

1 May 2018

ABN 94 561 061 743

Sue Hyde
LEB Secretariat
Water Division
Department of Agriculture and Water Resources
GPO Box 858
Canberra ACT 2601

2a Stirling Road
Port Augusta SA 5700

p: 08 8641 1444
f: 08 8642 6951
e: reception@rdafn.com.au
w: www.rdafn.com.au

All Postal
Correspondence
PO Box 1762
PORT AUGUSTA SA 5700

Dear Sue,

Public consultation on the Second Review of the Lake Eyre Basin (LEB) Intergovernmental Agreement

Regional Development Australia Far North (RDA Far North) is a not-for-profit incorporated association funded under a tri-partite agreement with the Commonwealth, State and Local Governments. Our role is to foster and enhance a robust, diversified, vibrant and growing economy across Far North SA through the timely and professional provision of economic development services.

RDA Far North's geographical area of responsibility covers approximately 80% of South Australia including the Lake Eyre Basin (LEB). The area has a land mass of just under 800,000km² with a population of ¹27,500 and incorporates the Anangu Pitjantjatjara Yankunytjatjara Lands. The region takes in the iconic Flinders Ranges and Outback region, popular and well visited tourism destinations in the State. The Flinders Ranges is also now recognised as a National Landscape.

The main townships in the region include (but are not limited to) Port Augusta, Quorn, Hawker, Leigh Creek, Copley, Lyndhurst, Marree, Innamincka, William Creek, Oodnadatta, Marla, Mintabie, Coober Pedy, Glendambo, Pimba, Woomera and Roxby Downs. Some of these remote townships are between 800 - 1,000 kilometres from Port Augusta, the largest city in the region (population of ¹13,808).

In the Far North Region, Mining is one of the principal economic drivers accounting for by far the largest share of the industry output, jobs and exports out of the region. Agriculture is a traditional mainstay industry of the Far North, based on sheep, grains and beef cattle production. The agricultural sector is a key industry in the Region given its notable contribution to industry value-added, employment and regional exports, coupled with strong local linkages throughout the region's economy. Tourism is another industry with a solid base and potential for growth as national and international market trends support opportunities to capitalise on demand for outback experiences. Tourism employs local residents across a diversity of sectors including accommodation and food services, arts and recreation services, retail and transport. Importantly, the tourism industry displays strong backward linkages into the local economy.

According to the Regional Australia Institute ²regional Australia accounts for around 40% of national economic output and employs around one third of Australia's workforce. This is a significant contribution

¹ ABS Census Data, 2016

² The Economic Contribution of Regions to Australia's Prosperity, Regional Australia Institute, Talking Point

from sometimes very remote and sparsely populated areas. The regions house some of the largest contributors to that economy, those being mining and construction industries.

The Regional Australia Institute also states that ³the co-operative development of joint regional level implementation structures has emerged as a preferred method for implementing change. Key examples of this now established preference include:

- Health and Hospital Networks and Medicare Locals
- Natural Resource Management Organisations
- Regional Development Australia Committees
- Indigenous Coordination Centres and Regional Operations Centres
- Enterprise Connect
- Job Service Providers.

Regional Australia provides the electricity to power cities and urban areas, it's where the food is grown and sourced and it's where the greatest wealth comes from in terms of major industries such as mining. Mining is undoubtedly the Far North region's dominant industry with ⁴78% of operating mines and 53% of developing projects in South Australia located in the Far North region.

Economic modelling undertaken by SC Lennon and Associates in preparation of Economic Growth and Investment Strategies for the Outback Communities Authority and Roxby Downs Council shows the following estimated value of regional exports in some areas in the Far North SA region including the LEB is as follows:

- ⁵Outback Communities Authority - \$3.6b (84% of the region's economic output) with mining the largest contributor with 85% of total export value compared to 72% for the wider Far North region.
- Roxby Downs - \$927.5m (77% of the region's economic output) with mining the largest contributor with 89% of total export value compared to 72% for the wider Far North region.

A critical input to the Far North Region's economy, and central to its competitiveness, is its natural resources. Much of the economic activity in regional Australia is directly linked to local natural resources. The Regional Australia Institute (2015) asserts that access to natural resources can create economic opportunities through offering inputs to production (such as access to water or good quality soil), and can be used to generate production outputs (such as minerals or extractives), or as a foundation for services such as tourism and recreation.

In the case of the Far North region, it follows then that natural resource management is critical to developing and maintaining a comparative economic advantage as it underpins the region's 'driver' industries of agriculture, tourism and mining. Key inputs to these industries include conservation of biodiversity, management of regional landscapes, water quality, soil quality, water planning and management.

These, in-turn, contribute to key outputs that include visitor experiences and satisfaction, sustainable pastoralism, management of mining impacts and sustainable water resources for communities.

Promoting partnerships and collaborative regional planning is the key to successful implementation of activities, projects and initiatives designed to meet the Far North Region's priorities for economic development.

No one agency can be all things to all people and no one level of government can fully respond to the diverse needs and circumstances of the communities of the Region. Hence, collaborative partnerships are essential for coordinating the activities and investments of different stakeholders.

³ Regional Australia Institute Submission, December 2013 Optimising regional investment: opportunities for reform, innovation and efficiency

⁴ <http://www.minerals.statedevelopment.sa.gov.au> August 2017

⁵ Economic Growth and Investment Strategies (Outback SA, Roxby Downs and Flinders Ranges, SC Lennon & Associates, 2016/17)

As noted above, a critical input to the Far North Region's economy, and central to its competitiveness, is its natural resources. Natural Resources SA Arid Lands (SAAL) is the organisation responsible for ensuring the sustainable use of the region's resources, including water, soils, plants and animals. As noted on the Natural Resources SAAL website, the natural systems and human activities in the SAAL NRM Region make it fundamentally different from other NRM regions in South Australia, containing a greater percentage of intact ecosystems and natural biological diversity than any other region in the State.

Engaging key partnerships and collaborative regional planning will therefore be critical to facilitating and promoting a holistic approach to the Region's sustainable economic development. Effectively promoting and facilitating economic development in the Far North Region will require all key stakeholders to work in partnership with each other, communities and the private sector, to focus on the challenges and opportunities for the region and its communities. To do this effectively requires a strategic, informed and targeted approach.

As noted earlier, Agriculture is a traditional mainstay industry of the Far North, with the region's sheep and cattle stations covering more than 400,000 square kilometres, or over half the Far North Region's land mass. Agriculture, Forestry & Fishing sector contributes \$186 million or approximately 2.7% of the Region's total output. The sheep, grains, beef and dairy cattle sector accounts for 66% of the region's agricultural industry output, or \$124 million. The Agriculture Industry is a large employer in the region, accounting for 4.6% of the region's jobs, the majority of which (more than 72%) are employed in sheep, grains, beef and dairy cattle production.

Despite a number of challenges facing the beef cattle industry in South Australia (and nationally) in recent years - varying weather patterns, volatile operating costs, fluctuating turnoff rates and declining commodity prices – the global market outlook for meat products is improving, with demand expected to grow as increasing meat consumption coincides with higher incomes, particularly in emerging Asian economies.

According to IBISWorld (2016), Australia's beef cattle industry revenue is expected to grow at an annualised 3.1% over the five years through to 2015-16. The industry's prospects are expected to further strengthen over the next five years and revenue is expected to grow at an annualised 2.4% through 2020-21, to reach \$15.2 billion. The volume of Australia's live cattle exports is projected to increase in line with growing demand in Asian and Middle Eastern markets and higher prices. Exports will be further aided by the expected ongoing depreciation of the Australian dollar.

Capitalising on new opportunities for industry growth and investment will require the Far North's agricultural sector to address current constraints on growth to become more efficient and competitive, nationally and globally.

An ongoing challenge for pastoralists is the difficulty in maintaining a consistent supply of product to market. The Far North is part of the South Australian Arid Lands (SAAL) region, which includes some of the driest parts of the state. It is characterised by irregular rainfall and other episodic weather events that rarely follow predictable annual cycles. At times, these factors have been accentuated by periods of severe drought, and such dynamics directly affect the Far North's pastoral activities and its water supplies.

Climate change predictions indicate that diminished rainfall will continue to affect the region in the future and adapting to environmental change is a challenge for the Region's pastoral industry.

Unlike agricultural regions further south, healthy native vegetation is critical to the Far North pastoral industry, providing valuable fodder for fattening cattle and sheep (Government of South Australia, 2016). Natural resource management is therefore critical for ensuring the sustainability of the region's pastoral industry through maintaining the soils, native vegetation and native wildlife.

The surface and groundwater resources of the Far North region are critical to the ongoing existence of the industries and communities of the region. Additionally, the management of cross border impacts is essential to maintain equitable access for both industries and the environment. RDA Far North strongly supports the

ongoing management of water resources that ensures both the quality and quantity of the water resources in SA.

In addition to supporting the livelihoods and environment of the region, the assets of the LEB are central to the tourism industry in the region and management of the natural resources of the region are essential to maintain the regions tourism industry.

RDA Far North supports the development and implementation of governance arrangements that enable local knowledge and input into decision making. The LEB Agreement plays an important role in ensuring community involvement in decision making that is relevant to the region, and any changes to the agreement should maintain or strengthen this approach. The commitment to collaborative management of the LEB has previously involved the relevant State, Territory and Australian Government Ministers meeting in the Basin and this commitment should continue to ensure that there is recognition and direct understanding within government of the issues facing the communities and environment across the basin.

Ongoing Monitoring of the condition of the LEB is essential, however this needs to be supported by resources for active management. Currently, funding for activities to manage the Natural Resources across the basin, is short term and facing ongoing reductions. It is critical to maintain dedicated funding streams to support delivery of active management of the issues facing the basin in a timely manner.

Thank you for the opportunity to contribute to this review and we welcome an opportunity to discuss our contribution further.

Yours sincerely

A handwritten signature in black ink that reads "Wiseman". The signature is written in a cursive style with a period at the end.

Ms Claire Wiseman
Chief Executive Officer