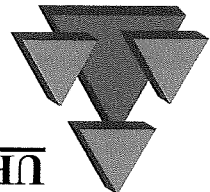


UPPER SPENCER GULF COMMON PURPOSE GROUP

ANNUAL REPORT
OCTOBER 2000



Chairman's Message

Currently it is an exciting time for the Upper Spencer Gulf. The signing of the rail contract, the advanced state of the investigation into the magnesium smelter in Port Pirie, the formation OneSteel and the transfer of the Whyalla Steelworks to the company from BHP, the commissioning of the pilot plant for SASE in Whyalla and the opening of the Centrelink Call Centre in Port Augusta all point to a period of growth within the Region. I believe that the actions of the Common Purpose Group, whilst not directly influencing some of these initiatives, have played an important role in establishing a favourable investment climate in the Upper Spencer Gulf.

In a short space of time, the three cities have embraced the need to work together for the long term growth and survival of each and the Region as a whole. The Group has actively pursued issues that effect the Region and has quickly grown to be an effective regional economic development body in partnership with the councils and regional development boards of each of the cities.

In the past 18 months many exciting initiatives have been planned and numerous are now well into implementation. Each initiative is about developing the capacity of the region and creating a competitive advantage for business. This will lead to long term growth and will enable existing businesses within the Region to win markets as well as help the Region to attract new businesses.

On behalf of the Group, I thank you for taking an interest in the actions of the Common Purpose Group. I hope that your interest in the growth of the Upper Spencer Gulf continues as the growth does.

Mayor Ken Madigan,
Port Pirie Regional Council

History

The Upper Spencer Gulf Common Purpose Group (CPG) was formed in December 1998. It was formed as a result of the findings of the South Australian Centre for Economic Studies (SACES) report into Provincial Cities in South Australia. This report found that the cities of the Upper Spencer Gulf (USG) were performing substantially worse than equivalent cities in both South Australia as well as the rest of Australia.

The initial membership of the CPG was the Mayors and Council Chief Executives of the cities of Port Augusta, Port Pirie and Whyalla as well as a representative from the Regional/Economic Development Boards based in each of the cities. It was agreed shortly afterwards that a representative from United Trades and Labour Council (UTLC), Spencer

Institute of TAFE, University of SA Whyalla Campus and the USG Combined Chamber of Commerce should be invited to join the Group in March 1999.

In March 1999, as a result of the regional task force report, the State Government moved to set up a group involving the three tiers of government. Senior officers from Invest Australia (Commonwealth), Department of Industry and Trade (State), the three local councils and regional development boards make up the group which is now known as the Upper Spencer Gulf Implementation Team (USGIT). USGIT's role is to implement those strategies developed by the CPG. The two groups have a close working relationship. As the initiatives have been progressed and people employed to work in the Upper Spencer Gulf for the CPG, they have joined USGIT. Andrew Eastick, Chief Executive Officer of the Northern Regional Development Board (NRDB), currently chairs USGIT.

Role, Aim and Objectives

The CPG set its mission to

Identify, develop and implement strategies that will achieve a sustained turnaround in the Upper Spencer Gulf economy by 2010.

The objectives of the CPG are:

◆ **Differentiation:** To improve/create competitive advantages for the Region in order to differentiate the Region from others

◆ **Competitiveness:** To improve the international competitiveness of the Region

◆ **Diversification:** To diversify/increase industry and employment in the Region

◆ **Government Commitment:** To enhance public sector agency impact on the Region

Under each of the objectives a number of strategies have been developed as well as an action plan to lead to the achievement of the strategies and the long-term goal. The Strategic Plan is available from the Secretary of the CPG, Mr Chris Filby or by contacting your local Regional Development Board.

Membership

Mayor Ken Madigan; Port Pirie Regional Council (Chairman)

Mayor Joy Baluch; City of Port Augusta

Mayor John Smith; City of Whyalla

Mr Peter Arnold; CEO, Port Pirie Regional Council

Mr Ian McSporrain; City Manager, Port Augusta

Mr David Knox; City Manager, Whyalla

Mr Mark Malcolm; Executive Manager, Port Pirie Regional Development Board (PRRDB)

Mr Andrew Eastick; CEO, Northern Regional Development Board (NRDB)

Ms Linda Carter; Acting CEO, Whyalla Economic Development Board (WEDB)

Mr Geoff Buckland; Secretary, Australian Workers' Union

Assoc Prof Jim Harvey; Dean, Whyalla Campus, University of South Australia

Ms Sue Sachs; Director, Spencer Institute of TAFE

Mr Malcolm McLeod; President, USG Combined Chamber of Commerce & Industry

Achievements and Initiatives Employing of an Export Manager

In February 2000 the USG Export Manager, Mr Andrew Lund started. He is employed under Austrade's TradeStart and Export Access Schemes with funding also coming from the Department of Industry and Trade.

Andrew lives in Whyalla, and is based at the WEDB office. Andrew works across the Region and visits all three cities and their hinterlands regularly to deliver an Export Development Program.

The program has three aspects:

- Developing an Export Culture (part of the TradeStart Program).
- Assisting specific businesses to establish themselves in export markets (under the Export Access program).
- Assisting businesses in the Region to win business supplying to local and national mining and industrial development contracts.

The primary objective is to work with around 15 individual businesses (or consortia) to develop sustainable export markets which together yield around \$10 million in exports per year by the middle of the decade, and with flow on to other businesses and the creation of employment opportunities in the region.

To this stage four companies have been accepted into the Export Access program and another two are in the process of applying to be accepted. Considerable export promotional activities have also been undertaken with good success. These include a dinner with the Managing Director of Austrade as guest speaker in Port Augusta, a trip to the Northern Territory expo at Darwin with companies involved with Partners in Rail, stands at field days and shows around the Region,

Partners in Rail Joint Initiatives

With the announcement of the construction of the Adelaide to Darwin railway, the State Government and Business SA (formerly the SA Employers' Chamber of Commerce and Industry) set up Partners in Rail to maximise the benefit to South Australian businesses from the opportunities that the railway construction and operation presents. With its location, the USG has been a focus of the attention of Partners in Rail activities.

A key initiative of Partners in Rail for the USG is the employment of an Enterprise Development Officer. The need for business development, particularly with respect to growth, was identified at the opportunity workshops held in each of the USG cities. The position was created with funding from Partners in Rail (\$120,000) and the CPG. Mr Lloyd Elies was appointed to the position in June 2000.

The objectives of the position are

- Liaise and work with local businesses to improve their competitive position for securing work on the Adelaide to Darwin railway, during construction and then operation;
- Provide advice and assistance to businesses in the tendering and other related processes;

- Facilitate participation in programs designed to improve capacity and capability to secure work within and beyond the Region;
- Ensure that business and the general public in the Region are fully aware of the Partners in Rail project and are provided with every opportunity to participate in the initiative

Mr Elies will work with those businesses registered with Partners in Rail from the USG, which at this stage is in excess of 160. Partners in Rail has also established a 'Rail Ready Fund' (\$200,000) to provide a subsidy to Partners in Rail registered companies undergoing enterprise improvement programs facilitated by the Enterprise Development Officer.

Resource Sector Cluster Development

The cluster development project has been one of the most successful projects the CPG has undertaken to date. Currently we are in the third and most important phase of the initiative.

The first step was an investigation of all potential clusters in the USG region. This was conducted by Dr Tony O'Malley of Outlook Management. The study recommended the cluster most likely to succeed in the USG was the resources sector. From this, the second phase of the project was commenced, raising the funds required to develop the cluster, the third stage. It was estimated that \$145,000 was going to be required for this to occur. Funding came from a wide variety of sources including Commonwealth and State Governments as well as private business. The broad range of support and funding sources is seen as one of the successes of the project.

The first full meeting of the leadership team of the Resource Sector Cluster was held in August 2000. Outlook Management has again been retained as the consultant to run the project with Port Pirie Regional Development Board administering the project. It is expected that this stage of the project will take around one year. Through this time the aim is for the collaboration of local businesses to develop a competitive advantage as suppliers to the global resources industry.

Making A Case, Investment Potential in the Upper Spencer Gulf

In October 1999 Invest Australia offered to second an officer to help prepare a preliminary investment strategy for the USG for six months from December 1999 to June 2000. Working cooperatively with the wider community, the aim of the report was to present possible investment initiatives for the USG based on the existing asset base. The officer, Ms Rebecca Gordon interviewed over 170 people in preparing the report. The report was officially launched by the Federal Minister for Industry, Science and Resources, the Hon Nick Minchin on 9 June 2000.

Making A Case was presented as a preliminary report to be used as a "thought provoker" to start discussions on investment attraction in the USG. The CPG has started the process of taking it to the next level, the preparation of investment briefs for some of the eight different industries that are recommended within the report. Four locally led taskforces been identified to work on the priority strategies and will report to an USGIT meeting in December 2000 with clear next steps for those areas identified. These task groups will include a range of people from State and Federal Government, local and national businesses as well as local bureaucrats.

Spencer Alternative Network Project (telecommunications)

A consistent problem for Upper Spencer Gulf businesses and residents has been the cost of undertaking a feasibility study into the establishment of a microwave telecommunications link from Adelaide to the three Upper Spencer Gulf cities. The opportunity for increased competition to reduce telecommunications cost in the Upper Spencer Gulf and the Region to Adelaide and beyond.

Planned Initiatives for the New Year

Regional Positioning and Promotion

This is a key project for the USG, presenting the opportunity to present a new image of the Region to the rest of the world, with the focus being an improved investment environment in the Region.

The project will build on the work undertaken by Invest Australia in preparing a "Making a Case". The project will aim to

- Review the economic strengths and weaknesses of the region
- Review Industry and Community awareness and image of the Upper Spencer Gulf (USG) and suitability for attractiveness for new investment.
- Review the work under way to improve the economic capacity of the USG
- Establish a champions network for the USG to support the economic reformation work within the Region
- Prepare a Positioning Statement for the USG that will form the basis of a comprehensive Promotions and Investment Attraction campaign aimed at internal and external investment.

We are currently waiting funding approval from the Commonwealth Department of Employment, Work Place Relations and Small Business (DEWRSB) under the Regional Assistance Programme.

Spatial Information of the USG

The CPG is investigating the compilation of all the spatial information of the USG to form a compendium of information that can be used by different groups in the USG. If any significant gaps are found, work will be undertaken to fill those gaps including the digitising of information for ease of future use and future information upgrades.

Vocational Training Culture Project

Unemployment is one of the greatest problems of the USG. This project aims to help lower the unemployment rate through increasing the level of trainees and apprentices taken on by businesses. There is a problem within the USG with the number of businesses that are involved in the training of their employees. This can be further seen with the generally low number of trainees and apprentices taken on by businesses. One of the contributing problems faced by business in this respect is a lack of skills in on-the-job training.

The project aims to offer businesses the chance to redress this situation by subsidising the cost of workplace-training courses to business. Whilst this is occurring, businesses will be encouraged to use these new skills to take on trainees and apprentices as well as increase number of work experience and job pathway students hosted in the business. This will help to reduce the unemployment in the Region.

Integration of Council Development Controls and Planning Approval Process

The purpose of the planning initiatives is broadly to provide a high degree of consistency and certainty, together with reduced turn around times on a regional basis for developers who may wish to establish within the region. The consistency would apply to planning policies and zones as they exist within the councils which make up the region. For example, the sorts of control and requirements for industry in the industrial zone in Port Augusta, should be very similar or identical to the requirements for the same industry should it wish to be located in Port Pirie or Whyalla. At an administrative level, there should be some degree of commonality between the three local government authorities in the region regarding over the counter advice, process, procedures, information sheets and other relevant matters.

Planners from each of the cities have met and determined that future Plan Amendment Reports will be developed with the aim of ensuring commonality across the region in policy and principles of development control. An outcome will be known approximately October 2000 on a funding application which will fund a study of the development approval process in each council to encourage best practise and a high degree of consistency throughout the Upper Spencer Gulf.