

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) in order to provide funding assistance towards construction of a new feed milling facility at Murray Bridge.

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 provides 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 a regional area 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.

REGIONAL IMPACT ASSESSMENT STATEMENT

3. Region(s) impacted by the proposal

This project is located in the Murray and Mallee region (the Region).

The economic analysis by Ernst and Young indicates the importance of the RDF in driving economic growth across the 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, projects supported by the RDF in the Region made an economic contribution of \$212 million and created 554 jobs.

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

The existing Ingham feed mill, located at Mile End in metropolitan Adelaide, was established in the 1950s and is now dealing with capacity issues as it operates beyond its intended useful life.

Re-development of the site is not possible due to significant urban encroachment. Therefore, the construction of a new state of the art feed mill at Murray Bridge is deemed by Inghams as a critical transition in order to meet the demand for poultry.

The new milling facility is expected to increase Inghams SA feed production to more than double its current capacity.

Strategically, the project attracts an important anchor tenant to the Flagstaff/White Sands industrial precinct and should alleviate the perceived requirement for gas at the Monarto industrial precinct. Ingham's locating at the Flagstaff industrial precinct assists in cementing the opportunity for White Sands to act as a base for high energy demand industries while Monarto acts as transport and logistics hub.

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 is noticeably higher than both the quarterly State average of 7.4 percent and the 7.1 percent average for all regional areas.

4. Stakeholders Affected by the proposed initiative

- Department of State Development
- The Rural City of Murray Bridge
- Regional Development Australia – Murraylands and Riverland

REGIONAL IMPACT ASSESSMENT STATEMENT

5. Stakeholders Consulted

- Department of State Development
- The Rural City of Murray Bridge
- Regional Development Australia – Murraylands and Riverland

6. Consultation

The Department of State Development advised that Inghams has selected a suitable site located 8 kms south east of Murray Bridge and is in the process of securing the land in preparation for commencing development during the fourth quarter of 2016.

The Rural City of Murray Bridge (the Council) wrote in support of the proposal. The Council advised that Ingham Enterprises Feed Mill is an exciting project providing valuable job growth and potential value-add industries to increase employment and investment opportunities.

Regional Development Australia – Murraylands and Riverland (RDAMR) wrote expressing strong support for Inghams' proposal. RDAMR advised it had worked collaboratively with Inghams on a range of successful projects in the region.

7. Summary of Impacts and Analysis

7.1 Economic Factors

Inghams Enterprises Pty Limited has secured a grant of \$1.7 million towards costs associated with the establishment of a new feed milling facility in Murray Bridge.

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 17 ongoing new FTE jobs and 15 jobs during the construction phase, the applicant claims the project will result in an additional 2,781 tonne of chicken volume produced.

The total Project cost is \$46,000,000 with the company investing \$44,300,000.

The Project commenced in February 2016 and is expected to be completed at the end of July 2017.

7.2 Social Factors

There is a minor positive impact on the families, society and community in the region associated with the Ingham's proposal. The employment of an additional 17 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 claim that the new facility will generate significant benefits to the local community by creating new job opportunities directly in regional South Australia

REGIONAL IMPACT ASSESSMENT STATEMENT

and indirectly support the Northern corridor where Ingham's Bolivar processing plant is located.

7.3 Environmental Factors

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

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 feed milling facility, 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 Rural City of Murray Bridge was consulted and wrote in support of this project, stating that job and investment growth is extremely important for ensuring the sustainability of the region, given its socio-economic disadvantage ratings. Council also stated that the project aligns well with Council's strategic plan for 2016-2020.

11. Preferred Option

The preferred option is to grant up to \$1.7 million to Inghams Enterprises Pty Limited (Inghams) in order to support construction of a new feed milling facility at Murray Bridge.

12. Agency Contact Details

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