FROM LEGACY TO RENEWAL

A Transformational Economic Strategy for Tasmania

Response to the Tasmanian Government's

Draft Economic Diversification and Investment Strategy

Circularity is the method; economic transformation is the goal.

A strategic response proposing a managed transition from ageing industries, infrastructure and linear resource use to a more productive, circular, resilient and high-value 21st century economy.

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Source basis and purpose

This document responds directly to the Tasmanian Government's Economic Diversification and Investment Strategy - Consultation Draft and its accompanying one-page summary. Page references throughout are to the Consultation Draft. The critique and recommendations are strategic analysis developed for consultation.

The response accepts the draft's central diagnosis: Tasmania needs stronger private investment, higher productivity, broader participation, better coordination and more disciplined infrastructure and land-use decisions.

It proposes, however, that the final strategy should define the transformation Tasmania must manage as older industrial systems, public services, assets and infrastructure reach the end of their effective lives.

The strategy must apply to the whole economy - not only the industries most commonly presented as Tasmania's signature sectors. Small businesses, which account for more than 97 per cent of Tasmanian businesses and more than one-third of private-sector employment, are treated as a cross-economy lens rather than a separate silo.

Central proposition

The final Strategy should be recast as a managed economic transformation from ageing, linear and often disconnected systems to a productive, circular and resilient economy.

The economic portfolio determines what should be renewed, repurposed, scaled, transformed, tested or retired.

Circular economy principles determine how each treatment is designed and delivered.

Success should be measured through real GSP per capita, household prosperity, productivity, resource yield and fiscal resilience.

Scope of this response

The paper retains the Government draft's six priorities as enabling levers, but places them within a broader architecture covering natural-resource industries, manufacturing, energy, construction, property, health, care, education, research, trade, transport, market services, tourism, culture, government and public infrastructure. It also restores industrial, institutional and infrastructure succession as a central strategic task:

Tasmania must deliberately renew, redesign, repurpose and, where necessary, retire systems and assets that already exist.

Contents

Contents 3
1. Executive summary 4
2. Tasmania's economy in the 21st century 6
3. Circular economy as the operating philosophy 7
4. The economic portfolio and circular transformation method 8
5. Whole-of-economy circular transformation 10
6. Connecting Tasmania's economic systems 11
7. Resolving contested and scarce-resource decisions 12
8. Direct response to the draft's six priorities 12
9. Transformation roadmap 13
10. Governance, capital allocation and accountability 14
11. Transformation outcomes and state scorecard 15
12. Conclusion 17

1. Executive summary

The Consultation Draft is a constructive and economically literate framework. It correctly identifies Tasmania's lower productivity, weaker private investment, ageing population, workforce participation gap, narrow export base and fiscal constraints. Its decision-making principles - comparative advantage, strategic resource use, transparent trade-offs and outcomes over activity - should be retained.

Its central limitation is that it remains primarily a framework for coordinating government economic development and could ultimately apply to any jurisdiction.

The six priorities - investment facilitation, innovation, productivity, regional activation, capability and infrastructure - are important enablers, *but they do not define the economic transformation Tasmania requires, the succession of ageing industries and assets, or the choices required across the whole economy to drive Tasmania's prosperity in the 21st century.*

Five propositions should frame the final Strategy:

- **Transformation, not incremental diversification.** Tasmania is entering a managed succession from ageing industrial, infrastructure and service systems to a higher-value economic model. Existing industries should be renewed where viable; assets repurposed; foundational systems transformed; emerging capabilities scaled selectively; and activity that no longer creates sufficient value retired.

- **Circular economy is the operating system.** Circularity should guide investment, industry policy, productivity, skills, infrastructure, natural resources, procurement and public services. It is the method for retaining value, connecting systems and avoiding stranded assets - not a waste-management sub-strategy.

- **Resolve inherited and emerging conflicts.** Forestry and salmon have demonstrated the social and economic cost of leaving major resource questions polarised. AI and data-centre proposals risk repeating that pattern. The Strategy should establish transparent, evidence-based transition pathways with independently verified baselines, future standards, resource-allocation rules, public reporting and clear decisions to renew, condition, limit or retire activity.

- **Prosperity is not population growth.** The principal tests should be real GSP per capita, household income, productivity, value added per worker and value extracted from scarce resources. Population growth may support the transition, but it is a means rather than the objective.

- **Implementation must be personally accountable.** Each material outcome should have a named State Service or government-business executive owner, baseline, budget, milestone and public status. Collective responsibility must not become administrative anonymity.

There is a unique opportunity with a minority Government to achieve bi-partisan support for the transformational strategy.

These propositions are not separate initiatives. They are the governing logic for transformation across every industry, public system, natural resource, infrastructure network and place in Tasmania.

Transforming Tasmania's economy to meet the challenges of the 21st century should be a managed transition from a linear, ageing and often import-dependent economy to a connected, circular, productive and resilient economy that retains and compounds more value, capability, materials, energy and capital within the State.

The transformation will occur largely through systems and assets that already exist. Farms, forests, marine industries, mines, processing plants, energy and water networks, transport infrastructure, buildings, hospitals, schools, care services, businesses and public institutions must be assessed for renewal, redesign, repurposing, connection or retirement. New industries should strengthen this productive system rather than operate as isolated projects consuming scarce resources.

The final Strategy should therefore combine two disciplines:

- The economic portfolio determines what strategic treatment each industry, asset or system requires.
- Circular economy principles determine how that treatment is delivered through whole-of-life stewardship, value retention, resource productivity, regenerative management, industrial symbiosis and planned succession.

The result would be a strategy that states what Tasmania is transforming from, what it is transforming towards, how every part of the economy contributes, how value and resources will flow between sectors, what should be renewed or stopped, and how success will be measured.

2. Tasmania's economy in the 21st century

2.1 The draft identifies the historical transition but does not complete it

The Minister's Foreword is unusually candid about Tasmania's economic history. It recognises a first era built around hydro-electric development, low-cost energy and a small number of large industrial employers, followed by a second era in which services such as tourism, hospitality and care helped replace employment lost through automation and the end of the hydro construction period (p. 3).

This history should become the organising logic of the final Strategy rather than remain confined to the Foreword.

Dimension	Legacy model	21st century model
Economic model	Large industrial assets and commodity production; later employment growth through services.	Renew established strengths while building high-value, circular and knowledge-intensive production and services.
Resource model	Take, make, use and dispose; high dependence on imported inputs.	Retain and compound value through reuse, repair, remanufacture, recovery, substitution, industrial symbiosis and regenerative management.
Infrastructure model	Build assets, operate for decades, then replace reactively.	Whole-of-life stewardship, predictive maintenance, adaptive reuse, modular renewal, component recovery and planned succession.
Workforce model	More jobs and population as principal measures of success.	Higher value per worker, healthier participation, stronger skills, intelligent automation and better job quality.
Government model	Programs, grants and strategies managed within separate portfolios.	One enterprise portfolio with common priorities, transparent trade-offs, stage gates, named owners and stop decisions.
Regional model	Multiple administrative regions and separate initiatives.	One connected Tasmanian economy with specialised places, shared systems and locally informed delivery.
Investment model	Public infrastructure and project-by-project assistance.	Private capital mobilisation, transparent incentives, whole-of-life assessment and portfolio-based capital allocation.

2.2 Industrial, institutional and infrastructure succession

Economic diversification is often interpreted as adding new sectors beside existing ones. That is necessary but insufficient. Tasmania's next decade will be shaped by the renewal or decline of systems already in use: farms, forests, marine leases, mines, processing plants, energy and water networks, roads, bridges, rail, ports, hospitals, care services, schools, housing, commercial buildings, digital systems, machinery and public facilities.

Every major industry and asset system should have a forward view of its continuing purpose, condition, capacity and remaining effective life; whether it should be maintained, modernised, repurposed, consolidated or retired; the workforce and supplier capability required; the materials, components, land and knowledge that can be recovered or redeployed; the capital required; and the consequences of unmanaged decline.

This shifts infrastructure and industry policy from a list of projects and grants to a managed transition of productive systems.

Renewal itself becomes an economic opportunity: long-term asset pipelines can support Tasmanian engineering, maintenance, inspection, fabrication, digital monitoring, refurbishment, remanufacturing, construction and materials capability.

2.3 Proposed vision and competitive thesis

By 2035, Tasmania will operate as a productive, circular and resilient small-state economy - renewing its established industries, transforming ageing infrastructure and public systems, and converting clean energy, water, natural capital, knowledge, materials and brand trust into high-value production, stronger communities and a sustainable public balance sheet.

Tasmania competes by extracting maximum enduring value from every material, molecule, asset and hour of renewable energy - before, during and after use - and by turning that capability into trusted, investment-grade products, services and systems.

This thesis applies across the full economy. It includes biological resources, minerals and energy, but also buildings, hospital equipment, public assets, freight capacity, data, knowledge, professional capability, tourism infrastructure and government procurement. Tasmania's scale and island boundaries make flows more visible and coordinated action more practical than in larger jurisdictions.

2.4 Prosperity without population dependence

Aggregate GSP can rise because the population rises while individual living standards and service sustainability do not improve. The strategy should therefore make sustained growth in real GSP per capita, household disposable income and productivity its principal economic objective. These outcomes should be supported by healthier participation, better education, capital investment, intelligent automation, stronger management and higher-yielding use of natural resources and public assets.

Population policy should be selective and enabling: retain young Tasmanians, attract capabilities the State genuinely lacks, support workforce renewal and ensure housing, health, education and infrastructure can absorb change. Population growth should not be used to compensate for weak productivity or to create demand that public systems cannot service.

3. Circular economy as the operating philosophy

3.1 Circularity must sit above sectors, not beneath them

The draft's policy hierarchy places the Waste and Resource Recovery Strategy among sectoral strategies beneath the overarching economic strategy (p. 5). That reflects the traditional treatment of circular economy as an environmental or waste-management concern.

For the transformation proposed here, circular economy should be elevated to the operating philosophy of the whole economy.

Circular economy is the discipline of retaining, recovering and compounding value across materials, energy, water, land, assets, knowledge, infrastructure and natural systems. Its economic purposes are lower input costs, stronger supply chains, higher asset utilisation, reduced import dependence, new products and services, better investment readiness, healthier natural capital and greater resilience.

Accordingly, every priority, sector strategy, major project and public procurement decision should state how it extends asset life, improves utilisation, reduces virgin inputs and avoidable imports, uses by-products, connects with other sectors, improves energy, water and material productivity, protects or restores natural capital, and plans for adaptation and end of life.

Circular economy is not an additional sector. It is the method Tasmania should use to renew established sectors, connect economic systems, build new industries, modernise infrastructure and improve the productivity of public services.

3.2 The circular transformation cycle

Stage	Application
Measure	Establish Baseline Tasmania: material, energy, water, asset, financial, natural-capital and workforce flows, including imports, exports, asset stocks and major by-product streams.
Diagnose	Identify losses, bottlenecks, ageing assets, imported dependencies, underused capacity, fragmented flows and unrealised value.
Connect	Identify where one sector's material, energy, water, asset, data or capability flow can become another sector's productive input.
Prioritise	Select opportunities with credible customers, commercial drivers, strategic additionality and system-wide benefit.
Demonstrate	Develop a limited number of projects with owners, feedstocks or assets, technology, finance, approvals and delivery pathways.
Scale	Replicate proven solutions through procurement, infrastructure, standards, finance and supply-chain collaboration.
Verify and repeat	Independently measure economic, social, fiscal and environmental outcomes and use the evidence to direct the next renewal cycle.

3.3 Baseline Tasmania as shared economic infrastructure

Material-flow, asset and resource data should be treated as shared economic infrastructure, comparable in strategic function - not cost or scale - to land, energy and digital information systems.

A statewide Baseline Tasmania platform should map major inputs, outputs, by-products, asset stocks, imports, exports, energy and water dependencies, infrastructure condition and natural-capital status.

The platform should operate as one statewide system with open standards, independent verification and proportionate protection of genuinely commercial information. It should enable industrial symbiosis, investor prospectuses, procurement planning, asset-renewal pipelines, resource-allocation decisions, natural-capital management and measurement of transformation without creating separate regional structures.

3.4 Commercial and public-interest discipline

Circular projects should not be supported simply because they reduce waste. They should demonstrate a credible customer and route to market, lower whole-of-life cost, improved resilience or asset utilisation, value retained in Tasmania, replicability, private capital on risk-adjusted terms and a clearly defined public benefit where government support is proposed.

The same discipline should apply to public systems. A hospital equipment program, building renewal, transport fleet, data platform or education asset should be assessed on utilisation, repairability, adaptability, operating cost, recoverable value, service outcomes and future transition over its full life - not only the initial purchase price.

4. The economic portfolio and circular transformation method

Tasmania should manage its economy as a portfolio rather than a collection of unrelated sector plans. The portfolio does not divide the economy into permanently favoured and unfavoured sectors. It determines the treatment required for each industry, asset, institution or activity at a particular point in its transition. A single industry may contain activities that should be renewed, repurposed, tested and retired at the same time.

The economic portfolio determines what strategic treatment is required. Circular economy principles determine how that treatment is designed and delivered.		
Portfolio treatment	**Illustrative scope**	**Circular transformation method**
1. Renew and upgrade	Established productive industries, services, infrastructure and public assets.	Improve utilisation, maintenance, repairability, efficiency, circular inputs, processing depth, flexibility, asset life and value per unit of resource.
2. Repurpose	Industrial sites, public buildings, underused land, equipment, transport assets, energy and water infrastructure, data, materials and workforce capability.	Adapt existing assets for new uses; recover components and materials; redeploy land, knowledge and infrastructure; create shared precinct systems.
3. Scale selectively	Emerging capabilities with credible customers, firms, research, supply chains and finance.	Scale proven models that retain value, reduce imports, connect Tasmanian sectors and can operate commercially without permanent subsidy.
4. Transform	Health, care, education, construction, transport, trade, government and other systems constraining the economy.	Redesign incentives, service pathways, procurement, infrastructure, data, workforce models and resource flows across organisational boundaries.
5. Test	AI and data infrastructure, clean fuels, new energy-intensive manufacturing, novel bioproducts and specialised technologies.	Assess whole-of-life economics, scarce-resource use, circular design, system connections, social licence, exit obligations and stranded-asset risk before scaling.
6. Retire or avoid	Obsolete assets and programs, permanent operating subsidies, low-value resource uses, duplicated structures, uncommercial recycling and repeated pilots.	Recover materials, land, infrastructure and workforce capability; manage supplier and community transition; use sunset clauses and transparent stop decisions.

4.1 Common assessment framework

Every major project, sector intervention, concession and public investment should be assessed consistently across six dimensions:

- Economic and fiscal value: value added, wages, exports or import replacement, tax and royalty outcomes, private capital mobilised and real GSP per capita contribution.
- Productivity and capability: value per worker, management and technical capability, capital intensity, automation, supplier development and research translation.
- Resources and infrastructure: energy, water, land, network capacity, housing and workforce requirements, system connections and opportunity cost of scarce capacity.
- Circularity and natural capital: utilisation, asset life, material and energy productivity, by-product use, regenerative outcomes, end-of-life obligations and ecosystem impacts.
- Community and transition: regional resilience, social licence, distribution of benefits and costs, workforce and supplier transition and independently verified evidence.
- Commercial and delivery discipline: additionality, customers, financing, governance, market risk, execution risk, exit arrangements and the cost of failure.

This replaces the draft's recurring emphasis on major job-creating projects with a net-value test.

In a constrained labour market, a project can create jobs while reducing overall productivity by drawing scarce workers away from higher-value or essential services. It also prevents aggregate investment, population growth or project announcements being mistaken for prosperity.

This doesn’t stop private investment and initiative from engaging in the economy, it simply drives the government focus (concessions, intervention, investment, projects) in a structured, clear and transparent way.

5. Whole-of-economy circular transformation

Tasmania's strategy must apply to all industries and public systems, not only sectors with a strong external brand or an established government plan. The following matrix groups the economy into eight connected systems. It identifies the linear or legacy pattern to be changed, the circular transformation required and the principal direction of outcomes.

Economic system and sectors	Legacy or linear pattern	Circular transformation	Principal outcomes
1. Natural resources and the bioeconomy **Agriculture; food and beverages; aquaculture and fisheries; forestry and timber; mining and minerals; water; land; biodiversity and natural capital.**	Extract, produce and export; focus on volume; import many inputs; treat residues, nutrients and environmental effects as separate issues.	Regenerative and precision production; cascading use; co-products; nutrient and water loops; higher-value processing; traceability; residue utilisation; durable products; natural-capital stewardship and transparent operating limits.	More value per unit of land, water and biological or mineral resource; lower input dependence; stronger exports; healthier natural systems; clearer social licence.
2. Manufacturing, energy and industrial capability **Processing; advanced manufacturing; maritime and defence; engineering; electricity; water and waste utilities; maintenance, repair and remanufacturing.**	Ageing stand-alone plant; imported components; reactive maintenance; linear energy and material use; limited connection between industrial by-products and users.	Predictive maintenance; flexible production; industrial symbiosis; process-heat and by-product exchange; energy and water efficiency; local repair, refurbishment and remanufacture; planned asset succession and supplier pipelines.	Higher capital productivity and processing depth; lower downtime and imports; reliable essential systems; stronger Tasmanian industrial capability.
3. Construction, property and the built environment **Residential, commercial and civil construction; property; housing; planning; industrial land; public buildings; materials and infrastructure delivery.**	Build, occupy, demolish and replace; fragmented approvals; bespoke delivery; low recovery of components; underused buildings and land.	Adaptive reuse; standardised and modular delivery; design for repair and disassembly; material passports; component recovery; recovered inputs; precinct energy, water and material systems; portfolio management of public buildings.	More affordable and timely housing; lower whole-of-life cost; better asset utilisation; less embodied waste; productive precincts and industrial land.
4. Health, care and community services **Hospitals and primary care; prevention; aged care; disability and NDIS services; mental health; community services; health technology and remote care.**	Fragmented service throughput; avoidable demand; workforce silos; disposable procurement; underused equipment and facilities; weak links between prevention and treatment.	Prevention and integrated pathways; shared and digitally enabled services; equipment lifecycle management; repair and reuse where clinically appropriate; circular food, textile and packaging systems; asset and workforce redesign.	Healthier participation; improved access and flow; stronger service productivity; lower avoidable demand; sustainable providers and public finances.

Economic system and sectors	Legacy or linear pattern	Circular transformation	Principal outcomes
5. Education, research and the knowledge economy **Early childhood; schools; TasTAFE and VET; university; research; professional and technical services; information and communications; creative digital industries.**	Fragmented pathways; loss of young people and graduates; research separated from users; skills treated as one-off qualifications; duplicated data and capability.	A continuous capability loop from foundational learning to lifelong development; shared facilities and data; industry problem-solving; research translation; reusable digital content; management capability; knowledge retained, applied and exported.	Higher attainment and completion; workforce mobility; more innovation adoption; retained graduates; stronger professional and knowledge exports.
6. Trade, transport and market services **Ports, shipping, road, rail and aviation; warehousing; wholesale and retail; finance and insurance; property, professional and administrative services.**	One-way freight; fragmented distribution; empty return capacity; disconnected data; high transaction costs; limited repair and return networks; scale barriers for small firms.	Freight consolidation, backloading and reverse logistics; shared warehousing and cold chains; digital supply-chain visibility; repair and return systems; procurement aggregation; shared services; finance and insurance products supporting transition.	Lower island and transaction costs; broader markets; resilient supply chains; better access to capital and advice; stronger small-business participation.
7. Visitor, cultural and experience economy **Tourism; accommodation and food; events; arts and recreation; museums and heritage; food, wine and cultural experiences; international education connections.**	Volume and seasonality; disposable visitor consumption; imported inputs; underused assets outside peaks; fragmented destination management.	Higher yield and longer stays; local supply loops; reusable food, linen, furniture and fit-out systems; shared assets; adaptive reuse of heritage; circular destination systems; restoration of natural and cultural capital.	Higher visitor and community value; resilient regional demand; stronger cultural institutions; quality employment; protected brand, heritage and natural assets.

Economic system and sectors	Legacy or linear pattern	Circular transformation	Principal outcomes
8. Government, public administration and civic infrastructure **State Service; local government; government businesses; regulation; taxation; procurement; public data; justice, emergency and protective services.**	Agency silos; lowest-price procurement; duplicated systems and assets; reactive maintenance; opaque subsidies; programs continue without stop decisions; accountability diffused.	One enterprise portfolio; shared assets, data and services; whole-of-life procurement; public asset stewardship; transparent incentives; reuse and redeployment across agencies; benefits reinvestment; named executive accountability and stop decisions.	Better services per public dollar; stronger own-source revenue; reliable infrastructure; faster decisions; greater supplier capability; visible delivery and restored trust.

5.1 Cross-economy lenses

Five lenses should be applied across all eight systems:

- **Small business.** Test access to procurement, finance, shared infrastructure, data, technology, skills, collaboration, repair markets and succession rather than creating a separate small-business silo.
- **One Tasmania.** Functional labour markets and local knowledge should shape delivery, but the State should maintain one investment proposition, project portfolio, data platform, infrastructure view and circular economy system.
- **Workforce and demography.** Every transition should consider health, participation, skills, housing, transport, job quality, automation and the transfer of capability from declining to renewing activities.
- **Digital and AI capability.** Technology should be applied across established industries and public systems. Adoption, interoperable data, cybersecurity, predictive management and workforce redesign matter as much as new technology projects.
- **Brand, trade and trust.** Tasmania should use one substantiated brand architecture across products, tourism, investment, migration, education, science and culture. Quality, traceability and environmental integrity must be demonstrated, not merely asserted.

6. Connecting Tasmania's economic systems

A circular economy is not eight sectors becoming more efficient in isolation. Its greatest value comes from connecting material, energy, water, asset, procurement, data and capability flows across the economy. Tasmania's bounded geography and concentrated institutions create an opportunity to coordinate these connections at state scale.

Cross-system flow	Circular economic opportunity
Agriculture, food and communities	Recover nutrients, organics, water and heat; produce higher-value ingredients, soil products, energy and bioproducts; reduce imported fertiliser, feed and disposal costs.
Forestry, construction and carbon	Cascade fibre into long-life products; use recovered timber and residues in engineered products, repairable buildings, biochar and bioproducts before lower-value recovery.
Aquaculture, manufacturing and logistics	Design nets, ropes, pipes, floats, vessel components and monitoring equipment for repair, reuse and recovery; build reverse logistics and local service capability.
Mining, industry and infrastructure	Assess tailings, by-products, process heat, water and equipment for safe industrial symbiosis, construction inputs, remanufacturing and shared infrastructure.
Energy, buildings, data and agriculture	Link flexible demand, storage, waste heat, district energy and controlled-environment production where whole-of-state value and technical economics are demonstrated.
Health, tourism and government procurement	Use major purchasers to create reliable demand for repairable equipment, reusable systems, circular textiles, food, packaging, furniture, fit-outs and recovered materials.
Public asset renewal and local industry	Publish long-term renewal pipelines that support Tasmanian engineering, inspection, digital asset management, repair, fabrication, modular construction and material recovery capability.
Education, research and all industries	Direct research and training towards measurable industry problems; retain knowledge through shared platforms; translate successful methods into exportable services and systems.

These connections should shape investment prospectuses, infrastructure planning, procurement, research priorities and workforce development. The objective is not to force uneconomic exchanges. It is to make commercially and socially valuable connections visible, testable and scalable.

7. Resolving contested and scarce-resource decisions

Tasmania's transformation is not only economic and technical. It is institutional and social.

Prolonged conflict surrounding forestry and salmon has divided communities, weakened trust and made it difficult to distinguish evidence, values, local impacts and statewide interests.

Emerging AI and data-centre proposals could reproduce the same pattern if decisions occur through fragmented approvals, selective information and project-by-project negotiation.

7.1 A common transition-compact pathway

The final Strategy should not pre-judge every contested policy outcome. It should prescribe a common pathway through which the outcome is determined:

- publish an independently verified baseline covering economic contribution, employment, public assistance, ownership, energy, water and land use, environmental performance, regulatory compliance and natural-capital impacts;
- define future operating standards, thresholds and transition dates;
- require an industry or project transition plan covering asset renewal, technology, circular resource use, value added, system connections, workforce needs, community impacts and end-of-life obligations;
- use independent science, monitoring and accessible public data, protecting commercially sensitive information only where genuinely necessary;
- publish the non-confidential assessment, assumptions, resource trade-offs and reasons for the decision;
- provide staged support for affected workers, communities, suppliers, land and assets where material change or closure is required; and
- apply enforceable consequences, including tighter conditions, redesign, reduction or retirement, where agreed standards are not met.

7.2 Application to forestry, salmon and frontier infrastructure

For forestry, the pathway should move beyond a binary preservation-versus-production debate towards transparent resource hierarchies, distinctions between resource types, long-life products, cascading use of fibre, residue utilisation, carbon and biodiversity outcomes, regional capability and clear public returns.

For salmon, it should establish independently verified environmental capacity, spatial planning, biosecurity and animal-health standards, feed and material systems, technology transition, local value and enforceable operating thresholds.

For AI and data-centre proposals, it should assess net GSP and fiscal contribution, jobs and wages, energy and water intensity, demand flexibility, network contribution, waste-heat use, equipment circularity, local capability, ownership and tax structure, cyber and resilience implications, community benefit and exit obligations. No proponent should receive privileged access merely because a project carries the label AI.

For existing industries, transformation can be facilitated/driven by recognizing the value of accessing public resources (marine resources, public estate) to function through tax or other instruments.

The purpose is not to remove legitimate disagreement. It is to replace recurring crisis and political polarisation with a trusted, repeatable transition process. Established industries gain certainty about the standards and investment required to remain part of Tasmania's future; communities gain visibility of impacts and safeguards; and new industries face the same disciplined tests before scarce resources are committed.

8. Direct response to the draft's six priorities

The draft's six priorities should be retained as enabling levers, but each should be amended to serve the 21st century economy transformation, the circular operating philosophy and the full economic portfolio.

Draft priority	Recommended amendment
1. Unlocking private investment	Retain streamlined pathways and faster certainty. Replace job creation as the dominant test with net value. Require succession, resource, circularity, system-connection, social-licence and end-of-life plans. Publish non-confidential assumptions and maintain one portfolio of priority opportunities.
2. Accelerating growth and innovation	Convert this priority into an explicit industry, capability and export portfolio. Support research commercialisation and adoption across established sectors. Concentrate support on clusters with customers, capable firms, private capital, circular connections and measurable milestones.
3. Lifting productivity	Expand beyond digital adoption and red tape. Include labour, capital, energy, water, asset and material productivity across all eight economic systems. Establish baselines, management and technology diffusion programs, public productivity compacts and real GSP per capita targets.
4. Activating our regions	Reframe as 'One Tasmania: spatial planning and community prosperity'. Use functional labour markets and local knowledge for delivery while maintaining one statewide investment proposition, project pipeline, infrastructure view, Baseline Tasmania and circular economy system.
5. Growing our capability	Combine health, participation, education, childcare, housing, transport, migration and workforce transition into one human-capital system. Build the skills needed for renewal, repair, remanufacturing, digital asset management and higher-value production.
6. Strengthening infrastructure	Move from project alignment to managed infrastructure succession. Create whole-of-life asset plans, renewal pipelines, adaptive-reuse and material-recovery requirements, island cost metrics and transparent allocation rules for energy, water, land and network capacity.
Additional priority: Productive government and fiscal resilience	Include public-sector process redesign, shared assets and data, whole-of-life procurement, government-business capital discipline, tax and incentive review, benefits realisation, program cessation and own-source revenue.
Cross-economy requirement: Circular economy and natural capital	Make circularity and resource productivity requirements across every priority rather than a separate waste initiative. Establish Baseline Tasmania, common measures, connected value chains, commercial projects and independent verification. Establish Circular Economy Institute of Tasmania.

8.1 Implementation architecture

The draft proposes that the Strategy sit above a layered set of more specific strategies and be followed by action plans (p. 42). This is logical, but it risks producing a strategy about coordinating other strategies. The final document should establish the transformation thesis, portfolio, circular decision rules, outcome framework and governance architecture before further action plans are commissioned.

Every subordinate strategy should demonstrate its contribution to the transformation vision, baseline, accountable executive owner, capital and operating implications, private commitment, dependencies on land, energy, water, housing, skills and infrastructure, circular and whole-of-life requirements, cross-sector connections, dated outcomes, reporting method and the activities or programs it will stop or displace.

9. Transformation roadmap

The transition from ageing, linear systems to a connected circular economy cannot occur in a single budget or project cycle. It should be managed through three overlapping horizons. The roadmap should describe the economic condition Tasmania is seeking to reach rather than become a list of disconnected government deliverables, bi partisan support is crucial.

Horizon	Timing	Strategic condition
Horizon 1: Establish and stabilise	2026-2028	Tasmania maps material, asset, energy, water, natural-capital and economic flows; understands the condition and dependencies of industries and public systems; identifies unmanaged-decline and stranded-asset risks; protects critical services and viable industries; and establishes common baselines, decision rules and transition pathways.
Horizon 2: Renew, connect and scale	2028-2032	Capital, procurement, regulation, skills and infrastructure are redirected towards asset renewal, repurposing, foundational-system reform and connections between value chains. Proven circular models scale; reverse logistics and industrial symbiosis develop; local engineering, maintenance, remanufacturing, digital and management capability expands.
Horizon 3: Mature and compound	2032-2035 and beyond	Materials, energy, water, assets, information and capability circulate across priority industries and public services. Higher productivity, lower avoidable imports, stronger exports, better asset utilisation and improved natural capital generate economic and fiscal gains that are reinvested into the next renewal cycle.

9.1 Roadmap discipline

Each horizon should be governed by stage gates rather than fixed commitments to every early idea. Activities should move from baseline and design, to demonstration, connection and scale only when commercial, social and public-value tests are met. The roadmap should protect continuity of critical services and viable industries while avoiding indefinite support for assets, programs or business models that no longer justify scarce resources.

The roadmap should recognise different transition speeds. Health-system reform, educational attainment and major infrastructure succession require long-term programs; procurement, asset data and digital adoption can move more quickly; contested resource industries require transparent standards and staged transition periods; and frontier projects should remain conditional until evidence supports scaling.

10. Governance, capital allocation and accountability

10.1 Treat Tasmania as one enterprise

For strategic purposes, the State should be managed as one integrated enterprise. This does not diminish democratic accountability, ministerial responsibility, local knowledge or the legal duties of government businesses. It creates a common framework for resolving trade-offs and connecting value across portfolios, agencies, sectors and public assets.

Entity	Role
State Economic Transformation Council	Chaired by the Premier, with the Treasurer and relevant ministers plus a small number of independent members. Resolves cross-portfolio trade-offs and approves transformation and portfolio priorities.
Transformation Portfolio Office	A small expert function maintaining the enterprise portfolio, circular assessment framework, dependencies, stage gates and performance reporting. It should not become another delivery bureaucracy.
Tasmanian Development Board	Deploys investment functions consistently with the portfolio, additionality tests, commercial discipline and whole-of-life value.
Departments and government businesses	Own and deliver outcomes through named Senior Responsible Owners at Secretary, deputy secretary or Chief Executive Officer level, with authority, budgets, milestones, benefits and public status reporting.
Independent verification	Treasury, the Auditor-General or another credible mechanism verifies performance, benefits, productivity, circularity and resource claims and adherence to decision rules. Findings are published.
Industry-led Circular Island Institute	Provides independent methodology, connection, project development, measurement, verification and publication of circular outcomes across value chains. It does not sit above government or industry.
Private investment platform	A separate professionally managed and staged capital platform for bankable transformation projects, with market-linked returns and project-by-project risk assessment.

10.2 Visible executive accountability

Delivery should not be attributed to 'government' or 'the State Service' as a whole. Each material outcome and initiative should have a named Senior Responsible Owner with authority commensurate with responsibility. A public delivery charter should state the baseline, target, budget, milestones, dependencies, principal risks, expected benefits and review gates.

A quarterly dashboard should identify performance as on track, at risk or off track, explain material changes and delays, and state the corrective action and responsible executive. Annual outcomes should be independently verified. Persistent failure should trigger redesign, reassignment, cessation or executive performance review.

This strengthens professional responsibility and prevents collective accountability from becoming anonymity.

10.3 Capital, tax and procurement

Fiscal constraints make capital discipline essential. Public money should be used where it creates shared infrastructure, information, standards, coordination, market formation or a demonstrable public benefit that

private investors cannot capture. Commercial projects should seek private debt and equity on market-linked terms; government involvement should not remove normal credit discipline.

The final Strategy should commission an independent review of state taxes, royalties, concessions, government-business returns, infrastructure contributions and investment incentives. The review should test whether settings support productive investment, housing and labour mobility, business growth, value capture, circular enterprise and a stronger own-source revenue base. Material concessions should be published with their cost, purpose, expected benefit, review date and sunset provision.

Procurement should be used to create demand for whole-of-life value, repairability, adaptability, local maintenance, recovered materials, energy and water productivity, data transparency and supplier capability. This should occur through clear performance standards and competitive processes, not arbitrary preferences or lowest-price purchasing that transfers cost into later years.

11. Transformation outcomes and state scorecard

The Strategy should first describe the future condition Tasmania is seeking to create, then measure progress towards it. Six transformation outcomes provide the bridge between the 21st Economy thesis, the economic portfolio and the State scorecard.

Transformation outcome	Desired future condition
Productive renewal	Established industries and public systems create more value with less waste, downtime, imported input, avoidable demand and administrative friction.
Circular infrastructure	Assets are maintained, adapted, shared, reused, repurposed and recovered through planned whole-of-life systems rather than reactive replacement.
Connected high-value diversification	New industries and capabilities strengthen existing Tasmanian value chains, research, infrastructure and resource loops rather than operating as isolated projects.
Human capability	Health, education, housing, transport and care enable more Tasmanians to participate, adapt and progress into higher-value work.
Financial resilience	Private capital is mobilised, public resources are allocated transparently, own-source revenue strengthens and verified savings are reinvested into continued renewal.
High-yield prosperity	Real GSP per capita, household incomes and public revenue rise through productivity and greater value per worker and unit of resource rather than dependence on population or volume.

11.1 State scorecard

The draft's potential indicators on page 11 are a useful starting point, but several measure activity rather than transformation. The final Strategy should establish a verified baseline, 2030 milestone, 2035 target and named accountable owner for each outcome area. Sector-specific measures should sit beneath a stable State scorecard.

Outcome area	Illustrative measures
Prosperity and living standards	Real GSP and real GSP per capita; contribution of productivity versus population growth; real household disposable income; median wages; regional income dispersion.
Productivity and capability	Output per hour and by economic system; value added per worker; management capability; capital intensity; asset utilisation; technology adoption.
Resource yield and circularity	Real GSP per tonne of material consumed; value per unit of energy and water; asset life extension; avoided imports; higher-value recovery; commercial industrial-symbiosis exchanges.
Private investment and enterprise	Business investment per capita; private capital mobilised per public dollar; approval-to-operation conversion; business formation, scaling and succession; small-business access to procurement and technology.
Trade and resilience	Export value and market diversity; import dependence; Tasmanian supply-chain content; freight and reverse-logistics performance; exposure to critical inputs.
Human capability and participation	Participation and underemployment; healthy workforce participation; youth engagement; educational attainment; qualification completion; graduate and skilled-worker retention.
Health and care system value	Healthy life expectancy; avoidable demand; access, waiting and flow indicators; workforce productivity; prevention outcomes; service, equipment and asset utilisation.

Outcome area	Illustrative measures
Infrastructure and island costs	Asset condition and utilisation; renewal and repurposing progress; freight, fuel, energy, digital, insurance, housing and construction cost competitiveness.
Natural capital	Condition and productive capacity of water, soil, forests, biodiversity and marine systems; verified commercial outcomes without double counting.
Fiscal resilience	Own-source revenue; operating balance; debt and interest burden; government-business returns; public investment benefits realised; cost and performance of concessions.
Community confidence and transition	Publication of evidence and reasons; compliance with transition compacts; independent monitoring; community confidence; worker, supplier and regional transition outcomes.
Government delivery	Service cost and quality; approval certainty; whole-of-life procurement performance; milestone delivery by named owner; issues resolved; programs stopped, repurposed or redesigned.

11.2 What should not be treated as success on its own

- the number of strategies, action plans, partnerships or consultations produced;
- the number or gross value of projects entering an investment pipeline before they reach operation;
- jobs announced without regard to productivity, wages, labour displacement or service-system capacity;
- grant funding secured without additional private investment, system connection or a viable path to scale;
- tonnes diverted from landfill without a customer, durable market or net economic value;
- technology demonstrations without adoption, commercialisation or improved service outcomes;
- population growth or aggregate GSP growth that does not improve real GSP per capita, household income or service sustainability; and
- infrastructure expenditure without improved service, utilisation, resilience, recoverable value or economic outcomes.

12. Conclusion

The Consultation Draft provides a sound base. It recognises the need for private investment, productivity, participation, innovation, infrastructure alignment and more disciplined government intervention. Its principles should be retained.

However, the document does not yet describe the period Tasmania is actually entering.

Established industries are confronting ageing assets, automation, new market requirements and resource pressures. Public infrastructure and service systems require renewal.

The workforce is ageing and constrained. Government finances are under pressure.

New industries compete for the same limited energy, water, land, skills and capital.

The response should not be more disconnected strategies. It should be to manage the transition as one enterprise across the whole economy.

Tasmania should renew what remains valuable, repurpose what can serve a new purpose, connect systems that can create value together, transform the foundations that constrain the economy, build what creates a defensible future advantage, and stop what no longer produces sufficient value.

Circular economy philosophy provides the connective method.

It links industrial renewal, infrastructure succession, natural resources, construction, trade, health, education, tourism, procurement, innovation, investment, public services and financial discipline. It changes the focus from waste management to value retention; from isolated sectors to connected flows; from replacement to whole-of-life stewardship; from project announcements to verified system outcomes; and from pilots to scalable economic transformation.

The defining choice is not between the old and the new, growth and restraint, industry and environment, or regions and the centre. It is whether Tasmania will manage renewal deliberately: increasing prosperity through productivity rather than population dependence; resolving contested issues through evidence and transparent transition pathways; applying common circular value tests across the economy; and holding the officials responsible for implementation visibly accountable.

Tasmania will operate as one integrated, highly productive and circular small economy that converts scarcity, quality, trust and natural advantage into higher-value production, higher real GSP per person and better living standards - while renewing ageing assets, connecting economic systems, transforming public services, resolving inherited conflicts, reducing its cost base and restoring long-term financial resilience through accountable delivery.

Sources reviewed

Tasmanian Government, Economic Diversification and Investment Strategy - Consultation Draft and Strategy on a Page (2026); Australian Bureau of Statistics, Modelled state and territory industry estimates: jobs and hours worked, March quarter 2025, and Australian National Accounts: State Accounts 2024-25; Department of State Growth, Small Business Growth Strategy 2036 consultation material (2026); Tourism Tasmania, Visitor data, year ending March 2026.