6. Economics

6.1 Background

The 30-Year Plan for Greater Adelaide 2010 (DPLG 2010) details a policy focused on stronger population growth, demographic change, land development and employment increases over the next 30 years. The economy and creation of jobs are a key rationale for the directions and targets in the 30-Year Plan. The main objective is to create an environment that promotes stronger economic performance through more efficient and effective land use arrangements that support the growth of new industries.

6.2 Economic rationale

The importance of a duplicated Southern Expressway lies in its key role of providing a high standard road for use 24 hours a day. It advances the objectives of improving safety, reliability and efficiency for the movement of people and goods, as well as linking major regional centres in the southern and Fleurieu regions to major import and export facilities and population centres in the state.

A duplicated Southern Expressway is a crucial element for business and industry expansion. It forms the southernmost connection into the inter-modal transport hubs of Adelaide. The project, combined with projected future improvements along Main South Road (as detailed in DTEI’s Darlington Transport Study, www.infrastructure.sa.gov.au/darlington) and other north–south corridor projects (i.e. South Road Superway project, proposed Northern Connector and completed Northern Expressway) will help generate vital economic outcomes in several growth regions by:

- linking strategic residential growth areas identified in the southern and Fleurieu regions in the 30-Year Plan and reflecting where people are going to live, thus minimising times of the journey to work and to new employment opportunities
- creating jobs, directly and indirectly, through facilitating regional investment opportunities and improving the general economic competitiveness of industry that uses the Southern Expressway.

6.3 Regional economic assessment

6.3.1 Regional economic context

The project is expected to facilitate further economic development from key industries already established in the southern and Fleurieu regions.

At the time of the 2006 Census, the largest proportions of southern region residents were employed in:

- retail trade (23,803 or 15.5% of total employment)
- health and community services (22,727 or 14.8%)
- manufacturing (19,257 or 12.5%).

Table 6.1 summarises 2006 Census employment data by industry for the southern region.
Table 6.1 Southern region: Employment by Industry, 2006 Census

<table>
<thead>
<tr>
<th>Industry sector</th>
<th>Southern Adelaide</th>
<th>2006</th>
<th>Change since 2001</th>
<th>Percentage in 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>No.</td>
<td>%</td>
<td>Southern Adelaide</td>
</tr>
<tr>
<td>Agriculture, forestry &amp; fishing</td>
<td>1,564</td>
<td>-359</td>
<td>-18.7%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Mining</td>
<td>946</td>
<td>471</td>
<td>99.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>19,257</td>
<td>-2,376</td>
<td>-11.0%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Electricity, gas &amp; water supply</td>
<td>1,313</td>
<td>289</td>
<td>28.2%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Construction</td>
<td>10,996</td>
<td>2,631</td>
<td>31.5%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>5,926</td>
<td>-165</td>
<td>-2.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>23,803</td>
<td>2,401</td>
<td>11.2%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Accommodation, café &amp; restaurant</td>
<td>6,317</td>
<td>272</td>
<td>4.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Transport &amp; storage</td>
<td>5,102</td>
<td>493</td>
<td>10.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Communication services</td>
<td>2,381</td>
<td>-261</td>
<td>-9.9%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td>6,199</td>
<td>735</td>
<td>13.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Property &amp; business services</td>
<td>14,959</td>
<td>741</td>
<td>5.2%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Government administration &amp; defence</td>
<td>7,967</td>
<td>2,463</td>
<td>44.7%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Education</td>
<td>12,370</td>
<td>1,328</td>
<td>12.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Health &amp; community services</td>
<td>22,727</td>
<td>4,241</td>
<td>22.9%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Culture &amp; recreational services</td>
<td>3,113</td>
<td>-3</td>
<td>-0.1%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Personal &amp; other services</td>
<td>6,417</td>
<td>498</td>
<td>8.4%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total</td>
<td>154,039</td>
<td>13,642</td>
<td>9.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The largest proportions of workers in the southern region were employed in retail trade, a higher proportion than the state average. Employment in finance and insurance, and health and community, are also represented in higher than average proportions than the rest of the state.

This information is based on residents of the region, regardless of where their work is located; it does not necessarily reflect the physical presence of these industries in the southern region. The industries present in the southern and Fleurieu regions are summarised in Section 6.3.2.

6.3.2 State-significant industry located in the southern and wider regions

The following state-significant industry areas have a presence in the southern and Fleurieu regions, according to Department of Trade and Economic Development industry profiles.

6.3.2.1 Manufacturing

Manufacturing was highlighted as the largest industry in the southern region in terms of employment in the Think South: A New Economic Future Report (Southern Adelaide 2008). Manufacturing creates new products and markets, which lead to higher growth and often to highly skilled, full-time jobs. Manufacturing has evolved into a skill and knowledge intensive sector. It is a major area of technical innovation in the economy and one of the largest users of high technology, making it an important driver of productivity improvement across the entire economy.
Manufacturing contributes about 70% of the state’s merchandise exports, nearly 14.5% of gross state product and about 14% of total employment. It is the southern region’s most important industry, accounting for an 18% share of Greater Adelaide manufacturing.

Key manufacturing sites in the southern region include:

- Lonsdale industrial estate, including the former Port Stanvac refinery and Mitsubishi engine plant
- Tonsley Park, 64 hectares of industrial land formerly occupied by the Mitsubishi vehicle manufacturing plant
- Edwardstown and South Road corridor in the City of Marion.

6.3.2.2 Tourism

South Australia is famous for its world-class wine, food, historical and cultural attractions, and iconic nature experiences, many located in the southern, Fleurieu and Kangaroo Island regions. In South Australia, 60,083 people were employed in tourism-related industries in the year to August 2009 with more than 7,900 in tourism-related businesses such as accommodation, attraction, hospitality and transport services.

In 2006, the Fleurieu Peninsula tourism region attracted more visits than any other South Australian region except Adelaide. An estimated 2.1 million domestic day trips and 639,000 overnight visitors stayed nearly 1.9 million nights in the region. On Kangaroo Island, tourism has developed from its early beginnings in 1880 to being one of the main economic drivers on the island. The island is promoted internationally as a premier eco-tourism destination and trades on its ‘clean green’ image and unique nature-based experiences. These include pristine beaches, native bushland, and 21 national and conservation parks covering nearly one-third of the island.

The tourism industry in the south relies heavily on customers being able to access their destinations. The popularity of the southern and Fleurieu regions as tourism destinations is related to their accessibility and proximity to Adelaide metropolitan areas.

By ensuring that connectivity remains viable and is not disadvantaged by congestion or restrictions to transport flow, the project will be advantageous to the tourism industries of the southern, Fleurieu and Kangaroo Island regions.

6.3.2.3 Agribusiness

The agribusiness sector is one of South Australia’s largest industries. Gross food revenue was $11.5 billion in 2007–2008 with $2.7 billion in food and wine exports to markets including Japan, USA, China, Canada and the UK. As at June 2007, the sector contained 954 food and beverage manufacturers; it employed 23,100 people in the year to August 2008.

Businesses associated with these industries are located throughout the state and contribute 36.75% of state goods exports. Production regions are expected to grow over the next few years because they have an international reputation for quality agricultural and food products.

The areas of McLaren Vale, the Fleurieu Peninsula and Kangaroo Island are all significant areas of primary production in South Australia.

Kangaroo Island’s soil types and temperate climate support agricultural production mainly in lamb, wool, grains, fishing and aquaculture, which continue to be significant contributors to the island’s economy valued at more than $100 million per annum. The Fleurieu region continues to be strategically significant for primary industry in South Australia with approximately one-fifth of its working population engaged in this sector. Diversified agriculture and viticulture also provide a large part of the
region's income. Conversion of traditional beef and sheep properties to various forms of horticulture is a major trend. Growth crops include wine grapes, olives, vegetables and berries.

The potential to increase and improve the agricultural industries in the McLaren Vale, Fleurieu Peninsula and Kangaroo Island areas is strengthened by the creation of a north–south transport corridor. Agriculture and agribusiness generate significant freight by moving produce from ‘farm-gate’ to market and processing locations. The travel time savings expected from the duplication of the Southern Expressway is of specific significance to these agricultural areas.

6.3.2.4 Wine industry

South Australia is the centre of the Australian wine industry and takes a lead role in viticulture, wine testing, production and bottling. Investment and business opportunities in niche viticulture and winemaking activities include research and development of wine grape growing and new wine varieties, waste management, transport and logistics, and provision of wine-related tourism and services to the wine industry. In 2006–2007, gross wine revenue outputs totalled $2.1 billion; in the year to April 2009 wine exports amounted to $1.6 billion, or 15% of state goods exports.

In the Fleurieu region, the defined Fleurieu Wine Zone comprises five wine regions: Currency Creek, McLaren Vale, Langhorne Creek, Kangaroo Island and Southern Fleurieu. All are significant contributors to the wine industry in the state. The connectivity of these wine regions to the State’s transport hubs and markets is important for efficient movement of the region’s produce. Also of significance is the connectivity to other wine growing regions to the north of Adelaide, and the Adelaide Hills in creating a ‘wine industry cluster’ for grape growing and winemaking, research, development and transport between the different wine regions.

6.3.3 Land use and employment

South Australia’s Strategic Plan, the Strategic Infrastructure Plan, The 30-Year Plan for Greater Adelaide 2010 and the Housing and Employment Land Supply Program (HELSP) influence land use and employment generation targets for the southern region, and create the strategic context for the project.

The 30-Year Plan for Greater Adelaide aims for a population growth of 560,000 people over 30 years, and accommodates this growth through the delivery of 258,000 additional dwellings to be constructed over its life (to 2038). It is estimated that nearly one-fifth of this population growth or 104,000 new residents (in the Fleurieu and southern regions) will directly benefit from duplication of the Southern Expressway. The expected employment growth from the 30-Year Plan for the southern and Fleurieu regions also equates to an additional 54,500 jobs over the life of the plan.

The 30-Year Plan for Greater Adelaide recognises the project, and the land use and development opportunities it would open. This project is expected to help achieve many of the plan’s objectives.

The HELSP Report 2010, Greater Adelaide (DPLG 2010) analyses the projected population of the Adelaide metropolitan area and its associated demand for housing. The report acts as a road-map in predicting the direction and rate of urban expansion and examining the implications for supplying infrastructure from the 30-Year Plan. The report, released in 2010, provides direction for residential and industrial land supply for a 15 year period. The HELSP combines the Metropolitan Development Program and Industrial Land Program.

The HELSP is significant to the project as it assists decision-making processes by directing the location of future population and employment growth, and thus coordinating the approach for infrastructure planning with employment generation and population growth.
Industries in the southern and Fleurieu regions (including Kangaroo Island) will benefit in expanding economic potential not only through more efficient distribution of their goods/services to metropolitan Adelaide and major import/export facilities, but also from the easier access for employees and goods to the specific businesses in the south.

6.3.4 Major economic projects

Other major economic projects planned for the southern region will have a strong impact on workforce development and overall employment participation for the region:

- Seaford Meadows–Seaford Heights housing developments (estimated completion date 2016)
- State Aquatic Centre in Marion (estimated completion date 2011)
- Castle Plaza shopping centre expansion, Marion (draft Development Plan Amendment currently available for review)
- Westfield David Jones expansion, Marion (estimated completion date 2012)
- Mitsubishi Tonsley industrial redevelopment, Marion (planning study currently underway, estimated completion date 2026)
- Mobil Port Stanvac industrial redevelopment, Onkaparinga (site remediation to be completed by 2026)
- Pasadena shopping centre redevelopment, Mitcham (estimated completion date mid to late 2011)
- Adelaide Desalination Plant, Onkaparinga (estimated completion and operation date mid 2011)
- Noarlunga to Seaford rail extension, Onkaparinga (construction begun; scheduled for passenger operation in late 2013).

The construction of these major projects will facilitate economic and jobs growth throughout the southern region. As a result the region is potentially placed for jobs growth in the short term or at least replace jobs lost in the recent manufacturing downturn. For example around 700–800 new jobs have been facilitated through construction of the Adelaide Desalination Plant; an estimated 500 local jobs through Nation Building Economic Stimulus Plan projects; and an anticipated, almost 600 local jobs through recent Structural Adjustment business grants.

6.4 Overview of economic activity effects

The project is a vital link in the state government vision of a continuous, free flowing north–south corridor.

The duplicated expressway is needed to ensure the viability of the industrial, manufacturing, agricultural and tourism industries of the southern and Fleurieu regions of Adelaide. The Southern Expressway has until now only served the ‘tidal’ flow of traffic mainly associated with the peak hour.

6.4.1 Direct economic effects

Management of peak hour traffic volumes is a critical component of traffic management and was a key reason for construction of the Southern Expressway during the 1990s when the peak hour traffic direction represented approximately three-quarters of traffic on Main South Road.

Journey to work trips mainly associated with the peak hour traffic volumes represent 14.2% of all traffic along the Southern Expressway (Department for Transport 2002) and previous surveys for Adelaide have shown significant other trips that are not currently facilitated by the Southern Expressway.
These trips, which occur during the inter-peak (9.00 a.m. to 3.00 p.m.) and off-peak (approximately 6.30 p.m. to 6.30 a.m.) periods, would benefit from a duplicated expressway. They include:

- social and recreation trips (approximately 24% of trips from home)
- local and regional shopping-based retail trips (15.5% of trips from home)
- education-based trips taking children to and from school or passenger services (6% of trips from home)
- trips for personal business (18% of trips from home)
- trips associated with business (not travelling from home) and travel between destinations not including commercial freight traffic (23% of all trips in the opposite direction to the expressway).

A duplicated Southern Expressway will save time for travellers using the Southern Expressway outside peak traffic hours who currently use existing, alternative roads through the southern suburbs.

The industries supported in the southern and Fleurieu regions (manufacturing, tourism, agribusiness and the wine industry; see Section 6.3.2) will also directly benefit from improved access facilitated by the duplicated Southern Expressway.

Improving accessibility for these industries and negating their need to use other parts of the network during the inter-peak and off-peak periods has a two-fold effect:

- the value inherent in the project in cost saving for industry and other users through improvements in travel time, vehicle operating costs etc, and what that means for industry competitiveness
- potential net creation of economic activity due to the projects e.g. companies setting up in South Australia (and the region), and new activity by existing firms that would not otherwise occur; for this new activity there are direct impacts, and flow-through or economy wide effects.

### 6.4.2 Potential economic effects

Potential economic effects of the project are summarised in Table 6.2.

<table>
<thead>
<tr>
<th>Table 6.2</th>
<th>Potential economic effects of the project</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria</strong></td>
<td><strong>Area of influence</strong></td>
</tr>
<tr>
<td><strong>Accessibility improvement</strong></td>
<td>(Metropolitan wide, sub-regional or corridor influence)</td>
</tr>
</tbody>
</table>
| Faster smoother travel, shortened delivery lead times, improved ability to meet timeframes and improved connections from the south to the north. This will create cost savings and increase productivity for freight transport (including imports/exports to/from the region), business travel and personal travel | Metro wide, sub-regional
Local effect expected to be significant |
| **Direct employment effects from construction** | Regional |
| Employment, income and value-added outcomes associated with the road construction spend | |
| **Indirect employment effects** | Regional (southern and Fleurieu) and metro wide |
| Identified industries of tourism, agribusiness, manufacturing and wine industry will benefit; also potential increases in advanced manufacturing, environmental services, public sector education and health knowledge services, medical device technologies | |
| **State economy effects** | State wide |
| Operational expenditure impacts build on region; broader economic impacts also largely focused there | |
6.4.3 Benefit cost analysis

In the benefit cost analysis (to be undertaken), a range of benefits and costs will be assessed through considering a wide range of effects, including:

- vehicle operating costs
- travel time costs
- accident costs
- environmental impacts
- noise (social amenity)
- public transport usage
- stormwater management
- visual effects and landscaping
- supply chain efficiency
- improved access
- development opportunities.

These effects will be expressed in the benefit cost analysis as a mixture of monetised units (i.e. expressed in dollar values), and non-monetised descriptions. Where feasible, under standard evidence-based practice, the effects will be monetised. Where it is not feasible or appropriate to assign a dollar value to an effect, it will be described in qualitative and quantitative terms. These will be brought together as input to the decision-making process.

6.4.4 Employment

Many of the range of construction jobs associated with the project will be filled by people from the southern and Fleurieu regions.

Analysis indicates an estimated 4.22 full time equivalent employees will be associated with the project for every million dollars spent in any given year. As not all jobs are full time, the South Australian Department of Trade and Economic Development advises use of a conversion factor of 1.21 to convert from full time equivalents to total jobs (part and full time).

Typically, employment numbers fluctuate from year to year over the full construction period of a project. For the 3-year construction period of the project, an estimated average of approximately 760 jobs will be associated with it in any given year.

Three types of associated jobs can be defined:

- direct effects: jobs associated with production of the infrastructure itself (e.g. road construction jobs)
- indirect effects: jobs associated with increased demand for materials, goods and services used in construction (e.g. steel production and fabrication)
- induced effects: jobs flowing on to others sectors of the economy as a result of direct and indirect effects (e.g. retail).

To assist with employment opportunities arising from the project, a Taskforce, lead by Leon Bignell, Member for Mawson, was set up to ensure at least half of the workers employed on the project are from Adelaide’s southern region. Part of the government’s commitment is to ensure 15% of construction jobs are filled by young and disadvantaged people living in the southern suburbs and to ensure people working on the project are trained in new skills and trades that can be used after completion of the project.
6.5 Conclusion

The project potentially supports major economic activity and new investment in the southern and Fleurieu regions by improving access along the Southern Expressway. The travel time and accessibility improvements can lead to business and industry efficiencies and also benefit current and future residents and other road users by reducing personal and business travel costs.

The project will also contribute to employment opportunities and allow for investment in training of new skills and trades which will be reinvested back into the state in the future.