

**TRANSFORMING THE UPPER SPENCER GULF**  
**Sustainability - Innovation - Liveability**

**Synthesis of existing reports and strategic initiatives**  
Report to the SA Upper Spencer Gulf Economic Transition Taskforce

Prepared by the Upper Spencer Gulf Common Purpose Group

10/05/16 – V6

## Background

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The Upper Spencer Gulf is a region in transition.

The broader area is blessed with some of the most significant mineral and renewable energy resources, natural biodiversity and landscapes in the world.

The three cities that form the nucleus of the Upper Spencer Gulf – Whyalla, Port Augusta and Port Pirie have a strong heritage, culture and capability in industrial manufacturing. They also provide a range of retail, sports, arts, health, education and specialist services for surrounding Mid North, Eyre Peninsula and Far North communities.

The region has considerable opportunity to build on these comparative strengths and pursue growth in:

- Renewable Energy
- Arid Agriculture and Innovation
- Mining
- Defence
- Intermodal Transport and Logistics
- Event Tourism
- Regional Services
- Higher Education and Research

To achieve this, the Upper Spencer Gulf must first overcome a number of challenges, including:

- Current reliance on single industries reliant on global influences
- Negative external perception of the three cities
- High unemployment and socio-economic disadvantage
- Duplication by agencies and lack of coordination

In recent times these challenges have been brought sharply into focus with the closure of Alinta Energy's Port Augusta power station and associated Leigh Creek coal mine, a substantial downturn in mining activity due to low global commodity prices and uncertainty over the future of the Arrium OneSteel steelworks in Whyalla.

To overcome these challenges and maximise opportunities for the Upper Spencer Gulf, Government, community leaders and industry must work together to utilise the region's existing capabilities and support transition

Some inroads have already been made, with the \$500 million redevelopment of Nyrstar's Port Pirie lead smelter to a modern, multi-metals recovery and e-waste processing facility and the construction of Sundrop Farms \$150 million arid horticulture operation near Port Augusta. These examples pave the way for the transition of the Upper Spencer Gulf into a major economic growth and research hub in advanced manufacturing, cleantech and arid innovation.

This transition is aimed at securing the future of the Upper Spencer Gulf as a competitive, vibrant and self-reliant economy and community with:

- a diversified and viable economic base;
- improved resilience to changes in the local economic conditions;
- a skilled and flexible local workforce;
- improved well-being and liveability in local communities;
- a sustainable environment.

This report provides the guidance and coordination to achieve this goal.

## SUMMARY OF REGIONAL INITIATIVES

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### RENEWABLE ENERGY

1. Secure deployment of commercial-scale renewable energy generation facilities in the Upper Spencer Gulf, with a focus on opportunities that include storage technologies.
2. Establish a research innovation hub in the Upper Spencer Gulf to trial and test new renewable energy and clean technologies in partnership with Government, industry and leading research institutions.
3. Establish an "Upper Spencer Gulf Clean Energy Incentive Program" to assist the manufacture and deployment of new, innovative and market-ready renewable energy and associated supply chain projects in the Upper Spencer Gulf.

### AGRICULTURE AND ARID INNOVATION

4. Establish an "Upper Spencer Gulf Arid Innovation" incentive program to encourage new arid innovation enterprises and initiatives to establish in the Upper Spencer Gulf.
5. Provide innovative and sustainable solutions to improve availability of water for USG city amenity, recreation and industry purposes and reduce discharge to the marine environment.
6. Review and improve aquaculture lease arrangements to encourage new, innovative, sustainable aquaculture development in the Upper Spencer Gulf.

### DEFENCE

7. Provide support to maximise local USG business engagement with Defence industries through procurement supply to the Cultana range expansion and Defence contracts at Northern Adelaide's Techport Australia, Technology Park and Edinburgh Defence Precinct.
8. Provide incentive funding and technical support for Upper Spencer Gulf based suppliers to upgrade their infrastructure and equipment to engage with Defence contracts.

### NUCLEAR FUEL CYCLE

9. Establish state/national expertise based in the Upper Spencer Gulf to progress both community engagement and technical investigations into the future role of the USG and state in the nuclear fuel cycle

### MINING AND MINERALS PROCESSING

10. Establish a Regional Mining Innovation hub in the Upper Spencer Gulf, focussed on Magnetite and Copper processing.
11. Establish a 'Steel Industry Transformation Institute' in Whyalla, in partnership with Australian Industrial Transformation Institute.
12. Facilitate Stage 2 Port Pirie Nyrstar transformation project to process global e-waste, including regional value-adding and manufacturing opportunities.
13. Relocation of courses delivered at the TAFE Mining and Engineering Centre in Adelaide to the Upper Spencer Gulf, to enable local students to complete all programs and training in the region.

### NATIONAL TRANSPORT AND LOGISTICS HUB

14. Provide infrastructure and incentive support to enable new goods and services to be supplied via rail and road through the existing ports of Whyalla and Port Pirie.
15. Develop a 'Road Train Hub' at Port Augusta to enable safe road train assembly and disassembly and encourage co-location of logistics providers.

### EVENT, CULTURAL AND NATURE BASED TOURISM

16. Upgrade Country Arts' Northern Festival Centre Pt Pirie and Middleback Theatre Whyalla to improve functionality as key regional entertainment, conference and exhibition venues.
17. Establish a Centre for Aboriginal Art in Port Augusta.
18. Establish a fund for regional promotion to attract new conferences and events to the Upper Spencer Gulf in partnership with the Adelaide Convention Bureau

19. Establish the Upper Spencer Gulf Marine Discovery Centre in Whyalla, incorporating a Cuttlefish and Dolphin Interpretive Centre.
20. Develop tourism accommodation and commercial visitor experiences/products across the three cities.

#### **PUBLIC SECTOR SERVICES**

21. Relocation of South Australian Government 'shared services' unit to the Upper Spencer Gulf.
22. Relocation of Country Health SA administration to Whyalla.
23. Amend Government recruitment processes to allow the option of public sector positions to be located in the Upper Spencer Gulf.

#### **HIGHER EDUCATION AND RESEARCH**

24. Establishment and operation of the Upper Spencer Gulf 'Community Owned Higher Education and Research Centre' (COTEC)
25. 5 year trial of new, integrated VET funding model for the USG, in collaboration with local Industry Leaders Groups.
26. Establish an 'Upper Spencer Gulf Arid Innovation' scholarship program in partnership with industry and universities to provide new research into innovative technologies and solutions across the identified 'future industries' sectors.

#### **CITY LIVEABILITY AND VIBRANCY**

27. Implement a 'Renew Adelaide' type activity in the Upper Spencer Gulf cities.
28. Development of business incubator and co-working space across the three USG cities.
29. Regional positioning – renewing and rebranding the image of the three cities and the region.

#### **ENVIRONMENT AND NATURAL ASSETS**

30. Develop an integrated marine management approach for the Upper Spencer Gulf through the Spencer Gulf Ecosystems Development Initiative (SGEDI), to optimize environmental, economic and social outcomes for all Gulf users.

#### **REGIONAL GOVERNANCE AND RESPONSIVE GOVERNMENT**

31. Establish and maintain a co-located 'Upper Spencer Gulf Coordination Unit' based in Pt Augusta, senior policy and decision making personnel from all Government departments.
32. Support a 'pilot' statutory regional authority, taking into account the opportunities through the Planning, Development and Infrastructure Bill and 'Council of the Future' report.
33. Apply a 20 percent weighting to all State Government tenders in the Upper Spencer Gulf, to improve access for local USG businesses and workers to State Government procurement opportunities.

## About the Upper Spencer Gulf

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### Key Points

- There are strong economic and historical connections but each city also has different and complementary economic specialisations;
- Retail, cultural, tourism and social services are replicated in each of the three cities, rather than shared – reflecting the strong role each city has as a service centre for their own geographic hinterland;
- The three cities have only average capacity in several fast growing industries and are all below average in the share of technical, scientific and professional services - recommendation to build local capacity in these areas to improve economic outcomes.

The three cities of the Upper Spencer Gulf – Port Pirie, Whyalla and Port Augusta - have much in common in their origins, and as they have each diversified somewhat, their connections have also diversified so that their initial strong inter-dependencies in minerals processing have become a broader web of social and economic links.

Metal mining and processing drove the establishment of both Port Pirie and Whyalla, with a key driver for BHP's development of the Iron Knob ore deposits being the ability to use the ore for flux at the company's Port Pirie lead smelter – the main destination for lead ore from Broken Hill. The creation of the ironworks in Whyalla and the boom in production through the 1930s and 1940s coincided with the emergence of Port Augusta as the focus of the east-west rail link and rails from Whyalla were used to carry coal from Leigh Creek for the Port Augusta power stations – which also supplied Port Pirie.

As the populations of the three cities waxed and waned, the Upper Spencer Gulf has seen steady improvement in the breadth and depth of social and economic services across the region – diversification supported subtle specialisations in economic, health and education services across the region – avoiding duplication and at the same time widening the services available.

Today, resources and energy still link the three cities, but more through business trade services, labourers and contractors than flow of commodities and materials. This highlights the strengths, but also the vulnerabilities of the region to economic shocks faced by any one of the three cities.

Collectively, the region is home to around 53,000 people, representing 3.4% of the total South Australian state population. There are nearly 22,000 workers in the Upper Spencer Gulf and over 2,000 small businesses, contributing over \$2.3 billion in gross regional product and equating to just over 3%, of South Australia's gross state product.

The five largest industries contributing to Gross Regional Product are mining, manufacturing, utilities (electricity generation), education and health. Resources and energy link the three cities through business trade services, labourers and contractors, with a healthy mix of cooperation and competition across business in the region.

The three cities also play a vital role as service centres to their broader, geographic hinterlands, providing a range of retail, specialist health and medical, education, sporting, aged care, emergency and commercial services.

For example, whilst the population of Port Pirie city is only 14,000, the retail catchment in total is nearly double this, at around 26,000. Similarly, Port Augusta services an area north to the state border, with Whyalla the primary service centre for a large part of eastern Eyre Peninsula.

This dual role, as inter-connected industrial centres and as major geographic service centres means the economic and social impacts experienced by any one of the three cities can trigger a complex web of flow-on effects right across the northern part of the state.

Each city has different and complementary economic specialisations, and each city has a good representation of most of the industries which have seen growth across the State over the 2008-13 period. Whyalla is strongest in mining and has close to average shares of jobs in most other industries. Port Augusta is strong in utilities and the public sector, with close to average share of jobs in most other industries, whilst Port Pirie is strong in utilities, manufacturing, health and retail, with above average share of jobs in these industries and below average share of jobs in other sectors.

On a cautionary note however, the three cities have only average capacity in fast growing industries, including education, health and telecommunications, suggesting economic performance over the next five years in these sectors will lag behind the rest of the state.

In addition, the three cities are all below average in the share of technical, scientific and professional and business services enterprises. Building local capacity in these areas is vital if the Upper Spencer Gulf is to see growth in a more diversified economy.

Between the last census period:

- Less than 100 people moved residences between the three cities
- Over 3000 moved out of the region to Adelaide and around 2000 people moved from Adelaide to the Upper Spencer Gulf
- Less than 60 people lived in one of the three cities and worked in another

At the last census:

- each city had well over 100 residents working in mining or other sectors in the northern regions
- over 100 Adelaide-based residents work in the three cities in medium to high-income professional services such as public administration, education, health and technical services

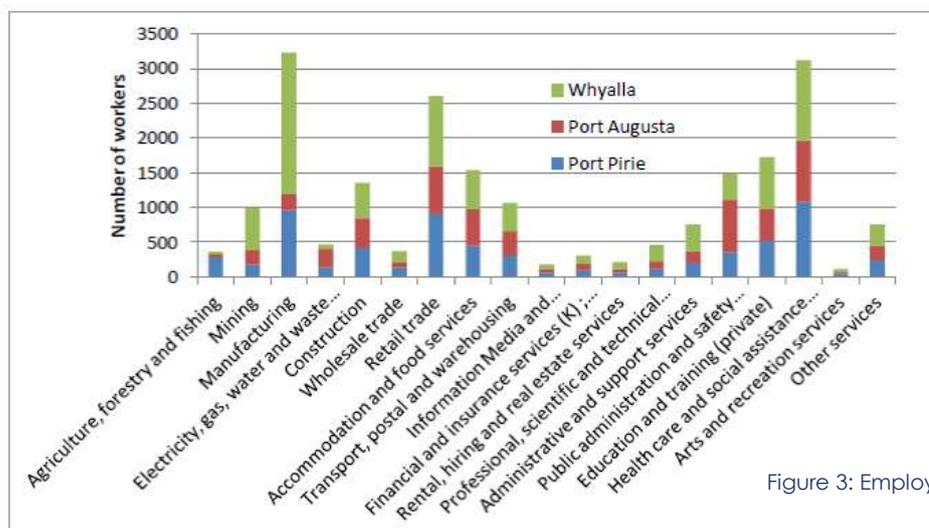


Figure 3: Employment by Industry - Upper Spencer Gulf Cities (source: Strategic Economic Solutions)

Table 1: Population, Workers and Business Snapshot - Upper Spencer Gulf Cities (source: Strategic Economic Solutions)

City	Population (LGA)	Share of State	Workers	Business Counts	Est GRP \$m	Share of State
Port Pirie	17,333	1.10%	6,622	773	701	0.90%
Port Augusta	13,985	0.90%	5,740	506	637	0.80%
Whyalla	22,000	1.4%	9,158	724	1,043	1.40%
<b>Total</b>	<b>53,318</b>	<b>3.4%</b>	<b>21,520</b>	<b>2,003</b>	<b>2,381</b>	<b>3.1%</b>

## Our Vision for the Future

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“A region that is leading transformation to become more sustainable, innovative and liveable”

A region with ....

- A cohesive and vibrant community
- A prosperous, diverse economy
- An attractive, quality lifestyle surrounded by stunning natural landscapes

# INDUSTRIES OF THE FUTURE

## RENEWABLE ENERGY

"The Upper Spencer Gulf is one of the best regions, in the best country, in the world for renewables"

Prof Ross Garnaut, 2014

Australia's domestic energy mix is changing. Whilst fossil-fuel based resources have traditionally provided the bulk of South Australia's energy use, the closure of the Alinta Energy coal-fired power station in Port Augusta and the growing interest in the region by renewable energy providers right across the Upper Spencer Gulf, is indicative of the energy transition underway, both domestically and globally.

Port Augusta, Port Pirie and Whyalla are ideally located in close proximity to some of the best and most diverse renewable and low carbon energy resources in the developed world. The region has exceptional endowments of wind energy, solar energy, wave energy, geothermal energy, biomass energy and high grade uranium oxide. Large natural gas resources to the north of the region are also favoured by the world's movement towards low-carbon energy. Effective utilisation of these resources has potential to make the Upper Spencer Gulf a future source of low-cost energy relative to the rest of Australia and globally.

The power transmission infrastructure built around the generation of electricity at Port Augusta is a considerable asset that can greatly assist the early stages of the emergence of the region as a major source of renewable energy.

As the role of renewable energy expands in the world as a whole and the cost of renewable energy continues to fall, the advantages of the Upper Spencer Gulf and surrounding areas in a low-carbon economy may become a source of competitive advantage for the region, and enhance its prospects for accelerated economic development.

The region's combination of excellent renewable resources with proximity to existing infrastructure and high energy use facilities makes the growth in low-carbon energy production for the Upper Spencer Gulf very real and very achievable.

Not only does the Upper Spencer Gulf provides an ideal location for commercial deployment of renewable energy generation facilities, it also offers considerable potential to research, trial and test new and emerging renewable energy technology.

Existing manufacturing expertise in the region, along with proposed expansion of the Nyrstar operation to include precious metal extraction from e-waste also offers the opportunity for local value-adding through processing or re-processing of elements required for the manufacture of renewable energy technology componentry, for example solar cells and battery storage units, through to framework construction.

With support from Government, researchers and industry, the region has already identified opportunities for growth in the renewable and low-carbon energy sector and potential for complementary clean technologies and undertaken an assessment of the resources and infrastructure, domestic and international market and policy environments. It also considers future local energy needs and competitive opportunities for the Upper Spencer Gulf itself in embracing and transitioning to low-carbon energy sources.

While there are some immediate challenges exist in relation to skills and infrastructure capacity, the stage is set for a renewable energy and clean technology revolution in the region. Whilst much of this will be delivered through market forces, the region has significant opportunity to leverage growing interest in the Upper Spencer Gulf from commercial operators and researchers to help diversify the local economy, create jobs and increase prosperity and long term sustainability of the Upper Spencer Gulf.

Strong Government policy settings including the Federal Renewable Energy Target, Clean Energy Innovation Fund, Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation will be critical to a successful economic transition.

### **Large Scale Renewable Projects**

There are significant opportunities to support deployment of large scale renewable energy projects in the region. The Upper Spencer Gulf has abundant renewable energy resources in wind, solar, algae and geothermal, within a global trend of rapidly falling costs of renewables relative to other forms of energy.

The most immediate commercial-scale prospect for the Upper Spencer Gulf is through large scale solar photovoltaic or solar thermal energy, to supplement and help smooth the intermittency of existing wind generation that already forms a significant component of South Australia's energy mix. The immediate market would be the established - but unquantified - demand within the Upper Spencer Gulf, along with the gap in the broader South Australian market arising from the closure of the Alinta coal-fired power station.

The potential for the Upper Spencer Gulf to supply renewable energy to meet the State Government's low carbon energy supplies, the Local Government sector's 'green energy' bulk purchase and to support the quest for a 'Carbon Neutral Adelaide' are all timely and logical opportunities that would help transform the Upper Spencer Gulf economy, create local jobs and ensure South Australia continues to strongly contribute towards global efforts in transitioning to a low carbon economy.

In the longer term, there is also potential for expanded export capacity through the interconnector into Victoria which, when completed, will allow about 650Mw of exports on a continuing basis.

There are also favourable opportunities for low-cost storage in the region, including pumped hydro storage at established dam sites and new opportunities involving high cliffs alongside the ocean. The falling costs of battery storage is expected to make local storage in households and businesses attractive as a supplement to storage on the grid, so long as distribution and retailing systems allow it to be developed efficiently.

Utilisation of the renewables capacity of the region will proceed more rapidly if there is more efficient provision of transmission, distribution and retailing services.

### **Test-bed for Renewable Technology**

The Upper Spencer Gulf provides an ideal site to trial and test renewable energy and complementary technology research and innovation, development and commercialisation. It combines excellent renewable resources with proximity to specialist support to enable research institutions to test their technologies in live situations. This would significantly assist with understanding reliability and commercialisation opportunities and act to bring the technologies to market faster, bolstering the states and region's economy.

A partnership could be established with organisations such as Adelaide University, who are already actively investigating a range of new technologies in partnership with industry in the region. There are also a range of renewable energy innovators active in the region who could also be strategic partners for the deployment and commercialisation of emerging technology. Other potential partners could include the University of South Australia and other universities, South Australian Research and Development Institute and overseas research institutions.

This would provide an opportunity to further leverage funding available through sources including the Australian Research Council, Department of Industry and Innovation, along with the South Australian Government.

### **Preparing the Region to Capture the Opportunities**

The current industry base in the Upper Spencer Gulf will benefit from renewables investment in the region if it has the skills and equipment to support the industry. It will be necessary to build local capacity to innovate, and up-skill the workforce to participate in the renewable energy supply chain.

A number of companies have already actively participated in renewable energy projects, and this experience should be actively leveraged to provide a basis for further capacity building in the region.

There are opportunities to develop specialised training programs to support upskilling for the renewables industry. This could be coupled with an industry and mentoring program that would provide the basis for significant innovation in the region.

Beyond preparing for servicing the industry, local authorities can also support the uptake of existing renewable technology. This will not only provide benefits to local business but will further stimulate local

jobs, as well as creating opportunities for local product suppliers. Local businesses can be provided assistance to invest in solar, bioenergy and other cost effective small scale renewable energy generation, along with energy storage and energy efficiency as a means of reducing their operating costs and improving profitability and competitiveness.

Similarly, local residents and communities can be supported to invest in solar, storage and energy efficiency, as a means of alleviating the impact of rising energy prices and also stimulating local jobs.

#### **Priority Actions and Recommendations**

- ✓ Secure deployment of commercial-scale renewable energy generation facilities in the Upper Spencer Gulf, with a focus on opportunities that include storage technologies.
- ✓ Establish a research innovation hub in the Upper Spencer Gulf to trial and test new renewable energy and clean technologies in partnership with Government, industry and leading research institutions.
- ✓ Establish an “Upper Spencer Gulf Clean Energy Incentive Program” to assist the manufacture and deployment of new, innovative and market-ready renewable energy and associated supply chain projects in the Upper Spencer Gulf.

#### **Key Agencies**

Renewables SA; DSD Industry and Innovation; Adelaide University Centre for Energy Technology; University of SA Future Industries Institute; Green Industries SA; Investment Attraction SA; Australian Government – Department of Industry Innovation and Science (Clean Energy Innovation Fund)

## AGRICULTURE AND ARID INNOVATION

"As the world's population continues to grow, Sundrop Farms is de-coupling food production from finite resources and relying instead on renewable resources to grow the world's food industry, not just profitably, but sustainably,"

Sundrop Farms, 10 March 2015

The aspiration of the Upper Spencer Gulf is to become the 'home of arid innovation'.

In addition to the industrial heritage of the Upper Spencer Gulf, the three cities also have considerable history and capability in horticulture, which is being revived with the advances of technology and the advantages of the transport network the region offers.

Since 1986, Betatene's biotechnology operation in Whyalla has been producing Beta-carotene, a source of pro-vitamin A that is widely used in the food industry as a colourant for food and drink products, animal feeds and health supplements. Today the company is the world's largest producer of food and pharmaceutical grade beta carotene and one of Australia's largest exporters.

The carotene is extracted from a naturally occurring algae grown from open brine pond cultures. With high evaporation levels and the availability of large areas of land ideal for storing vast quantities of salt water, Whyalla was the ideal site for the establishment of an algae extraction plant for Betatene.

More recently, global company Sundrop farms began operating its first commercial greenhouse facility near Port Augusta in 2010 and is nearing completion of a major expansion. Given the lack of fresh water and dry, arid climate, the greenhouse generates its own electricity and water through an onsite solar thermal power plant and seawater desalination plant.

The company has secured a ten year contract with Coles Australia for its truss tomatoes, taking further advantage of the Upper Spencer Gulf's location to assist their national transport and distribution operations. There are options for further expansion by the company.

The proximity of the three cities to agriculture hinterlands across Eyre and Yorke Peninsulas, the Mid North and the pastoral lands to the north also offers potential to combine the industrial capabilities and infrastructure of the cities to support a stronger processing and value-adding to dryland agriculture and livestock produce.

There are already examples of innovative value-adding initiatives in the region that can be built upon. Wilson Pastoral International, south of Port Pirie, has commercialised a high quality stock feed alternative using local native saltbush. Construction of a new pelletising factory will enable production of 26,000 tonnes of saltbush pellet per annum, delivering a low cost and sustainable source of nutrients for sheep and other stock animals.

Opportunities for other agricultural value-adding innovations in the region include premium grain milling and processing, egg production, advanced abattoir works and camel dairy.

In addition to commercial agricultural and horticultural operations, the Upper Spencer Gulf is fostering an emerging agricultural and arid research sector that the region is keen to expand.

For example, the South Australian Government, in partnership with Horticulture Innovation Australia has committed to a five year, \$22m national research and development collaboration to produce a sterile line of male Queensland fruit fly.

A new, purpose built facility in Port Augusta facility will have the capacity to produce 50 million sterile male Q-flies each week, providing a great benefit to eliminating this major pest from agricultural growing areas around Australia.

Another initiative, the Australian Bioactive Compounds Centre has recently been established between the University of Adelaide and the University of South Australia. Aims of the centre are to: 1) apply ecological and indigenous knowledge, to improve the efficiency of identifying biologically active compounds from plants found in Australia, in particular from its unique arid environments; and 2) fast-track these into commercially useful products in areas including medicine and agriculture.

Discussions are currently underway to form a local collaboration between the centre and the Australian Arid Lands Botanic Gardens in Port Augusta.

Opportunities for new aquaculture development and the role of the marine and terrestrial environments as potential carbon sinks in a future low carbon economy are also being investigated.

The Spencer Gulf Ecosystems Development Initiative (SGEDI) is a collaboration between Upper Spencer Gulf based industry, government and universities to identify potential issues and manage the marine environment of the gulf.

Established in 2012, the program is currently supported with nearly 2.5 million dollars of investment from industry, as well as through research efforts. Corporate investment includes BHP Billiton, Santos, Arrium, Alinta, Nyrstar, Centrex, Flinders Ports and the Fisheries Research and Development Corporation. Research partners include SARDI and Flinders University, with a lead role by Adelaide University.

### **Opportunities for Growth**

The Upper Spencer Gulf already has a sound base of agricultural and horticultural operations and research that provides an ideal opportunity to further leverage and position the region as a hub for 'Arid Innovation'.

There is scope for further growth in arid agriculture and innovative horticulture, based on the Sundrop model and considerable potential to build on existing agricultural and marine research.

Investigating and demonstrating innovation in water treatment and supply for arid communities and industries is also an area of particular interest for the region.

Technical challenges currently exist to increasing the capture and reuse of waste and stormwater across the three Upper Spencer Gulf cities. Overcoming these barriers will support a reduction in the amount of potable water required from the River Murray, reduction in the discharge to the marine environment and an increase in fit-for-purpose water for community, recreation and industry use.

Together these commercial and research opportunities highlight the future potential of the Upper Spencer Gulf as a hub for Arid Innovation.

### **Priority Actions and Recommendations**

- ✓ Establish an "Upper Spencer Gulf Arid Innovation" incentive program to encourage new arid innovation enterprises and initiatives to establish in the Upper Spencer Gulf.
- ✓ Provide innovative and sustainable solutions to improve availability of water for USG city amenity, recreation and industry purposes and reduce discharge to the marine environment.
- ✓ Review and improve aquaculture lease arrangements to encourage new, innovative, sustainable aquaculture development in the Upper Spencer Gulf.

### **Key Agencies**

PIRSA; SARDI; Aquaculture SA; Adelaide University; Investment Attraction SA; DSD; SA Water; Australian Government – Department of Industry, Innovation and Science, Department of Agriculture, Fisheries and Forestry, Department of Environment

## DEFENCE

"The expansion and development of the Cultana Training Area will provide one of the largest year-round training areas suitable for armoured, cavalry and mechanised manoeuvre and the operation of specialist capabilities such as Unmanned Aerial Vehicles and Armed Reconnaissance Helicopters."

Defence SA, 2014

The Upper Spencer Gulf has long played a part in supporting the Defence industry and has identified the expansion of the Cultana training facility and new Military vehicle and vessel construction as opportunities to grow the region's involvement and capabilities in Defence Industries.

### **Defence Range Support**

The Department of Defence has expanded the existing Cultana Training Area westward, increasing its total size from approximately 50,000 hectares to approximately 209,300 hectares. The expansion sets Cultana as one of the Australian Defence Force's largest training areas capable of supporting major joint combined exercises. The site, between Port Augusta and Whyalla, provides ideal terrain and climate for year-round armoured, mechanised and cavalry forces training.

Cultana is undergoing a major expansion to support future joint training needs and the capability of 1st Brigade and 7th Battalion, Royal Australian Regiment (7 RAR) Battle group, based at Edinburgh. The expanded Cultana Training Area will also support future air to ground, ground to air and ship to shore training activities, making it the Australian Defence Force's largest training area capable of supporting full combined arms exercises.

The expansion is now part-way through the development phase during which the infrastructure necessary for the management and use of the training area will be established.

Three phases of the expansion, valued at around \$80 million, will provide the facilities and infrastructure on the Cultana Training Area, including:

1. Hardened and Networked Army – environmental vehicle wash point
2. Enhanced Land Force Stage 2 – range facilities and infrastructure including an explosive ordnance storage and distribution facility
3. Major Capital Facilities Program – range facilities and infrastructure. Note this element is yet to be approved by Government.

Across the Cultana facility, construction and range maintenance support will also be required, including: fencing, firebreaks and range signage, roads and crossings, combined Arms range, urban operations training facility, and ammunition transfer points, scale A camp and associated facilities.

Head contractor Transfield, was engaged in 2015. Works are being progressively tendered through an open and competitive two stage tender process commencing in early 2015.

Contracting for construction works with Defence is a highly prescribed and complex process based on Commonwealth Procurement Rules (CPRs), Government Policies Connected to Procurement and Government Policies related to Commonwealth Funded Construction Projects.

Maximising the local business opportunities of the Cultana expansion for the Upper Spencer Gulf is a key consideration that will require a coordinated and concerted effort between Defence SA and Office of Industry Participation, Department of Defence and Regional Development boards in the Upper Spencer Gulf.

Generating additional local business activity during periods of troop rest and recreation and, in the long term, potentially housing of some permanent Defence staff - including a full battalion - in the Upper Spencer Gulf, are also opportunities the region is keen to explore.

Cultana site access requirements for vehicles and equipment via neighbouring public air, road, rail and seaports, particularly the newly opened up Whyalla port, are also items for further discussion.

### **Defence Shipbuilding, Block Construction and Componentry**

Upper Spencer Gulf has a strong history both supporting defence activities and in shipbuilding and block construction.

Opportunities for the Upper Spencer Gulf to contribute towards construction of the Future Frigates, C1000 Next Generation Submarines and LAND400 Armoured vehicles, would build on the region's history of shipbuilding and Defence operations and assist in generating local employment and business opportunities.

The Australian Government commitment to a continuous shipbuilding program for major surface combatants and minor war vessels and to the construction of 12 new submarines, provides potential for a longer-term engagement and building of capability in the Region.

Whilst Whyalla based Ottoway Engineering is a key capability partner with the ASC Pty Ltd in the supply of various items for the Air Warfare Destroyers being built in South Australia, including assembled pipe spooling modules and pipework supports, most of the current Defence capability is based in Northern Adelaide.

Located at Osborne, Techport Australia is the confirmed build location for the Future Frigate fleet and the centre of Australian activity on the Future Submarine Program. It is also the base of Australia's two largest naval projects – sustainment of the Collins class submarine fleet and construction of the Hobart class air warfare destroyers.

The South Australian Government has invested over \$300 million to develop this world-class maritime industrial precinct including common user shipbuilding infrastructure, a dedicated supplier precinct commercial campus and onsite training centre. The precinct is home to some of Australia's leading maritime companies including anchor tenant ASC, Raytheon Australia, Babcock, Pacific Marine Defence and Ferrocult.

Technology Park is South Australia's high-end technology precinct with a strong focus on systems development and integration, information communication technology and advanced manufacturing and electronics. Home to over 85 companies ranging from global organisations, such Lockheed Martin Australia and Saab Systems, to established SMEs and one-person start-ups, Technology Park Adelaide has a critical mass of technology expertise. The State Government has established a Secure Electronic Common User Facility in the precinct to support engineering and research activities, including modelling and simulation of complex networks. Anchor tenant the Defence Systems Innovation Centre is a hub for industry, research agencies and universities working on defence systems solutions.

The Edinburgh Defence Precinct is also a key national defence research, manufacturing and sustainment hub housing RAAF Base Edinburgh, the Defence Science and Technology Organisation and major defence companies including BAE Systems Australia, Lockheed Martin Australia and Australian Aerospace.

Fostering stronger links between Upper Spencer Gulf enterprises to Northern Adelaide's Techport Australia, Technology Park and Edinburgh Defence Precinct is a logical step to leverage the formative Defence capabilities in the region and particularly, in close proximity to Cultana.

### **Priority Actions and Recommendations**

- ✓ Provide expertise and support to maximise local USG business engagement with Defence industries through procurement supply to the Cultana range expansion and Defence contracts at Northern Adelaide's Techport Australia, Technology Park and Edinburgh Defence Precinct.
- ✓ Provide incentive funding and technical support for Upper Spencer Gulf based suppliers to upgrade their infrastructure and equipment to engage with Defence contracts.

### **Key Agencies**

Defence SA; Office of Industry Participation; Department of Defence; Defence Teaming Centre; Industry Capability Network

## MINING SERVICES AND MINERALS PROCESSING

“The Nyrstar transformation will transform its Port Pirie operations into the first Australian state-of-the-art poly-metallic processing and recovery facility”.

Nyrstar Briefing – A New Port Pirie, Transforming the Future

Metal mining and processing drove the establishment of the Upper Spencer Gulf, with a key driver for BHP's development of the Iron Knob ore deposits near Whyalla in 1899 being the ability to use the ore for flux at the company's Port Pirie lead smelter – the main destination for lead ore from Broken Hill. In 1915 the ore from Iron Knob was also sent by ship from Whyalla for use in the new Newcastle steelworks.

The creation of the ironworks in Whyalla and the boom in production through the 1930s and 1940s coincided with the emergence of Port Augusta as the focus of the east-west rail link and rails from Whyalla were used to carry coal from Leigh Creek for the Port Augusta power stations – which also supplied Port Pirie.

The first load of ore was received at Port Pirie from Broken Hill in 1885, with the first metal smelting and refining operations commencing in 1889. The operation has continued for 125 years incorporating a lead smelter and refinery, a precious metals refinery, a copper plant and a zinc plant, producing commodity grade lead, zinc, silver, copper cathode, gold and sulphuric acid.

The site has an adjacent dedicated port facility where concentrates are received, with final products dispatched by road and rail.

The smelter site is currently being reinvented as an advanced polymetallic processing and recovery facility by current owner, Nyrstar. The \$514 million project is due to be completed by the end of 2016. A key contributor to the initiative has been a \$291 million financial underwriting of the transformation project by the South Australian Government.

This iconic project marks a new era not only for Port Pirie, but for the whole region. Stage One of the project will allow the plant to process a wide range of high value, high margin raw materials, whilst Stage Two will incorporate e-waste processing into the operation, to realise the full value of recoverable metals. This could result in site becoming a global centre for e-waste recovery and related industries.

Extraction and re-processing of precious metals from e-waste at the site also offers the potential for long term synergies with the region's desired growth in local manufacture of renewable energy and potentially Defence technology componentry.

The smelter is not the only connection to the mining and processing sector. In previous years Port Pirie has also housed a former uranium and rare earth treatment plant, operated by the State Government from 1954 to 1962 for the recovery of uranium and rare earths. Following the closure of the plant in 1962, a number of smaller companies have used the property for various operations including the further pursuit of rare earth elements.

Now owned by Arrium the BHP integrated steelworks in Whyalla was opened in 1965, following earlier construction of the harbour and blast furnace in 1939 and the adjacent construction of shipyards to build navy patrol ships and then following the war, commercial vessels.

Today, the Whyalla steelworks is Australia's only manufacturer of steel long products with steel-making capacity of approximately 2.5 million tonnes per annum. The operation includes structural rolling mills, rail products facilities, slabs & billets and steelmaking by-products.

Due to the ship-building slump in the 1970's, the Whyalla shipyards closed down in 1978, at the same time as a worldwide downturn in the steel industry.

Unfortunately global influences including an oversupply of steel and low commodity prices, are again plaguing the steel industry, with Arrium OneSteel entering into voluntary administration on 7 April 2016.

Since 2007 Arrium has also mined and exported hematite iron ore. This followed the commercialisation of the company's hematite iron ore reserves under Project Magnet and the mining of replacement magnetite iron ore to supply the steelworks.

### Expand as more is known from Steel Taskforce

The recent closure of the Leigh Creek coal mine that serviced Alinta Energy's Port Augusta power station has also been a considerable blow to the local economy and community. Coal mining began in 1943, with the South Australian Government commissioning the Playford Power Station in 1954 and the larger Northern Power Station in 1985. Following privatisation of ETSA in 1999, the power stations became affiliated with Alinta Energy in 2007.

Despite the significant upheavals in many local mining and processing operations in the Upper Spencer Gulf, the broader region continues to offer opportunities for the cities to support mining and minerals processing.

The Upper Spencer Gulf is ideally located to provide services to most prospective mining projects, with the projected growth in the mining sector underwritten by a strong pipeline of project development opportunities.

For example, the South Australian government is aiming to attract up to \$A10 billion in magnetite investment within the next five years and has started identifying opportunities for growth in the sector to help achieve its goal of 50 million tonnes of iron ore exports per annum by 2030.

The Government has also recently released a copper strategy to drive exploration investment and discovery of new high-quality copper resources required to meet the copper production goal of 1Mtpa by 2030. This is supported by an associated \$20 million investment by the South Australian Government as part of their 'Plan to Accelerating Exploration (PACE) Copper to help lead the transformation of mineral exploration, with the aim to generate over \$400 million in private mineral exploration return for South Australia and create up to 1000 direct and indirect jobs within the minerals industry and services sector.

The South Australian Government has also invested \$10 million in a new research partnership with mining company Oz Minerals and universities, which aims to improve the quality of copper concentrates produced in the State, including development of new technologies aimed at unlocking the state's unique but deeply covered mineral deposits. Oz Minerals will contribute a further \$18 million to the partnership, which will include the construction of a demonstration plant in South Australia.

OZ Minerals has also recently announced plans to build a new \$150 million copper concentrate treatment plant (CTP) in Whyalla to treat copper ore from its Carrapateena mine.

The Carrapateena iron-oxide copper-gold deposit located to the north of Port Augusta is considered to be one of the country's largest undeveloped copper deposits. The mine is expected to produce 55,000 tonnes of copper and 58,000 oz of gold per year in concentrate for the first three years, following commencement in 2019, with approximately 400 jobs created in the construction phase and a similar number for operations.

More broadly, the Government continues to accelerate exploration through the PACE program to facilitate economic stimulation, accessibility to land, development of sustainable exploration and mining, increasing cultural awareness and balancing development with the environment.

The initiative will provide the necessary information and opportunity to bring forward new discoveries and set the foundations for the next generation of mineral industry growth and job creation in the services, supplies and manufacturing sectors.

Exploration for minerals including graphite, high-grade platinum, palladium, nickel, iron ore and copper are also continuing across the broader region.

Whilst mining exploration and activity occurs in the broader hinterlands of the Upper Spencer Gulf, the three cities are particularly interested in supporting mining-related opportunities to maximise value-adding of raw materials and expand the cities existing role providing minesite workforce and services, opportunities for processing and intermodal transport and logistics.

"The State Government is committed to ensuring the Spencer Gulf achieves its full potential, as part of our economic priority to unlock the value of our State's resources."

Mineral Resources and Energy Minister Tom Koutsantonis, 29 September 2015

Given proximity of the Upper Spencer Gulf to most of South Australia's prospective mining projects, the region is also ideally located to develop as a hub for applied research, skills and training for the mining sector.

Developing the region as a 'Heavy Industry Hub' for the mining sector was identified by PIRSA/KPMG in 2012, with several recommendations made to improve the readiness of the USG to take full advantage of this. Recommendations included strengthening regional development coordination and integration in the USG, raising the capability of mining services suppliers to contract with the industry, ensuring the skills training and workforce development is available in the region, Government investment into common use infrastructure and ensuring availability of appropriately zoned land to support mining services expansion.

In addition, to date considerable investment in mining and mining services research, workforce training and supply chain development has been provided to new facilities in Adelaide. In addition to the PACE initiative and Oz Minerals partnership, this includes a \$50 million Mining and Petroleum Services Centre of Excellence and a new \$38 million Mining and Engineering Centre located at Regency TAFE in Adelaide.

Whilst initiatives such as the Mining and Engineering Centre provides a valuable investment into skills and training for the mining sector, it has had a detrimental impact on the Upper Spencer Gulf, with regional students no longer able to fully complete their courses locally.

In order to build local capability, skills and innovation to service mining industry growth into the future, it is recommended that part of this Adelaide-based investment is redirected to the Upper Spencer Gulf.

Furthermore, whilst transport infrastructure is addressed as part of the USG's desire to grow as a national transport and logistics hub, other infrastructure needs specifically related to growth in the mining services and processing sector have been identified over a number of years. This includes potential duplication of the natural gas lateral from Whyte Yarcowie to Port Pirie and Whyalla and access to cost-effective, sustainable water and electricity supplies.

There is also interest in the region to further scope Upper Spencer Gulf involvement in Advanced Modular Solutions for the mining Sector. Whilst current focus is supporting efforts to establish a competitive manufacturing of large modular plant and equipment items in Northern Adelaide, there may be synergies that can be gained through the Upper Spencer Gulf.

#### **Priority Actions and Recommendations**

- ✓ Establish a Regional Mining Innovation hub in the Upper Spencer Gulf, focussed on Magnetite and Copper processing.
- ✓ Establish a 'Steel Industry Transformation Institute' in Whyalla, in partnership with Australian Industrial Transformation Institute, with a focus on future industry, workforce and cultural transition of steel making.
- ✓ Facilitate Stage 2 Port Pirie Nyrstar transformation project to process global e-waste, including regional value-adding and manufacturing opportunities.
- ✓ Relocation of courses delivered at the TAFE Mining and Engineering Centre in Adelaide to the Upper Spencer Gulf, to enable local students to complete all programs and training in the region.

#### **Key Agencies**

DSD; TAFE SA; Mining Industry Participation Office (MIPO); Green Industries SA; Geoscience Australia

## **NUCLEAR SERVICES INDUSTRY**

### **Low – Intermediate National Nuclear Waste Facility**

Australia uses nuclear technology for a range of crucial applications in research, medicine and industry. As a result, Australia has built up an inventory of low and intermediate-level waste stored at over 100 different sites across Australia

The Australian Government is currently seeking an appropriate site to locate a national radioactive waste management facility as most cost effective option for long-term waste disposal and storage.

It will take several years to identify a preferred site and then design and build the facility, with four key phases to the project:

Phase 1: Nominations, Site Assessment and Shortlist Identification

Phase 2: Site Characterisation Studies and Preferred Site Identification

Phase 3: Site Selection, Facility Design and Licensing

Phase 4: Construction and Operation

Following voluntary nomination by landholders, six sites were selected for initial consideration based on a multi—criteria analysis including community wellbeing, equity, stable environment, health, safety and security, economic viability.

Barndioota, 130km north-east of Port Augusta has now been shortlisted to proceed through to the second phase of assessment.

The assessment process is being led by the Commonwealth Department of Industry, Innovation and Science in accordance with the *National Radioactive Waste Management Act 2012*.

### **South Australian Nuclear Fuel Cycle Royal Commission**

The Nuclear Fuel Cycle Royal Commission was established by the South Australian Government on 19 March 2015 to undertake an independent and comprehensive investigation into the potential for increasing South Australia's participation in the nuclear fuel cycle, specifically in four areas of activity:

1. expanded exploration, extraction and milling of minerals containing radioactive materials
2. the further processing of minerals and the processing and manufacture of materials containing radioactive and nuclear substances
3. the use of nuclear fuels for electricity generation
4. the establishment of facilities for the storage and disposal of radioactive and nuclear waste.

In each of these areas, the Commission was required to examine and report by 6 May 2016 on the feasibility, viability, risks and opportunities associated with a potential expansion of the nuclear fuel cycle from the perspectives of the environment, the economy and the community, including regional, remote and Aboriginal communities.

The Royal Commission's report concludes that South Australia can safely increase its participation in nuclear activities, however highlights that such participation also brings social, environmental, safety and financial risks.

It concluded that some new nuclear fuel cycle activities are viable. One in particular, the disposal of international used fuel and intermediate level waste, could provide significant and enduring economic benefits to the South Australian community.

### **Priority Actions and Recommendations**

- ✓ Establish state/national expertise based in the Upper Spencer Gulf to progress both community engagement and technical investigations into the future role of the USG and state in the nuclear fuel cycle

### **Key Agencies**

Australian Government Department of Industry, Innovation and Science; SA Government Department of State Development

## NATIONAL TRANSPORT AND LOGISTICS HUB

The Upper Spencer Gulf, and Port Augusta particularly, is quite literally located at the 'crossroads of Australia'.

The region is the intersection of the national highway routes from Perth-Sydney and Melbourne-Adelaide-Darwin national highways; the east west and north south rail lines. In addition, sea ports at Whyalla and Port Pirie, commercial passenger airports at Whyalla and Port Augusta and fully serviced light plane and training aerodrome in Port Pirie provide a range of intermodal transport options.

In combination, these options make the Upper Spencer Gulf an ideal, central location to develop as national transport and intermodal hub.

The USGCPG is keen to grow opportunities to maximise transport links for growth in renewable energy, defence, agriculture/horticulture and mining operations.

The Pirie and Whyalla ports are both under-utilised, with the region seeking greater access and use of these facilities.

Owned by Flinder's Ports, the Port Pirie site's principal commodities including Mineral concentrates, Mineral by-products, Coal, General cargo and Grains and seeds.

The Port Pirie Regional Council is currently investigating options to expand the port involving using existing infrastructure (such as the current rail line) and new infrastructure development by way of storage facilities and a bulk ore barge transhipping solution.

Commercially, this port expansion option is designed to provide a scalable infrastructure solution that can act as a foundation for any future heavy infrastructure port solution that can potentially be implemented within 2 to 3 years.

The preferred site will allow for suitable unloading facilities with conveyors taking the materials from the train a short distance to the storage sheds. A key feature of the site is its scalability with multiple 200,000t storage sheds able to be located on this land, allowing individual mining companies to own/operate their own storage facility while sharing rail, loading and transhipping facilities. Material from the storage shed would then travel 1.2 kilometres to one of two self-propelled barges to be moored on the eastern side of the existing port swing basin. A fixed loading facility will load the transhippers which will then take the material to a Cape Class size vessel at a strategic anchorage point in the Gulf.

Arrium's export port facilities at Whyalla have recently been expanded to a capacity of 13Mtpa. On 29 September 2015, Arrium and the South Australian Government formalised an agreement to create a major multi-user port at Whyalla and generate new investment opportunities in the Upper Spencer Gulf. This follows a report by the Resources Infrastructure Taskforce which identified Whyalla as one of the preferred options for a multi-user, bulk capacity port in the region.

Development of a facility at Port Bonython near Whyalla for the export of bulk minerals has also been proposed by a Spencer Gulf Port Link Consortium headed by Flinders Port Holdings along with Leighton Contractors, Macquarie and ARTC.

The development includes landside storage and construction of a 3km long jetty to give the facility capacity for Cape size vessels. A link to the standard gauge railway line between Whyalla and Port Augusta is included in the development. An EIS has been prepared and lodged, and the consortium is presently seeking Australian and State Government environmental and development approvals. A commitment to use the facility is being pursued from mining companies in the north of SA, but the level of commitment is not yet confirmed.

Potential for containerised freight through Whyalla and port access by Defence as part of their expansion of Cultana also needs to be taken into consideration.

To maximise full long-term potential of establishing the Upper Spencer Gulf as a national transport and logistics hub forward planning to sequence timely upgrades to national highway access should occur. This would take into account the increasing mix of heavy, industrial, defence, commuter and tourist traffic on the national highway.

This may include construction of more overtaking lanes in the short-medium term through to full duplication of the national highway from Pt Wakefield to Pt Augusta in the long term.

An identified weakness in the national road system currently exists with the single lane crossing over the Joy Baluch AM bridge through Port Augusta. For over-dimension vehicles, or during times when bridge access is closed or restricted the only alternative access is an unsealed, dry-weather only route via 'Yorkey's Crossing'. Whilst the South Australian Government has determined there is no economic cost benefit to justify either bridge duplication or an upgrade to Yorkey's crossing, this point of congestion will need to be resolved if the region is to take full advantage of its potential as an intermodal hub.

In the immediate term, \$4 million was committed in mid 2015 by the Federal Government towards construction of overtaking lanes between Whyalla and Port Augusta. This project will be delivered with supporting state co-contribution towards implementation.

The opportunities for the Upper Spencer Gulf arising from the proposed 'NorthLink' rail freight bypass of Adelaide are also being considered by the region, noting that any construction of new or upgraded rail projects would also create demand for local steel.

### **Priority Actions and Recommendations**

- ✓ Provide infrastructure and incentive support to enable new goods and services to be supplied via rail and road through the existing ports of Whyalla and Port Pirie.
- ✓ Develop a 'Road Train Hub' at Port Augusta to enable safe road train assembly and disassembly and encourage co-location of logistics providers.

### **Key Agencies**

DPTI; DSD; Federal Department of Infrastructure, Transport and Regional Development

## EVENT, NATURE BASED AND CULTURAL TOURISM

The Upper Spencer Gulf is the largest population base outside of Adelaide and is ideally placed to grow its capabilities in 'Event Tourism', building on a history of hosting successful sporting and cultural events and conferences.

The region has previously delivered a number of annual and one-off state, national and international events, including the annual Nyrstar International Tennis Championships, 2012 International Rural Research conference, the annual Global Maintenance Industry Cluster conference, South Australian Masters Games (2005-2012), annual 'Desert Fringe' festival and a range of other statewide sporting and cultural events.

The recently completed \$22 million Port Augusta Central Oval and \$15 million Port Pirie Sporting Precinct set to open in 2017 will provide leading sporting infrastructure to host regional, state and national sporting events. Whyalla is currently investigating options for consolidation of several sport and recreation facilities including the Jubilee Park Multi-purpose Facility, Bennett Oval Multi Sports Precinct and Whyalla Indoor Leisure Centre Improvement. These initiatives will consolidate and upgrade a number of dated facilities to current standards to allow for hosting state and national events.

The region will host the National Rangelands conference in 2017 and is currently shortlisted to host the national 'Sustainable Economic Growth for Regional Australia (SEGRA) conference also in 2017.

To help fully realise the potential of the Upper Spencer Gulf to attract more national and international conferences and events, further facility upgrades and resourcing capacity will be required. Whilst there is ample motel and accommodation options, small conference/meeting facilities and theatres, the Upper Spencer Gulf suffers from ageing theatres and a gap in modern, quality conferencing facilities. Concept planning, consultation and feasibility studies have been completed for Country Arts regional theatre upgrades in both Whyalla and Port Pirie.

The proposed Northern Festival Centre in Port Pirie upgrade project, includes providing a new black box flexible-use theatre/conference space; a dedicated cinema with digital 3D projection facility; a new outdoor performance space, sculpture, an entry statement and car park upgrade; equity and access compliance; refurbishment of patron amenities, including toilets; upgrades to theatre lighting, house lighting, sound system; replacement of air conditioning and building fire safety upgrade; upgrade of meeting rooms and bistro area, installation of lifts and expansion of the ballroom.

Similarly, an upgrade of the Middleback Theatre will include the provision of a smaller and more flexible theatre space, A-class gallery, outdoor performance area, and general upgrades to improve safety, disability access and compliance. The upgrade will expand its functionality as an entertainment and exhibition venue provide a catalyst for pursuing the MICE market and host iconic and key visitor attraction events. A major upgrade of the Whyalla youth arts facility (D'Faces of Youth Arts) has also been costed and consulted and will provide an improved performance area, recording studio, workshop and wet area, prop construction and storage areas and disabled toilets.

Proximity of the three cities to the Flinders Ranges and Outback, Clare Valley, Yorke and Eyre Peninsula tourism regions provides a further competitive advantage for the Upper Spencer Gulf to use their event-based attraction to also facilitate additional visitation and tourism spend into the broader hinterlands that are rapidly building a strong international reputation for their tourism experiences.

Even within the three cities, facilitating growth in nature based tourism is also a significant opportunity for the Upper Spencer Gulf.

Detailed investigation into the construction of a 'Cuttlefish Interpretive Centre' have already been completed. This high quality, world class interpretive facility to attract domestic and international tourism to Whyalla. The facility will provide areas for community use and feature world best practice, interactive interpretive technologies to attract a younger audience and tourists from Asia.

This concept is now being expanded into a broader "Marine Discovery Centre" as an anchor attraction at the recently remodelled Whyalla Marina/Foreshore precinct, with potential to produce significant tourism, educational, community development and other benefits to the Whyalla region. The initiative would incorporate a relocated Whyalla Visitor Centre and will consolidate and link existing attractions and services.

The Centre will complement current development of a Whyalla Northern Coastline (Point Lowly/Fitzgerald Bay) masterplan, by Whyalla Council, in partnership with the RDAWEP, including attraction of operators to develop tourism accommodation and activities at the Point Lowly precinct, building on the existing assets of the Lighthouse Cottages, the state heritage listed Lighthouse and popular camping areas.

Both Whyalla and Port Augusta airports have regular daily connections to Adelaide open to chartered flights which enable easy further connections to Australia's major urban centres and beyond. This gives the USG an edge over other regional SA centres for tourist attraction

The MOU between Arrium and the SA Government to explore third party access to Arrium's Port of Whyalla presents unique opportunities in the expanding cruising market by attract visiting cruise ships to the Upper Spencer Gulf. Berthing at Whyalla provides day trip opportunities to Whyalla, Port Augusta, Pichi Richi Railway, the Flinders Ranges, Coober Pedy and other unique outback destinations.

Building on growing interest in Indigenous and cultural tourism also offers an opportunity for the Upper Spencer Gulf. Existing facilities such as Wadlata, the Port Pirie Regional Art Gallery and Curdnatta Gallery and the Desert Fringe Festival form a sound base to grow and consolidate the region as a logical destination for hosting permanent and visiting cultural events.

The identified gap in collecting, promoting and housing high end Aboriginal art is also an area of opportunity for the Upper Spencer Gulf.

Smaller, niche markets may also exist for industrial and heritage-based tourism that may complement the far stronger potential for event and cultural tourism the three cities can offer.

Opportunities to link industrial and heritage art and trails with tours of the Whyalla steelworks and Port Pirie smelter are being pursued by local government and tourism bodies.

#### **Priority Actions and Recommendations**

- ✓ Upgrade Country Arts' Northern Festival Centre Pt Pirie and Middleback Theatre Whyalla to improve functionality as key regional entertainment, conference and exhibition venues.
- ✓ Establish a Centre for Aboriginal Art in Port Augusta.
- ✓ Establish a fund for regional promotion to attract new conferences and events to the Upper Spencer Gulf in partnership with the Adelaide Convention Bureau
- ✓ Establish the Upper Spencer Gulf Marine Discovery Centre in Whyalla, incorporating a Cuttlefish and Dolphin Interpretive Centre.
- ✓ Develop tourism accommodation and commercial visitor experiences/products across the three cities.

#### **Key Agencies**

Country Arts SA; DEWNR; SATC; Adelaide Convention Bureau

## PUBLIC SECTOR SERVICES

The public sector is a significant employer in South Australia.

The General Government sector employs 100,000 people across the state, amounting to 81,000 full time equivalent jobs, earning an average salary of \$76,400. Of these employees:

- 42% are police, doctors, nurses and teachers
- 30% are in other front-line or direct support roles, including fire fighters, ambulance officers, allied health (including physiotherapists and radiographers), school services officers, disability workers etc
- 28% are employed in policy or administrative roles

There are a further 4,000 people employed in public, non-financial corporations, including SA Water, Housing SA the Adelaide Convention and Festival Centres and Adelaide Entertainments Corporation.

An additional 540 are employed in public financial corporations including Workcover, Funds SA, SA Government Financing Authority and the Motor Accident Commission and 420 in other Government entities such as Legal Services Commission and Super SA and the Teachers Registration board.

The SA public sector provides a vast range of services across many agencies and employs people across a broad range of occupations and skill levels:

- 28% of employees earn a base salary up to \$56,200 predominantly in entry level type roles.
- 50% earn a base salary between \$56,200 and \$91,500 across frontline and middle management
- 17% of employees earn a base salary between \$91,500 and \$115,500 which covers more senior managers and/or employees with technical expertise.
- 5% of employees earn over \$115,500 which includes executives or employees with significant specialist skills.

The ongoing centralisation of the public service to Adelaide has meant a direct loss of jobs and residents living and working in regional South Australia, including the Upper Spencer Gulf.

In addition, the number of state agencies without any ongoing local presence in the Upper Spencer Gulf, or with senior policy or decision makers has also declined, resulting in a disconnect that is often reflected in statewide policy and decision making.

The more the public service is centralised into Adelaide, the more policy decisions are formed through a 'city' lens and the more connection with the country is lost.

Put simply, government is losing touch with the impact of their decisions on regional areas and is perpetuating a lack of confidence in regional areas.

Interstate centres like Bendigo, Ballarat, Mildura, Albury-Wodonga, Armidale, Wagga Wagga, Toowoomba, Rockhampton, Townsville, Geraldton, Albany, and Launceston are a result of a long-term commitment to decentralisation and aspiration by Government to develop prosperous, thriving and self-sustaining regional centres.

This pro-active decentralisation approach is clearly reflected in national data which shows that of the 29 regional cities in Australia with populations over 30,000 and 8 with populations over 100,000, none are in South Australia.

Making an active commitment to substantially increase the number of public servants living and working outside of Adelaide promotes confidence in our regional centres and provides more efficient, practical and relevant support that will help further grow our regions and add value to our existing contribution to the state and the nation.

Instead of short-term deployment of Adelaide-based staff to regions during periods of crisis, a commitment to ongoing location of policy and decision-makers across key agencies, particularly those with a direct role in economic development should be implemented. Co-location of agency staff in the Upper Spencer Gulf, including Department of State Development, PIRSA, Investment Attraction SA, SA Tourism Commission, Defence SA, Department of Transport, Infrastructure and Planning and Department of Environment and Natural Resources would be an important first step in reconnecting the public sector with regions. This would enable key information and opportunities of the region to be identified and

relayed back to Adelaide-based agencies. This would also “spread out” the benefits of these agencies beyond metropolitan Adelaide and provide highly skilled jobs to the region.

In addition, there are calls for the Premier’s *Modern Public Service* document to provide greater employment certainty in the community services sector, to also be applied to all public sector employees in the Upper Spencer Gulf and broader regional areas of the state. The commitment to a default 3+3+3 year employment contract length, with at least six months prior notice regarding whether long term contracts are going to be renewed, not only prevents unnecessary loss of staff and impact on those people who rely on these services, but, in the case of regionally-based employees, assists in attracting and retaining staff and avoiding relocation of entire families out of the local community.

Opening up application for South Australian Government jobs to non-government employees based in regional centres such as Whyalla, Port Pirie and Port Augusta would also provide additional opportunity for many of the USG’s skilled workforce to remain in the region.

The roll—out of the NBN across the three Upper Spencer Gulf cities substantially reduces the need for workers to be based within a metropolitan CBD. For example PIRSA has an extensive video-linking service that enables excellent communication across South Australia with state-wide project teams.

In addition to actively promoting decentralisation of the public service across all agencies through changes to recruitment and employment conditions, there are opportunities for key Departments to be relocated out of the Adelaide metropolitan area to the Upper Spencer Gulf.

Locating regionally-focussed agencies such as Country Health, Country Arts, Regions SA in the metropolitan capital city does little to build confidence and credibility of State Government in the regions.

Instead, relocating the bulk of these agencies to the Upper Spencer Gulf provides a much needed new industry, new jobs and a new mix of skills into the community; and reinforces the Government’s commitment to the whole of South Australia, not just the metropolitan area.

The move would also support on-ground training and delivery in specialist areas. For example, relocation of Country Health SA to Whyalla would complement the substantial State Government investment into the upgrade of the Whyalla Hospital into one of the key medical and teaching facilities outside of Adelaide and Commonwealth investment into the Whyalla based Rural Medical School partnership between Adelaide University and the University of South Australia to provide hospital placements for doctor and nursing interns and the recent World Health Organisation accreditation of Whyalla as an ‘Age Friendly’ city.

#### **Priority Actions and Recommendations**

- ✓ Relocation of South Australian Government ‘shared services’ unit to the Upper Spencer Gulf.
- ✓ Relocation of Country Health SA administration to Whyalla.
- ✓ Amend Government recruitment processes to allow the option of public sector positions to be located in the Upper Spencer Gulf.

#### **Key Agencies**

All

# ENABLING AND SUPPORTING INITIATIVES

## HIGHER EDUCATION AND RESEARCH

Whilst the Upper Spencer Gulf has many opportunities to diversify and grow its economy, several reports identify a lack of relevant skills – particularly scientific, professional and technical capability as a key barrier.

In 2012 the South Australian Centre for Economic Studies highlighted education as the future foundation of economic and community growth, innovation and entrepreneurship in the Upper Spencer Gulf. This report identified a clear need to improve skills capacity in the region in order to realise a strong and prosperous economy. This finding was further highlighted in the SA Government report commissioned by PIRSA in assessing the feasibility of developing a heavy industry hub in the Upper Spencer Gulf and again in 2014 with a report by Strategic Economic Solutions specifically warning the lack of scientific and technical capability in the region is a key barrier to future growth and economic diversification.

At present, the technical, education and research needs of both established and emerging mineral resources, processing, renewable energy and clean technology and manufacturing businesses based in the Upper Spencer Gulf are largely sourced externally to the region, in an ad hoc manner and with very little, if any, local or lasting capacity generated.

The region is significantly lagging behind the state average in levels of higher education, with only 11.3% of the Upper Spencer Gulf population holding above a certificate level qualification, compared to the South Australian total of 23.3%

Combined with the lack of skills and technical capability to support emerging industries, unemployment rates in the Upper Spencer Gulf remain above state and national averages, with the rate of youth unemployment nearly double these figures.

In the vocational education sector, TAFESA has a strong and trusted presence across the region, including major campuses in each of the three USG cities. However, a 2014 desktop mapping exercise of vocational education service provision in the region highlighted a number of discrepancies between the courses available in the region and the actual needs of local industry. This reflects long-standing vocational training policy and funding support that is implemented on a broad, top-down, statewide basis, rather than responding to future trends and the needs of industry in the region the training is delivered.

In addition to training and education, whilst there is a solid existing research effort and strong interest in new research that would support transformative industry development in the Upper Spencer Gulf, this is largely 'fly in fly out' research, occurring 'to' the region, rather than 'within' the region.

To reverse these trends, a new model of community and industry driven higher education and research delivery for the Upper Spencer Gulf is being progressed.

The Upper Spencer Gulf Industry Education and Research initiative aims to build the local technical and research capacity by bringing together and brokering the needs of existing and emerging industry with local business and community leaders and the most relevant and cost-effective vocational, higher education and research capability.

Experience of this model in other jurisdictions has shown that due to the local support, education providers have a much higher completion rate (>90%) and lower overheads.

A core principle of the Centre is to maximise collaboration and avoid duplication of effort between cities and with existing providers, rather than duplicating courses already being delivered in the region by either TAFESA or universities.

Instead, the intent is to attract between 2-5% new local participants into higher education by expanding the total offerings available across the region, closely linked to industry needs, through a locally supported, blended learning approach.

A multi-campus arrangement would enhance the partnership opportunities and maximise efficient use of resources and allow for development of specialisations in each of the three cities, based on their own industry strengths and nuances.

It is also recognised that whilst many country students prefer and will continue to move to the city for their tertiary studies, the economic and social cost of relocating and supporting country students remains a considerable barrier for many.

Establishing a tertiary hub in the Upper Spencer Gulf will open opportunities for students who cannot afford to move to Adelaide, and aims to work with institutions to support flexible delivery options for students who may require additional support in the first year of tertiary study, prior to city relocation.

A key feature of the USG approach will also be to provide local knowledge and support to maximise the potential for research and industry synergies in the region, access to local demonstration, grant writing and project administration support, pilot sites and a more locally connected and efficient use of research funding and expertise.

There is already strong interest by universities and industry to establish the Upper Spencer Gulf as a research hub to trial and test new renewable energy technology, establish a Copper and Magnetite Centre of Excellence and Centre for 'Arid Innovation' in Agriculture and expand the Spencer Gulf Ecosystem and Development Initiative (SGEDI) to also support integrated marine management and marine eco-tourism research.

These examples build on existing and emerging industry innovation, including the redevelopment of Nyrstar's Port Pirie lead smelter to a modern, multi-metals recovery and e-waste processing facility, expansion of Sundrop Farms arid horticulture operation near Port Augusta, Whyalla's Muradel Bio-fuel initiative and Betatene's long-standing operation in Whyalla as one of the world's largest producers of food and pharmaceutical grade beta carotene.

The new USG approach would also incorporate opportunity to implement a new locally driven VET delivery model in collaboration with Local Industry Leaders Groups. Opportunities exist for trialing this new approach as a pilot for delivering the range of training, employment and skills initiatives under WorkReady.

Testing a new approach through a regional pilot would support the call from local Industry Leaders Groups in the USG to provide funding certainty and local flexibility to support industry priorities to attract and retain a quality workforce.

Furthermore, the growing focus on science, technology, engineering and mathematics at secondary school level and the pro-active approach by schools, training providers and industry in the region to take advantage of Government initiatives such as 'Science Hubs' program and seek stronger collaboration and more direct education-training-employment outcomes, also provides a solid base for delivery of a new higher education and training model and ensures the links between secondary schooling through to higher education continues to be fostered in the Upper Spencer Gulf.

With the sustained high level of youth unemployment in the Upper Spencer Gulf, particularly Port Pirie; the need for reskilling workers from Alinta in Pt Augusta and Arrium in Whyalla; and the need to build local capability, skills and innovation to service growth industries into the future, it is appropriate that a fundamentally different, locally driven approach to skills and training funding for the USG is adopted.

#### **Priority Actions and Recommendations**

- ✓ Establishment and operation of the Upper Spencer Gulf 'Community Owned Tertiary Education Centre' (COTEC)
- ✓ 5 year trial of new, integrated VET funding model for the USG, in collaboration with local Industry Leaders Groups.
- ✓ Establish an 'Upper Spencer Gulf Arid Innovation' scholarship program in partnership with industry and universities to provide new research into innovative technologies and solutions across the identified 'future industries' sectors.

## CITY LIVEABILITY

For decades the three Upper Spencer Gulf cities have been plagued by negative publicity and perceptions as 'dirty, polluted, industrial' towns.

Quite clearly this has hampered the regions ability to attract new residents and workers.

The Nyrstar transformation project, transition from coal-fired to renewable energy and expansion of Sundrop farms now provides a very different backdrop for the three cities to improve external perceptions.

Alongside this industry transformation, a key focus for local government and regional development leaders in Pt Pirie, Pt Augusta and Whyalla is to improve the physical and aesthetic appearance of the cities.

Improving the liveability and vibrancy of these centres is aimed at triggering more interest and investment by business and new residents.

All three cities have already invested heavily in initiatives including foreshore redevelopments, rejuvenation of sporting and library facilities, park, garden and street scape upgrades, bike and walking tracks, water reuse schemes and community events that foster civic pride and vibrancy.

Creating attractive, welcoming city entrances also continue to be a strong focus by the three cities in their quest to overcome decades of negative perception and industrial pollution.

For the three cities a key part of the transformation effort has been opening up and refocusing the town centres to take advantage of the water and stunning landscape views. Like so many industrial centres, sea and water access was primarily considered in the context of moving industrial goods rather than for the aesthetic and wellbeing value they can also provide to the community. Redesigning planning and development of the cities to take advantage of this natural feature marks a significant change in thinking and positioning.

It is recognised that changing decades of negative external perception of the region will also require a concerted marketing and promotional effort supported jointly by Local and State Governments.

Creating a culture of innovation will also be a critical part of the social change for the region.

As the larger employers in the Upper Spencer Gulf restructure, there is a need to foster a spirit of new opportunity which encourages retrenched staff to remain in the region and retrain or explore opportunities utilising their valued skills in a new business venture.

For existing small business having access to stable and consistent local business development program support is a cornerstone to enterprise success. This local support assists businesses to grow their capacity, skills and profitability.

Changes in technology and work practices for small office-based businesses also offer opportunity for the three cities to establish newer approaches that encourage collaboration and generation of new ideas and innovation across small enterprises.

Recent trends in business incubators geared towards small business start-ups have moved away from small office based formats to co-working spaces suited to tech savvy 'independent contractors' and microbusinesses. The characteristics of co-working spaces comprise a shared working environment, freelancers/independent contractors, and the synergy that occurs from the clustering of people who have complementary skills and projects.

The three cities all have remnant infrastructure suitable for upgrade and redevelopment into a modern business incubator spaces. Upgrading and remodelling existing sites to suit a modern co-working space, similar to 'Hub Adelaide', with in-house management, has the capability to contribute to innovation and enterprise and foster a spirit of entrepreneurship.

The region also has the advantage of access to the NBN, with Port Augusta one of the first regional cities in South Australia, and amongst the first third of Australia's population, to have a fibre connection to the National Broadband Network (NBN).

**Priority Actions and Recommendations**

- ✓ Implementing a 'Renew Upper Spencer Gulf' initiative in Whyalla, Port Augusta and Port Pirie to activate CBD's and foster creative enterprise.
- ✓ Development of business incubator and co-working space across the three USG cities.
- ✓ Regional positioning – renewing and rebranding the image of the three cities and the region.

**Key Agencies**

Renew Adelaide

## NATURAL ASSETS AND LANDSCAPES

Key to the liveability of the Upper Spencer Gulf is the long term sustainability of the natural environment surrounding the three cities.

The stunning natural landscapes of the Flinders Ranges and the coast and marine environment of the Upper Spencer Gulf are defining characteristics that underpin the sense of place valued so highly by residents and visitors.

Ecological and aesthetic protection of these landscapes will require a strong, ongoing investment into landuse and development planning, environmental restoration and monitoring.

Initiatives such as the 'Spencer Gulf Ecosystems Development Initiative' and the Flinders Ranges National Tourism Icons project will be important to help safeguard these environmental assets.

Inappropriate development and climate change are key threats to these environmental values and to the broader liveability of the cities.

For example, aside from being the main economic development zone in South Australia, the Spencer Gulf itself is a rare inverse estuary that provides a nursery for many fish and marine species and is an area featuring rare and unique biodiversity of national significance.

The Commonwealth Government funded Regional Biodiversity Management Plan for the Upper Spencer Gulf identified key issues and considerations to improve future management in relation to species distribution, abundance and condition, connectivity, sea level rise modelling, regional and local government planning.

The Spencer Gulf Ecosystem Development Initiative (SGEDI) brings together key research providers (University of Adelaide, SARDI Aquatic Sciences and Flinders University) and investors from a range of industries (fishing, aquaculture, mining, manufacturing, ports) with interests in Spencer Gulf.

The initiative takes an integrated approach to marine management in the region and seeks to drive sound outcomes for all Gulf users and the environment.

A recent cost-benefit analysis estimated the Gulf provides over \$136 million in economic benefit to commercial and recreational pursuits in this important marine environment.

Overall outcomes aim to deliver clearer approval pathways for industry with potential to reduce costs and time delays thus greatly assisting economic development; provide information, data, and tools to assist in approval pathways; ensure community support and public comments are more likely to be based on evidence; and ensure a thriving Gulf region, where progressive developments occur, community opportunity is optimized and the unique ecosystem is protected and enhanced – specifically through effective consideration of cumulative, chronic and long term environmental stressors.

The program is currently undertaking research to deliver an integrated science program focused around ports and shipping, with the next phase escalating research around an integrated approach to marine management such that all industries can optimize outcomes and environmental, economic and social outcomes for the region are maximized.

Climate change risk and vulnerability assessments have been undertaken at local and regional levels, along with identification of key adaptation actions for the cities in relation to: Improving energy efficiency in new development along with shade and amenity through green space and built form in city centres and residential areas; Increased stormwater capture and reuse through best practice water sensitive urban design in new development; Flood mitigation based on findings of recent and future studies; More explicit policy to encourage and guide assessment of domestic and commercial renewable energy in appropriate locations; Improve provision for indoor recreation facilities as cool refuges and to manage increasing cost of outdoor surface maintenance; Review rural living policies to avoid approvals in areas subject to increasing risk of hazards such as flood and bushfire to property and infrastructure and; Review coastal hazards and policy based on more detailed investigation into sea level rise projections at specific locations.

Clearly, maintaining a healthy and sustainably managed natural environment will have long term economic benefits for the Upper Spencer Gulf in terms of its pursuit of nature based tourism and for the attractiveness and liveability the region wishes to promote.

**Priority Actions and Recommendations**

- ✓ Develop an integrated marine management approach for the Upper Spencer Gulf through the Spencer Gulf Ecosystems Development Initiative (SGEDI), to optimize environmental, economic and social outcomes for all Gulf users.

**Key Agencies**

DEWNR, DSD, SARDI/PIRSA, Aust Department of Environment

## REGIONAL GOVERNANCE AND RESPONSIVE GOVERNMENT

To be successful, sustainable and cost-effective, the economic transition of the Upper Spencer Gulf will require a high level of ongoing cooperation, coordination and collaboration by Local – State – Federal Governments and by leaders within and across the Port Pirie, Port Augusta and Whyalla communities.

### **Establishing a 'Whole of Government' Presence in the USG**

Governments and communities have a very strong track-record of instigating cooperative arrangements and 'pulling together' during periods of crisis.

Unfortunately these collaborations usually fail to continue in any meaningful sense past the crisis period and the benefits and cost-savings from the improved communication and more efficient use of resources quickly revert back to a 'silo' approach to decision making that leads again to duplication of effort and policy ill-fitting the regional situation.

Over the past decade, the centralisation of government services to Adelaide has meant a decline in public servants living and working in regional SA.

Not only does this impact on rural jobs and population, but the more the public service is centralised into Adelaide, the more policy decisions are formed through a 'city' lens and the more connection with the country is lost.

This means Government is at increasing risk of losing touch with the impact of their decisions on regional areas. The loss of Government services and public servants from regions also perpetuates a lack of confidence in regional areas.

The fragmentation of decisions and resources is further exacerbated with the three Upper Spencer Gulf cities sitting across three different Planning Strategy volumes, three Regional Development Australia boards, two different education, emergency services and Regions SA regions and two Regional Natural Resources Management boards. Country Arts, Health (?). Services such as transport and xxx are now managed centrally in Adelaide, with no regional liaison or management.

This increases duplication of resources and hampers the ability to take a more strategic view across the three cities, which have strong commonality in their history, culture, industry, land-use and community.

At a regional level, the Upper Spencer Gulf Common Purpose Group is an enduring alliance of local government, regional development and education sector representatives from across the three cities.

Formed in 1998 by the three Local Government authorities, with strong support from State Government, as a response to the economic crisis facing the region as a result of nation-wide restructures of the steel and railway industries (and smelter into administration?) that substantially and negatively impacted on the Upper Spencer Gulf.

As the economic situation slowly improved and Government withdrew its coordination and support to the Group, local representatives committed to retaining the Common Purpose Group as a forum to continue to share information and work as a united voice.

The Group now operates with core funding from its three local government partners – the City of Whyalla, Port Augusta City Council and Port Pirie Regional Council. From time to time additional funding is received from Government and other organisations through grants for delivery of specific projects, initiatives or functions on an ad hoc basis.

In recent years the Common Purpose Group has also provided the auspicing arrangements for the 'Upper Spencer Gulf Mayors and MPs forum' and the Local Government Association's 'Spencer Gulf Cities' zone, in addition to its own Upper Spencer Gulf Education committee. The Group was also the founding body for the 'Global Maintenance USG' industry cluster association in 2002(?)

Whilst the Common Purpose Group has considerable experience and merit in facilitating information sharing and joint action across the Upper Spencer Gulf, it does lack statutory authority, meaning its ability to influence Government policy and action can only be based on advocacy and building positive relationships.

Having a statutory regional authority that focuses on the long term vision for the three cities, sets out a strategic approach to land use, transport, infrastructure and the public realm, integrates economic, environmental and community priorities - and which has a legislative basis - would complement the work of the Common Purpose Group and provide efficiencies for Government in supporting the future growth and sustainability of the Upper Spencer Gulf.

Two current reforms offer the opportunity for such an authority to be established in the Upper Spencer Gulf.

### **Regional Planning Board**

The first is the new Planning, Development and Infrastructure Act 2016 that updates the Development Act 1993 and provides a planning system to regulate development, provide rules for the design, construction and use of buildings and other initiatives to facilitate the development of infrastructure, facilities and environments that will benefit the community.

Of particular relevance regionally, the bill provides for a "Planning Agreement" to be established between councils and other entities across a defined area, and a "Joint Planning Board" to administer this agreement.

A key role of the Planning Board will be development of the regional plan which would include a long-term vision for the region, the integration of land use, transport, infrastructure and the public realm, any relevant structure or master plans and recommendations about the application and operation of the Planning and Design Code in the region. The regional plan would supersede current volumes of the State Planning Strategy.

The Whyalla, Port Pirie and Port Augusta Councils are currently considering the opportunity to form a regional development assessment panel as a first step towards establishment of an Upper Spencer Gulf Planning Board in the long term.

### **Council of the Future**

The second reform that has potential for providing a statutory framework for inter-governmental and cross-agency collaboration is the 'Council of the Future' report prepared by the Local Excellence Expert Panel for the South Australian Local Government Association in 2013.

A key part of the panel's recommendations included a strengthening of regional arrangements across the state including a re-alignment of many legislative functions in order to generate stronger coordination and more efficient use of state and local government resources in the delivery of services to local communities.

The report specifically recommended establishment of 'Regional Councils' across all areas of the State, with functions including inter-government relations, strategic regional planning, regional roads and transport issues, water and waste management, environmental and natural resources management, joint delivery of regional-level services and – where appropriate – shared administrative functions.

Each Regional Council would have its own CEO and 'core' secretariat, with individual functions carried out by separate business units, each of which should be managed by a skills-based board.

### **Industry Participation**

The South Australian Industry Participation Policy aims to generate local economic activity, work, investment and innovation to grow the state's economy by ensuring competitive businesses employing South Australians are used to deliver government goods and services whenever possible.

Public procurement is an effective way for governments to support local industry development, innovation and the long-term health of the regional economy.

The policy aims to deliver greater economic contribution to the State from procurement, with benefits such as employment and workforce development; improving industry capability and capacity through capital investment; retaining economic activity in the state and using innovation to develop the supply chain.

The Industry Participation Policy applies to:

- State Government procurement of goods and services including infrastructure and construction
- Public Private Partnership projects

- Federally-funded infrastructure and construction projects managed by the State Government private sector projects receiving State Government support of more than \$2.5 million cash and in-kind.

Applying a weighting to tenders and procurement for the Upper Spencer Gulf, similar to that applied to Northern Adelaide, is a pro-active measure that will support local business in the region.

#### **Priority Actions and Recommendations**

- ✓ Establish and maintain a co-located 'Upper Spencer Gulf Coordination Unit' based in Pt Augusta, senior policy and decision making personnel from all Government departments.
- ✓ Support a 'pilot' statutory regional authority, taking into account the opportunities through the Planning, Development and Infrastructure Bill and 'Council of the Future' report.
- ✓ Apply a 20 percent weighting to all State Government tenders in the Upper Spencer Gulf, to improve access for local USG businesses and workers to State Government procurement opportunities.

#### **Key Agencies**

DPC; OIP; DPTI/OLG

## SUMMARY OF ACTIONS

## SUMMARY OF IDENTIFIED REGIONAL INITIATIVES

<b>Project Initiatives</b>
<b>Renewable Energy</b>
1. Port Augusta Solar Thermal – Solar Reserve
2. Port Augusta Energy Park – DP Energy
3. Port Augusta 100mw Solar Axis Tracking PV – Reach Solar
4. Whyalla 200mw Solar PV Farm - Adani
5. Whyalla 6mw Solar PV – Sustainable Power Partners
6. Whyalla 10mw Solar PV – Urth Energy
7. Whyalla Solar/Biowaste Facility – Zen Energy
8. USG Modular Concentrated Solar Thermal
9. Solar PV cell manufacture – Tindo IXL
10. USG Renewable Energy Research Hub 'Wagon Wheel'
11. Renewable Energy Research Innovation Hub
12. Renewable Energy and Clean Technology opportunities for Port Augusta and the Far North Region
13. Renewable Energy - Battery Assembly/Manufacturing Plant – Port Augusta
14. Metropower Energy Demand Analytics
15. USG Clean Energy Incentive Program
16. Implement the South Australian Premier's Climate Change Council's "Climate Change Vision – Pathways to 2050" priority action 8.3
<b>Agriculture and Arid Innovation</b>
17. USG 'Arid Innovation' Incentive Program
18. USG 'Arid Innovation' Scholarship Program
19. Water Treatment and Reuse – Whyalla, Pt Augusta, Pt Pirie
20. Review & improve aquaculture lease arrangements
<b>Defence</b>
21. USG Defence Procurement Working Group
22. USG 'Defence Industries Coordinator'
23. Infrastructure and Equipment Upgrade to Engage with Defence Contracts
24. Centre for Defence Industry Capability – USG 'Outreach' Presence
<b>25. Mining Services and Minerals Processing</b>
26. Magnetite and Copper Centre of Excellence
27. Steel Industry Transformation Institute
28. Facilitate Stage 2 Pt Pirie Nyrstar transformation project
29. E-waste value-adding
30. Advance Modular Construction for the Mining Industry
31. Mining Services Market Development and Capability Assistance
<b>Nuclear Fuel Cycle</b>
32. Nuclear Royal Commission findings tbc
33. Federal Low Level Facility tbc
<b>Transport and Logistics</b>
34. Deep Sea High Capacity Bulk Commodity Export Port – Eastern Eyre Peninsula
35. Port Expansion – Port Pirie
36. USG Freight Hub – Containerised sea freight
37. Northern Rail Link (Adelaide Rail Freight Bypass)
38. Livestock Trans-shipping Hub – Port Augusta
39. Highway One Gulf Crossing Pt Augusta – Yorkey's Crossing/Bridge Duplication
40. Port Access for Cultana Defence Facility
41. Road Infrastructure Upgrades
42. Opportunity Assessment Fund
<b>Event, Nature Based and Cultural Tourism</b>
43. Establish an 'Upper Spencer Gulf' event tourism 'bid fund' to attract new conferences and events to the Upper Spencer Gulf, in partnership with the Adelaide Convention Bureau
44. Upgrade Country Arts' Northern Festival Centre Pt Pirie and Middleback Theatre Whyalla to improve functionality as key regional entertainment, conference and exhibition venues.
45. Centre for Aboriginal Art
46. Establish the Upper Spencer Gulf Marine Discovery Centre in Whyalla, incorporating a Cuttlefish and Dolphin Interpretive Centre
47. Point Lowly Precinct Development
48. Cruise Ships Whyalla
49. Whyalla Sporting Facilities Upgrades
<b>Public Sector Services</b>
50. Decentralising the Public Service – Shared Services
51. Country Health Specialisation, Whyalla USG
52. Amendment of Public Service Employment and Contract Provisions

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