



Regional Development Australia - Tasmania

The future role and contribution of regional
capitals to Australia

A Tasmanian Perspective

Authors: Mike Brindley and Kevin Turner
Level of Which Submission
Has Been Authorised: Chief Executive Officer

Contact: Craig Perkins
Position: Chief Executive Officer
Return Address: Level 1, 12-16 St John Street, Launceston TAS 7250
Phone Number: 03 6334 9822
Date: 29th April 2015



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Executive Summary

Tasmania's two regional capitals are Launceston in the north and the Devonport / Burnie area in the North West. The capital city of Hobart in the south is the seat of the Tasmanian government and has the largest population base.

These three population centres are distinctly different and each is responsible for driving Tasmania's current "three speed economy".

In respect of the two regional capitals, Launceston in northern Tasmania has economic growth potential, but is vulnerable to economic shocks which take time to recover from.

The Devonport / Burnie area, by contrast, is made up of two independent but interrelated urban areas. Both regions are dependent on primary production as the main economic driver and can be influenced by commodity price movement.

RDA Tasmania's submission to the *Future role and contribution of regional capitals to Australia* suggests the Australian Government should support their regional capitals and focus on the following:

- Regional capitals need to understand and maintain an awareness of the characteristics of their regions and the demographic makeup of their population base
- Regional capitals need to be strategic in respect of their population demographics in order to derive better long term regional outcomes
- Assisting, developing and implementing strategic economic plans based on evidence and data analysis that will help shape long term outcomes for regional capitals
- Developing a clear understanding of what enabling infrastructure is required in regional capitals and in what priority, and to continue to provide strategic funding support
- Regional capitals need to be adaptable in respect of the changing economic, natural and market environments they are exposed to, so that they can become more sustainable and foster better long term outcomes

RDA Tasmania will continue to support regional capitals in respect of prioritising their regional economic development opportunities and in the delivery of key outcomes through investment in enabling infrastructure and improved service delivery.

Key Messages:

Tasmania’s regional capitals are not homogenous, and consequently, the approach to each must differ.
Tasmania has a three speed economy
Launceston is strategically important for the region and the state
Launceston has growth potential but is vulnerable to economic shocks
The North West regional capital area is made up of two independent but socially and economically interrelated urban areas
The North West is sensitive to commodity prices
The population of Tasmania’s regional capitals is growing at a slower rate than the state’s capital and other regions of Australia, whilst ageing at a significantly faster rate.
Regional capitals need to have the strategic evidence base to understand the context they operate in so they can understand their changing role; federal and state governments have a role to fund planning, especially as they continue to invest in strategic regional infrastructure.
The relationship between the regional capitals and their region(s) is a major determinant of its sustainability and economic success
Funding is being received to enable long term growth
Regional capitals need medium to long-term financial and asset management plans
Proactive regions are able to seek targeted funding with strategic alignment to local priorities and economic development
RDA Tasmania fulfils an enabling role for regional capitals
Policy and incentives should favour competitiveness, success and necessity
Environmental change will influence future industry and infrastructure planning and investment
Regional capitals offer a high quality standard of living that can attract skilled people and drive economic growth

Purpose

This report has been prepared as a submission to the Australian Senate's inquiry into the *Future role and contribution of regional capitals to Australia*.

Tasmania is a single region with three sub-regions; the South, North and North-West. In the case of the southern region, Hobart the sub-regional capital is also the metropolitan capital and might be omitted for the purpose of this study.

RDA Tasmania is actively involved in the developing the regional capital areas in Tasmania:

- Launceston – the regional capital for the North
- Burnie and Devonport – these two neighbouring cities perform the regional capital for the North-West

We welcome the Senate's inquiry and hope it becomes an opportunity for all stakeholders to consider the role of regional capitals and their future importance.

1. Regional Development Australia – Tasmania

Regional Development Australia (RDA) is a national network of committees fostering regional economic development. RDA Tasmania work with all three tiers of government, regional business and the wider community to boost the economic capability and performance of their region.

RDA Tasmania facilitates policies, programs and projects designed to strengthen human capital, productivity, infrastructure, access to markets, regional comparative advantage and business competitiveness; leading to increased economic activity and the creation of new jobs, along with improved standards of living and working conditions.

RDA Tasmania:

- Undertakes regional planning that takes into account the unique characteristics, opportunities and challenges of a region, and aligns with the plans of all levels of government, and tailors responses accordingly.
- Engages with stakeholders to identify initiatives that will deliver economic growth that make a lasting difference to their communities.
- Builds partnerships, harnesses local leadership, marshals support, and encourages cooperation between stakeholders to drive regional priorities.

RDA Tasmania is able to work with all levels of government, industry and community to pursue challenges and opportunities relevant to our region. RDA Tasmania produces an annual Regional Plan that outlines RDA Tasmania’s vision for the region and identified priorities.

Priorities are informed through statistical data in the regional profile, Australian and state government policy imperatives and stakeholder consultation.

RDA Tasmania Priorities

- ◆ Expand and grow economic activity in Tasmania
- ◆ Increase collaboration and efficiencies between federal, state and local government
- ◆ Support investment in enabling infrastructure that improves economic productivity
- ◆ Improve literacy, numeracy and education levels within the Tasmanian community
- ◆ Facilitate place-based solutions for local communities
- ◆ Address the needs of Tasmania’s changing demographics and health profile

2. Overview

Tasmania is Australia's only island state with a population base of 512,333 residents¹.

Tasmania has two regional capital areas, the Burnie / Devonport area in the North West and the city of Launceston in north.

Burnie, Devonport and Launceston are distinctively different to each other in terms of their geographies, communities, politics and economies. RDA Tasmania recognises that they are individual regions on different trajectories and recommends to the Senate Rural and Regional Affairs and Transport References Committee that they do likewise.

Hobart (located in the south) is Tasmania's capital city with a population of 211,656 residents located in the greater Hobart region.²

Launceston is situated some 45 kilometres south of the Bass Strait. The greater urban area has a current population of 107,000 people (2011 estimated resident population) and it serves the North Tasmania region (143,000 people, 2011 ERP).³

The Devonport to Burnie regional capital area on the north-west coast have an urban population of 42,589. These two cities, 40 minutes drive apart, and their adjacent towns and settlements have a total population of 91,192 (Devonport SA3, Burnie-Ulverstone SA3, 2011 Census).⁴



Key Message: Tasmania's regional capitals are not homogenous, and consequently, the approach to each must differ.

The Tasmanian economy

For many years Tasmania has recorded below average in key economic determinants such as employment, skills and education, and economic growth. The region has been largely detached from the resource booms while the value of the Australian dollar and the costs of freight has affected the competitiveness of Tasmanian exports.

¹ <http://stat.abs.gov.au/itt/r.jsp?databyregion>

² ABS, Census, 2011

³ Renaissance Planning, Greater Launceston Plan Consultant Report, May 2014

⁴ ABS, Census, 2011

While Hobart, the state’s capital in the south is a centre for services and government administration, the major centres in the north are based around key industry activity and port access for Tasmania’s export focused economy.

Despite a high Australian dollar and freight challenges, Tasmanian exports were valued at \$3.37 billion in 2012-2013 with mainland China the largest export market⁵. The Tasmanian economy has experienced growth in industries including dairy, stone fruit, aquaculture, specialised manufacturing and recently tourism. There is further growth potential in all these industries that link to the region’s natural resources⁶ and demonstrate the economic importance of the regional centres that are located in the heart of this industry activity.

Evaluating the Tasmanian economy

RDA Tasmania has partnered with the Regional Australia Institute to rank the competitiveness of Tasmania’s Local Government Areas and south, north and north-west regions. The areas are ranked on ten themes of economic competitiveness (see Fig. 1). The themes are useful because they aggregate the most commonly referred to statistics such as labour market information, education levels and development approvals and the themes can be compared at LGA, regional and national levels.

These rankings allow us to compare the relative competitiveness of the regional capitals of Launceston (the Northern region), Burnie and Devonport (the North West region) with the capital city of Hobart (Southern region). A high ranking (close to 0) on all themes would represent a highly competitive region.

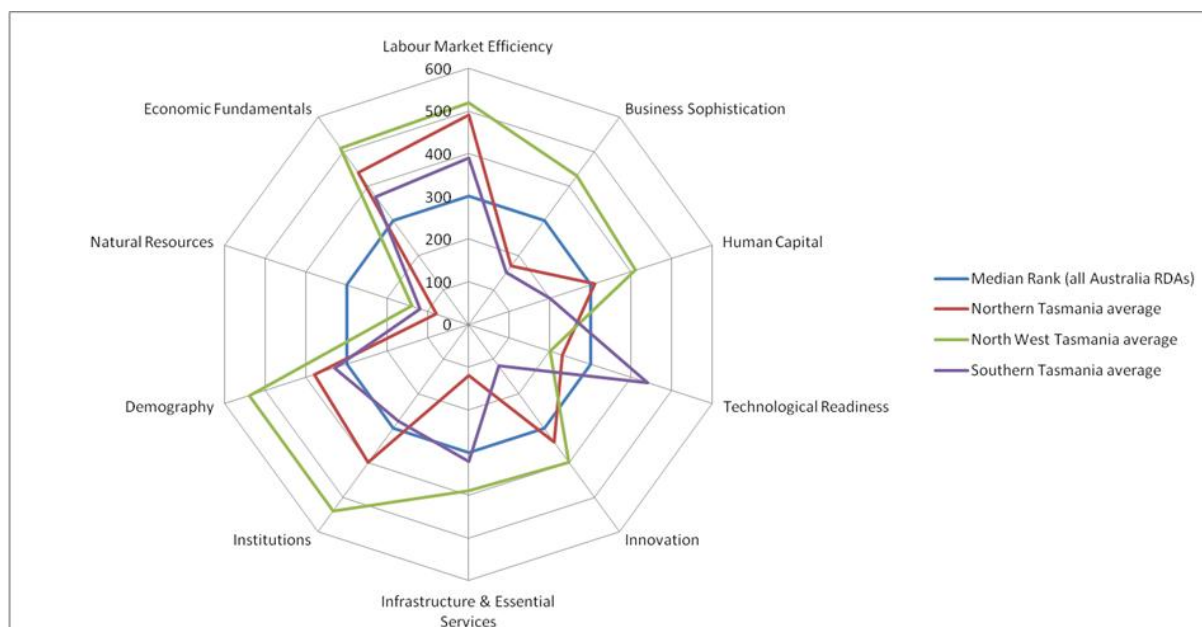


Fig.1 Regional ranking on ten themes of competitiveness⁷

⁵ http://www.stategrowth.tas.gov.au/home/about_us/divisions/industry_and_business_growth/exporters/export_statistics

⁶ Structural Change in The Tasmanian Economy, Department of Treasury and Finance, April 2013, using data from Australian National Accounts: State Accounts, ABS Cat No 522.0

⁷ <http://insight.regionalaustralia.org.au/>

While all regions score better than the Australian median in Natural Resources, in most other categories there is significant variation. The South generally ranks highest, followed by the North, with the North West ranking lowest, including some that rank amongst the lowest in Australia. This indicates that Launceston and Burnie-Devonport exhibit unique characteristics that are not homogeneous, revealing that Tasmania has a three speed economy.

Key Message: Tasmania has a three speed economy

Launceston overview

Launceston, in northern Tasmania, is Tasmania's second largest city and Australia's ninth largest non-capital city. Settled in 1806, it is also one of Australia's oldest cities. Launceston plays an essential role for northern Tasmania in terms of health, education, financial services, retail and leisure. No government departments are centrally located in Launceston, but many regional government services are based there to service northern Tasmania. The Australian Government opened the Major Projects Approval Agency Tasmania and the Tasmanian Government opened the Office of the Coordinator General in Launceston in 2014, which brings government agencies of state significance to the city.

Launceston was a case study in the report *Local Government Growing Regional Australia*.^[1] This report takes a detailed look at Launceston and its performance as a Regional capital including the drivers and inhibitors of its growth and sustainability.

This report helps explain the future role and contribution of regional capitals to Australia and would provide valuable information for this enquiry.

Key Message: Launceston is strategically important for the region and the state

Launceston's economy

Launceston is going through a period of economic hardship. In recent years in Launceston there have been significant industry exits or restructures from large employers; Gunns, FEA and ACL Bearings. Within Launceston's CBD there are approximately 70 empty ground floor shops. Clearly there needs to be a focus on improving the competitiveness of existing businesses as well as attracting investment into the growing sectors of the economy.

Launceston's competitive industries are agriculture, manufacturing and tourism.

Agriculture, bolstered by investment in irrigation and access to new export markets, has the opportunity to grow significantly. Dairy, meat, poppies, wine and fruit are all expecting growth.

^[1] Local Government Growing Regional Australia, Australian Centre of Excellence for Local Government, Regional capitals Australia, March 2015

Manufacturing has traditionally been dominated by industry at Bell Bay, including Bell Bay Aluminium, BHP Billiton and Ecka Granules. There are also niche advanced manufacturing sectors around Launceston, specialising in areas like wind turbines, sensor technology and maritime simulators.

Tourists are drawn towards Launceston for its well preserved heritage landscape, gourmet food offering and the ease of access to high quality natural environment experiences. Launceston is the tourism hub for the Tamar Valley Wine Route, two world class golf courses (Barnbougle ranked 11th and Lost Farm ranked 23rd) and the North-East mountain bike trails.

The two largest industries by employment are health and social care (4,749 people) and retail (4705 people). Together these industries total just fewer than 30 per cent of the working population. Other key industries in terms of employment are education and training (3,155), manufacturing (2,789), accommodation and food (2,323 - reflecting the importance of the tourism industry) and public service (2,130).

Key Message: Launceston has growth potential but is vulnerable to economic shocks

Burnie-Devonport overview

The north west of Tasmania is serviced by two major regional centres, Burnie and Devonport, incorporating a population base of approximately 91,192 (Devonport SA3, Burnie-Ulverstone SA3, 2011 Census). These two cities, 40 minutes drive apart, are linked by a string of towns along Tasmania's central coast.

The average age of the population base in this regional capital area is 41 years. The projected average age is expected to increase by 2037 as the population ages.

The Socio Economic Indexes for Areas (SEIFA)⁸ ranks areas within Australia according to relative socio economic advantage and disadvantage. This measurement is produced by the Australian Bureau of Statistics and uses the data from the national Census. All areas are ordered from the lowest to highest score, then the area with the lowest score is given a rank of 1, the area with the second lowest score is given a rank of 2 and so on, up to the area with the highest score which is given the highest rank.

Using the SEIFA ranking system Devonport ranked 50th out of the 1400 measured regions with in Australia making it one of the most disadvantaged socio economic areas with Australia. By comparison Burnie ranked 52nd.

Burnie was specifically recognised by the Federal Government in 2012 as one of the 10 most disadvantaged region cities in Australia and received specific funding under the *Better Futures Local Solutions* funding program for skill development training for job seekers and community development activities.

⁸ <http://www.abs.gov.au/websitedbs/censushome.nsf/home/seifa2011?opendocument&navpos=260>

Key Message: the North West regional capital area is made up of two independent but socially and economically interrelated urban areas

North West Tasmanian economy

The North West region (which includes the regional capitals of Burnie and Devonport) is focused on mining and primary production with most industry sectors deriving its produce from the land.

These sectors include agriculture, horticulture and aquaculture. Tourism and advanced manufacturing are also contributors to this regional economy with retail trading providing stimulus in Devonport and Burnie.

The demand for locally produced dairy, salmon and vegetable products continues to remain strong with some growth being experienced in domestic and international markets. Access to markets via Bass Strait continues to be challenging, however, the ongoing and improved support provided by the Federal Tasmanian Freight Equalisation Scheme (TFES) is offsetting the higher cost of shipping.

The recent downturn in commodity prices for precious metals has impacted the mining sector. This in turn has reduced demand for locally produced mining equipment including excavators and haulage equipment. Due to the cyclical nature of the mining sector it is expected that this downturn may potentially be more prolonged than previous cycles.

A profound lack of a sufficiently skilled and qualified labour force continues to impact on the expansion of industry. With lower than Australian average job participation rates and long term job retention many employers are unable to secure reliable and skilled employees which in turn acts as an inhibitor to regional economic growth outcomes.

Improving business confidence, education attainment and participation for work ready youth will help address these issues and establish better long term employment and economic outcomes.

Key Message: North West industries are sensitive to commodity prices

3. Terms of Reference

The following comments are made against the categories provided in the inquiry's terms of reference

3a Current demographic trends and the changing role of regional capitals

Demographic trends

Tasmania is projected to have net population gain of between 1,000 to 3,000 persons per year over the next 40 years (Demographic Change Advisory Council, Tasmanian Treasury).

Over the last ten years, Tasmania's population is estimated to have grown by 7.2 per cent in comparison to 17.3 per cent population growth for the whole of Australia over that time. The population in the southern region grew by 9.0 per cent, while the population in the north grew by 5.4 per cent and in the north-west by 5.2 per cent⁹.

Approximately 58 per cent of the Tasmanian population lives outside greater Hobart compared, for example, to 26 per cent of people living outside of Sydney in NSW; making Tasmania the most decentralised state in Australia¹⁰

In addition, the dispersion of population in the three regions of Tasmania must be understood (see Fig. 2). In southern and northern Tasmania the population is concentrated in the main population centres of Hobart and Launceston. On the North West coast, the population is dispersed in settlements mainly across the northern coast including Burnie and Devonport. In each region, localised approaches are needed to overcome challenges associated with our dispersed population such as planning regulations, transport and the provision of services.

Urban based local government areas (LGAs) are more likely to have higher population growth than rural or remote LGAs. In general, urban LGAs are more likely to have a younger median age and a greater proportion of their population who earn over \$1,000 per week, compared to rural LGAs.¹¹

Tasmania's population is ageing at a faster rate than any other state or territory. Over the next 20 years, the proportion of Tasmanians under the age of 15 is projected to decline by approximately 7 per cent, while the proportion of people aged 65 years and over could grow by almost 60 per cent. Population ageing presents a number of challenges, including maintenance of sufficient workforce numbers, managing increased demand on health and social services and providing appropriate infrastructure such as transport and accommodation¹².

⁹ Trends - The Tasmanian Labour Market Review March 2014

¹⁰ Trends - The Tasmanian Labour Market Review August 2012

¹¹ Trends - The Tasmanian Labour Market Review August 2012

¹² RDA Tasmania Regional Plan – Demographic Change Page 50

Population size and make-up determines the functionality and competitiveness of regional capitals and is a key to their sustainability.

Burnie, Devonport and Launceston are all characterised by an ageing population which is compounded by young people leaving the state and older people coming to retire. Population decline, matched with population turnover of 36 per cent to 39 per cent, has a negative effect on demography as a contributor to economic development.

The population in Tasmania’s urban centres is growing, albeit slowly, while the overall population remains stable, indicating that there is movement from regional and rural areas into the cities.

	Population (Urban Centre – Locality, Census 2011)	Median Age	Population Growth
Burnie	19,819	39	0.1%
Central Coast	21,355 (LGA, Census 2011)	43	0.1%
Devonport	22,770	40	0.1%
Launceston	74,085	38	0.1%
Hobart	170,975	39	0.3%
Australia	National Population (ABS Population Clock, April 2015) 23,791,563	37	1.6%

Fig.2 Demographic comparisons

Tasmania’s regional capital’s have developed strategies that improve employment and lifestyle opportunities, such as the Greater Launceston Plan, Devonport Living City and Making Burnie 2030 to help attract and maintain a strong population base.

Key Message: The population of Tasmania’s regional capitals is growing at a slower rate than the state’s capital and other regions of Australia, whilst ageing at a significantly faster rate.

The changing roles of regional capitals in Tasmania

Evidence based strategies

Regional capitals need to plan for the future, taking into account transport, freight movement, water and land-use needs, the best placement of new employment and industrial precincts, population growth, demographic change and community aspirations. Tasmania’s regional capitals are closely connected to their regions and understanding the drivers and inhibitors of the broader region are as important as understanding the city.

Launceston’s evidence based strategy is the Greater Launceston Plan.

Devonport has the Living City Urban rejuvenation plan and Learning Community education plan

Burnie has the Making Burnie 2030 plan that works in conjunction with the Think Big education plan

Key Message: Regional capitals need to have the strategic evidence base to understand the context they operate in so they can understand their changing role; federal and state governments have a role to fund planning, especially as they continue to invest in strategic regional infrastructure.

The relationship between regional capitals and their regions

How regional capitals and their regions work together is becoming more important as success now relies less on natural endowments and historical advantage and more on leadership and management.

The recent downturns in the timber and manufacturing industries were negative events for Launceston, Devonport and Burnie and demonstrated that neither the regional capitals nor their regions had the innate capacity to weather such shocks.

Their response to this has been to start looking at leadership, regional governance and collaboration as ways to respond proactively. However, an element of historic tension between the local government areas and with their respective organisations of regional councils can impede progress.

Key Message: The relationship between the regional capitals and their region(s) is a major determinant of its sustainability and economic success

3b Analysis of current funding provided to regional capitals

Government funding

Regional capitals in Tasmania have the benefit of commitments in infrastructure investment and financial assistance by Australian and Tasmanian Governments including, but not limited to:

Launceston LGA*	Burnie LGA*	Devonport LGA*
North Bank \$6 million Macquarie House Innovation Hub \$3 million Kings Meadow Flood Protection \$3 million Financial Assistance Grant Cash Payment 2014-15 \$4,235,591 Roads to Recovery 2014-15 to 2018-19 period \$5,217,287 Tamar River Recovery Plan \$3 million	Lion Burnie \$4.25million Burnie Pool Complex \$3 million Burnie Port Upgrade \$4 million Burnie Foreshore Dev \$7.6 million Financial Assistance Grant Cash Payment 2014-15 \$2,519,901 Roads to Recovery 2014-15 to 2018-19 period \$2,103,501	Devonport Pool Complex \$5 million Financial Assistance Grant Cash Payment 2014-15 \$1,984,371 Roads to Recovery 2014-15 to 2018-19 period \$2,246,603

**note; additional government funding is provided for LGA's adjacent to Launceston, Burnie and Devonport which also support the growth of the identified regional capitals.*

There are many Government programs and grants available, for the public and private sector that may be of benefit to the regional capitals. RDA Tasmania is currently working to promote the National Stronger Regions Fund, Bridges Renewal Program and the Heavy Vehicle Safety Program.

Key Message: Funding is being received to enable long term growth

Internal funding mechanisms

The Local Government Areas within Tasmania's regional capitals have the ability to fund their development through revenue making activities (e.g. rates, fees, charges, sale of assets, business operations) and by borrowing.

Councils are now in a strong position to be assessing their income and expenditure positions with most having adopted long-term financial and asset management plans. In 2015, it will be compulsory for councils to have long-term financial management plans and long-term asset management plans in place. Councils should be taking this opportunity to consider their investments in infrastructure and revenue needs.¹³

Key Message: Regional capitals need medium to long-term financial and asset management plans

¹³ Department of Premier and Cabinet, Local Government Performance Report, 2012-13 Financial Year

3c Analysis of the benefit of additional funding regional capitals could receive

Strategic identification of regional priorities

The future of funding for regional capitals will be about organised regions with agreed priorities targeting funding for planned and supported projects. Challenges and opportunities can be managed using a regional economic development approach.¹⁴

Collaboration between tiers of government, industry and community is the key to achieving a common understanding of regional issues and tailoring effective solutions. Partnerships are critical to the success of regional development efforts, as is a focus on place and valuing the unique aspects of every region and community.

Community division over major economic investment projects and industry growth can be a constraint in regional capitals, creating a discord and a disincentive to do business. Government, industry and community all have a part to play in meeting the local challenges of providing employment and economic prosperity, balanced with lifestyle and sustainability values.

Managing expectation from communities for government to create and fund solutions in the region needs to be tempered within budget constraints and strategic necessity.

Prioritising regional projects (including key infrastructure) in line with a collective framework of regional economic development is required to achieve the best outcomes for regional capitals. RDA Tasmania actively promotes this approach to regional economic development to the regional capitals.

RDA Tasmania has taken a view that in order to develop regional capitals, we must support investment in enabling infrastructure that improves economic productivity. RDA Tasmania collaborates with local community stakeholders to identify priority activities that will drive regional economic development.

Staff and committee members assist in developing infrastructure project proposals that lead to improved economic outcomes including increased productivity, employment and transport efficiencies.

The following are examples of how RDA Tasmania is building momentum and support for their regions to develop planned and supported future investment:

Northern Tasmania Regional Futures Plan

Northern Tasmanian Development instigated the Northern Tasmania Regional Futures Plan in 2014 and through 2015 will be collaborating with stakeholders to implement and deliver the plan.

¹⁴ Regional Australia Standing Council, Framework for Regional Economic Development

RDA Tasmania has a key role in the design of this process and is leveraging its networks and resources to ensure the plan is developed in a timely and effective manner.

The Northern Tasmania Regional Futures Plan is an initiative to bring together regional stakeholders and civic leaders in developing and implementing a clear strategic direction for the region.

It is about identifying an interdependent package of priorities that cumulatively advance the prospects for the region, developing a plan to achieve these priorities, and determining how the leaders and stakeholders of the region can support these priorities.

There are three steps to the Regional Futures Plan:

- confirming how the region is currently faring;
- prioritising the most important actions to do first; and
- establishing an effective regional governance framework to define who will be responsible and how the actions will be resourced, delivered and measured.

North-West Economic Development Forum

RDA Tasmania, Cradle Coast Authority (representing the nine regional councils in the North West) and the Department of State Growth continue to work on the implementation of a regional economic framework for the region which will focus on economic development, liveability and skill development for local residents.

The introduction of a regional advisory council (RAC) comprising industry, education and community leaders will help shape this regional economic framework into a workable plan that will be continually reviewed in line with the changing needs and priorities of the region.

Specific projects to address these focus areas will also be identified by the nine councils in consultation with the RAC. These projects will be prioritised and communicated to the tiers of government and private sectors in order to foster regional collaboration and partnerships should support funding become available.

Priority areas for consideration for support include:

- Industry Sector Support including established, emerging industry and small business
- Skill development for young people and mature age workers
- Considering regional issues and how best government, industry and community can assist

Key Message: Proactive regions are able to seek targeted funding with strategic alignment to local priorities and economic development

Identified opportunities for future funding

RDA Tasmania maintains a register of infrastructure project proposals.

The following are taken from our register of project proposals and are examples of initiatives which RDA Tasmania is taking a lead role in:

Launceston Gateway

RDA Tasmania is a member of a multi-stakeholder, collaborative initiative called the Launceston Gateway Precinct Master Plan. It was identified as a priority in the Greater Launceston Plan and its objective is to develop an overarching development strategy for Launceston Airport, Translink Industrial Estate, and associated road and rail infrastructure that facilitates economic growth in Northern Tasmania for the long term. The Master Plan will:

- Align with and identify ways of realising Launceston Airport's aspirations for passenger and air freight growth
- Secure the Translink Industrial Estate as Northern Tasmania's pre-eminent freight and logistics precinct
- Coordinate linkage of air and rail access to the national highway network
- Investigate a rail modal interchange at the junction of the Western and Main lines
- Support phased upgrading of Evandale Road south from the Midland Highway junction to Leighlands Road and the upgrading of Leighlands Road from Evandale road south to the Midland Highway

The Launceston Gateway Precinct Master Plan will begin in 2015 and funding is being sought from all levels of government and private industry.

Bell Bay

RDA Tasmania is a member of the George Town and Bell Bay Economic Development Committee. The Committee's role is to leverage existing knowledge and physical assets to diversify and grow the economic hub of Bell Bay, which is a major source of employment and wealth creation for Launceston. Priority activities include supporting existing businesses to access new markets and lowering barriers for new businesses to start up in the area.

These activities are beginning to identify project proposals that can be developed into investment opportunities.

The role of the Committee in 2015 is to provide greater definition around each investment opportunity and to leverage our collective networks to promote projects to public and/or private funding sources.

Devonport Living City

RDA Tasmania is a member of the Devonport Living City project management group. The Devonport Living City project that will provide the opportunity to showcase Tasmania's gateway to the north west. Importantly, this project represents a significant investment in the city's future which will enable long term economic outcomes to be realised.

These outcomes include increased employment opportunities in a variety of industry sectors and further expansion and diversification of the economic base in the greater Devonport region.

The full Devonport Living City project will primarily focus on revitalising and rejuvenating the Devonport City - Central Business District (CBD) including:

- Redevelopment of the existing retail precinct that will incorporate large retailers and small speciality providers in the refreshed CBD locality.
- Relocation of existing public service amenities that will offer an improved service provision including the Tasmanian LINC centre and Court House facilities.
- A new Devonport Convention and Entertainment Centre incorporating car parking which will provide an enhanced entertainment experience for the arts.
- The development of the Devonport foreshore precinct which will provide the opportunity for outdoor dining and hospitality incorporating seaviews and extensive walkways for local residents and visitors.
- Enhancement of the tourism experience through new and improved visitor facilities.

Launceston City Heart

The City of Launceston's City Heart Project is an initiative aimed at energising Launceston's CBD. This will increase business activity, inner city living, retail and entertainment. More than 3,000 Northern Tasmanians were consulted throughout 2014. This is a multi-staged project with some elements already underway and others ready to be delivered in 2015.

Key Message: RDA Tasmania fulfils an enabling role for regional capitals

3d Investment challenges and opportunities to maintain or grow regional capitals

Infrastructure

Infrastructure is one of the key levers that government has to increase productivity and economic growth and meet its policy objectives. Infrastructure Tasmania is the new, independent body to provide a coordinated approach to the planning and delivery of all major infrastructure in Tasmania, including rail, major roads, energy, ports, and water and sewerage.

Infrastructure Tasmania will:

- provide independent advice to government on the infrastructure priorities of the State;
- develop state-wide infrastructure and freight strategies, deliver regular progress reports and maintain the schedules of major projects;
- identify specific projects and programs (including funding options) for priority consideration by government to properly plan for responsible maintenance and growth and development;
- guide the investment in the Midland Highway to be facilitated by the \$400 million funding from the Australian Government;
- oversee the Structured Infrastructure Investment Review Process;
- work with the local government sector to ensure key council infrastructure assets benefit from the same strategic planning frameworks as State-owned assets; and
- manage infrastructure funding submissions to Infrastructure Australia and the Australian Government.

Tasmanian Irrigation and Taswater are examples of state-wide strategic planning of infrastructure.

Community and human services

Regional capitals are increasingly providing community based services to their local residents as well as those who reside in regional and remote communities. In most instances community service delivery is affordable for those who require it.

One third of Tasmanian households' main source of income is from government pensions and allowances¹⁵, and 10.7 per cent of Tasmanians live below the poverty line¹⁶.

Some residents in remote areas are unable to access public transportation or use private vehicles to access the services available in regional capital centres.

Our rapidly ageing population is the most extreme in more remote regions of the state. The median age of Tasmania's population in 2011 was 40, up from 39 in 2006. However, the 2011 Census data shows the local government areas of Dorset, Glamorgan Spring Bay, Flinders Island, and Break O'Day (within the service catchment of Launceston) all recorded a population with a median age of over 50 years.¹⁷ That is, half the population in these regions are over 50 years of age.

Policy and service challenges will increase as the population ages and people have more age related health and service needs, but live at a distance from service delivery centres. Relocation to the regional capital centres remains an unrealistic option for many residents in this situation due to housing affordability and removal from established family support networks.

Communications

Tasmania's remote location has been a historic inhibitor to economic growth. Increased availability and quality of broadband communication to urban and rural Tasmania will see its remote location become less of a barrier. It will open the State to new opportunities for growth such as ICT businesses moving operations to Tasmania. Once completed, Tasmania will be able to leverage the benefits of the national broadband network (NBN) within business and communities.¹⁸

The enviable lifestyle and environment of Tasmania, along with comparatively affordable housing and access to services, culture and entertainment is an attraction to those who are able to relocate to our regional capitals. Flexibility in work practices, more frequent and economic air travel and the availability of a reliable broadband network is enabling professional and sea-changers to live productively in regional centres.

Initially, it was expected that Tasmania would be the first state fully connected to the NBN by 2015. However, more recently it has become clear that the rollout has faced significant issues in Tasmania and the completion of services will take much longer.

¹⁵ 2009-10 Australian Bureau of Statistics, 2011, *Household Income and Income Distribution, Australia, 2009-10*, Cat No 6523.0

¹⁶ *Cost of Living Indicators for Tasmania: Final Report*, NATSEM modelling conducted for the Social Inclusion Unit, DPAC, 2011

¹⁷ Trends - The Tasmanian Labour Market Review August 2012

¹⁸ www.nbnco.com.au

Natural resources

Tasmania's reputation as a 'Clean Green State' offers opportunities for the region including abundant water and a climate that supports a diversity of agricultural production and has some of the world's most stringent quarantine regulations.

Tasmania has extended indefinitely the state's moratorium on genetically modified crops and animals to ensure that Tasmania's status as a producer of safe, high quality produce is preserved¹⁹ and the majority of our energy is locally produced from renewable sources.

The state is exhibiting growth in dairy, fruit, aquaculture, and tourism, all of which are intrinsically tied to our natural resources and depend upon rural and regional labour and services. Significant investment has been directed towards investing in irrigation infrastructure across the state to support agricultural growth and productivity. The latest announcement of \$60 million funding was made by the Prime Minister in February, 2015.

The appreciation of Tasmania's natural beauty and character has supported a growth in eco-tourism and these natural assets may support further growth in tourism investment. A recent review by the current Tasmanian Liberal Government has opened the possibility of State owned parks assets being used to create business opportunities for private investors.

3e Incentives and policy changes to support growth in Tasmanian regional capitals

Reform of public service delivery

Reforms of education and health are underway in Tasmania.

The recent release of the Tasmanian Government's white paper on health care reform titled "*Rebuilding Tasmania's Health System*" has highlighted the challenges facing the current health care system and potential opportunities for change. Changes to Federal Government funding for the Tasmania healthcare system have necessitated this review and recommendations include specialisation, consolidation and potential rationalisation of current health services.

¹⁹ www.theland.com.au/news/agriculture/agribusiness/general-news

RDA Tasmania's views on incentives and policy

The RDA Tasmania Committee has operated for twenty years through various guises and during this time has experienced a mix of incentives and policies to support growth in regional capitals.

There is an essential role for policy and incentives to be the hand that guides regional capitals to the next stage in their growth, or to help recover from major setbacks that would otherwise be beyond the communities' capacity. It should be at the forefront of any level of Government's intentions to use policies and incentives to support growth.

Here are some of the lessons RDA Tasmania have learnt which should be considered before designing new incentives and policies:

1. *Economy leads the way* – Tasmania's fate lies in its employment opportunities, which in turn depends on the competitiveness of its industries. The first test for any policy or incentive should be if it will make the economy more competitive.
2. *The policy or incentive isn't as important as the capacity to deliver it* – granting money to businesses that don't have business plans, or funding strategies that don't have local support, doesn't help regional capitals. When there aren't the leaders or managers in place to implement policy or incentives, they may never reach their expected outcomes. Consultation and the grounding of ideas with local leaders can help ensure effective and efficient policy implementation. The second test should be if it will work.
3. *Regions aren't always rational* – communities are more comfortable planning for what they want rather than what they need. At its worst, this may lead to unnecessary duplication of regional infrastructure that creates more of a long term cost than a benefit. The third test should be to see if it is needed.

Key Message: Policy and incentives should favour competitiveness, success and necessity

3f The impact of environmental change on regional capitals and other considerations

Climate Change

Climate change modelling was prepared for the Tasmanian Government by the Antarctic Climate and Ecosystems Cooperative Research Centre.

Local climate profiles have been created for each of Tasmania's 29 LGAs and detail future scenarios for climate by the end of the 21st Century for the LGA from the Climate Futures for Tasmania project.²⁰

Launceston, Burnie and Devonport are all projected to have increases in average temperatures and a change in the frequency, intensity and duration of hot and cold extremes of temperature, with the number of summer days and the average temperature of very hot days increasing. Rainfall will slightly increase. Tasmania's climate is projected to remain more stable than most of mainland Australia.

The agricultural impacts as the climate warms means there will be increased opportunities for agriculture and increased land-use pressure in the areas up the slope from the coast that are currently limited by temperature.

There is a projected increase in Growing Degree Days (a measure of the heat to grow and ripen crops) across the north and north-west. Pasture growth for dairying is projected to increase due to a combination of effects (including a reduction in temperature limitation and increased carbon dioxide fertilization). Frost risk days are projected to become much less frequent, and accumulated chill hours will decrease which may affect the growth and flowering of berries, fruit and nuts.

Across all levels of Government there have been various policy responses to the risk of climate change. For example, Launceston has a climate change adaptation plan to better prepare for any consequences of climate change.

Key Message: Environmental change will influence future industry and infrastructure planning and investment

Liveability

Liveability is a concept used to describe what people experience as positive in their communities. Generally, it's defined as the degree to which a place supports the quality of life and health and wellbeing for people who live or visit there. Liveable places attract highly skilled and creative people who drive innovation and economic growth.

Tasmania is a remarkably liveable place and is recognised as an attractive place to live and work. Tasmania's natural heritage, diverse range of arts and culture, lifestyle and public open spaces are all attributes of a liveable place. Promoting these attributes will be an important task in encouraging economic growth, particularly in regional areas²¹.

Recent accolades for Tasmania include Launceston's designation as Australia's most family friendly city²² and Hobart's becoming the travel guide Lonely Planet's top place to visit²³.

²⁰ http://www.dpac.tas.gov.au/divisions/climatechange/adapting/climate_futures/local_government_area_climate_profiles

²¹ Goal 4 State Economic Development Plan

²² Suncorp Bank Family Friendly City Report, 2013

²³ Lonely Planet's Best in Travel Top 10 Cities for 2013

Programmes to improve liveability include:

- Launceston City Heart
- Devonport Living City
- Burnie renewal

Our region's advantages include access to extensive natural areas, beaches and waterways; relatively uncrowded cities and community/visitor attractions, and good quality of air and drinking water. Being an island means isolation from major population centres, which is both a challenge and an opportunity – increased costs for some services but also protection from pests and diseases.

Key Message: Regional capitals offer a high quality standard of living that can attract skilled people and drive economic growth

5. Conclusion

A number of conclusions can be drawn from this document to summarise Tasmania's current and future prospects.

Firstly, Tasmania has three different population centres that include two regional capital areas. Each is distinctly different and each is responsible for driving Tasmania's current "three speed economy". The speed of each local economy is behind that of the Australian economy and the regional capital's economies move slower than Hobart, the capital city.

In respect of the two regional capitals, Launceston in the northern Tasmania has distinct economic growth potential through its available resources, but is vulnerable to economic shocks which can take time to recover from. The Devonport / Burnie regional capital centre, by contrast, is made up of two independent but socially interrelated urban areas. They each are dependent on primary production as the main economic driver and can be influenced by commodity price movement.

Regional capitals need to be aware of the characteristics of their regions and the demographic makeup of their population base and the ongoing relationship they have. The ability to be strategic is a key to deriving better long term regional outcomes.

Developing and implementing strategic economic plans based on evidence and data analysis, will help shape long term outcomes for regional capitals. In order to attract ongoing government and private sector investment there will need to be a clear understanding of what enabling infrastructure is required and in what priority.

RDA Tasmania will continue to work with the regional capitals to help shape the priorities for their regions. Regional capitals need to be adaptable in respect of the changing economic, natural and market environments they are exposed to, so that they can become more sustainable and foster better long term outcomes.

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