Australian government's role in the development of cities

THURSDAY, 12 APRIL 2018

HOBART

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I'll probably just cover off by saying: I think you had a particular interest in the City Deals—the Hobart City Deal and the Launceston City Deal. I'm happy to discuss those as we go through. With that, I'll close off.

Mr Giles: Thank you, Mr Garcia, for your evidence today. You've got a really interesting submission as well. I've got a few questions, but I might have it in two goes, because I'm sure the chair will also want to interrogate you. Perhaps the second go might be on the City Deals specifically, and I'll try and tidy up some other bits and pieces first. One thing I was interested in in your submission is it describes Tasmania's position as unique in terms of Hobart's contribution to the Tasmanian economy and population. Can you explain what you mean by that.

Mr Garcia: While it is large, it's not like Melbourne or Sydney. Most of the other jurisdictions have a single place that captures everything. In Tasmania, while Hobart is large, it's not the beacon. It is the capital, but we have a significant dispersal; I think we're the most dispersed population in the country. We have many other centres. Notwithstanding the fact that about 220,000 of the population are in Hobart, I think the intent of the description is to say: while Hobart is important, we also have a significant Launceston, a significant Burnie and a significant Devonport and much in between.
Mr GILES: I gathered that. I guess I'd always had in my head—and I may be wrong in thinking this—that Queensland had the most dispersed population outside of a state capital.

Mr Garcia: We always claim it.

Mr GILES: Okay!

Mr Garcia: We also claim to be the second driest capital in the country, and many people don't believe that either!

Mr GILES: It's a claim that's been advanced to me already today, Mr Garcia. I'll make no further comment on it. My father's family is from here, so perhaps I should line up with the Tasmanian way of thinking. I was really interested in the reflections on the nature of low growth as opposed to rapid growth, particularly in Melbourne where I'm from. Although I think we're starting to see a two-speed urban dynamic in Australia, with probably Perth and Darwin going on a very different trajectory from the major east coast cities—Adelaide is probably in a category of its own. But I was interested that you posit in your submission the opportunities for Hobart in particular to serve as a bit of a laboratory. I'm wondering if you could point to some federal initiatives that might in your view be useful experiments to conduct here. I appreciate what you say about sharing the growth burden. I think that's a really interesting idea that we can explore, but I was interested in the laboratory concept that's advanced.

Mr Garcia: One of the difficulties, in the context of migration, is putting people where they don't want to be. I think we probably have some evidence to suggest that, where we've reached out to many migrants coming to Australia to establish a cohort in Tasmania, for varying reasons they've moved away, whether it's access to employment, access to cultural ties or whatever it might be. Often we find that it's just too cold for some people, probably as the Northern Territory might be too hot for some people.

What we do tend to lack here is a lot of the infrastructure that would appeal to those people. We have our own migrant resource centres, but, as to whether or not we have sufficient and adequate support services to address a significant influx of people, I'm not sure about that. We have migration. We have immigrants and refugees come here—people choosing to settle here if there's an opportunity. But, in many cases where we have, for instance, some newer communities, there's often not a support structure here. I think the opportunity might exist in terms of being able to ease that burden in looking at what level of infrastructure might be required to support that growth. There's not much point in sending people down, saying: 'We'll provide you with housing; we'll give you a list of jobs that you might be able to apply for, and there's the bus stop down there. Good luck with that.' It's a little bit more than that. While we have a significant level of infrastructure to support what we have, in the event that we were going to get a greater influx, there may be some opportunity to look at some of those support structures that may assist in that—not just the migration and the movement, but the retention. I think the important thing is that we have a significant Sudanese population in Hobart. We have many other communities from other countries. It works because there is a cohort and because there is a support structure. I think that there's an opportunity to extend that for them and for other people as well.

Mr GILES: I was interested in your suggestion that a national government role in urban development might be a specialist planning support. Is that a fair characterisation? There's reference to the EPBC Act issues. It just struck me as interesting.

Mr Garcia: I suppose if I compare myself in my role with New South Wales, the resources that are available to New South Wales—I suppose it's probably unfair to say that a lot of what's happening in and around Sydney at the moment is that the mistakes that were made in the eastern suburbs are being clarified in the western suburbs. They're probably trying to get it right. There's a plethora of planning, there's a plethora of data and there's a plethora of resources going into that to get it right. I suppose in a small jurisdiction, it's a matter of the capacity to not only take that information but to do the analysis and do the work. While there's a pointer at planning, I suppose it's in the broader context of the skill base and the analytics and the capability to get all that right. You do need some scale to do that. Through my office we are moving towards an improved circumstance. This is not a plug for my area, but in general terms in Tasmania, the lack of those higher-level resources and integration probably confines us to doing things at a certain pace and level.

Mr GILES: I just thought it was a really interesting contribution as we try to think about the shape of national government involvement in infrastructure provision beyond having IA as it stands alone.

Mr Garcia: In a Tasmanian context the IA sort of draw the line for processes at about $100 million. New South Wales and Victoria don't get out of bed for less than half a billion dollars. In Tasmania we have a few projects over $100 million. We don't fall between the cracks, but the level of effort required to actually get those projects up in an integrated way elsewhere requires significantly more discipline. We don't quite get to that scale.
Mr GILES: There has been a suggestion, with a Melbournian and a Sydneysider here, that the $100 million marker has distorted bids away from those $20 million or $50 million projects that are significant but beyond the scale of even large local governments and perhaps are being passed over, notwithstanding their merits. I guess I was thinking about it from that angle as well. We can look more at the sort of capacities that can be more effectively warehoused nationally but accessible within jurisdictions.

Mr Garcia: I think that's an interesting point. I do understand that we are really talking about, through Infrastructure Australia in particular, projects of national significance. The issue becomes that the scale makes them that. But in terms of the overall benefit to community, as you say, a $50 million project can have a significant uplift in terms of turning around a particular community. Does that have national benefit? Collectively, after a little while, probably yes. It doesn't move 100,000 people a day, for instance, but it can have those opportunities.

Mr GILES: Just one last thing before I might throw to the chair and then come back to the City Deals opportunity if I may, Mr Garcia. I'm interested in the impact of the NRAS investments in terms of Hobart's inner city. I'm going to ask the university about it, but I'm just wondering if that's something you can comment on.

Mr Garcia: Not in great detail, no.

Mr GILES: It was before your time?

Mr Garcia: Pretty much, yes.

Mr GILES: And perhaps more generally the significance of education infrastructure. I know that UTAS is the second-biggest employer in Tasmania and is presumably the biggest outside of the Public Service in Hobart, I'd imagine.

Mr Garcia: That probably is correct, yes. I have to talk about the university now. The university is a significant player in Tasmania, not just in Hobart but in Launceston. In Hobart they've got the current move of the universities towards the city. I don't know if you're familiar, but their southern base is at Sandy Bay. A significant part of their campus has now moved to the city. There's still—I won't say a remnant—quite a significant piece to come in. That's proposed over the next decade. The centrepiece of that is the STEM project, which has been endorsed by Infrastructure Australia. It is a $400 million project just hanging out for want of funds, I suppose, to proceed. Again, it will bring a significant vibrancy to the city. I think the experience of Sydney and Melbourne in particular where you have those inner-city campuses and the activity they create will certainly change the face of Hobart. As an employer, they are certainly a significant player in the state. As I said, that's not just in Hobart and Launceston; they also have a north-west campus. So clearly we are a big fan, and the state government has a significant strategic relationship and partnership with the university.

CHAIR: We have a lot of things to cover. We had evidence from your federal counterpart, Philip Davies, the CEO of Infrastructure Australia, who made several important observations. He expressed some frustration that he was working without a corresponding land use department, which is in line with our recommendations from our first inquiry that all infrastructure should be master planned and should be attached to a master plan of land use—that every piece of infrastructure should have a land use plan attached—and that there should be a value-capture model developed so that when the investment in infrastructure and the land use combine to increase the value of the properties and the land involved there is a method to capture some of that uplift to sustainably fund the infrastructure.

We have also just been to Newcastle, which is a similar sized city to Hobart. They are looking at very large growth and the prospect of one day maybe have high-speed rail, which would accelerate their growth. We have come to learn—and you mentioned planning in projects—that projects are nearly always playing catch-up. They are looking at finding a solution to a problem that has evolved because there was not planning done in advance. Would you agree with that? Could you talk to those issues.

Mr Garcia: I know exactly where Philip's coming from. In the infrastructure space it is one of the frustrations. Many years ago in the, I think, Queensland land use planning process there was the circumstance where as a council you had to accompany your planning scheme with an infrastructure plan. So in order to be able to do what you want to do in a land use sense, you have to be able to demonstrate that not only is the infrastructure capable of delivering but there is a mechanism by which that infrastructure can be funded, whether it is private, public or whatever it might be. It doesn't pick up value capture—and I'm not seeing Queensland is perfect—but there is a model there.

One of the frustrations, as you would be aware, with infrastructure and the growth that we are facing at the present time is how we respond to the fact that there is a whole bunch of people coming in—we need to give them houses. Let's quickly do that. We need public transport now. We haven't got enough electricity up there. We
haven't got enough water. God, what are we going to do?' So we are always playing catch-up. With what is happening now with the extent of growth and the speed of the growth, we could have been asleep at the wheel for 50 years and it wouldn't have mattered. But more latterly there has been a circumstance that, by virtue of these growth pains that we are having, not only do we need new infrastructure but the infrastructure we've already got hasn't been planned adequately to cope with what we need going forward. We've generally tended to provide just-in-time infrastructure without a capacity beyond what we are building it for. But invariably for most projects these days—I think Melbourne is the classic example with some of their Metro or rail work—as soon as you open, say, a line, suddenly it's the busiest station you've ever had in your life. As soon as you open a tunnel, it will be at capacity the day it opens. So we are not very good at that planning process.

Philip's frustration around land use planning is appropriate. Here we are trying to say, 'We want to build all these infrastructure projects,' against the backdrop of a planning system that exists now dealing with the now but is not looking at what the needs will be in the future. I went to the end of the Metro Northwest line in Sydney where they're going to have the end station. There are a range of paddocks out the back. They said, 'There will be a couple of million people living there in 20 years.' I looked at that and thought: 'Why bother doing that? Why not send a fast train 100 kilometres the other way and build yourself a new city over there, because you're probably going to be better off?' But I don't know. That's not probably the right thing.

CHAIR: I think it is. I'd like you to repeat it!

Mr Garcia: But in terms of how we deal with that growth, we do need to get that urban planning—well, land use planning; it's not just urban, it's also peri-urban and rural. But the circumstance that we have presently is that the infrastructure is responding to the land use, rather than the land use and the infrastructure being married together and getting it right.

CHAIR: Reactive rather than proactive?

Mr Garcia: I won't say 'totally reactive', but, in general terms, quite reactive.

CHAIR: Yes. Probably the parallels that you're facing, and also Newcastle, are that, in looking at a great deal of growth in the future and understanding the perpetuation of the sins of the past in Sydney's development, there is the opportunity, because it's a size that can be dealt with, where you could retrofit your infrastructure and land use to what is here with an expansive plan of moving forward into the future so that you're not repeating the sins of the day. That is the opportunity that you have, which is far less of a challenge than what lies in store for Sydney or Melbourne. Would you agree with that observation?

Mr Garcia: Absolutely, but I think ultimately—and it doesn't matter which jurisdiction—it requires some bold leadership. We're talking about land use plans and infrastructure that are intergenerational and we're talking about terms of government that are three or four years—if you're going well, you're in government for eight years. We need to get to the point in the context of land use planning of looking at that 20-year vision and that 20-year plan and ensuring that it's about the greater good of that area and not just the 'announceable' in that process, and I speak in general terms in a government sense. We have to really take that long-term view of that to see what is in the best interest. We've tended to be a bit shy around that. We tend not to make those big, bold decisions. I think that's the challenge—to get governments as one to start working on those in the longer term.

CHAIR: This committee was formed with that in mind. There was consideration given that it could be a Prime Minister's task force, but the Prime Minister decided that it needed to be something that would survive this government and continue beyond terms of office. One of the considerations has been that the findings and recommendations of these committees should have a stronger link with the Infrastructure Australia bodies and with land use Australia, if there were such a body formed. The funding bodies should be joined together and more directly engaged so that it's less political, that the findings we make are verified, that the recommendations are bipartisan and that the carriage is less constrained by the politics of the day, which are often debates.

It was interesting to note today the offer of the federal government to contribute $5 billion to the rail from Melbourne to the airport with a want for the Victorian government to put in a similar amount. One of the issues that we've been grappling with for quite some time is the purpose of high-speed rail, which would cost $50 billion from Sydney to Melbourne, and would service the airport with a much quicker rail than what's being proposed for that $10 billion. Would you see that as a great example of short-term, ad hoc thinking?

Mr Garcia: It would seem so, without understanding what the greater good is. Certainly a high-speed rail between Sydney and Melbourne appears to have some merit. But you've probably got off at Melbourne airport as often as I have and thought: 'Wouldn't a rail be great!' But if it could be incorporated into something larger, with greater use, sure. I think you're right. We have a tendency to have a problem now that can be described easily and can be achieved by, if not a level of government, a partnership of government. When you start to make those
projects bigger then you require more community input, more community support and more governments to be involved, whether it's local, state or otherwise. It just takes a whole lot longer. So we have a tendency to break those down into component pieces and get done what we can get done. I think that's human nature. We have a process in play whereby we think: 'Will we ever get the grand vision done? No. We won't ever be able to get that done in one go. Can we compartmentalise and incrementally improve that? Yes, we can. So let's work on that basis.' As long as we have always got the grand plan then that's great, but I don't think we spend enough time on the grand plan—a la your Sydney to Melbourne rail.

**CHAIR:** Which would then go to Brisbane, Melbourne and Adelaide.

**Mr Garcia:** Or the Territory and round to Perth. Why would you stop?

**CHAIR:** I don't know whether you could do it with Perth.

**Mr Garcia:** No.

**CHAIR:** If a hyperloop came into existence, you could. With the concept of trying to align three levels of government, one of the recurring themes seems to be that states are responsible for infrastructure and councils are responsible for land use, zoning and planning. The need which we have pushed for is a federal value capture model, which would be a mechanism to align the three levels of government. If the state engages with the local councils on a particular project to have agreement on land use, the infrastructure we propose to facilitate that land use and that uplift is that the federal government could be the bank that collects the uplift, quarantines it and hypothecates it to the states for disbursal for the cost of the infrastructure. Is that, as an overall plan, practical, doable?

**Mr Garcia:** Many would argue 'Who should be the banker?' I'm not sure that they would suggest necessarily that it should be the Commonwealth. I will just pick up on one of your points. You indicated that local government are the planners. They are only the planners because state government allows them to be the planners, and it is convenient to do so. In this jurisdiction, certainly the decision has been taken to leave planning with local government, but there is a single planning scheme; there is a single framework structure in which that happens. So state governments have quite a degree of capacity to influence how the planning gets done.

In terms of your proposition of a value capture model, I still think value capture is at a very immature stage at this point in time and there is a lot of discussion around what it could bring and what it might achieve. While those of us who probably engage closer to it have a better understanding of it, I'm not sure that our community has any idea about what we are talking about when we talk about value capture. In essence, we are talking about a forward call on a tax or a levy of some sort. So, at the end of the day, the community pays.

**CHAIR:** The language that has been modified is that the beneficiary contributes.

**Mr Garcia:** The beneficiary contributes but most people would say: 'Well, I pay my taxes. You should give me what I need anyway.' As a model, I don't think there is a problem with looking at it. As we improve infrastructure that gives a benefit to a third or a direct party, there should not be a reason why someone shouldn't make a contribution towards that infrastructure, in principle. If we could get a tripartite agreement between local, state and federal government on how that would happen and what sorts of principles and processes we would have in place and we had a merry-go-round of funding—understanding that that will never pay a full cost; it will be a contributory element to it, even it was almost a contribution towards operating—that probably wouldn't be a bad thing. In the future, I think we have to look more at the whole concept of a value capture, but we shouldn't kid ourselves that it's the panacea and it's going to pay for infrastructure. We also have to understand that there needs to be a significant community discussion about how that gets done. The Gold Coast is imposing a levy on light rail. It's a fairly blunt instrument, to say the least. What it is has been explained to the community. I'm sure it's not popular among many people, but the Gold Coast city council seem to be progressing with that and they're extending their light rail line. That's probably one of those where it's in motion, it is working and there's an element of contribution towards the capital project, but it's one way to do it. Your principle is not unsound. Whether you get 550 counsellors in a room to agree on that matter is another thing entirely.
from Gary Fisher, the head of Hitachi Consulting Australia, who claimed that the greatest opportunity to have value capture funding high-speed rail in the world exists between Sydney and Melbourne because of that reason: the vast opportunity to uplift the value of land from virtually zero value to competing with the very expensive land in Sydney and Melbourne. It is certainly something to pursue—

Mr Garcia: Absolutely.

CHAIR: We see more recently, with the Northwest rail line, which you're familiar with, the escalation of land values. Sometimes up to 50 times the value of the house was received and not one penny was contributed by the beneficiary to the cost of that infrastructure, and now we're playing that game again at Badgerys Creek, except on a bigger field. Relatively, more profits are not being taxed, which seems—

Mr Garcia: I suppose that's our differential. My point is that it hasn't been done effectively. If you are going to do it from a zero base uplift to quite significant value, how you capture it and hypothecate it to the project is the important issue. There will be an uplift—there's no question about that—but there's a question of where the money lands. Does it land in the pocket of the landowner or does it land in the pocket of the contribution to the infrastructure?

CHAIR: How we have looked at it is: if you own land that has this extraordinary benefit because of an infrastructure project, coupled with planning—where that's the trigger—you'll be subject to the beneficiary contribution that you'll be asked to make. The investor, the developer, is getting certainty of infrastructure and certainty of zoning and certainty of rapid planning approvals, so the land is more valuable. So the landowner will be getting not a speculative value but a real value for the zoned land and improved infrastructure but will contribute to the cost of that infrastructure. That's how the plan is looking.

Mr Garcia: Absolutely.

CHAIR: We're thinking that it definitely needs to be contained to transformational infrastructure projects. When we met several years ago with the mayors of the capital cities, including Hobart, my recollection is: there is a rail line already in existence and, if you were to establish stations on that and rezoned around it and had the uplift, even though the infrastructure had largely already existed, could we still be receiving a federal value capture? I thought there was no reason why not—

Mr Garcia: There is no reason why not.

CHAIR: which seemed to please the lord mayor of the time. This would have been four years ago, and I forget his name.

Mr Garcia: It would have been Damon Thomas, I think.

CHAIR: A mature man.

Mr Garcia: Damon, yes.

CHAIR: And it was interesting how the conversation went, because, in Western Australia, Perth was considering a metro system. Perth wasn't very keen on this idea until your lord mayor explained it to their lord mayor, so we had a third-party endorsement. And it is one of these things that people simply don't understand. You can have—

Mr Garcia: I think that's the issue. A council will say, 'Yes, that's a great idea,' and then you say to them, 'Can you go and collect that towards the project?' because it needs a mechanism and it needs an instrument.

CHAIR: I think the feeling is, if we can make it simpler and eliminate section 94s and simply capture the uplift and then have it distributed, considerate of what the council would have received in section 94s or any other fees they might have wanted with the rest going towards the infrastructure that the state is undertaking, the plan is to find a way to align the three levels of government to be able to plan infrastructure and, in particular, a rollout of high-speed rail and the retrofitting of major rail systems into cities that are accompanied by planning for densification. Both situations raise the value of land. We had evidence from Tim Williams, who'd been involved in the cross-city rail, where that was considered a great triumph in raising something more than 30 per cent towards the cost of the infrastructure, and his acknowledgement was that it was a royal stuff-up that we didn't seek to capture the uplift of the value of the land and that what's happened around Rouse Hill and Castle Hill should never again happen. He has very great experience in this area, but, looking at the plight of Australia, it's very much focused on this as a mechanism that's required to roll out the planned infrastructure. What would be your vision for Hobart and region as far as infrastructure and planning is concerned? What would it look like?

Mr Garcia: In terms of the Hobart City Deal, we're acknowledging that, in Hobart in particular—and, I think it's probably fair to say, in the country—there is a love affair with motor vehicles. It's particularly so in Hobart. And what we've noticed in the last four to five years is that we don't have congestion like Melbourne has
congestion or like Sydney has congestion, but we do have Hobart congestion, and it's probably more Hobart delays in traffic, but we have had significant growth on the outskirts of Hobart. Much of our employment is in the city, so there's this agglomeration of traffic in the mornings. One of our challenges is to address this issue of traffic management, and, by virtue of our geography, it's very hard to build our way out of it. Again, on the basis of scale issues, tunnels and bypasses are simply probably not the answer at this point in time. So, like cities that have grown beyond the size of Hobart, we need to start focusing on public transport. We have a bus network, but it's a bus network that meets the needs of a cohort of the community that probably either can't afford a car or doesn't choose to use a car. So it's targeted probably at older people, younger people and those who may not be able to afford parking or a second car or whatever. We need to extend that to ensure that we're picking up a greater cohort of people. We need to be able to get the average Joe who comes to work each morning and parks his car for a very cheap price onto public transport and take cars off the road. So our infrastructure vision for Hobart is about a tendency or a bias towards public transport and a bias towards not actually having to go and pay for expensive infrastructure which we can't build anyway until we resolve the problem we've got.

Part of our City Deal master vision around transport is to look at an integrated transport regime that looks at greater use of buses. When we bring buses into the centre of the city, we want to underground those buses, if that's sensible, because one of the difficulties of having buses at ground level is that they can't get around the traffic. We need to bring them down and be able to move them back around. We're looking at our ferry service. We've got a river system not unlike Sydney and not unlike Brisbane, yet we don't particularly use it well. We have a ferry service that services Mona, with many tourists every day, yet we don't run people across the river, which is a very short trip anyway. We'll look at that within our vision. And the northern suburbs light rail is within that frame as well. The challenge with the northern suburbs rail is that it's about 10 to 15 kilometres. It has a number of people living in that sort of geographical capturing space, but it's not probably adequate or sufficient to enable a transport solution, if you will, that could pay for itself. In order to make a light rail or the transit corridor in its own right work, you need to have more people in there. There is a revitalisation project that we're looking at, which is about exactly what you described before—how you rezone that to get more housing, to get affordable housing, to get student housing, to get greater density, fundamentally, and ensure that we're not just servicing the needs of a transit corridor but the integrity for the community stays intact as well. That's part of our broad vision around an integrated transport vision for Hobart, as I say, to focus towards public transport and away from vehicular use. In terms of infrastructure, we'd probably be looking at infrastructure that supports that, rather than, as I say, major tunnels, flyovers or things like that.

CHAIR: It is extraordinary, and you might find this unbelievable, but, in Sydney, we have three light rails and a new one that's being built that's having some blowouts apparently, and those three are not compatible. There's a light rail going into Canberra and any number of other projects—one planned for here sometime in the future. Would you agree that there should be some compatibility and that, if we, as a country, were looking at rolling out light rail in any number of cities and retrofitting our major cities with light rail, if we could source it from one common source, we could have a collective-bargaining benefit and possibly even be able to build the rolling stock ourselves?

Mr Garcia: Absolutely. Yes, it's more about the procurement than it is about the integration, but it would certainly be worthy of a sensible discussion. Given that we've already got them—and let's say, we're going to go and buy ours tomorrow—the first question I have of people on the light rail space is: is it going to be high rail or low rail? What gauge is it going to be? What does the market present us with? The reality is that it's like buying a sedan, an SUV or a utility; you need to look in the marketplace at what's available. If there was that level of commonality—should there be? Maybe it's worth a look, but, if we're going to just look at light rail, then let's look across the board at a whole range of things. As a country, we're not a major purchaser in the world environment in these spaces, but, if we were going to start there, I'm sure there are plenty of others places we could go as well in the infrastructure space.

CHAIR: When I talk to you and you're going to set off on this journey that several other states and territories and cities have set off on, it's a great pity that we haven't—

Mr Garcia: In fairness, there's now a light rail club, so the entities that are actually involved in these things get together regularly and are actually learning from each other. Those who are moving forward, particularly, are actually looking at what others are doing. I think, on a pathway, there's at least a learning process where they're actually getting together and learning from their experiences.

CHAIR: We have gone a little bit over time. Have you got any more questions?

Mr Giles: I do, but I'll save them for the council, I think.
CHAIR: Thank you very much for your attendance here today. If you've been asked to provide any additional information, would you please forward it to the secretary by Friday, 27 April. You'll be sent a copy of the transcript of your evidence and will have an opportunity to request corrections of transcription errors.

Mr Garcia: Thank you.
BRISCOE, Alderman Jeff, Chairman, City Planning Committee, Hobart City Council

NOYE, Mr Neil, Director, City Planning Committee, Hobart City Council

[09:45]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and, therefore, has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make an opening statement before we proceed to discussion.

Mr Noye: Thank you; I will take that opportunity. Before responding to any questions and the like, I just want to give a little bit of context to the state of growth in greater Hobart to give you some insight as to the challenges that local government and the state are facing with that growth.

Greater Hobart is currently experiencing significant growth both in the visitor and the permanent residential populations, with the number of hotel room numbers expected to increase by 40 per cent in the next four years and the population growth exceeding 1.2 per cent per annum at the moment, which is a significant difference from previous decades. The University of Tasmania has also made the strategic decision to relocate a significant proportion of its campus into the heart of the CBD at the same time as increasing its student population. The state government has also taken the decision to deregulate the short-term visitor accommodation market that has significantly contributed to the record low residential vacancy rate of 0.3 per cent.

The construction and development industry is struggling to respond quickly enough to address the unprecedented need for additional housing, notwithstanding having one of the fastest planning consent processes in the nation. The form and location of the housing that is being provided, however, is creating an unsustainable settlement pattern that is setting up considerable inefficiencies in social and physical infrastructure needs in coming years. Only 11 per cent of the housing that has been created in the period 2011 to 2016 was provided within the local government area of Hobart.

The considerable residential growth that is occurring is mainly occurring on the urban fringe of greater Hobart to the north, south and east of the CBD, with the relatively cheap, flat land with detached housing the predominant housing type on offer. Hobart is topographically constrained, with the Wellington Range to the west and the Derwent estuary to the east separating the two main growth corridors. This topography has resulted in the linear form of the city, with limited entry points into the CBD, which happens to be in the main employment centre; 50 per cent of employment is located within the CBD area. The main entry points are the southern outlet to the south, the Tasman Bridge to the east and the Brooker Highway to the north. These two-lane entry and exit points with transport systems reliant on the private car for people movement will, on the current growth pattern and rate, not be capable of accommodating this increasing vehicle demand without significant public investment.

The ability for the market to provide apartment style housing alternatives close to the CBD is also a constraint due to the legitimate heritage controls limiting this form of housing in the inner suburbs of Battery Point, inner Sandy Bay, South Hobart, West Hobart and North Hobart. Notwithstanding these constraints, opportunities do exist to provide high-density apartment style dwellings within and adjacent to the CBD within existing commercial precincts. We are finding that the market is starting to respond to this opportunity, with some 500 apartments now under construction, soon to commence construction or with the council for planning assessment. Furthermore, a preliminary assessment of underutilised commercial sites within these commercial CBD fringe zones indicate a potential for a further 40,000 residents to be housed without any need for zoning or planning scheme changes.

The other growth corridor that offers significant potential for affordable housing opportunities at higher densities is the northern transit corridor, particularly within the Moonah and Glenorchy suburbs, where existing services and potential for light rail exists. That’s been touched on already. This area is relatively flat, serviced, underutilised land adjacent to an existing rail corridor and within five to 10 kilometres of the CBD. It has been identified by both the Hobart and Glenorchy city councils as having significant potential to address both the need for affordable housing in close proximity to major employment centres, and addressing the issue of car dependency by providing an efficient public transport alternative. As has also been touched on, this development opportunity and associated benefits have been identified as being worthy of inclusion within the future Hobart City Deal currently being brokered between the state and federal governments, and one that certainly those two councils have championed.

I believe the City Deals model with the clear, coherent plan involving all three levels of government with a 10- to 15-year funding and implementation time horizon has considerable merit. It allows the Commonwealth to
direct its funding to facilitate smart growth over multiple election cycles, improving the scope for efficient settlement pattern and public infrastructure delivery. Ongoing facilitation and funding of these deals are strongly encouraged, coupled with funding of evidence based research and national policies to guide the growth of Australia's cities in a sustainable way, and that delivers the highest possible amenity.

Mr GILES: Thank you for attending today, and for that opening statement. I've certainly found it very useful. I'm probably, unsurprisingly, most interested in your attitude towards the City Deal, which I understand was signed in January. I just wonder at the outset if you've taken on board any particular learnings from the Launceston experience? We'll be chatting with them later, and it would be good to get your take on it.

Alderman Briscoe: Thank you for giving us an opportunity to speak to you, and I do apologise for the weather. A lot of people are coming to Hobart because of our beautiful weather; however, today is not a good example of it.

I think we're holding out that the City Deal will be significant for Hobart. It will help us on all sorts of levels. Your earlier discussion with Mr Garcia was very interesting, because I think we're all moving towards the same level of understanding, and it was good to see the state government had got the same sort of understanding as Hobart.

There are 29 councils in Tasmania for a bit over 500,000 people. That is a significant barrier to doing anything on a council basis, and we're hoping the Hobart City Deal facilitates at least the four urban councils to work in partnership, really significant partnership. I think Launceston getting the first city deal will provide learnings. I personally don't know the learnings that we'll receive from that. I suppose, from a pragmatic politician point of view, they did actually get funds, and that, to me, is one thing that the Hobart City Council would hope for—that is, any city deal would provide Commonwealth funds to greater Hobart.

A plan for the city as a whole is really important. Because we're all elected to individual councils, we can't see the bigger picture. We try to see the bigger picture, but sectional interests would probably keep us pretty focused on Hobart city. There are four urban councils; everything in those other urban councils affect Hobart, particularly the people coming in from the surrounding councils. There has been an attempt at amalgamation, but the state government here said it's got to be voluntary amalgamation and so that's not happening. Although we have got reports to say it would work, there has to be some other mechanism to get greater cooperation, and I think the Commonwealth has a role here. If any City Deal was brokered and successful, then it would have to have some mechanism to encourage making sure the urban councils really do significant planning together.

Mr GILES: Yes, certainly one of the reasons why City Deals is supported in a bipartisan way is to overcome some of these governance challenges. The OECD have said that Sydney's fragmented local government structure makes it the most difficult city to plan in the developed world. But I'm struck by there being 29 councils in Tasmania. That's a similar number to Victoria.

Mr Noye: In terms of the other learnings of Launceston, we also travelled to Cambridge a couple of years ago to get an understanding of their city deal process. One of the important learnings was the need for adequate resourcing for governance. You can't do these projects on the side of your desk. You need them well resourced and you need a collaborative approach between the various entities involved. We are cognisant of that, and we are putting in place some budgetary measures to ensure that we've got suitable staffing levels to deliver on some of these projects.

Mr GILES: One thing I'm struck by in Launceston and in thinking about the Hobart deal is the significance of the university presumably to both. I'm just wondering if you can comment on some of the existing impacts of the relocation of UTAS from its Sandy Bay campus towards the city. I understand there was a very significant student housing project funded under NRAS. Can you talk about the implications of that.

Alderman Briscoe: You're probably aware of the dreadful statistics to do with retention and higher education rates in Tasmania and the significant underachievement of Tasmania's youngsters. I'm in the education field as a teacher, so I can see that firsthand. The university—and I think you're hearing from the university this afternoon—will probably go into greater detail, but the significance of moving the campus into the central business district to be more public is something the council supports in principle because it provides easy access for outlying students to come into the city. At the moment, whilst in Sydney, Melbourne and Brisbane terms the city is probably quite close, it is quite remote for students on the eastern shore or the northern suburbs trying to get to Sandy Bay. Even with buses, you would have to take two or three buses to get to the university. So having it in the CBD with good public transport infrastructure is good for education. In fact, the 12 southern councils did make a statement saying this will have a significant impact on the education underachievement of Tasmanians through the university having a very, very visible presence in the middle of the city, with a new STEM building.
However, around that, you obviously want students to live close as well. But 'close' in Tasmanian terms is five to 10 minutes away. Having student housing in Glenorchy along the northern transit or in Clarence is still considered close. So, whilst at the moment we have 400 new student accommodation units in Elizabeth Street, which is the main street, it's not meeting the demand because at the same time we've got this shortage of rental accommodation as estimated by Airbnb utilisation. So I think just the lack of lower cost, social or affordable housing is impacting on the city.

Mr Noye: That connectivity to education will be an important benefit of the university moving into the CBD. It certainly will also enhance the night-time economy. With the university, as has been touched on, there will come the need for additional dormitory-style accommodation. We are seeing that already with the university obviously looking very hard at identifying sites and delivering additional accommodation in the CBD. It's certainly a positive—students add life and vitality to a city—and one that we embrace.

Mr Giles: I did see that there was an ABC report saying that Hobart now outstrips Sydney as a challenging place for renters. If you didn't have those 400 units in the CBD, presumably it would be diabolical.

Mr Noye: Yes, a 0.3 per cent vacancy rate is unprecedented. We had a conversation recently around the issue of a sharing economy and some of the challenges Barcelona, New York and the like have had around this. Even in those cities 0.3 per cent has never been reached as a low vacancy rate. So we are in a crisis position in terms of housing need.

Alderman Briscoe: We've talked about this before in council: the market and private enterprise will respond. If you have that vacancy rate, there will be a fair bit of investment coming because the returns would be fairly good.

Mr Noye: That's right. We are seeing the market now starting to respond, but it does take time. That's a challenge on the visitor side with hotels. As we said, we are expecting a 40 per cent increase in hotel numbers. That will put a bit of downward pressure on that sharing economy. But also these apartments and the like will eventually bring some balance to the market. It does take time.

CHAIR: Has this happened as a result of no planning and no foresight? This is the fear that I have. From what I'm hearing, you have this extraordinarily low vacancy rate of 0.3 per cent. Is that going to stimulate the market from this bust into a boom? I'm also hearing that the release of housing is happening on the fringe, which is the same as what has happened in Sydney for 100 years. All that does is generate more traffic into the centre and more congestion. If you go out further, there is more traffic and more congestion. Instead of saying: 'Wait a second. Right now, let's have a plan of retrofitting infrastructure, densification where you can produce some apartment buildings and a midpoint.' Obviously you don't want to damage your heritage buildings and the character of your city. They have got a real tennis court in Hobart—one of the very few in the world!

Mr Noye: It's just around the corner.

CHAIR: Everything is just around the corner! But, again, we are almost just following the nonplanning of what has caused so many problems. Here's your chance as the land use component is developed. I don't know whether you heard the previous evidence, but the CEO of Infrastructure Australia had a complaint that they are working in the dark if they don't have a body that deals with land use. The concept that I keep playing with is that, if you can have the state working with local councils where the state can ask, 'What infrastructure do you need?', you can be developing land use around that through a master plan of infrastructure. In my part of Sydney we have the most ridiculous amount of development at the moment. There was some notion that people who live in apartments won't have children. So the enrolment increase in many of the schools nearby has been 30 or 40 per cent this year. You've got all this temporary thinking. There is no planning. So let's learn from those mistakes and say, 'Planning must be holistic and it must have infrastructure attached to land use.' That is a vital part, because no-one will know the needs of your community like you will.

Alderman Briscoe: We are going through a fairly unexpected boom. I have been involved in Hobart City Council for 23 years. We've never had this sustained boom that's been going on for four or five years before. We can attribute it to the Mona effect. You have probably heard of our wonderful—

CHAIR: I have been there. I am one of the victims who comes down here and does the trip right around.

Alderman Briscoe: With almost every visitor, if you ask, 'Why have you come down?' they say, 'We are going to Mona.' That's brought in maybe half a million to a million more visitors to Tasmania. Therefore, that's generated the hotel boom. It's certainly made Tasmania a place to come to. I imagine that the state government has said this, but we have topped the visitor places in the world to go to. We are one of the top visitor destinations in the world now. So, therefore, planning has not kept up. Land use has not kept up. It's been unexpected because
a private developer did something really fantastic and now we are in catch-up mode. Mr Garcia used the phrase 'catch-up mode', and we are in catch-up mode and we've realised what planning we haven't done.

Mr Noye: As I said, unlike Newcastle and the like, our topography constrains us in terms of the entry points into the city. That fringe growth accentuates the challenges, and the relatively low density that that is at places significant constraints on those entry points into the city. So duplicating those to continue to allow unfettered growth on our fringe will mean that the state government and/or the federal government will have to foot the bill for additional bridges and duplication of the highways. That's clearly an inefficient and poorly planned exercise.

CHAIR: It just be accelerating the problem for the inner CBD area.

Mr Noye: Exactly.

CHAIR: Why can't you have densification in one of those regions with a rail system?

Alderman Briscoe: Yes.

Mr Noye: I think that may well be a challenge given the scale of Hobart and the isolated nature of the area to the south. It is separated by the Wellington Range. So getting routes around the CBD from the north and the east would be challenging. I think the future opportunity to overcome this unsustainable fringe growth is to have that densification within the CBD but also within the rail corridor of Glenorchy and Moonah. That presents an opportunity, I think, with an efficient public transport system, because our bus system isn't all that efficient because it's often caught up in these two-lane entry and exit points. That's where the city deal has recognised the opportunity for potential value-capture. I think you touched on with the earlier speaker that clearly that's got to be an opportunity that's fully explored. Whether the Commonwealth needs to necessarily be involved in finding a solution or whether the state government and/or local government could collectively come up with a solution around land tax or additional levies to capture that we need to fully explore as part of the city deal.

CHAIR: I think the two components where you have transformational infrastructure and zoning around that is that there is a capital uplift affected and so you must address that and there is an ongoing benefit. I think one of the clear findings to this point is that there is a great belief that we've got to move from stamp duties to land taxes because that would be such a worthwhile method of further value-capturing the ongoing benefit of the infrastructure that's been built so that the cost of maintenance and the subsidy of fares can be affected through that, therefore keeping the value of the land up. It's no good having a great train service if you can't afford to get onto it. But if it's very, very cheap it actually adds value to your home. People, in time, will understand this. It's taken us a bit of time to understand it! It's such a logical way to go. It is about the alignment of the three levels of government with the current landowners and those who would want to be involved in the development of that land. It's actually about working together and having an equitable way of funding the infrastructure from those who benefit.

Mr Noye: I think the sophisticated developers understand that providing that infrastructure will generate wealth for them. I have had some discussions with that type of developer and they do understand the need to contribute.

CHAIR: Sometimes it is a very grand public-private partnership. One of the proponents of high-speed rail who have won money to put forward a business case call the lands that they have taken options on when linked with high-speed rail their value creation. To my mind, those funds that are created for them that they are willing to contribute towards the cost of infrastructure should be partnered with the value-capture of the federal government to ensure the project goes forward. It's actually done on more minor scales in various places, but it's in its infancy or it has been a lost art sometimes. The US funded their rail line from the east coast to the west coast by value capture. It was a little-known president by the name of Abraham Lincoln! It was just the granting of land that had no value until it was connected by rail. When you look at land that is 100 or 200 kilometres outside of Sydney, it might be valued at $1,000 or $2,000 an acre. But if it is connected to Sydney it's then competing with building blocks in Sydney that in my region are valued at $2 million. To build a freestanding home on a building block of 550 square metres is $2 million. So the opportunity of uplift is astronomical, and to capture that to fund the infrastructure is such an obvious opportunity.

Alderman Briscoe: I suppose councils capture a bit of it through increases to their rate base.

Mr Noye: Yes.

CHAIR: Why take a penny when you can take a pound?

Mr Noye: That's right. I think in previous markets in Hobart that might have been a challenge because the demand wasn't there. But that has shifted fairly quickly in Hobart and, I think, will continue to do so. As we
know, Melbourne is expected to double its population by 2050. As people visit Hobart, they will see the lifestyle opportunities that a small city like ours can present.

**CHAIR:** And they will see the competitive advantage. You are suffering or benefiting, whichever way you look at it, from this huge uplift in properties. I saw in this morning's paper that the median price is about $250,000 and the cheapest, bargain price is $50,000. The cheapest, bargain one-bedroom apartment in Sydney recently sold for $470,000. It is literally 10 times the price. So the competitive advantage that can be exploited through perpetuating the relatively low cost of housing through planning provides an enormous opportunity. If that pervades the tourism industry—because they will ask, 'Are wages proportionate with the cost of living here?'—will that provide another opportunity to compete and have a competitive advantage over other regions in Australia?

**Alderman Briscoe:** I meet Sydney refugees every week. They are in fact bringing a lot of funds into the city and renovating the beautiful old houses. We are actually getting a significant economic benefit from these people. I call them 'refugees', but they are ones who are choosing lifestyle over—

**Mr Noye:** 'Climate change refugees' is a term that we are also starting to hear. That's where, believe it or not, we are experiencing some interest.

**CHAIR:** Allan mentioned before that some people leave here because of the coolness of the climate. I would have thought people coming from Europe would think this is ideal. Coming from Sydney, where it has been 30 degrees every day, to come down here has been refreshing and beautiful. I could be one of those refugees!

**Mr GILES:** There's a thought!

**CHAIR:** What else could you offer?

**Alderman Briscoe:** One point I have that I don't think has been mentioned is that, because we are a relatively small city, even with four urban councils we can probably be a smarter city than we are now in terms of collection and usage of data. These councils collect, as we know, a lot of information and a massive amount of data, but we don't do it in any integrative fashion. So I think there is a role for the Commonwealth to encourage a smarter city concept as part of the federal government's initiatives too. That could be done as well, because we are a small, contained city compared to the big cities on the mainland. I think we could be very information-rich and use that data we are collecting. We're doing it in a small way by having smart parking meters, but there are other realms of data that all the councils collect that we could be using in a smarter way.

**Mr GILES:** I was struck, when you spoke about the city deal, by the significance to you of a 10- to 15-year time horizon. Is that something that's critical, from the City of Hobart's point of view?

**Mr Noye:** With these major infrastructure initiatives and the like, it does take time for them to materialise, and it takes time to bring the community along with you. So, realistically, you need that sort of time horizon to deliver on the deal. For example, we know the Macquarie Point development site, just to the north of Sullivans Cove, has been identified as an opportunity, and we know that we need to relocate the sewage treatment plant from that location to achieve the potential of the site. That's going to take time to achieve, likewise with the light rail transit corridor to the north. It's going to take time for planning, implementation and delivery. I think anything shorter than that is not a realistic proposition. Moving a STEM into the city could happen within four to five years, but these other transformation projects require a longer lead time.

**Mr GILES:** You just touched on moving the STEM into the city. What are the critical elements, from the Commonwealth's side, to get the city deal to work, from your perspective?

**Mr Noye:** In terms of making that project work, I think the accommodation side of things is going to be important, and its integration of pedestrian and cycling networks into that facility. The other campus elements of the university within the CBD are also going to be important. The CBD, in a sense, is focused around car movement, and we're in the process of transforming movement in the CBD to focus more around pedestrians. We had Jan Gehl from Gehl architects here in 2010, and he set out a bit of a road map—excuse the pun—to try and improve the connectivity within the city. We think that is an important aspect to making that a successful outcome for the CBD. That will benefit not only students and the academics but, clearly, residents and visitors. So if we can improve pedestrian connectivity and cycling connectivity in conjunction with that then we will, I think, maximise that potential outcome.

**Alderman Briscoe:** We had a very quick tour with the university of a couple of cities in Europe that have confronted things like reducing cars in the city. Freiburg was a city the university identified with, and we were quite impressed with how quickly Freiburg changed when they banned cars from the inner city. We couldn't believe the photographs from when the city was dominated by cars to those when it was dominated by a tram system, and there were students and people everywhere. It has the same characteristics as Hobart in terms of
heritage and incredible physical beauty. That was a transformation project. I think the university would like Hobart to move towards a Freiburg model, and I would say that would be something the council would really support, but we do need Commonwealth involvement in that to overcome those 'not in my backyard' type problems.

CHAIR: Nimby.

Alderman Briscoe: Yes, nimby. Once you've done it in a city block, or two city blocks, I think the city would be very supportive from then on. But you have to make sure that we have better public transport in the city so people aren't disadvantaged too much by not bringing their cars into the city. It is very cheap to park a car in the city compared with big cities. I think it's something like $8 a day, so it's incredibly cheap. That's cheaper than getting public transport in the city.

CHAIR: I had someone in New York tell me, sometime in the last year, that New York parking was very expensive. It was $50 a day or something like that. I said, 'It's $50 an hour in Sydney.' There are a number of buildings that charge practically $50 an hour in Sydney. I remember, when I was living in Adelaide, it was cheaper to get a parking ticket there than it is to pay for parking in Sydney. There are interesting issues. It's fantastic that there's a model you can look at to borrow from strongly, and interpret, because there are commonalities there.

Mr Noye: Residential density is the key.

CHAIR: Often, in European cities—it's called the Barcelona model or the Paris model—they only ever go to about five levels—

Mr Noye: Exactly.

CHAIR: but they achieve similar densities to Korea—to Seoul, Korea, not that other place—where they have enormously high high-rise apartments. The density is really no greater than these well-planned, older cities like Barcelona and Paris, or any number of European cities, but they are compact. My concern is, listening to the evidence today, that the fringe is being developed with single houses on quarter-acres, or some such. It's just perpetuating the historic lack of planning. People want to have those compact cities. There might be a period in their life when they want to have a backyard, when they're a young'un, but they'll move on to wanting to be in the city and not needing a car, and then to the other end of their life, when they'll want the same thing again. Yes, they might want to have a backyard when they're breeding and having children, but it's a relatively short period of their time, although it might seem to be a long period of time.

Mr Noye: Hobart's dominated by the detached housing option. We don't have that much apartment style—

CHAIR: Now is the time to plan it to not get stuck with the problem. What we often say is, 'What we call planning is actually coming up with a remedy for the problem that we have because we didn't plan.' We've seen it in any number of cities around Australia. It's happening here now. You've got to draw a line in the sand. As tough as it is to catch up, no-one then has the energy to say, 'Look forward.' It's like climate change. You've got to have adaptation, but you've also got to prevent what's doing the damage. You've got to do both. You have to have a good dab at both.

Alderman Briscoe: Yes. The Commonwealth could provide the carrots for everyone to be able to work together to do that.

CHAIR: Is that your language for money?

Alderman Briscoe: No! Incentive, yes—incentivising.

CHAIR: It's really just a close cousin to a capital gains tax. It's fine that your home shouldn't be capital gains taxed, but we have had instances where a hundred homeowners got together and got a rezoning or whatever to sell to a developer. At what time does your home become an investment, and should you not pay tax on that enormous uplift, because a train station is being built nearby? You have to find the triggers that change your home from being a home, when you have this transformational infrastructure. The more people have these discussions, the more they understand and the more they're willing to accept, because the person who is not the beneficiary is actually funding this unearned wealth. It's the real centre of fairness.

Mr GILES: Thank you very much, Mr Noye and Mr Briscoe. This has been really useful to me.

CHAIR: Yes, fantastic.

Alderman Briscoe: Thank you for the opportunity.
CHAIR: Thank you for your attendance today. If you've been asked to provide any additional information, would you please forward it to the secretary by 27 April. You'll be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. Thank you again.

Alderman Briscoe: Thank you very much.

Mr Noye: Enjoy your stay.

Proceedings suspended from 10:25 to 10:43
PERKINS, Mr Craig, Chief Executive Officer, and Director, Regional Development, Regional Development Australia Tasmania Committee

NEWMAN, Ms Jen, Regional Development (South), Regional Development Australia Tasmania Committee

CHAIR: I now welcome representatives of RDA Tasmania to give evidence today. Do you have any comments to make on the capacity in which you appear?

Mr Perkins: I think it's worth noting I am also the mayor of Meander Valley Council in Northern Tasmania.

CHAIR: Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make an opening statement.

Mr Perkins: Thank you for the invitation to attend today. Our chairman, Tom Black, was going to come down, but sent an apology at the last moment. One of the roles that the RDA Tasmania Committee play in regional development around Tasmania is working with and engaging with all councils at all levels and with state government agencies. One of the things we notice is the intention for projects that need funding, for investment in the regions to help grow the local communities and the like. One of the things that we try to do is support with evidence base—provide guidance on projects, provide guidance on where they should be seeking investment from and try to make sure that those types of funding programs that they are accessing and the projects that they are delivering provide long-term sustainability to help grow the communities. I think that's a really important role in terms of understanding evidence based decision-making—where the evidence comes from and the role of the various levels of government play in supporting the growth of our communities, whatever scale and size that they are.

Our submission to the inquiry reflects that all of our regions are different, so all of our towns and cities are different. Working together becomes really important in terms of making decisions for the future of our communities so that they have sustainability, continue to grow and provide the same opportunities, be it in regional Tasmania, Hobart City Council or the mainland capitals, as best as you can, no matter where you choose to live and work. I think that's really important.

Mr Giles: Thank you very much, Mr Perkins and Ms Newman, for making the effort to come along and present your evidence in person and also for the really interesting submission that you provided in advance. Perhaps I should say that some of the high-level concerns that you've articulated just now and in your submission are matters that are of concern to us in this inquiry. Certainly, the Chair is always at pains to reflect on the challenge of settlement patterns rather than simply concentrating on those areas of growth. I think that's one of the things that we've been exploring already today, having spent a lot of time looking at the challenges of high-growth urban environments, to ensure that a national approach in this area reflects the different dynamics in different regions. That's one of the challenges that I'm interested in exploring with you: how Commonwealth government involvement can meet the needs of the diversity of Tasmanian urban communities. Perhaps you can wear a couple of hats in that regard, Mr Perkins. From an RDA perspective, what learnings have you taken on board from the Launceston City Deal?

Mr Perkins: We've talked about Hobart City Deal and lessons learnt up there. The Launceston City Deal identified the need for collaboration across various local governments—the importance of working at a strategic level across state and federal governments to make sure that large investments made into, in this case, a regional city have the lasting benefits that they have to deliver.

I often talk about the Launceston City Deal as not just a project of funding university change or improving the CBD of Launceston, which are some of the key infrastructure elements that people will see; it's an opportunity to stop and reflect on where the cities have come from over 200 years and where they're going to head to. It's about using things like investment in the university not just as an opportunity to relocate a campus and what comes of that but also to reset the university to make sure it's delivering the right and appropriate types of learning, teaching and research that a regional community should have and access that those people, current generations and next ones, should have in a regional city.

The first point on the Launceston City Deal—it's a time to stop and reflect about how you continue to engage with your community more broadly about where those futures might look and how those substantial investments from the Commonwealth government are protected to make sure that they're delivering beyond the construction period of a university.
I often talk about the university as not moving the campus but now providing a modern facility that attracts the best teachers and that attracts the best students, so you end up with a greater quality of graduates that are delivering great productivity into the local economy. As a result of that, you should, hopefully, help sustain economic growth, livability, better value from the natural resources—from farming, tourism, mining, mineral processing and whatever else happens to exist over time.

The learning around a city deal about, say, a governance arrangement for future planning and making sure that you're stopping and checking along the way is not about, as people often say—it shouldn't be; it just annoys me a little bit that people say—'We want a city deal because the Commonwealth's got lots of money, and we should get some of that.' The money should follow. Good decision-making, a good evidence base, becomes the important thing. One of the important things, I think, with a city deal is the engagement with the stakeholders to make sure that it's moving along everybody's understanding about what the vision is about, not just a name for a government policy.

The other one, too, is that I think that, with city deals, whether they work for a city of Launceston's size or a capital city like Hobart, you should be able to take that same principle and deliver it to a smaller regional community. Don't call it a city deal, but it's the same sort of governance arrangements. I think that, when the Commonwealth's got a stake in the future of our communities, they have to have a future in the way that governance is planned. They don't have to come in and say what you should be doing, but they need to know that the governance arrangements are protecting the investment that those investments are making and the commitment the Commonwealth's making.

Mr GILES: How do you think the current institutional frameworks at a national level are helping fulfil those objectives at the moment, or what changes would you like to see?

Mr Perkins: A tough question, that one. When the city deal of Launceston came together, it was driven by some senior officers, particularly out of the Department of the Prime Minister and Cabinet, and I think they did a really good job in pulling the stakeholders together. They engaged with the local stakeholders, the chambers of commerce, us as an RDA committee and the local councils to make sure everyone was in the room having the discussion. I think that becomes really important, but it was driven by somebody who, I guess, had the energy to do it. I'm not suggesting that the next person won't or doesn't have it, but you want these significant policy initiatives not to rely on a key person but rather to be embedded within government policy. I notice that the City Deals have now moved over to the Department of Infrastructure, Regional Development and Cities. Making sure that there are connections between the various silos of government becomes important. We were talking about whole of government and all that kind of stuff. You need to practically play that out, I think, as opposed to just talking about it. It's whole of government.

Mr GILES: We heard from Hobart council not that long ago that, in their mind, the time horizon for any such arrangement was critical. It probably is a similar way of delivering the same sort of outcome. They talked about a 10- to 15-year relationship. Is that something you'd concur with as something that's critical?

Mr Perkins: Well, yes and no. It is important. I think when you're making significant investments—if you look at Hobart, in my view, just as someone who travels down here regularly—it's the way that the city connects and operates with itself. If the university comes back into the city and the like, it's making sure it's functional. So it has to be 10, 15, 20 or 30 years. It has to be long lasting in terms of those investments, particularly if you're going to be putting money into significant road investments and universities, so it has to have a really long term focus. Nevertheless, I think if you're trying to engage with your local community about it, saying, 'Well, this is only going to be around for 50 years,' is fine, but they also like to see that the traffic snarl that they get stuck in in the morning is not going to be there in five years. So there's a bit of both, I think, in that, if you want to engage and put some reality around what it looks like in terms of your stakeholders, there needs to be that shorter term, but certainly it's a long-term investment. You can make a $100 million investment, and it's going to be there for a long time, so you want to make sure it's in the right spot.

Mr GILES: It seems to me that in the Launceston deal obviously the university's role in transforming the CBD and probably the wider economy is the anchor of the deal, and it seems also likely that it's going to be a similar arrangement in Hobart. I wonder whether you agree with that, but also I note that you talk, in terms of your economic development priorities, about education and skilling. Is getting educational inputs right a precondition if these things are going to work?

Mr Perkins: If you're building a city deal around economic growth and growing the economy sustainably, that's got to come from a capable population. There's no hiding the fact that Tasmanians' education standards are below where they should be, particularly outside the Hobart CBD. Hobart's got the highest proportion of university graduates in Australia per population, built around the CSIRO and IMAS and the university, so there's...
no lack of knowledge in Hobart. But, if you're going to continue to build your community along with it—and those in the private sector—you need to continue to invest in education. That's really important in terms of building a sustainable economy, and Tasmania has some wonderful natural assets that you can leverage off for that. So, yes, it is an important part of it.

There is an interesting one out of the Launceston city deal that I've witnessed. I sit on the Tamar Estuary Management Taskforce, which is an output from the city deal. It's to do with dealing with the Tamar River. It's interesting. When that first came out, I wasn't really sure what it was about. I said, 'Yes, I'll participate in it as a mayor in the study area.' It's actually worked really well because it has focused a number of councils and certainly the city council, which has some issues around combined stormwater sewerage in the way that it flows into the estuary, on the bigger picture. I don't think it will ever necessarily always be front-page newspaper stuff in terms of the work that that little group and the city council and TasWater and some technical groups have done, but, if it wasn't for the city deal that actually brought that together—there was a little bit of money, I think half a million dollars or thereabouts, in funding support to do some initial technical and scientific analysis around the river and flows and so forth. It's worked, so we don't actually need to spend $500 million on fixing the stormwater issue in Launceston, because it's not necessarily going to fix it, or it's a big overspend. You can spend—if I think it is—about $80 million now and get 80 per cent of the problem fixed in terms of what they're trying to deal with. If it wasn't for digging deep into that and if it wasn't for the city deal, I don't know that that would have happened. We would have kept talking about all these—everyone's got an opinion on how you fix it. But it enabled us to go in and deal with that, so that was really important.

I can't remember what the original part of the question was, but I think the city deal is providing these legacy issues that people are now focusing on and working together more closely on.

Mr GILES: I guess that you really dealt with what I was getting at at the start: the focus on the university was really the driver of, I guess, the national government pulling together governance and infrastructure in Launceston presently; in Hobart, in the near future. But very concerning school performance is potentially a blocker to really getting the full benefit of this.

Mr Perkins: I think credit goes to the state government, the current one and even the previous one. They've been addressing early childhood and how you start extending year 12, particularly in rural areas, to high schools, from year 10 to year 12, just making some fundamental changes to try to address it. These things are going to take a generation to wash through, but you want to make sure that at the end of it—and it's not just the university; it's the TAFE system, and it's other education, training and support—as a result you make a fundamental change. Clearly an investment in people wanting to go to a university in Launceston, from that point of view, becomes really important.

You want your students, the next generation, to consider UTAS as an option. I was—wearing my other hat—at my Rotary meeting on Monday. There were two young people who had just been to the National Science Summer School in Canberra in January. The question to one of them was, 'Where do you want to go?' She said, 'I've enrolled at the University of Melbourne, Monash, another one'—I think—I'm Queensland and ANU, and I might put one in to UTAS, down here in Hobart.' It's fine to make a choice of five universities around the country, but you want UTAS to be a university of choice, so they go, 'Actually, I'll be really proud, and that's one that I want to look at,' not, 'If I don't quite get what I want out of the other ones, I'll fall back to it.' It needs to be almost first choice. The modern university with good teachers and good facilities becomes part of that process in terms of the environment that students learn in.

Mr GILES: Just one last thing, if the chair's going to indulge me—he might not, because I'm going to go against one of his themes. You can cut me off.

CHAIR: Go right ahead. You've got a right to have an opinion, even if it's wrong.

Mr GILES: You express concern—I hope I express this fairly; please correct me if I'm verballing you—about an over-reliance on value capture. I guess that comes from you perceiving a bias towards, presumably, those sorts of infrastructure projects in those areas where the greatest uplift is going to be, which probably are Melbourne and Sydney. I guess that's just a cautionary note. You're not saying that we should reject the notion of seeking to extract our fair share of private benefit that comes from national infrastructure investment. But we shouldn't be guided by value capture opportunities to override wider public policy parameters. Is that a fair read of it?

Mr Perkins: I think so. I think what you find is—I think it's almost picked up the city's framework document, and Jen might jump in here too—obviously with a greater density of population you've got greater capacity to get value from it. It's a bit like the Telstra rollout many years ago with the mobiles. We had the paperwork, but are they going to get the value? Slowly it drifts out eventually. Yes, if there's capacity for value capture in there I
have no issue with the private sector getting involved in things, with protections making sure that your consumers aren't going to be duded along the way. I think there's a reality that you're going to get a greater return where there are more numbers, and as you move out of the CBDs of the capital cities it's going to be harder. So there needs to be consideration around that.

**Ms Newman:** I think it depends on what the infrastructure is. If you've got a new train stop in the middle of Melbourne or Sydney, obviously the housing and the businesses around that transport hub are going to benefit. But if you look at the Bridgewater Bridge north of the city, that's smack bang in a really low-socioeconomic area, where there's very minimal business activity; it's really a freight link. So how do you value capture something that's a vital freight link and transport connection that doesn't have that obvious economic benefit to the private sector? I'm an economist in my background, and I agree with the idea of value capture in its concept. But I think there are specific infrastructure projects that it fits neatly, and there are many others that it doesn't. With a lot of the papers that were out in the last few years, it's obviously very attractive to the Commonwealth to not be the sole purse holder. But just be aware that you don't want to have a whole lot of projects funded that have value capture potential because of that attraction, and then have things that are beneficial for a whole range of other reasons put back in a priority because the value capture is available in other projects.

**CHAIR:** I'll jump in there. There is quite a developing understanding, and that's why earlier I said that for specific, targeted, transformational projects value capture should be applied. Value capture can't work on every single thing, that's for sure. But in meeting with people representing Allens earlier this week and pursuing the development of a model, it was very interesting where the conversation went with the understanding that there could be excess funds derived from certain value capture projects. Should these excess funds not go into a consolidated pool for infrastructure, they could then be placed towards these other projects that might not be the beneficiary of a value capture model and might not be appropriate. So it seems that you can still quarantine moneys that came from value capture and then hypothecate the initial amounts to what's provided it but excess amounts elsewhere, which is the nature of our taxation system—we tax and then have community projects that are essential.

With a freight line like the inland freight line from Melbourne to Brisbane, the opportunity for value capture is again being ignored even though there is an awareness of speculators buying up land at various locations, particularly around Parkes. There's even some consideration of putting in an international freight airport there, which will again stimulate enormous growth. The relatively small amount of the cost of that line, which is, I think, about $12 billion, could be really enormously offset by a value-capture model. Every time you value-capture something to pay for something, you're liberating other funds to pay for something else. I think it has just got to be part of the mix.

I was interested in education. In my words—without verballing you—I put 'strategically direct universities for the benefit of the regions'. Can you give me an example of what you're promoting in universities and what is being promoted in universities to direct them towards the economic development of Tasmania and the regions?

**Mr Perkins:** Tasmania is unique, in being a one state—

**CHAIR:** I must say I've not seen the word 'unique' appear more often!

**Mr Perkins:** That's right!

**CHAIR:** And there are homogenous—

**Mr Perkins:** Yes.

**CHAIR:** And I absolutely agree, and that is a beautiful point of difference.

**Mr Perkins:** My point—particularly with the UTAS in Launceston and Hobart—is that one of the benefits they talk about is creating a university and attracting international students to deliver economic benefit to the communities where these universities are. And that's fine. To me, that's secondary. If the Commonwealth is investing in learning institutions, that is good. But, to me—particularly as to the Launceston one—it's almost of secondary benefit. The initial benefit is in making sure that we've got more students going into university programs and that the university is delivering programs that are going to support and benefit the local communities.

**CHAIR:** Specifically what?

**Mr Perkins:** Things like agriculture and agronomy and so forth. At the Tasmanian Institute of Agriculture they do some tremendous research work. How do you extend that out to the broader community? I was talking to somebody in my community recently who had come back for a function. They are now living in Victoria; I can't remember the rural town. Their students went to the Marcus Oldham agricultural school. Why do we send our
students there? Why are people sending students to Victoria for that? Our universities should be the first port of call. That's where we want to go and learn all that stuff.

**CHAIR:** What about tourism? Is there something specific?

**Mr Perkins:** The University of Tasmania is now starting to move into associate degrees as a way of leading into university and starting to develop some tourism degrees and the like about how you grow the value of the tourism industry. The tourism industry is an interesting one. If you look at the contribution per employee at Bell Bay Aluminium in mineral processing, they add about $100,000 to the local economy from the work that they are doing. A tourism officer—and don't quote me on the numbers—or a person working in tourism might add $25,000 to $30,000 to the local economy. So you'd actually need two or three people working in tourism to deliver the same value that someone at Bell Bay Aluminium is delivering to the local economy. That's not to say that four people working in tourism is a bad thing; it's a tremendous thing. It's providing people with employment opportunities and opportunities to participate. What you want to do—and the university can play a role—is to say: 'How do you extract more value from that person in that industry sector so that you up the value that you're getting from your tourism business?' so that, when people come to Tasmania, they will be spending more money, because our tourism businesses will be continuing to engage and re-engage and reinvent themselves and will attract a higher quality return to their bottom line, and those businesses will be employing more people and paying more people—and, hopefully, paying them more. You will be getting a greater return. So when I talk about the importance of university and other learning institutions, it is teaching people to get better value out of what they are doing. The Launceston average income is $200 a week below the national income, and it shouldn't be there.

**CHAIR:** That makes no sense to me unless you put into the equation the cost-of-living difference. You end up with a model that would tell you what is better—an index—if you've got wages and cost of living.

**Ms Newman:** I would add: with Hobart and the university, there is the Antarctic sector and some high-level research being done. That's part of that whole university research sector based here. That's really important nationally, as well as for Hobart, and we are competing in that sector with New Zealand and South America and different entities. Being able to coordinate some of that activity through the City Deals so that it's not just IMAS, CSIRO, the university, the Antarctic sector or the runway extension—to be able to bring that together, saying: 'What does this mean? Where will people be living? How do things flow and fit together? What is the level of government responsibility at the municipal level, the state government level and the federal level? How does this all come together?'

**CHAIR:** I want to move back onto this because it's one of my favourite topics. The whole reason for strategic decentralisation, when we're dealing with nearly half the population living in two of the most overpriced cities in the world—the average price for a house in Sydney is $1 million. I'd much rather be paid $200 less and pay one-quarter of a million dollars for my home, thank you very much. You've actually got a competitive advantage. To say, 'We're getting paid less; our wages are lower,' doesn't hold any water with me unless you're comparing it with your cost of living, and I think we want to pursue that. With that in mind, we're looking at establishing a 40 per cent increase in hotel rooms in Hobart over the next four to five years. In another community that I was involved in, we were looking at the Chinese tourism habits—and I think the Korean habits are similar. They're wanting an experience of being in a launch pad city, where they dine and shop and then go and see green grass and blue skies. With that in mind, is there a project to increase regional hotel rooms by 40 per cent also, in line with Hobart?

**Mr Perkins:** Given that hotels are private-sector driven—there are three or four new hotels, not to the same scale, that are being planned in Launceston and up on the north-west coast. The Tasmanian government, and the Australian government, is investing in Cradle Mountain to improve the experience there and drive regional tourism. The challenge with hotel rooms in regional places is that they are doing. A tourism officer—and don't quote me on the numbers—or a person working in tourism might add $25,000 to $30,000 to the local economy. So you'd actually need two or three people working in tourism to deliver the same value that someone at Bell Bay Aluminium is delivering to the local economy. That's not to say that four people working in tourism is a bad thing; it's a tremendous thing. It's providing people with employment opportunities and opportunities to participate. What you want to do—and the university can play a role—is to say: 'How do you extract more value from that person in that industry sector so that you up the value that you're getting from your tourism business?' so that, when people come to Tasmania, they will be spending more money, because our tourism businesses will be continuing to engage and re-engage and reinvent themselves and will attract a higher quality return to their bottom line, and those businesses will be employing more people and paying more people—and, hopefully, paying them more. You will be getting a greater return. So when I talk about the importance of university and other learning institutions, it is teaching people to get better value out of what they are doing. The Launceston average income is $200 a week below the national income, and it shouldn't be there.

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there, it's harder to get staff and there are more barriers, so it tends not to grow as quickly. King Island, with their golf and the amazing things that they're doing—one of their constraints and challenges is staff: how do you find them, keep them and accommodate them when there's very little accommodation across the island? It's been taken up for tourists and not staff.

CHAIR: The regional tourism committee that I was on looked at the opportunity in regional areas of clustering farmstays to create a critical mass around a point of interest. Take for instance Cradle Mountain—because I always thought that this strategy really lent itself to Tasmania, having been a tourist here on several occasions and enjoying enormously; I can't wait to come back. It would give the opportunity for individuals to invest in the development of such accommodation on farms. Clustered together, they would form the critical mass that's needed to get the tourist groups of 400 or 500 to come through. You would be complementing and leveraging what was happening in your launch-pad cities of, possibly, Launceston and Hobart. Then you would be able to drive to these locations and engage in a unique experience around another unique opportunity, whether it's Cradle Mountain, the Tamar Valley or Strahan—any of those places. You could build it up and allow individuals to participate in this. People often say, 'What are we getting out of these free trade agreements with China? What are we getting out of this tourism?' Here's the opportunity. It came from a group called Taste Trails. They initiated this idea.

Mr Perkins: Elements of that occur, but, as to whether you'd ever get enough scale—

CHAIR: That's right: you need to scale it up to critical mass.

Mr Perkins: What we find is that people who visit Tasmania like to stay in Hobart and Launceston and, apart from the wining and dining—the evening kind of stuff—there are other elements. The tourism people are obviously far more knowledgeable in this area than I ever will be. You do see elements of this happening around the place and people see opportunities to take advantage of it. I don't know that you would get it to the extent that it would continue to drive where the tourism growth might be. At the end of the day, it's in the cities. If you're in Launceston, you want to be able to go to Black Cow, Stillwater or wherever you choose to dine that night. We're aiming at a different clientele. Some people will get the homestay experience and that would be part of it, but the critical mass is going to come from people staying in the cities. I know that in Devonport the Australian government has been committing to the Living Cities program, which is about rejuvenation of Devonport as a city. They'll say, 'Can we bring a hotel operator in to do the same sort of stuff?' It's at the point of entry, where people land, grab their car, go to a hotel and then drive off and use that as a base. If you went to Northern Tasmania and you had four or five nights there and you like mountain biking, golf and Cradle Mountain, there are three things you could do together. You could use Launceston as a base to do all of that—be in one spot as opposed to driving around.

CHAIR: Was it Deloraine?

Mr Perkins: That's right.

CHAIR: That was a great location—another example of decentralisation.

Mr Perkins: It's in the best council area in Australia!

CHAIR: That's your council! You would say that, wouldn't you?

Mr Perkins: Yes, that's right! There is some new investment going into small properties, but it's not the big—

CHAIR: What we're hearing in our studies of tourism habits is that people are looking for unique experiences. They don't want to just be in a city. They want to do that, but then they want to go out and see green grass and blue sky and do the quaint, point-of-difference, can't-be-repeated-anywhere experiences, which in various parts of Australia would often have a very strong Indigenous component—Welcome to Country, Indigenous culture, art, music and takeaway items, the things that further differentiate the Australian offering from other countries.

Ms Newman: In Tasmania, one of our challenges is that our attraction is our wilderness. People want to come and see Cradle and all of those sorts of things, but the economic flow from tourism goes to accommodation providers, retail, transport and that sort of thing. The wilderness assets are managed largely by the state government and local government—roads, toilets and those sorts of things—and that's becoming challenging locally for us. The flow of money coming through from all of those tourists is not going to the government.

CHAIR: It's very interesting. Another committee looked at a group wanting to change an old railway line into a walking and bike riding—

Ms Newman: It sounds familiar.

CHAIR: Hold the thought that you were just talking about. The opportunity for value capture existed there because there was going to be any number of opportunities to establish tourist accommodation, cafes and whatnot
along this 120-kilometre thing—somewhere around Coffs Harbour or wherever it was. There was an enormous opportunity for value capture to contribute towards the cost of the infrastructure. If you look at value capturing going towards the cost of upgrading your Cradle Mountain and such things and if you look at the cross city rail model that Tim Williams was involved in of just having a levy on businesses, that would assist. But there are probably other lands that might get zoned for something other than their current use that would be subject to a value capture to contribute towards that. It's a fascinating area. Value capture is in its infancy, but it can have a very wide application.

**Mr Perkins:** There is a rail trail proposal that has been around, which I think Andrew Nikolic provided the opportunity for funding some years ago, and it hasn't moved on since then because of local conflict between farmers and the heritage rail users and the people who want to turn it into a rail trail for bike users. It's about how you manage that. It hasn't seemed to have moved particularly far.

**CHAIR:** I was engaged with Mudgee city council some time ago and, with their knowledge of local farmers, it was seen as a drought-proofing of their farm to be able to establish 10 or 15 condominiums or whatever on their property. Whether they actually developed them or just got the money for the land, if you followed the dollar there seemed to be a benefit for everyone. It is an interesting thing to pursue. If the farmers think they're going to be impacted in some way but they're going to be a beneficiary and can participate, albeit a tiny portion of their holdings that they choose to engage in this way, might get them on side.

**Mr Perkins:** As we are talking through it, I think one of the important things, going back to the Australian government's role in the development of cities, is playing a role in investing in planning and looking at where the future lies and then following that up with investment decisions. One of the points I make is that in Launceston—I will use that as an example again—the Australian government probably six or seven years ago—I think Anthony Albanese was the minister at the time—committed $250,000 towards a greater Launceston plan. The Launceston city council funded a significant amount of more money into what they called the Greater Launceston Plan—which also included the number of councils which were in the greater Launceston area and beyond the city council's boundaries—about where the future of the city is. They were looking at the nodes, the hubs, the transport and where the growth is and at the role that the various councils play in that.

It was quite a significant document. It is kind of just coming back to the fore again. The new general manager of the city council is starting to lift that back up again. I'm not sure who are talking to this afternoon, but you might talk to them about that. Interestingly, the relocation of the university was one of the projects in there, although it probably wasn't the reason for the GLP. It probably just happened. As an aside—I think saying it's coincidental is probably not being fair on those involved in the plan—the Australian government committed all this money into planning and then you say, 'Where does that go now?' And all of a sudden you move back into election cycles and it becomes project funding arrangements and so forth.

One of the points would be that with tourism, as an example, or anything else, the Australian government does provide money from time to time for investment in strategic planning for communities to support them. When it comes time to help fund projects, it would be nice to see in the funding of programs and the like: 'How does that link back to strategic thinking that the Commonwealth may have funded?' Infrastructure Australia or other independent bodies could provide directions, particularly to local councils and collections of local councils, around consistent frameworks in regional planning thinking in terms of the types of projects, the way that they may be presented, including looking at business case analysis, which may include or not include value capturing. When the Commonwealth go to invest, they can say: 'We've actually invested in planning. As a result, you've presented us with a project. Does that align with the work that we have invested in collaboratively with you? If it does, that's really good. We can go and fund that project. If it doesn't, why doesn't it?' If someone comes up with a good argument for it and a reason which might be quite rational and reasonable, you say, 'Well, that's okay. We'll go and fund these things.'

One of the things—and I'm as guilty as a mayor as anyone else—is that, come an election cycle, whether it be state elections or federal elections, all of a sudden you get candidates running around saying, 'Can you give us your list of projects you want funded from the election?' Fifteen years ago, if you got a $100,000 project funded you thought all your Christmases had come at once. Now, if you get $100,000, you think you've been duded. Somehow, we have to move away from these wish list projects of 'Give me a dozen.'

Again, putting my hat on from a local council point of view, we put up something, obviously, of value to our local member wanting to get re-elected or another person getting elected, but then there are strategic ones. The Greater Launceston Plan I spoke about talks about one of our communities, Hadspen, which is one of the new growth areas of Launceston—bearing in mind the low growth rate in Launceston, but that, hopefully, might change—but you've got to invest in infrastructure to enable that to happen. The non-sexy projects are the ones
that miss out and I think, sometimes, hold some of these cities and towns back from developing because it's the sexy ones that are attractive to politicians or people around election time and they go—

**CHAIR:** You've got to be very careful with your language there.

**Mr Perkins:** Yes, I know—and I appreciate how that works, and I certainly appreciate that you guys are part of the process as is the community. All I'm saying is that we could look at how we work through that process a little bit more.

**CHAIR:** There seems to be a battle that's being lost between politics and policy. When politics enters the room, policy development seems to leave, with any number of things. One party says one thing—not with Andrew and I; we agree on everything. For bipartisan committees to work together to find the facts, develop the recommendations and then have more direct communication—contact—with the departments involved is a real opportunity to progress, regardless of electoral cycles or who actually is in government. The government of the day might nuance something, but what has been determined by Infrastructure Australia and Infrastructure Tasmania, the land-use group and the local councils, and what needs to happen over a very long period of time, will remain on track. I'm thinking what we need—

**Mr Perkins:** That's exactly right.

**CHAIR:** is a better structure because we're being slowed down by political process.

**Mr Perkins:** The thing that we don't hear much about these days is what the state of the budget's like—we'll obviously hear in a couple of weeks time. There'll be a federal election next year, and people will have to address how they're going to deal with that. It's like every time you get to an election, it doesn't matter what the state of the budget is; everyone's fighting to get back in again. I think, as a community, we need to have some responsibility in changing that dialogue as well. It's how it might look. It's a big, tough question and it's going to be hard to move away from it—I make that point.

The other thing which helps deal with that goes down to the data. One of the City Deal outcomes is about a dashboard, a dataset, that actually says, 'Launceston said this is where we're going to project to' and working with the local councils through the local council group up there and how we are going tracking against that—are we making the right decisions to actually achieve what we want to achieve? Everyone's got lots of data. Investing in systems to reflect on whether we're on track and trying to predict some future scenarios to inform decision-making become important. It's not exciting stuff. You probably need boffins who just like talking about numbers, in some respect, but it becomes really important when you're talking about the future of our communities.

**Ms Newman:** I think, just for the Hobart perspective, Hobart's even behind the eight ball in comparison to Launceston because there isn't city-scale planning. There has not been even an informal collaborative group in Hobart for about 18 months, and it doesn't have a capital city plan that's been accepted. It's for a variety of reasons that they've tried a number of ways to address over time. I think, at least in the Hobart example, the City Deal is such a benefit in the sense that it is a real carrot and a process that can take a whole group of councils that have their own requirements, aims and activities and bring in those councils and the state government and actually work at a city scale to be strategic and to look at transport, corridors, movement, education, workplaces and all of those things.

**Mr Giles:** Just on that, how advanced did the COAG process that was set up under Minister Albanese with Lucy Turnbull and Brian Howe get for Hobart?

**Ms Newman:** We produced a draft plan.

**Mr Giles:** And that's no longer something that the council has regard to or—

**Ms Newman:** There are a number of councils.

**Mr Giles:** Sorry, the councils.

**Ms Newman:** Yes. And it depends on how many you count as to how wide the footprint you define is. I won't go into the details of what happened there. Suffice to say that it wasn't a well-resourced process, and it didn't do wide consultations, so it wasn't a widely accepted and supported plan. The plan itself, I think, was very good, and it was used within the statewide planning system to feed into decision-making ongoing from the development of the draft, but it was never accepted by the councils.

**Mr Giles:** It just seems odd that the ad hoc engagement—I shouldn't characterise it as that; that's the outside-of-the-COAG-framework process that Launceston ended up taking up—has had greater purchase than the one that had quite a bit of COAG support behind it.

**Ms Newman:** That's right—and, I guess, quite a bit of COAG support. I don't know how much funding and resourcing was behind that Hobart exercise that happened and why that happened. There are a whole range of
reasons I could go into about some of the history of that. There is history—the tension between the different councils wishing to do what they see as important for their ratepayers and their municipality and the state government's role in bringing those councils together as a capital city.

CHAIR: Could you provide us with that draft plan?

Ms Newman: I do have a hard copy. I'm not aware of any electronic copy that's available, but I'm happy to bring in a draft copy for you, if you want me to.

CHAIR: Okay, good. We've run out of time. Thank you very much for your contributions. I think they've been worthwhile. I think we have a broad understanding that, really, what we're looking at in this committee is about what we can do to assist our existing cities in the retrofitting of infrastructure and of planning. The strategic decentralisation probably applies as much to Hobart and Launceston and the surrounding areas as to a Sydney or a Melbourne, but your challenges are more contained and your opportunities are therefore greater for the future, because the rebuilding of the other places is monumental. With the future planning, you can start this new age much sooner. The idea of having hamlets that are close to where people might live, work and play but have access to a Launceston or—how do you say 'Launceston'?

Mr Perkins: Launceston.

CHAIR: Gee, I'm sorry about that! All I can remember is Hart Street; I used to go there when I was a kid. For the things that are the same—the opportunities and the satellite townships that can sustain the growth without creating greater congestion and higher prices of housing and things like that—the same recipe, I think, probably applies.

Ms Newman: And we haven't had the congestion growth issues, which I think in the bigger places draw together that planning because of necessity, whereas I think, because it hasn't been the case, we've just kept going on the trajectory without planning it all.

CHAIR: But you're on track to get it; I promise you. What you hear, and what I saw this morning walking here, is that the traffic is building. Fringe suburban development will just generate more and more of the same that we've had in other cities, so it's time to stop, pause, and plan.

Mr Perkins: That's right.

CHAIR: I think we've really got to cease there. Thank you so much for your attendance here today. If you've been asked to provide additional information—which you promised you would—could you please forward it to the secretary by Friday, 27 April. You'll be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. Thank you again.

Mr Perkins: Thank you very much.

Ms Newman: Thank you.
ADAMS, Professor David, Pro Vice-Chancellor, Community, Partnerships and Regional Development, University of Tasmania

BLACK, Professor Rufus, Vice-Chancellor, University of Tasmania

ECCLESTON, Professor Richard, Director, Institute for the Study of Social Change, University of Tasmania

[11:35]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and, therefore, has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make an opening statement before we proceed to discussion.

Prof. Black: Thank you for the opportunity to present to this committee on what is such an important topic for us. Today we'd like to propose a framework that we think can guide the sustainable development of cities in regions and a place like Tasmania, with its particular distribution of population in urban locations. As you'd be aware, the population in Tasmania is highly distributed, and a significant portion of the wealth creation here occurs in regions—obviously through aquaculture, agriculture and tourism. We think the key to success has to lie in the level of economic and social connectivity within and between regions, which in turn join up our cities.

We begin with a proposition that economic development isn't ultimately a matter of talent; it's capable people doing new and innovative things, and enabling new sources of value to be created and new levels of productivity to be generated. The global economy, as we emerge into it, is fundamentally a talent economy for countries like Australia, and, indeed, needs to be for regions like Tasmania if they're not to be left behind. We live in a world where the predominant model of economic value creation builds around cities, where cities aggregate talent to very large degrees and generate an extraordinary amount of wealth on the basis of them.

That cities model, which is often the dominant economic development model, is one that is ill-suited to an area like Tasmania. We don't have a single large city and a hub-and-spoke model that you can drive off the back of that. We have a series of cities where, if we're to see development across our region, we actually have to see that talent flow not to a single place, but to a network. As to how development should occur, we think the development of Tasmania is much better thought of in terms of a network model rather than a concentrated or hub-and-spoke kind of model. That poses unique challenges, because talent often likes to congregate in particular places rather than to be distributed. So the challenge for us is to ensure that the way we go about economic development, in which we play a really important part, aims to build the strength of the network that sees the capability of people distributed to all of our regions. Very concretely, if you look at the north-west of Tasmania, significant economic opportunity lies open to build globally competitive businesses. For those businesses to remain globally competitive, they need to see the appropriate proportion of the kind of talent that will help them do that—that is, talent that ranges from high-end engineering skills to management capacity and management development skills—to enable those businesses to be globally competitive and so on down the chain. The ability to create new value through entrepreneurial and innovative activity again depends highly on that kind of distribution.

So as a university, and this is really where the Commonwealth has played a very important role here to date, we have recognised the importance of having that kind of distributed, not just centralised, model. The Commonwealth is making very substantial investments in the development of the north and in places in the north. We see the importance of that place based development as being that it will enable us to distribute people more equitably across the state, and to enable a much better movement of the people who will enable local communities to continue to grow and prosper.

Our preference is to see investment go to models of development in this part of the world, and in similar geographies, which are away from hub-and-spoke capitals—think Northern Queensland, for example—that actually aim to foster that kind of network distribution of what ultimately is the true engine of economic growth. We think that's particularly critical, because we have a view that one of the things that is driving serious inequality is this disconnection between the role cities play and the role regions have in creating wealth and global competitiveness in the kind of economy that we've now got.

That's what drives at the heart of how we think about it. My colleagues here can give you, if you're interested to inquire, some examples of the quite practical work that we're involved in in this space. The Tourism Tracer work that we've had undertaken by Sense-T at the university, which aggregates analysis on the state-wide tourism
data, is a prime example of how we can actually operate on a network basis rather than a single focus basis, and Professor Eccleston will be very happy to explain that. But there are also really important aspects of technology, arts and culture coming together to help create that kind of network in the north-west of the state that Professor Adams would be delighted to talk about. He has also been engaged in some of these challenges elsewhere, and would be delighted to expand on the educational delivery in Geraldton, in Western Australia, which shows another potential application of a network based approach, rather than a hub-and-spoke model. They are some opening thoughts about how we think this kind of development project needs to be framed in regional settings like this one.

CHAIR: Thank you, Professor. Would you like to follow on, Professor Eccleston?

Prof. Eccleston: Absolutely, thank you. It's a slightly different paradigm, and I think Tasmania is uniquely positioned to capture it. We have provincial cities that are generating wealth and all the benefits that cities can generate but that are also quite intimately connected with the surrounding regions. One of the challenges for researchers and for policymakers and the government is to think about the flow of people between regions and cities. The specific application of the Tourism Tracer project—which is very relevant to the previous session—is that rather than just thinking about tourists as aggregate numbers and as an industry and how many arrive and how long they stay for, it's thinking about how do they actually move through communities? So it partly goes to this question about understanding regional dispersal.

In what I can sincerely say is a world-leading project, and it's been recognised as such, given Tasmania's geography, we managed to recruit, with full consent, some 2,000 visitors to the state over the last 18 months. We've tracked them in detail and we've then done the detailed analysis of how they've moved through the state. We've got a wonderful dashboard for that, and really interesting insights. Interestingly, it's technology that's being taken up across the country and abroad as well, so it's an interesting export industry in and of itself.

But what that demonstrates is how different groups of tourists move through the state. It highlights some of the challenges we've got around regional dispersal, and it's got some fairly hard data on where there is unmet demand for accommodation at iconic regional destinations, like our national parks and World Heritage areas. But, also, it shows how people move through the country. Different cohorts spend different amounts of time and have different configurations in terms of their itineraries. It also shows how that varies, and how the demand for services, labour and investment can vary. I think it's a very important and innovative tool in terms of understanding the importance of the industry. But it's got this broader planning application: how do we think about how people move, what are their relationships and—Professor Adams will talk about this in more detail—how can we have it where we exploit the benefits of cities in terms of being able to provide interaction, accommodation and training as an attractor for talent, yet make that available to the surrounding regions?

There are huge challenges facing regional economies right around the world, but I think Tasmania—and there are other examples; I think North Queensland, with tourism and agriculture, is another example. The most significant driver in the Tasmanian economy at the moment is private wealth generation. In tourism, it is around 13 per cent of state product. In agriculture, it is significant and it is also growing rapidly. The actual wealth creation is in the regions. One of the constraints—and I agree with the previous submission—is around soft infrastructure, training and labour: how can we think about having a systems approach so that we can provide that soft infrastructure, that human capital, and support it as well as physical infrastructure to make a stronger and more sustainable system and regional economy as a whole? I think this is a great opportunity to do that. That is my researcher perspective, and how that fits into the university's strategy as a broader set of issues.

Prof. Adams: Could I make a couple of broad observations, and then a very practical one. The broad observation about the way we're thinking is that we're starting off by thinking about the places and what will drive value creation in places in the future, starting off with Tasmania and then our basic three regions within Tasmania. The importance of that thinking is that, instead of starting off looking at innovation, productivity and growth as a characteristic just of firms or industry sectors, we're looking at it through the lens of place: how do places innovate, and what do we need to do to have places that are innovative, more productive and growing? That leads us to the network model, which says it's actually the relationship between the cities and the other settlements that helps us understand how productivity, growth and innovation will occur in the future.

Our role, as Professor Black said, is primarily around the human capital productivity side. But our scale and scope capacity means that we're a key player in anchoring some of the futures in these regions. That's behind the logic of the Commonwealth's quite significant investment, along with the state and the university, in the regional campuses where, nationally and internationally, there's a tendency for them to be contracting. Our challenge, then, is to not just do what we do traditionally but leverage this new knowledge about place innovation, productivity and growth so that we can simultaneously deliver our learning and teaching research outcomes, but in a way that's...
much more embedded in the future of the regions. Our orientation is very much towards how we drive the human capital capability in our regions and, in doing so, make sure that our research supports those future industry and work opportunities that are most likely to support growth, productivity and innovation and, at the same time, have a more inclusive approach.

At the moment what we’ve got is a series of what we might describe as early building blocks around how we think we need to put this together to have a step change approach to understanding the future of our regions. Some of those design features include that notion—and Tourism Tracer is an example—of how do we create and share big data at a state level and a regional level for value creation. So see it as big data for private-public household sector value creation that has both a commercial arm and a public arm. Tourism Tracer is an example. It’s a great commercial product but of great use for us in, say, Queenstown, thinking about how on earth we can get people with PhDs to teach mathematics. One of the answers is: there are many hundreds of them going through each year as tourists. So we start thinking about understanding the flows of people that we can engage with in the regional places. The other practical example that Professor Black mentioned is around the central role of arts, culture and creativity as a population strategy in regions: underpinning creativity and entrepreneurship in the public and private sectors and as a central way of attracting and retaining lots of students into learning pathways who, otherwise, we would not be able to reach out to.

On the north-west coast we've supported, with the state government and others, the move of one of our bigger arts companies, Ten Days on the Island. They have now relocated to Burnie. They are located on our premises in Burnie, and they are there for the purpose, from our point of view, of helping build that culture of creativity within the region to such a scale and scope that—like when you come to Hobart—you know you'll have a creative experience. That ability to help support the region to a level where there will be creative activities in the region most of the year means we get the benefit of attracting and retaining students and doing our research, industry gets the benefit of creative talent wanting to stay in the region, and the region gets the benefit of both an industry and the building of the social capital and associated networks. That's a practical, micro example of the university and partners investing in the future of the region.

CHAIR: It's interesting that a couple of times today there has been mention of needing to hold young people, in the fear of them going to university in other states. It's kept on hitting my brain that you've got 500,000 people or thereabouts in this state. I guess there are 24 million in the rest of Australia, so your proportion of people who might leave as opposed to the opportunity to bring people in is so much in your favour that would not your focus be better placed in creating a vibrant movement of people that gives you an enormous benefit—that ratio benefit—where you'd actually bring many more in than those who might leave? We know that those who might leave to get an education, as has been experienced with Adelaide, tend to come back later in life—they come back to their home. But the opportunity of attracting people would appear to be a greater opportunity and is something that should be more concerning.

Prof. Black: There are two parts to that, I think. We, absolutely, think of ourselves as a talent attractor, drawing the best people not just from the rest of the country from the rest of the world; that's a really important part of creating the two-way sets of flows. There is no doubt that's important, and there will always be a group of people for whom it makes sense for their own personal growth and every other reason to go off, and we certainly hope that they come back. We want the flow to be net positive, obviously. The thing we need to be attentive to, and what we worry about, is that you drain the place of the social capital that comes with people. You want people who are clearly well-connected and embedded in communities staying to play leadership roles in their communities. And there is a danger, in a place like Tasmania, that you suck out a good portion of the next generation of leadership talent that brings with it all of the deep understandings, connectivity and everything else that takes a long time to build. And you only really notice it there. I've worked on the mainland as well, and one of the things that are really noticeable there—and I've worked at the University of Melbourne—is the number of really extraordinary Tasmanians who are going there and, therefore, take all of that with them and aren't available to be the next generation of local leadership here. Local leadership matters. You've got to get the balance right, and we worry about keeping the balance right.

The other thing that is really very important for us here is expanding higher education participation, full stop. It means having a very serious focus on making sure that we are attending to not just the needs of the state; the very distinctive regional needs are really important. The state will not prosper unless we get a much higher level of inclusion in higher education, because that is the gateway to the skills and access to knowledge that will give them jobs and help them create a future economy. They are the kinds of things we are weighing—all those three things—as we work on that people-flow model, which is how we think about it.
CHAIR: As to Tourism Tracer, we had comments previously, in another committee, from Tourism Australia about the evolving tastes of Chinese tourists, in particular, who wanted to have an experience in a city but then go out into the regions; that would seem to be very well suited to your aspiration of spreading the wealth through regional tourism.

Prof. Eccleston: Absolutely.

CHAIR: Is that what you're finding—that tastes are changing and people are wanting to spend less time possibly in a major city?

Prof. Eccleston: It's still a hub and spoke model. The traditional view is that self-drive tourists, when they first visit the state, do a kind of a circuit. That is less obvious now, particularly for return visitors and also for international visitors who are more time poor, so it tends to be a Hobart-based experience, dipping into the regions. When we designed the project, in partnership with the Tasmanian industry, this was a key question. With increased Chinese visitation after the President's visit, how is this cohort distinctive in terms of its preferences and travel patterns? There is a very clear distinction there. It is essentially focused on Hobart and the near east coast, with one or two other exceptions. That is an interesting insight for the industry.

As to systems approaches, planning and being able to adapt to change: the value of this kind of data is that it is key decision-making infrastructure. As a policy researcher, and very aware of the challenges facing government, one of the most interesting findings is the way that that broad and carefully designed dataset can be used for purposes and to ask, answer and address policy questions that we hadn't anticipated when we designed the project. We were interested in tourism patterns and tourism marketing, but it's about demand management, natural resource management, road safety, infrastructure planning and the dispersal of skills across the regions. So that's an interesting example.

I know time is short but, in terms of the question about the flow of Tasmanians and migration, I think Hobart is a really interesting microcosm of broader developments in terms of urban developments and being an attractor. We do a lot of detailed demographic analysis and are working on housing and a whole range of urban issues, and Tasmania is experiencing much stronger population growth now than it has in recent decades. The main driver of that is actually the retention of younger Tasmanians rather than a significant acceleration of inward migration, which is an interesting story. It shows that, if you've got that critical mass of talent, and a good, broad demographic profile, people want to stay—and we encourage our best students to leave! Our challenge is: how can we replicate that across the state and other regions, because, in Tasmania's context, it can't be a Hobart-only strategy. So it's: how do you have these connectivities and support clusters so that you've got the benefits of urban concentration but linked to the regions?

Mr GILES: Thanks, Professors, for your attendance and evidence today. I will start where you started, and I will move on quickly from this. I think it's worth saying that, from my perspective as a Labor member on this committee, there are two big challenges: how do we, through national government, continue to harness the benefits of agglomeration, particularly in and around the CBDs and clusters in our big cities, but how do we bring a wider, place-based focus to bear so that no-one is left behind? I think the conceptual framework that you started to articulate, Professor Black, and which your colleague shaded in a little bit, is very helpful from the point of view of the work of this committee. Could I ask a couple of specific questions. In understanding economic development through cities in Tasmania—and the University of Tasmania is a pretty significant stakeholder—obviously this committee has been interested in the city deal that is on foot in Launceston. I'm not sure that we can describe the Hobart one as 'on foot'—incipient or however you want to describe it. But, looking at Hobart, it seems to me that a couple of other Commonwealth government programs that have fallen by the wayside are pretty significant, and it seems, from the evidence we heard earlier, that there's a huge issue with rental affordability in Hobart. That would be catastrophic, but for the university's NRAS-supported investment in Elizabeth Street. Is that your view of this?

Prof. Black: Certainly, that NRAS-supported development accelerated that and helped make it happen in a timely fashion. I think, importantly, it also proved up for investors a model that says student housing is an investable model. So we've just announced another 450-bed facility, which we are building very rapidly. That will be funded without NRAS money but off the back of NRAS having enabled a proof of concept for large-scale developments. So, the university's very conscious of the part it needs to play in addressing those issues, and we've got another project which we were booked to announce quite shortly to add some more capacity to come up and meet that. I think one of the things the universities enable, which are really important in the development of the market, is the aggregation of demand. So that investment is possible because we can aggregate enough demand to actually see a large-scale piece of work happen.
One of the parts that we definitely play in this state is as an agglomerator that enables infrastructure decisions to be made. One of the things we appreciate the Commonwealth doing and think there could be more policy framework to support is that that happens. And that was the great success of the Launceston deal—that we are doing that, not just in one place but distributed and with an expectation that that will drive a quite different model of university than you'd find elsewhere. Professor Adams spoke to that concentration model. What you've been inciting here is actually something different, but I'm not sure that the higher education policy framework lines up with the urban development framework, so we have a tension here between what you're wanting to achieve in terms of economic development and the incentive structures that are set up in the higher education policy framework. They are not meshing well.

Mr Giles: I think you're actually being generous there, Professor Black, and it's probably not just the higher education policy but education at earlier junctures as well. I'm interested specifically in the significance to UTAS of the failure to continue the education infrastructure fund and its impact on the STEM project here in Hobart. Is that something I could get you to comment on?

Prof. Black: One of the big challenges that again distorts, I think, higher education operates is funding not matching the components required. So, in the end, universities cross-subsidise activities all over the place and that inevitably distorts good decision-making. So, any move away from matching the necessary infrastructure evolution is a backward step. But, also, I think we risk undermining competitiveness. Competitiveness in global science is increasingly an infrastructure game. I think one of the dangers for Australian higher education institutions, particularly those that are not near capitals, is that, if we don't maintain world-leading research infrastructure, we simply won't be world leading anymore. If you're in Melbourne, Sydney or Brisbane, you can access other people's infrastructure to some extent or collaborate with them to build it, but fail to invest in it in regional places and they will simply fall off being world leading. That's why, for us, the Antarctic and marine work is so important. It gives us a chance to compete for national infrastructure investment, but, if we couldn't do that, it would have a serious impact on the university.

Mr Giles: More broadly, I was very interested in your talking about the flow of people, Professor Eccleston, and I think you were speaking more broadly than just through the learnings of the tourism tracker; that's fair, isn't it?

Prof. Eccleston: Absolutely. As a social research institute with a keen focus on the policy issues confronting the country and, in particular, Tasmania, we've done a lot of work in demographic analysis. We've been a partner with the Tasmanian government on the development of their population strategy.

Mr Giles: Without wanting to put you out of business or constrain the entrepreneurial zeal of UTAS, when you look at the national government's role, other than through funding infrastructure or, perhaps, tidying up policy around higher ed, in cities, do you see better data management as critical to us doing our job?

Prof. Eccleston: It's absolutely critical infrastructure; it needs to be joined together. I'll only speak briefly—and we won't talk about the particular housing challenges in Hobart at the moment; we've done a lot of research on that, and I can share some of our findings—but, for example, around a whole range of tax issues, we're talking about value capture, land tax, valuation systems around property. The $7 trillion asset class in Australia is very fragmented. In the local context—and this is not a reflection on the Tasmanian government; I think it's common across other Australian jurisdictions—we don't have robust data about the stock of private rental properties. There's been a confluence of a few factors putting the private residential rental market under a lot of pressure in Hobart. One of those has been innovation and the changing use of investment properties from traditional residential rental to short-term holiday lets. We've got no real way of capturing that at the moment, and we're working again with stakeholders and the Tasmanian government to come to terms with that. This is really foundational data which we don't have. As a researcher, independent from the university's position—and I think it's broadly aligned—a key element of the City Deal is that long-term master planning, to think about what any city—for example, Hobart—needs to look like in 20 or 30 years time. In 10 years, where are the next 25,000 residents going to live if current population growth extends? And then, to wrap around that, how can we really at a systems level and at a network level understand the developments and the complex dynamics of urban growth and what it means for the economy, for productivity and the community and its sustainability? We certainly need to do more there.

Chair: One of the things that has arisen today and in every other inquiry is that we have this urgency because there was no foresight in planning land use, and there's a great need to provide a lot more accommodation all of a sudden. So, without a long-term goal, we're often going off on a tangent that isn't in line with how the city should be planned and developed. Is the inflation that's happening at the moment driven by homebuyer occupiers or investors?
or many years, but there is a confluence of three factors. One is a tripling of population growth, particularly in greater Hobart over the last two years, so you've got more demand. Linking to that—and this is a great example of why we need that long-term integrated system strategy—because of economic growth, an increase in commercial construction and building hotels, there seem to be quite significant labour supply issues around construction. Just in the last 12 months, where we've had increased population growth, the number of home completions in Tasmania has fallen by about 25 per cent, and the unknown on the side of that is, perhaps, the decline in rental supply as a result of short-term holiday lets. So, having had a relatively stable market and perhaps a city not as planned as well as it should be from a master planning perspective, we've got growth and this confluence of structural pressures all of a sudden, so the market is under pressure. At the end of the day, it's really about supply, rather than the use of properties.

CHAIR: Are there any similarities with Darwin and what happened there with a shortage of housing, where hotel rooms were being permanently rented and then there was a huge influx of developer-built accommodation and an oversupply and a crash in the market? Is there something to be learned from observing what happened there?

Prof. Eccleston: I'm not an expert on the Darwin market, and the usual caveat that all cities and urban systems are different applies. But demand for property in Darwin was driven by the resources boom, whereas we're looking at a longer-term and more sustainable uplift in terms of economic growth and population growth in Tasmania. I think the fundamentals are different, and that's our collective challenge: to make sure that it is sustainable and, going to Andrew's point, that it's inclusive and benefits the community as a whole in the longer term.

CHAIR: One of the practical concerns seems to be the ability to house key and essential workers and students within reasonable proximity and in affordable accommodation.

Prof. Eccleston: It's a catch 22 when we've got a tight housing market. We're experiencing that in terms of some of our students struggling to find accommodation, staff—all of these markets are interconnected. Housing is huge; it's the building blocks for a sustainable, functioning community, and unless we can get it right it's got significant social consequences but also economic consequences.

CHAIR: What we're hearing today is that, in the haste to address the problem that we have because we didn't foresee this—it wasn't planned—equally, in addressing this, plans for the future should be made long-term planning to attach the infrastructure, the land use and the funding mechanism. Philip Davies—I'm getting confused between what he said in a meeting and what he said in evidence, but his concept was that Infrastructure Australia, operating in isolation, was frustrated that they needed to have a land use equivalent and they needed to have IPFA or a like body linked by a coordinator or a commissioner to bring the three together so that they can have really worthwhile master planning of infrastructure, master planning of land and a master funding contributor to the necessary infrastructure.

Prof. Black: I think that's right. The other piece that we'd probably play into that is, again back to our network-base model—we've got excess demand here and we've got a soft demand in Launceston. The more one is operating a single-entity network, the more it's possible to move some of that demand to areas where we're not so constrained in infrastructure, to their benefit. Nothing at the moment provides a particularly strong incentive structure to do that. Virtually everything we've set up in policy drives towards agglomeration in single urban centres rather than seeing that we have integrated regions that we want to see collectively prosper. How are we getting that? What incentives do we put in place to see that rebalancing occur? The dominance of the capital cities, in policy terms, is causing problems, and that's the piece we're wanting to move in the other direction on.

CHAIR: To that end, my thinking has been that, with no plan of settlement, we have this imbalance of settlement, and it is over time to rebalance the settlement. The strangest thing, which has occurred through our negligence, is that the imbalance of settlement and the imbalance of wealth has provided a perfect storm of opportunity, when you link with fast connectivity, for an amazing uplift of the value of land outside of cities. The answer to the problems of the cities now lies in the regions and a rebalancing of settlement. I'm not talking so much about Tasmania possibly, but the great thing here is that, if we learn from the mistakes made elsewhere, we won't repeat those mistakes, and this can be a shining example of proper long-term planning of infrastructure and land use and that full engagement of the regions to leverage the real and unique opportunities that lie in those regions that don't happen in too many other parts of the world.
**Prof. Adams:** One of our challenges is that we have the network model that's thinking this through. It's not clear how we can engage with the Commonwealth. We can engage at the moment through our Launceston City Deal to some extent, but what we see are lots of really good Commonwealth programs—Try, Test and Learn; regional study hubs—a plethora of wonderful components that, at the moment, are all locked away in grants and projects with different guidelines, but they don't reflect the broader thinking. Our view is that, if we're able to engage with the Commonwealth around all of the components, then we could probably start to resolve it.

**CHAIR:** You know the problem. Could we move from being told what the problem is to being provided with real guidance and advice on what you want us to do? We hear the problem time and time and time again and no-one is living in the answer, but you've actually got the answer.

**Prof. Adams:** Components of it.

**Prof. Black:** To be incredible practical, we need to take a proper place based approach to how we're delivering programs. Get all of the Commonwealth people involved in delivering programs around one table and say, 'What's the integrated picture about how these different places come together?' and put one governance structure across all of the Commonwealth investment that goes into, say, Launceston and Burnie. Just start with those two. There are multiple Commonwealth funding streams all flowing in and not engaging, not talking to each other. The whole is a lot less than the sum of the parts. It's a simple act of coordination and working out what a single governance structure is. We know it from all of the studies of how clusters work well around the world, but you need a coherent place based governance structure around what's going on. We just need to bring the Commonwealth into that. That would be a terrific first step.

**CHAIR:** Can that be done through our committee and the papers that we will write, along with the findings and recommendations? Could Infrastructure Australia be directly engaged, with the body that they wish to have matching them, and 'Land Use Australia' or whatever you want to call it, and Infrastructure Australia, Tasmania—

**Prof. Black:** Yes. They could all be around the table. It's all doable.

**CHAIR:** With politicians a long way away.

**Prof. Black:** Yes. It could all be done by administrative action. Everybody needs to be prepared to agree to a common governance framework, which means we have a common set of objectives. What are the development objectives for that? Let's take Launceston as an example, with one set of common development objectives and the willingness of all parties to modify their programs so that they mesh better and they can coordinate their activities to see it done. That will require serious work at points to make changes to some aspects of both Commonwealth and state programs. It may provide the Commonwealth with an opportunity to say, 'There are some things we'd fund less in order to fund other things more,' because they're the things that we know, in a plan for Launceston or Burnie, would come together. That could be established as an ongoing mechanism. If you have not just the Commonwealth but, obviously, the key points of community and local leadership around the table, so that you're coordinating public, private and social sector resources, you get much better outcomes. From some of our university work in other parts of Tasmania, we have counted the number of players in e—

**CHAIR:** It's interesting, not living in Tasmania. I wish I did. One of the projects that we were very interested in was called 'case travels'. It was an idea—and it was very successful in the US—to build regional tourism around food, wine and agricultural production. If ever there's a fit, it's got to be Tasmania because all we ever hear is you produce the world's best whisky—isn't that right, Jonathon? Just in the last week, there have been reports that your sparkling wines have been blind taste-tested and have beaten the rest of the world. There are extraordinary wilderness experiences. For a keen driver in Europe where it's impossible to drive a car on uncrowded roads to come here and drive is a terrific experience. There's history, and it has so much going for it.

We should be getting our structures right to progress things regardless of political terms. Politicians, when they have completed the inquiry, made the recommendations and passed them on to those who should implement them, should not allow it to become a political football where an inquiry is held, money invested and then someone else comes into government and it's just left—wasted and not used. That's a tragedy. That is what we're pushing towards, so if you can provide us with—and when you finish giving your evidence, we'll ask you to provide it—some information specifically telling us what to do that we can use in our findings and recommendations, it would be really worthwhile.

**Prof. Black:** We'll endeavour to do that.

**CHAIR:** We've gone way over time.
Mr GILES: I won't stretch the friendship too much, gentlemen. Professor Eccleston, I just thought that at the end of your exchange you pointed to some of the institutional failings of the Commonwealth—or institutional imperatives to put it another way. Obviously, as at five years ago, we had a state of the cities framework and a National Housing Supply Council. We are moving back towards the state of the cities framework under the current government. We haven't really looked at the housing side. I'm just wondering—if you might draw out from your work what should be in either or both of those documents to better meet the objectives that you talked about and we've been discussing.

Prof. Eccleston: I'm certainly happy to get back to the committee. Time is short, but I think there's broad support that part of this cities and regional integrated planning is the link to housing as key infrastructure. There's a challenge and a risk in terms of where the Tasmanian housing market, and particularly Hobart, is at the moment. We've got acute pressures around rental accommodation and medium-term commitments and, as I said, we're working with stakeholders, including the Tasmanian government to increase supply. Wrapped around that for the medium term, we've got a growing and dynamic city. We need integrated master planning so that the next 10,000 dwellings that we build in Greater Hobart are suitable, affordable, well located in terms of employment and infrastructure, and are fit for purpose, especially with an ageing population. It's sort of against my instinct to steer the market, but I think all of the evidence suggests that for cities that's important and the Commonwealth is uniquely placed to coordinate that.

CHAIR: It's sort of facilitating the market to move in the right direction.

Prof. Eccleston: That's right. I'm not talking about a return to mass-scale public housing, but to shape and steer the city.

CHAIR: We might have a separate conversation about that. I think we'd better leave it there. Thank you for your attendance here today. If you've been asked to provide any additional information, which you have, and other contributions, could you please forward that to the secretary by Friday, 27 April. You'll be sent a copy of the transcript of your evidence and you'll have an opportunity to request corrections to transcription errors. Thank you very much.

Proceedings suspended from 12:04 to 13:02
SHELTON, Ms Korinda, Project Manager, City Deal, City of Launceston

STRETTON, Mr Michael, General Manager, City of Launceston

WILLIAMS, Dr Bruce, Senior Economic Advisor, City of Launceston

Evidence was taken via teleconference—

CHAIR: Welcome to the representatives of the City of Launceston to give evidence today via teleconference. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as the proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make an opening statement before we proceed to discussion.

Dr Williams: Thank you. What I'd like to do is just make a statement about the city of Launceston and some of the opportunities and challenges we've got and also indicate some detail around the submission that we provided to the inquiry. Launceston is a vibrant regional city. We have a population of approximately 67,000 people in the city and a regional population surrounding us of 140,000. The city of Launceston has a gross regional product nearing $3.9 billion a year. The Northern Region of Tasmania has a gross regional product of $6.1 billion a year. About 64 per cent of the gross regional product of the region is generated by the city of Launceston.

We have a gross regional product nearing $3.9 billion a year. Sixty-one per cent of that regional product relates to the city of Launceston, and 61 per cent of the people that are employed in the region work in the city of Launceston. Launceston is a key hub for the northern region in Tasmania. We're the most central city in Tasmania, and we have great access to rail, ports and air. We have about 1.1 million people coming through the Launceston Airport each year, so it's a vibrant airport in a regional context. We have a great lifestyle and a beautiful city full of heritage buildings.

We consider, and spent a significant amount of time evaluating, where we are now, but we're actually more interested in trying to understand where we might be in the future. We've undertaken some analysis of this, and we see that we have opportunities in Launceston for education because we have very high quality secondary colleges and a university, in UTAS, with some world-class excellence, especially around the maritime areas of study. We have a vibrant and growing tourism sector which involves mountain bike trails that are of world standard, golf courses that are world standard, a natural environment that is second to none and a burgeoning and developing pristine and boutique food, wine and whiskey industry.

We have a lot of growth happening in the agricultural sector. Tasmania has developed irrigation schemes over the past five to six years, and we're going to see a lot of growth in the dairy sector, the vegetable production sector and the fruit sector, and we suspect there will be a lot of opportunities in the manufacturing sector around those industries. Not so much specifically in Launceston, but the seafood sector is also very important; both the farmed and fresh part of that industry. The salmon industry, for instance, now employs about 5,000 people in Tassie, and that's been growing at a rate of about $1 million a week over the past seven years. We see that that will be a billion-dollar industry into the future.

More on a Tasmania-wide basis, the renewable energy sector's important. There is a lot of discussion at the moment about Tasmania becoming the battery for the nation, but we also have some very world-class integrated alternative energy systems that are very valuable and potentially exportable. Whilst there is a really great story around this, we have some challenges. Our population growth has been pretty much flat for a decade and so has our economic growth. We are challenged by an ageing population, which is more of a challenge here than it is on the mainland at this point in time. We have relatively high unemployment and high youth unemployment, and we have some poor educational achievements in the context of the nation. But we are delighted to be able to respond to the Australian government's role in the development of cities, because we'd like to work with the Australian state governments to be able to progress our city.

What we've provided you today is a background for the city deal. We've made six recommendations in our submission, and the key ones relate to the government's role in developing and supporting regional economic growth. Another one is the collaborative supports for industry and sector development. Another one is in relation to the establishment of a national list of infrastructure projects that is of a scale that's relative to regional cities and with a priority for regional projects. The other key one is support in the way that the federal government might promote Launceston as a regional centre. We've identified strategic and competitive advantages—for example,
smart cities. We'd be pleased to assist in investigating any opportunities to grow our city, our population and our economy, and we're delighted to take questions.

**Mr GILES:** Thank you, Mr Stretton, Ms Shelton and Dr Williams. Hearing you go through some of the products that Launceston is associated with, I think I speak for the Chair in saying that we are regretting not making the journey up the Midland Highway. That said, I thank you for the submission and presenting to it, and particularly for drawing our attention to some concrete recommendations, some of which I'd like to go through. First, I was hoping you might be able to give us an update on the state of the city deal that you're going through.

**Ms Shelton:** We're rounding out now to the first 12 months, on 20 April, since we signed. We are working through annual reporting with each of the projects leads. Following that, there will be an annual report released. We're hoping to have it out before the end of the financial year; hoping it might be even sooner than that. My role is to coordinate the City of Launceston project. I meet regularly and communicate with them to see how they're going. We have the standard project management tools, Gantt Chart. I also liaise with Northern Tasmanian Development, as well as the chamber, to see how they are going with their projects. On pretty much a fortnightly basis, I will speak with Catherine Murdoch from the Coordinator-General's office, and also with Brendan Buckley, who was formerly in the Prime Minister's office and who is now in infrastructure and cities. So I can keep across how all the projects are tracking and also make sure that there is alignment across all the domains.

**Mr GILES:** Can you talk about the project rollout at all?

**Ms Shelton:** Projects are run by project managers within the City of Launceston. I can probably only speak to the ones that we manage here. My role is to make sure that we resource effectively for each of those project managers to deliver those.

**Mr Stretton:** We can give you a general overview. The City Heart development is progressing on time and on budget. The Civic Square is the main element of that, and it is being completed at the moment. We are about to start the Brisbane Street Mall. Within the next fortnight, construction will start on that. The council has been working collaboratively with the university on the university relocation, and it is progressing at a quite pleasing rate. There is a lot of complexity around the planning. This is a very old site, with very old challenges. The issues that have been identified on that site are progressively being worked through. Certainly, with the way that the council, the UTAS and the other partners are collaborating, it is going really well. We have just engaged our Northern Transformation officer to take a lead in the Northern Suburbs Revitalisation project, and there are some really exciting initiatives being considered and looked at for that sector of the community. I think that is progressing quite well.

**Mr GILES:** How significant was the Greater Launceston Plan in getting the City Deal up and running?

**Mr Stretton:** It is important that you do have a shared commitment, a shared vision, and range of actions that, from a regional perspective, the councils and other stakeholders have bought into. Without having the Greater Launceston Plan, we wouldn't have been able to develop the collaborative agreements that we have got now. The digital transformation project is probably the best example of that, where the Smart Cities project involves not only us but George Town, West Tamar and Meander Valley Council, in addition to UTAS and Telstra. That certainly wouldn't have been achievable without the Greater Launceston Plan and that broader community vision.

**Mr GILES:** One of the things that we are obviously very interested in, as well as getting a feel for how well your City Deal is going, is what lessons we can draw from it, particularly in terms of the sorts of things a national government might encourage? We heard a bit about the significance of the consolidated planning that started some years ago in Launceston, and that was compared favourably to the situation in Hobart, and that was compared favourably to the situation in Hobart in the evidence we got earlier today. Are there other key learnings that we should take in terms of how the Commonwealth government should engage in future city deals?

**Mr Stretton:** I certainly think what is really important is having that shared understanding about where your issues, options and opportunities are as a region. One of the key learnings that we have in terms of implementation of the City Deal is to make sure that we've got an understanding of our resourcing commitments to be able to deliver the commitments that you make and even to be able to ensure that we have the resources to be able to administer the actual City Deal itself. Korinda, who is sitting beside me, has been in her role for about five or six months. It would have been nice, probably, to have had her up and running earlier in the process so that we are not losing time in gathering those resources. For the most part, the first parts of the City Deal are being managed off the sides of people's desks. Probably one of my key learnings is to get that resourcing nice and early and get an understanding of what is needed. I think now that there are a few city deals that are being implemented we've got a fair understanding of what's needed in that respect. So I think that will be important.
Mr GILES: Just further to that, you might be able to answer a question I had about your first recommendation. When you talk about 'financial and human resources', are the human resources the people who you engage with?

Mr Stretton: Absolutely. You've got your people who are actually doing the work, but you are mobilising those who need to be part of that engagement. They definitely need to feel part of the overall city deal. One area that we certainly need to work strongly on is making sure that people are brought into the process and actually feel included and part of it.

Mr GILES: One thing I was really struck by, from the perspective of a regional city compared to, perhaps, Melbourne, where I'm from, or Sydney, where John's from, is that the focus of your recommendations isn't so much on infrastructure solutions as we commonly understand them. It's about industry planning and skills development, really. I wonder if you think that's a fair reflection of some of the key drivers of development that are more likely to be critical for regional cities as opposed to solutions in big cities, which tend to be very focused on congestion.

Dr Williams: As an example, you will find we have a number of things—parts of the jigsaw puzzle—coming together for smart city development in Launceston, something we are keen to progress, but there might be some critical pieces missing. They are not so easily obtained if you are in a regional centre. For instance, we have a LoRa network now established. We are the first city to have gigabit speeds and internet connection. We have a fantastic research arm in UTAS called Sense-T, so it's one of the cities with sensors. We have quite a fantastic manufacturer of sensors that is world-class and a leading manufacturer in Australia called Definium. So there are a number of players, but we don't have the overarching strategy to pull that together. I think it is a challenge to find people with the skills to understand how you create that ecosystem and make it work. I'm not sure if I've answered your question, but that's an example of where we need that skill development and where, if you have a couple of critical people missing, it can become a little bit difficult to capture your opportunities.

Ms Shelton: Having all these industries here in Launceston and having the technology and the ability to implement it, City Deal has given us the opportunity to bring all these parties together, from local government and small businesses right through to federal government, with providing the support. Without City Deal and having that opportunity to communicate it would have been harder to make this happen for us.

Mr GILES: Is that because it gave a range of parties—your council, the university, the other councils and the state government—a framework that drove collaboration? Is that a fair read?

Ms Shelton: It is to me. We've got the opportunity to bring Telstra in to supply that network as well.

Dr Williams: That would be a fair assessment.

Mr GILES: That was a very helpful answer to a question that probably wasn't as well phrased as it should have been, so thank you very much.

CHAIR: We have just received evidence from the Hobart City Council and it appears they are grappling with problems of overgrowth. They have only got 0.3 per cent rental accommodation vacancies. There is a need for more housing to be created. There are congestion problems developing. There are concerns over planning because of fringe development, which has been a blight on all other cities in Australia. It just produces more and more congestion the closer you get into town. And yet in Launceston it seems that there is some stagnation. What's the reason for that?

Dr Williams: I'll put a context around it in that it's important to identify this. Tasmanian cities, both Hobart and Launceston, are relatively slow growing in the context of the mainland. There has been a growth over the last three or four years—a significant growth in Hobart—which I guess to manage it has stretched their capacity and infrastructure. But it would probably be a bit of a mistake to think that Hobart's growing at an amazing pace. I think their growth rate is ranked No. 7 out of the top 50 cities in Australia and Launceston is No. 3—that's the bottom seven and bottom third. So we're quite slow growing in comparison to the national context. Launceston's growth has been about a third of Hobart's.

I think our big challenge has been that we've been impacted by the GFC. On top of that, as a generalised impact on the city, we've had some major manufacturing declines. The decline of Gunns and putting that company into administration—and it's taken two or three years to resolve all of that—had a significant impact on this city. You see that there are little nicks and declines in a number of other manufacturing sectors. That's largely, I think, as a result of manufacturing becoming smarter and replacing labour with machinery, robots and technology. Launceston was traditionally one of the main manufacturing hubs of the state, so we've been impacted fairly significantly by that.

CHAIR: You have six recommendations. The first one is that:
The Federal Government should ensure that there are adequate financial and human resources to support the implementation of new programs and policies.

Recommendation 2 is that:
The federal government should develop jobs and skills policy objectives …

and Recommendation 3 is that:
The federal government should foster, support and invest …

How do we work together and align the various levels of government to be proactive in addressing these things and improve your engagement with the federal government to effect your recommendations or requests? It's one thing to say, 'The federal government should do it', but what can you do to facilitate that into becoming reality?

Mr Stretton: I think there are quite a number of things that we can do. Certainly, the City Deal is a step in a positive direction by providing that framework and ability to work with the three sectors and leverage what's in the existing agreement and, hopefully, grow that agreement into the future. What needs to probably change in a lot of respects is that local government needs to be more collaborative and come to Canberra, and to the state government, with more of a shared view. The likes of the Northern Tasmania Development Corporation, our regional economic development provider and our regional tourism provider, are a vehicle to be able to provide those shared policies and positions, and deal with government rather than each council dealing with government by themselves. I think that would be a step in the right direction.

CHAIR: We heard earlier that a 40 per cent increase in hotel rooms is planned for Hobart in the next four to five years. There was some comment about a number of hotels being planned for Launceston. What is that number, and do you have it as a percentage?

Mr Stretton: We can certainly provide that as a percentage. I haven't got the figures in front of me, but what I can say is that the council recently approved a new hotel at the Cimitiere Street site. Do we know how many beds there are in that?

Dr Williams: Cimitiere is 93, I think.

Mr Stretton: We've got the Silo development on the North Shore that will be coming online within the next six weeks or so. There are another two significant hotels that are at various stages of planning at the moment, but we expect to receive development applications for those two hotels in the space of the next two to three months. So there's quite a level of interest in terms of providing additional beds. I can provide the number later, but we haven't got that at the moment.

CHAIR: Beyond those that are in hand, are there further plans for development to facilitate not just tourism in Launceston but, as we understand it, the changing nature of tourism—particularly for the Chinese tourist, who wants to arrive in a launch pad city and have a city experience for a couple of days of shopping and restaurants, and then drive into regional areas? That, I would imagine, lends Launceston to being a launch pad. They would then be able to drive to Cradle Mountain, Freycinet and the Tamar Valley and the other lovely areas that are within driving distance of Launceston. So are there ongoing plans for further development?

Mr Stretton: There certainly is. The council has a strategy to grow Launceston not only as that launching pad, as you mentioned, but also to be a destination in its own right. We've got natural features like the Cataract Gorge within walking distance of the CBD, and not many places around Australia have that level of asset so close to the city. So we think we can do a lot more around creating those experiences within and around Launceston. Clearly, we've got things like the Derby mountain biking experience, which is just starting to grow and continuing to grow, in terms of what it provides for our northern region.

It's a definite strategy for the council and for our regional tourism bodies to work towards creating that opportunity to grow the number of people who access and use our airport, who then stay in Launceston and use the destination and experiences that we provide. Then, as you suggest, they can tour off to other parts of the state and, hopefully, base themselves in and around Launceston.

CHAIR: It would appear logical that, if you've got this quite significant development of the number of hotel rooms, there should be a commensurate development of hotel rooms in the region, so that Launceston can be the launch pad for a tourist who may spend a couple of days there at the front end and a day before leaving, and then several other days tripping around and staying in the region. You would, therefore, develop a greater capacity by not just focusing on the growth of one city. Is there work being done in that area, or should there be work done in that area?

Dr Williams: I think that this has largely been coordinated by state government. They have a significant program of tourism development in Tasmania, especially opening up areas that traditionally haven't had tourist
facilities. We're not talking about a couple of dongas on the beach. We're talking about really high-end walking tracks and high-end accommodation. But the planning of that is largely coming from state government rather than local government.

**CHAIR:** There were earlier comments regarding future development of Launceston. Can you paint a picture of how you see that and possibly include some numbers that might be achieved and by when.

**Dr Williams:** We are at a stage at the moment where we are having a look at a population and migration strategy, but we haven't identified what those targets will be. So, over the next 12 months, we will be in the process of sorting out a population and migration strategy. We are doing that in consultation with the Northern Tasmania Development Corporation, which is the regional body responsible for regional economic development. At this point, we don't have targets around that. We don't have specific targets around industry development. I think probably more of it is reactive. There are industry plans for the dairy industry to grow and develop, but, again, a lot of that really high-level thinking is being done by the state government and through the Office of the Coordinator-General, because they are primarily the investment attraction agencies for the state.

**CHAIR:** What is the average price of a house in Launceston? I saw in Hobart that the median price is $250,000.

**Dr Williams:** I don't have the median price available, but it would be a little lower than that. If you can bear with me, I can probably tell you. I have some books in front of me here that I can refer to.

**CHAIR:** Would it be correct to say that there are real geographical constraints with the development of the growth of Hobart but that there would be fewer such restraints in the Launceston region? Would that be correct?

**Mr Stretton:** Absolutely. Where we are at, say, from an infrastructure perspective, and using transport as an example, is there are localised areas of concern. We are starting to see the emergence of issues around congestion and the ability to be able to service the satellite areas to Launceston, for instance. Our surrounding municipal areas do have an impact on the transport network within Launceston. The council has the clear intention of growing inner city residential development as part of its strategy for growth.

We have a strategy around developing new greenfield residential growth areas in accordance with the Greater Launceston Plan in areas like St Leonards, which is an area that we have been putting a lot of focus on at the moment so that we are able to accommodate growth in residences close to town, which don't present the transport needs and concerns that we are seeing in those outer development areas, those outer suburbs, particularly in West Tamar that then have the downstream impact on our own traffic networks. So there is a clear need to have a broader regional discussion and consideration of transport needs around our region. I agree with what you are saying. We haven't got that same level of constraint but we've got the opportunity to plan for and make sure that we are ahead of the game in terms of the future development of the regions.

**CHAIR:** Yes. It is very much what we are discovering as we hold these hearings in various regional areas. There is a growing awareness of the lack of planning in our major cities that has just seen fringe development after fringe development, which creates more and more congestion as you get closer to the central area of cities. This inquiry has divided itself into the development of regional cities and the retrofitting and redevelopment of our urban areas and densification. It was alarming to hear this morning that there's so much development on the fringe of Hobart and that traffic congestion is developing as you get closer in, and then, further, greenfield sites—because it's almost like it's the only thing we know in Australia. It would appear that, rather than planning something because you've not had any planning to answer a problem, it's time that we should be proactive and look at the future of Launceston. You would look at densification around your transportation corridors, and your fringe development might be more dense with the provision of some forms of public transport, so that we can create greater capacity without creating greater congestion. Is it part of your thinking that we can be proactive with our planning, rather than reactive?

**Mr Stretton:** Absolutely. That's certainly the intent, and I think the important part of that proactivity is all of the councils and state government working together to consider the whole of network. I agree with everything you've said in terms of those issues, particularly the way that we use public transport to connect our suburbs and areas, because it's not an area of strength for us at the moment. Certainly, there's a role for us all to play in terms of considering that. What you've said is correct. To me, what we need to do, though, is to have stronger interrelationships with those other councils and state government to see that it happens.

**Dr Williams:** In our submission, we make the comment that the City of Launceston provides significant employment and recreational services and infrastructure for residents of the five municipalities that sit around us. Of the total employment in the city, 36 per cent of the jobs are filled by residents from adjoining local government areas, but a perverse outcome and a matter of strategic importance is that existing political and local
government arrangements preclude the city operating as effectively as it could as a regional centre. You can stand virtually on the boundary of West Tamar, and, if you had a really strong arm, you could almost lob a rock at the post office. These boundaries are very close to the city, and it is a challenge strategically to get all of these things linked up when you have a number of local government areas trying to do their best to grow their economies and provide housing and services to their residents. I will also make a comment on house prices. The mean housing price in Launceston as at the 2016 census was $269,000 and the median price for a unit was $213,000. Those prices have gone up, certainly over the last 18 months, so there has been a kick in the price of housing in Launceston.

CHAIR: That's interesting, but it's still an enormous competitive advantage over those living in Sydney or Melbourne, who would be paying closer to $1 million for an average house.

Dr Williams: Correct.

CHAIR: And it must be an attractor, which I understand is happening. One of the people who gave evidence earlier called people coming from Sydney 'refugees', which was pretty amusing, but it was a fantastic idea that so many people might relocate from Sydney or Melbourne to Launceston or Hobart and that they possibly could be enticed to come earlier, prior to retirement, and have some business interest and bring their investment dollars as well as their housing dollars to grow the economies. That would seem an interesting thing to pursue.

Dr Williams: We've put quite a lot of strategic thinking around this particular issue, and the people that we're particularly interested in targeting are exactly the demographic that you speak of, but what we really need is for those people to come with their business, particularly high tech, internet based businesses. There is an absolutely compelling story to attract people to Launceston because of the lifestyle, the lack of traffic, our good restaurants and all those sorts of things and for them to be able to develop and run those businesses, because those businesses wouldn't actually compete with the existing business sector. They would only add a lot of value to it and add a lot of value to our opportunity to grow Launceston as a smart centre and as a place where you can do clever things with IT. So we are actually focusing on that at the moment. We're developing some programs to try and attract that demographic.

CHAIR: Yes, it just seems there's a world of opportunity. Is there anything else that you would like to contribute?

Mr Stretton: No, we're comfortable, thank you, Chair.

CHAIR: Thank you for your attendance here today. If you've been asked to provide any additional information, would you please forward it to the secretary by Friday, 27 April. You'll be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. Thank you very much again for your contribution.

Mr Stretton: No problem. Thank you.

Dr Williams: It's a pleasure.

Ms Shelton: Thank you.
BAILEY, Mr Michael, Chief Executive Officer, Tasmanian Chamber of Commerce and Industry

PARR, Miss Susan, Chair of the Board, Tasmanian Chamber of Commerce and Industry

[13:41]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as the proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make an opening statement before we proceed to discussion.

Mr Bailey: Firstly, thank you for the opportunity to present. It's terrific to have the committee appearing in Tasmania, so we thank you very much for that. Obviously, Australia is heading into a pretty exciting time, with the population predicted to grow significantly over the next 50 years or so. For Tasmania, it's an interesting proposition as to how we can take advantage of that growth in population. We're a market that has remained pretty stagnant for the last 20 years or so and a market that's not predicted to grow much in population over the next 20 years, although there are efforts undertaken around the state to address that.

We look at this opportunity through the prism of: 'What would it take to unlock regional areas of Australia? What would it take to entice people to move away from these fast-growing cities that are struggling with population and move into areas such as those Tasmania has to offer?' We break this discussion down into five key areas.

The first area is: what support can government provide to entice, firstly, government workers to move out of central city areas and into regions? A prime example, to my mind, is making working from home an easier prospect for businesses—or for government in particular. Federal government is great at many things but it's not terrific at the way it works with its workers. A good example is Centrelink. For example, Centrelink call centres have no capacity for working from home, whereas many of the banks, including Westpac, do. The way they undertake that is to do WHS assessments of people's homes. They're then measured on the same KPIs as a normal worker inside a call centre would be, but they're able to work from their home location. What if federal government were to provide that to regions so that, if you wanted to work from home, you could do that, if you lived in Tasmania, in these sorts of government businesses?

In order to actually encourage people away from the cities and into regional areas, we, obviously, have NBN connectivity. It's very easy to do that technically and, again, you could isolate areas of Australia where there was greater flexibility for these sorts of work practices.

We also believe there needs to be a discussion around the need for differing economic settings for regions. In the past, Australia, as we all know, had separate industrial relations laws for each state. That enabled the states to reflect the economic circumstance of that state through its employment law. The difficulty we face is that when there's, for example, a national wage case, it really takes into account the workers' needs in Sydney or Melbourne but has little relevance to a worker in Scottsdale or St Helens. The problem we find is that local businesses can struggle to manage an increase in wages, for example. Could you look at different economic settings for different regions of Australia? Could you even trial things which haven't been done before? Tasmania's a great place to do that; we're a quarantined market. What could you do around wage settings, around penalty rates and even around how the JobSearch agencies work in a setting like Tasmania? Could you be creative in a way that could give businesses an opportunity in Tasmania to be more competitive and to entice businesses to come to our state as well? I think there's great opportunity in that discussion.

Tasmania has often also seen its island status as being a negative. Freight is a major concern, which government has addressed in many ways—and which we are very thankful for—including the Freight Equalisation Scheme, which is a very important thing for our state. But we look at what benefit could the strait, for example, provide to the nation? What blue economy businesses are we missing that we could really take advantage of? For example, in the next 50 years we're going to see a doubling of our population. You'd assume there'd be a doubling of our need for protein. What could we do to make our salmon farms produce more salmon in a way that the community is comfortable with and in a way that's environmentally friendly et cetera? What can we do there?

If there's an understanding of this, business has the confidence to invest and government has the confidence to invest in research in the right places to help build this industry in a different way. For example, the government could say to the Australian Maritime College in Launceston, which is one of the world's best research facilities for maritime systems and pens and the like for salmon farming: 'We're going to need to have three times as much salmon as we're currently producing, so in five years we want you to be producing pens that are completely
neutral as far as residue goes, that can be in open water unseen by the public and can grow X-amount more salmon.’ Give them the brief, give them the target—almost like the way Australia acted in the Second World War. Provide the need and provide the research investment with the outcome being addressed as part of the model.

I think there's great opportunity not just in protein but in energy. In wave production there's some fantastic work going on—again, at the AMC—looking at how we can generate more energy from waves and from tides. Kelp—there's a whole range of different things that could be looked at in this scheme.

I think the City Deal is phenomenal and very important for Tasmania. It does many things but, one of the great things it does is erode the barriers that exist at times between federal, state and local government. I was interested to hear the Launceston City Council's presentation. It's quite clear that our local government make-up in Tasmania can make strategy a very difficult thing to undertake, particularly settlement strategy. When you have our two major cities, Launceston and Hobart, broken up by three or four local councils, having an overarching settlement strategy is impossible. What's happening is that the local municipality looks at its local area, not at the entire system of the city, so you get pockets of development that don't link to each other. This makes it very difficult for Metro, our bus service, to have cost-effective bus routes, makes it very difficult for our water supplier to get water there easily and it makes it very difficult for TasNetworks to plan out energy. I think there's a clear need for a rethink of how government works, particularly in a place like Tasmania with 29 councils for 500,000 people, to make these clear and very important strategic decisions easier to make over the next 50 years.

Finally, and I'm sure we'll cover many other things, we also think there's an important need for a national strategy and clear communication to the people of Australia to explain what the next 50 years is bringing to our country—how our country is going to change—and, most importantly, where things are going to happen. And that will allow businesses to then invest. For example, if we were to say, 'The settlement strategy for the country plans this. There will be more people in this area. They will be doing this. They will be sourcing building products of this type. They will be needing this type of food,' it then allows business to invest in those areas. A prime example is creating economically viable engineered timber products. Out of our forests across Tasmania we are terrific at growing trees, harvesting trees and regrowing them again. Again, if businesses in Tasmania were made very clear on the growth, even in Melbourne, it would allow greater investment and greater research into finding the products that we can grow and we can manufacture in our state to supply this great need. It's a terrific source of carbon store and it's a terrific and easy product to work with. At the moment we import most of these products from either New Zealand or Europe. To me that seems crazy. That's where I think an articulated strategy that shows growth, shows the planning of growth and shows the settlement strategies would give business the confidence to invest in these long-term projects that initially will be difficult and expensive, but in time will be extraordinarily important to support growth in Australia. Susan, what have I missed in that discussion?

**Miss Parr:** Not much, Michael, I think. I think the overall point you're making is one that we can support with a whole lot of information that perhaps isn't usually put together. The complexity around local government, for example, is almost the antithesis of what could be achieved, or it will be the barrier to achieving what the greater cities program will be. You may not know this, but, in Tasmania, with a population of about 500,000, there are 4,000 local government employees, 23,000 state employees and 3,468 Commonwealth employees, which totals 30,468, at the last count. That is one government employee for every 16 people in the state. It's one for every small business in the state, and one-third of all Tasmanians receive a Commonwealth benefit of some kind. If you put that into a cultural mix what does that do for business? It just about regulates the lifeblood out of it. What does it do for culture? It makes it risk averse. What does it do for innovation? It means very little likelihood thereof. With productivity, if we take productivity as a measure of total output compared to total inputs, then really what we have is a mendicant state that hasn't a long-term future, if we continue to have that mix of high numbers of local and state government employees being the primary employer in the state. Their jobs aren't to innovate; their jobs are to regulate and manage. That creates a huge tension in the state.

In local government there are 29 councils that range from about nine to about 12 representatives in each. According to the address where I live—there's a government website where you can pop in your address and find out who represents you—for me, in Tasmania, because I have 12 local government representatives, I have 31 representatives. I'm sure money could be better spent than on that, and I'm not sure that I am being any better represented than somebody in Melbourne or New South Wales. So, while the argument has always been that local government is the tier of government closest to the people—I've worked in local government and it does some terrific things—it's the antithesis of strategic thinking, because it's about little patches.

**Mr Bailey:** On that, too, there is the observation that it makes it very difficult for a state government to create policy that is truly transformative or risky, because, again, you have large groups of people who are either
employed by the government in some form or are receiving some sort of government benefit and who really don't want change. It needs a very courageous government indeed to try and effect change.

The last attempt to reduce our local councils was the Rundle government back in the late 1990s, which lost the election on what was, I would argue, a pretty sound policy—again, making it clear to subsequent governments the danger in going down these sorts of paths. And, I don't know the answer to that. If I could wave a magic wand, I would encourage the federal government to use some sort of a lever to force this sort of reform. I don't think any state government is going to have the capacity or even the support to undertake the sort of reform that Tasmania so desperately needs.

Miss Parr: I guess allied to that, if I can Michael, is the state's liability for superannuation of the public service, which is so significant—I think it's 7-point something billion—and affects its credit rating which in turn affects the cost of borrowing. We just keep going round and round something that's always going to stop us from being better.

The concept of good debt in the Curtin University report on the Better Cities program—debt that has key indicators and paybacks—seems to be a potential carrot for reform of our public sector in this state. There are better brains than mine to think about how that might be. If you're going to get more effective and affordable housing, better infrastructure, better transport, better education, then you've got to combine resources and look for some effective outcomes.

CHAIR: Thank you for that. Would it be correct then to categorise? It seems there are some absolutely brilliant things that happen in Tasmania—unbelievably innovative—from shipbuilding, whisky making, wine production to agriculture. You've got a portion, when potential is released, that punch far above their weight division, and yet some portion of the community is being left behind and isn't able to engage in this free enterprise and growth.

Mr Bailey: That's a fair observation, and a lot of people are working in this space to address that issue. Tasmania has all of those wonderful things but we also have a 50 per cent functional illiteracy rate across our communities. Our education participation and completion outcomes indicate that opportunites to say, 'Well, how do we advance it'? If you've got the

CHAIR: You mentioned earlier the national wage case. I've had a number of debates with various members of parliament representing areas of Tasmania who would argue that they should have equal wages. I always argued: wages make no sense by themselves; they only make sense when you engage them with the cost of living. When I lived in the US, your wages might be $100,000, so if you were living in New York, you weren't doing very well; however, if you were living in Atlanta, Georgia, you were doing stupendously well where a three-bedroom house was about the third of the cost of a one-bedroom apartment in New York, for instance. That same competitive advantage lies here, and yet there are some groups who say—and we heard evidence of this earlier—"Wages are $200 less in Hobart than what they are in Sydney." If you applied an index, you might find you're about $300 or $400 better off. Don't try to have the cake and eat it too. Understand that this is a competitive advantage base that may not last forever, but it's how other countries have competed against Australia through lower wages and lower cost of living. If we accept that, is that the opportunity to say, 'Well, how do we advance it'? If you've got the person who makes the brick and lays the brick who's living in a lower cost of housing, can they be paid proportionately less to effect a whole different cost of the economy? The whole idea of strategic decentralisation is to actually provide affordable housing for generations and generations to come. Jobs, growth and home ownership, which is just a matter of spreading wealth—that opportunity is in spades in Tasmania, if we don't close our eyes to it.

Mr Bailey: Yes, indeed.

CHAIR: It is an extraordinary opportunity—coming from Sydney and lusting after this place all the time, thinking how good life would be—for people to retire and say: 'You've got your $2 million or $3 million house in Sydney. I can have a $500,000 mansion in Launceston and have money in the bank or money in an investment, employing people and having a lovely little business to occupy them.' As we discussed previously, could people be attracted here at an earlier stage in life, not just in retirement? That said, there's a great retirement industry, as people age. I don't age, but everybody else does.

Miss Parr: I'm with you.

CHAIR: Dead right! We're locked in the 40s—60 being the new 40.
Miss Parr: Seventy being the new 20. I think that's absolutely right because Tasmania has the oldest population and the worst health. We don't need more of me; we need more of Michael's children coming to Tasmania. The thing that I think people forget in that argument about wage relativity from state to state is the inequity within the state. The south is the best off, the north is the next best off and the north-west is the worst off. And, if you—

CHAIR: Are you talking about Burnie and Strahan, for instance?

Miss Parr: In the north-west, we're going from Deloraine across to Smithton. And there have been some impressive innovations there, but, again, they're a few. They would be the largest group of people receiving government benefits, they would be the largest group of people not having good education outcomes and they would be one of the highest risk populations for health.

CHAIR: We've spoken quite a few times today about an effort to decentralise tourism. The Chinese tourist wants to land in a city, have a city experience for a day or two but wants to see green grass and blue skies and to go out. Tasmania would be made for that experience. So the opportunity to develop a whole industry of farmstay in regional areas and hubbing those farmstay opportunities around an attraction, whether it's Cradle Mountain or the Tamar Valley or—

Mr Bailey: Huge potential

CHAIR: It must have huge potential to create employment, jobs, growth and opportunities and to droughtproof farms, because it takes a tiny part of their land to provide accommodation for the—

Miss Parr: Absolutely, and a lot of—

CHAIR: And it should be commensurate with whatever's happening in Hobart and—

Miss Parr: And innovative farmers have diversified, especially on the east coast, but they did this 25 years ago. They diversified into wine and into farmstay. So you're right. There are people in Tasmania who do punch way above their weight, but I think there are hundreds of people who don't. What about that example with New Norfolk and Maydena? We've been working with the Tasmanian Council of Social Service, believe it or not, on a program to get people into jobs.

Mr Bailey: It's quite a revolutionary partnership, where we work with businesses, from the chamber's point of view, to determine jobs that are available in the local community, because quite often those jobs aren't advertised and they're not necessarily very well known. TasCOSS work with the community to connect people to us, and we then do a JobReady program to get local community people who are looking for work into a position where they can take on the jobs that are available. They're then checked by the businesses to make sure they're job ready. And we've had great success in placing people in work.

The interesting thing, though, is that even at community levels it can be very difficult for people to see the opportunities that are there. In Tasmania at the moment we've got a booming mountain bike tourism sector. We've got some of the best mountain bike trails in the world. Derby in the north east, which was a ghost town 10 years ago, is now a thriving community, with new businesses and tourists from all around the world coming to ride some amazing trails. Maydena, which is a little community in the Derwent Valley, has a similar project being undertaken. It's quite a significant investment—

Miss Parr: Privately.

Mr Bailey: Yes—from a private provider to use the same trail build as to put in what will be a phenomenal thing closer to Hobart. Again, the potential of this is significant. It will be another great tourism drawcard at work in that local community, with a local council. It has us frustrated because the council believe that the fix to their community is a big business coming in to open up to provide 100 jobs. You know: just bring the business in here, get them to open up, provide the 100 jobs and it will be fixed. In reality, the Maydena potential is probably even greater than that. Derby has unlocked not just the Derby community. The north east is really going well based on not just tourism but also the return of forestry. But the local council just can't see it. They just cannot see this potential. Again, that is work we need to do across industry sectors to make sure that communities understand potential. And, again, that is where the communication piece is as much our responsibility as anybody else's to make sure that business and community understand potential, because, in reality, if local tourism operators can link into what will be another Derby, it will change the face of that community.

Mr Giles: Thank you, Miss Parr and Mr Bailey. Although, Miss Parr, I didn't expect to hear reference to where we are being described as a 'mendicant state' today.

Miss Parr: I come from a school where you can't fix something if you dress it up. You can't put lipstick on a pig. We are working really hard as the chamber to try and get the fundamentals in Tasmania right, but our future
depends on getting a whole lot of fundamentals right. And however long my tongue is and however full of gas and wind I am, I don't think I'll be on the planet long enough to change that. The world won't change in my lifetime, so other people have to do it.

CHAIR: Redouble your efforts, Susan!

Miss Parr: Absolutely!

CHAIR: You've got to sprint to the finish line.

Miss Parr: Okay.

Mr Bailey: As the CEO, I must ask you not to say that to my chair, because she will!

Mr Giles: On those fundamentals, the point you make about just their number but their configuration is a very significant one. It is probably beyond our pay grade. I guess that's why both sides of politics nationally are attracted to city deals, having thought a lot about other ways, because what we can do is drive incentives towards cooperation. I would be interested in your view and your members' views about the learnings from what is going on in Launceston and what we might be able to achieve in Hobart through that.

Mr Bailey: Firstly, we've been involved in the city deal from the outset. We were lucky enough to spend a lot of time with the previous parliamentary secretary, Angus Taylor, working through the deal with his team. We are extraordinarily excited about the deal, as well as the pathway that it has taken the community on. As I said in the opening comments, the erosion of levels of government has been a really powerful thing. But even some of the discussions that have come out of the challenges that the region was set by the department have just been fantastic. I was saying to Susan before we came in that I remember a meeting where we were all talking about how we might fix one of our more difficult communities in the Launceston area and how we could provide more support. We went around the room of groups of very experienced people, and the staffer from Canberra said, 'What about creating a work ethic?' and it was deathly quiet. It was something that the community hadn't really thought about before, which has now changed the way that many are viewing how we can address issues in local areas. Even at that level it has been phenomenal.

We have no doubt that the city deal for Launceston will transform that city for the next 100 years. We have no doubt that the infrastructure investments have the potential to make Launceston one of the most exciting university cities in Australia. Obviously, the Hobart deal is still new and being fleshed out, but, again, we are very enthusiastic and confident that the city deal will make dramatic changes to this city as well.

I think it's a clever model. I think it's a model that is already transforming Launceston and will do the same in Hobart, too.

Mr Giles: On that transformation point: Miss Parr, you talked about a timescale that was long. We've heard other evidence that a 10 to 15 year commitment is the sort of thing that drives certainty and is something your members would respond to?

Miss Parr: Yes, absolutely.

Mr Bailey: Yes, without a doubt. And we know that, for communities to truly transform and for cultures to truly change, it's going to be a generational discussion. It's not going to be one term of parliament or even two terms of parliament. The beauty of this sort of a deal is that there is that surety over time to get the fundamentals right and to keep working at it to effect the change. So we're confident that that is happening and our members are confident that longer-term thought is a much better and more sensible approach.

Mr Giles: At the moment, on some things, like wage setting, we're probably not going to reach agreement around this table, but there is a consensus around a role—and I think we're starting to flesh out the details of that role—for our national government in supporting cities, including regional cities. I think that's something that we've got a lot out of in the evidence today. One of the things that I was interested in you talking about, because it has come up a bit, is the educational attainment and the labour-market challenge that's presented by that. Presumably that is something that many of your members are concerned about?

Miss Parr: We—

Mr Bailey: We—

Miss Parr: Sorry!

Mr Bailey: I reckon we're going to talk about the same thing.

Miss Parr: I'll let you go, Michael. You'll be more succinct.
Mr Bailey: We undertook to address some of these key areas in Tasmania a few years ago by commissioning Saul Eslake to put together the *Tasmania report*, which is a TCCI publication, which began its life looking at the ills that Tasmania faced and what we might do to address those issues, and fundamental to that was education and the change to educational attainment and our understanding of education across communities as well as many other things. The *Tasmania report* is now in its fourth year this year but has already effected change—even just to lift the profile of the need to reset our understanding of the importance of educational aspiration.

We've had full support from our members on this approach. We understand that, for Tasmania to reach its economic potential, we need to reach our educational potential, and they go hand in hand. If we don't have a smart community who have, again, top-level educational attainment, we can't expect our productivity and our economy to grow significantly. So we're absolutely upfront about that.

Mr Giles: It strikes me, having just heard from the City of Launceston, that their great comparative advantage is broadband speeds.

Miss Parr: Yes.

Mr Bailey: Yes.

Mr Giles: That's not going to be worth very much if you don't have workers who are capable of making use of it.

Mr Bailey: Absolutely.

Miss Parr: I couldn't agree more. And, as I think you would probably know, social research tells us that education is the key to the economic, social, housing and health outcomes for people. So while ever we have poor educational outcomes in this state, we're going to see those people still disadvantaged—but they don't see it like that. So that's an issue.

Mr Bailey: When we're talking education, we're not just talking higher education; we're talking vocational education and training, too. We need a well-equipped workforce. We need to understand that a vocational pathway is as valid as a higher education pathway. So we're passionate in both these sectors, not just one. Again, from our members' perspective, they just want good workers who are lifting and growing their business and are equipped to modify and morph as things change, as they'll always do. We are heading into probably the most significant next 20 years of change that business has seen, too, with artificial intelligence and a variety of other things coming online that will change the way that business does business. So, yes, we are very passionate in this place.

Chair: It's interesting how we keep saying things like that. But the changes of the past have been equally dramatic—

Miss Parr: Yes.

Chair: and there will be more changes in the future. They just seem so when we're confronting them in our age group—

Mr Bailey: That's probably right.

Chair: So it's no different from what has come before.

Mr Bailey: It's funny. I was talking to my kids about how when I started work we had things called faxes, and they couldn't believe there was such an archaic bit of equipment as a fax, so I think it's a very good point. But what we do know is that our young people have the capacity to take advantage of this new technology but we've got to get the underpinning education right. They need to have underpinning skills that can then be modified and morphed to suit industries we don't even know exist yet.

Miss Parr: I guess that, if we've done anything with the *Tasmania report*, we have made that a common issue for everybody. It doesn't matter whose fingerprints are on it. Whereas the local newspaper used to feature school leavers' photos at the end of year 10, that doesn't happen now. It's year 12. It is small things. All the messages now seem to have shifted to people at least not starting to talk about leaving school till year 12. That's a huge shift and happened in a very short time.

Chair: I'm one of those people who should have died by now, because I left school early and didn't get an education! But I did have vocational education and learning on the job.

Miss Parr: And it would appear you could morph once or twice.

Chair: Several times.

Miss Parr: I'm being facetious, but that's the other thing. My concern would be that a population that's so dependent on government service as their employment option doesn't have to think beyond that.
CHAIR: Some of the things we have thought about for the tourism area, which is a huge opportunity because of the natural beauty—in one of these papers I've never seen the word 'unique' used more. It's absolutely accurate. It's an overused word, but it was probably overused appropriately. I can remember working for Channel Seven, and there was a world rowing championship held here in the late eighties. I got all hot and bothered about this, thinking I could be a sports promoter, and tried to push the idea of world rowing championships. I found out how much prize money they played for, which was zero compared to tennis players—everything comes back to tennis! There was the opportunity of having the unique, category-busting opportunity of wilderness walking experience combined with a world-class sports event, that being the other opportunity that existed at the time for tourists in Tasmania. Being here and thinking about it today, I'm thinking of how we did a video once—I'll get it to you—called Australia: the World's Stage, where the idea was to seek to establish performing arts events and sports events to attract high-end tourism. The world's highest paid—biggest prize money—rowing event, which wouldn't need much prize money to do, would attract an enormous number of people for the event, but it was about the flow-on of participation in tourism that could generate. The idea of what happens with your Target Tasmania at the other end, going from the green sport to the carbon burning—but what is the opportunity to have any number of people to come here and do an amateur version of that where they could hire a classic car and drive around on the target, pushing that as another unique offering in a unique setting?

Mr Bailey: There are some wonderful things that Tasmania has, and one is fantastic roads. I think 2wheels magazine said a few years ago that Tasmania is the last place in Australia you can ride a motorbike and enjoy it without speeding, which I think is a lovely quote.

CHAIR: I thought it would be speeding without getting caught!

Miss Parr: The roads are challenging enough!

Mr Bailey: But we're also hugely passionate about sport. If you look at my sport, which is cycling, there is Richie Porte, who has a huge chance to win the Tour de France this year. There is untold potential to have a Richie Porte ride that goes around Launceston through his favourite training roads. That could be accessed by people from around the world, who I'm sure would want to come down and ride. It's really not difficult to do. Sometimes in Tasmania we think this sort of stuff is normal. We have such a history of producing great cricketers, great tennis players and great cyclists, but we don't take advantage of it.

CHAIR: Name one!

Mr Bailey: Richard Fromberg.

CHAIR: That's right.

Mr Bailey: I think Ponting, Boon and Porte are three names that are internationally recognised that we don't do much for. Target Tasmania is an incredible event that, again, probably doesn't get the sort of promotion that it really should get for what the event actually brings. Look at the two tours on the Isle of Man.

CHAIR: Yes, you have the event, and that's great, but there is the flow-on for months afterwards while everything's set up to allow access for the amateur to drive it. Even the existing Australian high-performance cars like the Brock Holdens, GTS, HSVs or whatever they are—I really know this stuff! But it's such an attractive thing and a point of difference that's not available anywhere else. There are just endless opportunities to pursue that. There is pushbike riding and motorbike riding. This is a great destination for those things. We talked before about a limited season. Those things could traverse that limited season and generate tourism to regional areas, where you have the farm stay clustered around the destinations.

Mr Bailey: Absolutely. In fact, they really have to happen regional areas. It's a perfect model. I think the Derby mountain bike trails are a terrific example of very clever federal government funding of the trails. The support of the local council and state government was fantastic. This transformed a region that was highly recessed.

CHAIR: And it could have had a value-capture component. I haven't mentioned value capture with you yet. You've made the investment. All the businesses are profiting enormously without actually paying for that infrastructure that's giving them the profit.

Miss Parr: That's right.

CHAIR: So there is a legitimate value-capture opportunity there.

Mr Giles: Do you reckon the businesses will then want to come after the infrastructure investment to benefit directly from it?

CHAIR: In that case, the land that they're buying to put their hotel on or whatever else has gone up in value. They may not have paid one penny, but they should have.
Mr Bailey: The local businesses have boomed, new businesses have been brought and houses have sold. There was some incredible stat that a house hadn't sold in Derby for something like five years before the park opened, and in the 12 months following $5 million worth of property sold. It is just extraordinary.

CHAIR: Five million dollars worth of property is an average price of?

Mr Bailey: Oh, crikey—$50,000 to $100,000? It wouldn't have been much, but it would be now that the value of property has increased.

CHAIR: And so why shouldn't those properties have been subject to a value capture to pay back the infrastructure? It could be a very modest surcharge on those properties. How much did the infrastructure cost?

Mr Bailey: I think it was about $5 million worth of investment.

CHAIR: If you sold $50 million worth of properties and charged 10 per cent, you'd have that.

Mr Bailey: It wouldn't have been a bad thought.

CHAIR: If that's happened in one year, it could happen in 10 years.

Mr Bailey: Again, it was for the whole region. You drive through the centre of Scottsdale now, and there are bike shops and bike hire shops. It's terrific to see and very clear.

CHAIR: They are resulting industries. What if you had a fleet of 500 or more classic cars of some description, a whole business of maintaining them, hiring them and having them linked to various farm stay destinations, as you could with motorbikes—some people will bring them; some people might just hire them with push bikes. It is the same thing: a whole industry of support and a destination. You are creating mobile—

Mr Bailey: Absolutely. We know that those sectors are affluent too. Mountain bikers, car drivers et cetera—especially classic cars, supercars and the like—spend up big when they're in the state as well. I was talking to a group from Sydney that was mountain biking in Derby recently. I asked them what their average spend was. They thought they had all spent about $5,000 each.

Miss Parr: In a period of?

Mr Bailey: About a week. They'd sent some wine home. They'd sent honey home. It was interesting to map their travel around the north-east of Tasmania, going to these local farm businesses, buying wine, buying honey, buying lavender and sending it all back home. It was just terrific and, I think, a great example of the opportunity that Tasmania offers.

CHAIR: I think we're probably just drifting into conversation, so we will call the inquiry to an end and then might just sit around and chat a little bit further. Thank you for your attendance here today. If you've been asked to provide any additional information, would you please forward it to the secretary by Friday, 27 April. You will be sent a copy of the transcript of your evidence and will have the opportunity to request corrections to transcription errors. I declare this public hearing closed.

Committee adjourned at 14:25