

REGIONAL IMPACT ASSESSMENT STATEMENT

Agency

Primary Industries and Regions SA – Regions SA

1. Title of the initiative

Allocation of a grant to Inghams Enterprises Pty Limited (Inghams) from Round 3 of the Regional Development Fund (RDF) Major Projects Program (MPP) towards the costs associated with the construction and operation of four chicken breeding farms on a 931 hectare property located at Yumali in the Murray and Mallee.

2. Issue to be addressed

Regional Development Fund - background

The purpose of the Regional Development Fund (RDF) is to increase economic growth and productivity for regional South Australia.

The broad objectives of the RDF are to support regional economic development by:

- Creating new jobs and improving career opportunities;
- Providing better infrastructure facilities and services;
- Strengthening the economic, social and environmental base of communities;
- Supporting the development and delivery of projects;
- Leveraging funding and investment.

The RDF Major Projects Program can provide grants of between \$200,000 and \$2 million with leveraged funding at a minimum ratio of \$3 for each \$1 grant. The Program is aimed at supporting major economic projects designed to strengthen regional industries, support local economies and provide opportunities through investment in strategic projects. Larger funding amounts may be considered where there are outstanding benefits for the region and the State.

Independent economic analysis by Ernst and Young

An independent economic analysis undertaken by Ernst and Young assessed the overall economic impact of projects awarded grant funding through the RDF. The economic analysis identified that with \$33 million in grants awarded in Rounds 1 and 2, the RDF has supported 61 projects that will generate economic activity worth \$5.6 billion to the South Australian economy from 2014-15 through to 2020-21. A total of 14,389 regional jobs are projected to be generated over the life of the projects, as well as supporting other jobs in metropolitan Adelaide.

The economic analysis highlights that the main benefit to the State is not the grants themselves but the projects and industries it supports, by:

- Accelerating companies' own investment;
- Enabling additional investment for further value;
- Allowing projects to progress that otherwise would not have.

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3. Region(s) impacted by the proposal

This project is located in the Murray and Mallee region.

The economic analysis by Ernst and Young indicates the importance of the RDF in driving economic growth across the Murray and Mallee region.

The analysis estimates the RDF's contribution to the State's economy in 2015-16, as well as the ongoing economic impact over the next seven years to 2020-21.

The report shows that in 2015-16, RDF supported projects in the Murray and Mallee made an economic contribution of \$212 million to the region and created 554 jobs.

Five grants totalling \$4 million have been provided for Round 1 and 2 projects in the Murray and Mallee.

Inghams has embarked upon a significant expansion phase in South Australia, involving the doubling of its Monarto hatchery capacity from 1.2 to 2.4 million hatchings per week, and the associated expansions of feed milling, fertile egg production, broiler farms and processing.

Inghams is to construct and operate four breeding farms on a 931 hectare property at Yumali, and claims this project will result in a replication of its current complex of four farms located at Hamley Bridge.

Each farm has six sheds holding 12,100 birds per shed for the supply of fertile hatching eggs to the Inghams' hatchery at Monarto.

The Yumali breeding farm will support Inghams' required expansion of its capacity.

The expanded hatchery capacity is expected to produce approximately 800,000 eggs per week.

Unemployment in Murray and Mallee Region

Data published by the Commonwealth Department of Employment shows that for the December quarter 2015, the rate of unemployment was 9.6 percent, representing 3,139 persons in the Murray and Mallee region who were unemployed.

These figures are only marginally better than the Yorke and Mid North region which had the State's highest unemployment data of 10.0 percent during the December 2015 quarter.

Unemployment in the Murray and Mallee region was also noticeably higher than the State average of 7.4 percent and the average for all regional areas of 7.1 percent during the same quarter.

4. Stakeholders Affected by the proposed initiative

- Murraylands Food Alliance;
- The Coorong District Council;
- Regional Development Australia – Murraylands and Riverland.

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5. Stakeholders Consulted

- Murraylands Food Alliance;
- Coorong District Council;
- Regional Development Australia – Murraylands and Riverland.

6. Consultation

The Chair of the Murraylands Food Alliance, Mr David McKay, wrote in support of the proposal and wished Inghams all the best for its future expansion plans.

On 22 December 2015, Inghams submitted a development application in respect of this proposal to the Coorong District Council. Council was consulted and provided a letter in support of the project.

Regional Development Australia – Murraylands and Riverland (RDAMR) wrote expressing strong support for the proposal.

7. Summary of Impacts and Analysis

7.1 Economic Factors

Inghams Enterprises Pty Limited has secured a \$2 million grant towards construction of four breeding farms at Yumali in the Murraylands.

This project is fundamental to the company's plans, and will help to secure the future activities of Ingham Enterprises in South Australia. The project would complement significant broiler industry investment in the region.

In addition to the creation of 24 ongoing new FTE jobs and 15 jobs during the construction phase, the applicant claims the project will result in a replication of Inghams' complex of four farms at Hamley Bridge SA.

The total Project cost is \$17,633,750 with the company investing \$15,633,750.

The Project commenced in March 2016 and is expected to be completed at the end of March 2018.

7.2 Social Factors

There is a minor positive impact on the families, society and community in the region associated with Inghams' proposal. The employment of an additional 24 persons in the facility, as well as the temporary employment available during the construction period will have a positive economic and societal impact.

The project proponent has a demonstrated commitment to employing locally and developing local supply chains to support its operations.

Inghams claims that the site will hold breeder flocks which will provide inputs to the rest of the Inghams organisation.

7.3 Environmental Factors

There is no assessable environmental impact associated with the granting of this fund.

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7.4 Equity Factors

There is a minor positive equitable impact, as local employment will be created in both the short term during construction and on-going in the new breeding farms facilities, providing opportunities for employment within the community.

8. Mitigation

None required.

9. Coordination

Regions SA provided a coordination and liaison role between the applicant and the Regional Development Fund Assessment Panel.

10. Local Government

The Coorong District Council wrote to advise that it supported the project for the following reasons:

1. It will provide an estimated 25 ongoing jobs in the Coorong district, which will assist with reversing population decline in the local government area;
2. It is consistent with the council's strategic directions of supporting activities that achieve prosperity and sustainability for the district;
3. It aligns with the Coorong district's primary production, geographical and infrastructure strengths.

11. Preferred Option

The preferred option is to grant up to \$2 million to Inghams Enterprises Pty Limited (Inghams) for the purpose of constructing and operating four breeding farms at Yumali in the Murray and Mallee.

12. Agency Contact Details

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