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The Chairman and Committee,
Select Committee on Regional Development and Decentralisation
Parliament House,
CANBERRA, A.C.T. 2600
e-mail: rdd.reps@aph.gov.au

Dear Dr. McVeigh and Committee Members,

Thank you for the invitation to make a submission to The Committee of Inquiry into Regional Development and Decentralisation and to appear before you in Burnie.

I forward our written submission in which we have attempted to address the Terms of Reference as best we are able within the short time frame and limited resources available.

We look forward to meeting with the Committee and later reading your Final Report and Recommendations. As a former Australian Federal Public Service and Tasmanian Government Officer I appreciate these things take time as does their implementation. We hope however that with a sense of co-operation and collaboration between all parties, progress can be achieved to assist our region and its needs.

I believe we have demonstrated that we are a community that is resourceful, resilient and has done much to help itself. We would however welcome all the support that your Committee and the Government can provide to achieve a sustainable, more secure and prosperous future.

Thank you all once again,

Yours sincerely,

W. Peter Holm
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President...For and on behalf of the Burnie Chamber of Commerce and Industry
10th Oct. 2017

Submission to The House of Representatives Select Committee on Regional Development and Decentralisation by The Burnie Chamber of Commerce and Industry, October 11th 2017

The Burnie Chamber of Commerce wishes to thank The Committee for the invitation to present this paper and to be here today.

In this submission we will attempt to address the various Terms of Reference that were given to the Committee and try to put them into perspective from our point of view, in the context of N.W. Tasmania.

Briefly, Tasmania is at the end of the world and one only comes here with or for a specific purpose. Perth and Darwin may be isolated, but they are both State / Territory Capital cities with significant populations, and from which one can travel onwards to S.E. Asia, the Middle East / Europe and to Africa. In Tasmania we have no such options for onward travel, except to provide services to Antarctica, so we depend on air and sea links and good communications networks.

While the climate on the N.W. Coast is of a mild oceanic type, many people on the Mainland view the State as being cold. Few appreciate that, especially in winter, the weather from Melbourne to Toowoomba west of the Dividing Range is often much colder and more unpleasant. The mild climate of the NW coast margin and seafront and the topography, are the key to much of the business activity in the region. The topography in particular with the rolling hills and rich red Kraznozom soils allows a huge range of temperate crops to be grown, but the size of holdings, despite some recent consolidation, and the hilly nature of the landscape constrains broad acre farming.

Burnie is centrally located on the N.W. Coast and is the hub of Government Services to the region. These include a number of State Government offices, the N. W. Regional Hospital and the Private Hospital co-located on the same site, and the recently opened Cancer Centre, (Generously supported by local businessman and philanthropist Mr Dale Elphinstone), the University of Tasmania Cradle Coast Campus and the Rural Clinical School (to help train doctors in rural clinical medicine and to become rural practitioners.) The University has been transformed in recent years under the leadership of Vice Chancellor, Professor Peter Rathjen and Pro-Vice Chancellor Professor Janelle Allison to be much more outward looking, and has engaged with the local schools, colleges and the community. It is about to re-locate and re-build its Campus on the edge of the CBD for which funding has been approved. It is expected that further courses will be added to those already offered particularly focusing on the commercial, industrial and health needs of the N W Coast. The University has also combined with the State Department of Primary Industry to form the Tasmanian Institute of Agricultural Research (TIAR), which has been an outstanding success story under Prof. Holger Meinke.

There is also the Supreme Court of Tasmania and Magisterial Courts in the City as well as the Regional Headquarters of the Fire and Ambulance services and the S E S.

The Port of Burnie is operated by Tas Ports (a GBE.) and is the major container port in the State and about 6th largest container port in Australia. It is the sea freight hub of the State with two Toll ships offering services to Melbourne daily with freight being delivered to the Port via the rail hub and by road. These ships are to be replaced with new significantly larger vessels in late 2018. Other ships call frequently to take exports of wood chips, timber products and minerals to all parts of the world.

DP World has recently expressed an interest in further expanding the container / freight throughput of the Port, but we await further advice about this proposal.

The Port has the greatest number of visiting cruise ships of any non-capital city port in Australia with a rating for satisfaction by passengers as the best destination in the country,(98.9%). 32 ships have booked for a visit this coming summer season.

The Burnie Airport based about 18km from Burnie to the west at Wynyard, has several daily return flights of only about 1 hour duration to Melbourne, operated by Rex Airlines. It is quite easy to be in Burnie at 7.00a.m. and at the office in Melbourne by 9.00 a.m.

Tas Ports operates the Devonport Airport about 60km east of Burnie with several flights daily to Melbourne by Qantas Airways..

The TT Line (a GBE) operates the ferries Spirit of Tasmania 1 & 2 from the river port at Devonport about 50 km east of Burnie. These boats also offer services daily with some freight capacity especially for bulky perishable goods.

The City is the headquarters of the Elphinstone Group of Companies which manufactures high tech underground mining and related equipment and is starting manufacture of a new fleet of buses for the Government owned Metro bus service. It was part of a consortium that recently was not successful in a tender to supply the Australian Army with a state of the art new armoured personnel carrier. Several other steel fabrication companies operate in the City as well as companies involved in advanced manufacturing and those providing mechanical maintenance services for mining equipment to the West Coast mine operators and fish farms.

Burnie is also the manufacturing headquarters of the Lion Cheese Company with one of largest multiple line cheese factories in the Southern Hemisphere. Fonterra operates milk processing and cheese manufacturing facilities at both Wynyard and on the outskirts of Devonport

The dairy farmers co-operative, Betta Milk, established what has become Australia's largest and very successful whisky distillery, Hellyer's Road Distillery in Burnie about 20 years ago.

Another self help project that has achieved world class status is The Emu Valley Rhododendron Garden on the southern outskirts of the City. Now rated in the top ten such gardens in the World it has been developed by volunteers over the past 35 years. It features not only a world class collection of species and hybrid rhododendrons but also a Japanese garden. It is a great favourite with cruise ship passengers, but the gardens desperately need to enlarge their tea rooms as they have reached the point of having to turn away coach loads of visitors as they simply cannot accommodate them. The cost of the upgrade is estimated to be about \$400K. They are a victim of their own success but also desperately need help and guidance to raise these funds.

Rural industries that feature large in the area's economy are dairying, vegetable crops especially for frozen foods that supply a major proportion of Australia's needs, potatoes for both chips and crisps, beef production, honey, especially leatherwood honey collected from the West Coast wilderness, cut flowers in particular lilies and tulips and bulb production of these species, and to the east of Burnie glass house crops especially tomatoes and capsicums in high tech structures with computer controlled watering and ventilation. The opium poppy industry and pyrethrum growing are also major enterprises with Botanical Resources Australia located at Ulverstone east of Burnie being a major world processor of the insecticide. Fish farms, especially for salmon and rainbow trout, are present on the west coast and new extensive developments are planned for the waters off the N W Coast with fish processing occurring in the Devonport area.

Foreco operates the wood chip mill at Hampshire, south of Burnie, from where exports are sent to the Port for shipment to overseas markets. They also operate a forestry nursery at Somerset on the western edge of Burnie. Timber veneers for quality plywood and chip board are also made in Somerset and Ta Ann at Smithton manufacture plywood veneers from lower grade logs mainly for export for the manufacture of structural plywood.

Another company of note in Somerset is Irrigation Tasmania which not only imports and installs irrigation equipment for agricultural purposes across the State, but also supplies and services pumps and similar equipment for mining and industrial companies. It has a subsidiary in NSW.

Commonwealth Government Offices:

The Commonwealth Government has a number of offices in Burnie including the ATO which we understand is very successful. It is said to have the best results of any ATO Office in the country with the lowest wait times of any contact centre. They deal with 150,000 calls a year recovering \$92 m p.a. with a staff of about 60 (Approx. 50 FTE). The work force is very stable and provides wages in the vicinity of \$3.0m p.a. We believe there is significant scope for further increasing this level of employment providing customer services and possibly other roles for many Federal Government Departments. We know of no multiplier effect of these wages to the community, but they are certainly significant.

The Commonwealth is also represented by an office of the Dept. of Human Services (Approx 30 Staff), and Officers of Customs and Border Boarder Protection especially at the Port, as well as employees at Centre Link, and at Australia Post amongst others.

Summary: From the above information it would appear that Burnie and the N W Region of Tasmania are doing well. Certainly Demographer Bernard Salt, speaking at an Australian Veterinary Association Conference Plenary session only last year, would suggest that the ground work for the future prosperity of the area has been laid, with all the relevant boxes ticked in terms of infra-structure and facilities and the City is ready to embrace further significant expansion of Federal Government employment by re-location of parts or all of some Departments.

This conclusion ignores the history of Burnie in the past 30 years and the constraints that it has experienced. The City's growth was based on the Associated Pulp and Paper Mill plant (Later Australian Paper, now located at Maryvale, Victoria), which dominated the town's employment

scene from 1939 until the early years of this century. Other local and overseas companies also came and went including Tioxide Paint Pigment plant, the sulphuric acid plant, Tasmeats export abattoir and more recently Caterpillar, though they have retained their technical division in Burnie with the mining equipment manufacturing facility being moved to Thailand. The wind turbine manufacturer Vestas established a manufacturing plant at Wynyard after much lobbying, especially by the local community and politicians, only to leave a few years later due to a change in Government policy. Speaking with a former Director in France recently, the experience has done nothing to enhance Australia's reputation as a place to do business.

These were major employers and their closing has put a lot of pressure on the local community with some moving elsewhere for employment. It has also deprived the community of that significant cohort of senior and middle management that, with their higher incomes and usually tertiary education background contributed so much and enable boutique shops and many restaurants to thrive. With the establishment of the UTAS Campus in Burnie it is hoped that this trend will be reversed, but it has yet to reach critical mass. These factors in turn have diminished the rate base for the City Council which continues to provide services as the community expects. This year they have managed to not only contain their costs but have reduced the rates burden.

In about 1984 Burnie was the subject of a front page story in the Australian Newspaper being described as the "Dirtiest town in Australia" This prompted an immediate response led by the City Council, to clean up the town and transform its image and its economy to be more focussed on clean manufacturing and the tourism industry.

The resilience of the community has been quite amazing as it has grappled with repeated setbacks. In recent times the response has been led jointly by the City Council, the State Government, the University, local industrial leaders and with support from the Chamber of Commerce. This co-operative approach has resulted in many workers enjoying the benefits of re-training and re-deployment in the area and so prevented the loss of many valuable local skills.

Best Practice Approaches to Regional Development:

Not only is there no consensus as to how regions should develop, there is little apparent agreement on what defines a regional / rural or remote area. This is especially significant in Tasmania as the whole State is regarded as "Regional". Therefore, any programs or funding that may be directed to support Regional Areas is also available to the State Capital City, Hobart, with its large population of State Service employees. This is clearly an anomaly and one that needs urgent attention, as it appears that funding, thought to be going to the regions, is in fact supporting developments in and around Hobart. To what extent this is happening is difficult to ascertain, but it is certainly the perception in the areas outside the State Capital and the cause of much resentment.

The old saying "Money is where the people are" is well recognised and applies to all centres of population, especially the larger centres which tend to dominate their region. Research and infrastructure spending disproportionately occurs in major cities and especially State capitals. However it is of critical importance to people that they are able to achieve their full potential and enjoy life. To

this extent, and the fact that human capital is one of the major, if not the major key to a successful society, we need to encourage people to live where lifestyle and job opportunities, together with housing affordability and the nearby availability of services are established. This can bring prosperity to all, strengthen the economic base of towns, and a vastly improved their sense of community and well-being

Whilst it is generally agreed that Governments have diminishing control over the factors that shape the regions there is no doubt that they are well able to facilitate the development of regional infrastructure. This is a critical role in ensuring that business and government have efficient means of transport, communication and providing services.

You refer to Tomaney in your notes and recognise that regional development is a long term process, that one size does not fit all, and that a bottom up approach is more likely to succeed than one imposed from above. Andrew Beer is indeed correct in referring to endogenous growth and certainly there are many examples of self help, innovation and enterprise in this area. Your notes also quote Tomaney in saying "Fiscal federalism potentially provides a supportive framework for the emergence of a place based approach". Some of the greatest issues facing small regional communities are limited population and a lack of capital to fund enterprises as loans / seed funding for new or expanding businesses, and a shortage of qualified people to prepare and present loan applications on behalf of business. Further there needs to be professional and skilled follow up to ensure that proposals are brought to fruition and so be successful.

Population is a critical issue as has already been mentioned, but little or no work seems to have been done in relation to placing migrants or refugees in regional communities. Not only are they potential customers, but many have skills and qualifications that are not mutually recognised in Australia. I recently met a taxi driver who was a teacher of mechanical engineering prior to leaving his homeland but can only get a job driving a taxi in Australia. He has a wife and two children and should be teaching at TAFE or undergraduate level. However with a mortgage and no spare cash to fund evening classes he is stuck. Surely we could find a means to assess these people and find them suitable employment under supervision to prove / upgrade their skills to the required standard, so they may contribute to society as they would wish, gain more satisfying employment and a larger income, thereby increasing their contribution to the government. Such a process would probably be easier in a regional centre and they would be obliged to stay for say three years. By that time they would have found friends and settled down, increasing the probability of their staying in the area.

The industrial background of Burnie, where children left school at 15 to work at "the Pulp" has resulted in education not been valued and education above Grade 10 seen as unnecessary. Those who wanted to go to University were egg heads or snobs, and usually children of professional parents or business people. Fortunately the transformation in the approach by the University and its engagement in recent years with the community has led to a significant change in community perceptions. However, as with government departments, the eventual jobs that are available for the best and brightest are limited and promotion opportunities are almost non-existent. This results in the migration of many talented individuals moving interstate or even overseas.

With respect to infra-structure, while much has been done and this has probably saved the area from even greater population loss, there are still some major problems. Some of these appear to be

exacerbated by political comfort / expedience and often lack the rigour in decision making that is required of good governance and expenditure of tax payer's funds.

In this area the Bass Hwy. runs along the north coast to the far N W and is the only conduit for tens of millions of dollars worth of goods for interstate and export destinations via the Port of Burnie. It is almost unbelievable that this entire trade passes over a bridge at Somerset, over the Cam River, with a single lane each way carriageway, and there is no viable alternative route to port. The bridge was built some 50 years ago and its duplication has supposedly been on the "To do List" for many years. When re-surfacing was required about 18 months ago, it was scheduled for night time work, but still caused massive disruption to traffic. This situation is a potential major economic disaster waiting to happen.

In like manner, Tasports took several years to put in place a mooring dolphin for larger cruise ships visiting Burnie despite the cost being approximately a mere \$1.75m. Whether or not it had any effect, the three Chambers of Commerce on the Coast wrote to then Prime Minister Abbot and hand delivered him their letters, and within about a year the work was scheduled. Cargo vessels pay significant port fees but cruise boats are not particularly profitable, and it is only in the past few years that Tas Ports has begun to embrace their using the Port.

A similar situation exists with respect to the TT Line Spirit of Tasmania ferries. They are due for replacement between 2023 and 2025. They are already operating much of the time at capacity and having to turn passengers away for want of space. With tourism growing at 5% + per year there should be a 50% increase in demand by that time. However the overall length of the vessels is limited by the need for them to turn around in the Mersey River in Devonport. It would seem unlikely that the vessels will be made wider or taller and, if that were to happen, they would probably be too big for the port. By 2030 with the current rate of increase in tourist traffic, the vessels will need to have 2.5 times the current carrying capacity of the ferries now in use. The Mersey River which was dredged last year at a cost of approx. \$14.0 m. Subsequent storms and floods closed the Port for three days and the debris brought down with the floods will necessitate a further dredging program estimated to cost \$10.0m in the very near future. Further, the additional cost of sailing the vessels from Melbourne to Devonport instead of bringing them into Burnie is currently \$3.8.0m p.a. from figures gained from TT Line's own balance sheet. This does not include the cost of extra wear and tear. It has been suggested that the ferries should sail more often or that another vessel should be added to the fleet. This would compound the present inefficiencies and fly in the face of a world-wide trend that ships are getting larger to be more efficient and so profitable.

So where is the problem?? Devonport is at the junction of at least 2 and perhaps 3 electorates.

The Port of Burnie could easily be expanded to the east to improve the berthing of cruise ships, and berths built for the ferries in an area outside the commercial port's security fence, which causes so many problems for the transfer of cruise ship passengers at present. They are currently transferred from the wharf to the Makers Workshop / Information Centre by buses paid for by the Burnie City Council, with no current funding contribution from other Coastal Councils, despite the fact that they gain economic benefits from the tours run by the Cruise ship companies. It may be possible to use relatively in-expensive sheet piles to protect this new area of the Port and to dredge out a new basin in which the ships can be moored. Such a development could prove a significant long term financial saving to the State.

The Devonport Living City project, estimated to cost some \$350.0m when complete, features a \$40.0m hotel, for which approval has been given in principal only this last week, and includes the prospect of a marina. Such a project would be an ideal use for the river in Devonport as it is the only significant sheltered mooring for yachts and small craft on the NW Coast. Such a development would be similar to the development of a marina near La Rochelle in western France which has a port that, like many others around the world, that became too small for larger ships, and the area is now a major centre for sailing and pleasure craft with all the financial, employment and service benefits such a development generates.

For a long time the City of Devonport has lamented that ferry passengers have arrived and simply turned left for Launceston and Hobart. That could all change, and turning left could benefit their Living City project. Alternatively, as Burnie is the nearest centre of population to Cradle Mountain Park and also much of the far NW and the Tarkine, some visitors may choose to stay and use it as a centre for day excursions.

Other entities that require infra-structure funding:

Unlike the Launceston Museum and Art Gallery and the Tasmanian MAG in Hobart, the Burnie Regional Museum and Art Gallery receives relatively little funding from the State Govt. Such assistance is urgently required not only for educational and cultural purposes, but also because the Museum houses by far the largest historic photographic collection in Tasmania and one of the most important in Australia. The Gallery has a nation-wide reputation for excellence and has staged both the Leonardo da Vinci and Michelangelo Exhibitions in the past three years.

The Cradle Mountain Visitor Centre and associated facilities are set in a UNESCO World Heritage area and yet are an absolute disgrace to Tasmania and the country as a whole. Work needs to be started as soon as a remediation program can be agreed between the parties responsible for this world famous tourist site.

Where to from here?

Burnie has a highly diversified economic base and produces world class products. The largest market on our doorstep is the Asia / Pacific region where the Asian Development Bank is forecasting GDP growth of 5.7% in 2017 /2018. As growth picks up in these economies, they are expected to represent 60% of world economic growth with commodity prices set to improve and demand for goods also rising. This provides opportunities for quality niche products, as our scale of production is too small to meet commodity style demand. Products will need to be of high value and preferably light in weight facilitating air freight delivery.

We need a very transparent approach from Federal Government services, the DFAT and Austrade to facilitate business to be aware of the opportunities that exist in various parts of the world and emerging trends in trade matters and markets. In a world where there is no shortage of choices,

people have become increasingly aware of the provenance of their food and what they eat. We need to develop systems, not only for food, but for all our exports that put safety, integrity and sustainability at the top of the agenda.

Reputation is hard to acquire and can be lost in a moment as has been demonstrated in trade arrangements with China. Government and business must work together to ensure current and emerging businesses are given sound advice and support and the follow up to bring long-term success and employment.

With regular updates on trade and developing opportunities able to be reported quickly and cheaply via electronic means, we need to form information networks to bring latest information to business, manufacturers and others wishing to engage in export trade. Mutual co-operation is essential for this to succeed, and should include baseline discussions with Local and State Government, the Tertiary sector and Chambers of Commerce as well as importers. Above all there will be a need for mutual trust and respect for commercial in confidence discussions.

To further engage with our communities all levels of Government as well as business, industry and the professions need to engage with all levels and groups in society. This would include both young and old and could perhaps be organised as problem solving exercises. Pose a problem and ask folks what they would do or how they would like a particular issue solved / managed. Our younger generation are the future and we should carefully respect and protect their legacy. These should not be held in City Halls, business offices etc but in places where everyone, especially the young, may be relaxed and give of their best. Perhaps a small social hall or surf club rooms would be appropriate

De-centralisation of Commonwealth Entities:

The transfer of Government services to the regions can occur at three levels.

An individual officer may be transferred to head a particular operation or office;

Part of a Department can be re-located or a new section may be set up in a regional centre with the supervising officer/s being recruited to head that function, or

The entire Department may be transferred.

People do not like change especially when it substantially affects their living arrangements and impacts on their comfort zone. It must be handled carefully and “Sold” to those involved. The larger the number involved in the movement, the greater the difficulties and the higher the risks.

Individuals will usually apply for a promotion or transfer based on ambition and personal reasons. This is particularly the case if they have associations or family / other ties to the area, or their spouse has a break in employment, or their children reach a particular stage in their education.

When a new section is based in a regional centre from day one the chances of a successful outcome appear to be greatly increased, as jobs are provided to local people who have not only an affinity to the area but have a ready-made social / family network. Further these developments are said to have a happier and more productive workforce possibly due to there being fewer employment alternatives. See reference to the ATO above.

Wholesale transfers of Government Departments do not seem to have a good record and cause significant disruption in the short term, and there is still the requirement for Ministers to have a core of staff close to Parliament and the seat of power. This splits the department and there is a risk of the “Them and us” attitude developing, which is not good for either morale or productivity.

The original transfer of the NSW Dept of Agriculture did not go well with many people not wishing to leave Sydney with its capital city and coastal lifestyle, though I am given to understand things are now settled (about 25 years after the re-location occurred).

The recent move of the AVPMA from Canberra to Armidale has lead to the loss of many senior and very experienced staff, and while nobody is indispensable such losses can damage an organisation in the short and medium term. The transfer of the Mining Department from Hobart to Burnie saw only five officers re-locate.

The move from Melbourne to Geelong by the Victorian TAC saw a number of people remain in Melbourne and leave the Commission with a result that vacancies were filled from within, in some cases with officers with significantly less experience, and a toxic work environment developed that resulted in other highly competent personnel leaving.

Advantages:

There are many advantages for both Government, the regions and employees in a re-location but these need to be “Sold” to employees. They include greatly improved amenity, better and more affordable housing and a healthier lifestyle; opportunities for sport and recreation, often difficult to access in bigger cities or requiring time and effort to navigate through congested streets; shorter travel times and reduced costs to go to work and better work / life balance. There are also often many opportunities to work from home with the availability of electronic communications. Employees may also be able to keep in touch with head office by the use of video-conferencing and similar technology. The only problem to date in regional areas has been the connection to the NBN which has had too many issues associated with speed and reliability. These must be fixed.

The cost of office space is low in terms of rents, possible co-location with other Departments with aligned interests, space for future further development is readily available and affordable, and the increase in population with corresponding increase in economic activity in regional centres are of utmost importance.

We live in a complex, uncertain and volatile world, and whilst we suffer the tyranny of distance, it does help protect us from much of the turbulence and violence that affects so many places, especially larger cities, and which are so disruptive to doing business and community success. To facilitate the development of this area the Chamber of Commerce has engaged with the City Council in recent years, having 1 hour monthly meetings to ensure we are all aware of what is going on and planning for success. We have recently begun a similar arrangement with the Waratah Wynyard Council. Further, we also engage with the other Chambers along the coast with the Presidents having an informal lunch and discussions almost every quarter. We also have discussions with the University, and host a regular Breakfast Business Briefing every fortnight at which a wide range of speakers address the Chamber on matters as diverse as insurance, developments in the infrastructure scene, and recently a report on the International Chamber’s Federation Congress held in Sydney, to which the Chamber sent two delegates. We are here and ready to engage with the world.

Burnie is highly suited to further expansion of public service personnel with almost every facility readily available to suit and satisfy their needs. We have good quality in-expensive housing, a moderate climate, good beaches, sports and educational facilities, a good water supply, the cleanest air in the world, and Regional Hospital and health care all set in an area where many homes enjoy a sea view and the countryside around urban areas is both beautiful and easily accessible. We are only 1-2 hours from anywhere. If the outstanding example of the ATO is a measure of success in this area, we hope to see a rush of re-located Federal Public Service personnel in the not too distant future.

Dr. W. Peter Holm

For and on behalf of the Burnie Chamber of Commerce and Industry.

October 2017