



Regional Development Australia - Tasmania

Briefing Paper

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Executive Summary

What does our region need to thrive?

As an island state, Tasmania innovates through necessity. Innovation will continue to drive our economic growth and competitiveness, as will the need to ensure we can move our products to market efficiently.

RDA Tasmania supports five (5) key areas of ongoing investment by the Australian government in projects that support innovation and continue to drive growth and resilience in our export industries:

1. Investment in the University of Tasmania's Science, Technology, Engineering and Mathematics (STEM) facility in Hobart, and North and North West Campus expansion in Launceston and Burnie;
2. Long term commitment to the expanded Tasmanian Freight Equalisation Scheme;
3. Commonwealth investment in local innovation including Hobart's role as an international Antarctica gateway; defence manufacturing and services; and science and research institutions;
4. Investment in the Hobart to Burnie freight corridor and key tourism routes and infrastructure;
5. Commitment to Infrastructure Australia's Infrastructure Priority List for Tasmania.

1. Introduction

A Current Overview

Tasmania has a number of critical challenges and opportunities that are unique as Australia's only island state. We lag behind other states and territories in key economic indicators; have higher than average unemployment, including very high youth unemployment; poor educational attainment; a changing industry base moving from traditional industries such as forestry and manufacturing; the oldest demographics and most dispersed population in the nation.

2016 has already been an eventful year for the region, with extensive bushfires a reminder of the challenge of having over 40 per cent of the island protected for its high conservation value. The Bass Link cable enabling energy transfer and optical fibre connection is broken and under repair. This reinforces the vulnerability of our island, creating significant concerns over the securing of our energy supply with record low dam levels and causing disruption and quality issues for data use.

Despite these challenges, Tasmania is forging ahead and has much to be proud of. The economy is expanding from a traditional base of forestry and manufacturing to value-added agriculture, tourism, education and niche manufacturing. We lead the nation in the generation of renewable electricity. Broadband connectivity is mitigating our geographical isolation with Launceston on track to become the most fibre connected city in Australia this year.

The RDA Tasmania Committee's priority is to expand and grow economic activity across the whole of Tasmania. To implement this priority the Committee supports a whole-of-government approach to:

- Initiatives that support wealth creation and the region's growth industries
- Investment in enabling infrastructure that improves economic productivity
- Grow knowledge and networks through education, collaboration, innovation, and research and development

Section two (2) of this document outlines the growth and innovation occurring across key growth sectors, and initiatives that we consider will support wealth creation.

2. Key growth sectors in Tasmania

Where is our economic potential in 2016 and beyond?

Tourism- The Tasmanian Visitor Survey (December 2015) showed the number of visitors coming to Tasmania on scheduled air and sea services in 2015 grew by 8 per cent on the previous year to 1.15 million. To be more precise, our island state welcomed around 1 153 300 interstate and international visitors during 2015.

This result means things are on track to reach State Government's 1.5 million visitor target by 2020.

The airlines scheduled 9 per cent more seats on various routes to and from Tasmania during 2015, and Qantas increased capacity by 30 per cent in March 2016. The Spirits of Tasmania are another success story with a 16 per cent jump in interstate and international visitors travelling on the two ships in 2015.

Twenty (20) per cent more international visitors came to Tasmania during 2015, setting a new record of international visitors and outstripping the nation's 8 per cent growth during the same period.

While this growth is significant and generating wealth into the economy, the under supply of accommodation, variable road quality and recent bush fires are challenges to maintaining and expanding tourism growth. Currently this key sector is worth \$2.3 billion to the Tasmanian economy.

Education (UTAS) – The University of Tasmania (UTAS) contributes \$1.7 billion annually to the Tasmanian economy. As the only university in Tasmania, it has a critical role in producing and up-skilling the State's future workforce through the provision of research and post graduate, bachelor, and potentially increased Associate Degrees.

Education is a valuable export for Tasmania. The ongoing commitment by the University of Tasmania to provide education opportunities for overseas students is now contributing \$300 million to the Tasmanian economy. The reputation of the University of Tasmania is being increasingly recognised overseas as a first choice for overseas students that provides value for money.

Investment in technologically enhanced learning environments will attract more international students. Currently the percentage of international students in UTAS courses is 14 per cent while the national average is 22 per cent; therefore, the opportunity to attract more students to Tasmania is strong. International research collaborators are fostered through international PhD students and are vital part of future innovation and international collaborations.

Additionally, the role of UTAS research and development facilities throughout Tasmania is significant as a contributor to Australia's ongoing focus in developing competitive advantage in key industry and environmental innovations; such as the Hobart Antarctic Gateway. Reliable,

high speed broadband connectivity is an essential component of education and research infrastructure.

Agriculture – Tasmania continues to leverage off its natural competitive advantages of arable land and rainfall and the expanding irrigation capacity throughout the state to build export markets for its produce. This investment in reliable water supply is supporting expanded production and investment in agriculture, and the move towards quality, high value products.

The Tasmanian Dairy Industry produced a record 891 million litres of milk from approximately 440 dairy farms in 2014/2015. This industry employs 1 500 people directly and 1 200 in processing sector, providing over \$430 million in value to the Tasmanian economy. The opportunities for growth in this key industry sector remain high as investment in irrigation and dairy farm conversion continue.

Innovation in this industry sector is essential to delivering improved efficiencies and sustained growth. The recently announced \$7.6 million partnership between the Tasmanian Institute of Agriculture (TIA) and Dairy Australia over five years to 2020, will deliver targeted dairy productivity research and extension services, helping to drive Tasmanian dairy farm profitability and sustainability.

With a cooler summer season than the rest of the nation, Tasmania has seen strong growth in cherries and berry production both for national supply and export.

Other agricultural sectors are experiencing similar growth rates and the emphasis is on consistent supply of quality and “safe” fresh produce to both domestic and international markets. Australia has a reputation for excellent controls in food safety and Tasmania has the benefit of being free from some pests, but this relies on continued quarantine and food safety security. Currently the agricultural sector provides \$2.29 billion to the Tasmanian economy.

Tasmania’s reputation as a producer of quality salmonoid products is renowned and this industry sector continues to grow as demand for its products increases. Tasmania now supplies over 80 per cent of the Australian domestic market and this increased demand is extending to international markets.

Innovative farming techniques that focus on improved efficiencies and maximising of harvest rates is producing significant returns for these Tasmanian exporters and the Tasmanian economy. As a result, new salmon farming and processing facilities in Tasmania are being developed in anticipation of growth in markets as demand for salmon products increases.

3. Five key areas of investment in Tasmania's economic future

What would make a difference?

<p>1. Investment in the University of Tasmania's North and North West Campus expansion in Launceston and Burnie, and a new Science, Technology, Engineering and Mathematics (STEM) facility in Hobart</p>	<p>The Australian Government has the opportunity to fund \$150 million of a \$300 million partnership project between the University of Tasmania, the Tasmanian Government, City of Launceston, TasTAFE, Burnie City Council and the Cradle Coast Authority for the expansion of the Launceston and Burnie campuses in Northern Tasmania.</p> <p>The \$300 million investment will create an education driven revitalisation of Northern Tasmania that will generate an additional \$428 million per annum. In addition, Tasmania needs the Australian Government to support an increase in the size of the University of Tasmania's Associate Degree program. The proposed expanded Associate Degree program will support an additional 8 000 new student enrolments studying industry aligned courses.</p> <p>In Hobart the Australian Government can support the development to relocate Tasmania's Science, Technology, Engineering and Mathematics (STEM) facilities to Hobart CBD.</p> <p>The National Innovation and Science Agenda explains that school children today will be working in industries we can only imagine. Tasmania needs modern facilities that have flexibility to support innovative ways of working and create the skilled workforce needed to support growth in export industries.</p>
<p>2. Long term commitment to the expanded Tasmanian Freight Equalisation Scheme</p>	<p>Tasmania is unique as Australia's only island state and, therefore, is heavily reliant on competitively priced and reliable shipping service to move freight to domestic and international markets.</p> <p>The expanded Australian Government's Tasmanian Freight Equalisation Scheme (TFES) provides vital support of approximately \$200 million annually (including passenger equalisation) to enable Tasmanian exporters affordable access to market.</p> <p>Ongoing support by the Australian Government in the TFES will bolster opportunities for Tasmanian producers in key industry sectors, leading to longer term growth. These include increasing employment, skill development and innovation.</p>

<p>3. Commonwealth investment in local innovation including Hobart's role as an international Antarctica gateway; advanced manufacturing and services; and science and research institutions</p>	<p>Increased decentralisation of key Commonwealth activities to Tasmania will facilitate greater efficiencies and more direct involvement in decision making.</p> <p>The 20 Year Australian Antarctic Plan identifies the challenges to maintaining and expanding Australia's status in Antarctic science, operations and diplomacy and makes 35 recommendations of action required to pursue Australia's national Antarctic interests over the next 20 years and beyond. Tasmania is strategically located to support growth in the Antarctic sector and is already a hub of research and services such as the Institute for Marine and Antarctic Services (IMAS), and CSIRO. Direct air access from the expanded Hobart Airport and current port investment support Hobart as a strategic base for national and international activities.</p> <p>Port services and facilities to support the Antarctic sector and growing cruise ship visitation have the potential for utilisation by the Australian Defence Force, to further spread the benefit of public expenditure to regional and remote areas.</p>
<p>4. Investment in the Hobart to Burnie freight corridor and key tourism routes and infrastructure</p>	<p>Efficient and safe transport links across the island state remain critical to Tasmania's economy. Many southern Tasmanian producers have perishable goods that must travel on evening shipping services to Melbourne to connect to domestic and international markets. Irrigation systems and expansion of the salmon industry in the south of Tasmania will result in additional transport movements on the main freight routes.</p> <p>Similarly, with the expansion of the Hobart International Airports runway, international air freight will become an option resulting in a change in freight routes, movements and bottlenecks. Ongoing investment to make the Midlands Highway safe, the Bass Highway efficient and removing bottlenecks at locations such as Bridgewater Bridge, Cambridge and Perth are seen as a priority.</p> <p>Tourism and self drive touring has increased significantly. Ongoing evaluation of and investment in touring routes to create safe and memorable experiences, particularly in regional areas, is becoming critical. Investment is required in the Tasman Highway (Tasmania's East Coast) and the Arthur Highway (access to the Tasman Peninsula - Port Arthur and Three Capes Walk).</p> <p>In addition, investment in Cradle Mountain has the capacity to drive regional tourism beyond the current boom being experienced in and around Hobart and Southern Tasmania.</p>

<p>5. Commitment to Infrastructure Australia's Infrastructure Priority List for Tasmania</p>	<p>The Tasmanian Government has presented five projects that have been included in infrastructure Australia's Infrastructure Priority Lists. These five projects address challenges existing in regional infrastructure and take advantage of identified emerging opportunities.</p> <p>The five projects are:</p> <ul style="list-style-type: none"> • Burnie to Hobart Freight Corridor Strategy • Tasmanian Irrigation Schemes (Tranche 2) • Relocation of University of Tasmania STEM facilities to Hobart CBD • Tasmanian Sewerage Infrastructure Upgrades • Derwent River crossing capacity
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4. Regional Leadership

How does the RDA Tasmania Committee add value?

A key RDA Tasmania priority is to support a whole of government approach to economic development and projects that support key outcomes including increased employment, skill development and job participation. In a globally competitive market, the success of a small island state like Tasmania, grasping opportunities and addressing challenges is contingent on regional and state-wide coordination and effort.

Recent downsizing and restructure through the State Government has resulted in an industry rather than regional focus. This change means the role of RDA Tasmania in working with all levels of government and looking at development on a regional scale has become even more important.

RDA Tasmania encourages and supports regional planning and priority setting based on objective data and research. Practical and innovative solutions can be found when issues are looked at out of their sectoral or government boundaries.

Continuing resourcing of RDA committees to support regional planning and collaboration can help inform commonwealth investment and ensure strategic and sustainable local development.