

## **PUBLIC**

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE MET ON LEVEL 4,  
LAUNCESTON COUNCIL CHAMBERS, ST JOHNS STREET, LAUNCESTON ON  
TUESDAY, 19 MAY 2015**

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### **GROWING TASMANIA'S ECONOMY**

**Mr MICHAEL BAILEY**, CHIEF EXECUTIVE OFFICER, TASMANIAN CHAMBER OF COMMERCE AND INDUSTRY, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Thank you very much for appearing today and you are submission number 14. I now invite you, Michael, to speak to your submission and allow members to ask some questions.

**Mr BAILEY** - Congratulations on the initiative to hold this. It is a very sensible inquiry that has already uncovered some very interesting things. I hope to provide some additional layers of thinking and perhaps also some outcomes that we could look at.

I wanted to focus on the growth in our geographical region. Not just globally, as far as China and India as we know those two countries are going through a once in history change with their middle class growing at an incredible rate, but also the plans that the Victorian and New South Wales Governments have laid out for Sydney and Melbourne. Both cities are predicted to grow in excess of a million people over the next 30-40 years. The plan has Melbourne growing to 7.7 million by 2051 and from memory Sydney is planned to grow by 1.6 million by 2031. They have revised that up a couple of times already.

What does that mean for Tasmania? What does that mean for our economy? I know that there is a focus on growing our population and that is important for our state, but realistically we have these two booming cities just to the north of us. What does that mean as far as housing that is going to be required, the energy, the food and skilled labour?

We could put some sort of task force together to look at that question, to work with those two governments to find out what their plans are, what they are going to need, where the gaps are and how we can step into that space.

There is a really good opportunity for Tasmania to link its booming areas with these two markets just to the north, as well as to Asia. I agree with the previous presenter that holding our brand is going to be an important part of that, but we can talk about that later. We could also look at research and development, how that might work. I use the example of the housing industry. If these two markets are going to be growing by that size, what does that mean for engineered timber products?

We know that timber is becoming a more important building product again. We know that it is a terrific store for carbon. What could we do to really push, to develop some industries in Tasmania at a scale linking into these markets, just in timber alone. Could

## **PUBLIC**

we, for example, create an enterprise centre where you have researchers from university working along with business, tasking them with preparing businesses within five years, and business level production from plantation timbers, for engineered timber products and we want to have that on an industrial scale in five years. Could we do it? I don't know.

Could we do the same for dairy? Could we do the same for aquaculture? Could we do the same for the other parts of our markets that are going so well, to make sure they are always at the cutting edge, they are always growing, they are always leading. There is an evident link to research to ensure that that is the case. How does that link into these two markets? I might keep moving. No doubt we will have a few questions about that perhaps.

We also know that health and education must remain a priority for our state. To truly capture the opportunity that we all know we have, this amazing moment in time, with these markets growing, with Tasmanian products at a cusp almost, at a breaking wave of opportunity to really engage our communities. We are going to make sure they are well educated and that they are healthy. There is a clear link to that. As a state we need to look at that in a way that is bipartisan, that we take these two issues off the political battlefield and prepare some strategies that are going to be longer than one election cycle. Strategies in health and education are going to have to be more than just one generation, they are going to be two or three generation strategies.

The edges might change a bit, but we need to find the space politically in Tasmania where the fundamentals remain the same. We must agree to the future needing to have certain elements and it needs to be a bipartisan approach.

Our own population growth is also important. But with Melbourne and Sydney growing so quickly it is probably not as dire as we all thought before, but we need to grow Tasmania's population. I am encouraged that the current government has a committee forming to look at that. We need to make sure we keep the Tasmanian population and our communities involved in this discussion. It is going to need to be something that is understood by everybody, why this is important, how it looks and what it means to us at a local level.

There is a time for regulatory change in Australia as far as industrial relations goes. We hear this all around the country. For the first time ever Fair Work last year conceded that penalty rates had a connection to employment, and they dropped penalty rates by a margin for hospitality on a Sunday to a lower level. We have also seen in South Australia a really interesting template agreement developed with unions and business working together to have a platform for retail workers where penalty rates can be taken out of the equation for an increase in a weekly wage. It is a fair approach.

I thought Steve Old spoke well to this yesterday and I don't want to go over ground he covered. There is an opportunity in Tasmania for us to pitch to the Federal Government for some change to be trialled here first? We got the Menzies Centre because Tasmania is an isolated population and one where it is easy to do research into health. Can we also do the same in economic change? Is there potential to go to the Federal Government and say let us try a few things in Tasmania. If they don't work we can always put them back. Let us give things a bit of a crack here first and see what impact it has, potentially an

## **PUBLIC**

opportunity. Some time ago we presented the thought that you could take Tasmania away from national industrial relations for non-incorporated businesses. You can bring back to the state; it used to be here. The issues with that is that you would have two levels of industrial relations for businesses. It is a problematic situation but it is still possible to be done.

Adding to what Steve Old said yesterday, we need to remember the national wage case is based on what it costs to do business in a mainland capital city. How that applies to business in St Helens or Scottsdale or even Hobart and Launceston, I am not sure. At time we, as businesses, have to increase wages or change conditions because of those national wage case agreements.

There is a provision in awards to enact local economic conditions to change the arrangement to suit a local economy. It has not been done before, to the best of my knowledge. Perhaps there is an opportunity again to lobby our Federal Government to look at that.

**CHAIR** - Is that a provision under Fair Work Australia at the moment?

**Mr BAILEY** - I understand it is. Under the award you can change the conditions of an award based on a local economy. You can change it for a region. It is worth asking the question about when is the time right to do that. I would have thought a national wage case decision that impacts the business in St Helens or Scottsdale or any regional part in Tasmania that is really battling, is unfair and puts the business in the position where quite often they are marginal and that can put them over the edge. There needs to be a discussion around how that works. Perhaps it is an opportunity to go to the Federal Government so it can be trialled in Tasmania. Some of these areas are really battling, so let us look at modifying the award slightly to suit that local condition. That is an opportunity for us and an opportunity to go to the Federal Government and talk about the potential for Tasmania to be a test bed for this change.

Tasmania has a bright future. We have an amazing moment in time where our products, where the markets are growing for our state, linking in beautifully to things like new trade agreements with different countries, to the extension of the Freight Equalisation Scheme. All these things are coming into place for us. What I hope to have presented is the thought of how we link in truly to these markets, how do we make sure we keep our products always on the cutting edge and world leading, and how do we make sure the brand of Tasmania is maintained and understood to be top quality.

The previous presenter was terrific but also showed that lack of coordination across Tasmania, with a whole bunch of people with really good ideas wanting to present Tasmania's brand to the world, and someone else is doing the same thing and someone else is doing the same thing. Brand Tasmania was set up to do this. They are doing a good job with their resources. Perhaps there could be a greater task put on Brand Tasmania to even look at things like appellation to make sure that if you are calling it Tasmanian, it has to be Tasmanian. More than making sure their own members are Tasmania, but more broadly. We need to make sure Tasmanian products are from Tasmania, that they are understood to be top quality and there is a check in place.

## PUBLIC

If you put a bottle of champagne onto the market, see how fast the French come down on you. You can't do it. There is no hermitage anymore, there is no champagne, because these are appellation agreements linking those products to regions in France. We need to look at that for Tasmania to make sure we protect our brand because I have no doubt it will more valuable as time goes on.

**Ms RATTRAY** - In relation to the brand matter, it has been talked about for quite some time about Australia standing up and doing something about the Australian brand and then the Tasmanian brand. Do you know if something is happening where they are potentially protecting our brand and not having things brought in from other countries and labelled?

**Mr BAILEY** - It is a very good question. I am sure there is work going on but I am not I am not sure how effective that work is. For business, particularly when you look at Brand Australia, to become involved is a very expensive exercise. If you are a boutique Tasmanian wine producer, you are not going to be able to afford to do it. It needs to be affordable, attainable and protected. If you have 'Tasmania' on your bottle or grain or whatever it is going overseas, it needs to be guaranteed to be from Tasmania. We need to be able to protect that. You look at Bobbie the bear, the great story of this bear becoming a Chinese phenomenon. Have a look on Alibaba now at the number of Bobbie the bears there are, all guaranteed to be from Bridestowe, all looking exactly the same but are clearly knock-offs. What is it we can do to make sure that when someone buys a product in Tasmania it is guaranteed to be from here? As I said about France, you look at the power the French government needs to ensure that the major brands from France such as champagne, hermitage et cetera are protected. It is a great coordinated effort.

**CHAIR** - You talked about more medical research and the opportunity to do that through the Menzies Centre, and the funds would have to flow from the Commonwealth. We get beaten around the head about how much per capita we get from GST already. That is an argument that comes from the mainland. I also notice that Mr Prismall often raises it in *The Examiner*, and I think he has a valid point in that we miss out here, say, with defence facilities and some other types of facilities that other states have. Would you see that as being something our state government ought to be promulgating with the Federal Government to get our fair share of that sort of spending? It has an enormous economic spin-off.

**Mr BAILEY** - It is more than just a fair share from the point of view of an economic driver. Tasmania per head of capita has more people entering the armed forces than any other part of Australia, so far as I understand it, and we deserve to have some of that benefit back into our state. In comparison to other states there is nothing in Tasmania anymore. It is appalling.

**Ms RATTRAY** - Just the research centre.

**Mr BAILEY** - We have Anglesea Barracks, some barracks at Devonport and some in Launceston, but compared to what they used to be they are much lower scale. We deserve to have defence funding in our state to at least reflect the support Tasmanians have for the armed forces. You look at the per capita enlistment in Tasmania compared to other states, and look the economic benefit coming back to our state, and the divide is absolutely clear, and that is not okay. That needs to be a focus. I think also we need as a

## PUBLIC

business community - the TCCI is trying to push into this space - to be much more coordinated in our approach when there is a defence contract underway. States such as South Australia do it fantastically well where they get a group of businesses together and knock on doors in Canberra. They are ahead of the curve. We have some terrific businesses here that are doing it but it is probably not as coordinated as other states. We need to be smarter and the TCCI has a role to play here, too, to make sure we are getting groups together and getting in people's faces. We also need to understand in the state that there is a major contract underway. We don't have to build a destroyer in Tasmania. It might be that we are simply fitting it out, making components for it or making smaller elements of it. At times we may well have looked at some of these big contracts and thought there was no way we could do it, but if you look at some of the contracts that have been delivered around Australia, submarine components are being produced from Shepparton. So there is a lot of opportunity there for us as well.

**Ms RATTRAY** - In relation to our friends in WA who do it solo most of the time and don't seem to get the repercussions that are threatened by the Commonwealth - and I instance the industrial relations. Have we had a conversation with Western Australia? They stand up and say, 'We are not going to come along for the journey', and they are threatened but nothing happens.

**Mr BAILEY** - We certainly do at the Chamber movement. It is a very interesting discussion at some federal meetings, particularly around GST. They are very good at understanding their place and space, and also their power. It is a pretty powerful comment - 'We are just not going to do it.' What can you do at the end of the day if your state says that?

**Ms RATTRAY** - 'You can't put us out.'

**Mr BAILEY** - Yes, what are you going to do? It is a pretty good call. On to GST receipts, it is funny that within the Chamber movement, it is understood that Western Australia is a part of the Federation and has an obligation to support the Federation as it was supported for so many years. Publicly Western Australians may say differently, but in reality they understand this is the nature of being in a federated country.

Onto my first point about what the industries can we develop that will be needed, we need to remember that we cannot expect this sort of support forever. We need to work hard to grow our economy, to grow our wealth-generating businesses, in smart ways that will put us ahead of the game, hopefully forever. We need to focus on areas we have been good at - the renewable and environmentally friendly - that we can bring along with us. Some sort of taskforce to deal with this could be very useful.

**Ms RATTRAY** - It is a pity we are so reliant on the federal government that we cannot - or often do not - say 'No', and yet we need to do that if we want to try to grow our economy and be more self-sufficient.

**Mr BAILEY** - That is a good call. I think we have become very reliant on federal assistance, which is easy to do, but a day will come when the federal government will say, 'We cannot afford to do this any more and we need to change this calculation.' There is no doubt that the state government is very focused on that, and a lot of people are focused on growing our economy. Again, have we thought of what is happening in Sydney and

## PUBLIC

Melbourne, and what that means to our products? Have we spoken to those state governments to find opportunities and what we can do to help?

**Ms RATTRAY** - Around three years ago, when the north east was struggling with an economic downturn following the demise of the forestry industry, it was proposed to locate an enterprise centre in the region. However, the proposal did not receive any funding and the whole thing fell over. Tony McCall was heavily involved in that, so I'm going to send him a copy of this *Hansard* when it is finished. He has the ear of the Government.

**Mr BAILEY** - That is a really good idea. My understanding is, after having spoken with a lot of people, that the best way to mobilise research is to get researchers together with business. Quite often things are discovered over coffee at morning tea - ideas are generated - that is the way to do it. Getting researchers out together with business, and giving them the task of developing opportunities - 'In five years we want to have an industrial-level development of engineered timber products from renewable plantation products that will feed these two growing markets. You have that task, off you go.' If we do that, what would happen, would be amazing. If it did not work, at least we would have tried.

**Mrs ARMITAGE** - Growing the market is one thing, but getting your goods out of Tasmania, and through the Victorian ports, is another.

**Mr BAILEY** - Yes, absolutely. In my paper, I talk about our need to focus on infrastructure and issues like that. We need to make sure we can get our products to market as cost effectively as possible. We need to make sure that our state infrastructure is perfect. We need to show leadership by focusing on a container port. Every port may well do containers, but by focusing on one port and by ensuring that all the port infrastructure - the road and rail networks - is the best it can possibly be, all producers will know that is where the growth in Tasmanian exports will be.

**Ms RATTRAY** - At this stage the focus is not the north west. It has gone from here. It has gone from the north.

**Mrs ARMITAGE** - Tasmania producers face extra charges and costs to get their products through the Victorian wharves, as opposed to producers on the mainland. The same applies to companies in Tasmania - in the past, as they get larger, they go offshore, over to the mainland, because it costs them so much more to get their products across that stretch of water or, actually, once those products get to port, because of Victorian government charges.

**Mr BAILEY** - You are definitely right. There are a few things about that. First, we need to ensure we downstream as much as possible in Tasmania to maximise the value of the product so freight is not as big a percentage of overall costs. We also need to be more coordinated in how we present ourselves to the Port of Melbourne. Our freight logistics committee needs to ensure that the port's chief executive officer understands that Tasmanian freight represents 20-odd per cent - I think, 27 per cent from memory - of the Port of Melbourne's business.

## **PUBLIC**

Having individual businesses go in a bit like the defence contracts is one thing, but Tasmanian businesses need to be seen as working together. As business leaders, we cannot expect government to do this for us - we need to be leading this push. We also need to remind them that there are other opportunities. Again, with Sydney growing by 1.6 million by 2031, we have a freight ship - the Eberstein Shipping Line - now going direct into Sydney. There are some opportunities here for us as well. I know it is only one ship.

**Mrs ARMITAGE** - We have to get our products out, it is very welcome.

**Mr BAILEY** - Absolutely. The Tasmanian Freight Equalisation Scheme (TFES) extension to export goods is a terrific win for us but we need to have the best infrastructure within the state and we need to make sure, as I said in the paper, that freight across Bass Strait is as cost effective as it can possibly be. That is one of the elements of having -

**Mrs ARMITAGE** - To make Tasmania attractive for people to invest in.

**Mr BAILEY** - Without a doubt, and to make our products also affordable. Top-end product gives you more flexibility, but at the end of the day it still needs to be as affordable as possible.

**Ms RATTRAY** - We are going to have the best-quality product so people want to pay a premium price.

**Mr BAILEY** - Absolutely. We need to make sure that product is understood to be best quality, that when you think 'Tasmania', you automatically think this is going to be sensational. We have to ensure that freight within Tasmania and across Bass Strait is as cost effective as it can possibly be. Our focus needs to be on the products and parts of our economy that will show ongoing growth. We need to keep them at the cutting edge, or move them to a cutting edge, and hold them there. We can start this process pretty simply by putting a taskforce together to look at what is happening in Sydney and Melbourne, and how we can link into it.

**Mrs ARMITAGE** - That piece of water is certainly an impediment to us.

**Mr BAILEY** - Without a doubt.

**Mrs ARMITAGE** - It should be a national highway.

**Mr BAILEY** - Absolutely. It clearly is, and it is our connection.

**CHAIR** - Yesterday we talked about the tourism and hospitality industry. A lot of the evidence focused on the fact that we have this great opportunity with Chinese tourists coming to Tasmania and all that sort of thing. However, on the negative side, many people found - for example, last season - that many businesses were not open at times. People from interstate and overseas were pretty put out that, particularly in regional areas, that they could not have a cup of coffee at 5 o'clock and all the rest of it. You know the story.

## PUBLIC

This relates to industrial relations, the penalty rates, the reasons why businesses are not open, but it is not a good look. What is the Chamber's view? What do you think we can do about it? It is a national conversation. I have been around Australia and it is a hot topic. Whether you like it or not, it is there.

**Mr BAILEY** - It is. Every state chamber has penalty rates as one of its top three issues. We hear it all across the country and it is no different in Tasmania. When we ask businesses why they are not open, they tell us they cannot afford to be open, the penalty rates kill them. That is just how it is. So many studies and research papers have been done on this; I think the Launceston Chamber of Commerce ran some research looking at businesses just in Launceston. Incredible; it is absolutely evident. At the TCCI, staff members have come to see us with business owners, saying 'We just want to work', and the business owners just cannot do it.

**CHAIR** - Legally, they cannot do it.

**Mr BAILEY** - Legally they cannot do it. It was put into legislation, as we know, under the Gillard government, and we cannot do anything about it. It is a real impediment. Businesses currently can get over it if they are in an unbelievable busy area, but even then not all of them will be open. Walk through Salamanca on a long weekend, and you will see businesses that cannot open or the owners work themselves. Quite often it is not possible to stay open. It is a huge frustration for businesses. It is an Australia-wide issue. There is no doubt that it needs to be fixed. At times even unionists will tell you, behind the scenes, that they know there has to be change. In South Australia, the retail sector union agreed with that. Last year, Fair Workers Australia agreed, for the first time, in its rulings said that penalty rates were linked to employments. What is frustrating for all of us is that an opportunity to fix legislation that does not make sense in the current world. That people wanting to work or not able to are missing out on money. It is madness. It needs to be fixed but it is Federal and that makes it very difficult. The only opportunity we have in this state is to withdraw ourselves from Federal industrial relations but that would only be for unincorporated businesses. That would not necessarily help farmers. It would potentially help a number of small businesses but many would incorporate because at times it can be a better option for them. It is not an easy move but there is an option there.

**Ms RATTRAY** - So how do Western Australia get on then? They have obviously got their own legislation that they work under.

**Mr BAILEY** - I am not too sure. I would need to do more research on that to find out. I am not sure of the specifics.

**Ms RATTRAY** - I have not investigated the South Australian model in depth, but it has been suggested that the extra trade off for losing penalty rates is potentially so onerous that it will not make much difference. Have you heard anything about that?

**Mr BAILEY** - We have a copy of the agreement and our Chamber members have taken that out to talk to their members. It would be a useful starting point to look at it in Tasmania. The Tasmanian union movement has been very open to looking at this. The issue with Fair Work is to do an individual enterprise agreement, which is what this is, the workers have to be better off. They cannot be any worse off. That seems fair but the problem is



## **PUBLIC**

quite often to get these things across the line they have to be much better off for the unions and staff to agree to it, which is fair enough. We are still waiting for the South Australian one to go through Fair Work. There needs to be a business to take it through and at the moment that has not happened. We don't know if it will be approved yet so we are sort of waiting to see if it does get through.

If it does in South Australia businesses have three options. They can take the template agreement without any need for consultation with the unions. They can create their own individual workplace agreement which many businesses do. There are many Tasmanians that have those in place. Or they default to the national award. Our advice to our industrial relations team has been that at the end of the day, if you need an individual workplace agreement, you need to get that right for your business. Putting a template in won't necessarily do that for you. The feedback you have got is probably quite fair. Many businesses do not look at it and say that is not going to help me. It is not ideal but for some businesses it is a much more cost effective way of getting an agreement in place.

**Ms RATTRAY** - There is a genuine consensus that something has to be done.

**Mr BAILEY** - That is right across the business world and behind the scenes many unions say the same thing. They understand that it will be changed but in reality it is a crazy situation where businesses cannot open when workers want to work and are missing out on hours. The public expect, quite rightly, for businesses to be open. It is the nature of the world. If you work in hospitality it is part of the job.

**Mrs ARMITAGE** - What is your comment about the South Australian deal? I am reading here on 26 March 2015 that the South Australian penalty rates deal was slammed and it increases the base rate but freezes the penalty rates and abolishing Sunday rates would have halved. They say the deal does little but drive up costs for employers and at the end of the day, the South Australian deal was a deal for workers. Do you believe that the South Australian deal would improve things or would it just move deck chairs?

**Mr BAILEY** - Look, it could improve things for some businesses. It could mean that they don't have to go through creating their own individual workplace agreements. The percentage increase that has been looked at in South Australia is eight per cent. Talking to some of my members in Tasmania who have individual workplace agreements in place, that is the situation that they have as well. To say it's just moving deck chairs is probably a bit unfair. There is potential for some businesses to save that cost of having to go through their own arrangement.

**Mrs ARMITAGE** - I appreciate the cost of the arrangement but after you've done the arrangement, is there a saving to businesses? Will they still be able to afford to open because it still doesn't deliver a reduction in labour costs. It tries to put those into a framework which is different.

**Mr BAILEY** - That is right. Under the act, if you enter into an individual workplace arrangement, the worker cannot be worse off.

**Mrs ARMITAGE** - That's right.

## **PUBLIC**

**Mr BAILEY** - So by definition the business would have to give more, whether that be additional time off or something that Fair Work would agree to.

**Mrs ARMITAGE** - At the end of the day you are moving the deck chairs because you are still making the same amount of money.

**Mr BAILEY** - You are right with that but it would be useful for some businesses. We have been very guarded advising our members on this. We got this out with our regional chamber alliance members to look at with their members to see if it would be something that would be useful to Tasmanian businesses. So we will be meeting again in a few weeks' time.

**Mrs ARMITAGE** - So we need to be wary of just thinking we could follow the example of South Australia?

**Mr BAILEY** - It's not a solution to this problem. This step is more cost-effective than doing it yourself.

**Mrs ARMITAGE** - It's a trial. It's acknowledging that something needs to be done.

**Mr BAILEY** - The South Australian community agreed that penalty rates were a problem for employment. I think that's a really important message, that we are stopping people from getting work. It's such an illogical argument where some unions have said it's just trying to take money away from the least-paid workers. No, it's not. We're trying to give them more hours. We live in a different world to when these sorts of conditions were first developed.

**CHAIR** - Thanks, Michael. Any further questions? If not, thank you very much for your contribution this morning. At the end of this process we will make observations and that sort of thing. We will move it all across to Fair Work Australia because that is all part of the process that's going on at the moment.

**Mr BAILEY** - Congratulations again. Listening to you yesterday, there have been some phenomenal things already uncovered. So well done.

**CHAIR** - Thank you very much.

**THE WITNESS WITHDREW.**

## PUBLIC

**Mr IAN LOCKE**, PRESIDENT, CENTRAL COAST CHAMBER OF COMMERCE AND INDUSTRY, AND **Mr IAN JONES**, VICE-PRESIDENT, BURNIE CHAMBER OF COMMERCE AND INDUSTRY, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Thank you very much, we appreciate your coming along. Any evidence taken here is protected by parliamentary privilege, but any comments that you make outside may not be afforded such privilege. The evidence is being recorded for the public record by *Hansard*.

**Mr LOCKE** - I sit here as a representative of the three chambers on the north-west coast, which is Burnie, where Ian is from, central coast and also Devonport. It is a regional response to your call for submissions. The three chambers have a business approach in representation of businesses. They cover a wide diversity of membership, so we have a pretty good understanding, whether in retailing or agribusiness, transport, logistics or e-commerce, information, communication, manufacturing, food and beverage, service providers, education, building and construction. Those members are from a gamut of business operations, which might be a micro operator going through to a small operator, to a medium operator and a large operator, so there is a good cross-section there.

We haven't addressed everything that is in the terms of reference, particularly (2), which is the challenge associated with the referral of Tasmania's powers under industrial relations to the Commonwealth act. We will put that to one side because I think it is a bit outside where we sit as a region.

The submission covers a number of points which are quite straightforward, and which have addressed various matters which are important to us. There might be some individual views there, but as a group of chambers we respect and strongly support those interests.

With regard to the Productivity Commission, when the discussions in the council were had as to why we should have to select committee, we, as an organisation, do not have the capacity to put submissions into the Productivity Commission's inquiry, but we do endorse what the Australian Chamber of Commerce and Industry have in their submission. We also notice that one of our sister chambers, Launceston, has put in a submission and we would endorse that. We just do not have the physical capacity to be able to do all those very good submissions et cetera. We do support them. I listed those supporting there that were mentioned by both the ACCI and the Launceston Chamber of Commerce and Industry.

Then we start to get into this issue of the challenges for the chambers, that there seems to be a focus always on Hobart and then Launceston, and then it gets up to the north-west coast. The first point we mentioned here is the demographics of the region. We are in a demographic jurisdiction that does not have very good traits. First of all, Tasmania is the lowest of all states for median personal family household income values. Then we get to Braddon and also to Lyons. There are again some very low median personal incomes, and both Braddon and Lyons sit in those lowest median personal income to lowest median family incomes. We include this because it is part of a report last year which

## PUBLIC

was quoting *Bush Telegraph* and Bernard Salt. These are very pertinent points that should be remembered by the committee as they go about their terms of reference.

Within the body of this report there are some comments that may be strongly stated and arise from personal experience, and we don't seek to temper that passion. We ask committee members to accept this as a reflection of the challenges faced by members of the business and broader community as they go about their activities in the north-west region of Tasmania.

In regard to term of reference (1), there are some very interesting comments that have been made by Saul Eslake. He is now a resident in Hobart, I think. I don't know why he didn't come to the north-west coast, but we all make mistakes in life. He talks about cheap aluminium, cheap paper and cheap woodchips and that this model is doomed to fail, unable to compete with economies of scale and cheap labour from Asia and elsewhere. It needs to be remembered that without these businesses that produce high-volume and necessarily low-margin commodities, Tasmania would not be where it is today. Without that we wouldn't have the infrastructure to support all the other businesses that are in this state, whether they be in agribusiness or large producers or small producers or niche producers. It is a fair comment but that is just one side of the argument. It is important to remember that without those large industries we would not be where we are today. I am not saying that is good or bad, but that we need them.

We then turn to the question of infrastructure on ports, airports and rail and other things. My colleague, Ian, had a few words to contribute here.

**Mr JONES** - The members of our Chamber of Commerce in Burnie feel very passionate our port because it is obviously a beautiful deepwater port. We are concerned that TasPorts aren't doing as much as they should be to support the north-west region. We see in places in Europe where river ports are becoming less and less popular because of the amount of pollution that boats are spewing out when or if they can manoeuvre, because ships are getting larger all the time, which presents other challenges. There are petitions in Australia for some of the ports to force [inaudible] ships to use a much more expensive and lower pollutant fuel whilst they are in the port vicinity. People have even talked about doing this at Burnie Port, which is an ocean port.

We think TasPorts should be doing more for the region. We have spoken to them several times in regard to putting a new mooring dolphin in at Burnie to accommodate larger ships. Cruise ships are getting larger and larger all the time and we are missing some of those cruise ships coming to Burnie because they can't moor properly. As cargo ships get bigger and bigger we will be facing the same issue. We have spoken to the combined chambers, presented a letter to the Prime Minister on a recent visit, and we received a response from that. It is certainly on the list of the local member. We believe it is probably less than \$2 million to provide that mooring facility. The trouble is for TasPorts there is no return on investment with cruise ships. They simply do not earn enough money out of cruise ships to justify that circumstance.

We have been having a bit of a discussion about airports. We have got one at Burnie/Wynyard, and one at Devonport. Doing the passenger numbers, if every flight was full coming in, we are not talking thousands and thousands of people. We are only talking about 300 people that come in during a day. It is almost: can you justify an

## PUBLIC

airport let along two airports? Our view is that we need to get more tourists into the region, so we encourage budget operators to come into Devonport because Burnie, unfortunately through some bad planning decisions made in the last few years, cannot be extended anymore. To get those planes coming in they have to have more facilities. People tend to fly into Launceston and once again we suffer from what our president calls 'terra amnesia' in the north-west. We become the forgotten land. We believe we could get larger planes coming into Devonport - budget operators.

Hobart Airport should be expanded to take international flights. We are doing all this good work with China, so let's fly them straight in from Fujian province straight into Hobart. I am not advocating flying them into Devonport, but I think we can do more to get these tourists coming directly here.

**Mr LOCKE** - Rail stops at Burnie and the western link has been left derelict for some years now. It needs to be investigated whether it can be reinstated via the freight link. I think that is very important. It is good to note that the western Tasmania export corridor plan consultancy was awarded earlier this month. That takes quite a lot of consideration as to movement of freight from the west coast up to the north-west and also into Burnie.

We have made mention of the issue of communications with fibre to the node et cetera. It ceases to be of great amazement that we have some areas within Tasmania that have been chosen to have the NBN installed, and yet the major areas seem to be left behind on that. That choice is one of absolute amazement. I am not saying they do not deserve it; I just don't understand what the process is for identifying where the NBN is going to be installed throughout Tasmania. It is one of constant amazement. We have made reference to a number of articles and why it is so important. A Burnie IT company had an article there that covers that and I encourage you to read that. The lack of high-speed internet in the north-west means it is hard to attract mainland firms to set up here as they are so digitally disadvantaged. This has to be remembered. We are trying to encourage investment in Tasmania. We are obviously trying to encourage, with our focus, investment on the north-west coast, but we have these continual infrastructure issues that are confronting us and don't seem to have a timetable of when they will be resolved.

We have discussed the issue of education and the availability of jobs there. We obviously have issues there with low entry rate to years 11 and 12 and we understand that there are steps being taken to address that. We talk of the dominance of primary industry jobs and the impact there of high school education. The ease of obtaining welfare payments does not help this situation. We understand there are many reasons behind that. The absence of jobs is another negative factor and, of course, our young people continue to leave to find work or further education elsewhere.

We have talked there about the issues with nursing. It seems there are a lot of graduates coming out of some areas of education which don't necessarily have a job available for them. Then they move interstate and we lose the value of the education of that person. We have mentioned university as an option and how the university system works. We take young people and give them an education and a debt and then we put them back into the economy. They don't have to start repaying the debt until they reach \$50 000 but up in our region the average income per person is \$45 000.

## PUBLIC

**CHAIR** - That was a comprehensive submission, so thank you very much. The point has been made that perhaps Tasmania is a bit of a two-speed economy. We have talked about the handicaps on the north-west coast, a very rich and diverse region as it may be, but Hobart has been doing better because of the public sector, the Government and the MONA background. I think the discussion yesterday revolved around whilst we have all those nice wilderness areas there is not a single iconic attraction on the north-west coast that may attract visitors in droves. Do you have an opinion as to what you may be able to get?

**Mr LOCKE** - I understand the number one tourist icon in Tasmania used to be Cradle Mountain but now it's Port Arthur. I am not sure that would put Cradle Mountain as the number 2 icon or whether it has gone down to MONA. We have always had it there but no-one has ever bothered to promote it. If Hobart was 50 kilometres away from Cradle Mountain it would be a great place but unfortunately Hobart is 50 kilometres or a bit further away from Port Arthur and not far from MONA. It is just a question of a lack of investment in Cradle Mountain by the government.

**CHAIR** - Do you think there's an opportunity to do something new - a cable car up Mount Roland? Is there potential for a public/private partnership? It seems there is something missing on the coast.

**Mr LOCKE** - I am sure there are lots of opportunities. A cable car up the side of a mountain seems to be an issue that causes a lot of intense discussion and taking sides. There are other areas like that land just outside Burnie where Tioxide used to be. It is a huge open space and there are all sorts of opportunities that could be built there but you would need to have the investment. That investment then says, 'That's great but how are you going to get the people there?' They don't say anymore, 'Built it and they will come'. They have to have a very good business case. I understand the reason Jetstar or Virgin Australia won't come into Devonport or Burnie is that there's not the infrastructure so far as accommodation is concerned, hotels that can take 400-500 people on a rotational basis. They can bring them in and when they come back they can take them all out again. Until that is addressed I don't think you will get those sizeable investments in infrastructure so far as putting in a tourist resort. It would be fantastic but it hasn't happened yet.

**CHAIR** - You could argue that the north-west coast, because it is such a diverse area, has been one of the engine rooms of the state. It provides the private entrepreneurial shift which then provides the cash and everything else to go into health, education and all that sort of thing. Unfortunately it has been dealt a difficult hand with some of the closures of industries, more recently Caterpillar. It still has a lot of those natural assets and resources, so what do you think is the best way in the future for the north-west coast? You have highlighted a lot of the issues and that they are at the bottom of the statistics, which is unfortunate.

**Mr LOCKE** - The north-west has and will continue to have a very strong agricultural focus. We have seen what happened with dairy. There are some issues as regards people to do the work. I think there is an opportunity demonstrated with regard to investment in berry production. We are in the transition of an economy going from major manufacturing, the pulp mill, Caterpillar and other businesses. It also opens up opportunities to consider we have to have scale businesses in our regions to survive.

## PUBLIC

We have not seen the full impact yet on what is happening with Caterpillar taking their manufacturing offshore. In a small area just within Ulverstone we have a whole region of very efficient engineering businesses that supply goods to the Caterpillar organisation. They are the ones that have to be encouraged.

We understand the benefits with agricultural business and manufacturing but the options are becoming less. The real opportunities in the future are in agricultural businesses.

We talk about the question of freight and moving product out of the state. It is an issue but, with the greatest amount of respect, it has been an issue for a very long time. The four ports have been an issue for as long as I can remember and I have been here 30 years. Whether it is Hobart, Bell Bay, Devonport or Burnie it is gradually sorting out. Everyone talks about the niche producers and artisan products and regionality but if you are going to increase them you have to give all the support you can to your core or scale producers and then encourage the niche producers who are coming through and that takes time. People have to realise it is almost generational.

You may remember in the very early 1990s a guy called Peter Gillham started up a walnut industry and everyone thought he was pursuing a dream that could not be achieved. A generation later that dream has been achieved but unfortunately it is all being done in Victoria but that is how long things take. Therefore government and development policies have to be structured over periods longer than three or four years or a particular term of government. That is important. If you are going to say we need to have new industries and get away from large scale production with high volume low value it is going to take a generation.

**CHAIR** - A final one on that. Sometimes it only requires one major input or development to suddenly change the whole mind set and everybody becomes positive. Do you think there might be some opportunities to get the Federal Government involved and we spoke to the last witness about a defence facility. Some sort of federal infrastructure or employment initiatives might be able to be located on the north-west coast that would tip the balance. Would you agree with that proposition if it can be facilitated? It is all a matter of political lobbying.

**Mr JONES** - The influx of a couple of thousand families would make a big difference to the region, that's for sure. I don't know how possible that is.

**Mr LOCKE** - I didn't hear all the previous conversation, but what is this Federal Government initiative? Is it moving a government department or something they will bring in new to the area?

**CHAIR** - No, I think they were just discussing the fact that Defence has large establishments in every other state. The proposition was put that per capita Tasmania supplies more personnel than any other state yet we get nothing in return in terms of a base or a big facility, which puts a lot of money and infrastructure into an economy. That was all it was.

**Mr LOCKE** - I understand the point. Just to sidetrack, one of the benefits of Tasmania is that it is an island down south. That is one of our strongest benefits. That is why we can do a lot of the areas we are successful in, whether it is in aquaculture, horticulture, or

## PUBLIC

other products that are agribusiness-based. People think it is a disadvantage but actually it is our strongest advantage that we have water all the way round us so there are opportunities.

There is the fact that the south of mainland Australia is to our north. The north of mainland Australia would probably just be one big defence base anyway but that is where we are and I think we just have to work on ways of using and leveraging the fact that we are an island south of the mainland of Australia. We discussed beforehand that maybe we need to have closer associations not necessarily with Melbourne and Sydney but perhaps with a population centre that might be near Melbourne. Perhaps we should have some relationship with Footscray, for example. It is only 300 miles north with a huge population, and the trending there is that people are buying back into the area so it is reasonably affluent and I would have thought that was the perfect marketing place for a lot of Tasmanian products.

Perhaps we could go a bit further than that and look at some regional opportunity to have closer relationships. I know we had the sister state relationship with Fujian but that was first set up back in 1982 or 1983. It has been forgotten about for 30 years and now suddenly it has come back into favour. I think we lost the ball on that one; we just lost sight of it. If we had been promoting that throughout Tasmania we would be in a much better position than we are now.

**CHAIR** - Thanks for that. I was just throwing a few hypotheticals around.

**Mr FARRELL** - Ian, I am always keen to look at utilising infrastructure that exists and you touched on the rail line west of Burnie. What opportunities do you see by utilising that piece of disused infrastructure? I see other areas in the state where railway lines are being taken up, which I think is terribly shortsighted. What opportunities do you think that existing piece of quite valuable infrastructure offers your region?

**Mr JONES** - I would talk to that in the initial instance. I see the Circular Head region becoming really the engine room for agriculture in Tasmania. They are producing milk powder and we haven't seen the tip of the iceberg for Chinese demand for milk powder. They're changing the one-child policy so there will be more babies born and they have a big problem with the purity of their product in their home country. I think just that industry alone, loading it onto rail and shipping it down to the port of Burnie and having a direct freight link straight through to Fujian Province or Hong Kong, which is just across the water from Zhanjiang, or even directly into Zhanjiang, would be a good use of that particular line.

**Mr FARRELL** - Do you see any tourism potential with that line?

**Mr JONES** - It's a nice trip through to Stanley for the day. I am sure a small operator could put a engine and a couple carriages together and serve drinks along the way, a nice lunch at Stanley and then go up the Nut for a bit of exploration. Certainly.

**Mr LOCKE** - That is going to require some cooperation from TasRail. My understanding also is that west of Burnie Ta Ann has set up a timber activity up there. That comes on stream the beginning of next year and they envisage doing something like 50 000 tonnes of wooden product going to the construction industry in Australia, so they have to get



## PUBLIC

from there to the mainland and I would have thought rail would have been a starter. Whether it is rail, air or sea, it doesn't really matter. You need to have a number of large shippers who get it going and then you get all the other ones piggybacking onto them. This will be the advantage. If you are able to prove and get the rail line going that goes from west of Burnie back in, other people will start to use it. You need to have the large producers provide the infrastructure and go on from there.

It may well be a tourism opportunity but we also have to realise that tourism brings a lot of workplace health and safety issues that have to be addressed to enable that to happen. That can only be through collaboration and sometimes things happen with tourism that I don't really understand. It still amazes me that we had to have a car park upgrade at the Devonport Airport. For years it ran fantastically well and was 20 cents for as long as you liked. There was a furore when they increased it to \$1 but it still worked very efficiently and made Devonport a very accessible place to go because you didn't have to worry about parking your car. Now they have kerbs, boom gates and people who watch you put your ticket in, and I am wondering what we are paying all this for. I don't understand the investment. I think Tasports own the airport so they have sold the parking rights to a private operator, and that's okay. Tasports is getting a fee back on it, the parking operator is making a profit from it and the local people have to pay for it, and we wonder why people now drive to Launceston. I can't understand it. There is all that land around the airport. Sometimes I don't understand this infrastructure investment.

**Mr JONES** - I am sure if product is going from Hobart to Smithton it is being put on a truck in Hobart and taken all the way to Smithton, whereas if there was a rail link it could be put on the train which would save our roads and keep the congestion down.

**Ms RATTRAY** - I want to explore the concept in your submission around having one port on the north-west coast. You've instanced that the ferries could potentially move to Burnie from Devonport. Can you flesh that out a little bit? Have you had any discussions with TT-Line, Tasports and the Government around this?

**Mr JONES** - No, we haven't. This came up very quickly - it's hot off the press, the ink is still wet. I believe Devonport at the moment is going to spend \$5 million in dredging the river, whereas we think if you spend \$2 million on dolphins at Burnie you have a lot more throughput through one port, which would make sense to us. Ships are getting bigger and the Mersey is a very narrow river and must present a lot of challenges, so our proposal was to consolidate everything into the port in Burnie.

**Ms RATTRAY** - Is the Burnie port site large enough to facilitate all those additional pieces of infrastructure that would be needed?

**Mr JONES** - We believe so. We haven't done the study but we believe it is working under capacity at the moment.

**Mr LOCKE** - I am sure the Government has plenty of information that can validate any question you have about Bell Bay, Devonport or Burnie ports, but Burnie has the deepest draught and the greatest opportunity to take more freight. It would need a sizeable decision to convince TT-Line to move from Devonport to Burnie. That we can understand. It would need an even bigger size decision to move Chas Kelly from Devonport to Burnie. But there has to be some forward thinking and planning, saying -

## **PUBLIC**

this is what we want to do over the next 20 years. SeaRoad, which is Chas Kelly, is getting a larger ship. I presume it can be handled within the berth in the Devonport confines otherwise we would not be getting it. There has to be some policy saying - we are going to move away from four port process.

**CHAIR** - You also have that issue with Australian Cement at Railton moving into Devonport. I suppose that could be moved to Burnie.

**Mr JONES** - The train can continue to Burnie.

**CHAIR** - Yes.

**Ms RATTRAY** - You have indicated that you have had some discussions through a letter to the Prime Minister. What response did you receive from that request for the \$2 million out of that Cadbury money?

**Mr JONES** - There was no cheque in the mail. They said the local member is well and truly aware of it and will keep it at a high priority. Was that the wording?

**Mr LOCKE** - That is right.

**Ms RATTRAY** - Its a swinging seat, isn't it, down there? That's often how you get funding.

**Mr JONES** - I know the local member, Brett Whiteley, is really pushing for it as much as he can. We are satisfied he is doing that, but whether we are satisfied with the result -

**Ms RATTRAY** - In your submission you said you were not putting a lot of emphasis on the term of reference relating to the Industrial Commission, but can you give me some idea of whether businesses have trouble opening, particularly on public holidays? I don't spend a lot of time on the north-west coast, regrettably. I think Boat Harbour is beautiful but I have such a big patch on the east coast that I dare not travel too far outside it. Do you hear of issues with businesses being able to open on weekends and public holidays?

**Mr JONES** - It is a 'yes and no' thing. To open a coffee shop on a Sunday in Burnie, the proprietor would be doing that, and the business is not there. If you open all the shops, will they come - no, they don't come out on a Sunday to take advantage of that.

**Ms RATTRAY** - Is everybody open for business when the cruise ships come in?

**Mr JONES** - No, some of them can't afford to open. That is the only day off they have as a small business operator. Cruise ships - the passengers might have a cup of coffee but they don't come out and have a large meal because they catch the bus back and they have their meal as part of their cruise package. The restaurants do no good at all out of the cruise ships. The coffee shops, occasionally, but there are so many coffee shops for sale in Burnie - the tourists aren't drinking our coffee.

**Mr LOCKE** - There are three issue here. One is that we have an employment system based on the five day working week and that has been for quite some time. That is now changing to be almost a seven day working week and it is not going to revert back to what it was. The industrial environment we have is that Monday to Friday, you can

## PUBLIC

work overtime but if you work on the weekends there are penalty rates. The removal of penalty rates doesn't remove the requirement to pay overtime. The removal of penalty rates gives the business operator the opportunity to make the decision - is my five day week Wednesday to Sunday, or is it Friday to whatever the corresponding day is? They get the chance to move it around so they do not encounter penalty rates.

You can get rid of penalty rates, and I realise it is a trade-off and I don't argue against that. Then you have an opportunity to say - now I can structure my overtime far better. I can have people who are going to work days that suit me and also suit them and that is what it is all about. That is the issue at the moment.

Therefore, as Ian is saying, if it is a Saturday afternoon or a Sunday, because of penalty rates plus overtime, it is the owner who has to open the business. They make a conscious decision whether they open their business or not. That is *laissez faire* - you can't get around that. But until you change that - we are now operating in the 21st century, with an employment and wages environment that was set up quite some time ago, and you're not going to get those changes.

**CHAIR** - Yes. Might I comment there, Ian. I think you're probably referring to the New Zealand model. That's one reason why McCains went to New Zealand, where they can work five days. They might work Saturday and Sunday and then have Monday and Tuesday off. That's because they don't have a penalty rate system. They are one of our major competitors. That's just as an aside anyway.

**Mr LOCKE** - Yes.

**CHAIR** - It's a very complex issue, but it is hot around Australia at the moment as to how we try to get better outcomes for both employers and employees. That's what it's all about. It's not going to be easy.

**Mr LOCKE** - The other point I would like to make on that is that if you are a large organisation and you have that critical mass - if you're one of the major retailers or one of the major takeaway food providers, I don't need to tell you why they are - you can then negotiate an agreement that gets you those objects and let's you operate seven days a week. The small independent retailer doesn't have that option. They've got to say, 'I've got to go and get this agreement. I've got to go and speak to the workers. I've got to go through this whole process', which doesn't necessarily lend itself to having that sort of flexibility. I know, for example, that if you employ someone, it has to be for three hours.

**Ms RATTRAY** - Four hours.

**Mr LOCKE** - Or four hours, whatever is the minimum time. It just doesn't suit. So you might say to someone from school, 'Come and work for a couple of hours a week', but that doesn't happen. There are a lot of those issues that the small independent retailer or business operator has to confront that lack user-friendliness, as far as running their business is concerned.

No one wants to take conditions away from someone who is working for them. That's not the case. They might say, 'Can we work out some way?', but the system prevents them from making those very simple agreements.

## **PUBLIC**

**Ms RATTRAY** - We heard this morning from some previous evidence that they have had employers and employees come to them, as a peak body and say, 'Look, we want to work, but there isn't any way to make that happen under the system that we have'. So it's denying people an opportunity either way. Thanks, Ian and Ian.

**CHAIR** - Thank you. How are we going for questions?

**Mrs ARMITAGE** - I think most of it has been covered. Can you comment on the proposed huge increase in port costs in Victoria? What effect do you think that will have?

**Mr LOCKE** - I think Tasmania is 25 per cent of the port's business so -

**Mrs ARMITAGE** - It is 25 or 27 per cent - somewhere around there.

**Mr LOCKE** - Somewhere around there, whether it's by volume or value. It fluctuates a bit.

**Ms RATTRAY** - It is significant.

**Mr LOCKE** - It's significant, number one. I also understand that the agreements that were struck between the Tasmanian Government and the Victorian Government, they are now starting to slide away. They are going to be finished shortly. Then of course we've got the fact it's being privatised and that side of it.

**Mrs ARMITAGE** - Up to 800 per cent increase.

**Mr LOCKE** - Up to 800 per cent. It's massive. You can respond by saying, 'If you are bringing a TV set in from Victoria, it's going to mean an extra \$1 a TV set'. But it's a significant impact. I understand also that the ACCC is mindful of the situation and is keeping a watching brief on it. I think the other point is, yes, it has a tremendous impact for Tasmania, but it has a tremendous impact for all users of that port.

**Mrs ARMITAGE** - More so, I would have thought, for Tasmania. We have a reliance on those ports that other states don't have.

**Mr LOCKE** - Yes. I don't want to get too involved or dig down too deeply. But in the end there is only going to be a couple of major ports in Australia, which will be Melbourne and probably Sydney. I'm not sure if Brisbane is. Eventually they are all going to head towards there. We don't have the option, correct. But neither does the exporter who might be based in Bairnsdale, or Shepparton. They've still got to go through the Melbourne port and they have just the same types of issues. Now, that's not an excuse -

**Mrs ARMITAGE** - I understand that. With respect, I am sort of concerned with what is coming out of Tasmania and the fact that industry in Tasmania - I have heard this, not explicitly, but over previous years that many of the industries and businesses in Tasmania after a while find it isn't economically viable to continue working here to get their products out. I just wonder how to overcome it. Do you think a collective - you mentioned the other states - together might be a way of reducing that?

## **PUBLIC**

**Mr LOCKE** - I would be very surprised if we didn't. That would make commonsense to me. If we're are 25 per cent, there is 75 per cent somewhere else. I'm aware that they're all complaining equally, so at some stage there must be some sort of resolution. What do we do instead?

**Mrs ARMITAGE** - That's the question.

**Mr LOCKE** - Do we send it to Sydney. We're aware that where we have a direct call service out of Burnie, the price difference is not much between whether you go to the direct call out at Bell Bay or go via Melbourne; the difference is not much in price. There is no economic advantage.

**Mrs ARMITAGE** - I heard you say earlier that the problem has been around for a long time to do with ports, but my question is does it really have anything to do with Victoria and these huge costs because that's another impediment to doing trade in Tasmania, and that is what we need to work out? The extra cost as well.

**Mr LOCKE** - No debate. The extra cost is going to make it more difficult for Tasmanian producers, but it's also going to make it difficult for all users of the port. We, being Tasmania, is 25 per cent of their business and it goes both ways. Where Tasmania is concerned with the port issues in Melbourne, that that's where most of the trade comes from, so it's a double whammy. Whether people are aware of it I'm not sure, but it's both ways. I cannot tell you what the difference is between what comes in and what goes out because Tasmania's freight -

**Mrs ARMITAGE** - I see that as a major issue.

**CHAIR** - Gentlemen, we've run out of time. Thank you very much for your submission.

**THE WITNESSES WITHDREW.**

## PUBLIC

**Mr MARK SMITH**, EXECUTIVE OFFICER, AND **Ms CHERYL McCARTIE**, CHAIRMAN, DAIRYTAS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Welcome to these committee proceedings. All evidence taken at the hearing is covered by parliamentary privilege. However, what you say outside may not be covered by privilege. Secondly it is being all transcribed on the public record by Hansard.

**Mr SMITH** - My role is executive officer for DairyTas as the trade employee and Cheryl is chairman of our dairy farmer-based Board. Six out of eight members of our board being practising dairy farmers. DairyTas's role in dairy is as a service provider and industry development for dairy. We are not a politically representative body for the industry. That is handled nationally through the Australian Dairy Farmers and locally through the TFGA and the Dairy Council. We work alongside Dairy Council and TFGA on issues around dairy, but our role is in service providing for dairy farmers and promoting the industry, not in being the advocate for a policy or for lobbying the government. Sometimes there is a bit of a grey line in between those two, but it is important to understand.

Our structure is around the levy that farmers pay nationally to Dairy Australia, matched in part by Commonwealth Government, then they fund DairyTas in Tasmania to be that body for dairy farmers.

We have had reasonable growth in the last 10 years, averaging about 3 to 4 per cent per annum milk production, which is certainly divergent from what is happening nationally in dairy. We are the only region that has been consistently growing milk production, and we believe the outlook for the next five to 10 years is for that growth to actually increase. This year to date we have just over 10 per cent so far. We expect that to pan out close to that by the end of the financial year in further growth in milk production, driven by increased cow numbers, increased production per farm on existing farms and the underlying conditions of a fairly good season. We have had two reasonable seasons, so that has helped underpin growth of existing farms.

We believe in the future there will be more dairy farms starting up, and some of those will be in areas where irrigation development has been happening and continues to happen. But more importantly a lot of the growth will come from existing dairy areas as well. We are starting to see some of the investment interest around dairy now start to translate into actual investment on farm.

A lot of the catalyst for that, as the first point indicates, has been around the processes investing in additional capacity. Now for most dairy farmers in most regions there has been competition for milk and they are having the option of which company they are going to contract to supply milk to. It has opened up the industry to those opportunities and farmers to take advantage of them. The confidence that those processes have shown is important for the future growth of the industry, and hopefully that will continue.

We expect the rate of new dairy conversions to increase. We are seeing more box robots - automated milking operations. They are tending to work for smaller farms rather than the larger ones, so it is a new opportunity for small farms to either start up or be

## PUBLIC

developed alongside existing dairy operations where we have existing farmers expanding.

Labour remains the number one issue for dairy farmers, apart from milk price, which might come and go. At the moment the milk price is in a reasonable position, but there is pressure on that. However the companies have been able to maintain a reasonable price. Around that volatility, the ongoing issue generally tends to be around labour, around both management and operators - staff. In terms of quantum, it is the number of people who are interested to work in dairy, but also capability at a management and a supervisory level. There is quite a bit of industry effort going into that space, but it is a work in progress and it is an issue that requires ongoing effort.

Quite a bit of that work has been driven from Dairy Australia with our involvement. They have a number of programs that are seeking to address that. I guess part of that is getting the community to understand the opportunities that are out there in dairy. The industry has progressed and has moved quite a way from historically what we see is an industry where you might be overworked, underpaid and it is not real flash work. It has changed a lot from that.

A couple of the other comments around profitability and that theory does offer opportunities at different levels of farm operation. Bigger farms do not necessarily make more money but on average a greater return has been shown to be slightly higher for those larger farms, 500 to 800 cows compared to say 150 to 300 cow herds.

Large farms obviously require more labour and that is where the demand is. There is a strong focus for the industry now on sustainable development from an environmental as well as an animal welfare point of view and in attracting more Tasmanians to the industry. It then requires education and community support to make it happen.

It is a very quick snapshot. We could talk in detail about any of those things for a while.

**CHAIR** - Obviously the labour component is an issue and a lot of young people do not like getting up at 4 a.m. or 5 a.m. I didn't when I milked cows but I had to, depending upon how my social life was going at the time. That is an issue with more remote regions. What is DairyTas done to try and get that skilled labour, the right people in there?

**Mr SMITH** - We have been running programs with schools for 10 years in areas like Cows Create Careers at high schools and a program in primary schools to raise awareness and interest in the industry. We have worked with the programs like the Legendary Promotional Program to help build the image of the industry. We are hopefully moving to a space where people can see more clearly the opportunities and better understand what dairy businesses are about.

**Ms McCARTIE** - A couple of years ago we embarked on a workers' planning project and one of the consultants spoke to farmers in each region and they came up with the submission of an unemployment starter kit. It lists the other side of teaching our farmers to be future employers. That ended up going nationally. The pilot was here and in south-west Victoria. Out of that process came a farmer introducing the name of Sticking Stones. It is a document that highlights how you can become a farm owner or a share farmer or a calf rearer. We had quite a bit of work on promotional material and case

## PUBLIC

studies to show real people who have been successful and how they have done it. That has been running for a couple of years. We are at the point where we probably need to take people on a farm. We are using this resource when we have small groups to farms but it could probably go to the schools. It has been well received by the industry but we have not quite got it out to the general community.

**CHAIR** - It is an important because if we are talking about agriculture being one of the main drivers of the Tasmanian economy and dairy being one of the leaders of the pack. Something has to be sorted to get the appropriate school people on farms at the right time.

**Ms McCARTIE** - We have the national centre of dairy education, of which TasTAFE is the delivery service in Tasmania we have some good quality curriculum for training. We have had that engagement with the education in Tasmania right across the board, not just in dairy and getting people on board and undertaking those traineeships.

**CHAIR** - It was pointed out yesterday we talk about the industrial relations aspect of having somebody come on just to do a milk job yet there is a minimum requirement under the pastoral award to pay three hours.

**CHAIR** - Should there some sort of flexibility, what is a better way forward?

**Ms McCARTIE** - It's a difficult one because the dairy industry requires casual milkers. We drive our cows at certain times of the year so you don't need those people on the farm. Within the pastoral award we have the flexibility of averaging. For our part-time and full-time employees there is quite a bit of flexibility. Most farmers have good roster systems on-farm so people do things such as 10 days on and four days off and provide that flexibility. We often are employing people with young families so there are all those other social aspects that come into it. The casual three-hour minimum is an issue if you have someone who just wants to milk. Farmers need to be upfront about what they want that person to do. I could probably find a young guy who works for us as a casual other jobs to do to make up the three hours. It is easier for us not to so we just pay him three hours. I haven't heard of any good suggestions on how we handle that, apart from workplace agreements and those sorts of things. Unless you are employing a large number of employees, people aren't prepared to sit down and work it out. We only employ a couple of people for our 450 cows so it's not worth us sitting down working out a whole agreement for two or three people.

**CHAIR** - Mark, I think you talked about the growth of Tasmania as being leading the nation in dairy production. I noticed in the *Weekly Times* that there has been and is going to be some very significant investment on the mainland - 30 000-40 000 cows - by high-flying entrepreneurs in partnership with Chinese interests. They will be growing and putting dairies in the grain areas with the cows virtually under cover. It is all about supply and demand. Do you have any concerns about that sort of capitalisation in other states to the detriment of Tasmania?

**Mr SMITH** - I don't believe that will cause us concern. There is reasonably strong demand internationally for milk and dairy-based product. The processors are clearly saying nationally that we need more milk in Australia to help with their viability and volume they can supply into an international market. Admittedly there are supply demand



## PUBLIC

fluctuations but overall that pathway is looking for more milk. If you look at New Zealand, it has probably doubled their industry in 10 years. Australian industry in that time has gone backwards in production. That sort of investment may well help turn that around to get more increases, but overall our understanding is the market demand is there. Tasmania is now 9 per cent nationally and those extra 1 million litres coming out of Tasmanian, 50 million litres a year, there is going to be plenty of demand. The processors are clearly saying they want that milk and are demonstrating that at the moment with the payments led by Murray Goulburn nationally. They are holding at the level they are compared to what New Zealand's dairy farmers are currently facing with a reduction in price. The processors are sending those signals and are being quite clear that they need more milk to be viable in the international market.

**Ms RATTRAY** - Mark and Cheryl, can I take you back to your point 'the rate of conversion is expected to grow in years ahead'? Are we talking about just cleared land, previous plantation land or a mix?

**Mr SMITH** - My understanding is there would be a mix, but a lot of the conversion so far has been existing cropping and livestock, sheep and beef, properties going into dairy - not necessarily clearing of land. With the changes around forestry we expect opportunities for some of the plantation areas that went out of pasture into trees will come back into pasture, given the investor interest and the opportunities in dairy. Some of that happened because of circumstances which were distorting the market, but with the market now coming back into play as it has in New Zealand where you have seen plantation areas converted back into pasture in quite significant amounts, I would expect to see both basically.

**Ms RATTRAY** - My information tells me that there are quite a few hurdles to jump and the cost impediments of putting particularly former plantations back to grassland are quite significant. Have you got any evidence to support that?

**Mr SMITH** - Again, if you look at the New Zealand experience they have done it on a significant scale and presumably it has been successful.

**Ms RATTRAY** - They do things a bit cheaper over there.

**Mr SMITH** - Well, yes and no. In some areas, yes, but it is attitude as much as anything. The New Zealanders don't let too many things -

**Ms RATTRAY** - Stand in the way.

**Mr SMITH** - That is one way to describe it. I think we have people of that entrepreneurial capacity in dairy in Tasmania and if the opportunity is there in terms of the resource and what they are looking for for their business, I think they can make it happen.

**CHAIR** - It would be a case-by-case scenario. I have seen a lot of it in Canterbury Plains where it is nice and flat and easy to take out the trees because of all that water underground, but where a lot of our plantations are the water is not available either so you probably would not even consider it.

## **PUBLIC**

**Ms McCARTIE** - There is a little bit of movement with some of those plantation areas where it might not necessarily be flat so people are looking at a support block for them. It is not a milking platform but will be used as a run-off or support block for their operations. There is a little bit of movement in the industry around that. In the time I have been in Tasmania good dairying or beef ground has gone to trees, but there is enough of that historical knowledge still in the industry to know what used to grow there, so they are confident - at the right price - to buy it back and transform it back again.

**Mr SMITH** - From other work that we have seen around the place we believe there is access to reasonable amounts of land that could go into dairy without having to be dependent on taking trees out.

**Ms RATTRAY** - That still would need some work by heavy machinery. Just citing the Waterhouse experience, Roger Bignall's property, big dozers were working for weeks and weeks there before that was put into pasture. There is always going to be that type of need - is that fair to say? Not necessarily?

**Mr SMITH** - I think to some degree there will be situations like that. There will be other situations where you could clearly convert an existing beef or sheep operation and put a dairy on. The infrastructure has to be put in to run the dairy but you're not doing a whole landscape change to make that happen.

**Ms McCARTIE** - For some of our existing landholders who are going into dairy it's simply another enterprise on their existing properties. They are still continuing with their fat lambs or their cropping but they have the pivot and the water. or are buying the water. On the return per hectare dairying looks good so they are creating another enterprise on their land holding.

**Ms RATTRAY** - Another rush-in experience.

**Ms McCARTIE** - It is similar, yes. What we are seeing in the northern Midlands is very much along those lines.

**CHAIR** - Anything further you would like to say at all, Cheryl or Mark, to finish off your presentation?

**Ms McCARTIE** - Coming back to Tania's point about planning, it is more in the ballpark of the TFGA but we have farmers come to us who own property in different local council regions or boundaries or they go over a boundary, so some of the barriers to developing a business has been dealing with the different criteria of local government. I am sure you have heard from other industries around the same sort of thing, but something we hear from time to time is that if you want to build a dairy in Circular Head there is Wynyard and Dorset councils to deal with. All the planning schemes are quite different so for investors coming to our state that is a concern. A lot of our existing farmers struggle with it because they have one farm where they can practically do anything and another where they cannot.

**Ms RATTRAY** - Everyone struggles with that.

**Ms McCARTIE** - The dairy industry does as well.

## PUBLIC

**CHAIR** - Do you think we are over-regulated in comparison to other jurisdictions in terms of dairy per se and what you can do in terms of OH&S and all the rest of it?

**Mr SMITH** - I don't know that it's over-regulation, it's probably consistency of regulation. Small councils, for example, don't understand the industry so they might want someone to jump through certain hoops which are really not required and it is simply red tape for the sake of it, whereas in other areas where dairy is significant you have some expertise in the bureaucracy around it. Hopefully they're not putting too many unnecessary hurdles out there. We're not saying there should not be regulation, but why should one area have it this way and another doing the same operation decide that they're going to do it a different way?

**Ms RATTRAY** - In relation to succession planning, we heard yesterday some evidence that it is not easy to get families to sit down and have that discussion. Do you do anything in dairy terms as a peak body? Are you supporting that initial discussion?

**Ms McCARTIE** - We have run a few programs over the years. As part of Dairy Australia's peak strategy they are working currently on a national project to bring succession planning to the fore. We have the Stepping Stones program and in the next few months we will be launching Stepping Out which looks at how farm businesses can put up a model where they can bring in either other family members or outside people. There might be a share milker or somebody they can bring into the business and it is about how they split that equity and actually make it work. What does it look like? I think that is a struggle that a lot of family businesses have as they cannot picture what it looks like. Are mum and dad looked after? Are the siblings on the farm any better off than the ones off the farm, and what does it look like?

The good thing with DairyTas is that we can be quite proactive. If a farmer rings me and says, 'Look, I don't know where to start,' and we find out that five other farmers don't know where to start, we can pool our resources and get something to deliver to the industry, but it is certainly something that is on the cards in the next few months.

**Mr SMITH** - There are national resources being developed now in that space which we can take advantage of.

**Ms RATTRAY** - I see it as a really important aspect of the longer-term sustainability of dairy and the whole agriculture industry really, how you get that transition without having to sell off.

**Ms McCARTIE** - Within the national dairy industry we quite often find that Tasmania is at the forefront of different things. When they run pilots and things here, we have farmers who come up with examples of what they are doing. I'm always impressed when we go to Melbourne that everyone is looking at Tassie for the next answer to whatever their issue is.

**Mr SMITH** - There is one other point of clarification in the original submission we put in. I noticed when I looked at it yesterday that in the third paragraph referring to investment - I will leave you a copy of this, too - I left out the word 'not', which actually gives the opposite meaning of what is there. What I meant to say was that 'the much-touted

## PUBLIC

Chinese and Asian investment interest has so far not translated into activity'. Apologies for that.

**Ms RATTRAY** - We talked a little bit about education. It was suggested that it was very helpful to have tertiary education for the management of an agriculture venture. Do you see that as a -

**Ms McCARTIE** - That is a definite gap in Tasmania.

**Ms RATTRAY** - So you see it as an important asset to try to sell that tertiary education. People are almost going to have to go off-farm for a while and then potentially come back to achieve that.

**Mr SMITH** - Yes, exactly. Our pathway has been people starting at the base level in the industry on a farm and then building a career path. They might move to share farm or a manager but it is starting at the base level and working up through the industry. We have not had that other pathway of coming in at a high level with a tertiary qualification. Some people do it but there has not been a recognised way for it to happen so we can attract more educated people into the senior jobs at an earlier stage of their career. It needs to be as an alternative to the current model, which we have inherited. We have some very good managers come up that way but we are not getting enough.

**Ms RATTRAY** - What about the owner concept? Do you see an owner going off and getting a tertiary qualification and coming back? Once they go away they might never come back to the family farm.

**Mr SMITH** - In dairy that has not always been so much the way of it. More often they are going onto farm and learning through the industry. We want to be able to see more dairy farmers putting their people through tertiary. I know of a few dairy farmers who are sending their children to Lincoln University in New Zealand because that program is much more focused around the needs of modern business and dairy farm management.

**Ms RATTRAY** - Why don't we have the appropriate courses available in our state?

**Mr SMITH** - We haven't had the demand level.

**Ms RATTRAY** - It is not demand driven at this stage?

**Mr SMITH** - We need the university here to be looking more broadly at partnering with people like Lincoln to increase the breadth of what they can offer. Those discussions have started and hopefully they will progress further. It would provide another pathway for new people to come into the industry and for young students to go on to university study and come in at a farm management level. Some of our future farmers will aspire to getting a tertiary qualification rather than milking cows as their entree to the industry.

**Ms McCARTIE** - It is like an agricultural science degree, it doesn't suit the dairy industry as it stands. It is production management versus management skills that we need. To give you an example, we went to the New Zealand field days last year and I had kids who had just finished doing valuation biochemistry, business economics and they were all looking at coming into the dairy industry. They had done a tertiary degree outside of agriculture

## **PUBLIC**

but they see dairy as being their career pathway. That showed the value of education in a different light to what we have in Tasmania.

**CHAIR** - We appreciate your evidence today.

**Mr SMITH**- Thank you for the opportunity.

**THE WITNESS WITHDREW.**

## PUBLIC

**Mr MAX GIBLIN**, IN ASSOCIATION WITH THE PORT SORRELL GOLF CLUB AND LATROBE COUNCIL, AND **Mr STUART RICHEY**, PAST PRESIDENT, PORT SORRELL GOLF CLUB, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Thank you, Max and Stuart. You are both welcome. When I looked at your submission I had to dwell a little on whether it fitted our terms of reference. It's a comprehensive submission. I understand that you're coming from the point of view of impediments to getting things done. I will ask you to speak to the submissions and then we will ask some questions. Thank you very much.

**Mr RICHEY** - Thanks for the opportunity to present our concerns to the inquiry. My position is immediate past president of the Port Sorell Golf Club. I am representing the president who was unable to make it today. I don't have any of the technical knowledge that Max has, so I won't even attempt to talk to any of that. I will leave all that to Max. I do want to make a couple of comments, particularly in relation to the difficulty of trying to navigate our way through red tape in trying to get some small dams, flood mitigation dams, following a lot of development in Shearwater in recent years.

It goes right back to 2003 when the Shearwater Resort first initiated this process. In 2006 there was a joint investigation by the resort and the Latrobe Council into what could be done. They identified barring crayfish on the creek running through the golf course. In 2007 there was an environmental assessment. In 2010 there was another environmental assessment. In 2014 we had an aboriginal heritage survey.

In 2015 the ACDC, the dam cleaning people, required us to go back and redo all the surveys that we had previously done and tossed in a green and gold frog just for good measure on the way through. During this period there has been a lot of design work to continually change the area and the position of the dams to avoid the crayfish. Quite frankly, for a small club such as the Port Sorell Golf Club, and I am sure we are not the only ones who have run into this sort of thing, the requirements appear onerous and repetitive. We couldn't have proceeded as far as we have without the strong support of the Shearwater Resort and Latrobe Council. However, for us as a club now the big question is how many more hurdles will we confront trying to get the flood mitigation dams in, or are we quite simply wasting our time trying to go through the bureaucratic process?

**Mr GIBLIN** - I have been instrumental in preparing this written submission. First of all it is divided into four separate aspects. The first one is the intent and objective of Tasmania's legislation. The government assistance for landowners affected by threatened species issues [inaudible] very clear objectives of the act, but also it would be what I call policy instruments that have been developed, issued and published under the act, being the state strategy and the specialty species recovery plan in particular. We have a recovery plan covering the particular threatened species [inaudible] Creek, but as far as I can tell, with our submissions to the relevant agencies, the provisions that are in there, which are aligned with the action plan simply haven't been applied, neither in the recovery plan itself, nor in, as we see it, the state strategy.

To give you that example, in 2000 or 2001 the minister approved the burrowing crayfish recovery plan with an allocation over three years. The initial three years of the plan's

## PUBLIC

implementation was \$400 000 of government funds to fund the establishment of reserves on properties where these species existed and carry out works where necessary to improve the habitat and provide for the ongoing management as formal reserves. Based on the policy it is now clear that [inaudible] since the passing of legislation in 1995 that is not to apply the landowners support provisions. I would doubt much of that objective was achieved under the recovery plan. The plan still applies, even though we are now in 2015 and it is over 10 years now since the plan was initiated. The species is still listed as endangered, the highest level under our act, and the plan obviously remains in force, with, in our view, the same objectives applying - that is, the objective of cooperating with landowners to establish reserves and management arrangements for protected habitats, but it is not happening, certainly in our case.

The second point refers to the application of the act and how we see the act should have been applied to the Port Sorell project. The property provisions clearly offer an effective - in our view - and fair solution to the current crayfish issues in the dam sites on [inaudible] Creek. They are only small dams, fairly cost effective, even though the original proposal which only involved one dam had to be amended to minimise impact on crayfish. We are now looking at three smaller dam embankments. The crayfish issues are much more onerous to try and get over. In our view the project ticked all the criteria on which these [inaudible] government-landowner mechanisms in the act were based. We believe the outcome would be very cost effective if the objectives of the act and the policy instruments in particular that were published under the act were actually implemented, and it would advance the objective of those facilities. In our view there would be a very small percentage of the total population of burrowing crayfish affected. Nevertheless, the profile of the project and the intention of the proponent's view to offer it as a demonstration project for other projects in the north of the state where the animal exists would help to advance the objectives of these instruments.

The third area is the project's rejection by the agency. The initial agency advice received in September 2012 for a submission for a proposed necessary critical habitat determination under the act by the agency's head whereby that would then involve the necessity to undertake a [inaudible] management plan of habitat. Our initial submission in September 2012 resulted in some interest and the response indicated that they agreed that [inaudible] government landowner tends to manage these programs would provide the best environmental outcome. They actually indicated that and agreed at the time in writing and that the proposal indeed was being considered at that time also. Unfortunately over subsequent years and several submissions we were unsuccessful in getting their agreement. Then by November 2012 we sent a final letter and had trouble getting a firm response in the intervening years. Finally we got a response in November 2014, which was two years later, that they would not come to the party to apply those provisions under the act. At the time the main reason they gave were difficulties they had in defining applications as required under the act for critical habitats. The type of difficulties were never explained and we could not see the sort of difficulties that could apply. It was [inaudible] an area of land, establishing a registered plan through the plan office and registry office, and making the necessary public announcements.

It is now clear that, following the passing of the act in 1995, the agency adopted a policy of not applying these [inaudible] and planning agreement provisions. Instead, full responsibility for threatened species impacts of development projects on private land in

## **PUBLIC**

Tasmania is effectively transferred by the agency to the landowner alone. Clearly now they are in conflict with the act.

Where species are federally listed, the other problem we encountered was the continuing tendency to want to refer us automatically to the feds for approval. We felt that was inappropriate. It is not said in black and white. It said we would like to have you consult with the feds at the same time to ensure you are on the same path. So in reality we believe the intention was there to get us to go to the feds whereby the assessment then comes under the federal act rather than the state act. We think that is inappropriate. There were two projects done by TasRail and the Devonport City Council where we are aware that the state assessment process was not invoked and it was all assessed under the federal act.

The agency has clearly based the policy on the current principle that all private developers should be responsible for environmental impacts of their development projects. That is our general understanding of the planning process and generally applied principles. Obviously for the threatened species issues, that clearly ignores the amendment of this principle by specific legislation requiring it is their responsibility to manage the threatened species protection programs in accordance with the appropriate mechanisms that are written into the act.

Under its applied policy, however, the agency was clearly not prepared to set a precedent by accepting the Port Sorell proposals, in our view, despite the resulting conflict of the intent of the legislation in respect to this high-priority site. I think everyone agreed that from the scientific reports, the correspondence from the agency itself and the obvious on-site nature of the habitat it was clear it was a high priority site and unfortunately we could not get the cooperation we were looking for to implement the project. Despite the benefits forgone affecting all parties, in our view, not only the local community but also the environmental program figures. [inaudible] is a program and the Government's program is thereby in as well.

This morning before I came along I thought we didn't really have any numbers on the effect of this policy to the state's economy, but in respect of dams - which I have a fair amount of experience of over the years - I quickly looked online to get some numbers and the State of the Environment Report 2009 gave the number of dam applications presented to the ACDC. In the five years up to 2006 there were more than 150 per annum. It also listed the number that weren't approved by the ACDC, which was 20 per cent of the number applied. If you apply that to 150 dams over five years that is considerable activity in water development on private land.

In my view - I'm cognisant of my declaration - I think it is likely that a fair proportion of those failed applications, for whatever reason, were likely to have been due to threatened species issues. As you are aware from my documentation I was on the ACDC for a short period, and there were several dam applications even in that short period that were adversely affected process-wise by threatened species issues and one didn't proceed. It was quite a significant irrigation proposal in the north of the state converting a traditional grazing property to irrigation that failed because of a very small area of moss, I think, certainly vegetation, and the landowner wasn't interested in proceeding with the trauma of having to go through a set of processes to overcome that problem without any assistance. I had further discussion with him and suggested that he could endeavour to



## PUBLIC

get some co-operation under the Threatened Species Protection Act, but at the time he wasn't interested.

**CHAIR** - Thank you very much, Max and Stuart; I can understand your frustration. Over the time you have been dealing with these issues have you made representations to the appropriate minister at the time to go through it at a political level - or the minister's minders - to try to sort out what seemed to be, on the face of it, over-bureaucratic restrictions?

**Mr RICHEY** - Certainly from the golf club we have tried to go through the correct processes. Yes, it is nice to call on the minister at times, but if we have this process in place, why should you have to go behind it to talk to a minister? That was obviously our next move.

**CHAIR** - Sometimes you have to have another set of eyes look at something and that often happens as part of the democratic process.

**Mr GIBLIN** - That was on the group's agenda if the whole process failed and the project stalled, but the opportunity arose to see if it could be raised at this forum and that was taken as a prior step. While the opportunity was here it was clearly in our view an issue that should be of interest to this committee.

**CHAIR** - Certainly as a committee we take on board what you have presented to us here and that is on the public record now. Whilst our terms of reference talked about ways of progressing Tasmania's economy in that light, this highlights a specific impediment which I think is important to be placed on the public record, so thank you for that. Do members have any questions?

**Ms RATTRAY** - I have a question relating to section 9, Max, the community review committee. Could you flesh that out a bit and give me some understanding of how that review committee fits into this process?

**Mr GIBLIN** - It's a statutory body. One of the points I made in the document was that the Government's investment in that body is not achieving its returns, in my view, under the present system. The Scientific Advisory Committee, the other body established by the act, is responsible for advising the agency and the minister on scientific matters relating to threatened species. It is a very responsible body which at that stage had cost the Government \$81 000 a year to run. Presumably the community review committee cost a similar amount but a substantial proportion of its statutory functions aren't implemented because of the failure to apply this critical part of the act. I had occasion to contact the committee to see if some way or other the group could approach it in terms of making a submission. That didn't follow through but I did get a measure of frustration from one of the members I spoke to - I think it was a TFGA member - to the effect that sometimes they wonder what they are doing.

**Ms RATTRAY** - So there was no ability through that community review committee to look at your particular issue from the Port Sorell Golf Club?

**Mr GIBLIN** - I can't answer that factually. The purpose of the committee under the act is to provide advice and conciliation on the development of land management plans.

## **PUBLIC**

**Ms RATTRAY** - And consideration of social and economic impacts.

**Mr GIBLIN** - Yes. A member has to be a person qualified in economics and there are three or four industry representatives on it as well.

**Ms RATTRAY** - And community and TFGA.

**Mr GIBLIN** - Yes, and local government, forestry and agriculture. I presume the agents could still use it as part of these programs. The Nature Conservation Act, for example, undertakes land management planning development for conservation covenants and there is no reason, I guess, why you couldn't use this particular committee for a review of that operation as well. It is an asset that is available for that purpose, but the statutory role can't be involved unless the land management plans are developed under these [inaudible].

**Ms RATTRAY** - That advertisement calling for expressions of interest for the chair was as recent as 4 April?

**Mr GIBLIN** - That's right. The listed functions are exactly the same as in the act. Some of them include:

- (b) in respect of private land to assist and make recommendations to the minister on the preparation of land management plans and land management agreements;
- (c) provide for conciliation as may be required if necessary in the development of a land management agreement; and
- (d) consider social and economic impacts in the implementation of land management agreements, or if there are no land management agreements in the development.

Those are three of its six functions.

**Ms RATTRAY** - They're virtually irrelevant.

**CHAIR** - Thank you very much for your time and providing your submission. It will be on the public record and go through to the Productivity Commission as part of our whole package.

**THE WITNESSES WITHDREW.**