RDA Tasmania
Regional Plan
July 2017 – June 2019

Prepared for:
RDA Tasmania Committee and
Department of Infrastructure and Regional Development
Contents

1. Message from the RDA Chair................................................................. 7
2. Executive Summary ........................................................................... 8
   Purpose ............................................................................................. 8
   RDA Tasmania in 2016-2017 ............................................................... 9
3. Vision for the region .......................................................................... 11
4. Role of the RDA ................................................................................ 12
5. Analysis of the region .................................................................... 14
   5.1 Human capital ............................................................................. 14
      Strengths and Opportunities ....................................................... 14
      Needs and Challenges .................................................................. 14
   5.2 Sustainable communities and population growth: ...................... 15
      Strengths and Opportunities ....................................................... 15
      Needs and Challenges .................................................................. 16
   5.3 Access to international, national and regional markets: .............. 16
      Strengths and Opportunities ....................................................... 16
      Needs and Challenges .................................................................. 17
   5.4 Comparative advantage and business competitiveness .............. 17
6. Regional priorities ............................................................................. 20
7. Implementation of RDA priorities ..................................................... 22
   7.1 Expand and grow economic activity in Tasmania ....................... 22
   7.2 Increase collaboration and efficiencies between federal, state and local government; and between government and the private sector ...................................................... 23
   7.3 Improve educational attainment and employability skills .............. 24
7.4 Address the needs of Tasmania’s changing demographic profile ........................................ 24
REGIONAL PROFILE .................................................................................................................. 25
Comparative competitiveness of Tasmania’s North, North West and South ............................... 26
1. Human capital ......................................................................................................................... 27
1.1 Why we need what we need from education ........................................................................ 27
1.2 Education in Tasmania ........................................................................................................ 28
  1.2.1 Educational attainment ................................................................................................ 28
  1.2.3 Tasmanian training and workforce development .......................................................... 31
1.3 Education profile of the workforce ...................................................................................... 32
  1.2.1 Tertiary education and research .................................................................................... 33
  1.2.2 Peter Underwood Centre for Educational Attainment ................................................ 34
1.4 Workforce challenges .......................................................................................................... 34
  1.4.1 Unemployment ............................................................................................................... 34
  1.4.3 Hours worked ................................................................................................................ 35
  1.4.4 Participation rate .......................................................................................................... 35
  1.4.5 Ageing workforce .......................................................................................................... 35
  1.4.6 Literacy and numeracy .................................................................................................. 36
1.5 Workforce opportunities ...................................................................................................... 38
  1.5.1 Tasmanian Skills Strategy ............................................................................................. 38
  1.5.2 Changes in industry employment levels ....................................................................... 38
  1.5.3 Skill shortages .............................................................................................................. 39
1.6 Tasmania’s low economic productivity .................................................................................. 39
2. Sustainable communities and population growth: ................................................................. 41
  2.1 Economic ............................................................................................................................ 41
    2.1.1 Socio economic profile ............................................................................................... 41
    2.1.2 Changes in industry composition and challenges these present .................................. 44
    2.1.3 Priorities and opportunities ......................................................................................... 45
2.2 Environment ......................................................................................................................... 46
  2.2.1 Natural resource management (NRMs) ........................................................................ 47
  2.2.2 Clean Energy ................................................................................................................ 48
  2.2.3 Tasmanian biosecurity and wildlife ............................................................................... 48
  2.2.4 Tasmania’s environmental future .................................................................................. 48
2.3  Social........................................................................................................................................... 51
  2.3.1  Urban growth pressures (including housing, land and water management issues) ..... 51
  2.3.2  Cultural diversity ...................................................................................................................... 52
  2.3.3  Health and ageing ..................................................................................................................... 52
  2.3.4  Quality of life issues (including desirability to live in the region) ............................................. 54
2.4  Population ...................................................................................................................................... 55
  2.4.1  Population growth .................................................................................................................... 56
  2.4.3  Demographic change ................................................................................................................ 58
3.  Access to international, national and regional markets.......................................................................... 60
  3.1.1  Export markets .......................................................................................................................... 60
  3.2  Infrastructure ............................................................................................................................... 63
4.  Comparative advantage and business competitiveness ............................................................................ 68
  4.1  Regional economic strengths ....................................................................................................... 68
    4.1.1  Food & Agriculture ................................................................................................................. 68
    4.1.2  Mining & Mineral processing .................................................................................................. 71
    4.1.3  Forestry and related products ................................................................................................. 71
    4.1.4  Advanced Specialist manufacturing ....................................................................................... 72
    4.1.5  Science and research ............................................................................................................. 72
    4.1.6  Antarctic Tasmania ................................................................................................................. 73
    4.1.7  Renewable energy .................................................................................................................. 73
    4.1.8  Information communication technology ............................................................................... 74
    4.1.9  Tourism ................................................................................................................................... 74
  4.2  Regional comparative advantages and regional economic opportunities ............................................. 75
    4.2.1  People ...................................................................................................................................... 75
    4.2.2  Place ...................................................................................................................................... 76
    4.2.3  Business Competitiveness and Innovation ............................................................................. 77
    4.2.4  Clusters ................................................................................................................................... 78
  4.3  Attracting and securing investment ................................................................................................. 79
  4.4  Arts, creative and sporting industries ............................................................................................... 79
    4.4.1  Arts and Creative Industries .................................................................................................... 79
    4.4.2  Sport and Recreation ............................................................................................................... 80
STAKEHOLDER CONSULTATION ........................................................................................................... 81
1. Partnerships – Intergovernmental and integrated regional planning ........................................ 81
   1.1 Tasmanian and Australian Government ........................................................................ 81
   1.2 Local Government, Industry and Community ................................................................. 81
2. Stakeholder Engagement – Conferences and Workshops ...................................................... 82
3. Development of the RDA Tasmania Regional Plan – Consultation with Stakeholders ......... 83
   3.1 Ongoing consultation and review of the RDA Tasmania Regional Priorities ................. 83
List of Figures:

Figure 1  Relative competitiveness of Tasmania’s north, north-west and south against national average of RDA regions (0 is most competitive) ................................................................. 26
Figure 2  Level of Highest Educational Attainment in the Labour Force (% persons aged 15-64 years Tasmania and Australia) .......................................................................................... 32
Figure 3  Employment by region Tasmania ............................................................................................... 34
Figure 4  Age profile Tasmania (% of workforce) vs the National, January 2016 ................................................. 36
Figure 5  Proportion at literacy Level 3 or above (By state/territory and sex 2011–12) ........................................ 37
Figure 6  NAPLAN Achievement of Students in Reading Tas 2008-2016, compared to the National Minimal Standards (NMS) ........................................................................................................ 39
Figure 7  Employment by Industry Changes .................................................................................................. 40
Figure 8  Decomposition of the sources of the difference in per capita gross product between Tasmania and Australia 2015-16 ......................................................................................................... 43
Figure 9  Average hours worked states and territories 2015-16 and Tasmania and Australia 2015-16 ........................................................ ........................................................................................................ 44
Figure 10 Social security payments per household states and territories 2015-16 and income tax payments per household states and territories 2015-16 ................................................................. 47
Figure 11 Change in real gross value added by industry, Tasmania 2015-16 ............................................................. 48
Figure 12 Employment growth by industry sector – Tasmania 2014-2015 .......................................................... 50
Figure 13 Population growth, states and territories 2015-2016, and Tasmania and mainland ............................ 55
Figure 14 Population Growth – Tasmania 2001-2015 ..................................................................................... 58
Figure 15 Net Migration to Tasmania and Employment Growth / Relative Property Prices .................................. 59
Figure 16 Proportion of Tasmanian population in major cities versus regional Tasmania .............................. 61
Figure 17 Percentage of population by age Australia and Tasmania (Census 2011) .................................................. 63
Figure 18 Reason expatriates left Tasmania .................................................................................................... 65
Figure 19 Top 20 by Country of Tasmania’s International Exports by Value (A$ millions) 2012-13 to 2014-15 ................................................................................................................................. 67
Figure 20 Australian Dollar Foreign Exchange Rate with United States Dollar, Jan 2010 to May 2016 ........................................................................................................................................... 69
Figure 21 Fresh produce sector exports by state of origin ($2014-15) ..................................................................... 71
1. **Message from the RDA Chair**

Tasmania continues to improve its economic position in comparison to other Australian states and territories. This pleasing result includes reduced unemployment and growth in established industries including primary production, manufacturing, tourism and education.

In contrast to these positive outcomes, Tasmania continues to experience ongoing challenges in low educational attainment and literacy; pockets of high youth unemployment; lower than average job participation; and widespread underemployment for suitably skilled employees seeking additional work. Our committee remains determined to create linkages between industry, education and community to ensure that education and skill attainment for our region is achievable and valued.

In the last twelve months, the Australian and Tasmanian Governments have invested in ongoing improvements in transport infrastructure including upgrades to both the highway networks from Hobart to Launceston and the Hobart Airport runway. The latter will enable the first twice weekly export of fresh milk from Tasmania to China. Additionally, Tasmania now has the best possible freight handling options ‘off island’ to both domestic and international markets with three international shippers providing regular service in conjunction with the established domestic lines. This is a positive sign for Tasmania and its future export capacity.

Round Two of the National Stronger Regions Fund saw Tasmania achieve three out of the 111 funded projects nation-wide, another good result for our region. The RDA Tasmania committee will continue to play an important role in facilitating project development and investment potential throughout our state to deliver long term regional solutions.

I invite readers of this plan to use and distribute the regional profile summaries and provide feedback to RDA Tasmania on our focus and priorities. Tasmania’s unique position in our national landscape does provide us with particular opportunities and challenges, yet we remain optimistic of the future of our island home.

**Mr Tom Black**  
Chairman
2. Executive Summary

Purpose

The Regional Development Australia (RDA) Tasmania Regional Plan is reviewed annually to update profiling information and revise RDA Tasmania's strategic direction and regional priorities. Priorities are developed through working with our wide range of stakeholders and the experience and expertise of the RDA Tasmania committee.

Four broad priorities have been identified by RDA Tasmania to focus project work and provide context and direction. These priorities reflect the RDA Tasmania committee’s view of the key challenges for the region as reflected by the profile and statistical overview. Tasmania traditionally records social and economic outcomes well below the national average. A more robust and growing economy with increased employment opportunities will create associated community benefits and improved social outcomes.

RDA Tasmania Priorities

2016 - 2017

- Expand and grow economic activity in Tasmania
- Increase collaboration and efficiencies between federal, state and local government; and between government and the private sector
- Improve educational attainment and employability skills
- Address the needs of Tasmania’s changing demographic profile

A core strength of RDA Tasmania is the ability to work with all levels of government and the diverse communities that make up our region. Economic and education outcomes are seen as priorities due to the low statistical outcomes the state records and the importance of these aspects on long term community health and prosperity. RDA Tasmania has a limited ability to directly influence educational or demographic outcomes, but have defined them as core priorities due to their importance.

Information throughout this document is ordered under the four key headings of:

1. Human capital;
2. Sustainable communities and population growth;
3. Access to international, national and regional markets; and
4. Comparative advantage and business competitiveness.
RDA Tasmania in 2017-2019

The RDA Tasmania Regional Plan will focus strongly on the factors that influence the health and success of the economy. An analysis of the region, including stakeholder feedback, has found that Tasmania’s economic performance is affecting all communities. There isn’t one solution to this, instead the regions must work together to improve decision making and address the region’s capacity to improve economic outcomes.

Key issues and strengths

Economy
Tasmania traditionally records below average outcomes in key economic determinants such as employment, skills and education, and economic growth. Our community, at times, has been divided in its support for economic projects and being an island presents challenges in freight and transportation which are currently a focus of industry and government. Without further business investment and growth, the state will remain highly dependent on government funding and administration.

Growth in employment opportunities will attract and retain talented people and enable wealth creation and distribution across the community. Tourism has shown record growth over the last few years, as has the aquaculture industry.

Population
Tasmania’s population is ageing more rapidly than any other state in Australia. Increasing growth in population in other parts of the country could result in Tasmania holding a lower per cent share of the country’s population over time. However, our enviable lifestyle is attracting attention and could draw more people to reside in the region, particularly with the support of high speed broadband and the availability of flights in and out of the state.

Tasmania as a region is highly diverse, incorporating our capital city, other major urban centres and rural communities, through to the sparsely populated south west wilderness. Like many other regions across Australia, Tasmania is experiencing a migration of the existing population into urban centres. Local and state government are partnering to streamline and modernise planning and regulation. Hobart has experienced increased traffic congestion issues in 2016 and more focus has been placed on transport data and public transport options.

Natural Assets
Our strengths lie in our natural assets including the availability of clean energy and water for agricultural expansion. Tasmania’s primary production sectors including agriculture, dairy, horticulture, viticulture and aquaculture are supporting growth in the Tasmanian economy. The drought and floods over 2016-2017 and the record low dam levels for energy generation have re-emphasised the importance of our natural assets to our people and economy.
Tourism, Art and Culture
Tourism is growing strongly, boosted by a plethora of awards and a visit from the Chinese President in November 2014. The success of MONA and seasonal festivals, supported by record passenger airflights in and out of the state, are evidence of changing appreciation and support for Tasmania’s growing arts and cultural reputation. Record cruise ships visits and airport traffic reflect Tasmania’s current popularity as a tourism destination.

Government Investment and Stimulus
The region has the benefit of commitments in infrastructure investment by Australian and Tasmanian Governments including a major $400 million Midlands Highway upgrade and $130 million for the relocation and expansion of the University of Tasmania’s Launceston and Burnie campuses. The Hobart International Airport is being expanded with a $38 million upgrade and an additional $24 million is establishing a new Centre for Antarctic and Southern Ocean Research. Work continues on the $689 million redevelopment of the Royal Hobart Hospital and the Macquarie Point Development Corporation continue to investigate options for Hobart’s biggest urban development opportunity.

The economic stimulus these projects provide to the civil construction sector will have flow-on effects to the wider economy and community.

The Freight Equalisation Scheme’s extension and grants such as the National Stronger Regions Fund, Building Better Regions Fund and State Government Community Infrastructure Fund for infrastructure stimulates economic growth. Being selected as one of the ten regions to receive Regional Jobs and Investment Package funding will provide further stimulus for investment and economic activity.

Challenges
Division over major economic investment projects and industry growth can be a constraint. Government, industry and community all have a part to play in meeting the local challenges of providing employment and economic prosperity, balanced with lifestyle and sustainability values. Education and skills are increasingly linked to productivity and living standards. Developing a highly skilled and educated population can be the difference between a resilient region and one that struggles.

Key message
Collaboration between tiers of government, industry and community is the key to achieving a common understanding of regional issues and tailoring effective solutions. Partnerships are critical to the success of regional development efforts, as is a focus on place and valuing the characteristics of every region and community.

RDA Tasmania is in the unique position of being a neutral organisation with relationships at every level of government as well as community and industry. We are able to utilise these relationships to facilitate dialogue and engagement with stakeholders, and help to identify gaps and duplication in existing services and policy.
RDA Tasmania activities for 2017-19 will include facilitating greater dialogue between stakeholders involved in economic development, education and skills, research and innovation, place-based solutions and an ageing population. Projects that contribute towards addressing this plan’s priorities will be supported by the committee and RDA Tasmania staff.

3. Vision for the region

RDA Tasmania’s vision for Tasmania is:

To create an inclusive Tasmania centred on a strong and sustainable economy.

RDA Tasmania’s vision is broad to encompass the diversity of our state and reflect the balance between community and economic prosperity. Committee members have deliberated on and modified the vision to simplify the message and encompass aspirations for the future.
4. Role of the RDA

Regional Development Australia (RDA) is an Australian Government initiative established to encourage partnership between all levels of government to enhance the growth and development of Australia's regional communities. RDA committees operate under a national RDA Charter and report to the Australian Government on key outcomes. A national network of 55 RDA committees has been established and RDA Tasmania represents the entire state of Tasmania.

RDA Tasmania is a not-for-profit organisation established by a partnership between the Australian Government, Tasmanian Government, and the Local Government Association of Tasmania (LGAT).

Committee members of RDA Tasmania are committed volunteers who have been chosen by the Australian Government due to their understanding of, and experience in, a range of areas including their professional and industry background, community networks, skills and experience.

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The purpose of this Regional Plan is to clearly state RDA Tasmania’s priorities in the context of the Tasmanian and Australian Government policy landscape and the profile of Tasmania as a region. Priorities are informed through the statistical data in the regional profile (Attachment One), Australian and State Government policy imperatives and stakeholder consultation.

The Australian Government will refer to this Plan to inform policy development, as well as support decision making and investment in the region.

Building a comprehensive picture of local economic and social conditions is an integral part of regional economic development planning. It is important that priorities and activities are supported by statistical evidence, coupled with a sound understanding of local conditions. RDA Tasmania committee members are representative of this diverse region and the organisation’s priorities and activities have been developed and informed by the committee with input from stakeholders.

In addition to this Regional Plan, RDA Tasmania has an annual Business Plan that outlines internal actions, goals and measures that relate back to the priorities. At regular meetings, committee members are invited to provide feedback on staff project activities and to participate further outside of formal meeting times.
5. Analysis of the region

This analysis of the region has been developed in reference to: Attachment 1 – Regional Profile and Attachment 2 – Stakeholder Consultation and Partnerships. The Regional Profile in Attachment 1 is a comprehensive summary of the statistics and data that define our region. The analysis includes issues which are not within RDA Tasmania’s direct influence but which are significant to the region.

Regional strengths, opportunities, needs and challenges have been identified in relation to:

- Human capital;
- Sustainable (economic, environmental and social) communities and population growth;
- Access to international, national and regional markets; and
- Comparative advantage and business competitiveness

5.1 Human capital

Strengths and Opportunities

Educational attainment is a key challenge for our region and the Tasmanian Government has updated the Education Act and is implementing policies to improve retention and attainment in education. Policy changes include extending 30 high schools in rural and regional communities from year 10 to year 12 and including flexible learning methods such as online courses and the ability to attend classes at other campuses.

The University of Tasmania (UTAS) is the only university in the state and is currently expanding its presence and role in Hobart, Launceston and Burnie. Significant investment will occur as part of the Launceston City Deal and the opening of a $65 million student accommodation complex in Hobart’s CBD. The University’s STEM project for central Hobart is a key priority of Infrastructure Australia.

Several world-class research and educational institutions are based in Tasmania, including the Menzies Centre; CSIRO Marine and Atmospheric Research Centre; Antarctic Climate and Ecosystems Cooperative Research Centre; the Australian Antarctic Division; the Australasian Furnishing Research and Development Institute; and the Australian Maritime College. A new Antarctic and Southern Ocean Research Centre (Antarctic Gateway Partnership) has been announced that will bring together institutions working in this sector enabled by the expanded runway at Hobart airport supporting direct flights to Antarctica.

Needs and Challenges

The TCCI Tasmania Report 2016 highlighted the State’s challenges in economic productivity, education and employment levels, and our ageing population.

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Our overall unemployment level has dropped from being one of the highest in the nation, although the north and south east still have youth unemployment in the top 20 of youth unemployment hot spots in the country.

Tasmania has some of the lowest levels of literacy, school retention and labour productivity in the country, and these will be slow to turn around. Gross State Product is lower in Tasmania (per capita) than the mainland average by a significant margin due to low participation, hours worked and labour productivity. Policy and planning is in place to encourage education attainment and improve adult literacy and skill levels.

Our ageing workforce will continue to be a growing percentage of the total labour force. This will be a future challenge that will face Tasmania more quickly than many other places across the nation.

While some regions of the state including Hobart and the North West are showing positive growth and economic data results, other regions and areas are struggling to share in this prosperity. This regional variation will require understanding of local regions, people and economies to enable each to reach its full potential.

5.2 Sustainable communities and population growth

Strengths and Opportunities
Tasmania’s reputation as a ‘Clean Green State’ offers opportunities for the region including abundant water and a climate that supports a diversity of agricultural production and the majority of our energy is locally produced from renewable sources.

Investment in enabling infrastructure will provide an economic stimulus and have flow-on effects in supporting business growth and investment.

Industry growth has been experienced in the agriculture, aquaculture, specialist manufacturing and tourism sectors. Jobs growth has been experienced particularly in service sectors such as health and retail.

Tasmania is a remarkably liveable place with recent accolades including Launceston’s designation as Australia’s most family friendly city⁵ and Hobart is in Lonely Planet’s top 10 places to visit for 2015⁶. Although numbers of settling migrants are below the national average, there exists an opportunity to increase migration and international education in the state.

The health of Tasmania is improving with longer life expectancy and generally good self-reported health. Compared to national trends, Tasmania is a region without growth pressures of an increasing population with resulting infrastructure and capacity constraints. The population demographic is relatively consistent and employers in the State have the benefit of a loyal and stable workforce.

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⁵ Suncorp Bank Family Friendly City Report, 2013
⁶ Lonely Planet’s Best in Travel Top 10 Regions 2015
response to being the most rapidly ageing state in Australia, and the economic growth imperative, the State Government has developed a Population Strategy with a goal to increase Tasmania’s population to 650,000 people by 2050.

**Needs and Challenges**

Despite better unemployment figures, the participation rate in Tasmania for March 2017 was still low at 59.7 per cent, compared to the national participation rate of 64.78 per cent.\(^7\)

Changes in industry composition over the last five years (as measured by employment) indicate that areas such as services, administration and retail trade have grown while industries with strong export and wealth creating potential such as agriculture, manufacturing and mining show a decline in employment. Moves towards efficiency and global competitiveness may see limited employment growth in export industries that are key to the Tasmanian economy\(^8\). There is a challenge in balancing our unique natural environment with a robust economy and diverse community opinions.

Weekly household and personal income in Tasmania is below the Australian median and one third of Tasmanian households’ main source of income is from government pensions and allowances\(^9\).

Tasmania is characterised by a dispersed population in low density settlements and has the highest proportion of the population residing outside of its greater capital city (58 per cent)\(^10\) of any state. Beyond the urban communities, population decline in regional and remote areas has put pressure on the viability of service provision such as education\(^11\) and infrastructure.

Tasmania continues to have an almost static population of just over half a million people\(^12\) that is ageing more quickly than any other state. Half of Tasmania’s population was 42 or over in 2015, and in some local government areas, half the residents are aged 50 years or older\(^13\). This will put increasing pressure on services such as health, transport and housing.

### 5.3 Access to international, national and regional markets:

**Strengths and Opportunities**

Tasmania has an export oriented economy. Air and sea access is an integral part of Tasmania’s island life; it is essential to trade, tourism and the broader economy. More than 99 per cent of freight volumes move in and out by sea making ports central to accessing markets. For the year ending March 2016, 88 per cent of all visitors to Tasmania travelled by scheduled air services and 12 per cent travelled by sea.

Tasmanian Freight Equalisation Scheme (TFES) has been extended by the Australian Government to include international exports which removes the final barrier to allowing Tasmanian exporters to

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\(^7\) ABS, Labour Force Survey, March 2017

\(^8\) Labour Market Information Portal employment by industry five year time series 2010 - 2015


\(^10\) Australian Bureau of Statistics, Cat No. 3218.0 Regional Population Growth, Australia, 2011-12, April 2013

\(^11\) School Viability Reference Group Report to the Minister for Education and Skills, 31 January 2012


\(^13\) TCCI Tasmania Report 2016
compete with overseas suppliers. The $205 million, four year commitment will ensure that additional support for Tasmanian exporters will be available.

Tasmania’s remote location has been a historic inhibitor to economic growth. Increased availability and quality of broadband to urban and rural Tasmania will see its remote location become even less of a barrier. The state-wide early advantage will no longer occur, however Launceston will have 43,000 premises with fibre to the premise, meaning it will permanently have a larger data capability than many cities.\textsuperscript{14}

**Needs and Challenges**

As Tasmania’s economy continues to grow, there will be a need for further infrastructure investment to support ongoing and efficient movement of goods by sea on and off the island. Business is heavily reliant on the ability of the transport system to move freight from producers to processors and on to local, national and international markets.

The Infrastructure Priority List of national connectivity projects will provide economic benefits for Tasmania by improving freight transport linkages to key domestic and export markets including:

- Burnie to Hobart freight corridor strategy
- Derwent River crossing capacity

Unlike the rest of the nation, the majority of Tasmania’s energy is sourced from renewable and low-carbon, hydro-electric generation. The Basslink cable connects Tasmania to the national energy market allowing electricity to be traded into Victoria or back into Tasmania to provide energy security. In early 2016 Tasmania experienced one of the most significant energy security challenges in its history. This was a consequence of the combined impact of two extreme events – the record low rainfall over the Spring/Summer period combined with the first ever substantive outage of the Basslink cable. A second Basslink interconnector could secure Tasmania’s energy supply, supporting the region’s largest exporters which are energy intensive industries and providing a further 1,000 megawatts of renewable energy into the National Electricity Market.

**5.4 Comparative advantage and business competitiveness**

**Strengths and Opportunities**

The key wealth generating sectors in Tasmania and those in which investment and growth opportunities exist are:

- Advanced manufacturing
- Antarctic and Southern Ocean
- Digital services and information technology
- Food and agriculture
- Forestry

\textsuperscript{14} RDA Tasmania, Smart Cities, June 2016
• International education
• Mining and mineral processing
• Science and research
• Tourism

These sectors represent traditional industries as well as new and emerging sectors. They all have the ability to export to off-island markets, attract investment and connect to opportunities in the Asia region. They are the subject of innovation and improving business competitiveness. Within these sectors Tasmania has the capability to produce a range of high quality products, services and experiences, some of which are global leaders.

**Comparative Advantages**
These wealth generating sectors come from Tasmania’s comparative advantages which are the result of the region’s inherent and acquired strengths:

- **People** – High levels of social and professional connectivity, a skilled, stable and available workforce, good access to tertiary education and specialised research.

- **Place** - Tasmania receives nearly 13 per cent of Australia’s annual rainfall, increasing access to irrigation infrastructure, strict biosecurity controls, favourable conditions for farming, a celebrated natural environment, well preserved built heritage and short distances between population areas and points of access.

- **Business competitiveness and innovation** – Tasmania has a business environment conducive to investment and a history of industry innovation with current examples including advanced manufacturing and clean energy generation.

- **Clusters** – Established industry clusters for: advanced manufacturing, metal processing, Antarctic research, marine manufacturing, alkaloid poppies, salmonoids and viticulture.

- **Dynamic Business Environment** – due to its size Tasmania is adaptable to market demand and changing need.

Tasmania’s brand has a place based philosophy and is establishing a global reputation for niche and high value offerings that are distinctly *Tasmanian*. There are many success stories to quote but amongst the best known are the Museum of Old and New Art (MONA) and Incat’s high speed catamarans.

**Needs and challenges**
Tasmania does not have an economic development policy. The peak organisations of Tasmania’s key industries generally take responsibility for the growth strategies of their industries whilst the Tasmanian Government focuses on creating a supporting environment for business to grow and the attraction of investment.
How the region organises itself to identify and support priority projects is an area for improvement. RDA Tasmania is facilitating activities in the north, north-west and south to formalise arrangements around how organisations work together to identify and support local, regional and state-wide infrastructure and economic development priorities.

The Tasmanian Government identified that in order to grow the economy, there needed to be greater engagement with investors interested in our regional economic strengths. The Office of the Coordinator-General has been established as the primary point of access to government for investors and will work on engagement with Chinese investors, supporting tourism projects in National Parks and Reserves, the Northern Cities Project and the promotion of industrial sites such as Bell Bay.

Tasmania needs a workforce that combines technical and business management disciplines to compete on quality and innovation. There is much to do to raise education levels, workplace skills and innovative behaviours to achieve this.
6. **Regional priorities**

Tasmania has a number of challenges and opportunities that are unique as Australia’s only island state. Key policy areas and projects for Tasmania for 2016-2017 include:

- Innovative solutions to access work and training, including better coordination of skills and training support available (getting through the mire)
- Industry clusters, innovation, and capability enhancement to improve business productivity, competitiveness and efficiency.
- Encourage school retention, understanding of career pathways, and formal education and training as an enabler to securing quality high skilled employment opportunities in growing industry sectors.
- Skills and training to key growth sectors (business & construction, tourism & hospitality, agriculture (particularly dairying, aquaculture, and farm management), aged care, disability support and advance manufacturing)
- Collaborative infrastructure projects that support broader regional liveability or economic outcomes
- Evidenced based identification of priority public infrastructure needs that support economic growth (for example tourist facilities, regional road networks)
- Growth and productivity in wealth creating industry sectors including agriculture, food and beverage manufacturing and downstream processing, aquaculture, tourism, advanced manufacturing and forestry.
- Understanding the changing demographic trends and the impact on future drivers of wealth and wellbeing, particularly within Tasmania’s rural communities.
- Support policies, programs and initiatives that focus Tasmania on being a healthy, connected community.
- Support whole of government approach to economic development and resulting priority projects that support key outcomes including increased employment, skill development and job participation.

Noting the current challenges and opportunities, the profile of the region and consultation with key stakeholders, RDA Tasmania has identified the following priorities:
RDA Tasmania Priorities

- Expand and grow economic activity in Tasmania
- Increase collaboration and efficiencies between federal, state and local government; and between government and the private sector
- Improve educational attainment and employability skills
- Address the needs of Tasmania’s changing demographic profile
7. Implementation of RDA priorities

This section outlines how regional priorities will be progressed through specific projects and initiatives.

While government and community can impact and guide future direction, there is no one ‘silver bullet’ that will solve the diversity of issues and challenges faced across the state. RDA Tasmania can play a role in facilitating discussion and fostering collaboration to reach common goals across all levels of government, community and business stakeholders.

Projects and initiatives are summarised below each priority. RDA Tasmania priorities reflect regular contributions from key stakeholder engagements and consultations. Detailed actions, dates, responsibilities and measures are outlined in our internal RDA Tasmania Business Plan and reported in our annual report.

7.1 Expand and grow economic activity in Tasmania

Increased economic activity and wealth creation raises the standard of living and attracts skilled, working age people to the state. Tasmania still has some of the highest unemployment rates in the country with low participation rates and a high level of part time employment that may mask higher unemployment levels. Education and skill capabilities vary considerably and are not always matched to job opportunities. Urban and regional Tasmania vary greatly in age profile, education attainment and employment levels.

Tasmania has been impacted by factors including: freight costs and access to market; limitations and high cost of public transport; State Government restructure and reduced public spending; changes in industry competitiveness; low participation rate and lack of employability skills of jobseekers; net out migration; a rapidly ageing population and population stagnation.

Economic opportunities exist in Tasmania by building on the strength and reputation of research and innovation, leveraging on opportunities created by irrigation infrastructure, and wealth generating industries such as the recent significant growth in tourism.

Greater integration between economic development strategies and practitioners at all levels would help to support wealth creation activities.

Key focus to implement this priority:

7.1.1 Giving priority to initiatives that support wealth creation and the region’s growth industries

7.1.2 Investment in enabling infrastructure that improves economic productivity.

7.1.3 Improvement of Tasmania’s transport logistics and freight services.
7.1.4 Improvement of transport to facilitate labour mobility.

7.1.5 Grow knowledge and networks through collaboration, innovation, and research and development within Tasmania.

7.2 **Increase collaboration and efficiencies between federal, state and local government; and between government and the private sector**

Tasmania is a small, well connected region with the capacity for strong collaboration across government, industry and community. RDA Tasmania is in the unique position of being a neutral organisation with relationships at every level of government as well as community and industry. We are able to utilise these relationships to facilitate dialogue and engagement with stakeholders, and help to identify gaps and duplication in existing services and policy.

*Key focus to implement this priority:*

7.2.1 Facilitate regular dialogue and engagement with the Australian Government including the Department of Infrastructure and Regional Development, Department of Prime Minister and Cabinet and the Department of Employment to identify opportunities for collaboration, identify inefficiencies and develop regional projects.

7.2.2 Engage with the Tasmanian Government including the Department of State Growth, Office of the Coordinator-General, Infrastructure Tasmania and other stakeholders to support the creation of a more strategic focus on policy and projects that leverage economic growth.

7.2.3 Support the role of regional council bodies in encouraging collaboration and identifying regional priorities.

7.2.4 Promote Australian and State Government programmes that meet local economic development priorities and maximise strategic government investment in the region.

7.2.5 Engage with Ministerial offices and local State and Federal representatives to provide advice and knowledge on local and regional economic development.

7.2.6 Engage with peak bodies and key industries in the private sector to ensure that local economic development priorities and government investment in the region aligns with industry planning.
7.3 **Improve educational attainment and employability skills**

Low education outcomes impede Tasmania’s young people and working age population from participating in regular employment and improving their economic circumstances. Educational attainment is positively linked to higher levels of employment, increased labour force participation, higher wages and higher levels of productivity. There is also growing evidence that education has a positive causal effect on such social outcomes as better health, greater civic engagement and reduced crime.

*Key focus to implement this priority:*

7.3.1 Raise educational attainment levels of Tasmanian school leavers.

7.3.2 Produce a skilled workforce for the future.

7.4 **Address the needs of Tasmania’s changing demographic profile**

Tasmania faces the challenge of a rapidly ageing and low growth population. Older residents tend to participate in local events and volunteer activities, bringing knowledge and experience to their communities. However, an ageing population with increasing life expectancy will create greater demand for services including health and aged care. National trends of population movement towards urban centres and population decline in rural areas are also apparent in Tasmania.

Tasmania continues to perform worse in most health measures when compared to other states, however when compared to regional Australia rather than metropolitan areas, Tasmania aligns with the national average.

*Key focus to implement this priority:*

7.4.1 Plan for Tasmania’s future population needs.
REGIONAL PROFILE

Overview

Tasmania is Australia’s only island state, with a cool temperate climate and decentralised population. Tasmania has less than one per cent of Australia’s total land area, but captures almost 12 per cent of the nation’s total annual water run-off.\(^\text{15}\)

The area of the State, including the offshore islands, is 68,100 km² or about 0.9% of the total area of Australia. It is separated from the mainland by Bass Strait, which is about 240 kilometres in width.

The remaining coastline is bounded by the Southern Ocean on the south and west and the Tasman Sea on the east.

Tasmania has multiple levels of Government including; five House of Representatives seats, 12 Senators, the Tasmanian Government composed of a House of Assembly and a Legislative Council, 29 Local Government Areas and three regional organisations of Councils covering the north, north-west and south.

RDA Tasmania aligns its activities with the north, north-west and south regions of Tasmania.

Comparative competitiveness of Tasmania’s North, North West and South

RDA Tasmania uses the Regional Australia Institute’s statistical tool ‘InSights’, which interprets key indicators into ten themes of competitiveness. The method is based on regional development theory and the themes represent the foundations of a competitive region. Each theme is made from aggregations of common statistics that can be compared at the Local Government Area and RDA level. Locations can be ranked on a national scale and assessments can be made of an RDA or LGA’s relative competitiveness on each theme, with each theme relating to a driver of regional development. This provides an understanding of strengths and weaknesses as they relate to regional development.

Figure 1 Relative competitiveness of Tasmania’s north, north-west and south against national average of RDA regions (0 is most competitive)

While all regions score better than the Australian median in Natural Resources, in most other categories there is significant variation. The South generally ranks highest, followed by the North, with the North West ranking lowest, including some that rank amongst the lowest in Australia. This indicates that Launceston and Burnie-Devonport exhibit unique characteristics that are not homogeneous, revealing that Tasmania has a three-speed economy.
1. Human capital

1.1 Why we need what we need from education

Tasmania needs to expand and grow its education levels and economic activity. It is not positioned to compete internationally on commodity prices, low staff costs or by offering an unregulated business environment. Instead it needs a workforce that combines technical and business management disciplines to compete on quality and innovation.

Australian Government research shows that businesses who strategically innovate are twice as likely to report productivity increases. The highest single reported barrier to innovation is skilled people.\(^{16}\) The world is now moving quicker than ever with the ongoing emergence of new technologies and international collaboration. Pupils starting school today have to be prepared for work in industries we can’t even understand yet, such as nano-fabrication, human bionics and advanced engineering.\(^{17}\)

The graph below demonstrates Tasmania’s low comparative educational attainment. Those with higher levels of education are more likely to participate in the workforce and less likely to be unemployed.

Figure 2: Proportion of population aged 15-75 with no qualification beyond Year 10, or lower, States and Territories, May 2016\(^ {18}\)

Improvements in human capital (knowledge and education) can enhance the innovative and productive capacity of a region. Developing a highly skilled and educated population can be the difference between a resilient region and one that struggles. Lifting productivity growth is the key to Tasmania and Australia’s prosperity, economic growth and social wellbeing.\(^ {19}\)

Individuals with greater education and skills can pursue a wider range of employment opportunities, adapt to new processes and technologies, and improve their standard of living.\(^ {20}\)

\(^{16}\) Department of Industry, Australia Innovation System Report, 2012  
\(^{18}\) TCCI Tasmania Report 206 Chart 5.2 Source: ABS, Education and Work, Australia (6227.0), May 2016  
\(^{19}\) ACOLA, The Role of Science, Research and Technology in Lifting Australian Productivity  
\(^{20}\) Regional Australia Standing Council, Framework for Regional Economic Development, 2013
1.2 Education in Tasmania

In most measures, Tasmania is behind the Australian average in educational attainment and labour-force skills. Slow economic growth has impacted the transition from education to employment, particularly with such a dispersed regional population. Tasmania’s students’ continuation of education post year 10 is below the rate of other jurisdictions. In addition, a social gradient can be observed; at one end of the scale there are negative perceptions towards educational and career attainment\(^{21}\) while at the other end is a cohort willing to leave the state to pursue opportunities.\(^{22}\)

The *Education Act 1994* was updated in 2016 to become the new *Education Act 2016*. Key changes in education reforms include:

- extending the compulsory years of education including allowing early access to Prep
- more teachers and support staff in schools; and
- upgrades to school infrastructure.

These legislative reforms should improve education results in Tasmania and help close the gap where currently Tasmanian students can receive up to two years less education than their interstate counterparts.\(^{23}\)

1.2.1 Educational attainment

Educational attainment is positively linked to higher levels of employment and labour force participation, higher wages, and higher levels of productivity. Australian research shows a strong correlation between education attainment and earning capacity. According to a study by Andrew Leigh, Professor of Economics at the Australian National University\(^{24}\):

*The lifetime of earnings of people who complete a bachelor’s degree are 45-50% higher than those whose highest educational qualification is Year 12 – while those of people with a higher degree are 66-74% higher than those of people whose highest educational qualification is Year 12.*

Literacy and numeracy levels for students at age 14 are critical determinants of future achievement (particularly in terms of whether they continue at school, enter university, and secure high-status, well-paid jobs). There is also growing evidence that education has a positive causal effect on such social outcomes as better health, greater civic engagement and reduced crime\(^{25}\).

Unfortunately, the Tasmanian school retention rate is very low, below every other state or territory except the Northern Territory and significantly below the national average. While there has been some improvement in these results over the last few years, there is slow progress in improving the low level of qualifications in the Tasmanian population. While the national Year 12 retention rate has risen by 8.1 per cent since the turn of the century, in Tasmania it has fallen to be 2.2 per cent lower than it was in 2000.\(^{26}\)

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\(^{21}\) West, J, Obstacles to Progress, Griffith Review Edition 39, 2013
\(^{22}\) Department of State Growth Population Strategy, 2015 Source: ABS, Australian Demographic Statistics, Dec 2014, Cat. No. 3101.0
\(^{24}\) Andrew Leigh, ‘Returns to Education in Australia’, Economic Papers, Volume 27, No. 3, September 2008, pp. 233-249
\(^{25}\) Price Waterhouse Coopers, Improving Productivity Through Education, November 2012
\(^{26}\) ABS, Source ABS 2071.0, Year 12 Achievement and Continuing Education
Figure 3 Year 12 retention rates, states and territories 2015 and retention rates Tasmania and Australia 2000-2015

Year 12 retention rates are the number of students enrolled in courses at the beginning of each school year compared to the total number completing the previous year; but do not include how many students successfully complete Year 12.

The Tasmanian Report, commissioned by the Tasmanian Chamber of Commerce and Industry (TCCI) and the Tasmanian Council of Social Services (TasCOSS) provides data to show that low retention and completion rates are not due to the fact that a higher proportion of Tasmanian students come from low socio-economic status background, or that the state has a highly dispersed and non-urban population.

In fact, as illustrated in the following graph, students from high socio-economic status (SES) backgrounds in Tasmania are less likely to complete Year 12 than students from low SES backgrounds in other states and territories.

Figure 5 Year 12 completion rates by socio-economic status (low, medium and high), States and Territories, 2014

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27 TCCI Tasmania Report 2016 Chart 5.3 and 5.4 Source: ABS, Education and Work, Australia (6227.0), May 2016
There is no evidence that Tasmania’s poor educational participation and attainment rates are a reflection on the quality of teaching in Tasmania’s schools. The 2015 results of the Trends in International Maths and Science Study (TIMSS) show Tasmanian Year 4 students performing ahead of Queensland, South Australia, Western Australia and the Northern Territory and very close to the national average\textsuperscript{29}.

The Tasmania Report\textsuperscript{30} suggests that the single most important reason for Tasmania’s persistently low Year 12 completion rates is the ‘structural break’ between Year 10 and Years 11-12 unique to Tasmania and the ACT. Too many Year 10 students don’t progress to college (or stay to attain their Tasmanian Certificate of Education).

Year 7-10 students at Tasmanian government high schools, do not see Year 11 and 12 students every day, being ‘role models’ they seek to emulate, and have the same ‘natural progression’ from Year 10 to Year 11 that students in other states enjoy; and these appear to be major reasons for such a small proportion of Tasmanian students attaining the highest level of school accreditation.

The current State Government policy of offering Year 11 and Year 12 courses at rural and regional high schools may be a factor in the improvement in retention rates to Year 12 between 2014-2016. However, a majority of Tasmanian high school students attend schools in the four major population centres, and both rural and urban centres have retention issues. The political, logistical and financial implications of changing the urban high school system make this a more difficult issue to address.

1.2.2 The Tasmanian School System

The three main school education providers are the Tasmanian Government (187 schools\textsuperscript{31}), Catholic Education (39) and the Independent schools sector (20)\textsuperscript{32}. The number of students enrolled at non-government schools in Tasmania as a percentage of all school enrolments has increased from 33 per cent to 41 per cent over the last decade (2000 to 2010). The university sector has experienced growth between 2001 and 2011, whilst overall student numbers in pre-school, infant/primary, secondary, and technical and further education are falling\textsuperscript{33}.

\textsuperscript{31} http://www.education.tas.gov.au/About_us/Pages/Directory.aspx
\textsuperscript{32} http://privateschoolsguide.com/all-tasmania-private-schools?searchmode=0
\textsuperscript{33} Department of Employment, Trends - The Tasmanian Labour Market Review, October 2012
The State Government has a Plan to invest in education\(^\text{34}\) that includes strategies such as:

- Extending 21 high schools in rural and regional communities to year 12; and
- Improving retention rates so an extra 2000 young Tasmanians complete their year 11 and 12 studies.

In 2017, 18 Tasmanian urban and regional high schools will extend to Year 11 and 12, more than doubling the total number of participating schools from 12 to 30, and exceeding the Government’s commitment to extend 21 regional high schools to Year 12 by 2018\(^\text{35}\).

The State Government has introduced My Education, a Kindergarten to Year 12 approach to career and life planning. The Programme will be supported through the curriculum and will assist students to identify their personal interests, values, strengths and aspirations, and teach them how to use this knowledge to connect them with where they want to go. The roll out of My Education was initially rolled out to high schools, with primary schools implementing the approach in 2017\(^\text{36}\).

1.2.3 Tasmanian training and workforce development

Skills Tasmania is Tasmania’s State Training Authority, developing strategies and providing support, advice and opportunities, and funding to deliver quality training to meet the needs of Tasmanians and our industries.

The Training and Workforce Development Act 2013 created a new single entity public Vocational Education and Training (VET) provider in Tasmania, TasTAFE. TasTAFE retains the dual-focus of increasing participation and attainment for students and ensuring work readiness and productivity for employees, employers and the broader community.

The training and skills sector in Tasmania has seen changes and reform over the last five years. The State Government in September 2014 released a policy statement Investing in Skills for Growth outlining the structure of vocational skills and training. State Government will focus on three key areas:

1. A more efficient and competitive training system.
2. A greater focus on delivering skills for real jobs.
3. Investing in skills that drive State growth.


These goals guided the development of Tasmania’s *Ministerial Priorities for Training and Workforce Development 2016*. Training will be delivered through both the private sector and the public provider TasTAFE. TasTAFE will focus its delivery in areas of Government policy and economic growth. Skills Tasmania will work in partnership with employers, industry bodies and organisations that deliver training and workforce development across Tasmania\(^3\). Through the Work Readiness for Growth Industries Program\(^3\), Skills Tasmania has identified six growth industries:

- building and construction;
- tourism and hospitality;
- aged care services;
- disability support services;
- agriculture (incorporating aquaculture); and
- advanced manufacturing.

### 1.3 Education profile of the workforce

The qualifications and educational attainment profile for workers in Tasmania differs from the Australian average. For Tasmania as a whole there are a lower proportion of workers who have completed a non-school qualification than the national average (51.3 per cent for Tasmania and 55.9 per cent for Australia)\(^3\). There are significant differences between qualifications and educational attainment profiles across individual regions in Tasmania. For instance, the share of employment for those with a bachelor degree or above is highest in Hobart (22.5 per cent; which is just below the Australian average of 22.8 per cent), followed by Launceston (16.3 per cent) and west and north-west Tasmania (11.5 per cent).\(^4\)

Figure 2 Level of Highest Educational Attainment in the Labour Force (% persons aged 15-64 years Tasmania and Australia)\(^5\)

![Figure 2](image)

The number of Tasmanians in the labour force with educational attainment to year 10 or less is much higher than every other state or territory except the Northern Territory\(^6\) and correspondingly, the number of people with higher level qualifications such as a bachelor degree or higher is only two thirds that of the national average.

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\(^3\) ABS Data by Region Census 2011


\(^6\) TCCI Tasmania Report 206 Source: ABS, Education and Work, Australia (6227.0), May 2016
1.3.1 Tertiary education and research

Hobart has one of the highest numbers of scientists per capita of any city in Australia and Tasmania hosts 65 per cent of all Australia’s Antarctic and Southern Oceans research scientists.

The University of Tasmania (UTAS) is the only university in the state and has campuses in the south, north and North West of the region. UTAS plays a distinctive role not only in the Tasmanian education system but in the Tasmanian economy. UTAS is one of the oldest universities in Australia and has been consistently ranked in the top 10 universities in Australia for research. The university has been ranked in the top 2% worldwide (ARWU 2016)\(^43\). The number of students attending the University has increased by nearly 50 per cent over the last five years to more than 35,000 students (2015)\(^44\).

In August 2015, the University and the Tasmanian government formed their fifth Partnership, Making the Future. It is a ten-year agreement, running until 2025, with key long-term targets including: increasing the number of Tasmanian students by 10,000 over the next ten years; doubling the contribution made by international students to the Tasmanian economy over the next five years; and bringing new capital investment of more than $400 million into Tasmania’s regional centres.

This state partnership is supported by Australian Government funding of $150 million to relocate and expand the University of Tasmania’s (UTAS) campuses in the heart of Burnie and Launceston to increase higher education accessibility, participation, and skills attainment.\(^45\) This forms the key platform of the Launceston City Deal, one of three City Deals nationally that package a range of infrastructure, economic and community outcomes.

In Hobart, the $65 million 15 storey student accommodation was completed in February 2017 to house 420 students in the CBD. The proposal to move the university’s science, technology, engineering and maths (STEM) research and training facilities in the CBD is now top of the Tasmanian priority list for Infrastructure Australia.\(^46\) The STEM expansion will result in an additional 200 academic staff, 300 post-doctoral staff and 200 PhD students and 4000 more students.

Several world-class research and educational institutions are based in Tasmania, including the Institute for Marine and Antarctic Studies, the CSIRO Marine and Atmospheric Research Centre;
Antarctic Climate and Ecosystems Cooperative Research Centre; the Menzies Research Institute; the national Forestry Cooperative Research Centre; the Australian Maritime College; the Australasian Furnishing Research and Development Institute; and the Australian Antarctic Division.

A new era of Antarctic engagement sees the Government investing new funding of over $2 billion to make Hobart the world centre for Antarctic research and deliver key priorities under the Australian Antarctic Strategy and 20 Year Action Plan. This includes ongoing additional funding of $200 million over 10 years from 2016-17, which provides long-term certainty for the Australian Antarctic programme; the signing of a contract for a state-of-the art icebreaker; and it underpins the role of Tasmania as a leading Antarctic gateway for science and logistics.\(^\text{47}\)

### 1.3.2 Peter Underwood Centre for Educational Attainment

Launched in 2015, The Peter Underwood Centre for Educational Attainment is a joint initiative between the University of Tasmania and the State Government fostering independent and non-partisan expertise to benefit Tasmanians to flourish over the long term. This collective effort is to provide academic support to address barriers to education. The Centre’s purpose is to increase levels of educational attainment in the pre-tertiary sector in Tasmania by providing independent and non-partisan expertise on such matters to educators, government, industry and community.\(^\text{48}\)

### 1.4 Workforce challenges

#### 1.4.1 Unemployment

Tasmania has improved from leading the nation in highest unemployment figures to being more comparable to other states and territories. The Tasmanian unemployment rate as at January 2017 was 5.9 percent, the lowest it has been since October 2011 and only marginally higher than the national unemployment rate of 5.7 per cent.\(^\text{49}\)

While average unemployment has fallen, unemployment rates vary considerably across the state. Unemployment in the Break O’Day and George Town municipalities in the north of the state is over 12 per cent, whereas in Hobart and Kingborough the unemployment rate is 4.5 and 3.7 per cent respectively.\(^\text{50}\) While the North West has historically been an area of social disadvantage, northern Tasmania is currently experiencing rising unemployment and economic challenges.

**Figure 3** Employment by region Tasmania\(^\text{51}\)

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\(^{48}\) http://www.utas.edu.au/underwood-centre/home

\(^{49}\) Trends Tasmanian Labour Market Review, Department of Employment January 2017

\(^{50}\) Department of Employment, Small Area Labour Market - September Quarter 2016

Tasmania is comparable to many other regions across Australia, although it is ageing much faster and has the most regionally diverse employment with just 44 per cent of jobs in Hobart. Stronger employment growth is expected for Tasmania over the five years to November 2020 (up 5.1 per cent)\textsuperscript{52}.

\subsection*{1.4.2 Youth Unemployment}
Youth unemployment statistics, however, are high. In South East Tasmania the youth unemployment (15-24 year old) rate of 19.6 per cent in January 2016, makes the region one of the top five youth unemployment hot spots in Australia. Launceston and the North East also made it into the top 20 regions in Australia for highest youth unemployment with 16.9 per cent youth unemployment in January 2016. This was significantly higher than the Australian average of 12.2 per cent and is concerning for a region with a declining population of workforce aged people\textsuperscript{53}. A Youth Employment Forum was held in 2015 by the State Government, Colony47, TasCOSS and the Youth Network of Tasmania which created recommendations for initiatives and support of youth employment.

\subsection*{1.4.3 Hours worked}
Tasmania has the highest incidence of part-time employment nationally with 36 per cent of workers employed on this basis compared to under 30 per cent nationally\textsuperscript{54}. Full-time employment decreased by 3.0 per cent over the year to January 2017, while part-time employment increased by 7.0 per cent, possibly a reflection of an ageing workforce preference for part time work\textsuperscript{55}.

\subsection*{1.4.4 Participation rate}
The participation rate in Tasmania for January 2017 remained steady at 59.7 per cent. The national participation rate was 64.6 per cent\textsuperscript{56}.

\subsection*{1.4.5 Ageing workforce}
The workforce in Tasmania is ageing more rapidly than any other state in Australia with mature aged workers (over 45 year age group) making up 45 per cent of the workforce for the state, compared with 39 per cent for the rest of Australia, as at July 2015. Although the proportion of the workforce who are young (15 to 24 years) is similar to the national average.\textsuperscript{57}

Below is a comparison of the age of the Tasmanian workforce compared to the national average, illustrating the large numbers in Tasmania of mature aged working age population. The ageing demographic is also more pronounced in regional Tasmania. For instance, the median age of the population on the State’s east coast is 54.2 compared to the Australian average of 37.3 years old. That is, half the population on Tasmania’s east coast is over 54 years of age.\textsuperscript{58}

\textsuperscript{52} Australian Jobs 2016 \url{https://docs.employment.gov.au/system/files/doc/other/australianjobs2016_0.pdf}
\textsuperscript{53} Brotherhood of St Lawrence \url{http://library.bsl.org.au/jspui/bitstream/1/9004/1/BSC_Aust_youth_unemployment_hotspots_Mar2016.pdf}
\textsuperscript{54} Australian Jobs 2016 \url{https://docs.employment.gov.au/system/files/doc/other/australianjobs2016_0.pdf}
\textsuperscript{55} Department of Employment, Trends - The Tasmanian Labour Market Review, January 2017
\textsuperscript{56} ABS, 6202.0 Labour Force, Australia, Jan 2017
\textsuperscript{57} \url{http://lmip.gov.au}, Regional Profile Tasmania
\textsuperscript{58} \url{http://lmip.gov.au}, Tasmanian Population by Age Group vs the National Level, July 2015
1.4.6 Literacy and numeracy

The proportion of adult Tasmanians with low literacy skills is high. The 2006 Adult Literacy and Life Skills Survey by the Australian Bureau of Statistics found that around half of the Tasmanian population aged 15–74 years lack the literacy skills needed to cope with the demands of everyday life and work. For example, 49 per cent of adult Tasmanians do not have the basic skills needed to understand and use information from newspapers, magazines, books and brochures. Overall, at the time of the 2006 Census, Tasmania had the lowest level of adult literacy skills in the nation and there had been no improvement in adult literacy levels since they were last measured in 1996.

Results from the international Programme for the International Assessment of Adult Competencies (PIAAC) and Australian Bureau of Statistics released in October 2013, show that on average, older Australian’s have lower literacy and numeracy levels than the rest of the population, with assessed scores declining from the late 40s. Literacy and Numeracy skills are presented on a sliding scale with Level 1 being the lowest and Level 5 the highest. While Tasmania’s literacy outcomes are low, they are comparable with other states.

The State Government has developed the 26TEN Adult Literacy and Numeracy Strategy 2016-2025 to provide a framework to address low literacy outcomes in Tasmania and the number of people with a goal of increasing the percentage of adults with literacy at or above OECD level 3 from 49.8 to 60 per cent by 2025.

59 ABS, 4228.0 Programme for the International Assessment of Adult Competencies, Australia; 2011-2012
60 https://26ten.tas.gov.au/Pages/Strategy.aspx#new-strategy
Tasmania’s low levels of adult literacy are influenced by a range of factors including the higher prevalence of older persons in the population, and lower school retention rates and post-school qualifications. Information from the Australian Bureau of Statistics suggests that Tasmanians in regional municipalities tend to have lower literacy levels compared to those living in major metropolitan areas.\(^{61}\)

While Tasmania has the lowest levels of literacy and school retention in the country, students are performing comparably to other states in national testing (NAPLAN) and in the 2016 NAPLAN results, Tasmania showed steady or increasing results across reading and numeracy.

**Figure 6 NAPLAN Achievement of Students in Reading Tasmania 2008-2016, compared to the National Minimal Standards (NMS)\(^{62}\)**

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<td>574.1 (68.2)</td>
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<td>% at or above NMS</td>
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<td>90.6</td>
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<tr>
<td>Year 7</td>
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<td>534.5 (69.0)</td>
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\(^{61}\) Department of Education, Tasmanian Adult Literacy Action Plan 2010-2015

1.5 Workforce opportunities

It is important to understand both the current and future scenarios for which people are studying and training. Growth is projected in agriculture, tourism and service industries like health, education and retail. Investing in skills ahead of demand helps industries to develop. For Tasmanians studying vocations for jobs which have not come on-stream yet, transferable and adaptive skills become vital. These traditionally include communication, team work, problem solving, working with information technology, and managing and organising skills. Teaching entrepreneurship is one way to provide an individual these skills, it also helps them learn how to create opportunities for themselves.

1.5.1 Tasmanian Skills Strategy

Eight priorities and associated actions are identified in the Ministerial Priorities for Training and Workforce Development 2016, including areas for improvement that affect demand and skill profile:

1. A workforce for a competitive future.
2. Skills for a growing population.

3. Building business capability and entrepreneurial spirit and helping young Tasmanians to succeed at work.
4. A responsive and contemporary TasTAFE.
5. Encouraging high-quality training providers.
6. Responding to emerging skills needs.
7. Addressing inequality, taking advantage of opportunity.
8. Supporting Tasmanians and Tasmanian businesses to adapt and grow.

These are the short and mid-term focus of the longer term Investing in Skills for Growth strategy that was released in November 2014.

1.5.2 Changes in industry employment levels

Employment growth over the last five years has occurred mainly in the service sector, while employment in more traditional industries has declined. Based on the number of people employed in the largest industries, Tasmania appears to have a lower level of economic diversity, when compared to the national average. Tourism directly and indirectly supports around 37,500 jobs in Tasmania or about 16.2 per cent of total Tasmanian employment. This is higher than the national average; the highest in the country. It directly supports around 15,000 jobs in Tasmania or about 6.5 per cent of total Tasmanian employment.
Other industries that employ a greater percentage of the Tasmanian workforce compared to nationally include retail trade, agriculture, forestry and fishing, public administration and safety, and accommodation and food services. Industries where there is a lower percentage of Tasmanians employed compared to the national average are mining, financial and insurance, and the professional, scientific and technical services industry.

1.5.3 Skill shortages

Despite high unemployment, Tasmania still experiences skill shortages particularly in trades, health and education. The Australian Government Skills Shortage List Tasmania was updated in 2016. The trend of skill shortages in the construction, automotive and engineering sectors is continuing, with emerging skill shortages in chefs, arborists and hairdressers.

1.6 Tasmania’s low economic productivity

Tasmania’s per capita gross state product was 26.9 per cent below the national average in the 2015-2016 financial year. Although this represents an improvement on the previous four years, it is indicative of the gap in income and economic performance between Tasmania and the rest of Australia. The reasons for this below average performance is threefold. Of the difference in 2015-2016:

- about 39 per cent was due to the employment participation gap - the proportion of Tasmanians with a job was 3.4 percentage points below the national average;

- about 43 per cent was due to the hours worked gap - Tasmanian's in employment on average worked about 1.5 fewer hours a week (or nearly 12 days a year) than the national average; and

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67 Department of Employment Trends December 2015
• about 18 per cent was due to the **labour productivity** gap - Tasmanian employees produce on average 18 per cent less per hour worked than the average Australian workforce as a whole.

**Figure 8  Decomposition of the sources of the difference in per capita gross product between Tasmania and Australia 2015-16**

The labour productivity gap between Tasmania and the rest of Australia has widened steadily over the past 13 years. Further, our ageing population profile will, if other factors remain the same, continue to decrease our comparative participation rates and hours worked gap. While Tasmania does have a below average share of intrinsically highly productive industries, it is also the case that our education and skills levels are below the national average and this will be slow to change.

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69 TCCI Tasmania Report 2016 Chart 1.31 Source: ABS, State Accounts (5220.0), 2015-16; and Labour force (6202.0), October 2016

70 TCCI Tasmania Report 2016
2. Sustainable communities and population growth

2.1 Economic

2.1.1 Socio economic profile

Tasmania is capable of creating a wide range of career and lifestyle choices however it continues to achieve below average socio and economic outcomes for residents. Tasmania is not without its opportunities, but slow economic growth and the challenge of improving the region’s socio-economic profile complicates the task of growing the economy.

The average weekly income for a full-time adult working in Australia in 2016 was $1,516, an increase of 2.1 per cent since 2015. However, Tasmanian weekly income earnings were well below the Australian median with an average income of $1,334\textsuperscript{71}. Despite some recent improvement, Tasmania remains Australia’s poorest state.

Over the past 12 months the unemployment rate has improved, but the labour force participation remains low in Tasmania compared to other states and territories. Tasmania’s significantly below average labour force participation rate is due in part to an above average proportion of Tasmania’s population being above the traditional retirement age\textsuperscript{72}. Low participation in the workforce also contributes to low overall income levels because a lower portion of the population are earning a salary.

A change from full time work positions to part time work positions is evident with 14,400 positions or 8.6 per cent drop since 2008 compared with an increase with mainland states over the same period.\textsuperscript{73} Comparably part time employment has risen by 13,400 positions or 10 per cent over the last 5 years compared with an increase on the mainland of 25.1 per cent.

Figure 9 Average hours worked states and territories 2015-16 and Tasmania and Australia 2015-16

\textsuperscript{71}http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6302.0Main%20Features5May%202016?opendocument&tabname=Summary
&prodno=6302.0&issue=May%202016&num=&view=

\textsuperscript{72}TCCI Tasmania Report 2016 Chart 1.25 Source: ABS Labour force (6202.0), October 2016

\textsuperscript{73}TCCI Tasmania Report 2016 Chart 1.26 Source: ABS Labour force (6202.0), October 2016
A generational issue for Tasmania’s economy is that of education levels and school attainment. Tasmania has high levels of early school leavers and low rates of education qualifications, particularly in rural and remote areas. This has an impact on employability, productivity and income rates.

One third of Tasmanian households’ main source of income is from government pensions and allowances, and 10.7 per cent of Tasmanians live below the poverty line.

Public debate on this matter is divided between directing resources towards overcoming disadvantage versus accepting there is part of the population content with income support dependency.

2.1.2 Socio Economic Position

Tasmanians are poorer, on average, than other Australians. They earn less from working than other Australians; although more of them own their own homes, those homes are on average worth less than homes in other parts of Australia; and Tasmanians have fewer other assets (investment properties, superannuation savings, shares and the like) than other Australians. Tasmanians are more likely to be reliant on social security payments than other Australians.

Tasmanians’ gross (or ‘primary’) household income – that is, before taking into account (in particular) the effects of income tax payments and social security benefit payments – averaged out to about $91,700 per household in 2015-16, which was $43,600 per household or 32 per cent less than the national average of almost $135,300 per household (Tasmanian gross household income per head was ‘only’ 28 per cent below the national average in 2015-16, because the average Tasmanian household is slightly smaller than the national average, another consequence of an older population). By far the largest single reason for Tasmanians’ lower than average household income is that Tasmanians earn less from working than other Australians.

‘Employee compensation’ (wages, salaries and fringe benefits) per household averaged out to just under $57,500 in 2015-16, nearly $29,500 or 34 per cent below the corresponding national average of $86,950 per household.

There are three reasons for this:

- **first**, only 46.2 per cent of Tasmanians worked in 2015-16, compared with 49.6 per cent of all Australians;
- **second**, that (as also discussed in Section 1) those Tasmanians who did work, worked an average of 1½ fewer hours per week (or almost 12 days a year) less than the Australia-wide average; and
- **third**, working Tasmanians were paid an average of $32.46 per hour in 2015-16 $8.28 per hour or 20.7 per cent less than the national average.

The main reason for the difference in hourly pay is that (as discussed in Section 1), Tasmanian workers produce $14.80 (or 18 per cent) per hour less by way of dollar value of goods and services than the national average.

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27. ABS, State Accounts (5220.0). 2015-16; Household and Family Projections, Australia (3236.0).
Taking this into account, Tasmanian unit labour costs (employee compensation per dollar value of goods and services produced) were only 80c (or 2.8 per cent) below the national average in 2015-16.

This highlights the point that Tasmanians’ lower participation, working hours and productivity does not just affect the broader economy or business, it directly affects their incomes as well. In addition to their lower labour incomes, Tasmanian households earned about $4,900 less than the national average from investment income (interest, rent and dividends) in 2015-16. This is a direct result of the fact that the average net worth of Tasmanian households was, at last count, some $245,000 or 30 per cent less than the national average. The lower average value of Tasmanian real estate is also reflected in the lower ‘gross operating surplus of dwellings’ imputed to Tasmanian households.

Finally, Tasmanian households earned an average of $2,800 or 18 per cent less than the national average by way of income from unincorporated businesses (including farms) in 2015-16. The large disparity in average gross household incomes between Tasmania and the rest of Australia is substantially ameliorated by the operation of the national personal income tax and social security systems.

Tasmanians pay a smaller proportion of their (lower) gross incomes in tax than the people of any other state or territory, whilst a higher proportion of Tasmanian households are reliant on government pensions and allowances as their main source of income than in any other state or territory. As a result, Tasmania is the only state or territory, apart from South Australia, whose households receive more by way of social security benefits than they pay in personal income taxes and, Tasmanians receive considerably more per head of population by way of benefits less taxes than South Australians.

The net effect of this redistribution of income is to reduce the margin between Tasmanian household disposable income per household and the national average to just under $25,000 per head (or about 20 per cent) (considerably less than the $43,600 (or 32 per cent) difference in ‘market income’ per household.

Figure 10  Social security payments per household states and territories 2015-16 and income tax payments per household states and territories 2015-16

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78 TCCI Tasmania Report 2016 Chart 4.25 and 4.26 Source: ABS State Accounts (55220.0) 2015-16: Household and Family Projections, Australia (3236.0)
According to the July 2016 COMSEC State of the States Report, Tasmania remains at the bottom of the Australian economic performance table; only marginally behind South Australia. Tasmania is ranked in eighth position fifth ranked on four positions and ranked last on ‘starts’ and economic growth.

2.1.3 Changes in industry composition and challenges these present

Figure 11 Change in real gross value added by industry, Tasmania 2015-16

Changes in industry composition over the last five years (as measured by employment) shows that areas such as services, administration and retail trade have grown. However, industries with strong export and wealth creating potential such as agriculture, manufacturing and mining show a decline. While there is growth in activity and value of industries such as aquaculture and dairy, moves towards efficiency and global competitiveness will see limited employment growth in many industries that are key to the Tasmanian economy.

Nationally, as well as in Tasmania, employment has been dropping in key sectors including manufacturing and agriculture, fishing and forestry. Large scale heavy manufacturers have closed their doors or moved overseas to countries with lower wages and with labour conditions that are favourable to employers.

Industry growth is supported by strategic planning around areas including: skills development, regional co-operation, research and development along with marketing and infrastructure investment.

There is a role for Tasmanian and Australian Government support to facilitate growth, particularly in industries with strong potential of economic and employment growth. Tasmania’s comparative advantages and the industries that drive core economic activity are detailed further in Section 4 of this Regional Profile.

79 TCCI Tasmania Report 2016 Chart 1.5 Source: ABS State Accounts (55220.0) 2015-16
80 Labour Market Information Portal employment by industry five year time series 2010 - 2015
While industries such as manufacturing and agriculture, fishing and forestry continue to be vital to Tasmania’s economy (especially agriculture which is expected to grow as a result of the roll-out of irrigation schemes), they will not be the industries driving jobs and population.

High employment growth has occurred in areas such as health care (partially driven by the ageing of population), retail trade, education and training, tourism, public service and professional services. Some sectors such as public administration and retail trade are driven by population growth; while research, education, professional services and to some extent construction, generate economic growth. These jobs are mostly found in the urban centres of Hobart, Launceston, Burnie and Devonport.

2.1.4 Priorities and opportunities

Tasmania has many challenges compared to other regions and its economic performance is comparably slower. According to the July 2016 COMSEC State of the States Report, Tasmania remains at the bottom of the Australian economic performance table only marginally behind South Australia. Tasmania is ranked in eighth position fifth ranked on four positions and ranked last on ‘starts’ and economic growth.

Tasmania as a region has competitive advantages in a number of key industry sectors. Key industry sectors are recognised by the Tasmanian Government as those with the potential to make the most of Tasmania’s competitive advantages. Knowledge of the needs of these growth sectors is critical for input into issues such as infrastructure, skills, land-use and regional planning. The key industry sectors have flow-on effects into major employment sectors including retail and the service sectors.

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81 TCCI Tasmania Report 2015 Chart 2.3 Source: ABS Labour Force Australia Detailed, Quarterly (6291.0.55.003) August 2015
Tasmania's key industry sectors are:\(^{82}\)
- Advanced manufacturing
- Antarctic and Southern Ocean
- Digital services and information technology
- Food and agriculture
- Forestry
- International education
- Mining and mineral processing
- Science and research
- Tourism

Different industry sectors have different priority issues. For example, waste management is a priority for many industries including mining, mineral processing and red meat, while irrigation is a priority for vegetables, dairy and wine. Agricultural sectors are concerned about the cost and availability of labour, while manufacturing, science and research, and tourism sectors are concerned with skill shortages.

Modern economies like Australia increasingly become economies driven by knowledge intensive industries, professional services, business and personal services. Tasmania too has been following this path and is becoming a service oriented economy. Research institutions, the university, education and health organisations, and professional services have all grown strongly. Some examples of industries that could generate the growth of net additional jobs to 2050 are:\(^{83}\):
- Professional services – 30,000 jobs
- Research and education – 15,000 jobs
- Niche manufacturing – 5,000 jobs
- Tourism – 5,000 jobs
- Population serving – 25,000 jobs

These are mostly ‘knowledge intensive’ jobs. Research shows that these jobs prosper in places that offer high urban amenity, diversity of housing, good access to skilled labour, access to markets and strong branding. There is a need to invest and support liveability and Tasmania’s cities which are going to accommodate the majority of the State’s future growth, in addition to the traditional support for industries such as manufacturing, agriculture, forestry and aquaculture\(^{84}\).

### 2.2 Environment

Tasmania’s environment is variable and diverse and has a wide range of terrestrial, freshwater and marine plants and animals. Changes to ecosystems have occurred due to interrelated pressures including climate change, land and water use practices, pests and diseases, and consumption.

Twenty-five percent of Tasmania is protected inside reserves such as national parks. This provides both opportunities and challenges to leverage the economic benefits through developments such as


\(^{83}\) SGS Tasmanian Insights Bulletin October 2015

\(^{84}\) SGS Tasmanian Insights Bulletin October 2015
tourism. For example, planning for future growth and investment at the Cradle Mountain visitor precinct through re-alignment and expansion of the visitor services.

Tasmania is the most forested state in Australia with 3.706 million hectares or 54 per cent of its land under forest cover. The Tasmanian Forestry Intergovernmental Agreement protected additional areas of forests including 120,000 hectares added to the Tasmanian Wilderness World Heritage Area. The Australian Government has made an application to the UNESCO World Heritage Committee to have 74,000 hectares of Tasmanian forests delisted on the basis of some land being degraded from previous use; however, this bid was unsuccessful.

Tasmania’s marine waters are much less protected than our terrestrial environment, with only 3.5 per cent of the state’s waters in marine reserves.

Over the past 50 years, Tasmania’s climate has been changing. Across the state average temperatures have increased by 0.8–1.0°C, and rainfall has declined in most of the settled areas. It is predicted the maximum temperature will continue to increase and that sea levels will rise between 20 and 60cm by 2095.

Tasmania’s Climate Change Office set carbon emissions targets for Tasmania that aligns with the Australian targets specified under the Kyoto Agreement. Climate Smart Tasmania: A 2020 Climate Change Strategy outlines Tasmania’s plan for action by state government on climate change.

The projected increases in both minimum and maximum temperatures are likely to require changes to agricultural practices, including changes to crop choices, reduced time to crop maturity, changes to crop yields and crop quality, rainfall patterns, and changes in the incidence and severity of weeds, pests and diseases. Primary production and urban development has led to increasing pressures on natural values, including the clearance and modification of native vegetation and landforms for agriculture, forestry and settlements. Tasmania has the highest proportion of agricultural land under irrigation of any Australian state.

Tasmania has less than one per cent of Australia’s total land area, but captures almost 12 per cent of the nation’s total annual water run-off. Tasmania’s varying soil types and opportunities provided by climate change create a diversity of agricultural, forestry and grazing possibilities.

2.2.1 Natural resource management (NRMs)

RDA Tasmania has an MOU with the three regional natural resource management (NRM) bodies in Tasmania to ensure a better understanding of environmental issues as they relate to regional development. Preparation of a regional plan for each NRM region that is nationally consistent will consider potential issues for each region.

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85 Australia’s Forests at a Glance 2015
88 http://www.dpac.tas.gov.au/__data/assets/pdf_file/0004/140197/CFT_Impacts_on_Ag_Summary.pdf
Priorities for the NRM for Tasmania:

- developing carbon farming opportunities for the regions;
- climate change and energy efficiency initiatives for business;
- food and biosecurity for Tasmanian primary producers and landowners;
- land management;
- enhancing partnerships with land carers.

2.2.2 Clean Energy

Tasmania is uniquely positioned with the majority of its energy needs derived from renewable sources. Alternate fuels including biodiesel, biomass, solar and wind turbines are being introduced to supplement mainstream energy generation. While Tasmania is well ahead of other states in the percentage of renewable energy used, the existing transmission infrastructure may need upgrading in order to absorb energy generated from a variety of sources.

Using this opportunity to promote Tasmania as an innovative and progressive energy producer will provide possibilities for industry to derive their energy needs from a predominantly renewable source with flow on effects for business, including reduced cost of production and the potential for carbon offsets.

2.2.3 Tasmanian biosecurity and wildlife

The state Department of Primary Industry, Parks, Wildlife and the Environment supports the Environment Protection Authority in monitoring and regulating environmental performance and reporting on key performance indicators. The EPA also oversees quarantine regulations.

Tasmania has some of the world's most stringent quarantine regulations to protect the State's plants, crops and animal industries from introduced pests and diseases. Additionally, Tasmania has extended indefinitely the State’s moratorium on genetically modified crops and animals. A specialist Biosecurity Division is being established to strengthen the State’s frontline against the threat of exotic weeds, pests and diseases. Biosecurity Tasmania, within the Department of Primary Industries, Parks, Water and Environment, aligns all the State's biosecurity resources, from quarantine to diagnostic services, community awareness and invasive species within the one section to protect Tasmania’s primary production, economy, natural environment and quality brand.

In May 2008, the iconic Tasmanian devil’s status was formally upgraded to ‘endangered’ under Tasmania’s Threatened Species Protection Act 1995. Devil facial tumour disease (DFTD) is a rare infectious cancer that is spreading through wild Tasmanian devil populations. In the far north east of Tasmania, devils declined by 96 per cent in 2010–11. However, in the North West of the state, where the tumour has not been detected, populations appear to have increased by 7 per cent. Insurance populations and ongoing research are being used to try and manage the threat to the State’s most well known animal.

2.2.4 Tasmania’s environmental future

Tasmania’s reputation as a ‘Clean Green State’ is one that has been long standing and supports exports and tourism with the region being recognised as a quality producer and pristine destination.
Tasmania benefits from a number of natural advantages including regular rainfall, temperate climate and a natural biosecurity deterrent as an island state. Our natural landscape and beauty is a key drawcard for tourists and a strong part of the Tasmanian brand and our identity.

However, these natural advantages will need to be managed to ensure the use of natural resources including water, forestry and fisheries is in line with the expectations of the community and business. A senate inquiry was held in 2015 into Tasmania’s Fin Fish industry which released findings in August 2015. After extending the timeframe due to a large number of submissions, the inquiry strongly backed Tasmania’s salmon industry, making only three recommendations for minor improvements.

Maintaining best practice quarantine control will remain a challenge for Tasmania in respect to international trade and the importation of overseas products that may be considered a threat to localised produce. A specialist Biosecurity Division is being established to strengthen the State’s frontline against the threat of exotic weeds, pests and diseases. Biosecurity Tasmania, within the Department of Primary Industries, Parks, Water and Environment, aligns all the State’s biosecurity resources, from quarantine, to diagnostic services, community awareness and invasive species within the one section to protect Tasmania’s primary production, economy, natural environment and quality brand.

The use of technologies in the management of biodiversity and pest control has been further enhanced with the ongoing roll out of the Sense-T network, including the expansion of sensor networks in agriculture and horticulture throughout the State. This network will enable better management in areas of pest control, fertiliser applications and soil management whilst extracting regular seasonal data.

Partnerships in land care management continue to evolve out of the shared vision to rehabilitate and restore vegetation in vulnerable areas or biodiversity ‘hotspots’. The Tasmanian Midlands restoration project involving Greening Australia, UTAS, TFGA and landholders has helped to restore existing degraded farmlands into grassy woodlands which will enhance the existing landscape and encourage the settlement of native wildlife.

2.2.5 Water and sewerage
Tasmania’s drinking water and sewerage sector has undergone significant structural and regulatory reforms, with the existing three regional corporations amalgamated into one state wide organisation – Tasmania Water and Sewerage Pty Ltd. This new authority, TasWater, began operation in July 2013.

In 2016 TasWater proposed that $1.8 billion would resolve Launceston’s combined water and sewage issues, relocate the sewerage works at Hobart’s major CBD development site Macquarie Point and eliminate ‘boil water’ and ‘do not consume’ alerts that are common in some regional communities.

Tasmanian Irrigation was created on the 1st of July 2011 as the single Tasmanian Government irrigation entity responsible for irrigation development and operation. Tasmanian Irrigation is taking...
five new projects from feasibility assessment through to the construction and operational stages through Tranche 2 of its irrigation program.

Tranche 2 has been financially supported by securing funding commitments of $60 million from the Australian Government and $30 million from the Tasmanian Government.

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This investment in long term irrigation infrastructure will further ‘future proof’ farming in Tasmania against drought and unseasonal conditions to ensure consistent productivity and improved economic growth opportunities in agriculture.

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99 Tasmanian Irrigation, 2015 Annual Report
2.3 Social

2.3.1 Urban growth pressures (including housing, land and water management issues)

Tasmania is characterised by a dispersed population in low density settlements. Greater Hobart is one of the least densely settled Australian cities with some of the highest levels of low density housing stock. Of all the states and territories, Tasmania had the highest proportion of its population residing outside of its greater capital city (58 per cent) at June 2012. Urban based local government areas (LGAs) are more likely to have higher population growth than rural or remote LGAs.

As part of the Government’s regional planning initiative, each council in the State’s three regions is preparing an interim planning scheme in line with existing Regional Land-Use Strategies. This reform will create contemporary and more consistent planning schemes across the State. Each will be considered within its regional context.

Across Tasmania the strategies and plans are forecasting low population growth and low levels of industrial development. This low demand is demonstrated in low levels of residential construction and high rates of rental vacancies, currently around 5 per cent in the Hobart area. It is perceived that over the next 20 to 25 years existing urban boundaries will accommodate new urban development without any need for expansion of urban areas. The advantage of this is that new developments will be well connected to existing communities, utilities, services and transport options. Beyond the urban communities, population decline in regional and remote areas has put pressure on the viability of service provision such as education and health.

The Greater Launceston Plan is currently underway and is a major planning initiative directed to provide a framework and strategic direction to coordinate future planning and development in the greater Launceston area (the municipalities of George Town, Launceston, Meander Valley, Northern Midlands and West Tamar). It is being coordinated by the City of Launceston.

On the North West Coast of Tasmania, the Devonport Living City program is an initiative that will deliver a transformation of the CBD and reinvigorate the retail and service industry sectors. This regional project will provide economic stimulus and indirect benefit to other regional communities including employment and skill development. Devonport City Council were successful National Stronger Regions Fund Round 1 applicants and will receive a $10 million grant from the Australian Government.

The Tasmanian Government Planning Reform Taskforce was appointed in May 2014 to replace the current 29 interim planning schemes with a single statewide planning scheme. Its purpose is to provide consistency across the state to facilitate development.

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100 Australian Bureau of Statistics, Cat No. 3218.0 Regional Population Growth, Australia, 2011-12, April 2013
101 http://www.planning.tas.gov.au/the_planning_system/planning_reform/draft_interim_planning_schemes
102 Structural Changes in the Tasmanian Economy, Department of Treasury and Finance, April 2013
103 Living On The Coast, Cradle Coast Regional Land Use Strategy 2010 – 2030, Cradle Coast Regional Planning Initiative
104 School Viability Reference Group Report to the Minister for Education and Skills, 31 January 2012
2.3.2 Cultural diversity

Tasmania’s cultural diversity is the result of a rich history of migration to the state. In 2012, more than 57,650 people or 11.6 per cent of the total Tasmanian population were born overseas.

Though this is below the national average of 26.1 per cent of the Australian population born overseas, Tasmania is a cultural, religious and linguistically diverse region with migrants coming from 170 countries. People born in the United Kingdom represented 40.4 per cent of the overseas-born population of Tasmania. Other major countries of birth for Tasmania were New Zealand, the Netherlands, Germany and the People's Republic of China.

A total of 8996 migrants have recently settled in Tasmania, 0.9 per cent of all permanent migrants who arrived in Australia between January 2007 and the night of the 2011 Census. Hobart has attracted the majority (57.2 per cent) of Tasmania’s recent migrants, although this is only 2.4 per cent of the city’s population, well below the national average of 6.0 per cent for all capital cities.

The number of international students in Tasmania at 30 June 2012 was 2750, up 2.4 per cent on the end of June the previous year. On the basis of citizenship, most students came from the People's Republic of China (790), Malaysia (470) and the Republic of Korea (190). At the University of Tasmania, 14 per cent of students are from overseas and the University aims to increase this number over the next ten years.

Indigenous Population

There are 20,000 people who identify as Aboriginal and/or Torres Strait Islander, or 4 per cent of Tasmania’s total population. Nationally, the figure is 2.5 per cent. There was a significant (17.1 per cent) increase recorded by the Australian Bureau of Statistics (ABS) in the Aboriginal population in Tasmania between 2006 and 2011. This is more than four times the increase in the total population. The Aboriginal population in Tasmania, as recorded by ABS Censuses, grew by 13.8 per cent between 1996 and 2001, by 5.8 per cent between 2001 and 2006, and 17.1 per cent between 2006 and 2011.

The age profile of the Aboriginal population in Tasmania is also very different to that of the general population. As mentioned above the median age of the total Tasmanian population is 40, but for Indigenous people in Tasmania it is 22 years old.

2.3.3 Health and ageing

Health


The health of Tasmania is improving with longer life expectancy and generally good self-reported health. Mortality rates are improving but the incidents of potentially avoidable mortality are significantly higher than the national average. Tasmanian women have a lower life expectancy than the Australian average and the gap is widening, mostly attributable to higher smoking rates in Tasmania.
Across most health measures Tasmania performs worse than all other states except the Northern Territory, with interstate metropolitan areas being statistically the healthiest communities. When compared to regional Australia rather than metropolitan areas, Tasmania is on a par. Tasmania is categorised as inner regional (98 per cent of population) or outer regional (2 per cent of population).

Health differences associated with regional areas are linked to socio-economic and cultural conditions, the so-called behavioural risk factors of a sedentary lifestyle, over-nutrition, smoking and excessive alcohol consumption. Statistics reveal 28.8 per cent of Tasmanian children aged 5 to 17 are obese, and the rate of obesity in Tasmanian adults is 65.6 per cent. 21.8 per cent of Tasmanian adults smoke daily compared to 16.3 per cent across Australia, and Tasmania records higher levels of alcohol consumption at rates that increase short-term risk of harm, 48.9 per cent, than the national average of 44.7 per cent. Cardiovascular disease, cancer, type 2 diabetes and mental health are associated with these problems.

However, Australian Bureau of Statistics figures show that Tasmania has achieved its best ever results in participation levels for sport, recreation and physical activity during 2011/12. The statistics show that 26.5 per cent of Tasmanians aged 15 and over took part physical activity for exercise, recreation or sport at least three times weekly in 2011/12. This places Tasmania second among Australia’s states and territories, equal with Western Australia, for regular participation, ranking below only the Australian Capital Territory (33.6 per cent). This represents Tasmania’s highest ever ranking and is the first time in the history of sport and recreation surveys that Tasmania has achieved a regular participation rate that is above the national average.

It is therefore possible, albeit challenging, to remove these behavioural risks from Tasmania. The challenge however is complicated by Tasmania’s ageing population. Hospitalisation rates are increasing particularly due to people aged over 65 with chronic health problems, and cancer rates are set to increase along with the increase in older people.

**Health Infrastructure**

Ongoing capital works have added services and improved functionality at the region’s major hospitals. A $565 million joint Commonwealth and State redevelopment of the Royal Hobart Hospital is underway and the Launceston General Hospital has received $96.7 million to create a new Acute Medical Unit, the new Launceston Integrated Care Centre and expand the Department of Emergency Medicine. In Burnie, the construction of the $33 million North West Regional Cancer Centre will be completed in 2015.

**Health Policy**

The Tasmanian Government’s reform package ‘One State, One Health System, Better Outcomes’ began in 2014. The Government’s vision is for Tasmania to strive to have the healthiest population in Australia by 2025, and a world-class health care system. The goal is to give Tasmanians a better health system: a complete, statewide system that places the interests of patients at the forefront of every decision.
Heart Foundation Tasmania is advocating an initiative called A State Policy for Healthy Community Design through the Tasmanian Planning Commission framework that would potentially provide a regional approach to addressing the environmental determinants of health.  

Primary Health Tasmania was established 1 July 2015 as part of the Primary Health Networks Program – an Australian Government initiative. It is working to help coordinate and connect primary health care services for local communities; identify local health needs; work to address any service gaps and make it easier for Tasmanians to access the health services they need closer to home.

2.3.4 Quality of life issues (including desirability to live in the region)

Liveability

Liveability is a concept used to describe what people experience as positive in their communities. Generally, it’s defined as the degree to which a place supports the quality of life and health and wellbeing for people who live or visit there. Liveable places attract highly skilled and creative people who drive innovation and economic growth.

Tasmania is a remarkably liveable place and is recognised as an attractive place to live and work. Tasmania’s natural heritage, diverse range of arts and culture, lifestyle and public open spaces are all attributes of a liveable place. Promoting these attributes will be an important task in encouraging economic growth, particularly in regional areas.

Recent accolades for Tasmania include Launceston’s designation as Australia’s most family friendly city and Hobart’s becoming the travel guide Lonely Planet’s top place to visit.

Our region’s advantages include access to extensive natural areas, beaches and waterways; relatively uncrowded cities and community/visitor attractions, good quality of air and drinking water. Being an island means isolation from major population centres, which is both a challenge and an opportunity – increased costs for some services but also protection from pests and diseases.

Social inclusion in Tasmania

Social inclusion matters to the future of Tasmania. Our region is more dependent than any other state on Commonwealth income support payments. Comparatively Tasmania records lower skills and educational engagement and poorer health status than other states, all of which heighten the risks of social exclusion in the community.

State government research has found that for about 13 per cent of Tasmanians there are complex and enduring barriers that exclude them from having a fair go. These barriers include personal factors (such as health or homelessness), access factors (such as to transport or health services), and structural factors (such as intergenerational poverty and geographical disadvantage).

Those places most at risk have become entrenched pockets of disadvantage and are often in the outer fringes of cities and towns that once were rural areas, rural towns in decline and older industrial areas.

113 Healthy Communities are Sustainable Communities – Advocacy for a State Policy for Healthy Communities DRAFT, Heart Foundation Tasmania, December 2012
114 Goal 4 State Economic Development Plan
115 Suncorp Bank Family Friendly City Report, 2013
116 Lonely Planet’s Best in Travel Top 10 Cities for 2013
2.4 Population

Tasmania has a relatively small, ageing and dispersed population. Compared to national trends, Tasmania is underpinned by an ageing population, a decreasing number of working age people, under representation of women of child-bearing age, and relatively low income, training and employment levels.\(^\text{118}\)

Tasmania’s population grew by 0.4 per cent in the 2015-16 financial year, as usual the slowest of any state, although for the second year in a row Tasmania’s population grew faster than that of the Northern Territory. Tasmania’s population growth rate in 2015-16 was the fastest in any financial year since 2010-11, while the national population growth rate was the slowest since 2005-06.

Figure 13 Population growth, states and territories 2015-2016, and Tasmania and mainland\(^\text{119}\)

One of the Tasmanian Government policy goals is to focus on growth of the economy and population. The target is to grow the population to 650,000 people by 2050. It will be necessary to grow the economy to sustain and drive such high population growth and generate (roughly) 80,000 new jobs. To sustain the targeted population growth, just over 2,000 net new jobs per annum will be required\(^\text{120}\). These jobs will be generated in industries with growth potential that are labour intensive.

Figure 14 Population Growth – Tasmania 2001-2015\(^\text{121}\)


\(^{119}\) TCCI Tasmania Report 2016 Chart 4.1 and 4.2. Source: ABS State Accounts (5220.0) 2015-16

\(^{120}\) SGS Tasmanian Insights Bulletin October 2015

\(^{121}\) Saul Eslake presentation ‘TCCI Tasmania Report’ November 2015
Tasmania also has the poorest health outcomes for the nation and high levels of preventable diseases, contributing to the state’s life expectancy being several years below the national average. The population profile varies significantly throughout Tasmania, which has implications for future settlement planning. Tasmania has a much lower proportion of people aged 20 to 44 years than the national average, which is shown below in comparison with Victorian net internal migration.

Net interstate migration in the twelve months to September 2013 was a net outflow of 1,800 people from Tasmania, compared to Victoria that had a net gain of 6,900 people over the same period

Figure 15 Net Migration to Tasmania and Employment Growth / Relative Property Prices

2.4.1 Population growth

The ABS estimate that Tasmania’s population increased by 2,471 persons or 0.5 per cent over 2015-2016. The majority of this population growth was in Greater Hobart that grew by 0.8 per cent over the year and the rest of Tasmania grew by 0.2 per cent. Nationally, population growth for 2015-2016 was estimated to be 1.4 per cent. As at 30 June 2016, Tasmania’s population was 519,063 persons, with 222,802 residing in Greater Hobart and 296,261 in the rest of Tasmania. Over the 2015-2016 period, Tasmania had the same population growth rate as South Australia and had higher growth than the Northern Territory.

Over the last ten years, Tasmania’s population is estimated to have grown by 7.2 per cent in comparison to 17.3 per cent population growth for the whole of Australia over that time. The population in the southern region grew by 9.0 per cent, while the population in the north grew by 5.4 per cent and in the north-west by 5.2 per cent.

The majority of towns have a population of less than 5,000 people. Approximately 58 per cent of the Tasmanian population lives outside greater Hobart compared, for example, to 26 per cent of people living outside of Sydney in NSW; making Tasmania the most decentralised state in Australia.

In addition, the dispersion of population in the three regions of Tasmania must be understood. In southern and northern Tasmania the population is concentrated in the main population centres of

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122 Source data: ABS Cat No 3101.0
123 TCCI Tasmania Report November 2015 Chart 5.3 and 5.4 Source: ABS Australian Demographic Statistics (3101.0) March 2015; Labour Force Australia (6202.0) August 2015
125 Trends - The Tasmanian Labour Market Review March 2014
126 Trends - The Tasmanian Labour Market Review August 2012
Hobart and Launceston. On the North West coast, the population is dispersed in smaller settlements mainly across the northern coast. In each region, localised approaches are needed to overcome challenges associated with our dispersed population such as planning regulations, transport and the provision of services.

Urban based local government areas (LGAs) are more likely to have higher population growth than rural or remote LGAs. In general, urban LGAs are more likely to have a younger median age and a greater proportion of their population who earn over $1,000 per week, compared to rural LGAs. The location of university campuses appears to have a significant impact on the concentration of people born in non-English speaking countries.127

**Figure 16** Proportion of Tasmanian population in major cities versus regional Tasmania128

Population movements at the LGA level vary considerably across the state. The local government areas with the largest population percentage increase between 2003 and 2013 are Latrobe at 25.1 per cent, Sorell at 21.1 per cent and Brighton at 20.3 per cent. Those with the largest percentage declines in population are West Coast at 11.9 per cent, Flinders Island at 11.6 per cent and King Island at 7.8 per cent129.

The median age of Tasmania’s population in 2011 was 40, up from 39 in 2006. The 2011 Census data shows further evidence of Tasmania’s ageing population. The local government areas of Glamorgan Spring Bay, Flinders island, Tasman and Break O'Day all recorded a population with a median age of over 50 years.130

The number of 60 to 65 year olds increased by 26.3 per cent, 65 to 69 year olds increased by 21.7 per cent, and over 70s increased by 10 per cent. At the other end of the scale there appears to have been a ‘mini baby boom’ in Tasmania between 2006 and 2011, as 0 to four year olds increased in number by 8.8 per cent. It is also significant that there was growth in the 20 to 35 year old age groups, although it is below the average of 3.9 per cent for the whole population. In the 1990s people in this age group departed the state, reducing the potential labour force and compounding the ageing demographic of the population. However, this interstate migration resulted in a net ‘brain gain’ for Tasmania, increasing the percentage of adults in Tasmania holding a post-school qualification.

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127 Trends - The Tasmanian Labour Market Review August 2012
129 Trends - The Tasmanian Labour Market Review March 2014
130 Trends - The Tasmanian Labour Market Review August 2012
2.4.3 Demographic change

Tasmania’s population is ageing at a faster rate than any other state or territory. Over the next 20 years, the proportion of Tasmanians under the age of 15 is projected to decline by approximately seven per cent, while the proportion of people aged 65 years and over could grow by almost 60 per cent. Population ageing presents a number of challenges, including maintenance of sufficient workforce numbers, managing increased demand on health and social services and providing appropriate infrastructure such as transport and accommodation.

Figure 17 Percentage of population by age Australia and Tasmania (Census 2011)\textsuperscript{131}

More than half the population lives outside the capital city area, making it one of the most dispersed and transport-dependent regions in Australia. Rural and remote areas such as the West Coast, King and Flinders islands and the Central Highlands have experienced significant population decline and ageing, which has been associated with a decline in key industries. A corresponding withdrawal of services impacts viability and liveability for the remaining community.

Population Strategy for Tasmania\textsuperscript{132}

In response to being the most rapidly ageing state in Australia, and the economic growth imperative, the State Government is developing a Population Strategy and has a goal to increase Tasmania’s population to 650,000 people by 2050.

In the Tasmanian context, the bulge in the population created by the baby boomers will have largely passed by 2050. The phenomenon of population ageing is not isolated to regional areas like Tasmania; resulting in the demand for skilled labour becoming increasingly competitive globally. However, Tasmania also has the issue of losing population through emigration; 60 per cent of whom are between 20-29 years of age. The ability to attract and retain people in Tasmania will be highly

\textsuperscript{131} ABS, Census 2011
\textsuperscript{132} http://www.statagrowth.tas.gov.au/?a=100246
dependent on individual economic opportunities and the state’s relative economic performance, both within Australia and globally.

Figure 18  Reason expatriates left Tasmania\textsuperscript{133}

The success of such a policy depends on providing employment and lifestyle choices that attract and retain residents. This extends to improving the experiences of the population by enabling people to achieve their desired family size, embracing and nurturing a growing multicultural society and supporting people to achieve an effective balance between work and family responsibilities. At the same time, the strategy will need to proactively attract return migration and interstate and overseas migration without compromising opportunities for resident Tasmanians.

The Tasmanian Government will need to consider policy positions which:

- identify likely future skill and labour shortages;
- develop and apply best practice workforce planning and workforce development strategies at regional and industry levels;
- provide youth with opportunities for education and training with a direct employment outcome;
- enable people to effectively balance the responsibilities of work and family, across all generational needs;
- provide a pathway for the Tasmanian Diaspora to return ‘home’;
- identify and provide appropriate ongoing support for migrants and their families throughout the settlement process; and
- facilitate and nurture a culture of inclusiveness.

\textsuperscript{133} http://www.stategrowth.tas.gov.au/__data/assets/pdf_file/0017/100376/Background_issues_paper.pdf
3. Access to international, national and regional markets

As an island state, Tasmania is uniquely positioned in the ability to export its produce to foreign markets. Whilst geographically Tasmania is quite close to the mainland and specifically Melbourne in Victoria, transporting freight across Bass Strait is costly.

This cost imposition has a profound effect on Tasmanian business competitiveness and the ability to secure and maintain market share with other Australian and international businesses. Creating efficiencies in freight forwarding and logistics remains one of the biggest challenges for Tasmania. Finding solutions to address these challenges will take time and resources.

3.1.1 Export markets

The Australian Bureau of Statistics estimates that in the year to June 2015, the nominal value of Tasmania’s overseas merchandise exports was $2.524 billion. This represents a decline of 8.5 per cent compared to the previous year when the value of exports was estimated to be $2.760 billion.

In the year to June 2015, Tasmania’s largest export commodity categories by order of ranking were:

- processed metals and metal products - primarily aluminium, zinc and associated products (contributing $1.003 billion in value, an increase of 7 per cent from the previous year);
- ores and concentrates - primarily iron ores, tin ores and some copper ores (contributing $482 million, a decrease of 28 per cent from the previous year);
- confidential items of trade (contributing $184 million, an increase of 26 per cent compared to the previous year);
- meat products - predominantly fresh, chilled or frozen beef, and some sheep (contributing $179 million, an increase of 44 per cent compared to the previous year);
- dairy products - primarily powdered full cream and skim milk, approximately one-fifth cheese and a small amount of butter (contributing $155 million, a decrease of 18 per cent compared to the previous year);
- seafood products - primarily abalone and Atlantic salmon and approximately one-fifth rock lobster (contributing $147 million, an increase of 29 per cent compared to the previous year).

The export value of ores and concentrates is largely determined by global commodity prices. The decline in the value of dairy exports is primarily driven by a greater supply of dairy products being released onto the global market by various export countries during this period and associated downward pressure on prices.

During this same period Tasmania’s top trading partner was China, receiving goods with an estimated value of $488 million, or 19 per cent of Tasmania’s total exports. The next largest trading partners, by ranking, were Taiwan, Japan, Malaysia and Vietnam.
Figure 19  Top 20 by Country of Tasmania’s International Exports by Value (A$ millions) 2012-13 to 2014-15

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134 State Growth, Total Value of Tasmania’s International Exports by Country, 2015
Through 2011 to 2014 the Australian Dollar (AUD) was historically high and was impacting on the ability of Tasmanian companies to export. By January 2015 it approached long term trend foreign exchange rate with the United States Dollar [75-80c] but by this time market share for some companies would have been lost to international competitors.

Figure 20  Australian Dollar Foreign Exchange Rate with United States Dollar, Jan 2010 to May 2016

Trade Agreements and Trade Missions


Tasmania’s Premier announced that Tasmania’s beverage, seafood, fruit, dairy, beef, lamb, honey and fine wool producers are expected to be big winners from ChAFTA which will also lead to further growth in the tourism and hospitality sectors.

Case Study – Abalone

China is the world’s largest seafood market. Tasmania has been competing with other wild caught Abalone markets such as New Zealand and Chile which already enjoy zero tariffs into China. Tasmania is the world’s largest wild abalone resource and supplies over 25 per cent of the total annual global production of wild caught product. The CHAFTA will narrow the gap with competitors and reduce the risk of border hold ups. Quotas mean production cannot increase but marketing the

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135 Reserve Bank of Australia, Exchange Rates – Monthly – January 2010 to latest complete month of current year
sector will drive the value of Tasmanian abalone with Chinese consumers. [Tasmanian Seafood Industry Council, Fishing Today, Volume 28, Feb/March 2015]

**Case Study – Cherries** When KAFTA was introduced in October 2014 Korea’s 24 per cent tariff on cherries was immediately removed triggering a surge in exports to Korea. For example, Reid Fruits’ exports to Korea went from five tonnes to 183 tonnes over one season. [Andrew Robb MP, Minister for Trade and Investment, February 2015].

Trade missions have been coordinated by the Tasmanian Government to China, Singapore, Japan, India, Indonesia and Sri Lanka. Trade Missions are conducted with Tasmanian political and business leaders to build their knowledge and networks with potential trading partners. Trade and investment activity post-visit is anticipated to follow as relationships are developed.

3.2 **Infrastructure**

Infrastructure is one of the key levers that government has to increase productivity and economic growth and meet its policy objectives.

**Infrastructure Tasmania**

The new body to provide a coordinated approach to the planning and delivery of all major infrastructure in Tasmania, including rail, major roads, energy, ports, and water and sewerage. Infrastructure Tasmania has released its Priority Work Program for 2015-16, setting the agenda for economic growth and job creation. This program charts the way forward for the next 12 months with strategic investment in infrastructure, efficient transport and an effective freight network to ensure a coordinated, statewide approach to the planning and delivery of infrastructure.

Key deliverables include:

- deliver an integrated Freight Strategy, with a draft released for stakeholder and public consultation by the end of the year;
- developing a prioritised infrastructure project pipeline;
- completing an audit of Tasmania’s road network;
- agree on new governance arrangements for major infrastructure bids and development of a methodology for assessing and prioritizing infrastructure investment proposals.

**Infrastructure Australia**

Infrastructure Australia recently released from the Australian Infrastructure Plan the Infrastructure Priority List. This list establishes Australia’s infrastructure priorities for governments, investors, industry and the community

Within the list are national connectivity projects that will provide economic benefits for Tasmania by improving freight transport linkages to key domestic and export markets. Tasmanian projects include:
Burnie to Hobart freight corridor strategy

**Problem** - The road and rail corridor connecting Burnie and Hobart is identified in the Australian Infrastructure Audit (April 2015) as a corridor of national significance. The total Tasmanian freight network connects regional producers to Tasmania’s ports, meaning producers are reliant on the corridor to bring goods to market at competitive prices. The Direct Economic Contribution of the corridor was estimated to be $288 million in 2011, which is projected to increase to $415 million in 2031. Given the corridor’s importance to Tasmania’s transport network, there is a need for an integrated strategy to ensure its future efficiency and reliability. This strategy would facilitate the development of the corridor as a key freight route, supporting the economic productivity of regional producers and businesses.

**Proposed initiative** - The initiative seeks to develop a Burnie to Hobart Freight Corridor Strategy, which will prioritise areas for investment along the corridor, with a focus on improving intermodal freight productivity. The key elements of the strategy are to:

- identify a single, integrated package of investment priorities for road and rail based on freight demand, corridor and system outcomes;
- confirm required road and rail infrastructure standards and service levels;
- plan for appropriate road freight infrastructure standards across the state road network, including in the use of high productivity vehicles.

The strategy would be considered in conjunction with the development of the National Freight and Supply Chain Strategy, which is being recommended in the Australian Infrastructure Plan.

Derwent River crossing capacity

**Problem** - The Bridgewater Bridge does not meet contemporary loading and design standards as part of the National Land Transport Network. The bridge provides one lane in each direction, and has a posted speed limit of 60 km/h. The existing bridge and causeway are reaching the end of their serviceable lives and future refurbishments will be increasingly costly. The bridge has high maintenance costs due to its age and current operation as a vertical lift bridge.

**Proposed initiative** - The initiative involves the development of options to enhance Derwent River crossing capacity. These could include:

- rehabilitation of the existing bridge, possibly without the vertical lift capability;
- construction of a new high-level or low-level bridge adjacent to the existing Bridgewater Bridge and causeway.

3.2.1 Transport

Air and sea access is an integral part of Tasmania’s island lifestyle, it is essential to tourism and the broader economy. Business is heavily reliant on the ability of the transport system to move freight from producers to processors and on to local, national and international markets.
Ports
More than 99 per cent of freight volumes move in and out by sea making ports central to accessing markets. Tasports 2043 is the state’s long-term ports strategy. It supports a multi-port system with four main ports; Bell Bay, Burnie, Devonport and Hobart. Under this system, each port will service the specific needs of its region, for example Hobart will act as the gateway for tourism (cruise vessels) and Antarctica. By 2043 total freight volumes are projected to be only marginally higher than they were in 2008.136

As Tasmania’s economy continues to grow, regardless of the timing, there will be a need at some stage for further infrastructure investment to support ongoing and efficient movement of goods by sea on and off the island.

Freight equalisation is available for some goods and services but with restrictions. For instance, transport from the Tasmanian mainland to outlying islands attracts no subsidy as this is not considered interstate, but transport between these islands and Victoria does attract a subsidy. The Tasmanian Freight Equalisation Scheme (TFES) has been recently extended by the Australian Government to include international exports which removes the final barrier to allowing Tasmanian exporters to compete with overseas suppliers. The $205 million, four year commitment will ensure that additional support for Tasmanian exporters will be extended in line with emerging international market opportunities.

Air
The Tasmanian Government appointed the first Director-Aviation and Access Development in January 2014, as part of the Government’s strategy to maximise air and sea capacity to and from Tasmania. The role will be responsible for a whole of government approach to access issues including infrastructure, policy, investment attraction and freight and to work closely with airports, airlines, seaports, cruise lines and the freight sector to support the future development and growth of the state’s economy.

Tasmania’s largest airport, Hobart Airport, is undertaking a $38 million upgrade to lengthen the runway by up to 500 metres. This will allow Hobart Airport to become Australia’s gateway to the Antarctic. In regard to Air Freight, the potential introduction of a regular Air Cargo service to Tasmania is one initiative being considered that will reduce the cost and transport time for smaller goods. This air freight service is supporting the state’s high cost perishable materials that require fast transportation to market.

For the year ending March 2016, 88 per cent of all visitors to Tasmania travelled by scheduled air services and 12 per cent travelled by sea. The total number of visitors travelling by scheduled air was up 5 per cent and sea services were up 17 per cent from the previous year.137

Rail
In December 2009, the Tasmanian Government purchased Pacific National’s Tasmanian rail assets and established the Tasmanian Railway Corporation Pty Ltd (TasRail).

137 Tourism Tasmania, Tasmanian Visitor Survey, March 2016
Ongoing improvements to the vertically integrated freight rail business have been supported through Australian and Tasmanian Government investment to develop and maintain a viable rail service for the state that reduces the need for heavy haulage movements on the road network.

The shift from road to rail delivered value for Tasmania in 2015 in terms of; $58 million avoided road maintenance costs; $40 million avoided road accident costs; $6 million environmental cost savings.  

**Roads**

Tasmania has a road network covering approximately 24,000 kilometres. The state-owned road network consists of 3,774 km of road. Local government is responsible for over 14,000 km of sealed and unsealed roads. Road use is predominantly increasing on the major trunk roads and decreasing on lower category roads. One characteristic against this trend is larger numbers of tourists visiting certain regional areas like Bruny Island and the Tasman Peninsula.

### 3.2.2 Energy

Unlike the rest of the nation, the majority of Tasmania’s energy is sourced from renewable and low-carbon, hydro-electric generation. The Basslink cable connects Tasmania to the national energy market allowing electricity to be traded into Victoria or back into Tasmania to provide energy security.

In early 2016 Tasmania experienced one of the most significant energy security challenges in its history. This was a consequence of the combined impact of two extreme events – the record low rainfall over the Spring/Summer period combined with the first ever substantive outage of the Basslink cable. In response to the unprecedented record low rainfalls and prolonged Basslink outage, Hydro Tasmania and the Government worked closely to manage the situation together with others across government including Aurora Energy and TasNetworks. Hydro Tasmania reached commercial agreements with Bell Bay Aluminium, TEMCO and Norske Skog for voluntary load reductions, which made a significant contribution to reducing pressure on water storage levels and maintaining energy security during the extended dry period. These major industrials in the competitive international commodity markets faced lost sales and market shares once they advised their customer base of their reduction in energy supply.

A second Basslink interconnector could secure Tasmania’s energy supply, encourage investment into a further 1,000 megawatts of renewable energy and assist the National Electricity Markets shift away from fossil fuels. A preliminary report by Warwick Smith AM for the Department of Industry estimates the cost at $1 billion.

Renewable hydro and wind power currently represent 87 per cent of mainland Tasmania’s installed electricity generation capacity. Further wind and hydro energy projects are in development and bioenergy is being investigated. Residues from Tasmanian industries could be used to create steam, hot water, heat and electricity.

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138 TasRail, We Move Freight, August 2015
139 Department of State Growth, State Road Hierarchy
141 Department of State Growth, State of Our Roads, 2015
144 The Hon Warwick Smith AM, Feasibility of a Second Tasmanian Interconnector, June 2016
In 2003, the natural gas pipeline was completed providing a backbone distribution throughout Tasmania and linking the state to the national network. In addition, retail distribution has been extended to some towns and suburbs. The initial gas rollout reached 38,500 households and commercial users although the initial expectation was to reach 100,000 homes. The current Tasmanian market for natural gas is small with 10,979 customers as at the 1st July 2014.

3.2.3 **Telecommunications, NBN and Smart Technology**

Tasmania’s remote location has been a historic inhibitor to economic growth. Increased availability and quality of broadband to urban and rural Tasmania will see its remote location become even less of a barrier. It will open the state to new opportunities for growth in ICT businesses moving operations to Tasmania.

Once completed, Tasmania will be able to leverage the benefits of the NBN within business and communities giving regional areas comparative advantages in areas such as health, education, service delivery and business applications. Initially, it was expected that Tasmania would be the first state fully connected to the NBN by 2015. This statewide early advantage will no longer occur, however Launceston will have 43,000 premises with fibre to the premise, meaning it will permanently have a larger data capability than many cities.

Tasmania offers a liveable and cost-effective location for local ICT businesses and call centres. National companies such as Qantas, Telstra and Vodafone have call centres based in the state.

TasICT, Tasmania’s peak body for the Information Communication and Technology (ICT) sector notes that Tasmania’s downfall is the cost of data transfer on and off the island and inadequate redundancy. An additional fibre optic cable connection to Tasmania is seen as the critical link to overcome these challenges.

Ongoing investment in telecommunications is essential for Tasmania and will need to be prioritised in line with the needs of regional communities and population centres. For example, there are areas of prime agricultural production that are telecommunications poor. The Tasmanian Government’s Regional Telecommunication Review 2015 identified significant issues with the Bass Strait Islands and the lack of dedicated, redundant, non-Telstra optic fibre capacity across Bass Strait. It is noted that the Australian Government, in partnership with telecommunication providers, recently announced funding support to address mobile black spot areas in Tasmania.

The Tasmanian community has seen the development of Sense-T, a collaborative project between the University of Tasmania, CSIRO and IBM. Sense-T is exploring the ubiquitous use of real time sensors and ‘big data’ by industry and consumers to drive innovation in services and production. Sense-T could be an example of how regions can collaboratively use data and sensors to deliver innovation.

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147 Office of the Tasmanian Economic Regulator, Comparison of Australian Standing Offer Energy Prices, March 2015
148 RDA Tasmania, Smart Cities, June 2016
Two Entrepreneurship and Innovation Hubs are soon to open in Tasmania; Detached in Hobart and Macquarie House in Launceston. Macquarie House was allocated $3 million by the Tasmanian Jobs and Growth Package. Their key role will be developing a pipeline of entrepreneurs and innovators. These hubs could be gateways for Tasmania to access and trial new smart cities technology.

4. Comparative advantage and business competitiveness

4.1 Regional economic strengths

The most recent in-depth analysis of regional economic strengths was the Tasmanian Government’s Economic Development Plan released in August 2011, with more detailed regional plans for the north, north-west and south developed in 2012, but these are no longer government policy.

The peak organisations for Tasmania’s key industries generally take responsibility for the growth strategies of their industries whilst the Tasmanian Government focuses on creating a supporting environment for business to grow and the attraction of investment.

4.1.1 Food & Agriculture

Tasmania has a strong agricultural tradition and the sector is highly diversified, underpinned by excellent growing conditions, affordable land, biosecurity control, abundant water resources and strong research and development capability. Issues shared by all food and agriculture industries are market development, business development, labour force skills and regulatory burdens.

The Federal Government has completed an Agricultural White Paper with five priority areas.
1. A fairer go for farm businesses
2. Building the infrastructure of the 21st century
3. Strengthening our approach to drought and risk management
4. Farming smarter
5. Accessing premium markets

RDA Tasmania’s submission to the Agricultural White Paper outlined the following as key issues that were considered particularly relevant to our region.152

- Protecting Tasmania’s competitive advantage of bio security and natural resources.
- Focusing on skill development and workforce attraction.
- Investment in infrastructure to support local competitiveness.
- Farm Finance packaging to assist new entrants into the agriculture sector and encourage investment in existing farm operations.
- Review of regulation and removal of unnecessary compliance requirements that hinder competitiveness.
- Promotion of the Agricultural sector as a vibrant and prosperous career choice for school leavers and job seekers.

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152 Understanding Agricultural Competitiveness in Regional Tasmania, Regional Development Australia – Tasmania, April 2014
• Support development of industry sectors that embrace Tasmania’s natural competitive advantages which are scalable and globally competitive.

• Succession planning strategies for retiring farmers that provide mentoring for new entrants to the agriculture sector whilst retain a meaningful connection to the land.

**Dairy**

Tasmania’s temperate climate, fertile soils and reliable rainfall support low cost, pasture based milk production and the processing of a range of dairy products for domestic and international markets. Dairy is now Tasmania’s single biggest agricultural industry, with more than 440 registered dairy farms employing about 2,600 people.

Recent investment in dairy has been in Lion’s The Heritage cheese factory in Burnie at the cost of $150 million. Federal and State Government have provided financial support for the industry, for example investing into an $80 million milk-processing plant in the State’s North-West.\(^{153}\)

The Tasmanian dairy industry has had a challenging year. From a dry 2015 winter to a hot, dry summer, an unexpected retrospective price drop in farmgate milk prices from the larger processors, and most recently record-breaking floods. These direct impacts come on top of significant fires in Tasmania’s North West, low dam levels and a break in the Basslink cable causing an energy shortage across the State.

Key issues for the industry include the development of supply chain relationships, industry expansion and efficient use of natural resources.\(^{154}\)

**Wine and Spirits**

The Tasmanian wine industry is a relatively small but high value and high profile industry. Tasmania has the highest production profitability of any wine region in Australia and is also one of few wine regions whose value grows.\(^{155}\) It has close linkages to the tourism sector and makes a significant contribution to the Tasmanian brand. The Tasmanian wine industry produces cool-climate wines of high quality and value with a focus on the premium and super premium end of the market. There is potential to significantly grow the industry over time which is likely to require new investors, however the demand for Tasmanian wines must grow first.

The whiskey industry, founded in 1993, is based on boutique, hands-on distilling, high-grade malting barley, excellent water and local peat. In 2014 a Tasmanian single-malt was judged the best whisky in the world at the World Whisky Awards in London. Four Tasmanian distilleries had already won Liquid Gold status in the *Whisky Bible*. Tasmanian distillers also produce gin, rum, liqueurs and vodka that won a best in show award in the United States.\(^{156}\)

**Salmon**

Atlantic salmon is one of Tasmania’s largest interstate food export trade items with the high quality of Tasmania’s product contributing to the establishment of a strong domestic market. Other secondary industries have also emerged as a result of marine farming, creating additional economic and employment opportunities. There is capacity for further sustainable industry growth. Key issues affecting the salmon industry include limited access to water in existing marine farming development.

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\(^{154}\) Tasmanian Dairy Industry Strategic Plan 2011-2015

\(^{155}\) Winemakers’ Federation of Australia, Vintage Report, 2015

plan areas, the availability of water leases for farms, fish health, climate change impacts on water temperatures and balancing industry expansion with environmental sustainability and community acceptance.

The Australian Government supported an application for $7,140,000 through Regional Development Australia Fund Round Four from the Tasmanian Salmonid Growers Association for the Macquarie Harbour Aquaculture Hub.

**Fruit**

Fruit, including apples, stone fruit and berries, is grown and packaged primarily for high value fresh fruit markets both domestically and internationally. The industry leverages Tasmania’s seasonal advantages and fruit fly-free status. Key issues for the industry include biosecurity, competitiveness (particularly for the apple sub sector), access to affordable and reliable water, and the impact of climate change and climate variability. Opportunities for growth include increased market access into Asia, and development of niche products and markets.

The Federal Government has established the Tasmanian Fruit and Vegetable Industry Taskforce to develop an industry-led growth plan for the sectors.\(^{157}\)

**Vegetables**

The combination of a cool growing climate, good soils and rainfall, and skilled and efficient producers allows Tasmania to produce high quality vegetable products. Key issues include global competitiveness, particularly for the processing sector, along with access to affordable and reliable irrigation water. The recent closure of a vegetable processing plant at Smithton was in part caused by substantial differentials between Tasmania and New Zealand in the cost of growing and processing vegetables. The future focus for the Tasmanian vegetable sector is on increased efficiency, market development, seasonal opportunities and quality products. While the processing sector is facing challenges, it has the potential to stabilise and diversify. There are good opportunities available in the fresh produce sector and the sector is growing strongly. Tasmania produces 6 per cent of the fresh produce industry turnover in Australia, which is high given that, per capita, we present less than 2 per cent of the nation’s population\(^{158}\).

**Figure 21** Fresh produce sector exports by state of origin ($2014-15)\(^{159}\)

\(^{157}\) The Hon. Barnaby Joyce MP, Senator Richard Colbeck, Joint Media Release, 19 March 2014

\(^{158}\) State of the Industry Report Australian Food & Grocery Council 2015

\(^{159}\) State of the Industry Report Australian Food & Grocery Council 2014
Red meat
For the red meat industries (beef and sheep meat), Tasmania’s point of difference is linked to a ban on hormone growth promotants and a moratorium on genetically modified (GM) products, low-cost, high-quality, primarily pasture-based production, and the development of differentiated brands and products based on quality, within domestic and international markets. Particular issues for the sector are maintaining biosecurity, enhancing product integrity, accessing abattoirs and raising on-farm productivity through better utilisation of pasture.

Alkaloid poppies
Tasmania is the world’s largest producer of licit alkaloid material, supplying almost half of the world’s demand. Poppies are grown to extract the valuable alkaloid material they contain, including morphine, thebaine and codeine, for use in pharmaceuticals.

4.1.2 Mining & Mineral processing
Tasmania is one of the most highly and diversely mineralised areas in the world, supporting growth in the mining and mineral processing sectors. Tasmania has a number of iconic enterprises in these sectors. The largest include Nyrstar, Pacific Aluminium, South 32 (formerly BHP Billiton Temco), Cement Australia, Grange Resources (Savage River and Port Latta), MMG (Rosebery), Vedanta (Mt Lyell, currently on care and maintenance), and Metals X (Renison). A significant factor in Tasmania’s economic development during the last century was the development of these businesses and the associated development of energy infrastructure. Bauxite Australia opened a new bauxite mine in 2015 in the Midlands.

Investment and demand from markets such as China and India is continuing to underpin the growth in mining in Tasmania. The broad, global economic factors that shape the industry make it difficult to forecast the future growth trends of the Tasmanian mining sector. Tasmania has extensive high-grade mineral deposits which are close to transport infrastructure, coupled with supportive legislation for exploration and development. Key issues for the sectors include waste management, rising energy costs, transport infrastructure, attraction and retention of skilled people and environmental opposition. An industry backed initiative, The Big Picture, is addressing public opinion of heavy industry in Tasmania.160

4.1.3 Forestry and related products
The Tasmanian forestry sector is an integrated industry that encompasses both native forest and plantation resource (both softwood and hardwood), the production of logs, woodchips, hardwood and softwood sawn timber, pulp and paper production, veneer and other wood products.

The Tasmanian forestry industry has been through a process of structural transformation brought about by changing markets161 and the influence of changes in government policy.

The collapse of Gunns Ltd in 2012 has had serious implications for forestry. At its peak Gunns Ltd was the largest employer in Tasmania and its largest private landowner. Although many of its forestry operations have continued under new ownership, there has been no action to develop a Pulp Mill in the Tamar Valley.

160 www.thebigpicturetas.com.au
161 Structural Changes in the Tasmanian Economy, Department of Treasury and Finance, April 2013
The Tasmanian Forests Intergovernmental Agreement 2012 aimed to protect high conservation value forests and ensure sustainable wood supply. Through this process, funding of $120 million over 4 years was made available to support economic diversification projects across Tasmania to assist the industry’s transformation.\(^{162}\)

Forestry continues to play an important role in regional Tasmania, in the year to June 2016 it employed 3,600 directly\(^{163}\), and the Tasmanian Government has stated their support to create value from forestry.\(^{164}\) This includes policy to transform Forestry Tasmania into Sustainable Timbers Tasmania as of the 1st of July 2017, implementing commercial solutions for wood residues in Southern Tasmania and creating a Tasmanian Forestry Industry Strategy.

Tasmania has significant research capabilities in forestry. The University of Tasmania is home to the ARC Centre for Forest Value and its Forestry Science department is rated a 4 by Excellence in Research Australia.\(^{165}\) The Launceston City Deal will include the establishment of a new National Institute for Forest Products Innovation.\(^{166}\)

### 4.1.4 Advanced Specialist manufacturing

Tasmania’s specialist manufacturing industries include recognised enterprises such as Elphinstone, Incat and Southern Prospect, and a range of businesses supplying these and other key manufacturers. Manufacturers across Australia are challenged by competitive overseas markets as well as the need to maintain production efficiency and refine industry practices in line with technological advancement.

Defence has been identified as a growth opportunity.\(^{167}\) Tasmanian consortiums have recently tendered for the Defence contracts to build patrol boats and LAN-400 vehicles. Although unsuccessful, both bids demonstrated high levels of competitiveness and ability to build within Australia. The development of a Defence and Design Precinct at the Australian Maritime College in Launceston is beginning to build support.\(^{168}\)

Industry and Government have recently united around a five year Tasmanian Advanced Manufacturing Action Plan which will deliver initiatives across key areas to support growth.\(^{169}\)

### 4.1.5 Science and research

Tasmania has a vibrant and diverse science and research sector with expertise and capabilities in a number of niche areas. The University of Tasmania has the highest Excellence in Research Australia rating of five stars in 8 fields of research and four stars in 15 fields of research.\(^{170}\) The University’s research departments in Journalism and Professional Writing and Fisheries Sciences are the top in the country. The Research and Science sector generates significant benefits to the State, attracts offshore investment and provides high quality employment opportunities. It also supports and maintains a highly skilled scientific and research orientated workforce, as well as various world-acclaimed institutions. This is largely attributable to the geographical, lifestyle and community-based advantages that Tasmania enjoys. The total University of Tasmania economic contribution to

\(^{162}\) [www.forestsagreement.tas.gov.au](http://www.forestsagreement.tas.gov.au)

\(^{163}\) Department of State Growth

\(^{164}\) Guy Barnett MP, Minister for Resources, Ministerial Statement: Forestry, 26 October 2016


\(^{167}\) Department of State Growth, Our Fair Share of Defence Strategy, March 2016


\(^{169}\) Department of State Growth, Tasmanian Advanced Manufacturing Action Plan, July 2016

\(^{170}\) Australian Research Council, Excellence in Research for Australia National Report, 2012
Tasmania is estimated at $1.7 billion a year, and the University’s turnover in 2025 is projected to be over $1 billion\textsuperscript{71}.

Key issues for this sector include attracting and retaining highly skilled researchers, and obtaining funding for research, including support for research infrastructure. Funding reductions in the latest budget have resulted in voluntary redundancies being offered to Tasmanian staff at CSIRO. To June 2014, the CSIRO and Australian Antarctic Division combined lost almost 100 positions and more job losses may follow\textsuperscript{72}.

4.1.6 Antarctic Tasmania

Tasmania is a hub of expertise in Antarctic, sub-Antarctic and Southern Ocean science, research, education and logistics with the greatest concentration of Antarctic and Southern Ocean scientists and institutions of the five Antarctic gateway cities. (Punta Arenas, Ushuaia, Cape Town, Hobart, Christchurch). Hobart is the headquarters of Australia’s Antarctic program and gateway home for the French program (Institut Polaire Francaise Paul Emile Victor).

Tasmanian businesses provide world-class cold-climate products and services. The Antarctic sector is collaborative and well organised by the unique research, government and business membership alliance the Tasmanian Polar Network. Key issues for the Antarctic sector include increasing the capabilities of the port and airport infrastructure to service East Antarctic programs, promoting Tasmanian businesses’ specialist cold-climate products and services to export markets, and supporting the growth of Antarctic and Southern Ocean research.

The extension of the runway and re-development of the Hobart International Airport opens up new possibilities to enhance Australia’s role in inter-continental air transport and makes Hobart more attractive for international Antarctic activities operating air craft that at present are unable to access the Hobart airport\textsuperscript{73}.

In 2014, the Australian Research Council funded a new research initiative to enable scientific collaboration between the University of Tasmania, CSIRO and the Australian Antarctic Division. Investment of $24 million over three years from 2014-15 on the Antarctic Gateway Partnership Initiative will cement Hobart and Australia as a global hub for Antarctic and Southern Ocean research with flow on financial benefits to Tasmania\textsuperscript{74}.

The new world-class icebreaker to support the Australian Antarctic programme will be home-ported in Hobart. The Antarctic sector, largely centred on the activities of the Australian Antarctic Division in Kingston, represents a significant element of Tasmania’s knowledge-based economy (including through employing and retaining staff in highly skilled jobs in scientific and research fields, and local specialised service industries), contributing to employment and investing locally through operational purchases for Antarctic programme operations.

4.1.7 Renewable energy

Tasmania’s natural competitive advantages in renewable energy include proven hydro and wind resources and emerging ocean, geothermal and bio-energy resources. Tasmania also has significant

\textsuperscript{71} UNITAS, Professor Peter Rathjen, June 2013


\textsuperscript{73} 20 Year Australian Antarctic Strategic Plan July 2014

\textsuperscript{74} Federal Budget 2015-2016
renewable energy research, industry and government knowledge and capabilities. In the longer term, a second electricity interconnector (to Victoria across the Bass Strait) may become viable and generation technology may evolve at a price that will enable the conversion of ocean, geothermal and bio-energy resources into safe, secure and commercially viable quantities of renewable power.

4.1.8 Information communication technology

Information and communications technology (ICT) is a key economic enabler and its use is fundamental to participating in the digital economy. The sector is ideally placed to take advantage of opportunities arising nationally and internationally from next generation broadband and engagement in the digital economy. Delays and challenges in the roll out of the National Broadband Network, particularly with issues of connecting multi-dwelling office buildings, have caused an impediment to some businesses expanding in the use of digital technology.

Tasmania offers a liveable and cost-effective location for local ICT businesses and call centres. National companies such as Qantas, Telstra and Vodaphone have call centres based in the state. A co-working space for small ICT businesses to be based in Launceston’s historic Macquarie House was one of the projects identified by the Tasmanian Jobs and Growth Plan. Challenges for Tasmania include delays in access to the NBN and limitations of optical fibre backhaul across Bass Strait.

4.1.9 Tourism

Tourism plays a vital role in the life and economy of almost every part of Tasmania and directly and indirectly contributes about $2.0 billion or 8.0 per cent to Gross State Product (GSP). The direct and indirect contribution of tourism in Tasmania to GSP is the second highest in the country. Tasmania’s tourism brand is well recognised in the Australian context and has been enhanced by the visit from the Chinese President. The emergence of the Saffire resort, the Museum of Old and New Art and the development of new trails including a new iconic wilderness walk on the Tasman Peninsula, lend weight to the sector’s growth prospects.

Festivals and events such as The Taste of Tasmania, MOFO, Dark MOFO, Junction Arts Festival, Festival of Voices and Festivale are significant drawcards as are sporting events such as the Burnie Ten, International cricket and AFL football. There are challenges, however, and the shortage of accommodation generally in Hobart during peak tourist seasons and the cost of and frequency of access to and from the island must receive ongoing attention if Tasmania is to achieve its tourism industry potential.

The Tasmanian Government is undertaking an expressions of interest program for tourism investment opportunities in the Tasmanian Wilderness World Heritage Area, National Parks and Reserves, to unlock the natural areas to new tourism experiences.

Tourism is supported by many institutions including; Tourism Tasmania, the Department of State Growth, Tourism Industry Council Tasmania, four Regional Tourism Organisations, the 29 Local Government Areas, many Local Tourism Associations and the Tasmanian Visitor Information Network.

177 Tourism Sector Profile and Summary, Goal Two Appendix 1, Economic Development Plan, Tasmanian Government
Their collective strategy is *Tourism 21* which aims to bring 1.5 million visitors annually to Tasmania by 2020.\(^{178}\)

In 2012, the four regional tourism organisations were established to cover the south, east, north and north-west regions of Tasmania. The organisations take on the destination management planning, regional promotion and industry development previously facilitated by the State Government’s Tourism Tasmania, which now focuses on research and state level promotion.\(^{179}\)

### 4.2 Regional comparative advantages and regional economic opportunities

Tasmania has the capability to produce a range of high quality products, services and experiences. This is the result of various factors such as people, geography, businesses, innovation and clustering that influence the region’s ability to lead in their respective markets.

The following is a list of factor conditions and examples of Tasmania’s regional comparative advantages and regional economic opportunities:

#### 4.2.1 People

**Social connectivity**

Being a compact state with a smaller population base, Tasmania provides easy networking opportunities and the ability to consult with the highest decision makers including politicians, government agency heads or industry leaders.\(^{180}\) Comparative advantage in Tasmania is created by regional networks that inter-connect across disciplines, industries and communities. Whilst it is possible to identify individual factors that generate comparative advantage, their success is inevitably due to their regional relationships rather than their stand-alone ability.

**Workforce demographics**

Tasmania has a skilled and available workforce. It also has a stable workforce; recording Australia’s second highest labour retention rate and the best industrial relations record.\(^{181}\) Older people have extensive knowledge, skills and experience to contribute to the workplace and Tasmania’s ageing population represent a growing number of people who can contribute to labour productivity.\(^{182}\)

**Education**

The University of Tasmania, which celebrated its 125\(^{th}\) anniversary in 2015, is at the leading edge of regional partnerships that deliver tertiary education opportunities and specialised research. Examples of partnerships include the Tasmanian Institute of Agriculture, Sense-T, the Menzies Research Institute, the Australian Maritime College, the UTAS Creative Industry and Performing Arts project, the Australian Innovation Research Centre, and CSIRO Marine and Atmospheric Research, the CSIRO Intelligent Sensing and Systems Laboratory, Australian Antarctic Division, the Antarctic Climate and Ecosystems Cooperative Research Centre and the Institute for Marine and Antarctic Studies.

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\(^{179}\) www.tourismtasmania.com.au/regional

\(^{180}\) www.development.tas.gov.au/invest

\(^{181}\) ABS Catalogue No.6321.0.55.01 Industrial Disputes, Australia, March 2012

\(^{182}\) Inclusive Ageing: Tasmania 2012-2014 Strategy, Department of Premier and Cabinet
4.2.2  Place

Water
Our most significant natural resource advantage is water. Tasmania receives nearly 13 per cent of Australia’s annual rainfall even though it accounts for only 1 per cent of the total land mass. This supports growth in the agriculture sector through significant new irrigation infrastructure.

Biosecurity
The ocean surrounding Tasmania and the 240 km wide Bass Strait separating the region from the mainland serves to allow strict quarantine conditions and the control of animal and plant species. Tasmania is the only state in Australia free from fruit fly, potato cyst nematode and tobacco blue mould and therefore can export a number of fruit and vegetables to countries which restrict product entry where there is a risk of introducing such pests and diseases. Often the Tasmanian product does not need to be fumigated, thus ensuring a superior quality. The absence of major pests and diseases means that Tasmanian farmers are able to use fewer chemicals to protect their crops and animals[183].

Climate
The mild climate, good quality water, fertile soils, four distinct seasons, isolation and clear atmosphere make Tasmania an ideal place for producing high quality products. Horticulture, red meat, dairy, aquaculture, fisheries and viticulture operations all thrive in these conditions[184].

Natural environment
Tasmania is actually a group of over 330 islands. It is rich in natural assets and has an unspoilt beauty which attracts visitors from all over the world. It has extensive and spectacular park systems which contain distinctive combinations of flora, fauna and landscapes including many endemic species[185]. Around 40 per cent of the region is protected for its high conservation value. Natural icons that form a strong part of Tasmania’s brand include the Tasmanian Devil, Cradle Mountain, Wine Glass Bay, Stanley’s The Nut and the South West Wilderness.

Expressions of Interest are currently being invited from investors with ideas in the Tasmanian Wilderness World Heritage Area, National Parks and Reserves. The State Government is looking for developments which broaden the range of exciting and unique experiences on offer in our state by improving access for tourists while maintaining the integrity of our natural areas[186].

Geography
Tasmania is 296 km long and 315 km wide, providing short distances between population areas and short transportation times; no one lives more than 1.5 hours from the sea and in most instances producers are located less than 100km from their farm or factory to port or transit hub, providing fast access to distribution points[187].

Historic Heritage
Aboriginal artefacts dating to 40,000 years before present have been discovered at the Jordon River Levee in southern Tasmania, making them some of the earliest evidence of human life in Australia[188].

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[183] Tasmania’s Natural Advantage, DPIPWE
[184] Tasmania’s Natural Advantage, DPIPWE
[185] Tasmania’s Natural Advantage, DPIPWE
Heritage attractions such as the Port Arthur Historic Site and heritage settings such as Salamanca Market are among the most popular visitor attractions in Tasmania. Intact collections of Georgian and Victorian streetscapes and precincts are evident in Hobart, Oatlands, Ross and Launceston, and are a notable feature of Tasmania. The significance of Tasmania’s convict sites is recognised internationally with the inclusion of five Tasmanian sites on the World Heritage List\textsuperscript{189}.

**Liveability**

Tasmania is a remarkably liveable place and, in particular, is increasingly ‘recognised, around the world, as an attractive place to live and work’. Tasmania’s natural heritage, diverse range of arts and culture, lifestyle and public open spaces are all attributes of a liveable place. Opportunities include access to extensive natural areas, beaches and waterways; relatively uncrowded cities and community/visitor attractions, good quality of air and drinking water.

Recent accolades for Tasmania include Launceston’s designation as Australia’s most family friendly city\textsuperscript{190} and Hobart becoming the travel guide Lonely Planet’s top place to visit\textsuperscript{191}.

**4.2.3 Business Competitiveness and Innovation**

**Business conditions**

Tasmania has a business environment conducive to investment and development, for example: 2\textsuperscript{nd} lowest taxation severity in Australia\textsuperscript{192}, second lowest total cost of employing workers in Australia\textsuperscript{193}, Hobart has Australia’s lowest property rental costs for all capital cities\textsuperscript{194}, and land is more affordable in Tasmania, when seen as a comparison of median lot prices between Australia’s capital cities\textsuperscript{195}.

**Research and analysis**

Tasmania being both a region and a state, means that data and other information are available that allow patterns and trends to be identified that aren’t possible in other states where information on big urban areas is combined with rural and regional areas\textsuperscript{196}. Tasmania’s geographic, demographic and economic diversity along with its size results in an ideal test bed for research and development\textsuperscript{197}. The University of Tasmania has the highest Excellence in Research Australia rating of five stars in 8 fields of research and four stars in 15 fields of research.\textsuperscript{198} The University’s research departments in Journalism and Professional Writing and Fisheries Sciences are the top in the country. The University of Tasmania’s Menzies Research Institute research at this regional level has led to breakthroughs in clinical and population health. Tasmania is often used to test products; contemporary examples include the roll out of the National Broadband Network and part of the National Disability Insurance Scheme for service users aged between 15 and 24.

**Clean Energy**

Tasmania is uniquely positioned with the majority of its energy needs derived from renewable sources. Tasmania is well ahead of other states in the percentage of renewable energy used, which may provide advantages to industry. A second Basslink interconnector could secure Tasmania’s historical energy position.

\textsuperscript{189} Historic Heritage Tourism Strategy 2012 – 2015, Tourism Tasmania, May 2012

\textsuperscript{190} Suncorp Bank Family Friendly City Report, 2013

\textsuperscript{191} Lonely Planet’s Best in Travel Top 10 Cities for 2013

\textsuperscript{192} Commonwealth Grants Commission – Report on GST Revenue Sharing Relativities

\textsuperscript{193} ABS, Labour Costs, Catalogue No.6348.0. 2010-11

\textsuperscript{194} Invest in Tasmania

\textsuperscript{195} Residential Land Report, June 2009, RP Data

\textsuperscript{196} Obstacles To Progress, Griffith Review Edition 39, J. West, 2013

\textsuperscript{197} www.development.tas.gov.au/invest/why_tasmania/research_and_development_focussed_community

\textsuperscript{198} Australian Research Council, Excellence in Research for Australia National Report, 2012
energy supply, encourage investment into a further 1,000 megawatts of renewable energy and assist the National Electricity Markets shift away from fossil fuels. A preliminary report by Warwick Smith AM for the Department of Industry estimates the cost at $1 billion.  

4.2.4 Clusters

Advanced Manufacturing
The cluster surrounding the Elphinstone group in Burnie has grown to become a global leader in underground mining equipment and other specialised vehicles. The pending downsize of Caterpillar Underground Mining in Burnie has motivated many specialised manufacturing companies to redirect their focus and improve services, products and processes. An example includes the recent bid by a Tasmanian consortium for the Defence LAN-400 contract.

Metal Processing
Bell Bay in northern Tasmania is an industrial centre and port based primarily around metal processing and includes the Bell Bay Aluminium (formerly Rio Tinto Alcan) aluminium smelter, the SOUTH 32 (TEMCO) manganese alloy plant, an Ecka Granules plant and a number of other companies within their supply chains. Bell Bay also features wood processing companies that benefit from the infrastructure and energy supply provided for Bell Bay.

Antarctic Research
Tasmania is a hub of expertise in Antarctic, sub-Antarctic and Southern Ocean science, research, education and logistics and has the greatest concentration of Antarctic and Southern Ocean scientists and institutions of the five Antarctic gateway cities.

Marine Manufacturing
Incat is a manufacturer of high speed aluminium catamarans based in Hobart that supplies commercial vessels and defence force vessels. A number of companies have grown alongside Incat and have formed the Tasmanian Maritime Network; many of these firms such as Liferaft Systems Australia have matured to become international exporters in their own right. A Tasmanian consortium including Hobart ship builder Incat and construction company Haywards were unsuccessful in their tender for the $600 million Australian Defence contract to build 21 new patrol boats..

Viticulture
Pipers Brook in the north of the state is a world leader in the production of premium sparkling wine. It is where Australia’s most highly recognised sparkling wine maker Ed Carr produces his flagship House of Arras range, and the home for other globally recognised premium wine brands such as Jansz and Kreglinger. Other viticulture clusters include the Coal River Valley, Derwent Valley and around Cranbrook on the East Coast. Effervescence Tasmania is the annual festival celebrating sparkling wine.
4.3 Attracting and securing investment

The Tasmanian Government identified that in order to grow the economy there needed to be greater engagement with investors interested in our regional economic strengths. For this purpose the Office of the Coordinator-General was established as the primary point of access to government for investors. John Perry, the Coordinator-General, will help streamline the Tasmanian business environment, promote competitiveness and assist with the assessment and approval of investment opportunities.

Key activities include engagement with Chinese investors, supporting tourism projects in National Parks and Reserves, the Northern Cities Project and the promotion of industrial sites such as Bell Bay.

4.4 Arts, creative and sporting industries

4.4.1 Arts and Creative Industries

Tasmania has a creative and culturally distinctive arts environment, with an energetic and thriving arts scene. The state has inspired and attracted many different creative artists, writers and musicians from around the world, with a vibrant arts scene, strong participation rates and an appreciative audience.

Tasmania has a range of world-class facilities and programs to cater to the Tasmanian community, including the Theatre Royal of Hobart, Australia’s oldest working theatre; the internationally renowned Tasmanian Symphony Orchestra; significant public museum and art galleries with the recently refurbished Tasmanian Museum and Art Gallery in Hobart and the Queen Victoria Museum and Art Gallery in Launceston (Australia’s largest museum outside of a capital city); the Museum of Old and New Art (MONA), Australia’s largest private museum and art gallery; and the Salamanca Art Centre. The University of Tasmania has received $37 million in Commonwealth funding to develop a $75 million Academy of Creative Industries and Performing Arts in Hobart, which is scheduled to open in 2017.

Tasmania is host to national and international festivals, including MONA FOMA and Dark MOFO in Hobart, Junction in Launceston and the Tasmanian Arts and Craft Fair in Deloraine. The Glover Prize, the richest annual prize for landscape painting is awarded in Evandale. Tasmania also contains an amazing range of landscapes for production and location filming and has recently been used for the movie Lion and the television series The Kettering Incident.

Over 1,100 actively trading businesses in Tasmania were in a cultural industry at the start of the 2008-09 financial year, which includes architectural services, creative artists, musicians, writers and performers. In 2009, Tasmania’s household expenditure on cultural goods and services was $381 million, averaging $35.76 per week\(^\text{201}\).

Tasmania is deeply resourced in cultural infrastructure but challenged by a high reliance on State or Local Government funding to keep many museums, theatres and galleries operating. A priority for

\(^{201}\) Cultural Report 2012 Tasmania, National Centre for Cultural and Recreation Statistics, March 2012
many facilities is to look at how they can become multi-functional spaces that can strategically deliver economic and community development outcomes across the region.

4.4.2 Sport and Recreation

Tasmania has a range of sport and recreational infrastructure and facilities, and natural environment – bushland, rivers, mountains and sea – to cater for the sport, recreation and physical activity needs of the community.

The region is hosting more regular major national and international sporting events: AFL matches; test and one-day cricket; V8s; Targa; and the Sydney to Hobart yacht race. Tasmania is taking a more strategic approach to participative sports, including adventure sports and mountain biking, which are attracting more international visitors to locations like the Blue Derby mountain bike trails. The Australian Masters Games will move to Tasmania in 2017 bringing an estimated 7,000 people for the eight day period.

Work has been undertaken to identify the priority infrastructure needs across Tasmania by the State Government. A Sport and Recreation Infrastructure list has been created for each of the 29 Local Government Areas. There is a need to undertake a state wide audit of current sport and recreation infrastructure, and layer this information over the identified community and sporting association needs. This work would account for Tasmania’s national and international sporting facilities, including ongoing redevelopment of Aurora Stadium located in Launceston, and the Blundstone Arena (formerly Bellerive Oval) located in southern Tasmania; the identification of regional facilities and local sporting infrastructure for organised, non-organised and incidental activity.

202 Sport and Recreation Tasmania Strategic Plan 2009 – 2014, Updated October 2011
STAKEHOLDER CONSULTATION

1. Partnerships – Intergovernmental and integrated regional planning

1.1 Tasmanian and Australian Government

RDA Tasmania continues to work with the Tasmanian Government in respect of regional development. Staff in the North, North-West and South are co-located with offices of the Department of State Growth. The RDA Tasmania Chair has been appointed Chair of the Regional Jobs and Investment Package advisory panel and RDA Tasmania are key partner in the Launceston City Deal.

1.2 Local Government, Industry and Community

Actively consulting with and participating in regional community committees at local government, industry and community level is vital in helping to understand the needs of Tasmanian regional communities. RDA Tasmania allocates significant resources to ensure that it is informed and aware of these needs through participation in reference groups such as:

- Tasmanian Logistics Committee – Partnership between the Freight Logistics Council of Tasmania, Tasmanian Chamber of Commerce and RDA Tasmania
- Hobart City Council Community Sector Reference Group
- TFGA Freight Advisory Committee
- Engagement with regional bodies Northern Tasmanian Development, Cradle Coast Authority and Southern Tasmanian Councils Authority
- Engagement with regional tourism bodies Destination Southern Tasmania, East Coast Tourism, Tourism Northern Tasmania and Western Wilderness
- East Coast Community Network Meetings
- Devonport Chamber of Commerce and Industry (DCCI) Industry Advisory and Innovation Group
- Northern Midlands Council Economic Development Committee
- Bell Bay Community Consultative Committee
- South East Regional Development Association (SERDA)
- Hobart International Airport Community Aviation Consultation Group
2. Stakeholder Engagement – Conferences and Workshops

RDA Tasmania collaborates with a number of regional organisations, government bodies and community based groups to provide informative briefings on regional issues and to also extract and gather valuable feedback.

Examples of recent workshops and forums RDA Tasmania has contributed to include:

- Devonport Chamber of Commerce and Industry (DCCI) Industry Advisory and Innovation Group – facilitation of workshops
- Tasmanian Logistics Committee – Partnership between the Freight Logistics Council of Tasmania, Tasmanian Chamber of Commerce and RDA Tasmania - facilitation of committee meetings
- Grant Writing Workshops – for general grant funding and the benefit and methods of developing partnership grant applications
- Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) Regional Outlook Conference
- Local Government Association Tasmania Annual Conference – session sponsors and exhibitors
- Tasmanian Leaders Program – session sponsors
- Beacon Foundation – participation in business partnership groups
- Financial Literacy Program for Grade 10 Students – in conjunction with Beacon Foundation
- Bell Bay Community Consultative Committee
- University of Tasmania Peter Underwood Centre Horizons Lectures, Regional Forums and Aged Care Research Network
- Skills Tasmania Regional Forums and Workforce Development Program assessment panel.
- Public Service Innovation Network – Tasmania; on steering committee and supporting local events

RDA Tasmania Committee at Burnie Port photo credit RDA Tasmania
3. **Development of the RDA Tasmania Regional Plan – Consultation with Stakeholders**

The RDA Tasmania Regional Plan is a reflection of the current ‘state of play’ for the Tasmanian region that includes a summary of understanding on the economic, demographic and environmental conditions as well as real and potential challenges and opportunities for the state.

Ultimately the findings, recommendations and suggested strategies included in the RDA Tasmania Regional Plan will need to be supported by all stakeholders to give the document relevance and credibility. Because the plan is a reflection of current conditions that are both externally and internally influenced, they will be subject to change and need to be regularly reviewed to ensure that the content remains relevant.

3.1 **Ongoing consultation and review of the RDA Tasmania Regional Priorities**

The RDA Tasmania Regional Plan is a ‘living document’ which is reviewed annually. Within the 12 month period of the plan being released, RDA Tasmania will continue to seek feedback through regular consultation, forums and community engagement to build on the knowledge of understanding reflected in the plan.

Whilst having a fully comprehensive document that accurately reflects the needs of the Tasmanian region is the ultimate aim, RDA Tasmania is realistic in its approach to continually improve the content of the plan. Every year a new version is released that is an update of current circumstances and based on the latest available factual research and qualified opinions from established, respected sources.