

Planning for your future

Final report
January 2018

Circular Head Regional Economic Development Working Group





Photo credits

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Acknowledgements

In developing this report Australian Bureau of Statistics and several supporting documents were relied upon.

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Foreword



It has been my pleasure to chair the Circular Head Regional Economic Development Working Group (the Working Group) and I present the Working Group's final report.

While there are many important deliverables reported in this Final Report I, and the Working Group members, are most grateful for the strong support received from the broader community. The successful delivery of 23 programs during the period of the Working Group's stewardship and a net job creation outcome for the region - before the expected re-start of the Edith Creek site – are key metrics which indicate the benefits provided and achieved.

The loss of 115 jobs at the Edith Creek facility, plus work for contractors and merchandise suppliers, posed a significant challenge to the greater Circular Head region.

Building adaptive capacity in regional communities is an overarching goal of the Tasmanian Government. The swift response to Murray Goulburn Cooperative's (MG) unexpected announcement which included support funding of \$1.5 million and the appointment of the Working Group helped the broader Circular Head region deal with the impact of the shock announcement by MG as well as creating a clear path forward for the employees, contractors and the wider community.

It has been this Government's experience that the successful transitioning of regional communities occurs when people and businesses are enabled to take advantage of new opportunities, adapt to the change and continue to prosper.

This is what underpinned the purpose and decisions of the Working Group. The diversification and economic development of Circular Head to create jobs and opportunity was our overarching goal.

While milk producers are unaffected, with all milk from Edith Creek being re-directed to Murray Goulburn's Smithton milk powder plant, it is clear there are opportunities for the agricultural sector to increase milk supply in Circular Head which will in turn enable the utilisation of the highly skilled workforce in the future production of food/dairy products.

I wish to acknowledge and thank my colleagues in the Working Group for their valuable contributions and commitment to Circular Head; Kim Evans, Secretary, Department of State Growth, Daryl Quilliam, Mayor, Circular Head Council, Michael Stretton, (former) Board Member, Cradle Coast Authority, Jonathan Duniam, Senator for Tasmania, Stephen Fisher, Togari, Kathleen Ettlin, Industry Development, Nicola Morris, CEO, Tasmanian Irrigation, Dr Ben Gursansky, General Manager–Policy, Industry and Government, Murray Goulburn with support from the Department of State Growth.

While the Working Groups remit is concluded with this report the support for Circular Head does not stop here. I believe the supported initiatives - some of which are not yet completed - will continue to grow jobs in Circular Head. There is no question that the region has a great deal to offer and the timeliness of the support program has and will benefit the region by creating new jobs and new opportunities.



Joan Rylah MP
Chair
Circular Head Regional Economic Development Working Group



Final report

The closure of The Murray Goulburn Cooperative's dairy facility at Edith Creek resulted 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 Circular Head Regional Economic Development 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 understood that timing of intervention and support programs was critical to ensure the community and displaced workers were well supported up to and post the closure on 30 November 2017. The purpose of the Working Group was to assist with the diversification and economic development of Circular Head as a region and to create jobs and opportunities following the announcement of the closure of the Edith Creek facility by Murray Goulburn.

The Working Group also had a primary focus in supporting Murray Goulburn to ensure the sale and repurposing of the Edith Creek facility resulted in a positive outcome for the dairy sector and region. Office of the Coordinator-General and Department of State Growth have been working closely with Dutch Mill to support the establishment of a new production facility.

On the 28 November Murray Goulburn announced the sale of the Edith Creek UHT plant to the Dutch Mill Group. The facility being maintained for the purpose of value-add dairy processing will underpin the continued success of the local dairy sector.

The following summary report highlights the breadth of projects that were delivered by the Working Group and by the Tasmanian and Australian Government, in supporting the Circular Head region to recover from the closure of the Edith Creek facility. The projects which are still ongoing have assisted the local region to plan and diversify its future, strengthening its economic base through new opportunities.

The Working Group's efforts have already resulted in net job creation in the region.

Of the 115 former Murray Goulburn employees, 93 have secured employment and the remaining 22 displaced employees are receiving ongoing support to gain meaningful employment.

The support package committed by the Tasmanian Government has seen 23 support programs created and rolled out in the Circular Head region.

Of those programs, nine are still ongoing and will continue to create new jobs and investment in the region in the immediate future.

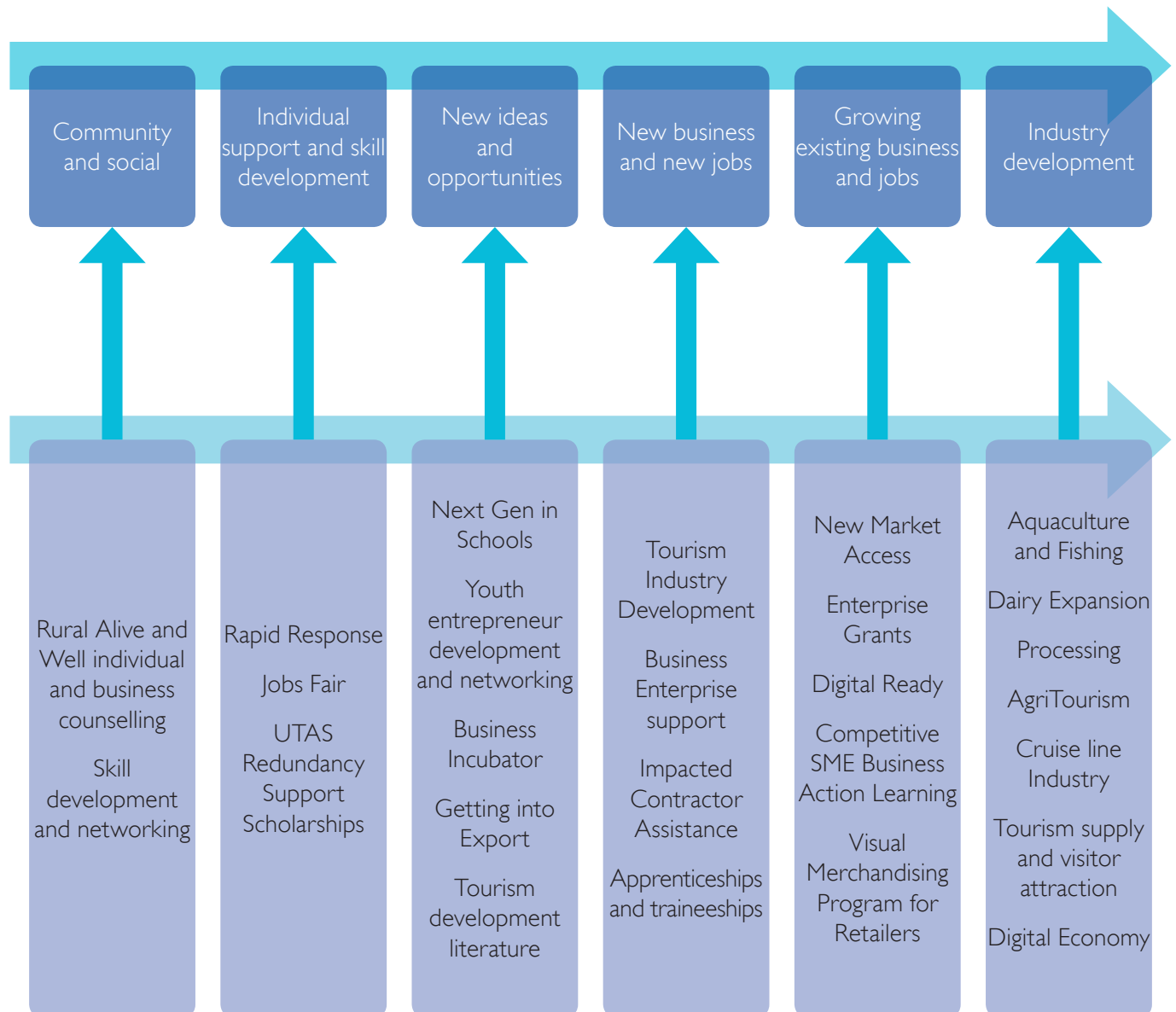
The support package to date, has supported around 100 local businesses to participate in business and industry development programs, five new businesses have been created, multiple new markets have been established for local produce and manufactured goods, the Murray Goulburn supply chain has been supported to establish new customers and 33 new full time jobs were offered at the Circular Head Jobs Fair in October 2017.

Whilst it is still early days, the Greater Circular Head Enterprise Grants Program and the Circular Head New Markets Access Program has already created 28 new full-time employment opportunities and enabled \$566 000 of private investment in the Circular Head and several other projects are under consideration. Both these programs will continue until the end of the financial year and will continue to drive growth in the region and diversify the region's economic base.

Approved initiatives

The following diagram illustrates the support provided to Circular Head during 2017-18 by the Working Group, developed in partnership with the community and industry stakeholders to drive local jobs and investment:

Growth and support program continuum



Outcomes

Initial total funds committed				\$1 500 000 (excluding GST)		
Total Tasmanian Government funds committed				\$1 615 000 (excluding GST)		
Program	Government investment	Private investment	Jobs	New Business	Participation	Activity
Critical support for Murray Goulburn displaced workers Including Rapid Response Initiative	\$210 000 Up to \$105 000		93 of 115 MG employees placed in jobs		115 employees eligible to participate 30 employees provided rapid response funding up to \$3 500 pp a total of \$105 000	7 Workshops, and counselling, RAW local counsellor employed Administration/ project support manager appointed Aust Government Employment Facilitator appointed 35 employees recruited by Simplot Devonport 5 employees started new businesses Ongoing
Critical support for retention of Murray Goulburn supply chain	\$31 810				15 businesses supported	Mitigated risk through diversification
Circular Head New Markets Access Program and introductory workshops into export	\$200 000 available \$93 841 committed	\$234 964 to date	7 new FTE created		7 businesses	8 successful Ongoing Program closes 31 May 2018

Program	Government investment	Private investment	Jobs	New Business	Participation	Activity
Circular Head Digital Ready	\$30 000				20 individuals 3 associations	New markets and customer development 6 workshops and one-on-one coaching
Circular Head Competitive SME Program	\$100 000				10 businesses	Ongoing
Circular Head Tourism Industry Development Program (plus NEW tourism development literature)	\$100 000				48 individuals 38 businesses	6 workshops and 94 hours of coaching new e-book and literature developed post program for industry resource
Greater Circular Head Enterprise Grant Program	\$742 550 available \$305 000 committed	\$566 000	21 new FTE created		3 businesses	3 successful 1 pending Ongoing Program closes 31 May 2018
Developing the next generation of entrepreneurs for Circular Head (second program NEW)	\$17 945				86 Students to date	Second program Feb/Mar 2018
Murray Goulburn Business Expo and Jobs Fair	\$7 000		33 new FTE positions offered		85 individuals	30 providers/ employers participated in the Jobs Fair

Program	Government investment	Private investment	Jobs	New Business	Participation	Activity
Visual Merchandising Program for Retailers (NEW)	\$8 355				10 businesses	Workshops and coaching Ongoing coaching Strategic planning with retailers
Apprenticeships and Traineeships, Skills Tasmania	Existing funding		77			Ongoing
Enterprise Centre Program	Existing funding Dept State Growth		5 new FTE created	5 new businesses (all ex Murray Goulburn employees)	12 Circular Head businesses supported 2017-18	Ongoing
New Circular Head Business Incubator	\$24 340					Upcoming February 2018
Circular Head Tourism Industry Mentoring Program (NEW)	\$20 000					Upcoming Feb/Mar 2018
The Coaster – young entrepreneurs networking (NEW)	\$3 000					Upcoming March 2018
New Domestic Markets Access workshop and AgriTourism 'How to' workshop (NEW)	\$15 000					Additional existing State Growth funding of \$10 000 contributed to initiative Upcoming March – June 2018



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

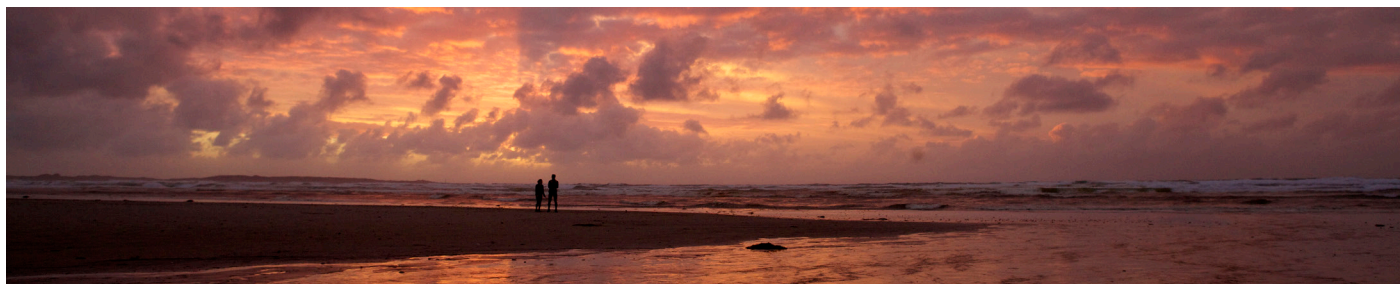
Program timeline

Project	Status	Contact
Immediate term		
Rural Alive and Well	Counselling and financial advice to affected employees, families and businesses.	RAW 1300 help mate Phone: 1300 (4357 6283)
Rapid Skills Response (RSR)	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
Rapid Response Skills Initiative (RRSI)	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 www.rapid.response@skills.tas.gov.au
Greater Circular Head Enterprise Grants Program	A business grants program targeted at fast-tracking investment in the region including expanding existing enterprise and attracting new industry, with a view to growing jobs. Closes 31 May 2018	Department of State Growth Program Manager Phone: 6477 7091
Circular Head New Market Access Program	Support for 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. Closes 31 May 2018	Department of State Growth Program Manager Phone: 6477 7091
Competitive SME Program for Circular Head region	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 Email: genevievecother@actionlearninginstitute.com.au Mobile: 0439 987 178
University of Tasmania (UTAS) Redundancy Support HECS Scholarship Free	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
Skills Tasmania funding	Vocational Training and certification for redundant workers to improve options for reemployment.	Skills Tasmania Enquiries including apprenticeships and traineeships Infoline: 1800 655 846 Phone: 6233 4600 www.skills.tas.gov.au/



Project	Status	Contact
Short -medium-term		
Small Business Support - Enterprise Centre Program	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 Email: info@braddonbusiness.com.au
Circular Head Digital Ready Program	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 Mobile: 0488 333 893 www.changemob.com.au
Circular Head Business Incubator	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 Email: adam@vandiemenproject.com.au Phone: 6349 1919 www.vandiemenproject.com.au
Circular Head Next Gen Entrepreneurs' Program in Schools	Practical support and guidance for school leavers/entrepreneurs seeking advice and support on options for their future in establishing and designing their own enterprises.	illuminate Education Adam Mostogl Email: adam@illuminate.education Phone: 0438 810 733 www.illuminate.education
Getting into Export workshops (domestic markets and AgriTourism How To)	Tailored workshop to prepare businesses to become export ready and market ready.	Department of State Growth Kate Dickinson Email: Kate.Dickinson@stategrowth.tas.gov.au Phone: 6165 5226
Circular Head Tourism Industry Development Program	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 Email: rebecca@kingthing.com.au www.kingthingmarketing.com
Supporting Small Business with Apprentices and Trainees Program	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/

Project	Status	Contact
Short–medium–term		
<p>Australian Government in November 2017, announced the Stronger Transitions package</p>	<p>As part of the Australian Government's efforts to support workers to manage change, the Stronger Transitions package of assistance was launched in November 2017. It is designed to help retrenched workers to find new jobs and taking advantage of labour market opportunities across Australia.</p> <p>The \$10.3 million Stronger Transitions package consists of five measures to support workers to transition into new work:</p> <p>Skills and training support</p> <p>Partnerships with business to help workers move into new employment. Targeted services may include career advice, training and recognition of prior learning, skills assessment, access to language, literacy and numeracy, digital literacy and online job search support.</p> <p>This support will be available from 1 July 2018 across the five regions.</p> <p>Employment support</p> <p>Immediate access for retrenched workers in Adelaide, Mandurah, North Queensland, North/North-West Tasmania and Melbourne North/West to the Australian Government's employment services, including access to intensive, personalised support and comprehensive skills assessments.</p> <p>Funding will be available from 1 July 2018.</p>	<p>Enquiries Jobs and Small Business James McCormack Email: mccormackconsulting@bigpond.com Phone: 0428 299 262</p>



Project	Status	Contact
Short–medium–term		
Australian Government in November 2017, announced the Stronger Transitions package (continued)	<p>Better connecting skilled workers to employers and training</p> <p>Employment Facilitators (www.employment.gov.au/node/6126/) will continue to provide on-the-ground services in North Queensland, Mandurah, North/North West Tasmania and Adelaide, with an extension to June 2020, to help impacted workers to identify and pursue new employment opportunities.</p> <p>From early 2018, support will also be provided to retrenched workers in the Melbourne North/West region through a newly appointed Employment Facilitator.</p> <p>Five Jobs Fairs (www.employment.gov.au/node/6226/) will be held in the selected regions to connect workers and job seekers directly to employers.</p> <p>Local North West Facilitator appointed – James McCormack.</p> <p>Supporting workers to relocate for work</p> <p>Immediate access to the Australian Government's Relocation Assistance To Take Up a Job Programme (www.employment.gov.au/node/3897/) for workers under the Stronger Transitions package and current Structural Adjustment Packages</p> <p>Providing access to small business opportunities</p> <p>Support for retrenched workers to pursue small business opportunities by allowing access to the New Enterprise Incentive Scheme (www.employment.gov.au/node/2481/) three months prior to retrenchment.</p>	<p>Enquiries Jobs and Small Business James McCormack Email: mccormackconsulting@bigpond.com Phone: 0428 299 262</p>

Background

Murray Goulburn Edith Creek Facility closed 30 November 2017

Murray Goulburn Cooperative (MG) was a major milk processor in Australia. Its two milk processing facilities in Tasmania made 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 was an older facility, unlike the Tasmanian Dairy Products facility 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.

Dairy is one of Tasmania's greatest competitive strengths, with the industry valued at approximately \$386 million (2015-16), supporting approximately 1 400 jobs and 430 farms.

MG's decision to abruptly reduce its milk price late in 2017 put many farmers under financial pressure and had a significant impact on MG's relationship with suppliers. A subsequent decision to offer loans to top up farmer incomes also met with mixed responses.

In February 2017, the company posted a \$31.9 million loss for the first six months of the financial year.

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

On Tuesday 2 May 2017 following an announcement from Murray Goulburn to the ASX, MG representatives advised the Tasmanian Government that a decision had been made to close three factories in Victoria (Rochester and Kiewa) and Tasmania (Edith Creek).

The announcement came at the conclusion of MG's 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.

Subsequently, MG 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 115 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.

Circular Head Regional Economic Development Working Group

MG announced the closure of the Edith Creek facility on 2 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 drove a coordinated response on behalf of the 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.

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

Circular Head region in context

Located on the North–West edge of Tasmania, and served by the Circular Head Council, Circular Head municipal area covers 4,917 square kilometres.

The major centres of the municipality are Smithton, on the north coast; Stanley, east of Smithton; and Marrawah on the west coast. It also includes the geographical formation of The Nut, at Stanley, and some islands just off the northwest tip of the state including Robbins Island, Hunter Island and Three Hummock Island.

Forestry plantations and agricultural land dominate the area which, along with the aquaculture industry, provide Circular Head's main employment and income. Circular Head boasts one of the longest coastlines of any Tasmanian municipal area, with golden sands and rugged rock faces.

Circular Head is the largest dairying and prime beef producing area in Tasmania. Other industries include fishing, oyster and abalone farming, tourism, processing of many raw products including vegetables, timber, meat, milk, and the major iron ore pelletising plant at Port Latta.

Circular Head is home to Tasmania's largest exporters: Greenham Tasmania Pty Ltd and Tasmanian Dairy Products Co Ltd and numerous major employers; Britton Brothers, McCains, TaAnn, Van Diemen Land Company and Cape Grim to name a few. Each of these companies contributing to building the Tasmanian premium brand.



The region is dispersed and is home to several population centres:

Smithton

Population: 3 500

Located 135 kilometres from Devonport and 84 kilometres from Burnie, Smithton is primarily an industrial and administrative centre for the surrounding district. It has a timber mill, veneer mill and a potato processing plant.

Smithton has sporting facilities including an indoor heated swimming pool, and a basketball, squash and volleyball centre. Other popular sports include golf, football, hockey, netball, indoor and outdoor lawn bowls, cricket and tennis.

Stanley

Population: 600

The historic town of Stanley is the main fishing port and last Major Township on the north-west coast of Tasmania.

Stanley sits on the tip of a peninsula that juts into Bass Strait. Located 22 kilometres from Smithton, 125 kilometres from Devonport and 212 kilometres from Launceston, it is a classified historic town full of beautifully preserved buildings. Stanley huddles under an ancient flat-topped rocky outcrop or volcanic plug called The Nut

Marrawah

Population: 350

Tasmania's westernmost settlement. The beaches and rocky outcrops of Marrawah are hauntingly beautiful, particularly at dusk, and the seas can be huge. An annual surfing competition, the West Coast Classic, is held at Green Point Beach.

The beach at Marrawah is one of the world's consistent spots for side shore wind and it is popular for windsurfing.

References

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Australian Department of Education, Employment and Workplace Relations, 2010, Regional Employment Plan: North West/Northern Tasmania Priority Employment Area 2010, available at: www.utas.edu.au/__data/assets/pdf_file/0006/387636/regional-employment-plan-N-Nw-Tas-2012.pdf

Australian Department of Transport and Regional Services, 2003, A regional profile: Cradle Coast Region Tasmania, available at: www.cradlecoast.com/region.html

For region-specific reports/presentations done for Tasmania in the period 2014 to 2016 available at: www.jobs.gov.au/presentations-and-reports-tasmania

National labour market reports available at: www.jobs.gov.au/presentations-and-reports-australia

Local Government Area employment surveys, this link covers quarterly updates on Small Area Labour Market (SALM). Latest data is for September 2017, the December 2017 figures come out in March 2018. www.jobs.gov.au/small-area-labour-markets-publication

TCCI's Tasmania Report 2017 by Saul Eslake is available at: www.tcci.com.au/News-Media/Latest-News-2017/TCCI-Tasmania-Report-2017





Supporting the Circular Head Regional Economic
Development Working Group

Department of State Growth

49 Cattley Street
Burnie TAS 7320 Australia

Phone: 1800 440 026

Fax: (03) 6233 5800

Email: ask@business.tas.gov.au

Web: www.business.tas.gov.au