

ABN 94 561 061 743

2a Stirling Road
Port Augusta SA 5700

p: 08 8641 1444

f: 08 8642 6951

e: reception@rdafn.com.au

w: www.rdafn.com.au

September 2019

Regionaljobs.sen@aph.gov.au

All Postal
Correspondence
PO Box 1762
PORT AUGUSTA SA 5700

Dear Sir/Madam,

Jobs for the Future in Regional Areas

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

Yours sincerely



Claire Wiseman
Chief Executive Officer

SUBMISSION FOR JOBS FOR THE FUTURE IN REGIONAL AREAS

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 27,500 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 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.

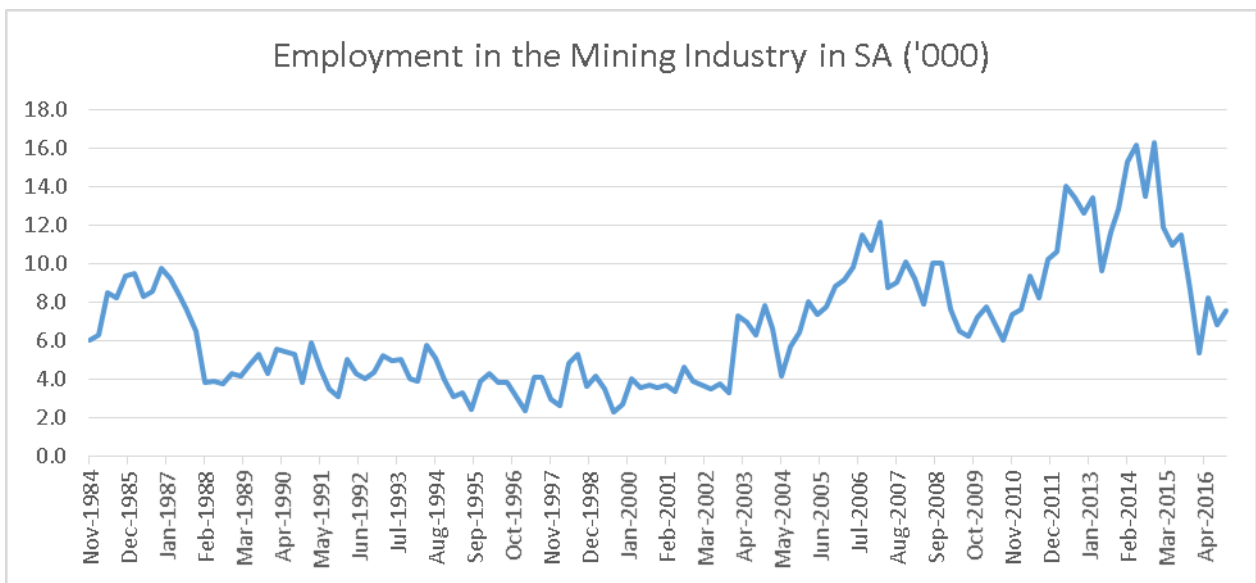
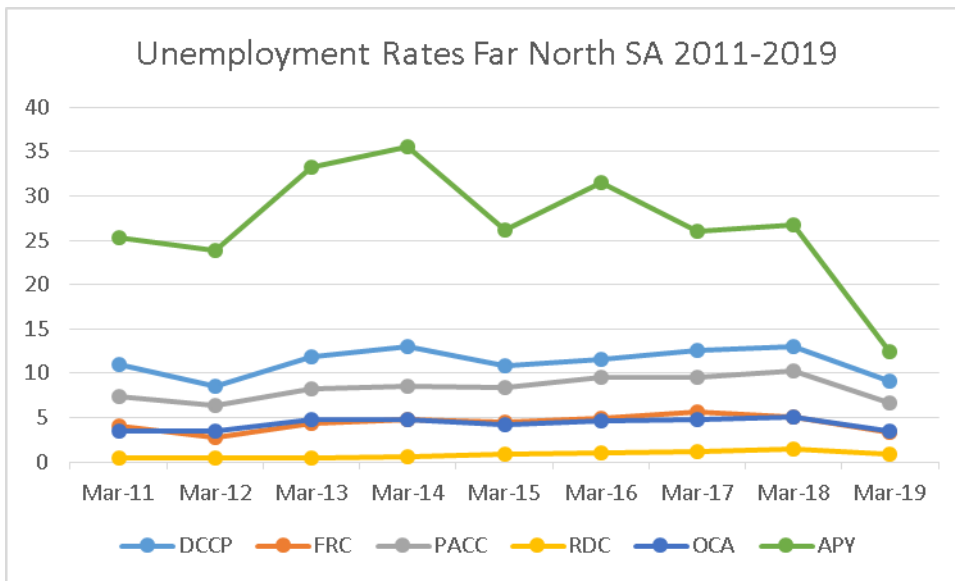
A region's comparative advantage can stem from various resources, such as its geographical location, availability of natural resources, the existence of industry clusters, access to infrastructure or the skill profile of the local population. These underlying attributes influence the types of economic 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.

Our region is home to some of the richest mining resources in the world and houses 57% of the States developing mineral projects and 83% of the states operating mines. The region is also becoming known as a "renewable energy hub of Australia" with two major projects currently under construction with a total of 470 construction jobs and worth a total value of approximately \$900million. Six other projects have either received approval or are in the planning and feasibility stages. These are worth an additional approximate total of \$1.5 billion and will require a total of 2,400 construction jobs at peak.

Employment

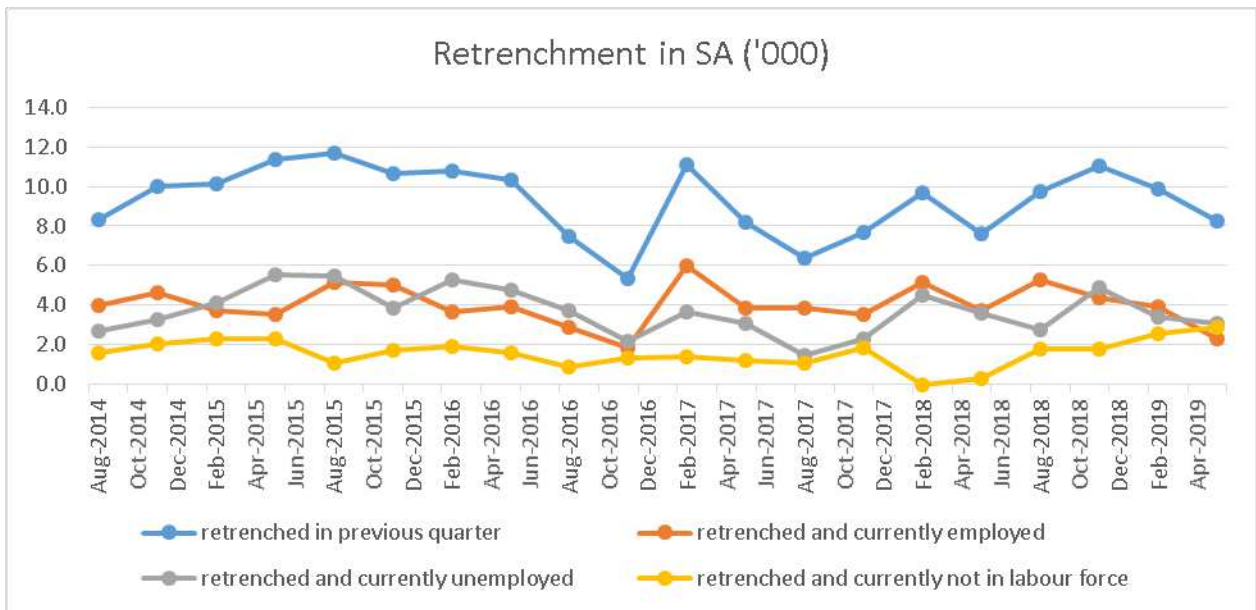
The following table shows the unemployment rates across the Far North SA region from March 2011 to March 2019. The average unemployment rates for each of the Council areas are Coober Pedy 11.3%, Flinders Ranges 4.4%, Port Augusta 8.3%, Roxby Downs 0.8%, Outback Communities Authority 4.3% and Anangu Pitjantjatjara Yankunytjatjara Lands 26.7%.

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 once again spiked in 2016-2017 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. The closure of the Port Augusta Power Stations resulted in the redundancy of 400+ Far North SA residents. Extensive work was undertaken to ensure that the overall employment losses were low in the medium to long term.



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 “exploration boom” started, with some downturns in 2009 and at the end of the boom in 2013. Even though the 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 through to late 2016. 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. Spikes in retrenchment have occurred since then which is reflective of major industry and resources closures and shutdowns. Unfortunately, specific data for the Far North region was not available for analysis at the time of preparing this submission.

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

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. Correctional Services. 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. 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.

Terms of Reference

- a. New industries and employment opportunities that can be created in the regions;**
- b. The number of existing jobs in regional areas in clean energy technology and ecological services and their future significance**

As the figures and information above outline, the Far North region has undergone major shifts in relation to leading industries. In the early 2000's the Port Augusta Railway workshops closed down, which had an initial impact on the town and the region, with many workers coming from nearby townships such as Quorn. Some of these workers were able to gain employment elsewhere e.g. at the Power Stations or out of town. The closure of the Port Augusta Power Stations in 2016 saw another spike in unemployment within the region. Unlike some of our near-regional counterparts, our region was lucky enough to be in the spotlight when it comes to renewable energy at the right time, which fills in some of the gaps left by these major industry shutdowns.

Being in this spotlight can partly be attributed to Sundrop Farms setting up their seawater greenhouse near Port Augusta which utilises a process similar to solar thermal in order to desalinate the sea water and convert it to energy for use. The other factor was the extensive lobbying undertaken by the Repower Port Augusta to highlight the benefits of the region for a larger scale solar thermal plant and being the ideal location for other renewable technologies.

Currently in the region there are two major renewable projects under construction with a total of 650 construction jobs and worth a total value of approximately \$900million. Six other projects have either received approval or are in the planning and feasibility stages. These are worth an additional approximate total of \$1.5 billion and will require a total of 1,500 construction jobs at peak.

Timing and staging of all these projects is critical if the region is to take the most advantage of employment opportunities. Most of the construction periods are between 12 months – 2 years, and due to some of the unique skills and experience and numbers required, considerable labour will need to be sourced outside the region. This scenario then puts pressure on existing services such as accommodation, housing, health and consumables, especially if the construction periods are overlapping. Temporary accommodation camps are one consideration currently under review.

The other factor to consider is that in total all of the above projects will result in 185 ongoing positions, with the life of some of the projects reaching 30 years or more. Whilst the addition of 185 jobs is great for a regional area, in the overall sense it will not have a major long term impact on unemployment levels. Notwithstanding this, Regional Development Australia (RDA) Far North continues to work with other companies who are looking to invest in renewable energy project in the region which will increase the ongoing employment numbers.

Another consideration is managing community and business expectations beyond the construction phase, before it happens. For example, an influx of 500 workers to a regional community will have a major impact, albeit short term. Businesses start to experience a “boom” and may feel more comfortable in re-investing in their business whilst the climate is good and the community also feel very positive as they see businesses thriving and also investing in their community. However, when that “boom” is over and their business goes back to trading as they were before, they may feel that they have had a major downfall in their business, when in reality they are trading as they normally would. Managing these businesses through these transition periods is key to ensuring both the businesses and community have realistic expectations and maintain a positive outlook.

c. Lessons learned from structural adjustments in the automotive, manufacturing and forestry industries and energy privatization and their impact on labour markets and local economies

The Electricity Trust of South Australia, otherwise known as ETSA, was owned by the South Australian Government until it was privatised in 1999. This privatisation included the Port Augusta Power Stations, incorporating the Leigh Creek coal mine. Eventually, this privatisation led to the closure of the Port Augusta Power Stations and Leigh Creek coal mine in 2016 resulting in 400+ regional job losses. At the time, the power stations were one of the largest employers in the region and also supported regional businesses, community groups and events through sponsorship. The immediate impact on the regional communities and businesses was huge. Many local businesses felt the pressures of ex-employees not spending money or making new purchases. Extensive work was undertaken with the ex-employees to assist with transitions to new positions and job and training opportunities. However, whilst the majority were re-employed, it still took a while for consumer confidence to grow and therefore, local businesses closed down.

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. (¹In 2001 the population was at 618 and down to 245 in 2016.) Due to the closure of the Leigh Creek coal 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, hotel, service station and post office etc.

¹ ABS Census Quick Stats Data

RDA Far North 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.

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

d. The importance of long-term planning to support the diversification of supply chain industries and local economies

Some of the barriers faced by regional businesses to gaining work and contracts with the mining sector include lack of adequately skilled staff, inability to upskill or restricted access to upskilling opportunities, too small to tender for work but lack of capability or capacity of how to partner with other companies to tender and sometimes the short term nature of the contracts.

Some regional businesses also find that if they are successful in gaining a tender in an industry that this may then takes them away from their local area for an amount of time. This means that their local customers need to source services from elsewhere and then when the contract is finished and the company is ready to re-engage, their local customers sometimes will stay with the new supplier and the company loses their local business.

Another barrier to consider is that companies may not know what regional and local business capabilities actually are and may assume that what they require doesn't exist locally or regionally, when it does. The use of a central tendering system such as the Industry Capability Network (ICN) can assist this with businesses encouraged to upload a profile to ICN and ensure that they sign up for contract and tender opportunity updates and tender for them when they are available. The BHP Billiton C-Res Local Contracting System is a great example also.

To enable businesses to diversify, firstly the reward and opportunities must be there for them to make the transition. They also need to be aware of what they will need to diversify, which is where the work that RDA Far North comes in, we assist businesses map out their pathways and recognise their goals and work towards the diversification.

In addition, diversification into another industry or market may also require considerable capital investment. This is not always possible for smaller and medium businesses to do off their own back, therefore access to funding and grant opportunities for private businesses is essential.

This diversification and growth may also have negative impacts on a business. For example, when the Olympic Dam Expansion was first announced, RDA Far North is aware that a few local businesses invested heavily in their business to grow and purchase machinery and engaged extra staff to enable them to meet the new demands. However, when the expansion project was delayed and eventually withdrawn, these businesses were unable to regain their investment and suffered losses, some of them major, and only now are some of them regaining

what they lost. So whilst businesses need to prepare themselves for new opportunities and diversification, they need to be sure of the real opportunities that will be available to them. This also puts an onus on companies to ensure they are realistic when providing information about possible opportunities for these businesses to tap into and keep them up to date along the way.

- e. Measures to guide the transition into new industries and employment, including:**
- i. community infrastructure to attract investment and job creation;**
 - ii. the need for a public authority to manage the transition;**
 - iii. meaningful community consultation to guide the transition; and**
 - iv. the role of vocational education providers, including TAFE in enabling reskilling and retraining**

The case study of Leigh Creek as outlined previously is a good example of a town that is in a major transition phase. Since the closure of the mine, Leigh Creek Energy set up an in-situ gasification plant that they have trialed and are now looking for investors to operate on a longer term basis. Whilst Leigh Creek Energy were in the township, major benefits were experienced by businesses in Leigh Creek and in neighbouring Copley and Lyndhurst. The company utilised local accommodation and hospitality places whilst also supporting key health initiatives such as providing funding to ensure the doctor remained in the town. Since Leigh Creek Energy closed the trial plant, other companies are looking at sites near Leigh Creek for other industries. To assist in ensuring these go ahead it is vital that the current services the town offers are maintained e.g. school, health services, accommodation, hotel, fuel, post office, general store etc. These all add to the attraction for employees should these projects proceed in the future.

The OCA managing the township on behalf of the State Government is also a key factor in the longevity of the town. The OCA provides support for the towns' infrastructure and key links to other government support and agencies. They also held regular meetings with key organisations and businesses within the town to seek feedback on challenges and opportunities that require action. Involving community in this consultation phase is critical to ensuring the community feels empowered about the key decisions being made about their township and livelihoods.

Reskilling and retraining employees to be able to diversify into other industry positions and jobs is certainly a key component of the overall diversification strategy. Some of the key businesses in our region are TAFE and also non-accredited training providers that provide training for white-cards and tickets. Recognising where the gaps are and addressing these is crucial.

It is also important for new industries and businesses to work with these training providers to ensure that they actually provide relevant training and upskilling opportunities so that people can be skilled accordingly to gain employment with them.

One of the challenges faced in regional areas when it comes training is access. Many people in remote areas of the state are unable to access key training due to distances required to travel to lessons. These factors needs to be considered by industry when seeking to employ regionally.

Summary

Regional and remote towns can adjust to major industry changes including total shutdowns, as long as the transition progress is managed accordingly by other authorities and that the process is well planned out. Keeping businesses and residents abreast of progress and involving them in the progress is vital. It is also important that new industry and businesses are open and realistic about what they need in terms of local business content, employment opportunities and training/qualifications. This enable businesses that can be involved, or that want to expand or diversify to be involved, are better equipped to succeed. Same goes for employment and training or upskilling opportunities in industry working with providers to ensure the right opportunities are provided.

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 demonstrate challenged and opportunities. 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.