Economic Diversification and Investment Strategy

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Introduction and summary of our position

Kentish and Latrobe Councils welcome the opportunity to provide feedback on the Tasmanian Government's Economic Diversification and Investment Strategy and support its overarching ambition to build a more diverse, productive, resilient and prosperous Tasmanian economy.

As regional Councils, Kentish and Latrobe recognise the significant opportunities to strengthen economic outcomes by building on established regional strengths, productivity improvements, workforce development, infrastructure, supporting innovation and ensuring regional knowledge informs State-level decision-making. The Councils also recognise that Tasmania's economic opportunities are diverse and will not necessarily arise in locations, industries or forms that can be anticipated through existing strategic frameworks.

This submission identifies several practical initiatives that could support delivery of the Strategy, including a coordinated investment proposition for Tasmania and its regions, improved regional economic intelligence, stronger digital connectivity and innovation initiatives aligned with existing regional economic strengths.

Importantly, the Councils consider that successful implementation of the Strategy will depend on strong alignment between Tasmania's economic development objectives and the broader policy and statutory frameworks that influence where and how investment can occur. The planning system has a particularly important role. It can provide certainty and confidence for investment, but where higher-order policy is overly prescriptive or unable to respond to opportunities that were not anticipated, it can also constrain economic growth and diversification.

The Strategy therefore presents an important opportunity to ensure Tasmania's economic, planning, infrastructure and investment frameworks work together to enable appropriate development, while retaining sufficient flexibility to respond to changing regional needs, emerging industries and future investment opportunities.

A central principle should be that Tasmania's investment and planning frameworks provide both certainty and flexibility. Investors and communities need certainty about policy, processes, infrastructure planning and decision-making. At the same time, the system must retain sufficient flexibility to assess appropriate proposals on their merits and respond to economic opportunities that cannot reasonably be anticipated through long-term strategic planning.

This is particularly important for innovation and economic diversification. By their nature, emerging industries, new business models and investment opportunities are not always predictable. A planning and regulatory system that is designed only around predetermined spatial outcomes or previously identified forms of development risks constraining the very innovation and diversification the Strategy seeks to encourage.

The Councils are not advocating development without appropriate planning, environmental, infrastructure or community considerations. Rather, the Councils support a planning and

investment system that provides certainty while retaining the capacity to respond constructively to proposals that deliver demonstrable economic and community benefits.

The Councils identify the following priorities for consideration in the final Strategy:

1. development of a coordinated Tasmanian and regional investment proposition;
2. establishment of a stronger regional economic intelligence and data capability;
3. meaningful and ongoing local government participation in implementation of the Strategy;
4. improved digital connectivity in regional and rural areas;
5. stronger alignment of innovation and industry development initiatives with regional economic strengths;
6. recognition of housing and land supply as economic development enablers;
7. improved mechanisms to facilitate infrastructure investment, including private-sector participation;
8. consideration of seasonal workforce accommodation as an economic infrastructure issue;
9. ensuring that the planning system provides certainty while retaining sufficient flexibility to respond to emerging opportunities; and
10. stronger coordination across State agencies where planning, infrastructure, investment and economic development objectives intersect.

The Strategy provides an important opportunity to ensure that these systems are aligned and collectively support investment and economic activity on the ground.

Kentish and Latrobe Councils

The Kentish and Latrobe Local Government Areas are located in north-west Tasmania, encompassing highly productive agricultural landscapes, established industrial precincts, distinctive townships, coastal communities, growing urban centres and significant visitor economy assets.

Together, the municipalities form an important part of the Cradle Coast economy, with diverse industry strengths, strong regional connections and significant opportunities for future growth and investment.

Latrobe is home to one of the fastest-growing populations in the region, with more than 13,000 residents. Combining strong lifestyle appeal with a dynamic and evolving economic base, the municipality is entering a period of sustained growth and transition. Its position along the Mersey River and proximity to key transport infrastructure, including Devonport Airport and the

Spirit of Tasmania terminal, strengthens its role as a strategic regional hub and provides important connections to markets, workforce, regional services and supply chains.

Latrobe's economic future is closely connected to the broader region. Strong interdependencies with neighbouring municipalities, particularly Kentish and Devonport, are evident through shared labour markets, transport and infrastructure networks, service provision and business relationships. These connections create opportunities to coordinate investment and infrastructure priorities, particularly in transport, utilities and other enabling infrastructure required to support business investment, population growth and emerging economic opportunities.

Kentish's economy is shaped by a diverse mix of agriculture, manufacturing, tourism, small enterprise, community services and creative enterprises. Its productive farmland and manufacturing base make an important contribution to regional production and employment, while its townships support retail, services, events, creative enterprise and community life.

Sheffield's identity as Tasmania's Outdoor Art Gallery, together with Kentish's proximity to Cradle Mountain–Lake St Clair National Park and its natural landscapes, supports a significant visitor economy spanning accommodation, hospitality, retail, attractions and tour operations.

Kentish's location between Devonport, Latrobe and Cradle Mountain also places it within important regional labour markets, transport routes, visitor flows and supply chains. The municipality generates an estimated gross regional product of $332 million and supports 1,568 local jobs across agriculture, manufacturing, tourism and essential services, with GRP per worker continuing to exceed the Cradle Coast average.

Together, Kentish and Latrobe demonstrate the diversity and interconnected nature of regional economies in north-west Tasmania. Their future prosperity will be shaped not only by the strength of existing industries, but by their capacity to accommodate growth, attract investment and respond to new economic opportunities as they emerge. Continued coordination across government, industry and the broader region, supported by timely investment in enabling infrastructure and approaches that recognise differing local economic conditions and opportunities, will be important to ensuring both municipalities can contribute fully to Tasmania's future economic growth.

Section 1 – Feedback on Strategic Priorities and Potential Initiatives

Kentish and Latrobe Councils support the intent of the Economic Diversification and Investment Strategy and its focus on strengthening Tasmania's capacity to attract investment, lift productivity, activate regional economies and develop new sources of economic value. The following opportunities are identified as practical initiatives that could strengthen implementation of the Strategy and ensure regional economic strengths, knowledge and opportunities are reflected in its delivery.

Unlocking private investment

- Sharpen our investment proposition

Potential initiative:

State-led development of a coordinated suite of investment prospectuses, comprising an overarching Tasmanian investment proposition supported by regional/LGA prospectuses.

Develop a common framework and brand architecture, potentially in partnership with Brand Tasmania, with individual Councils providing local content and final oversight to ensure regional opportunities and competitive strengths are accurately represented.

Prospectuses should be digitally hosted and supported by analytics to identify investor interest by sector, opportunity and region. This information could provide useful intelligence about emerging investment demand and inform future economic and infrastructure priorities.

The investment proposition should also be linked to information about land availability, infrastructure capacity, workforce, housing and planning pathways so that investors can understand not only the opportunity, but the practical conditions required to deliver it.

Activating our regions

- Improve regional data and analysis | Align regional partnerships | Map regional strengths | Track land supply

1.Establish a local government reference group to inform the development and implementation of initiatives arising from the Strategy.

Local government has direct knowledge and experience relating to economic development, investment, planning, infrastructure, housing, land supply and regional priorities. This knowledge should be incorporated into the development and implementation of State-level frameworks and decision-making.

The role should extend beyond consultation during development of the Strategy and provide an ongoing mechanism for identifying barriers, monitoring implementation and considering emerging opportunities.

2.Support development of a shared regional economic intelligence resource providing Councils and State agencies with consistent, current regional economic, demographic, workforce, investment and development data and projections to support evidence-based planning and implementation of local economic development strategies.

Much of this information is already collected through State and local government systems. The challenge is often bringing the information together in a consistent, accessible and spatially useful form.

A State-supported regional economic intelligence system would provide a stronger evidence base for both State and local economic development and land-use planning.

3. Recognise both regional and place-based economies

The Strategy appropriately recognises the importance of regions, functional labour markets and economic catchments however, Tasmania's regional economies are highly diverse.

The Councils consider that the Strategy should adopt both a regional and place-based approach. Regional coordination is important for infrastructure, transport, workforce, supply chains and major investment. However, economic opportunities ultimately occur in specific towns, settlements and places, each with different infrastructure, land, demographic and economic characteristics.

A consistent State framework should therefore allow regional priorities to be implemented having regard to the particular circumstances and opportunities of individual places.

Lifting productivity

- ### Improve Digital Connectivity

Ensure regional and rural areas experiencing known digital connectivity constraints are prioritised in the development and delivery of future, reliable connectivity programs. Councils should be actively engaged to provide local intelligence on connectivity gaps, particularly in agricultural and other dispersed business areas where standard coverage data may not reflect actual user experience.

Digital connectivity is also an important population and workforce attraction factor. Good connectivity enables remote and flexible work, allowing people to live in smaller communities while participating in broader labour markets. This can contribute to demographic diversity, population retention and the sustainability of schools, sporting organisations, community services and local businesses.

Accelerating innovation

Ensure State-supported innovation, commercialisation and industry development initiatives are aligned with identified regional economic strengths and propulsive sectors. This could include prioritising ag-tech, food technology and associated advanced manufacturing initiatives in regions such as Kentish and Latrobe, where agriculture and food production are identified economic strengths.

Ensure State strategies and policy frameworks remain sufficiently agile to respond to emerging industries, investment opportunities and changing regional economic needs that do not neatly align with existing categories or predetermined locations. This does not mean that such proposals should avoid appropriate assessment. It means that the system should provide a pathway for considering them on their merits.

Grow Capability

The Councils recognise the importance of workforce skills and capability to economic diversification and support the Strategy recognising that workforce development, training infrastructure and accommodation need to respond to emerging industries and regional opportunities.

The long-standing challenge of seasonal workforce accommodation should also be addressed as an economic infrastructure issue, with practical planning, investment and accommodation models developed to support industries reliant on seasonal workers.

Strengthen Infrastructure

The Councils support the Strategy's recognition of infrastructure, energy, digital connectivity and land supply as critical economic enablers. While government investment must be prioritised according to economic and community benefit, the Strategy should also examine opportunities to leverage private investment and partnerships to deliver enabling infrastructure.

First-mover infrastructure requirements, including those associated with TasWater, can constrain development where infrastructure is unavailable, but investment is difficult to justify until development occurs. The Strategy should therefore investigate staged infrastructure provision, cost-sharing, developer-funded infrastructure, infrastructure agreements and State and Federal funding partnerships where these can unlock broader economic activity.

Effective delivery will require greater coordination between State agencies, Councils, infrastructure providers and private proponents, including use of existing planning mechanisms to facilitate appropriate cost-sharing and infrastructure outcomes.

Section 2 - Planning and Economic Diversification and Investment

The Councils consider that the planning system is a critical economic enabler, providing certainty for investment while retaining sufficient flexibility to respond to economic opportunities that cannot be anticipated through long-term strategic planning. Certainty should provide confidence about the policy framework, assessment criteria, processes and infrastructure planning; it should not require every future economic opportunity to be pre-identified spatially or categorised through existing strategic assumptions.

The Tasmanian planning system role in economic diversification and investment must first recognise that it operates within a highly dispersed economy, comprised of numerous sectors contributing to the State's economic performance. This is recognised in the Strategy under Drivers for Reform and Productivity, describing 'employment being anchored in a few large sectors and major employers alongside a broad and dynamic base of small and micro businesses. The strategy clearly outlines an objective to strengthen and broaden this base and is seeking feedback on suggested actions plus input of ideas that support the overarching vision of a thriving and dynamic economy.

The following comments stem from Latrobe and Kentish Councils' long-term involvement in strategic and statutory planning at the regional and local level and knowledge of the positive influence local activation can have on economic outcomes, but also the constraining effect of ill-conceived statutory policy at the regional level that lacks the agility to support proposals that are delivering reasonable economic and community benefits.

Latrobe and Kentish Councils made detailed submission to the exhibition of the Tasmanian Planning Policies (TPPs), expressing concern regarding the restrictive and mandatory nature of the policies. This concern is still held as the Councils work through the review of the Cradle Coast Regional Land Use Strategy (CCRLUS). Having recently commenced, the TPPs and the next iteration of the RLUS's remain untested against proposals that require planning scheme amendments or are Major Projects.

It is imperative that in preparing an Economic Diversification and Investment Strategy, there is a clear understanding of the way the threads of the planning system weave through almost all aspects that the Strategy is trying to address. The planning system is one of the few components that have a statutory role and can either act as enabler to provide guidance and certainty for investment for use and development and improve business and investment confidence, or act as a barrier, or series of barriers at different levels, discouraging investment in new projects or growth for existing businesses. The focus of the Strategy appears to be aimed at approval and permit processes, noting that Tasmania already records the fastest turn-around times for standard development approvals in the country.

Latrobe and Kentish Councils submit that this is not where the principle risk to economic improvement lies. The risk to achieving the goals outlined in the Strategy lies in the higher order policy issues and processes that will affect the ability to coordinate practical outcomes that result in development on the ground. The Strategy must first interrogate the potential constraints associated with the higher order statutory policy and the institutional impediments to determine:

- if the policy is fit for purpose to deliver the outcomes expressed in the economic goals;
- are the processes of agencies and approval bodies fit for purpose and reasonably agile to address barriers to economic development?
- Is the information base adequate to be able to apply policy and make reasonable decisions?

Central to all of this of course is a clearly stated imperative that the State's planning system, in supporting the Strategy, enables growth and economic development. This is not development at any cost or impact, but also not a system that is unnecessarily restrictive, stifling innovation, reinvention or preventing local aspiration that supports the long-term sustainability of smaller communities.

The following comments are made under the six strategic priorities, with a focus on the relationship to the planning system.

Regional Definition

The Strategy makes numerous references to the 'regions', however the term appears to be used interchangeably. This ambiguity creates confusion as the context is not clear. Within the planning system the 'region' is a statutory spatial construct defined in the legislation and is made up of groupings of Council areas. It has an administrative purpose and across Tasmania, each of the three defined regions are made up of variable characteristics including cities and towns, smaller villages, low density and rural-residential, rural resources and agriculture, industrial precincts and environmental protection.

The Strategy needs to be clear in its concept of region: is it based on the administrative definition in the planning legislation or is it a different concept? If the former, Latrobe and Kentish Councils are concerned that in places, the Strategy leans into the language that has permeated the process of review of the CCRLUS that could unnecessarily constrain economic development, particularly private investment in housing and industrial growth.

1. Unlocking Private Investment - Make Tasmania an even clearer, faster and more competitive place to invest

Latrobe and Kentish Councils agree that private investment is the principal driver of long-term economic growth. However, if proposals require a planning scheme amendment or are a Major Project, they will be critically dependent on the statutory policy to gain approval. At present, those pathways are far from clear since the commencement of the TPPs (noting that there are draft legislative amendments in train to improve the legal expression for Major Projects requirements) and the CCRLUS is in early draft form, with the eventual composition unknown.

The Councils' concerns about State agency positioning for the CCRLUS are well documented and described above.

Irrespective of actions to reform co-ordination across government or to address sequencing issues as suggested (which is a concept that is supported), when put before the decision-making body of the Tasmanian Planning Commission (TPC), the proposal will fail if the interpretation of the statutory policy in the TPPs and the CCRLUS takes a restrictive view. Given the prescriptive and mandatory nature of the TPPs (and the Councils documented concerns regarding a too restrictive and conservative approach to the CCRLUS), there is a high risk of this outcome.

The Strategy must test potential types of future proposals that would be attractive against the statutory policy and form a view as to whether it is fit for purpose to support the economic outcomes sought. If it is not, it is imperative that the State Government modifies its approach to the statutory policy and not wait until numerous proposals fail to gain TPC approval (as was the case with the original implementation of the RLUS's in 2011) as this could significantly undermine business and investment confidence.

The Strategy outlines an initiative for 'more predictable and faster pathways for land to meet emerging industrial, strategic and well-located housing needs, delivered through the program of ongoing reform'. Presumably the 'reform' referred to includes the next iteration of the CCRLUS, where land is to be included spatially in an Urban or Settlement Growth Boundary map. This is the approach mandated by the TPPs for inclusion in the RLUS's, however this is predicated on pre-identification of areas flagged for future rezoning. The problem with this approach, due to the wording of the statutory policy, is that it will displace any proposal that needs, or is ideally suited to, land that is not within those boundaries. The ability to consider proposals that have not been anticipated on a case-by-case basis is now extremely difficult and they will likely fail to gain approval.

The Councils consider that there is a distinction between certainty and rigidity. A planning system can provide certainty through clear policy objectives, transparent assessment criteria, defined processes and reasonable timeframes, without requiring every future economic opportunity to fall within predetermined spatial or development categories. There is a risk that increasing reliance on predetermined outcomes may reduce the capacity of the system to assess proposals on their merits where they deliver demonstrable economic and community benefits that were not anticipated through strategic planning, particularly where they can demonstrate appropriate infrastructure, environmental and community outcomes.

The Councils consider there is a distinction between certainty and rigidity.

2. Accelerating Growth and Innovation - Build new sources of value in areas where Tasmania can compete

Further to discussion above, the very definition of 'innovation' is that the results are not pre-identified. If Tasmania is to be open to innovation, there must also be sufficient flexibility in the statutory policy settings to test individual proposals.

Innovation does not always occur in convenient, city settings and rural communities should be able to enjoy the benefits innovation and aspiration may generate.

3. Lifting Productivity - Help businesses, sectors and public systems operate more efficiently

The Strategy recognises that reliable, digital connectivity is a pre-condition for productivity gains, particularly for businesses operating outside of the larger centres. The Councils agree that digital connectivity is critical for rural communities, not only for the productivity of established businesses, but it is also an attribute that attracts new residents to settle in rural communities if there is good work from home capability.

This can contribute to demographic diversity for settlements that would be attractive to families for lifestyle reasons and enables that choice. This helps offset the ageing population that many rural settlements experience and supports local services such as schools and sporting clubs. In smaller settlements, every family that can be attracted counts, and this opportunity should not be lost amongst bigger economic objectives.

In the context of discussions through the CCRLUS process, the Councils reiterate concerns that references to 'well-located' housing could be interpreted as discouraging housing growth in smaller rural settlements, because the service level is less than larger towns and cities. The Strategy should be clear about what this means when it uses this term.

4. Activating Our Regions - Connect regional strengths, land use, infrastructure and workforce planning

Refer to comments above regarding what constitutes the 'regions'.

The Strategy makes the statement that 'Tasmania's economic future will be shaped region by region'. In such a dispersed economy, the Councils consider that the economic future will be shaped 'place by place'. Of concern is the statement that the Strategy will support 'tailored regional approaches' but only 'where local conditions warrant them'. This section is somewhat contradictory in that the Strategy will 'draw on functional labour markets' and 'catchments where people live, work and access services' for regional implementation and then notes that 'economic opportunities do not always align with regional boundaries.

The Councils agree that housing supply, land readiness and infrastructure are economic enablers, however a strict approach of allocation that is not based on an acute understanding of the opportunities and constraints that exist across the settlements of the Cradle Coast region, will inevitably result in an artificially constrained supply of land. Part of this is understanding the contribution that private investment can make to infrastructure improvements that facilitate housing provision, which may be incremental, but still valuable. Whilst there are some significant infrastructure issues to be resolved to enable growth in some settlements, the provision of housing in smaller increments, if infrastructure capacity can be leveraged, should not be delayed while the more complex problems, that may involve public expenditure, are being worked on. Planning policy should retain sufficient flexibility to support reasonable growth

outcomes where appropriate, rather than causing market stagnation, as resolving complex infrastructure issues can take years.

A system to regularly obtain data and information on all housing, commercial and industrial development is overdue and was identified in the early stages of the RLUS reviews as critical for future planning. The information is largely available in the State VISTAS system and information provided by Councils to CBOS relating to building construction, however there are technical complexities in the data sets that need to be resolved to create ordered and useful information. The lack of ordered data is a significant constraint to strategic planning. This action should be prioritised by the Strategy.

5. Growing Our Capability - Build the workforce and skills the economy needs

Whilst the planning system does not have a significant role in the provision of skills and training for the workforce, the statutory policy should be flexible in recognising that training opportunities do not always take conventional pathways and may require infrastructure or facilities in places that had not been previously anticipated.

The long-standing challenge to providing accommodation for the seasonal workforce remains a vexed issue with no clear resolution on the horizon. The Strategy should interrogate this issue and pose some solutions so that the planning system can be proactive in identifying opportunities.

6. Strengthening Infrastructure - Align infrastructure, energy, digital connectivity and land supply with economic priorities

The Councils support the Strategy's recognition that infrastructure, energy, digital connectivity and land supply are critical economic enablers. Given that infrastructure requirements exceed the capacity of governments to fund all projects, prioritisation according to economic and community benefit is appropriate.

However, the Strategy should interrogate in more detail, the ability to leverage private investment and partnerships to deliver or upgrade infrastructure. The 'first mover' practices of TasWater in particular, act as a significant constraint to development and this will not be alleviated by developer contributions if the required infrastructure is not commenced.

There are numerous circumstances where the relative costs are not astronomical, but there is complexity in that it provides for several beneficiaries. The Strategy should investigate mechanisms to address cost sharing that can be ultimately neutral on the public purse; however, it requires State and planning authority engagement.

There are partnership options that Councils can engage to be the conduit for Federal funding. These are another example of where the statutory policy should incorporate flexibility to consider these outcomes. The Strategy should identify and examine examples within Tasmania where such approaches have successfully supported development.

Conclusion

Kentish and Latrobe Councils support the ambition of the Economic Diversification and Investment Strategy to strengthen Tasmania's economy, attract private investment, improve productivity and create new sources of economic value. Achieving these objectives will require more than individual programs or improvements to development approval processes. It will require alignment across economic development, planning, infrastructure and investment policy.

Tasmania's regional economies are diverse, and economic opportunities will not always arise in locations, industries or forms that can be anticipated through long-term strategic planning. This is particularly relevant to innovation and economic diversification, where future opportunities are, by their nature, not always known in advance. The Councils consider that the Strategy should therefore establish a clear policy principle that Tasmania's investment and planning frameworks provide both certainty and sufficient flexibility: certainty to give investors and communities confidence in policy, processes and decision-making, and flexibility to assess appropriate proposals on their merits and respond to changing economic circumstances.

The Councils encourage the State Government to use development of the Strategy as an opportunity to test whether existing and emerging statutory policy settings are fit for purpose to deliver the economic outcomes being sought. This should include consideration of how regional land use planning, infrastructure provision, land supply and agency decision-making interact with the State's investment and diversification objectives.

A successful Strategy should connect State ambition with the practical conditions required to deliver investment and development on the ground. This requires strong engagement with local government, access to reliable regional data and a genuine understanding of the differing opportunities and constraints of individual places.

Ensuring these systems work together will strengthen investor confidence, enable appropriate regional growth and provide communities across Tasmania with greater opportunity to participate in, and benefit from, the State's future economic development.