



TASMANIA'S ANTARCTIC & SOUTHERN OCEAN SECTOR

FUTURE VISION FOR INFRASTRUCTURE

Paper For

THE SENATE

SELECT COMMITTEE INTO SCRUTINY OF GOVERNMENT BUDGET MEASURES

2nd November 2015

The Tasmanian Polar Network is the peak Antarctic and Southern Ocean sector industry body. The future expansion of the sector and its economic benefits to Tasmania, and to Australia's international reputation as an Antarctic Treaty leader, depends heavily upon effective infrastructure funding and an appetite for a big vision.

Industry Background

Over 30 years ago the commonwealth moved the Australian Antarctic Division and CSIRO to the state (in that order). This required human resource relocation and infrastructure allocation. The Antarctic sector has generated wealth, expertise and established Tasmania as a hub of international excellence. The benefits to the state have been social and economic and included, highly educated/trained individuals who earn significant incomes. Employees churn this money back into the local economy and their work creates commercial opportunities for local businesses.

Some points about the sector are:

- Significant international standing is created by Australia's political, economic, social, scientific and environmental investment in Antarctic and Southern Ocean activities, harnessing international partnerships, building on current infrastructure and investment and bolstering our leadership status within the Antarctic Treaty System;
- The national, State and Hobart economies accrue significant benefits from Australia's Antarctic presence through private/public sector investment in equipment, logistics, research, education, tourism and resource management. Additionally, oceanographic and environmental surveys also attract international investment and expertise;

- The Antarctic and Southern Ocean sector is a sound investment delivering \$5.50 of total economic return for every dollar invested in the sector.
- In Tasmania the Antarctic and Southern Ocean sector directly employs more than 1100 people. In 2011/12 it directly contributed \$187 million (or 0.7%) to the Tasmanian GSP. Average wages in the sector are significantly higher than the Tasmanian average, standing at \$118,400 per full-time employee in 2011/12 compared to a state average of \$63,590. This provides a significant flow-on effect to the Tasmanian economy, where spending by sector employees generated a further 1606 jobs and an additional contribution of \$256.9 million to the Tasmanian GSP, for a total contribution of 2791 jobs and \$444.2 million;
- Working with Federal, State and Local governments, the Tasmanian Polar Network envisages a future where the sector will continue to grow and stimulate economic and social benefits for Tasmania through Tasmania's status as an internationally acclaimed Antarctic Gateway.

The Vision

The sector is at a crucial juncture whereby appropriate investment in infrastructure will stimulate further international collaboration in science, research, education and commercial outcomes. The recent commonwealth investment into the extension of the Hobart International Airport, which will support growth of the Antarctic sector, is one commitment that has been provided. It is very likely that without the commonwealth funds the runway would not be undergoing an extension and opportunities to the state would not eventuate.

Air, shipping logistics and sector cluster concentration (at a dedicated Antarctic Precinct) are the three areas for focus when it comes to infrastructure needs for developing the sector and contributing to Tasmania's prosperity. While the select committee are not focussed on particular infrastructure projects, it is important to use credible examples to explain the issues and barriers the sector faces for attracting appropriate funding.

The sector requires a broader view, a "Big Vision", of what the benefits will be to the community, business and the state, not to mention strengthening Australia's leadership role on the international Antarctic stage. There is a compelling argument that infrastructure for the sector should not be looked at through the lens of hard-nosed financial returns alone.

By way of example Tasports, a state owned GBE, re-adapted Macquarie 2 Wharf facility several years ago (at a cost of \$7M) to rehouse the Australian Antarctic Division and to host a cruise terminal. By all accounts this was a difficult business decision for Tasports to justify because on paper the numbers did not stack up to meet the normal terms for ROI. With the support of the government (its shareholder), and lobbying from the sector, Tasports took a broader community and

sector view and the facility was redeveloped. The facility has proved a success and is a key piece of infrastructure that supports the sector now and into the future.

Tasports are also faced with a similar issue for other infrastructure including a fuel barge to service large ships and also for rehabilitating Macquarie Wharf 5 and 6 (suffering from concrete cancer). A traditional investor is likely, by all accounts, to choose not to fund these projects because the ROI is not to expected levels. But the wharf is an essential piece of infrastructure and is required, as is a fuel barge, if we are to expand the sector and consequently generate prosperity for Tasmania.

A final example is the proposal for the development of a concentrated cluster of Antarctic and Southern ocean science and commercial activities at a dedicated and iconic Antarctic Precinct (located at the Hobart Rail–Yard redevelopment site, adjacent to the port). Such a development faces challenges of attracting commercial funding because the community/social content is likely to impact on ROI expectations.

The Solution

- A combination of commonwealth, state and investor funding is the answer to creating future wealth for this sector and taking it to the next level for the entire benefit of Tasmania's economic, social and environmental prosperity.
- Investors need to have confidence to invest, they need to make reasonable returns while the government (commonwealth and state) provide an enabling environment.
- For infrastructure in the Antarctic sector the government has already set a precedent by moving two commonwealth entities to the state and this has paid off in so many ways. Further opportunities for relocation of aligned organisations to support this sector should be examined and supported by way of appropriate infrastructure funding.
- An effective and efficient dialogue is needed between all levels of government, industry bodies and investors to enable and react quickly to infrastructure opportunities.

John Brennan
Chair
2nd November 2015

m. 0400478666