

Literature Review – Limestone Coast Region

August 2017

The purpose of this report is to summarise plans, reports and other documents relevant to skills, training and employment in this region. At the end of this report you will find the documents from which this information has been drawn. This will assist us, and stakeholders participating in the engagement process, to build on what is already known about the region.



Regional Overview

The Limestone Coast region comprises seven local Councils (City of Mount Gambier, District Council of Grant, Kingston District Council, Naracoorte-Lucindale Council, District Council of Robe, Tatiara District Council and Wattle Range Council) and has a population of over 64,000 people. Spanning over 21,000 square kilometres, this region is commonly referred to by South Australians simply as the 'South East'.

The economy of the Limestone Coast capitalises on the region's soil and significant ground water resources. The availability of predictable and stable water supplies places this region at a growing competitive advantage for horticulture and broad acre farming investment in comparison to other regions in rural South Australia. These natural resources have led to a strong economic activity derived from broad acre farming, horticulture, viticulture and forestry industries.

Primary production from the land is complemented by a manufacturing base that employs a greater proportion of workers than across South Australia

generally. In addition, the region boasts a significant fishing industry focussing on rock lobster. The Limestone Coast region contributes approximately 17 percent of South Australia's Gross State Product.

Although there are pockets of long-term unemployment, a major labour market issue for the region is the attraction and retention of the skills needed for existing businesses and for future investments.

The unemployment rate in the region has fallen from 5.8 percent in March 2016 to 4.3 percent in March 2017. Regional variation however has the upper Limestone Coast experiencing lower unemployment and the lower Limestone Coast experiencing higher unemployment.

While the regional economy and population is not experiencing strong growth, the diversity of the economic base is reported to have created a robust economy that is a firm foundation for new opportunities.

Industries

Across the region, the agriculture, forestry and fishing sector is the largest employer, currently employing approximately 18 percent of the region's population, followed by manufacturing at 14 percent, retail trade at 12 percent and health care and social assistance at 10 percent.

The strength of the economy is agriculture, forestry and fishing; both the largest employer and the largest contributor to economic activity. The region is well known for its plantation forest industry. Dairy, beef and sheep production, wool, seed and grain production, viticulture and horticulture are the predominant agricultural activities. The value-add sector of agriculture, horticulture and forestry are showing signs of further investment and this will see a boost to employment in the manufacturing sector that is already the second largest employing sector in the region.

The recent establishment of Union Dairy Company at Penola, has created a drying facility to produce powdered milk and has recruited more than 40 employees, predominantly process workers and skilled maintenance personnel. In addition, the Blue Lake Dairy Group has established a powdered milk packaging plant near Tantanoola. There is potential for this plant to develop its own drying capability, and further grow its packaging by developing a canning plant. Both enterprises have a focus on export markets.

Growth is also forecast in the retail sector in Mount Gambier and community services across the entire region.

The ageing population and the implementation of the National Disability Insurance Scheme (NDIS) will drive this growth in community services. Regional Development Australia (RDA) Limestone Coast reports that at least 500 full-time equivalent jobs will

be required to service this growing need in community services over the next 5 years. As many of these jobs will be part-time and casual it is anticipated this will create jobs for between 600 and 700 people.

The South Australian Tourism Commission (SATC) reports an average annual tourism spend in the Limestone Coast of \$292 million offering direct employment to 1,800 people. According to the Commission's plan, a positive trend is forecast with 'full potential' growth to \$457 million in the region by 2020.



Figures released recently by the SATC show the Limestone Coast to be the most visited region outside of Adelaide by international visitors with 47,000 visits and 211,000 nights stayed in the year ending 30 June 2016. The establishment of more businesses offering a tourist experience is a significant opportunity for destinations regarded as tourist hot spots. This need is likely to be met by small entrepreneurial businesses.

The economy and the labour market of the Limestone Coast can be divided into three areas, namely 'the north', 'the south' and 'the coast'.

The North

The north comprises the Tatiara District Council and Naracoorte-Lucindale District Council. This area is characterised by broad acre farming, viticulture and agribusiness sectors that accompany a concentration of these activities, including two export grade abattoirs, as well as seed and grain production. The concentration of farm machinery and the logistics industry has placed a high demand on diesel mechanics. This area is also home to South Australia's only World Heritage site, the Naracoorte Caves with over 60,000 visitors annually. The area has close to full employment, with the prime challenge attracting and retaining people with the right skills.

The Coast

The coast sub-region includes the coastal towns of Kingston, Robe and Beachport, with the economy highly dependent on tourism and lobster fishing. The vast bulk of the rock lobster is exported live. This industry is seasonal (October to May) and is carefully controlled by quotas. The tourism industry is also highly seasonal, with visits peaking during the summer months.

The South

The 'South' includes the City of Mount Gambier, the largest regional city in South Australia, with a population of approximately 25,000 people. Of the 30,000 jobs in the Limestone Coast, Mount Gambier provides over 11,000. Two large manufacturing operations are located in the South; Mondelez Foods Manufacturing (previously Kraft) is located in Mount Gambier; and Kimberly Clark in Millicent is a significant single employer in the Limestone Coast.



Dairy, beef and sheep production, wool, seed and grain production, as well as viticulture and horticulture are the predominant agricultural activities.

The Port MacDonnell fishing industry, in particular the rock lobster industry, is a significant factor in the economy of the area. Port MacDonnell is acknowledged as the "Southern Rock Lobster Capital of Australia". Forestry production and related secondary industries of logging, milling and processing are also major economic and employment generating activities.

The Pinus Radiata and blue gum plantation forests, predominantly found in the Grant and Wattle Range Council areas, supply the growing timber products industry. Close to 7,000 people work in the forest related industries in the Limestone Coast. OneFortyOne Plantations (OFO) is the owner of the harvesting rights of the South Australian plantation estate.

OneFortyOne Plantations agreed in mid-2016 to a feasibility study for the construction and operation of a new particle board mill in the Limestone Coast region.

This feasibility study will investigate the business and investment case for the greenfield project on land leased by OFO at Tarpeena. If a decision is made to proceed with the project, it could lead to a significant capital investment of around \$150 million to build the new particle board mill to supply domestic and export markets. The new mill could be operational around 2019. If approved, this new plant will be one of a number of particle board manufacturers in this region.

Although a plan to upgrade the Mount Gambier airport into a more comprehensive freight hub is foreshadowed in the Mount Gambier Airport Master Plan 2016 -2026, this enabling infrastructure requires a more detailed business case to be developed.

The retail sector in Mount Gambier is projected to grow significantly over the next three years on the back of planned new development.

Opportunities

The Limestone Coast RDA anticipates demand for approximately 2,000 workers over the next 5 to 7 years. This demand will be fuelled by:

- Existing vacancies and forecast growth in the timber and forestry industry
- Current and projected investment in the retail industry in Mount Gambier
- Current employment and growth of milk products (powdered milk) processing and packaging plants
- Growth in community services arising from population ageing and NDIS.

Bio-energy is seen as a significant opportunity for the Limestone Coast region. The local RDA manages a Bio Energy Feasibility Fund. Energy from bio-mass is particularly relevant in the Limestone Coast because of the synergistic link to the timber industry.

The projected growth in employment in the Limestone Coast was noted by some as an opportunity for Adelaide-based workers displaced following the closure of GM Holden automotive assembly plant and some of the supply chain companies.

Challenges

The demographic trends are likely to be a significant challenge for the economy of the Limestone Coast. Demographic tables indicate that the Limestone Coast region has lower shares of young people and higher shares of mature-aged people. Population projections based on core working age population (15-64 years) show that the working age population will decline by 6.4 percent from 2011 to 2026.



Over the same period the working age population of South Australia generally is forecast to grow by 6.1 percent. This points to labour shortages becoming a major issue in this region over the next 10 years.

Even now, long-term vacancies exist in the region for diesel mechanics. It is not just the trade skills that have long term vacancies. The region struggles to attract and retain the professional personnel necessary to support the required services. Teachers, nurses and medical officers are in high demand.

The growth of the milk processing industry comes at a time of a contracting dairy industry. If plans for the further development of the two recently established milk processing and packaging plants are realised, the demand for milk to supply these plants will outstrip supply from the region. A significant challenge then is for a consolidation and restructuring of the dairy industry to ensure more efficient operations.



Summary

The Limestone Coast is a diverse economy with economic growth opportunities particularly in the southern part of the region. Across the region, unemployment is low and some skills are in short supply. Importantly, the demographics of a declining working age population are likely to compound this problem. In the south, there is economic growth and investment, but the population growth must follow to take advantage of new opportunities.

Bibliography

- Australian Bureau of Statistics 2016 Quick Stats Limestone Coast
- Blue print for the Future South Australian Forest and Wood products Industry 2014-2040
- Economic Development Framework District Council of Grant
- RDA Limestone Coast Region economic profile
- Country Cabinet Limestone Coast SA Govt Response
- The Limestone Coast (State Govt) Region Workforce Wizard Report DSD
- City of Mount Gambier Economic Score Card Snapshot 2014/15

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