



Regional
Development
Australia

WHYALLA &
EYRE PENINSULA INC.



Annual Report 2015-2016



Regional Development Australia Whyalla and Eyre Peninsula would like to acknowledge the support of our key stakeholders:



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1. Strategic Context

1.1 ACTING CHAIRMAN'S REPORT



Jim Pollock



Bryan Trigg

It is with great sorrow that I give this report as the Acting Chair of Regional Development Australia Whyalla and Eyre Peninsula.

Our beloved Chairperson, Jim Pollock, Mayor of Whyalla and the inaugural and only Chair of RDAWEP to date, tragically lost his battle with cancer on 13 June 2016.

Jim was a true statesman for the region and the respect he earned from industry and government leaders at the highest level contributed greatly to the success of attracting new business, investment and funding for our region's development.

Jim was loved and respected by the staff and the Board. He always made the effort to ask after people and their families before getting down to business. As a true gentleman, Jim always had a strong focus on pursuing a healthy economic future for the region and its people.

Our thoughts and best wishes are with Jim's wife and family.

It is largely through Jim's influence that the region has been so successful in the delivery of millions of dollars' worth of infrastructure upgrades, tourism assets, business assistance and employment programs. Jim, however, would side-step this accolade and give full credit for this success to the RDAWEP staff under the leadership of the Chief Executive Officer, Dion Dorward. This was Jim's nature.

Of course the wealth of achievements during 2015-16 would not have been realised without the enthusiasm and commitment of the staff under Dion's direction. The amount of work output is quite extraordinary when you consider the vast size of the region, the diversity of industry, the large number of Councils being serviced, and the relatively small number of staff. These achievements are summarised in this Annual Report.

A notable accomplishment is that government funding was finally secured for the construction of the marine offloading facility at Thevenard. This facility is vital for securing the future viability of the Great Australian Bight trawl industry that operates from Ceduna.

The project was a long haul for the District Council of Ceduna, with Council, and in particular Mayor Alan Suter, pursuing the development from 2010, following the release of the Eyre Peninsula Ports Master Plan in 2009. Numerous business cases and grant applications were prepared over the years but, in the highly competitive grant program climate, there was always one issue or another which prevented the project from being funded.

Events turned positive after a State Government Community Cabinet meeting in Ceduna, when funding of \$1.5 million was ear-marked for the project.

This provided the partner money needed to satisfy the Australian Government, which subsequently allocated \$4.8 million for the facility from the National Stronger Regions Fund. Processes are now in place to commence the construction phase of the project, which will be completed during 2017.

With the wealth of activity being undertaken by RDAWEP, it is hard to draw attention to some projects over others. However, 3 projects are stand outs and are detailed as case studies in this Annual Report.

RDAWEP, in a joint initiative with the EPLGA, is driving the development of a new regional strategic plan. What makes this project special is that the plan is closely linked with the Economic Development Plan, prepared for the region by the SA Centre for Economic Studies, and it involves the determination of a new regional governance body to drive the economy on behalf of its 58,000 residents.

If this project succeeds, and I am sure this is highly likely, it will bring a new economy of scale and critical mass to encourage the Australian and State Governments to listen very closely to our region's needs.

The crisis that led to Arrium entering voluntary administration in April 2016 has highlighted the need for our Councils to diversify their economies as much as possible. There are economic risks in being over reliant on our key industries and being complacent about their security into the future.

Although our regional economy is undergoing notable change, 8 of the region's 11 Local Government Councils substantially rely on the agricultural industry and grain farming for their prosperity and employment.

The Councils are acutely aware about the dangers of having all of their "eggs in one basket", and numerous strategies are being pursued to strengthen the economic and employment contribution of other industries – notably tourism and the health and aged care sector.

In the case of Whyalla, RDAWEP facilitation of the Heavy Industry Cluster will not only strengthen the manufacturing and steel processing industries but, through the investigation of value-adding and diversification options and development of new markets, will help to drive Whyalla forward into a post-steel reliant future.

An important achievement concerning Whyalla is that the implementation of the Whyalla Disability and Ageing Masterplan was substantially progressed. This was largely due to support from the City of Whyalla and the positive input from providers of local services.

A major achievement was to commit Whyalla to becoming an aged friendly city and apply to join the World Health Organisation (WHO) global network of Age-Friendly Cities. The WHO Application City was endorsed by Whyalla Council, and formal notification was received in June that the application was successful.

This accreditation is quite significant. Whyalla has now joined the global network of 287 cities and communities, comprising 113 million people, which have this WHO status. This is an outstanding milestone and provides Whyalla with additional opportunities to move forward, and:

- position itself as a city of choice, and a great place to live;
- grow and strengthen the community services industry;
- diversify the city's industry base;
- facilitate social participation and the economic contribution of older residents and people with disabilities; and
- establish productive partnerships with other domestic and international cities.

The idea of moving forward into a new era has been wholly embraced by RDAWEP's food, tourism and marketing development managers. We all know about the premium food product and tourism experiences the region has to offer; but the challenge is to successfully deliver this message to others.

As a consequence, RDAWEP has gone down the path of embracing new technologies to engage with consumers. This has included website development, the use of social media and the production of highly motivational promotion videos. Videos to showcase our Local Government areas were produced for 5 Councils during the year, and hopefully more Councils will adopt this initiative in 2016-17.

These projects are just the tip of the iceberg of RDAWEP activity, but they clearly indicate the substantial effort being made to ensure that this region has a prosperous and sustainable future.

Indeed, the future has the potential to be extremely positive. If Iron Road's Central Eyre Iron Project mine at Warramboob is approved by the State Government, this region will get the only Cape-class port facility in South Australia, which will open a bounty of export and other opportunities for the benefit of the region.

The mining project will create wealth of new employment, particularly in Wudinna; the port will provide an alternative export outlet for grain farmers, bringing a more competitive trading environment for the agricultural industry; and the provision of a standard gauge railway line from the mine to the port will produce an opportunity for future connection of the region to the national standard gauge rail network.

Hopefully more can be reported about this important project development in 2016-17.

Regarding the past, and on behalf of the Board, I would like to sincerely thank the State Government, our 11 EPLGA Member Councils, and the Australian Government, for your ongoing support. The staff and Board Members will continue to work with all levels of government to achieve tangible development outcomes for the benefit of the region and the state of South Australia.

In closing, I would like to thank the Board Members of RDAWEP, the Executive Committee in particular, for your input and commitment to ensure that notable regional development initiatives were achieved. I also sincerely thank the staff for their enthusiasm and commitment, and look forward to the achievement of even greater outcomes in 2016-17

Rest in Peace, Jim.

Bryan Trigg
Acting Chairman

1.2 RDAWEP REGIONAL PROFILE SUMMARY

The RDAWEP region comprises 230,000km² of land in the far west of South Australia; about 23% of the State.

The region has a coastal and rural environment with approximately one third of South Australia's coastline stretching over 2,000 kilometres from north of Whyalla to the Western Australian border. The landscape features a rugged and relatively undeveloped coastline, particularly on the western side of the Eyre Peninsula.

The coastal and marine environment includes marine and conservation parks and encompasses approximately 250 islands ranging in size from about 180 to 40,000 square metres.

A large proportion of the region has been cleared for agricultural production; but significant areas of native vegetation remain. Vegetation clearance for agricultural purposes ranges from 14% in the far west to 72% in the south. About 15% of the region's grazing area is covered with scattered vegetation.

Natural resources are managed by the Eyre Peninsula and Alinytjara Wilurara NRM Boards.



Figure 1: Context Map, Regional Development Australia, Whyalla and Eyre Peninsula.

| LOCAL GOVERNMENT AREA | LAND AREA | | POPULATION | |
|---|-----------------|-------------|---------------|-------------|
| | Km ² | % of Region | No. | % of Region |
| Whyalla | 1,032.5 | 0.44 | 22,088 | 39.16 |
| Port Lincoln | 30.4 | 0.01 | 14,086 | 24.98 |
| Ceduna | 5,427.1 | 2.33 | 3,480 | 6.17 |
| Cleve | 4,506.7 | 1.94 | 1,733 | 3.07 |
| Elliston | 6,500.0 | 2.79 | 1,046 | 1.85 |
| Franklin Harbour | 3,283.0 | 1.41 | 1,273 | 2.26 |
| Kimba | 3,986.2 | 1.71 | 1,088 | 1.93 |
| Lower Eyre Peninsula | 4,771.0 | 2.05 | 4,916 | 8.72 |
| Streaky Bay | 6,232.0 | 2.68 | 2,102 | 3.73 |
| Tumby Bay | 2,615.9 | 1.12 | 2,586 | 4.58 |
| Wudinna | 5,393.8 | 2.32 | 1,253 | 2.22 |
| Collective Local Government (11 LGA's) | 43,778.6 | 18.8 | 55,651 | 98.7 |

Table 1: RDAWP Local Government Land Areas and Population 2011.

It should be noted that the land areas and populations of Cleve and Franklin Harbour changed on 1 July 2014 due to an adjustment of the Council boundaries. An area of 492km² of land was transferred from Franklin Harbour to Cleve. Approximately 62 residents live in the area.

1.2.1 Regional Population and Local Government

The region has 11 Local Government Authorities (LGAs) as well as remote unincorporated areas serviced by the Outback Communities Authority. The LGAs are: the City of Whyalla and City of Port Lincoln; and the District Councils of Ceduna, Cleve, Elliston, Franklin Harbour, Kimba, Lower Eyre Peninsula, Streaky Bay, Tumby Bay, and Wudinna.

For Census data collection purposes the Maralinga Tjarutja Aboriginal Land (established under the Maralinga Tjarutja Land Rights Act, 1984) is regarded as an LGA in its own right. However Maralinga Tjarutja is not a member of the EPLGA.

The regional population of 56,396 (ABS 2011 Census) comprises about 3.5% of the South Australian population. 98.7% of people reside in the 11 Council districts, which collectively occupy 43,779km² or about 19% of the regional land mass. Most of the population (64.1% or 36,174 people) live in the regional cities of Whyalla and Port Lincoln.

In 2011, the region had 3,225 Aboriginal people comprising 5.7% of the regional population. This was notably above the proportions in South Australia (1.9%) and Australia (2.6%). 80% of the region's Aboriginal people (2,572) live in the LGAs of Whyalla, Port Lincoln and Ceduna. The greatest concentration is in Ceduna, where Aboriginal people comprise 24.9% of the Council population.

The regional population grew by 4.5% from 2001, but this was not consistent across the region as a whole. The District Councils of Elliston, Wudinna and Kimba experienced population decline of -15.2%, -13.7% and -8.5% respectively; but DC Lower Eyre Peninsula experienced growth of 17.2%. Population growth was also experienced in the coastal Councils of Streaky Bay, Tumby Bay and Port Lincoln.

The demographic change is caused by several factors, with the desire for a sea change lifestyle being a key reason. Streaky Bay and Tumby Bay are very desirable coastal locations and new estate developments have been established to cater for growing housing demand, notably by retirees from the agricultural sector.

The higher population growth in DC Lower Eyre Peninsula stems from several locational and lifestyle advantages, including proximity to numerous coastal townships, Port Lincoln and Port Lincoln Airport. Kimba and Wudinna are the only Councils in the region without a coastline, and this impacts their residential appeal and tourism development potential.

| PEOPLE 65 YEARS OF AGE AND OVER | Region | % | South Australia | % | Australia | % |
|---------------------------------|--------|------|-----------------|------|-----------|------|
| 2006 ABS Census | 7,758 | 14.3 | 233,127 | 15.4 | 2,644,374 | 13.3 |
| 2006 Median Age | 38 | | 39 | | 37 | |
| 2011 ABS Census | 8,727 | 15.5 | 257,551 | 16.2 | 3,012,289 | 14.0 |
| 2011 Median Age | 39 | | 39 | | 37 | |

Table 2: People 65 Years of Age and Over. (ABS Census 2006 Et 2011).

1.2.2 Population Ageing

The regional population is ageing. In 2011, the region's median age was 39, an increase from 38 in 2006. People aged 65 years and over comprised 15.5% of the regional population, which is above the 14.0% rate for Australia, but below the rate of 16.2% for South Australia.

The population 65 years and over grew by 1.2% from 2006, exceeding the growth rate of 0.8% for South Australia and 0.7% for Australia.

Almost half of the regional population (49.6%) was 40 years of age and over in 2011 with 21.5% over 60 years of age. The District Council of Tumby Bay has the oldest population profile with 60.1% over the age of 40 and 32.1% over 60 years of age. Similar results for the over 40 age sector were recorded for Kimba (55.9%), Franklin Harbour (55.7%), Cleve (55.3%) and Elliston (54.5%).

Conversely, young people 15-24 years of age comprise the smallest sector of the regional population at 12.1% and this is consistent in all local government areas.

Tumby Bay (8.0%), Kimba (8.5%), Cleve (9.1%), Wudinna (9.3%) and Streaky Bay (9.9%) have the smallest proportion of 15-24 year olds, whereas Whyalla (13.4%), Port Lincoln (13.2%) and Ceduna (12.4%) are the only areas where the 15-24 aged sector exceeds the regional average.

Projections indicate that South Australia's population aged 65 and over will increase to 22.6% in 2020 and to 25.7% by 2030. It is also known that approximately 30% of young people leave the region each year for employment and study in metropolitan Adelaide. The combination of a growing aged sector and diminishing numbers of young people is not sustainable, and has serious implications for future workforce provision.

Pending Baby Boomer retirements will diminish the labour force of skilled and experienced labour and create employment openings for young people. It is estimated that over 11,000 workers (about 40% of the regional workforce) will leave their jobs within 20 years if they all retire at 65 years of age. But there will be limited choice with the provision of a capable replacement pool.

The regional population is too small to provide the workforce for anticipated future development needs, with the consequence that approximately 3,800 workers may need to be recruited from elsewhere by 2020.

1.2.3 Regional Economic Snapshot

The regional economy is extremely diverse. The key industries include manufacturing, agriculture, fishing, and aquaculture; however tourism and mining are fast emerging industries with substantial potential for future growth.

Industrial diversity is one of the region's greatest attributes, and underpins its comparative advantage and business competitiveness. Diversity is important for economic growth and sustainability, because it provides resilience through not being reliant on a single industry or product for prosperity.

However, industrial diversity is not evenly spread across the region. Manufacturing and steel processing is focused in Whyalla.

Agriculture is the key industry in Lower Eyre Peninsula, Tumby Bay, Cleve, Elliston, Kimba, Streaky Bay, Franklin Harbour and Wudinna. Nearly all (96%) of the region's aquaculture jobs are provided in Port Lincoln, Lower Eyre Peninsula, Cleve, Ceduna and Franklin Harbour. Most of the region's fishing jobs (76%) are based in Port Lincoln. Tourism activity is predominantly focussed in coastal areas.

The region's industries and economy have also changed since 2001. Agriculture has been the primary economic driver in many Council districts. However, larger farming properties, smarter management practices, and new technologies have reduced employment opportunities in agri-businesses, which saw agricultural employment decline by 16.8% between 2001 and 2011.

In the same period, employment in the health care and social assistance industry grew by 29.5%; largely due to the ageing of the regional population and increased demand for aged care services. Employment in the mining industry grew by a significant 79.2%, as a result of unprecedented resource exploration activity on the Eyre Peninsula – refer Table 3.

| INDUSTRY | EMPLOYMENT 2001 | EMPLOYMENT 2011 | % CHANGE |
|---------------------------------|-----------------|-----------------|--------------|
| Agriculture, Fishing & Forestry | 4,012 | 3,338 | -16.8 |
| Health Care & Social Assistance | 2,111 | 2,996 | 29.5 |
| Manufacturing | 2,786 | 2,890 | 3.6 |
| Retail Trade | 2,481 | 2,669 | 7.0 |
| Education & Training | 1,764 | 1,967 | 10.3 |
| Construction | 1,340 | 1,813 | 26.1 |
| Accommodation & Food Services | 1,356 | 1,595 | 15.0 |
| Transport, Postal & Warehousing | 999 | 1,260 | 20.7 |
| Public Administration & Safety | 1,152 | 1,172 | 1.7 |
| Mining | 199 | 957 | 79.2 |
| TOTAL | 18,200 | 20,657 | 11.9% |

Table 3: RDAWEP Top Ten Employing Industries and Employment Change 2001-2011. (ABS Census 2001 and 2011).

1.2.4 Regional Employment by Industry

Based on the number of jobs generated, the region's top five employing industries in 2013-14 were (in ranked order): health care and social assistance (health and community services), manufacturing, agriculture, retail trade, and construction.

These industries collectively provided 13,542 (52.0%) of the region's 25,951 jobs in 2013-14. (EconSearch Pty Ltd, RDAWEP Regional and Council Economic Data 2013-14, RDAWEP and EPLGA, December 2015).

Health and Community Services

Health and community services is the largest employing industry in South Australia, and was the largest industry in the region in 2013-14. Health and community services provided 3,240 jobs and 12.5% of regional employment. Due to population ageing and increasing demand for aged care services, the health and community services industry is expected to grow markedly in future years. This will provide one of the best opportunities for employment and business growth. However the aged care sector has considerable difficulty attracting and retaining aged care workers.

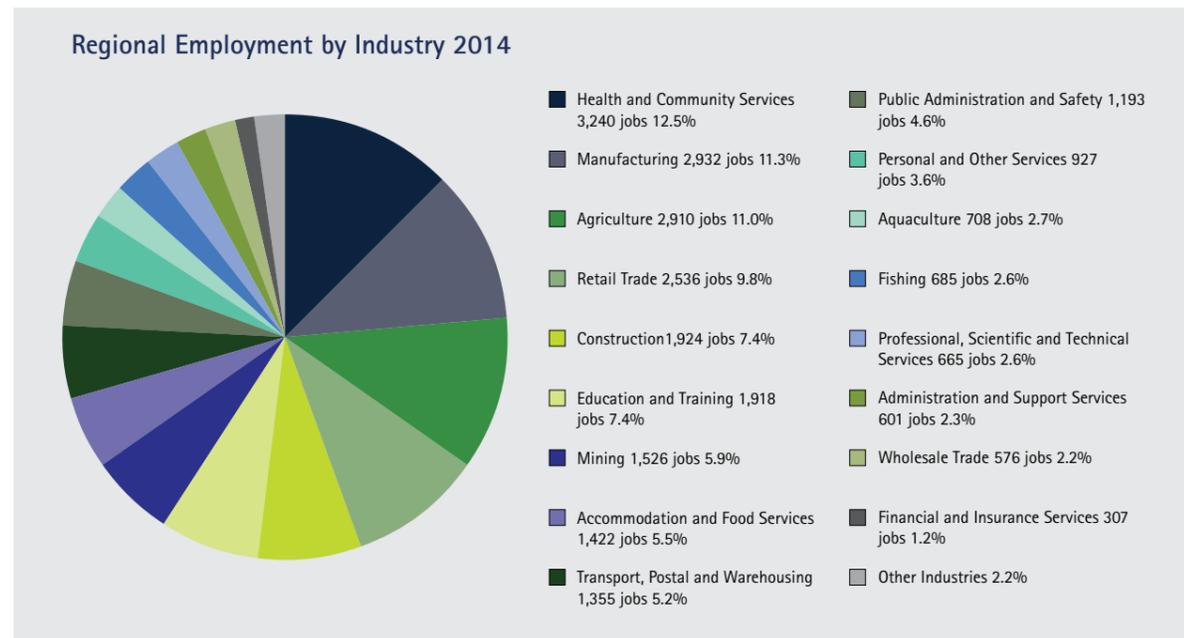


Figure 2: RDAWEP Regional Employment by Industry 2013-14.

Manufacturing

The manufacturing industry, which includes the production of metal products and food processing, was the region's second largest employer, providing 2,932 jobs and 11.3% of regional employment. The industry experienced modest employment growth of 3.6% from 2001.

Whyalla is the largest industrial city in regional South Australia and the principal centre for manufacturing, steel production and resources processing in the Upper Spencer Gulf. Manufacturing was the biggest employer in Whyalla providing 2,027 jobs, and over two-thirds (69%) of the region's manufacturing employment. Most of Whyalla's manufacturing jobs (87%, 1,755 jobs) were provided in the iron and steel production sector.

Agriculture

Agriculture was the third largest employer in 2013-14, providing 2,910 jobs and 11.0% of regional employment. The main agricultural sectors are grain production (wheat, barley, canola, oil seed and pulses), sheep, and beef cattle. The grain sector was the largest agricultural employer providing 1,483 jobs and 50.1% of agricultural employment; compared with 827 jobs (28.4%) for sheep, and 437 (15.0%) for beef cattle.

Agriculture was the largest employer in Lower Eyre Peninsula (538 jobs); Tumby Bay (410); Cleve (378), Elliston (332); Kimba (306), Streaky Bay (279), Wudinna (275), and Franklin Harbour (118).

Retail Trade

Retail trade was the fourth largest industry, providing 2,536 jobs and 9.8% of regional employment. Retail trade is an integral part of the Small to Medium Enterprise (SME) sector in all regional townships – i.e. businesses employing less than 200 people. In 2013-14, most of the region's retail trade employees were based in Whyalla (941, 37% of jobs) and Port Lincoln (919, 36% of retail jobs).

Retail trade had employment growth of 7.0% between 2001 and 2011. The sustainability of retail trade is largely reliant on the success of the region's larger industries – e.g. agriculture, manufacturing, mining and tourism – and many SMEs have been established to directly service and support these sectors.

Construction

The construction industry incorporates residential and non-residential building construction, and civil and heavy engineering services. Building and engineering companies are based in most regional towns, with concentration in the larger regional centres of Whyalla, Port Lincoln and Ceduna.

These companies provide construction services locally and across the broader region. Construction is a large regional employer, and provided 1,924 jobs and 7.4% of employment in 2013-14.

Mining

Mining is the region's fastest growing industry, but is a relatively small employer in comparison with other industries. In 2012-13, mining did not rank among the top ten regional employers, but this changed in 2013-14. Mining ranked as the region's seventh largest employer providing 1,526 jobs and 5.9% of employment. This can be attributed to high levels of exploration activity on the Eyre Peninsula at this time by companies such as Centrex Metals/Eyre Iron (for the Fusion Joint Venture); Iron Road Limited (for the Central Eyre Iron Project); and graphite mining and resource exploration by Valence Industries, Lincoln Minerals and Archer Exploration Limited.

It is anticipated that mining will have additional growth in future years when developing mines and prospects move from exploration to operation. This will bring opportunities to create employment and diversify the regional economy. However, mining growth will be subject to substantially improved commodity prices and significant government and private sector investment in major infrastructure (i.e. ports, roads, rail, power and water).

Fishing and Aquaculture

Fishing and aquaculture are high profile regional industries. The region is internationally renowned for its premium seafood product, largely due to the marketing success of the trade marked brand: 'Eyre Peninsula Australia's Seafood Frontier'. However, the fishing and aquaculture industries are small employers compared with other industries, and provided 685 (2.6%) and 708 (2.7%) of the region's jobs respectively in 2013-14.

Most of the fishing jobs were provided in Port Lincoln (522), Streaky Bay (55), Elliston (40) and Ceduna (38). Most of the aquaculture jobs were provided in Port Lincoln (261), Lower Eyre Peninsula (199), Franklin Harbour (92), Ceduna (82) and Cleve (49).

Tourism

Tourism is a rapidly growing regional industry with considerable development potential, due to the region's attributes of a pristine natural environment, unique nature-based visitor experiences, and diversity of premium food product.

Tourism data have not been identified in the pie charts because the industry categories use the Australian and New Zealand Standard Industrial Classification (ANZSIC) system, which does not identify tourism as an industry in its own right. Tourism activity (i.e. the consumption of goods and services by visitors) is captured within the data provided for the other ANZSIC industries.

However, tourism industry employment and economic data are derived from a range of other sources; including research undertaken by the South Australian Tourism Commission, and Regional Tourism Satellite Accounts produced by Tourism Research Australia (TRA). These sources were used by EconSearch to identify tourism expenditure as a component of the region's exports.

In 2013-14, it was estimated that regional tourism expenditure totalled \$302 million; with \$129 million (42.8%) spent in the retail trade, accommodation, and food and beverage services sectors. TRA Satellite Account data also indicate that the tourism industry contributed about 7.2% of GRP; directly employed 1,530 people (5.3% of regional employment), and generated an additional 1,500 indirect jobs. Most of these jobs were in the food service, hospitality, accommodation and retail trade sectors.

1.2.5 Regional Exports by Industry

RDAWEP is a high export region and produced exports worth \$4.144 billion in 2013-14. The major exporting industries were:

- Mining – which provided 30.5% of exports, worth \$1.263 billion,
- Agriculture – 21.4% of exports, worth \$882 million, and
- Manufacturing – 19.1% of exports, valued at \$792 million.

These industries produced almost three-quarters (71%) of the region's total exports, worth \$2.937 billion. The key exporting sectors within these industries were:

- Mining: iron and non-ferrous ore, which provided 27.2% of exports, worth \$1.126 billion; and exploration and mining support services, 1.8% of exports worth \$74.1 million,
- Agriculture: grains, 16.1% of exports worth \$668 million; and sheep, 3.7% worth \$151 million, and
- Manufacturing: iron and steel production, providing 15.5% of regional exports worth \$641 million; and processed seafood products, 2.1% of exports worth \$88 million.

These data incorporate exports to intrastate, interstate and overseas markets, however the respective proportions and values to each location are not identified.

The regional contribution to South Australian exports also cannot be identified. The regional data include intrastate exports, whereas State data only apply to exports out of the State. A comparison of regional and State export data would consequently overstate the regional contribution to South Australian export.

1.2.6 Gross Regional Product by Industry

Gross Regional Product (GRP) is a measure of the net contribution of an activity to the regional economy, and is measured as the value of output less the cost of goods and services. The contribution of an individual industry to GRP is calculated as the sum of household income, gross operating surplus, gross mixed income, and indirect taxes less subsidies.

In 2013-14, the region's GRP was estimated at approximately \$4.2 billion (\$4.195). The top 5 GRP generating industries were:

- Mining – 29.2% of GRP worth \$1.22 billion;
- Agriculture – 12.0%, \$502 million;
- Construction – 6.0%, \$251 million;
- Health and Community Services – 5.8%, \$241 million; and
- Manufacturing – 5.5%, \$229 million.

Even though fishing and aquaculture are high profile regional industries, they did not rank among the top GRP producers in 2013-14. The aquaculture industry contributed 2.2% of GRP worth \$91 million; and Fishing, Hunting and Trapping contributed 0.8% worth \$35 million.

One reason for this lower than anticipated GRP contribution is that the processing of seafood product, which most people would associate with the fishing and aquaculture industries, is categorised under manufacturing by ANZSIC industry conventions.

Processed seafood product produced 0.6% of GRP worth \$25 million, which was allocated as a component of manufacturing industry GRP.

1.2.7 Regional Economic Summary

The Eyre Peninsula is a highly productive region, generating exports worth over \$4 billion per annum and GRP of approximately \$4.2 billion. In 2013-14, South Australia's Gross State Product (GSP) was valued at \$97 billion. With regional GRP of \$4.2 billion, the Eyre Peninsula provided approximately 4.3% of the State economy.

On a per capita basis, as the Eyre Peninsula population is approximately 3.5% of the State population, the region is exceeding its fair contribution to the State economy. However, a per capita analysis undersells the importance of the region to the State economy, which needs to be put into context.

One of the State Government's key economic priorities is the production of premium food and wine from a clean environment exported to the world. This is an important brand SA platform for promoting South Australia internationally, and a driving force for creating new export markets in Asia. This State Government priority is very much reliant on the RDAWEP region because the Eyre Peninsula produces and exports most of South Australia's premium food product.

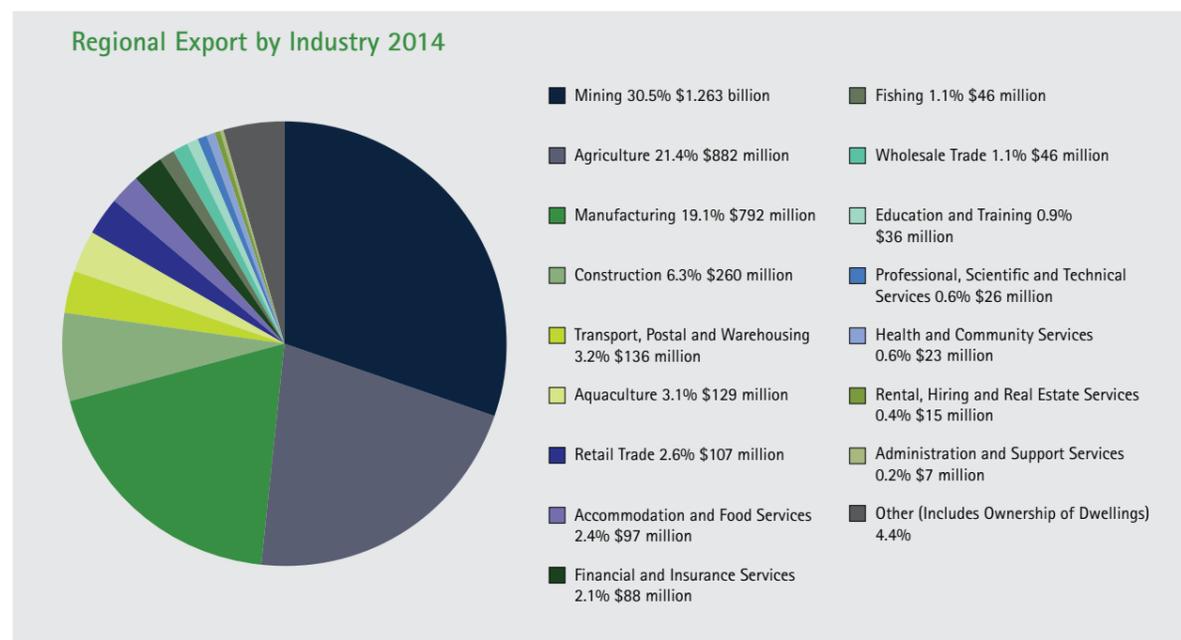


Figure 3: RDAWEP Regional Exports by Industry 2013-14.

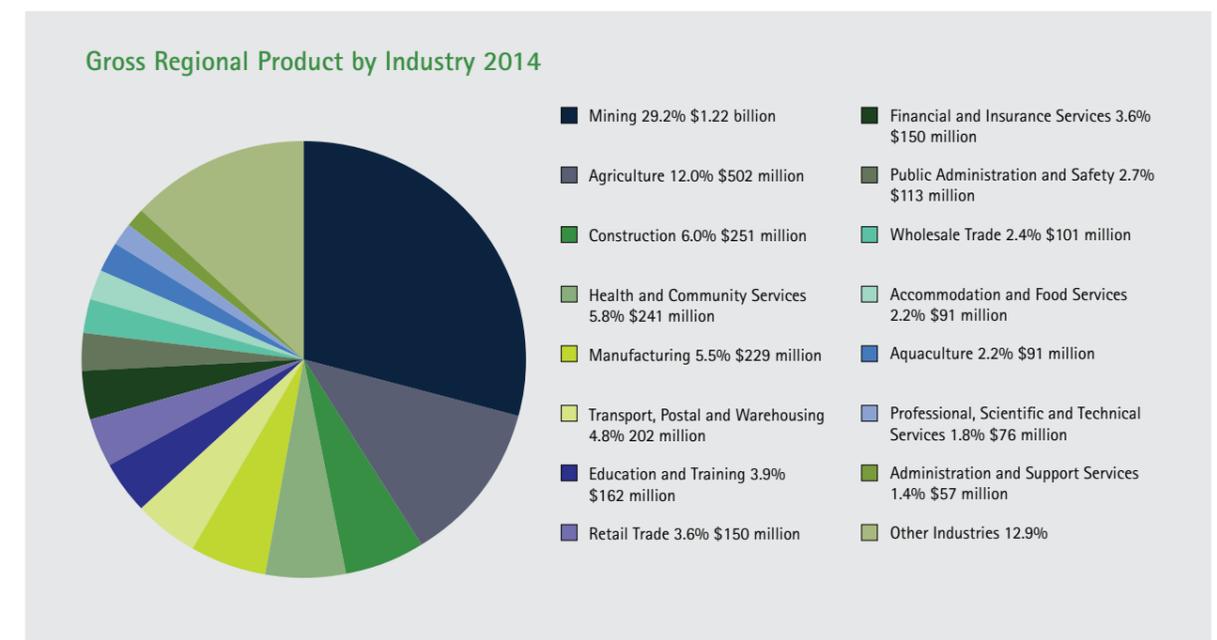


Figure 4: RDAWEP Gross Regional Product by Industry 2013-14.

Agriculture Industry

The region is renowned for its high quality grains and, on average, produces 40% of the State's wheat crop, 24% of the barley crop, and 22% of canola. Approximately 97% of the region's grain crop is exported, and was worth \$643 million in 2013-14.

Fishing and Aquaculture

The region is renowned internationally for its premium seafood. On average, the region produces 100% of South Australia's Southern Bluefin Tuna (with approximately 99% of tuna exported to Japan); along with 100% of the State's farmed marine finfish; 97% of oysters, 92% of mussels, and about 62% of the State's abalone production.

In total, approximately 82% of South Australia's seafood product is exported from the Eyre Peninsula. (Regions SA, Regions in Focus: Whyalla and Eyre Peninsula, July 2015).

Other State Government economic priorities are to unlock the full potential of South Australia's resources, and to enhance State prosperity by promoting international connections and engagement to increase exports. The RDAWEP region produces approximately 45% of GSP for iron and steel manufacturing, which highlights the importance of Whyalla to the State economy.

The RDAWEP region might only contribute 4.3% of GSP, however the growth and sustainability of the Eyre Peninsula is vital to the achievement of key State Government economic priorities.

As an overview, the regional economy is extremely diverse, due to the broad range of industries generating exports and GRP. This a great strength which underpins the region's comparative advantages and economic resilience.



1.3 BOARD MEMBERS/STAFF

Board Members:

| | |
|------------------|---------------------------------|
| Jim Pollock | Chairman |
| Bryan Trigg | Deputy Chairman/Acting Chairman |
| Deidre Turvey | Treasurer |
| Jack Velthuisen | Executive Member |
| Allan Suter | Executive Member |
| Malcolm Catt | Executive Member |
| Clare McLaughlin | |
| Colin Carter | |
| Kate McShane | |
| Matt Waller | |
| Heather Baldock | |
| Matt Enbom | |
| Lyn Breuer | |

Staff:

| | |
|-----------------|--|
| Dion Dorward | Chief Executive Officer |
| Amanda Bridge | Economic Development Manager – Eyre |
| Alex Todd | Economic Development Manager – Whyalla |
| Mike Shore | Business Development Adviser – Eyre |
| Peter Mitchell | Employment and Skills Development Manager – Eyre |
| Howard Coote | Indigenous Economic Development Manager |
| Mark Allsopp | Food Industry Development Officer |
| Brad Riddle | Tourism Development Manager |
| Paula Wilson | Career Development Officer |
| Bob Ramsay | Special Projects Manager |
| Bes Abdic | Marketing Coordinator |
| Raelene Fuller | Special Projects Assistant |
| Heidi MacDonald | Project Implementation Officer-Disability and Ageing |
| Roger Paul | Manager Corporate Services |
| Aina Danis | Executive Assistant - Eyre |
| Sue Henriksen | Administration Officer- Eyre |
| Sandy Jones | Administration Officer – Whyalla |
| Bonnie Hill | Administration Officer - Eyre |



1.4 CHIEF EXECUTIVE OFFICER'S REPORT



Economic Diversity is one of this region's greatest attributes and underpins its competitive advantage. However it is not evenly spread and therefore strategies to increase economic diversity across the entire region while growing the existing economy is central to RDAWEP's purpose.

"Quality" is a distinctive regional attribute.

Our region is renowned for premium seafood, high quality grains, pristine land and seascapes, conservation parks, iconic tourism experiences, such as diving with great whites, whale watching and camping in the Gawler Ranges.

Mining – high quality magnetite, graphite, kaolin, zircon.

Renewable energy – natural resources that, as the world transitions from a high-carbon economy to a low-carbon intensity economy, positions this region to be one of the richest for future energy exports in the world [Professor Ross Garnaut].

People – resilient, proactive, innovative and productive.

We must continue to identify threats and constraints to this region's economy and provide pathways to solutions, learn from experience and adapt appropriately to ensure that we remain globally competitive.

The consequences associated with the closure of the Northern Power Station and the failure of Arrium provide valuable instruction for the development of new industries, projects and enabling infrastructure such as those associated with the \$4.5bn Iron Road Eyre Iron proposal. This catalytic project is the only project in South Australia having State and Australian Government major project status and I am confident that it will receive high priority status and support from Infrastructure Australia. The partnerships being formed

with China Rail, Emerald Grain (Sumitomo Corporation) and other internationally respected heavy weights conveys great credibility and confidence to this venture.

People are central to change and all that we do. Unity of purpose and commitment is essential particularly in times of hardship and distress, as is the ability to look outwards from our communities. Success follows strong collaborative relationships, joint problem solving and mutual trust. Establishing, leading and maintaining collaborative relationships with an open culture of sharing has led to all of the positive outcomes that RDAWEP has generated with our community and generous partners identified throughout this annual report.

Decisions and priorities about competing land and water uses such as fishing, aquaculture, oil, gas, agriculture, mining and tourism must be based in the science and on objective evidence.

Excellence in governance is integral to the sustainability and growth of this region's economy.

Our Board, together with the Eyre Peninsula Local Government Association and the South Australian Centre for Economic Studies, has created a single economic development plan for our region, which is currently being incorporated into a single regional strategic plan.

This planning forms the basis for objective decision making and an improved system of regional governance to better assist Local State and Australian Governments and industry investment decisions for this region across economic, social and environmental sectors – regional governance is a necessary fundamental reform. Getting this right will provide us with the opportunity to create the future we want. It will give us the ability to develop cheap and abundant energy, water and communication systems that will underpin international competitiveness, healthy communities and grow new export markets based around value adding opportunities, which previously we have not been able to seriously contemplate.

Our region has 11 Councils, with the smallest comprising of an estimated 1,000 people and only 2 with a total population above 14,000.

However it must be highlighted that, collectively, we have the opportunity to create 1 voice for 58,000 people producing in excess of \$4bn per annum in exports, equating to the region's GRP per person being \$72,000.

The average population of metropolitan Councils is well above that figure and despite this, their GRP per capita is between \$20-\$30,000.

Forming a regional governance model, which represents 58,000 people producing 2-3 times the average output of

our Adelaide cousins, will ensure that science based objective evidence supports investment into export infrastructure, utilities, education and training that will keep us globally competitive, and will diversify and grow our economy.

Our research to date indicates that a system for regional governance can be practically implemented here using existing resources, reduce red tape and strengthen our existing 11 Local Government.

Independent consultation shows overwhelming community support throughout the region for this type of change and leadership.

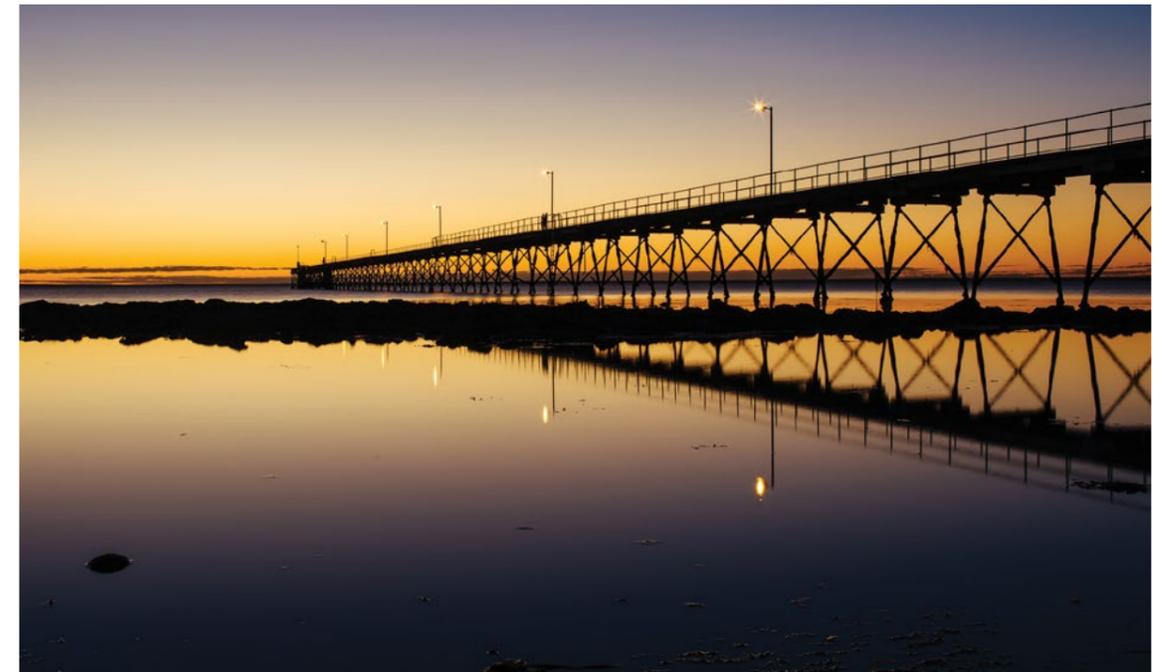
Proactive change and innovation is essential to continuing as a region of quality, where our economic prosperity and enviable lifestyle progress in unison.

In the same degree that people are the core to creating success in business and communities, the hardworking, dedicated and creative people that comprise RDAWEP's Board and staff are pivotal to its success and outstanding contribution to the region and our nation. RDAWEP's only vested interest is the growth and development of the economy of this remarkable region. It is a critical distinction from nearly all other organisations enabling RDAWEP to provide governments and industry with neutral regional intelligence and frank advice. I heartily thank all Board Members and staff for ensuring RDAWEP's absolute relevance and outstanding service to our communities, including governments, agencies and industries.

The ongoing support and input from our elected local members, Minister Geoff Brock, Senator Fiona Nash, the Hon Warren Truss, the President and Chief Executive Officer of the Local Government Association of South Australia is acknowledged and we look forward to working with you to build a stronger region, which will benefit the State as a whole.

In closing I want to particularly congratulate and thank RDAWEP's acting Chair Bryan Trigg for the incredible support and guidance he has provided so generously during a very difficult time for us all with the tragic loss of our much loved and respected Chair, Jim Pollock.

Dion Dorward
Chief Executive Officer

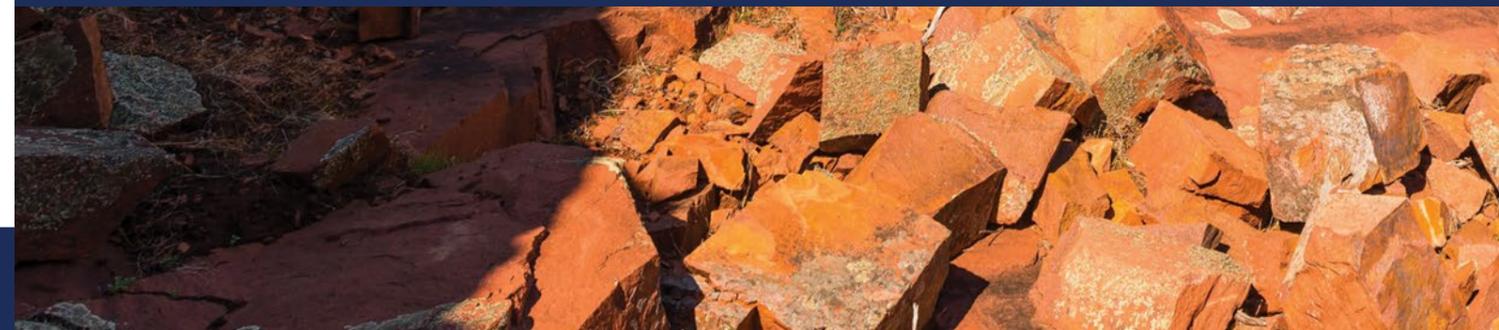


| REGIONAL STRATEGIC PLAN FRAMEWORK | | | | | | |
|--|---|---|---|---|---|--|
| REGIONAL STRATEGIC PLAN STRUCTURED ON AUSTRALIAN GOVERNMENT KEY DETERMINANTS OF REGIONAL ECONOMIC GROWTH | AGENCY STRATEGIC INITIATIVES | | | | APPENDICES | |
| | RDAWEP STRATEGIC INITIATIVES | NRM STRATEGIC INITIATIVES | LOCAL GOVERNMENT STRATEGIC INITIATIVES | CROSS REGIONAL ACTIVITIES | PROJECT TRACKING | ACTION PLAN |
| HUMAN CAPITAL DEVELOPMENT | Summary of RDAWEP activities for each Key Determinant | Summary of EPNRM AWRM Board activities for each Key Determinant | Summary of activities by the Eleven EPLGA Councils for each Key Determinant | Summary of relevant activities by the Outback Communities Authority, SA Arid Lands NRM, Upper Spencer Gulf Common Purpose Group, and RDA Far North. | Project Tracker for the Region and each Agency for each Key Determinant | Action Plan priority regional activities for each Key Determinant endorsed by a Regional Strategic Planning Group; comprising the Chairs and CEOs of RDAWEP, EPLGA, EP and AW NRM Boards, and the State Minister for Local Government and Regions. |
| SUSTAINABLE ECONOMIC COMMUNITIES AND POPULATION GROWTH | | | | | | |
| SUSTAINABLE ENVIRONMENTAL COMMUNITIES AND POPULATION GROWTH | | | | | | |
| SUSTAINABLE SOCIAL COMMUNITIES AND POPULATION GROWTH | | | | | | |
| ACCESS TO INTERNATIONAL, NATIONAL AND REGIONAL MARKETS | | | | | | |
| COMPARATIVE ADVANTAGE AND BUSINESS COMPETITIVENESS | | | | | | |

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2. Summary of Key Achievements 2015/2016



2. Summary of Key Achievements 2015–16

RDAWEP achieved numerous key outcomes in 2015–16. The details of those achievements are provided in the 2015–16 Annual Report on Outcomes. More detailed information is available in Project Manager Reports on the RDAWEP website.

2.1 Regional Planning

- The regional consultation network was expanded with partnerships for new project activities, such as those formed with different agencies to drive the implementation of the Whyalla Ageing and Disability Masterplan and Aboriginal economic development initiatives.
- A Tourism Advisory Sub-group was formed to enhance Local Government understanding of the visitor economy and improve Council capability with tourism planning.
- Problems with previous poor attendance at Community Services Advisory Group meetings were resolved by using tele-conferencing, rather than face-to-face meetings. Agency participation improved substantially. The lack of community transport in the region emerged as a key issue for the community services sector and a resolution is being pursued.
- Updated economic data packs for 2013–14 with explanatory papers were issued to Councils at the 2016 EPLGA Conference to assist Local Government economic development planning.

2.2 Critical Issues

- The framework for a high level Regional Strategic Plan, incorporating the planning priorities of RDAWEP, Local Government, NRM Boards and cross-regional organisations was substantially progressed.
- A Regional Economic Development Plan and regional governance models were prepared by the Adelaide University, SA Centre for Economic Studies (SACES).
- Economic profiles for each of the 11 local Councils were prepared to support the SACES Economic Development Plan.
- High level inter-governmental and agency consultations were undertaken to resolve the Arrrium crisis in Whyalla, including support for retrenched workers and the investigation of options to diversify Whyalla's economy.

2.3 Priority Activities

2.3.1 Human Capital Development

- Ongoing training and services were provided to support unemployed and Aboriginal people enter the labour force.
- The Eyre Peninsula Workforce Builder Program exceeded its training participation and job outcome expectations.

2.3.2 Sustainable Economic Communities and Population Growth

- The Indigenous Economic Development Program was progressed with strategies to develop Aboriginal business enterprises and support Aboriginal economic and employment development initiatives.
- Support services were provided for business initiatives to improve SME viability and development.

2.3.3 Sustainable Environmental Communities

- Support was provided for the Eyre Peninsula Integrated Climate Change Agreement (EPICCA) Committee Adaption Plan implementation, and arrangements were determined to maintain EPICCA through to June 2017.
- Solutions to provide an abundant supply of energy and quality water were progressed.
- Ongoing assistance was provided to help the private sector develop renewable energy projects.

2.3.4 Sustainable Social Communities

- Ongoing help was provided to improve community, recreational, educational, and tourism infrastructure.
- The implementation of the Whyalla Ageing and Disability Masterplan was progressed, and options were investigated to expand the initiative region-wide.
- Support continued for coastal development initiatives; including a region-wide strategy to manage coastal access, and minimise environmental impact from camping and off-road recreational vehicles.

2.3.5 Access to International, National and Regional Markets

- Initiatives were undertaken to assist exports and investment attraction, including high level engagement with Chinese delegations and organisations.
- The use of digital technologies to promote the region and expand the consumer base were substantially progressed.

- Ongoing assistance was provided to develop competitive grain supply chain infrastructure.
- Support for the construction of purpose-built fishing industry infrastructure at Thevenard was successful, with \$6.3 million secured from government grant programs.
- Strategies to enhance export capability were progressed, with a major study completed for the upgrade of Thevenard Port.
- Numerous initiatives were implemented to assist export development, including an RDA mission to Shanghai and a promotional roadshow in New Zealand.
- RDAWEP websites and social media platforms were substantially upgraded; new investment marketing materials were developed; and a Regional Prospectus to attract investment was progressed and improved.

2.3.6 Comparative Advantage and Regional Competitiveness

- Ongoing lead agency assistance was provided to develop the region's food, tourism, agriculture, manufacturing, mining, transport, social services, and SME industries with a focus on quality, sustainability, and value-adding initiatives.
- Regional food product was showcased in top level restaurants in Sydney and Melbourne, and influential food stakeholders were hosted on discovery missions to the region.
- Strategic direction was provided for Eyre Peninsula Australia's Seafood Frontier brand marketing to promote the region as a culinary and tourism destination.
- Major articles about the region were featured in national magazines, including a 12-page feature about the Nullarbor Plain in the RM Williams Outback Magazine, February–March 2016 edition.
- Promotional videos were produced for Local Government, with 5 Councils participating in stage 1 of the project.
- The Eyre Peninsula and Clare Valley Tourism Regions collaborated on a joint initiative, Clare with Fresh Eyre, to showcase regional product in SA and interstate.
- A Heavy Industry Cluster was formed in Whyalla to strengthen manufacturing and engineering companies and diversify Whyalla's economy.
- Substantial support was given to the development of Iron Road's Central Eyre Iron Project, which will bring numerous benefits to the region, including the construction of South Australia's first Cape Class port facility and the region's first standard gauge railway line.

- Ongoing support was provided for the development of renewable energy initiatives, including international investment attraction.

2.4 Project Proposals

- Assistance was provided with the preparation of business cases and grant applications, with many projects successfully being funded.
- Funding achievements included \$6.3 million from the Australian and State Governments for the construction of the Thevenard Marine Offloading Facility; a State Government loan of \$750,000 for Aboriginal owned company Walga Mining; and \$264,913 from the Regions SA RDF for extensions to the Ceduna Community Hotel function and training room facilities.

2.5 Promotion of Government Programs

- Australian and State Government funding programs were promoted through presentations, emails, monthly RDAWEP Regional Newsletters and RDAWEP website. Presentations and email promotions included the provision of grant program guidelines and supporting documents, along with advice on grant application preparation.

2.6 Continuous Improvement

- Strategies for a continuous improvement culture were progressed at RDAWEP, including an upgrade of marketing materials, websites and digital collateral; improved regional database software; and the implementation of procedural improvements to gain resourcing efficiencies.



3. Critical Issues and Achievement Highlights

3. Critical Issues and Achievement Highlights.

3.1 Water and Power Supply

Ongoing engagement with Local Government and major industries, including the manufacturing and agriculture sectors, identified water and power supply as the main constraints on regional functioning and economic growth.

The region has a limited supply of water drawn from ground water basins with top-up reliance from the River Murray. This is sufficient for the region's immediate needs, but is not sustainable in the longer term. The Eyre Peninsula electrical transmission system has functional and capacity issues, and is due for replacement in 2017. The closure of Alinta's great northern power stations in 2016 has compounded supply and price pressures for businesses and households across the region.

A major shift has occurred in thinking about water and energy supply. Prior to 2015 the provision of water and power was primarily planned around achieving a threshold supply sufficient for business and community functioning, plus a small allowance for population and business growth.

The new approach considers water and energy as an economic catalyst. Rather than plan supply for the purpose of survival, the new direction is to pursue an abundant supply of quality water and cheap power to stimulate community, industry and economic growth, as this better suits the region's potential, comparative advantages and vision for the future.

In 2015-16, RDAWEP and the EPLGA were instrumental in changing the terms of reference for the Eyre Peninsula Water Security Group to reflect this new approach to the region's water supply. RDAWEP is progressing water solutions via the Reference Group, and is leading the investigation of alternative supply options with support from specialist water management consultants.

Similarly, a sustainable and abundant supply of cheaper power must be sourced to stimulate new business development and drive the regional economy. A range of schemes are being investigated for this purpose, including the use of wave energy, solar power and other renewable options, some of which are linked to water desalination.

As part of this development, RDAWEP supported the Eyre Peninsula Integrated Climate Sector Agreement (EPICCA) Committee with strategies to implement the EPICCA Climate Change Adaption Plan. The Adaption Plan highlights the potential economic impacts from climate change, so it is important for adaption considerations to be included in economic development planning.

The initiatives included presentations in April 2016 from Professor Ross Garnaut about climate change, renewable energy, and the low carbon economy potential of the region.

This paradigm shift in thinking about water and power has generated considerable interest from domestic and overseas companies, and provides opportunities to attract investment for new initiatives. The pursuit of alternative water and power supply options is a high priority for 2016-17.

3.2 The Impact of Arrium on Whyalla

High level inter-governmental and agency consultations were undertaken by RDAWEP to help with options to resolve the Arrium crisis in Whyalla. This included the provision of support for retrenched Arrium workers and contractors, and the investigation of initiatives to diversify Whyalla's economy.

The circumstances that led to Arrium going into voluntary administration in April 2016, i.e. the falling commodity of price of iron ore and import of cheaper steel from China, accelerated a range of high level government and industry negotiations by RDAWEP to assist the manufacturing sector. Several meetings were held with senior Arrium staff on the future of Whyalla steelworks and with the administrator, KordaMentha, regarding collaborative strategies to assist Arrium through its viability crisis.

This engagement was expanded to include initiatives to enhance the economy of the broader USG region, and the provision of governance, economic and related strategic advice to Whyalla Council.

RDAWEP assisted Arrium with support to help redundant workers transition into new roles or new jobs. Two information sessions were held in Whyalla to advise affected employees on options for assistance from RDAWEP, DSD, and Centrelink. Mentoring was also provided through the EP Business Builder program to assist workers wishing to establish small business enterprises.

These services were expanded to include Arrium sub-contractors and other underemployed people. At 30 June 2016, RDAWEP Career Development Services had assisted 24 retrenched Arrium workers with employment information.

The Arrium issues identified a need for additional services to Aboriginal people and organisations affected by the downturn in mining and steel production. RDAWEP mapped service provision gaps and provided assistance with attracting funding needed to meet the required services demand. This included planning support to the Aboriginal-owned and Whyalla-based company, Walga Mining, which was successful in acquiring a State Government interest free loan of \$750,000 to maintain operations. A Job Creation Program grant of \$27,500 to provide additional Aboriginal employment was also obtained.

A major outcome of this engagement concerns a proposal for RDAWEP and the SA Centre for Economic Studies to prepare an economic development plan to guide Whyalla into the future, including an investigation of options to help diversify the city's economic base. The project negotiations with the State Government commenced in June 2016 and will be pursued during 2016-17.

3.3 Whyalla Ageing and Disability Masterplan

The implementation of the Whyalla Ageing and Disability Masterplan was substantially progressed.

A major achievement was a successful application to the World Health Organisation (WHO) for Whyalla to join the WHO global network of Age-Friendly Cities. The application was endorsed by Whyalla Council and submitted in February 2016, and formal notification of approval was received from WHO in June.

Whyalla has now joined the WHO Age Friendly City network, which includes 287 cities and communities and 113 million people world-wide. This represents a significant milestone for Whyalla and achieves a key masterplan KPI. WHO Age Friendly City status provides opportunities for Whyalla to:

- position itself as a city of choice, and a great place to live;
- grow and strengthen the community services industry;
- facilitate social participation and the economic contribution of older residents and people with disabilities; and
- establish productive partnerships with other domestic and international cities.

The WHO aged friendly status also provides an opportunity to further diversify Whyalla's industry base, and reduce economic reliance on mining, steel processing and manufacturing.

3.4 Indigenous Economic Development

The Indigenous Economic Development Program continued its notable record of positive achievement to help Aboriginal people gain employment and develop business enterprises. The projects included business planning, advisory support and implementation assistance for:

- the establishment of a laundry at Koonibba in partnership with Complete Personnel and the Far West Traditional Lands Association (FWTLA);
- construction of a Wanilla Forest Training Facility by the Port Lincoln Aboriginal Community Council (PLACC);
- development of a wild life 'Sleepy Lizard Park' at Ceduna to provide a tourism attraction;

- the establishment of a tourism-related retail outlet at Koonibba;
- construction of a caravan park at the Scotdesco Aboriginal homeland;
- training via Walga Mining at Whyalla for increased Aboriginal employment in the mining industry;
- Ceduna Aboriginal Corporation (CAC) with the establishment of a fishing industry unloading labour gang at Ceduna;
- Munda and Wanna Mar Aboriginal Corporation for the development of an abalone enterprise at Laura Bay;
- PLACC with a 105 allotment property development in Port Lincoln, and a smaller property development at Poonindie;
- business plans for 2 new Aboriginal business initiatives, which were successfully used to obtain funding support from Native Title Groups;
- Yalata Aboriginal Community with 3 small business initiatives; including a fuel outlet, caravan park, and sheep venture at Pintumba; and
- the development of an Aboriginal homeland housing model in partnership with Housing SA and Aboriginal Homeland organisations, linking housing upgrade work with Aboriginal employment and training to produce employment outcomes.

The common thread with these projects is that skills training and employment is a compulsory component of the project construction and operational phases. Aboriginal job seekers are registered with employment programs, such as EP Workforce Builder, which enables the training to be funded. The participation of training organisations registers projects in the Department of Prime Minister and Cabinet (DPMC) Remote Jobs and Communities Program, which provides the funding for equipment, safety clothing and work supervisors.

This combination provides Aboriginal people with accredited training in a safe environment to obtain the skills, tickets and licences needed for ongoing employment.

The proposal to develop a Far West Aboriginal Tourism Strategy was pursued in partnership with the Aboriginal Lands Trust, Yalata Community, Scotdesco Community, Koonibba Community, Ceduna Aboriginal Corporation, Maralinga Tjarutja and the SA Tourism Commission (SATC). The SATC approved \$10,000 for the development of the strategy and a funding application was lodged with the DPMC in January 2016 for \$27,500. The application outcome was delayed by the Australian Government election and has yet to be announced.

Consultation was undertaken with a broad range of Aboriginal organisations and community services agencies in Ceduna to identify issues impacting on aged care, transport and other community priorities.

A range of social infrastructure and support issues were identified, including the need to secure adventure playground areas, the need for transport for school children and clients with young children, housing units for young families, transitional housing for Aboriginal clients, hostel accommodation for youth, the need to train and develop a pool of casual workers, and programs for men recently released from prison.

The process had effective engagement with local services and key people in the community, and provided information to assist RDAWEP planning and advocacy for improved community services in the far west of the region.

3.5 Port Infrastructure Development

Multiple port projects were progressed to improve access to national and international markets and enhance regional export capability. This included port infrastructure development at Thevenard, Cape Hardy (a proposed port near Port Neill), and Lukin Quays (a proposed wharf development in Port Lincoln).

3.5.1 Thevenard Port

Port infrastructure development at Thevenard involved 2 related projects: the construction of a purpose-built marine off-loading facility at Thevenard slipway, and the upgrade of Thevenard Port.

The marine off-loading facility is required to improve fishing industry operations in the waters near Ceduna. Fishing vessel operations are constrained by limited access to the Port of Thevenard wharf due to bulk carrier vessels having berthing priority. Fishing companies are consequently impacted by additional costs from needing to steam to other ports to unload their catch. The cost and time burdens are significant and are threatening the viability of fishing operations in the Great Australian Bight.

Ceduna Council unsuccessfully lodged government grant funding applications for the development in 2011, 2012, 2013 and 2014. RDAWEP prepared several business cases and assisted with grant applications for the project, which eventually secured State Government funding of \$1.5 million in 2015.

This generated the support necessary to secure \$4.8 million from the Australian Government National Stronger Regions Fund in 2016. The construction of the facility is being progressed by DC Ceduna and is scheduled for completion in 2017.

The off-loading facility was progressed concurrently with strategies to improve export capability at the Port of Thevenard. The 2009 Eyre Peninsula Ports Masterplan identified numerous export constraints at the port, including the need to relocate the fishing fleet to a new facility, deepen and widen the Yalata Channel to enable access by larger vessels and provide improved bulk loading infrastructure to expedite port operations.

The new off-loading facility will enable fishing vessels to relocate from Thevenard wharf. The facility will also bring operational benefits at Thevenard wharf by providing purpose-built and safer berths for the pilot boat and tug boats that service the port.

In 2015, RDAWEP formed a Thevenard Port Masterplan Steering Group comprised of port stakeholders to guide the port upgrade, and consultancy firm AECOM was appointed to review and update the 2009 Ports Masterplan recommendations and costings. The AECOM report, Eyre Peninsula Ports Master Plan, Port Thevenard Addendum, was completed in March 2016 and distributed to the steering group for consideration. Issues have emerged concerning the veracity of costings to dredge the Yalata Channel, and resolution of this matter will be progressed in 2016-17.

3.5.2 Cape Hardy

Iron Road's Central Eyre Iron Project (CEIP) at Warramboe plans to include the construction of South Australia's first Cape-class port facility near Port Neill, connected to the mine by the region's first standard gauge railway line.

The Cape Hardy port is being designed as a multi-commodity facility for the export of iron ore and grain, and will provide the region's first import-export container infrastructure. The port development will reduce FOB costs for farmers (~ \$10-12 per tonne) through a more competitive export environment, and the container infrastructure will provide opportunities for the export of high yield niche grains and hay bales, for which there is growing international demand. Other mining companies will also benefit from the container infrastructure for the export of graphite. This will offset the current cost of about \$2,000 per container to transport graphite to Port Adelaide by road.

In February 2016, Iron Road signed a MOU with Emerald Grain (a subsidiary of Sumitomo) to develop a new grain distribution and supply chain network at Cape Hardy. These negotiations were assisted by RDAWEP.

3.5.3 Lukin Quays

The Lukin Quays residential and housing development at Proper Bay includes the provision of purpose-built wharf infrastructure at the old BHP wharf site to support Port Lincoln fishing industry operations.

The wharf development has included discussion on the provision of container infrastructure and storage for grain export. International grain traders have been involved in these negotiations with RDAWEP and the Lukin family.

3.6 Transshipment Options

In addition to the above port projects, several export options using transshipment processes are being progressed. Transshipment involves the loading of commodities onto barges, which are transported to unload product into vessels moored offshore. This process is being used by Arrium at Whyalla.

Lucky Bay Harbour is presently being extended to build a transshipment facility for the export of grain and minerals. The harbour extensions are scheduled for completion in October 2016, and grain trader Free Eyre has held negotiations with Sea Transport about grain export from the facility. (RDAWEP successfully prepared the business case for the Lucky Bay Harbour extension in 2012.)

Transshipment facilities have the advantage of a significantly lower capex compared with the cost of building ports with wharf infrastructure to reach deep water, e.g. ≈ \$15-20 million for transshipment compared to \$200-750 million for a wharf-based port. However transshipment processes incur much higher opex (operational expense) costs due to the double-handling of commodities to and from barges.

Even though capex costs for wharf-based ports are significant, they are a one-off cost, whereas opex is ongoing. Transshipment systems are consequently vulnerable to commodity price fluctuations on global markets. The high opex at Whyalla (≈ \$US57.60 per tonne in November-December 2015, when the commodity price was \$US31.00 per tonne) was one of the factors contributing to profit losses by Arrium, which had a severe impact on Whyalla in 2016.

RDAWEP has preference for the development of wharf-based port facilities over transshipment, particularly in regard to mining projects with a longer life, as this provides legacy infrastructure and creates opportunities to achieve longer-term regional development outcomes.

3.7 Small Business Development

Approximately 30 businesses were assisted through the RDAWEP Eyre Peninsula Business Builder (EPBB) program. The range of assistance provided was extensive, and included the following.

- Business planning for 15 new business start-ups, and strategic planning for existing businesses to maximise productivity through cost effective improvements.

- Strategies for business expansion, and benefit analyses for business relocation.
- Advice for business sales, including the implementation of debtor management strategies.
- Building infrastructure risk audits and mitigation plans.
- Unit production cost analyses and specialised small product reports.
- Credit submissions to banks for business loans.
- Advice about the eligibility conditions with government funding programs.

The businesses were predominantly located in Port Lincoln, Whyalla, Ceduna and Wudinna and covered a diverse range of services, including food manufacturing, cellar door sales, tourism accommodation, stockfeed production, boutique brewery production, metal fabrication, seafood export, personal fitness training, vehicle cleaning, tackle supplies, and a café/bistro development.

Successful negotiations were also held with the Department of Industry for business consultant funding.

Many more business initiatives were supported by other RDAWEP Project Managers in addition to the EPBB program, including strategic and other advice for a diverse range of tourism-related business developments.

3.8 Export Development

A number of initiatives were progressed to improve exports by showcasing the region's comparative advantages and increasing broader awareness of the region's quality product. These included:

3.8.1 New Zealand Roadshow

The Tourism Development Manager hosted a Roadshow in New Zealand in March 2016. Meetings were held with more than 500 hundred consumers across 9 locations on the North and South Islands, and trade training was delivered to Flight Centre and Go Holidays. The Roadshow was supported by 8 international ready operators and producers from the Eyre Peninsula.

This generated immediate outcomes with 2 operators receiving bookings by the end of March, and the region securing the SA specialist agents famit for 2017.

3.8.2 Shanghai Mission

In April 2016, the CEO and Tourism Development Manager undertook a mission to Shanghai and met with the Small and Medium Enterprise Centre (SMEC) of Shanghai to discuss mutually beneficial opportunities for Eyre Peninsula and China. The focus was on aged and disability care, food export and opportunities for regional businesses in China primarily for the agriculture, seafood, aquaculture and tourism sectors.

An economic and investment summary of the region was prepared to support the mission, including snapshot economic profiles of Whyalla, Port Lincoln and Ceduna. The information was prepared in a manner to support a digital media presentation and included sections translated into Mandarin.

The mission followed on from meetings held with the SMEC CEO, Robert Cai, and Shanghai business delegations in Port Lincoln in September and October 2015 about a range of potential export and investment initiatives. The meetings established a very productive business relationship with the Shanghai small business sector. Negotiations are ongoing and will be continued in 2017.

3.8.3 Other Overseas Export Initiatives

- In April 2016, the CEO met with the Croatian Ambassador in Port Lincoln on opportunities for the mutual benefit of Croatia and the region. A meeting was also held with the Australian Government in Adelaide regarding export assistance for regional businesses.
- Detailed marketing advice was provided to a food production company about new terms of trade with a Chinese importer. The negotiations were successful for the supply of 200 tonnes of product per month. This will dramatically improve the cash flow of the Eyre Peninsula business, and provide opportunities for planned business and employment expansion.
- Planning assistance was provided to PIRSA for the State Government's China Business Strategy, and advice was provided to local seafood companies prior to the Premier's China mission, e.g. companies such as Dinko Tuna, Kinkawooka Mussels, and Boston Bay Mussels. Dinko Tuna and Kinkawooka Mussels commenced the export of small shipments of specialised product to China from this engagement.
- RDAWEP facilitated a number of China business group missions to the region. This included introductions to local producers and information to local companies about target Chinese markets and advice on realigning company goals to gain value from the missions. Mandarin translated marketing materials were prepared for the seafood industry and individual companies to support this engagement.

- A subsequent growth in sales into China was reported by Pristine Oysters, Angel Oysters, Boston Bay Mussels, Cleans Seas Tuna Ltd and Mori Seafood as a result of these visiting delegations.

As part of this export development a lack of value-add processing capability was identified in the region, which has led to a decline in profitability for some local seafood producers. Market demands requiring food products to be packaged in small convenience packs for the Asian consumer were reviewed.

Modified Atmosphere Packaging (MAP) has become integral to the extended shelf life of live and fresh products, and the region has a need to develop this capability.

A discussion paper 'Retail Ready Products' was prepared about this matter for the tuna industry. The document outlined trends in the Asian market and the needs and wants of consumers for retail products of EP seafood, and argued that product development is the key to entering the Asian market. As a result of this engagement Dinko Tuna is developing a 'lion brand' product targeting the Chinese market.

The preparation of a business plan and grant application for a multi-function facility for retail pack product development was consequently facilitated, and the development of MAP capability will be further pursued in 2016-17.

3.9 Culinary Tourism and Food Industry Development

International export initiatives are being supported by ongoing activity to position the region domestically as a culinary tourism destination.

3.9.1 Clare with Fresh Eyre

A joint initiative between the Clare and Eyre Peninsula Tourism Regions resulted in Clare Valley wine and Eyre Peninsula seafood being showcased and promoted at the 'Clare with Fresh Eyre' cross-regional brand campaign in Adelaide and the eastern states.

The purpose of the co-branding project was to raise awareness about the Clare and Eyre Peninsula regions by leveraging on their complementary strengths of quality Riesling and premium seafood. Several tasting and masterclass events for media were held in Brisbane (at the Jellyfish restaurant), Sydney (at Icebergs) and Adelaide (Electra House).

The inaugural event in October 2015 was highly successful. The event substantially increased the profile of both regions and significant mainstream and social media exposure was achieved. Promotional alliances between Clare Valley wineries and EP seafood companies has continued beyond the campaign, and 'Clare with Fresh Eyre' will be held annually.



3.9.2 Inbound and Interstate Promotions

The Food and Beverage Ambassador Program was delivered to promote the region's food industry interstate. The program conducted several inbound food industry tours by east coast food wholesalers, chefs and the media. The tours educate chefs on our local product and food preparation, and highlight the culinary attributes of the region. These missions are important for raising the awareness of interstate chefs about the quality and use of the region's food product.

One of these missions brought 7 high profile chefs from restaurants in Sydney and Melbourne. The group experienced oyster farming at Little Douglas and mussel, kingfish and tuna farming in Boston Bay; and local chefs demonstrated the preparation and cooking of regional product.

Professional in-bound development tours for executive chefs are arranged annually with Sydney-based food consultant Tawnya Bahr. As part of this initiative, RDAWEP hosted Amanda McInerney from SA Life Magazine and assisted her to compile the content for the annual food and wine edition, which will be released in September 2016.

3.9.3 Emerging Product Development

RDAWEP continued its alliance with the Sydney-based Pendolino restaurant group, with a 2 night promotion of emerging regional product. Pendolino promoted Boston Bay Small Goods and Boston Bay Wines in a masterclass and VIP dinner for media and high end clients at its restaurants in March 2016.

The promotional event was preceded by an inbound mission by the Pendolino group and the Australian Pork Industry Marketing Manager, Mitch Edwards from Porkstar, to assess local pork product and provide advice about domestic market development to the EP pork industry. The mission expanded the buyer network for EP pork product to include the Pendolino Group, Rockpool, and Press, and additional sales were achieved.

3.9.4 Paleo Chef, Peter Evans

Brand alignment was grown between the region and celebrity Paleo chef Peter Evans. The Paleo national TV roadshow filmed on EP in 2015 promoted the region, and the sustainability and culinary potential of regional food product.

As well as raising the brand awareness of Eyre Peninsula - Australia's Seafood Frontier, Peter Evans provided opportunities for Cleanseas Tuna, Myers Seafood, Sekol Tuna and Prawns, SAM Abalone, and Gazander Oysters to align their brands with the chef and have their products personally promoted. This resulted in a spike in social media traffic about the region, its products and food producing companies.

Peter Evans has a substantial social media following, in excess of 1 million people, and his endorsement of regional product has helped to advocate the region's sustainable food product, particularly in media circles.

3.9.5 Whyalla Food Event

A relationship was established with high profile Melbourne chef, Adam Liston. A guest chef dinner was facilitated in the Water's Edge restaurant at Whyalla Foreshore Motel in April 2016. The 4-course menu featured Japanese, Chinese, and Korean inspired fare using regional food product.

The event was highly successful and fully attended, with some people unfortunately being turned away. The function was covered by local media and promoted in social media by the chef. Significant positive publicity was generated locally and on the Australian east coast.

3.9.6 Port Lincoln Cup

RDAWEP delivered an exclusive food and wine event at the Port Lincoln Cup on 4 March 2016, in collaboration with the Sydney-based Rockpool Group. The event brought together the culinary prowess of Rockpool and quality regional food product at a major race meeting.

Rockpool designed the menu, and cooking demonstrations were provided by guest chefs. Print media (Delicious magazine) was invited to cover the event. Key identities were invited to raise the profile of the event within the east coast food industry, including Mitch Edwards (Porkstar), Nino Zoccali (Pendolino), and Mark Labrooy and Darren Robertson (3 Blue Ducks).

3.9.7 Award

On 28 August 2015, RDAWEP was awarded the Seafood Promotion Award at the SA Seafood Industry Awards for the marketing of the regional brand Eyre Peninsula Australia's Seafood Frontier.

3.10 Marketing Development

Positive marketing achievements were made through the application of new technologies and digital resources.

Digital technologies are changing at an ever increasing pace and use of the new media has been embraced by consumers. The operational and marketing benefits from business use of new technology are unquestionable. Organisations, industries and businesses that fail to join the digital economy and use websites and social media applications in their day-to-day operations run the risk of losing consumer profile, customers, market share and sustainability.

RDAWEP has consequently invested considerable financial, staff and time resources into the development and use of digital technologies. This includes the creation of 5 websites for corporate, business, tourism, food and training development, along with a new website to house the RDAWEP media gallery of photographs and digital videos.

The corporate and business websites are supported by Facebook pages and the tourism website has Facebook, Instagram, Twitter and YouTube to support and develop the regional brand - Eyre Peninsula Australia's Seafood Frontier.

The tourism Nullarbor Guide, Conference Guide, Culinary Guide, Visitor Guide and the food industry Seafood Guide and Seafood Flavour Wheel are published digitally on their respective websites. Both the Nullarbor and Conference Guides are accessible on apps via Apple and Android. The various guides are also available as printed media.

RDAWEP events, such as conferences, forums, tourism roadshows and food industry chef missions and dinners, are underpinned by social media applications to generate consumer interest.

18 digital videos have been produced since 2014 to showcase and promote the region's food product, with the Eyre Peninsula Sustainable Fishers video translated into Japanese, Mandarin and Korean to support marketing initiatives in Asia.

5 seafood training videos have been produced for the kingfish, mussel, oyster, prawn and southern bluefin tuna sectors. And 5 tourism promotional videos were produced in 2015-16 for the Cleve, Elliston, Lower Eyre Peninsula, Port Lincoln and Whyalla Councils - refer Case Study 2 below.

The videos are integrated with the RDAWEP websites and social media applications, and are boosted by advertisements for different target consumer markets and email newsletters for information provision. While the use of new technologies was absolutely essential for RDAWEP to keep pace with consumer demands in the modern world, it has created a raft of challenges.

Consumer use of websites, social media and e-newsletters has to be constantly monitored to assess if they are successfully reaching target markets. This is time and resource intensive for RDAWEP staff. The success of food company videos is constrained by a lack of digital capability in some businesses, with the result that promotional use of videos by companies is sometimes ineffective and consumers are not being reached. These challenges are exacerbated by poor Internet connection and communication blackspots in parts of the region.

The resolution of these problems is being pursued by RDAWEP through a process of continuous review and improvement, which will be ongoing through 2016-17.



3.11 Evidence-based Planning

The strategy of collating more robust economic data about the region was progressed. Detailed data are essential to support regional planning, and prepare stronger businesses cases and grant applications for funding through government programs.

RDAWEP and the EPLGA collaborated on and funded the annual provision of custom economic data from EconSearch. Data are prepared on the region and each of the 11 regional Councils. EconSearch was contracted for the project due to its ongoing experience in preparing Regional Industry Structure and Employment (RISE) impact models for the State Government.

2013-14 data packs were prepared and distributed to Councils at the EPLGA Conference at Ceduna in March 2016. The packs were provided in electronic and hard copy formats, and included analysis papers about industry classifications, regional employment, Gross Regional Product and exports. The papers included a trend analysis comparing 2012-13 with 2013-14 data.

RDAWEP used the 2013-14 data to prepare economic profiles for each of the 11 Councils. The profiles were constructed as stand-alone documents to assist Councils with future economic development planning. The research and data papers were also provided to the SA Centre for Economic Studies to support the development of a regional economic plan – refer Case Study 1.

New data tables listing the number of people with a profound or severe disability, and the number receiving a disability pension provided support for the business case for new disability facilities at Matthew Flinders Home. These data were prepared using ABS Table Builder, and will be further developed to support the City of Port Lincoln and District Councils of Lower Eyre Peninsula and Tumby Bay with a cross-Council initiative to improve services to the aged care and disability sectors on southern Eyre Peninsula.

Issues were identified with the veracity of some of the EconSearch data, however these problems are being resolved through continuous improvement in liaison with EconSearch.

Data collation is being supported by ongoing engagement with the Australian Bureau of Statistics (ABS). The State Director and Assistant Director for the 2016 Census met with RDAWEP in March and May 2016 to provide advice on the release of Census data. The ABS has been very supportive of the strategy to improve the collection and use of data, assisting RDAWEP with specialist data provision on a number of occasions.

Negotiations are progressing at the Australian, State and regional level to collate more detailed and meaningful data about the tourism industry. This is being pursued by the Tourism Development Manager in liaison with the SA Tourism Industry Council and researchers from the SA Tourism Commission. The ABS is also assisting this initiative.



4. Case Studies



4. Case Studies

4.1 Regional Governance, Economic Development and Strategic Planning

Since 2014, RDAWEP and the EPLGA have been driving the development of a new Regional Strategic Plan and Economic Development Plan. The purpose is to provide a single plan that identifies and drives the collective and agreed priorities of the 11 EPLGA Councils, RDAWEP, EPNRM and the 58,000 people who reside in the Eyre Peninsula region.

Existing regional governance arrangements, in which regions are largely comprised of a number of small LGAs with an RDA responsible for overarching regional economic development planning, have not been conducive to effective long-term sustainable development.

- Councils in regional areas typically have small populations spread across large land areas and lack the critical mass to provide sufficient revenue to cover operational and development costs.
- Small Councils typically have higher procurement, planning, reporting and compliance costs and are unable to meet the higher costs of infrastructure maintenance and development.
- Consequently, small Councils have a long-term trend of increasing expenses and growing dependence on government support via grants and subsidies.
- Councils are also competing against each other for limited funding from government programs, and often lack the research and planning capability to produce robust evidence-based business cases to support grant funding applications.

In addition, small Councils often lack the financial resources to meet grant funding eligibility thresholds. Many important projects are not progressed because Councils cannot afford the partner capex contribution, or the capex is too small to qualify for support from some government programs.

- This dilemma is exacerbated in Councils that are experiencing shrinking regional populations.
- Inter-Council resource sharing initiatives, such as shared procurement and sub-regional planning, have partially alleviated these circumstances. However these initiatives do not address the core issues concerning the lack of critical mass.
- There are simply too many small Councils with too many similar, competing and localised plans to produce effective outcomes on a regional basis, particularly with high cost major projects.

- In short, small Councils in regional areas tend to lack the size and population base to influence decisions by State and Federal Governments. The consequence is that regional aspirations are not heard, and regional development needs are not being met.

Innovative Local Government planning initiatives, such as The Council of the Future report by the Local Excellence Expert Panel in December 2013, recognise the issues arising from existing Local Government arrangements and identified the need for new and smarter governance models to achieve more productive outcomes. The recent appointment of a Commissioner for Kangaroo Island with direct access to the SA Department of Premier and Cabinet, is one such model.

The Council of the Future report (Crafter Report) recommended that Councils should move toward regional Local Government through collaborative partnerships, develop a closer working relationship with the State Government focused on regional development and have a stronger role in regional strategic planning, including environmental and natural resources management.

RDAWEP, the EPLGA and Eyre Peninsula Natural Resources Management Board (EPNRM) are fully aware of the critical mass constraints faced by small Councils and other organisations, and have been collaborating on the development of a regional governance model for the Eyre and Western State Planning region (hereinafter Eyre Peninsula).

This project is nation leading pilot work on the issue of alternative regional governance. It needs to be stressed at the outset that the Regional Strategic Plan being proposed will be very different from and substantially more innovative than the RDA Regional Plans that are required by the Department of Infrastructure and regional Development (DIRD).

The key difference is that the Strategic Plan involves the concurrent design and implementation of a single regional governance body to represent, make decisions, and speak on behalf of the regional community of 58,000 people. This regional body will endorse the agreed priorities in the Strategic Plan and guide the implementation of an Action Plan to pursue these priorities. The need for a Regional Strategic Plan and governance framework was presented to:

- the Australian Government DIRD Ministerial Advisor, Simon Kelly and Leon Mills, National Director of RDA Programs in March 2015;
- quarterly EPLGA CEO and Board meetings; and EPLGA Regional Conferences at Whyalla in 2015 and Ceduna in 2016; and
- the LGASA President and CEO mission to the region in Port Lincoln on 30 November 2015.

A similar presentation was provided at the EPNRM Board meeting in Port Lincoln on 15 December 2015.

The benefits of taking a collaborative approach to regional strategic planning and establishing a regional governance model were discussed at length during these sessions.

The response from RDA, the EPLGA and NRM Board presentations was positive. The CEOs of RDAWEP, the EPLGA and EPNRM have subsequently met on a regular basis to progress the project.

4.1.1 Economic Development Plan

The preparation of an Economic Development Plan is a key project component as the recommendations will provide the rationale for the governance framework and economic sections in the Regional Strategic Plan. The SA Centre for Economic Studies (SACES) was appointed to prepare an Economic Development Plan in December 2015. The draft was substantially completed in June 2016 and is currently being assessed.

The plan was developed in consultation with industry, the community and the 11 regional Councils. This included presentations by SACES at the EPLGA Conference at Ceduna, March 2016, the RDAWEP Board meeting at Kimba, April 2016 and the EPLGA Board meeting at Wudinna, June 2016.

The Economic Plan provides a comprehensive analysis of the regional and Council economies, and includes an audit of the strategic, business and health plans of the 11 Councils. To support the project, RDAWEP prepared snapshot economic profiles for each of the 11 Councils using 2013-14 data that was commissioned from EconSearch. The profiles identify Council economic constraints and opportunities, and have been included as a supplement in the Economic Development Plan.

The project was partly funded by RDAWEP, the EPLGA and by private sector oil exploration companies BP Australia Pty Ltd, Chevron Australia Pty Ltd and Murphy Australia Pty Ltd.

4.1.2 Regional Governance

The preparation of a future regional governance model is a key component of the Economic Plan. This modelling was required by the South Australian Government Economic Development Board (EDB), which contributed \$70,000 to fund the development of the plan.

The EDB engagement included several meetings to provide guidance about the analysis of regional governance issues. 3 governance models are described in the draft plan, with the preferred model identified.

4.1.3 Regional Strategic Plan

The Regional Strategic Plan will align the strategic priorities of RDAWEP, EPLGA, 11 LGAs, EPNRM Board, and the Eyre Peninsula Integrated Climate Change Agreement (EPICCA) Committee. Where appropriate, relevant cross-regional priorities of the Outback Communities Authority (OCA), RDA Far North, Upper Spencer Gulf Common Purpose Group and the Alinytjara Wilurara NRM (AWNRM) Board will also be included.

The framework for the Strategic Plan was developed by RDAWEP/EPLGA during 2015. The COAG Regional Australia Standing Council (RASC) framework for regional economic growth has been adopted as the primary structure to ensure that the Plan aligns with Australian Government priorities.

The COAG RASC framework focuses on economic development and recognises that integrated regional planning can provide a common vision for local communities and relevant regional stakeholders. This will help the 3 spheres of government to better understand the priorities of each region and collaborate to shape policy and investment decisions. The framework key determinants for regional economic growth are:

- human capital development;
- sustainable economic growth;
- sustainable environmental growth;
- sustainable social growth;
- access to markets; and
- comparative advantage and business competitiveness.

These determinants form the main sections within the Strategic Plan, and the priorities in agency plans will be aligned under these headings. The State Government's 7 strategic and 10 economic priorities will also be aligned.

The Regional Strategic Plan is being drafted by RDAWEP, and will be progressed when the Economic Development Plan is completed around June 2017.

The formation of the regional governance body will be driven by RDAWEP and the EPLGA. This will occur concurrently with the Regional Strategic Plan preparation, as the governance body needs to be in place to endorse and implement the plan. The governance body will provide a single agency for government engagement about regional priorities.

| ALIGNMENT OF GOVERNMENT PRIORITIES WITH THE COAG RASC REGIONAL DEVELOPMENT FRAMEWORK | | | |
|--|--|---|---------------------------------|
| AUSTRALIAN, STATE AND LOCAL GOVERNMENT PRIORITIES | | | |
| AUSTRALIAN GOVERNMENT | SOUTH AUSTRALIAN GOVERNMENT | | LOCAL GOVERNMENT |
| Key determinants of regional economic growth | Strategic priorities | Unlocking the full potential of resources, energy and renewable assets | Economic development priorities |
| Human capital development | Creating a vibrant city | Unlocking the full potential of resources, energy and renewable assets | Strategic vision |
| Sustainable communities and population growth: economic | An affordable place to live | Premium food and wine produced in a clean environment and exported to the world | Investment attraction |
| Sustainable communities and population growth: environmental | Every chance for every child | A globally recognised leader in health research, ageing and related services and products | Tourism |
| Sustainable communities and population growth: social | Growing advanced manufacturing | The knowledge state – attracting a diverse student body and commercialising research | Mineral and energy resources |
| Access to international, national and regional markets | Safe communities, healthy neighbourhoods | A growing destination choice for international and domestic travellers. | Red tape reduction |
| Comparative advantage and business competitiveness | Realising the benefits of the mining boom for all | Growth through innovation | Planning |
| | Premium food and wine from our clean environment | The best place to do business. | Innovation and entrepreneurship |
| | | Adelaide, the heart of the vibrant state | Local infrastructure |
| | | Promoting international connections and engagement. | Digital economy |
| | | Small businesses have access to capital and global markets | Small business |
| | Strategies for Adelaide are not directly relevant to the region, although the attraction of people to Adelaide may be useful to help funnel overseas visitors to the region. | | Skilled workforce |
| | Additional strategic alignment can be drawn through linkage with the south Australian strategic plan which lists a large number of strategic activities. | | |

| PROPOSED STRATEGIC PLAN STRUCTURE AND PRIORITY ALIGNMENT | | | | |
|--|--|---|--|---------------------------------|
| REGIONAL PLAN STRUCTURE | POSSIBLE ALIGNMENT BETWEEN AUSTRALIAN AND STATE GOVERNMENT PRIORITIES | | POSSIBLE ALIGNMENT WITH LOCAL GOVERNMENT PRIORITIES | |
| Human capital development | Every chance for every child | The knowledge state – attracting a diverse student body and commercialising research | Skilled workforce | Small business |
| Sustainable communities and population growth: economic | Realising the benefits of the mining boom for all | A growing destination choice for international and domestic travellers. | Digital economy | Mineral and energy resources |
| Sustainable communities and population growth: environmental | Unlocking the full potential of resources, energy and renewable assets | | Strategic vision | Red tape reduction |
| Sustainable communities and population growth: social | Safe communities, healthy neighbourhoods | A globally recognised leader in health research, ageing and related services and products | Strategic vision | Planning |
| Access to international, national and regional markets | Growing advanced manufacturing | Promoting international connections and engagement. | Local infrastructure | Investment attraction |
| Comparative advantage and business competitiveness | Premium food and wine from our clean environment | Small businesses have access to capital and global markets | Small business, tourism | Innovation and entrepreneurship |
| | The devil is in the detail. The state government does not have explicit regional priorities at the strategic level for infrastructure and workforce development and environmental protection. These needs are identified in more detailed government documents, such as the SA strategic plan. Some state priorities are double-barrelled and are applicable to more than one Australian government priority area – e.g. The export of food and wine aligns with market access and comparative advantage. It is recommended that the Australian government COAG RASC strategic framework should form the primary structure of the regional strategic plan, and that the state priorities should be aligned in the best possible fit with the key determinants. | | The economic development priorities in the LGA economic development statement align well with the COAG RASC framework. Some priorities are applicable to more one key determinant – e.g. Strategic vision, planning, and red tape reduction apply to all of the key determinants. Investment attraction applies to many of the key determinants. | |

Figure 2: Proposed Framework for the Regional Strategic Plan, showing the alignment between Australian, State and Local Government regional development priorities.

4.2 RDAWEP Promotional Videos for Local Government

RDAWEP successfully advocated for \$20,000 in cooperative marketing funds with the South Australian Tourism Commission on a dollar for dollar basis in 2015-16.

An audit of marketing collateral throughout the region identified a significant gap in high quality video footage that can be utilised to promote council areas to potential visitors, build community pride and attract investment and workforce into the region.

5 x 4 minute films were produced for the City of Whyalla, City of Port Lincoln and District Councils of Lower Eyre Peninsula, Elliston and Cleve that allowed each individual council to communicate their diversity and specific offerings. The films were produced by Eyre Peninsula and Adelaide based company, Mark Tipple Documentary Photography.

RDAWEP recognises the significant investment Local Government makes to tourism each year and sought to align a project which would allow EPLGA Member Councils to promote their diversity and community stories in a powerful manner.

RDAWEP's production partners worked with Council representatives to develop a brief that suited Council needs and RDAWEP's funding requirements. As part of this brief the key people, places and products were identified that told the community a story in an engaging and powerful manner. The best of the Council's areas offerings were captured using state of the art equipment with filming undertaken underwater, on land and by aerial drone.

Working with Council representatives in post-production ensured the films met Council and community expectations.

The videos will be uploaded in early 2016-17 directly to Eyre Peninsula and Local Government Facebook, Twitter and Instagram pages, which have demonstrated reach and engagement.

Research clearly demonstrates a required marketing shift to digital platforms, in particular social media. The latest research also clearly demonstrates the rise of video in engaging consumers, with video engagement now surpassing that of still photography on a number of social media platforms.

The use of digital platforms provides the greatest sharing and distribution potential and also allows flexibility to re-edit existing footage for particular target markets, or for regional and State promotional activity.

The videos are a key part of priorities to maximise digital marketing opportunities, attract high yield international visitors and increase the domestic market.

4.3 Whyalla Heavy Industry Cluster

Whyalla has a unique and proud industrial history and is the main manufacturing, heavy industry and mining centre in the region. Whyalla was founded in the mid 1800's as the export hub for iron ore mined by Broken Hill Proprietary Limited (BHP) at Iron Knob. A harbour and blast furnace were constructed in 1939 and shipbuilding was undertaken during 1941-1976. A fully integrated factory for steel manufacturing was built during 1958-1968.

Manufacturing and mining underpin Whyalla's economy. Approximately one-third (33.6%) of Whyalla's workforce (in excess of 3,000 jobs) is employed by the mining and steel making arms of Arrium Limited (formerly BHP) and substantial additional employment is generated in businesses providing Arrium with contract and support services.

The city has numerous heavy industry companies and substantial engineering skills capability, creating valuable assets.

During 2015 it became evident that these industries were experiencing significant difficulty evidenced by major downsizing of operations and workforces. This was largely caused by the falling commodity of price of iron ore and import of cheaper steel from China.

In 2015, RDAWEP facilitated the formation of an industry cluster comprising heavy industry business leaders and their supply chains.

Industry clusters are a well-established tool for enhancing economic development. The Heavy Industry Cluster group is identifying constraints to business growth, sustainability and competitiveness and developing actionable solutions to accelerate growth and capture new opportunities for business development.

The solutions include industrial synergies to enhance existing capabilities and supply chains and skills application into new products, different services and alternative markets, along with opportunities for industry diversification, innovation and investment.

4.3.1 Cluster Development

Project development in late 2015 included negotiations with the State Government Economic Development Board (EDB) about the formation of the cluster group, and enlisting the support of EDB member and manufacturing industry expert, Professor Goran Roos, as an advisor to the project. As the EDB provides advice to the State Government about industry policy, this strategy was important to legitimise the credentials and status of the cluster group. Other development initiatives included:

- Formation of a cluster Leadership Group, which determined a list of priorities and a rolling action plan to progress the cluster objectives.
- Coordination of a site visit at Whyalla businesses by Professor Roos.
- Negotiations with DSD and PIRSA to showcase the project and the objectives.

A formal request for funding from the DSD Business Model Innovation program was prepared and submitted to Industry Minister Kyam Maher and Regions Minister Geoff Brock. The funding was needed to support the cluster group and involvement of Professor Roos. However DSD did not support the application, and subsequent meetings were held with DSD and the Ministers about a modified application.

4.3.2 Cluster Group Activities

Cluster Group activities included:

- Leadership Group meetings about urgent actions for Whyalla, Arrium challenges, Arrium Port MOU, State and Australian Government support and engagement, and involvement with the State Government Steel Industry Taskforce.
- Multiple meetings with Adelaide and Whyalla-based UniSA staff to explore research and other opportunities for engagement with the cluster Leadership Group. This also incorporated meetings with innovation expert Associate Professor David Cropley, on the application of his workshop-based approach in Whyalla.
- Negotiations between Metropower and Arrium on the use of an innovative software-based electricity management system for large industrial and mining sites, designed to optimise demand and significantly reduce energy costs. A formal proposal is being progressed.
- Meetings with the Australian Government Member for Grey, Rowan Ramsey, regarding government engagement, use of Whyalla's heavy industry capability for the Department of Defence supply chain, access to Australian Government industry initiatives and innovation programs. A contact was provided for a direct link with a senior advisor to the Minister for Industry.
- A presentation by Thyssen Krupp Marine Systems (TKMS) about opportunities for Upper Spencer Gulf (USG) companies to access the TKMS supply chain and procurement operations. This was largely subject to the TKMS bid to build submarines in Australia (which was not successful).

- Meetings with the Defence Teaming Centre (DTC) Alliance Facilitator to enable access to supply goods and services for Defence projects, including offshore opportunities and contracts. Heavy Industry Group collaboration and membership of DTC is being investigated.
- Negotiations with the Cultana Training Area project manager, Aurecon, on the supply of goods and services by Whyalla businesses. Aurecon is an infrastructure and asset management company that manages procurement for the Cultana Training Area expansion. The project involves a \$70 million capex program, incorporation elements of civil works and construction. The awarding of contracts to short-listed companies from a registration of interest process is expected in July 2016.
- Meetings with numerous companies and government departments about opportunities with other Department of Defence contracts, such as (1) the supply of goods and services for training operations; (2) the development of \$1 billion in infrastructure at Techport (which is required for expanded Naval construction); (3) the decommissioning of HMAS Sydney; and (4) supply chain capability for a large portion of future defence investment, including SEA1180 offshore patrol vessels, SEA5000 frigates, Land 400 Phase 2 combat reconnaissance vehicles and SEA 1000 submarines.
- A meeting with the CEO and Technical Manager from DP Energy about its wind and solar energy project at Port Augusta and opportunities for local companies to supply good and services.

4.3.3 Industry Capability Mapping

On 19 April 2016, the Cluster Leadership Group meeting had a presentation from Advisian (a consulting arm of the WorleyParsons Group). Advisian was engaged by DefenceSA to carry out an assessment of heavy engineering skills in the Whyalla region to gain a better understanding of the city's competitive advantages and industry and supply chain capability for Defence projects.

A skills and capability audit was consequently undertaken with 12 heavy industry businesses in Whyalla. The Advisian Report, Industry Capability Assessment, May 2016, found that:

"Several heavy industries in Whyalla and the USG region have a track record of delivering quality products similar to those required by the defence projects. They can be expected to offer a competitive set of skills, which complement those available in Adelaide. Essential requirements to succeed in naval shipbuilding, and the Land 400 work, include a commitment to expand existing capabilities. To become 'Defence-ready', however, a united, integrated regional capability would be critical".

4.3.4 Digital Capability

The audit also identified that businesses in Whyalla are being substantially constrained by unreliable and slow broadband speeds. This may be partially resolved by the NBN rollout which is scheduled for Whyalla after June 2017.

However Defence projects will be highly technical, with substantial amounts of engineering content, requiring service providers to have expanded digital capacity to handle large files. There is concern that the NBN infrastructure mix of fibre to the node and copper line to premises will not supply the download and upload speeds required for defence contracts.

An opportunity exists for business and industry to connect to the high-speed fibre Australian Research and Education Network (AREN) that was connected to Whyalla by the University of SA in 2015. This service is now owned and operated by a commercial internet service provider, and the demand and supply logistics of connecting businesses and residences to AREN are being investigated by RDAWEP and the Cluster Leadership Group.

If successful, this initiative will offer Whyalla a unique opportunity to service major defence contracts and will support the Council plan to position Whyalla as a digitally enabled city.

4.3.5 Benefits

The Heavy Industry Cluster Group is one of many strategies being implemented to diversify Whyalla's economy. The circumstances that led to Arrium going into voluntary administration in April 2016 highlighted Whyalla's economic vulnerability and over-reliance on the mining and manufacturing industries. The value-adding initiatives being pursued by the Cluster Group will not only strengthen existing industries, but will provide opportunities for new products and business growth.





5. Shortcomings and Problems 2015–2016

5. Shortcomings and Problems 2015–16

5.1 Grant Dependent Projects

Several projects did not proceed as plan because they did not receive funding from government grant programs.

The difficulty of facilitating projects that substantially rely on funding from Australian and State Government grant programs funding was an issue for RDAWEP in 2014–15, and remains a major concern. Grant application processes for funding from government programs are becoming increasingly more rigorous. In order to meet the conditions of grant programs, applicants are required to invest substantial amounts of effort and funding to be 'grant-ready'.

The increasing need for quantified, evidence-based planning to prove project merit has heightened the need for detailed and robust business cases to support grant applications. The need to demonstrate project implementation capability requires the preparation of project management plans, procurement plans, and asset and risk management plans. The need for verified capex costings requires substantial investment in detailed design and engineering specifications and independent cost analyses. The time and investment required to become grant-ready favours large organisations over small operators, due to their ability to be able to afford to pay private sector consultants to prepare the necessary documentation.

RDAWEP is receiving more and more requests to assist with grant applications and business cases, and is unable to meet the demand due to competing priorities and limited staff resources. Assistance with grant-readiness is consequently being contracted out on a user-pays basis. This is counterproductive for small and community-based organisations that cannot afford the cost.

In 2014–15, RDAWEP assisted with facilitating the Regions SA Investment Generation Funding Program to help stakeholders prepare feasibility studies and business cases for grant applications. However this program was a one-off initiative that may not be repeated.

There is a growing need for a funding program to aid smaller organisations, community groups and small Local Government Councils develop their project proposals and become grant ready. This need is at the cutting edge of regional economic development, because experience internationally indicates that community-owned and driven initiatives, such as place-based projects, tend to be longer lasting and more successful.

Governments need to be accountable for the expenditure of public funds, and have implemented appraisal frameworks to ensure they receive value for money. However grant funding program reviews have demonstrated that many meritorious projects that meet all of the program guidelines

and conditions are not being funded. RDAWEP acknowledges the highly competitive nature of the government funding environment, and recognises that funding is not available to support all project applications. It is, however, frustrating to know that extremely beneficial projects proposed by small and community-based organisations might be overlooked because they do not have the resources to effectively argue the merit of their projects.

RDAWEP will support such projects as resources permit. However, there is a requirement for government to seriously consider the provision of a funding program to help smaller organisations become grant-ready, and bring the competition for funding from government programs to a level playing field.

5.2 Skills and Employment Development Programs

Problems were experienced with the timing and delivery of skills and employment development programs due to ongoing State Government policy changes, which were reflected in Funding Agreements.

In 2014–15 RDAWEP's Eyre Peninsula (EP) Workforce Builder Program consisted of Career Development Services (CDS), EP Jobs and Project ATOM (Accredited Training Optimised Mentoring). These programs were funded by the State Government, Department of State Development (DSD).

- CDS provided tailored career guidance and planning on career options supporting participants with industry advice and assistance with resume preparation, job applications and interview techniques. A shopfront was located in Whyalla with complementary mobile services provided across Eyre Peninsula.
- EP Jobs aimed to fill employment gaps by providing training to part-time, unemployed, underemployed and seasonal workers to improve their skill sets and gain the certificates and licenses necessary for employment.
- Project ATOM (Accredited Training Optimised Mentoring) increased skills and work readiness through individual case management and structured mentoring until the program concluded in December 2015.

RDAWEP worked with key agencies in employment and skills development initiatives, including TAFE SA, Allied Programs, Interwork, Jobs Statewide, Whyalla City Council, Complete Personnel, Advancing Whyalla, UCWCSA, DSD, Rexco, Career Employment Group, DECD/ICAN, West Coast Home Care, Department of Human Services, Skill Smart Career Services, West Coast Youth and Community Support, Eyre Futures, Port Lincoln Community House, Interwork, Complete Personnel, Baptist Care, Australian Work for the Dole Services, Department of Employment, and Community Bridging services.

Jobs and Skills Regional Network meetings were held biannually in Whyalla, Port Lincoln and Ceduna to gather regional intelligence on workforce development issues and training needs. Arrium going into voluntary administration in April 2016 created numerous job losses. The EP Workforce Builder program, through the CDS, created a database to monitor direct and indirect job losses, and identify training gaps by talking to CDS clients about their needs to become more marketable and gain employment.

This information was used for targeted funding applications to the DSD Regional Employment Program. Funds were secured for programs including Individual Employment Assistance, Training and Assessment, Retail and Hospitality, Whyalla Sports Fishing Club renovations, Cross Skills Training and Health – Caring Choice. The KPIs for CDS and EP Jobs were exceeded.

As a result of pending changes in DSD program delivery, 2014-15 was a transitional period for the EP Workforce Builder program.

Funding agreements between RDAWEP and DSD were over 2 periods of approximately 6 months each, in lieu of the usual 12 months, and this included the finalisation of reporting. Job placements had to be reported immediately at the end of the training delivery period. Consequently, jobs fulfilled 1 week, 1 month or even 6 months after the completion of training were not captured in program reports. Whilst this is normally the case over a 1 year agreement, the situation was exacerbated with 2 reporting periods in 1 year, because 2 sets of job outcomes were under-reported.

Other consequences of the shorter-term contracts were that:

- the 6-months timeframe incorporated the duration of finalising funding agreements, which left less time for program delivery; and
- employment contracts were shorter, which made it difficult to recruit experienced and high calibre staff.

These program timing and recruitment issues have carried over into 2015-16 and remain an impediment to the smooth delivery of the EP Workforce Builder program.

Another substantial change to the new State Government WorkReady policy in 2015-16 was the adoption of a Jobs First approach to employment programs, creating several impacts.

- The focus shifted from provision of support and training to achieving job outcomes. This resulted in ramifications on projects that supported the disadvantaged with participation in the labour market, because the provision of specialised training and personal support was de-emphasised. RDAWEP, in liaison with Community Bridging Services, was nevertheless able to provide tailored hospitality training for 9 people with disabilities.

- The Jobs First approach includes an open tender process, which provides opportunities for training and service providers, employers and individuals to co-invest in high quality training projects that connect people to a job. A 6 month extension for the provision of Career Development Services (CDS) in the Eyre Region, and 12 months in the Whyalla Region, has been allocated in the interim while the open tender process is being introduced. However the open tender process for the delivery of CDS previously undertaken by RDAWEP, runs the risk of the significant local intelligence, large networks and RDAWEP IP being lost to the program and the CDS participants.
- The transition to the Work Ready, Jobs First program has also been a complex shift, requiring a substantial investment of staff hours to negotiate and implement program delivery.

In summary, ongoing changes in State Government policy regarding skills and employment programs have impeded the effective delivery of initiatives to build the capability of the region's human capital.

6. Challenges for 2016-17

The successful preparation of a Regional Strategic Plan supported by the formation of a regional governance body is by far the greatest challenge for RDAWEP in 2016-17.

It will not be easy to get RDAWEP, the EPLGA, the EPNRM Board and the 11 EPLGA Member Councils to agree on a set of priorities for the long-term development of the region. The task will be exacerbated by also seeking agreement about priorities from relevant government and cross-regional organisations.

3 different models for the regional governance body were proposed in the SACES Regional Economic Development Plan, with a preferred model being identified. However preliminary discussions between RDAWEP and the EPLGA have recognised the need to refine the operational and business unit aspects of the model. This will be one of the first tasks pursued in 2016-17.

If the modelling is successful, the benefits for the region could be substantial as it will provide the Australian and State Governments with a single plan and set of priorities for the development of the RDAWEP region, and a single body to represent the interests of the region's 58,000 population.

7. Financial Report

7. FINANCIAL REPORT

7.1

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC.

FINANCIAL REPORT
FOR THE YEAR ENDED
30TH JUNE 2016

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC

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REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC.

REPORT OF THE COMMITTEE

FOR YEAR ENDED 30 JUNE 2016

Your committee submit the financial statements of the Regional Development Australia - Whyalla & Eyre Peninsula Inc. for the financial year ended 30 June 2016.

Committee Members

The names of committee members throughout the year and at the date of this report are:

| | | |
|-----------------|---|--|
| Chairperson: | Jim Pollock (deceased) | |
| Public Officer: | Dion Dorward | |
| Treasurer: | Diedre Turvey | |
| Committee: | Bryan Trigg (Deputy Chair) | Hon Lynette Breuer (from January 2016) |
| | Jack Velthuizen | Kate McShane (from January 2016) |
| | Allan Suter | Matthew Enbom (from January 2016) |
| | Malcolm Catt | Heather Baldock (from January 2016) |
| | Clare McLaughlin | |
| | Colin Carter | |
| | Sarah Adamson (resigned December 2015) | |
| | Annette Kirby (resigned on December 2015) | |
| | Annie Lane (resigned on December 2015) | |
| | Matthew Waller (from January 2016) | |

In accordance with Section 35 (5) of the Associations Act 1985, the committee hereby states that during the financial year ended 30 June 2016:

- the committee members are paid a sitting fee for the meetings they attend to cover their time and any minor outgoings incurred.

Apart from the above:

- no officer of the Association
no firm of which an officer is a member, and
no body corporate in which an officer has a substantial financial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or corporate body and the Association.

- No officer of the Association has received directly or indirectly from the Association any payment or other pecuniary value.

Principal Activities

The principal activities of the Association during the financial year were to:

- Provide assistance via various external funding activities to the community, industry and business, and Government agencies in the following broad areas:
 - Economic Development
 - Indigenous Economic Development
 - Tourism Development
 - Food Industry Development
 - Employment and Training Programmes
 - Business Development programmes
 - Career Development services
- Note that the complete range of actual programmes is published in our annual plan and can be made available on request

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC.

REPORT OF THE COMMITTEE

FOR YEAR ENDED 30 JUNE 2016

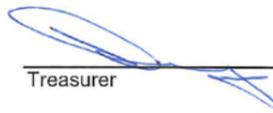
Operating Result

| | 30/06/2016 | 30/06/2015 |
|---|------------|------------|
| | \$ | \$ |
| The deficit from ordinary activities amounted to: | (473,270) | (357,180) |

Signed in accordance with a resolution of the Members of the Committee


Chairman

Dated this 28th day of September 2016


Treasurer

Dated this 28th day of September 2016

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC.

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|-----------------------------------|------|------------------|------------------|
| Revenue | 2 | 2,958,840 | 3,225,699 |
| Expenses | | | |
| Employee expenses | | (1,375,258) | (1,627,327) |
| Depreciation expense | | (21,328) | (31,890) |
| Advertising and promotion expense | | (43,161) | (63,264) |
| Rental expense | | (77,039) | (77,368) |
| Project funding expenses | | (887,939) | (1,104,312) |
| Training expenses | | (431,971) | (85,180) |
| Sundry expenses | | (595,414) | (593,538) |
| Current year deficit | | (473,270) | (357,180) |
| Income tax expense | | - | - |
| Net current year deficit | | (473,270) | (357,180) |

The accompanying notes form part of these financial statements

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|---------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 2,432,839 | 3,690,070 |
| Accounts receivable and other debtors | 5 | 471,723 | 250,518 |
| TOTAL CURRENT ASSETS | | 2,904,562 | 3,940,588 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 85,312 | 106,640 |
| TOTAL NON-CURRENT ASSETS | | 85,312 | 106,640 |
| TOTAL ASSETS | | 2,989,874 | 4,047,228 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and other payables | 7 | 211,670 | 353,252 |
| Employee benefits | 8 | 169,676 | 177,462 |
| Unexpended Grants | | 813,179 | 1,252,709 |
| TOTAL CURRENT LIABILITIES | | 1,194,525 | 1,783,423 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 9 | 21,871 | 17,057 |
| | | 21,871 | 17,057 |
| TOTAL LIABILITIES | | 1,216,396 | 1,800,480 |
| NET ASSETS | | 1,773,478 | 2,246,748 |
| EQUITY | | | |
| Reserves | 10 | 1,735,997 | 1,760,997 |
| Retained surplus | | 37,481 | 485,751 |
| TOTAL EQUITY | | 1,773,478 | 2,246,748 |

The accompanying notes form part of these financial statements

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

| | Retained Surplus \$ | General Reserves \$ | Total \$ |
|--------------------------------|---------------------------|---------------------------|------------------|
| Balance at 1 July 2014 | 842,931 | 1,760,997 | 2,603,928 |
| Net deficit for the year | (357,180) | - | (357,180) |
| Transfer to reserves | - | - | - |
| Transfer from reserves | - | - | - |
| Balance at 30 June 2015 | 485,751 | 1,760,997 | 2,246,748 |
| Net deficit for the year | (473,270) | - | (473,270) |
| Transfer to reserves | - | - | - |
| Transfer from reserves | 25,000 | (25,000) | - |
| Balance at 30 June 2016 | <u>37,481</u> | <u>1,735,997</u> | <u>1,773,478</u> |

The accompanying notes form part of these financial statements

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|---|------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Grants operating received | | 1,357,116 | 857,342 |
| Project funding | | 865,837 | 1,699,531 |
| Other receipts | | 14,567 | 32,180 |
| Payments to suppliers and employees | | (3,555,336) | (3,368,041) |
| Interest received | | 60,585 | 91,006 |
| Net cash used in operating activities | | <u>(1,257,231)</u> | <u>(687,982)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | - | (9,573) |
| Proceeds from sale of property, plant & equipment | | - | - |
| Net cash used in investing activities | | <u>-</u> | <u>(9,573)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | - | - |
| Proceeds from borrowings | | - | - |
| Net cash provided by (used in) financing activities | | <u>-</u> | <u>-</u> |
| Net decrease in cash held | | (1,257,231) | (697,555) |
| Cash on hand at beginning of financial year | | 3,690,070 | 4,387,625 |
| Cash on hand at end of financial year | 4 | <u>2,432,839</u> | <u>3,690,070</u> |

The accompanying notes form part of these financial statements

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of Significant Accounting Policies

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act SA. The committee has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these financial statements.

(a) Property, Plant and Equipment (PPE)

Property, Plant & Equipment is carried at cost, less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the Association from the time the asset is held ready for use.

(b) Impairment of Assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognized in the income and expenditure statement.

(c) Employee Provisions

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

(e) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discount and volume rebates allowed.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of Significant Accounting Policies (continued)**(f) Revenue and Other Income (continued)**

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

If conditions are attached to the grant that must be satisfied before the association is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are satisfied.

All revenue is stated net of the amount of goods and services tax.

(g) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

(h) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 30 June 2016. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

| | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| Note 2: Revenue and Other Income | | |
| Administration grants | 1,357,116 | 857,342 |
| Project funding | 1,526,572 | 2,085,170 |
| Interest received | 60,585 | 91,006 |
| Other income | 14,567 | 192,181 |
| | <u>2,958,840</u> | <u>3,225,699</u> |
| Note 3: Auditors' Fees | | |
| Remuneration of the auditor of the association for: | | |
| Auditing the financial report | 7,720 | 7,725 |
| Auditing project grant acquittal reports | 6,375 | 7,125 |
| Other corporate services | 2,450 | 5,342 |
| | <u>16,545</u> | <u>20,192</u> |

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 \$ | 2015 \$ |
|--|------------------|------------------|
| Note 4: Cash and Cash Equivalents | | |
| Cash in hand | 400 | 400 |
| Bendigo Admin Account | 587,337 | 1,673,465 |
| RDA WEP - Employ & Skills Admin | 6,020 | 155,389 |
| RDA WEP Whyalla Reserve | 217,430 | 242,429 |
| RDA WEP Eyre Reserve | 350,497 | 350,497 |
| Bendigo Eyre Reserve Term Deposit | 805,000 | 805,000 |
| Bendigo Whyalla Reserve Term Deposit | 300,000 | 300,000 |
| Bendigo Eyre Reserve 11am | 63,929 | 62,673 |
| Bendigo Whyalla Reserve 11am | 102,226 | 100,217 |
| | <u>2,432,839</u> | <u>3,690,070</u> |
| Note 5: Accounts Receivable and Other Debtors | | |
| Project debtors | 346,731 | 213,444 |
| Other debtors | 122,071 | 37,074 |
| GST Receivable | 2,921 | - |
| | <u>471,723</u> | <u>250,518</u> |
| Note 6: Property, Plant and Equipment | | |
| Plant & Equipment - at Cost | 42,873 | 42,873 |
| Less Accumulated Depreciation | (39,572) | (38,747) |
| | <u>3,301</u> | <u>4,126</u> |
| Office Equipment - at Cost | 145,205 | 145,205 |
| Less Accumulated Depreciation | (130,361) | (126,649) |
| | <u>14,844</u> | <u>18,556</u> |
| Furniture & Fittings - at Cost | 62,268 | 62,268 |
| Less Accumulated Depreciation | (56,975) | (55,652) |
| | <u>5,293</u> | <u>6,616</u> |
| Project Assets - at Cost | 52,812 | 52,812 |
| Less Accumulated Depreciation | (25,772) | (19,012) |
| | <u>27,040</u> | <u>33,800</u> |
| Motor Vehicle - at Cost | 87,281 | 87,281 |
| Less Accumulated Depreciation | (52,447) | (43,739) |
| | <u>34,834</u> | <u>43,542</u> |
| Total Property, Plant & Equipment | <u>85,312</u> | <u>106,640</u> |

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below:

| | Carrying Amount at 30 June 2015 | Additions | Disposals | Depreciation Expense | Carrying Amount at 30 June 2016 |
|----------------------|------------------------------------|-----------|-----------|-------------------------|------------------------------------|
| Plant & Equipment | 4,126 | - | - | (825) | 3,301 |
| Office Equipment | 18,556 | - | - | (3,712) | 14,844 |
| Furniture & Fittings | 6,616 | - | - | (1,323) | 5,293 |
| Project Assets | 33,800 | - | - | (6,760) | 27,040 |
| Motor Vehicle | 43,542 | - | - | (8,708) | 34,834 |
| | <u>106,640</u> | - | - | <u>(21,328)</u> | <u>85,312</u> |

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 \$ | 2015 \$ |
|--|------------------|------------------|
| Note 7: Accounts Payable and Other Payables | | |
| Sundry and other creditors | 164,410 | 277,315 |
| Credit card control account | 3,074 | 3,681 |
| GST payable | - | 29,511 |
| Payroll liabilities | 44,186 | 42,745 |
| | <u>211,670</u> | <u>353,252</u> |
| Note 8: Employee Provisions - Current | | |
| Annual leave entitlements | 120,200 | 123,183 |
| Long service leave entitlements | 49,476 | 54,279 |
| | <u>169,676</u> | <u>177,462</u> |
| Note 9: Employee Provisions - Non-Current | | |
| Long service leave entitlements | 21,871 | 17,057 |
| | <u>21,871</u> | <u>17,057</u> |
| Note 10: General Reserves | | |
| Eyre reserve project allocation | 1,123,183 | 1,123,183 |
| Whyalla reserve project allocation | 612,814 | 637,814 |
| | <u>1,735,997</u> | <u>1,760,997</u> |
| Note 11: Operating Lease Commitments | | |
| Being for rent of office and motor vehicles: | | |
| Payable - minimum lease payments: | | |
| -not later than 12 months | 123,348 | 99,865 |
| -between 12 months and five years | 52,591 | - |
| | <u>175,939</u> | <u>99,865</u> |
| Note 12: Contingent liabilities | | |
| The incorporated association had no contingent liabilities as at 30 June 2016 and 30 June 2015. | | |
| Note 13: Events after the reporting period | | |
| No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years. | | |

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA

STATEMENT BY MEMBERS OF THE COMMITTEE

The committee has determined that the Association is not a reporting entity and this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial statements as set out on pages 3 to 12:

- 1 Presents fairly the financial position of Regional Development Australia - Whyalla & Eyre Peninsula Inc. as at 30 June 2016 and its performance for the year ended on that date.
- 2 At the date of this statement there are reasonable grounds to believe that Regional Development Australia - Whyalla & Eyre Peninsula Inc. will be able to pay its debts as and when they fall due.

This statement is in accordance with a resolution of the committee and is signed for and on behalf of the committee by:


Chairman

Dated this 28th day of September, 2016.


Treasurer

Dated this 28th day of SEPTEMBER, 2016.



RSM Australia Pty Ltd

Equinox Building 4, Level 2, 70 Kent Street, Deakin ACT 2600
GPO Box 200, Canberra ACT 2601

T +61(0) 2 6217 0300
F -61(0) 2 6217 0401

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INCORPORATED

We have audited the accompanying financial report, being a special purpose financial report, of the Regional Development Australia - Whyalla & Eyre Peninsula Incorporated, which comprises the statement of financial position as at 30 June 2016, the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee is responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Associations Incorporation Act (SA) 1985 and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting firm or firm of accountants in its own right. The RSM network is not a legal entity and is not a company, partnership, trust or other legal entity.
RSM Australia Pty Ltd ACN 609 621 877 (1) (Incorporated in Australia) ABN 66 609 621 877
Liability limited by a scheme approved under Professional Standards legislation



Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Regional Development Australia – Whyalla & Eyre Peninsula Incorporated as of 30 June 2016 and its financial performance for the year then ended in accordance with Note 1 to the financial statements and the Associations Incorporation Act (SA) 1985.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Regional Development Australia – Whyalla & Eyre Peninsula Incorporated to meet the requirements of Associations Incorporation Act (SA) 1985. As a result, the financial report may not be suitable for another purpose.

RSM AUSTRALIA PTY LTD
Chartered Accountants

R Miller
Director

Canberra, Australian Capital Territory
Dated: 29th September 2016

RSM Australia Pty Ltd

Equinox Building 4, Level 2, 70 Kent Street, Deakin ACT 2600
GPO Box 200, Canberra ACT 2601

T +61 (0) 2 6217 0300
F +61 (0) 2 6217 0401

www.rsm.com.au

AUDITOR'S DISCLAIMER

REGIONAL DEVELOPMENT AUSTRALIA – WHYALLA & EYRE PENINSULA INCORPORATED

The additional financial data presented in the following pages is in accordance with the books and records of the Association which have been subjected to the auditing procedures applied in our audit of the Association for the year ended 30 June 2016. It will be appreciated that our audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person, (other than to the Regional Development Australia – Whyalla & Eyre Peninsula Incorporated in respect of such data, including any errors or omissions therein however caused.

RSM AUSTRALIA PTY LTD
Chartered Accountants

R Miller
Director

Canberra, Australian Capital Territory
Dated: 29th September 2016

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accountancy and consulting firm with its own legal entity. The RSM network is not a separate legal entity in any jurisdiction.
RSM Australia Pty Ltd ACN 095 327 377 All Financial Practice Units ABN 63 319 362 479 trade as RSM.
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REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC
DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|-----------------------|------|------------------|------------------|
| INCOME | | | |
| Hire of Plant | | - | 214 |
| Interest Received | | 60,585 | 91,006 |
| | | <u>60,585</u> | <u>91,220</u> |
| OTHER INCOME | | | |
| Administration Grants | | 1,357,116 | 857,342 |
| Project Funding | | 1,526,572 | 2,085,170 |
| Office Subrental | | 14,567 | 27,342 |
| Sundry Income | | - | 164,625 |
| | | <u>2,898,255</u> | <u>3,134,479</u> |
| | | <u>2,958,840</u> | <u>3,225,699</u> |

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC
DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 \$ | 2015 \$ |
|---------------------------------|------------------|------------------|
| EXPENDITURE | | |
| Advertising & Promotion | 43,161 | 63,264 |
| Audit & Accounting Fees | 16,545 | 20,192 |
| Bank Charges & Taxes | 2,574 | 772 |
| Board Meeting Expenses | 57,438 | 38,410 |
| Cleaning and Repairs | 32,460 | 28,688 |
| Computer Expenses | 40,754 | 48,042 |
| Consultants Fees | 590,264 | 293,043 |
| Depreciation | 21,328 | 31,890 |
| Electricity & Gas | 14,267 | 15,414 |
| Fringe Benefits Tax | 18,286 | 23,524 |
| Insurance | 6,162 | 8,533 |
| Legal Costs | - | 15,372 |
| Motor Vehicle | 96,902 | 110,719 |
| Photocopier Expenses | 33,780 | 19,207 |
| Plant Hire | - | 2,712 |
| Postage | 4,772 | 4,140 |
| Project Expenses | 143,553 | 164,226 |
| Project Funding | 154,122 | 647,043 |
| Printing & Stationery | 15,477 | 20,135 |
| Publications | 2,507 | 2,642 |
| Rates & Taxes | 13,684 | 11,053 |
| Rent | 77,039 | 77,368 |
| Security | 1,142 | 556 |
| Seminars | 3,780 | 9,884 |
| Staff Amenities | 708 | 4,073 |
| Subscriptions | 5,823 | 5,204 |
| Sundry Expenses | 13,407 | 23,617 |
| Telephone | 60,816 | 57,933 |
| Training Programmes | 431,971 | 85,180 |
| Travel & Accommodation | 151,089 | 122,081 |
| Uniforms | - | 635 |
| Payroll | 1,179,046 | 1,261,616 |
| Payroll Overheads | 196,212 | 365,711 |
| Minor Capital Purchases | 3,041 | - |
| | <u>3,432,110</u> | <u>3,582,879</u> |
| Net current year deficit | <u>(473,270)</u> | <u>(357,180)</u> |

REGIONAL DEVELOPMENT AUSTRALIA - WHYALLA & EYRE PENINSULA INC

DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2016

| | 2016 \$ | 2015 \$ |
|---|------------|------------|
| Net current year deficit | (473,270) | (357,180) |
| RETAINED SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR | 485,751 | 842,931 |
| NET TRANSFERS FROM RESERVES | 25,000 | - |
| TOTAL AVAILABLE FOR APPROPRIATION | 37,481 | 485,751 |
| RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR | 37,481 | 485,751 |

7.1.11 Statement of Declaration

The Board of the Regional Development Australia Whyalla and Eyre Peninsula Inc [RDAWEP] declares the following in accordance with the Associations Incorporation Act 1985 [Act]:

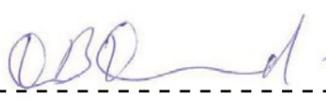
- The accounts present fairly the results of the operations of the RDAWEP for the 2015/16 financial year and the state of affairs of the RDAWEP as at the end of the 2015/16 financial year.
- The Board has reasonable grounds to believe that the RDAWEP will be able to pay its debts as and when they fall due.
- That no Board Member of the RDAWEP or a firm of which any Board Member is a member or a body corporate in which the Board Member has a substantial financial interest has received or become entitled to receive a benefit as a result of a contract between the Board Member, firm or body corporate and the RDAWEP.
- That during the 2015/16 financial year no Board Member of the RDAWEP has received directly or indirectly from the RDAWEP any payment or other benefit of a pecuniary value, aside from meeting and travel allowances and honorariums where appropriate, as set out below.

| NAME | Meeting/Travel Allowance \$ | Honorarium * \$ |
|---------------|--------------------------------|--------------------|
| J. Pollock | 1,562.25 | 5,000.00 |
| B. Trigg | 750.00 | 1,800.00 |
| D. Turvey | 450.00 | 1,800.00 |
| M. Catt | 600.00 | 1,000.00 |
| A. Suter | 750.00 | 1,000.00 |
| J. Velthuisen | 1,680.75 | 1,000.00 |
| C. McLaughlin | 450.00 | |
| C. Carter | 1,384.50 | |
| H. Baldock | 735.00 | |
| K. McShane | 300.00 | |
| L. Breuer | 450.00 | |
| M. Waller | 150.00 | |
| M. Enbom | 0.00 | |

Signed:



Acting Chairperson



Chief Executive Officer





89 Liverpool Street
PORT LINCOLN SA 5606
Tel: (08) 8682 6588
Fax: (08) 8682 5081
Email: reception@rdawep.org.au
Website: www.rdawep.org.au

