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Hon Greg Hall MP
Chair
Legislative Council Select Committee Inquiry – Growing Tasmania's Economy
gte@parliament.tas.gov.au

Dear Mr Hall

Thank you for the opportunity to make a submission to the Legislative Council Select Committee on Growing Tasmania's Economy.

Growing the economy and creating jobs are the main priorities of the Tasmanian Government. We are focused on investing in our competitive strengths in the key sectors of agriculture and aquaculture, tourism, energy, and resources. Strong performance in these areas will drive success in other sectors, particularly retail and hospitality, manufacturing, small business, property and construction.

The benefits of our policies are already beginning to show. Over the past two years, the Tasmanian economy has returned to growth, with seven consecutive quarters of growth in state final demand, a recovery in retail trade and strength in housing approvals. The Australian Bureau of Statistics estimates that the total level of employment in the State increased by 3.3 per cent in the year to March 2015 – the highest percentage increase in the nation and in excess of national employment growth of 1.2 per cent over the period. Over the past year, across the three regions of the State, employment is up, the unemployment rate is down and the participation rate is up.

Tasmanian business confidence is also relatively strong. The NAB Business Survey released on 14 April 2015 shows that Tasmania has the highest trend business confidence and conditions index scores in the nation. The most recent Sensis Business Index also reported that the confidence levels of Tasmanian small and medium enterprises (SMEs) are now equal second highest of any state or territory. The Index reports that support among SMEs for the Tasmanian Government's policies is the equal second highest of any state or territory.

Tasmania is expected to continue to move in the right direction. The March quarter 2015 Deloitte Access Economics Business Outlook forecast that Tasmania's gross state product will increase by 1.4 per cent in 2014-15 and by 0.9 per cent in 2015-16.

Tasmanian Government actions to support and grow the economy

The positive results outlined above are being driven by key existing and upcoming strategies across a number of areas. By providing strong and stable government and implementing major initiatives across

the board, the Government is building business and consumer confidence, strengthening the economy and ensuring all Tasmanians benefit from economic growth.

Planning for the future

The Government is developing and implementing strategies to grow key sectors of the economy, such as tourism and agriculture, including:

- Agrivision 2050;
- the Tasmanian Energy Strategy;
- the Population Strategy;
- the Business and Skilled Migration Strategy;
- the Tourism 21 Plan;
- the strategic plan to grow jobs and investment in the creative sector; and
- the China Engagement Strategy.

These strategies will also drive progress towards ambitious long-term goals including:

- growing the value of the agricultural sector tenfold to \$10 billion by 2050;
- increasing Tasmania's population to 650 000 by 2050;
- reducing Tasmania's unemployment rate to the national average by 2018; and
- attracting 1.5 million visitors to Tasmania by 2020.

Improving efficiency

The Government is improving efficiency and reducing the cost of doing business across the economy, as well as freeing up money to be spent on economy-boosting initiatives, through the following activities:

- establishing Infrastructure Tasmania to provide a coordinated approach to planning and delivery of major infrastructure across Tasmania;
- developing a single statewide planning scheme, to encourage development and growth;
- reducing red and green tape for business and industry;
- investing in the Midland Highway and the rest of the road network to improve safety and transport efficiency;
- strengthening 'right-to-farm' provisions and developing a 'Good Neighbour Charter' that details the rights and responsibilities of landowners when it comes to the management and spread of fire, wildfire, and weeds across property boundaries;
- streamlining key areas within the public service, such as through the One State, One Health System, Better Outcomes project and reforming the out-of-home care system;
- providing business support services to help businesses grow, including the Business Tasmania service, Enterprise Centres Tasmania, Mentoring Services Tasmania, the Tasmanian Retailer Development program, and the Digital Ready for Business program;
- establishing Biosecurity Tasmania to coordinate all biosecurity responsibilities, thereby supporting the strong Tasmanian brand in the international marketplace; and

- pursuing and facilitating major projects, development and investment in Tasmania, through the Office of the Coordinator-General.

Investing in our competitive strengths

The Government is investing in Tasmania's competitive strengths across the economy through a number of key initiatives including:

- facilitating sensible tourism developments in national parks and world heritage areas;
- investing in tourism marketing to bring more visitors to the State;
- installing free tourist WiFi services in targeted towns and cities across Tasmania to support and encourage tourism;
- opening the Great Eastern Drive in February 2015, showcasing the Tasmanian coastline and supporting tourism on the East Coast;
- bringing festivals and events to locations around the State;
- encouraging visitors to experience the quality produce available in Tasmania, by supporting projects such as the development of whiskey and cider trails and a Beer Tourism Plan;
- partnering with the Australian Government and the private sector to make significant investment in major new irrigation schemes;
- investing in research, development and extension in the agricultural sector, with a focus on ensuring farmers are equipped with the right skills and information to maximise the benefits of irrigation investments;
- working to better align agricultural research with the goals of farmers and industry, and translate it into practical on-the-ground applications; and
- investing in the Sense-T program, with Stage One projects focusing on agriculture and Stage Two projects now expanding to areas such as tourism, health, new financial services, and infrastructure, freight and logistics.

Strengthening our communities

Stronger communities also support the economy, and the Government is strengthening Tasmanian communities by:

- creating a job-ready generation through extending schools to year 11 and 12, putting literacy and numeracy specialists in schools, introducing a new approach to career and life education, and working with the University of Tasmania to support educational attainment;
- implementing a school health nurse program to address issues early;
- ensuring communities have access to healthy food by resourcing development of food cooperatives;
- keeping our communities safe through increased police recruitment;
- ensuring that individual communities that suffer are given a helping hand, for example:
 - supporting the West Coast through providing training, services and new employment opportunities in the region; and
 - acting quickly to establish the Transition Taskforce to support affected workers and their families in Burnie and the North West Coast community following job losses at Caterpillar.

As economic growth proceeds, it is expected that Tasmania's economy will continue to transition and diversify. Investment in Tasmania is critical to address economic and demographic issues facing the State. Tasmania currently has the oldest and slowest-growing population in Australia and, based on current trends, the Tasmanian population could be in decline by around 2060. Existing demographic indicators suggest that by this time, more people will be retiring from the workforce each year than entering it, resulting in a slowing economy which will, in turn, mean a reduced capacity to fund essential services. That is why the Government's long-term goal, and strategies it is putting in place, to increase Tasmania's population are so vital.

While the Tasmanian Government has an important role to play, Australian Government support is required through investment and implementing policy measures that will support growth across the State. The Tasmanian Government has already worked hard to ensure Australian Government support for the Tasmanian economy, by making sure Tasmania continues to receive its fair share of GST and successfully lobbying for the expansion of the Tasmanian Freight Equalisation Scheme to all transshipped exports. Ensuring tax policy, industrial laws and welfare support settings are appropriate to support current and future growth prospects in Tasmania are other actions that the Australian Government can take.

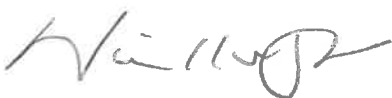
Industrial relations

Regarding point two of the Terms of Reference, the Tasmanian Government has no current concerns relating to the existing referral of some industrial relations powers under the *Industrial Relations (Commonwealth Powers) Act 2009*. Having a single scheme across the country, in the areas that have been referred, will make it easier for large companies and investors to do business in Tasmania.

As the Tasmanian Government has recently announced, the focus of the 2015-16 State Budget will be building on the existing momentum in the Tasmanian economy, with jobs a key priority. It will contain no additional savings measures.

Thank you again for the opportunity to provide Tasmanian Government input on the important issue of growing our economy.

Yours sincerely



Will Hodgman MP

Premier