

REGIONAL DEVELOPMENT AUSTRALIA, WHYALLA AND EYRE PENINSULA

REGIONAL ANALYSIS 2014-16

NRM	WORK FORCE	PORTS RAIL ROADS	TOURISM	BUSINESS Industry MINING	<i>Farming</i>	LIVE ABILITY	SEA FOOD	WATER POWER GAS
<i>Farming</i>	TOURISM	WATER POWER GAS	LIVE ABILITY	PORTS RAIL ROADS	SEA FOOD	WORK FORCE	NRM	BUSINESS Industry MINING
BUSINESS Industry MINING	SEA FOOD	LIVE ABILITY	WATER POWER GAS	WORK FORCE	NRM	TOURISM	<i>Farming</i>	PORTS RAIL ROADS
LIVE ABILITY	<i>Farming</i>	NRM	WORK FORCE	SEA FOOD	PORTS RAIL ROADS	BUSINESS Industry MINING	WATER POWER GAS	TOURISM
PORTS RAIL ROADS	WATER POWER GAS	SEA FOOD	NRM	TOURISM	BUSINESS Industry MINING	<i>Farming</i>	WORK FORCE	LIVE ABILITY
WORK FORCE	BUSINESS Industry MINING	TOURISM	<i>Farming</i>	WATER POWER GAS	LIVE ABILITY	NRM	PORTS RAIL ROADS	SEA FOOD
TOURISM	PORTS RAIL ROADS	WORK FORCE	BUSINESS Industry MINING	<i>Farming</i>	WATER POWER GAS	SEA FOOD	LIVE ABILITY	NRM
WATER POWER GAS	LIVE ABILITY	BUSINESS Industry MINING	SEA FOOD	NRM	WORK FORCE	PORTS RAIL ROADS	TOURISM	<i>Farming</i>
SEA FOOD	NRM	<i>Farming</i>	PORTS RAIL ROADS	LIVE ABILITY	TOURISM	WATER POWER GAS	BUSINESS Industry MINING	WORK FORCE

September 2014

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REGIONAL DEVELOPMENT AUSTRALIA

Whyalla and Eyre Peninsula

1. Message from the RDA Chair

The Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP) Board is comprised of community and industry representatives from across the region who are responsible for planning and driving the region's long-term sustainable development.

The RDAWEP region is vast and the Board members come from different towns including Whyalla, Port Lincoln, Ceduna, Streaky Bay, Coffin Bay and Cleve. The Board members were selected for their skills and experience and they represent a diverse range of business, industry, education, local government, natural resources, financial and community interests. This gives the Board intimate knowledge and understanding of the region's characteristics, opportunities and needs. This collective knowledge is enhanced by information derived from ongoing formal and informal stakeholder engagement with RDAWEP industry-based Target Teams, an inter-agency consultation network, and the region's eleven Local Government Councils.

The RDAWEP Board is therefore well placed to determine a vision and the priorities for long term, sustainable economic and community development.

This Regional Analysis summarises the region's strengths, needs, challenges and opportunities, and identifies the complexity of the planning task that needs to be undertaken to achieve the Board's vision. This task will not be easy because the region's main needs, such as the provision of major infrastructure, will only be met by significant financial investment from the Government and private sectors.

Stakeholders requiring more detail about the region and descriptions of the key projects should refer to the RDAWEP website at www.eyreregion.com.au or contact the RDAWEP offices in Whyalla and Port Lincoln.

Jim Pollock
Chair, Regional Development Australia, Whyalla and Eyre Peninsula

2. Analysis of the Region

The RDAWEP region is one of the most complex planning regions in South Australia. This presents a range of challenges and opportunities for sustainable development.

The puzzle on the cover of this Plan scopes the breadth of the planning framework being faced by RDAWEP. The development of the farming, manufacturing, business, mining, seafood, and tourism industries needs be pursued. The region’s liveability and natural resources need to be well managed. The region’s workforce and infrastructure needs must be addressed.

The planning task is compounded by several layers of variables. These include the priorities and policies of the Australian Government, South Australian Government and Local Government; and their relationship to RDAWEP regional priorities, community aspirations, and the planning intentions of regional industries and businesses.

Australian Government Regional Priorities			South Australian Government Regional Priorities			Local Government Regional Priorities				
Funding Programs	NRM	WORK FORCE	PORTS RAIL ROADS	TOURISM	BUSINESS Industry MINING	<i>Farming</i>	LIVE ABILITY	SEA FOOD	WATER POWER GAS	Market Demand
	<i>Farming</i>	TOURISM	WATER POWER GAS	LIVE ABILITY	PORTS RAIL ROADS	SEA FOOD	WORK FORCE	NRM	BUSINESS Industry MINING	
	BUSINESS Industry MINING	SEA FOOD	LIVE ABILITY	WATER POWER GAS	WORK FORCE	NRM	TOURISM	<i>Farming</i>	PORTS RAIL ROADS	
Organisational Capability	LIVE ABILITY	<i>Farming</i>	NRM	WORK FORCE	SEA FOOD	PORTS RAIL ROADS	BUSINESS Industry MINING	WATER POWER GAS	TOURISM	Commodity Prices
	PORTS RAIL ROADS	WATER POWER GAS	SEA FOOD	NRM	TOURISM	BUSINESS Industry MINING	<i>Farming</i>	WORK FORCE	LIVE ABILITY	
	WORK FORCE	BUSINESS Industry MINING	TOURISM	<i>Farming</i>	WATER POWER GAS	LIVE ABILITY	NRM	PORTS RAIL ROADS	SEA FOOD	
Climatic Conditions	TOURISM	PORTS RAIL ROADS	WORK FORCE	BUSINESS Industry MINING	<i>Farming</i>	WATER POWER GAS	SEA FOOD	LIVE ABILITY	NRM	Value of Australian Dollar
	WATER POWER GAS	LIVE ABILITY	BUSINESS Industry MINING	SEA FOOD	NRM	WORK FORCE	PORTS RAIL ROADS	TOURISM	<i>Farming</i>	
	SEA FOOD	NRM	<i>Farming</i>	PORTS RAIL ROADS	LIVE ABILITY	TOURISM	WATER POWER GAS	BUSINESS Industry MINING	WORK FORCE	
RDAWEP Regional Priorities			Community Desires and Aspirations			Business and Industry Development Planning				

Figure 1: RDAWEP Regional Development Planning Matrix.

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Further complexity is added by variables out of RDAWEP control which impact on all elements of the planning framework. These include climatic conditions, and the bigger picture variables of global market demand, changing commodity prices and the fluctuating value of the Australian dollar.

The extent to which the RDAWEP regional priorities will be achieved depends on finding productive pathways through this complex web of variables. The achievement level is also subject to the resources and capability of RDAWEP, and the availability of funding programs for project implementation.

The competing, and sometimes conflicting influence of these variables heightens the challenge of pursuing sustainable regional development.

2.1 Human Capital

Workforce Challenges and Priorities

The provision of a skilled and experienced workforce is becoming a major issue. The regional population is small, and lacks the critical mass to provide a larger workforce to meet predicted industry growth. This is particularly problematic for employment in the mining sector.

RDAWEP has analysed various employment scenarios for the mining industry and determined that, with allowance for direct and indirect employment, approximately 7,100 additional employment positions will be created by 2020 if 7 out of 22 developing mines and prospects commence operations. These ventures are the iron ore mines at Warramboe (Central Eyre Iron Project, Iron Road), Wilcherry Hill (IronClad), Wilgerup and Koppio (Fusion Joint Venture, Centrex Metals and Eyre Iron), and the graphite mines at Kookaburra Gully (Lincoln Minerals), Uley (Valence Industries), and Campoona and Sugar Loaf (Archer Exploration Limited).

This is a conservative estimate based on mining company workforce data, which excludes short term positions created during construction (approximately 3,000), staff turnover (which is high in the mining sector at about 15-30%), and employment created by the growth of industries unrelated to mining (i.e. tourism, hospitality, fishing and aquaculture). Erring on the side of caution, the estimate includes a factor of 1:3 for determining indirect employment (instead of the usual 1:4 that is adopted for the mining industry), and has a 25% allowance for FIFO positions (based on company advice that about one quarter of the mining employment positions can only be filled by a FIFO arrangement).

When other human capital characteristics are factored into this analysis, the region will be approximately 3,800 people short of the labour force required by 2020 to meet predicted employment demand. These characteristics include workforce retirements from an ageing population, school leavers entering the workforce, the migration of younger people from the region for employment and study, the migration of other people to and from the region (based on existing migration patterns), and a small unemployment pool to provide retiree replacements.

As the additional 3,800 workers cannot be provided from the human resources within the region, they will need to be recruited from elsewhere.

The recruitment task is compounded by:

- **Labour force competition:** There is increasing competition to attract skilled and experienced labour across Australia, particularly in areas where industries are unable to compete with the higher wages on offer to attract mining workforces.
- **Locational factors:** Remote areas with small populations find it more difficult to recruit skilled and experienced workers than capital cities and regional centres.

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- **Educational qualifications and attainment:** Regional areas are less well equipped to supply the labour for positions requiring tertiary qualifications, because regional workforces have lower levels of post-school education and degree achievement.
- **Aboriginal disadvantage:** Labour force issues are magnified when the Aboriginal population is taken into account, due to lower levels of educational attainment, higher levels of entrenched unemployment, and lower labour force participation.

Even though strategies are being implemented to create career pathways for school leavers to keep them in the region, and up-skill the capability of unemployed and disadvantaged people for labour force participation, these initiatives will not overcome the dilemma that the regional population is simply too small to provide a larger workforce

The RDAWEP Board has identified the regional priority to *develop and retain a skilled workforce*.

This will be achieved by continuing the provision of training programs to build the capability of human resources and the Small to Medium Enterprise (SME) business sector, and via a marketing strategy to attract skilled and experienced labour from outside the region.

2.2 Sustainable Communities and Population Growth

Economic Sustainability

The economic sustainability of the region very much depends on achieving water security and population growth, developing a strong and resilient business sector, and improving the economic position of people on low incomes.

The benefits of achieving water security are obvious. The regional economy and population cannot be sustained, yet alone grow, without a reliable water supply.

The regional population is small and experienced modest growth of 4.5% since 2001. Just over 6,500 people migrated to the region during 2006-11, but this was off-set by the migration of 5,900 people from the region in the same period. With half the population aged over 40 years, and ageing at a faster rate than South Australia and Australia, births are unlikely to have a marked effect on growing the regional population.

Mining developments provide an opportunity to increase the regional population through workforce attraction. FIFO is not the preferred workforce provision option due to the well-documented negative impacts of FIFO on the economy of regional townships. The recruitment policies of emerging mining companies give employment preference to people who either live in, or are willing to relocate their families to the region. This will increase the regional population and bring flow-on economic and community development benefits to towns and businesses in the proximity of mining ventures such as Port Lincoln, Tumby Bay, Wudinna, Lock, Kimba, Cleve and Port Neill.

Largely due to the small population, the region lacks the economies of scale to sustain business growth and turnover. This situation has heightened in recent years. Consultation with the SME sector indicates that some businesses are suffering from rising overheads, limited customer groups, and declining in-store sales. The greatest impact is on businesses selling generic brands, as market share is being lost to major corporate retailers and people purchasing goods on-line.

The provision of training programs to improve business management, planning and marketing skills; develop major project servicing capability, and utilise on-line technology to explore new markets, will help to strengthen the SME sector and enhance the regional economy into the future.

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Improving the economic position of people on low incomes is necessary for long-term economic sustainability. The region has pockets of entrenched unemployment, notably in Whyalla and Ceduna, and a growing Aboriginal community which is suffering disadvantage. While these sectors of the population are relatively small, targeted initiatives need to be actioned to improve literacy, numeracy, skill levels and work readiness. A diverse range of programs is being implemented to address barriers to education and workforce participation, and provide the skills necessary to obtain meaningful employment.

The RDAWEP Indigenous Economic Development Strategy is an important initiative to elevate the economic position of Aboriginal people through increased labour force participation and the development of Aboriginal business enterprises. The construction of a training centre by Port Lincoln Aboriginal Community Council, and Aboriginal labour hire initiatives at Ceduna and Port Lincoln, are creating opportunities for increased Aboriginal employment in a range of industries.

Due to low levels of educational attainment, the unemployed and disadvantaged are unlikely to obtain employment positions in the mining industry, but they provide an important pool of labour to back-fill positions vacated by retirees and people leaving their jobs to move into mining.

Almost a quarter of the population (24.4%) is reliant on income support from Government pensions, Newstart and other allowances. With the ageing of the regional population, the proportion of persons dependent on income support is expected to increase.

As people on support benefits have little expendable income, there is likely to be a negative flow-on economic impact as this cohort increases. The provision of programs to increase their labour force participation, will improve the financial position of the low income sector and help contribute to economic growth in the longer term.

This multi-faceted approach to long-term, regional economic development is encapsulated in the RDAWEP Board regional priority to *build the capacity of the community to grow the regional economy*.

Environmental Sustainability

Best practice natural resources management is essential to maintain the region's pristine environment. A clean and green environment is vital for the economic sustainability of the region's agriculture, seafood and tourism industries, as well as community amenity.

RDAWEP, in association with Local Government, the EPLGA and the Eyre Peninsula Natural Resources Management (EPNRM) Board, is pursuing options to align the environmental sections of planning documents and adopt a regional approach for better environmental outcomes. The cost impact on Local Government from Native Vegetation Council policies has emerged as a key issue.

Water Security: A sustainable water supply must be found for community and industry use. The existing supply drawn from ground water basins with top-up reliance from the River Murray is sufficient for the region's immediate needs, but is not sustainable in the longer term. Given the present state of the River Murray, it is arguably absurd that Whyalla's mains water supply is drawn from the Murray, and that a slurry of Murray River and aquifer water is being supplied as far away as Ceduna. There is also growing community concern about the long term environmental impact of drawing a larger water supply from aquifers.

The desalination of sea water might not be cost effective with present technologies but, with 2,000 kilometres of coastline, it might be the only option for a sustainable regional water supply. SA Water is negotiating with mining companies about opportunities to supplement the public water supply from mining desalination plants, but other options need to be pursued.

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RDAWEP participation on the Eyre Peninsula Water Security Reference Group will ensure that alternative water supply opportunities will be investigated. A solar operated system for desalinating seawater is being progressed in Ceduna, but this opportunity is constrained by difficulties in accessing SA Water infrastructure to supply the water for community use. This matter will be addressed by RDAWEP.

All Local Governments across the region have implemented water management and reuse schemes to minimise mains water consumption, and these schemes are being further developed. RDAWEP is assisting community infrastructure projects which use recycled water to reduce water costs and enhance amenity.

Climate Change: RDAWEP is a member of the Eyre Peninsula Integrated Climate Agreement (EPICCA) Committee which, through the EPNRM Board, has prepared a *Regional Climate Change Adaption Plan for the Eyre Peninsula*. The Adaption Plan provides a framework for dealing with the impact of climate change on land and sea-based industries, Local Government operations, infrastructure development and water resources management.

Climate change impact modelling has been developed for each of these areas, which applies decision making timeframes for project planning and implementation. These models need careful consideration when planning regional development, particularly with longer term projects such as the construction of rail and port infrastructure, and coastal developments. However, more thought needs to be given to the practical application of the models. RDAWEP will work with EPICCA regarding the use of Adaption Plan modelling in regional development wherever practicable.

Renewable Energy: The region's natural characteristics make it ideal for the development of renewable energy projects. Wind farm developments, pumped hydro power generation and the production of biofuel from algae and feed stocks are being pursued. However, the Australian Government proposal to reduce the national renewable energy target may make it difficult to attract funding investment to implement these projects on a commercial scale.

This will prevent the region from pursuing environmentally sustainable development opportunities and may have a detrimental impact on economic and employment development initiatives.

In view of the importance of natural resources management to the economic sustainability of regional industries and community amenity, the Board has adopted the priority to *consider the environment when planning regional development*.

Social Sustainability

The strategy to grow the regional economy and population through workforce attraction will only succeed if workforce families are retained in the region for long periods. Both the RDAWEP Board and Local Government, have therefore identified the priority to *support development of social and community infrastructure and services to enhance liveability*.

Housing: There is a need to provide more affordable, and quality housing to accommodate families, notably in towns which are likely to be affected by mining and industrial developments. If the Iron Road Central Eyre Iron Project at Warramboe gets a mining lease approval, it will create substantial demand for additional housing at Wudinna, Tumby Bay and Port Neill. This led DC Tumby Bay to prepare structure plans for Tumby Bay and Port Neill in 2012-13, to ensure that sufficient land was available to meet the likely housing demand. Similarly, Wudinna DC with support from Iron Road, is preparing a masterplan to assess the housing, infrastructure and servicing requirements at Wudinna, where a workforce of up to 550 people may need to be accommodated. The likely impact of mining development on regional communities was addressed at considerable length during the EPLGA conference at Tumby Bay in February 2014.

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While it is possible that some mining ventures on the lower Eyre Peninsula may not proceed, RDAWEP and Local Government cannot take this risk and need to proactively plan in advance. This was the primary reason for Local Government hosting a Mining Round Table in November 2013. This led to the formation of the Eyre Peninsula Mining, Oil and Gas Community Development Taskforce to facilitate impact planning from a regional perspective, and ensure that mining initiatives bring lasting economic and community development benefits to the region.

There is increasing demand for specialist housing to meet the needs of retirees and the ageing population. These matters will be addressed through the Aged Care and Disability Master Plan at Whyalla, and by the Community Services Target Team for the region as a whole.

The need to overcome overcrowding in Aboriginal homes and provide affordable housing for low income families, has led to increasing demand for more rental properties and public housing in Whyalla, Port Lincoln and Ceduna, and the provision of purpose-built housing in the Aboriginal communities of Yalata, Oak Valley and Koonibba.

Community Services: In addition to housing, the ageing of the regional population is increasing demand for health care and allied services. The region is generally well provided with health facilities through major hospitals in Whyalla, Port Lincoln and Ceduna, and smaller hospitals in eight other towns. Aged care services are provided in most townships by six sub-regional health services and private and not-for-profit agencies, where a mix of high care, low care, multi-purpose, residential, and dementia care services are available.

Major health care issues include the difficulty of workforce attraction and retention in remote areas, the need for transport provision for people who reside long distances from health service centres, and the need for culturally specific service refinements to better address the health needs of the Aboriginal population.

Workforce attraction and retention is a major issue for aged care service provision. The aged care workforce is ageing at a concerning rate, with most of the provision provided by people over 50 years of age and a large pool of part-time contractors. Coupled with lower pay rates, the need for formal qualifications, and widespread poor perceptions of the aged care sector for a career path, it is becoming increasingly more difficult to attract aged care workers. This is despite the fact that the health care and social assistance sector is the region's second largest industry, is fast growing, and that numerous employment opportunities are available.

Training is an ongoing task for aged care service providers. This was assisted by the provision of RDAWEP aged care training programs in Whyalla during 2013-14. However, the need for aged care training in the region's smaller townships has been identified, and RDAWEP is presently negotiating remote training options with TAFE SA Regional.

There is a need for more services for people with a disability, and the demand for additional child care services is expected to increase in towns near mining operations. These matters will be investigated by the Community Services Target Team.

Liveability and Community Amenity: The liveability and vibrancy of township communities are two of the region's assets. The community is passionate about the region as a place, and desire to be actively involved in decisions about its future development. There is a need to ensure that opportunities are offered for people to participate in decision making processes, particularly with matters which affect the environment, recreational spaces and the liveability of towns.

The Tumby Bay District Community Consultative Group was formed to give Tumby Bay residents a voice about major developments that might impact on the community.

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Numerous projects are being progressed to improve recreational, arts and cultural infrastructure, along with facilities for community and tourism purposes, such as coastal walking trail networks.

RDAWEP is supporting Local Government with the development and provision of social and community infrastructure and this will continue during 2014-16. RDAWEP assistance is primarily in the form of grant application advice and the preparation of business cases for major projects.

A major liveability issue concerns the co-existence of farming and mining operations, and industrial developments in land areas with recreational and tourism use. These matters are being addressed in regional planning and are the more difficult decisions being faced by the RDAWEP Board.

2.3 Access to International, National and Regional Markets

The condition of the region's utility and transport infrastructure is constraining development and preventing many growth opportunities from being realised. A substantial infrastructure upgrade is necessary to enhance the region's operational capacity and efficiency, and improve market access. Infrastructure upgrades are big capex items requiring significant levels of financial investment from the Government and private sectors. The Board has therefore identified the priority need to *promote investment to develop strategic infrastructure and foster globally competitive business.*

Power and Gas Utilities: Whyalla is the only town in the region with natural gas, supplied via a lateral line from the Moomba to Adelaide gas pipeline. The limited capacity of the supply line is a deterrent to industrial and economic growth in Whyalla because many proposed development initiatives may not proceed if the gas supply is not increased.

The 132kV electrical transmission system on the Eyre Peninsula is in a very poor state and needs to be totally replaced with a 275kV system by 2020, at an estimated cost of \$635-910 million. ElectraNet has undertaken all of the necessary preliminary planning, but the upgrade will not proceed until a major consumer, such as a new mining venture, is found.

Communications: The region's telecommunications will be substantially improved with the roll out of NBN infrastructure. However, mobile phone and wireless broadband reception is the most pressing issue. Many parts of the region suffer from communication 'black spots' with non-existent and intermittent signal, but it is cost prohibitive for service providers to construct additional infrastructure to service small rural communities. This dilemma is substantially impacting on business and community functioning.

SME businesses are finding it difficult to utilise on-line technologies to expand their markets, and the grain industry is unable to use mobile communications for market pricing and weather notifications, and obtain silo operation information. The main community impacts include the inability of students to use the Internet for study and homework, and the lack of communication during major emergencies, such as bushfires.

RDAWEP and the EPLGA made a joint submission about this matter to the Department of Communications, Mobile Coverage Program in February 2014, and met with senior Telstra executives in August. The lack of mobile communications needs to be resolved to support business development and economic growth, and improve community functioning and liveability.

Road and Rail Network: The region's transport infrastructure needs are extensive. Strategic road improvements are needed to make the highway network safer, and enable Local Government roads to accommodate increasing use by road trains and tourism vehicles. These matters are being addressed in the State Government's Draft *Integrated Transport and Land Use Plan*, which has received input from RDAWEP and EPLGA planning.

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The connection of the Eyre Peninsula's isolated narrow gauge railway system to the national standard gauge network, ideally with a link to a Cape-Class port facility, is a high priority need to enhance access to national and international markets. The poor state of the rail network has resulted in more grain being carted by road trains, which is compounding road maintenance issues and costs for Local Government.

The Australian Government 2014 budget decision to stop supplementary road funding to South Australia and freeze the General Purpose component of the Financial Assistance Program, will result in an estimated loss of about \$19 million per annum in road funding to Local Government by 2016-17. This will exacerbate road development and cost issues for the region's Councils, which have 12,742kms of mainly unsealed road to maintain.

Iron Road's Central Eyre Iron Project includes a 145km standard gauge railway line from Warrambo to Cape Hardy to export the magnetite. This will provide the first section of standard gauge rail line on the Eyre Peninsula. However, this stand-alone line will be isolated, and future connection to the national rail network has been identified in RDAWEP planning as a long term market access opportunity.

Port Infrastructure: South Australia does not have a port with the capability to load Cape-sized vessels. This is constraining the State's export capability and global market competitiveness. The need for a multi-commodity port facility with Cape-size capability on the eastern coast of the Eyre Peninsula is identified in the Regional Mining and Infrastructure Plan. This was also identified as the number one infrastructure priority for regional South Australia by Regional Development SA. The facility is needed to support mining operations on the lower Eyre Peninsula and provide an alternative grain export option for the agricultural industry.

Two port facilities have been proposed at Port Spencer, to support Centrex Metals/Eyre iron ventures, and Cape Hardy, to support the Iron Road Central Eyre Iron Project. These developments are subject to obtaining Government mine lease approvals, and securing the financial investment for the capex.

Existing port facilities at Port Lincoln and Thevenard have varying infrastructure issues which are impacting on their operational efficiency and constraining export capability. Both ports need to be substantially upgraded. The use of both ports by fishing industry vessels is compounding the operational issues. Alternative purpose-built fishing industry offloading facilities are being progressed at Lukin Quays in Port Lincoln and the Thevenard slipway. The construction of these facilities will enhance bulk vessel export operations at the Port Lincoln and Thevenard wharfs, and support the viability of the fishing industry through the provision of more efficient infrastructure.

RDAWEP is facilitating the development of these various port projects, and is investigating value-adding options to provide container infrastructure at Lukin Quays to support the export of graphite and niche market grains.

Airports: The Port Lincoln and Whyalla Airports were substantially upgraded during 2012-14 at a collective investment of \$16.3 million. However, there is a need for major upgrades at Ceduna and Wudinna Airports. This is necessary to support mining operations and bring added value by enhancing tourism growth in the Nullarbor Plain and Gawler Ranges National Park.

Preliminary works for helicopter operations are underway at Ceduna to support BP Australia oil and gas exploration in the Great Australian Bight. Wudinna DC is investigating a substantial upgrade of the Wudinna Airport in liaison with Iron Road to support workforce operations for the Central Eyre Iron Project. The return of regular passenger transport services to Wudinna is being considered as part of this development, which would bring numerous commuting benefits to the Wudinna community and neighbouring towns in northern Eyre Peninsula.

RDAWEP has a very good record in leveraging funding from a broad range of sources for infrastructure development, and will release a Regional Prospectus during 2014 to market the region's virtues and opportunities and encourage greater levels of investment.

However, the implementation of many of these infrastructure projects remains subject to feasibility assessments, and securing Government and private sector investment finance. The Asian demand for resources, fluctuating commodity prices, and the high value of the Australian dollar, are major factors regarding project viability and will greatly influence decisions about the future of some projects.

2.4 Comparative Advantage and Business Competitiveness

The diversity of the economic base is one of the region's strengths and provides resilience to overcome the challenges of product dependency, climate change, the fluctuating value of the Australian dollar, and changing global commodity prices. The economy can nevertheless be further diversified and strengthened to increase competitiveness, by enhancing business capability, developing new products, value-adding to existing products, and by encouraging innovation.

The initiative to assist SME businesses to be major project ready will enhance their capacity to service the mining and resources processing industries. The business online workshop program, notwithstanding the mobile communication 'black spots', is fostering business use of the Internet and improving SME capacity to adapt to a digital economy. Continuation of the region's Indigenous Economic Development Strategy is providing opportunities for more Aboriginal people to pursue business enterprises. This will help to diversify Aboriginal cultural tourism products and create additional opportunities for Aboriginal employment.

The viability of the region's tourism and seafood industries is being strengthened through new product development, and marketing initiatives to export seafood to, and attract tourism from Asia. Proactive marketing of the regional brand, *Eyre Peninsula – Australia's Seafood Frontier*, will reinforce the region's international reputation for premium seafood, and help to position the region as a culinary tourism and conference destination by adding value to destination planning.

Ongoing support to agricultural and aquaculture research is assisting the development of new product and processing initiatives, and will strengthen the viability and competitiveness of both industries.

The high quality of the region's minerals resources – magnetite, graphite, kaolin and zircon – gives a competitive advantage in meeting growing world demand for these resources for new technology applications, and provides opportunities to attract a quality premium differential on global commodity prices.

The Valence Industries and Archer Exploration initiative to establish a Graphene Research Centre at the University of Adelaide will put the region at the forefront of world graphene applications. The construction of Valence's world leading graphite processing plant at Port Lincoln, will bring advanced manufacturing options to the region, at a time when manufacturing is largely in decline other areas.

In view of the region's distinctive advantages and opportunities, the RDAWEP Board has adopted the priority to value-add to these characteristics and ***strengthen, foster and promote the region's business and product diversity.***