Tasmanian Small Business Council
Uniting Small Business

Submission to the Tasmanian Government's

Draft Economic Diversification and Investment Strategy

A Tasmanian small business perspective

August 2026

Background and Introduction

The Tasmanian Small Business Council (TSBC) was established in 1973 and incorporated in 2000. As Tasmania's peak body exclusively representing the interests of small businesses, TSBC has a strong history of advocacy on taxation, workplace relations, competition law, retail tenancy, energy policy and other issues affecting the capacity of small businesses to operate and invest.

The TSBC's primary objectives are to promote and support the development of small businesses in Tasmania; advocate for policy changes and regulatory reforms that advance their interests; and increase awareness and understanding of the small business sector among government, regulators, business, the media and the wider community.

Small businesses often lack the time, resources and specialist expertise required to navigate complex legislative and regulatory changes. The TSBC therefore plays an important role in ensuring that government policy reflects the practical experience of the businesses that will ultimately have to implement it.

The TSBC welcomes the opportunity to comment on the Draft Economic Diversification and Investment Strategy. We strongly support its central objective of creating a more dynamic, productive and resilient Tasmanian economy through greater private investment, innovation, productivity, workforce participation and regional development.

The draft Strategy correctly recognises that Tasmania's economy is underpinned not only by major industries and large investment projects, but also by a broad and dynamic base of small and micro businesses. Strengthening this base will build resilience and open new sources of growth.

The TSBC considers this recognition should be strengthened throughout the final Strategy. Tasmania will not achieve economic diversification simply by attracting a handful of major investments. It will also achieve it by creating the conditions in which thousands of existing Tasmanian businesses can invest, innovate, employ more people and become more productive.

This is particularly important because small businesses operate across virtually every sector and region of Tasmania. They provide local employment, services, investment and community infrastructure and are often fundamental to the viability of regional economies.

The draft Tasmania's Small Business Strategy 2036 reinforces this approach by describing government's role as creating the conditions that enable businesses to pursue their own goals, whether that means building capability, improving stability or exploring new

opportunities. The two strategies should therefore be deliberately complementary rather than operating as separate policy silos.

1. Small Business Should Be Embedded in the Economic Strategy

The six priorities in the Draft Economic Diversification and Investment Strategy are broadly consistent with the issues facing small businesses:

- Unlocking private investment
- Accelerating growth and innovation
- Lifting productivity
- Activating our regions
- Growing our capability
- Strengthening infrastructure

However, the TSBC recommends that the final Strategy explicitly apply a small business test across each of these priorities.

> **The Strategy should ask: "Will this initiative make it easier for a small business to start, operate, invest, employ, innovate and grow?"**

If the answer is no, or if an initiative creates additional complexity for small businesses, it should be reconsidered. This is not a request for preferential treatment. It is a request for proportionate policy design that recognises the very different capacity of a small business compared with a major corporation.

The new Small Business Strategy 2036 provides a useful framework for this approach. Its four themes—People and Connections, Place, Enabling Business and Technology—cover many of the practical conditions that determine whether a business can operate successfully. The Economic Diversification and Investment Strategy should draw those conditions into its economy-wide policy framework.

Small business as economic infrastructure

The TSBC also recommends that the final Economic Diversification and Investment Strategy explicitly recognise small business as a form of economic infrastructure, particularly in regional Tasmania.

The contribution of small businesses extends well beyond their individual turnover. They provide employment, local services, investment, supply-chain connections and community resilience. In many regional communities, the presence of a viable retailer, trades business,

professional service, hospitality business, farm enterprise or tourism operator is part of the infrastructure that allows the community itself to function.

This means that supporting existing small businesses should be regarded as economic development, not simply as business assistance. A regional investment strategy should therefore measure and support the health of the existing business ecosystem alongside the attraction of new investment.

2. Planning Reform, Approvals and Red Tape

The strongest message emerging from the Northern Tasmania Economic Summit was the need for planning reform, faster approvals and greater regulatory certainty. Participants identified lengthy approval processes, fragmented decision-making and unnecessary complexity as constraints on housing, infrastructure, tourism, industry and business investment.

The TSBC strongly endorses this finding. For a major investor, regulatory delay can be expensive. For a small business, it can be existential. A small business owner does not have a planning department, compliance department or government relations team sitting down the corridor.

A particular concern is the cost and delay associated with requiring applicants to engage third-party experts and technical consultants to make relatively minor amendments to plans. Where a development application has already been substantially assessed and an applicant seeks a simple, clearly drawn alteration or clarification, another round of costly specialist reports should not automatically be triggered.

Council planning officers should have the skills, authority and discretion to assess and accept straightforward amendments where the information supplied by the applicant is clear and sufficient. Requiring an architect, planner, engineer or other technical expert simply to redraw or annotate a minor change can impose disproportionate cost without corresponding public benefit.

This is particularly important for small businesses undertaking modest developments, renovations, extensions or changes to existing premises. Specialist costs can become a genuine deterrent to investment and can result in improvements being abandoned altogether.

> **The principle should be simple: regulation should protect the public interest, not create a market for consultants.**

The final Strategy should therefore commit to a genuinely proportionate approach to approvals, with the level of assessment and technical expertise required reflecting the complexity, risk and potential impact of the proposal.

• Substantially reduce approval times for low-risk small business proposals.

• Simplify and consolidate regulatory requirements wherever possible.

• Introduce a proportionate approach to amendments and variations.

• Give appropriately qualified council officers greater discretion to accept clear, well-drawn and self-explanatory minor amendments.

• Establish clear criteria for when third-party expert reports are genuinely necessary.

• Improve coordination between State and local government and provide clear pathways through government for business proponents.

• Measure the regulatory burden and cost experienced by small businesses.

3. Productivity, Innovation and Investment

The TSBC strongly supports the Strategy's focus on productivity. The draft correctly identifies smaller firm size, lower capital intensity and slower technology adoption as factors contributing to Tasmania's productivity gap.

The Northern Tasmania Summit adds an important practical dimension: small and medium businesses need assistance to adopt digital technologies and artificial intelligence, including practical training that enables businesses to turn technology into productivity gains.

The final Strategy should provide practical assistance for small businesses to:

• adopt digital technology and artificial intelligence;

• improve management and business capability;

• access appropriate, industry-relevant training;

• invest in productivity-enhancing equipment and systems;

• translate research and innovation into practical commercial applications; and

• manage emerging digital risks, including cybersecurity and the safe adoption of artificial intelligence.

The draft Small Business Strategy 2036 is particularly useful in broadening this agenda. It recognises that technology can increase productivity, open markets, improve efficiency,

strengthen resilience and help businesses meet legal and administrative requirements. The Economic Diversification Strategy should reflect this broader role for technology.

Established businesses must be included in innovation policy

Innovation and commercialisation programs should be accessible to established small businesses, not only start-ups, universities or major enterprises. Many established Tasmanian businesses have deep industry knowledge, customers and practical problems that could be solved through relatively modest innovation or technology investment.

Government programs should therefore make it easier for established businesses to connect with researchers, technology providers and innovation programs and to convert research into commercially useful products, services and processes.

Investment means more than major projects

The Strategy should also recognise that private investment occurs at many scales. A small business investing in new equipment, a digital system, a fit-out, energy efficiency, staff training or an additional employee is making an economic investment. Thousands of these decisions collectively represent a substantial source of private investment and productivity growth.

The policy environment should therefore encourage existing businesses to invest as well as seeking new major projects.

4. Local Procurement and Stronger Supply Chains

The draft Small Business Strategy 2036 identifies local purchasing as a specific objective and recognises the role of government and councils in making it easier for local suppliers to find and compete for procurement opportunities.

The TSBC recommends that the Economic Diversification and Investment Strategy adopt this principle explicitly. Local procurement is a practical economic development mechanism because it can retain more economic activity within Tasmania, strengthen supply chains, build business capability and support employment without requiring a new major investment project.

Government procurement processes should be designed so that appropriately capable small businesses can realistically participate. This includes appropriately sized contracts, clear tender information, reasonable administrative requirements, practical capability-building and procurement processes that do not inadvertently favour large businesses simply because of their scale. Something which the TSBC has been asking for over many years.

The Strategy should also recognise the value of stronger connections between small businesses, industry associations, suppliers, larger businesses, education providers and government. These networks can support collaboration, supply-chain development, innovation, market access and resilience.

A stronger small business supply chain

Tasmania's economic diversification will be more durable if investment creates opportunities for Tasmanian businesses to participate in the supply chains that develop around it. Major projects should therefore, wherever practical, provide opportunities for local businesses to supply goods and services, develop new capabilities and form longer-term commercial relationships.

This is particularly important in regional Tasmania. Existing businesses can provide the skills, services and local knowledge required to support major projects, while major projects can provide new markets and opportunities for existing businesses.

Business networking and collaboration

The Small Business Strategy 2036 identifies networking and collaboration as an important contributor to resilience and opportunity. The Economic Diversification Strategy should recognise that connections between businesses are themselves an economic enabler.

Government and industry representative bodies can assist by facilitating forums, introductions, industry collaboration and practical connections across sectors. This should be viewed as part of the economic development system rather than as an optional business-support activity.

> **The objective should be to create an economy in which investment circulates through Tasmania's existing business community as well as attracting new capital into the State.**

5. Regional Tasmania and Economic Infrastructure

The TSBC strongly supports the Strategy's commitment to activating Tasmania's regions. The Northern Tasmania Summit demonstrated why a place-based approach is important. Participants identified regional strengths in renewable energy, agriculture, food production, tourism, liveability, research and community identity, but concluded that these assets are not yet being converted into sufficient investment and business growth.

Small businesses are particularly important in regional Tasmania. They provide local employment, services and investment and are often essential to the viability and liveability of smaller communities.

Regional economic development programs should therefore not focus exclusively on attracting large projects. They should also support the existing business ecosystem that allows major projects, regional communities and local economies to succeed.

Infrastructure is an economic enabler

The TSBC supports the Northern Tasmania Summit's conclusion that infrastructure should be regarded as an economic enabler rather than simply a public service.

For small businesses, relevant infrastructure includes:

- reliable digital connectivity;
- appropriate industrial and commercial land;
- transport and freight infrastructure;
- affordable and reliable energy;
- water and essential services;
- housing;
- workforce availability;
- childcare and community infrastructure; and
- coordinated regional leadership.

The Economic Diversification Strategy should explicitly recognise the connection between these forms of infrastructure and private investment. A business may have a viable proposition and access to finance but still be unable to invest if it cannot obtain suitable premises, recruit staff, move goods, access reliable communications or secure appropriate insurance.

Regional resilience

Regional resilience also depends on the continuity of existing businesses. The Small Business Strategy 2036 appropriately identifies business continuity and disaster preparedness as areas where small businesses need support. The Economic Diversification Strategy should recognise business resilience as a component of regional economic resilience.

Support for business continuity planning, disaster preparedness, succession planning and risk management can help ensure that economic shocks do not unnecessarily become permanent losses of employment, services and investment.

6. Workforce, Population, Housing and Skills

The TSBC supports the Strategy's focus on participation, skills and workforce capability. However, workforce development is not simply a matter of producing more qualifications. Training needs to respond to the actual needs of businesses, particularly small businesses.

The Northern Tasmania Summit called for industry-led training, stronger school-to-work pathways, lifelong learning, improved use of migrants' skills and targeted workforce development in areas including digital technology and artificial intelligence.

The draft Small Business Strategy 2036 brings these issues together under an objective focused on attracting and supporting people to live and work in Tasmania. This is a useful approach because workforce availability, housing, transport, community infrastructure and liveability are interconnected economic issues rather than separate policy silos.

The Economic Diversification Strategy should similarly recognise that attracting workers is only part of the solution. Tasmania must also create conditions that allow businesses to retain workers and allow people to participate in the workforce.

- industry-led and demand-driven training;
- stronger school-to-work pathways;
- lifelong learning and retraining;
- better use of migrants' existing skills and qualifications;
- greater participation where barriers can be reduced;
- access to childcare and community infrastructure;
- appropriate housing in locations where jobs are available; and
- transport and regional infrastructure that supports access to employment.

Capability of business owners

Workforce capability should also include the capability of the business owner. The Small Business Strategy 2036 identifies management, risk management, financial planning, strategic planning, succession planning and business continuity as areas where business owners may require practical support.

The Economic Diversification Strategy should recognise that improving management capability in thousands of small businesses can have a substantial cumulative productivity effect. Support should be accessible, practical and relevant to the circumstances of small businesses rather than assuming that a single model of business development will suit all enterprises.

A broader definition of participation

The economic contribution of small business is not confined to businesses seeking rapid expansion. Businesses that remain stable, employ locally, develop apprentices, provide services in regional communities or invest in new technology are all contributing to economic resilience and productivity.

The final Strategy should therefore recognise a broad range of business outcomes while retaining a strong focus on investment, productivity and employment.

7. Tasmania's Brand, Natural Assets, Climate and Energy

The draft Small Business Strategy 2036 identifies the Tasmanian brand as a significant asset for local businesses. Tasmania's reputation for quality products, produce, experiences and its connection to the natural environment can provide a competitive advantage in interstate and international markets.

The Economic Diversification Strategy should recognise the Tasmanian brand as an economic asset and support existing businesses to leverage it. This is particularly relevant to food, agriculture, tourism, manufacturing, professional services and other businesses whose market proposition can be strengthened by Tasmania's reputation for quality and provenance.

Tasmania's natural assets should also be treated as economic assets. Clean water, renewable energy, environmental credentials and strong biosecurity contribute directly to the State's competitive position.

Climate adaptation and business resilience

The Small Business Strategy 2036 recognises that climate change is creating more frequent extreme weather, rising insurance costs and supply-chain disruption. It also identifies opportunities for businesses arising from energy efficiency, electrification, climate-smart practices and new markets.

The Economic Diversification Strategy should therefore recognise both sides of this equation: climate-related risks can impose substantial costs on small businesses, while Tasmania's environmental and renewable-energy advantages can create new economic opportunities.

The final Strategy should support small businesses to:

- improve climate and disaster resilience;
- adopt energy-efficient and resource-efficient technologies;

• manage increasing insurance and supply-chain risks;

• participate in emerging low-emissions markets and supply chains; and

• leverage Tasmania's clean-energy and environmental credentials in domestic and international markets.

Insurance as an investment condition

Insurance affordability and availability should also be recognised as part of the business operating environment. Increasing insurance costs can directly affect the viability of a business and can influence whether an owner proceeds with an investment, expansion or property improvement.

The Economic Diversification Strategy should consider insurance alongside energy, transport, regulatory compliance and other operating costs when assessing barriers to private investment and business resilience.

> **Protecting Tasmania's natural advantages is therefore not separate from economic development. It is part of maintaining the competitive conditions on which future investment depends.**

8. Digital Connectivity, Global Markets and Cyber Capability

Digital connectivity is now basic economic infrastructure. For regional businesses in particular, unreliable or inadequate digital services can constrain productivity, customer access, remote work, continuity and participation in national and international markets.

The TSBC supports continued investment in reliable digital infrastructure and agrees with the Small Business Strategy 2036 that digital connectivity is foundational to economic growth and business development.

Digital technology also provides Tasmania with an opportunity to overcome the disadvantages of geographical distance. The Economic Diversification Strategy should therefore treat digital capability not merely as an internal productivity issue but as a mechanism for accessing customers and markets beyond Tasmania.

Government support should assist businesses with:

• e-commerce and online market access;

• digital marketing and customer engagement;

• use of digital platforms to reach national and international customers;

• artificial intelligence adoption where it delivers practical benefits;

• cybersecurity and digital risk management;

• digital administration, record-keeping and compliance; and

• the skills required to select, implement and optimise technology.

Global markets and diversification

The draft Small Business Strategy 2036 notes that Tasmanian businesses already supply interstate and international markets and that technology can make Tasmanian products, services and knowledge accessible around the world.

This is directly relevant to economic diversification. Expanding the number of small businesses capable of selling beyond Tasmania can diversify the State's income base without requiring businesses to relocate or substantially increase their physical footprint.

The Economic Diversification Strategy should therefore include practical support for established small businesses seeking to develop export capability, enter new markets and use digital channels to overcome Tasmania's geographical distance.

Coordination across government

Small businesses should have a clear and accessible pathway into government programs. They should not have to identify which of several agencies or programs is responsible for an issue and then repeat their circumstances to each one.

The TSBC supports the Small Business Strategy's emphasis on clear pathways, timely and accurate responses and improved coordination. The Economic Diversification Strategy should adopt the same principle across the broader economic development system.

9. Implementation, Measurement and Accountability

The key challenge for the Economic Diversification and Investment Strategy will be implementation. A strategy should not become principally a strategy for attracting large projects while existing Tasmanian businesses continue to face unnecessary barriers to investment and growth.

The draft Small Business Strategy 2036 provides a useful model. It proposes an Implementation Plan developed with partner organisations, including the TSBC and TCCI, and states that the Plan will identify specific actions and measurable outcomes. The Economic Diversification Strategy should adopt an equally practical approach.

The TSBC recommends that the final Strategy:

1. Embed a small business lens across all six strategic priorities.

2. Recognise small business as economic infrastructure, particularly in regional Tasmania.

3. Establish measurable targets for reducing the time, cost and complexity of planning, approvals and regulation affecting small businesses.

4. Develop practical programs to accelerate digital and artificial intelligence adoption by small businesses.

5. Ensure workforce and skills programs are genuinely responsive to small business demand.

6. Ensure regional investment programs support existing small businesses as well as attracting new investment.

7. Treat digital connectivity, freight, transport, energy, water, housing and community infrastructure as economic infrastructure.

8. Strengthen coordination between State Government, local government, government businesses, industry and education providers.

9. Ensure research, innovation and commercialisation programs are accessible to established small businesses, not only start-ups and major enterprises.

10. Establish an ongoing formal mechanism for small business input into implementation, monitoring and review of the Strategy.

11. Recognise local procurement and participation in government supply chains as an important mechanism for retaining investment, employment and economic activity within Tasmania.

12. Recognise business resilience—including continuity planning, disaster preparedness, succession planning and climate adaptation—as an integral component of Tasmania's economic resilience.

13. Recognise the Tasmanian brand and the State's natural and renewable-energy advantages as economic assets that support existing businesses and future investment.

14. Publish an implementation plan containing specific actions, responsible agencies, timeframes, realistic budget allocation and measurable outcomes, with progress reported publicly and reviewed with the small business sector.

10. Conclusion

The TSBC supports the direction of the Draft Economic Diversification and Investment Strategy and believes it provides a useful framework for Tasmania's next decade of economic development.

The draft Small Business Strategy 2036 reinforces many of the practical issues identified in this submission: stronger business networks, local procurement, workforce participation, regional infrastructure, business resilience, a more supportive operating environment, reduced red tape, digital connectivity, access to global markets and digital capability.

These issues should not be confined to the Small Business Strategy. They are fundamental components of the broader economic environment and therefore belong within the Economic Diversification and Investment Strategy as well.

The Northern Tasmania Economic Summit provides a valuable test of whether the Strategy reflects the practical experience of businesses and regional communities. Its messages are remarkably consistent with the broader strategy agenda: faster approvals, less regulatory friction, better infrastructure, stronger workforce capability, greater digital adoption, stronger business networks, coordinated regional leadership and a more confident approach to investment.

The thousands of small businesses already operating in Tasmania represent a substantial source of private investment, employment, innovation, productivity and regional resilience. Government should therefore measure the success of economic diversification not only by the number of major projects attracted to Tasmania, but also by whether existing businesses are finding it easier to invest, employ, innovate and compete.

> **Making Tasmania a better place for small business will make Tasmania a better place to invest, work, live and grow.**

The TSBC therefore recommends that the final Strategy make small business a clearly identified and measurable component of Tasmania's economic diversification and investment agenda, and that its implementation be closely aligned with the Tasmania's Small Business Strategy 2036.

The two strategies should reinforce one another: the Economic Diversification and Investment Strategy should establish the economy-wide conditions for investment, productivity and resilience, while the Small Business Strategy should provide the practical framework for ensuring those conditions work for the businesses that make up the overwhelming majority of Tasmania's business community.

The TSBC welcomes the opportunity to continue working with the Tasmanian Government, industry and the wider business community to ensure that the Strategy moves from a sound policy framework to practical improvements for Tasmanian businesses.



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