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PORT AUGUSTA SA 5700

3 May 2018

Dear Sir/Madam,

The indicators of, and impact of, regional inequality in Australia

Please find attached a submission in regards to the above mentioned inquiry.

Yours sincerely



Claire Wiseman
Chief Executive Officer

SUBMISSION FOR THE INDICATORS OF, AND IMPACT OF, REGIONAL INEQUALITY IN AUSTRALIA

Background

The Far North SA Region

The Far North region of South Australia, as per Regional Development Australia Committee boundaries, covers approximately 65% of South Australia. The area has a land mass of just under 650,000km² with a population of ¹27,629 and incorporates the Anangu Pitjantjatjara Yankunytjatjara Lands. The region takes in the iconic Flinders Ranges and Outback region, popular and well visited tourism destinations in the State. The Flinders Ranges is also now going through the process to be recognised as a World Heritage site.

The main townships in the region include (but are not limited to) Port Augusta, Quorn, Hawker, Leigh Creek, Copley, Lyndhurst, Marree, Innamincka, William Creek, Oodnadatta, Marla, Mintabie, Coober Pedy, Glendambo, Pimba, Woomera and Roxby Downs. Some of these remote townships are between 800 - 1,000 kilometres from Port Augusta, the largest city in the region (population of ¹13,808).

A region's comparative advantage can stem from various resources, such as its geographical location, availability of natural resources, the existence of industry clusters, access to infrastructure or the skill profile of the local population. These underlying attributes influence the types of economic activity that are likely to be successful. They also have implications for development initiatives, which are generally more effective where they build on an existing strength.

The worth of the regions'

According to the Regional Australia Institute ²regional Australia accounts for around 40% of national economic output and employees around one third of Australia's workforce. This is a significant contribution from sometimes very remote and sparsely populated areas. The regions house some of the largest contributors to that economy, those being mining and construction industries.

The challenge regional areas face is that often with economic data for Gross State Product/Gross Regional Product is it is counted in the area it where it was sold/shipped or final value added, not always in the region where it was originally produced. This is a challenge which frustrates many regional areas and regional researchers alike. Therefore, gauging the correct value add of regions to these end results is skewed and hard to accurately calculate.

The Regional Australia Institute also state that ³the co-operative development of joint regional level implementation structures has emerged as a preferred method for implementing change. Key examples of this now established preference include:

- Health and Hospital Networks and Medicare Locals

¹ ABS Census Data, 2016

² The Economic Contribution of Regions to Australia's Prosperity, Regional Australia Institute, Talking Point

³ Regional Australia Institute Submission, December 2013 Optimising regional investment: opportunities for reform, innovation and efficiency

- Natural Resource Management Organisations
- Regional Development Australia Committees
- Indigenous Coordination Centres and Regional Operations Centres
- Enterprise Connect
- Job Service Providers.

However, whilst there has been some reform in the area of creating regional offices for these main Commonwealth Government services, keeping it at this current level will not benefit regions or regional populations in the long term. The provision of these services and more needs to be considered if regions are to continue to grow.

Regional Australia provides the electricity to power cities and urban areas, it's where the food is grown and sourced and it's where the greatest wealth comes from in terms of major industries such as mining. Mining is undoubtedly the Far North region's dominant industry with ⁴78% of operating mines in South Australia located in the Far North region 53% of developing projects. Renewable energy is a fast growing industry in the Far North region and the region is needing to adapt quickly to the various demands of the new industry to ensure that businesses are able to service the industry.

Industry Output in the Far North SA Region

Economic modelling undertaken by SC Lennon and Associates in preparation of Economic Growth and Investment Strategies for the Outback Communities Authority and Roxby Downs Council shows the following estimated value of regional exports in some areas in the Far North SA region is as follows:

- ⁵Outback Communities Authority - \$3.6b (84% of the region's economic output) with mining the largest contributor with 85% of total export value compared to 72% for the wider Far North region.
- Roxby Downs - \$927.5m (77% of the region's economic output) with mining the largest contributor with 89% of total export value compared to 72% for the wider Far North region.
- The Flinders Ranges Council - \$42.3m (42% of the region's total economic output) with accommodation and food services, agriculture and transport generate over 70% of those exports.

There are many opportunities emerging in the region, particularly in the field of renewable energy generation, defence and intermodal transport hubs. Now is the time to build on and support these as best we can to ensure the long term viability of the regional economy, which in turn feeds into the State and Commonwealth economies.

⁴ <http://www.minerals.statedevelopment.sa.gov.au> August 2017

⁵ Economic Growth and Investment Strategies (Outback SA, Roxby Downs and Flinders Ranges, SC Lennon & Associates, 2016/17

Terms of Reference

The indicators of, and impact of, regional inequality in Australia, with particular reference to government policies and programs in the following areas:

- a) fiscal policies at federal, state and local government levels;**
- b) improved co-ordination of federal, state and local government policies;**
- c) regional development policies;**
- d) infrastructure;**
- e) education;**
- f) building human capital;**
- g) enhancing local workforce skills;**
- h) employment arrangements;**
- i) decentralisation policies;**
- j) innovation;**
- k) manufacturing; and**
- l) any other relation matters.**

Regional Development Australia Far North (RDAFN) is active in participating in inquiries such as this one via making official submissions. There have been a few inquiries in recent times which relate to the terms of reference of this current inquiry. Therefore please find attached RDAFN's submissions into these inquiries as follows:

- Operation, effectiveness and consequences of the Public Governance, Performance and Accountability (Location of Commonwealth Entities) Order
- Australian Government's Role in the Development of Cities
- Regional Development and Decentralisation
- Transitioning Regional Economies
- Transitioning Regional Economies – Initial Report

These submissions contain examples of and reference various case studies which are relevant to this inquiry.

One issue that regional areas face is competing against city counterparts which are classed as "regional" e.g. Adelaide City or Sydney. In reference to Federal funding programs that have been marketed to focus on "regional" areas, they have been categorised into five geographical areas:

- Major Cities
- Inner Regional
- Outer Regional
- Very Remote
- Regional Australia

These areas are based on the Australian Bureau of Statistics 2016 Australian Statistical Geography Standard: Remoteness Structure, Remoteness Area Boundaries.

Parts of the "major cities" class are eligible as long as their project is seen to benefit the other "regional" areas.

RDAFN undertook an overall analysis of several Federal funding programs with the following results:

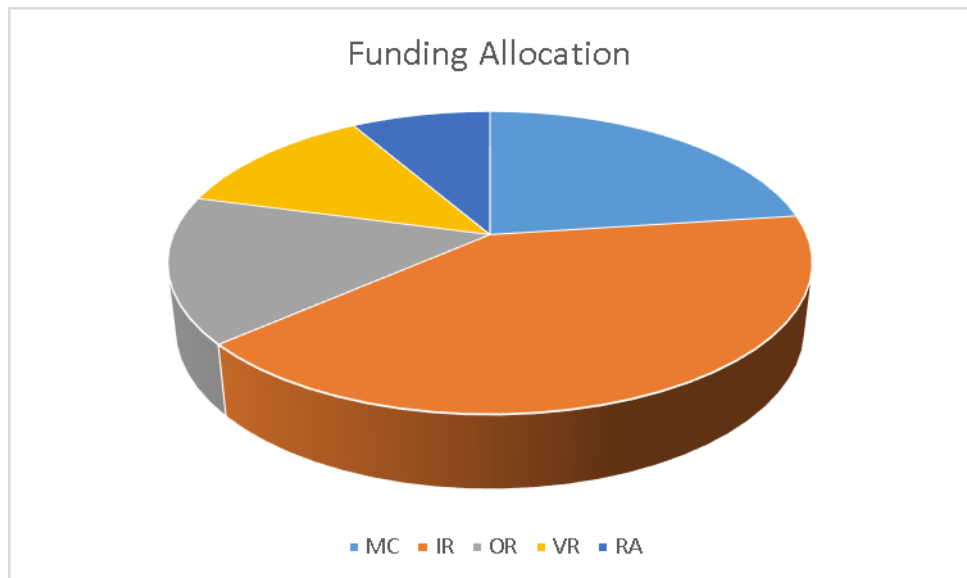
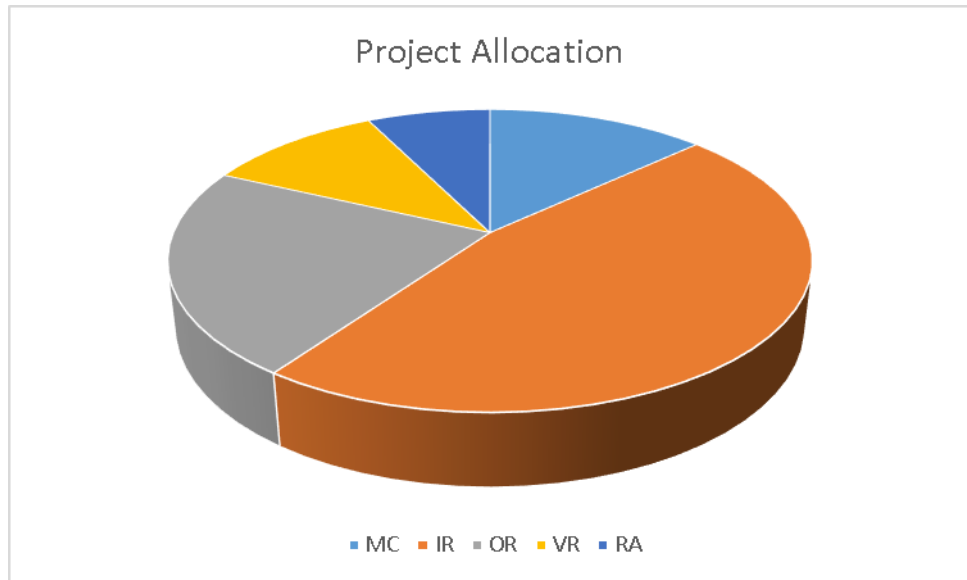
- For the Regional Development Australia Fund Rounds 1 – 4 funding was allocated geographically as follows:
 - Major Cities received 18% of the projects with the funding dollars being 30% of the overall funding allocation
 - Inner Regional received 37% of the projects with the funding dollars being 33% of the overall funding allocation
 - Outer Regional received 26% of the projects with the funding dollars being 18% of the overall funding allocation
 - Very Remote received 9% of the projects with the funding dollars being 7% of the overall funding allocation
 - Remote Australia received 10% of the projects with the funding dollars being 12% of the overall funding allocation
- For the National Stronger Regions Fund, funding was allocated geographically as follows:
 - Major Cities received 20% of the projects with the funding dollars being 27% of the overall funding allocation
 - Inner Regional received 35% of the projects with the funding dollars being 35% of the overall funding allocation
 - Outer Regional received 29% of the projects with the funding dollars being 38% of the overall funding allocation
 - Very Remote received 12% of the projects with the funding dollars being 6% of the overall funding allocation
 - Remote Australia received 6% of the projects with the funding dollars being 5% of the overall funding allocation
- For the Building Better Regions Programme (Infrastructure) funding was allocated geographically as follows:
 - Major Cities received 11% of the fun projects ding with the funding dollars being 9% of the overall funding allocation
 - Inner Regional received 43% of the projects with the funding dollars being 50% of the overall funding allocation
 - Outer Regional received 27% of the projects with the funding dollars being 22% of the overall funding allocation
 - Very Remote received 17% of the projects with the funding dollars being 23% of the overall funding allocation
 - Remote Australia received 11% of the projects with the funding dollars being 7% of the overall funding allocation

Therefore, over all of the above funding programmes which have focused on building and enhancing regional areas, on average:

- Major Cities received 16% of the projects with the funding dollars being 22% of the overall funding allocation
- Inner Regional received 57% of the projects with the funding dollars being 39% of the overall funding allocation
- Outer Regional received 27% of the projects with the funding dollars being 15% of the overall funding allocation

- Very Remote received 13% of the projects with the funding dollars being 12% of the overall funding allocation
- Remote Australia received 9% of the projects with the funding dollars being 8% of the overall funding allocation

A visual of this allocation is as follows:



What can be seen from this analysis is that the "major cities" category still received a fair allocation of projects and funding dollars, compared to the "remote" category areas.

One of the major hurdles that regional and remotes businesses and entities face when applying for funding is the consideration of the often required \$1:\$1 funding. Many of these applicants simply do not have the collateral to be able to provide half of the project funding. For example, a regional or remote area council does not have the rate base to be

able to collect enough revenue to support major project development. Many of the regional councils also provide services that their city/urban counterparts don't, such as child or aged care centres. These extra services place even more strain on the already tight council budgets, with them often being run at a loss, but continued to be provided as they are seen as essential services.

Summary

It is difficult to determine the real value that regions add to the supply chain due to the origin of products not always being recognised as 'regional'. However, information is available that includes the value of certain industries within a region, which then has on flow affects for the nationally and internationally.

Decentralisation needs to be supported in the cities and in the regions for it to be successful. It also needs the ongoing support of forward governments to ensure that once a commitment is made to decentralise services or entities to regions that it is supported by the next government, should leadership change.

Confirmation around the true sense of the word "region" needs to be clearly ascertained in order for an accurate comparison of 'city vs region' to take place. When funding is seen to be allocated to "regional areas" then this needs to happen, and city areas should not be included in this mix. Analysis of some federal funding programmes shows that the 'major cities' still receives a large amount of funding allocation for "regional growth and investment".

Regional areas are sometimes disadvantaged simply due to their location and lack of numbers in order to generate sustainable revenue that can in turn support growth of their townships and areas.

We invite and would welcome the Committee to visit the Far North Region and undertake a tour and to provide an opportunity for further input via presentation to this submission.

APPENDIX A



9 March 2017

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Dear Sir/Madam,

The operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016

Please find attached a submission in regards to the above mentioned inquiry.

This submission represents the Far North SA region and takes into account the status quo, the worth of region, case studies and views of governance in remote Australia.

Yours sincerely

A handwritten signature in black ink that reads "Wiseman".

Claire Wiseman
Chief Executive Officer

SUBMISSION FOR THE OPERATIONS, EFFECTIVENESS, AND CONSEQUENCES OF THE PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY (LOCATION OF CORPORATE COMMONWEALTH ENTITIES) ORDER 2016

The Far North SA Region

The Far North region of South Australia, as per Regional Development Australia Committee boundaries, covers approximately 80% of South Australia. The area has a land mass of just under 800,000km² with a population of ⁶28,212 and incorporates the Anangu Pitjantjatjara Yankunytjatjara Lands. The region takes in the iconic Flinders Ranges and Outback region, popular and well visited tourism destinations in the State. The Flinders Ranges is also now recognised as a National Landscape.

The main townships in the region include (but are not limited to) Port Augusta, Quorn, Hawker, Leigh Creek, Copley, Lyndhurst, Marree, Innamincka, William Creek, Oodnadatta, Marla, Mintabie, Coober Pedy, Glendambo, Pimba, Woomera and Roxby Downs. Some of these remote townships are between 800 - 1,000 kilometres from Port Augusta, the largest city in the region (population of ¹13,985).

A region's comparative advantage can stem from various resources, such as its geographical location, availability of natural resources, the existence of industry clusters, access to infrastructure or the skill profile of the local population. These underlying attributes influence the types of economic activity that are likely to be successful. They also have implications for development initiatives, which are generally more effective where they build on an existing strength.

Introduction

It is worth noting that the information contained in this submission is not specific to the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016 made by Mathias Cormann, Minister for Finance on 23 November 2016. It is in response to an invitation to submit received from Senator the Honourable Fiona Nash and the Honourable Barnaby Joyce MP. Ms Nash and Mr Joyce sought our submission based on providing regional information on the operation, effectiveness and consequences of relocating corporate Commonwealth entities, as well as the economic, environment and capability implications.

⁷Commonwealth Entities Currently in the Far North Region

The following Commonwealth Government Departments and Entities have a presence in the Far North region:

Non-corporate Commonwealth entity – commonwealth entity that is not a body corporate

Department of Defence (M, #)

- Cultana Training Facility

Department of Education and Training (M)

⁶ ABS Census Data, 2011

⁷ Australian Government Department of Finance, Public Governance, Performance and Accountability Act 2013 (PGPA Act) Commonwealth entities and companies 1 July 2015. www.finance.gov.au/flipchart

- ⁸Department for Education and Child Development – 18 schools (not including preschools, child care centres, occasional care centres or after school hours care) with 7,650 students (including School of the Air).

Department of Employment (M)

Australian Electoral Commission (M, #)

Department of Human Services (Centrelink and Medicare) (M)

Department of Infrastructure and Regional Development (M)

- Regional Development Australia Far North

Department of the Prime Minister and Cabinet (M)

- Department of Social Services (M)

Commonwealth Company – Corporations Act 2001 company that the Commonwealth Controls

Outback Stores Pty Ltd (^)

- Mimili, Oak Valley and Yalata

²(M – Material entities (comprising 99% of revenues, expenses, assets and liabilities of the total General Government Sector). All Departments of State are considered material in nature.

- Entities can engage officials under enabling legislation as well as *Public Service Act 1999*. These include Defence under the *Defence Act 1903*, the *Naval Defence Act 1920* and the *Air Force Act 1923*.

^ - *Entities that do not engage staff under the Public Service Act 1999*)

The total employment figures of these Commonwealth entities is unknown, however the contribution of these entities to the overall employment figures for the region is worth noting and taking into consideration.

The worth of the regions'

To understand why Commonwealth entities should be located in and service regional and remote Australia, we must consider the worth and contribution to the economy of these regions.

According to the Regional Australia Institute ⁹regional Australia accounts for around 40% of national economic output and employees around one third of Australia's workforce. This is a significant contribution from sometimes very remote and sparsely populated areas. The regions house some of the largest contributors to that economy, those being mining and construction industries.

The challenge regional areas face is that often with economic data for Gross State Product/Gross Regional Product is it is counted in the area it where it was sold/shipped or final value added, not always in the region where it was originally produced. This is a challenge which frustrates many regional areas and regional researchers alike. Therefore, gauging the correct value add of regions to these end results is skewed and hard to accurately calculate.

⁸ Department for Education and Childhood Development, www.decd.sa.gov.au, 2015 site summary statistics

⁹ The Economic Contribution of Regions to Australia's Prosperity, Regional Australia Institute, Talking Point

The Regional Australia Institute also state that ¹⁰the co-operative development of joint regional level implementation structures has emerged as a preferred method for implementing change. Key examples of this now established preference include:

- Health and Hospital Networks and Medicare Locals
- Natural Resource Management Organisations
- Regional Development Australia Committees
- Indigenous Coordination Centres and Regional Operations Centres
- Enterprise Connect
- Job Service Providers.

However, whilst there has been some reform in the area of creating regional offices for these main Commonwealth Government services, keeping it at this current level will not benefit regions or regional populations in the long term. The provision of these services and more needs to be considered if regions are to continue to grow.

Regional Australia provides the electricity to power cities and urban areas, it's where the food is grown and sourced and its where the greatest wealth comes from in terms of major industries such as mining. Mining is undoubtedly the Far North region's dominant industry with 15 operating mines in South Australia, nine (9) of which are located in the Far North region and of the 34 developing projects, 18 of these are in the Far North region.

Industry Output and Value-Added

Economic modelling undertaken by SC Lennon and Associates in preparation of Economic Growth and Investment Strategies for the Outback Communities Authority and Roxby Downs Council shows the following gross revenue and value-added estimates:

- Outback Communities Authority – Gross Revenue = \$4.4b with the regions mining sector accounting for over three quarters of economic output. Total value-added estimate = \$1.7b, which is 55% of the total for the whole Far North region. The majority of the Outback Communities Authority region industry value-added is attributable to mining, which accounts for around three quarters (74%) of the regions total value-added.
- Roxby Downs - Gross Revenue = \$1.2b with the regions mining sector accounting for over two thirds (70%) of economic output. Total value-added estimate = \$400m, which is 13% of the total for the whole Far North region. The majority of the Outback Communities Authority region industry value-added is attributable to mining, which accounts for 60% of the regions total value-added.

¹⁰ Regional Australia Institute Submission, December 2013 Optimising regional investment: opportunities for reform, innovation and efficiency

The total estimated value of regional exports is as follows:

Outback Communities Authority - \$3.6b (84% of the region's economic output) with mining the largest contributor with 85% of total export value compared to 72% for the wider Far North region.

- Roxby Downs - \$927.5m (77% of the region's economic output) with mining the largest contributor with 89% of total export value compared to 72% for the wider Far North region.

There are many opportunities emerging in the region, particularly in the field of renewable energy generation, defence and intermodal transport hubs. Now is the time to build on and support these as best we can to ensure the long term viability of the regional economy, which in turn feeds into the State and Commonwealth economies.

Case Studies

¹¹“Accessibility to the APS is one indicator to gauge citizens’ levels of satisfaction. Since the 1977 Coombs Commission, Australian citizens have expressed dissatisfaction with their level of access to Commonwealth public servants, about one-third of whom are based in Canberra. Citizens residing outside state capitals and in remote and rural areas are most likely to report this source of dissatisfaction, and calls to situate public services offices in rural areas are not uncommon.”

In 2003 the Western Australian Government initiated a program to roll all corporate services into one department, with the program being implemented in 2005. The amalgamation was to include 80 of the 150 government agencies corporate services such as payroll, human resources, finance and procurement with health, education and police-related agencies excluded from the program. The basis of this program was to centralise services. It was believed that the implementation of the program would result in \$54 million/year savings, after an initial set-up cost of \$82 million. As of 2011, 58 agencies and 37% of the public sector staff included in the review were transferred. However, due to massive cost blowouts, reported to be in the vicinity of \$401 million, and with only minimal savings achieved the shared services review was decommissioned.

Another example of an unsuccessful attempt at centralising and sharing services was the Queensland Government's health payroll upgrade. With an original budget of \$98 million and due for completion in July 2008, the project was the subject of a royal commission in 2013 and the cost to tax payers was estimated to be \$1.2 billion by 2020.

South Australia also tried its hand at centralising services through a shared services arrangement which had a focus on Adelaide-based centralisation, with the announcement for the program being made in 2006. The original business case estimated that the implementation of the program would save \$130 million over four years, offset by costs of \$60 million over the same years. The 2006 budget promised savings of \$60 million per year. In 2008 the project was already behind on its timeline as were its estimated savings, however, these were considered attainable over a longer period. In the 2009/10 financial year the project had suffered more delays which results in the expected savings being \$43

¹¹ The State of the Australian Public Service – An alternative report, James Whelan, Centre for Policy Development, August 2011

million less, and an additional \$8.3m required for implementation. At this stage the timeline was still unclear.

There are several reasons as to why these above examples have ultimately failed. The first could be seen to be that the Government's didn't learn lessons from the start and previously failed reforms and made the same mistakes again. Also, these were conducted at a State level therefore it could be seen that they may not have had the necessary Commonwealth backing and support needed to successfully implement them. There is also the view that as Government agencies tend to work as individual organisations, attempting to bring some services together may highlight issues with them not having the same goals or issues. The reason for doing the reviews may also be an issue e.g. cost savings as the main focus when maybe a focus on service improvement should be considered a driver.

In December 2009, the Department of Human Services (which incorporates Medicare Australia, Centrelink, Child Support Agency, CSR Australia and Australian Hearing Services) looked at improving its service delivery by reforming areas such as the creation of single point access to a wider range of Government services with co-locating offices, taking services directly to Indigenous community and remote Australia through mobile offices and implementing a "tell us once" system. This reform has been successful. Why? It is believed that the reform had strong leadership and committed backing from the Government and its key staff which drove the reform. It also adds benefits to the end customer who now have a multi-agency access point, hence a focus on service improvement and delivery as a key driver, as mentioned above.

Remote Australia Governance

Many studies and research has been undertaken into the past, present, failings and successful governance models for remote or regional Australia.

In September ¹²2012, Desert Knowledge Australia, through their RemoteFOCUS entity, produced a report entitled *Fixing the hole in Australia's Heartland: How Government needs to work in remote Australia*. Some poignant and relevant findings of this report are as follows:

- Remote Australia's diverse regions are confronted by common issues: issues globally familiar and presenting complex local challenges. They are common to regions where people reside remotely from centres of economic and political power but are facing rapid social and economic change. Whilst it is important to recognise the limited influence that public policy can have on some aspects of these issues, present governance arrangements which have developed incrementally over 20 years or more are not well attuned to the current circumstances and emerging trends in remote Australia. There are many potential ways of remedying these structural governance problems, but the more promising prospects involve greater degrees – and varying patterns – of community engagement and decentralised governance.

¹² Fixing the hole in Australia's Heartland: How Government needs to work in remote Australia, Desert Knowledge Australia, RemoteFOCUS, September 2012 Dr Bruce Walker, Dr Douglas J Porter, Professor Ian Marsh

- The key outcome of the developing of new governance principles should be the creation of locally appropriate institutions that have sufficient authority, legitimacy and effectiveness to fulfil their functions. The current three-tiered system of government fails to do this adequately in remote Australia.
- What is required is an intense regional engagement around issues, needs, objectives, responsibilities and capabilities, and structures to develop new governance arrangements that meet the criteria outlined above. Such engagement across all sectors has to be mandated by political leadership in those sectors.
- A Desert Knowledge Australia remoteFOCUS workshop in November 2010 gathered a large and diverse group of community people and public servants from remote Australia to frame and refine eight key concerns that would have to be addressed in order to judge success of public sector governance reforms across remote Australia:
 - Key Concern 4: Sustained Long Term Investment in Local Communities and Institutions (Civil Society). Remote Australia is characterized by inadequate institutional capacity and governance arrangements that significantly undermine efforts to improve outcomes, deliver meaningful service and improve underlying conditions. Local communities, regions and institutions too often struggle to effectively engage with governments and with the issues that government is trying to tackle. Governments, likewise, too often do not have the capacity, capability, perspective or governance arrangements to effectively engage with the issues and with local communities and institutions.
 - Key Concern 5: Ensuring Continuity and Effectiveness of Public Servants Servicing Remote Australia. Public servants do not have attractive or rewarding career incentives to work in remote Australia. As a result remote Australia suffers from a chronically high turnover of public servants. Consequently little accumulated knowledge is retained in public institutions. There are few incentives to 'see through' specific initiatives and there is weak accountability for achieving tangible outcomes. The result is a fragmented unduly high cost and inconsistent interface between governments and remote citizens in which frustration erodes positive working relationships.
 - Key Concern 6: Closing the Gap between Intentions and Outcomes. Governments contract other institutions to deliver services in remote Australia. This model does not work. The transparency and accountability of the contracting process and the relationship between the service purchaser and provider plays a significant role in the ongoing difficulties in achieving effective service delivery and development of realistic and effective programs that address local needs and conditions. It also skews data and policy development.
 - Key Concern 7: A National Social and Economic Strategy for Remote Australia. There is no strategy, no considered development framework and, despite many successive attempts, little coordination amongst the tiers of government, the various jurisdictions or the people and communities that make up remote Australia.
- We demonstrate that governance arrangements are a threshold cause of policy failure. Centralised protocols and siloed departments undercut local responsiveness. Effective governance can ultimately be achieved with the active involvement of the affected citizens.

- Nonetheless, based on our review of experience of remote Australia, and global trends in how generically similar problems across a wide range of situations are being tackled, we feel that a higher degree of local autonomy – possibly including the creation of new authorities on a regional basis – will be required. If coupled with greater clarity and stability in the assignment of responsibilities amongst local, regional and higher level authorities and, crucially, adequate and predictable financing, this is likely to both improve the quality of outcomes and increase accountability for the achievement of those outcomes.

Whilst the above extracts relate to a study undertaken in 2012, the findings are still relevant to today. The people that know how our regions work, what the issues are, who to connect with regionally etc are based in our regions, not in capital cities. The people that work ‘on the ground’ have the knowledge and connections. This is evident when government departments that come to the regions to consult with residents and businesses do so through their regional counterparts or organisations, such as Regional Development Australia committees. If you want to know what our regions want....ask us. Only those that live and work in the regions can really tell you what is needed, what works well and what doesn’t and what service they would like to see from government.

Regions and remote areas of Australia should have the same standard of service delivery as the metropolitan and urban based residents. In other words, they should be able to talk face to face with a Commonwealth Government/Department employee they require assistance from in the same way you can walk into an office in the city and do so.

There are some 180 Commonwealth entities and companies in total, with only approximately 4% of these having regional offices in the Far North SA region. Whilst the majority of Commonwealth entities and companies can be accessed via telephone or the internet, this in turn poses a problem for many in the remote and regional areas who do not have reliable access to phone lines or the internet. Creating more regional Commonwealth offices in the regions brings more employment options, which in turns lifts housing affordability and supports local small and medium business. It increases the population which also has flow on effects for schools and educational institutes. Whilst regional placement of staff may not save money, it may lead to increased efficiency and effectiveness as there will be a greater understanding of local delivery nuances.

Not only does it have all the economic benefits as mentioned above, but the regions offers safe and clean environments for families, easy access to schools and parks, affordable housing, no traffic jams, quiet and laid back lifestyles and a chance for residents to be part of supportive and thriving communities.

We invite and would welcome the Finance and Public Administration References Committee to visit the Far North Region and undertake a tour to provide an opportunity for further input via presentation to this submission.

¹³There is a critical need for a different governance structure to be implemented for the Outback. A structure that is essentially one of support for the Outback, agreed to by the Australian people with implementation carried out at the regional or local level. This

¹³ Gavin, J. (2015) Outback Policy Paper. *The Future of Outback Australia*. Remarkable NRM

requires a structure that has the authority to focus solely on Outback Australia, to provide regional coordination and address the current imbalance at a cross jurisdictional level.



31 July 2017

ITC.reps@aph.gov.au

Dear Sir/Madam,

Inquiry into the Australian Government's Role in the Development of Cities

Please find attached a submission in regards to the above mentioned inquiry with a focus on growing new and transitioning existing sustainable regional cities and towns.

Yours sincerely

A handwritten signature in black ink that reads "Wiseman".

Claire Wiseman
Chief Executive Officer

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AUSTRALIAN GOVERNMENT'S ROLE IN THE DEVELOPMENT OF CITIES

Growing new and transitioning existing sustainable regional cities and towns

Background

The Far North region of South Australia, as per the Regional Development Australia Committee boundaries, covers approximately 80% of South Australia. The area has a land mass of approximately 800,000km² with a population of ¹⁴28,212 and incorporates the Anangu Pitjantjatjara Yankunytjatjara Lands. The region takes in the iconic Flinders Ranges and Outback region, popular and well visited tourism destinations in the State. The Flinders Ranges is also now recognised as a National Landscape.

The main townships in the region include (but are not limited to) Port Augusta, Quorn, Hawker, Leigh Creek, Copley, Lyndhurst, Marree, Innamincka, William Creek, Oodnadatta, Marla, Mintabie, Coober Pedy, Glendambo, Pimba, Woomera and Roxby Downs. Some of these remote townships are between 800 - 1,000 kilometres from Port Augusta.

A region's comparative advantage can stem from various resources, such as its geographical location, availability of natural resources, the existence of industry clusters, access to infrastructure or the skill profile of the local population. These underlying attributes influence the types of economic activity that are likely to be successful. They also have implications for development initiatives, which are generally more effective where they build on an existing strength.

Far North SA Case Studies

Leigh Creek

Leigh Creek is a township situated in the unincorporated areas of the northern Flinders Ranges in SA which does not fall under the traditional form of Local Government management. Leigh Creek is a purpose built town to support mining in the immediate area. The township was moved in 1982 from its original location to allow expansion of the mine and as a result, most facilities and buildings in towns are a little over 35 years old. Due to a downturn in mining production, the population of the township has slowly decreased over the years with the population dropping approximately 55% from 2001 to 2016. (¹⁵In 2001 the population was at 618 and down to 245 in 2016.) Due to the closure of the Leigh Creek mine in April 2016, management of the township was handed back to the South Australian Government under the Outback Communities Authority (OCA) as of 1 January 2017. The majority of mine workers sought employment elsewhere and they and their families left the township and area. However, a few of them remain with some of them having sought other work locally. Some residents have also stayed to manage the towns' assets such as the Caravan Park, service station and post office etc.

RDAFN is working with the Outback Communities Authority, other organisations and government entities to look at sustainable options for the future of the Leigh Creek Township, which include diversifying into tourism. A major hotel company (1834) has taken on the lease on the old tavern, which is now known the Leigh Creek Outback Resort, for a

¹⁴ ABS Census 201

¹⁵ ABS Census Quick Stats Data

term of two years which will assist in the transition and allow time for the other businesses to survive and develop.

Leigh Creek is a prime example of a township that was purpose built for the mine/resources industry, and when that industry no longer exist the township has to fight to stay viable with less resources and financial support.

Roxby Downs

Roxby Downs, like Leigh Creek, was built in 1987 to support the Olympic Dam mine and processing plant, which is located 16km north of the township. The town is subject to a specific Indenture Act and is administered by the Municipal Council of Roxby Downs. Roxby Downs has many community facilities including swimming pool, schools, cultural precinct, shopping centre etc. The population of Roxby Downs has fluctuated over the years from 3,803 in 2001; 4,055 in 2006; 4,702 in 2011 and 3,884 in 2016. The fluctuations are in line with downturn and increased production at the mine.

Most of the residents and families that live in Roxby Downs work at the mine site, or own or work at a business that supports and services the site and township, this includes teachers, doctors, hairdressers etc.

The township is quite young in terms of its life span and certainly in terms of the long term life span of the mine. As a township it continually develops and reassess its priorities to keep in line with other towns and cities that are in similar circumstances. It is predominantly a drive-in drive-out (DIDO) mine operation for the mine employees that do not live in Roxby Downs. This DIDO market comes from not only locally (Woomera, Andamooka), or regionally (Port Augusta, Quorn) but also from as far away as Adelaide.

Whilst the town is still thriving in its current economic environment, it is still reliant on the mine operations and like Leigh Creek, should the operations ever cease, the town would shrink back to a skeleton. If the mine operations were to cease, considerable research would need to be undertaken into the sustainability of the township beyond the mine life, especially considering its remote location and the support services it provides to other regional and outback townships.

Terms of Reference Responses

Promoting the development of regional centres, including promoting master planning of regional communities

One issue that regional areas face is competing against city counterparts which are classed as “regional” e.g. Adelaide City or Sydney. The release of the recent, and still going, Building Better Regions Fund had a good focus on what you would call “pure regional” areas in terms the requirement of being a certain distance from a major city, including Adelaide or Sydney, to be eligible. However, quite often these “cities” are included in “regional” funding programs, which poses challenges and in some cases places regional areas at a real disadvantage in competing with metropolitan areas who have much larger resources and capacity.

In terms of development and master planning, Leigh Creek is a great example of the master planning and the promotion of such in terms of a township that was purpose-built. Forums such as Leigh Creek Futures, which consists of representatives from relevant State Government bodies and other support organisations, such as OCA and RDAFN, work together to plan for the long term future of the township. The original planning of the township incorporated a hospital and school, that are no longer viable to run, therefore access to these services is required to be considered for now and the future. With a switch to tourism as a prominent industry, instead of mining, considerable effort has been, and is still to be put into the development and promotion of possible major attractions such as the Aroona Dam to attract tourists and visitors to the area and therefore the town can feed off the flow on effects of the increase in visitation. Leigh Creek also still serves as a service centre for many of the outlying outback stations in terms of access to fuel and grocery supplies etc.

RDAFN assists Local Government bodies in the Far North SA region in supporting and lobbying for infrastructure, both hard and soft, which is included in their strategic plans. RDAFN also works closely with regional businesses and community organisations to gain access to funding that enable them to build new or expand current facilities.

Promoting private investment in regional centres and regional infrastructure

RDAFN also plays a key role in promoting the region as a place for investment. For example, in the 2016/17 financial year RDAFN facilitated the following investment for the Far North SA region:

- \$216,861,357 worth of investment including solar development, business upgrade, new infrastructure for tourism business, community infrastructure, not for profit organisation kitchen upgrade, new construction industry training facilities, visitor facilities upgrade and community facilities construction.
- \$160,000,000 worth of potential investment including new aquaculture development, mining development, tourism development and food industry development.

RDAFN has achieved the above by working with potential new investors in gathering information about the key aspects of the project including land availability etc and connecting the investors with other key personnel and organisations that will assist with the ease of the consultation process.

Whilst private investment plays a major role in regional development it is also important to provide support for businesses and other regional organisations and entities that are seeking funding through Local, State and Federal Government programs. In the 2016/17 financial year RDAFN assisted 23 regional businesses and community organisations with funding applications with nine of these being successful with funding to the value of \$1,307,432 received (total project cost over \$27.6m). Ten of these projects are still pending announcement.

The high dollar value of the Government investment can't be overlooked and whilst the potential investment and attracted investment is of a high dollar value, there is no guarantee of longevity of the invested projects and no guarantee of the potential investments proceeding.

Promoting the competitive advantage of regional location for businesses

RDAFN has produced Economic Growth and Investment Strategies (EGIS) for Port Augusta, Flinders Ranges, Outback SA and Roxby Downs with work still underway on Coober Pedy. The EGIS's are designed to build towards a robust, sustainable economic future for the region.

The EGIS show a collated forward looking approach to the future of the Far North Sa region and will inform a targeted approach to project selection to maximise the economic benefits to the region of any form of funding packages or other resources directed to the region. Executive Summaries of the four completed EGIS are attached as Attachment A.

The worth of regions'

According to the Regional Australia Institute ¹⁶regional Australia accounts for around 40% of national economic output and employs around one third of Australia's workforce. This is a significant contribution from sometimes very remote and sparsely populated areas. The regions house some of the largest contributors to that economy, those being mining and construction industries.

The challenge regional areas face is that often with economic data for Gross State Product/Gross Regional Product is it is counted in the area it where it was sold/shipped or final value added, not always in the region where it was originally produced. This is a challenge which frustrates many regional areas and regional researchers alike. Therefore, gauging the correct value add of regions to these end results is skewed and hard to accurately calculate.

Industry Output and Value-Added

The estimated value of regional exports in some areas in the Far North SA region is as follows:

- ¹⁷Outback Communities Authority - \$3.6b (84% of the region's economic output) with mining the largest contributor with 85% of total export value compared to 72% for the wider Far North region.
- Roxby Downs - \$927.5m (77% of the region's economic output) with mining the largest contributor with 89% of total export value compared to 72% for the wider Far North region.
- The Flinders Ranges Council - \$42.3m (42% of the region's total economic output) with accommodation and food services, agriculture and transport generate over 70% of those exports.

There are many opportunities emerging in the region, particularly in the field of renewable energy generation, defence and intermodal transport hubs. Now is the time to build on and

¹⁶ The Economic Contribution of Regions to Australia's Prosperity, Regional Australia Institute, Talking Point

¹⁷ Economic Growth and Investment Strategies (Outback SA, Roxby Downs and Flinders Ranges, SC Lennon & Associates, 2016/17

support these as best we can to ensure the long term viability of the regional economy, which in turn feeds into the State and Commonwealth economies.

Examining ways urbanisation can be re-directed to achieve more balanced regional development

RDAFN made a submission to the Inquiry into the operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016, see Attachment B.

Whilst this submission focusses on the location of Commonwealth entities in regional areas this is certainly a critical point for redirecting urbanisation.

Identifying the infrastructure requirements for reliable and affordable transport, clean energy, water and water in a new settlement of reasonable size, located away from existing infrastructure

The examples outlined previously e.g. Leigh Creek and Roxby Downs are prime example of townships being built for a single purpose, that is to support a major development/project e.g. mines. The issue with these custom built townships is that once the project life is over, the town and its population go through extreme transition onto the next phase in their lives, whatever that may be. This places huge amounts of stress on the population and in the case of Leigh Creek, leaves behind a few that are left to try and maintain the businesses and infrastructure. In turn, pressure is then places on the outback and very remote stations and businesses, and in the case of Andamooka, that came to rely on these townships as their major service centres.

RDAFN would like to see investment in the current towns and settlements in the regional areas, NOT the creation of new ones. The existing towns and settlements have the required infrastructure, or in the case of building new infrastructure to support new developments, are in a better position to expand on what they already have.

The creation of new settlements also places extra strain on support services in regional areas, where resources are already stretched. Significant investment needs to be made into building existing regional towns and cities into the best they can be to attract new development to their area and ensuring they have the capability to support these. In particular is water quality and renewable energy options. Many outback and very remote townships do not have access to potable water and rely on very little rainfall each year for that water. In addition, regional Outback SA is perfectly positioned to take advantage of the sun for solar projects.

Summary

The economic value of existing regional areas and townships is important to factor in when considering future investment opportunities and the value of this investment to the regional, state and federal economy.

Towns which are purpose built for a project/development need to take into account life beyond the project and the pressures this puts on the immediate population and provision of services outlying populations.

A considerable amount of effort is currently being put into the attraction of new investment and the growth of current businesses and developments in regional areas by organisations such as RDAFN.

We invite and would welcome the expert panel to hold a hearing within the Far North SA region in order to highlight the value of regional areas and to undertake a tour to provide an opportunity for further input via presentation to this submission.

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PORT AUGUSTA SA 5700

15 September 2017

Dear Sir/Madam,

Regional Development and Decentralisation

Please find attached a submission in regards to the above mentioned inquiry.

Yours sincerely



Claire Wiseman
Chief Executive Officer

SUBMISSION FOR REGIONAL DEVELOPMENT AND DECENTRALISATION

Background

The Far North SA Region

The Far North region of South Australia, as per Regional Development Australia Committee boundaries, covers approximately 80% of South Australia. The area has a land mass of just under 800,000km² with a population of ¹⁸27,500 and incorporates the Anangu Pitjantjatjara Yankunytjatjara Lands. The region takes in the iconic Flinders Ranges and Outback region, popular and well visited tourism destinations in the State. The Flinders Ranges is also now recognised as a National Landscape.

The main townships in the region include (but are not limited to) Port Augusta, Quorn, Hawker, Leigh Creek, Copley, Lyndhurst, Marree, Innamincka, William Creek, Oodnadatta, Marla, Mintabie, Coober Pedy, Glendambo, Pimba, Woomera and Roxby Downs. Some of these remote townships are between 800 - 1,000 kilometres from Port Augusta, the largest city in the region (population of ¹13,808).

A region's comparative advantage can stem from various resources, such as its geographical location, availability of natural resources, the existence of industry clusters, access to infrastructure or the skill profile of the local population. These underlying attributes influence the types of economic activity that are likely to be successful. They also have implications for development initiatives, which are generally more effective where they build on an existing strength.

The worth of the regions'

According to the Regional Australia Institute ¹⁹regional Australia accounts for around 40% of national economic output and employees around one third of Australia's workforce. This is a significant contribution from sometimes very remote and sparsely populated areas. The regions house some of the largest contributors to that economy, those being mining and construction industries.

The challenge regional areas face is that often with economic data for Gross State Product/Gross Regional Product is it is counted in the area it where it was sold/shipped or final value added, not always in the region where it was originally produced. This is a challenge which frustrates many regional areas and regional researchers alike. Therefore, gauging the correct value add of regions to these end results is skewed and hard to accurately calculate.

The Regional Australia Institute also state that ²⁰the co-operative development of joint regional level implementation structures has emerged as a preferred method for implementing change. Key examples of this now established preference include:

- Health and Hospital Networks and Medicare Locals
- Natural Resource Management Organisations

¹⁸ ABS Census Data, 2016

¹⁹ The Economic Contribution of Regions to Australia's Prosperity, Regional Australia Institute, Talking Point

²⁰ Regional Australia Institute Submission, December 2013 Optimising regional investment: opportunities for reform, innovation and efficiency

- Regional Development Australia Committees
- Indigenous Coordination Centres and Regional Operations Centres
- Enterprise Connect
- Job Service Providers.

However, whilst there has been some reform in the area of creating regional offices for these main Commonwealth Government services, keeping it at this current level will not benefit regions or regional populations in the long term. The provision of these services and more needs to be considered if regions are to continue to grow.

Regional Australia provides the electricity to power cities and urban areas, it's where the food is grown and sourced and it's where the greatest wealth comes from in terms of major industries such as mining. Mining is undoubtedly the Far North region's dominant industry with ²¹78% of operating mines in South Australia located in the Far North region 53% of developing projects.

Industry Output in the Far North SA Region

Economic modelling undertaken by SC Lennon and Associates in preparation of Economic Growth and Investment Strategies for the Outback Communities Authority and Roxby Downs Council shows the following estimated value of regional exports in some areas in the Far North SA region is as follows:

- ²²Outback Communities Authority - \$3.6b (84% of the region's economic output) with mining the largest contributor with 85% of total export value compared to 72% for the wider Far North region.
- Roxby Downs - \$927.5m (77% of the region's economic output) with mining the largest contributor with 89% of total export value compared to 72% for the wider Far North region.
- The Flinders Ranges Council - \$42.3m (42% of the region's total economic output) with accommodation and food services, agriculture and transport generate over 70% of those exports.

There are many opportunities emerging in the region, particularly in the field of renewable energy generation, defence and intermodal transport hubs. Now is the time to build on and support these as best we can to ensure the long term viability of the regional economy, which in turn feeds into the State and Commonwealth economies.

Terms of Reference

Best practice approaches to Regional Development that support:

- **Growing and sustaining the rural and regional population base**
- **The benefits of economic growth and opportunity being shared right across Australia**
- **Developing the capabilities of regional Australians**
- **Growing and diversifying of the regional economic and employment base**

²¹ <http://www.minerals.statedevelopment.sa.gov.au> August 2017

²² Economic Growth and Investment Strategies (Outback SA, Roxby Downs and Flinders Ranges, SC Lennon & Associates, 2016/17

- **An improved quality of life for regional Australians**
- **Vibrant, more cohesive and engaged regional communities**
- **Leveraging long-term private investment**
- **A place-based approach that considers local circumstances, competitive advantages and involves collective governance**

Following a recent independent review of the Regional Development Australia (RDA) Programme, Senator the Hon Fiona Nash announced a new charter for Regional Development Australia. This charter contains the following directions for RDA committees based across Australia:

1. Collaborate with relevant stakeholders to identify economic opportunities and leverage private and public sector investment to the regions;
2. Connect regional businesses, councils and industry sectors with international trade partners, financial markets and potential investors;
3. Promote and disseminate information on Australian Government policies and grant programs to state and local governments and industry, business and community sectors;
4. Support community stakeholders to develop project proposals to access funding;
5. Develop and maintain positive working relationships with the local government bodies in their regions;
6. Facilitate public and private sector decentralisation;
7. Assist in the delivery of Australian Government programs, where relevant and where requested by the Minister;
8. Engage with regional entrepreneurs and emerging business leaders to explore new opportunities to grow local jobs in their regions;
9. Provide information on their region's activities and competitive advantages to all levels of government, industry, business and community sectors; and
10. Provide evidence-based advice to the Australian Government on critical regional development issues positively and negatively affecting their regions.

This new charter directly links with the terms of reference for this Inquiry and whilst this charter lays out a relatively new direction for some RDA committees, it is something that RDA Far North has been successfully doing since its beginning. The funding model that South Australia RDA's currently use, that being a tri-partite funding agreement between Local, State and Federal Governments is very effective and successful in bringing together all levels of Government with the RDA playing a critical brokerage role in linking the levels and undertaking on the ground work with local businesses and organisations. This funding model is often looked at as a best practice model as it works well as is evident from the history of the model and that funding partners are committed to the future and working together to sustain the model.

International research published by OECD Publishing into ²³Best Practices in Local Development, support the building of various partnerships as follows: *Partnerships help bring synergies between different actors operating within the local area, and a level of co-ordination between agencies and policies that was not achieved with nationally designed, segmented and sectoral policies. Such national programmes that provided the same services*

²³ OECD (2001), *Best Practices in Local Development*, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/9789264193369-en>

in each supported area did not have the flexibility to adjust to different local conditions or to react quickly when the local conditions changed.

Taking on this new charter will prove to be successful as long as all RDA's embrace it. As mentioned, RDA Far North already performs these roles with the following outlining some of the successes and performance indicators that were achieved in the Far North SA region in the 2016/17 financial year that relate to the charter:

- Carried out nine investment attraction activities with over \$650m worth of major projects assisted
- Facilitated over \$216m worth of regional investment
- Facilitated over \$160m worth of potential regional investment
- Disseminated information on 21 State and Federal Government grant programs to a database of over 650 clients and stakeholders
- Assisted 22 proponents with funding applications including assisting with gathering information, going through application process, discussing eligibility for funding, writing applications, submitting applications, assistance with required documentation including business plans, timelines etc and seeking and providing letters of support.
- Facilitated the Local Government Roundtable meetings for the Far North SA and held nearly 40 separate meeting with Council CEO's regarding local issues and services and support being provided by RDA Far North.
- Produced, in partnership with Local Government partners Economic Growth and Investment Strategies for Port Augusta, Flinders Ranges, Roxby Downs and Outback SA.
- RDAFN has also made submissions to the following Senate and Parliamentary Hearings:
 - Telecommunications Universal Service Obligations – including CEO presenting at regional hearing in Port Augusta on 9 February 2017
 - Transitioning Regional Economies
 - Impact of Defence Activities and Facilities on Rural and Regional Communities - including DCEO compiling a panel and presenting to the Senate at a hearing held on 8 June 2017 in Port Augusta
 - Draft Indigenous Business Strategy – including DCEO attending national roundtable meeting on 29 June 2017 in Darwin
 - Location of Commonwealth Entities
 - Rollout of NBN – including RDAFN compiling a panel and BDM presenting to Senate at hearing on 26 June 2017 In Port Augusta
- Held 97 briefings with Local, State and Commonwealth Government.

As is evident from above, RDA Far North and other RDA's that already perform tasks in relation to the new charter will embrace it easily, however, not all RDA's are the same in terms of staffing and available resources. This is where using a "one size fits all" approach may not be successful. RDA Far North has a number of staff which perform these roles including a Chief Executive Officer (CEO), Deputy CEO/Economic Development Manager, Business Development Manager, Tourism Development Manager, Workforce Development Officer, Career Practitioner and administrative staff support. Being able to maintain these roles is critical to being able to meet the requirements of the charter. However, some RDA's

simply have a CEO role that is overseen by the Board. Therefore, it may be unrealistic to expect one person to be able to perform duties to meet all areas expected.

Another outcome of the RDA review is for all RDA's to employ a Director of Regional Development. The general feeling is that this role will be absorbed by current CEO's role, which may include a new title for the CEO. A concern for many RDA's is that they do not have the funding support to be able to create this new role and employ another person, as the funding from the Commonwealth Government is unlikely to increase, hence the absorption of the role into the current CEO role. The requirements of this position are yet to be fully advised by the Commonwealth so how it works and whether it is best practice will need to be gauged in the future.

²⁴Appendix D of the Issues Paper highlights the Sundrop Farms project in Port Augusta. As a lead on from this project, RDA Far North works closely with Sundrop Farms on employment programs. As of August 2017 Sundrop Farms employ some 260 employees. RDA Far North recently carried out an employment recruitment program with Sundrop Farm which saw 20 out of 21 locals gain employment at the plant, with some of them being long term unemployed. This is just one example of how diversity of industry in regions can benefit the local and regional population.

Decentralisation of Commonwealth entities or functions, as a mechanism to increase growth and prosperity in regional areas, considering Australian and international examples

Attached as Appendix A is a copy of RDA Far North's submission to the operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016, March 2017. Attached as Appendix B is a copy of RDA Far North's submission into the Inquiry into the Australian Government's Role in the Development of Cities.

These submissions contain examples of and reference various case studies carried out into decentralisation as well as key regional information to support the idea.

In addition to these an important factor in the ongoing success of decentralisation is the long term commitment across different governments and leaders. To be successful, decentralisation needs to be committed to beyond the current Government, too many times we have seen decentralisation take place, with centralisation to take place a few years later when a new government comes in and then the cycle starts again. This is not only very disruptive to all concerned but the to-ing and fro-ing has an effect on the long term sustainability of regional cities and areas where they can never really be sure of the long term future.

As mentioned in the submissions, the ability for regional areas to adapt to new industries is very key to decentralisation. Take the Upper Spencer Gulf region for example, Port Augusta is fast becoming known as a renewable energy hub, following the closure of the coal fired

²⁴ Parliament of Commonwealth Australia, Issues Paper, House of Representatives Select Committee on Regional Development and Decentralisation

Port Augusta Power Stations. The following are some of the renewable energy projects that are underway in the region:

- **Reach Solar Energy - Bungala One and Two** – funded and underway, approval received December 2016 for this 2 x 110MW tilting solar facility. The utility scale power plant will be the largest in Australia, and the 13th largest in the world with around 900,000 solar panels. It is designed to support the grid and will be energy storage ready for retro-fit in the future. Work is expected to be completed by early Quarter 4 2018. Around 400 people will be required during construction and the project will provide material direct and indirect benefits to the community local to Port Augusta.
- **DP Energy** – Port Augusta Renewable Energy Park – Funded and underway, unique hybrid renewable energy development integrating wind and solar PV technology, total installed capacity of up to 375MW, including up to 206.5MW of wind generation capacity on land situated on the coastal plain south-east of Port Augusta. Mid-April 2017 saw the announcement of Stage 2 for the project which includes a significant additional solar panel component, generating up to 500MW and a battery storage element of around 400 MW capacity. Stage 2 is to be submitted to the Development Assessment Commission by July 2017. Both stages combined will create over 600 jobs during construction and 10 ongoing maintenance jobs.

The recent announcement of the Aurora Solar Energy Project, which is a 150 megawatt solar thermal plant and \$650m investment, to be built in Port Augusta, with construction scheduled to commence in 2018 is a major coup and cements the foothold of the region as a renewable energy hub.

These new projects and industries bring challenges and opportunities for the region in terms of attracting new businesses and new skills. Making use of local and regional employees is key and ensuring that regional people have the necessary skills and knowledge to undertake future roles in these new industries is a challenge that we are starting to address by working with the new companies.

In the report published by the OECD as referred to above ²⁵ *In recent years many OECD countries have sought to decentralise certain powers or deconcentrate administration to the regional and local levels, in line with the concept of subsidiary (OECD, 1988a). Key reasons are to ensure strong and flexible regional and local economies, to support good governance and democratic participation and to increase the effectiveness of public expenditure. Overall, the trend may be seen as a response to the relative inflexibility of national organisations in responding to local needs and wishes. Decentralisation and deconcentration has been carried out in some form by most OECD countries during the last 20 years in the field of economic development. This has been an active trend in Australia, Belgium, Denmark, Finland, France, Mexico, Spain and the United Kingdom.*

Decentralisation and deconcentration can be seen as part of a process that divides powers and responsibilities and allows governments at different levels to be independent but co-ordinated within an overall framework. The precise nature of this territorialisation of policy

²⁵ OECD (2001), *Best Practices in Local Development*, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/9789264193369-en>

depends on the country. In some cases local and regional authorities have been given responsibilities for raising their own funds and have genuine local accountability. In other cases they simply have autonomy in the allocation of budgets. New local institutional networks and development agencies have been emerging as part of this process.

National Broadband Network

Attached as Appendix C is a copy of RDA Far North's submission into the Rollout of the National Broadband Network (NBN).

In addition to this submission, RDA Far North presented to the Inquiry committee in Port Augusta on 26 June 2017. An extract of RDA Far North's Hansard recording is attached as Appendix D.

As referred to in the extract, RDA Far North has recently carried out a survey across the Far North SA region into the NBN Rollout with the following questions being asked of respondents:

1. Township
2. Business, residential, business and residential, other
3. If NBN is available in your area now, what technology does it use?
4. If NBN isn't available in your area yet, please comment below if you know when it will be available have you researched what technology will be used and what different providers offer?
5. If NBN is available, have you connected?
6. If you have connected, were you satisfied with you NBN connection experience? Why?
7. If you haven't connected to the NBN and it is available, please comments as to why you haven't connected.
8. If you have connected to the NBN, which provider are you with?
9. What speed plan did you purchase from your service provider?
10. Is the NBN service what you expected it to be in terms of download and upload speeds, reliability etc?
11. If you are not fully satisfied with your service, have you contacted your service provider? Please comment.
12. If you have contacted your service provider, are you satisfied with the response of have you taken/are taking your issue further e.g. telecommunications ombudsman, local Member of Parliament etc? Please comment.
13. Do you have anything further to add?

A summary of the responses is as follows:

- 56 responses
- Residents were the highest responders with 42.86%, with business and resident next on 32.14%, business on 17.86% and other (schools) on 7.14%.
- In terms of technology 27.27% were unsure of the technology used, 20% reported fibre to the house, 25.45% fibre to the node, 3.64% fixed wireless and 16.36% are connected to nbn via satellite.

- Of the respondents where NBN is available to connect 71.7% reported themselves as having connected with 26.42% not connected and 1.89% currently in progress.
- Telstra is top of the providers with 52.17%, followed by 'other' at 39.13% (made up of Spintel, Harbour ISP, Activ8, ACN, Skymesh), followed by Internode at 6.52% and iinet at 2.17%.
- 56.25% of respondents who are connected reported that they know what plan they have signed up for with 43.75% not knowing.
- Of the respondents that reported knowing what plan, 22.2% of them were happy with their connection speeds with 77.8% not being happy with their speeds with them not being up to standard, reliable, or as promised. Of the ones that didn't know 33.3% were satisfied, 28.6% were not happy and 38% made no comment. This data shows that whilst the majority reported being unsure of what plan they were connected via, the ones that do know are closely monitoring the upload and download speeds.
- Township

Port Augusta	17
Innamincka	1
Quorn	14
Woomera	2
Roxby Downs	9
Cooper Pedy	2
Andamooka	2
Billa Kalina Station	1
Stirling North	2
Beltana	2
Blinman	1
Leigh Creek	1

Summary

It is difficult to determine the real value that regions add to the supply chain due to the origin of products not always being recognised as 'regional'. However, information is available that includes the value of certain industries within a region, which then has on flow affects for the nationally and internationally.

There are many different models for best practice regional development. The RDA model in South Australia is an example of a tri-partite government funding model that works well. The recent review of RDA will not have a huge impact on RDA's in South Australia as some of the regional RDA's already carry out work that fits under the new charter. The success of the new charter across all the RDA's will be an interesting study to see if the "one size fits all" approach is right for regional development.

Decentralisation needs to be supported in the cities and in the regions for it to be successful. It also needs the ongoing support of forward governments to ensure that once a

commitment is made to decentralise services or entities to regions that it is supported by the next government, should leadership change.

The rollout of the NBN has had mixed success and in particular in the Far North SA region. The vastness of the region means that all available technologies are utilised and the success and consistency of these technologies is something that can only be gauged in time. Many businesses and residents in Far North SA have connected however the service is still inaccessible for many part of our region and speed issues are still being ironed out.

We invite and would welcome the Regional Development and Decentralisation Committee to visit the Far North Region and undertake a tour to provide an opportunity for further input via presentation to this submission.

13 February 2017

transitioning.regions@pc.gov.au

Dear Sir/Madam,

Transitioning Regional Economies – Commissioned Study

Please find attached a submission in regards to the above mentioned study.

This submission is designed to provide background data and information on the Far North SA Region in terms of history and the present, which in turn paints a picture of the transition that this region is undergoing.

Yours sincerely

A handwritten signature in black ink that reads "Wiseman". The signature is written in a cursive style with a small flourish at the end.

Claire Wiseman
Chief Executive Officer

SUBMISSION FOR TRANSITIONING REGIONAL ECONOMIES – COMMISSIONED STUDY

PRODUCTIVITY COMMISSION STUDY ON THE TRANSITION OF REGIONAL ECONOMIES FOLLOWING THE RESOURCES BOOM

Background

The Far North region of South Australia, as per the Regional Development Australia Committee boundaries, covers approximately 80% of South Australia. The area has a land mass of approximately 800,000km² with a population of 28,212 and incorporates the Anangu Pitjantjatjara Yankunytjatjara Lands. The region takes in the iconic Flinders Ranges and Outback region, popular and well visited tourism destinations in the State. The Flinders Ranges is also now recognised as a National Landscape.

The main townships in the region include (but are not limited to) Port Augusta, Quorn, Hawker, Leigh Creek, Copley, Lyndhurst, Marree, Innamincka, William Creek, Oodnadatta, Marla, Mintabie, Coober Pedy, Glendambo, Pimba, Woomera and Roxby Downs. Some of these remote townships are between 800 - 1,000 kilometres from Port Augusta.

A region's comparative advantage can stem from various resources, such as its geographical location, availability of natural resources, the existence of industry clusters, access to infrastructure or the skill profile of the local population. These underlying attributes influence the types of economic activity that are likely to be successful. They also have implications for development initiatives, which are generally more effective where they build on an existing strength.

A critical input to the Far North SA region's economy, and central to its competitiveness, is its natural resources. Much of the economic activity in regional Australia is directly linked to local natural resources. The Regional Australia Institute (2015) asserts that access to natural resources can create economic opportunities through offering inputs to production (such as access to water or good quality soil), and can be used to generate production outputs (such as minerals or extractives), or as a foundation for services such as tourism and recreation.

Mining is undoubtedly the Far North region's dominant industry and will continue to be so given the potential revealed in exploration programs over the past 10 years. There are currently 15 operating mines in South Australia, nine (9) of which are located in the Far North region. These are Beverley North Mine, Cairn Hill, Challenger, Four Mile Uranium Mine, Kanmantoo, Olympic Dam, Portia, Prominent Hill (Ankata and Malu) and White Dam. Tarcoola Gold Project has also received approval to operate and is still going through other approval processes. Of the 34 developing projects, 18 of these are in the Far North region, as follows:

- Atacama
- Carrapateena
- Flinders
- Hawks Nest
- Junction Dam
- Kalkaroo

- Khamsin
- Maldorky
- Mutooroo
- Mutooroo Magnetite Project
- North Portia
- Olary Creek
- Olympic Dam Extension
- Snaefell
- Sonoran
- Tripitaka
- Tunkillia
- Typhoon (source: www.minerals.statedevelopment.sa.gov.au)

The Far North region is facing a significant period of transition as a result of the mining slow-down and subsequent, flow-on industry closures - such as the winding back of rail services across the region as mining activity decreases and there is less demand for minerals haulage, for example.

According to the South Australian Centre for Economic Studies the overall volume of resource production in South Australia in 2010/11 was approximately 70% greater than in 2003/04, however mining output in South Australia accounts for only around 4% of the States Gross Product. The Far North region of SA is a major contributor to these economies.

KPMG was commissioned in June 2012 to carry out a SWOT Analysis of the mining industry in the Upper Spencer Gulf, as part of their preparation of an Advisory Report on the Upper Spencer Gulf Heavy Industry Hub. The SWOT analysis revealed the following characteristics:

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Significant existing heavy industry capability and capacity, and support industry • Pro-development community • Steel fabrication infrastructure • Geographic proximity to mining provinces • Training infrastructure (High School Trade Centre, TAFE, private providers operating in region) • Committed Local Government and RDAs 	<ul style="list-style-type: none"> • Lack of trust between potential competitors • Lack of firm leadership for joint bidding and coordinating local industry responses • Lack of deep sea port for importing products • Lack of skilled labour force • Proximity to Adelaide labour market may see employers hiring outside the region rather than within it, and this will push up wages and prices • Challenges in attracting workers to the region • Social infrastructure (education, health) and town amenities • Whyalla, Port Pirie and Port Augusta identify with different regions (Eyre Peninsula, Northern Region, Mid North). Also reflected in the RDA structure. • Townships compete rather than coordinate • Lack of gas capacity required for further industrial expansion 	<ul style="list-style-type: none"> • Existing and developing major projects (Olympic Dam, Prominent Hill, Eyre Peninsula) • Grow the scale of operations, through industry consolidation • Indigenous employment • Attraction of skilled migrants to the region (457 visas) • Industrial diversification away from Olympic Dam and existing industry to net projects • Compared with mine sites, the USG may be an attractive place to live and raise a family • In the medium to long term former mine workers may wish to settle in the USG 	<ul style="list-style-type: none"> • Bypass of the USG, i.e. goods/services may be cheaper from Adelaide or overseas • Retention. Churn of skilled labour does not encourage investment in skills, apprentices etc • Fly In Fly Out • Loss of workers. Labour rates well below Western Australia and Queensland • Future of existing industry base unclear

Employment

Census data reveals the following in terms of Far North SA regional population and employment:

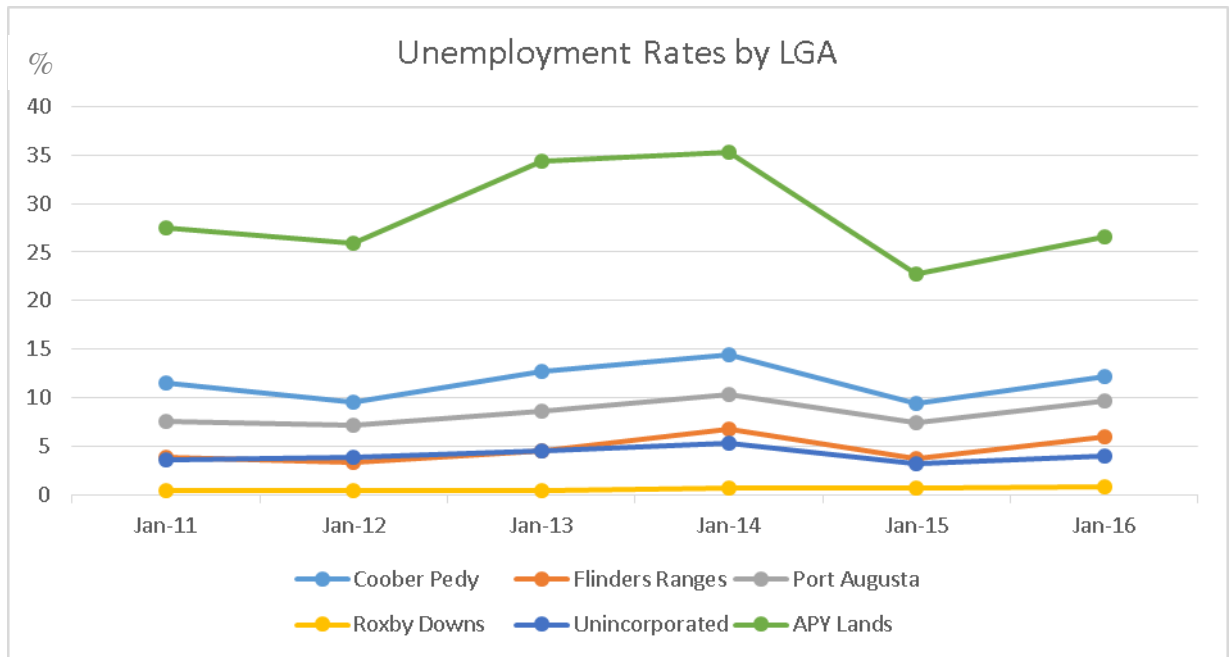
	Unincorporated Far North	Port Augusta	Leigh Creek	Cooper Pedy	Roxby Downs
2001 Population Unemployment Main employment Industry	*7,274 3.2% Oil & Gas - 3.3%	13,474 10.4% n/a	618 1.6% Coal Mining – 34.7%	2,877 16% Other Mining (Opal)– 3%	3,803 2.9% Metal Ore Mining – 29.8%
2006 Population Unemployment Main employment Industry	1,568 5.2% Metal Ore Mining – 9.8%	13,874 7% **Electricity Generation – 3.4%	549 .9% ***Coal Mining – 5.9% Electricity Generation – 46.3%	1,913 9.5% Other Mining – 8.7%	4,055 2.3% Metal Ore Mining – 41%
2011 Population Unemployment Main employment Industry	2,046 2.4% Metal Ore Mining – 16%	13,985 5.8% n/a	505 0% Coal Mining – 45.9%	1,695 8.9% Other Mining – 4.5%	4,702 1.9% Metal Ore Mining – 40.3%

* Population data in 2001 incorporates APY Lands and other areas, which are separate in later Census data

** Electricity generation is linked to the mining of coal at Leigh Creek

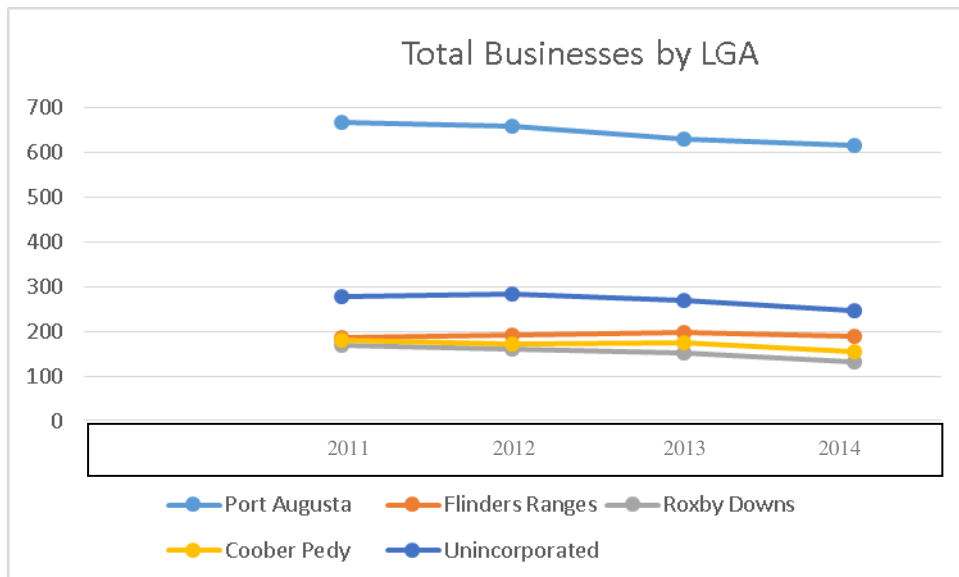
*** Coal mining and electricity generation related to the same industry which equals a percentage of 52.2% representing employment in mining industry

These data show that the population in the Unincorporated Areas, Port Augusta and Roxby Downs has increased slightly over the years, with Leigh Creek and Cooper Pedy declining. The declining population in Leigh Creek is certainly attributable to the fact that the mine life has always been targeted for an end date, therefore as that end date drew nearer people sought secure employment elsewhere. Further ABS data show that the estimated population in Roxby Downs has continued to increase since 2011 with it sitting at 5,078 in 2015.



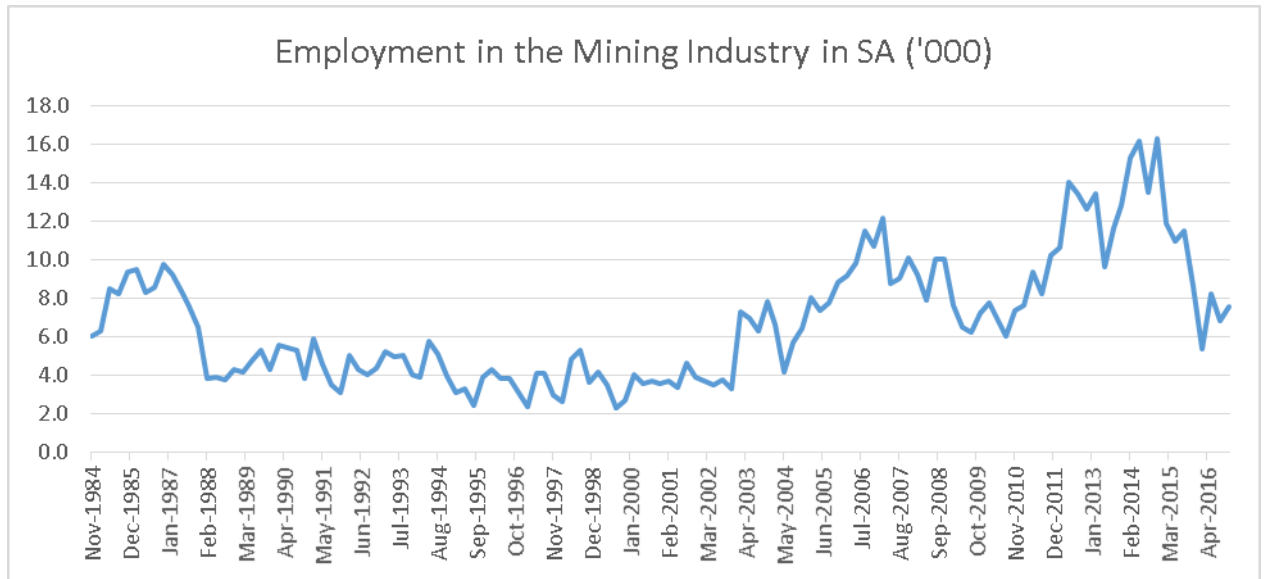
Source: Department of Employment, LGA Data Table Small Area Labour Markets

The above chart shows the unemployment rates in the Local Government Areas of the Far North Region. As the chart shows, there was a spike in the unemployment levels from 2013, when the mining boom finished. This spike lasted over a two year period, which fits with employees having to find alternative employment and the time taken to do so. However, the unemployment rates are once again increasing which fits with the closure of the Leigh Creek Mine, Port Augusta Power Stations and a few of the smaller mines such as Peculiar Knob and Cairn Hill.



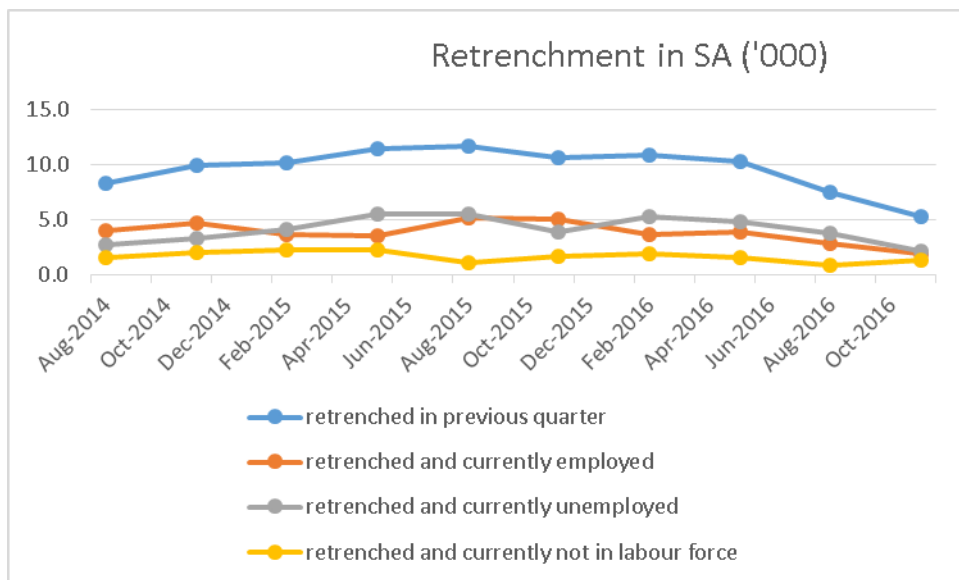
Source: ABS, Labour Force, Australia, Category Number 6291.0.55.003

Data available for the number of businesses in Local Government Areas only allows data up to 2014, but this data shows a steady decrease in the number of businesses since 2012. This fits with the downturn in economy from the end and nearing the end of the mining boom in 2013.



Source: ABS, Labour Force, Australia, Category Number 6291.0.55.003

The above data shows clear spikes in employment in the mining industry in SA since 2003 when the mining boom started, with some downturns in 2009 and at the end of the boom in 2013. Even though the “mining boom” was seen to finish in 2013, the spikes for 2014 and 2015 show that it was certainly still a key area of employment with some mines still growing and expanding outside of what was called the “boom”.



Source: ABS, Labour Force, Australia, Category Number 6291.0.55.003

The retrenchment figures for SA show a clear downturn in all categories of retrenchment and especially from 2015 onwards. This is reflected in major industries in SA including Holden and the Port Augusta Power Stations etc with employees not necessarily being able to find work immediately, and with some of these seeking to further their skills in other

areas before seeking longer term employment elsewhere. Unfortunately, specific data for the Far North region was not available for analysis at the time of preparing this submission.

General Data

The 'Australian Government Department of Infrastructure and Regional Development, Yearbook 2016, Progress in Australian Region's shows the following:

Main growth industry in SA Outback (North and East) is Mining with 706 growth from 2006-2011

Top employing industry in SA Outback (North and East) is Mining with 13.7% in 2006 and 18.1% in 2011

Actively trading businesses in SA Outback (North and East):

2008 1,389
 2011 1,392
 2013 1,415
 2014 1,359
 2015 1,328
 = overall decline of 61 businesses

Business size:

	Non-employing %	1-4 employees %	5-19 employees %	20-199 employees %	200+ employees %
2013/14	54.2	27.7	15.2	2.9	0
2014/15	55.4	27.6	13.8	3.2	0

Average residential property prices:

SA Outback:

2009 246,689
 2011 267,060
 2013 273,686
 2015 259,543
 = increase \$12,854

Net internal migration:

SA Outback (North and East):

2007/08 -443
 2008/09 -315
 2010/11 -571
 2011/12 -248
 2013/14 -525
 2014/15 -276
 = overall -167

Predicted Population projections (population growth) for 2012 – 2017 SA Outback (North and East): 3,563 persons = 0.8%

Estimated resident population for Outback SA (North and East):

2005 27,714

2010 29,008

2015 29,413

Increase of 1,294 between 2005-2010 and 405 between 2010-2015.

Analysis:

The data around Mining being the major employment industry and main growth industry in the Far North SA region is not surprising, as per the previous reported data which shows that 60% of the operational mines and 53% of the developing projects are in the Far North region. Whilst these mines do have 'Fly In Fly Out' practices, they still focus on local/regional employment as well as flow on employment effects from having policies in relation to using local contractors and providers/suppliers where possible.

The overall decline of 61 businesses in the last five (5) years in the Far North SA region is significant when considering the population of the region. Some of these businesses are mining operators, both small and very large employers, and the close of these also has a flow on effect for employees and, as referenced above, to local suppliers and contractors.

Non-employing businesses make up nearly half of the businesses in the region, which is not uncommon in many of Australia's regions. These non-employing micro- and/or small businesses are family owned and/or owner operators. There are no commercial enterprises in the region which employ 200+ employees but with the growth of some sectors including mining and service-based operations employee numbers may grow, e.g. Corrections²⁶. The other sector to show considerable growth over the last two years has been the health and social services sector. This includes Not for Profits, commercial operators and charities. Some of this can be attributed to the gradual rollout of the NDIS across the Far North and contiguous regions, with operators gearing up to provide packaged care. However, a considerable part of the increase in service delivery can be attributed to economic downturn, and services reflect this. Increased service delivery includes general and family relationship counselling; financial services counselling and support and mediation.

The average residential property prices have increased slightly overall in the region, however, not as much as metropolitan and urban areas, which is expected. The increase in prices is in line with the market prices and general real estate price increases.

The consistent Net Internal Migration decrease could be attributed to the closure of mines and mining operations and therefore their Fly In Fly Out and Drive In Drive Out practices are in turn affected.

In terms of impacts related to transitioning economies, we are seeing a net out-migration of skilled workforce, because those with skills in demand will leave (and have done so) in the pursuit of employment elsewhere. This leaves regions vulnerable, particularly those who rely on single-industries. While the Far North Region has a significant mining sector, it is also supported by a diversity of other economic contributors. However, the Far North Region has not escaped unscathed.

²⁶ Alinta Energy did employ over 200 staff and contractors, however, their closure means then end of this large employment figure.

What is important in ensuring regional resilience is that regional policy at both state and federal levels supports economic diversity. For example, at the height of the mining 'boom,' we had the situation in SA where State Government support mechanisms for regional businesses were almost exclusively focused on ensuring such businesses were 'mining-ready.' This is of course important, in ensuring that regions maximize the relatively short-term benefits that can accrue from mining activity, but it jeopardizes the longer-term economic sustainability of those same regions when commodity prices fall and mining slows down. What is required is balanced support mechanisms that encourage economic diversification and parallel industry developments.

The increase in social services provision in the region would indicate two things:

Firstly, that we are seeing 'new poor' i.e. those semi- or unskilled workers who have previously benefitted from relatively high wages in the mining industry who now find themselves without work in the region and less mobile than those with higher-level skills. These workers are often also heavily committed financially, with local investment properties etc.

Secondly, both these workers and their assets are now 'stranded.' Social service providers, particularly those who provide financial counselling and support services have reported an increase in the numbers of 'new poor' they are seeing.

Industry Output and Value-Added

Economic modelling undertaken by SC Lennon and Associates in preparation of Economic Growth and Investment Strategies for the Outback Communities Authority and Roxby Downs Council shows the following gross revenue and value-added estimates:

- Outback Communities Authority – Gross Revenue = \$4.4b with the regions mining sector accounting for over three quarters of economic output. Total value-added estimate = \$1.7b, which is 55% of the total for the whole Far North region. The majority of the Outback Communities Authority region industry value-added is attributable to mining, which accounts for around three quarters (74%) of the regions total value-added.
- Roxby Downs - Gross Revenue = \$1.2b with the regions mining sector accounting for over two thirds (70%) of economic output. Total value-added estimate = \$400m, which is 13% of the total for the whole Far North region. The majority of the Outback Communities Authority region industry value-added is attributable to mining, which accounts for 60% of the regions total value-added.

The total estimated value of regional exports is as follows:

- Outback Communities Authority - \$3.6b (84% of the region's economic output) with mining the largest contributor with 85% of total export value compared to 72% for the wider Far North region.
- Roxby Downs - \$927.5m (77% of the region's economic output) with mining the largest contributor with 89% of total export value compared to 72% for the wider Far North region.

Upper Spencer Gulf and Far North SA – regions in transition

Whilst this submission is focused on the Far North region, the major township of Port Augusta forms part of the Upper Spencer Gulf (USG) region which also incorporates the other major regional townships of Port Pirie and Whyalla, which we understand are putting forward separate submissions.

The USG region is certainly in a process of transition. Following the end of the mining boom/exploration boom in 2013 the USG experienced the closure of other major businesses and industries such as Port Augusta Power Stations, EDI Rail major scaledown in Port Augusta and the scaledown of Arrium Steelworks in Whyalla.

On the positive side, the upgrade and expansion of the Smelter in Port Pirie is moving forward along with the focus on Port Augusta as a renewable energy hub and the attraction of major industries such as the Solar Thermal operating Sundrop Farms, Reach Solar Energy's Bungala Project and DP Energy's Port Augusta Renewable Energy Park project.

There are some Government barriers that could be seen to have been hindering the transition process. One of these has been the uncertainty around the Federal Government's Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation (CEFC). The announcement of the \$1b Clean Energy Innovation Fund which will be managed by ARENA and the CEFC is a positive move forward. ARENA has already invested considerable funding in the Far North Region as follows:

- \$18.4m for Coober Pedy Renewable Diesel Hybrid Project
- 32.75m for Cooper Basin Enhanced Geothermal Systems Heat and Power Development
- \$4.2m for Demonstration of Geothermal Heat Exchange in Hot Sedimentary Rocks
- \$408,100 for Port Augusta Solar Thermal Feasibility Study

The continuation of the Clean Energy Innovation Fund will be crucial to the Far North region focusing on renewable energy options and innovations.

Policy Intervention

Both the State and Federal Governments have had various grants and funds available in the region over the last 20 plus years. These grants and funding have provided mainly short term opportunities in the form of new infrastructure and programs, with a few of them providing opportunities for longer term outcomes including employment.

An example of some of the funding and grants provided over the last five (5) years is as follows:

Federal Government

Delivered Projects to the value of approximately \$20.5m including the Regional Development Australian Fund, Remote Airstrip Upgrade, Small Business Advisory Service, Remote Aerodrome Safety Program and the Regional Development Fund.

Promised Projects to the value of approximately \$22m including the Regional Jobs and Investment Program and the National Radioactive Waste Management Facility.

State Government

Delivered Projects to the value of approximately \$9.6m including the Regional Project Fund, STIG/TQUAL, Tourism Industry Regional Development Fund, Tourism Development Support Program, Upper Spencer Gulf Enterprise Zone Fund and the Upper Spencer Gulf & Outback Futures Program.

Both the State and Federal Government have funding and grant programs open at the moment which include the Building Better Regions Fund and the Job Accelerator Grant, however, use of these by businesses in our region at present is difficult to calculate.

Most of the above funds and grants are for infrastructure and whilst these create short term employment and encourage the use of local contractors, these projects have also enabled communities and businesses to improve their infrastructure which in turn lifts the community spirit. However, overall State and Federal Government short-term policy intervention over the past 20+ years haven't always been successful in longer term outcomes.

Economic Metric

In relation to the Terms of Reference, dot point three:

- Establish an economic metric, combining a series of indicators to assess the degree of economic dislocation/engagement, transitional friction and local economic sustainability for regions across Australia and rank those regions to identify those most at risk of failing to adjust.

There is a need to ensure that the metrics discussed encompass community and economic factors in order for it to accurately reflect the true and correct situation and forecast.

Whilst broader regions such as the USG and major sub-regions and townships work closely together in many areas and at all levels of Government and regionally, each sub-region region is different and therefore requires a tailored approach.

Regional Partnerships

As mentioned above, there is a strong partnership across all levels of Government and Regional Development Associations in SA. This is evident with the Regional Development South Australia committee (peak body for SA RDAs) and the work that the Upper Spencer Gulf and Outback, in particular, entities undertake together, for example the Upper Spencer Gulf Transition Forum, the Leigh Creek Futures Forum and the Far North Local Government Roundtable. Although each sub-region might put in separate submissions for this enquiry, it should be noted that this is so that a specific focus on priorities is obtained, which is key to that specific area/body. It does not reflect the lack of partnerships, which remain consistently strong.

Regional Roadshow

Whilst this submission aims to paint a thorough picture of the region and the issues, challenges and opportunities that it faces, a real picture would be clarified by a face to face visit to the region. It would be beneficial for this visit to provide an opportunity for us to contribute further to this submission and to show you the issues and opportunities at sight. Therefore, we welcome the commission to undertake a tour of the Far North SA region, and the Spencer Gulf region to provide an opportunity for further input via presentation to this submission.

9 August 2017

transitioning.regions@pc.gov.au

Dear Sir/Madam,

Transitioning Regional Economies - Productivity Commission Initial Report

Please find attached a submission in regards to the above mentioned Inquiry.

Yours sincerely

A handwritten signature in black ink that reads "Wiseman". The signature is written in a cursive style with a small dot at the end.

Claire Wiseman
Chief Executive Officer

SUBMISSION FOR TRANSITIONING REGIONAL ECONOMIES – PRODUCTIVITY COMMISSION INITIAL REPORT

Background

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The estimated value of regional exports in some areas in the Far North SA region is as follows:

- ²⁷Outback Communities Authority - \$3.6b (84% of the region's economic output) with mining the largest contributor with 85% of total export value compared to 72% for the wider Far North region.
- Roxby Downs - \$927.5m (77% of the region's economic output) with mining the largest contributor with 89% of total export value compared to 72% for the wider Far North region.
- The Flinders Ranges Council - \$42.3m (42% of the region's total economic output) with accommodation and food services, agriculture and transport generate over 70% of those exports.

There are many opportunities emerging in the region, particularly in the field of renewable energy generation, defence and intermodal transport hubs. Now is the time to build on and support these as best we can to ensure the long term viability of the regional economy, which in turn feeds into the State and Commonwealth economies.

What is Regional Australia?

The Regional Australia Institute defines 'regional Australia' as ²⁸ *Regional Australia includes all of the towns, small cities and areas that lie beyond the major capital cities...*

When defining "regions" from "regional Australia" the line blurs. "Regions" effectively means all "areas", but when looking at "regional" Australia, it should be referred to as above and not include major capital cities. Comparing the economics in regional Australia with the cities is like comparing apples and pumpkins, them essentially being two totally different things.

Adaptive capacity of regional Australia is about a regions ability to adapt should a major industry change happen eg as in the downturn in mining in the past. When including capital cities and major metropolitan and urban areas in the equation, of course they are going to adapt better, they have more industries and larger businesses around them to rely on, however the smaller true "regional" areas may take a longer time to rebuild the downturn industry or refocus on a new industry. The Upper Spencer Gulf region is a great example of this. As referred to in our original submission, Port Augusta was effected greatly by the closure of the Port Augusta power stations in 2015/16. However, Port Augusta has now started to establish itself as a renewable energy hub. For example:

DP Energy – Port Augusta Renewable Energy Park – Funded and underway, unique hybrid renewable energy development integrating wind and solar PV technology, total installed capacity of up to 375MW, including up to 206.5MW of wind generation capacity on land situated on the coastal plain south-east of Port Augusta. Have recently completed tender

²⁷ Economic Growth and Investment Strategies (Outback SA, Roxby Downs and Flinders Ranges, SC Lennon & Associates, 2016/17

²⁸ Regional Australia Institute, What is Regional Australia <http://www.regionalaustralia.org.au/home/what-is-regional-australia/>

call for works has been completed. Mid-April 2017 saw the announcement of Stage 2 for the project which includes a significant additional solar panel component, generating up to 500MW and a battery storage element of around 400 MW capacity. Stage 2 is to be submitted to the Development Assessment Commission by July 2017. Both stages combined will create over 600 jobs during construction and 10 ongoing maintenance jobs. For more information: <http://www.dpenergy.com/hybrid/port-augusta-renewable-energy-park/>

Reach Solar Energy - Bungala One and Two – funded and underway, approval received December 2016 for this 2 x 110MW tilting solar facility. The utility scale power plant will be the largest in Australia, and the 13th largest in the world with around 900,000 solar panels. It is designed to support the grid and will be energy storage ready for retro-fit in the future. Long-term offtake has been secured, capital for phase one raised (460 million), no Government funding needed for project viability. Work is expected to be completed by early Quarter 4 2018. Around 400 people will be required during construction and the project will provide material direct and indirect benefits to the community local to Port Augusta.

Pangea Energy – have purchased land in Port Augusta with a view to building the world’s largest battery storage system with 200-250 jobs during construction and 20 full time jobs post-construction. (project still going through approval stages).

Whilst some of these new projects are well underway, others are just in their infancy, however the turnaround time has been short compared to many major projects. These industries are also working with local job network organisations and brokers such as RDAFN to ensure the best outcome possible for local people and to connect them with local opportunities.

Taking this into account, this is where the adaptability index that is used within the initial report can be seen to be incorrect. The index has Port Augusta rated as “below average” in terms of adaptability, due to the town being reliant on one main industry in the past. However, this history isn’t necessarily correct. Port Augusta used to rely on the National Railways as a major industry and with their workshops closing in the 1990’s Port Augusta faced a similar situation that what it did with the power stations closing. However, the support of other outlying industries such as mining and Defence have enabled businesses to sustain and expand their operations and for local residents to find alternative employment.

Transitioning Regional Economies, Productivity Commission Initial Report General Comments/Views

A locally-owned, strategic and coordinated approach, pages 25-26

RDA committees provide the role as outlined in this section. These organisations are the leaders in economic development and attracting and facilitating new developments. Many others, like RDAFN, also have staff that assist with business development and play a brokerage role in linking new employment opportunities and training programs with regional residents, which includes career advice through the Career Development Centres. As an example, RDAFN

has been working closely with the South Australian Tourism Commission and the Outback Communities Authority to look at ways to keep the township of Leigh Creek alive. The coal mine in Leigh Creek closed down in late 2015, and with the town purpose built for the mine operations, the town is still going through a major transition process. Part of this process is looking at new industries to help the town survive, which includes Tourism, e.g. looking at the tourism offers that the town and surrounding areas have and building and marketing these so that Leigh Creek becomes a destination rather than a service town.

Investing in the capabilities of people and regional connectivity, pages 26-27

Regarding connectivity and the National Broadband Network, (NBN) RDAFN recently made a submission to the inquiry into the NBN Rollout and presented at the hearing held in Port Augusta. A copy is attached as Attachment A. The transcript to the NBN hearing is available at <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query%3DId%3A%22committee%2Fcommjnt%2F8176f393-e250-4c60-a3be-0b6d5173657f%2F0000%22>

In addition to this submission, RDAFN are in the process of preparing a survey to go out to all Far North SA regional residents and businesses to gain an understanding of their access, use and satisfaction with the NBN. RDAFN is happy to make information collected as part of this survey available to this inquiry if requested.

Focusing principally on investments in people, rather than businesses will best ensure that this risk is avoided (risk referring to crowding out commercially attractive private investment). Investing in the people is investing in the regional businesses. An initiative or way forward that focuses on one not the other is not preferable. Investment in the regional areas required a balance between investment in both the people and the businesses. Without the people there are no businesses, and without the businesses there are no people.

This section also mentions *the priority for governments should be the people who live in the region, not the geographic region itself*. This is correct and also incorrect. More investment should be allocated for geographical regional areas to enable them to better prosper and grow. A regional area should not be disadvantaged simply because the population is low or that it is a regionally remote area. Regionally remote areas often have a lot of untapped resources in its people and environment capabilities and are more adaptable to change due to not being reliant on one industry. Once again, there needs to be a fine balance between investing in people and investing in regional areas, not one or the other.

Also made mention is *Where government programs reduce the incentive for people to move, they reduce the welding of people who would otherwise find new skills or employment, and can also increase long-term unemployment*. The reverse also works in that there is also a need to support, train and encourage those to stay within their regional areas and allow them to grow and support those areas, not move away.

Achieving sustainable regional development, pages 27-28

The use of the City Deals 2016 program to *support the development of selected regional centres....* should not refer to a way to achieve “regional development”. Once again the City Deals 2016 program is city focused and not regionally focused in terms of geographical regional areas.

Information Request 4.1

As the report mentions, capturing the true adaptability of a regional area is difficult using the index and methodology that was used. The main issue with the method is around the data and the use of the word “regions” versus true “regional areas” as already mentioned in this report. The inclusion of major cities, metropolitan and urban area data skews the context of the adaptability of regional areas. These major cities etc have access to more support services and mechanisms and are more able to attract investors to new industries and build businesses capacity to cope.

Information Request 5.1

Please refer to RDAFN’s original submission into the Transitioning Regional Economies which outlines the Upper Spencer Gulf and Far North SA’s ability to transition following ongoing pressures and major industry shutdown.

Initial Finding 5.6

It was highlighted throughout the Initial Report on Page 27 that *Few evaluations have been published that assess the effectiveness and value for money of regional development initiatives.* Therefore, the statement in this initial finding around *Assistance to industries and regions has often been costly, ineffective, counter-productive, poorly targeted and inequitable* can’t substantiated using published data and as such the statement cannot be proved correct.

Information Request 5.2

Many regions could benefit from a trial exemption from regulations, depending what those regulations are. These need to be clearly outlined in order for this to be investigated. Opening up funding and grant opportunities to all may not be the way to go as this then puts regional areas at more of a disadvantage when they are competing for funds that capital cities can also compete for. The Building Better Regions Fund is a good example of funding that is targeted at regional areas, where anyone within a certain radius of a city centre was ineligible to apply for funding. This was positive for regional areas.

However, we support the statement as outlined on page 58 *Although many of these regulations have sound objectives, governments must ensure they are the minimum required to achieve*

their objectives. Removing unnecessary barriers to doing business, as well as the cost of government services, is a 'no-regrets' policy that should be pursued by all governments.

Box 3.6 Shrinking Australian towns – historical examples

The reference made to Farina is an interesting one to investigate. As this information reports Farina was once a major town in its time, however due to the halting of train services in the late 1800's/early 1900's the township dwindled down an almost ghost town. However, whilst permanent residents in Farina are approximately ²⁹29 the town is re-establishing itself as a destination and the strong volunteer group have restored the old bakery with that opening a few weeks a year proving very popular and they have received funding from various sources to upgrade this and other buildings in the town. Whilst Farina will never be the town it once was, it has managed to establish itself as a popular and profitable tourism destination.

Tables B.2, B.3 & B.4

In reference to South Australia the following estimated percentages were observed in terms of city versus regional area results:

- Above average adaptive capacity – 13.7% regional areas, 68.3% city centres
- Below average adaptive capacity – 38.3% regional areas, 61.7% city centres
- Least adaptive – 23.8% regional areas , 76.2% city centres

This data shows the high rates of city centres and metropolitan areas that have been included in this study, of which we believe may skew the results in terms of looking at regional areas versus regions.

Summary

RDAFN is of the strong view that the term region needs to better defines to carry out a true study on what we call regional areas, which does not include city centres or metropolitan and urban areas. We are by no means saying that these centres don't need studying or economic injections, just that their needs can't be compared to regional areas needs.

The report consistently highlights that the correct formula for looking at the adaptive capacity of a region is not known nor possible due to a lack of availability of consistent data. Therefore, this begs the question as to whether the outcomes of this initial and maybe final report will be of future use. Each region and regional area is unique in their population, industries, number of businesses, access to services, employment and so on, so why are we trying to compare them?

It is encouraging to see Far North issues such as Leigh Creek and the closure of the power stations being referred to in this report.

Regional Roadshow

Whilst this submission aims to paint a thorough picture of the region and the issues, challenges and opportunities that it faces, a real picture would be clarified by a face to face visit to the region. It would be beneficial for this visit to provide an opportunity for us to contribute further

²⁹ ABS Census Data 2016, Quick States (Farina, State Sururb)

to this submission and to show you the issues and opportunities at sight. Therefore, we welcome the commission to undertake a tour of the Far North SA region, and the Spencer Gulf region to provide an opportunity for further input via presentation to this submission.