



LIMESTONE COAST REGIONAL GROWTH STRATEGY

— A PATHFINDER INITIATIVE —

JUNE 2018



REGIONAL AUSTRALIA
INSTITUTE

PATHFINDER INITIATIVE

Navigating opportunities for growth



LCLGA
Limestone Coast
Local Government
Association



Regional Development
Australia
LIMESTONE COAST



City of
Mount Gambier



Naracoorte Lucindale Council
Better by Nature

District Council of
ROBE



EXECUTIVE SUMMARY

This Growth Strategy highlights that a well-coordinated, collaborative, and strategically focused effort can set the Limestone Coast region on the path to deliver a 20 per cent lift in economic performance, adding \$700 million in growth annually and more than 5,700 new jobs by 2026. It provides the evidence base, priority areas for focus, strategic directions, and potential actions required to give leaders confidence setting off on a path together towards a brighter economic future.

These priorities include:

- Invigorate the working age population, by attracting and retaining more people across the region to fill key skills gaps and support vibrant and sustainable regional communities;
- Building on the region's competitive advantage in agribusiness;
- Capturing employment opportunities in growing sectors like healthcare and social assistance;
- Supporting the development of a vibrant business ecosystem;
- Region-wide collaboration to develop a more coordinated tourism market; and
- Securing investment to deliver regional infrastructure priorities enabling growth.

Swinging the Limestone Coast region's leadership and resources in behind these shared growth priorities and pushing them forward together will be very important for success. Without a shared focus and commitment it will be very difficult to hold back the negative impacts of structural economic adjustment.

Moving the region in the right direction will take substantial, energised, and proactive effort from all regional leaders. No single organisation is going to be able to kick start the region's economic engine on its own, so shared commitment and leadership supporting the delivery of this Growth Strategy is imperative for success.

Knowing what to do is one thing, but galvanising the commitment, focus and resources required to actually do it and follow through to excellence is an entirely different proposition.

This Growth Strategy gives the region clear direction on which path to take, and what to focus on for success. The challenge now is for the people of the Limestone Coast to back it, and use the capabilities they have to lead a well-coordinated, proactive and decisive effort to capture the future economic potential they deserve.

DRIVING FUTURE GROWTH ACROSS THE LIMESTONE COAST

The Limestone Coast is at a crucial turning point. It has the potential to establish itself as a dynamic and highly competitive economic region over the next decade. Yet potential growth faces a range of constraints. Achieving success will require a proactive and coordinated response at the regional level to galvanise commitment, focus, and resources to deliver on this potential.

This ‘Pathfinder’ project is a partnership between the Limestone Coast Local Government Association (LCLGA) and the Regional Australia Institute (RAI), with support from Regional Development Australia Limestone Coast (RDALC) and each of the region’s seven local councils. It delivers this Growth Strategy, which provides regional leaders with a unified set of priority areas and strategic directions guiding decisions and actions to create a thriving, sustainable regional economy.

This Strategy provides a common platform for the region and its leaders to come together and collaborate, enabling them to push forward together on the highest economic growth priorities. In doing so, it highlights the region’s emerging opportunities, as well as key barriers to growth that must be overcome for the Limestone Coast to reach its full potential.

This Growth Strategy also informs a suite of complimentary work, including a Regional Infrastructure Audit and Regional Investment Prospectus. Together, these form a cohesive set of documents to guide a comprehensive and coordinated regional effort for activating the economy over the next decade and beyond.



THE CHALLENGE AHEAD

Headline growth has been flat after a period of relatively stable growth. To maintain its vibrant and diverse regional economy, the Limestone Coast will need to make a substantial and energised effort to reinvigorate the economy from a fairly stagnant base.

The region is in transition. Dominant sectors like agriculture, forestry, and fishing are expected to remain key drivers of the regional economy. However, job growth is shifting away from these traditional industries towards more service based sectors. In addition, the region faces compounding challenges of a shortage of skills and a declining working age population. Without a dynamic labour market to draw on, local businesses will struggle to grow, while the region will be less capable of adapting to these new opportunities.

Nevertheless, the Limestone Coast has significant potential. Its strengths across the agribusiness sector are evident in nationally competitive specialisations in agribusiness production, processing, and services, while new opportunities are emerging across service focused sectors. But, in order to achieve Limestone Coast's growth potential, tackling constraining issues and facilitating emerging opportunities is vital.

Importantly, the Limestone Coast will need to be conscious of broader forces at play too. Our world is always changing and certain trends are beyond the region's immediate control. These are megatrends – powerful forces of change working to reshape our world. All regions planning for the future need to understand how these shifts are likely to impact their region.

DIGITAL DISRUPTION



The way we work is increasingly driven by new technologies, opening up new connections and empowering businesses to operate more efficiently and reach new markets. At the same time, the bar for necessary skilling is constantly rising. For the Limestone Coast and its agribusiness sector in particular, the potential offered by digital technologies is significant. Ensuring it has the skills to match will be critical.

CHANGING CLIMATES



Climate change will continue to have major impacts on regional Australia through prolonged periods of severe conditions and more volatile weather events. Over the next decade the Limestone Coast is expected to experience more frequent heatwaves, less rainfall and increased bushfire risk. Climate change adaptation will continue to play an important role in supporting a more resilient region.

AN AGEING WORLD



Australia's regional population is ageing at a rapid rate and in certain places those over 55 years old account for more than 20 per cent of the population. This presents challenges, as well as opportunities – from provision of required aged care services to tapping into the lifetime of knowledge and experience of our oldest citizens. The Limestone Coast will need to take a proactive approach to facilitating its growing older demographic to fully take advantage of its potential.

NEW FOOD BOOM



Global demand for food products continues to rise, with an emphasis on sustainable and high-quality produce. Australia's comparative advantage lies in its strong reputation for clean and green produce and a globally focused industry outlook. In order to reap the benefits of growing demand, the Limestone Coast will need to maintain production in high quality agribusiness produce and differentiate itself in a globally competitive market.

This 'Pathfinder' Limestone Coast Growth Strategy project has identified that a strategically coordinated Limestone Coast regional economy has the potential to grow from \$3.4 billion per annum in Gross Value Added (GVA) to \$4.1 billion by 2026.

To reach the region's full economic potential, LCLGA, with support from RDALC, has developed this Growth Strategy and its associated Action Plan to focus resources on six priority areas. These priority areas include a mix of enabling factors as well as areas of the Limestone Coast economy that are both strategically important and have the greatest potential to deliver job growth over the long term and drive the economy forward.

Each priority area has been developed through a combination of data analysis and input from local expertise, and guided by the project steering committee. While certain priorities are likely to have greater strategic importance for certain Local Government Areas (LGAs), these are areas identified with the potential to improve the region as a whole.

The priorities outlined below build upon the extensive previous work done across the region in various capacities by different organisations in recent years. They are designed for the region as a whole, cross-referencing initiatives that in the next five to ten years will make a significant impact on growing the Limestone Coast region.

The six priorities focus on:



Invigorate the working age population, by attracting and retaining more people across the region to fill key skills gaps and support vibrant and sustainable regional communities;



Building on the region's competitive advantage in agribusiness;



Capturing employment opportunities in growing sectors like healthcare and social assistance;



Supporting the development of a vibrant business ecosystem; and



Region-wide collaboration to develop a more coordinated tourism market.



Securing investment to deliver regional infrastructure priorities enabling growth.



1 INCREASE THE WORKING AGE POPULATION

Regional Potential: Attract and retain at least 2,000 people into the region by 2026 to support a sustainable working age population.

Current Situation: By 2026 the overall population growth rate for the Limestone Coast is expected to fall below that of non-metro South Australia. While certain LGA's such as Grant, Mount Gambier, and Naracoorte-Lucindale have increased in total, other areas have stalled or declined.

More importantly, five out seven of the region's LGAs saw either flat growth or decline in the local working age population. A combination of out-migration and an ageing demographic is hollowing out the region's working age population. In places like Mount Gambier and Naracoorte-Lucindale, the share of those over 65 years old is equivalent to more than a third of the working age population.

Without a turnaround, the declining numbers of working age people will become a severe constraint on future growth potential for the region, with a less dynamic labour pool to support business and industry growth.

Challenges: A range of constraints to attracting and retaining people in region have been raised. These include lack of job opportunities for partners, unclear career paths for the region's young population, seasonal employment changes, shortage of appropriate housing options and concentration of international migrants to a limited number of areas.

STRATEGIC DIRECTIONS

- 1.1 **Collaborate across the region to develop a targeted migration strategy that includes:**
 - Addressing labour shortages and skill needs across the region;
 - Establishing a matching system creating direct links between employers and potential migrant workers;
 - Developing a systematic and integrated approach to settlement taking into account the needs for initial and ongoing settlement support; and
 - Advocating for additional resources to build local capacity and support services for settlement communities and new arrivals.
- 1.2 **Support the development of social infrastructure** including hard (eg. health, education, arts and culture, sports and recreation facilities) and soft (eg. child care, community networks, cultural and arts activities), to maintain and improve the liveability of the Limestone Coast.
- 1.3 **Enable greater retention of the region's youth** by fostering stronger links and partnerships between local industries and regional students, exposing them early in their career decision making processes to local pathways.
- 1.4 **Encourage older workers to remain active in the workforce** beyond traditional retirement age to mitigate increasing workforce and skills shortages. This may include encouraging transitional arrangements such as moving to part time, casual work and volunteering activities that sustain and build the regions social and human capital.



Regional Potential: Build on the region's competitive advantage and meet increasing global demand for sustainable, high quality agribusiness product to deliver 1,260 jobs by 2026.

Current Situation: Agribusiness – which includes agriculture, forestry and fishing, as well as food, beverage and wood manufacturing sectors – is a key driver for the region's economy. It accounts for more than 8,000 jobs across the seven LGAs, and more than \$3 billion in regional output.

The strength of the agribusiness sector is reflected in nationally significant specialisations. For example, Grant, Wattle Range and Mount Gambier are in the top ten LGAs across the country in wood manufacturing, while Tatiara, Naracoorte-Lucindale and Wattle Range are in the top 40 for food manufacturing.

With a reputation for clean green product, as well as a major producer of quality timber products, the region is well placed to take advantage of growing international demand. Maintaining effective supply chains and promoting greater collaboration between and within industries will be critical to positioning the region for success.

Challenges: There are currently three major constraints to the region's agribusiness sector. Firstly, a shortage of adequate skills has been compounded by lack of local training programs within the region. Secondly, limited collaboration throughout the region is likely to impede efforts value-adding or the ability to take advantage of emerging opportunities. Lastly, the majority of agribusiness businesses in the region are SMEs, and will likely require additional support to fully capture potential growth in new domestic and international markets.

STRATEGIC DIRECTIONS

- 2.1 **Lift SME capability throughout the region** with an emphasis on value-adding and small business skilling. With the vast majority of businesses in the region family operated or small to medium in size, it is critical they have the tools and skills to explore new opportunities, adapt to changing circumstances and reach their full potential.
- 2.2 **Foster greater collaboration along the supply chain** to support diversification, research and development, and innovation in the agribusiness industry. This includes building stronger networks and industry clusters to improve the capability of agribusiness SMEs across the Limestone Coast region.
- 2.3 **Partner with industry and regional agribusinesses** to investigate and implement industry led approaches to addressing skills and training needs. With a gap in the provision of quality, locally available training options, creative approaches are needed to meet existing and new demand for industry skills and education programs in the region.
- 2.4 **Collaborate to increase awareness of the region's quality agricultural produce** by delivering coordinated, strategically focused marketing and regional branding of locally made value added produce. This includes building and applying brand management frameworks to ensure 'clean, green, high quality' brand values are consistently strengthened and clearly differentiate the Limestone Coast's value added produce in domestic and international markets.



3 CAPTURE EXPECTED GAINS IN THE HEALTHCARE AND SOCIAL ASSISTANCE SECTOR

Regional Potential: Capture the potential growth in human services across the south east region, promoting the Limestone Coast's strong private sector to increase employment in health and social assistance industries by 1,050 jobs by 2026.

Current Situation: Healthcare and social assistance accounts for approximately 3,200 jobs or 10.9 per cent of total employment across the Limestone Coast, growing at 2.2 per cent annually between 2011 and 2016 (faster than non-metro South Australia's 0.8 per cent). Much of this is driven by growth in the private sector.

With an ageing population, there is likely to be growing demand for services like aged care as well as specialized and allied health services such as occupational therapy, psychology, and physiotherapy.

Challenges: The region has an advantage in terms of access to tertiary training for health qualifications such as nursing. However, ensuring young students see healthcare and social assistance as a viable career paths is critical. Attracting skilled health professionals to fill new roles and delivering services to a small, dispersed population base are also key challenges.

STRATEGIC DIRECTIONS

- 3.1 **Promote the value of Healthcare and Social Assistance as a high growth industry to the region.** As demand for different healthcare services change, it is critical to ensure the community understands and recognises the importance of these new opportunities as potential career paths.
- 3.2 **Build stronger pathways** between schools, training organisations and the regional health and aged care industry to meet growing demand for health services skills across the industry. In addition, explore the potential for older workers in the region to retrain or upskill in the health services sector to meet growing regional demand.
- 3.3 **Coordinate effort across the region to attract medical and allied health professionals** to overcome skills shortages. A whole of community approach from local leaders and businesses is required to support targeted recruitment and ensure positive experiences to encourage long-term retention.
- 3.4 **Facilitate NDIS rollout initiatives** such as the NDIS Workforce Development Hub supporting service providers, stimulate local service provision across each LGA, and promote the disability (and aged care) sectors as rewarding career paths.
- 3.5 **Support the attraction of retirees and investment in aged care infrastructure**, including marketing as an 'age-friendly' region with business opportunities available in a broad range of associated health, accommodation and recreation services.



4 SUPPORT THE DEVELOPMENT OF A VIBRANT BUSINESS ECOSYSTEM

Regional Potential: Develop a vibrant business community throughout the region to lift business capability and foster a more entrepreneurial region to encourage 1,300 potential new business entries across the Limestone Coast by 2026.

Current Situation: Although some LGAs perform well across measures of business dynamism, as a collective, the region lags behind the non-metro South Australian average. For example, Limestone Coast has lower rates of new business entries, as well as fewer knowledge-intensive business services (KIBS) to support business growth in the region. A higher level of new business entries suggests a more entrepreneurial and innovative spirit across the region, while a high proportion of KIBS indicates a greater availability of services to support other businesses with more specialised professional knowledge.

Challenges: The region is dominated by small to medium businesses (SMEs), with 85 per cent of total businesses in the region either self-employed or employing one to four people. This means that a significant proportion of the region's businesses are likely to have less resources available to lift their capability than their larger counterparts.

STRATEGIC DIRECTIONS

- 4.1 **Promote entrepreneurial activity in the region** by producing engaging stories about local businesses innovating, value-adding, or doing things differently to inspire a regional culture of entrepreneurship.
- 4.2 **Support region-wide access to business upskilling and mentoring for SMEs.** Ensuring that programs to lift business capability are delivered regionally and tackling connectivity constraints (both physical and digital) will be critical to lifting the region's 'business dynamo'.
- 4.3 **Encourage businesses across the region to position themselves as "employers-of-choice";** for example - by developing training and career pathways for prospective employees and fostering an appealing workplace culture in order to retain regional talent.
- 4.4 **Raise the level of digital skilling across the region** to ensure businesses are able to take advantage of digital economy growth opportunities, respond to the challenges of increasing online competition globally, and emerging trends towards automation. While lack of digital connectivity can be a constraint, ensuring regional businesses have the technology and technological knowledge required to participate in the digital economy when they are connected (eg. online marketing, software as a service, and e-commerce) will be vital.
- 4.5 **Expand awareness and take-up of programs lifting business performance,** including those delivered by local, state and federal governments; such as grants, assistance packages, industry development and export programs throughout the Limestone Coast.



5 COLLABORATE TO BUILD TOURISM CAPACITY IN THE REGION

Regional Potential: Grow the tourism industry through greater regional coordination, more developed products and experiences, and lift capability in the region to potentially deliver 805 new jobs by 2026.

Current Situation: Between 2011 and 2016 employment across the tourism industry grew by 4.2 per cent, yet this was slower than the non-metro South Australia average growth rate. Although the region attracts a high number of visitors these are mostly domestic day visitors or overnight visitors with short average length of stay.

Tourism is a state priority, with the South Australian Regional Visitor Strategy emphasising greater collaboration and industry capability for the Limestone Coast. Situated at the midpoint between Melbourne and Adelaide, the Limestone Coast has significant potential for growth; for example, through greater attraction of visitors travelling the Great Ocean Road, as well as in partnership with the region's premium food and wine producers.

Challenges: A fragmented approach to developing the region's tourism market is a major constraint to future growth potential. Management of local tourism markets within the region is highly siloed within each of the respective councils, with lack of coordination and collaboration a challenge to delivering a truly regional tourism offering. Ensuring there is adequate capability in the region, from skills to demand management between peak and off-peak seasons, will also be important.

STRATEGIC DIRECTIONS

- 5.1 **Resource and strengthen the capability of the Limestone Coast's regional tourism organisational framework (RTO)**, enabling strong leadership, management, coordination and delivery of regional tourism activities lifting visitor numbers, length of stay and spend per head.
- 5.2 **Through the RTO, deliver regionally coordinated destination marketing activities**, clearly targeting highest priority domestic and international opportunities for growth, aligned with well-defined regional 'hero experiences' and associated high quality local tourism offerings.
- 5.3 **Deliver regionally coordinated tourism destination and industry development activities**, through the RTO, in partnership with the South Australian Tourism Commission (SATC), Limestone Coast region councils and local tourism businesses.
- 5.4 **Seek investment in regional tourism infrastructure, marketing, destination and industry development activities** that are aligned to strategic goals and lift the overall quality, variety and packaging of offerings available to visitors in domestic and international markets.



6 SECURING INVESTMENT TO DELIVER REGIONAL INFRASTRUCTURE PRIORITIES ENABLING GROWTH

Regional Potential: Develop a coordinated approach to lobby and advocate for key regional infrastructure enabling economic growth, positioning the Limestone Coast as the investment destination of choice.

Current Situation: The Limestone Coast has significant potential to become one of the most dynamic and diverse economic regions in South Australia. To achieve this, the region must work together at all levels to address a range of essential services and connectivity constraints, as well as services strengthen its community. Combined these create foundations for economic growth and can be considered in terms of both 'hard' (physical) and 'soft' (social) infrastructure needs. Key priority areas include:

Hard Infrastructure:

- Energy generation, storage and supply
- Connectivity by road, rail, air, intermodal, mobile phone and the internet
- Resource efficiency, recovery and waste management
- Education and training facilities
- Medical, allied health, aged care and child care facilities
- Arts and cultural facilities
- Sports and recreation facilities

Soft Infrastructure

- Education and training services
- Medical, allied health, aged care and childcare services
- Arts and cultural activities and programs
- Sports and recreational activities and programs

For the region to maintain its competitiveness, the Limestone Coast will need to establish a coordinated and proactive approach to securing state, federal and private investment in infrastructure. This will require a strong and united regional voice to lobby effectively for the money to build the critical infrastructure the region needs most.

Challenges: Lack of investment in hard and soft infrastructure will put significant pressure on the Limestone Coast's ability to maintain a dynamic and vibrant economy.

Ensuring an efficient, reliable and cost effective energy supply is a key issues in the region. This is not only central to ensuring a competitive operating environment for businesses, but also to creating the confidence and capacity required for future investment and growth.

Investment in transport links and freight networks is vital, ensuring the region's residents, tourism industry and high quality produce continue to have safe and efficient access to markets.

Increasing digital connectivity is also critical, not only to ensure the region can fully participate in the digital economy, but also to respond effectively to global competition for goods and services online.

The decline in locally provided training facilities, such as TAFE, has also been identified as a constraint limiting the region's ability to reskill and adapt to changing circumstances and needs.

Lack of investment in soft infrastructure puts the region at a significant disadvantage attracting and retaining the population and skilled workforce it needs to sustain and build its economy. Investment in the arts and cultural vibrancy of the region, health care and social assistance services, availability of aged and childcare services, sports and recreation facilities and programs - all support a strong sense of community confidence and pride in place. This works as a magnet to both attract and retain people and investment in the Limestone Coast.

STRATEGIC DIRECTIONS

- 6.1 **Ensure delivery of the Regional Infrastructure Audit** identifies and prioritises the hard (physical) and soft (social) infrastructure needs of the Limestone Coast, enabling a regionally coordinated approach to securing the investment required for implementation.
- 6.2 **Ensure the development and launch of the Regional Investment Prospectus** is responsive to the priorities identified in the Limestone Coast Regional Growth Strategy and Infrastructure Audit, and takes a regionally coordinated, market focused approach to investment prospecting, promotion and implementation.
- 6.3 **Coordinate regional advocacy and lobbying efforts** to speak with one voice in pursuit of highest priority 'hard' and 'soft' infrastructure investment needs.
- 6.4 **Leverage State and Federal Government initiatives** to secure the investment required to maintain and upgrade existing regional infrastructure facilitating economic growth.

IMPLEMENTATION

Making a tangible, lasting impact in each of the six priority areas requires a consistent, coordinated effort from a wide range of people and organisations with a key interest in the Limestone Coast. No single organisation can kick start and accelerate the region's economic engine on its own, and this Growth Strategy provides the essential framework to guide collaboration and shared action over the short, medium and longer term.

In its role coordinating government, business and the community working together to improve the lives of people in the Limestone Coast, the Limestone Coast Local Government Association (LCLGA) is ideally positioned to lead collaborative efforts to successfully implement the region's Growth Strategy.

Working through the existing LCLGA governance structure, the people and resources in the Limestone Coast Regional Economic Development Group (EDG) and Regional Tourism Organisational Framework (RTO) will work together as the 'engine room' taking action on implementation.

The Growth Strategy and its associated Action Plan will be formally integrated with the LCLGA's Strategic and forward Work Plan, and by embracing the processes these groups already use, set their agenda for action. This includes working together to prioritise the staging and implementation of the Growth Strategy's strategic directions, and confirming leadership and resources required to implement each specific item in the Action Plan.

The Growth Strategy's accompanying Action Plan provides immediate focus for effort and resources to be applied in a way that is directly responsive to its priority areas and strategic directions. It is specifically designed to be a 'live' document, capturing existing, new and emerging projects of regional significance that can play a key role delivering the strategy over time.

This approach recognises and responds to the important 'temporal' (or time sensitive) nature of projects, both in terms of the time it takes for their development from idea to implementation, and the changing political, social, cultural and economic environments that can quickly alter their fortunes. It ensures no regional projects are excluded where they can demonstrate genuine alignment with strategic goals, and that the region is as well positioned as it can be to capture as many opportunities as possible for implementation as they emerge.

Over time, the Action Plan's list of projects will change. Projects will emerge and be considered on merit, travelling through the project prioritisation and implementation process to their logical conclusion. Their fortunes may turn for better or worse, but the region will be able to quickly adapt and shift its focus to the next most important project required to deliver the Growth Strategy's priority goals.

For a full and current list of Growth Strategy Action Plan projects, including progress updates, please review the 'live' Action Plan document and associated project profiles available on the LCLGA website at www.lclga.sa.gov.au