

Interim report  
July 2017

# Circular Head Regional Economic Development Working Group





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Government.

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# Foreword



It is my pleasure to present the interim report of the Circular Head Regional Economic Development Working Group (the Working Group).

When significant disruptive announcements are made by major employers an over-arching goal of the Tasmanian Government is the transitioning of the regional community to adapt to the changing circumstances. Building its adaptive capacity is the priority.

Said simply, the purpose of the Working Group is the diversification and economic development of Circular Head to create jobs and opportunity following the announcement of the closure of the Edith Creek factory by Murray Goulburn.

The loss of 115 jobs plus work for contractors and merchandise suppliers to the Circular Head community is significant. While the Working Group has been pushing Murray Goulburn to make clear its plans for the Edith Creek plant, the recent statement that they are making the sale of the site a high priority is pleasing.

The Working Group will continue to press for the conclusion of the EOI process as this will give existing employees the best chance to find new employment in Circular Head after the November closure.

The communication and promotion of the different approved programs, utilising \$1 285 000 of the \$1.5 million support package, begins shortly. This includes \$600 000 for the Enterprise Grant program for which there has already been considerable interest.

This program shall be run by the Department of State Growth with recommendations coming to the Working Group for final approval.

Opportunities outside the dairy and food sector have also come to the attention of the Working Group and will be supported.

A greatly expanded tourism opportunity for the region is the exciting prospect of regular cruise boat visitation to Stanley starting in 2018. Our program has recognised this development with the allocation of \$100 000 specifically for the development of tourism experiences and enterprises.

The recent application by Petuna Aquaculture for an Environmental Monitoring Permit to farm Atlantic Salmon in the Circular Head region is a significant opportunity as it comes with the prospect of a number of jobs in the region.

These two substantial projects will bring significant economic diversification to the region.

There is much work to be done and I believe many more initiatives will arise from the implementation of the funded support program. There is no question that the region has a great deal to offer and the timeliness of the support program is benefitting the region by creating new jobs, new opportunities and economic diversification.



Joan Rylah MP

Chair

Circular Head Regional Economic Development Working Group



# Interim report

The closure of Murray Goulburn's facility at Edith Creek will result in a loss of 115 local jobs in the Circular Head region on 30 November 2017.

In response, the Tasmanian Government offered immediate intervention through the establishment of the Working Group and a commitment of \$1.5 million to support the development of new job creation industries and provide training to affected employees in the region.

The Working Group is mindful that timing of intervention and support programs is critical to ensure the community and displaced workers can participate pending the proposed closure on 30 November 2017.

The Working Group has taken immediate action to ensure that the diverse support that is required will be ready for delivery as appropriate.



## Immediate action to support displaced workers and the community

Support for affected workers delivered:	Maximise business and community development through delivering new initiatives:
<ul style="list-style-type: none"> <li>Group employee information sessions for all workers and partners to outline support and services available through all levels of government.</li> </ul>	<ul style="list-style-type: none"> <li>Support affected businesses supplying Murray Goulburn by identifying new supplychain.</li> </ul>
<ul style="list-style-type: none"> <li>Provision of personal one-on-one advice sessions.</li> </ul>	<ul style="list-style-type: none"> <li>Identify business expansion opportunities for local business through diversifying existing businesses and markets.</li> </ul>
<ul style="list-style-type: none"> <li>Additional Centrelink resources within the community.</li> </ul>	<ul style="list-style-type: none"> <li>Identify and work on investment options for the region in aquaculture and fisheries, dairy farming and processing, and tourism.</li> </ul>
<ul style="list-style-type: none"> <li>Up to \$3 500 for each worker for training support including provision of financial and career advice services.</li> </ul>	<ul style="list-style-type: none"> <li>Overcome impediments and barriers to industry growth – improving connectivity.</li> </ul>
<ul style="list-style-type: none"> <li>Skills development.</li> </ul>	<ul style="list-style-type: none"> <li>Identify and grow new market opportunities for business.</li> </ul>
<ul style="list-style-type: none"> <li>\$30 000 additional counselling support through Rural Alive and Well to provide critical health and wellbeing services to workers and the community.</li> </ul>	<ul style="list-style-type: none"> <li>Foster and develop new start up ideas to business.</li> </ul>
<ul style="list-style-type: none"> <li>Connectivity to training providers and support services in preparation to be job ready and job matching.</li> </ul>	<ul style="list-style-type: none"> <li>Develop business networks.</li> </ul>
<ul style="list-style-type: none"> <li>Start-up business advice.</li> </ul>	<ul style="list-style-type: none"> <li>Create new opportunities through the digital economy and maximising infrastructure – NBN.</li> </ul>

Outcomes	
Total funding committed to Circular Head	\$1 500 000
Committed funds to date	\$1 289 345
Critical support for Murray Goulburn displaced workers	\$180 000
Critical support for retention of Murray Goulburn supply chain	\$31 810
Circular Head New Markets Access Program and introductory workshops into export	\$205 000
Circular Head Digital Ready	\$30 000
Circular Head Competitive SME Program	\$100 000
Circular Head Tourism Industry Development Program	\$100 000
Circular Head Enterprise Grant Program	\$600 000
New Circular Head Business Incubator	\$24 340
Developing the next generation of entrepreneurs for Circular Head	\$8 195
Murray Goulburn Business Expo and Jobs Fair	\$10 000

Start up and enterprise development support through the Tasmanian Enterprise Centre program.

Office of the Coordinator-General and Department of State Growth working to identify and progress major investment opportunities.

Additional support to skills development and job placement \$400 000.

# Background

## *Murray Goulburn closure 30 November 2017*

Murray Goulburn Cooperative (MGC) is a major milk processor in Australia. Its two milk processing facilities in Tasmania take around 21 per cent of the state's milk production. The Edith Creek plant produces Ultra-heat treated milk and the Smithton plant produces high value full cream and skim milk powder and anhydrous milk fat. Around 190 million litres of milk is processed at Smithton and more than 30 million litres at Edith Creek.

Edith Creek is an older facility unlike Tasmanian Dairy Products which is a modern and highly efficient plant. However, it did continue to attract investment. In 2012 the company announced a \$14 million investment into the plant to install and commission a flexible small-format cup and bottle filling line at the plant.

Our dairy industry is a true Tasmanian icon and has a bright future.

Dairy is one of Tasmania's greatest competitive strengths, with the industry valued at approximately \$440 million, supporting approximately 1 400 jobs and 430 farms.

Murray Goulburn is the second largest processor taking around 21 per cent of Tasmania's milk. MGC is a price leader in the milk processing sector in Australia.

MGC's decision to abruptly reduce its milk price late last year effectively placed some farmers into debt or removed their profit margin altogether and had a significant impact on MGC's relationship with growers. A subsequent decision to offer loans to top up farmer incomes also met with mixed responses.

On 28 April 2017 the Australian Competition and Consumer Commission announced that it was taking action against MGC in the Federal Court.

On Tuesday 2 May 2017 following an announcement from Murray Goulburn to the ASX, MGC representatives advised The Tasmanian Government that a decision had been made to close three factories in Victoria (Rochester and Kiewa) and Tasmania (Edith Creek). 360 employees are affected. 115 people at Edith Creek will lose their jobs.

The announcement has come at the conclusion of MGC's recent review of its footprint and assets. The closure has been driven by a 20.6 per cent decline in milk supply and a 14.6 per cent drop in revenue. In February, the company posted a \$31.9 million loss for the first six months of the financial year.

Recently Murray Goulburn decided to cease future clawbacks from dairy farmers under their Milk Supply Support Package and the reassurance that the milk supplied to Edith Creek will be processed at the Smithton facility.

Edith Creek has been a major contributor to the local economy and important to Smithton and Circular Head. Before the closure decision, Edith Creek employed 120 full-time equivalent (FTE) employees and contractors, and provided \$35 million in annual expenditure to contractors for services and materials - with approximately 20 per cent of this spent in Circular Head.

Edith Creek infrastructure spending also supported local suppliers, and its community initiatives provide sponsorships and contribute to local service organisations. While there had been some speculation, the company had not given any indication of its plans for Edith Creek facility.

# Circular Head Regional Economic Development Working Group

MGC announced the closure of the Edith Creek facility on 6 May 2017 resulting in a loss of 115 local jobs. In response, the Tasmania Government established the Working Group on 8 May 2017 and committed immediate funds of \$1.5 million to support the development of new job creation industries and provide training to affected workers in the region.

The Working Group is driving a coordinated response on behalf of government to provide on-the-ground support to the Circular Head community to fast track economic development and job creation in the short, medium and long term.

Member for Braddon and Government Whip, Joan Rylah MP, was appointed Chair of the Working Group with membership comprising:

## **Tasmanian Government**

- Joan Rylah MP (Chair)
- Kim Evans, Secretary, Department of State Growth

## **Local Government**

- Daryl Quilliam, Mayor, Circular Head Council
- Michael Stretton, Board Member, Cradle Coast Authority

## **Australian Government**

- Jonathan Duniam, Senator for Tasmania

## **Community and Industry representatives**

- Stephen Fisher, Togari (representing Dairy)
- Kathleen Ettlin, Industry Development, Agritas Trade College
- Nicola Morris, CEO, Tasmanian Irrigation
- Dr Ben Gursansky, General Manager – Policy, Industry and Government, Murray Goulburn
- Other Community and industry representatives, to be chosen in consultation with the working group

## **Secretariat**

- Department of State Growth regional representative

# First actions of the Working Group

In accordance with the Working Group's Terms of Reference, these actions are focused on supporting opportunities that fast track economic development and job creation across industry growth sectors, to deliver local, sustainable employment through innovation, investment and jobs in the Circular Head region.

The Working Group met on 10 May 2017 and considered a range of proposals to support the region. The Working Group coordinated the immediate Skills Response through the Department of State Growth, to work with Murray Goulburn, its workers and other relevant operators to ensure they received the support necessary during a difficult time.

Thirty service providers came together to offer employee and community information sessions on 30 June and 7 July at Edith Creek site, with an estimated attendance of 95 affected workers and community members.

The Working Group continues to convene regularly, with a focus on driving local opportunities for the future diversification and support of existing industry in the region.

The objective of the Working Group is to be a conduit to the Tasmanian Government as an advisory committee presenting local regional opportunities for immediate consideration. It is important that the major focus of the Working Group is to provide increased economic benefit to the region through:

- Identifying and providing opportunities for retrenched employees to increase their skills base and secure jobs through participating, where appropriate, in the delivery of the Murray Goulburn Skills Response Program which includes an Employee Support Program.
- Ensuring appropriate financial, business and mental health support services are provided on the ground for affected employees, families and local business operators and assisting in the coordination of these services.
- Considering and reporting on possible regional and strategic opportunities for jobs and investment which align with those strategies identified in the *Sustainable Murchison 2040 Community Plan* and *Cradle Coast Destination Management Plan - Toward 2020*.
- Consider a suite of business assistance programs, projects and other initiatives to support and provide confidence in emerging growth opportunities for the local economy.



# Focus by industry sector

Manufacturing	The Murray Goulburn and future process manufacturing is a priority. The state government is actively pursuing and working with proposed food processors and other manufacturers to establish and/or to continue to invest in the Greater Circular Head region.
Aquaculture	Marine farming is a major job creator and economic driver for regional areas of Tasmania, and adds value to our brand and our state. The State Government is supporting industry growth strategies to expand in appropriate locations and identify and support further investment and job opportunities.
Cruise Line	The introduction of cruise lines into regional Tasmania is a real opportunity. The Tasmanian Government has been actively pursuing the cruise line industry to introduce vessels to Stanley. Interest has been expressed regarding a passenger expedition vessel into Stanley in 2018. Tasports and MAST are currently assessing this vessel for suitability and possibility of returning for an extended multiple itinerary expedition season in 2019/20.
Tourism	Tourism attraction and development in expanding existing services will continue to be a focus including providing locally delivered skill development programs to create and enhance opportunities including the offering of new activities and infrastructure to attract further visitor numbers to the region.
Dairy	Dairy will continue to be at the heart of the region and the state government is actively working with Murray Goulburn and other processors to strengthen opportunities for supply including actively supporting new private operations to the region. Industry is preparing to undertake a large-scale dairy conversion project that would see development of 6-8 larger scale (700-800 cow) dairy farms over the next 2-5 years, from currently available land.
Services	Programs on offer seek to work with local small contractors to develop business, marketing and workforce planning strategies to diversify and tender for alternative contract provision within and outside of the region.
Retail	The retail sector is a cornerstone for employment in regional Tasmania. Programs of support on offer by the working group include working with local small business to develop business, marketing and workforce planning strategies to diversify and become sustainable and grow.



# Three month interim status report

8 May 2017	<p>The Deputy Premier established the Circular Head Regional Economic Development Working Group, chaired by Joan Rylah MP, and met with affected workers and management at the Edith Creek facility.</p> <p>Skills Response team were on site to work with MGC management and staff.</p>
9 May 2017	<p>Tasmanian Government announced a commitment of \$1.5 million to assist and support the development of new job creation industries and provide training to affected workers in the region.</p>
10 May 2017	<p>The Working Group met and agreed on terms of reference and responsibilities and engaged Murray Goulburn.</p> <p>Working Group members and support staff from the Department of State Growth, under direction from the Working Group and Chair, have liaised intensively with affected workers, community members, local businesses, corporate stakeholders and the three tiers of government.</p> <p>Appointed a dedicated project manager to support the region and developed programs and initiatives for the region.</p>
18 May 2017	<p>The Working Group reviewed the Sustainable Murchison 2040 Community Plan which was developed through extensive community and stakeholder consultation, research and analysis in its deliberations of developing initiatives that could support the region.</p> <p>The Working Group discussed and agreed on a path forward to engage the community and industry to ensure the Murchison region can implement local solutions to diversify and strengthen its economic base and minimise reliance on the major industry.</p> <p>The engagement has been direct with individuals and businesses in the region. Enquiries, comments and ideas continue to be channelled into the Working Group, dealt with by the Department of State Growth and/or the Working Group. All of the ideas that are under consideration or being progressed have been self-generated through this mechanism or with proactive industry liaison, to determine where private sector job creation and investment can be fast tracked to assist in the economic and social recovery of the Circular Head region. Not all projects could be deemed a priority and a focus was placed on immediate jobs, investment, retention and visitor attraction, combined with a long term view as to where the region could position itself for future growth and prosperity.</p>
May – July 2017	<p>The Working Group has met each month to review and approve the initiatives as outlined in this report.</p>



## Next steps

The Working Group and the Tasmanian Government are focused on activities and priorities that will diversify the economic base of the greater Circular Head region.

Priorities for the Working Group going forward include:

- continuing to support workers and their families transition from MGC to new employment
- working with known major industry players to invest in new developments in Circular Head
- continuing to identify and support new investment and business opportunities
- delivering programs locally and at appropriate timeframes to ensure accessibility
- future workforce development for the region
- maximising opportunities stemming from the introduction of the cruise line industry to the region
- optimising the current MGC Edith Creek facility to repurpose to a meaningful industry purpose.

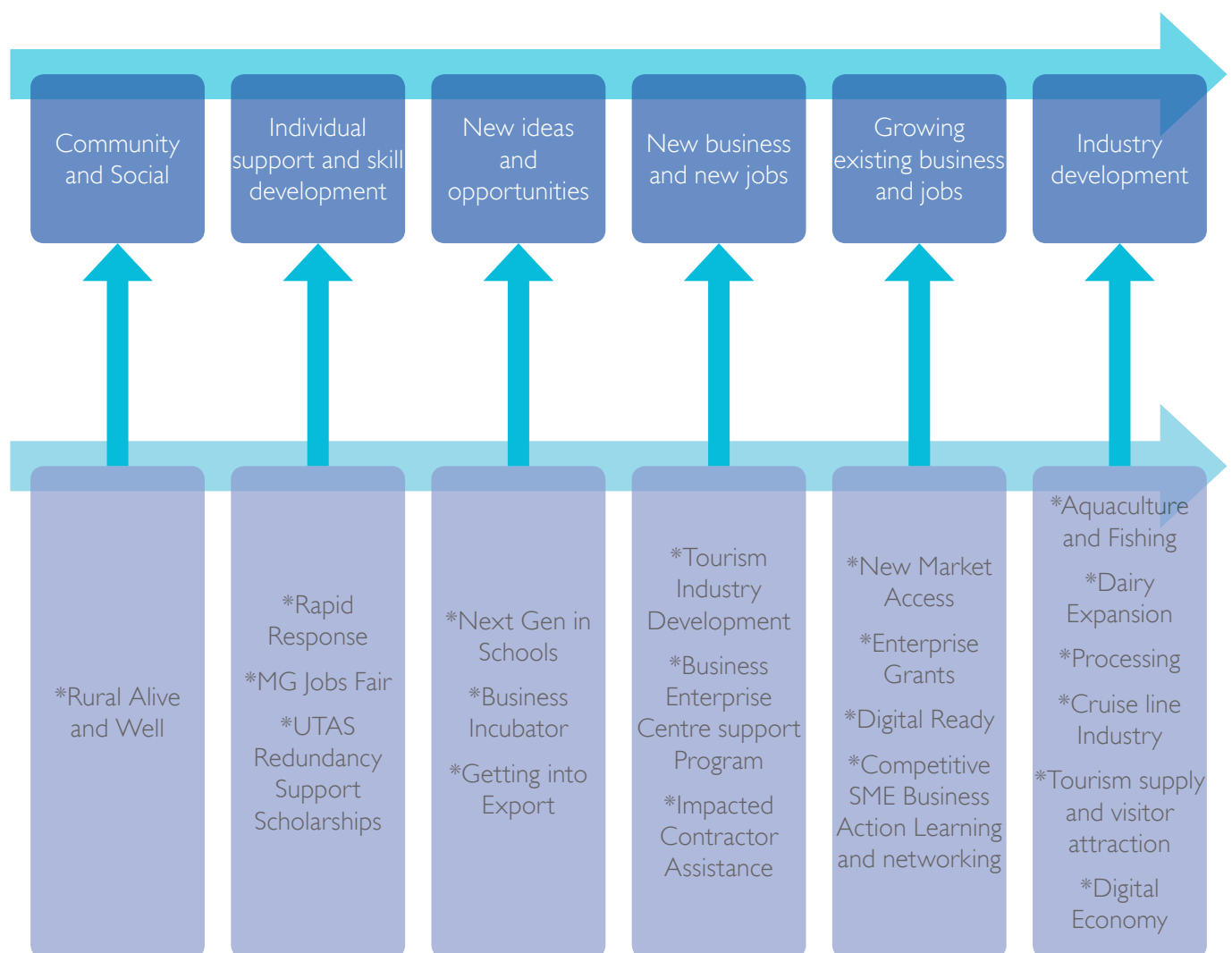
The Working Group is committed to strongly advocating for support across the three tiers of government and proactively meeting with industry to identify avenues for support to grow jobs and create wealth generation in the region.

The Working Group in its current form has been extended to continue its activities and support to the end of the 2017 calendar year. It will continue to develop new initiatives with the community and commit the remaining funds as allocated by the Tasmanian Government and a final Working Group report will be delivered in February 2018.

# Approved initiatives

The following tables highlight the breadth of projects the working group has progressed and approved to date and as developed with key stakeholders in the community, private enterprise and government.

## Growth and support program continuum



Project	Status	Contact
Immediate		
<b>Rural Alive and Well</b>	Counselling and financial advice to affected employees, families and businesses.	RAW 1300 help mate 1300 (4357 6283)
<b>Rapid Skills Response</b>	RSR provides on the ground support for affected workers and families to review options and regain meaningful employment. RSR also focuses on working with local industry to identify projects which can offer additional employment options to affected workers.	Department of State Growth Phone: 6477 7091
<b>Rapid Response Skills Initiative</b>	RRSI provides support for people who need help to up-skill and retrain to gain employment where jobs are lost from retrenchment.	Skills Tasmania Infoline: 1800 655 846 rapid.response@skills.tas.gov.au
<b>Skills Tasmania funding</b>	Vocational Training & certification for redundant workers to improve options for reemployment.	Skills Tasmania Enquiries including apprenticeships and traineeships Infoline: 1800 655 846 Phone: (03) 6233 4600 www.skills.tas.gov.au
Short term		
<b>Circular Head Digital Ready Program</b>	To increase the digital capability aimed directly at SMEs in the Circular Head region which will introduce, or take small businesses, to the next level online and create global online shopfronts.	Daryl Connelly changemob.com.au Mobile: 0488 333 893
<b>Competitive SME Program for Circular Head region</b>	This program will seek to achieve business improvement and organisational development outcomes for small businesses and personal learning outcomes for small business owners and managers.	Business Action Learning Tasmania (BALT) Genevieve Cother genevievecother@actionlearninginstitute.com.au Mobile: 0439 987 178



Project	Status	Contact
Short term		
<b>Small Business Support - Enterprise Centre Program</b>	To provide business advice and support workshops for business owners and those wanting to start a business.	Braddon Business Centre Warren Moore Phone: 6431 9449 info@braddonbusiness.com.au
<b>CH Contractors Program</b>	Business Growth workshops and one to one assistance to businesses directly impacted by the closure of the Murray Goulburn Edith Creek processing facility.	Braddon Business Centre Warren Moore Phone: 6431 9449 info@braddonbusiness.com.au
<b>Circular Head Enterprise Grants Program</b>	A business grants program targeted at fast tracking investment in the region including expanding existing enterprise and attracting new industry, with the view to grow jobs.	Department of State Growth Phone: 6477 7091
<b>Circular Head Business Incubator</b>	Practical support for businesses and entrepreneurs to improve their competitiveness, productivity and to seek growth opportunities in future small business.	The Van Diemen Project Adam Mostogl adam@vandiemenproject.com.au Phone: 6349 1919 www.vandiemenproject.com.au
<b>Circular Head Next Gen Entrepreneurs' Program in Schools</b>	Practical support and guidance for school leavers/entrepreneurs seeking advice and support on options for their future in establishing and designing their own enterprises.	The Van Diemen Project Adam Mostogl adam@vandiemenproject.com.au Phone: 6349 1919 www.vandiemenproject.com.au
<b>UTAS Redundancy Support HECS Scholarship Free</b>	Access to support to undertake studies at UTAS, including the new Associate Diplomas of Applied Science and Applied Business.	UTAS Cradle Coast Campus Phone: 1300 363 864 Email: info@utas.edu.au
<b>Circular Head Business Expo and Jobs Forum</b>	Facilitated Jobs Forum for Murray Goulburn Redundant workers with local industry.	Joint Initiative with Commonwealth Department of Employment
<b>Getting into Export workshops</b> (tailored for CH and out of hours delivery)	Tailored workshop to prepare businesses to become export ready and market ready.	TBA

Project	Status	Contact
Short term		
<b>Circular Head New Market Access Program</b>	To support up to 50 per cent of the cost to enterprises in the Circular Head region to increase, explore, seek new opportunities and markets both interstate and internationally.	Department of State Growth Program Manager Phone: 6477 7090
<b>Circular Head Tourism Industry Development Program</b>	To support, enable and understand existing tourism industry operators and aspiring operators, retailers and food and beverage providers in the Circular Head region to assist growth, visitor attraction and leverage off the new cruise ship industry activity.	KingThing Rebecca King Mobile: 0407 312 641 rebecca@kingthing.com.au www.kingthingmarketing.com
Long term		
<b>Supporting Small Business with Apprentices and Trainees Program</b>	Access to a mentoring and support program for apprentices and trainees.	Skills Tasmania Enquiries including apprenticeships and traineeships Infoline: 1800 655 846 Phone: 6233 4600 www.skills.tas.gov.au









Supporting the Circular Head Regional Economic  
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