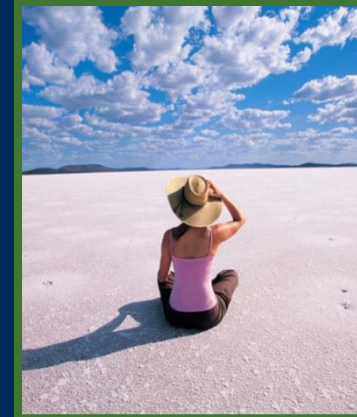




## Regional Development Australia - Whyalla & Eyre Peninsula

# 81<sup>st</sup> EPLGA Conference 2018



# Status Quo v Excel, Innovate & Thrive

In a regional economic development context

Dion Dorward CEO RDAWEP



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# Status Quo

## A Region renown for Quality:

- Food, fishing, aquaculture and agriculture
- Resources and steel
- Pristine Environment and exciting coastlines
- Resilient People and vast spaces

## A region also renown for infrastructure problems:

- Limited water and energy
- Intermittent telecommunications
- Road, rail and port (sea and air) challenges
- Health, Aged Care & Visitor support



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# Status Quo

## Global Economy:

- Transitioning fast Hi Carbon to Lo Carbon Energy Production & Use
- Changing Trade Relationships – China, India, Asia, Japan, USA, UK
- Unprecedented rising demand for safe food
- Disruption to every industry and community
- Digital
- Client driven business structures, AirBnB, Uber
- Marketing – instant (spot), connectivity
- Artificial Intelligence, Robots, Driverless vehicles, Drones



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# Status Quo

- 2016 Population 56,613 *(ABS 2016 Census)*
- 2001 Population 53,853 *(ABS 2001 Census)*
- Population Growth for = 5.1%
- EPLGA Growth Range = minus13 % to + 35%
- Aging Population (median age 42 EP v 38 Aust)
- 30% p.a. youth exit



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## Status Quo

- Employment Pool in 2016 = 25,854
- Unemployment Rate 2016 = 7.7% EP v 6.9% Aust
- Employment Pool in 2011 = 26,869
- Unemployment Rate 2011 = 5.8% EP v 5.6% Aust
- EPLGA UR range = 1.8% to 12.4%



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# Status Quo

The Regions 4 main employing industries are:

- Health & Community Services 13.7%
- Retail Trade 11.2%
- Manufacturing 10.7%
- Agriculture 10%



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# Status Quo

2001 to 2016

Employment in Agriculture declined by 19.6%

Employment in Manufacturing declined by 29.6%

Jobs in Health & Community Services Grew by 38.8%

Mining grew by 500% off a very low base and record exploration activity



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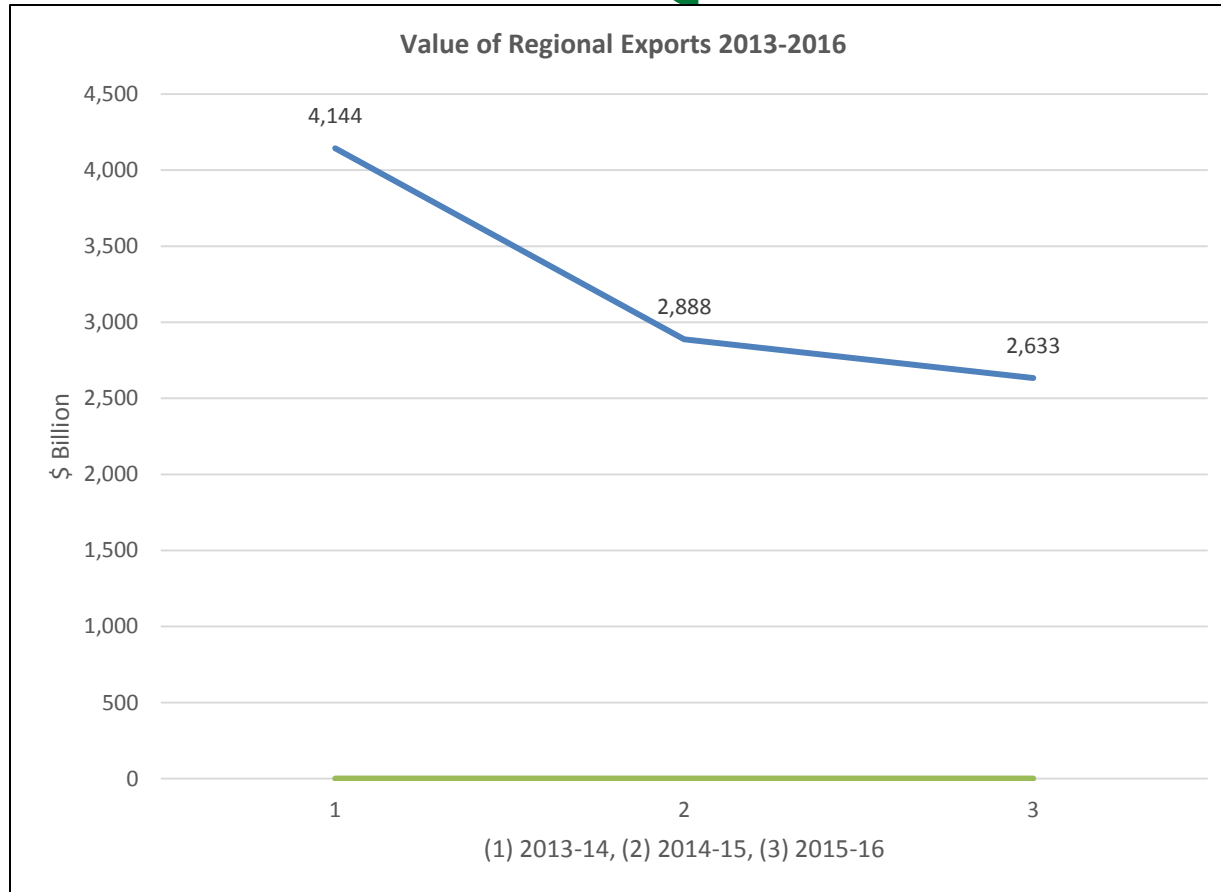


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# Status Quo



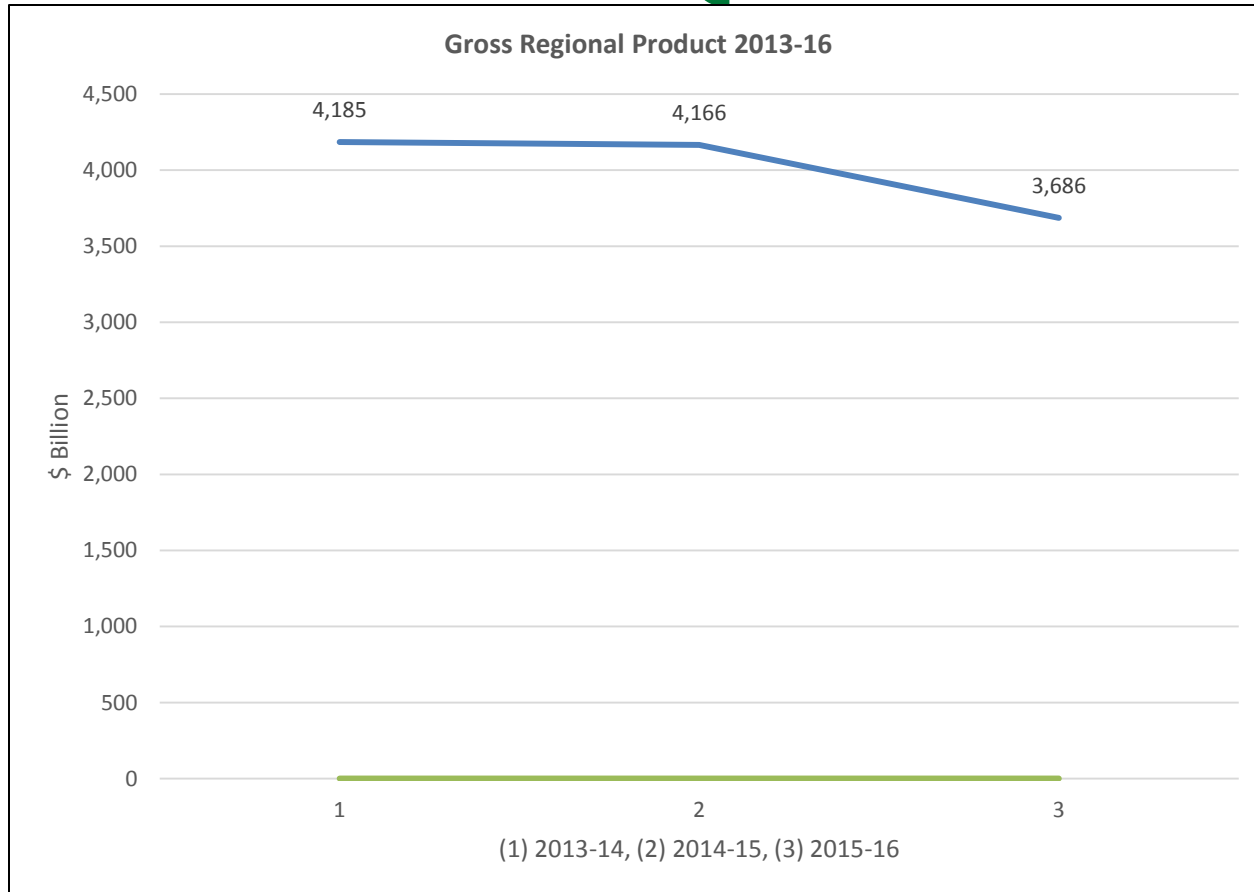
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# Status Quo



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# Status Quo

## Education & Training

- 15.2% of EP people have Diploma or above v 31% Aust
- 20% have Cert III or IV v 15.7% Aust
- 12.9% completed Year 12 v 15.7% Aust



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# Status Quo

## Challenges for Councils on EP include (SACES):

- Small Councils spread across wide areas
- Small rate base & constraints on revenue raising
- Dependence on government support (over reliance on grants & subsidies)
- High transport cost burdens (especially maintaining roads)
- High procurement costs (including health)
- Long term trend of rising operating costs (and operating deficits)



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## What does this mean?

- Population growing at .3 of 1% pa
- Shrinking and under-educated employment pool
- Primary Industries & manufacturing dominate GRP and create \$\$\$\$ but employ less people (they often excel in production)
- Exports & GRP – top industries price takers & struggle to compete globally (cost & price) low margins
- Hard to recruit appropriately qualified people
- Extreme pressure on Health Services - Aged & Disability
- Councils struggle with sustainability



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## Whyalla (an example)

- Single industry dependence (steel manufacturing)
- Arrium poor decisions & costs higher than price
- Job losses, population decline
- GFG vertically integrated and international supply chain
- Cut costs, invest in technology, increase production & sales (customer focus – time/service, cost, quality)
- GFC recognise importance of regional livability/amenity
- RDAWEP & 3 tiers of Government diversify economy with defence, energy, education, tourism, aged & disability care etc
- = stabilise decline & increase population



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# Economic Diversity

Eight Council districts rely substantially on Agriculture for:

- Employment
- Exports and
- GRP

Highly vulnerable to:

- Drought
- Global economic conditions ( commodity prices plus input costs (diesel, fertiliser, chemicals))
- Post farm gate infrastructure & costs



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## Economic Performance Sustainability- Infrastructure Constraints

- Replace power transmission and increase capacity
- Provide abundant quality water supply at a cost that can grow industries and population
- Resolve mobile & internet communication blackspots
- Improve efficacy & export capability of the Thevenard, Port Lincoln & Whyalla Ports including provision of container capability and construction of a new Cape Size Port at Cape Hardy
- An EP standard gauge rail system connected to national grid



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# Economic Performance Sustainability- Governance Constraints

- Outdated inflexible regulation of Water & Energy
- Centralist State & Australian Governments
- Conflicting Priorities – Corporations, Govts, Region
- Red & Green Tape
- Political v Evidence based decisions in 3 tiers of Govt
- Lack of Local Government Reform on EP

All points to need for EPLGA to evolve/innovate regionally & give one voice to 56,613 in 11 LGAs to prosecute the case successfully.



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# Relentless Incrementalism v Seismic Change

State Election – Deep Sea Port on Spencer Gulf by 2022

- Cape draft
- Design & Costed
- Business Case
- Multiple Approvals
- Major Project Status + Infrastructure Aust Priority
- Environment – Dredging, SG Ecosystem & Development Initiative
- Land side industry, existing economies & transport networks to Ports
- Agriculture – MOUs, barging proposals, portable hoppers



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# Thank You



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