



Regional Development Strategy Discussion Paper

Submission to PIRSA

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South Australian Chamber of Mines & Energy

The leading industry body representing the resources sector in South Australia

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1. Introduction

The South Australian Chamber of Mines and Energy (SACOME) is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil and gas sectors and associated service providers.

The sector underpins the state economy and has contributed to the rise in living standards, the development of regional infrastructure and prosperity in our state.

The Regional Development Strategy Discussion Paper (the Paper) seeks stakeholders views on economic, environmental and social considerations as input to developing the PIRSA Regional Development Strategy (RDS). The RDS aims to support people in their choice to live in regional communities, and ensure regional South Australia is revitalised and prosperous.

In 2019 SACOME launched its '2024 Vision' which maps a path for future development of the South Australian resources sector. The document outlines the substantial contribution the sector makes to the South Australian economy and the strategic investments required to harness future growth. Importantly, the 2024 Vision emphasises support for regional communities and commits the sector to a range of social and economic outcomes aimed at benefiting South Australia's regions.

SACOME recognises that the RDS is being developed in parallel to other strategic planning initiatives including Infrastructure South Australia's 20-Year Infrastructure Strategy and the South Australian Growth Agenda which sets an ambitious 3% economic growth rate for the State.

SACOME welcomes the State Government's coordinated approach to formulating cross-portfolio strategies aimed at driving economic growth outcomes for South Australia.

SACOME member companies are a cornerstone of the South Australian economy, with their combined activity generating the following key economic outcomes:

- \$6.1 billion in production value;
- 33% of exports from South Australia worth almost \$4 billion, making it the highest value export sector in the State;
- \$1.6 billion in Capital Expenditure investment in new mines and petroleum projects;
- Direct and indirect employment of 26,800 South Australians; and
- \$1.2 billion in royalties to the South Australian Government over the next five years.¹

¹ SACOME 2024 Vision p.12 (<https://www.sacome.org.au/2024-vision.html>)

SACOME member companies are key stakeholders in South Australia's regions, with resources projects located in the Regional Development Australia areas of the Far North; Yorke and Mid North; Whyalla and Eyre Peninsula; and the Limestone Coast.

As regional stakeholders, SACOME member companies invest in their communities through employment, procurement of goods and services, community partnerships and sponsorships, contribution to regional infrastructure and provision of mineral and petroleum commodities to regional supply chains.

While perception of resources projects is that they are temporary due to their finite operational life, they are often multi-generational in nature. Rather than being an 'outsider' in these communities, the resources sector is an active community member and neighbour.

In making this submission, SACOME has considered the immediate and future needs of the resources sector in contributing to regional development, and as a sector identified by the South Australian Growth Agenda capable of contributing to South Australian Government's 3% economic growth target.

SACOME welcomes the opportunity to provide comment to the RDS process and remains committed to working collaboratively with all stakeholders to achieve economic prosperity for the State and all its residents.

2. Service Provision

The availability of services and amenities are critical to the liveability of regional communities.

Access to health care, schools, police, emergency services and sporting amenities such as football ovals and netball courts are the lifeblood of local towns and regional communities suffer when these services and amenities are not available. These services are important in both civic and economic terms in that they provide necessary support to residents but also operate as a factor in attracting and retaining workers in regional areas.

The South Australian resources sector creates significant wealth for the State and the development of resources sector projects provides a range of economic and civic opportunities for regional communities.

The majority of SACOME member companies that operate in regional communities' work with residents, community groups, Councils and other organisations to develop community partnership programs that support host communities' aspirations and goals.

These community programs include:

- Local employment programs to maximise local recruitment and encourage people to live and work in host communities;
- Dedicated procurement programs to increase supply and procurement from local and regional businesses;
- Partnering with local councils and community, sporting and other groups on initiatives that contribute to liveability and inclusion; and
- Supporting events and initiatives to develop and expand other industries, such as tourism and agriculture.

The RDS should consider the economic, environmental and social benefits from increased economic investment in the regions and the services required to support both industry and regional communities as a result.

2.1 What are the essential services in your community?

SACOME submits that essential services in regional communities can be broadly categorised as services that: impact the liveability of a local town; or services that facilitate economic growth and support economic activity.

The majority of SACOME member company's preference local employment, procurement and services where possible. Ensuring that the local population is sufficiently skilled to take advantage of resources sector employment opportunities, and that service

industries can support the needs of resources sector companies creates mutual benefit for operators and the regions they are a part of.

Mapping the current and projected employment and service requirements of resources operators against the ability to source them in regional areas is a useful exercise in strategic planning.

Recommendation

- Map the current and projected employment and service requirements of resources sector operators against the ability of regional areas to supply them.

2.2 How would they best be delivered?

The “hub and spoke” approach to service provision for regional communities suggested by the Discussion Paper is logical in that it seeks to balance cost against population.

While the needs of resources sector companies and local communities have considerable overlap, the operational needs of projects are distinct from provision of civic services.

Provision of services for resources sector operators range from community-based civic services, like skills and training, labour-hire, equipment and servicing and housing through to provision of industrial supply-chain services like power, water and transport.

Recommendations

- Map where responsibility falls for service provision along the ‘civic-to-industrial’ supply chain to assist in the strategic planning process.
- Map how the service provision supply chain interacts with economic and regional growth intentions of resources sector operators to assist in understanding projected need against a timeframe for implementation.

3. Investment in Infrastructure

Regional infrastructure development is critical to development of resources sector projects in South Australia and should be a key priority of the RDS.

Power, water road, rail and port infrastructure are fundamental for the development of resources sector projects with significant potential to provide benefit to other regional stakeholders.

For South Australia to realise economic growth from the resources sector, it is necessary for the State to develop a strategic plan that assists existing operations to increase in scale; and moves undeveloped resources sector projects to the production phase.

In developing infrastructure for South Australian resources sector projects, SACOME strongly supports doing so in a manner that also provides benefit to other industry sectors and local communities wherever feasible.

Infrastructure will continue to play a critical role in connecting the South Australian resources sector to the world and the RDS needs a planned approach to infrastructure investment with long-term focus and industry-government collaboration.

Recommendation

- Develop a strategic framework for regional development with a long-term, collaborative approach to infrastructure investment that assists existing resources sector operations to increase in scale and moves undeveloped projects to the production phase.

3.1 What priorities should drive government investment in infrastructure?

The RDS should consider infrastructure investment by the South Australian Government as a catalyst to converting exploration outcomes to production outcomes.

This may require a more interventionist approach than has previously been taken by Government in looking at ways to drive infrastructure development that results in State and economic growth outcomes.

Further, the RDS should also consider the importance of regulatory settings as an aid to investment.

Modernising legislation and undertaking work to develop infrastructure corridors are proven methods for overcoming economic barriers.

Recommendations

- Consider how infrastructure investment by the South Australian Government can operate as a catalyst to moving resources sector projects to the production phase.
- Review the existing regional development policy suite and amend as necessary to better facilitate infrastructure investment. Coordinate this activity across other relevant portfolio areas/government departments.

3.2 How should regional infrastructure priorities be supported and funded is there a role for government here?

South Australia's challenges of cover, remoteness, the cyclical nature of commodity prices and a lack of available infrastructure have operated as a barrier to investment in regional resources sector projects.

The South Australian Government has historically sought to reduce barriers to investment by contributing a regulatory and market investment climate conducive to the private delivery of infrastructure. It has stated that it will act to catalyse private investment or to overcome economic barriers and market distortions in the private sector only where necessary.

The facilitative approach favoured by government has not resolved the structural issues that continue to operate as a barrier to investment. It is reasonable to argue that more direct action on the part of government is now necessary to resolve structural barriers to infrastructure investment by the private sector.

Regional third-party infrastructure developers will only invest where returns are guaranteed. This often places an unfavourable burden on the 'first mover' and discourages open access. A government supported framework for these upfront investments within recognised resources corridors has the potential to overcome this issue.

SACOME suggests that a 3% economic growth target for the resources sector will remain aspirational without reconsidering the role government has to play in realising it.

In discussions with Infrastructure South Australia SACOME has made the following recommendations to assist in driving economic growth outcomes from the resources sector:

Recommendations

- Create 'Resources Infrastructure Corridors' to provide a regulatory structure that incentivises investment through resolving land access issues, expediting approvals and providing a speedy timeline for resources sector projects to reach production.

- Create a framework for co-underwriting industry funded infrastructure as an investment attraction initiative.
- Establish a statutory corporation responsible for developing infrastructure to enable project development and that companies can access on a 'take or pay' basis.

4. Regional Population

The South Australian resources sector directly and indirectly employs 26,800 people, with significant employment in regional communities.

Resources sector operators have also invested heavily in supporting regional communities. SACOME member companies have supported regional economic activity, through sourcing services and supplies from local businesses during the life on a project.

SACOME member companies have worked with residents, community groups, councils and other organisations to develop community partnership programs improving the liveability of regions and building community capacity.

These activities are particularly important to the economic and social wellbeing of regional communities and maintaining the wellbeing of regional populations.

4.1 How can regional South Australia retain its existing young and working age people?

Economic investment, employment and service provision are important factors in assisting regional South Australia to retain its young and working age people. The RDS needs to facilitate economic investment in the regions to catalyse employment opportunities.

Further the RDS needs to facilitate the provision of services and amenities that improve the liveability of a region and fosters a sense of community.

Recommendation

- Facilitate economic investment to encourage regional employment opportunities; and facilitate the provision of services and amenities that will improve the liveability of regional communities.

4.2 What is required to encourage greater overseas and city-to-regional migration to regional South Australia?

The economic, environmental and social considerations that are important to retaining existing and working age people in the regions also hold true for encouraging greater overseas and city to region migration.

5. Capability development

South Australia has abundant mineral and petroleum reserves, no different to other jurisdictions such as South Africa, Canada, Indonesia and Brazil.

Innovation is an important differentiator for South Australia to be viewed as an attractive business destination, alongside the core contributors to the investment framework such as royalties, taxes, regulatory and policy frameworks.

Technological advancements are providing the resources sector with gains in efficiency and safety, and the ability to conduct operations via remote technology.

This is also creating a need for the resources sector to transition away from a traditional labour-intensive workforce toward a more highly-educated, professional and technologically literate workforce.

In line with its 2024 Vision of promoting the resources sector as a sector of choice for employment, SACOME submits that the RDS presents an opportunity to consider how the government and the resources sector can work collaboratively in promoting this outcome in regional areas. The RDS could facilitate capability development in a manner that links it with broader future workforce and regional development outcomes.

Recommendation

- Consider measures that improve regional capability through development of a skilled workforce and link these to education and training requirements.

5.1 How can we build a pool of the next generation of business and community leaders?

Education is the key to building the next generation of business and community leaders.

As the resources sector transitions away from a labour-intensive workforce toward a highly-educated, professional and technologically literate workforce it has a need for educational institutions to adapt their curriculums to ensure they are producing suitably qualified graduates equipped with the requisite skill-sets to meet the changing needs of the resources sector.

Recommendation

- Consider how to provide regional communities with access to well-resourced schools at the primary, secondary, tertiary and vocational education levels, with a focus on Science, Technology, Engineering and Mathematics (STEM).

5.2 What skills do our future regional leaders require?

Future regional leaders will need to have the ability to mobilise their knowledge, skills, attitudes and values to meet complex demands.

SACOME submits that future leaders should also understand the composition of their regional economies and the contribution industry sectors make within them.

5.3 What capability development would be beneficial for regional businesses leaders so that South Australia's regional businesses are successful in the modern economy?

Regional business leaders will need to be agile to be successful in the modern economy.

Globalisation and technological advancement are rapidly changing the business environment and the RDS needs to foster a culture of innovation and development in regional communities. Educational and training opportunities are an important component in driving this outcome.

5.4 Are the capability development needs of regional business leaders different from those in metropolitan areas?

The capability development needs of regional resources sector businesses are not materially different from those in metropolitan areas as globalisation has resulted in the world being increasingly interconnected through increased trade, cultural exchange and via information technology.

Given the global nature of resources sector companies, SACOME encourages capability development that equips regional leaders with the skills necessary to thrive in an international business environment and to understand the nature of global supply chains.

It would also be useful for regional business leaders to develop an understanding of the contribution that resources sector companies make to their regional economies.

5.5 How can we ensure future regional workforce skills are identified and invested in?

SACOME member companies have experienced difficulties in employing personnel to fill a range of jobs from tradespeople to chemical, electrical, mechanical and mining engineers, geologists and administrative staff.

This is further exacerbated by the cyclical nature of employment in the resources sector and competition between industry sectors for appropriately skilled employees.

The demand for employees trained within STEM disciplines will continue to increase as mining and petroleum projects commence and/or expand, as will the need for a broad range of vocational skills.

Recommendation

- Undertake mapping of future workforce requirements for the resources sector and link these requirements to investment in educational systems to ensure relevance to both State and regional economic development objectives.

5.6 How can we upskill or reskill the existing regional workforce so that they can transition into the jobs of tomorrow?

Government and industry must recognise and manage concerns that the current workforce may have as the economy transitions and supports workers as occupational requirements change over time.

This includes investment in vocational education and training to ensure agile, outcomes-based programs relevant to the resources sector and other key industries.

6. Attracting Investment, Innovators and Entrepreneurs

SACOME supports policies aimed at facilitating regional investment and driving economic growth for South Australia.

The resources sector has been identified as one of the key industries critical to realising the State Government's economic growth agenda.

This reflects the important contribution that the resources sector makes to the South Australian economy and the State's abundant minerals and petroleum reserves which have the potential to achieve the economic growth aspirations set by the South Australian Growth Agenda.

Olympic Dam, Prominent Hill and the Cooper and Eromanga Basins were unlocked through bi-partisan parliamentary support for the resources sector, access to a highly skilled workforce and a stable regulatory framework that created an environment for low-risk, sustainable investment.

The RDS needs to maintain these conditions if it is to achieve a low-cost business environment that attracts investment into the regions.

6.1 What needs to happen to encourage investment in regional South Australia?

SACOME submits that to encourage investment in regional South Australia policies need to be designed to support a low-cost business environment where resources sector companies are encouraged to operate with the aim of maximising profit, returning royalties to Government and with minimal risk.

Importantly, the South Australian Government needs to resolve the structural barriers to investment in resources projects such as infrastructure, deep cover and land access.

The South Australian resources sector has experienced opposition to development proposals, particularly in locations where multiple land users hold differing viewpoints on the legitimacy of a proposed development.

Questions have been raised by local community members, farmers, environmental activists, regulators and members of Parliament on the issue of land access for resources sector development projects.

Examples include:

Oil and Gas

- Oil and Gas exploration in the Limestone Coast region;
- Oil and Gas exploration in the Great Australian Bight;

Mining

- Underground gold mining in the Adelaide Hills;
- Open pit mining on Yorke Peninsula;
- Open pit mining on Eyre Peninsula.

This had culminated in the imposition of a 10-year ban on exploration of unconventional gas in the Limestone Coast by the State Government via legislated moratoria; and ongoing tensions on the Yorke & Eyre Peninsula's and the Adelaide Hills.

Recommendation

- Consider how the structural and land access issues encountered by the resources sector can be productively resolved to encourage regional and economic development and not act as a barrier to investment in South Australia's regions.

6.2 What factors would encourage innovators and entrepreneurs to remain or locate in regional South Australia?

Innovators and entrepreneurs could be encouraged to regional South Australia through vehicles such as industry incubators, accelerators and regional industrial hubs.

In doing so, consideration should be given both to developing the service industries required to support major regional resources and industrial operations; and opportunities to drive innovation in this service delivery.

Initiatives such as an Advanced Manufacturing Hub co-located in an area with existing logistics infrastructure and high levels of industrial activity provide an opportunity to value-add to the regional supply chain and expand manufacturing opportunities in South Australia.

This approach builds on work undertaken by industry and the Department of State Development in 2016 which scoped the opportunity to develop and Advanced Manufacturing Hub in Whyalla.

SACOME encourages the South Australian Government to work collaboratively with regional Councils and the private sector in developing the Advanced Manufacturing Hub concept as a regional economic development and innovation driver.

Increased investment in these areas would assist regional communities to build their innovation capability.

For the South Australian resources sector, innovation-driven productivity could create greater efficiencies leading to more jobs and greater prosperity for regional South Australia.

It could also provide the resources sector with the capability to introduce innovations that catalyse the development of new industries in regional communities and encourage innovators and entrepreneurs to base themselves in regional South Australia.

Recommendations

- Establish parameters to measure regional efforts in innovation and set the task of creating an environment where innovation thrives and where the regions are recognised by global leaders for their achievements.
- Identify opportunities to work collaboratively with the private sector and regional Councils in promoting service industry development through initiatives such as advanced manufacturing hubs, industry incubators and accelerators in locations of major resources and industrial activity.

7. Conclusion & Summary of Recommendations

SACOME welcomes the opportunity to make this submission to the Regional Development Strategy Discussion Paper process and supports PIRSA's integrated and strategic approach to the strategic planning process.

SACOME member companies are key stakeholders in many regional communities across the State, contributing to the civic and economic well-being of those who live and work in our regions.

SACOME's 2024 Vision document has a strong focus on supporting regional communities, recognising that the resources sector has been at the forefront of developing infrastructure, working with Aboriginal communities, funding educational opportunities, sponsoring local sporting clubs and providing employment.

SACOME and its member companies understand the importance of South Australia's regions to the State's economy and remain committed to working collaboratively with the South Australian Government, other industry sectors and regional communities throughout this process.

Summary of Recommendations

- Section 2 – Service Provision
 - Map the current and projected employment and service requirements of resources sector operators against the ability of regional areas to supply them.
 - Map where responsibility falls for service provision along the 'civic-to-industrial' supply chain to assist in the strategic planning process.
 - Map how the service provision supply chain interacts with economic and regional growth intentions of resources sector operators to assist in understanding projected need against a timeframe for implementation.
- Section 3 – Investment in Infrastructure
 - Develop a strategic framework for regional development with a long-term, collaborative approach to infrastructure investment that assists existing resources sector operations to increase in scale and moves undeveloped projects to the production phase.
 - Consider how infrastructure investment by the South Australian Government can operate as a catalyst to moving resources sector projects to the production phase.

- Review the existing regional development policy suite and amend as necessary to better facilitate infrastructure investment. Coordinate this activity across other relevant portfolio areas/government departments.
 - Create 'Resources Infrastructure Corridors' to provide a regulatory structure that incentivises investment through resolving land access issues, expediting approvals and providing a speedy timeline for resources sector projects to reach production.
 - Create a framework for co-underwriting industry funded infrastructure as an investment attraction initiative.
 - Establish a statutory corporation responsible for developing infrastructure to enable project development which companies can access on a 'take or pay' basis.
- Section 4 – Regional Population
 - Facilitate economic investment to encourage regional employment opportunities; and facilitate the provision of services and amenities that will improve the liveability of regional communities.
- Section 5 – Capability Development
 - Consider measures that improve regional capability through development of a skilled workforce and link these to education and training requirements.
 - Consider how to provide regional communities with access to well-resourced schools at the primary, secondary, tertiary and vocational education levels, with a focus on Science, Technology, Engineering and Mathematics (STEM).
 - Undertake mapping of future workforce requirements for the resources sector and link these requirements to investment in educational systems to ensure relevance to both State and regional economic development objectives.
- Section 6 – Attracting Investment, Innovators & Entrepreneurs
 - Consider how the structural and land access issues encountered by the resources sector can be productively resolved to encourage regional and economic development and not act as a barrier to investment in South Australia's regions.

- Establish parameters to measure regional efforts in innovation and set the task of creating an environment where innovation thrives and where regions are recognised by global leaders for their achievements.
- Identify opportunities to work collaboratively with industry and local government stakeholders to develop advanced manufacturing hubs, industry incubators and accelerators in areas where existing resources and industrial activity.