reasons for the suspension were not clearly stated by the Company but it was broadly accepted that the price of nickel on the global market had dropped during the global financial contraction and the mine was no longer viable. The suspension of mining coincided with a global downturn in almost all sectors of the economy, including the housing market. The Western Australian housing market had experienced sustained growth for more than a decade until the September quarter, 2008, following unprecedented international demand for resources. Housing in the Shire of Ravensthorpe achieved extraordinary growth and value with the construction of the nickel mine and the subsequent commencement of operations in 2008. Following the announcement however, it became obvious that the local housing market would be directly impacted by the suspension of operations at RNO, as a significant part of the residential population had lost their local employment and would move from the region. Over the subsequent months, company employees withdrew their children from the local school, packed up their homes and moved away. It was generally considered that the employees of the company were the 'lucky ones'; it was small business owners who had set up businesses locally who were the most vulnerable, although after considerable media exposure and local advocacy the Company negotiated some payments to local businesses.

Long standing residents of the Ravensthorpe and Hopetoun communities had a sense of bewilderment and betrayal when they reviewed all that had happened over the previous six years and they were concerned about the future of the communities. Some thought that the Shire of Ravensthorpe, and Hopetoun in particular, would simply revert to the Shire and town it was prior to BHP Billiton coming to town; that it would slip back into anonymity as a small agricultural communities with many retirees. It was clear however, the Shire and town were not the same as they were six years ago. It now had superior infrastructure and housing stock suitable for working families and a school with capacity for 160 children and it also had small business owners who had started businesses in both Ravensthorpe and Hopetoun who wanted to stay and capitalise on their investment. Further, the location of Hopetoun, in a pristine environment adjacent to the unique and ecologically exceptional

FitzGerald Biosphere, on a beautiful, windswept beach of the Southern Ocean with a mild temperate climate presented a unique opportunity to plan for and design a sustainable future for Hopetoun and the Shire more broadly. It was recognised that, in the short term, attracting new residents to Hopetoun and Ravensthorpe was going to be a challenge, principally because the economic environment had had a broad impact on every business sector. In the first half of 2009 business confidence was down everywhere and not just in Australia. There was limited propensity to invest and access to financial liquidity remained stringent (The Reserve Bank of Australia, 2009).

A recurring question for the leaders of this community was “what does the future look like”? Had similar challenges faced other communities and how had they fared? The remainder of this paper will examine how two Western Australian regional communities, which experienced a sudden industry contraction or withdrawal more than a decade ago, responded. While no two communities are the same, this paper suggests that there are some strategies and local initiatives that could have applications in other regions – such as the Shire of Ravensthorpe.

International Examples of Industry Retraction and Subsequent Market Responses

The coal mining towns of England and Wales, and many in the United States, felt the devastating effects of pit and mine closures throughout the twentieth century. What were once well-established and thriving communities have floundered socially and economically, with urban decline following hard on the decline of international resource markets and the consequent decline of related industries in the local setting. One of the enduring characteristics of coal mining communities in Britain and the United States was that the labour force was local. When mines closed, the large pool of unemployed labour was concentrated in one locality, thus affecting its social and economic fabric. Many British mining towns experienced housing market failure with the virtual demise of the coal industry after the 1984-85 strike and the sell-off of a large number of pits to private concerns. With the entire economy dominated by mining, the closures meant job losses, social dislocation, loan defaults and the loss of public services previously funded and maintained by the mining company, such as energy and water supply, health provision and education facilities such as local school support and specialist mining apprenticeship programs (Hull, 1991). Some towns became non-functioning, and the housing stock lost value. It has been well documented that many of these communities have never fully recovered due to the lack of a large scale employer and long standing local families have dispersed (Neil et al., 1992).

Over time, however, there has been a market recovery, driven by the need to make beneficial reuse of a scarce resource – land. While many of the buildings hastily built by coal entrepreneurs were cheap and dysfunctional, the land remained valuable (Eisenschitz, 2008). Almost two-thirds of mine sites in the United Kingdom have been redeveloped for commercial, industrial or residential use (Britton and Denning, 2006). Those towns which

have benefitted have been close to other, larger towns or close to public transport, thus acting as more affordable dormitory towns. Others are constrained by planning conditions as they are located in 'greenbelt' areas where industrial development is not permitted. Even in such locations, beneficial reuse has occurred in the form of use for agricultural or amenity purposes. To conclude then, the British coal mining towns that have survived as functioning, sustainable towns have been transformed and now consist of different people and for different purposes (Britton and Denning, 2006).

The closure of mines and plants in the United States resulted in different sets of problems according to a variety of factors (Eisenschitz, 2008, Netschert and Schurr, 1985, Vietor and Melosi, 1980). These included the size of the local population, the nature of the local economy, the residency status of the labour force (whether local or commuting) and the town's distance from major urban centres. Small towns that were relatively isolated and whose principal employer was the mine or plant had the most problems. Research has highlighted that the larger towns with a varied economy were more able to sustain the closures. Where there was a predominantly commuting workforce, the impact of unemployment was lessened. It follows that the small resident population that provided services to the mine or plant and its workforce were often the hardest hit. Small businesses struggled to stay afloat, and many local residents became unemployed. Where the mining company owned much of their resident workforce's housing, such housing stock was sold after mine closure. The once relatively cheap rental housing was then sold onto either former employees, who used their redundancy payouts to purchase the dwellings, or to private landlords who raised rents. Either way, the overall experience was that housing and the general cost of living became more expensive.

From this brief international overview, the primary lesson learned is that isolated and small communities remain the most vulnerable. The key variables are a critical mass of people, and the more diversified they are in skills and age the better. In addition, ownership of land, housing and local infrastructure is important if local people are to determine their destiny. While physical isolation can be limiting, connectedness is possible. A willingness to explore new ideas and connect with emerging trends appears to be a commonality for those communities that have survived, albeit, often in a new guise.

Local Examples of Industry Retraction and Contraction

Two relatively recent Western Australian examples, (Exmouth and Manjimup), have been chosen as illustrative case studies of towns and communities which have experienced major industry contraction and/or retraction and reinvented themselves with considerable success.

Exmouth

Exmouth is a remote town located on the tip of the North West Cape and 1,270 kilometres north of Perth (see Figure 2). Its remoteness and strategic location have influenced its

history. During World War II, the Learmonth Airport was used as a strategic defence base by the Royal Australian Airforce. Subsequently, the town of Exmouth was established in 1964 as a support town for the United States Harold E. Holt Naval Communications Station. The town infrastructure was largely built by the Americans; approximately 162 houses were built and occupied by US navy personnel. Houses were scattered throughout the town and were built of cement besser blocks. The houses were of varying quality and condition; some were in good condition while others were poor. Despite local apocryphal at the time, the US navy and its personnel did not contribute a great deal to the local economy as all requirements, including food, were purchased duty free from the Base and as these were mostly imported from the United States, meant that residents and were largely self-sufficient.

Figure 2: Coral Coast



Exmouth's proximity to superb beaches with excellent fishing always made it a popular, if remote, place to visit, but such access was via rudimentary roads which made it relatively inaccessible until the 1980s. The timing of the decision by the US military in 1988 to withdraw from the naval base at Exmouth by 1992/3 was unfortunate as it coincided with a global recession and local market downturn. However, because navy personnel did not withdraw simultaneously the housing market did not collapse over night. This was fortunate because it gave the town and local businesses time to plan and become accustomed to the impact of the withdrawal. Nonetheless, the US military had a large proportion of the housing stock in Exmouth and their withdrawal was going to make an impact. Prior to the winding down of the Defence Base, the population of Exmouth peaked

at around 3900 people. By 1992, the local population had dropped to 1700 people (Australian Bureau of Statistics, 1991).

US military protocol at the time was to demolish all infrastructure (including houses) when it was no longer required. Such an approach caused considerable concern in Exmouth because it would leave 'gaping holes' and vacant blocks throughout the town. It was eventually negotiated that the houses would be (largely) gifted to the State and local community and that a trust fund would be established, the Exmouth Development Trust Fund, held by Treasury but administered by a carefully selected Trust Fund Management Group¹ into which the proceeds of house sales would be vested. The Trust Fund Management Group was chaired by a representative from the Western Australian Department of State Development (which later became the Department of Commerce and Trade) and members were constituted from the Exmouth Shire Council, Treasury, Department of Lands, and a representative from the Defence Department (the agency that managed the Base after the US withdrawal). Once the fund had been established one or two Community representatives were appointed to assist with the allocation of funds.

The proceeds from the Trust Fund were to be spent on developing local infrastructure (such as toilet blocks, parks and gardens, buying and supplying an ambulance, construction of major headworks, including the marina), supporting and developing community development projects including interest and sporting groups and assisting local businesses. Importantly, the proceeds of the Trust were used as seed and matching funding for government capital works. Approximately \$500,000 was made available to the Shire of Exmouth to enable a fund to be established that allowed clubs and other organisations to borrow monies, interest free, for facility improvement. This allowed the balance of the fund to be used for major projects (Western Australian Department of State Development 1999).

There is some confusion about the number of houses actually sold. Local opinions range from 196 to 123 houses although the then CEO of the Office of Regional Development, Ms Robyn Crane, recalls it being closer to 123 houses. The Americans retained 15 houses for their own use. Seventy eight per cent of the sale price of a house went to the Trust Fund and 22 per cent of the proceeds of the sale were retained by the US government.

Care was taken not to flood the market and the houses and land were sold in tranches of approximately 25 houses. The houses were sold in three lots through a special tender process over a period of six years. Each tranche included houses of varying quality from all over the town; i.e. salt and pepper approach to sale of homes and land. The Trust Fund Management Group assessed all expressions of interest and offers for houses only by tender. The Group was cognisant of the importance of achieving a diversity of new

¹ 'Careful selection' because of the need to safeguard against key decision makers being perceived as potential profiteers or local entrepreneurs who were perceived to be have a conflict of interest or likely beneficiaries of the Fund or land scheme.

landowners; some local, some second home owners, mixed ages, mixed skills and experience. Preference was given to local people especially those who could demonstrate they had lived in Exmouth for over 18 months; this supported the approach that Exmouth would grow and prosper with a resident community. In addition, preference was given to those applicants who demonstrated they would use the homes on a regular basis. For example, a lower priority was given to those who just wanted a base for their annual fishing trip. This process was managed by the (then) Lands Department. Despite some houses being in poor condition they still attracted a fair market price and it was generally agreed by interviewees who were involved in the sale of houses at the time that the prices offered for the houses were fair (ranging from comparable to slightly lower than market price prior to the US pulling out) and from time to time the Trust Fund Management Group were (pleasantly) surprised at the prices offered.

The Trust Fund Management Group were careful not to flood the market and it took six years for all the houses to sell. As the first three years came to a close the broader Australian economy was improving after hitting a low in 1991/2. While houses remained empty, waiting to be sold, they and the area around them were maintained – as a result the place did not look abandoned or ‘sad’. There are varying views on the total amount raised from the sale of houses but it has been estimated as somewhere between \$10m and \$14m with the former CEO of the Office of Regional Development putting it at about \$13m. (personal communications and interviews with Gascoyne Regional Development Commission, Shire of Exmouth and former bureaucrats in the State Lands Department and Office of Regional Development).

Exmouth is now a thriving community which has grown over time to a pleasant town with a diversified local economy which services the fishing and pastoral industries. Tourism is particularly important and during the winter months, the resident population swells from 2,400 people to approximately 6,000 people (Shire of Exmouth) when people come to the town to enjoy the warm temperatures and excellent fishing. The Cape Range National Park, 40 kilometres from Exmouth has some spectacular physical features and natural fauna is abutted by the Ningaloo Marine Park which encompasses 260 kilometres of pristine coastline and spectacular coral reef. The reef has an extraordinary variety of hard and soft corals and at the closest point the reef is within 100 metres of the shore. It attracts visitors from all around the world, many of whom stay in Exmouth, on average around three nights (Tourism WA), thus contributing to the local economy.

Fifteen years on, it is hard to imagine that Exmouth was being promoted in the media as a possible ghost town. Instead it is a popular and highly liveable community with a vibrant local government and strong local economy, looking forward to a sustainable future.

Manjimup

Manjimup, in the south west of Western Australia, was established as timber producing and agricultural and horticultural community in the mid nineteenth century, see Figure 3.

Timber production was the most important industry in the southern region for 130 years, supplying a majority of the State's hardwood, - a lucrative export industry for more than a century. Around the town of Manjimup, numerous timber mills, transport companies and other ancillary businesses serving the timber industry were established.

In 2001 the Western Australian government altered its policy with regarding to logging in old growth forests (Laing and Hepburn, 2006) which resulted in the restructure of the timber industry, causing considerable difficulties for the community of Manjimup in particular. The impact was exacerbated as it came soon after the closure of a local potato processing plant. Many residents lost confidence in the future of the community and 805 people left the community in the period 1998/99 which represented 25 per cent of the local population.

Figure 3: Shire of Manjimup



Source: http://www.manjimup.wa.gov.au/about_us/demographics.html

The financial sector lost faith in Manjimup and, anecdotally, there was a hold placed on lending money to anyone in the area (Shire of Manjimup, pers. comm 2009). People left because they were worried about the town closing and every second house was empty or for sale, causing widespread “bitterness, anger, resentment and animosity” (personal

communication and interviews with former Shire councillors, South West Regional Development Commission and residents of Manjimup) amongst those who remained.

This was exacerbated by poor public sector management with limited counselling and support services provided to the town. At the same time, to add confusion, funds were 'given away' recklessly to businesses which did not necessarily reside in the town but which had done business locally, as compensation. In many cases this money was taken by the company and invested elsewhere, (not in Manjimup), further exacerbating the impact by not enabling local investment. As a consequence, small businesses such as food outlets, hardware and service organisations struggled to survive and many did eventually close. There was limited infrastructure or capacity building developed from the government funds, and there was considerable local resentment with decision-makers about who did and didn't receive money.

There was some government assistance in regard to housing made available to low socio-economic sectors of the South West population and social security recipients, however, again, few of whom were local. Some residents felt Manjimup in particular was being used as a dumping ground for problem tenants. Not surprisingly, tensions rose between those who had been in the town for a long time and these newcomers. Anti-social behaviour became a problem which has persisted at considerable cost to the community. Manjimup continues to have an inordinate incidence of drug and alcohol related crime. At a broader, social capital level, the 'thrusting' of a 'different' population cohort on the established community has caused community dislocation.

Government also encouraged and sponsored several tourism initiatives, few of which were particularly successful. They opened with considerable fanfare but struggled before eventually closing, and eventually being bought by other operators, thus inadvertently reinforcing the 'failure' of Manjimup. While some of these ventures continue, they are of a small scale and offer limited employment or net regional product to the economy (Tonts et al., 2001, Chambers and Galloway and Associates, 1998). As the current CEO of the Shire of Manjimup explained, government at the time was keen to provide a quick response with stopgap measures but none generated lasting benefit. There was pressure to make a difference in a short time and media was allowed to drive unhelpful agenda (Schirmer and Tonts, 2003). When things didn't bounce back quickly the media painted a doom and gloom scenario, causing an unduly negative perception of the district.

In hindsight, the CEO of the Shire of Manjimup and a community representative both agreed that a better option for the community would have been a 10 year fund, the proceeds of which could have been used for carefully considered projects mutually agreed upon and organised by the Shire and community together. As the community representative pointed out:

The problem with acting quickly is that it presupposes that the best projects are ready to go. It takes bravery but if they want money to stick they need to

let the dust settle. The worst thing they did was try and change the place by throwing money at us.

The Manjimup community is still wary and unwelcoming to newcomers, or as the locals refer to them, 'outsiders' while the Shire, South West Regional Development Commission and community groups have had to work hard to introduce diversity to the town.

It has been estimated that the community and town took about five years to really recover from the restructuring of the forest industry and the closure of the potato factory. A critical factor was community confidence which took several years to rebuild and which remains fragile. After about two years the mood changed from anger to resilience. The community accepted what had happened and tried to make the best of it. The shift in attitude made a huge difference to the real improvements that occurred. It was only when residents began to realise that everything is an opportunity that they began to look forward and create strong bonds between the people, thus rebuilding the critical social capital and sense of place (personal communication and interviews with former Shire councillors, South West Regional Development Commission and residents of Manjimup).

Over the last ten years, small but successful ventures have been established in and around Manjimup. The climate has been recognised as an advantage and a number of high value horticultural ventures have developed including the Pink Lady apple which was developed in the Manjimup area by the Department of Agriculture and has proven to be a national and international favourite. The apple is sold under stringent and specific conditions across four continents and has been an important boon for horticulturalists in the region. A particularly lucrative market is India and innovative packaging and transportation methods have further increased profitability (see www.abc.net.au/news/stories/2004/06/21/1136424.htm).

Wine production has grown in the area over the last ten years and many vignerons and horticulturalists have planted olive trees as wind buffers. The olives are now being harvested and a nascent olive oil industry is developing. Another local success story has been the establishment of a natural spring water business with contracts in India, Saudi Arabia and Singapore and pending contracts in China. This business has generated the construction of a factory, 15 full time jobs and millions of dollars in revenue.

Perhaps the most ambitious project, and successful in terms of giving Manjimup an entirely new image, is the successful production of rare black truffles. The largest individual truffle found so far (1kg) was worth \$3000 dollars on its own and there is now a marketing campaign into Europe through the Western Australian Department of State Development (see www.news.com.au/travel/story/0,23483,22097649-5012674,00.html). At a recent food festival in France Michelin-starred chefs were invited to test the Western Australian truffle agreeing that the quality of the Western Australian product was no different to that of the European truffle. The great advantage for the Western Australian truffle is that it is produced in what is the European summer season and the only competitors thus far, are Tasmanian truffles which are not being grown with the same rate of success as those grown

in Manjimup. The most recent venture to be established in Manjimup is a green tea plantation with the first commercial crop almost at harvesting stage and which the Western Australian State Department of Agriculture and Food has high expectations of a commercial success (see <http://greenteanews.net/news.htm>, <http://www.agric.wa.gov.au/content/fcp/sc/bulletin4499.htm>).

Manjimup’s economic recovery was not without its difficulties and has taken the best part of a decade but business confidence has been restored in Manjimup as reflected in the property values in the town. This is shown in detail in Figure 4. The decline in years 2001-02 is clear, as is the slow but persistent trend upwards since then the town has recovered.

Figure 4: Planning Applications in the Shire of Manjimup 1998-2008



Source: Shire of Manjimup

Lessons for Ravensthorpe and Hopetoun

Unlike the company towns of the British coal mining industry, the car industries of the United States and even, it can be argued, the Pilbara region of Western Australia, Ravensthorpe and Hopetoun were not ‘company’ towns and hence, the future of the Shire is not inextricably tied to the operation of the nickel mine established by BHP Billiton. Nonetheless, the development of a large scale mine in the Shire brought a new demographic and considerably higher per capita spending patterns (Australian Bureau of Statistics, 2008b), transforming the community. In addition, the construction and upgrade of important infrastructure in Hopetoun in particular was a significant boon to the community. Growth on the scale experienced in the Shire brought with it challenges, not least housing shortages, disruption to the local community and to established local

industries (see Browne et al., 2009, Mayes, 2008, Mayes and Haslam McKenzie, 2008). Small towns with relatively stable populations, such as Ravensthorpe and Hopetoun felt the impact of a large number of 'strangers' moving into the town *en masse*. As noted by Zandvliet, Bertolini and Djist (2008, p. 1469) "the social homogeneity among residential populations is greater than the heterogeneity among mobile populations". Local residents in these communities have found the transient population challenging because many of the newcomers do not value the town and community the same way as the long-term residents. This put unplanned and unresourced pressure on the community leaders, most particularly the local government authority required to manage community development. Not only did the local population in the Shire of Ravensthorpe more than double with both resident miners and fly-in/fly-out (FIFO) workers, but employment for local residents also changed as people were lured to high paying jobs associated with the mine. The local farmers struggled to hire labour for shearing teams and the problem became so acute that some farmers reduced their flocks or focused exclusively on cropping. This scenario changed very quickly when the mine ceased operation, but by then, local employment patterns and services had changed considerably (Haslam McKenzie, 2010 (forthcoming)).

Despite many people associated with the mine leaving soon after operations were suspended there are those who would never leave and remain determined to take advantage of the reincarnated community and use the new infrastructure and now empty but new homes to attract people to the region on a more permanent basis. The Shire President has noted that the opportunities associated with dealing with a large corporate partner in town have given local leaders new experiences and skills. They then used those skills when negotiating with the Company and government after operations were suspended, to good effect. Their town, unlike other towns of comparable size in the Western Australian Wheatbelt, now has enviable infrastructure such as a bright new school, enlarged or new utilities and the capacity to expand. The leaders in the community remain determined that the business and lifestyle opportunities available at Hopetoun are kept at the forefront of State regional development planning and the business community of Western Australia so that the local community can continue to build on opportunities for regional investment as the economy improves.

Another important lesson is that investment for the future needs to take a long term perspective to ensure that the benefits are enjoyed by those who are committed to staying. The Manjimup experience is a reminder that opportunistic short-term solutions are unlikely to have long term benefits. Tourism is one of those easy, grab bag tools that appears, on the surface, to fill a gap but which can also prove a costly mistake. Research (Stimson et al., 2001, Hall and Muller, 2004, Hall, 1997, Haslam McKenzie, 2006, Haslam McKenzie, 2009 forthcoming, O'Connor and Haslam McKenzie, 2003) has shown that tourism provides limited employment or net gain to a community but if combined with other business enterprises and undertaken in a way that is complementary to the residents and activities of the community, it does have the potential to add commercial diversity and value.

Soon after mining was suspended in the Shire of Ravensthorpe, Tourism WA (2009) undertook a tourism audit and market potential study for the Shire of Ravensthorpe focusing particularly on Hopetoun. The report identified a variety of opportunities but also highlighted the challenges for developing a bigger tourism market in the area. Some members of the tourism industry promoted the idea that there were opportunities in Ravensthorpe and Hopetoun but their proposals relied on the Company giving their housing assets away or selling them at a significant discount. In particular, eyes were on the Seaview Estate. The company built 36 attractive eco-tourist style houses and 18 apartments on the primary dune for their employees. These homes, which constitute the Seaview Estate, had stunning views to the sea and also to the FitzGerald National Park and many thought that this development had the potential to be a new tourist product for the Southern Coast region. However, the Company has made it clear they were not going to give houses away or significantly discount their housing assets, so as to ensure that the local housing market would not devalue further. Therefore, any purchaser of a new tourism operation would be required to pay market price. If the asset was sold at market price or even at as much as 25% discount it is unlikely that such an operator would make a profit. This entire asset is too big for a husband and wife team and too small for an operator to make money as an ongoing tourism operation. When a tourism operation is required to employ staff, the tourist turnover and economies of scale need to be such that the operator can cover the cost during the tourist low periods. An operator **would** make money by disaggregating the asset (strata titling or single title) and on-selling. However, such an outcome would be patently unfair when there are many in the community of Ravensthorpe and Hopetoun who would also like the opportunity to profit from this asset, especially if an operator acquired the asset at a discount.

Further, tourism in the Shire, and the region more generally, remains essentially under-developed. The majority of visitors come in the warmer months of the Christmas holidays and Easter, a total of eight weeks, to enjoy the beaches and cooler coastal temperatures. Casual visitors during the year are generally 'grey nomads', a notoriously parsimonious tourist cohort, who often stay in their own accommodation (caravans and camper trailers), purchasing most of their groceries in larger regional centres where prices are more competitive and limiting their local expenditure to petrol and entry to local attractions, of which there are few in Hopetoun and Ravensthorpe (Tourism WA, 2009).

The FitzGerald National Park and Biosphere (see <http://www.dec.wa.gov.au/hotproperty/property/national-parks/fitzgerald-river-national-park.html>) is a beautiful and diverse, natural asset which was listed as a world biosphere reserve with UNESCO in 1978 (see Buckley, 2007). However, access to the Park is relatively poor; there is no co-ordinated road network and few visitor services. Soon after the Ravensthorpe Nickel Operations were suspended in early 2009, the Western Australian State government announced it would investigate the cost of upgrading road access and the provision of a road through the Park. Subsequently, the cost of a through-road was

considered too expensive and there were additional concerns that businesses in Ravensthorpe would be bypassed. Instead, the government undertook to upgrade signage, interpretative facilities and access into the park all year-round. These initiatives alone will enhance the visitor experience but are unlikely to greatly increase visitor numbers. A sophisticated and co-ordinated regional strategy needs to be devised to encourage visitors to see the Southern Coast route to Perth and the Margaret River area as a feasible alternative to the inland Goldfields to Perth route. Visitors to the Ravensthorpe and Hopetoun areas need to be encouraged to stay longer than one night and certainly improved access to the FitzGerald National Park will assist (see Browne et al., 2009).

A careful assessment of the type of visitor to the area who would give maximum return on tourism investment also needs to be undertaken. Rather than grey nomads, the more profitable tourism cohorts are backpackers and tourists who purchase multiple nights' accommodation. Backpackers also have the potential to provide casual labour during peak agricultural periods such as harvest and spring shearing. This type of tourism developed in a small community can have an influence on who lives in the town, how people live and the businesses developed in the town for both tourists and residents. If a new tourist target segment was developed, more oriented to eco-tourism and younger visitors, there is a greater likelihood that the town will attract younger residents and new businesses develop in response to a younger population, more in line with younger families who are vital if the new primary school is to be utilised. The South Coast region has many attractions suitable for younger, more adventurous tourists. However, it is unlikely these ventures will develop quickly and therefore an essential element is a co-ordinated tourism strategy developed for the entire region, of which Ravensthorpe and Hopetoun are an important part.

Important differences in the renewal of Exmouth compared to Manjimup was the recognition that recovery takes time and the involvement of local, long term stakeholders is important but of equal importance is the need to avoid opportunities for self-interest. Care was taken to ensure diversity in the mix of purchasers of the housing stock in Exmouth, thus ensuring a resident community while also attracting new residents to the region. The establishment of a Trust Fund was a tangible investment for the long term future of the community, the proceeds of which were spent over a longer period of time, injecting money into the local economy and renewing infrastructure. This was in addition to funds that flowed slowly into the community as the housing stock was sold. These funds were generally used as seed funding for local infrastructure and community development projects, hence requiring the local community to work together to ensure that the money was used in such a way as to maximise its usefulness. For example, some funds were used as matching funding for government grants, others for expanding head works which provided for business expansion and a greater diversity of commercial and entrepreneurial opportunities. Manjimup took longer to recover after the initial flurry of political interest in the community. It wasn't until local confidence was rebuilt with a re-imaging of the community through the establishment of boutique industries and new and diverse

horticultural enterprises that the town began to revitalise. Initially, poorly conceived initiatives failed, reinforcing a sense of failure which was exacerbated by a high turnover of residents in the community. Once continuity was achieved and a greater commitment to long term success, then the community as a whole really began to heal and prosper.

Conclusion

As noted by Pick, et al., (2008) and others (Humphreys et al., 2007b, Stiglitz, 2007), the 'resource curse' thesis is not restricted to economic performance, whereby those places with a resource advantage are often left at a disadvantage after the resource has been extracted. The experience of a large multi-national company establishing a mine in a small remote Western Australian community created inevitable linkages between local businesses and the organisation (Kearins, 2005), and hence, a vulnerability to global forces and the 'resource roller coaster' (Wilson, 2004). Rather than being disadvantaged by the suspension of operations at the nickel mine, the communities of Ravensthorpe and Hopetoun have the opportunity to learn from other community's survival strategies which have seen them, after a time, re-emerge as new, revitalised communities with diversified economies. In the case studies cited in this paper, it is clear that such 'answers' took time to materialise.

As the Manjimup experience highlighted, band-aid and quick-fix solutions were poorly planned and ultimately failed, usually benefitting those who devised the schemes, few of whom lived locally. Tourism is often touted as a means by which local infrastructure can be utilised while also generating income for local businesses. However, as shown in this paper, tourism is not a quick-fix. Poorly planned tourism has the potential to drag the community and local economy further down unless the solution is part of a long term, co-ordinated and integrated plan that has the co-operation of a variety of key stakeholders. For it to be a successful solution, carefully planned marketing, comprehensive business preparation and substantial investment is required. Further, tourism at a community level usually benefits from clustering, thus demanding a clear identification of competitive advantage and strategic plans for infrastructure investment and marketing (Lazzeretti et al., 2010, The Jackson Report (on behalf of the Steering Committee), 2009, Shone and Ali Memon, 2008).

Another important lesson is that 'throwing money' at the 'industry shutdown or retraction' problem, as was the case in Manjimup when the State government felt compelled 'to do something', is unlikely to contribute to long-term viability. Inevitably, social and economic success relies on important linkages, commitment and leadership which take time to develop and nurture. Government cannot be relied upon to solve the problem or provide the solutions, but it does have a role in ensuring that robust policy frameworks and governance arrangements are in place so that communities such as Ravensthorpe and Hopetoun do not suffer from the resource curse when the activities of large companies shift from their stated direction. The recent histories of Western Australian communities such as Exmouth and Manjimup are proof that a diversified economy and effective local leadership

are critical protection against super-cycles and mitigating the effects of the resource curse and 'resource roller coaster'.

The lessons from Exmouth are particularly useful. Government had an important role in guiding the establishment of a management group for the town and negotiating the sale of the houses from the US navy. However, the key decision-makers who determined the community's destiny were a diverse group of people who had an appreciation of the Exmouth's attributes. Further, they understood the potential damage to the town if the houses previously owned by the US navy were sold off all at once, either devaluing the houses by flooding the market or selling the houses off to an absentee developer, and thus not securing permanent residents. Instead, the housing strategy was carefully devised to ensure that the houses were sold over a period of time, thus preserving their value, to a diverse population who brought to the town a variety of skills, purchasing power and commitment to the community.

Securing agreement from both the US navy and the Western Australian government that a percentage of each house sale would be preserved in a Trust Fund to be used for a variety of community development and small infrastructure investment purposes was also of critical importance. Importantly, everyone involved understood that the process of transition from 'a navy town' to a thriving, independent coastal community would take time.

The recovery of Manjimup, on the other hand, was more fraught because the industry contraction was perceived to be part of a political decision. Government was portrayed, especially through the media, as being responsible for finding the solution to the town's problems. Recovery strategies focused on public monies and 'compensation' but the people making the decisions were not locally based and the recipients of funds were not local either. The strategies were poorly conceived and there was insufficient consultation causing local resentment and distrust. Gradually, residents understood that if the community was to survive they had to take control and rather than complain, they had to develop pro-active strategies that included newcomers and new investment. Subsequently the climate and soil types have been recognised as suitable for a variety of new horticultural ventures which are capitalising on the 'slow food' and gourmet food movements. Government has a role in promoting the new industries, assisting in seeking new international markets and ensuring that infrastructure investment is complimentary to the new developments. The critical lessons are that new industries will take time to be established and that new skills and labour need to be supported.

Despite the different circumstances of their threatened demise and the different paths to recovery, the two communities of Exmouth and Manjimup have indeed recovered. While the communities of Ravensthorpe and Hopetoun are recovering from the disruption of the mine suspension, they have many natural attributes with which to work and provided the recovery strategies incorporate a long term timeline and local people are included in the decision making, it is likely they will in fact benefit from the experience and use the infrastructure that came with the mine to attract new people and new ventures.

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