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Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT,
REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

Reference: Impact of the global financial crisis on regional Australia

TUESDAY, 21 APRIL 2009

LAUNCESTON

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**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT**

Tuesday, 21 April 2009

Members: Ms King (*Chair*), Mr Neville (*Deputy Chair*), Ms Campbell, Mr Cheeseman, Mr Clare, Mrs Gash, Mr Raguse, Mr Randall, Mr Robb and Mr Sullivan

Members in attendance: Ms Campbell, Mr Cheeseman, Ms King, Mr Neville, Mr Raguse and Mr Sullivan

Terms of reference for the inquiry:

To inquire into and report on:

The impact of the current global financial crisis on regional Australia and the role of the Commonwealth Government in ensuring that regional Australia is equipped to respond, with particular focus on:

- the encouragement of economic development and employment; and
- the development of sustainable essential services and social infrastructure designed to enhance the liveability of regional Australia.

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Committee met at 9.03 am

CHAIR (Ms King)—I declare open this public hearing of the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government for its inquiry into the impact of the global financial crisis on regional Australia. This is the second of the committee's hearings. Our first was in Burnie yesterday. I am sure that the witnesses appearing before us this morning and this afternoon will be equally of interest when they provide evidence to the committee as the people yesterday were. Today we are hearing from local councils, economic and regional development organisations, RDA Tasmania as well as business representatives. I welcome everyone here this morning.

[9.04 am]

DIXON, Mr Francis Hilton, General Manager, Launceston City Council

KING, Mr Desmond Patrick, Chairperson, Northern Tasmania Development Board, Northern Tasmania Development

MARTIN, Mr John Ernest, General Manager, Dorset Council

PARTRIDGE, Mr Peter William, Mayor, Dorset Council

STEELE, Mr Michael James, Director, Northern Tasmania Development

van ZETTEN, Mr Albert, Mayor, Launceston City Council

WALLACE, Mr Robert Hubert, Chief Executive Officer, Northern Tasmania Development

CHAIR—I welcome our first representatives, from the Launceston and Dorset councils and Northern Tasmania Development. Thank you very much for appearing before us today. Whilst we are not requiring you to give evidence under oath I do need to remind you that these are formal proceedings of the parliament and should be accorded the same respect as proceedings of the House of Representatives. It is also customary for me to remind witnesses that giving false or misleading evidence is considered a serious matter and may be considered a contempt of the parliament. Do you have a brief introductory statement to put before the committee?

Mr Wallace—Yes, a verbal one. Thank you for the opportunity to come and make a presentation and representations to you. We do not have a formal presentation as a written document. However, we would like to raise certain issues which we believe affect certainly this region and could equally apply in other regional areas across Australia.

I will give you a very brief description about the north of Tasmania, as I am aware you are travelling around the state. The northern region is basically a third of the north-east of Tasmania, from about the central area, almost to Devonport, and including Flinders Island, and it has eight councils. The main business, once retail has been removed, is agribusiness, which includes forestry, fishing, agriculture and horticulture. The second business is tourism and the third is education—there is a lot of education through the university, the Maritime College, colleges and senior secondary colleges. The majority of employees are involved in business as opposed to government bodies or NGOs, so we have very much a business focus, as I am sure you will hear later from our colleagues from the Launceston chamber and other business sectors.

From our perspective, Northern Tasmania Development operates right across the region as opposed to just with individual councils. Certainly in the last 18 months we have seen that there has been a slowing up of funding for certain projects and, as projects have been winding down, there has been a lack of ongoing projects that we could move straight into. I will give a quick snapshot of Northern Tasmania Development's role, which is economic and social development. We basically are a lobbying, facilitating and broking organisation in the areas of 'live, visit and

invest' and delivering on social issues. We run projects for both state and federal governments. Where there is no capacity for those projects to be run, we actually run them ourselves until we build that capacity. I will give examples of two or three we are running at the moment. One is in the area of youth justice and with young people. Another one is in the area of retention of students from grade 10 through to grades 11 and 12—Tasmania has one of the lowest retention rates in that area—and then also on engaging young people from the ages of 16 to 24 in ongoing training or re-engaging them in training.

One of the geographic difficulties, if I could call it that, across this region is the dispersion of the population. Approximately 60,000 to 70,000 people are in Launceston city itself, there are around 90,000 in the greater Launceston area, and there are 130,000 across the region. So we have a population dispersed right across the region, as opposed to a small, tight area—and we will make some comments shortly about the infrastructure.

That is just a very quick snapshot of what the region looks like and what our businesses are. One thing I would like to make a public comment on is that in the last two or three years there has been a lot of unity between the local government authority and the eight councils, where they are focusing more on the region and realising that each of their individual areas impacts significantly across the region. So at this forum here today the individual council representatives will speak for their own councils but the focus is definitely on developing the strength, liveability and sustainability of this region. Thank you.

CHAIR—Thank you very much for that. We will have some questions specifically about what is happening in the region, but as a Victorian MP I am quite interested in the regional development board concept, how that came about and what you are doing. But first I will introduce the committee. I am obviously the chair, Catherine King; I am the federal member for Ballarat, a regional city in the centre of Victoria.

Mr RAGUSE—Brett Raguse, federal member for Forde, which is in South-East Queensland, also known as the Gold Coast hinterland.

Mr CHEESEMAN—Darren Cheeseman, federal member for Corangamite in Victoria—the Great Ocean Road, surf coast kind of region of Victoria.

Mr NEVILLE—Paul Neville, member for Hinkler, which is Bundaberg and Hervey Bay.

Mr SULLIVAN—I am John Sullivan, the member for Longman. Longman is the area between Brisbane and the Sunshine Coast but it is being gradually swallowed up as Brisbane grows north.

Ms CAMPBELL—And, for those of you who do not know me, I am Jodie Campbell, federal member for Bass.

CHAIR—Thanks very much for that. Victoria does not have a long history of regional development councils—we have had some other models—so I am interested in how your regional development council was established, why councils made the decision to purchase the development board, how you are funded and what sorts of activities you undertake, just to give us a general idea of the role of regional development boards. In particular, I am interested in the

relationships between local council and the state government and how you work together—or don't, in some instances. Sorry; that was a big question!

Mr Wallace—That is fine. I can see why it was deferred. Just to give you a little bit of background, the company was set up about 17 years ago by private individuals, businesspeople in the city and across the region, and it was primarily to identify gaps where projects were needed in the region and to fund those through federal and state funding. So an organisation was set up and it worked quite successfully for about 10 years. It changed its name a couple of times and then it moved into a stage of building its membership. Mike Steele here, who is a current board member, was one of the very early members of this organisation. At that stage it started to drop off a little in its performance and its activities, and consideration was given to winding it up. The eight councils who were members believed that there was a need for this type of organisation, so they took over the shareholding. It had a representative board of 12, who were mainly council representatives and some business representatives as well—and at that stage Mike was still on the board.

About three years ago, it was realised that a different governance model was needed. The situation was that there was difficulty in making decisions on the split-up, I guess, of funds and activities, and where they might be applied. So new articles of association were developed and a new company was formed. It is a not-for-profit organisation. The eight shareholders are the eight councils. An independent chair was appointed, Des King, and he is still the chair, and a board of four independent, skill based people was appointed. At that stage, Mike was reappointed, and I was appointed along with Professor David Adams, who specialises in community development and innovation, and also Kym Goodes, who specialises in youth and youth justice issues.

So the five of us formed the board, and we had a CEO who had driven the change. After a year he actually left and moved elsewhere, and at that stage we were having some difficulties with our shareholders, so I was asked to come in as the interim CEO, which I did, and the task was to realign the business back to its fundamentals and to rebuild the relationship with the shareholders—which we did. We had an independent review performed by KPMG and there were 22 issues raised, and we have addressed virtually all of those issues. So it is a body and an organisation that has transgressed but is now in a position, as it has been for about two years, where it is being actively sought by federal and state governments to be the voice for the region and across the region. Perhaps some of the shareholders would like to make a comment.

Mr Dixon—Firstly, do you want to talk about services provided through NTD? I think that was part of the question.

CHAIR—Yes. I am interested in what it does and its relationships with other tiers of government and how that works or does not.

Mr Wallace—The three areas that we focus on, and I flagged one before, are live, visit and invest. 'Live' covers the social issues. It is across the region. We get involved with the state health services here, for example. We meet regularly with the director of the local hospital and the secretary of the state department of health and we give them input and they tell us what is happening and we tell them where there could be areas of change. Under liveability, and as I mentioned, there are some of the youth programs that we have been involved in. We are

involved in other areas such as environmental issues. We work closely with NRM North in those areas.

The second area is tourism, which is in 'visit'. Our organisation is the regional tourist authority in the north and that is funded by the Tasmanian state tourism department. Because it is our second largest industry sector in the north, we put a fair bit of focus on that area. The third area is 'invest', about economic business attraction and networking. Up until about 10 months ago we had a three-year project that we operated with DOTARS under federal funding, which was a very successful project in building networks within and across the region and also in investment attraction. Those are the three key areas we work in.

CHAIR—How do you work with local councils, state departments and with federal departments? I am thinking in particular of AusIndustry and agencies like that. How do you work in terms of the responsibilities that they have?

Mr Wallace—With regard to working with federal bodies, apart from when we are actually delivering projects and programs that have been funded, we operate on some of their committees—their local and regional bodies—where we give advice and we offer our network. We have a database of approximately 3,000 individuals. We work closely with AusIndustry, with ACCT or RDA, as it now, being Regional Development Australia, contributing and giving that regional perspective. With regard to the individual councils, part of our arrangement is that we do not get involved in actual local council issues. We are not fixing drains or potholes or those sorts of things—which my colleagues do extremely well. So it is very much at that higher level, if you like. The major area that we are working on right now is regional planning reform across the region. This is for regional planning schemes. We are in a state funded project for two years and are in the process of coordinating the eight councils to develop a common regional planning scheme. One of the difficulties with a region like this is if a developer comes to build a new set of warehouses or whatever. Within a few kilometres of our post office they can be in three municipalities so there can tend to be confused messages about buildings, building regulations and those types of things. So we are acting as the facilitator. That is one of the key roles that we have, facilitating this process and acting as an independent.

I think it would be fair to also comment that if we look at the structure of the eight municipalities, Launceston has approximately 50 per cent of the population, which is around 70,000 people, and it goes down to 800 on Flinders Island. As an organisation, we are trying to act as the big brother looking after everyone, as opposed to some of the smaller councils feeling as though Launceston is always driving them, pushing them and those sorts of things. I think that is what has certainly helped with unity in the last two years among some of the medium and smaller councils.

CHAIR—Thank you, as that has really helped to set the scene.

Mr NEVILLE—I would like to keep exploring some of these areas. What is your budget and what proportion of that comes from state, federal and local governments? What is your permanent staff level? So it is about budgets, sources of government funding and staff levels. By the way, if you have got sources of private funding, what are they? Just give us round figures.

Mr Wallace—Thank you as those are excellent questions. We have a core budget of approximately half a million dollars. That is 100 per cent from the eight shareholders. It is a split on a per head population basis. The funding was set by the shareholders under the old governance system and it was not developed or implemented by the existing board. We have approximately \$500,000, which is our core funding. That runs our admin and some of the other areas. We also have a three-year shareholder agreement which is a rolling agreement so annually they renew for another 12 months. The source of funding is about 95 per cent from that source and we then have a small membership base from which we receive approximately \$30,000 a year, from business or corporate members. They range in paying from \$8,000 to \$10,000 a year as large corporate bodies. This organisation we are in here, for example, pays a membership—and all these are public figures—of \$4,000 a year as a gold member, as a country club. EskWater is one of our major members. It goes down to \$250 for a small business membership.

We receive no state funding for our core funding. We then have our projects. Last year we had projects of \$1.2 million, from federal and state bodies. Some of them are short-term projects and some of them are for up to three years. For example, in June 2008 we had the DOTARS project that we ran for economic development. That was \$600,000 over a three-year period. That finished in June last year. That was actually an \$800,000 project over three years as we brought in other shareholder money and other moneys to top that up.

Staff is an interesting one. When I took over as interim CEO 18 months ago, we had 18 full-time equivalent people. Within six months we had 10. We now have seven. We were into the areas of service delivery, which the board believed was not its core business, so as projects were finalised or people left we did not replace them. We are now back into servicing our core business, which is servicing our shareholders, which are the eight councils in areas across the region.

Mr NEVILLE—If you get government grants—say there are a number of federal grants—and a number of departments require facilitation components of them, do you just engage the staff for the length of the particular program?

Mr Wallace—Yes. If I could give an example—it is not public knowledge yet—last week we were awarded a very small project for the Dorset region through Enterprise Connect, the federal body, and we will engage staff. That is a project of around \$120,000, with \$75,000 from the federal government, from memory. The Australian Innovation Research Centre is also involved as a partner and it is contributing around \$18,000, with Dorset council around \$18,000 and Northern Tasmania Development, \$23,000. We will employ period just for the period of that contract. It is a 12-month contract.

Mr NEVILLE—I will finish on this note for the time being. You mentioned that you have pursued, at least in recently past times if not currently, social infrastructure. The arguments that a lot of development boards get is that they lose their focus when they venture into the area of social infrastructure, rather than keep their eye on business, hard infrastructure and tourism. What is your comment on that?

Mr Wallace—If I could give an example—

Mr NEVILLE—Also, do you have an ROC here, a regional organisation of councils?

Mr Wallace—No.

Mr NEVILLE—The other states have them. You do not have those. So you, in a way, are the unofficial ROC for this area.

Mr Wallace—In the region, yes. NTD has a local government committee. However, the councils also have general managers committees, both for the region and for the state.

Mr NEVILLE—I suppose the purpose of the question is: even though you are derived from local government, you are not there second-guessing them, are you?

Mr Wallace—No, not at all. If I could return to your question about the social issues, if I can give a practical example, there is a project that we run, federally funded by the justice department. It is basically trying to keep young people out of the justice system. It is called Youth on Paterson. It operates in the city here, although it is regionally focused. It is a three-year project. It has an operational committee of 12 people. One of the briefs in that funding application was to not duplicate services already existing for young people who may be disadvantaged or at risk but actually assist and coordinate many of the projects that operate within the city. For example, of the 10 or 12 that sit around that committee table, most operate programs and projects in their own right, but there is very little synergy across them. So our role in this particular project was to develop that synergy. I think that is where the role of an organisation like ours can certainly operate.

Another one is in the Rural Co-pilots Mentoring Program, looking at disadvantaged young people, particularly in country areas. They are basically young kids who have been told: 'Please don't come to school. You're too disruptive.' This is a mentoring program. Again, organisations like ours can cross municipal boundaries by operating these projects and programs and being able to bring other resources. But I certainly would agree with you. From the perspective of having sat on the board of NTD and becoming the permanent CEO, I think we need to be careful as a regional body to not get into the delivery of services that others can provide. We are definitely there for those four key points: advocacy, brokering, lobbying and facilitating.

CHAIR—I have a supplementary question. What is your relationship with the new Regional Development Australia and the previous Area Consultative Committee Tasmania?

Mr Wallace—It is excellent, as it is with AusIndustry. We have worked very closely with them and continue to do so. We have contributed to the presentation they will be making to you later this morning. We work very closely with them.

CHAIR—This is in relation to some of the change that is happening at the moment. Obviously when area consultative committees were first established they had not so much an economic development focus but certainly an involvement in the field of training and employment. That is where they were set up, and they moved over time. I do not know enough about the one here, but certainly the one in my own district moved predominantly to become a pathway to the regional partnerships fund—I think that would be fair to say. With that fund ceasing and, obviously, some of Regional Development Australia's focus on some of the economic arm of what they used to do, how do you see yourself fitting with that new, re-formed RDA, if they are in some of the same space as where you may be?

Mr Wallace—If I could be candid, it seems from our perspective that the area consultative committee, when it was first set up, was a consultative committee. Yet its role was more in the application and the disbursement of funds for projects, as you have just described. Now it has changed its name to Regional Development Australia, but my belief—from some of the workshops that we have had and the round tables we have had in this building—is that it is looking more at communication and getting information to and from government. So although its name says ‘Regional Development Australia’, it may not be in the space you have just alluded to. Northern Tasmania Development very much see our role as being with business and community in economic and social development.

Mr Dixon—I might comment a little bit further on behalf of the councils. On the day we had the community cabinet here in Launceston we had an opportunity to meet with Minister Albanese prior to that, on the topic of RDAs and their future. We really talked about being in the same space as an effective regional organisation such as NTD, and we raised the question of why there should be duplication when you have actually got something that has been built from the ground up and supported with the councils as shareholders.

CHAIR—That is part of what I was alluding to there. Thank you.

Mr SULLIVAN—Sorry to keep picking on you, Mr Wallace, but you have been the principal contributor so far. I want to know when you started reducing staff by moving out of the service delivery area. Have those service deliveries been picked up elsewhere? Are there BCs or the like that do that work around here?

Mr Wallace—No, there has not, and that has been one of the disappointments. For example, we had a very good team in economic development, which was funded under the DOTARS project, and when that ceased in June 2008 our organisation carried those people through to the end of October out of shareholders’ funds. They were a very good team. They had built good respect, contacts and networks, and we were hoping that there would be some program that would come out that would be able to continue that work, not just rolling the existing project. We had identified new areas where we wanted to put that economic development team to work for the benefit of the region. So that was certainly one disappointment.

Mr SULLIVAN—Right at the beginning you spoke about changes to federal government funding and ‘projects’ drying up. I wonder whether you mean those short-to-mid-term projects such as the three-year project that you just concluded or whether you meant funding for business projects.

Mr Wallace—Certainly the short-to-medium-term, three-year projects. Again, it is because of the skills we had and also the need we saw for the region that it was disappointing that we could not keep this type of work going. It was not specifically for funding for business grants, individual companies or firms, although I am sure that will be raised later in the morning. That was a concern.

Mr SULLIVAN—We have seen the same sort of thing at various times—it has a cyclical nature—in the area where I am from. I now move to what you are seeing in an area that you work in, that of tourism, in trying to attract additional business to this region. What are you seeing as the consequences of the current international situation?

Mr Wallace—I am not quite sure where to start, but I guess I could almost get straight to the bottom line. Tourism in Tasmania and in this region in particular is going extremely well at the moment. A very small proportion of our ongoing tourism business is internationally based or comes from international visitation. Figures released in the last two weeks show an increase of 12 per cent in visitation but, more importantly, an increase of 19 per cent in per visitor spend. To put that into practical language, instead of people from Sydney and Melbourne, which are our main drawing areas, going overseas, they are taking a holiday to an island. The biggest growth areas are now short visitations of three to five days. They are coming down perhaps once or twice in a year and they are staying at nice places like this, visiting wineries—they are actually spending money. They are not—if I can put it like this—the mums and dads with two kids and a camper van, which is an important market to us. That is a different market, which is well catered for here but is very seasonal, whereas what we are seeing is growth in short visitation through the winter. Tasmania's tourism industry is basically from November to Easter and then absolutely nothing for the rest of the year. What we are seeing is the shoulder edges growing.

The other thing that has really assisted us is the discount airlines. Tasmania, the north in particular, has a very high uptake of seats on planes. There are very few empty seats. Many of those are discount seats—\$49 one way to Melbourne or \$79 to Sydney—and, again, we have good access, with direct flights to Brisbane, Sydney and Melbourne. We are very fortunate that way. The other area in Tasmania is intrastate travelling. We have seen significant growth in that in the last two or three years, and that has been promoted mainly through organisations like ours, for example. Up until June of this year, we have funds from the sale of the two Spirits—Tasmania to Sydney—and those moneys have been spread over three years for promotional advertising, some of which was intrastate advertising. Over the last three years the three regional tourist authorities, of which we are one, have really been promoting our regions within the state.

CHAIR—Are you aware of the government's recent announcement about the tourism grants?

Mr Wallace—Yes. There are categories 1, 2 and 3, and we will be hopefully applying for 2 and 3.

CHAIR—I assumed so, but I just wanted to make sure you were aware of those.

Mr Wallace—Thank you for raising that.

Mr SULLIVAN—To follow on from what you were saying about the short-term and interstate visitation, how much role has the Hawthorn involvement with the Tasmanian government played in bringing people onto the island and from throughout the island to watch games? It is a silly question, but I come from a rugby league state.

Mr Wallace—Perhaps I will answer part of that and then refer to my colleagues from Launceston, who are invested heavily in dollars in that area. It is significant for this region. There is approximately \$15 million that comes from four Hawthorn matches alone. In addition to that, of course, we have excellent stadium facilities, which my colleagues will comment on. It is a very important part of our tourism operation, but we have only four games. Some people think it is Hawthorn's home away from home and that they must be there regularly. It is quite significant. From a council's point of view, they have invested very heavily.

Mr Dixon—I think the most important thing is that it is part of that off-season that Robert had mentioned, so it is a great injection of additional people at times when it would ordinarily be quiet. We can provide some detailed information on its economic benefits to the committee. The council and the state have certainly been committed to Launceston as being the home of AFL in Tasmania, and that has been made very clear. There is ongoing commitment. Right at the moment there is an application from the council for replacement of the northern stand to give more than 2,000 additional seats as part of the strategic funding program. We see that as the sort of project that ought to get the funding because of the huge impact it has on the regional and state economy.

CHAIR—That is the bid you have put in under strategic projects for the Community Infrastructure Program?

Mr Dixon—Yes.

Ms CAMPBELL—Robert, I would not mind giving you a little rest for a while. I will focus my comments on John, Mayor Partridge, Frank or Mayor van Zetten and their particular areas. I say this because, though I clearly have knowledge of your areas, I think it would be extremely beneficial for other members of the committee to hear from you. We know that there have been some struggles with the north-east in relation to the GFC, and I think it would be beneficial to hear what has been happening in the north-east with the closure of the mills. We might be able to explore what you have been able to achieve. I think it might then be beneficial for Frank and Mayor van Zetten to talk about Launceston as well.

Councillor Partridge—Thank you, Jodie. I will paint a little picture of the Dorset municipality to the committee. We cover 3,400 square kilometres of the north-east of Tasmania. We have 750 kilometres of local roads and we have 109 bridges—one got washed away just recently. Robert summed us up pretty well. We are agribusiness. We are into tourism. There is some mining. Of course, forestry is a big part of the municipality. I guess the biggest restriction or impediment from the point of view of development—and I think there is a huge potential for future development, particularly in agribusiness and forestry, in the Dorset municipality—is the lack of a suitable access road from the point of view of freight. Currently, Scottsdale is the main centre of the Dorset municipality, and if you have to use a B-double to get our freight out of the area you have to go via Bridport, George Town and back up to Launceston, which adds some 30 per cent to your journey.

We have been working on that for a long time. It is a priority, as far as we are concerned. We have had some assistance and some small sections have been done. Currently, there is another small section of that road being upgraded. It is important to continue with that upgrade. The next major stage has been costed out at around \$15 million, and it will make a huge difference if we can get that piece of road done. That is a brief picture. Yes, we have had setbacks. We have had mill closures. A few years prior to those we lost the vegetable-processing factory in the area. So there has been a downturn in employment, but I must add we are a pretty resilient group and we will survive. There is no doubt about that. Tourism is expanding in the area. With assistance from the federal and state governments, as well as the Dorset Council itself and the other councils of the region, we are developing the Trail of the Tin Dragon. It is a tourism route from St Helens on the east coast right back through to Launceston. We feel that those types of projects

will be beneficial. But, as I say, the highest priority as far as we are concerned is to get that freight route. John, you might like to add something.

Mr Martin—Thanks, Mayor. I will add to those comments. Dorset Council is a small, rural-regional council but it covers the major part of north-eastern Tasmania. We have a budget of about \$12 million. We have about \$3½ million worth of Roads to Recovery financial assistance grants coming from the Commonwealth. That will give you an idea of the percentage of grants in our budget. Most of that has been granted because we have large roads, big bridges and all of that sort of stuff. We have major agricultural and forestry industries in our area and a significant, growing tourism industry. As the mayor mentioned, we have been affected by the closures of a milk-processing factory, a vegetable-processing factory, a timber mill and all of those types of things. That has affected probably in excess of 300 or 400 jobs, and in a population of 7,000 people that is a pretty significant downturn. There are associated flow-on effects to other smaller businesses, like smaller engineering firms and other commercial businesses.

We have been an active supporter of Northern Tasmania Development for a long time. As one of the smaller partners in the region, we believe there is real strength in working together as a region. Obviously, the Launceston council is the biggest council. We have a good working relationship with Launceston City Council. We are trying to re-engage with DIER in the areas of regional planning you have just heard about but also in relation to regional transport infrastructure planning. We think we will be successful in getting together some regional planning outcomes so that when there are opportunities in the future for funding from Infrastructure Australia—or wherever—we will be well placed to put forward justifiable submissions. The mayor mentioned one area which is very near and dear to our heart. We continue to talk about our access up into the north-east because of the significant industries up there. One impediment is the transport economics of freight.

A couple of issues have come up already in discussions about the effects of the global downturn. There were a couple of significant projects in ecotourism development up in the north-east: the \$130 million Musselroe Bay ecotourism development and a \$90 million one at Tomahawk. We are happy to provide details about those. Due to the economic downturn—and other factors, I would imagine—those projects have been put on hold. There is a significant wind farm worth up to \$400 million. A couple of tick-offs on finances with the Commonwealth are needed before that can go ahead, but we feel very confident about it. There is also up to \$80 million worth of water development in north-eastern Tasmania through the drought-proofing program being undertaken by the state government with the Commonwealth. We think that will assist and add value to our agricultural industry. Those are just a few other comments on some of the issues.

CHAIR—I am very pleased to hear about the wind farm and the drought-proofing project. That is a significant investment in your area. On the ecotourism developments that are not going ahead, is it difficulties with capital raising that is the problem? Do you know why they are stalled?

Mr Martin—I think that for potential investors, for instance, a lot of the money was going to come from overseas, from China and the US. That probably will be a little bit more difficult now than what it might have been 18 months ago. The Musselroe project has actually been approved, planning wise and all those types of things. We are hopeful that when things turn around those

projects will come back either in a similar shape or in a different form because of the natural assets that we have up in the north-east in terms of ecotourism, beaches, the environment and those types of things.

Councillor van Zetten—I would like to support a lot of the comments Robert has made, especially about tourism for our region. It has been critical, not just in recent months but in the last six months and last year, that tourism has continued to increase. That is fantastic and great for our region. The economic climate at the moment is a bit patchy and there are some areas where there are concerns, like ACL Bearing, a local car component manufacturer in the Launceston area which employs 270-odd people. What is happening in the motor vehicle industry is critical there, so we would obviously encourage the government to continue to support that as best as possible to ensure it continues. Another area relates to Rio Tinto. It is in Georgetown but a lot of employees work in Launceston, and it is very important for our area. We see those industries starting to struggle, or they have been struggling for some time now, with a 70 per cent decrease in their income; that has a very great impact. Those are some of the stories of industries that are struggling.

Generally, Launceston is built on a lot of smaller industries—retail, farming—and generally there is still a fair bit of confidence. But we are also fortunate to have a local newspaper which is very strongly focused on the north and is now encouraging people to buy locally, bringing people's attention to the need to spend here. People do go from here to Hobart or to Melbourne to do their shopping, or to the Gold Coast or wherever it might be. That is good for those regions but it is not good for us. It is good that the paper is making people aware of that, and if people are starting to buy locally and support locals that is great for employment. The general manager can probably talk about some of the other issues to do with council.

Mr Dixon—There have been a number of proposed developments around the CBD area of Launceston that have either been cancelled or put on hold. They are mixed business types of developments, from urban residential through to retail and so on. I guess those are indications of some uncertainty at the moment. Regional cities need to have diversity of employment. Whilst there are companies like ACL Bearing that provide an important manufacturing base, there are a number of others, like Waverley Woollen Mills and so on, where you know that pressures are going to be brought to bear.

What we will continue to do is advertise the competitive advantages of Launceston. One thing that happened a number of years ago was that Telstra made the decision to relocate call centre business out of Launceston. We had all the information then to talk about the competitive advantages of Launceston, and we will continue to do that. Certainly as a council working with NTD we do everything we can to broadcast the benefits of establishing businesses in Launceston. We certainly see that our job is to be positive.

There are lots of projects that the council is involved with, not just projects that we have received federal funding for, but we are about to open a \$26.3 million aquatic centre with state and federal assistance. Certainly a really important role for local government to play, particularly in difficult times, is to provide recreational outlets and stimulus to the economy, which we are certainly able to do with levy rebuilding programs and so on.

CHAIR—I want to ask you two questions regarding the stimulus package. The first is: what is happening with your building approvals? What have you noticed there? The second is: have any of you used the community infrastructure fund? Are any of the projects that you have funded out of that going to community or not-for-profit organisations, or are they all council projects?

Mr Dixon—In relation to the first question, for Launceston the number of building approvals has remained constant; the value of them has decreased.

CHAIR—What is the mix of resident and commercial?

Mr Dixon—Residential has remained relatively constant; there just has not been the demand for some of the inner urban take-up. Recently we had an approval for some 400 new lot subdivisions, so there are certainly indications. I think that is very much to do with the fact that Tasmania in a comparative sense does have better housing affordability, so we know that we need to continue to cater for that. Does anyone else want to comment on building approvals?

Mr Martin—In Dorset it has probably flatlined a bit, but we had a council meeting last night and there were two or three houses that were going forward for approval for building, which is pretty good for one council meeting. The other thing that is probably worth mentioning, because it received some attention before, is in relation to Barnbougle. I do not know whether you have heard of Barnbougle Dunes; it is a golf course at Bridport. Some years ago it was dreamt up as a good idea and all those types of things. There was some ACCT funding—\$300,000 or \$400,000. It is probably the best part of an \$8 million to \$10 million development and employs 50 to 60 people, so with some of the incentives that were provided through that type of funding, which was only a minor part of the overall capital works, that project has become a very successful business nowadays. They get over 100 golfers a day and sometimes 200 on the weekends, and the owner of the property is now building a second 18-hole course out of his own funding right next door. That is another fairly important project that received some assistance in its infancy both from council and from ACCT.

Mr van Zetten—The golf course supports the Hawthorn Football Club. A lot of people who come to watch the football will go up there and play golf, so the region works well together, I think.

Mr Partridge—The new ratings have just come out. It is still the No. 1 public course in Australia and No. 35 in the world.

Ms CAMPBELL—The north-west mayors were talking about Barnbougle yesterday as well, and wrapping it up, for your information!

CHAIR—The second question was about the community infrastructure fund. Are any of the projects that you have funded out of that going to community or not-for-profit organisations, or are they all council projects?

Councillor van Zetten—They are all community focused.

CHAIR—But they are all council facilities?

Councillor van Zetten—They are council owned and related to the region. There are a lot of regional facilities—for example, our gorge, our city park, Albert Hall, and Lilydale, which is an area a little out of Launceston. That is to upgrade a hall that has been neglected for many years.

Mr Martin—In relation to Dorset, there was the best part of \$300,000, so we split that across the municipality into 13 projects. Nearly all of them are involved with a local community group in the various small towns and areas like that. They will be undertaken by a mix of contractors, which provides employment, and some of the council workforce.

Mr CHEESEMAN—I have a number of questions. I might go firstly to the recession in the early nineties. What lessons did the region learn from that recession that now enable you to respond to the current global financial crisis?

Ms CAMPBELL—I might add to that, because I can see the looks on everyone's faces. When we were in the north-west yesterday that was certainly something that Paul Arnold, the general manager at Burnie, brought up. We were talking about the recession in the 1990s and what they have learnt and what they have not learnt—that kind of thing.

Councillor van Zetten—I am a chartered accountant by background and that is what I was doing back then. I was involved with City Mission, a local charity. I only have three years in council, so I am not able to speak for council. Frank is fairly new to Launceston as well, but Peter has been around for a while.

Councillor Partridge—Probably too long—my memory might have faded a bit over those years! I do not recall a lot about the recession of the 1990s. We obviously lived through it and it is now history. We have to move on. I do not know that we have learnt a lot from it.

Ms CAMPBELL—It is different for different regions as well. Burnie and the north-west, with their manufacturing, are a completely different region to here in the north.

Mr Martin—From Dorset's perspective, back in the early 1990s we had a vegetable processing factory, two major softwood sawmills, a clay mine, a milk processing factory at Legerwood and all those types of things. We were also going through amalgamations in Tasmania—1993 was when 49 to 50 came down to 29, so that was taking up a fair bit of council's time and resources then, and I was around then. That was about the time when some of those sorts of things started to decline and our council started the efforts in terms of trying to improve our transport economics into the north-east. Since that time those things have continued to decline in those types of areas. Okay, there have been some good things that have been happening, but we were a great believer that the better, stronger and more diversified we could make our regions in terms of agriculture, forestry and those types of industries, the better the whole region is going to go—the better Launceston is going to go as an urban centre and as a region, and the better our industries in the hinterland are going to go as well.

Councillor Partridge—Now you mention it, John, the loss of those industries was probably the main reason why we also lost our rail into the north-east. We still have the railway line but we do not see any trains anymore. The clay mine and other industries closed down, so there was a lack of freight. That was another big loss and has probably contributed a lot to our road situation as well, because all freight now travels by road.

Mr Dixon—I was not in the state at the time but am certainly aware of what has happened between then and now, with a lot of investment in major tourism related infrastructure. You only have to look at things like the museum at Inveresk, the Aurora Stadium and the development of the seaport here in Launceston. There have been quite a number of things that have enhanced amenity. If we have learnt anything from the exercise, it is that we are still getting good figures in terms of bed nights, and that is because the mix was improved between then and now.

Mr Wallace—What occurred at that time was federal government intervention. Policies were put in place to support capacity building, and there are a few comments that I would like to make at the end if we have some open time. In a period of three or four years the federal government developed policies and put funds behind them through the Better Cities Program, which we now, nearly 20 years later, are still benefiting from. Things such as the Inveresk site, which was an old disused rail yard and is now a museum, are just phenomenal. Federal policies make a big long-term impact if they are the right ones. The policies which came out of that period—and I cannot remember which party was in government at the time—are still benefiting us.

Mr CHEESEMAN—My next question relates to private business. I am curious to know of the difficulties that businesses within your shires or within the region are telling you about accessing capital via banks or other institutions and whether particular industries are suffering more than others.

Councillor van Zetten—ACL Bearing is a major one for us. It has not been able to resecure. I have just heard from another business that had 60 per cent of the sum needed to purchase a business in town that it has been knocked back by a bank. It is happening, although I am not sure to what extent. The banks are more cautious now about lending.

CHAIR—Michael, do you have a comment to make?

Mr Steele—I can make a very personal observation. I think it has tightened but it is also certainly built on past relationships. Those businesses that have strong current relationships are not changing significantly. That is not an issue for them. I could make another comment about the government response, which I have been eager to make, but I do not know whether that is appropriate or not at this time. It is about the pace of action rather than the action itself. For instance, the 30 per cent additional depreciation is on the books at the moment. We are not far away from 30 June, but I am not sure where that legislation is. I think it is currently before the Senate. Is it?

CHAIR—I will have to double-check, myself. I am assuming so. We are House of Representatives members and so, for us, legislation tends to go into the ether a bit when it is in the Senate, and then we are in contact with it at the end.

Mr SULLIVAN—We are hopeful that it will be passed in the budget week, but we are in the hands of the Senate. I have actually asked the same question on behalf of constituents.

Mr Steele—There will be a tremendous response when it gets through. Our little business is waiting for a couple of hundred thousand dollars worth of investment in the new lift. I reckon there are a lot more people like us around the town who will be doing things like that.

In terms of confidence now as compared to 1991, I think the concern is the pace at which information is travelling around the world. Everyone knows there is a recession. In 1991, I think some of us did not even know that there was one. But we certainly all know about the recession now. I personally made a pledge about that to my staff. I have been on the other side of the world for a couple of months and I have seen firsthand that the recession in the northern hemisphere is significantly more severe than it is here. I said to my staff, 'Step No. 1, before we do anything else, I will make a pledge to you that your five jobs are here and I am with you, and we are all in together.' I had to keep their confidence levels high, because that seems to be the main issue for small business.

CHAIR—What sector are you in, Michael?

Mr Steele—In business services. We provide serviced offices and infrastructure support for a range of businesses.

Mr CHEESEMAN—Are there any particular industries within this region that are currently shedding workers? When big manufacturing places close down, we often see them dominating the media pages. But the unemployment rate really does jump when a lot of smaller businesses shed jobs, and those numbers never make the media. I am wondering what industries they might be.

Councillor van Zetten—I know, for example, that one employer in the car yard industry has put off 16 people throughout the north-north west. Some businesses here operate throughout Tasmania as well. We know that Rio Tinto has started reducing staff, which has an impact here. ACL Bearing has not reduced staff yet, but it has cut their hours and, therefore, the pay of people. That has an impact. There are also other smaller businesses. I know of chemists around here who are not employing some of their casuals for as many hours, and so that has had an impact on people's level of income. I work with the Launceston City Mission, and we are noticing that the sorts of people who are starting to come to us for help are those who used to be on a part-time wage to supplement their family income. They are no longer getting that income to help with the additional costs, and that is where they are getting into financial difficulties.

CHAIR—Can I just note that we have been trialling having someone from Centrelink—he is up at the back of the room—attend each of the hearings so far. I was concerned that, if people came with individual stories to our public session, they should have some avenue to find out what assistance is available to them. Certainly a lot of the experience in my own electorate at the moment is that there is a bit of a mismatch with the programs and assistance that are available to people who are undergoing retrenchment or a downturn in their hours. If you have not already done so, I encourage local council representatives to get in contact with their local Centrelink office so that they have some avenue through which retrenched workers can access services.

The other experience, and one that I have certainly had in my own electorate, is the difficulty of getting Centrelink on site when there have been mass redundancies. It is really important that Centrelink get access to workers very quickly and certainly before workers make decisions about what they are going to do with sometimes quite large lump sum payments that can disadvantage them when they are seeking Newstart allowances. I just want to note Centrelink's presence here.

Mr CHEESEMAN—What strategies are your organisations undertaking to try to assist the business sector in responding to the financial crisis? Are you holding forums and information evenings for your members or doing mail-outs to inform them about some of the opportunities that might be in the Commonwealth stimulus package and whatever assistance the state government might be providing and the like?

Mr NEVILLE—Good question. I was going to ask that too.

Mr Wallace—If I could just hold off from answering your question for a moment, although this is related to it: you asked a question previously about industry sectors and their difficulty in attracting funding. Certainly the forestry industry is currently in that situation, particularly the large operators of logging contractors when they look at refinancing for new machinery, for example. The reason for that is a fall in the price for their product. Most of the forestry sector in this state is involved with woodchips, and there has been a significant price drop in that commodity. Also, many of the contractors have had their quotas, which is the amount of logs that they have to deliver, reduced significantly—some of them up to 30 per cent. So they are looking at either laying off people or working four days per week. That is one sector. However, the reverse situation occurs if you are a farmer who is about to put in a new centre pivot irrigation system, for example. The banks will be fighting to give you money because this state government and the federal government are investing \$200 million over the next three years in new irrigation infrastructure. So there are different sectors.

With regard to your question, our organisation is not in the space at the moment to run forums. What we do, though, is disperse information that comes forward about seminars or workshops—be they from state or federal governments—through our database network. As we said at the beginning, we have not quite felt the recession. It is the bigger businesses like Rio Tinto who might say that they are going to reduce 8,500 thousand workers internationally. Fifty jobs went here. It could have been that way because there had to be a proportion or a percentage cut at each location. I do not know. If you talk to the retailers in this town, they will tell you that they are having very good times. The only retail sector, as Albert indicated, that is really struggling is new car sales. Of course, we know that is a litmus test for what is going to happen a little bit later on.

One thing about Tasmania is that we do not have the high peaks or the lows of Sydney or Melbourne when there are recessions on and/or good times. It tends to be flatter here. Having said that, I must point out that the state is divided into three regions. In the south there are government services. The government is the biggest employer down there, so the south tends to feel it a little bit more than the north, which is mainly business. In the north-west it is mainly manufacturing.

CHAIR—Thank you.

Mr NEVILLE—I should declare an interest here. My background is in regional development. Seeing there are some councils here I will ask one of my pet questions. I have often wondered about the efficacy of councils having so-called—and I use that term advisedly—development officers. My experience is that those people generally do things like meet and greet on behalf of the council, prepare the council and mayoral brochures, and put statements together for the mayor or the council but generally do not have the proactive ‘go out and get industry’ role. That

is where organisations like yours can provide councils with another arm to do that. What is your view on where the industry development officers should be? Should they be with councils or should they be at arm's length from councils and organisations like yours?

Mr Martin—The Dorset Council believes there is a significant role for Northern Tasmania Development to undertake. Our role, as a small rural and regional council, is to have someone on the ground who works closely with those people. I will give you an example—

Mr NEVILLE—But employed by whom?

Mr Martin—By us.

Mr NEVILLE—Your organisation or the individual council?

Mr Martin—By the individual council. In our particular instance, over the last two or three decades the economic and social development, major projects and those types of things have been jobs for the general manager. In the end the general manager started to wear out from working 80 to 100 hours a week or whatever, so our council employed a sustainable development manager. That is a part-time role. We have picked up someone who is extremely capable. That person's role is to work on the major projects and social and economic development in our own municipality and to work with NTD on regional directions and those types of things. The general manager also continues to work with the other general managers in the region in the NTD role and, from a local council perspective, on the matters you are alluding to. That is where we see it.

In relation to the questions that were just asked about forums being held with industries or businesses that might be affected, we work with our local chamber of commerce and our local tourism association. We also have a local economic development group. That person's role is to work with those types of people as well. Also, because of the nature of some of the projects that are occurring in the north-east, like the irrigation development work, they work with the Tasmanian Irrigation Development Board.

I will give you some examples of recent achievements in that area by this person. In the next couple of years we will have a state government links centre worth \$2 or \$3 million in Scottsdale. There is also a trade training centre. We have worked with the local schools and gained some federal support for that initiative. It is a \$2 million development. We see that person's role being in those areas I have already mentioned.

I want to make a couple of other comments in relation to the potential downturns that we have not seen yet. We have a lot of forest contractors up in the north-east. A lot of them are very close to going to the wall because of their investment in heavy equipment. They employ a lot of people. They have had their contracts cut back with Gunns and other people around the state. We are talking about the potential loss of 100-plus jobs in the north-east alone, but I think this will be right across Tasmania with more jobs.

I will finish on one other point. With the loss of the industries we have experienced in the last decade the north-east assistance packages that have been made available from the federal government and the state government are extremely important for maintaining other industries

and businesses but, more importantly, for growing potential businesses and providing more jobs and economic growth in the north-east.

Mr Dixon—I will provide a very short response to your question. Provided you work together, there is room for both. There are things that councils can focus their attention on that are more than just being a friend to industry. Launceston is half of the population of the north. There are some things that we see some value in focusing our attention on and there are things that we rely on NTD for. Provided we are working together, it should not be a question of one or the other.

Mr King—I would like to reinforce that. I will take off my NTD hat at the moment. I am a resident of one of the smaller municipalities that is part of Northern Tasmania Development. They do not have a representative here today. They are working on economic development strategies within their municipality, which I think are quite justified. The people who are involved in that ought to be involved and paid by the council. I agree with what Frank said: the role of NTD is to work between those groups that we know have a facility available to offer to potential businesses that come to our region. We can then facilitate, coordinate and advise. Likewise, it is important for us to have this link with the state and Commonwealth government entities that support regional development.

I will put my chairman's hat back on now. One of the disappointments I have had in my time in this role is this. When I first came into the role the organisation was very strong in tourism and the 'Live' type matters—rural co-pilots et cetera. There was not a lot of focus on economic development. I have industry background, so I found that a bit surprising. We then got the DOTARS grant for three years funding and that was excellent. We put on two highly qualified people who did a lot of work in the region to start and create that link between what the state was doing, because we have a state economic development focus and we have Commonwealth support over the top. You had DOTARS involved and you had local government. It was disappointing that that was just one block of funding for three years and then it was gone. We are not in that role now. It would be very, very good to be able to step back into that role of ensuring that people who come to our region can be made aware of where the opportunities exist within the region. It is not our role to draw comparisons between what Dorset and Meander Valley do, but it is our role I think to make sure that people who have an interest in developing in the region can be made aware that those facilities exist—that that support is out there and those opportunities are there.

Mr NEVILLE—Is there an industry development officer in the corporate group?

Mr Wallace—Currently, no. They finished up in October last year.

Mr NEVILLE—Forgive me, but I find that quite extraordinary.

Mr Wallace—It is a bit like the general manager on the end in Dorset—that workload is currently being maintained by the CEO, which is myself. That is basically 80 per cent of my time at the moment.

Mr NEVILLE—Sure, the CEO plays an important role in that. I understand that.

Mr Wallace—We do not have a dedicated officer, no. It is very disappointing.

Mr CHEESEMAN—I have a quick follow-up question. King Island is within your bailiwick, isn't it?

CHAIR—No, it is Flinders Island.

Mr CHEESEMAN—Between the bearing manufacturer and the forest industry it sounds like there are question marks over—what?—300 or 400 jobs potentially within the region at the moment?

Mr Wallace—It would be much more than that.

Mr CHEESEMAN—Much more? How many more?

Mr Wallace—ACL Bearing would be 280, and they could go like that. That is just one business.

Mr CHEESEMAN—And in the forestry industry?

Mr Wallace—It would employ around about 4,000 to 5,000 people in the north—that is in its current state.

Councillor van Zetten—Rio Tinto would have 500 employees.

CHAIR—It is very heartening for us to hear that a lot of your sectors are doing quite well and that you have not seen the peaks and troughs that you have in the capital cities, but you are obviously alluding to concern about what is going to happen in the next six months. What are you doing to buffer yourself from what potentially may be the loss of a number jobs in this district?

Mr Wallace—If I can use again of the practical for example in Dorset with the Enterprise Connect funding. That is a research project looking at innovation that can be applied to SMEs across the region, across all industry sectors. It is a 12-month project. It is looking at what are their needs, what innovation can be applied to their businesses that actually take away from being commodity based takers of commodity prices to where they may be able to add value. It may not even be a manufacturing; it may be in intellectual property, it may be in other areas where they can add value. That is one project we are very keen to do quickly so that we can roll it out across the region.

A second practical example is with Skills Tasmania. We have already as a body had one project with them. We are about to launch another major project which with them, which hopefully will be announced in a couple of weeks. It is building on the work that has been done by both the Australian Innovation Research Centre in its audits of business and the census that was done two years ago of all businesses across the state that employed more than five people. Last year and audit was done as to what innovation was applied, and significant amounts of innovation have been applied. One of the issues that we have with Skills Tasmania is not just the skills of people for training but having actual bodies or people to train. Currently there are

approximately only 2,000 permanently unemployed people in the state, which is quite significantly low. So, for example, if we looked at the north-east project of ecotourism development—the mussel row—that would have needed approximately 500 to 600 people employed and 150 people on the ground at any one time. It is in a semi-isolated area. Where were those skills going to come from for cooks, chefs, gardeners, housekeepers and what have you?

So we are working closely with Skills Tasmania. They have about \$100 million a year to buy training. In the past it has basically gone to TAFE Tasmania. They are looking at new ways of applying training and learning to people in different ways. It could be, for example, a young chef at St Helens, an isolated area, doing online training so that they do not actually have to move away from the area to do their training. It is that sort of area that we are looking at.

CHAIR—One of the things in my own electorate—and we certainly heard it yesterday—is that there seems to be a fairly low level of awareness around the government's Productivity Places Program. Certainly if you do not know already know about it I would encourage you to look into that—particularly the 10,000 that are available across the country for workers who have been made redundant fairly recently. Obviously Jodie can provide details of that. The other is the Jobs Fund guidelines that were announced yesterday. I want to alert you to those as well. Sorry to sound like an ad for government programs, but I am certainly conscious in my own electorate that people may not necessarily be aware of what is available. Darren, you had another question.

Mr CHEESEMAN—I did. It is a little bit along the lines of government advertising, I must say. It was announced a week or two ago that Tasmania would be the first state that would benefit from the government's broadband agenda. I am just wondering what opportunities might exist in that for this region. The second question is with regard to the government's second economic stimulus package—particularly the investment into schools. I am wondering how the region is placed to take advantage of that in terms of stimulating your building and construction sector?

Mr Wallace—They are two excellent questions. Broadband is absolutely critical for us. Our organisation, with the two economic development officers that we used to have, was working in the last 12 to 18 months closely with local councils. As new infrastructure or pipes were being laid for water or gas or whatever, then cables were being put in them even though there was no connection. So we have been working on that. The eight councils have accepted that quite readily. Given the dispersion of population across our region, broadband access is absolutely critical. It is connection from the node. Physically it is literally between here and Hobart. We need arteries going out and then the connection. There are a lot of small businesses that operate away from the city centre. I think the figure was something like towns of greater than 600 people would be connected. Unfortunately, a lot of our towns will be just under that. That is something that we will be looking at fairly closely, to see if there is some way, particularly if there are significant businesses that might be in those towns.

We see it as absolutely critical. As an island, we have always been very strong on being able to connect fast and quickly with our consumers and customers. Our main industries are mining and agribusiness, so virtually everything we produce gets exported because of our small population. We just cannot consume it. Connectivity is critical.

The second area is schools. It has been fantastic. There are two or three schools I am involved with. Some have received the \$200,000 in the program—and I forget the name of the program—for primary schools to make them more attractive to work in. Equally, there is the \$2 million for libraries and library facilities. I was speaking last week to one of our major building construction companies. They are being pursued quite actively and they are really worried now that they are not going to have the resources to fill the contracts. It has been an absolutely fabulous stimulation for our building industry and has come at a critical time.

Mr CHEESEMAN—Terrific. Thank you.

Mr SULLIVAN—Mr Wallace, you mentioned quite a while ago the level of resilience that has been built into the local economy for programs that were put in place 20 years ago. This committee is going to produce a report that will make recommendations to government. Here is an opportunity for you to actually make some suggestions as to what some of those recommendations might be.

Mr Wallace—Thanks, Mr Sullivan. There are a couple of points I would like to make, and I will not go into any detail on them. One thing that I think is critical is that the federal government creates policy platforms similar to those in the nineties, as were referred to earlier. We were able to use those platforms. We knew that they were not there for just one, two or three years but that they could be built on and worked on. Those platforms I believe need to be built. I will use the example of Tasmania, but it could apply regionally anywhere. We need to build on the physical capacities and the human capabilities of our region. In other words, we need to build on our strengths. We do not have time to create absolutely brand new industry sectors and to bring in new people and all of those sorts of things. Government policies should be flexible enough to allow the regions or the states to build on their distinctive advantages—that is, in both physical and human capacity. The whole focus should be on combining economic prosperity with community development and environmental responsibility. Communities in this day and age very much want to have that triple-bottom-line delivery too.

Mr NEVILLE—Give me an example of one of those platforms.

Mr Wallace—Let us say, for example, promotion of economic growth. That is very broad, I know. It could include things like investment attraction and incentives and encouragement of savings. That is one thing we have seen Australians respond to very quickly. Australians were spend-all a year ago; now people are saving. We have seen that in the figures that have been released over the last few months. It is for promotion of economic growth, investment attraction and incentives in that area, encouragement of savings, facilitation of—

Mr NEVILLE—Do you mean you would accelerate it right off some things like that?

Mr Wallace—Possibly, yes. Also, there could be facilitation of regulations and markets. I do not mean controlled markets. I mean things like, for example, the free trade agreements that have been developed. For example, in China it has been going on for so long. They are stalling. We need to bring that to a head fairly quickly, particularly in agriculture. We saw how the Americans stalled for a long time in agriculture in the free trade agreement. They are the sorts of high-level areas I am talking about. The final one, under promotion of economic growth, is in the provision of education and training. That is absolutely critical and we need to do it from a federal level. It

could be done in the areas of incentives. It could be, for example, in tax. I do not mean R&D grants. I am thinking that perhaps there could be tax relief or what have you for small businesses who are training their staff. One area where we could be creative is in a two- or three-person business. For a person to go off and get training in a new or particular area, they have to step away from their business. Perhaps somebody could come in and there could be some sort of tax relief or incentive. So promotion of economic growth is one.

The second one is productivity enhancement. Any society which does not increase its productivity will eventually erode itself. The only way you can gain productivity is to get greater returns per hour worked. That does not mean to say we have to work harder, but we have to work smarter. So we need a greater return for each hour that is employed. This will increase sustainable prosperity. In other words, it will be shared by the whole workforce. It will also raise the economic output and the values of the combined economic inputs. I am talking about this from an innovation perspective, as working smarter rather than harder.

The other platform that I believe could come from federal assistance is to enhance the capabilities of companies in economies of highest potential sectors—in other words, working with industries, as I flagged earlier, that we already have a distinctive advantage in. In this state we know it is in agribusiness, but equally there are a lot of associated services built around that. We have an excellent university here. We have very good academic people. It could be like Finland or Denmark's timber industries. We have good timber supplies here. We have good academic and training facilities, so we could almost develop a centre of excellence in timber. More importantly, then, would be to support commercial businesses that actually will develop out of that. So it would not just develop a hotpot of knowledge but actually articulate that into small business.

Finally, a strength for small business to go on is the activities of private companies. I flagged earlier that in the north we are a business centre. The majority of people are employed in business, be it in manufacturing, be it in tourism, be it in service provision. What we need to do is strengthen the market position and the capacity of private firms. They are big, high-level statements, and there is a lot of detail underneath. But they are the areas in which I firmly believe. Using the example that Mr Cheeseman asked about earlier with regard to the nineties, it was actually government policies that helped us then build for the next 10 to 15 years.

Mr SULLIVAN—You indicated—and I agree with you—that they are fairly broad statements you have made. How about considering, in the broad context, government taking an action to assist an area that was not Launceston to develop a seriously good tourism industry that competed with Launceston? How does a government make sure that, in helping someone, it does not take away from someone else? I think when you look at it in that context you cannot actually be broad. Government has to be very conscious of the negativity.

Mr Wallace—Absolutely. I talked in a general sense about building on a region's natural distinctive advantages. If I could use the example of tourism, Cairns has a barrier reef; Tasmania does not. The strengths that Tasmania has are in three key areas. This is both for international travel and for domestic travel. Those three key areas are our natural heritage and built heritage—let us lump those together as one—and our integrity of product. If I could turn those couple of statements into actions, our natural heritage includes our animals—we have some distinctive animals here, and it is very easy to see them. In other words, you could have someone from Asia

come here and quickly get into nature. If you walked last night up the gorge you would have had wallabies, wombats, possums and all sorts of things around you. It is very easy to access nature, particularly for Asians who are interested in our nature.

Our natural built heritage is our convict past, and most people would immediately think of Port Arthur. Approximately 10 per cent of convicts went to Port Arthur; the rest, the majority, came to the north and worked on large pastoral properties. There is some magnificent historic stock here that is not even open to the public. So that is part of our distinctive advantage.

The second key area is the integrity of our product, as in we do not have replicas of historic buildings; we actually have the buildings. The other area of product integrity is in our produce, with our food and wine. People can come here very quickly, for a one-day or a half-day tour around our vineyards and wineries where they can actually see the product.

If support were given to tourism operators both in Cairns and in Tasmania, I would suggest that there is no way they would be competing for the same market. What we would be doing would be building on our distinctive advantages, and I think that is what the policies that are put in place by government should allow: they should allow individual companies to create their own competition.

CHAIR—Thank you. You were going to make some concluding comments, and I am assuming that that was them. Thank you very much for taking the time to appear before us today. This is a challenging inquiry and, as we go around, it is terrific to hear some of the great things that are happening. But we are also conscious of the fact that there are a number of particular challenges being faced by some of our more rural councils. So I do thank you for taking the time to provide evidence before us today. You will receive a proof transcript of today's hearing to which you can make some editorial changes if you need to—if we have your name or your title spelt incorrectly, for example. Again, thank you very much for appearing before us. We may also write to you if we have further questions or things we would like to know. I do not think we have received a formal submission from any of you, but we would certainly welcome one if you do wish to do that. Certainly, if you wanted to put your concluding comments in by way of submission, we would welcome those. Thank you again.

Proceedings suspended from 10.37 am to 11.04 am

BENNETT, Mrs Natacha, President, St Helens and District Chamber of Commerce

CLARK, Ms Louise, Executive Officer, Launceston Chamber of Commerce; and Deputy Chair, Area Consultative Committee Tasmania

McGUINNESS, Mr Glenn, Member, Executive Committee, St Helens and Districts Chamber of Commerce

CHAIR—Welcome. Although you are not required to give evidence under oath, I do need to remind you that these are formal proceedings of the parliament and should be treated with the same respect as proceedings of the House of Representatives. It is also customary for me to remind witnesses that giving false or misleading evidence before a committee a serious matter and may be regarded as a contempt of parliament. There is the warning bit at the start! It always sounds incredibly scary to me. Thank you very much for appearing before us today. It is terrific that we have a couple of chambers of commerce and industry here. We will be very pleased to hear your evidence in relation to the experience of your members, what their concerns are and what challenges they may be facing into the future—particularly suggestions you can make to this parliamentary committee as to what may be of assistance as you go forward that we may put to government. Would any of you like to make an introductory statement?

Mrs Bennett—We just wanted to say that for a while now we have been quite happy with the way things are moving. We do not feel that we have really felt an effect as such yet. If anything, long-term issues are affecting us and certainly not the current financial climate.

CHAIR—Thank you. Certainly the evidence we have had so far has suggested a fairly positive story for Tasmania. That has been quite marked in evidence this morning and yesterday. Obviously there are some concerns in some sectors. What sorts of sectors do your members represent and what experiences are they having?

Ms Clark—My chamber has about 300 members based in Launceston and outside of Launceston. Of those 300, 30 are private members—individuals—and about 270 are businesses. They range from very small businesses to quite large international businesses. For example, Rio Tinto is a member of my organisation. But, of those 270 members, about 95 would be classified as small businesses, so quite a large proportion of our membership is small business.

I would reiterate Natacha's comments. The anecdotal feedback that we have been getting is that business is good. There are some sectors, as you said, Chair, that have been or may be affected into the future. Obviously a big concern for Launceston is the position that ACL Bearing find themselves in. I am sure some of the people who have appeared this morning have touched on their situation. Certainly, if those 270 jobs disappeared, the follow-on effects of that into our business community would be extremely damaging. But at the same time there is business that is doing well. Certainly retail has been very strong. It was strong in the lead-up to Christmas—we had feedback from retailers who had had their best Christmas ever—and quite possibly some of it can be attributed to the stimulus package. That flowed on into January and February, and even now retailers say that business is still strong.

I would like to point out that, over that December-January-February period and even coming into the onset of winter, Launceston has quite a strong events calendar. We do events pretty well. Obviously, we have AFL football here. We have things like Festivale and the Launceston Cup, and we have Agfest and Targa coming up. So I certainly think that over the last six months events and tourism have had a positive impact on this city too.

Mr McGuinness—Ours is obviously quite a different chamber in that our whole municipality is only something like 6,000 people, spread over a very large area but centring on St Helens. Tourism is obviously the major industry. We have very little manufacturing industry other than a small shipbuilder and some engineering workshops—that type of thing. Currently they are not experiencing any downturn whatsoever. Tourism is actually dramatically up and I think most people, anecdotally, would say that this was their best summer ever. We are hearing quotes of 20 per cent up on previous records.

CHAIR—We have certainly heard that in the last couple of days, which is really heartening. What have you done that is so good that other areas can hear about, or are there some external things happening as well?

Ms Clark—I certainly think the drop in the value of the Australian dollar has helped.

CHAIR—Are these mostly international tourists you are seeing, or are they domestic tourists?

Ms Clark—There is a mixture of both, probably.

Mr McGuinness—We are seeing a lot of grey nomads in recreational vehicles of all descriptions. Obviously we have a peculiar thing that has given us a spike, and that is the recognition by Lonely Planet of the Bay of Fires—St Helens being the capital, if you like.

CHAIR—What has Lonely Planet done?

Mr McGuinness—Lonely Planet, as you are probably aware, is an international magazine which focuses basically on green tourism but tourism generally. They voted the Bay of Fires as the hottest visitor destination in the world for 2009, which is a pretty big accolade.

CHAIR—That is pretty good, yes.

Mr McGuinness—The only thing is that, as chamber members, we are not entirely happy with the way it has been recognised and the way it has been handled. Our Premier has stated that it will become a national park. I do not think he has done any homework whatsoever, but that is okay. It is all good, because at least it focuses on the area, but we would like to see a whole lot more done with regard to making sure (a) that it is not spoiled and (b) that the influx of people is catered for. There are some big issues in that—that is what Natacha said. We are looking further into the future and not just at the global economic downturn.

Ms Clark—In relation to that, could I just touch on airlines and airline access into the state, which is obviously extremely important for us, as is the boat into Devonport. Two things have happened. Obviously the airline industry is being affected by what is happening around the world, so tourists and travellers get the benefit now of the cheap airfares and cheap packages

which are out in the marketplace, but of concern to us—and I am sure it would be of concern to the St Helens chamber as well—would be if our levels of access were affected by what is going on. Currently we have Virgin, Tiger, Jetstar and Qantas flights coming in and out of Launceston. So we have all four carriers coming in and out of Launceston, but as things tighten for the four carriers it would be a concern if we were to be affected detrimentally. Not only does our tourism industry rely on good levels of access but so does our business community, because we certainly do business, particularly in Melbourne and Sydney, in quite a big way. I think that is something that would be extremely important going into the future.

Mr NEVILLE—If you are getting the loadings on all four airlines, that is not likely to happen, is it?

Ms Clark—One would hope that it would not happen. As I understand it, there is a lot of competition in regional Australia for routes, so our airport works very hard with our local council and Tourism Tasmania to ensure that, obviously, we maintain the routes that we have got and that there are opportunities for us to bid for new routes. But there is certainly plenty of competition out there in the rest of Australia for airlines to fly into their regions.

CHAIR—That is good news, but I want to go back a bit and focus on tourism infrastructure and some of the issues you talked about before. Just going back a little, ACL Bearing is obviously one of the areas of concern. Are there any other sectors in terms of your members that you are worried about at all? Obviously, retail is doing well, but are there components of retail that you are more concerned about than others?

Ms Clark—We have not had any feedback to that effect. As I said, local business is doing really well, but I think what is possibly going to affect us is what is happening globally, with your Rio Tintos and so on, and obviously the car manufacturing industry is being very badly affected by that. Luckily, we do not rely on manufacturing—our whole economy does not revolve around manufacturing—but certainly that seems to be the aspect that hits you in the face at this point in time.

CHAIR—Certainly. Darren.

Mr CHEESEMAN—I just have a follow-up question. In evidence earlier today, we heard about the situation facing ACL Bearing, but we also heard that the forestry industry in the region is under significant pressure. What would be the consequences if ACL Bearing and the forestry industry needed to shed significant numbers of workers? What would be the consequences for the economy and your members?

Ms Clark—I cannot quote the figures off the top of my head, but, certainly, in terms of ACL, we are looking at millions and millions of dollars going out of this economy, and obviously, in Launceston and the region, a lot of businesses are family owned or family supported, so I think the impact would be hugely significant—and 270 workers out of this marketplace is big.

Mr CHEESEMAN—It is huge, yes. I think we heard that there were 3,000 or 4,000 people tied up directly in the forestry industry, and Gunns and other buyers are scaling their percentages by 30 per cent, I think was stated. So that is going to put on pretty significant pressure, given the sheer size of that industry.

Ms Clark—I think they would already be under significant pressure. If you do work in forestry and you are a truck driver, for example, and you own your own truck—well, the bank owns your truck—there would be significant pressure because of the value of the asset that you are driving. So, if you lose a day of work, you lose the contract. Yes, it certainly hits hard.

CHAIR—Obviously, tourism and retail are great-news stories for Tasmania at the moment, which is terrific and important in balancing out some of the stories that are coming out nationally and globally, with the reality of what is happening to your members currently. What have you done in the past that has put you in this position, do you think? What has actually assisted you in getting to this position and what is going to assist you going forward?

Ms Clark—Our organisation has quite limited resources, so a lot of what we provide is support, promoting, networking referrals et cetera. But there are a couple of things that have happened recently which the chamber is supporting which are fantastic initiatives for our city and our region. I do not know whether anyone has talked you about the ‘Buy Locally’ campaign—

CHAIR—We have heard about it, yes.

Ms Clark—which the *Examiner* newspaper running. It is a fantastic initiative and hopefully an initiative that is here to stay. The great thing about this is that it is not ‘buy local’; it is ‘buy locally’. So it is not just about buying local produce. It is about going to St Helens for your holiday and supporting that community. It is about going to the local farmers market at Deloraine. That is still buying locally. I think it is a really smart initiative, and it seems to me that the community are getting behind it. Obviously, the focus of this initiative is to maintain jobs. Hopefully, the positive impact that might come out of this is that we create some jobs because people are supporting local business.

CHAIR—Would you like to provide those to the committee as exhibits?

Ms Clark—Yes, absolutely.

CHAIR—I will get one of the members to move that we accept those.

Mr NEVILLE—I so move.

CHAIR—As there is no objection, it is so resolved.

Ms Clark—The other thing I wanted to mention is this, and hopefully I will not get a slap over the wrist from the organising committee that I am on. I am on a committee working in partnership with Launceston City Council, the department of economic development, the chamber and a local business owner, Darren Alexander, whom Jodie knows. He is from Autech Software and Design. He runs a very successful software and design company here in Launceston. We are working on what is called Innovation Launceston. We are launching it on 14 May. Next year, in May, we are going to run five days of innovation. We are in the process of planning that, so I am not going to reveal all our secrets—sorry about that! This is a really great initiative too. We are a city of firsts. We have a region that is very vibrant and innovative. We hope that when we pull this together there will be some really positive outcomes in terms of

business for our region. So they are just a couple of the initiatives that our organisation is involved in. I think the one thing that has come about because of all this is groups working together to head in the one direction and to be proactive rather than reactive. I think Tasmania, particularly northern Tasmania, is in a position where, instead of being reactive to things, we can be proactive and hopefully put some initiatives and some steps into place so if down the track we do feel the effects more strongly than what we are now we will have some answers.

CHAIR—That was terrific. Thank you, Ms Clark.

Mr McGuinness—This is going back a little bit, but I would like to add to the comments on the effects of ACL Bearing and the forestry industry gearing back. We are one of the major playgrounds for the people of Launceston and the greater northern region, and there is a lot of investment by those people in our region. I believe we would see a major effect on our area if those things were scaled back. We do feel them directly proportionally.

CHAIR—So what are you doing to buffer yourself from that?

Mrs Bennett—I am actually from the City of Melbourne. I was born—and raised—in Melbourne. I have only recently moved into a regional area. I had never lived in a regional area before. I have owned my business for a long time. I brought it over and built it up practically again over here. It is really interesting having a business when you working in a regional area and in a small town as it is only the people there that make it work. We really need a lot more support. It is really hard for businesses. You have got different personalities. You have got the same sort of people doing everything and doing the same thing all of the time. It is a lot of hard work. We need something that is there and is always going to be helping to support businesses.

Ms Clark—Further to that, something that we are hearing—and I am sure you have heard this all around the country—is that it is great, from the retailers' point of view, for example, that the stimulus packages have gone out. I went to a breakfast which Jodie held where Craig Emerson spoke about some business initiatives, but I certainly think there could be more initiatives for business.

Mr NEVILLE—More initiatives or more knowledge of the existence of initiatives?

Ms Clark—I was just about to say that—yes, and more knowledge. It is all well and good to put out lovely pamphlets and colour brochures, but if people do not know about it then it is of no use to them.

Mr NEVILLE—You need seminars and things to explain it.

Ms Clark—I think you do. Organisations like mine or the St Helens chamber can help facilitate those. I assume you guys are like us—that is, resources to do that are limited—so you need some assistance. But knowledge is a powerful tool. If people do not know what is going on or they do not understand what benefit something can have for their business then it just falls through the hoop. I have been involved in a lot of organisations, and the one thing I have found about people is that they do not read. They have so much going on in their own business, they are a one-man show or they only have two or three employees. Life is so fast-paced these days that those sorts of things slip through the system.

Mrs Bennett—It is really important that businesses within our community all work together. That does not always happen, for different reasons. The chamber thought it was a really good idea to put together a business forum, and it turned out to be an absolutely huge event. It was so successful. The only reason it worked, though, was that we pounded the pavement and we went and talked to businesses. Businesses that do not usually attend meetings turned up. It was so successful, and everyone was just blown away. We got some really good feedback.

Mr McGuinness—We got a fantastic response.

Mrs Bennett—Yes, we got great feedback and response. That enabled us as a chamber to move on and say, ‘Okay, these are the issues that businesses have identified.’ Those were from not just members of the chamber but people outside as well. It was literally getting out there and talking to the businesses.

CHAIR—What were some of the issues that they identified?

Mrs Bennett—I can tell you: seven-day trading. We ran an exercise called the ‘brain ride’ exercise, and it really gave it some structure. Everyone came out with seven-day trading as the issue. That was the major issue. If you come to St Helens, nothing is open. You cannot get a coffee.

Mr McGuinness—In other words, you have to cater for all of these extra people who are coming in. Going one step back again, though, we have focused pretty much on tourism. I know you have probably heard this all around the country, but naturally the nuts and bolts of the community are people like tradespeople, builders et cetera. You may have heard from our local council that we have had in recent times another spike in development applications. Most of those have been fairly small. But the point is that people have had the confidence to go out and do it. I believe that is underpinned by the first home owners grant. I personally am in the business of real estate. That has been a big boost at my level. I fear that, if it is cut off in July, there will be a major breakdown in morale and it will be really major. As I said, everything is going beautifully at the moment, and that is underpinned by tourism, but I believe this is something far bigger and more general. Therefore, it is something that I guess the federal government really needs to be very mindful of.

CHAIR—The government is mindful of it, but there is a reason it has a time limit on it.

Mr McGuinness—I am sure there is.

CHAIR—Part of the reason you are seeing a spike in demand is that it has a time limit on it.

Mr NEVILLE—It is meant to stimulate, isn’t it?

CHAIR—Yes. That is its purpose.

Mr McGuinness—I am just very concerned about the after-effect.

CHAIR—Sure.

Mr NEVILLE—There are some people who say that, when the Howard government increased the grant for a new home from \$7,000 to \$14,000, they overheated the market and triggered the real estate boom—which we are now seeing the down side of.

Mr SULLIVAN—Caution.

Mr NEVILLE—Caution, yes. Perhaps there should be a short extension if the government were of a mind to do it but I think a long-term extension might have a negative effect.

Mr McGuinness—I hear what you say, but in Tasmania that boom was really only 2003-04 and a little bit either side. It has been good. The market has been fine. I am not a complainer.

Mr NEVILLE—It did not overheat here?

Mr McGuinness—It overheated briefly and very quickly went off the boil but did not disappear. All I believe it will do in Tasmania is just keep things ticking over.

Mr NEVILLE—How much longer do you think it needs? Three months or six months?

Mr McGuinness—Six months, by which time hopefully a few of the things that are happening in America might filter through.

Ms Clark—We were talking about business issues before. You would know that Malcolm Turnbull did a tour of the state not so long ago and held some forums on jobs. My colleagues would probably concur that red tape is a big issue for business. I know that the government is putting some steps into place to alleviate a lot of that, but at the forum I attended one business owner in particular raised the issue of superannuation and all the rigmarole you have to go through as an employer in relation to superannuation.

CHAIR—As a result of the introduction of the SuperChoice stuff?

Ms Clark—I could not say and I did not have a chance to speak to him afterwards. It is not a small business; it is a restaurant business with 30 to 40 employees, a lot of them part time. He said that his dealings with the superannuation company and all the paperwork, from a time and efficiency point of view, were quite detrimental to his business. That is just another issue, I guess, that makes it that little bit more difficult.

Mr SULLIVAN—He probably does not like paying tax either!

Ms Clark—That's harsh.

Mr SULLIVAN—Can I ask a question?

CHAIR—Not for a minute. In relation to that, there are two things I want to alert you to, but I assume that when Craig Emerson was here you would have fed some of that specifically back to him.

Ms Clark—He was actually at that breakfast.

CHAIR—Certainly we were very conscious with the introduction of the changes around SuperChoice, which is where employees are allowed to choose their fund, that there were concerns around the generation of more paperwork, so I know Craig is well and truly across those issues, as is Nick Sherry, as the minister responsible. I also wanted to ask whether any of your members have experienced or are experiencing difficulty with the banking sector in terms of either cash flow or access to credit.

Ms Clark—Our organisation has not received any feedback to that effect. That is not to say it is not happening. Geoff Fader, who is the President of the Tasmanian Small Business Council, might be worth asking about that because I certainly think some of his members have provided feedback in relation to that, but our organisation has not received any feedback.

Mrs Bennett—As a committee we have not had any feedback, but I am in bookkeeping and business consulting, so I have certainly had some feedback from some clients that it is getting difficult.

CHAIR—If you do have any evidence of that occurring—I suspect Craig would have brought this up at the forum—there is a clearing house for specific cases run through Craig Emerson's office. I think they are very interested if there is evidence of banks behaving in that way towards small business. We are very keen to get the details, and how they may operate a bit more amenable to small business will then be discussed with the major banks.

Mr NEVILLE—He could run some workshops to flush that out and do some focus groups with your small businesses to see if there is a problem. I think what the chair is saying is terribly important.

CHAIR—WIN Television have arrived, so I alert you to the fact that there is a camera. If anyone objects to being filmed, please let the camera operator know.

Mr NEVILLE—Do you need a resolution to have them here?

CHAIR—I do not think so.

Mr SULLIVAN—I would like to put what is more of a request to you, Mrs Bennett, rather than a question that will put you on the spot. What I am really attracted to is the experience you alluded to of shifting an existing business into a small regional area recently and the fact that that presented you with some problems. You may be able to give us a bit of an overview on that, because that is an important aspect, but can I request that you also provide us with a paper on it after you have gone home and thought about it and have some time.

Mrs Bennett—Absolutely. Working in the city and working in a regional area are very different. I found that, while I was in the city, I never advertised my business but I was always quite busy. I have found since I moved to Tasmania—we live in Scamander but my business is based in St Helens—that it is more who you know, not what you know. I think that is based on the fact—and it might be different in the bigger cities like Launceston and Hobart—that you are coming into a new area and people just do not know you. It is very cliquy in business in a small community, and that is what I have found being the president of the chamber and trying to organise different events and get businesses working together. It is really hard—people have

issues; not everyone gets along. My business is doing extremely well now and I have managed to employ two people in 2½ years. There is a way around it. I think I have been able to build it up because of the industry I am in and my knowledge.

CHAIR—From the experience you have had, what sort of support do you think is needed? It may not necessarily be a federal responsibility, but what sort of support would encourage people from metropolitan areas to move their businesses into regional areas and, if they do, what support is needed to keep them there?

Mrs Bennett—I joined the chamber pretty much as soon as I moved because I thought it would be very instrumental, and it absolutely was. Through it, I was exposed to the different businesses and the different people within the community, but a lot of people do not know about that—they do not know about the chamber. We also have a local BEC where you can get a wealth of information. But at the moment we are really stuck in a place where there is a lot of information and a lot of seminars are being held but people are just not getting there. I think that is partly because sometimes we need outsiders to come in and hold these seminars because sometimes people do not like listening to locals or people have issues.

Ms CAMPBELL—This is a question to both chambers: what is the percentage of new businesses that you know have started up? I know that particularly in Launceston I have been to a few openings of new businesses. Do you have any stats, Lou?

Ms Clark—No stats, Jodie, but I am sure we could get some information on that.

Ms CAMPBELL—Over the period since there has been a lot of talk about the GFC, have you noticed that new businesses are still opening up?

Ms Clark—Yes, they are. If we are just talking about the Launceston CBD, we have had a couple of businesses close down, but they would have closed anyway; they did not close as a result of what is happening globally. In the past couple of weeks we have had maybe three or four new businesses open up. They are small businesses. There is quite a large vacant premises in Charles Street which is about to open up with a new menswear store. So, although we read a lot of doom and gloom about what is going on, there are opportunities there and people are finding those opportunities and taking advantage of them. Yes, we have had businesses close, but we have certainly had businesses open—and they are perhaps businesses which are a little bit different, a little bit innovative.

Mr McGuinness—St Helens over the past seven years has grown exponentially, as you probably would be aware, but we were very poorly served in, say, the restaurant area up until recently. We have gone from virtually just the pubs and clubs to three a la carte, quite high-quality restaurants opening this summer, all of which have experienced fantastic turnover, plus there is another one in Scamander. For a small area that is very significant.

Ms CAMPBELL—Just for the record, Glenn, I did holiday at the Bay of Fires—so there you go!

Mr McGuinness—I know, I have seen you. A good local member holidays at home.

Mr CHEESEMAN—I have enjoyed the evidence that you have given about the first home buyers grant and also the cash bonuses that are flowing into the economy at the moment. I am curious about what strategies or mechanisms you might put in place to take advantage of the broadband announcement last week, that Tasmania will lead the nation, and also in terms of the schools package, which will be in the vicinity of perhaps \$40 million or \$50 million for this region—what strategies you will be putting in place to ensure that local builders and contractors get that work, as opposed to builders and contractors from the mainland.

Ms Clark—One of the things we would be doing is encouraging people to not just buy locally but use local contractors. Again, I guess it is a little bit difficult for my organisation, because really I am a disseminator of information. That would be the first thing that I would be doing—trying to get the information out to my members in as much detail as I can but also in a way that means they can act on it quickly. I would become an information hub for that sort of thing, basically. In terms of actually being able to implement some sort of strategy, I do not have the resources to do that, so I would be working with other organisations to help facilitate that.

Mr CHEESEMAN—And how important will the Broadband Network be for growing and nurturing this economy?

Mrs Bennett—I think it will be very important. I know there are a few people who live down the coast who rely on it quite heavily and it is hindering them, so they do go away a lot. But I think if that is implemented down the coast they will be more inclined to stay longer and maybe stay permanently and then put their dollars back into our community.

Ms Clark—I think in terms of business it would have to be a positive, so long as it is rolled out in a quick and timely manner.

CHAIR—As there are no more questions, thank you very much for appearing before the committee and for your evidence today. You will receive a proof transcript to which you can make editorial changes only. The committee may have some further questions when we read through the transcript, so we may write to you about that and, hopefully, you will be amenable to that. If you did wish to put in a formal submission to the inquiry, you would be most welcome. Whilst the cut-off date has passed, we do always welcome it when witnesses go away and then think of other things they would like to put to us. Thank you again.

[11.45 am]

BOUGHEY, Mr Simon, Board Director, Area Consultative Committee Tasmania

CLARK, Ms Louise, Executive Officer, Launceston Chamber of Commerce; and Deputy Chair, Area Consultative Committee Tasmania

CORY, Dr Tim, Chairman, Area Consultative Committee Tasmania

GORDON, Mr Michael, Board Director, Area Consultative Committee Tasmania

MERCER, Mrs Ally, Board Director, Area Consultative Committee Tasmania

PERKINS, Mr Craig, Chief Executive Officer, Area Consultative Committee Tasmania

SAWFORD, Mr Gil, Board Director, Area Consultative Committee Tasmania

CHAIR—Welcome. We have a large cast here. Thank you for taking the time to present for us today. Thank you also for the submission that you provided to the committee. I do need to remind you that these are formal proceedings of the parliament and, whilst you are not required to give evidence under oath, you should treat these proceedings with the respect that would be given to the House of Representatives. It is also customary for the chair to remind witnesses that giving false or misleading evidence is a very serious matter and may be considered as a contempt of parliament. I am required to let you know that before you give evidence.

As I said, we have received your submission. Would you like to make some introductory comments or give a brief summary of the points in your submission?

Mr Perkins—I think the best thing to do is to give you a summary of our submission. We undertook to provide a submission to make sure that we were informed and also to gather as quickly as we could a brief snapshot of the current economic climate across Tasmania. We spoke to people in local government, state government agencies and local business and community organisations to understand the areas in which they work and what might be going on in them. We also attempted to ensure that we went into all regions of Tasmania. As a result of that contact we came to focus on four areas that we consider address the terms of reference of the committee, and we have highlighted those areas in our executive summary.

In terms of how we work to encourage economic development and employment, I think it is fair to say that some of the initiatives have started to be addressed in part, particularly with the last lot of funding for jobs and other things. Any investment in Tasmania should be focused on current strategies, particularly those of the state government through its work on skills, infrastructure and innovation plans. We believe that we should work alongside those plans, tap into them and say where opportunities arise out of them. We want to make sure that investment goes into those plans so that it is targeted and strategic. While this may mean a delay in investment by a number of months, at least in three to five years time we will be able to look back and say, 'It was worth taking the time to consider that.' This is particularly the case in the

three regional areas. While planning is being done on a state-wide basis, there might be some localisation of those plans in the three specific regions. We might be able to bring forward some activities or some actions once the planning has been done. This might enable us to implement some activities ahead of the plans, if you like, because we know that they will come through.

The other area is the retention of skills in industries. As we come through the economic downturn, it is important that skills are retained within industries. While a lot of investment might be going into building and construction to keep that sector up and running, we do not want to necessarily lose people out of mining and its associated industries. The committee would have been down in Burnie yesterday. The last thing that Caterpillar would want is to lose their employees to another sector or trade area. If their industry were to build up again, they might not be able to get them back because they are employed somewhere else. This area is about making sure that people are being retrained and that this time of lower productivity is used to invest in some training activities within industries.

The third area is the cash handouts. It was considered that maybe from now on the government should focus on tax incentives for small businesses to keep their people employed rather than on cash handouts for people to spend. So this area is about keeping people in employment in small business, given the higher proportion of small businesses in the region. Those are the areas involved in the encouragement of economic development and employment.

The fourth area of focus is on social infrastructure to enhance liveability and essential services. While we acknowledge that some immediate money has been put out to support local community infrastructure programs in both stimulus packages, there has not necessarily been a focus on the replacement of the Regional Partnerships funding program and sustainable region committees—that is, the new funding for communities. We know that there are communities with good infrastructure projects that will not necessarily be able to access some of the current funding that is available. They would still like to access some of that funding. And I am still trying to get my head around the jobs fund. There are communities that still have good projects and they are looking for some funding. Funding for community projects is important for two reasons: the first one is the investment in the community for whatever project they might want—whether it be for social infrastructure or something else; the second is that many of these projects have developed as a result of a lot of commitment by community organisations and volunteers. The impact on communities from money not being put into their projects is that the energy and commitment in the community wane and dissipates because people lose faith; they cannot see the end point and they start to step out. In terms of social liveability and energy within communities, it is important to continue to support their projects. It is important to put that funding back into communities and get that momentum going quickly. The areas of focus in our report have come from the feedback that we received from all the people who spoke to us. It was not a matter of our views as a committee being endorsed. We wanted to make sure that our report recognised the Tasmanian community and the people we spoke to.

The other things that came out of our consultations targeted infrastructure such as information technology. There is some good broadband and other stuff coming through now. Improvement to the road infrastructure between Launceston and Hobart was highlighted as a way of increasing transport efficiency. The higher cost of power in remote communities, particularly the islands, was noted. Also, there is an opportunity now to support business in the transition towards the

new carbon economy and also to provide people with the skills to become green collar workers. It is about how you might help businesses through that.

Development is a state issue but the Commonwealth can continue to provide support and encouragement to the states—and the Tasmanian government has taken a role in the school infrastructure program, in particular—by helping councils get development applications through more quickly. This is not to say that there should be short-cuts or that applications should be pushed through without consideration of whether they are appropriate. But where projects are ready to go and can go, support should be provided to local councils. This might be by way of providing them with some financial resources to employ more planners or whatever else to do the assessments. If projects can get through this process more quickly, the building industry can begin work on them more quickly. We call it ‘triaging’ in our report.

I think they are the main areas. A lot of the information that we collected in our area consultative committee consultations was in terms of what we were required to do for the department last year, and that has fed into this report. We have provided some information on that as well.

CHAIR—Thank you very much for taking the time not only to provide a submission but to canvass a range of views across the entire state. It is extremely helpful for the committee to have that. Thank you very much for your hard work in putting that together. I have got a number of specific questions about the submission that you have put in. More generally, this is only our second day of hearings. We kicked off our inquiry in Tasmania, starting yesterday in Burnie, where there is a larger concentration of manufacturing. Today we are hearing a lot more around tourism and agriculture, and a bit on forestry as well. The picture seems quite mixed here in Tasmania. We are certainly hearing some really positive news about how you are fairing right at the moment. Obviously there are some areas of concern. Could you paint a picture about what you actually see happening in the Tasmanian economy at the moment? I will open that up to whoever wishes to answer.

Mr Perkins—I will start again. It is a really good question. I make a point, particularly to people in business that I talk to around the state in various different industries—and I talk to them all the time—about asking what is going on, to try to get that feel. One of the first things that came out of our consultation period is: let’s not build a report on anecdotal information. Let’s try and focus on the facts as best we can. Also, let’s be clear that businesses are travelling okay. Let’s not put fear into the consumer, through media and other comments and however they get through, that things are going to be bad, so buckle down and get ready for it because things are going to get tough. There are businesses that might be in construction that are talking about developments and they say: ‘We just want to see what is going on before we are ready to commit again. We are not sure where things are going. Things apparently are going to go bad in our region, so we have to be careful about our investment.’ That seemed to be the theme.

Generally, I feel that businesses are doing okay, which I guess is the picture that we generally get. But, within that, no doubt there are some sectors and some industries that are going to suffer more. There are probably some that were challenged through good economic times that get caught out a bit when things turn around. Certainly the north-west coast has got some of the industries that are affected because of the global climate, and you would have spoken to them and got an indication of that yesterday. The businesses were probably challenged, I assume, and

this has probably just made it harder for them. The economic downturn starts to see a few fall off because the business is struggling anyway. So it is a combination of both.

CHAIR—Thank you. Does anyone else want to comment?

Dr Cory—If I may, yes. I am the chairman of the ACC but I am also the president of the local chamber of commerce, a local councillor and a local businessman.

CHAIR—You are a busy person.

Dr Cory—So my family tell me!

Mr NEVILLE—Which chamber?

Dr Cory—Georgetown. Looking around Georgetown, it has been said before—I will probably get shot for this—that Tasmania is not doing too badly at the moment. Yes, we have had redundancies in Georgetown from Rio, who have laid off people. But the impact has not been felt just yet. It will be. What has been felt is that the money is not seeping through for small business. What we are finding is that big business and offshore business are the guys who are benefiting quite nicely thank you at the moment. We have got a fairly active chamber, and the small business people are asking me, ‘When is it going to happen?’ The good news is that they do not see a downturn. So that is good.

From a tourism perspective—I run a small tourism business—it is bobbing along quite nicely, thank you. We like to think that Tasmania is the new overseas trip that Australians will make. But the small B&Bs seem to be missing out on cash injections. There is no real incentive for them to employ more people to take up the slack, so to speak, as yet. Skilling up in our area will be fantastic in two years time. We are in the process of building a skills trade centre that will do some fantastic stuff, but it will be two years before it is really rocking and rolling.

I guess we are lucky. We live in the best part of Australia and as such we are still chugging along quite nicely—and a lot is happening up there. A heap of money is being thrown at the local schools. If the pulp mill comes, that will be fantastic employment. If they get into the port extension, that will mean amazing employment. The opportunities are there if they really fire up properly.

What we are noticing is that there are a lot of strangers in town who go away at weekends—we do not see them around at weekends. They are all working on the new power station, so there is quite a significant fly in, fly out community there now. It is a shame they do not stay over the weekends; they go home, and I suggest that is probably where some of this money is going. So it is mixed news—mainly good; very little bad, apart from some of the unemployment that has just hit us.

Mr Gordon—One of the sleepers is potentially rural communities, particularly where the drought is having an effect. A lot of mainland people do not understand that drought happens in Tasmania too. Particularly in the Midlands, the Southern Midlands and, to an extent, the east coast, the link between the small towns that service the farming community and economy, I think, is something that is a bit of a sleeper in Tasmania because employment numbers on farms

are down, wool prices are down and, due to the drought, stock numbers are down. The lead time, once the seasons come right again, for farmers to build up and the impact on the newsagent and the little shops in the little towns is an area that needs considering in the Tasmanian economy.

CHAIR—Is anyone in that space at the moment actually looking at that? I assume some of the local councils in those areas are.

Mr Gordon—To what extent I am not sure.

CHAIR—I have some other questions, but I will open it up to other committee members.

Mr NEVILLE—I note your comments about the need for a program like Regional Partnerships or Sustainable Regions. You talk about the need for community projects. Firstly, notwithstanding the government's stated aim that RDA will concentrate heavily on community type projects, do you see them happening or in what form do you think they should happen? Secondly, what suggestion would you make to us for the more commercial type of projects? If they are not going to be contained within this organisation, where should they be contained and how should those sorts of grants be administered?

Mr Perkins—Good questions. In terms of community projects, one of the great things about Regional Partnerships was that it was a really broad program, which made it difficult to assess, I guess, and to compare project to project. Different communities have different needs. Programs that allow localisation and a framework for how programs should be used would be useful. When it gets into a small community, we would like to be able to say, 'This is how actually we need to make it work for us, and these are the benefits.' The benefits might be building some physical infrastructure to enable a sporting team to do something, but it also might just enable people to get together and talk and work on a project together and support the cohesiveness.

Mr NEVILLE—You are not talking about physical infrastructure, more social infrastructure?

Mr Perkins—It can be a bit of both.

Mr NEVILLE—You were saying in your submission that you saw this as being important for consolidation and morale boosting. Is that really as important as doing up the local hall or the playground or—

Mr Perkins—Absolutely.

Mr NEVILLE—I do not think we have heard that before anywhere, have we?

CHAIR—We certainly heard some of that yesterday.

Mr NEVILLE—Yes.

Mr Perkins—Two things happen. One is that the amenity of the region and the town improves and people say, 'We are proud about this now. We are happy to be here. We are not looking like the sad cousin, like we used to be.' The other thing is that if a community works together to build a project they actually work together and talk together and become a better

community. Just the process itself delivers some really good outcomes. Sometimes it is not even the expensive projects that do that. You might end up with something that does not quite have the numbers of usage that you thought it did or it might have an alternative use than that which you originally planned, but the process itself has been really important for the community to go through. The cohesiveness might not have been as strong and there might have been some local politics in the community. All of a sudden people start talking to each other and they say, 'He is not a bad bloke actually; we just cooked sausages together'—whatever it might be. So the process itself works pretty well.

Mr NEVILLE—Are most of you members of the former ACC?

Dr Cory—Yes.

Mr NEVILLE—What was your consultative process to flush out those projects? Did you just wait for applications or did you take a proactive role in going into each community and trying to identify the morale-boosting component?

Mr Perkins—We are very lucky that we have a really strong relationship with local government in the main and with the state government. Our role was not about identifying projects to get funding; it was about working with communities on a project that developed a project that ended up getting funding.

Mr NEVILLE—So you would help them work up their side of the funding package, get some from the local authority as well and then go to government and say, 'This is what we want to try to complete.'

Mr Perkins—Absolutely. We would help them develop the project, which resulted in a funding project. That is the approach we took, if it were a skate park or if it were a hall, for example. We would make sure that they were talking to their local council. We would make sure they talked to their state government. If they needed some service delivery from Education or Health we made sure that they were talking to those people. So it was about developing a project. Councils generally came to us. We were kept pretty busy—we were kept flat out—just through people knowing what we used to deliver. That is how that worked.

CHAIR—I want to ask a question about this. Each local government area has dealt with their regional and local community infrastructure funding differently. The largest council in my electorate advertised the money and they put out an expression of interest process for all community organisations to submit projects. My council is a large one; it got \$1.5 million. Some of the projects that did get up are community organisation projects. The council themselves would argue that the projects that they have funded are all about community amenity. They are about community halls, local footpaths. I think your submission says that that money has dried up for community organisations. That has certainly not been my experience in my own local council area. Whether local councils in this district have operated very differently I do not know, but I did ask that of the councils who appeared before us previously. I think it is a bit disingenuous to say that money has entirely dried up for community organisations, because it certainly has not been the experience in my electorate.

Mr Boughey—I think in Tasmania we have actually got 29 local government areas and we have probably had 29 different approaches to the first package that the Rudd government put forward, where every council had a certain allocation, and they would have all gone through different processes. So some of the councils in Tasmania may have followed a similar process to that which your council followed. Then we have had the second tranche for the strategic projects. I think nearly \$100 million of projects has been put up from Tasmania. Some councils have consulted with their community. Some councils have put up their pet project that they have been trying to get funded for years and years. So I think that is fantastic. Some of the feedback we are getting from our staff on the ground is that community groups who do not have a good relationship with their local council are still missing out in relation to ideas that they might like to put forward.

If I could just go down to the Southern Midlands Council, I think there are three types of projects. There is a great local government project. Previously there was funding for the Callington Mill of \$1.2 million. That was an election promise of the state government. There are the community projects that have been put up under the regional community infrastructure program. Also, in the previous program under Regional Partnerships we were able to talk with local businesses that were value adding in that rural community so that we could provide them with infrastructure to increase their business. The McShanes of Casaveen Knitwear are a great example. They started off doing spinning, knitting and a whole range of things in relation to woollen products. They decided that they wanted to become involved more in tourism and roadside sales, so the Regional Partnerships program provided them with the money to build a facility for a cafe and a shop.

CHAIR—Whereas now they could apply under the TQUAL Grants which have just been announced, and there is Enterprise Connect as well.

Mr Boughey—I think it comes back to Mr Neville's comment about other programs. One of the great things we have been able to do in Tasmania—if it was not under Regional Partnerships—is that our staff and the board members out in the communities could say, 'It may not suit us but you could apply under AusIndustry; you could apply under Tourism; you could apply under a whole range of programs.' That has been one of our great strengths—being able to filter community projects or business projects through the maze of bureaucracy and programs. We have been very successful in getting programs funded across a whole range of other programs, not only the old Regional Partnerships.

Mr NEVILLE—By the way, my inference was not that the government was not providing community type projects—quite the contrary. That is to be part of the new focus of the RDA. What I was trying to lead to is that this whole inquiry is about how you consolidate regions to withstand the downturn. One of the things where you can put a bulwark up against a downturn is if you can create a new industry of 100, 150, 200 people, whatever it might be, or expand another industry in your town. That is not going to be the focus of RDA. I am asking you, on a broad regional development basis, what you are recommending to this committee that might be a mechanism to seed fund or assist those medium sized industries that can provide jobs almost immediately or within, say, six months of a grant? Do you have a view on that?

Dr Cory—I guess we do. Tasmania is a nation of small shops. There are a lot of small shops out there and a lot of communities rely on their little shop. If the shop closes the community

dies; it is as simple as that. Unfortunately in many of the communities there is not the wherewithal to apply for grants.

Mr NEVILLE—To do what?

Dr Cory—To do whatever—if you want to build a local community hall, if you want to increase the size of your business to employ one or two more people.

Mr NEVILLE—I do not agree with you. The chair just mentioned the government's recent program, and there was the old ACC and now the RDA—

Dr Cory—What I am saying is that they do not know how to do it.

Mr NEVILLE—I see.

Dr Cory—That is one of our biggest challenges. How do we get out to the communities to say, 'This is what you need to do'? That is what the board and the staff members of the old ACC were very good at doing—coaching people right at the beginning. They have got all the information out there, they have got just causes, but they do not know how to put it together. That is a huge stumbling block. That is why some small communities just do not put in—because they do not know how to or where to.

Mr NEVILLE—The second part of my question is: what do you see as the mechanism for that medium sized industry or seed funding a new industry or an expanded industry? I should declare my interest here. Under the old ACC program, my ACC spent probably more than half its funds not on community projects but on seed funding medium industry. If that mechanism is now removed from RDA, what do you see is the next funding source for that style of project—a mechanism that you could suggest to this committee and that we in turn can suggest to the government?

Mr Perkins—Our answer lies in response, I think, to the last inquiry that came around on the replacement program for Regional Partnerships. We spoke there about that. My personal view is that whether it sits under the Department of Infrastructure, Transport, Regional Development and Local Government, the local Community Infrastructure Program or whatever, there is an opportunity out there for government to invest in business and provide bricks-and-mortar funding where it is going to create jobs. I do not know the answer to where it sits or who should do it, but there is certainly a need for it.

One of the greatest projects that I was involved in—I do not know whether you spoke about it yesterday in Burnie—is the Hellyers Road Distillery. It employs 25 to 30 people. We put it as a case study in our last submission. The business down there is Australia's biggest whisky producer and was always going to be Australia's biggest whisky producer. It would have a cellar door maybe as big as this room. People have bought it for those who like whisky. The Australian government invested about \$750,000, from memory, into that business to help establish the visitor centre, restaurant and a viewing platform over the distillery. It employs 25 to 35 people now. It has 15 people in tourism and hospitality training that otherwise would not have been delivered in Burnie, and there is so much more that has come out of it as a result. Where that

program sits does not really matter, but there is an opportunity there for it. The new tourism program may provide that supportive assistance; I do not know.

One of the most important things is that people come to us in the RDA committee and say, 'Have you got funding yet? I have a project.' They can tell us about their project. It does not matter where it sits; let us know about it and we can help to deliver some of these initiatives. People come to us with opportunities—probably not so much in the last six months, because they know that we are in a transition process, but they were waiting for it to happen and we—

Mr NEVILLE—Are you saying we have to go beyond the cold-turkey application process?

Mr Perkins—You need local knowledge. You need people going around and talking.

Mr NEVILLE—Doesn't your executive officer do that sort of thing?

Mr Perkins—That is me. That is right. That is what we do.

Mr NEVILLE—Sorry, I do not know the local—

Mr Perkins—But if you have relationships with your state agencies and local councils they are the people that talk. It is about bringing that through. People in communities see Canberra sitting up there with lots of money, and it can be daunting for some people. How do they build and work around that playing a role?

CHAIR—Yes, there is no doubt about that. When ACCs were originally established they had a role which was very much around economic development and around jobs and employment and training. With the advent of Regional Partnerships they became—not wholly; there were lots of different things that you did—largely a grants body. They were never established to do that. That was not their purpose. We heard this morning from Northern Tasmania Development. Over time here in Tasmania a gap emerged in relation to economic development in industry and those sorts of things, and they have occupied some of that space now. The challenge for you as RDA TAS is: where is your space now in relation to that? To some extent, I think looking to government for that answer is going to be very difficult. You obviously have to determine where you sit with all of those things if there is not a fund that you can go to that is specific in the way that it was previously.

What we as a committee are interested in is: in that regional development, particularly in relation to the global financial crisis, what can government do to assist? Who on the ground is best placed and what are some of the things that organisations on the ground are doing that we can grab some lessons from so that we can say: 'This works really well here in Tasmania. This is what they're doing. It would be really good if government actually got behind that nationally and thought about it'? That is why you are getting this line of questioning from us around those things.

Mr Perkins—If I could jump onto the Jobs Fund, the local employment coordinator—

CHAIR—Yes, the Jobs Fund, for which the guidelines came out yesterday.

Mr Perkins—Yes, the local employment coordinator. The Jobs Fund and the local employment coordinator role are our bread and butter. That is the position we have sat in for the last five or six years. So, in terms of addressing the current needs—and from my relationship with other RDA committees around the country I gather that they have a similar relationship in their community understanding as we do—here is a program and here is a committee so that it could be delivered quickly straight back through the RDA committees at a statewide level. We would certainly be working with NTD. We would certainly be working with the Cradle Coast Authority. In Tasmania, there are the southern councils, which play a different role again, so there is not really a third regional development body in the south. So, as a coordination role over the whole of the state—and Tasmania is a region, although I guess specifically in terms of the economic crisis the north-west has the hardest impact—here is a committee that is saying, ‘Tell us how you want us to go and engage and we will do it straightaway.’ I still refer to us as ACCs because we have only today officially started the changing name process. We have the capacity, the resources, the skills and the knowledge to get out there and do it really quickly. Give this to us, and we will go and do it for you. And, if we cannot do it, we will tell you what gaps we have. Certainly we have a good relationship with DEEWR, and I have spoken to the interim local employment coordinator and said, ‘We’ll help you where we can, where you need us to.’ There is an example. We know the local needs. We have an ACC member at Queenstown who works in the mining industry and knows completely all about it. Rod Tremayne, who you met yesterday—

CHAIR—Yesterday; that is correct.

Mr Perkins—is on our board. We have the connections to be able to take the whole-of-state connection and have access straight into all the various agencies. That is where I see our role sitting in there. We can coordinate those activities. As Simon was saying before, we have that connection in bringing together Canberra and the pool of funding—all the different funding out there at the moment—playing that coordination role, understanding what is going on and providing that good support back up the line.

Mr NEVILLE—I agree with everything you have said. What we want to hear from you is what mechanism you would like to see government provide so that you can have access to those funds.

Mr Perkins—I think what we need is the information about the various different programs and what support Canberra needs. I will give you an example. What information is needed? We will go out there and we will just do it. How do we help Canberra and others manage all this money? Develop the applications, make sure it is an easy process so that when the information gets to whichever agency it needs to for assessment there are not too many questions that need to be asked—we have helped them through that, got the portfolio of information and the application filled out and got the project ready to go.

With the first lot of money that went to the councils, the \$250 million, the department said to me, ‘Why don’t you go and talk to some of the councils, particularly those that we know don’t necessarily have the resources and have been challenged in looking for funding and helping in that project management previously?’ So I said: ‘Okay, I’ll go and do that. I’ll find out what the guidelines for the program are.’ So I rang up the helpline and said, ‘I’m happy to go out and help you with these councils to provide you with the information.’ I was told, pretty much: ‘You’ve got nothing to do with this. Why would you bother ringing us in Canberra to give you help? You

shouldn't be ringing us. They've got to ring us direct. It's got nothing to do with you guys.' Yet—

Mr Sawford—In your opening comments you talked about how you have discovered that Tasmania is a paradox and Tasmania has the potential to be six months in front, because we are so highly connected, and six months behind. The recession might not have hit here yet. We are not really sure. I think one of the roles that we play is that we can help government hold that paradox. We are both top down and bottom up. We are global and local. We are short and long term. So there is a real role that we can play in holding that paradox.

CHAIR—Thanks very much. We might—

Mr Gordon—The government needs confidence by business and the community that there are high chances of success in what they participate in and that there are levels of support being provided that they can access. So one of the things government does not want is organisations putting their hand up for funding and being knocked back—and, in part, that is because their application is not well enough put together. That is one of the things that we can offer. We can give organisations a much higher chance of success in their funding applications, particularly the private sector, where you want to build confidence about them seeing that they put their hand up to work with government on a project that has been supported. We can contribute to that level of success, and our past performance illustrates that.

One of the things that government is doing is sector based support—local government support, private sector support, community support. That is one line of strategy. There is also a need for holistic support where local government, the private sector and the community sector are working together. Regional Partnerships was one program where that could happen. One of the things that government needs to think about in this new regime is where those holistic projects happen with the private sector working with local government and other sectors. That, in the past, is where the Area Consultative Committee could contribute to stimulating and facilitating some of those projects. If that is not part of the new world, government needs another place where that can happen and it needs to consider whether Regional Development Australia can have a role in supporting that, because our experience in the past is that we could contribute to success and assist the government in that area.

CHAIR—I just need to note that we have ABC Television present at the moment. They are just seeking to know whether it is okay for them to film any footage. I am okay and committee members are okay—I am assuming that, if witnesses are not, you will flag to the ABC that you do not wish to appear on camera. It is resolved that it is fine to go ahead with that.

I will just open it up to some of the other members to ask some questions. I do not want to get too bogged down. There is obviously a lot of history in these particular issues, and I think the world has probably moved on somewhat from some of the discussions that we are having.

Mr RAGUSE—I will just comment briefly on that last transaction of information, very much about what the role of the organisation is in the transition. Certainly in my region there is a very active ACC, and in their conversion they have concerns about what their role is—and I think it is typified in the discussion today, and questions from our deputy chair, about what you see your role to be and the fact that there was a mention of it being a service provider. From my

perspective, I do not believe that to be the case at all. It is very much about the move towards a very strategic position. I think for us as a committee looking for information and tapping into a local community your role as an organisation is probably very important. I think we are trying to get a handle on where you were and where you are transitioning to. Certainly determining who should get certain funds for community projects was a role that you undertook, but I think it has seriously moved on from there. From my understanding, I would have seen the new RDA to be very much a strategic group. We as a committee come here and say: 'What is it we need to do? How can we better support the community, whether you are or are not being affected directly at this point in time by the global issues?' It is more of a statement than a question, but I do understand the transition in my own electorate. We have had this ongoing discussion with the RDAs, but I do see it as being future directed, in terms of being very, very strategic, not about delivering services or providing but about making those connections and being part of a network that we as a government can tap into and get information.

Mr Boughey—I can answer that. Let us take the Australian government: there are probably 250 programs that have been funded out to industry, community and local government. If you go on to the grants link website you will find a plethora of programs. Coming down to the state government level, there are probably another 100 programs. Some of them have been adapted to the GFC—certainly our Department of Economic Development and Tourism have a small- and medium-business loans program. If you come down to the local government level there is a range of small grants that local councils provide.

What we have been very good at in Tasmania—and I am sure the same applies to other area consultative committees—is that if the six of you came to us from six different communities in Tasmania with six different projects, our staff and our board would be able to get you into the right channels for funding for your particular project. If it is tourism, we can direct you down that line; if it is regional food production we can advise you to go to DAFF; if it is AusIndustry we can get you involved with that. It may not even be federal funding; it may just be that we could put you on to the Tasmanian community fund because they have specific targets there as well. I am sure we are not the only body in Australia that has those networks but one of the strengths that we have had is to be that filter.

The fisheries management program came down here. We were asked to do it quickly. We ended up giving close to \$5 million to the fishing and marine industry. It is a matter of us having networks to get seven or eight projects funded very quickly. We were very good at discarding projects. A lot of projects never even made it to Canberra because people had the nuance of knowing what was happening in the community. If you are looking for a strategic role for RDA, I think we can provide strategic policy with the other levels of government and the community and industry but at the same time we can act as that filter so that people in the community do not waste their time. You get these groups that apply and apply and apply for funding and they are always knocked back.

I can give you another example. Recently the federal government funded the redevelopment of a community centre on north Bruny Island, which is one of our more rural communities. Part of that project was that the local shop closed down on north Bruny so the local community got together to develop a bit of a co-op. So they are going to run the shop inside the community centre. What that might actually equate to in the future no-one knows but at least the community has a facility whereby they can actually make money that can go back to the community. They

might employ two or three people and things start to build. All I can say is that around Australia you have four-and-a-half thousand different communities. You have got to listen to what your communities are trying to develop right from the grass roots up. Some of them can adapt very quickly. Some of them take a lot longer. The other thing about the regional partnerships is that having an open application process gave us the chance to develop projects. The Callington mill project in southern midlands took 25 years to come to fruition.

CHAIR—That is fine. To some extent some of the comments you are making were part of the previous inquiry that the committee undertook, but thank you for providing those. I want to focus on one of the comments that you made—I cannot remember who made it—that in terms of the economy in Tasmania we are hearing some good news, which is okay, but there are obviously some sectors that you are concerned about. We heard evidence yesterday in relation to the manufacturing workers and I think someone gave some evidence just before. The real crux is going to be that if there is a downturn, which we expect there will be, how do you retain those skilled workers here in Tasmania? We heard some suggestions yesterday. Given there is lots of money going, via the stimulus package, into the building and construction sector maybe we need to work on the portability of skills with those workers there. But, from what you were saying, I think the concern will be not to lose those workers from those sectors. If Caterpillar has an increase in its workforce at some point it is going to need workers from somewhere and you have had a pretty tight labour market here for a long time. Have you turned your mind at all to that area of skills and retraining and what Tasmania, statewide, might need to do in relation to that and how the federal government can operate in that space?

Mr Perkins—It probably goes back to the first focus point in our submission. Skills Tasmania is currently doing work in that area. My advice is to invest and help them move through that quickly and provide support on the outcomes. You have a whole organisation there that focuses on that. How can you help them find out quickly what the endgame might be so you can start to invest in it? I do not know the answer to it but make sure that what they are doing is targeted. That is my response.

CHAIR—Does anyone else have any comments on that?

Mr Sawford—There is also an opportunity, in all that money that is going out into communities at the moment, to make sure that some of that money is used for innovation and for new skill development. One of the things that we always did was to look at the employment opportunities that a particular project or idea brought forward.

CHAIR—So what are you doing now in that space, because \$14 billion is going into infrastructure in primary schools and secondary schools across the country? Tasmania is getting a substantial share of that as well. What are you doing in relation to that?

Mr Sawford—What is RDA Tasmania doing?

CHAIR—Yes.

Mr Sawford—At the moment I would say we are probably not doing a lot in that field because we are getting mixed messages. We are not sure of the role that is being asked of us out there.

Mr Perkins—Tell us how we can help—

CHAIR—It goes back to whether you sit and wait for government to tell you what you should be doing or whether you go and do it, I guess, to some extent.

Mr Perkins—From an organisation point of view, I have had numerous questions and requests: ‘How can we help?’ ‘What do you need us to do?’ I do not know what needs to be done, let alone trying to do something. It is needle-in-the-haystack kind of stuff. I do not want to go—

CHAIR—That sounded like an idea, in something that you have some skills in: making sure that some of the opportunities that are available currently through the stimulus package is used to develop skills and training programs. It sounds like a good idea.

Mr Sawford—Yes, but is it built into the program? Is it built into the process by which the money is being put out there at the moment? I am not sure that it is.

CHAIR—Each state is doing it differently so I cannot answer that question, but that may be a question worth asking.

Mr Gordon—To what extent is the government able to prescribe the criteria when it issues funding—for example, preference towards local employment in some of larger infrastructure projects—because, as Tim mentioned earlier, there is a lot of fly-in, fly-out labour forces who come in for bigger projects in Tasmania? The potential for the road works in some of those big infrastructure projects is that the bigger national companies are going to win a lot of that work and not necessarily use local labour. So if that can be prescribed as a desirable criterion when funding, it can contribute to holding that labour force.

CHAIR—Again, I think different state governments are doing different things in terms of procurement policies so I guess engaging with them around that is really important.

Mr NEVILLE—But that last suggestion is quite good, isn’t it? Make it part of the terms of reference for getting the grant that you must employ a certain percentage of local people.

Mr Gordon—Or that you must take on three trainees or three apprentices as part of that project, and that they are local people. So there are a whole range of ways that the guidelines can incorporate supporting a local labour force.

CHAIR—Obviously, the state education department is responsible for the rollout of the infrastructure for schools program and local government is responsible for the rollout of the regional local community infrastructure fund. I know that my own local council is voting on its procurement policy and putting in place exactly those sorts of things. Are you having discussions with them about that, as a body?

Dr Cory—Yes.

CHAIR—Great.

Dr Cory—We are talking to anybody we can—everybody from the Premier downwards.

CHAIR—Great; thank you.

Mr CHEESEMAN—My observations have been that the quality of regional plans varies significantly right across the nation and, no doubt, right across Tasmania as well. It occurs to me that your organisation is quite well placed to work with local government and other sectors to ensure that regional planning is done in a thorough way. Are you working in that space at the moment?

Mr Boughey—Under our current Local Government Act, each of the 29 councils needs to develop their own strategic plan, which looks at economic, environmental and social implications over a five-year stretch. Over time, our board and our staff have been involved with particular councils looking at particular issues. At a state level the state government has tended very much to go down a three-region approach: Cradle Coast, the northern development area and the southern councils. So we have regional planning processes in place.

We are just about to go to a regional water and sewerage process. Most of our state agencies are based on the three regions, which coincidentally happen to be around our three telephone codes. That has been a cultural nuance since the early 20th century. Our three NRM regions are based on our three codes, so, depending on whether the regional planning process is economic, environmental or social, we can tap into particular regional planning areas that we may be able to work with in projects. We are quite happy to get involved in the regional planning process across the spectrum.

Mr Perkins—The response is: we do not drive it but we participate in it.

Mr Sawford—Tim is with local council so he is closely involved in doing that sort of work. One of the advantages of this group is that we are a disparate group and we come from many different backgrounds.

CHAIR—Yes, that is helpful. In your submission you say that there should be Commonwealth government funds to support Tasmanian strategic planning. Can you expand a little on what that would look like, where it would go and how it would operate.

Mr Perkins—Yes. The Tasmanian government is currently focused on three planning exercises—innovation, skills and infrastructure. Our submission is that investment in those areas needs to be consistent with what the Tasmanian government planning process is going to suggest at the end and that immediate investment to enable economic activity as the outcome should tap into that. We should say, ‘What are you doing as a state that we should make our investment in? If we are going to provide funding for infrastructure, whether it be IT, roads or community, what is currently going on in that area now?’ We will make sure that is consistently spent and not be inconsistent with the approach the Tasmanian government has.

Also, the Tasmanian government is doing whole-of-state planning, so what are the impacts in the various regions? They are going to say, ‘In Northern Tasmania the innovation plan is going to show different needs, so how do we need to tailor and vary our investment into those regions to suit that region rather than the state as a whole and how do we bring that forward quickly?’

That is about investment in those areas, understanding what the state government is doing and then supporting their planning.

Mr CHEESEMAN—As I said earlier, in terms of the regional planning processes, certainly from my observations, the quality of plans varies significantly across states and across regions. It occurs to me that the three distinct regions within Tasmania all have their own distinct industries, skill sets, investment patterns and the like. Is RDA down here in Tasmania playing a role with each of those regions to build on the skills and the strengths of each of those regions?

Mr Perkins—A couple of things—yes and no to the variance across the regions. You get regions. For example, farming goes across the Cradle Coast, Northern Tasmania and southern Tasmania. The aquaculture industry goes right around Tasmania. While you can get some specifics in regions you also get industries that cover the whole of the state. Tourism covers the whole of the state. We can provide the connection of the three from time to time.

In terms of our role in that, one of the most important things is that if we are going to ask people to give of their time to prepare, if we are going to be involved in planning and development and asked to participate in that, they want to know what the outcome will be. It is good when you have an inquiry because they know what the outcome is: it is about putting a submission to a standing committee. I know this discussion is not about the future of RDA, although we have spent a lot of time on it today, but if at the end of it they say, ‘What’s the purpose of this?’ and if they do not know the role we are going to play and how we are going to be the connection back into the Australian government—and the Tasmanian government, to an extent, as the integration takes place—then they are not sure, I guess—they are time-poor, very busy people—why they would commit time to planning.

There is regional planning going on at the moment anyway. So that is why I say we do not necessarily drive it in the region; we participate. We can do a holistic state plan, I guess, and understand where the focus needs to be, but if we are to ask people to start committing time and resources to it, they will want to know what the outcome of it is going to be and what the purpose is.

Mr CHEESEMAN—We have partially touched on this earlier today with some of the other groups that have appeared before us, but very clearly there are some significant opportunities coming to Tasmania, particularly with the rollout of the economic stimulus into schools and also with broadband. I want to know whether there has been any consideration given at this stage to how industry might be supported to capture that investment and to develop the necessary skills if they do not already exist—or, at least, to identify the skills that are missing in terms of being able to maximise the opportunities that will come from both of those two very significant Commonwealth investments here in Tasmania.

Dr Cory—I can comment on the industry involvement, specifically in my area where we have two huge smelters and a lot of engineering activity. In that area, industry is very active with the schools. They have always had programs to include schoolchildren in their activities. Then, starting about four years ago, we had a huge program to bring into George Town a skills training and trade training centre. And we have got it now, after four years. That has been a combined effort with industry. The Bell Bay industry group were a huge force behind it, as were the schools and local businesses. This is, in my opinion, a prime example of how a community can

work together to achieve a notable end. We know it will take two years to get it up; we can wait that long.

We will have a facility which will make sure that our grade 11 and 12 children do not disappear from our part of the earth—and that is quite significant in Tasmania. Children in grades 11 and 12 are bussed to school. My children are bussed an hour each way in the day. Now that will not necessarily have to happen. If you have to bus kids around the countryside, they soon drop off; they soon lose interest. Now they can stay home and learn their skills locally. I cannot emphasise enough how significant that is, certainly in our environment.

CHAIR—Thank you. It is good to hear about the trades training centre. I was not aware that you had actually received one in this district. That is terrific. We are running very tightly to time, but, Ally, if you wish to make a comment you may, of course.

Mrs Mercer—On the trade training centre: in my region, the north-east of Tasmania, we have gone through some significant upheavals with our main area of industry, which is forestry. We lost a very significant mill and lots of people lost their jobs. One of our main problems was with retaining our people in our community, let alone in Tasmania.

CHAIR—So what did you do? What has happened?

Mrs Mercer—We have been working with our community. We were lucky enough that the federal government gave us an innovations fund for the SMEs. They were able to look at long-term opportunities. We have been able to look at employing nearly 70 more people within our community—and they will be local people—and that will expand more. We have also been lucky enough to get a trade training centre, just like George Town.

The trade training areas we are looking at are not in forestry itself but are looking at being able to expand our regional opportunities in the sense of things like electricians, plumbers, carpenters and things like that, where our younger people would actually have to go to either Hobart, which is at least three hours away, or the west coast to undertake that training. So our younger people and our people who have lost their jobs in the forestry area are now going to be able to update their skills and we will retain those people.

CHAIR—And do that locally. That is terrific. I would not mind hearing a little more about that. If you could send us something in writing about what you have done there, that would be really interesting for us to hear about.

Mr SULLIVAN—The thing that has been impressed most on me is that we may have come to Tasmania a bit early because, apart from some significant single industries, the place seems to be going pretty well. We have, as Craig indicated, spent a fair bit of time talking about something that is not a matter before the committee, the structure of RDA. My best advice to you guys is to use some initiative. But Mr Gordon talked about something which is probably his passion within your group and something about which I am very interested—that is, funding that the government may give to business that has been lost as a consequence of a decision made by the government but a direction that was flagged by this committee in our interim report on the Regional Partnerships program. Mr Gordon, could you please give me an idea of what your view is of a suite of assistance that government could give to business—whether by grant, by loan or

by whatever arrangement—as a replacement for what might have been available to them under the old Regional Partnerships program?

Mr Gordon—When I think about the old world, one thing that jumps into my mind is a project that we were involved in with a large tomato producer in which we were able to work with that organisation to help them grow their business and grow their employment. In the new world, I am not sure that that is necessarily the way that the programs would go, but I think business, particularly small business, responds well to incentives. So, dangling carrots to businesses, saying, ‘If you do this, the government can do that,’ is a way forward in that, particularly with young people. Employment with traineeships and apprenticeships is an area that is good for the economy and good for the long term of the community. In saying to businesses, ‘If you do this and put on this trainee or this apprentice then the government will support you in this way’ is, I think, one way to do it at a very micro level. At a more medium level, there needs to be incentives for medium-sized businesses to grow their business. If there is a direct link for businesses to say, ‘We might be able to access these resources to help us,’ in a very concrete and specific way, that in many ways helps businesses realise those opportunities more than a fairly broad guideline-type program that takes a whole lot of understanding and interrogation about what we actually need to do to be able to do that stuff. Clearly, from the government’s point of view, employment growth is a good thing. To name it up in terms of saying, ‘If you do this, we can help you by doing that,’ I think is a way that businesses respond well to. I am not sure that I have necessarily answered your question.

Mr SULLIVAN—It is a good answer, just the same.

Mr Gordon—That is it in part, I think. If we go back to the old world and that tomato producer, I think very much that the success of applications like that is about someone holding their hand and walking them through the system to maximise the outcome from that program. To have people out there, whether it is Regional Development Australia or the local department of economic development or whoever, walking alongside people to make sure that they are putting well put together applications forward that have a high chance of success, as I mentioned before, I think is part of developing confidence within the business community, because they then tell their mates. They tell them, ‘We put in for this and we got this support’, so they are more likely to do it as well, which means more businesses are likely to put more people on.

It is also good from the government’s brand point of view and the credibility of government that a high proportion of the applications that go forward are funded, because, again, that is about saying that you are not wasting time by putting these applications in to government. To have a filtering process where the weak ones or the ones that do not meet guidelines never get put forward for assessment is an important part of the process as well, because that stops a lot of that disillusion and a lot of wasting of time and resources. They are some very general comments but I think, as far as principles go, they are things that need to be considered.

CHAIR—Thank you. Did you wish to make a concluding comment, Dr Cory?

Dr Cory—One of my closing comments was exactly what Michael was just saying. Let us not forget small business because there are so many of them. If each one of them was to employ and train two or three people, that would be an awful lot of people. And I shall probably make myself fairly unpopular here but, historically, we have been seen as the honest broker. People do not

trust local government. They trust state government even less and they trust federal government even less. What we have managed to do is build bridges. People have been able to come to the old ACCT because we had no axe to grind and we were able to help them through a very sticky process. I think that is where we got a lot of our brownie points from: helping people.

CHAIR—Thanks very much for appearing before the committee today and for your evidence. I am sorry we got a little bogged down along the way, but I think we have certainly managed to get out some of the issues that I wanted to tease out from your submission. We may have some further questions in relation to both your submission and your evidence. The secretariat will write to you with those and hopefully you will see your way clear to answering them if you are able to do so. If you do want to make a further submission on the basis of your presentation here today, you are also most welcome to do that as well. You will receive a proof transcript of the *Hansard* from today's hearing for editorial changes as well. Again, I thank you very much for taking the time to put together the submission that you put in to us—the amount of people that you have talked to will save us an enormous amount of work—and also for the energy that you have put into coming in and putting your submission to us today. Thank you.

Proceedings suspended from 12.57 pm to 2.01 pm

DOWN, Ms Eva Mariea, Northern Tasmanian Co-ordinator, Timber Communities Australia

HALL, Mrs Karen Naree, Member and North-East Tasmania Branch Vice-President, Timber Communities Australia

CHAIR—Welcome and thank you very much for coming along this afternoon. The committee does not require you to give evidence under oath, but I do need to remind you that these are formal proceedings of the parliament and should be given the respect that would be given to proceedings of the House of Representatives. It is also customary for me to remind witnesses that giving false or misleading evidence before a committee is a serious matter and can be considered a contempt of the parliament. That being said—hopefully that has not put you off—would you like to make some introductory remarks? We have heard, both yesterday at our Burnie hearing and this morning, a very small amount about what is happening in the forestry industry. We would certainly appreciate your direct evidence as to what is occurring in that sector at the moment.

Ms Down—First of all, I would like to introduce us, who we are and who we represent. We are a national organisation representing communities that depend upon our sustainable timber industry and long-term management of natural resources for social, economic and environmental benefits. In Tasmania we have 15 branches distributed throughout the state. Our members comprise working families and small businesses that depend on our sustainable forest sector. They are located mainly in rural and regional areas, which are also strong in primary industries as well as processing and transport sectors.

Three of the rural and regional municipalities that have a high percentage of their working population involved in the timber industry are: the Derwent Valley, with 32 per cent; Dorset, with 23 per cent; and Kentish, with 19. They cover those three regional areas that were discussed previously. TCA members include sawmill workers, small business operators, transport operators, forest managers, landowners and forest workers. Many are community leaders seeking to promote all sectors of their local community.

Whilst many of our members are a part of the forest industry, TCA are not spokespeople for the industry. That is the role of the Tasmanian Forest Contractors Association and the Forestry Industries Association of Tasmania. Timber workers are also represented by the forestry division of the CFMEU. The protection and promotion of communities that our members live and work in is our major focus.

The forest industry plays an important part in our island's economy, both as an employer and as an earner of valuable export income. The forest industry directly employs an estimated 6,300 people, with total expenditure between \$1.4 billion and \$1.6 billion per year. These figures are from Jacki Schirmer's report on the forest industry survey that was released in June 2008. I have not supplied the committee with a copy of that report but I can make that available. In addition to that, a recent woodcraft sector report identified another 2,000 people employed in the region in the area of the design, creation and retailing of special species timber products that were not

included originally in Jacki Schirmer's report. This sector has a total value of \$70 million. I can also provide that report.

The industry is export orientated, exporting fibre, veneer and manufactured timber products internationally, with solid wood products being sold within Tasmania and mainland markets. This export focus makes the industry and the community that depend upon it very vulnerable to a downturn in demand for its products. Sales of domestic solid wood products for construction and craft are also being affected by the global financial crisis.

The Tasmanian Chamber of Commerce and Industry have listed Japan, Korea and China as our major export destinations, and they have all experienced downturns in their gross domestic product. As reported recently, the timber industry have been cutting back in their processing. There have also been some temporary shutdowns of two of the woodchip mills within our state. The fear is that logging contractors will struggle to stay working, and the industry is looking for solutions. One of the shutdowns occurred over Easter. The shutdowns were part of a national agreement between forestry companies, timber contractors and the CFMEU to prevent a glut of woodchips on the export market. The TFCA, the Tasmanian Forest Contractors Association, warned in their April newsletter:

All of the processing companies that TFCA have spoken to cannot provide any long term indications and this is understandable when you consider the state of the global economy. There is no doubting that companies such as FEA, Gunns and Norske Skog are doing what they can to keep the industry going and the recent announcement by Forestry Tasmania to provide sawlogs, via tender, to Ta Ann—

a veneer-milling company—

is an example of options being considered. Unfortunately our industry and others are very much in uncharted waters with many of the major global economies in very difficult times.

Over \$1 billion has been awarded to Tasmania as part of the stimulus package: \$200 million for working families, \$370 million for Tasmanian schools, \$147 million for community housing, \$64 million for energy efficient homes and \$54 million for Tasmanian small businesses. If Tasmanian timber can be used in schools and new housing, if the earth-moving equipment of forest contractors can be redeployed for roads and if we can encourage small businesses to take up new investments, this could lessen the impact.

Investment in innovation and training could also assist the industry to be ready when the global financial crisis is alleviated. Building access to our forests and maintaining roads could keep contractors employed and workers earning a family income. Upgrading bridges, crossings and the like could improve environmental outcomes and safety for our drivers.

Another strategy could be to step up pre-commercial thinning in our forest plantations to encourage future sawlog quality and quantity. Due to the massive reservation of over 47 per cent of the state's native forests, sawlogs will increasingly be sourced from plantations on public land. Thinning these plantations would mean better logs in the future and employment for contractors now. Another could be to immediately invest in a biomass-fired renewable energy plant. This would have a two-pronged benefit, creating jobs in construction and supply of forest waste to the plant while reducing greenhouse emissions.

Another strategy could be to continue support for the Bell Bay Pulp Mill, which would create a massive injection of employment in the construction phase and ongoing job creation in the operational phase. This would also help to stabilise the forest harvesting sector. As pointed out by the state minister for primary industries, David Llewellyn, such a pulp mill represents more sustainable demand for pulpwood, secure employment for harvesting contractors and secure incomes for forest owners.

More on a community focus: the communities that depend on the forest sector are usually the first to be impacted by the downturn. Business closure and unemployment follow. Steps need to be taken to retain community vitality and infrastructure. 'Buying local' campaigns such as those advocated in Tasmania are a good way to involve the community. Continue to encourage people when buying timber and paper products to source these products from domestically grown timbers. There is also empowering communities with programs such as Women in Timber, which can encourage advocacy and networking to promote and build togetherness. Government can have a key role in supporting communities with assistance in the form of expertise or funds to build and maintain local clubs and organisations as well as infrastructure.

Regional communities are resilient and, as witnessed in the recent Victorian bushfires, are both resourceful and proud Australians. Communities help give us our identity and a sense of belonging. They are not just a place where we live but the way of life that we enjoy. The strength of our communities is what will help us through these difficult times, and we do ask for any possible assistance from the federal government to ensure that not one community in Australia or in Tasmania is lost. We are looking for a helping hand rather than a handout so we can weather this financial storm.

CHAIR—Thank you very much for a really comprehensive introductory statement. Also, I think you are the first witness we have had who has identified the quantum of money that is coming in via the stimulus package but also ways in which you think it can be tapped into for your industry sector. I will have some questions around that, but I do want to say thank you. It has been extremely useful. If you have your statement written, it would be really helpful if you were to provide that to us directly. We can accept that as an exhibit. Would you?

Ms Down—Yes.

Ms CAMPBELL—I so move.

CHAIR—I accept that as an exhibit. You can hand that to the secretariat. I am sorry if that is your only copy—hopefully you have another one somewhere! There are a number of strategies that you have identified, which is really helpful for us, because obviously we have been getting quite a mixed picture about Tasmania. Most of it is overwhelmingly positive, but, as I said, we have been hearing snippets about what is happening in forestry. It is important for us to leave—because this is our last hearing in Tasmania—with a comprehensive view about what is in happening in each sector, so again thank you for that.

You identified particularly the quantum of funds that were coming in via the stimulus package. You have obviously also nominated a number of other projects that will certainly help with the industry, but I just want to focus on the stimulus package for a minute. Have you been speaking to the state government, who are in essence rolling out many of these programs, about how you

may get the Tasmanian product in that construction sector at all, or has it at this stage just been an idea that you are putting out there?

Ms Down—I suppose at this stage it is really just an idea that we have put out there. We see that we are lucky in Tasmania because we have a variety of mills and we can source all the construction materials for those mills as well as appearance grade sawlogs.

CHAIR—So is this the first time that you have put this suggestion to anybody?

Ms Down—Yes.

CHAIR—I thank you, but also I think it would be really important for you to put that immediately to state government as well. Jodie is the only local member we have here, but I certainly encourage you to do that either via Jodie or via other members you have access to. I will open it up for other members.

Mr NEVILLE—It is a very good submission. You touched on the various types of timber products. You talked about fibre, which I presume is woodchip, is it?

Ms Down—Yes, that is right.

Mr NEVILLE—You talked about veneer and furniture timbers—was it?

Ms Down—Yes.

Mr NEVILLE—And presumably plank timbers as well?

Ms Down—Yes.

Mr NEVILLE—Do you know the proportions of those in terms of either money or percentage?

Ms Down—No, unfortunately I have not brought that information with me, but I could access that information for you.

Mr NEVILLE—Could you make it available to the secretariat?

Ms Down—Yes.

Mr NEVILLE—It is very interesting. I was surprised when I heard the evidence this morning that timber products were down. I would have thought there was almost a limitless demand for woodchip. Apparently there is not. But, given that building, even though it has dropped a bit, is still quite vibrant on the mainland, I would have thought there would be plenty of demand for furniture timber, veneer and planks. Is it just in the woodchip industry that there has been a downturn—

Ms Down—No.

Mr NEVILLE—or right across the board?

Ms Down—Right across the board. We have had an opportunity to speak with mills that produce construction timber and appearance-grade timbers for furniture and they have noticed a significant drop in their sales. That includes Gunns and FEA, which have both had drops in their sales.

Mr NEVILLE—Are they export sales?

Ms Down—No, they are domestic sales and predominantly Tasmanian domestic sales. We have found, because we are selling to wholesalers, that the wholesalers are currently reducing their inventory. Therefore they are not holding as much in inventory, which puts it back on to the companies to hold reserve stocks in inventory, which makes it difficult for those companies as it ties up their cash flow.

CHAIR—The issue, as you correctly identified, is that \$14 billion is coming into the economy for construction projects in schools alone. Somewhere along the line, whether it is now or in six months, people are going to want that product pretty quickly.

Mr NEVILLE—And lots of it.

CHAIR—Yes, unless they are all building steel-framed stuff, which I imagine will not be the case.

Mr NEVILLE—Some of the older schools would be timber for sure.

CHAIR—Absolutely. So you have identified a real issue there.

Mr NEVILLE—In the area from Caboolture in Mr Sullivan's electorate right up to Bundaberg, in my electorate, our problem has been getting enough timber—log timber, sawn timber or any timber. I am just surprised that there has been a downturn in that field. Having said that, how do you bunker down your timber industry over this next 18 months or two years?

Ms Down—Talking specifically, I know in Tasmania, when we have exported timber—sorry, I should say sent timber to the mainland!

CHAIR—We are part of the same country!

Ms Down—I have a sawmilling background. Because of the freight cost it is quite costly for us to send timber from Tasmania to Queensland—Queensland was one of the markets for my company to get into—and to be a competitive product on the mainland as well. That is just a side point.

Mr NEVILLE—Do you get the Bass Strait subsidy?

Ms Down—Yes, freight equalisation.

Mr NEVILLE—But, notwithstanding that, it is still expensive?

Ms Down—Yes. I think it is the overall haulage distance.

CHAIR—Obviously, petrol prices have a role to play in that, but are you competing against product coming in from overseas as well?

Ms Down—Yes.

CHAIR—Who is the main competitor there?

Ms Down—Currently with construction there is a push from New Zealand to put some construction timber into Australia. Most of the other timber products come in as furniture from South-East Asia, and that is another issue that I wanted to talk about later. If you are going to buy a timber product or a table or something, first of all see if Tasmanian timber has gone into that product and, secondly, if it is an Australian timber. Quite often we can be our own worst enemy because we go out looking for the cheapest table or the cheapest entertainment unit and we are actually sourcing a product that may have been flat-packed and then assembled in Australia but the actual resource has not been grown in Australia.

CHAIR—Correct me if I am wrong: some of them say that they are Australian made furniture even though they are not using Australian timber. Some of them may even label their product ‘Tasmanian timber’ or ‘Tasmanian furniture’ or something like that. Is that still happening?

Ms Down—Yes. I think that is probably one of the areas we can look at again. Quite often people make comments about the desire to buy Australian and the difference between ‘product of’ and ‘made in’. I know with food products you try to check where it has come from or a certain level of something has come from another country. Another thing is that obviously we have pulp mills in Australia that do produce pulp, and we do produce paper, but currently a major centre of export for our woodchip in Tasmania is Japan. Obviously Japan has taken the brunt of the global financial crisis well ahead of other nations. Basically what they did was cut off supply of woodchip to their pulp mills and it was quite sudden, and therefore the other industries, the people that organise for the contractors and stuff, had to react very quickly, because they had a plan in place that so many people were going to be working in so many areas and suddenly they had no-one to sell their woodchip to.

CHAIR—Thank you. Sorry, Paul; I cut you off.

Mr NEVILLE—Do the mainland pulp and paper manufacturers use much of your woodchip?

Ms Down—No, I do not believe they do. They have their own sources.

Mr NEVILLE—Presumably, close to their mills.

Ms Down—Yes. I know Maryvale in Victoria has a lot of plantations around it, but I think some of those plantations were burnt out in the Victorian fires. There was a little bit of talk—and I know TCA were helping—about whether or not we could have some of our contractors go over and assist in salvage operations with those Victorian timbers. I have not been involved in that, but I know that Barry Chipman, the state manager, has been involved and so has Ferdie Kroon,

the TFCA manager, to see if we can send some of our contractors that are not currently working at full quotas over there to assist.

Mr NEVILLE—You say that we do not think enough about where things are from when we buy some of our furniture. I notice there are three or four strings of stores now that are bringing in Indonesian, Indian, South-East Asian timbers—all sorts of things, from TV stands to tables and chairs and framing for lounge chairs. They are quite attractive. I went to one in Hervey Bay just recently and they were burning incense to create that sort of South-East Asian atmosphere. I was looking everywhere for a TV table, quite a big one actually. I thought, ‘Well, it’s not my scene,’ but it occurred to me that their marketing was really good. They had a lot of pots and Asian bronzes and all those sorts of things there that complemented the furniture. You are perhaps one of the best organised timber groups in Australia; is there a case for you to apply to the government for perhaps a subsidy for marketing Australian timbers—to have a national marketing of Australian timber during this downturn period?

Ms Down—We had a staff and board conference in Victoria a few weeks ago, and one of the things we were actually looking into was trademarking one of our slogans, which is ‘Buy Aussie wood for the global good’. I know our CEO is at the moment checking to see that that has not been used in some other capacity. But that was definitely our intention—to come along and put that out, to promote the fact that people really need to be buying Australian timber. We are a net importer of timber. Even though we export such a high quantity of woodchip, Australia, domestically, is a net importer of timber, and I think that that is something that we can reverse, because we have such beautiful resources and we have such beautiful specialty timbers that could be used in furniture and cabinet making that would be absolutely lovely. The other side of it is, unfortunately, that people go and look for the cheapest product. In the Woodcraft Guild report that was commissioned which was released two weeks ago, which I can also provide to this committee—

Mr NEVILLE—I move that we get one of those.

Ms Down—Yes. They have gone through an assessment phase to identify where their weaknesses are in marketing their goods. Currently, as an example, I think you will see in the Tasmanian shop that is just down the hallway there are things like pepper and salt grinders, clocks and barometers and things like that. They are really targeted at the tourism market, predominantly the mainland tourism market and then of course the international tourism market.

Quite often each individual area of the forestry will work on its own area. We do not work very well together. This report is saying that from the time the timber is harvested or sourced there is an understanding of how much timber we need to have in the market and how much people can use. There is a really good opportunity to increase those sales of furniture and other tourist things and get into the domestic market.

We need to develop the perception that you want to buy something of quality. Quite often people will pay \$500 for a table and chairs and think no more of it because in 10 years time they may replace that. Whereas past generations bought a very expensive table and maybe only Sunday lunch was had at that table in the good room, so to speak. If you purchase a quality product, it can be handed down through generations. It is also storing carbon. You can have a

table that is 200 years old. Its integrity is sound and it is a beautiful piece of work. It is a piece of art as well as a functioning piece of furniture.

CHAIR—You have your marketing campaign already.

Mr CHEESEMAN—I want to congratulate you on your submission. Certainly the two examples that you have tabled on how the Tasmanian and federal governments might use your industry in delivering the federal economic stimulus package are good and practical examples that ought to be followed through. I encourage you to talk to Jodie and the other federal members from Tasmania as to how that might work.

We heard earlier today that Gunns and other major players in the industry have cut back their quotas by about 30 per cent. Clearly that is going to have a very significant impact upon contractors and workers who are harvesting the product. Have you done any modelling at this stage, either thoroughly or on the back of an envelope, of what that might mean for jobs? It is obviously going to be relatively significant, given that you have 8,000 people directly and indirectly employed in that sector.

Ms Down—Under our broad spectrum, TCA do not actually do that type of modelling. We usually pass that on to the contractors association, which is the TFCA. I know that Ferdie Kroon has been doing some work on that. You have to talk to him about that. It is an industry where there are a lot of contractors and they are all small business employers. They might employ 10 or 15 people. Unfortunately, the nature of that means that, if five contractors go out of business, you have lost over 100 people. It is not the shock loss of 280 people, like from Caterpillar down on the north-west coast.

Mrs Hall—We are logging contractors in the north-east of Tasmania in the Scottsdale area. We employ about 10 people. We know firsthand the impact that is having right now. We are hanging onto our employees for as long as we can because, as you are probably aware, half of the contractors in rural communities are your family. You are responsible for them as a family as well. We have likened putting off employees that you know so personally to being a bit like shooting the farm dog when it has killed somebody's sheep. It is the last thing you want to do and it is the hardest thing to do. We are hanging on for as long as we can to our employees. Some of them have been able to get work with dam building and things like that and others have taken leave without pay, which helps us out as well as them.

My husband and I also have other small businesses in the town. We have a hairdressing salon, we own the local newspaper and we are farmers as well. I feel that I can vouch for a lot of people in small communities because we see how the ripple effects come down the line. At the moment, with the cutbacks, we are probably producing only about 30 per cent. The cutbacks appear to be 30 per cent from the top, but we are putting out only 30 per cent of our normal quota. As hard as—

Mr NEVILLE—You have dropped by 30 per cent or you are down to 30 per cent?

Mrs Hall—Down to 30 per cent. We are producing only about 30 per cent at the current time. We have been in touch with our finance brokers and people like that to see if we can work with the banks, which are not always easy to work with, to see if we can postpone payments. They are

aware of the huge amount of investment that people like us have. Our equipment costs are so high.

Mr CHEESEMAN—In your business, how much capital would you have tied up in plant and machinery, roughly?

Mrs Hall—At the moment we have approximately \$2 million worth of equipment. We have some of that on the market—actually it is all on the market at the moment, if anyone wants to buy anything. We would prefer to not sell some of it, but if somebody will buy it then that will help us out of a sticky situation. We had some people contact us from Victoria. They visited us and looked at our machines and other machines. A situation that we talked about mentioning here today is that, yes, one of our machines is worth about \$350,000 and someone will take it, but the banks will not lend the money. We have another situation. One benefit of having a hairdressing salon is that you talk to people all day. A local young person, like our son, is only in his early 30s. In our area we have about three or four contractors who are all quite young. They have young families and are starting in the industry. We might be a little bit more established, but we fear for those. That young fellow is ready to buy a contract that is for sale, and he said, ‘The banks just won’t lend us the money.’ Perhaps the governments can somehow assist at this present time, especially for our young contractors. The contracting workforce is like us and getting towards retirement. Perhaps you could help there.

CHAIR—I do not have the details here, but Craig Emerson is the minister for small business. Recently he met with all the banks to talk about this very issue. He has established a clearinghouse for specific examples of where small businesses are having difficulty with the banks to access credit. He is very keen to hear that hard evidence. I will ask Jodie, through her office, to provide you with that. People need to be aware, if they are making themselves known, that it will go directly to certainly the four big banks. They will be asked some questions by the minister as to why the situation has occurred. Their name will be out there, so they will obviously need to consider privacy issues in relation to that. That is happening at the moment.

Mr NEVILLE—Not just them but the subcontractors too.

Mrs Hall—Yes.

Mr CHEESEMAN—I have some follow-up questions. That must be placing a huge amount of stress on particularly younger businesses that have a lot of money tied up in plant and equipment and are struggling to generate work at the moment to pay down the capital to the banks. Are you starting to hear about contractors going bankrupt as a consequence of the lack of volume of work and not being able to pay off assets?

Mrs Hall—As a generalisation, yes, but, regarding specific people, no. I am also on the board of our Forest Contractors Association. It has been clearly evident for some time that some of our contractors are struggling. This will just tip them over. We just hope that we are not one of those. It is certainly very real. We have experienced it over many years; we have been involved for over 30 years: we have peaks and troughs in the forest industry. It is just one of those things. We tend to accept that, whether we like it or not. Certainly this situation has been something that we have not had to deal with before. In our personal situation, in a small community people know you. The storm that came through recently has actually, sadly, been advantageous to us because we

have work for an excavator for a week—cleaning trees off fence lines and things like that. Even though my husband seems to be a bit slack at doing fencing on our own farm, he has made himself available to do some fencing for somebody else, because it is an extra few dollars to help along the way. I think we are resilient, as Eva mentioned. I think we try harder in these tough times. I certainly feel for our young contractors. Like I said, our own son is one of those. You hate to see them having to go through these tough times as well, but we can only support one another and try to get through. That is our situation.

CHAIR—I encourage you, through Jodie as well, to use Enterprise Connect as well. That is a program to help small to medium enterprises with advice about business planning and things like that, but there are also some grants available through there. We also have departmental people here, though not in an official capacity. We have both a Centrelink and an education, employment and training department person. There may be some programs that I have neglected to mention that they might provide you some access to, so I encourage you to grab both of those people before you go.

Mrs Hall—I always try to finish on a positive note. Jodie is aware, too, that there are three or four—several and probably more—of our local contracting or timber industry people who have recently received grants as part of the latest stimulus package, which is very exciting for our area. Other than the large companies, my estimation is that there are about 30 small businesses just in the north-east area of Tasmania where we come from who are forest industry businesses, whether that is silviculture, processing, nurseries or a whole range of different things, and we are very grateful that some of those people have received funding through the grants system.

Mr RAGUSE—An observation: because of the information we have received from other sectors in which they are still showing positive results, it is interesting that your industry has got to a point where the reality is that the rubber has hit the road. What was the period of time from seeing it on the horizon to it hitting and then having to deal with it? Was it very quick?

Ms Down—It probably started by November. There were initial talks on cutting back quotas for the export chip market. They reduced to about 80 per cent going into Christmas. We traditionally have a two-week break. Most sawmills will stop for two weeks at Christmastime, as well. Just before people started back up that was slashed again, and this was driven from Japan. They were trying to manage it. They thought if they brought it back to 80 per cent then we could just keep ticking over. Then Japan basically said, ‘No, we can’t take anymore,’ so they cut a lot of people back to 40 per cent quotas, which is unsustainable with their businesses. Some businesses, to try to manage that, are running one week on, one week off. Some are running four-day weeks. The companies, as well, are trying to be as flexible as they possibly can because we know that once it picks back up we will need these people to be operating. We cannot afford for these small contractors to go out of business, because we need them in the long-term future.

Mr RAGUSE—It is a significant downturn. Projections are very difficult for anyone. Has the industry been saving themselves from worse pain by scaling back so quickly now or is this—

Ms Down—No, it was immediate from Japan. We had boats told they were not coming. There were boats that were scheduled to come in and take woodchip off the docks, and they said these boats would not be coming. It was that immediate. I know that all the companies involved who have extensively travelled back over to Japan to try to find solutions to these problems. While I

am not involved in any of those types of negotiations, discussions or anything like that, I know that the companies, the same as Forestry Tasmania, are acutely aware of maintaining these contractors.

Mr CHEESEMAN—I have just one final question and it is to you, Karen, in your role as a hairdresser rather than someone directly involved in the timber community. Have you noticed as a consequence of what is happening in some of these timber communities that you are getting fewer clients coming in for haircuts and colours? They might be coming in less often, adding a couple of weeks between visits. Are you noticing that in the business that you have?

Mrs Hall—Yes, we do notice that, but of course we like to blame the financial crisis instead of the opposition for that. Yes, you do see it and, because you pretty much know everybody in a little town—and we are a town of 2½ thousand people—you know that their fringes have grown much longer and people are holding on for a bit longer. We are hoping that the stimulus package might have a little bit of something in it to help with that.

Mr CHEESEMAN—I am sure that will help pick up things a bit.

Mrs Hall—We are in the same situation with apprentices as well. Our apprentices have finished their training now and the pressure is on me to sign up another one. I have to be honest, I do not know whether to sign up another one or not. I am only one example of that and I know, from talking to other small business people involved with our local chamber of commerce, that they are in a situation where a lot of businesses would like to put young people on. Listening to the session previously, I could see that it certainly is an advantage to employers in that retail sector especially, because it is one I am most familiar with, that if there is some sort of assistance then it certainly does encourage businesses to do that. Somebody has to take over when I am too old—though I do not know when that is going to be—

CHAIR—Thank you for the evidence you have presented here today. If you can provide the statement that you made at the start to the secretariat, I will undertake to directly pass the evidence you have given onto the relevant ministers, because I think there are some practical suggestions that you have made and it is important that they are heard now rather than waiting until the committee reports by the end of the year. Those suggestions need to get through immediately. I would encourage you to talk to your local federal member about those things as well. Hansard will provide you with a proof copy of the transcript of your evidence before the hearing. The secretariat might write to you also if we have any further questions on part of the evidence that you have presented today. Thank you very much for appearing before the committee.

Ms Down—I just have one more comment to make and it is not just timber industry specific. It is about maintaining—and Karen and I spoke about it—things like people's mental health. I do not know how in this capacity you can influence that but obviously it is important to ensure that those facilities are available to people within their local and rural communities. Everywhere seems to be a rural area in Tasmania and we do have trouble attracting doctors and healthcare professionals to our rural areas. I know that there is a big push and an awareness of the problems with the drought and farmers, but I also know in just talking to people that they do not know what to do. They just know how to work; they do not know how to cope with not working, and I think that is something that may sometimes be overlooked. That there is also support that can be

extended to people is important. If there is nothing else they can do, they need to know that there is support to help them cope with that situation.

CHAIR—Thank you. We certainly received evidence about the importance of the arts and community infrastructure and exactly that issue in terms of the downturn, so it is very helpful to have that reiterated today. Thank you again for appearing before us.

[2.44 pm]

FADER, Mr Geoff, Chair, Tasmanian Small Business Council; and Director, Council of Small Business of Australia

MORRELL, Mr Lionel John, President, Launceston Ratepayers Association Inc.

CHAIR—We will now hold an open forum so that members of the public can make some statements. I ask those members of the public who wish to do so to come to the table if possible. Although we do not require witnesses to give evidence under oath I should advise that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. To give false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I am required to remind you of that before you give evidence.

I understand that Mr Geoff Fader from the Tasmanian Small Business Council has something that he wishes to say. Before you do so, Mr Fader, do you have any comments to make on the capacity in which you appear?

Mr Fader—I had made an application to make a formal representation. I know that that was done at late notice and therefore appreciate the fact that it has been possible to appear in the public component of the hearing. As such, therefore, I am making a presentation personally as Geoff Fader MA, Fellow of the Australian Marketing Institute, Fellow of the Advertising Institute of Australasia and Certified Practising Marketer. In addition to that, as is the case with many people in small and regional communities, I have a number of involvements. One of those is as Chair of the Tasmanian Small Business Council, resulting from which I am also a member of the board of the Council of Small Business of Australia. Indeed, I do have some written material to leave with your secretary.

CHAIR—Thank you. We will accept that material as an exhibit. That is helpful. Please go ahead with your statement.

Mr Fader—In addition to that, although I had not intended to present in the formal sense, I also have the role of chair of the association of not-for-profit group training organisations in Tasmania. That group of five member companies is collectively the largest employer of apprentices in the state. We have over 1,000 predominantly young men and women, covering a wide range of trades. Consequently I am fortunate to have the experience of contact and connection in that area.

Our view is that the performance of the small business sector will be critical to maintaining stability in regional communities and contributing to the country's economic recovery. There will be need, in our opinion, for some managed support from government to enable this to be achieved. Of course, the alternative would be the possibility of substantial job losses that could be catalysts for deep recession. That is our view. Given my range of interests, I also have some thoughts, which I could present later, that may be of use in terms of productive solutions for you.

Speaking on behalf of small business, it is appropriate that it be recorded what we mean by small business. While there are various definitions, referring to the information from the 2007 data of the Australian Bureau of Statistics, there are 1.996—nearly 2 million—small businesses in Australia. Ninety-six per cent of all businesses in Australia are in the small business category. There are more than 37,000 small and micro businesses in Tasmania, a micro business being one with fewer than five employees and a small business being one with five to 20 employees. Almost four million people are employed by small business, which is about 40 per cent of all workers, according to the *ANZ Small Business Report* of December 2007. Of the 1.47 million additional people employed by small business between 2004 and 2007, some 53 per cent were female. I think it is interesting to note that there is an appropriate gender balance in the small business sector across Australia.

AMP in 2004 commissioned a report on the small business sector, and I note that the significant finding from that was recently quoted by the federal Treasurer, who described small business as the ‘engine room’ of the Australian economy. There is also a question of survivability amongst small business because there is some erroneous data about failure rates of small business, but in a recent address to the Council of Small Business Australia, Dr Michael Schaper, the Deputy Chair of the Australian Competition and Consumer Commission, noted the ABS figure: of the 1.87 million firms operating in June 2003, 65 per cent were still operating in 2006. So the myth of high failure rate in small business in just that—a myth. In terms of economic value, in 2007 PricewaterhouseCoopers had this to say:

SMEs across all sectors have played a substantial role in contributing towards wealth generation in the Australian economy ... It is estimated that the total value of family-owned businesses in 2006 was A\$4.3 trillion, which represents a greater value than the total of the ASX market capitalisation of all listed companies plus the total value of all managed funds in Australia.

However, it is appropriate to note that the term ‘family-owned businesses’ does include some larger businesses.

CHAIR—Mr Fader, given that this is a time for some fairly brief statements and that you do have a written statement before you, perhaps we could get you to provide that directly to the committee. I am sorry to have cut you a little short there, but what I would really like you to do is to go to the solutions that you alluded to at the start. In terms of the most productive use of the committee’s time and your time, I think that would be most helpful, and I hope you will see your way clear to providing us with that statement.

Mr NEVILLE—What are the recommendations you want us to make the government?

CHAIR—Yes, tell us what do you want us to consider.

Mr Fader—Thank you, Madam Chair, I am more than happy to do that and to hand over the written material with the hope that it be included in the hearing.

CHAIR—Yes, we will formerly accept it.

Mr Fader—One of our examples was to do with forest contractors. That is a significant issue, as you have also just heard from representatives of the forest industry. The issue for contractors

as small business owners, who are members of the Tasmanian Small Business Council, relates to the fact that there has been agreement in their industry and, as we heard, cooperation among the players to endeavour to reduce production levels in order for the industry to survive in the longer term. The impact of that is substantial in financial terms. It is evidenced by the fact that many such forest contractors are suffering financial hardship, as we have heard. There could very readily be some solutions to that if the Australian government was prepared to follow the same model that was used for the banking industry but to use the banking industry to stand behind those contractors and their finance companies. Talking of which, up until a year ago there were some 30 financial organisations willing to support forest contractors; today that number has reduced to about eight. They have fallen out of the marketplace, so the ability to get finance for equipment and to keep that equipment in use has been diminished dramatically by the global financial crisis. If it were possible for the Australian government to support the banks to make informed decisions about the performance of individual contractors, so that they could defer some payments or extend contract terms, then they could be kept in business.

One might wonder, then: what about the machinery when that machinery is not working? We have in this state a situation with Caterpillar where there are highly skilled people, competent to work on heavy machinery, who are currently out of work or in imminent danger of losing work. Some of that machinery could be maintained during the period of down time provided the parties, led perhaps by someone like Ms Campbell, had a coordinated group of people across industry and across interests to bring those initiatives together.

There is also a substantial amount of work in clearing rivers and water courses and so forth, which the Tasmanian government has identified. Much of that machinery, and its skilled operators, could be put to use in implementing—I think there are 78 programs that are drafted and planned that have not been implemented. And yet, if that machinery was there, if there was support to keep it and the employees that use it at work, that could operate as well. Those sorts of broad ranging—I would call them innovative—and across industry boundaries are areas that government could take a significant interest in.

There is also the issue of education and training. It is interesting to hear much talk about training and skills formation, and maybe we can support people who may, unfortunately, find themselves out of work. But the people who need to be the most knowledgeable for a small business to be successful are the people who own and operate the small businesses. And yet while most of the substantial training programs in Australia—the skills upgrades, the apprenticeships programs and the like—are available to the employees of small businesses, the owner, partner, manager of any small business is denied access to the federal government's financial support for undertaking those same programs, such as the AQF in small business management. All of those programs, for reasons unclear to us, are in some way or another denied in terms of financial support from the Australian government. I am happy to leave a separate paper on that, which COSBOA recently took to the minister for small business, Craig Emerson, to see if he could pursue that argument for us on a national basis. I understand he is, but I would welcome support from across Australia on that a particular issue. If the owners of small businesses are well-informed and highly skilled, then they will be able to take those steps necessary in driving sales, in innovation and in understanding their financial situation to help ensure the success of their business.

A further issue is the provision of additional funding for small business advisory services, such as the business enterprise centres across Australia. We recognise that Prime Minister Rudd in November last year allocated some \$4 million additionally. Without wishing to be rude, to put that in an honest situation across the whole of Australia, for about 80 business enterprise centres around the country it has been little more than a drop in the bucket. Perhaps if there was a nought behind that figure it would be possible to help those people who are actively involved in working day-to-day with small business owners and managers, and in that respect the Council of Small Business of Australia and TSBC, in conjunction with the state government, are starting next week to roll out a series of programs across the state, which will involve the business enterprise centres. But the BECs will need additional resources if they are to deal with the issues that are emerging in the small business community.

Banking and finance is another particular area where issues around switching costs are a critical issue for small businesses. If you find yourself stuck in a difficult situation with your banker, it is fine to say go to another bank. The reality of that is that it is a huge burden in time and cost to move away from it. Again, I noticed your comment about the meeting that Craig Emerson chaired the other week. I attended that meeting on behalf of COSBOA. We appreciate the work that the minister is doing there, but there is still a long way to go. The simple example of that is that we have a five-days-a-week banking system in a seven-days-a-week economy. If you buy something on a Friday afternoon and put it on your credit card or EFTPOS, the money is taken out of your bank account on Friday afternoon. But if you are the merchant who sold those goods, if you are lucky you will get that money put into your bank account the following Tuesday. The banks say quite clearly they do not get an advantage from that, but the simple fact is the reasons behind it are that the banking systems to transfer that money do not work over the weekend. We would ask the question why not? If our banking system in Australia could become a seven-day banking system it would help many small businesses with cash flow, and I believe government could play a hand in that.

There are other issues that are perhaps state issues. There is payroll tax, and this always comes up. As soon as a small business starts to achieve a payroll in excess of \$1 million they are pressed for a tax on employment, which is not good.

The TSBC asked its members in the last fortnight for some key things that would help to bring to a group such as this. With your permission, I will quote a couple of them. The first is:

As much as anything, it is a matter of confidence that the government sees small business as a key component of Australia's long-term future.

I will read these words as they were given to us:

Instead of playing Chicken Little and running around scaring everyone that the sky is going to fall in, how about talking things up and injecting a note of confidence and optimism into proceedings?

There is no doubt that talk of doom and gloom generates fear and fear causes people to close down on their activities, even though they may well have more money in their pocket due to lower interest rates than they have had for many years. Fear is a self-fulfilling prophecy. Another said:

Support small business with employee wage assistance, for example heavily subsidise apprentice and trainee wages through either wage subsidies or government rebates for superannuation, PAYG and other entitlements. This would lead to a more highly skilled labour force when the economy bounces back.

Utilise local businesses for on-site training in small communities so that the benefits are to both industry and employees and trainees. The program could be subsidised to support not only the small business that is offering the training; the employees would be getting practical hands-on real-life experience instead of working in purpose-built training facilities.

Another said:

The hospitality and retail industries are seven-day-a-week businesses and cannot, particularly in this economic climate, pay the huge penalty rates that will flow from the new Fair Work Australia industrial regime.

And substantial information has been provided in other places to the government on that particular point. The final quote is:

Perhaps introducing a funding arrangement for businesses that are considered too high risk for the banks to take on—eg capital innovation where the idea and the commercial basis is sound but it will take some time for a return. Government could provide a loan which could be repaid when the returns start to come through. This would assist with cash flow as the repayments would not need to start immediately, similar to the old HECS style arrangement vis-a-vis training and education. It is not a grant, as it will eventually be repaid. It could be seen as the government literally investing to get a return and has the economic flow on, employment opportunities etc, which will naturally stimulate the economy.

There is a strong role for the Australian banking systems to play directly and hands-on in terms of supporting small business around this country to survive the global financial crisis.

CHAIR—Thank you very much for the evidence you have presented to the committee. As this is a period of time for public statements, I am not proposing that we go into a question-and-answer session. I understand from your evidence that you have provided a formal submission to the committee. We are as yet to accept that. It is not on the public record as yet, but we will certainly do that at one of our hearings. I look forward to looking through that in some detail. We have moved to accept both your written statement and the report that you have provided as exhibits. They will be part of the formal evidence of the committee.

You will receive a copy of the proof transcript of the evidence you have given. If there are any follow-up issues you wish to put to the committee, we look forward to having those as well. If you do stay around, members of the committee may have some questions for you after the session has closed. Thank you again for providing evidence before the committee today.

Mr Fader—Could I make one final point?

CHAIR—Of course.

Mr Fader—It is clear that government, not unreasonably, is willing to support business and industry where the need arises. What is not clear is that that support is equally available to the small as well as the large. If an enterprise with a few hundred people—and I do not make light of that—finds itself needing to reduce staff then that brings a headline, politicians running and bureaucrats being sent off to see what can be done. If however a small enterprise, say with three

of four staff, needs to reduce the working hours of four of its people by 50 per cent, that is two job losses, and those two job losses in a small community in a small country town do not make a headline. Consequently, getting support from government is very difficult. Speaking on behalf of the small business council, the point I would like to make is that whatever governments choose to do in this area should be done on an equitable basis. A small retailer, a small baker or a plumber in a country town or a regional area across Australia should be able to access the same level of benefit as would be available to a major enterprise, which of itself is a headline maker.

CHAIR—This committee is looking at the global financial crisis in regional areas because we want to hear evidence in relation to what is happening across the board, not just for those that are making large deadlines, so thank you for your appearance today.

Mr Fader—Thank you. It is very much appreciated.

CHAIR—I now welcome Mr Lionel Morrell. You would have heard the statement I made before about the proceedings of the parliament, so I will not make it again.

Mr Morrell—Thank you. My name is Lionel John Morrell and I am here today as President of the Launceston Ratepayers Association Inc. We are probably one of the most active associations of our kind in Australia and we have been making submissions to other bodies over the last few years. Launceston is a small district—although it is the largest municipality in the state, we really are quite a small municipality by national standards. We have only 28,000 ratepayers and our concern is that, Launceston having the oldest demographic in Australia, we have high levels of financial hardship against the background of a municipality which would be one of the highest taxing in the country. I am afraid that I have to be a little negative about our noble council, but that is the situation we find ourselves in. The annual average income in the Launceston municipality is only around \$33,386. Those figures are a couple of years old but they have not really changed. On that basis, from a municipal cost point of view we pay a higher level of our income in municipal rates than those in other municipalities in this area and other areas in Australia.

We hope that the result of this inquiry will be not more and bigger government but for regional Australia to have sustainable essential services that satisfy its essential needs, and that has to be in the context of small regional communities like Launceston. A good Commonwealth response would be one that did not allow local government to tax the living daylights out of our residents. For instance, this year we are likely to find our local taxes increased beyond what the Rudd government has just handed out as the stimulation bonus payments. That will go completely in additional municipal charges. I have quite a detailed submission here, which I hope you will be able to take into account, although I do not propose in any way to read it as it is far too long. In it you will see that the Tasmanian government has just established a new water and sewerage authority. It is coming into operation on 1 July and there has been great debate in the press in recent days as to whether the cost reduction in municipal rates will be anywhere near equal to the additional cost from the new regional authority.

The latest information from the state Treasurer is that the costs of water and sewerage will increase by 30 per cent, and the latest information from municipalities in this area, including Launceston, is that municipal rates are unlikely to go down. So additional federal support to improve that water and sewerage infrastructure would directly reduce the burden on those

ratepayers and residents of Launceston who are already suffering, albeit they already paid many years ago for that infrastructure but will now have to support other parts of their region who do not have that funded infrastructure.

Launceston has an important role in delivering education, with a university here—a branch of the University of Tasmania—and several colleges, private schools and the like. It is an additional submission from our association that it would be well advisable for the Commonwealth government to invest in education, particularly to waive HECS fees when the economy is down. It is now the time to take advantage of that lull in activity to educate or re-educate people so that when we do come out of this global financial crisis we will be in a much better position to take on the needs of the nation. The time will not be wasted where people are sitting around waiting for that period to pass to get a job. That would be a great incentive. There has been an incentive already given to the teaching profession where their fees have been waived for three years, but those people are already in jobs. This is a means of upgrading their qualifications, whereas I would suggest to you that there is a great need to allow people who have not had that opportunity to have a job and to educate at the same time to take on full-time education over that period of three years and to be in a much better position as an investment for the nation.

The situation in Launceston is also that this small municipality takes on a regional role and often develops facilities—such as a football stadium, regional aquatic centre and the like—for the region but funded substantially by the ratepayers. In a region with a population of some 100,000 people but with a city population of only 60,000 people, there is a disproportionate funding level. It is inappropriate for governments—state and federal—to fund those facilities to raise the quality of those facilities and to leave the residual funding and the maintenance and operation of those facilities to the small ratepayer base. So any funding that would go directly to stimulation to develop regional facilities but under the mantle of Launceston City Council is not good for those ailing ratepayers. The situation has been for some time that Launceston ratepayers are not happy with their method of calculating rates, and that has been a local debate for a long time, which, albeit outside the usual domain of Commonwealth government, nonetheless is not assisted when assistance packages come along that distort the economy of the city.

I thank you for your time. I realise that these submissions necessarily have to be brief and, as I say, I hope that you will take into account this submission which has been prepared for you today.

CHAIR—Thank you very much for presenting before the committee. I am going to be guided by the secretariat: do I need to accept that as an exhibit to start with, or do I accept it as a submission?

Secretary—Mr Morrell, did you write that document you are going to give us specifically for the committee today?

Mr Morrell—Yes. Whilst it is substantially a background document, it has been prepared for today. We did belatedly, as soon as we heard about today's hearing, make an application to appear formally. However, that was not possible, and we understand that.

CHAIR—The committee accepts that as an exhibit, so thank you. Thank you very much also for your attendance today, and thank you very much to Hansard. It is lovely having you travel with us. Before closing, it is necessary that the committee authorise the publication of evidence.

Resolved (on motion by **Mr Neville**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 3.14 pm