Upper Spencer Gulf Common Purpose Group

- Port Augusta City Council
- Northern Regional Development Board
- Port Pirie Regional Council
- Port Pirie Regional Development Board Inc.
- Whyalla City Council
- Whyalla Economic Development Board

Chairman: Mayor Ken Madigan
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Strategic Directions

Discussion Paper

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INTRODUCTION

The Upper Spencer Gulf Common Purpose Group (CPG) represents a collaborative venture between the cities of Port Pirie, Port Augusta and Whyalla. The CPG was established in July 1998 with the aim of coordinating a concerted effort to reverse the trend of economic and social decline within the Upper Spencer Gulf Region over the period to 2010 and to build a foundation for sustained growth beyond.

Initial membership of the CPG includes the Mayors and CEOs of Port Pirie, Port Augusta and Whyalla Councils. Three regional development boards located in each of the cities are also represented through their respective CEOs. Representatives of Upper Spencer Gulf chambers of commerce, the union movement and the University of South Australia have also been invited to join the CPG.

The purpose of this document is to outline the CPG Mission and initial strategies. It reflects research and ideas, which have been developed in collaboration between CPG members, the South Australian Regional Development Task Force and the South Australian Centre for Economic Studies.

BACKGROUND

Regional development has emerged through the 1990s as a priority issue for all tiers of government. Various attempts to strengthen regional economies through government programmes have been implemented in the past. However, most attempts have failed to significantly enhance the fundamental competitiveness of the Upper Spencer Gulf economy. Indeed, the effects of changes to government policies and budgets have often worsened outcomes for the region.

A comprehensive study undertaken by the South Australian Centre for Economic Studies in 1998 concluded that the Upper Spencer Gulf cities are performing poorly compared to other provincial cities in South Australia. The study looked at socio-economic measures including population, unemployment, employment growth, household income and welfare dependency. The studies highlighted a trend of decline in population and employment which has been evident throughout the region for two decades. No evidence exists to suggest the trend of decline will be reversed in the absence of a coordinated and significant local response.

Never before have the challenges confronting this region been so clearly documented. What has emerged subsequently is a commitment among local government and regional development organisations to work collaboratively. Member organisations are committed to working towards a common vision and are prepared to pursue long term strategies to achieve economic growth.

The Premier of South Australia has concurrently established a Regional Development Task Force which has a brief to identify initiatives aimed at improving the capacity of all regions to attract new investment and employment growth. The Task Force also has responsibility to develop a case for state and federal structural adjustment assistance for the Upper Spencer Gulf Region.

UPPER SPENCER GULF COMMON PURPOSE GROUP

Membership

Membership of the CPG was formalised on 10 January 1999 and includes:-

Chairman	Mayor Ken Madigan	Port Pirie Regional Council
Secretary	Peter Arnold	CEO, Port Pirie Regional Council
	Mayor Joy Baluch	City of Port Augusta
	Ian McSporran	CEO, City of Port Augusta
	Mayor John Smith	Whyalla City Council
	David Knox	CEO, Whyalla City Council
	Mark Malcolm	Port Pirie Regional Development Board
	Colleen Hutchison	Northern Regional Development Board
	Phil Tyler	Whyalla Economic Development Board
Adviser	Tony Crichton	SA Regional Development Task Force

On 18 February 1999 an invitation was forwarded to the Combined Chambers of Industry and Commerce, the Union Movement and the University of South Australia to join the CPG.

MISSION

The primary aim of the CPG is to pursue our community's aspiration to build a stronger, more secure, future for the region by creating employment opportunities and rising incomes through sustained economic growth. The CPG Mission, therefore, is to:-

Identify, develop and implement strategies that will turn around the Upper Spencer Gulf economy by year 2010.

The CPG understands that a turn-around strategy for the Upper Spencer Gulf, given its recent history, is a long term objective and not one that can be fulfilled within the short term. Its ultimate success will flow from the progressive accumulation of achievements along the way.

OBJECTIVES

CPG Objectives and Strategies have been developed to complement rather than duplicate work currently undertaken by the three-city based regional development boards. It is accepted that the CPG will focus on initiatives that enhance the attractiveness of the region for private sector investment.

Improving or creating competitive advantages for the region, to help differentiate the Upper Spencer Gulf from other regions, is an overriding objective of the CPG. All strategies and initiatives pursued by the CPG will reflect that primary objective.

Preliminary Objectives for the group are to:-

Objectives

- *Develop an Economic Development Strategy and Implementation Plan for the Upper Spencer Gulf Region that has committed support throughout the region, the community, the business sector and government.*
- *Negotiate with State and Federal Governments to gain structural adjustment assistance to implement regional development strategies and establish agreements with government agencies to ensure that programme funds earmarked for the region are directed to locally identified priorities.*
- *Pursue targeted support from State and Federal Governments for the region based on location specific industry policies aimed at reducing business costs, increasing productivity and encouraging new investment.*
- *Establish a national and international identity for the region - one that reflects a confident and competitive business environment where an expectation of sustained growth persists.*
- *Gain support, collaboration and input from major employers in the region throughout the planning and implementation phases of the process.*
- *Promote new major investment proposals for the Upper Spencer Gulf and assist individual cities and development boards pursue city specific development opportunities.*
- *Review key infrastructure needs for the Upper Spencer Gulf Region in collaboration with Government and the private sector. Pursue improvements and upgrading of infrastructure where deficiencies exist.*
- *Work with industry and government on initiatives which minimise the cost of key business inputs. Priority areas to include energy costs and power generation capacity within the Upper Spencer Gulf region. Transport related costs, including port charges, will also be a priority for the CPG.*

STRATEGIES

The following strategies reflect the CPG aim to build a competitive advantage for the Upper Spencer Gulf. Initiatives will be less often project or enterprise specific and more often targeted at an industry, sectoral and whole of region level. The CPG will focus on creating an attractive environment for new industry and a more supportive and sustainable climate for existing industries.

It is accepted that individual cities and regional development boards will continue to pursue specific enterprise development opportunities within their respective cities. The CPG will pursue major projects for the region and will assist industry to identify commercially efficient development sites. Initial CPG Strategies include:-

Strategies

1. Special Development Zone and Foreign Trade Zone Status

Pursue Special Development Zone and Foreign Trade Zone status at State and Federal level. Targeted industries would gain advantageous import tariff treatment; accelerated R&D tax concessions; payroll tax and stamp duty rebates; council rate reductions. This would impact on public revenues only to the extent that the region is successful in attracting new investment.

2. Industry Cluster Development

The region will identify existing industry clusters and help them build themselves into globally competitive industries – collaborating to strengthen their competitive potential. For example, we plan to assist existing firms, specialising in mineral processing and mining sector services, to market their skills outside the region both individually and collectively.

3. Development of New Industry Clusters

The Gawler Craton will be a focus for mineral exploration and mine development over the next decade. Mine development requires human resources (fly in fly out), supply of equipment, engineering services, accommodation, construction, management and administration services, consumables and transport.

The Upper Spencer Gulf is a viable location to support these functions. Once established and recognised, the region will attract additional business from mine sites and processing facilities further afield. Training of mine personnel through the establishment of a school of mining would be a related outcome.

Other examples of potential clusters include warehousing and distribution based on rail and shipping services in place. Agricultural value adding based on existing forestry, dairy, sea food and livestock processing facilities. Also defence related industries growing from existing military facilities in the region.

4. Regional Business Assistance Fund

Establish a Regional Business Assistance Fund to support new enterprise establishment and enterprise expansion. The principal criteria for funding to be based on ability of projects to create sustainable net new employment in the region.

5. Industry Research Projects

Develop and coordinate specific industry research projects and associated pre-feasibility analyses. The Whyalla, Port Augusta and Port Lincoln aquaculture initiatives were originally developed using public research grants. A related objective would be the establishment of a CSIRO research centre in the region. The CPG will pursue linkages with the three South Australian Universities to attract corporate funding for economic development initiatives and for research into regional development strategies.

The CPG will lobby government to provide incentives for research which addresses long term sustainability of existing industries. Examples include mineral exploration activities and extending the value and volume of current ore reserves.

6. Commercialisation of Local Technology

Commercialise private and public sector technology advancements unique to this region. Examples include metallurgy, mining systems, environmental health, arid lands botany, aquaculture, renewable energy, remote health care management and rangeland management.

7. Regional Industrial Relations Initiatives

Initiate collaboration between employers and unions to enhance productivity and cost of labour. Help develop initiatives which differentiate the region based on labour cost, skills, productivity and mobility. A commitment throughout the region to match the best on-offer in regional Australia is an accepted priority. Delivery of customised training within the region will be one way of enhancing the competitiveness of our human resources.

8. Local Area Development Programme

Work in collaboration with existing regional development boards who will deliver local business development outcomes. Common strategies at a local level will be implemented as Upper Spencer Gulf Strategies where practical and where efficiencies are evident. Support a Business Incubator Programme that is linked to training and research in areas of innovation and innovative technology.

9. Industry Infrastructure

Pursue new and upgraded infrastructure to support industry growth with justification based on cost-benefit analyses. Examples include improved shipping facilities, expanded road-train routes, national rail hub infrastructure, water storage and management infrastructure, Adelaide to Darwin rail link, improved airport facilities to support fly-in-fly-out mining operations and tourism.

The CPG will work with individual cities to ensure that suitable sites are available for large scale manufacturing and processing facilities. Identified sites will be appropriately zoned with development control guidelines which are consistent and attractive to developers. Establishment of an industrial park adjacent to the Northern Power Station at Port Augusta will be a priority.

10. Tourism Infrastructure

Review current tourism development structures and tourism related infrastructure to identify gaps and opportunities. Support initiatives that are capable of attracting export revenue.

11. Regional Promotion.

Implement a national and international promotion plan aimed at targeted industries. The aim is to promote regional capabilities, assets, comparative advantages and investment opportunities. Promotion will build on images which project our future growth aspirations. Internet and electronic commerce technologies will be utilised to promote the region and expand markets for Upper Spencer Gulf businesses.

12. Pre Commitment on Existing Programme Expenditure

This initiative will be developed with government agencies that currently control competitive grant programmes. An agreement will be sought whereby predetermined commitments would be made by programme administrators to fund priorities established by the Upper Spencer Region. Examples include State Sporting and Recreation Grants, Tourism Commission tourism road development funding, South Australian Housing Trust Capital Works Programme, Federal Federation Programme funds, Regional Telecommunications Infrastructure Fund and remaining ANRRTP funds. The benefit of this approach will be improved planning and better utilisation of government resources to achieve economic outcomes.

13. Integration of Development Controls and Planning Approval

Pursue uniformity for local government development controls and review current approval procedures with a commitment to match Hunter Region policies for guaranteed 28 day approvals. Negotiate arrangements with State Government development approval agencies to advance faster approval processes.

14. Export Advisory Service

Establish an export advisory service in collaboration with Austrade and South Australian Government overseas agents. The aim is to develop and promote an export culture within small to medium size enterprises.

15. Targeted Education and Training

Work with the three South Australian Universities and vocational training providers to develop targeted training programmes to support existing and emerging industries. Gain commitment from the three universities, with support from State Government, to develop a regional development research network within the Upper Spencer Gulf. Develop leadership training packages for business and community leaders.

APPENDIX 1

Major Projects Pursued by Existing Regional Development Boards

- Gas fired power station
- Canola processing
- Mineral sands processing
- Renewable energy
- Eco-City development
- Titanium dioxide processing
- Fin fish aquaculture
- Magnesium metal processing
- Adelaide to Darwin Rail Link
- Kistler Rocket Launch Facility
- Ausmelt SASE

OVERVIEW OF DEMOGRAPHIC AND EMPLOYMENT TRENDS
(For Complete Discussion see three reports into the Provincial Cities)

Table 1 illustrate the historic changes in population for each of the three cities over the last thirty five years. From Table 1 it can be seen that Whyalla under went dramatic growth until 1976 to become the largest of the six provincial cities (including Mount Gambier, Murray Bridge and Port Lincoln), whereas Port Pirie has experienced relatively little population growth over this whole period. Looking across the rows it can be summarised that in more recent times:

- Port Augusta continued with slower growth throughout the period to 1986 and thereafter has been locked into gradual decline;
- Port Pirie commenced a process of gradual decline sometime after 1966 which has continued since that time; and
- Whyalla grew very strongly to 1976 and with the closure of ship-building has experienced rapid population decline.

TABLE A2 1
HISTORIC POPULATION CHANGES IN THE SOUTH AUSTRALIA

	1961	1966	1971	1976	1986	1991	1996
Port Augusta (C)	11,130	11,522	12,224	13,092	15,915	15,234	14,315
Port Pirie (C)	15,672	15,694	15,456	15,005	15,240	15,011	14,370
Whyalla (C)	14,227	22,637	32,109	33,426	28,289	26,382	24,370

Note: ABS population statistics for 1961 and 1966 exclude full-blood Aborigines. SACES has included an estimate of full-blood Aborigines in the above table.
Source: ABS, (3218 0).

Table 2 for the inter census period 1991 to 1996, illustrates that the path of regional adjustment has been felt most strongly in the three Upper Spencer Gulf Cities relative to the state as a whole. From 1961 until 1976 the three cities experienced a compound average growth (CAGR) rate of population of 2.63 per cent each year, declining from that time through to 1996 at -0.7 per cent per annum. The respective growth rates for the period 1991 to 1996 are shown in the last column of Table 2.

TABLE A2 2
DEMOGRAPHIC CHANGES: SIX PROVINCIAL CITIES 1991-1996

Area	Population 1991	Population 1996	Change 1991-1996	Growth Rate (%)
Whyalla (C)	26,382	24,370	-2,012	-1.6
Port Pirie (C)	15,011	14,370	-641	-0.9
Port Augusta (C)	15,234	14,315	-919	-1.2
Adelaide Statistical District	1,057,161	1,079,184	22,023	0.4
State	1,446,299	1,474,389	28,090	0.4

Source: ABS. *Census of Population and Housing 1996*, (2015 4)

The experience of unemployment has also been more severe in these cities (only 1996 is shown in Table 3 although this is a consistent picture for the period 1980-1998) which in turn contributes to a decline in the population of each of the cities. Appendix 2 shows for each city the structure of employment by industry for each of the cities for the period 1986 to 1996.

TABLE A2 3
LABOUR FORCE: UNEMPLOYMENT RATE BY AGE: 1996

Age Cohort	Pt Augusta (C)	Pt Pirie (C)	Whyalla (C)	Adelaide Statistical Division	South Australia
15-19	25.1	38.7	30.3	22.4	22.3
20-24	23.6	24.1	20.0	16.3	16.1
25-44	11.6	15.2	11.9	9.0	9.0
45+	14.2	16.6	10.5	7.8	7.7
Total	14.7	18.7	13.9	10.6	10.4

Source: ABS, unpublished data.

EMPLOYMENT BY INDUSTRY 1986 TO 1996
PORT AUGUSTA, PORT PIRIE, WHYALLA

For Complete Discussion see three reports into the Provincial Cities)

TABLE A3.1
EMPLOYMENT BY INDUSTRY PORT AUGUSTA 1986-1996

Industry Sector	1986		1991		1996	
	No.	Per Cent	No.	Per Cent	No.	Per Cent
Agriculture, Forestry, Fishing	37	0.6	27	0.4	52	1.0
Mining	25	0.4	13	0.2	19	0.4
Manufacturing	238	3.7	239	3.8	144	2.8
Electricity, Gas & Water Supply	713	11.2	432	6.9	236	4.6
Construction	408	6.4	313	5.0	276	5.4
Wholesale Trade	985	15.5	980	15.6	161	3.1
Retail Trade	(a)	(a)	(a)	(a)	849	16.6
Accom. Cafes & Restaurants	282	4.4	350	5.6	300	5.9
Transport & Storage	1,558	24.5	1,034	16 5	648	12 7
Communication Services	85	1.3	60	1 0	64	1 3
Finance and Insurance	288	4.5	318	5 1	100	2 0
Property & Business Services	(b)	(b)	(b)	(b)	251	4 9
Govt Administration & Defence	283	4.5	225	3 6	205	4.0
Education	481	7.6	442	7 0	484	9.5
Health & Community Services	576	9.1	681	10.9	750	14.7
Cultural & Recreational Services	50	0 8	67	1 1	102	2.0
Personal & Other Services	165	2 6	239	3.8	255	5.0
Non-classifiable	40	0 6	19	0 3	30	0.6
Not stated	140	2 2	837	13 3	188	3 7
Total	6,354	100.0	6,276	100.0	5,114	100.0

Notes: [a] Included in Wholesale Trade.
[b] Included in Finance & Insurance

Source: ABS unpublished data

TABLE A3.2
EMPLOYMENT BY INDUSTRY PORT PIRIE 1986-1996

Industry Sectors	1986		1991		1996	
	No.	Per Cent	No.	Per Cent	No.	Per Cent
Agriculture, Forestry, Fishing	55	1.0	43	0.8	60	1.3
Mining	15	0.3	17	0.3	23	0.5
Manufacturing	1,535	28.2	1,233	23.0	969	20.2
Electricity, Gas & Water Supply	61	1.1	55	1.0	42	0.9
Construction	246	4.5	199	3.7	246	5.1
Wholesale Trade	1,023	18.8	1,023	19.1	140	2.9
Retail Trade	(a)	(a)	(a)	(a)	839	17.5
Accom. Cafes & Restaurants	179	3.3	178	3.3	232	4.8
Transport & Storage	448	8.2	274	5.1	202	4.2
Communication Services	117	2.2	78	1.5	115	2.4
Finance and Insurance	265	4.9	335	6.2	106	2.2
Property & Business Services	(b)	(b)	(b)	(b)	270	5.6
Govt Administration & Defence	184	3.4	153	2.9	148	3.1
Education	359	6.6	338	6.3	351	7.3
Health & Community Services	524	9.6	543	10.1	552	11.5
Cultural & Recreational Services	108	2.0	103	1.9	120	2.5
Personal & Other Services	189	3.5	190	3.5	208	4.3
Non-classifiable	22	0.4	26	0.5	42	0.9
Not stated	106	1.9	577	10.8	124	2.6
Total	5,436	100.0	5,365	100.0	4,789	100.0

Notes: (a) Included in Wholesale Trade.
(b) Included in Finance & Insurance.

Source: ABS, unpublished data.

TABLE A3.3
EMPLOYMENT BY INDUSTRY WHYALLA 1986-1996

Industry Sectors	1986		1991		1996	
	No.	Per cent	No.	Per cent	No.	Per cent
Agriculture, Forestry, Fishing	40	0.4	37	0.3	49	0.5
Mining	194	1.9	140	1.3	129	1.4
Manufacturing	3,780	37.0	3,451	32.2	2,651	29.0
Electricity, Gas & Water Supply	81	0.8	136	1.3	29	0.3
Construction	568	5.6	423	3.9	600	6.6
Wholesale Trade	1,530	15.0	1,425	13.3	293	3.2
Retail Trade	(a)	(a)	(a)	(a)	1,205	13.2
Accom. Cafes & Restaurants	289	2.8	301	2.8	339	3.7
Transport & Storage	331	3.2	307	2.9	282	3.1
Communication Services	205	2.0	104	1.0	94	1.0
Finance and Insurance	533	5.2	727	6.8	159	1.7
Property & Business Services	(b)	(b)	(b)	(b)	766	8.4
Govt Administration & Defence	269	2.6	196	1.8	198	2.2
Education	904	8.8	786	7.3	700	7.7
Health & Community Services	943	9.2	956	8.9	927	10.1
Cultural & Recreational Services	110	1.1	109	1.0	107	1.2
Personal & Other Services	216	2.1	228	2.1	269	2.9
Non-classifiable	50	0.5	54	0.5	106	1.2
Not stated	182	1.8	1,342	12.5	234	2.6
Total	10,225	100.0	10,722	100.0	9,137	100.0

Notes: (a) Included in Wholesale Trade
(b) Included in Finance & Insurance
(c) Source. ABS, unpublished data

APPENDIX 3

Upper Spencer Gulf Economic Development Strategy - Proposed Model