



# Limestone Coast Economic Diversification

*Building a more prosperous future*

*November 2012*

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## 1 Background

The Limestone Coast Economic Diversification Engagement Process is being undertaken across the Limestone Coast. The purpose of this engagement is to enable the community to provide input into the process of working through the South Australian (SA) State Government strategic priorities, specifically *Premium food and wine from our clean environment* and *Growing advanced manufacturing*.

Objectives for this process have been identified as:

- Identify and discuss emerging and future economic development opportunities that can build on the region's competitive advantages
- Use outcomes to inform the work of the SA Government Taskforces into *Premium food and wine from our clean environment* and *Growing advanced manufacturing*

The engagement process has included a targeted Forum, online survey, targeted telephone interviews, and meetings with regional representatives (including local government Mayors and Chief Executives from the Limestone Coast region). Broader community engagement has been undertaken by a number of the Limestone Coast councils and a survey offering wider input opportunities from across the community has been available at the SA Plan - YourSay website [www.saplan.org.au/yoursay](http://www.saplan.org.au/yoursay).

The following is a compilation of the ideas received throughout the engagement process. It outlines potential short-term actions that could be implemented within a 12 – 18 month period, a summary of the opportunities, challenges and constraints and potential next steps to maximise opportunities. Additionally the appendices include a summary of the ideas generated throughout the engagement process regarding maximising opportunities, the initial background information package prepared for the Limestone Coast Economic Diversification Forum (held on 11 September 2012) and the Findings from the Limestone Coast Economic Diversification Pre - Forum Survey. Feedback received from the surveys filled out through the SA Plan –YourSay website has been incorporated into the body of this draft report.

A draft of this report was circulated to the wider Forum group for comment prior to the final gathering, held on 29 October 2012 in Mount Gambier. Feedback was incorporated into the final version of this report.

Figure 1, on page 2, provides a high-level summary of the community feedback received.

## Limestone Coast Economic Diversification – Summary of Community Feedback

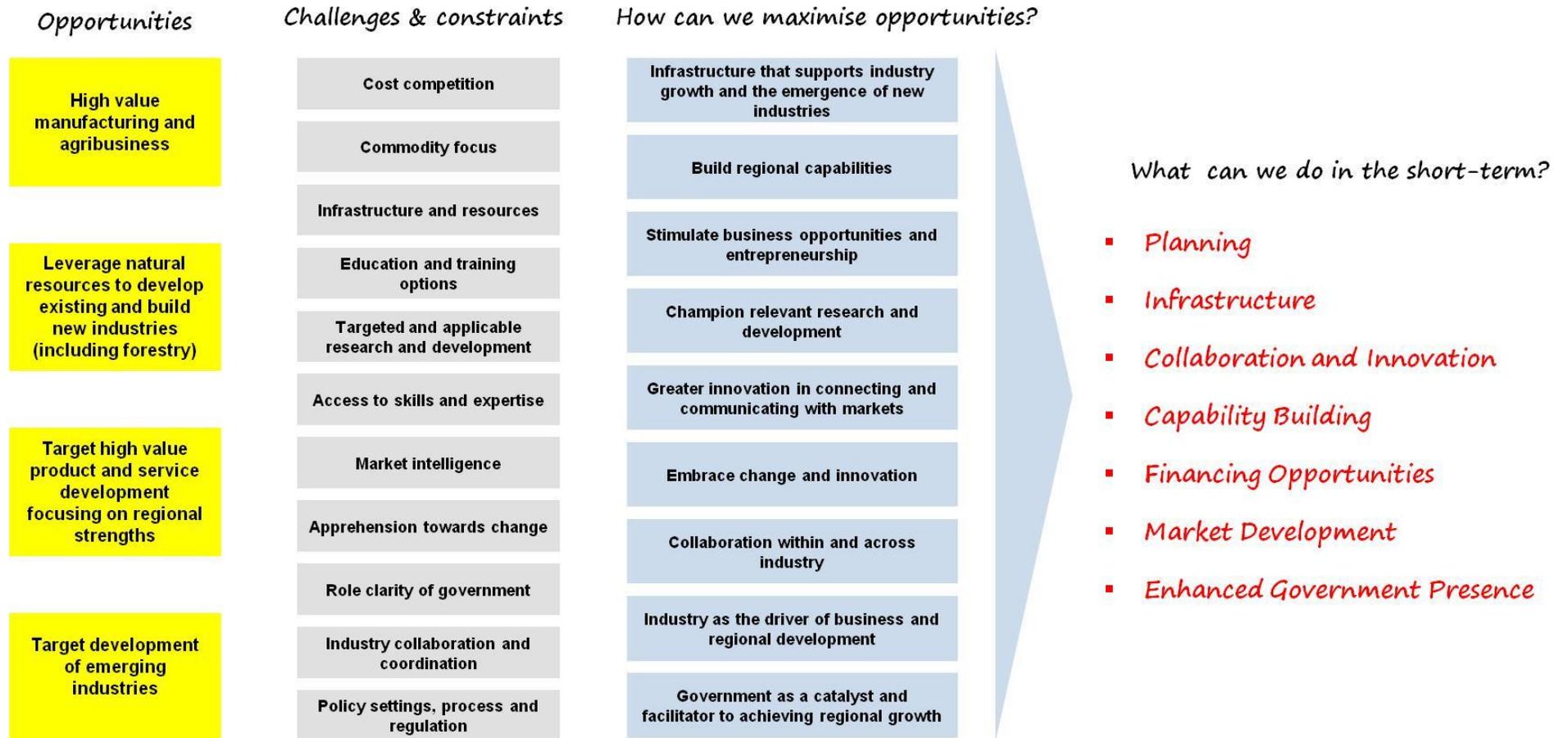


Figure 1: Limestone Coast Economic Diversification – Summary of Community Feedback

## 2 Potential short-term actions

### 2.1 Planning

- Consolidate existing opportunities that are not being adequately addressed and identify actions to be taken. For example intensifying agriculture, cross sector hubs, diversifying forest products
- Development of a “blueprint” for the Limestone Coast that outlines achievable results in the short-term while identifying opportunities that could be explored to establish a long term vision for the economy
- Enhance capacity of the South East Resource Information Centre (SERIC) to provide comprehensive data/ information/ modelling
- Short-term project to be undertaken by SERIC to integrate research, knowledge and data largely generated in the last decade on land capability for a variety of crops (this would provide a resource for existing and future players and fill significant gaps)
- Harmonisation of planning approaches to build confidence for business and developers
- Explore opportunities for industry hubs to take advantage of economies of scale and potential cross-sector opportunities and consider what can be done and where
- Identify and promote liveability factors that attract people to regions to build critical mass of human capital to meet growth opportunities

### 2.2 Infrastructure

- Critical Needs List to stimulate economy
- Integrated case management across sectors for investment attraction

### 2.3 Collaboration and Innovation

- Establish or reinvigorate regional clusters in forest products, education, manufacturing, food and wine, alternative energy
- A funded regional task force to lead the “blueprint”, oversee implementation of short-term actions and explore opportunities at a high level including across sectors
- Identify sources of intellectual property and research that could be the basis of new industries in the region

### 2.4 Capability Building

- Identify and formalise a way to build, attract and retain business related skills in the region
- Establish a Young Leaders Program and utilise case studies around future opportunities as part of program design
- Explore opportunities with tertiary education sector to build capacity with relevance to development opportunities in the region. Such opportunities include through research and development and establishing the South East as a desirable education destination and alternative to city based campuses

- Establish a business mentoring program particularly for small and medium sized enterprises (SME's) to assist companies to identify opportunities and skill sets for growth

### **2.5 Financing Opportunities**

- Develop a portfolio to aggressively promote points of difference of the Limestone Coast Region to potential investors
- Build strategic relationships with potential financing sources at least in South Australia and with East Coast institutions as a first step
- Work with these institutions and local business to better understand the requirements for access to capital

### **2.6 Market Development**

- Regional branding and image development in terms of both attracting new industries and packaging existing and potential offerings
- Establish points of difference through Quality Assurance and other initiatives
- Explore innovative ways to connect with and distribute to customers and consumers. This includes electronically (websites and online sales portals, etc.) but also focuses on personalising the sales process
- Build a targeted tourism attraction package based around point of difference and experiences (food, wine, Saint Mary McKillop, and unique attractions such as caves, lakes and coast)
- Explore opportunities in the convention/event space
- Regional trends and information is provided to inform and support industry development and to facilitate access to national and international market intelligence through data bases and briefings

### **2.7 Enhanced Government Presence**

- Increase regional services and presence
- Provide case management capability to facilitate business development and market access
- Cooperation at all levels of Government to actively support sustainable development through sound planning, reducing red tape and duplication, and integrating and joining up government services to improve efficiency and effectiveness
- Establish a Memorandum of Understanding (based on the Whyalla model) between Australian, South Australian and Local Governments to articulate the partnership approach and commitment to regional development and to collectively map ways forward where governments have responsibility
- Commit to collaborate and coordinate resources required for infrastructure that have impeded sustainable development

### 3 Opportunities

#### 3.1 *High value manufacturing and agribusiness*

- **Value-adding for existing industries** - including forestry, timber, horticulture, fresh and salt water aquaculture, and dairy
- **Diversify forestry production** - including in a range of potential higher margin products
- **Engineering and high-tech industries** - including those related to alternative energy
- **Establishment of industry hubs and clusters** – including those that take advantage of integration and cross servicing

#### 3.2 *Leverage natural resources to develop existing and build new industries (including forestry)*

- **Forestry** – Capitalise on market demand and supply gaps to develop new products and opportunities
- **Renewable energy** - including wind, wave, geothermal, solar and biomass/biofuel based power
- **Intensive agriculture** – sustainable use of groundwater resources, controlled atmosphere growing capability, intensive livestock production
- **Agriculture and horticulture** - maximise region's potential as a 'salad bowl' and capitalise on global food demand and preferences (through market differentiation and tools such as regional branding. The Eyre Peninsula is an example of a region in South Australia building global positioning through its brand: 'Eyre Peninsula: Australia's Seafood Frontier').

#### 3.3 *Target high value product and service development focusing on regional strengths*

- **Premium, high-value food and wine**
- **Integrate product development and service delivery** – build the 'food and wine tourism experience'
- **Build Education Centre focused on region's strengths, existing investments and intellectual property** - agribusiness, natural resources, emerging industries
- **Limestone Coast as a premium, experience-focused tourism destination** natural resources, food, wine, fisheries/seafood (crayfish tourism), Saint Mary McKillop
- **Limestone Coast as a Convention/Event Destination**

#### 3.4 *Target development of emerging industries*

- **Mining** - Limestone and gypsum products, Glass factory (2 dolomite quarries), Fly-In-Fly-Out
- **Feasibility for wave rider project and other energy projects** - new capability, develop new maintenance expertise, research and development and training

## 4 Challenges and constraints

### 4.1 *Cost competition*

- Difficulty competing internationally given high costs of production and high Australian dollar

### 4.2 *Commodity focus*

- The region, like Australia more generally, is confronted with significant production costs and competition pressures. If we continue our current focus on commodity products we will experience ongoing difficulties competing in domestic and international markets

### 4.3 *Infrastructure and resources*

- Inadequacy and security of infrastructure including; power, gas, transport (roads, rail, port, freight and airports), water, wastewater treatment facilities, telecommunications
- Costing framework for infrastructure including power
- Freeing up the water market and encouraging trade

### 4.4 *Education and training options*

- Delivery of a greater number of and diverse industry aligned training programs
- Integration between education providers and building partnerships with industry
- Attracting students to the region and building student understanding of the advantages and opportunities presented by studying outside capital cities

### 4.5 *Targeted and applicable research and development*

- Limited resources to undertake research and development. Some very large companies are capable of sustaining a level of research and development, but in most cases this is too expensive and long term for individuals to undertake, yet it is vital to remaining competitive
- Building a capability/resource to benefit industry generally
- Government as champion. It was perceived widely that research and development requires government partnering to be successful
- Partnerships between industry and tertiary institutions to deliver research into practice

### 4.6 *Access to skills and expertise*

- Staff expertise and skill levels available in regions
- Attraction and retention
- Technological understanding
- Financial and logistical support
- Business planning
- Risk aversion by governments and financial institutions

#### **4.7 Market intelligence**

- Awareness and knowledge of market opportunities, technologies, competitors
- Openness to innovation and a willingness to look beyond traditional approaches. The world has become globalised and so non-traditional markets (tourism, produce) such as South East Asia are much 'closer' than they once were. Real-time information and modern technology can play a much larger role than in the past

#### **4.8 Apprehension towards change**

- Risk aversion
- There is a need for the region as a whole to become more proactive, and to lose the historical sense of 'being the underdog'
- Need for stronger leadership and for leadership to act regionally

#### **4.9 Role clarity of Government**

- Government, particularly the South Australian Government, is seen as unsupportive in regions, with excessive red tape, limited investment and lack of business advice and support, seriously hampering diversification and expansion
- Metrocentricity. There is a strong perception that the South Australian Government has a 'metrocentric' stance
- Planning issues, which include a lack of structured, strategic planning at all levels of government. There is a need for cultural change around planning to reduce the 'silo' mentality found between some industries and institutions
- There needs to be a strong commitment from Government to build community engagement and ownership. People treat surveys with some degree of suspicion - 'We've said this before- where is this going to lead?'

#### **4.10 Industry collaboration and coordination**

- A collective vision that is aspirational
- Cultural challenges including overcoming the fear of collaboration (perceived threat)
- A perceived absence of leadership. An example mentioned was that all sectors of forestry are inter-dependent but they do not demonstrate strategic collective thinking

#### **4.11 Policy settings, process and regulation**

- Policy settings that do not encourage growth
- Red tape
- Different regulations and processes for different jurisdictions

## 5 Potential next steps to maximise opportunities

### 5.1 State Government Taskforces

- The outcomes from the Forum and the broader engagement process will inform the work of the State Government Taskforces into *Premium food and wine from our clean environment* and *Growing advanced manufacturing* and inform the government response
- It is planned to brief the Taskforces at their next available meetings on the outcomes and proposed actions from the Forum that will be confirmed with Forum participants on 29 October 2012

### 5.1 Role of Government and Industry

- Participants at the Forum discussed the role of government and industry. A key role of the three levels of government will be to act as the catalyst, facilitator and advocate across government for progressing the outcomes of the Forum, together with industry
- The success of the Forum will be achieved through local partnerships with the South East Local Government Association (SELGA), Regional Development Australia Limestone Coast (RDA), industry and the regional community
- Leveraging opportunities from the *Premium food and wine from our clean environment* priority is consistent with PIRSA's Strategic Direction of growing sustainable regions. This approach will see a renewed focus on three key areas for PIRSA: agribusiness development, regional development and strategic policy delivery
- This approach will be supported by the creation of seven Agribusiness Account Manager Roles with a focus on horticulture, seafood, grape and wine, meat and livestock, grains, food and beverage processing and forestry
- This will also be supported by five new Regional Managers, with one based in the Limestone Coast region
- The Regional Manager will be the resident "go to" person for assistance with the range of PIRSA related activities important to the Limestone Coast. They will provide access to an extensive range of government contacts and information that can help regional businesses and communities meet the challenges and opportunities of growing the region
- They will also provide a central point of contact for PIRSA's interaction with SELGA and RDA in progressing the actions of the Forum

## 6 Appendices

### 6.1 Ideas received regarding how we can maximise opportunities

The following section provides a summary of ideas received throughout the engagement process regarding how opportunities can be maximised and challenges and constraints addressed.

#### 6.1.a Infrastructure that supports industry growth and the emergence of new industries

- Public-private investment approach required
- High speed rail for both passengers and freight
- Improved power production
- Upgrade of inadequate systems which are impediments to value adding and food processing industry expansion/development
- Cold storage and a transport hub to support the agricultural and horticultural industries
- Telecommunications including bringing forward the fibre optic roll-out
- Waste water treatment including the upgrade of inadequate systems. Inadequate systems are an impediment to value adding and food processing industry expansion/development
- Accommodation, particularly the development of four star and boutique accommodation
- Multi-purpose function centre
- Road improvements and development including; Mount Gambier/Penola “bypass”, national road carrying system, “one” system for double road trains, b-doubles access to south of Adelaide
- Coastal road that links the coastal towns and which could be an extension of the Great Ocean Road
- Upgrading of roads and reduction of red tape, particularly around tourist hotspots like the Coonawarra (signage to the Coonawarra has not been upgraded because it is considered that the roads are unable to carry more traffic)
- Regional airline upgrades. A second operator would encourage business development, population attraction and improve access to a broad level of services
- Water, particularly the development of a functioning water market. Need for Government to put pressure on power and water suppliers regarding high costs
- State and Australian Government encouragement of investment in alternative schemes that deliver regional power and water services
- State of the art timber mill capable of best practice timber cuts from all log sizes to enable the production of top quality material at very competitive prices
- Authorised aircraft engine repair/overhaul centre, aircraft manufacturing, aerial photogrammetry collection and processing

### 6.1.b Build regional capabilities

- Improved local education
- Improved educational content
- Educational content is more industry relevant
- A means to reduce the loss of young people to the city for education
- Establish a University (Limestone Coast). Explore a virtual university, particularly in agricultural and aquaculture
- Build Education Centre focused on regional strengths and existing investments and intellectual property. Two examples of current success in this area are:
  - Lucindale Area School and the agricultural program that is supported by student boarding arrangements
  - Renewable energy training site, wind power technology at the TAFE SE campus in Mount Gambier with its interstate education linkages
- Improved staff. Attract and retain skilled and committed people to work in the region
- Mining simulator for the education sector to ensure staff are industry-ready

### 6.1.c Stimulate business opportunities and entrepreneurship

- Use of latest technologies and techniques to secure improved agricultural and horticultural production
- Improved industry intelligence that is systematically gathered and systematically utilised
- Tailored financial plans for local conditions and industries. Local financial knowledge and local support
- Venture capital or other forms of seed funding to enable local business ventures to adapt, improve infrastructure, or adopt new technologies
- Foreign investment
- Address risk aversion, particularly in Government and Finance (Banks, Superannuation funds)
- Effective market development through:
  - Targeting new and existing markets more effectively, with specific reference to Adelaide, Melbourne and South East Asia
  - Access to market intelligence particularly regarding consumer/ customer behaviour and needs
- Information on marketing options. There is an opportunity to create a position for someone who can more effectively 'prospect' for industry
- Effective, accurate business plans for those businesses/industries
- Direct support, both financial and logistical, that is provided in a timely fashion to businesses and industries
- State of the art simulator to instruct operators and train staff to use graders, scrapers, big dump trucks, excavators, conveyors and to enable trouble shooting and training regarding all operational aspects of the machinery [for the mining industry]

#### 6.1.d Champion relevant research and development

- Integrate research, education, industry and market opportunities
- Inject research into local businesses to spark innovation
- Develop business case for attracting research and development funds
- Outcome based, project based, supported by science and sustained by partnerships
- Finance, particularly venture capital linkages

#### 6.1.e Greater innovation in connecting and communicating with markets

- Document the ‘clean and green’ environment with proof. Driven by Government
- Recognised regional brand that is supported by credible documentation/transparency
- Split the South East into two marketable regions which can be branded according to similarities in each area: ‘Limestone Coast – the coastal route’ and ‘Limestone Country – the inland route’
- Reduce red tape in line with regional brand
- Quality Assurance labelling and the development of a government supported website to facilitate community understanding of labelling jargon
- Communicate ‘quality’ not price
- More innovative ways to connect with and distribute to customers through the internet and sites such as ‘banana blue’
- Value our heritage and connect in unique ways to international markets

#### 6.1.f Embrace change and innovation

- Attitudinal and cultural change. The Limestone Coast is diverse and productive and we ‘punch above our weight’, good resource managers, an attractive and liveable part of Australia
- We have the largest centre (outside of Adelaide) in South Australia and we should trade on it. We need to embrace it and promote it
- Establish the precedents for successful action and promote success stories. Several respondents noted that small wins are often followed by larger ones, as confidence builds

#### 6.1.g Collaboration within and across industry

- Industry hubs/ ‘symbiotic’ estates/ cogeneration. For example timber processor with horticulture or other industries with reasons to co-exist, cogeneration
- Wood residues. Using what we have in abundance and applying this to benefit other industries through “symbiotic” development
- Industry co-ops to enhance market presence
- Clusters to enable; the sharing of best practice, new ideas, product development, symbiotic development, applied research. Within sectors and between sectors. Achieve a collective approach
- Establishment of mechanism to coordinate collaboration efforts across a number of sectors and restore “connection” across primary industries. This

addresses an existing gap where government and industry associations can play a role through an industry liaison officer

- Defining a shared future through collaborative planning and the establishment of a long term vision for the region with buy-in from all stakeholders, including individuals, industry and Local Government
- Identify leaders for key roles who take a regional perspective

#### 6.1.h Industry as the driver of business and regional development

- Collective voice
- Generate the ideas and drive change
- Lobbying role that is active not passive. Links to the industry voice
- Sense of positivity (clear aspirational message)
- To promote the economic, social and environmental importance of industry in the Limestone Coast region

#### 6.1.i Government as a catalyst and facilitator to achieving regional growth

- Cooperation by and between the various tiers of government in order to make it easier for companies to meet requirements. This includes faster approval processes, less red tape, and more practical assistance. Abolish land transfer fee
- Local Governments take more of a 'regional' focus
- Further review of the structure of Local Government
- Decentralise
  - The focus is not just on larger regional centres
  - All regional areas want to be attractive to workers
  - Government offices/education facilities
- How do we ensure that Government facilitates but does not cross over into ownership?
  - Have a framework
  - Clearly identify the needs
  - Sense of positivity (clear aspirational message)
- Regulations and red tape across three tiers of Government. A call for realistic compliance that is consistent and generates a level playing field that enables business growth
- Reduce bureaucratic approach:
  - Collapse silos to enable coordination
  - Project based/ case management approach with one point of entry and one point of exit
  - Embrace and encourage the need for South East Councils to adopt the same set of development plans
  - Government provides the policy direction but this must be in partnership with industry and unions
  - Creates supportive environment that enables legislation
  - Resources - PIRSA/expertise/fast tracking projects/forecasting data and information

- Commitment from South Australian Government to reinvest in the region. This should not be a 'one off' and not necessarily conditional to using the proceeds of the forward sale of Forestry SA rotations, but an ongoing commitment recognising the opportunities the Limestone Coast has for sustainable development
- Improved planning, accurate and 'real-time' baseline data (including better business intelligence to the South Australian Government), and less red tape
- A more substantial local presence by the State Government
- Initiate a review of the commercial and near commercial ready opportunities for high value offerings out of the cellulose chain given the existing raw material. Combine with the identification of the international players who are able [and willing] to engage in activities [directly or indirectly] in the region and information around existing and emerging value chains. *(A draft proposal for the review regarding cellulose has been developed with a proposed cost of \$1 million. If Tasmania is included they would share 50% of the cost, increasing the total cost to \$1.5M but dropping SA's share to \$750,000.)*
- Forestry and Wood products
  - Government provides the policy direction but this must be in partnership with industry and unions
  - Creates supportive environment that enables legislation
  - Resources - PIRSA/expertise/fast tracking projects/forecasting data and information
- An atlas of short, medium and long term opportunities

**6.2 Information Package for 11 September 2012 Forum**

growing  
sustainable  
regions



**6.3 Findings from the Limestone Coast Economic Diversification Pre-Forum Survey**