Submission in response to the draft Economic Diversification and Investment Strategy

The Tasmanian Chamber of Commerce and Industry (TCCI) is the peak employer body in Tasmania. The Chamber is heavily involved in advocacy in relation to public policy and has a strong interest in advocating for the best ways that governments can facilitate and support Tasmanian businesses and the wider state economy. This submission is supported by the Launceston Chamber of Commerce and Business North West.

This submission is structured in three parts:

- **Part 1** is a high-level assessment of the draft strategy; including the goals, decision making principles, government levers, and priority areas.
- **Part 2** is a more detailed discussion of the problems and challenges facing Tasmanian businesses and the Tasmanian economy, and the ways that the TCCI believes that the Tasmanian Government can best contribute to this.
- **Part 3** outlines the key principles for public policy that the TCCI considers to be important for developing Tasmanian business and the wider economy, and the public policy priorities that the Chamber considers that the Tasmanian Government should focus on to improve the environment for Tasmanian businesses to thrive.

Part 1 – General Discussion relevant to the draft EDIS

The TCCI starts from a position of some confusion about the reason for this draft Strategy being released. In recent decades there have been numerous economic development plans released by successive Tasmanian governments. The plans have not resulted in noticeable changes in the Tasmanian economy, nor have they stimulated private sector investment or even resulted in better targeting of actions and interventions by government. While the TCCI always contributes to processes such as these with a sense of optimism, the track record of economic development plans in Tasmania is not promising.

Part 2 will further discuss in some detail how the Tasmanian Government (but also local government) could best stimulate improved productivity in the economy by looking at the structure, focus, operations and efficiency of the government sector in Tasmania. The TCCI believes that this may be the most valuable action that could be taken to drive private sector investment and stimulate economic growth led by the private sector. The

Tasmanian Government has the levers to reviews its own scope, structure, efficiency and productivity, and the levers to make changes that may facilitate a more vibrant and private sector led economy.

In general terms, the draft EDIS correctly identifies some of the major challenges facing the Tasmanian economy and society. This includes a lack of private sector investment and major challenges related to productivity and labour force participation. Therefore, the TCCI would agree that the three broad goals are appropriate and would – if achieved – greatly assist the Tasmanian economy.

Unfortunately, after identifying appropriate goals and reasonable decision making principles, the draft EDIS then goes on to paint an overly rosy picture of future opportunities and prioritises the wrong actions and levers for the Tasmanian Government to pursue.

Our state has many strengths. However, the challenges for private sector investors have been somewhat glossed over in the draft EDIS. Some of these challenges include: distance from national and global markets, significant costs of doing business, regulatory impediments and uncertainty, small population base with low growth, outsized general government and GBE/SOC sector, low levels of productivity and participation, low levels of education and qualifications, low functional literacy, poor health outcomes, and low levels of technology investment. These challenges are real and make Tasmania a challenging place to invest. The poor education and health outcomes in Tasmania are despite the financial investments made per head of population being greater than other Australian jurisdictions. These very real problems that impact on our economic prospects are not new and cannot be easily solved, but the TCCI feels that they have been somewhat glossed over in the draft EDIS.

One of the major problems with the draft EDIS is the outsized role it seems to give to existing government agencies and programs to deliver on the goals; and the role they have played in driving the current economic structure. Two examples of this within the draft EDIS involve the Office of the Coordinator General and the Regional Jobs Hub network.

Under Priority 1 (page 18), the draft EDIS makes the claim that "Tasmania has built genuine capability in attracting and facilitating investment" and then goes on to claim that the Office of the Coordinator General has facilitated more than $5.3 billion of investment over a ten-year period. The TCCI considers this claim to be unproven and would appear to be an attempt by the agency to justify its position. It is highly unlikely that the Office would have generated increased investment at the margin by this

amount, the amount quoted is more likely a count of any investor that had some form of contact with that Office.

Similarly, under Priority 5 (page 35), the draft EDIS makes the claim that "the Regional Jobs Hub network has demonstrated a business facing, person centred, place-based employment model helping regions thrive". Again, the TCCI considers this claim to be unproven, and it is another attempt within the bureaucracy to justify a program. It is also highly unlikely that any or many marginal jobs have been filled through this program, that wouldn't have otherwise been filled through an existing Commonwealth program or other recruitment method.

Another significant weakness in the current Tasmanian investment climate is the intervention of politics. Governments and Parliaments too often seek to intervene and establish inquiries and the like when they disagree with private sector investments being made in the Tasmanian economy. This is a key factor that limits private sector investment confidence. While there are many, many examples of this occurring in recent year; there are two very topical and relevant examples.

The first relates to the aquaculture industry. Farmed salmon has been a great success story for the Tasmanian economy, with significant recent investments, job creation, and trade activity. Importantly, this investment has particularly strengthened regional economies in Tasmania. Yet over recent years the industry has been the subject of two moratoriums (impacting future investments) and a current government initiated inquiry. These factors point to a highly uncertain future investment climate for a highly successful industry that aligns with Tasmania's natural advantages.

The second relates to artificial intelligence (AI) data centres proposed for northern and north-western Tasmania. AI data centres are investing heavily throughout the world, and they are attracted to Tasmania by some of the very advantages outlined in the draft EDIS – abundant water resources, cool climate, and significant renewable energy. However, the need to quickly establish these data centres could make Tasmania an unattractive investment destination due to the political uncertainty. The Tasmanian Parliament has now established an inquiry into data centres in Tasmania, with many parliamentarians appearing to have already decided that these major investments are not welcome.

As previously stated, the economic vision, goals, and decision-making principles are all – in the opinion of the TCCI – reasonable within the draft EDIS. However, the economic levers identified are not the right levers for a state government to use to drive private investment and economic growth. The identified levers of invest, facilitate, fund, partner, and advocate all point to a highly interventionist approach that is generally not

the preferred approach of private investors. The Tasmanian Government has much better levers that it can use to stimulate investment, including: regulate fairly, reduce the costs of doing business in Tasmania, tax fairly, apply consistency, never engage in sovereign risk, and respect competitive neutrality. These and other levers are more appropriate in setting a stable and consistent platform for private capital to make appropriate investment decisions, and the TCCI argues that they would be more effective than government intervening more actively in market-based decisions. This is because history has demonstrated time and again that the private sector allocates capital more effectively and efficiently than governments.

The draft EDIS identifies six priority areas for the Tasmanian Government to take action to drive investment and economic growth. In Part 3 of this submission, the TCCI will set out an alternative set of seven priority areas for the Tasmanian Government to act upon. These especially include making the State Budget more sustainable and the public sector more efficient and accountable.

Part 2 – Detailed Discussion relevant to the draft EDIS

The draft EDIS suffers from identifying a set of interventions that are not quantified and have no demonstrated pathway to becoming specific commitments. This will always hinder the effectiveness of the EDIS and why it is unlikely to give any existing or established business the confidence to invest. Many of the broad objectives and priority areas are supported, but they do bear close resemblance to proposed strategies that we have heard and been promised before (e.g. faster major project approval pathways). The major question to ask is therefore "Why is Tasmania not already undertaking these initiatives?"

Tasmania's principal economic development problem is not an absence of potential industries or investment opportunities. Unfortunately, it is because Tasmania has relatively low productivity, low capital intensity, constrained labour supply, regulatory friction, land and infrastructure constraints, and policy and regulatory uncertainty that all combine to make it harder for private capital to exploit the advantages Tasmania possesses.

The draft EDIS is correct in identifying productivity, private investment and regulatory efficiency as priorities, but it treats government predominantly as the facilitator of the solution rather than examining the extent to which the structure, scale and operation of state and local government may itself be contributing to the problem.

The draft EDIS should acknowledge that government itself can be a constraint on lifting productivity and unlocking private investment. Improving Tasmania's productivity cannot be confined to measures directed at private businesses. State and local governments are significant employers, purchasers, asset owners, regulators and service providers, and the efficiency with which they use scarce labour, capital and financial resources has economy-wide consequences. The TCCI would therefore advocate that the Tasmanian Government should focus its attention on the ways that it could directly improve the state's productivity, by reviewing its own activities in the economy.

Government services are a low productivity sector of the economy. Tasmania has a higher share of employees in the general government sector than other states and territories and therefore is already at a natural productivity disadvantage before assessing the private sector's productivity. Added to this, Tasmania has many functions within the GBE and SOC sector that are the domain of private sector businesses in other jurisdictions (eg energy, ports, rail). A key focus of the EDIS should be to make all levels of government more productive.

The TCCI considers that there is substantial evidence that local and state government have become bloated and are crowding out the private sector. They often have highly generous entitlements and employment conditions and are monopolies with no incentives to be efficient.

This is best demonstrated by the extraordinary and rapid growth of Tasmanian Government employee and superannuation expenses, soaking up nearly half of the Tasmanian Government's outlays each year. The Preliminary Outcomes Report 2025-26, recently released by the Department of Treasury and Finance, highlighted that general government state service employee and superannuation expenses have ballooned to over $5 billion in the 25-26 financial year. This is an increase of some 36% when compared to the same expenses four years earlier. These significant cost increases in the general government sector have not led to improvements in the delivery of government services.

Tasmania will not maximise private investment simply by providing investors with better assistance to navigate government, nor will it maximise productivity by concentrating reform principally on private businesses. The final Strategy should commit government to improving the productivity of its own operations and to reforming the regulatory systems through which private investment must pass.

The problem isn't necessarily just excessive regulation on the statute book. It can also be how regulation is administered by state agencies and councils: duplicated referrals,

sequential rather than concurrent assessment, inconsistent interpretation, requests for additional information, risk-averse decision-making, unclear accountability, lack of statutory time discipline, and the cumulative cost of dealing with multiple authorities.

Government should concentrate its resources on the things only government can do well - setting predictable rules, providing genuinely enabling infrastructure, coordinating where coordination failures exist, and removing barriers to private investment - while continuously testing whether other activities could be delivered more productively by the private sector.

The draft EDIS proposes several comparative advantages that the state possesses. Some of these advantages are real, although some are more capabilities or even aspirations. That distinction matters. Comparative advantage is demonstrated by what Tasmania can produce at an opportunity cost that makes it competitive, not by what Tasmania would like to be good at. The draft sometimes slips from "we possess a relevant capability" to "this is an economic growth opportunity" without doing enough work in between.

There is also an uncomfortable reality that the draft EDIS acknowledges: Tasmania's labour productivity remains below the national average because of its industry composition, smaller firm scale, lower capital intensity and slower technology adoption.

The TCCI argues that Tasmania's biggest economic-development opportunity is not "discovering" another sector. It is making the existing economy dramatically easier to invest in and more productive.

The draft EDIS discusses several natural features and industry sectors where Tasmania has a claimed advantage, including: renewable energy, water and temperate climate, premium food and strong biosecurity, agriculture, minerals and critical minerals, Antarctic and Southern Ocean research and proximity, marine and aquaculture technology, advanced manufacturing, tourism and the Tasmanian brand, research and innovation, and AI data centres. In many cases, these advantages are real and credible.

However, the TCCI would argue that private capital is best positioned to determine which of these claimed advantages has the best opportunities for future investment. The Tasmanian Government's role is to (in collaboration with federal and local government) provide the best environment for private capital to make further investments in these or any other sectors of the economy. The role of the Tasmanian Government should be to provide:

- An efficient, accountable, and more productive public sector

- A sustainable state budget with minimal debt and debt servicing
- A fair and consistent regulatory environment
- Reasonable and consistent taxes, fees, levies and charges on business
- Reliable supporting infrastructure such as roads, rail, ports, energy
- Reliable and reasonably priced services for key inputs such as energy and water

If the above is delivered by the Tasmanian Government, then the TCCI would argue that there is no need to "pick winners" in terms of industry profile, nor will it need to provide highly active industry or business attraction functions. Instead, private capital (including and especially established businesses in Tasmania) will more actively seek out investment opportunities that will grow and diversify the Tasmanian economy.

Before government asks the private sector to become more productive, adopt technology, reduce costs and use scarce resources more efficiently, it should demonstrate that it is applying the same disciplines to itself.

Government should seek to minimise the economic resources required to perform its essential functions, concentrate expenditure on genuine public goods and enabling infrastructure, subject contestable activities to competition, and avoid using scarce labour and capital in ways that unnecessarily displace private investment.

The TCCI would therefore argue that the EDIS should:

1. Establish government productivity as an explicit component of Priority 3, with measurable productivity and efficiency objectives applied to relevant state government agencies and, where appropriate, local government.
2. Undertake systematic benchmarking of public-sector performance, including administrative costs, service-delivery efficiency, workforce utilisation and comparable performance between agencies and councils, with results reported transparently.
3. Review the role and scope of government service delivery, identifying functions where competition, contestability, outsourcing, shared services, digital delivery or other delivery models could improve productivity while maintaining appropriate service standards and accountability.
4. Strengthen competitive-neutrality disciplines to ensure government businesses and commercial government activities do not receive inappropriate advantages that discourage efficient private-sector investment or competition.

The above reforms would strengthen both Priority 1 and Priority 3. Tasmania will not maximise private investment simply by providing investors with better assistance to navigate government, nor will it maximise productivity by concentrating reform principally on private businesses. The final Strategy should commit government to improving the productivity of its own operations and to reforming the regulatory systems through which private investment must pass.

Public resources should be targeted to unlock wider benefit rather than attempt to replace private investment. Scarce resources such as energy, land, infrastructure capacity and public funding should be allocated with explicit regard to opportunity cost.

The TCCI would therefore judge the final Strategy less on how many "priority sectors" it names, and much more on whether it can answer a key question: why has private capital historically invested less per Tasmanian than elsewhere, and what exactly will government stop doing, start doing or do differently to change that?

Part 3 – TCCI's policy principles and suggested areas of focus

The TCCI has recently developed a set of agreed policy principles. These principles, if applied within the Tasmanian Government, would create a much improved environment for private sector investment and economic development. In addition to the commentary above, these principles establish an alternative vision for how Tasmanian Governments can best support an economy.

TCCI Principles

The principles are extensive and set out in more detail below:

1. **The primary contributor to the economy is the private sector**

All levels of government need to recognise that the private sector and private capital are the primary drivers of the state economy. Governments can support and facilitate the private sector to invest and grow through consistent and fair public policies.

2. **Profitable businesses should be celebrated**

There is increasing pressure to tax or regulate any business that is profitable. Profitable businesses should instead be celebrated because they have taken risks to invest and their business has proven to be successful. The mindset of governments must shift from trying to impede profitability towards making more businesses profitable and encouraging these businesses to further invest in the Tasmanian economy.

3. **Private sector investment should be encouraged and stimulated**

In recent years any proposal for private sector investment stimulates immediate opposition from a section of the population. Yet investment is a risk and involves making financial and resource outlays in the hope that enough profit can be generated to meet any debts incurred in making the investment. Governments should particularly encourage and stimulate investments that have long time horizons.

4. Successful businesses and industries should be encouraged to grow and prosper

Tasmania has numerous industry sectors and companies that have been successful over recent decades. Governments need to recognise that the best way to stimulate further investment and economic growth is to encourage these sectors and companies to invest further and build even deeper and longer-term economic connections. The biggest future investors in the economy are likely to already be here.

5. Rules and regulations affecting businesses should be fair and consistent

This is one of the best ways that the Tasmanian Government can support private sector investment. All industries are the subject of general business rules and specific regulations to their business activities. It is expected that these rules and regulations will meet the principles of fairness, by not extending beyond those in other comparable jurisdictions. Similarly, the Tasmanian Government must attempt to keep rules and regulations consistent over time – especially for investments with long time horizons.

6. Governments should never engage in sovereign risk

This principle is critical for all businesses. The best way to kill investment in the Tasmanian economy is for any level of government to engage in sovereign risk, whereby the foundations on which investments have been made are changed unilaterally and/or retrospectively during the investment payback period.

7. Taxes should be fair, encourage investment, and not be increased

Taxes – including levies, fees, duties, charges and the like – need to be set fairly and remain consistent. Governments introducing new taxes and seeking to constantly raise tax rates or reduce thresholds will discourage private sector investment. Businesses already pay the lion's share of Tasmanian own sourced taxation, through Payroll Tax. As economies grow and inflation occurs, tax revenues naturally increase through bracket creep; meaning that Tasmanian Governments should be constantly reviewing to determine whether taxes could be reduced.

8. Tasmanian State Budget should be balanced or in surplus

This is a principle that the Tasmanian Government has absolute control over, although the decisions required to return the budget to balance/surplus are difficult. The State Budget has experienced deficits of over $1 billion per annum for the most recent three financial years. This is not sustainable, it will add significant debt servicing costs and will need to be paid off by future generations unless the current course is changed. This will require the Tasmanian Government reducing the dramatic growth in expenditures that have occurred in recent years.

9. The number of state service employees should be minimised

A primary reason for the precarious State Budget situation in Tasmania in recent years is because of the rapid escalation in the number of state service employees. An important principle will be to "right size" the state sector to an appropriate level given the scale of the Tasmanian economy and population. This principle must also go hand in hand with increased efficiency, productivity and accountability in the state service.

10. Governments should not deliver services directly that can be delivered effectively and efficiently by the private or community sector

Too often in Tasmania, there are calls for the Tasmanian Government to deliver services. As a result, the scope of activities has expanded and the Tasmanian Government now delivers programs and services that are either duplicating other levels of government or could be delivered more effectively and efficiently by the private or non-government sector. An important principle moving forward will be to review these programs and services and strongly resist new calls for government direct service delivery. The Tasmanian Government should best focus on policy and regulatory oversight, recognising that the private and non-government sector are best placed to deliver services and programs.

11. Public debt should be as close to zero as possible

Mounting public debt has an impact on the state as an investment destination, while simultaneously burdening future generations and requiring increasing shares of the budget to be shifted from important activities to debt servicing. Tasmania has an additional problem because it does not have a fund to cover state service superannuation liabilities. Returning the State Budget to surplus will be critical to stabilising and then reducing public debt levels in Tasmania.

12. Tasmanian participation rates should be at least at the national average

Tasmania has the lowest labour force participation rate in the country, consistently around 6 percentage points below the national average. Increasing the labour supply through participation will be critical to ensure Tasmania has enough potential workers available for new investments and participation in the labour force will grow our economy by over $10 billion while lifting thousands of households out of relative poverty. All levels of government must focus on tackling this very large and long-term handbrake on the Tasmanian economy.

13. Tasmanian productivity rates should be at least at the national average

Tasmania also suffers from low levels of labour productivity. This is due partly to Tasmania's industry structure and the oversized role that governments play in the economy. It is also due to lower levels of capital investment and technology adaptation within business and industry. Like participation, this is a long-term handbrake on the economy that requires governments to review their own operations to find greater efficiencies and productivity, while also stimulating the private sector to further invest in people, technology, and capital equipment.

14. Tasmanian Government sector should use local suppliers of goods and services

The Tasmanian Government (including all GBEs/SOCs and state-owned entities) can more often use Tasmanian suppliers when purchasing goods and services. Governments can support the growth and further investment of these businesses by prioritising them when undertaking tenders and purchase agreements. The Buy Local policy is a good start, but there are still many examples of Tasmanian business being overlooked and goods and services purchased interstate, even where the Tasmanian business was price competitive.

15. Tasmania's population should grow at least at the national average

Tasmania has a small population of below 600,000 and has experienced population growth rates well below the national average over recent decades. Growing populations stimulate many businesses to invest and grow, especially where the Tasmanian population are the consumers of their goods and services. Future growth must prioritise attracting working age interstate and overseas migration, although it is recognised that a strong economy and labour market is the best way to do this.

16. Tasmania's major industrials and large businesses play an important role in Tasmania's economy and small businesses rely on them remaining successful

The major private sector investors and employers in Tasmania are larger businesses, including the major industrials. An investment environment that stimulates large businesses to further invest will also have a "trickle down" effect and encourage further investment by small and medium businesses, many of whom service larger businesses. Because large businesses have deep and long supply chains, their investments resonate throughout the economy.

17. Governments should not "pick winners" but should allow all Tasmanian businesses to compete for any government support

While individual businesses often make calls for specific support by the Tasmanian Government, providing this support often sets a dangerous precedent and leads to criticisms from businesses that do not receive support. As previously stated, the best support that the Tasmanian Government can provide to businesses are through fair and consistent policies, taxes, and regulations. However, where governments are going to provide more direct support to an industry sector, the support should be determined through an open and transparent process.

18. Government support for industry and business is best provided through loans, rather than grants

Although many Tasmanian businesses have benefited from receiving grants from government, they are not a fair or efficient way to support business or stimulate private sector investment. Many grant programs are small scale, costly to administer, and poorly targeted. If the Tasmanian Government is to provide more direct support it is best provided through a transparent loans scheme.

19. Tasmania's renewable energy advantage should be maximised and leveraged at any opportunity

Tasmania has an advantage that is important in the modern global business environment, renewable energy resources developed through investments in hydro generation schemes. With other places in the world seeking to decarbonise rapidly, Tasmania has a strong advantage, although this advantage is being eroded rapidly. Maximising Tasmania's current advantage is best undertaken by attracting industry and business to invest within the state, with other benefits available through a strong interconnector (Marinus) to allow for the flow of electricity resources to and from other Australian states.

20. Investment in more renewable energy generation capacity should be prioritised

To maximise Tasmania's renewable energy advantage, it will be important for further renewable energy generation projects to gain approval and then rapidly move to operation. Many of these will be wind projects. Unfortunately, the regulatory approval pathway takes too long and is too uncertain in Tasmania. All levels of government must seek to make the process simpler and more efficient if Tasmania is to realise new major investments and capitalise on its renewable energy advantage.

21. Energy costs for Tasmanian businesses should be low

Over generations, one of the drivers for private sector investment in Tasmania has been the availability of reliable and reasonably priced power. This has been further enhanced in recent years with the global imperative for companies and industry sectors to reduce their carbon emissions. Tasmania's distance from key markets means that low priced power has been important to stimulate and retain investment. It is important that this key driver remains for both existing and potential new investments.

22. Tasmanian Government should prioritise infrastructure investments that provide the most significant benefits to the Tasmanian economy

One important way that the Tasmanian Government can directly invest to support private investment and the wider economy is through sensible investments in underpinning public infrastructure. These can include investments in roads and bridges, rail, ports, water and sewerage, energy generation and networks, and digital infrastructure. An important principle is that these investments are made in a manner that prioritises projects with the most significant and widespread economic benefits.

23. The cost of doing business in Tasmania must be minimised

Tasmania is often an expensive place to invest and operate. This is due to the small and dispersed population, the geographic distance from major national and global markets, and because the state is an island. Given these disadvantages it is therefore important that costs of doing business in the state remain as competitive as possible.

24. Access for people and goods to and from Tasmania should be prioritised

Export (and import) focused sectors of the Tasmanian economy rely very heavily on the ability to move people and goods from the island to the rest of Australia and the world. Tasmania's geography – while in some cases an advantage – is also a significant area of risk for investments and the wider economy. It is critical that Tasmania has reliable and

efficient air and sea access for goods and people; to allow our exports to get to key markets and our visitor economy to thrive.

25. Rates of education and qualifications should be at least at the national average

Tasmania suffers from having a low rate of qualifications and education among its population, as well as performing poorly on comparative literacy and numeracy assessments. The current and future economy requires a skilled, productive and innovative workforce. Improving our base standards and improving school completions and post school qualifications will be critical for Tasmania to grow its economy.

26. Tasmanian Government must consult and engage closely with business and their representative groups before announcing policy changes

While policy stability and certainty are important, it is recognised that there will be the requirement for governments to make policy changes in the future that will impact business. It is critical that governments engage closely with business and their representative groups in the policy development phase, to ensure that costs of changes are minimised and benefits maximised. Too often policy development occurs in a bubble and impacted businesses or industry sectors are not involved or consulted. Importantly, a "heads up" one hour before an announcement does NOT qualify as consultation.

27. Local government should be efficient with focused services and low rates

Local government can have a significant impact on private investment. Councils must ensure that the rates they set are reasonable and increases should be minimised. Local government does not have any inbuilt mechanism to ensure productivity increases and must also constantly strive to become more efficient. An important principle is for local governments to stick to core areas of responsibility, rather than expanding into areas that are the responsibility of another level of government.

28. GBEs and SOCs must deliver strong benefits to the Tasmanian economy

Tasmania has more government business enterprises and state-owned companies than any other Australian jurisdictions. In addition, the state has many other government owned and operated authorities. These entities must deliver benefits to the economy and make it simpler for private sector investment to occur. Strong oversight by the Tasmanian Government is critical to ensure that these entities are delivering services efficiently. Likewise, it is important for constant review of the role that each entity plays to determine whether state ownership remains the best model for the state. It should

be noted that many of the functional areas within the scope of GBEs and SOCs in Tasmania are delivered by the private sector in other jurisdictions.

29. The industrial system should be flexible and prioritise pay and conditions being determined at the workplace level

The modern economy requires flexible industrial arrangements. As new industries emerge and existing industries change, the work requirements also shift. It is important that outdated industrial arrangements from a long-gone era do not hamper productivity gains that are critical to the future success of our economy.

30. Governments must respect competitive neutrality principles when undertaking market-based activities

A final principle is extremely important in the Tasmanian context. If government entities (including the general government sector, GBEs, SOCs, and other state-owned entities) are going to engage in market based activities that compete with the private sector, then they must do so on fair terms. Not respecting the principles of competitive neutrality will further erode the confidence of the private sector to invest in the state.

TCCI Public Policy Priority Areas

The TCCI also recently outlined its own public policy priority areas. These were circulated to all Directors and the TCCI membership for their feedback and prioritisation. In total, over 100 responses were received, and this has provided the TCCI with a clear direction from the business community about what should be the priority areas for government action.

A total of seven priority areas were identified as being the most important for stimulating the Tasmanian economy and supporting Tasmanian businesses and further investment. These seven are listed in priority order and should be the focus of the Tasmanian Government:

1. State Budget Sustainability

This includes:

- Controlling State Government expenditure
- Putting windfall tax gains to budget repair
- Not increasing existing taxes or introducing new taxes
- Returning the budget to balance and surplus in the medium term

2. Public Sector Efficiency and Accountability

This includes:

- Reducing the headcount and FTEs in the Tasmanian state service
- Ensuring public sector agencies do not exceed their budgeted expenditure
- Holding departmental secretaries to account for the performance of their departments, including and especially expenditure
- Implementing public sector reforms that improve productivity dramatically
- Eliminating wastage, duplication, and poor performing areas or programs
- Improving the management and coordination of major projects

3. Planning

This includes:

- Taking the politics out of planning decisions
- Introducing assessment panels for significant projects
- Finalising a statewide planning scheme

4. Reducing the costs of doing business

This includes:

- Reforming Tasmania's workers' compensation scheme
- Minimising the fees, levies, duties, and charges on transactions and business activities
- Ensuring free and fair competition throughout supply chains
- Ensuring that rates increases are minimised
- Minimising the costs to businesses charged by GBEs, SOCs and state-owned entities

5. Energy

This includes:

- Simpler and faster approvals for new renewable energy generation projects
- Proceeding with Marinus 1 and 2
- Strong progress made with network infrastructure upgrades
- Low energy prices for Tasmanian business
- Secure long-term contracts for all Tasmanian major industrials

6. Maximise Private Sector Investment

This includes:

- Providing incentives for Tasmanian businesses to invest in capital and new technology
- Providing incentives for Tasmanian businesses to invest in upskilling their people
- Prioritising supporting existing Tasmanian businesses and industries to invest further, rather than prioritising attracting outside investment
- Genuine coordination across all levels of government to incentivise and stimulate private sector investment

7. Infrastructure

This includes:

- Maximise the number of Tasmanian projects on the Infrastructure Australia priority list
- Clear and agreed priority list for public funding of Tasmanian infrastructure projects
- Focus Tasmanian Government on prioritising infrastructure projects that support business investment and drive economic growth
- Ensure Tasmanian publicly funded infrastructure pipeline is coordinated across the general government and GBE/SOC sector
- Pursue the funding and implementation of the $700m Launceston Sewerage Transformation project as a priority