SOUTHERN MIDLANDS COUNCIL

21 August 2026

ECONOMIC DIVERSIFICATION AND INVESTMENT STRATEGY – CONSULTATION DRAFT

Submission Email: economy@building.tas.gov.au

Executive Summary

The Southern Midlands Council welcomes the opportunity to provide feedback on the Tasmanian Government's Draft Economic Diversification and Investment Strategy (EDIS).

Council strongly supports the aspirational and proactive approach of the Draft EDIS and its focus on economic diversification, private investment, employment, regional development and improved socio-economic wellbeing. Council considers that Tasmania needs to adopt a forward-looking approach that seeks to actively shape its economic and demographic future rather than relying predominantly on historical trends and projections.

Council's principal concern is that the success of the EDIS will depend upon whether its objectives can be translated into practical outcomes through Tasmania's strategic land use planning and infrastructure systems.

Tasmania has developed a number of sound and ambitious strategies over recent decades. However, implementation has too often been constrained by a planning system that has been unable or unwilling to facilitate the proactive planning scheme amendments necessary to give effect to those strategies. This has contributed to missed investment and employment opportunities and has constrained the supply of residential and industrial land.

Council therefore considers that the EDIS presents an important opportunity to establish a stronger and more integrated relationship between economic development policy and strategic land use planning.

In particular, the final EDIS should not operate as a stand-alone economic strategy. It should be formally incorporated into Tasmania's strategic land use planning framework through a coordinated review of the Tasmanian Planning Policies (TPPs) and Regional Land Use Strategies (RLUSs).

Council also considers that the State planning system needs to adopt a more aspirational, proactive and flexible approach. Planning should not simply respond to historical development patterns and demographic projections. If the EDIS is intended to change Tasmania's economic future, the planning system must be capable of facilitating that change.

This is particularly important in regional Tasmania, where communities provide the workforce, services, infrastructure and social foundations that support agriculture, forestry, tourism, manufacturing, energy, mining and other wealth-generating activities.

Council's key recommendations are as follows.

1. Integrate the EDIS with Tasmania's strategic land use planning framework

2. Review and revise the Tasmanian Planning Policies

3. Ensure economic development and planning agencies work as an integrated system

4. Adopt a more aspirational and proactive approach to planning

5. Give appropriate weight to economic and social outcomes

6. Improve the use of demographic and land supply data

7. Facilitate sufficient residential and industrial land supply

8. Adopt a genuinely long-term approach to Urban Growth and Settlement Growth Boundaries

9. Recognise infrastructure as an enabler of economic development

10. Develop a fair and transparent infrastructure and developer contributions framework

11. Reduce unnecessary prescription and micro-management of regional towns

12. Improve the planning system's ability to respond to investment opportunities

13. Apply a balanced assessment of costs and benefits

Conclusion

The Draft EDIS provides an important opportunity for Tasmania to adopt a more proactive approach to its economic future. Council strongly supports its aspirational direction and its emphasis on investment, economic diversification, employment and regional development.

Please contact Damian Mackey if you have any questions or would like further information at dmackey@southernmidlands.tas.gov.au

Yours sincerely



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SOUTHERN MIDLANDS COUNCIL

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1. OVERALL COMMENTS

The Draft Economic Diversification and Investment Strategy (EDIS) is a welcome and much-needed vision for a new future focussed on improving the socio-economic well-being of Tasmanians.

The Strategy demonstrates aspirational thinking and proposes a number of proactive strategies capable of supporting economic diversification, investment, employment and regional development across Tasmania. Council supports this general direction.

Council considers, however, that the success of the EDIS will depend substantially on its integration with Tasmania's strategic land use planning system.

Over the past three decades, Tasmania has produced a number of forward-looking strategies containing sound and aspirational objectives. Too often, however, the implementation of those objectives has been constrained by a State planning system that is unable to accommodate proactive planning scheme amendments necessary to give effect to them.

This has contributed to missed opportunities for investment and employment and has constrained housing supply.

Council's overriding concern is therefore that, once finalised, the EDIS must be formally integrated into Tasmania's strategic land use planning framework.

This should occur through:

1. a review and recasting of the Tasmanian Planning Policies (TPPs); and
2. a subsequent review and substantial revision of the Regional Land Use Strategies (RLUSs) to ensure they are consistent with the revised TPPs and the EDIS.

Without this integration, there is a significant risk that many of the EDIS strategies will remain aspirational statements rather than becoming practical mechanisms for delivering economic and social outcomes.

Council's detailed comments and suggested improvements are set out below.

2. SUGGESTED IMPROVEMENTS AND COMMENTS

2.1 Aspirational Thinking and Proactive Strategies

Council supports the aspirational thinking and proactive strategic approach embedded within the Draft EDIS.

Tasmania needs to build a new future that is fit for purpose for the 21st century. This requires a willingness to consider what Tasmania could become, rather than simply planning around historical trends and demographic projections.

Council considers that this approach is also consistent with the concept of sustainable development contained within Tasmania's Resource Management and Planning System (RMPS), which requires appropriate consideration of social, economic and environmental objectives.

In Council's view, these three elements need to be more appropriately balanced within Tasmania's planning system. Economic and social considerations have, over recent decades, received insufficient weight relative to environmental and process-based considerations.

A genuinely sustainable approach requires all three elements to be considered together.

2.2 A Welcome Focus on Regional Tasmania

Council welcomes the strong focus on regional Tasmania within the Draft EDIS.

This recognises the significant wealth-generating economic activities undertaken in regional and rural areas and the important role that regional towns play as service centres for the economic activities occurring within their surrounding regions.

Regional communities are not simply population centres. They provide the workforce, services, infrastructure and social foundations that support agriculture, forestry, tourism, manufacturing, energy, mining and other wealth-generating activities.

Council notes that this approach contrasts with metropolitan areas, where a greater proportion of economic activity involves the circulation and servicing of existing wealth rather than the generation of new export income.

Council is concerned that the current redraft of the Southern Tasmania Regional Land Use Strategy (STRLUS) does not adequately reflect this regional perspective and considers that its current approach is excessively metropolitan-centric and insufficiently responsive to the needs of rural communities.

2.3 Integration with the Strategic Land Use Planning System

The Draft EDIS describes itself as a whole-of-government strategy.

If this is to be achieved in practice, the final EDIS must be explicitly integrated into the State's strategic land use planning system.

Council considers that local government is generally supportive of economic activity and appropriate residential growth. The principal impediment is not a lack of willingness by Councils, but a State planning system that has historically been reluctant to facilitate proactive planning scheme amendments based on aspirational socio-economic strategies.

The final EDIS provides an opportunity to address this disconnect.

Council recommends that:

- the pyramid diagram on page 5 of the Draft EDIS be amended to explicitly include Tasmania's strategic land use planning system;
- the final EDIS expressly identify integration with the State's strategic land use planning framework as an implementation requirement;
- the final EDIS be incorporated into and reflected within the Tasmanian Planning Policies;
- the TPPs be reviewed at the same time to remove or moderate provisions that may unnecessarily constrain economic development, housing supply and regional growth;
- the current draft Regional Land Use Strategies not be finalised until they have been reviewed against the final EDIS and revised TPPs;
- the Regional Land Use Strategies subsequently be substantially reworked to ensure that they facilitate, rather than constrain, the objectives of the EDIS; and
- the above processes be progressed concurrently wherever practicable.

Council also considers that the Office of the Coordinator-General and the Tasmanian Development Board should work closely, on an ongoing basis, with the State Planning Office and the Minister responsible for planning.

Economic development and strategic land use planning cannot operate effectively as separate policy functions. The agencies responsible for investment attraction, economic development and planning need to work as an integrated system.

This will also require a change in culture within the State planning system. Strategic planners need to be encouraged to embrace aspirational thinking and proactive strategy development rather than relying predominantly on historical trends and projections.

With this change in approach, Local Government and State Government can work together more effectively to create a new future for Tasmania.

2.4 Unlocking Private Investment

Priority 1 of the Draft EDIS focuses on unlocking private investment and proposes consideration of a new Economic Future Act to provide a clearer and faster pathway for major job-creating projects.

Council supports this objective.

Council considers, however, that substantial improvements could be achieved by reorienting the existing planning and development system within the current legislative framework, without necessarily waiting for new legislation.

This would require a significant change in mindset within the State's strategic land use planning system.

The current approach tends to place considerable reliance on historical statistics, demographic projections and evidence of demonstrated past demand. Major change is often contemplated only when it can be shown to be necessary based on historical evidence, with significant emphasis placed on the concept of orderly development.

Orderly development is important. However, Council considers it to be a secondary consideration to the fundamental objective of improving the socio-economic wellbeing of Tasmanians.

A private-sector, market-driven economy cannot always operate according to predetermined development sequences. Developers and entrepreneurial investors do not necessarily arrive in a predictable order or seek to develop land in accordance with a predetermined timetable.

The planning system therefore needs sufficient flexibility and elasticity to respond to investment opportunities as they arise.

The first-order consideration should be whether a proposed planning outcome contributes to Tasmania's social and economic wellbeing, while appropriately addressing environmental and infrastructure considerations.

This requires planning scheme amendments to be capable of responding to aspirational and proactive development strategies.

The recent refusal by the Tasmanian Planning Commission of the proposed expansion of the Boyer Industrial Hub illustrates the potential consequences of the current approach. Council is concerned that decisions of this nature can result in lost investment and employment opportunities while existing major infrastructure associated with an industrial hub remains underutilised.

Council considers that this problem can be addressed by incorporating the relevant economic development objectives of the final EDIS into the TPPs and subsequently the RLUSs.

In this regard, Council considers that making the existing planning system work more effectively within the current legislative framework could deliver significant economic benefits without waiting for new legislation.

2.5 Correct Use of Demographic Date and Projections

Page 32 of the Draft EDIS seeks comment on improved regional economic, development, liveability and demographic data and projections.

Council supports better data. However, it is important that data and projections are used appropriately.

There is a fundamental distinction between evidence of past development and evidence of demand.

For example, statistics showing the number of residential lots created, dwellings constructed or population accommodated are measures of what has occurred in the past. They do not necessarily establish the level of underlying demand.

The continuing housing shortage demonstrates that historical rates of housing supply have not been sufficient to meet demand.

Planning decisions based primarily on past rates of development risk perpetuating an existing shortage rather than addressing it.

Similarly, demographic projections should not automatically be treated as inevitable outcomes.

Government has the capacity to influence future population and economic growth through infrastructure investment, economic development, employment opportunities, housing supply and other policy interventions.

Tasmania has previously demonstrated the capacity to use aspirational thinking and proactive economic strategies to change its future. The development of hydro-industrialisation provides a powerful historical example.

The EDIS itself demonstrates that the State Government recognises the value of thinking beyond historical trends.

The challenge is to ensure that the State's strategic land use planning system adopts the same approach and facilitates, rather than frustrates, these ambitions.

2.6 Infrastructure Planning & Developer Contributions

Page 40 of the Draft EDIS seeks comments on developing an infrastructure pricing and fair developer contributions policy.

Council supports the development of a fair and transparent approach to infrastructure pricing and developer contributions.

However, the current Urban Growth Boundary and Settlement Growth Boundary concepts within Tasmania's strategic planning framework present a significant impediment to achieving this objective.

The current 15-year planning horizon is too short for effective long-term infrastructure planning.

Infrastructure assets commonly have useful lives of 50 to 100 years or more. Infrastructure providers therefore need to understand the likely ultimate extent and distribution of urban and settlement growth when planning major networks and determining the appropriate scale of investment.

A 15-year growth boundary provides little more than an indication of the next areas likely to be considered for rezoning. It does not provide a sufficiently long-term strategic framework for infrastructure planning.

Council understands that some major infrastructure providers are now developing their own urban growth mapping using 50-year or longer planning horizons.

This is an indication that the State planning framework needs to adopt a comparable long-term perspective.

A longer-term Urban Growth Boundary or Settlement Growth Boundary would allow:

- infrastructure providers to appropriately size major infrastructure investments;
- infrastructure networks to be planned more efficiently;
- developer contributions to be calculated more fairly across ultimate infrastructure catchments;
- Councils to undertake more effective long-term land use planning; and
- private investment to occur with greater certainty.

Council also considers that public infrastructure should be recognised as an economic development enabler.

Infrastructure investment is not merely a consequence of development. In many circumstances, infrastructure enables development to occur in the first place.

This is particularly important in regional and rural Tasmania, where strategic infrastructure investment can unlock wealth-generating economic activity and support significant employment and investment opportunities.

3. FLAWS IN THE STATE'S PLANNING APPARATUS THAT WILL SCUTTLE EDIS STRATEGIES THAT REQUIRE PLANNING SCHEME AMENDMENTS IN ORDER TO BE IMPLEMENTED

Council's principal concern is that weaknesses within Tasmania's current strategic planning framework may prevent the EDIS from achieving its intended outcomes where implementation requires planning scheme amendments.

In Council's view, these weaknesses include the following.

3.1 Lack of Aspirational and Proactive Planning

The State planning system has historically tended to avoid aspirational thinking and proactive socio-economic strategic land use planning.

The system has instead generally relied on responding to historical demographic and development trends and projecting those trends into the future.

This approach is not sufficient to support a strategy that seeks to actively diversify Tasmania's economy and attract new investment.

3.2 Insufficient Weight Given to Economic Development

Council considers that the planning system has not adequately pursued the sustainable development objectives of the RMPS, particularly the economic development component.

This has consequences for the socio-economic wellbeing of Tasmanians.

Economic development, social wellbeing and environmental protection should not be treated as competing objectives in every circumstance. A properly integrated planning system should seek outcomes that advance all three.

3.3 Over-Reliance on Demographic Projections

Demographic projections should inform planning, but should not determine the future.

Tasmania can influence its future population and economic trajectory through proactive policy and investment decisions.

A planning system that assumes demographic projections are inevitable risks constraining the very growth and investment that government strategies seek to encourage.

3.4 Artificial Constraints on Residential and Industrial Land Supply

Council considers that the shortage of appropriately zoned residential land has contributed to increased land prices and exacerbated the housing crisis.

Similarly, insufficient availability of appropriately located industrial land can result in Tasmania missing investment and employment opportunities.

There is an important distinction between industrial land required to service the local Tasmanian economy and land required for export-oriented industries.

Local industrial demand can be estimated to a reasonable degree. Export-oriented industries, however, are much more difficult to predict because they are often driven by entrepreneurial and opportunistic investment decisions.

An investor considering a major export-oriented project is likely to consider locations across Australia and potentially internationally.

Such investors generally require reasonable certainty and reasonable immediacy. If a planning scheme amendment is required and there is a significant risk that it may not be approved, Tasmania may simply be removed from consideration.

The appropriate response is therefore to provide reasonable opportunities and options through proactive strategic planning, particularly where land is logically and appropriately located.

3.5 Unnecessary Intervention at the Rezoning Stage

Council considers that the State planning system does not always adequately recognise the roles of the proponent, infrastructure providers and Local Government following the rezoning process.

Detailed infrastructure, servicing and development issues can often be assessed during subsequent planning and subdivision approval processes.

Unnecessary intervention at the rezoning stage can therefore prevent appropriate development opportunities from progressing.

3.6 Misinterpretation of Land Supply and Demand

Residential and industrial land supply studies should be carefully reviewed to ensure that they distinguish between past supply and actual demand.

For residential land, the number of lots created and dwellings constructed measures historical supply. It does not necessarily measure the full extent of demand.

For industrial land, the distinction is even more important for export-oriented industries. Demand from businesses seeking to establish new export-oriented operations cannot reliably be predicted through conventional historical demand modelling.

These businesses are often attracted by particular opportunities, infrastructure, workforce availability, access to markets and other factors.

The planning system therefore needs to maintain a sufficient range of appropriate opportunities rather than attempting to predict precisely where every future business will locate.

3.7 Urban Growth Boundaries

Council considers that Urban Growth Boundaries and Settlement Growth Boundaries should be based on a planning horizon of at least 50 years.

The current approach is too short term and effectively identifies little more than the next areas likely to be rezoned.

This is inconsistent with the long-term nature of infrastructure investment.

Infrastructure providers are investing in assets with lifespans of 50 to 100 years. Strategic land use planning should therefore provide sufficient long-term certainty to allow those investments to be planned efficiently.

The State planning system should reconsider the purpose and methodology of Urban Growth Boundaries and adopt a genuinely long-term strategic approach.

3.8 Micro-Management of Rural Towns

The TPPs and RLUSs should focus on strategic land use matters of State or regional significance.

Council considers that the current draft STRLUS moves beyond this role by unnecessarily prescribing and micro-managing development outcomes within rural towns.

Local Councils are best placed to work with their communities to understand the character, opportunities and challenges of individual towns.

A highly prescriptive, top-down approach can override locally developed strategies and prevent rural communities from responding to their own economic and demographic circumstances.

This risks impeding economic development and residential growth in regional Tasmania.

3.9 Allowing the Perfect to Become the Enemy of the Good

Council is concerned that the planning assessment process can sometimes place disproportionate weight on identifying potential shortcomings in a proposal while insufficiently considering the benefits that the proposal may deliver.

Planning occurs in an imperfect world. Perfect development opportunities rarely exist.

The appropriate question should therefore be whether the overall outcome provides a net benefit and represents an appropriate balance between competing objectives.

For example, there may be a choice between providing a small number of dwellings in theoretically optimal locations and providing a substantially greater number of appropriately located dwellings in locations that are less than perfect.

A planning system focused on achieving the perfect outcome can inadvertently prevent good outcomes from occurring at all.

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4. Conclusion

Council strongly supports the aspirational direction of the Draft Economic Diversification and Investment Strategy.

The Strategy provides an opportunity to establish a new approach to Tasmania's economic future: one that is proactive, investment-focused and responsive to the significant opportunities available to the State's regional communities.

However, the success of the EDIS will ultimately depend upon whether its objectives can be translated into practical outcomes through Tasmania's planning and infrastructure systems.

Council therefore considers that the final EDIS must be integrated into the State's strategic land use planning framework.

This should involve:

1. incorporating the EDIS into the Tasmanian Planning Policies;
2. reviewing the TPPs to remove provisions that unnecessarily constrain economic development, investment and housing supply;
3. substantially revising the Regional Land Use Strategies to align with the final EDIS and revised TPPs;
4. adopting a genuinely long-term approach to Urban Growth and Settlement Growth Boundaries;
5. improving coordination between economic development, investment and planning agencies;
6. giving appropriate weight to proactive economic and social strategies developed by Local Government;
7. recognising infrastructure as an enabler of economic development; and
8. ensuring that planning decisions are based on a balanced consideration of social, economic and environmental outcomes.

Council's central message is straightforward: **if Tasmania is serious about building a new economic future, its strategic land use planning system must be capable of enabling that future.**

Without this alignment, there is a substantial risk that the EDIS will remain a well-intentioned strategy whose implementation is constrained by the very planning system that should be helping to deliver it.