



6 September 2019

Committee Secretariat
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: regionaljobs.sen@aph.gov.au

Re: Bundaberg Regional Council's submission to the Select Committee into Jobs for the Future in Regional Areas

Bundaberg, located in the federal electorates of Flynn and Hinkler, has Australia's highest rate of recorded unemployment. In fact, our region has had this problem for more than 20 years¹.

Hence, our region understands more than any about the economic and social problems that come with not having enough jobs in our regional area.

We are also active about addressing this issue through a range of local economic and social initiatives that aim to directly create jobs, or the environment where jobs can be created in our community.

We have recognised, that to create these jobs we need new industries in our region. Indeed, Bundaberg is no different to many regional areas that need to reinvent themselves and their economies to ensure sustained jobs growth and relevance to Australia's economic future.

However, the challenge of creating jobs in regional areas, such as Bundaberg, is no simple task. This submission to the *Select Committee into Jobs for the Future of Regional Areas* suggests a range of initiatives for the Committee to consider when making its recommendations.

Moreover, our submission puts Bundaberg forward as an opportunity to trial appropriate recommendations, subsequently made by the Committee.

We believe Bundaberg is the perfect place to trial any initiatives suggested in this submission given our size (being not too big, but not too small) and diversity of industries making our region less susceptible to downturns that may occur in other 'single industry' regional areas.

Our region is also endowed with strengths such as a good climate, low cost of living, and growing social infrastructure – where initiatives will have the great chance of success and generating jobs in our regional area.

As Mayor of Bundaberg I commend our submission into Jobs for the Future of Regional Areas to the Select Committee.

For further correspondence please do not hesitate to contact me directly on or email

Jack Dempsey
Mayor – Bundaberg Regional Council

Our submission is structured according to the following matters outlined in the Committees Terms of Reference.

a. **New industries and employment opportunities that can be created in the regions;**

Almost one in four (24%) of Australians live in regional communities such as Bundaberg². Only Australia's suburbs house more people (35% of Australians) than regional areas. As such an enquiry into jobs for almost one quarter of Australians is well over due.

While Bundaberg is home to almost 100,000 residents, it serves an economic catchment of approximately 300,000 people. This is the largest Queensland population catchment outside of South East Queensland.

For the Bundaberg region, a number of new industries and employment opportunities could be readily created through support from the Australian government, these are now described.

• **Agribusiness expansion**

Bundaberg is already one of Australia's largest agricultural food bowls, leading the nation in the growing of macadamias, avocados, sugarcane, and various other vegetables. We have a climate allowing year round growing, along with a stable water supply and some of the most arable soils in the world.

However the Regional Australia Institute (2019) suggests that 'jobs in agricultural production in regional areas are expected to decrease in coming years, while jobs in healthcare and social assistance are projected to have the largest increase³'.

Contrary to this view, Bundaberg expects to continue jobs growth in the agriculture sector over the foreseeable future. For example, between 2011 and 2016 our region grew over 500 additional agricultural jobs⁴, and we expect this rate of jobs growth to increase, not decline.

To support jobs growth in our region's agricultural industry we require a range of new infrastructure and other initiatives to support the growth, diversification and export our region's agricultural output and potential. Some of these include: -

- Agricultural airfreight infrastructure at Bundaberg Regional Airport
- Listing of many of the region's crops on Australian Allowable Import List for major Asian trading partners
- Road to Rail intermodal facilities to support the movement of agricultural produce from the region to other markets
- Funding for innovation programs that support farmers apply new technology innovative practices in regional farming systems

² Deloitte (2015), The Purpose of Place: Reconsidered, Page 19.

³ Regional Australia Institute, Future of Regional Jobs, Page 1.

⁴ 2011 and 2016 SBS Census of Population and Housing.

- **Defence**

Billions of dollars of investment is planned by the Australian Department of Defence over the next decade to upgrade the nation's defence capability⁵. Much of this expenditure will be focused on new and upgraded infrastructure in Queensland, such as at the Shoal water and Wide Bay Training areas.

The Bundaberg Port is located adjacent a 5,000 ha Bundaberg State Development Area. The Bundaberg Port currently operates at less than 5% of capacity with its owner, Gladstone Ports Corporation, holding no identified plan for its growth into the foreseeable future.

Bundaberg Council has called for the Department of Defence to consider establishing a naval base at the Port of Bundaberg, particularly given the port is located outside the cyclone disaster zone and the Great Barrier Reef.

Our workforce and cost of living also make Bundaberg a good choice for the location of a naval base, or other defence investment. Council has also commissioned a 'Defence Industry Pathways' report that provides direction on how we will attract defence expenditure, along with expand our industrial capability to service defence industries.

I call upon the Australian government to consider Bundaberg for future naval and defence investment.

- **Renewable/ clean energy**

In 2017 the Bundaberg region harvested an estimated 2.85 million tons of sugarcane across 33,411 hectares of cultivated land. However the industry has suffered declining volumes, employment and viability for several decades.

While the industry currently provides 6% of all job in the region, Council believes the industry must transition into products if it is to remain as one of the mainstays of our economy – albeit in a new form.

As one example, Council has been working with Bundaberg Sugar Limited to look at ways it can reinvent itself by looking at other new sectors such as bio products and renewal energy production. Sugarcane has been found to be capable of being a suitable feedstock for the production of ethanol and biomass power generation.

As an iconic Australian industry, Australia's sugarcane industry should be assisted to explore its transition into other sectors such as renewable energy production. Bundaberg is the perfect location where such assistance could be provided.

- **Environmental tourism**

Unbeknown to many, Bundaberg is located on the southern edge of the Great Barrier Reef – Australia's greatest global tourism asset. This strength, from an environmental tourism aspect has not been leveraged in terms of industry development and job creation.

⁵ <http://www.defence.gov.au/WhitePaper/>

With a regional airport, but an under supply of tourism infrastructure – investing in the region’s environmental tourism potential – and proximity to the Great Barrier Reef - would grow jobs in Australia’s third largest export sector, tourism.

Our unique offerings that could be leveraged to develop the tourism industry include, sea turtle conservation⁶ and cultural linkages the region holds with South Sea Islanders descendants who worked and lived in Bundaberg in the 1800s.

- **Food manufacturing and exporting**

With an abundance of agricultural produce, the Bundaberg region is perfectly positioned to diversify into high value-add food processing and manufacturing. Already, many local companies are creating new food and ingredients for national and international supply chains and markets. For example, local business Farm Fresh Fine Foods Pty Ltd supplies locally grown food ingredients into global restaurants chains, from Bundaberg.

Many more farmers and producers have the potential to expand over time into successful exporters. Supporting this potential in places such as Bundaberg is one way jobs in regional areas could be created.

Bundaberg should be prioritized as a special food zone where programs are offered to support Australia grow, process and export food and other related food derivatives.

- b. The number of existing jobs in regional areas in clean energy technology and ecological services and their future significance;**

Building off Bundaberg’s agricultural strength, combined with low cost of living and doing business, the region is perfectly positioned to be a leader in clean energy.

Already, according to the Clean Energy Council of Australia, Bundaberg has Australia’s highest rate of photo-voltaic solar usage⁷ of any town across the nation. We also have over \$750 million in proposed solar farms projects in various stages of planning and delivery across the region.

The region is also working to plan its role in the clean energy industry by exploring ways we can repurpose agricultural feed stocks to support clean energy technologies, particularly biofuels. One pilot biofuel project in our region being conducted by Utilitas Pty Ltd is doing just this, using agricultural and other waste to produce methane for use in biofuels.

As already mentioned, Bundaberg has an underutilized Port that could become a national case study of clean energy exporting. Queensland also has a relationship with the US Navy who aims to have one of their major battle fleets run entirely off clean energy by 2020.

Given many joint US-Australian military training exercises occur near Bundaberg, this provides an excellent opportunity to create regional jobs by supporting clean energy initiative, in our region, to meet this demand.

⁶ Each year, the Bundaberg coast line is home to Australia’s largest population of nesting sea turtles.

⁷ <https://www.cleanenergycouncil.org.au/>

c. Lessons learned from structural adjustments in the automotive, manufacturing and forestry industries and energy privatisation and their impact on labour markets and local economies;

As mentioned previously, the region's sugarcane industry needs to transition to other sectors if jobs in those industry are not to be lost over the coming years and decades. At present the sugarcane industry provides 2,083 direct jobs in our region, or 6% of all jobs⁸.

Council has recently called for a *Sugar cane Structural Transition* (or structural adjustment) *Package* to secure a longer future for the region's sugarcane industry.

This call seeks State and Federal government to establish a fund available to sugarcane millers and growers to support the structural transition projects to enable a move from primary production to more knowledge intensive sectors, such as bio products and other advanced manufactured goods.

We seek Federal Government support for this 'structural adjustment' package in the Bundaberg region. Without this support, it is believed many regional jobs will continue to be lost in our region. Moreover, new job generating, economic opportunities will be lost that could diversify our region's economy into higher value add products which have strong global demand.

In support of this call for a structural adjustment package, specific labour market strategies are also required to assist workforces become skilled in the occupations required to enable structural adjustment.

For example, while our region is one of the largest agricultural regions in Australia, our TAFE and major local University (Central Queensland University) have very low numbers of students enrolled in agricultural programs, such as certificates, diplomas, degrees or higher.

Strategies are required to deliver industry relevant agricultural training, particularly as the sector becomes more advanced and technology-driven.

In addition the industry specific labour market strategies, initiatives are required to engage regional populations with local labour markets. For example, in Bundaberg, there are over 10,000 estimated⁹ residents dis-engaged from the labour market. New regionally-specific employment programs are required to ensure this cohort is engaged with the labour market.

I commend the Australian government on the Regional Employment Trial¹⁰ program, which Bundaberg Regional Council along with local stakeholders, is a successful applicant.

d. the importance of long-term planning to support the diversification of supply chain industries and local economies;

To support, develop or diversify supply chain opportunities in the Bundaberg region a range of infrastructure is required to expand the region's economic and job creation outlook. These include: -

⁸ Australian Sugar Milling Council of Australia, Profiles of Sugar Manufacturing, 2017.

⁹ Estimated based on Census labour force data, 2016.

¹⁰ <https://www.business.gov.au/assistance/regional-employment-trials>

- Expansion of the Port of Bundaberg into a competitive national port, including road and rail upgrades to connect the port with the region’s agricultural and mineral endowments
 - Road to rail intermodal and consignment facilities to enable the cost effective movement of produce and other products from the region to national and overseas markets
 - Upgrade of Bundaberg Regional Airport to international air freight designation to allow the direct export of produce to Asia
 - Inclusion of regional produce on national ‘allowable import lists’ to support market access into economies such as China and Singapore, to name a few. This action is imperative to ensure local producers have a future market to back investment decisions.
- e. Measures to guide the transition into new industries and employment, including:**
- i. community infrastructure to attract investment and job creation;**
 - ii. the need for a public authority to manage the transition;**
 - iii. meaningful community consultation to guide the transition; and**
 - iv. the role of vocational education providers, including TAFE, in enabling reskilling and retraining;**

Bundaberg Regional Council supports the Wide Bay Burnett Regional Development Australia¹¹ as an appropriate mechanism through which new industry transition programs could be trialed in our region.

Notwithstanding this, we believe the need to consider a new national-regional transition authority could be a good way to ensure regional economies are reshaped in ways that align with local economic trends and opportunities.

Alternatively, the Australian Government funded Industry Growth Centers¹² program is an excellent way to expand jobs in Australia’s key industries of comparative advantage. However this program could be enhanced by having a ‘regional lens’ that supports regions such as Bundaberg who have a natural advantage in agriculture. Currently our region has little contact with Australia’s agricultural growth center¹³ which is located 1,900 kilometers away from Bundaberg in the Melbourne CBD.

Australian funding programs such as the Building Better Regions Fund and the Regional Jobs/ Growth Funds (to name a few) could become the programs through which additional funding could be made available for regional Australia to apply for funding for regional economic transition projects.

However, the often required dollar-for-dollar matching contribution for these existing program should not be a required for industry transition projects, given the benefits of which will be regional and industry wide (not business specific).

- f. The use of renewable resources in Northern Australia to build a clean energy export industry to export into Asia; and**

¹¹ <http://www.rdawidebayburnett.org.au/>

¹² <https://www.industry.gov.au/strategies-for-the-future/industry-growth-centres>

¹³ Food Innovation Australia Limited, see <https://fial.com.au/>

As per section b of this submission, Bundaberg is perfectly placed to become a leader in clean energy exports to Asia or other markets. However tailored, region specific support is required to ensure this opportunity for regional Australia is secured.

For example, for bio-ethanol production to be more viable in Australia, consideration should be given to policy changes that require higher ethanol content in Australian vehicles.

g. Any related matters

It is commonly understood if a place or regional area can improve outcomes in,

- the size of its *population*,
- the proportion of its population *participating* in work, and/ or,
- improve *productivity* among its human capital and forms of infrastructure,

then this will drive improvements in economic output, living standards and the capacity to create jobs. These are referred to as the “three Ps” of economic growth.

For our region, population growth needs to be encouraged to ensure the region grows. Workers and their families will be attracted connected, high amenity locations.

Given this, greater investments in social, cultural and digital infrastructure should be made by the Australian government to ensure regional areas have the amenity and other services required to attract new residential and working aged populations.

Already, this trend is occurring across Australia as more and more of the nation’s suburban dwellers are relocating away from congested, costly, poor amenity cities to regional locations for work, or just a sea change.

Both international and intra-national migration incentives are required to encourage working aged residents to relocate to regional areas.

Remote Area Tax Concessions and Payments

Other initiatives that should be trialed in Bundaberg include new remote area tax concessions and payments¹⁴. Council recently made a submission to the Productivity Commission’s review of Remote Area Tax Concessions and Payments.

This submission called for new concessions and payments to be trailed in Bundaberg to encourage workers and families to relocate to regional areas, such as Bundaberg. Council again urges the Federal Government to consider initiatives such as these to promote population growth in regional areas.

End of submission

¹⁴ <https://www.pc.gov.au/inquiries/current/remote-tax#draft>