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Mr Paul Lindwall  
Commissioner  
Productivity Commission  
[transitioning.regions@pc.gov.au](mailto:transitioning.regions@pc.gov.au)

Dear Mr Lindwall

**A study into the transition of regional economies**

Thank you for the opportunity to contribute to the Productivity Commission's study into the transition of regional economies.

The Tasmanian Government is committed to supporting the growth of the state's economy and there are signs that we have made significant progress. We are committed to reaching our target of 1.5 million visitors to the state each year by 2020, our population is growing, and the improving confidence and economic outlook for the state has been acknowledged in a number of recent economic reports.

In particular these include Tasmania's improved ranking in the recent CommSec State of the States report, positive acknowledgements by Deloitte Access Economics, and the latest Tasmanian Chamber of Commerce and Industry Survey of Business Expectations, which reported a significant increase in business confidence.

However, these opportunities are being experienced at varying levels across the state. They also represent significant changes in focus for some regions and coincide with other changes in the economy.

As a net exporting island state with a small but gradually growing population, large businesses play a significant role in providing employment and investment opportunities in some regional areas. As a result, the loss of a single large business or a change in industry focus can have a significant impact on the vibrancy, social-economics, composition and number of people and businesses present in our regional centres.

While Tasmania has not experienced the adverse after-effects of the decline in the resources boom to the extent of other states and territories, it is experiencing the impacts of other economic transitions in a number of our regional areas. These changes have been triggered by the emergence of new industries as historic industries decline, and the associated workforce implications this brings. Some industrial decline would no doubt stem from the loss of competitiveness experienced in non-mining industries that had to contend with high exchange rates that accompanied the resources boom. The impacts, drivers and results of these changes vary by region, as illustrated in the attached snapshots of Tasmania's regional areas that are undergoing notable transitions.

Tasmania currently has regionally varied economic conditions. It is not uncommon to see the central business districts experiencing greater economic activity and lower unemployment than regional centres;

Hobart has recently outperformed the north of the state. This has been exacerbated by the more regional areas also being more reliant on resource and primary industry based sectors, which have been more vulnerable to recent global pressures.

The Tasmanian Government has, and continues to, respond to these challenges by implementing a range of policies and programs that seek to support and transition individuals into employment and our growing economy. To take advantage of new business and job creation opportunities we have also been working to facilitate the growth of emerging and high growth industries, such as aged care and NDIS linked programs, agriculture, transport and tourism. However, growth in these service areas, without further innovations, are typically characterized by having lower relativities in terms of overall contributions to economic productivity at the whole of state level. That is, jobs growth is occurring in occupations that typically have lower contributions to state productivity.

In the north of the state the Tasmanian Government is implementing its Northern Economic Stimulus package specifically designed to boost confidence and bring forward \$100 million in projects including:

- fast-tracking four key north and north-west school projects, valued at more than \$12 million
- accelerating the development of the Cradle Mountain Visitor Centre;
- providing \$250,000 towards a full \$5 million feasibility study into the proposed \$100 million black-pellet plant in the Tamar Valley; and
- providing interest-free loans to local government to bring forward infrastructure projects to help create jobs, growth and improve services.

We are also investing \$90 million in capital investment over four years in our Northern Cities Major Development Initiative to boost growth, jobs and increase educational attainment in the north and north-west.

With new opportunities and emerging technology, different sectors can often require a change in workforce structure and needs. We have seen the signs of these changes in Tasmania and have worked proactively to lessen these barriers.

For example, the Tasmanian Government has a number of programs to support the transition of people into new jobs and upskilling workforces for emerging opportunities. Amongst others, these include:

- investing in grant programs that fund industry-led workforce development plans that drive training, recruitment and planning to provide an appropriately skilled and work-ready workforce;
- through our strategic industry and community partnerships we are able to directly engage with key industries to develop intelligence on business and regional needs relating to skills and employment to inform our program design;
- investing in apprenticeships and traineeships, including providing funding to help small businesses grow, train and expand through transitional phases;
- working in partnership with the University of Tasmania to bring tertiary education facilities and critical mass of people into the central business districts, such as the relocation of the University's north and north western campuses;
- providing a Rapid Response program to help people retrain and find work in the 12 months following loss of employment; and

- providing training to take advantage of and keep pace with advances with technology, such as the Tasmanian Government's Digital Ready and other business support and mentoring programs.

In considering the options, models and principles for providing assistance to support transitioning regional economies, it is important to note the importance of early industry engagement and Australian Government support. Overcoming initial barriers can help build momentum to progress through a transition process quickly and empower communities to take advantage of emerging opportunities. This can lessen the potentially significant social impacts for regions subject to boom-bust cycles to occur without assistance.

In program design, potential areas for consideration are:

- allowing flexibility in support and programs – regions undergoing transition are likely to be impacted by different influences and will have unique challenges; and
- supporting compatibility of local, state and national programs, and avoiding duplication. We all have a responsibility to contribute to and support our regions transition.

The Tasmanian Government is committed to continuing to support growth and regional resilience. The Government will continue investing in workforce planning and will provide transitional and fiscal stimulus to our regions to encourage economic growth, investment and job creation where required.

I look forward to following progress of this study with interest and to continued engagement in this national discussion.

Yours sincerely \_\_\_\_\_

Matthew Groom MP  
Minister for State Growth



## Attachment – snapshots of regional areas undergoing transition in Tasmania

### *Snapshot 1 – change in key industry and loss of a large employer in a regional area – Tasmania's West Coast*

Following the placing of the Copper Mines of Tasmania's Mt Lyell mine into care and maintenance in July 2014 and the closure of Unity Mining's Henty gold mine shortly thereafter, the Tasmanian Government established the West Coast Economic Working Group to provide support to the community through the significant impact this change had on the region.

The combined mine closures resulted in a loss of 400 jobs in the region. The working group was in place for twelve months and focused on identifying, reviewing and recommending ideas and opportunities for the west coast region. Criteria for assessment included long term benefit, industry opportunities, and short term stimulus to support workers and the community in their time of need.

The working group focused on the need for investment in new industries to strengthen the economy, underpinned by improved infrastructure, skills and vocational training and access to new markets such as the mountain biking sector. At the same time, continued investment in core mining and mineral processing, aquaculture and tourism sectors were considered key to the region.

Immediate response support for affected workers and community members included:

- workshops to outline support and services available through all levels of government;
- support to affected businesses and community members through the Department of State Growth and Rural Business Services;
- dedicated additional Centrelink resources within the community;
- counselling support through Rural Business Services;
- establishment of a benevolent gift fund in partnership with Rural Business Tasmania;
- establishment of a dedicated social recovery committee to provide critical health and well-being services to the community;
- in partnership with Skills Tasmania, providing workforce planning support and training opportunities;
- business advice and support through Enterprise Centres Tasmania; and
- training and upskilling.

The Tasmanian Government provided further support by bringing forward its Building a Stronger West Coast election package, which included:

- \$300 000 for frontline public service housing upgrades;
- \$250 000 for regional training and skills initiatives;
- \$100 000 for an improved West Coast public transport pilot program;
- \$50 000 support for the Queenstown Heritage and Arts Festival;

- \$25 000 to complete the North Lyell Disaster Memorial Park; and
- \$25 000 towards geo-tourism opportunities for the West Coast.

The working group used the State Government's election commitment for a \$250 000 West Coast training initiative to leverage an additional \$110 000 of funding from the Australian Government. This \$360 000 excludes other statewide skills programs already available to individuals and business, boosting the region's opportunities to accessible and relevant training.

The working group also supported \$300 million worth of new projects such as the West Coast Mountain Bike Trails; infrastructure projects such as the Strahan Footpath Infrastructure Program undertaken in partnership with West Coast Council; and business attraction activities such as the West Coast Experience Trust Fund, which was jointly funded with RACT.

#### *Snapshot 2 – supporting community resilience: The Huon Valley Works – Community Employment Hub*

The Huon Valley Works – Community Employment Hub was established as a pilot with funding from the Tasmanian Government through the Skills Tasmania division of the Department of State Growth.

Through a Skills Tasmania workforce development and training grant program, the Tasmanian Government funded a southern regional community group – Geeveston Community Centre Inc – to develop a business case for a community based social enterprise to improve the region's employment and training opportunities and prospects. That business case was later successful in gaining seed funding through a separate Skills Tasmania grant program and the Huon Valley Works – Community Employment Hub was created.

The program is locally owned and staffed, provides links between jobseekers and employers, provides industry specific and general work readiness training, and builds the community's resilience.

The business case was funded in March 2015 with seed funding later provided in October 2015. Since that time the Huon Valley Works project has expanded and facilitates access to three work readiness programs in the community and helping underemployed and unemployed people train for and access job opportunities.

#### *Snapshot 3 – changing industry and growth resulting in a shortage of employees – King Island*

King Island is a small island with big appeal and opportunity. In recent years, the island has been transitioning from a largely manufacturing based workforce to a service based sector, following the closure of the on-island abattoir and increase in tourism and associated development as part of the state's growing tourism sector. (This follows the closure of the island's major mining operation (scheelite) in the early 1990s.)

Supported by two new golf course developments, projections suggest visitors will more than double in the next few years. This creates a need for accommodation and a workforce that is less shift-based and more casual. As an isolated island, pressure points in the transition of this regional economy can quickly become apparent.

To support the region to respond and prepare for these opportunities, the Tasmanian Government has provided funding to undertake a workforce capability study to help the community identify and prepare for the changing local economy. By supporting the community to undertake this work, it is hoped the

planning process will help develop community resilience by self-identifying gaps, opportunities and funding options to help achieve the desired level of employment.

The Tasmanian Government's investment and promotional work has contributed to the current growth the island is experiencing. This includes: promoting tourism opportunities through Tourism Tasmania; and encouraging investment through the Office of the Coordinator-General.

We have also provided funding through Skills Tasmania to support the island's business community to undertake feasibility studies and workforce development to support and prepare for the active transition period.