

Parliament of Australia

House of Representatives

Standing Committee on Primary Industries and Regional Services

**Inquiry into infrastructure and the development of
Australia's regional areas**

Submission by

West and North West Tasmania's Regional Councils

April 1999

Foreword

Around AD1025, in the reign of King Canute, King of England, Denmark and Norway, the king's courtiers, trying to outdo each other in praise of the king's power and wisdom, suggested that he had power to command even the wind and the waves. The king, being a long headed old Viking warrior, decided to settle the issue by a practical demonstration, proceeded to the water's edge and commanded the incoming tide to recede. When it failed to do so he got wet and the courtiers got wiser.

This old story is known by everyone, though often they make the mistake of thinking that Canute himself had delusions of grandeur and his experience is invoked to suggest that we cannot turn back the forces of nature, or of economic change.

There is a modern twist to this story. The place, in Southampton, where the incident took place has been marked as such since medieval times. It is no longer on the shoreline but some hundreds of metres inland. In the last century the Port of Southampton Authority extended its dockland area and reclaimed the land, turning back the waves which had resisted Canute.

Moral. You can turn back seemingly irresistible forces, but not by talking to or about them. It requires assessment of the benefits, planning, application of knowledge and sensible use of resources.

Infrastructure and Development of Australia's Region Areas

1	Introduction	8
1.1	Metropolitan Australia	8
1.2	Regional Australia	9
1.3	West and North West Tasmania	12
2	Infrastructure	15
2.1	Overview	15
2.2	The Paradox	32
2.3	Deficiencies	33
3	Remedies	34
3.1	The need to Act	34
3.2	Structural problems	34
3.3	Identification and quantification	38
3.4	Local Government and Local structures.	38
4	Conclusion	39

Infrastructure and Development of Australia's Region Areas

Terms of Reference.

To inquire into and report on the role of infrastructure in assisting the economically sustainable development of Australia's regional areas. The Committee will, among other matters, consider and make recommendations about:

- deficiencies in infrastructure which currently impede development in Australia's regional areas
- factors that would enhance development in these areas, including the provision of infrastructure such as energy, transport, telecommunications, water supplies, and facilities that deliver educational, health and financial services
- the potential for development in regional areas
- the extent to which infrastructure development would generate employment in regional Australia
- the role of the different levels of government and the private sector in providing infrastructure in regional areas
- planning, co-ordination and co-operation in the provision of infrastructure in regional areas
- the benefit to the national economy of developing regional infrastructure

Infrastructure and Development of Australia's Region Areas

References

Submission to the Senate Committee on Regional Unemployment.

ALGA Policy on Regional Development 1997.

Partnership Agreement. Tasmanian Government & Circular Head Council.

The above are included with this submission for reference.

Sundry ABS publications.

NIEIR Report. The State of the Regions.

Sundry Internet web sites.

McKenzie, F. "Regional Population Decline in Australia".

Taylor, J. "Regional Problems and Policies . A Regional Perspective."

Summary

The problems of infrastructure in Australia occur both in Metropolitan and Rural Australia because the movement of population wastes resources in one and creates a shortage in infrastructure in the other.

Recent research on Rural Australia shows that the differences between it and Metropolitan Australia are widening, and that the regions are being by-passed by technical and economic change.

Analysis of industries into 6 categories using 4 indicators of population, employment, income and education reveals the difficulties of Regional Australia generally. The Mersey-Lyell Region performs poorly in all indicators. This is borne out by previous analysis of the region for a Senate Committee.

The pattern of settlement, the geography of the region and its industrial development contribute to the difficulties of servicing a population dispersed along a narrow Northern coastal strip with isolated mining settlements on the West Coast.

Transport infrastructure is generally sound with a notable exception being the road between Wynyard and Smithton. Rail has recently been successfully revived and NEW shipping now dominates the rest of the State. The problem of the cost of freight and passengers across Bass Strait remains a major constraint on Tasmania. Air transport is satisfactory but there are problems with public road transport.

Supply of energy is a potential problem constraining all future development in Tasmania, making gas supply and Basslink crucial issues.

At a local level water supply is a positive factor for the region as is the availability of land. Legislative and bureaucratic restraints and the attitudes of the community often present negative signals to potential developers.

Communication infrastructure is generally sound though there could be improvements in Internet provision and the funding of Tasmania Online needs to be assured.

Infrastructure and Development of Australia's Region Areas

Education and training are major issues. Mersey-Lyell has fallen behind in provision of post compulsory education and a special effort is required to make up ground and to overcome the difficulties caused by the dispersal of the population.

Experience overseas has shown that there are economic as well as social advantages for a nation in assisting in the recovery of all its regions. Two of the remedies used overseas are improving regional infrastructure and improving skill levels by training and retraining.

Constitutional and organizational problems hinder the development of regional policies and there needs to be a restructuring of the links between Federal, State and Local Authorities to meet the challenges of the regions.

Existing information about regions should be collated to enable a triage of regional difficulties to form a base for action.

Regional organisations of Councils can provide a framework for negotiation with other Governments. The recent Partnership Agreement negotiated between the Tasmanian Government and Circular Head Municipality is a model for joint planning between the three tiers of government.

The danger for this region is that without immediate corrective action, and without help from other governments, the drain of population will be permanent and will distort the demographic structure of the region so that it will become permanently dependent on the country's welfare systems.

1 Introduction

1.1 Metropolitan Australia

Every week we are reminded by the media of the problems that are facing Regional Australia. Every day we are faced in the same media with the evidence of the breakdown of infrastructure in Metropolitan Australia. This includes:

- Inadequate transport systems unable cope with traffic volumes
- Crowded local streets
- Lack of parking
- Poor public transport
- Working days extended by travel time
- Suburban sprawl. Eg Melbourne's spread from Pakenham to Keilor is further than the distance across Metropolitan London.
- The area and high population of the metropoloi create impossible demands for water supply and provision of sewerage and drainage, spreading the supply lines further and further into the surrounding country and providing ever increasing effluent problems
- Energy supply systems become increasingly complex and extensive, with a corresponding risk of breakdown and magnifying the effects of those breakdowns.

These are basic infrastructure problems caused by the constant drain of population from the country to the cities. They are matched by the increased demands

Infrastructure and Development of Australia's Region Areas

on human services infrastructure, by the need for new schools, for health services provision and for police and other government services.

The one way flow of population brings other social problems. Levels of stress bring road rage, fear of violent crime and a conviction of declining standards of behaviour and public safety. The pressure for land in Central City areas, particularly with sea and harbour views, distorts real estate values and adds to upward pressure on executive salaries.

These are not Regional Australia's problems. Yet in a very real sense they are because the growing imbalance between the population's needs and its infrastructure provision in both parts of the country show the failure to take measures to protect the value of the investment in Regional Australia or to avoid duplicating that investment in Metropolitan areas. Thus every move of a child from a classroom in Tasmania to one in Queensland is a double cost, of wasted capital investment and under-used teaching capacity in one and extra pressure on resources in the other. We need, then, to start with the basic premise that there is advantage for all of Australia in attention to the problems of its regions; advantage not only in quality of life but in the better economic use of resources.

1.2 *Regional Australia*

The problems of Regional Australia have been the subject of a number of inquiries and reports in recent years. The problems have been generally long standing and have been paralleled by similar movements of population away from rural areas, and from cool to tropical areas in other parts of the world. These long standing problems have now been joined by the effects of the economic revolution of the 1980s and 90s.

A recent report by the National Institute of Economic and Industry Research (NIEIR) presented to the Australian Local Government Association 1998 Regional Co-operation and Development Forum highlighted the role of these more recent developments in creating the uncertainty and trepidation they identified as characteristic of Regional Australia. Their report showed a dramatic divergence in the

Infrastructure and Development of Australia's Region Areas

indicators of economic well being and showed that a number of regions had not shared any of the benefits of economic recovery from the recession of 1889-91. These indicators show that there is declining population growth, even absolute decline; that a downward spiral in commodity prices is closing rural businesses and making service industries unviable; that high unemployment rates have been entrenched for many years and are associated with changes in manufacturing industry and import policies.

NIEIR also point specifically to the recent changes which have affected the regions, to the centralising effects of globalisation where the international division of labour concentrates the research, control, commercial and entertainment industries in the global cities and exports labour intensive manufacturing and assembly industries to low wage countries.

The digital revolution, about which all previous forecasts are now invalidated by the take-off of the Internet over the last five years, is presenting other changes and challenges. The knowledge based economy is creating more opportunities to create home based employment, assisting the change from the older industrial economy, but threatening to leave even further behind those areas which are already disadvantaged.

NIEIR also identifies the trend to smaller government as a deflator of regional economic activity, particularly in the centralisation and rationalisation of many public services.

1.2.1 Analysing regions.

NEIR divides Australia's 55 regions (its own identification) into 6 broad types. Those generally succeeding are:

Core metro. These are central city areas which have more or less jumped on the "global bus" or are linked with it at second hand.

Dispersed Metro. Outer City areas where growth is driven by resiting of inner city industries and population growth from rural centres and immigration. Here employment is more traditional and is often unstable but the overall growth pattern generally leads to recovery.

Infrastructure and Development of Australia's Region Areas

Production regions. In NIEIR's analysis these are the traditional manufacturing regions, often developed under tariff protection, which have been hit most by the offshore shifts in the world's manufacturing industries. They have been slow to adapt to change.

Rural based regions. These include most of non-metropolitan Australia. Some populations are declining; the proportion living in poverty is increasing; employment is low with higher proportions of part time and casual work. Real incomes are declining and educational attainment is low.

Resource based regions. These regions have been subject to severe downsizing as a result of changes in machinery. They are also vulnerable to changes in world price trends in minerals and energy and supply of forest products; they have also been severely restricted by environmental constraints.

Lifestyle based regions. These have developed rapidly in recent years based on retirement patterns – earlier retirement and longer lifespans,- and on the technology which enables Europeans to live in the sub-tropics. They are often associated with tourist attractors and are vulnerable to economic circumstances in neighbouring countries.

In quantifying these regions NIEIR uses four main indicators:

- population
- employment
- household income
- education attainment.

The analysis shows that in a combination of these indicators the worst performing regions are the resource based followed by the rural and production based areas.

1.3 West and North West Tasmania

We would draw the attention of the committee first to the findings of the NIEIR report as they apply to the region, for which they use the ABS Statistical Region title of Mersey-Lyell, and then to some statistical analysis used in a recent report to a Senate Committee on unemployment.

In “The State of the Regions” Mersey-Lyell (see attachment 1) is categorised as a resource based region. Certainly part of its economy is based on mining, and the large forest based industries probably justify the categorisation. However, unlike some of the other resource based areas, this is also a well endowed agricultural area with excellent natural resources. In that respect, however, it is also subject to the vulnerabilities of rural Australia. And again, there is sufficient industrial activity, including carpet and textile manufacturing, for the region nearly to qualify as a Production Region – and suffer the problems of tariff reduction and slow adaptation to change. There is then a considerable diversity in the region's economy – something which we used to believe was a protection, but now seems to multiply the disadvantages.

In population growth Mersey-Lyell is 52nd of the 55 regions and NEIR's projection shows an absolute decline (-0.08%) up to 2004.

In a number of employment parameters the region performs poorly with minimal growth from 1991-98 and decline in employment forecast up to 2004. The effective employed population ratio at 44.3 is in the lowest 10 in the nation and the regional employment rate of 10.8 is the eighth worst.

In the proportion of the workplace with tertiary qualifications Mersey-Lyell is the third worst region and also shows poorly in income based indicators.

With a real dollar decline down to \$28.9k for average household income forecast for 2004 and a differential from the national average of -24.4% Mersey-Lyell is again in the bottom ten performers. A number of the others are in the life style regions such as North Coast NSW with its high proportion of retirees, and none of the

others have any substantial employment in the mining industry, which has very high salaries and which should have lifted the Mersey-Lyell average.

The gloomy picture painted by the NIEIR report was presaged by this Region's report last year on Regional Unemployment. A copy of that report is included for reference and fuller description but a summary of the main findings is included here.

1.3.1 Mersey-Lyell – A profile

Population

Between the 1991 and 1996 censuses the population of the region declined by nearly 5,000 persons, a loss of 0.18% per annum. The pace of population drift from Tasmania as a whole is now increasing and the loss of young people is changing the demographic characteristics of the population. The median age is rising faster than the national average, there is lower masculinity and substantially higher dependency ratios. The contrasts between the patterns of demography in Mersey-Lyell and Australia are shown in age-sex diagrams (see attachment 2) with the dominant feature being the loss of both sexes in the 20-29 age group.

Origin, lifestyle and education

Mersey-Lyell, like the rest of the State, has appreciably lower numbers of overseas born citizens and non-English speakers (1.37%) compared with the nation (13.9%).

Median personal incomes are about \$50 lower than the national average but there is some compensation in lower mortgage and rental levels.

The greatest differences are found in the statistics dealing with educational attainment. Only 0.76% of the region's population is shown as attending university. There may be some distortion in this with some students being counted in Hobart but there is a known problem in this area which suggests the figure is not far wrong. The incidence of early leaving from school (under 16) of 74% compares with a national

Infrastructure and Development of Australia's Region Areas

52%. Attainment of tertiary qualifications by males at 4% is half the national average and the number with no qualifications is 77% compared with Australia's 68%.

Employment.

Between the 1981 and 1996 censuses the region's share of the national workforce had fallen by over 2,500 jobs principally in mining and manufacturing. There has been a similar fall since 1996 as the net outflow from the region has become negative affecting even the service industries.

Recent figures for Mersey-Lyell from the ABS show the unemployment rates at nearly twice the national average (15.1 to 8.2%) and a participation rate for both sexes about 3% below the national rate.

Statistics for unemployment from former DEETYA are useful in showing the differences for LGAs. In late 1997 the showed that the problem areas were Burnie(14.6%), Devonport (15.05%) and Kentish (15.57%).

Further analysis of census figures and DSS statistics shows that the worst problem has been the loss of men, particularly in older age groups, from the workforce. Since 1987, in fact, the number of men in their 50s not working at all has risen to one in three of that population.

Mersey- Lyell in April 1999.

The latest issue of Tasmanian Statistical Indicators shows comparisons between Australian States and between regions in Tasmania. These are collated in Attachment 3.

In all indicators Tasmania is performing worse than the nation as a whole and in each instance the Mersey-Lyell region lags behind the rest of Tasmania

2 Infrastructure

2.1 Overview

The settlement pattern and consequently the infrastructure of the North West and West Coasts of Tasmania has been formed and constrained by historical and geographical factors. Attachment 4 shows the present populations of bounded localities and centres with over 200 residents.. The first developments on the Coast were of small settlements at harbours between Port Sorell and Wynyard where timber and later potatoes were exported. These settlements developed separately and were serviced by sea rather than by land. From the earliest days the Circular Head district was dominated by the Van Diemen's Land Company settlement. The trade from these ports also went independently to Melbourne and Adelaide and satisfactory communication along the coast was only really achieved after the coming of the railway in 1900. The high plateau which stretches from Latrobe to the West is dissected by Northward flowing rivers and inland East-West communication has only recently been established.

The West Coast was the site of an early penal settlement but subsequently remained virtually uninhabited until the discovery of mineral deposits in the late 19th Century. The mining towns which grew up suddenly relied on sea transport or difficult roads until the establishment of the Emu Bay Railway and later development of the Murchison and Lake Highways.

At the turn of the Century the coastal towns were of roughly equal size and it is only since the 1940s that Devonport and Burnie developed some pre-eminence under the stimulation of government sponsored industrialisation. They are now at either end of the core which contains about 75% of the population of the region. But even that core is concentrated very close to the sea. The result of this pattern of settlement is that accessibility has always been a problem in provision of infrastructure and often leads to duplication of facilities along a linear pattern where a similar size population in a "blob" would require only one facility.

Infrastructure and Development of Australia's Region Areas

Another result is that there is a very high rate of car ownership, little public transport, and considerable difficulty in finding work or accessing other government facilities for those without vehicles.

The other determinant of infrastructure needs is the pattern of industry and occupation on the coast. The West Coast settlements are still highly dependent on the mining industry though tourism has contributed to rapid development at Strahan and Queenstown as a service centre has survived periods without their copper mine. Other centres mine silver-lead-zinc, gold, and iron ore which is taken to Burnie or Port Latta for further processing and shipping. In the far North West the dominant activity is agriculture and forestry with dairy products and vegetables being the basis of processing industries. Around Wynyard the dairy industry supplies local butter and cheese factories. As you move further East the root vegetables of the North West plateau give way to warmer climate crops and some orcharding near the Mersey River. Soils are generally fertile with some outstanding patches, mainly near Smithton. They are also easily worked, the climate is equable with adequate rainfall, and the nature of the terrain assists water storage. New crops such as pyrethrum and poppies have provided alternative crops in recent years and many growers are establishing niche markets in Asia for high quality vegetable products. On soil unsuitable for agriculture forests have been cut and regrown, some for the third time, and plantations of both hard and soft woods have been established.

The products of the region including large quantities of peas and potatoes are processed mainly at factories in Devonport, Ulverstone and Smithton and are exported from Devonport and Burnie. Forest products have long been processed into paper at Wesley Vale and Burnie, though their contribution to the region has decreased considerably. In addition there are secondary industries producing cotton towelling, carpets, and mining machinery and a large transport industry serving the primary industries and ports of the region. King Island is important for its dairy products and beef cattle and there are abattoirs at Devonport and Smithton.

2.1.1 Transport

Road

Attachment 5 shows a map of the main roads and railways in the region. The major cities, Burnie and Devonport, are linked with the rest of Tasmania by the Bass Highway, part of the National Highway system. With the exception of some works to be completed East of Burnie this is entirely adequate for present vehicles densities. Other outlets from the region are the Exeter Highway which provides a route, less adequate, to the Tamar ports and the Lake Highway which links Queenstown with Hobart. A recent development provides an inland link between the Murchison Highway and the southern approaches to the two cities, though this route is subject to adverse winter conditions.

The deficiencies in the road system are principally to be found West of Wynyard where the quality of the road to Port Latta and Smithton inhibits the further development of Port Latta and the full potential for downstream processing of the agricultural produce of the sub-region. The smaller population in this area disqualify it for National Highway status, but the infrastructure benefits to the area suggest that it would be a good case for special purpose funding.

The development of the Cradle Mountain Link Rd has significantly improved the access for tourists to the West Coast. A coastal route linking Smithton and Zeehan is being developed which should enhance the development of tourism in the far North West by providing a round trip route to the West.

There has been some suggestion, not always confirmed, that the Hampshire-Guilford link is deteriorating through the increase in traffic on this route to the West Coast. There should be further investigation of this since this route is crucial to future developments in forest products and mining.

Rail

The development of Tasrail since it was acquired by Australian Transport Network has been the success story of Tasmanian infrastructure. After its first 7 months of ownership it was able to report a profit of \$1.2m, the first since 1872. Tasrail has in place an investment of \$30m assisted by a capital grant of \$5m from the Federal Government.

It has also purchased the Emu Bay railway Company for \$7.8m and has made a further capital investment of \$9m in that section of its network. The Emu Bay Section, now renamed the Melba Line, has been carrying logs and is available for other trade in a section which had carried only metal ores for a number of years.

The provision of a daily rail service from Hobart to Devonport was extended to Burnie in September 1998. This is reinforcing the shift of trade to the Northern ports which is referred to in a later section.

Recently Tasrail it has reopened its line to Wiltshire junction running bulk super-phosphate to the Circular Head area. Possible future developments could include extension of the NW line to Smithton, servicing the development of magnesite mining operations and possible downstream processing, and the provision of passing loops on the main line to increase its carrying capacity.

Shipping

While Tasrail's turnaround has been spectacular the growth of the region's two ports has been positive and steady. Reform and corporatisation has been achieved without disruption and the ports are now focussed on their commercial role, relieved of responsibility for care of coastlines and other matters of governance. While these ports are to some extent competing with each other they have also developed special handling facilities for the particular products and needs of their regions.

Infrastructure and Development of Australia's Region Areas

Devonport

The DPC completed an \$8m dredging project last year which has increased the handling capacity of the port to panamax size vessels and the port now has just over 100meters of wharf length over 7 berths. In 1997-8 its total mass tonnage of cargo increased by about 5% to just under 2.5m tonnes. Container trade increased by over 17% to over 100,000 TEUs. Apart from general cargo the port specialises in handling imports of Gypsum for Goliaths cement factory at Railton and exports of bulk cement; it also handles live cattle and sheep exports and refrigerated cargo.

Its other principal activity is passenger traffic with the TT line's operation of the ferry Spirit of Tasmania. This provides passenger services for about 240,000 people annually and carries about 70,000 cars. It is also an important part of the Bass Strait freight system, carrying about 25,000 TEUs annually.

Burnie

The Burnie Port Corporation is the principal port for overseas trade to and from Tasmania. Its 5 wharves have a length of over 800 metres and it is easily capable of handling panamax sizes. Its mass tonnage handled in 1987-8 was over 270,000 with over 115,000 TEUs. Apart from its handling of general cargo it specialises in bulk handling of woodchips, mineral ores and pine logs.

Stanley/Smithton.

These minor ports have been under the control of the Hobart Port Authority. There are now moves for them to be brought under the local control of the Circular Head Council. This could provide valuable links between King Island and the Smithton area.

Bass Strait Shipping

The Bass Strait shipping trade is intensely competitive, principally between Brambles, TT Line and Coastal Express. In recent years this has been to the benefit of the North Western Ports which in 1997-8 carried about 40% of the State's total mass

Infrastructure and Development of Australia's Region Areas

tonnes and 82% of its container traffic. It does also mean that the region is very vulnerable to any changes which might lessen the support given through the Freight Equalisation Scheme.

There may be a submission to this Committee from the National Sea Highway Committee. Certainly that Committee will be presenting a case to the Federal Government in the coming months on the matter of treating Bass Strait as part of the National Highway. The West North West Councils give their full support to the work of the National Sea Highway Committee.

Air

The region's major airports at Wynyard (Burnie) and Pardoe (Devonport) provide passenger services to Melbourne (Tullamarine and Moorabbin) via Kendall Airlines (Ansett), Southern Australian Airlines (Qantas) and Ausair. Local services to Hobart and King Island are provided by Tasair.

About 250,000 passengers annually are carried through the two airports. There has been discussion of a need for a freight service to access Melbourne markets for vegetables and cut flowers but this does not seem to be viable at this stage. In the 1980s there was a daily return jet flight to Sydney with Devonport as a staging point on the flight from Hobart. This seemed successful but was lost with the demise of East West Airlines and has not been revived by the major airlines. Apart from this there are no reasonable deficiencies in air services except for the possibility that the use of subsidiary airlines on the Tasmanian routes has transferred a cross subsidy, which used to hold down Tasmanian fares, into Frequent Flier and other bonuses for passengers on the Sydney-Canberra-Melbourne corridor.

Public Transport

Public transport in the region has been a longstanding problem. There have been no rail passenger services since 1976. Burnie has had services provided by the State Government Metro service but in Devonport and other centres there have been

only limited private operated systems which have mainly relied on carriage of school students for their custom. As a result the public generally have turned away from public transport and prefer to drive. For those unable to drive, whether through age or infirmity, or for financial reasons, there are few services and they become increasingly marginalised from employment, education and training and social contact. The system of providing for Community Service Obligations by cross subsidy from other passengers rather than the public purse does not enhance the viability of these transport systems.

Storage

Storage, particular cool and cold stores, is a valuable adjunct to transport systems. Both ports have extensive cool stores and a very large facility has been built for Montagu storage at Simplot's factory in Devonport. This has changed what was a threat to expansion of processing of agricultural product of the region into an incentive for development.

2.1.2 Energy

In all discussions about the future of industry in Tasmania there is a constant concern about the availability of energy, particularly at a reasonable price. This has been of particular importance in recent months in discussions with potential developers of magnesite sites in Western Tasmania.

Electricity

Tasmania's total consumption of electricity remained relatively constant at just over 8 billion kWh from the mid 1980s but has risen slightly in the late 1990s. It is of concern that there is so little surplus capacity that the Bell Bay Thermal station is expected to be used to provide power for magnesite processing in the George Town area as it is less than 10 years ago that this station was being extensively used to supplement the State's power supplies during drought conditions. While the Hydro Electric Commission has achieved some extension through miniature hydro-electric schemes and upgrading of older developments it is clear that the State will continue to

Infrastructure and Development of Australia's Region Areas

be very limited in its ability to respond to developments which require any large amount of power. The establishment of a wind farm on King Island may show that there is potential in this method of generation for a similar scheme in the North West but the amounts provided will still be relatively small.

Petrol

There would seem to be no viable sources of motor spirit available to Tasmania though there have been past attempts and present investigation of shale oils. As mentioned below there may be potential in the Yolla field though this will probably be more important for its gas supply.

Gas

For many years the Yolla Gas field has given promise of a supply of natural gas and even motor spirit for Tasmania. With the limit on expansion of hydro-electric generation there is now an urgent need to accelerate the program for the recovery of this resource as well as the supplies from the Longford field which are proposed to be used in the Crest magnesite operation.

Basslink

The prospect of a cable carrying power between Victoria and Tasmania is one which goes back over 30 years. At that time it was supposed that Victoria would be the principal beneficiary of the peak load power which is more easily generated by hydro-electrical generation and that base loads from Victoria's thermal power stations would only be required in periods of low rainfall.

Since the decision not to realise the full potential of Tasmania's hydro electric resources Basslink has become a much more important proposition, principally to lift Tasmania's base load availability. In recent days (April 1999) there has been some questioning of its cost effectiveness but the State Government has reaffirmed its support and indicated its intention to declare it as a Project of State Significance. We fully support this and urge that there be complete and bi-partisan support from the Federal Parliament.

2.1.3 Local Government Services

As providers of local infrastructure the various Local Government Authorities in WNW Tasmania contribute to the local economy and its preparedness to recover and adapt.

WSD

Provision of the essential services of water supply, sewerage and drainage can be crucial to the continuation or establishment of food processing industries in particular. The control of the North West Water Authority, an integrated scheme which provides a reliable and high quality supply for most of the coast is about to be returned to North West Councils. This scheme was established between 1976 and 1984 and was designed for a potential population of 145,000. Since NW Tasmania uses about 1.5% of the available run off compared with a national average of 15% there is clearly a more than adequate supply of water for domestic and industrial use which should be given more airing as an industry attractor.

Sewerage disposal has not been similarly integrated but most Councils have existing schemes or are in the process of developing schemes which will be adequate well into the next century. Without the concentrations of people and cars of the mainland cities there are fewer problems with drainage.

Land and housing

As would be expected in the present state of the Tasmanian economy there is an adequate supply of suitably zoned land for domestic purposes and for light and general industry. Most Councils have also established industrial estates and have information and assistance available for potential investors.

Legislation

There are a number of points at which legislation and the conduct and attitudes of Government agencies inhibit development and industry:

Infrastructure and Development of Australia's Region Areas

Several governments have attempted to reduce the amount of red tape and duplication which occurs in the development process. On each occasion the result seems to have been an addition to the hurdles.

Where legislation is shown to be inhibiting, confusing, duplicating or in need of reform for any other reason there is a long slow journey through the drafting and legislative processes during which developers lose heart or turn to other jurisdictions

The Divisions of Environment and Planning, now contained within the Department of Primary Industry, Water and the Environment are regarded as slow, over-cautious and unsympathetic to industry.

Despite over twenty years of supposed commitment to the project the Planning Division has been unable to devise or implement a satisfactory model planning scheme. Developers are therefore faced with contradictory definitions and interpretations when dealing with more than one council

Community attitudes

The developer is faced with a Planning Act and an Environment Protection Act which gives undue weight to the rights of objectors, not necessarily materially involved, at several points during the approval process and during any change in operation or use. There is also little attention given to the protection of industrial areas, including farms, from encroachment by residential development.

This creates a climate of tension between some existing industries (and most proposed developments) and those who believe they may be affected. This is particularly difficult where a rural based economy is increasingly caught between depression of commodity prices and the increasing cost of environmental conformity.

2.1.4 Communications

Media

In general access to all organs of the media is entirely adequate. There are some local difficulties with reception of TV and Radio in some valleys and remoter areas but these are now few and far between. Mainland and local newspapers are delivered at normal times to most areas.

Telecommunications

Again there are adequate services in most areas though the nature of the terrain does cause some difficulties for mobile phone users. King Island has difficulties with telephone services but there are indications from Telstra that these will be overcome.

Internet

Assessment of use by Tasmanians of the Internet is difficult – partly because the target is moving so fast and partly because of the difficulty of surveying all the Internet Service Providers (ISPs) In late 1998 it was estimated that 10% of Tasmanian households had Internet access and that about 33% used computers. Growth in Internet use is estimated at about 4% per month and higher than this for some ISPs.

ISP providers who gave information indicated that Southern Tasmania was probably about 18months behind the mainland metropolitan areas, though probably about equal with country areas. They indicated that there was a growing awareness of e-commerce, that budget allocations were being made for extension of web sites and arrangements for Internet trading. They noted also that Tasmanians are more cost conscious and tend to prefer flat rate accounts to the “fixed price, unlimited access” which is more popular on other parts of the country.

ISPs indicated that generally they were confident that they could keep up with increased demand for services. However, there was general dissatisfaction with the efficiency of Telstra in providing new services or in maintenance of existing

Infrastructure and Development of Australia's Region Areas

equipment. This meant that while ISPs were mainly reliant on Telstra they were always looking for alternative back up such as microwave and satellite. There was also an expectation that networks linking ISPs would provide cheaper access to national information services and reduce costs.

Burnie City Council's proposal

A proposal at present before the Federal Government's Australian Broadcasting Authority refers to the need to broaden the bandwidth available through the fibre optic link which reaches Tasmanian at Boat Harbour. This will enable creation of a network of Government and semi-Government links which will enhance administrative efficiency. Further details of this will be given by the Council's representative.

Tasmania Online

The Tasmanian Government has recognised the importance of the electronic revolution in a number of ways. It is committed to the provision of computer access for all students in schools; it is active in use of the Internet as a means of disseminating knowledge about Government services, and as an information base for Government departments. It has also sought to extend the use and awareness of the Internet and e-commerce through the provision of Tasmanian Online Centres. Centres have been established at four centres: Devonport, Yolla, Smithton and Queenstown; new centres are about to open in another twelve sites. These centres provide Terminals for net access for the public; they also provide information and mentoring for small businesses venturing into e-commerce. They provide training for businesses in computer awareness generally, something which is notably lacking among many managers and which is a vital key to redevelopment of the region.

It is very disturbing to learn that while there is an expansion in the number of online centres there is doubt about the on-going funding of the existing centres. Both Federal and State Governments are involved in this funding and it is to be hoped that this issue will have been determined by the time the Committee meets.

2.1.5 Education and training

In both the State of the Regions report and in our own statistics the outstanding feature was the low level of participation in post secondary and higher education in North West Tasmania. In the "information age" when human resources and the adaptability and innovation of the work force and particularly management are the most important component of infrastructure this is the crucial issue for the region.

Schools

In years K-12, the compulsory sector of Tasmanian education the performance of schools is generally considered to be satisfactory and Tasmania does not usually suffer by comparison with the mainland states. Difficulties begin to occur at year 11 where the usual progress is from the High School to one of the States 7 Senior Secondary Colleges. In WNW Tasmania these are found in Burnie and Devonport.

Retention rates from years 7 to 12 are considerably lower (53.1%) than for the country as a whole (71.3%) (1996 figures) and we would expect that the rate for the NW is correspondingly lower than for the State. A number of reasons are given for this: the difficulties for students travelling from outlying areas, the need in some cases for boarding away from home, the disruption and loss of continuity caused by changing schools after year 10 and the perception that senior secondary education is irrelevant unless one is aiming for further education. These all have their place and the problems of distance are probably worse on the Coast because of the linear nature of the settlements. It is also probably significant that the Senior Secondary Colleges, built in the late 1970s for populations of about 5 hundred now have enrolments close to or over 1,000 students in unsuitable accommodation.

The Senior Secondary Colleges at Burnie and Devonport are not the only providers of Senior Secondary Education. There has been an extension of senior classes in the two Catholic regional colleges and some continuation classes have been established at Smithton High School for students unable to attend Hellyer College in Burnie on a daily basis. Despite these efforts the provision of Senior Secondary

Infrastructure and Development of Australia's Region Areas

Education remains a problem for the North West Coast, particularly for those outside the major centres, and the provision of vocational classes at year 11 in High Schools, while a welcome addition to resources, is not the full answer.

University

The patterns of enrolment in the various campuses of the University of Tasmania are shown in attachment 6.

The combination of low Senior Secondary enrolments and the problems of travel and accommodation for tertiary students from the Coast have been a traditional problem. In the period of growth in the Education Department some thirty years ago the teacher studentship was the favourite way of getting to University but that route has been unavailable for some years now. The loss of the Grey government's assistance scheme for students living away and the introduction of fees have also not helped further education for the Coast's young people.

The patterns of enrolment show that overall the proportion of the State's Higher Education enrolment coming from the Coast has not increased since 1991. There is some anecdotal evidence, which would be quantifiable, that the enrolment for the Coast in the early 1990s was more among older age groups and in Art and Humanities. In later years this source has been reducing but is being replaced on the North West campus by higher numbers of younger students with higher enrolments in Science and Commercial courses. The figures for the North West also do not show the number who may have enrolled in mainland universities which are slightly more accessible than for Southern students. While the University has been able to expand the physical infrastructure of the North West Campus it has to be aware of the extra cost per student involved in provision of courses locally. It is inevitable that when the funding of universities is reduced that the courses which provide least return per dollar will be those which will be first affected, and some courses have already been cut.

TAFE

If nothing else TAFE, after the last fifteen years, can say that is thoroughly familiar with change. Almost everything has changed. Traditional courses have disappeared. Apprenticeship as a form of training delivery has gone and come again. More training is carried out by registered providers outside TAFE. The emphasis is on short courses, retraining and flexibility rather than “three years and a ticket for a lifetime”. Concepts such as competency based training and recognition of prior learning demand from training providers and from employers a flexibility unknown in the past and the demands and competition of market based vocational education are providing new challenges.

In Tasmania Colleges have been amalgamated and rationalised, they have been “de-regionalised” and organised into State wide institutes based on separate disciplines, have become independent of the Education department and now have been “de-reorganized” back into regional colleges within the Education Department.

The next change to be met is the shift in the National from college based to site based delivery of TAFE programs. This is not, in principle, a bad move and is entirely in line with other responses of TAFE, nationally and internationally, to changes in work. The problem for this region is that the work centres, particularly farms, but also rural industries, are so dispersed and the return in training per unit of cost will be so much lower than for metropolitan centres, and again, typically, we will be left with under-used infrastructure facilities in the TAFE Colleges, whose upkeep will still detract from the ability to deliver programs.

It is pleasing to note that the provision of training in agriculture seems to have been a good example of co-operation between the University, TAFE and the ITAB in the Board of Agricultural Education both in its response to the needs of the industry and in its articulation between levels of the Australian Qualifications Framework

Other providers

Under the re-organisation of employment provision other providers of training have emerged to challenge TAFE. It is perhaps early to assess either the success of

these or even their ultimate survival. There has been some suggestion, though this has not been followed up, that the employment/training providers have featured more in traditional apprenticeship training than in the cutting edge commercial and information technology fields.

Business and Enterprise Centres, Incubators or similar projects for assisting small businesses or to facilitate workforce programs vary in the amount of training provided, but they are an important part of the continuum of training providers. They also suffer from the same problems as the major providers. They have to provide for a dispersed clientele, in an area where training is undervalued, and with uncertainty in future funding the only certainty.

2.1.6 Health Services

It would be foolhardy to say that medical services are adequate – anywhere, but it would be hard to justify a complaint that this is because of a shortage of physical infrastructure. Changes in methods of treatment, in provision of hi-tech equipment, and in the move to promote primary care and prevention of disease have changed the pattern of acute care need.

The West North West area has a 220 bed regional hospital at Burnie, supplemented on an adjoining site by the North West Private Hospital. Also in the region are the Mersey Community Hospital (about 100 beds) Community Hospitals at King Island, Rosebery, Smithton and the West Coast and Medical Resource centres at Strahan, Waratah and Zeehan. The major population centres also have Community Health Centres which house medical, paramedical and community services.

Inevitably there are deficiencies in these services, but these are not confined to this region nor the result of inadequate infrastructure, but of the general difficulty in providing a service whose costs escalate so constantly.

2.1.7 Financial services

It cannot be said that there has been a major withdrawal of banking services in North West Tasmania as apparently has happened in much of rural Australia. The major trading banks have cut some suburban services but overall the extensions of credit unions, the ubiquity of credit card facilities, the receipt facilities at local Post Offices, opening of Service Tasmania centres and the arrangements for electronic, phone and internet banking have more than made up for the cuts.

It has been more serious that there has been a loss of local capital for investment. There has been some complaint that Compulsory Superannuation Funds are inevitably invested outside the State (though the Government Retirement Benefits fund had a good record for supporting local enterprise) and Private Super funds take the same outward course. As in other areas the centralisation of financial thinking and the concentration on the global economy is cutting the traditional links between Metropolitan and Regional Australia making it less likely that the sources of capital will look to other parts of Australia for opportunities for investment.

The table below shows the expenditure of private new capital in Australia and Tasmania in the early 1990s

Infrastructure and Development of Australia's Region Areas

Tasmania	New Buildings & Structures	Equipment, plant & Machinery	Total	% of Aus
1989-90	88	487	575	1.91
1990-91	180	416	596	2.09
1991-92	79	359	438	1.81
1992-93	104	342	446	1.73
1993-94	98	343	441	1.53
1994-95	133	503	636	1.85
1995-96	178	394	572	1.48
	860	2,844	3,704	1.76
Australia				
1989-90	11,463	18,613	30,076	
1990-91	10,897	17,570	28,467	
1991-92	8,076	16,145	24,221	
1992-93	7,761	18,086	25,847	
1993-94	8,166	20,592	28,758	
1994-95	8,630	25,692	34,322	
1995-96	11,875	26,727	38,602	
	66,868	143,425	210,293	

It can be seen that the level of investment is continually well below the 2.57% which represents the Tasmanian share of the national population. However, we offer this only as a broad observation that Tasmania is not attracting enough investment to sustain its population or its industrial base. We do not have similar figures showing the difference between Metropolitan and Regional investment, here or in other states

2.2 The Paradox

The decline of Mersey-Lyell has come as a surprise to many in the population who had felt that the natural and resource advantages, the skills base and the diversity of industry which the region enjoyed would ensure its long term survival. It was this feeling that the fundamentals were right which led us to believe that world commodity prices would recover, that we would share in the rises in productivity after the 1989-90 recession even that the US, EU and Japan meant what they said about opening up their economies to our goods. What was not apparent, and this too is a function of our isolation, was that the world was changing so rapidly and so much to the benefit of the central cores of the economy. This has left us in the paradoxical situation where our physical infrastructure is not generally inadequate, indeed we are very well

provided for by some standards, but that we do need urgent and extensive help to catch up to the changes in commerce and business.

2.3 Deficiencies

Physical.

These are not extensive given the low level of growth likely in the future.

The improvement of the road between Wynyard and Smithton is very important, particularly if there are further developments at Port Latta.

The ability of the State to provide sufficient energy for sustainable use of its resources seems to be in question and further investigation and planning for additions to the long term capacity of the system is a necessity.

The direction of capital to the State is possibly being marginalised by the global economy. It may be appropriate for the Government to take on a role as financier for this and other regions, or to assist in directing the attention of the global economy to disadvantages areas.

Human infrastructure.

The urgent need here is to see that our workforce in existing industries, especially management, has the necessary retraining to catch up with the rest of the country. It is also vital that the number of students retained in Post secondary education is maintained or improved, that these continue their training in University or Vocational education, and that skills upgrading is available throughout their careers.

To achieve this extra help would need to be made available to existing training/education providers in sufficient quantity to make up not only for the time-lag which has become apparent, but also to overcome the problems of distance and dispersal which cause particular problems for the region.

3 Remedies

3.1 *The need to Act*

One would not necessarily expect to have to find a justification for special assistance for depressed regions but in recent years there has been some suggestion that the case for intervention was only a matter of social justice; that economic reality dictated that an under-performing region either had to be “let go” or that it would in some way reach a level where it would again attract investment. We believe that the following reasons provide an economic justification for action by the national government.

- Reduction in regional unemployment leads to higher national output. Successful recovery of regions, whether spontaneous or induced, does not detract from other areas but adds to national wealth. The national economy also benefits from increases in the total skill levels and from the reduction of transfer payments to the unemployed. (halving unemployment in this region would benefit the Federal Government by \$42m annually even without the local economic benefits.)
- Reduced unemployment brings substantial social benefits with improvements in health and reduction in family and social problems and in crime rates. These all reduce government expenditure.
- Reduced regional unemployment reduces inflationary pressure on the economy as a whole. High employment in Sydney, for example, increases pressure on housing and land availability, increasing costs and pressure on wages and salaries.
- Regional economic problems are intensified by a cumulative causation process. This is the feedback which we are experiencing in this region where the loss of resource and manufacturing jobs is affecting the service economy.

Infrastructure and Development of Australia's Region Areas

- Labour migration is selective. Highly skilled and professional workers are more likely to be able to find work elsewhere and their loss further reduces skill levels.
- The effect on the areas receiving extra population is also an economic disadvantage as was mentioned at the beginning of this submission.

Experience in the US and EU has also tended to show economic, social and political benefits of regional policies.

- ◆ Economic integration (globalisation) causes regional economic disparities to widen.
- ◆ Low income states and regions do not have the resources to solve their own regional problems.
- ◆ All regions would benefit if the weak ones were more competitive.
- ◆ A national policy is needed to prevent conflicts of interest between states. In Australia this interstate conflict has not been so apparent as the separation between Metropolitan and Regional Australia which was responsible in part for the emergence of One Nation.

Regional Policy in the EU has included the following remedies:

- Encouraging foreign direct investment
- Improving competitiveness of existing firms by selective financial assistance
- Encouraging new firm formation by provision of advice, premises, grants and loans
- Improving regional economic infrastructure
- Improving skill levels by training and retraining.

Infrastructure and Development of Australia's Region Areas

We believe that all of these are relevant to our situation and that the last two, in particular, are in the ambit of this Committee.

We would add to this a need for the Federal Government to make every effort to use what means it has to reverse or stem the drift of population from Tasmania. This could include:

- Encouraging refugee migration to the State, especially where this might be accompanied with language or skills programs.
- Encouraging migration from cooler climates which might be more compatible with Tasmania's climate.
- Providing incentives for migration to Tasmania.
- Relocating parts of Federal Government services to Tasmania, especially where this involves advanced technology.
- Where government departments tender for provision of services, giving competitive advantages to economically disadvantaged regions.

3.2 Structural problems

If we have been able to show that it is vital to the country's economic and political systems that there should be a focus on regions and an effort to restore the economic health of non-metropolitan Australia, there is still the question of who should be doing this.

In many ways regional policy is a non-event. Regional Policy is a non-event.

"Regional Development" does not appear in Section 51 of the Constitution – but since the Commonwealth has the money and is occasionally willing to dispense some for regional development the States do not protest too much against this usurpation of their responsibilities. However, the onus has not been taken on so seriously by the Commonwealth as to set up an effective department (we are referring

Infrastructure and Development of Australia's Region Areas

here to successive Governments rather than to any party, and at this distance the brief existence of DURD seems like a youthful indiscretion in an otherwise celibate life.)

This has meant that Regional Policy is determined by a series of departments – recent pronouncements and assistance have come from the Minister for Employment, the Education Section of DEETYA, the Department of Communications but not from the Minister for Transport and Regional Services or the Minister for Regional services, Territories and Local Government. There has been the same pattern of fragmentation over successive administrations with a resulting failure to develop long term policies. Consequently the question of Regional development tends to fade into the background during comfortable times only to re-emerge as a “new” problem when there is a recession or when “the bush” flexes its political muscle or to emphasise the differences between Australia’s “Two Nations”.

While the Commonwealth and the States have not really attempted to define the parameters of responsibility for regional development it has not helped that there is an atmosphere of suspicion about the intentions of each of the three tiers of government. State bureaucracies resent being bypassed if the Commonwealth deals with Local Government. Local Governments are suspicious that regions may be used as a substitute for amalgamation or for the creation of a “fourth tier of government. If the Commonwealth works through ad-hoc community bodies such as ACCs they tend to lack the expertise or the administrative back-up of governments and to spend far too long setting themselves up, defining their roles and generally reinventing wheels. Most of all they find themselves dealing with a number of departments, each with their own agendas and generally without knowledge of local conditions.

It is our overriding consideration that the following are essential aspects of a regional development policy:

A. That it be bi-partisan to the extent of these organisational considerations. This is to ensure continuity and collection of a relevant continuum of statistical information.

Infrastructure and Development of Australia's Region Areas

B. That the principal conduit between the Commonwealth, the States and Local Government (including regional organisations of Local Government) be the Ministry which includes Local Government and Regional Services)

C. That the Commonwealth transfer staff into Regions as appropriate to liaise with State and Local Governments and communities and to report back to Federal Departments.

D. That the principal aim of all parties should be to produce costed and dated plans of actions to remedy regional problems.

The above considerations are the minimum requirements to overcome the duplication of effort and the present poor links between tiers of government.

3.3 Identification and quantification

There has been some quantification of Regional difficulties through the activities of Senate and House of Representative Committees, and of the Productivity Commission's Inquiry into effects of Hilmer reforms in Regions. This should form the basis (with some standardisation) for a report which attempts a triage of regional difficulties which can guide allocation of resources. This should be continued in the future so that it may give some early warning of difficulties.

3.4 Local Government and Local structures.

The ALGA policy on Regional Development is included with this submission. It should be noted that Local Government sees itself as having an important role in this matter. It notes that Local Government has taken on the role of regional development through a number of differently constituted regional bodies. It is willing to formalise these arrangements where necessary to provide peak bodies to negotiate with State and Federal Governments.

In this region the West North West Councils are an existing regional organisation which can take on the role of regional economic Co-ordination. It has the

capacity under The Tasmanian Local Government Act to form a Joint Authority which would have the necessary legal powers to make agreements with the State and Federal Governments and to commit its members to those agreements.

Local Government has observed with interest the recent negotiation of a partnership agreement between the State Government and the Circular Head Municipality, a draft of which is enclosed. We believe that this is an excellent model for an agreement between the Commonwealth and State Governments and the Region, that it provides the necessity for information sharing and understanding between the partners, that it provides for a review of existing ad-hoc and uncoordinated arrangements, that it can provide for specifically targeted, costed and dated plans for action and for review of these joint actions in the future.

4 Conclusion

Despite what should be natural advantages enjoyed by the region, despite a diverse and experienced industrial base and despite having most of its infrastructure requirements already in place, the Mersey-Lyell region is in a critical situation which is leading to population loss and a potential downward spiral which might be irreversible.

We believe that it is essential that the means be found for the Federal and State Government to work together with Local Government organisations and the community to remedy the immediate deficiencies in infrastructure, particularly in education and training, and to go on to identify measures which would enhance the long term economic capability of the Region.

Let us end with the Domesday scenario. Three times in the last decade the Australian Bureau of Statistics has issued population projections for the Australian States. For Tasmania the lowest of these – Series B - projected in 1994 that by 2040 Tasmania's population would have risen to about 510,000 and then begun to fall. By 1997, the third projection, the shortfall in growth had been such that the projection for 2050 is 197,000, less than half the present population and about 1.2% of the Australian population compared with our 4.5% at Federation. Furthermore, the

Infrastructure and Development of Australia's Region Areas

change in composition would be such that the median age would be in the mid 50s (at present 34) and the dependency ratio (the number in the 0-14 and over 64 age groups as a proportion of those aged 15-64 would be 0.86 (at present 0.5). It does not take much imagination to realise how much of a drain this would be on the resources of the rest of Australia. Now is the time to prevent this projection becoming a reality.