

ATTACHMENT 2

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Port Augusta
CITY COUNCIL

25 September 2018

Parliamentary Officer
Economic & Finance Committee
Parliament House
North Terrace
Adelaide SA 5000
Attention: Dr Joshua Forkert, Secretary

Dear Mr Forkert

RE: SUBMISSION TO INQUIRY INTO THE ECONOMIC CONTRIBUTION OF MIGRATION TO SOUTH AUSTRALIA

Thank you for your correspondence of 15 August 2018 inviting Port Augusta Council to provide a submission to your committee's inquiry into the economic contribution of migration to South Australia.

With reference to the inquiry terms of reference, we would particularly like to highlight our interest in the future opportunities to support population growth in South Australia.

Unfortunately, South Australia is well behind other states in terms of fostering a pro-active approach to regional growth.

There are 30 regional cities in Australia with populations over 30,000 and 10 with populations over 100,000ⁱ.

None are in South Australia.

With a current population of around 14,000, Port Augusta's growth in the ten year period from 2006 to the last national census in 2016 was only 2.2% (298 new residents)ⁱⁱ, placing the city in the ten lowest urban growth areas in Australia.

This is despite Port Augusta having a slightly higher median personal weekly income (\$604) and full time work rate (55%) compared to South Australia as a whole (at \$600 and 54% respectively).

The higher than average wage and full-time work rate reflect that Port Augusta's workforce has historically been dominated by well-paying jobs associated with electricity generation and the public sector – the rate of public administration jobs in Port Augusta (13%) is nearly double that for South Australia (7%)ⁱⁱⁱ.

It also reflects that Port Augusta has suffered from a long-term trend of 'fly-in-fly-out' professionals that has eroded local residential growth and workforce capacity.

This is evidenced by the sizeable pool of Adelaide-based residents who work in high-income professional roles in Port Augusta, mainly in public administration, education and health, with some in mining and manufacturing^{iv}.

It should also be noted that despite the significant level of public sector jobs in the region, Port Augusta has only 8.6% of workers employed in management roles, compared to 13% in both SA and nationally. This provides a stark reflection of the local impact of centralised decision making across Government agencies and private business.

The deficiency in regional workforce capacity has been exacerbated by the lack of locally available tertiary education options that has meant the region's ability to 'grow its own' skilled workforce has been further disadvantaged.

Over recent years, major investments in renewable energy, along with minerals processing, arid agriculture, defence and event tourism are providing Port Augusta and the Upper Spencer Gulf with a strong base from which to continue pushing forward with opportunities that help the region become cleaner, more innovative, liveable and economically diverse regional cities.

With an estimated \$5 billion in private investment in the Port Augusta district, development construction over the coming five year period is estimated to require a significant workforce – numbering in the thousands - ahead of gradual transition to ongoing operational resourcing levels.

Yet even now, ahead of this wave of new developments, existing employers are struggling to secure their workforce needs.

In addition to this industrial transition, employment in health care, social and disability assistance, hospitality and retail trade is also increasing in the region, with existing local workforce shortages only expected to be compounded.

There are a number of reasons for these persistent workforce issues, including a lack of sustained, comprehensive and pro-active policy support to help grow our regions and an often misguided assumption by centralised decision-makers that 'there are no jobs and it costs too much to live in the country'.

Not only are there job opportunities in the region, but also capacity for growth and affordable living. The rate of unoccupied private dwellings in Port Augusta is 18.5%, compared to 12.6% in SA and 11.2% nationally^v. Median rent in Port Augusta is \$180 per week, compared to \$260 in SA and \$335 nationally and median mortgage repayments are \$1213 per month compared to \$1491 in SA and \$1755 nationally^{vi}.

As a result of the long-term lack of vision and commitment to regional growth in South Australia, there will now need to be a significant focus on skilled and unskilled migration to meet the looming workforce needs in Port Augusta and the Upper Spencer Gulf.

Coordinating this incoming workforce will need to commence in the very short term and be part of an integrated approach to ensure flow-on impacts and any unintended consequences are managed ahead of time.

Considerations will need to include:

- Workforce – the right mix of skilled migration, impact on existing employers, FIFO from capital cities, 457 & 417 Visas and opportunities for training and upskilling locals
- Accommodation – social and economic impacts of constructing new residential dwellings vs worker camps vs additional motels/cabin parks vs currently unoccupied private dwellings
- Recreation – forward planning to ensure adequate recreational opportunities including gymnasiums, sporting facilities, arts, libraries, walking/bike trails, public toilets etc.
- Policing and behaviour management – SAPOL staffing levels to support changes in community dynamic and population growth.
- Community services – forward planning to ensure adequate health/medical, childcare, family support, public and private schooling, tertiary education
- Communications – mobile and internet capacity
- Traffic - commuter and maintenance traffic, roads, carparking, airport, public transport intra-city and inter-city shuttle

Compounding the issues around construction and industrial development, the workforce (and infrastructure) impact of existing periodic peaks of inflows associated with Defence training exercises at Cultana, nature-based tourism/travel season and major events/conferences will further exacerbate the shortages.

Whilst migration will be a significant part of the workforce solution for Port Augusta and the Upper Spencer Gulf, at the same time there must also be a concerted effort by the State to support the region to grow its own skilled workforce, particularly through initiatives such as the emerging 'Community Owned Tertiary Education Centre' (COTEC) model currently being implemented across the Upper Spencer Gulf.

Despite significant interest and investment in this initiative by the Commonwealth, there has, to date - and disappointingly - been no financial or resourcing support from the South Australian Government.

Education levels are significantly lower in Port Augusta compared to the South Australian and national averages. Only 8.9% of Port Augusta residents hold a bachelor degree or higher, compared to 18.5% in SA and 22% nationally. Levels of school literacy are lower than the state average and the proportion of 25-34 year-olds in the Upper Spencer Gulf who have completed year 12 or equivalent was 52% - well below the average for SA (68%) and Australia (75%)^{vii}.

To further confound workforce issues in Port Augusta, local unemployment rates remain persistently high and are now double the state average.^{viii} Port Augusta has a particularly large proportion (30%) of young adult females not in the labour force and not studying^{ix} and a much higher rate (21.3%) of single parent families in Port Augusta, compared to 16% in SA and nationally^x.

Clearly, this indicates the current system for education and workforce development is failing our region and a new approach is needed.

In summary, Port Augusta is facing a significant workforce crisis over coming years and will be very heavily reliant on migration to fill this need. Pro-active and coordinated planning for this needs to occur as a matter of urgency, involving all levels of Government and key industry leaders.

The essential short-term focus on migration must also be supplemented by a longer-term, regionally driven approach to local delivery of higher education and training that enable our community to grow our own workforce and build our own regional capacity for the future.

We would be very pleased to provide further information to your inquiry, or attend any hearings the committee may schedule.

Yours sincerely

John Banks
Chief Executive Officer

ⁱ Australian Bureau of Statistics; 28 July 2017; 3218.0 Regional Population Growth, Australia - Table 1. Estimated Resident Population, Significant Urban Areas, Australia;

ⁱⁱ Ibid.

ⁱⁱⁱ Ibid.

^{iv} Ibid.

^v Australian Bureau of Statistics; Quick Stats - Port Augusta Code SSC41175; accessed http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC41175

^{vi} Ibid.

^{vii} Australian Bureau of Statistics; 2011 Census

^{viii} Australian Government; March 2018; Small Area Labour Markets Australia; Department of Employment

^{ix} Australian Bureau of Statistics; 2006; Census of Population and Housing, Levels of Disengagement amongst Young Adults

^x Neville I; November 2011; Port Augusta-Whyalla-Port Pirie Priority Employment Area Survey of Employers' Recruitment Experiences, Presentation by Ivan Neville, Branch Manager, Labour Market Research and Analysis Branch, DEEWR