



Australian Government  
Department of Industry,  
Innovation and Science

**Business**

business.gov.au  
**13 28 46**  
Delivered by AusIndustry™

# Regional Jobs and Investment Packages

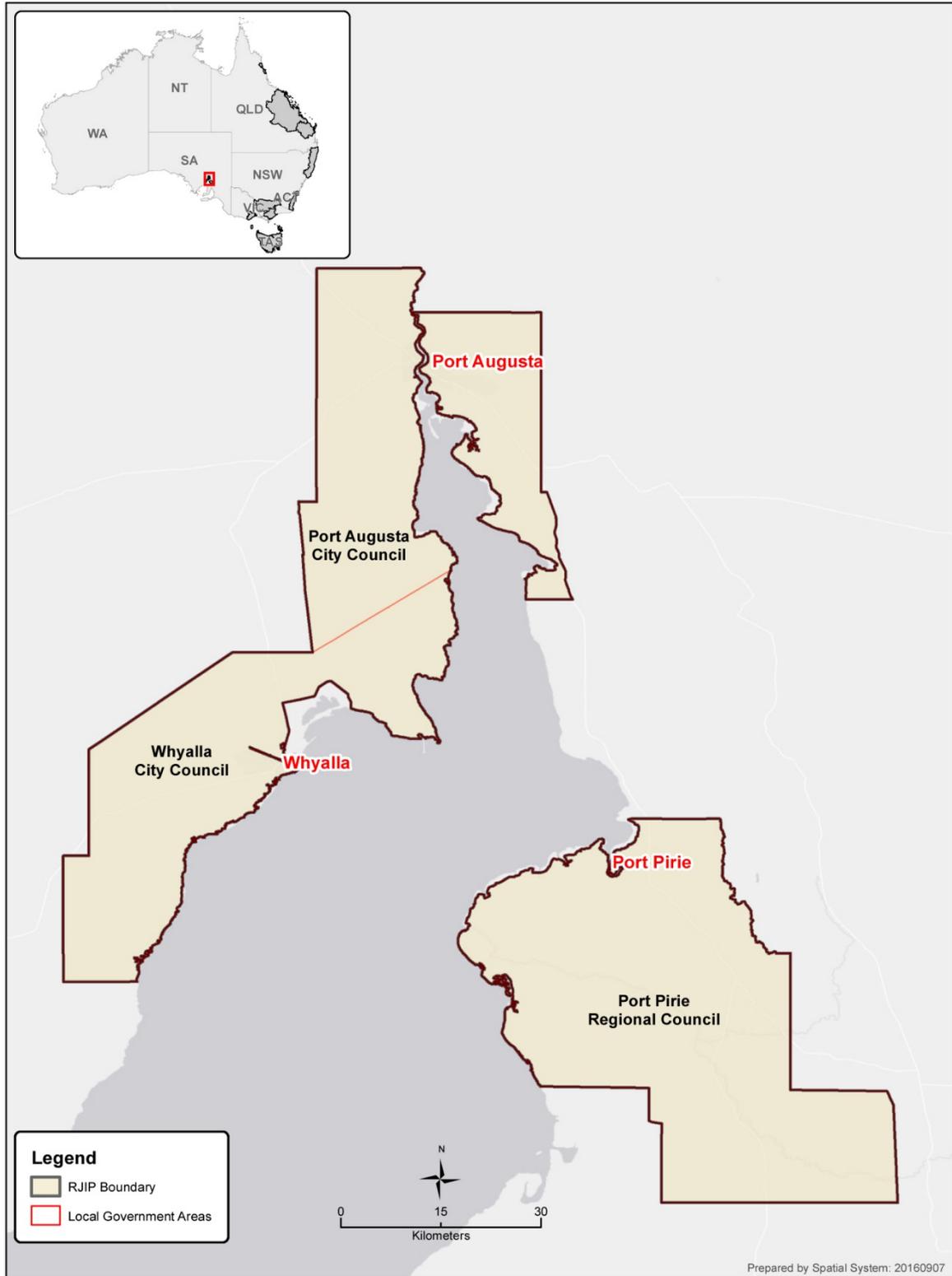
## Upper Spencer Gulf Local Investment Plan

June 2017

## Table of Contents

1	Foreword.....	4
2	Introduction .....	4
3	Regional overview and analysis.....	6
4	Investment sectors and strategic priorities .....	8
4.1	Investment Sector: Manufacturing and Mining .....	9
4.2	Investment Sector: Energy .....	10
4.3	Investment Sector: Tourism.....	10
4.4	Investment Sector: Regional Services and Infrastructure .....	11

# UPPER SPENCER GULF RJIP BOUNDARY



# 1 Foreword

The Upper Spencer Gulf Local Investment Plan identifies investment sectors and strategic priorities that create sustainable industries and jobs into the future. The plan provides an economic and strategic overview of the region based on an assessment of the region's competitive advantages and potential areas of growth.

Funding under the Regional Jobs and Investment Packages (RJIP) programme will reflect the investment sectors and strategic priorities set out in the plan. Investment sectors reflect broad industry areas that can drive economic growth and create jobs in the region.

Strategic priorities are associated with each investment sector. These priorities target specific activities within the sector that can unlock new markets and create opportunities in the region.

All applications for RJIP funding in the region should align with one or more of the priorities outlined in the plan. The first RJIP merit criteria asks applicants to demonstrate the linkages between their project and the region's plan.

The Local Planning Committee tasked with developing this plan used following principles to help determine the strategic priorities in the Upper Spencer Gulf region:

- Emerging growth sectors  
A strategic priority should target activity in a region's emerging growth sectors. It should build on regional strengths to target new domestic or international markets that, once unlocked, will drive economic growth and create jobs in the region.
- Attracting Investment  
A strategic priority should be able to attract co-funding on at least a one to one ratio but have the capacity to leverage additional partnerships in cash or in-kind from other organisations.
- Creating Jobs  
A strategic priority should be able to generate employment opportunities, either by bringing new jobs to the region or by enhancing skills in the workforce.
- Evidence based  
A strategic priority needs to be supported by analysis or research. Many regions will have undertaken similar economic planning supported by analysis or research work in the past. This may include drawing on pilot studies or programmes in comparable regions or sectors, or the identification of scalable activities that are likely to be economic drivers in the region. The existing planning can be used as part of the evidence base for the Local Investment Plan.

## 2 Introduction

The Upper Spencer Gulf Local Planning Committee undertook consultation as part of the development of this Local Investment Plan. The Committee acknowledges the following organisations for their input which assisted the Committee in the development of this plan:

- Port Pirie Regional Council – Mayor and Elected Members
- Port Augusta City Council – Mayor and Elected Members
- Whyalla City Council – Mayor and Elected Members
- Upper Spencer Gulf Common Purpose Group (USGCPG)
- Upper Spencer Gulf Cities
- Regional Development Australia Committees

- Port Pirie, Whyalla and Port Augusta Business Associations
- Upper Spencer Gulf Taskforce

The Committee acknowledges the work undertaken by Local, State and Commonwealth Governments, Regional Development Australia Committees and Action groups in developing the following plans and strategies which the committee have drawn upon in developing this plan:

- South Australia's Strategic Plan – SA Government
- Manufacturing Works Strategy – SA Government 2012
- Transforming the Upper Spencer Gulf – Upper Spencer Gulf Common Purpose Group May 2016
- USG Community Owned Tertiary Education and Research Centre – Business Case – Upper Spencer Gulf Common Purpose Group April 2016
- Community Plan 2016 – 2025 - Port Pirie Regional Council August 2016
- Growth Strategy – Port Pirie Planning Group
- RDA Y&MN Regional Roadmap – RDA Y&MN - 2016
- Situational Analysis of Port Pirie Community - Analysis of Trends and Opportunities for the Port Pirie Sporting Precinct – Regional Development Australia Yorke & Mid North (RDA Y&MN) – 2017
- Current Community & Economic Development Activities Underway in Port Pirie – RDA Y&MN - March 2017
- Community Vision and Strategic Plan 2013 – 2017 Version 3 -Port Augusta City Council - March 2016
- Port Augusta Economic Growth and Investment Strategy – RDA FN April 2016
- Renewable Energy and Clean Technology Opportunities for the Far North Region –Regional Development Australia Far North (RDA FN)
- RDA FN Regional Roadmap – RDA FN – 2016
- Productivity Commission Study on the Transition of Regional Economies following the Resources Boom - submissions by RDA FN
- Current Community & Economic Development Activities Underway in Port Augusta – RDA FN - April 2017
- SA Government Independent Review of Extreme Weather Events – submission by RDA FN December 2016
- Whyalla City Council Strategic Plan 2015 – 2020 - Whyalla City Council
- City of Whyalla Tourism Strategic Plan 2015 – 2018 – Whyalla City Council
- RDA EP&W Regional Roadmap – RDA EP & W - 2016
- Whyalla Economic Development Report No. 2: Brief Statistical Overview – Regional Development Australia Eyre Peninsula and Whyalla (RDA EP&W) - April 2017
- City of Whyalla Economic Profile – RDA EP&W July 2016

The Committee utilised the following reports and data sources for evidence throughout the plan, to support its investment sectors and strategic priorities:

- Upper Spencer Gulf Profile – Upper Spencer Gulf Taskforce
- Upper Spencer Gulf Stocks and Flows, Residents, Employment and Socio-Economic Connections across the Upper Spencer Gulf – Upper Spencer Gulf Common Purpose Group October 2014

- SA Mining and Infrastructure Plan – SA Government 2014
- Innovative Manufacturing CRC – Advanced Manufacturing Sector Programs
- ABS - Regional Statistics by LGA, 2011-2016, Annual (2010-11 to 2015-16) – Port Pirie City and Districts M 46450
- Tourism Research Australia – Local Government Area Profile Port Pirie and Districts 2015
- ABS - Regional Statistics by LGA, 2011-2016, Annual (2010-11 to 2015-16) – Port Augusta
- Tourism Research Australia – Local Government Area Profile Port Augusta 2015
- Tourism Research Australia – Local Government Area Profile Whyalla 2015
- ABS - Regional Statistics by LGA, 2011-2016, Annual (2010-11 to 2015-16) – Whyalla C 48540

### 3 Regional overview and analysis

The Upper Spencer Gulf region for the purposes of this plan includes the Local Government Areas of the Port Pirie Regional Council, Port Augusta City Council and the Whyalla City Council. The population of the Upper Spencer Gulf region is estimated at around 55,000 (3.2% of total SA population) as follows; 17,500 are in Port Pirie, 14,500 in Port Augusta and 23,000 in Whyalla.

Port Pirie is situated on the eastern upper reaches of the Spencer Gulf, the Council area includes the city of Port Pirie, a historically significant city and busy commercial regional centre, as well as the rural towns of Crystal Brook, Redhill, Koolunga, Wandearah, Mundoora, Napperby and Warnertown. It is a diverse region encompassing agricultural and industrial activities, with a history as a major manufacturing and export centre, where industry, century old buildings and attractive parks and gardens sit side by side.

Port Augusta is situated at the top of the Spencer Gulf, a natural crossroad of Australia, the Council area includes Stirling North and Davenport. Over the years the city has grown from a pastoral service centre to a railway town with the construction of the overland telegraph line, then the commencement of the railways towards Alice Springs and Kalgoorlie. Port Augusta was also the home of the Port Augusta Power Stations, providing up to 35% of South Australia’s power, including the majority of the state’s baseload power until May 2016 when the Stations ceased operation. Many years of transformation has seen Port Augusta build its strengths beyond a one industry reliant city to being an important service hub for surrounding regions.

Whyalla is situated on the western side of the Spencer Gulf and is known as the “Steel City” due to its integrated steelworks and shipbuilding heritage. The Santos Hydrocarbon Processing Plant is located 16 kilometres north of the city at Port Bonython. Whyalla has an established education precinct including a campus of the University of SA, large TAFE and Senior Secondary School. Whyalla is also a shopping hub for the Eyre Peninsula with a number of large chain stores in situ.

The three Upper Spencer Gulf cities are the major commercial and service centres for their surrounding regions, providing the bulk of services and facilities including health, aged care, government services, education, emergency, sports, retail and commercial. In Whyalla and Port Augusta a total of almost 500 residents of these cities work in the five outback Local Government Areas in a mix of mining, construction and services industries.

The Upper Spencer Gulf has shown quite strong economic performances over the last decade; as this has largely been based on expansion of mining and related activity, as the high employment phase of the mining boom passes, growth in the Upper Spencer Gulf is lagging behind the State average.

The Gross Regional Product (GRP) of the Upper Spencer Gulf was estimated at \$3.7 billion in 2014/15, accounting for 3.7% of total SA Gross State Product (GSP). The relatively high contribution in the Upper Spencer Gulf from Gross Operating profit, and exports \$1.5 billion and \$2.5 billion respectively, represent a comparatively high regional trade, reflecting the importance of metal, non-metal and other mining exports to the local economy. The major industries contributing most to GRP are mining, manufacturing, electricity, gas, water and waste, health and education.

Population growth in the Upper Spencer Gulf has been slow at only 0.2% per annum between 2001 and 2015, and is growing slower than South Australia overall, which recorded growth of 0.9% per annum over the same period. The annual growth of the population of the Upper Spencer Gulf region has consistently been lower than the State total, and has recorded negative growth in 2005 and 2011 and 2015. The strongest period of growth recorded was between 2006 and 2010 in line with the strong growth of the population of the State. Since 2010, the population of the Upper Spencer Gulf has grown by approximately 200 people. The decline in population between 2014 and 2015 is the largest over the period with a -0.2% drop recorded. With the recent closure of the Port Augusta Power Stations and Arrium's move into administration, the region has experienced further decreases in population in 2016 and 2017. Whilst the exact population figures for these years are not available, a conservative estimation of the decline could be similar to the -0.2% experienced in 2014/2015 with similar economic conditions.

All three of the cities have much larger flows of residents and workers with Adelaide than within the broader Upper Spencer Gulf region. Each city has people coming from Adelaide to work, with many of these in professions such as public administration, health and education, while some are also in mining and manufacturing, usually at the higher end of the wage spectrum in these industries. So 'lifestyle' and 'people attraction' are important attributes of the three cities to foster that flow of people (and the income they bring) from Adelaide to the Upper Spencer Gulf. Councils in the region are seeking to improve the liveability and vibrancy of the cities in order to attract business investment and new residents. All three cities have already invested in foreshore redevelopments, rejuvenation of sporting and library facilities, park, garden and street scape upgrades, bike and walking tracks, water reuse schemes and community events. Creating attractive, welcoming city entrances opening up and refocusing of town centres to take advantage of nearby sea and landscape views also continue to be a strong focus by the three cities.

The three cities of the Upper Spencer Gulf have considerable history and capability in agriculture, mining, and logistics which is being presented with new opportunities in line with advances in technology and the competitive strengths of the transport network in the region. The Upper Spencer Gulf cities are strategically positioned to provide services and personnel to operating and prospective mines in their surrounding regions with around 70% of the State's mineral and resources projects located in South Australia's Far North.

Business activity in the three cities is concentrated in the Central Business Districts and in the older industrial areas, though there are signs, particularly in Port Augusta, of older manufacturing businesses closing in traditional locations while new ones are opening up in different locations. There is also a high level of business activity occurring outside the CBDs as services (professional, business and community services) and construction businesses are able to locate in non-CBD areas and still service their customers and clients. The proportion of businesses by industry in the Upper Spencer Gulf is similar to that of the State's average. The biggest differences are the higher proportion of businesses in retail trade, transport, health care and other services and the lower proportion of businesses in financial services and professional scientific technical services. The total number of businesses in the Upper Spencer Gulf is 2,362 compared to 143,300 in South Australia.

Energy presents both challenges and opportunities for the Upper Spencer Gulf region. Security in energy supply, cost and availability is a key challenge for the region and is something which affects businesses of all sizes and communities alike. Energy users have been disproportionately affected by recent system wide events in the national electricity market leading to worsening electricity affordability, reliability and security of supply. As an example, a recent survey of individuals and businesses in the Far North found a state-wide outage in September 2016 resulted in electricity disruption for up to 72 hours for some users and total economic loss of up to \$1.1 million.

The region is well placed for renewable energy with exceptional opportunities for wind energy, solar energy, wave energy, geothermal energy, biomass energy and high grade uranium oxide. 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. There are a number of approved and in the pipeline developments both in solar and wind energy production. The Upper Spencer Gulf welcomes and supports energy generation of all forms; with an accepting community and existing baseload of skills.

Within an hour of the three Upper Spencer Gulf cities lie a range of world class tourism and visitor experiences including the Flinders Ranges, Clare Valley and Mid North food and wine regions, the Eyre Peninsula Seafood Trail and the Explorers Way Touring Route. Both Whyalla and Port Augusta airports have regular daily connections to Adelaide and are open to chartered flights which enable easy connections to Australia's major urban centres and beyond.

## 4 Investment sectors and strategic priorities

The following strategic priority areas have been set for the Upper Spencer Gulf Regional Jobs and Investment Package.

### **Manufacturing and Mining**

- Retain and grow regional businesses capacity and workforce capability to support the manufacturing and mining sector's development through investment in plant and equipment upgrades, sustainable education and training pathways to increase workforce participation and skills

### **Energy**

- Increase business competitiveness and efficiency through introduction of new technology and reducing risk where energy supply is cost prohibitive or unreliable
- Retain and grow regional workforce capability and business capacity to support energy sectors development

### **Tourism**

- Increase the regions visual appeal and other aspects that encourage increased visitation and total overnight stays

### **Regional Services and Infrastructure**

- Support the development/improvement of supply chain networks to value add, consolidate and move goods and services from producers to consumers
- Enabling infrastructure including community focused projects and transport, freight and logistics projects which increase the livability of the three cities and ensure essential access to the region for industry development

## 4.1 Investment Sector: Manufacturing and Mining

The region has a rich history of small to medium enterprises supporting the larger manufacturers of steel, smelting operations and power generation. A number of these enterprises have broadened their capability to manufacture and supply other areas of local demand and markets outside of the region. The need to diversify its manufacturing and industry base has been an ongoing challenge for the region.

As a result of its relative proximity to recoverable ore deposits, the Upper Spencer Gulf region is well positioned to further develop innovative infrastructure, services and research. The region plays host to the Gawler Craton, an important part of the South Australian Copper Belt. The Copper Belt contains 68 percent of Australia's Economically Demonstrated copper resources which remain largely untapped with South Australia representing 27% of Australia's copper production in 2014/15; 62% of all exploration tenements in the state are within the Gawler Craton region. To unlock this natural mineral endowment some of the basic infrastructure of the Upper Spencer Gulf will require upgrading.

Whilst activities which drive Manufacturing and Mining occurs in the hinterlands of the Upper Spencer Gulf, the three cities have significant existing businesses and manufacturing capabilities which support these sectors. In order for businesses in the cities to continue to capture opportunities presented by the resources sector they need to maintain and improve the skills base of regional employees and continue to build capacity within their businesses.

### 4.1.1 Strategic priority

- Retain and grow regional businesses capacity and workforce capability to support the manufacturing and mining sector's development through investment in plant and equipment upgrades, sustainable education and training pathways to increase workforce participation and skills

Innovation is driving change in the manufacturing and mining industries; maintaining and growing the existing skills base will help drive manufacturing, matching industry demand and increase the competitiveness of the three cities mining services and manufacturing businesses.

According to the Innovative Manufacturing Corporate Research Centre, Australian manufacturing is reaching a pivot point, triggered both by current economic circumstances and the global move into the Digital Age. The industry wide adoption and utilisation of modern information technology and the development of associated skills will be significant deciding factors in whether Australia can grow its standing both domestically and internationally in the market for high valued, niche manufactured goods and associated services. To meet the needs of customers/markets and to be economically viable, manufacturers must increase their innovative and competitive offerings; maintaining and upskilling the workforce to match, will improve the capabilities and competitiveness of mining services and manufacturing companies across the three cities.

According to the South Australian Regional Mining and Infrastructure Plan released in June 2014, Deloitte Access Economics forecasts that on a medium case scenario, mining could add an additional \$22.5 billion in gross state product between 2013 and 2032. Given its access to natural resources, the Upper Spencer Gulf is well placed to share in this economic benefit if it is leveraged effectively

- The majority of manufacturing and mining industry jobs are full time
- Mining generates around \$515,000 for the economy for every worker employed
- For every local job created in manufacturing and mining flow-on jobs develop

## 4.2 Investment Sector: Energy

Energy presents both challenges and opportunities for the Upper Spencer Gulf cities providing favourable conditions for increased local business content and competitiveness and employment.

Security in energy supply, cost and availability is a key challenge across the Upper Spencer Gulf cities and affects businesses of all sizes and communities alike. Affordable and reliable energy is a core enabler to a thriving business sector and is a pre-requisite to all other investments in the region.

The region has considerable capacity and capabilities having been the home of the Port Augusta power stations which provided up to 35% of South Australia's power, including the majority of the state's baseload power. The skills base associated with the power stations best places the region, having existing workforce capabilities in electricity generation and construction, to increase participation by re-alignments of the skills base with the requirements for new energy projects. The Upper Spencer Gulf is one of the most favourable jurisdictions in Australia for Solar and Wind energy generation given the natural weather conditions of the region, which is why it does and should continue to attract energy generation.

### 4.2.1 Strategic priorities

- Increase business competitiveness and efficiency through introduction of new technology and reducing risk where energy supply is cost prohibitive or unreliable
- Retain and grow regional workforce capability and business capacity to support energy sectors development

To enable local content in new developments and ongoing projects, business capability and capacity building both from an up skilling and increased business competitiveness perspective resulting in increased regional participation in the three cities.

## 4.3 Investment Sector: Tourism

Tourism is a significant industry in the three cities and on average the industry is experiencing a 5% annual growth rate. It is a significant employer in the three cities and all three have strong tourism links to their hinterland Tourism Regions (Eyre Peninsula and the Flinders Ranges and Outback).

Based on statistics gathered from Tourism Research Australia (TRA):

- The three cities make up for 40% of the overall visitor numbers to the tourism regions, 19% of the overall overnight stays, 32% of the total visitor expenditure and they have 38% of the total tourism businesses within the broader regions.
- In 2015-16, the Upper Spencer Gulf cities attracted 617,000 visitors, these visitors spent a total of \$152 million throughout their stay, and they stayed a total of 852,000 nights across the three cities.
- Corporate related travel makes up the most significant proportion of Whyalla tourism numbers, holidays travellers makes up Port Augusta's and visiting friends, relatives or events makes up Port Pirie's most significant proportion of tourism numbers.

The three cities of the Upper Spencer Gulf rely on tourism as a major income stream each year, with 429 tourism businesses across the cities and many other service and businesses feeding off the success of the tourism industry. Increasing the overall numbers of travellers visiting and staying longer in the cities will have a flow on effect for the economy, creating increased wealth and more jobs.

### 4.3.1 Strategic priority

- Increase the regions visual appeal and other aspects that encourage increased visitation and total overnight stays

If the three cities increased overall visitor overnight stays by 5% within the next three years realistic targets could be as follows (based on current 2015 figures):

- 647,850 visitors (33,550 more visitors in 2020)
- 894,600 overnight stays (increase of 42,600 overnights stays in 2020)
- Expenditure increase to \$159.6 million (\$7.6 million increase by 2020)
- Approximately 60 equivalent new full time equivalent (FTE) jobs by 2020

## 4.4 Investment Sector: Regional Services and Infrastructure

The hinterland regions of the Upper Spencer Gulf cities have considerable history and capability with a solid base of agricultural, mining, transport and logistics operations. Industry servicing the regions are based in the three cities due to their critical mass providing economies of scale required for cost effective delivery. Whether it is Government, large industry or SME's, the cities provide the key elements to base their operations; education, mining, transport, retail, health, aged care and social services etc. These are based in the three cities and service out to the regions; the three cities have critical mass which enables an available workforce.

The three cities as entry and exit points to their hinterland regions are provided with an ideal opportunity to further develop the supply chain networks to value add, consolidate and move goods and services from producers to consumers. 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 a 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 a national transport and intermodal hub.

A key element for the three cities in order to retain and attract workforce is liveability including educational opportunity, cultural, entertainment and recreation possibilities. This can be achieved in part through ensuring community infrastructure meets needs and expectations of its residents. For the Upper Spencer Gulf to continue to grow its economy through maintaining existing industry and attracting new investment, the cities must offer lifestyle factors which assist in ensuring sufficient workforce matches industry requirements.

### 4.4.1 Strategic priorities

- Support the development/improvement of supply chain networks to value add, consolidate and move goods and services from producers to consumers
- Enabling infrastructure including community focused projects and transport, freight and logistics projects which increase the liveability of the three cities and ensure essential access to the region for industry development

The three Upper Spencer Gulf cities are service centres for their surrounding hinterlands and in turn the cities economies rely in part on their hinterlands. This creates vulnerability in the cities to externalities which effect their economies as well as create opportunities to increase and diversify their economies.

Increasing the three cities value chain networks will open further opportunities for regional producers to add value to their product, consolidate and move goods and services from producers to consumers which will assist in facilitating further growth of the Upper Spencer Gulf.

Building on existing community infrastructure and creating new offerings which increase the liveability of the three cities is a key contributor to maintaining population levels and adds to the suite of factors important for growing the cities through the attraction of new residents.