

Legislative Council Select Committee

Growing Tasmania's Economy



Submission from the Tasmanian Chamber of Commerce and Industry

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Congratulations on the initiative to review and investigate opportunities to grow Tasmania's economy. It is critical that all effort is made to focus on the development and expansion of our wealth generating industries across the state. It is clear that such industries have been under siege in our state for the past 10 years. Across this period we have seen the reduction of the forest industry, pressure on our major industrials and the impact of the high Australian dollar on our manufacturing and mining industries. We must diversify our economy and do it fast.

There remain many barriers impacting the potential of Tasmanian businesses across our state. Although many of these barriers relate to Federal legislation and regulations, we believe that it is also important capture these issues in this submission.

What are the future predictions telling us?

Although population growth in Tasmania is predicted to be flat over the coming twenty years, our region is in the middle of a significant growth period.

Not only are China and India experiencing a once in history growth in their respective middle class segments, but both Sydney and Melbourne are projecting significant population growth.

The Victorian State Government report "Plan Melbourne" has predicted that Melbourne' population will grow to 7.7 million people by 2051. NSW State Government's recent report by the Department of Planning and Environment predict an additional 1.6 million people are expected to call Sydney home by 2031.

What does this mean for Tasmania?

The TCCI believes that the economic future of our state should be focused on what these markets need to support their growth. What do we need to do now to maximise this opportunity? What will these markets need?

1. More houses
2. More energy
3. More food
4. Skilled labour
5. A close and natural place to holiday

With the ongoing move from consumers to more environmentally friendly and healthy products Tasmania is uniquely placed to maximise these growing markets.

What should we be doing now to plan for this opportunity?

1. Create a special task force to work with the respective state governments to plan out what will be needed and when.
2. Gear up for the products that will be needed and are increasingly being sought now
 - a. Invest in R&D linking direct to industry to ensure that we are producing the best product in the most efficient way possible.
 - b. Create clusters of businesses working together in specific target markets.
 - c. Protect the Tasmania brand through certification of origin, quality control, safety, etc.
3. Get our internal strategies right.
 - a. Regions working together as economic units rather than municipalities working in isolation.
 - b. Sort out infrastructure to ensure that Tasmania has the most efficient transport systems.
4. Put every effort into ensuring that Bass Strait is the most cost effective route possible.

How this might work

For the purpose of this submission, let us look at housing. As these markets expand there will be a clear need to increase the number of dwellings. As the need for storing carbon increases so will the desire to build from wood products—you could argue that this shift is happening now.

The TCCI can imagine a focus on innovation in the forest industry driven by the University of Tasmania linking with industry. Perhaps an enterprise centre model based in the North East tasked with developing and commercialising the world's best engineered timber products from plantation timbers. The goal—manufacturing at commercial quantities within 5 years using a completely renewable model.

The benefit to our forest industry is evident as is the potential to speed up the innovation must come. Such a model would also ensure that the industry always remains a world leader.

Imagine similar centres across the State for aquaculture, dairy, agriculture, logistics and so-on linking research with industry and ensuring that our products are world leading.

Health and Education must remain a priority

The TCCI believes that for Tasmania to transform its economy we must ensure that all Tasmanians attain appropriate levels of education and health outcomes. Our education focus must be from pre kindergarten to year 12 (or the vocational equivalent) and our health aim should be to be the healthiest in the nation, not the

sickest. Although an entire submission could be dedicated to these subjects we believe that the following points are important to include:

1. Our functional literacy rate must be improved
2. There is a clear link with health and education
3. All Tasmanian high schools should go to year 12 as it appears that the break at year 10 is too much for many in our community.
4. We must work with communities to ensure that all children start school with the same language, numeracy and literacy skills.
5. We must get our community moving and focus on preventative health.
6. We must develop policies in health and education in a bipartisan way. Let's take these two issues off the political battlefield and develop long term policies that can exist for longer than the political cycle.

Our own population growth

As reported in several research papers, the Tasmanian population is predicted to remain stable for the coming decades. Only by growing our economy will our population have any potential for growth. Historically people come to our state, and stay here, when there are employment opportunities.

We support the need for population growth but believe that economic reform and growth is the key.

Time for regulatory change

The TCCI has argued for many years that there must be a review of Industrial Relations legislation and regulation and their suitability in a regional economy. Since the centralisation of Industrial Relations to the Federal Government the specific and unique needs of a small regional economy has been lost in nationally based negotiations. For example, National Wage Cases are based and argued on the needs of workers and employers in mainland capital cities. The outcome of these cases then applies to all businesses captured in the case nationally. It is clear that a business in a regional area of Tasmania has a vastly different economic environment in which it must exist than one in central Sydney.

There are endless examples of Tasmanian businesses struggling with a changing local economy being hit with pay increases because of the outcome of a National Wage Case. We believe that this requires urgent review and that the local economy provisions in the Awards should be used more often to reflect the needs of a local situation.

Penalty rates remain a frustration for Tasmanian businesses especially in the hospitality, retail and agricultural sectors. For the first time Fairwork Australia agreed in a ruling last year that reduced penalty rates for Hospitality workers on Sunday that penalty rates reduce employment opportunities for workers. We have even seen the union movement, in South Australia at least, agree the same from a retail industry

perspective. Research conducted by the Launceston Chamber of Commerce two years ago also showed that several hundreds of jobs would be created across Launceston should penalty rates be abolished.

The TCCI appreciates that these examples of economic impediments are in the Federal domain. However could it be possible to work with the Federal Government and trial economic reform in Tasmania? Tasmania's economy is essentially quarantined from the nation and does not experience blurring between state borders. As with medical research, would it be possible to trial reform here. If the reform worked it could then be applied nationally if not simply return to the old system.

Conclusion

The TCCI believes that Tasmania has a bright future. It would appear that our products link in well with predicted population growth within our region. For this opportunity to be maximised it will take a coordinated and strategic approach. We congratulate the Hon Greg Hall MLC for the creation of this select committee which we believe could be an important step in the future of our State.