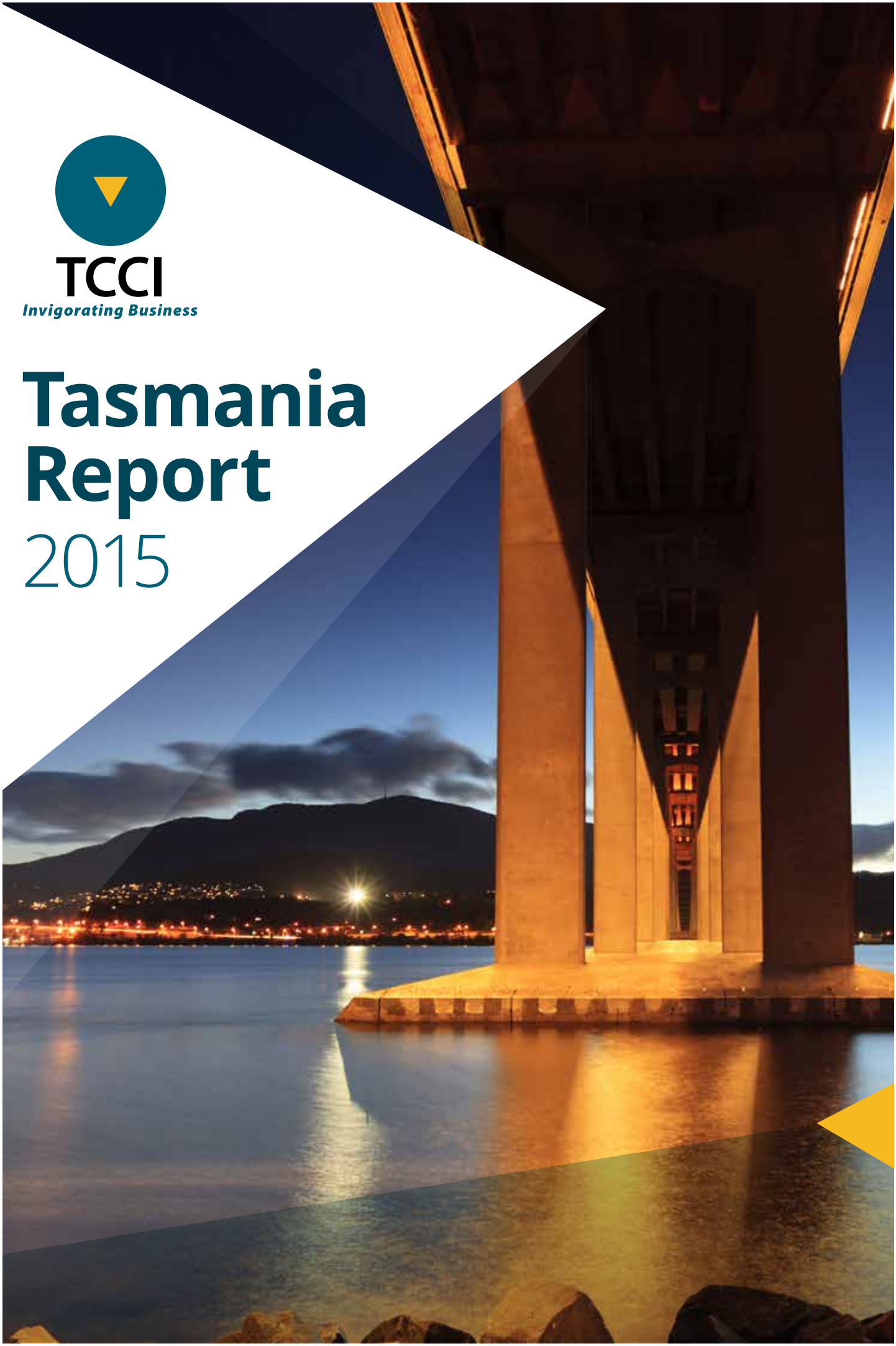
TCCI
Invigorating Business

Tasmania Report 2015



CONTENTS

EVENT PARTNERS

TasCOSS

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Southern Cross

B&E
Personal banking

Federal Group

TCCI CHAIR'S REPORT

Susan Parr

It is with great pleasure and pride that I introduce the TCCI Tasmania Report to you. As engaged Tasmanian leaders you all know the significance of accurate data in measuring and managing key objectives.

The concept for this Report is the fruit of the Strategic Planning by the Board of the TCCI earlier this year. Its implementation is the result of positive relationships with stakeholders who join with us in striving to achieve a better Tasmania for all and who recognise that prosperity and wellbeing are intrinsically linked at an individual and community level. The significance of economic indicators alone can cloud vision and judgement. The juxtaposition of social and economic indicators informs a fuller appreciation and debate of the priorities that Tasmania must set. Of course state government plays a huge part in the achievement of community priorities, but local government, health and education institutions, industry, businesses, households and individuals have a responsibility to look beyond self-interest and professional empires, and understand and act for the needs of Tasmania as a whole.

Tasmanians are the unhealthiest, oldest, worst educated, most under-employed and most dependent on Government benefits in Australia. This is not sustainable and if it continues will condemn a large number of Tasmanians to unproductive lives with compromised opportunities for employment, personal fulfilment and community engagement. The flow-on effects mean increasing health costs, more people who feel alienated and who in turn have no stake in developing communities.

Consider what could be achieved if we saw these "deficits' as challenges and opportunities.

Because we have the oldest population in Australia, there is an opportunity to bring the needs and wishes of older people into new business and service models that could lead the whole country. Developing sustainable models of services for older Tasmanians in all parts of the state presents opportunities for training and employment, redirection of funds from an increasingly expensive sickness model to more proportionate and seamless wellbeing model of health.

Traditionally, business has not examined the qualitative indicators of Tasmania's success such as housing, education and health. The TCCI believes that the true measure of a successful Tasmania must include improved achievements in these areas as well as the quantitative indicators of employment, infrastructure development, levels of taxation and the costs of doing business in an island state with a static population and limited transport options.

The TCCI envisages Tasmania as the most successful state in the Commonwealth. The measures of that success include prosperity but depend on education standards and good health.

From today, the TCCI will be tracking Tasmania's progress towards the attainment of improved results in jobs, construction, exports, new businesses, housing, health status and educational achievement.

Susan Parr
Chair
Tasmanian Chamber of Commerce and Industry

ABOUT THE AUTHOR

Saul Eslake

Saul Eslake worked as an economist in the Australian financial markets for more than 25 years, including as Chief Economist at McIntosh Securities (a stockbroking firm) in the late 1980s, Chief Economist (International) at National Mutual Funds Management in the early 1990s, as Chief Economist at the Australia & New Zealand Banking Group (ANZ) from 1995 to 2009, and as Chief Economist (Australia & New Zealand) for Bank of America Merrill Lynch from 2011 until June 2015.

He has now started up his own independent economics consultancy business, based in Tasmania.

Saul is also a non-executive director of Hydro Tasmania, an energy business owned by the Tasmanian state government. He has previously been a Member of the Howard Government's Foreign Affairs and Trade Policy Advisory Councils; of the Rudd and Gillard Government's Long Term Tourism Strategy Steering Committee and National Housing Supply Council; and of the Australian Statistics Advisory Committee. He has also previously served as a Director of the Australian Housing and Urban Research Institute (1997-2004) and as Chairman of the Tasmanian Arts Advisory Board (2006-2011).

Saul has a first class honours degree in Economics from the University of Tasmania, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. In December 2012 he was awarded an Honorary LlD degree by the University of Tasmania. He has also completed the Senior Executive Program at Columbia University's Graduate School of Business in New York.

A SOCIAL VISION FOR TASMANIA

TasCOSS CEO

Beyond the economic - A social vision for Tasmania

The current narratives describing Tasmania in local, national and international media paint two very different pictures of our island and its people. On one hand, Tasmania has been lauded across Australia and the world for the success of MONA, for the world class wilderness experiences the state offers and for its burgeoning food, wine, and cultural tourism sectors.

On the other hand, much darker narratives have been equally prevalent. Though cultural tourism in our cities has been highlighted in the national media, so too has the experience of substance abuse, high youth unemployment and low education attainment rates. Though we have a strong global brand for the world-class produce, less than half of our population eat adequate fruit or vegetables.[1] And though we are home to Booker Prize winning authors, literacy levels in Tasmania remain far below the national average.[2] In short, the economic and social trajectories of Tasmania are not linked, and at times are travelling in different directions.

The data presented in the TCCI Tasmania Report demonstrates the fastest growth in Tasmania's economy since 2008-09. It is therefore a critical time to address income inequality and ensure this renewed level of economic performance provides opportunities for all Tasmanians to participate, economically and socially. The risk of rising inequality is recognised by the OECD in a report in May this year which found that rising income inequality reduced economic growth by an average of around 5% across OECD countries in the two decades to 2010.[3]

A broad economic and social vision for Tasmania is needed to address this and to connect all Tasmanians to the opportunity to share in the renewed economic bounty. We need to align the goals of our community to inform and set the goals of government—to focus on employment growth and to lift the health and educational outcomes for the state.

This vision must acknowledge the critical foundations of good health, education attainment, access to affordable housing, adequate and stable employment, appropriate transport, and affordable essentials such as household energy. It must acknowledge and address the reality that not all Tasmanians have equal capacity to participate in employment, education, and social and recreational activities and that many face barriers that lead to social exclusion.

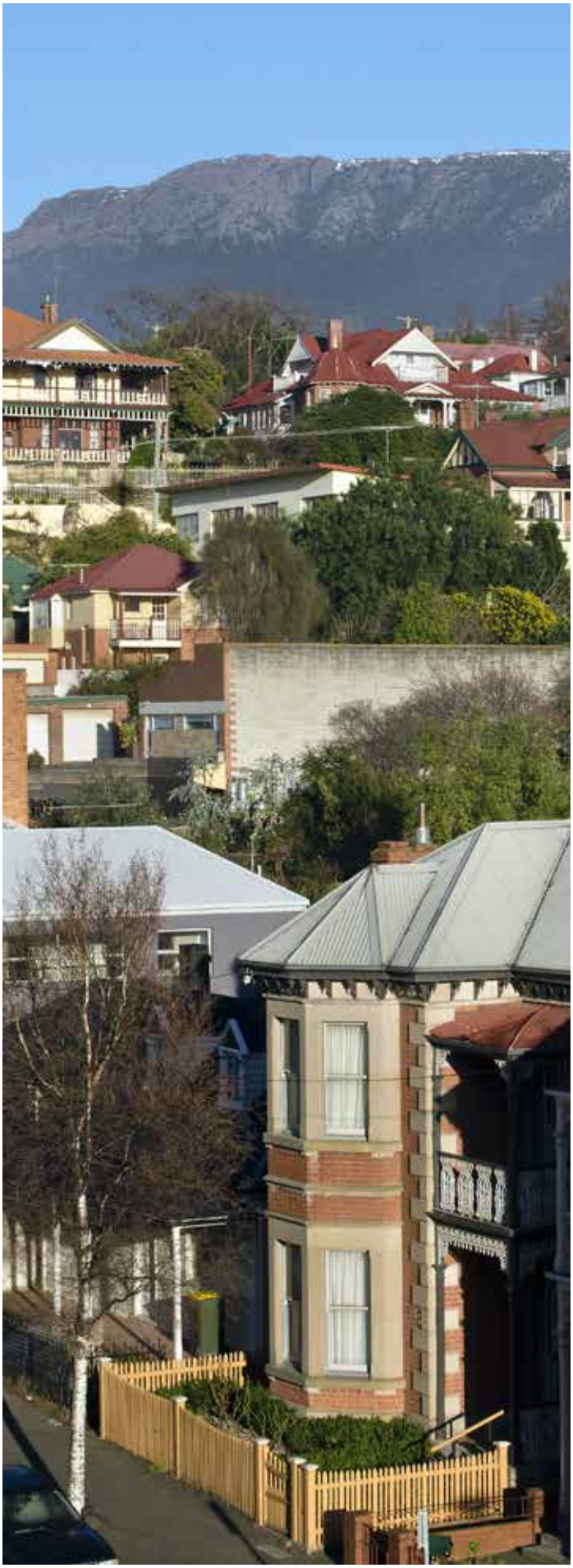
[1] *Department of Health and Human Services, Report on the Tasmanian Population Health Survey, April 2014: 34.*
[2] *ABS (2013), Programme for the International Assessment of Adult Competencies, Australia, 2011-2012. Cat. No. 4228.0.*
[3] *OECD (2015): In it together: Why less inequality benefits us all.*

Participation is fundamental to improving the lives of Tasmanians. Participation in all aspects of life—economic, social, political, and recreational—is an essential part of individual and community health. Fostering greater participation involves a whole-of-Tasmania approach. Increased levels of participation have a compounding effect on the lives of people and on communities. Greater participation in education, for instance, leads to improved employment outcomes, which in turn encourages children to finish school and to enter the workforce.[4] Participation in social and recreational activities reduces social isolation and increases community cohesion. Increasing participation across all areas is an effective and efficient way for the state government to improve overall health and wellbeing for individual Tasmanians and communities.

It should no longer be business as usual in Tasmania. TasCOSS wants to see a Tasmania where everyone can participate in the cultural and economic developments currently taking place and not be left behind. We do not want to see a new generation of Tasmanian children entrenched in generational poverty and long term unemployment and disadvantage.

TasCOSS believes that there is the opportunity—and the imperative—to work together. Business and community sectors, all tiers of government and all parts of our community can address these divergent narratives and bring Tasmanians along, together, as Tasmania moves towards better outcomes and greater prosperity for the whole population.

Kym Goodes
CEO
Tasmanian Council of Social Service



[4] *OECD (2011), "How does education affect employment rates?", in Education at a Glance 2011: Highlights, OECD Publishing. http://dx.doi.org/10.1787/eag_highlights-2011-16-en*

SECTION 1

Tasmania's economy

1. Tasmania's economy

Economic growth in the 2014-15 financial year

Tasmania's economy - as measured by chain-volume or 'real' gross state product (GSP)[1] – grew by 1.6% in the 2014-15 financial year. Though well below the national average of 2.3%, this was nonetheless the fastest growth in Tasmania's economy since 2008-09 (Chart 1.1). Tasmania's growth rate exceeded that of Queensland, the ACT and (marginally) South Australia (Chart 1.2).

Chart 1.1: Growth in real gross state product, Tasmania and mainland

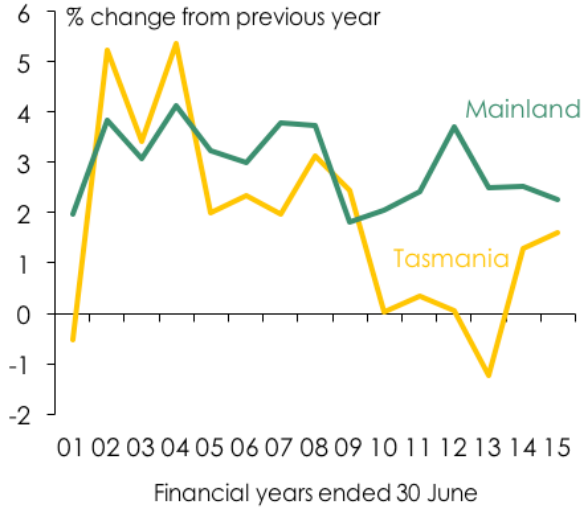
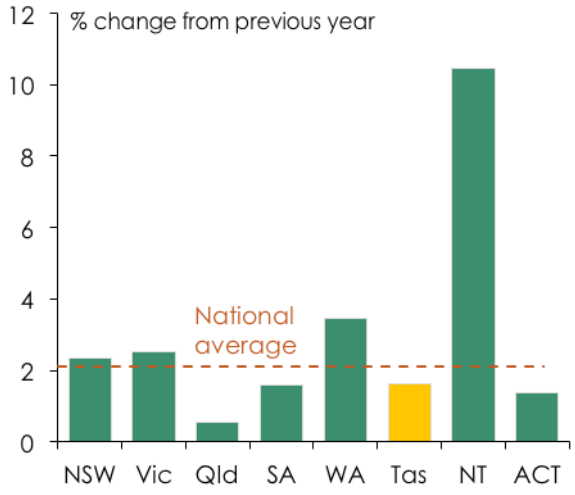


Chart 1.2: Growth in real gross state product, 2014-15



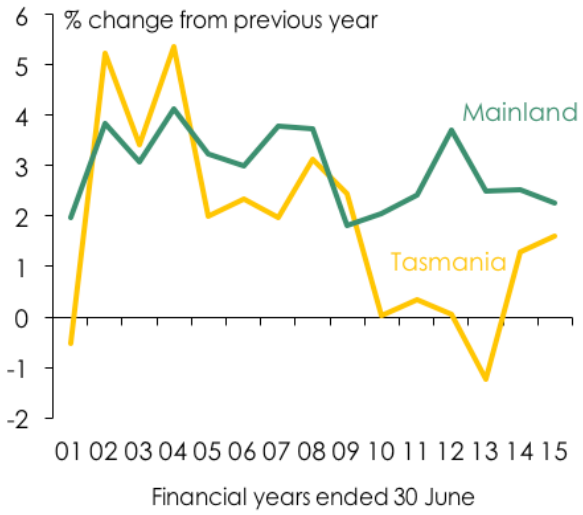
Source: ABS, *State Accounts 2014-15* (5220.0).

[1] *For a more detailed explanation of what GSP measures and how it is derived, see ABS, Australian System of National Accounts: Concepts, Sources and Methods, 2014 (5216.0), Chapter 21, pp. 469-526, or the explanatory notes to ABS, Australian National Accounts: State Accounts 2014-15 (5220.0).*

Tasmania's economic performance relative to the rest of Australia in 2014-15 was more impressive after taking account of its slower population growth rate. Per head of population Tasmania's real GSP grew by 1.3% in 2014-15, faster than anywhere else in Australia except for the Northern Territory (10.1%) and Western Australia (1.9%). For the second consecutive year, Tasmania's real per capita GSP growth rate exceeded the national average.

However, as shown in Chart 1.3, this follows four consecutive years in which Tasmania's real per capita GSP declined (by a total of 2.9%, more than it did in 1990-91).

Chart 1.3: Growth in real per capita GSP, Tasmania and mainland

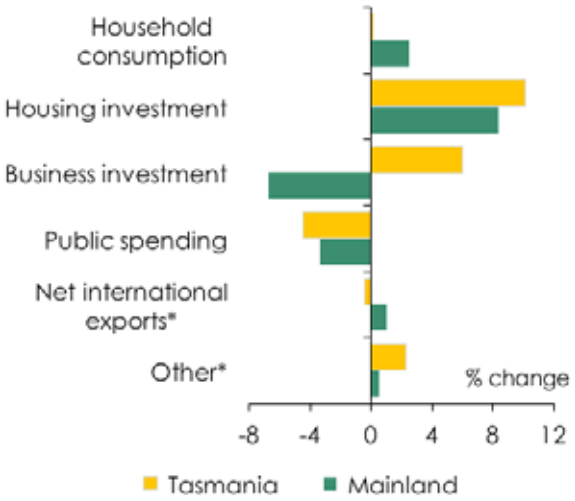


Source: ABS, State Accounts 2014-15 (5220.0).

The pick-up in Tasmania's growth rate in 2014-15 occurred despite a 4.5% real decline in public sector spending (which was in turn largely driven by a 43% slump in capital spending by state-owned GBEs), and a marked slowing in the real growth rate of household consumption spending (to just 0.1%, from 2.1% in 2013-14).

The slowing in consumer spending occurred despite a pick-up in Tasmanian real household disposable income growth to 5.7%, its fastest pace in six years in 2014-15 (and faster than in any other state or territory). Most of this increase in income appears to have been saved, perhaps because a large proportion of it came from a 37% increase in small business income. By contrast, pre-tax wage and salary income rose by only 2.0% in 2014-15.

Chart 1.4: Sources of growth in Tasmanian and mainland real GSP, 2014-15



** Pc point contribution to change in real GSP from 2013-14.*
Source: ABS State Accounts 2014-15 (5220.0).

Housing investment rose by 10.1%, the largest increase since 2003-04. This was a larger increase than in any other state except NSW. At least some of this increase in housing investment is likely to represent a 'bringing forward' of construction induced by the increased level of the 'First Home Builder Boost' which was available for contracts entered into between 7 November 2013 and 31 December 2014. The total cash grant to eligible first time buyers of new homes dropped from $30,000 to $20,000 for contracts signed after 31 December 2014, and will revert to $10,000 at the end of 2015.

New business investment rose by 6.0% in real terms, reflecting double-digit increases in both non-residential building and engineering construction, which more than offset a slight decline in business spending on machinery and equipment. This was in marked contrast to the slump in investment nationally, which was driven by the fall-off in resources-related engineering construction, the earlier boom in which on the mainland had almost completely by-passed Tasmania.

The volume of Tasmania's international goods exports fell by 7.6% in 2014-15, to their lowest level since the 1990-91 financial year, in large part due to lower mineral exports (including as a result of the cessation of copper production at Mt Lyell). On the other hand, the 'volume' of international exports of services rose by nearly 16% in real terms, to their highest level since 2007-08 - most likely reflecting strong increases in the numbers of international tourists and students coming to Tasmania. Partly offsetting the fall in export volumes, international imports to Tasmania fell by 3.0%.

There was also a large positive contribution to the pick-up in overall growth from the 'balancing item' in the GSP accounts, which probably stems from an improvement in Tasmania's net exports to the mainland (although interstate trade is not measured directly in the ABS State Accounts).

Table 1.1 provides a sectoral breakdown of the growth in both the Tasmanian and national economies in 2014-15, showing for each industry sector the growth in real gross value added, and the contribution of each sector to growth in Tasmanian and national gross product (which is in turn a function of each sector's growth rate and its relative importance to the state and national economies).

Table 1.1 shows that most of the growth in Tasmania's economy in 2014-15 came from just two sectors – agriculture, forestry and fishing, and construction. These are the largest, and sixth largest, sectors of the Tasmanian economy measured by gross value added. Other (smaller) sectors to record strong growth were the information, media and telecommunications services, and accommodation and food services sectors. By contrast, the manufacturing sector, the third largest by gross value added, grew by only 0.1% in 2014-15. The 7.3% decline in the public administration and safety sector subtracted almost ½ pc point from Tasmania's overall growth rate in 2014-15, while large contractions in the mining and wholesaling sectors also materially detracted from GSP growth.

Table 1.1: Growth in real gross value added, and contributions to growth in real gross product, by industry – Tasmania and Australia, 2014-15

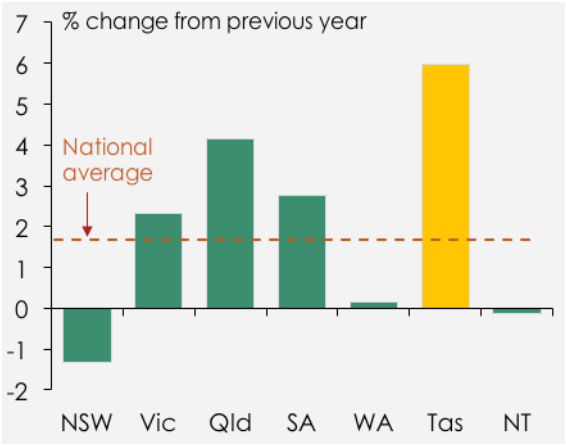
	TASMANIA		AUSTRALIA	
	Pc change in real gross value added, 2014-15	Pc pt contribution to change in real GSP, 2014-15	Pc change in real gross value added, 2014-15	Pc pt contribution to change in real GSP, 2014-15
Agriculture, forestry & fishing	8.6	0.73	1.5	0.03
Mining	-13.0	-0.17	7.6	0.63
Manufacturing	0.1	0.01	-1.2	-0.07
Electricity, gas & water	-1.7	-0.09	1.4	0.04
Construction	15.0	0.83	-0.7	-0.06
Wholesale trade	-7.9	-0.24	2.4	0.10
Retail trade	3.9	0.24	2.6	0.12
Accommodation & food services	7.0	0.20	7.0	0.16
Transport, postal & warehousing	0.5	0.03	-0.9	-0.04
Information, media & telco services	10.3	0.25	9.4	0.25
Financial & insurance services	-1.1	-0.06	4.6	0.38
Rental, hiring & real estate services	0.6	0.01	4.4	0.12
Professional, scientific technical services	1.7	0.05	-4.0	-0.25
Administration & support services	-1.3	-0.02	-0.1	0.00
Public administration & safety	-7.3	-0.46	0.9	0.05
Education & training	-0.4	-0.03	2.4	0.11
Health care & social assistance	3.9	0.34	4.5	0.28
Art & recreation services	0.6	0.00	3.0	0.02
Other services	1.3	0.03	2.9	0.05
Gross state product	1.6	1.6	2.3	2.3

Note: Ownership of dwellings, indirect taxes less subsidies and balancing item are not shown. Hence the individual pc point contributions to GSP growth shown in the second and fourth columns may not sum exactly to the change in GSP.
Source: ABS, State Accounts 2014-15 (5220.0)

Agriculture

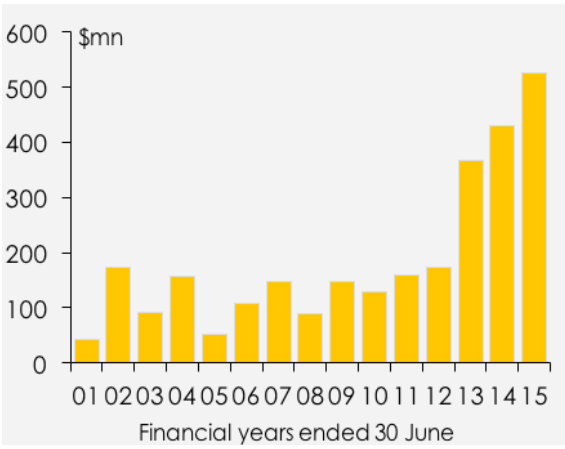
Agriculture, forestry and fishing is the largest sector of the Tasmanian economy, accounting for 9.6% of gross state product in 2014-15, as against only 2.4% of Australia's total GDP. It accounted for almost half of the growth in Tasmania's real gross state product in 2014-15. In nominal terms, the gross value of Tasmanian agricultural production rose by 6.0% in 2014-15, a larger increase than in any other state (Chart 1.5). Agricultural incomes (after deducting labour and other costs) rose by 22% in 2014-15 to a record high of over $500mn (Chart 1.6)

Chart 1.5: Gross value of agricultural production, 2014-15



Source: ABS, State Accounts 2014-15 (5220.0).

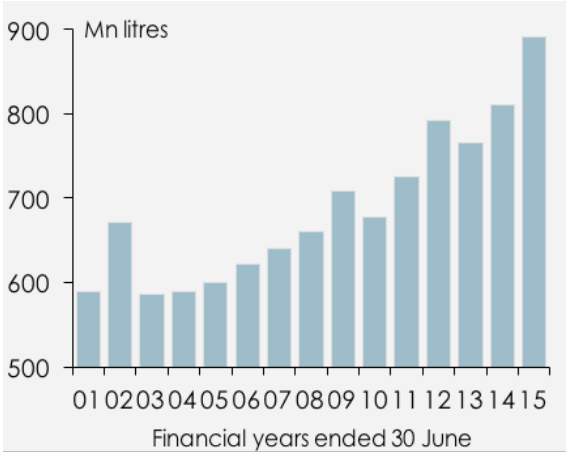
Chart 1.6: Agricultural income, Tasmania



Source: ABS, State Accounts 2014-15 (5220.0).

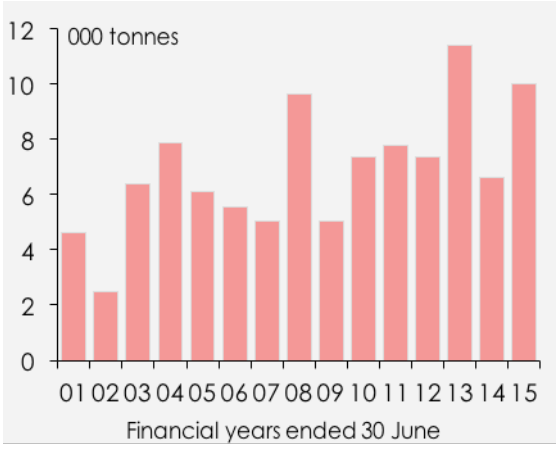
The dairy industry has been a significant contributor to the expansion in Tasmania's agricultural sector in recent years. Milk production rose by 10.7% in 2014-15 to a record 891 million litres, representing 9.2% of national production; a decade ago, Tasmania accounted for less than 6% of total national milk production. Tasmanian beef production in 2014-15 remained close to the previous year's record level of just under 66,000 tonnes. Tasmania's wine industry recovered strongly from a very poor vintage in 2014: the 2015 crush was the second largest on record. Both industries have benefited from the expansion of irrigation schemes, and have capitalised on Tasmania's brand strengths.

Chart 1.7: Tasmanian milk production



Source: ABARES; Dairy Australia.

Chart 1.8: Tasmanian grape crush



Source: Wine Tasmania, 2015 Vintage Report.

Tourism

Tourism accounts (directly and indirectly) for about 9% of Tasmania's gross state product and 16% of total employment (according to Tourism Tasmania), principally through the accommodation and food services, arts and recreation services, transport and retail sectors.

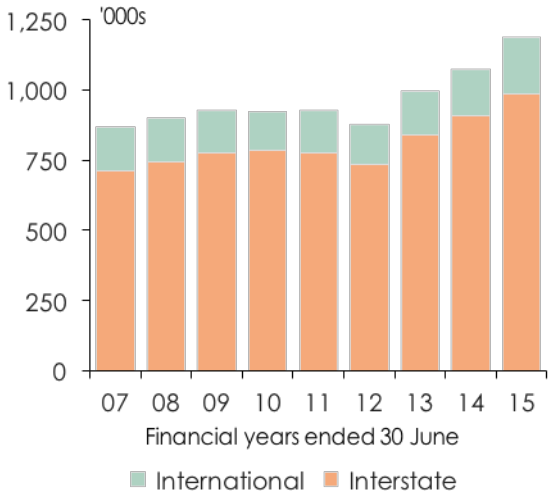
The total number of visitors to Tasmania rose by 8.4% in 2014-15 to a new record of just under 1.15 million. Within this total the number of international visitors rose by more than 22% to 198,300 or 17.3% of the total (Chart 1.9). The increase in visitor numbers in 2014-15 was largely driven by a 13% increase in holiday visitors; numbers staying with friends and relatives rose by 5%, and business visitor numbers rose by 4%, but the number of visitors attending conferences or conventions fell by 29%. Total spending by visitors to Tasmania rose by 9%, a smaller increase than in the two previous years: average visitor spending remains below the 2010-11 peak level.

The upturn in Tasmania's tourism industry reflects the decline in the value of the A$ (encouraging more Australians to holiday domestically rather than overseas), an increase in scheduled air services to Tasmania, the appeal of MONA and the growing number of festivals and other events being staged in Tasmania, the opening of a number of new 'upmarket' destinations, and the enhanced reputation of Tasmanian food and wine.

The increase in the number of visitors to Tasmania has enabled Tasmanian accommodation providers to improve their occupancy rates and average takings (Chart 1.10). However the highly seasonal nature of Tasmanian tourism remains problematic for accommodation providers. Tasmanian establishments have the highest occupancy rates in Australia (over 70%) in the March quarter of each year, but by far the lowest in the June and September quarters (below 48% and around 52%, respectively, when occupancy rates nationally are typically around 65%).

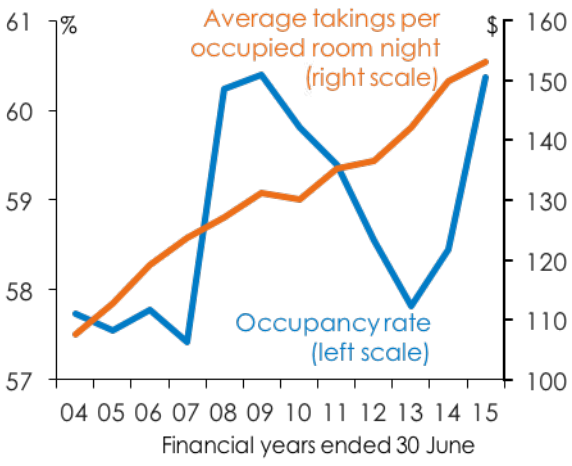
The Tasmanian government and the Tourism Industry Council of Tasmania aim to attract 1.5 million visitors to Tasmania by 2020.

Chart 1.9: Visitors to Tasmania



Source: Tourism Tasmania, Tasmanian Tourism Snapshot.

Chart 1.10: Tasmanian hotels, motels and guest houses: performance indicators



Source: ABS, Tourist Accommodation, Australia (8635.0), June quarter 2015.

Short-term prospects for the Tasmanian economy

There are reasonable grounds for expecting that the modest upturn in the Tasmanian economy over the past two years can be sustained in the near term.

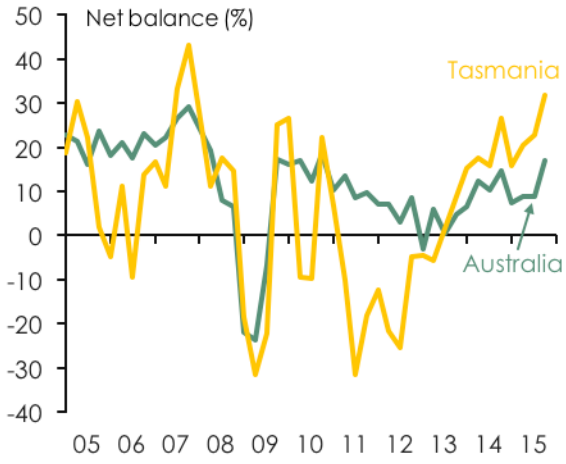
Tasmania derived very little direct benefit from the 'resources boom' which was a major driver of national economic growth from the early 2000s until around 2012: and with a larger proportion of its output and employment deriving from other trade-exposed sectors (such as agriculture, manufacturing and tourism), Tasmania was more adversely affected than other states by the dramatic appreciation of the Australian dollar which was one of the principal side effects of the 'resources boom'. The collapse of the forestry industry, and the unwinding of fiscal stimulus programs implemented during and after the global financial crisis (from which Tasmania had benefited disproportionately) added to the adverse effects of the 'resources boom' on the Tasmanian economy.

Now that the A$ is well below its long-run average value (since the float in December 1983) of US76.4¢, Tasmania's trade-exposed industries—including those manufacturing businesses which have succeeded in significantly reducing their costs in recent years—should fare better than they did when the currency was well above this level. Bell Bay Aluminium's decision to increase its electricity consumption by 10% and to upgrade its plant at a cost of $30 million, and Incat's recent success in securing a large order from Denmark, are two tangible illustrations of the improved prospects for Tasmanian manufacturing.

Against that, this year's unusually dry winter and spring will adversely affect many parts of Tasmania's agricultural sector – although the expansion in Tasmania's irrigation capacity in recent years has enhanced the farming sector's resilience in the face of drought. Significantly lower than normal water inflows into Hydro Tasmania's storages will also result in reduced electricity generation, in turn resulting in lower net exports of electricity to the mainland across Basslink (although there is no risk to energy supplies within Tasmania itself).

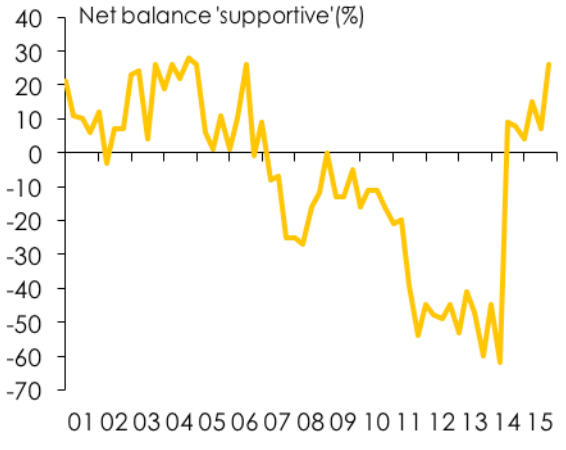
A factor auguring well for Tasmania's near-term economic prospects is the sustained improvement in business confidence. Business expectations, as measured by the National Australia Bank's quarterly survey, have been higher than in any other state since the September quarter of 2013 (Chart1.11). The improvement in business confidence thus pre-dates the 2014 state election. However the Sensis SME survey suggests that business strongly approves of the current Tasmanian government's policy settings (see Charts 1.12-13).

Chart 1.11: Business expectations,Tasmania and Australia



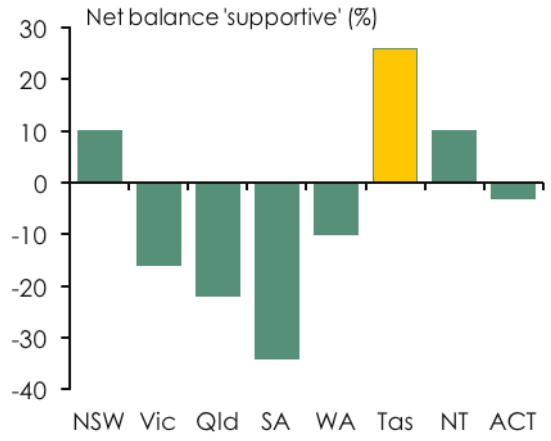
Sources: National Australia Bank, Quarterly Business Survey.

Chart 1.12: Small business attitudes to Tasmanian government policies



Source: Sensis, Business Survey, August 2015.

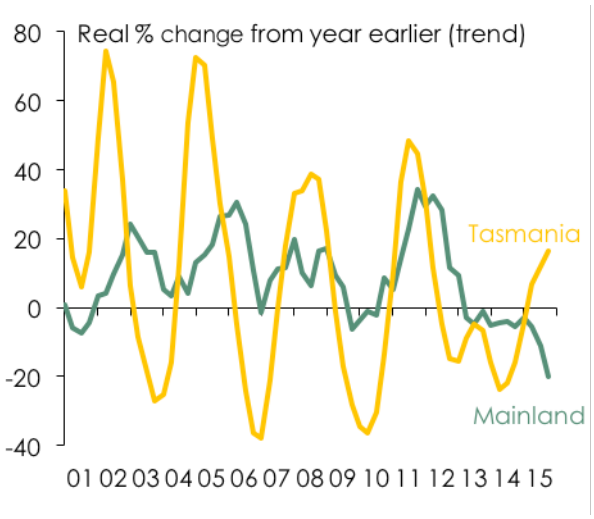
Chart 1.13: Small business attitudes to state government policies, August 2015



Source: Sensis, Business Survey, August 2015.

The combination of an elevated level of business confidence in Tasmania with the fading of the (positive for much of the mainland, negative for Tasmania) effects of the 'resources boom' explains why (for the first time in 15 years) business investment is rising in Tasmania whilst it is falling on the mainland (Chart 1.14).

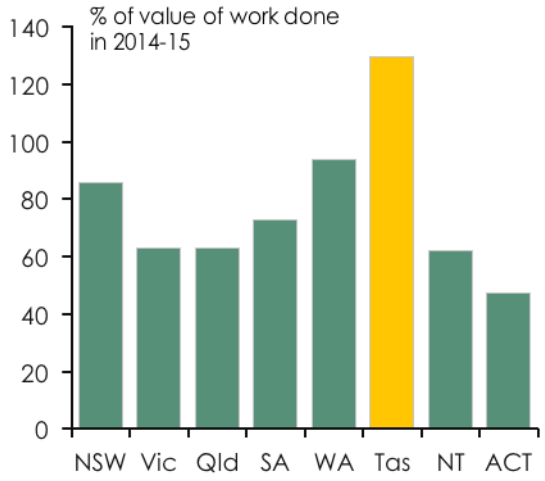
Chart 1.14: Business investment – Tasmania vs mainland



Source: ABS, Private New Capital Expenditure and Expected Expenditure (5625.0), September 2015.

Whereas the downturn in business investment on the mainland primarily reflects a sharp decline in engineering construction (as work on resources projects draws to a close), the upturn in business investment in Tasmania is predominantly in non-residential building—including major projects such as the Royal Hobart Hospital redevelopment, Parliament Square, a number of new hotels in Hobart, the Silo Hotel in Launceston and Devonport's Living City project. Tasmania is the only state where the 'pipeline' of non-residential building work yet to be done as at the beginning of the current financial year is greater than the amount of work done in 2014-15 (Chart 1.15), which suggests that non-residential building construction will be an important driver of economic growth in Tasmania in 2015-16.

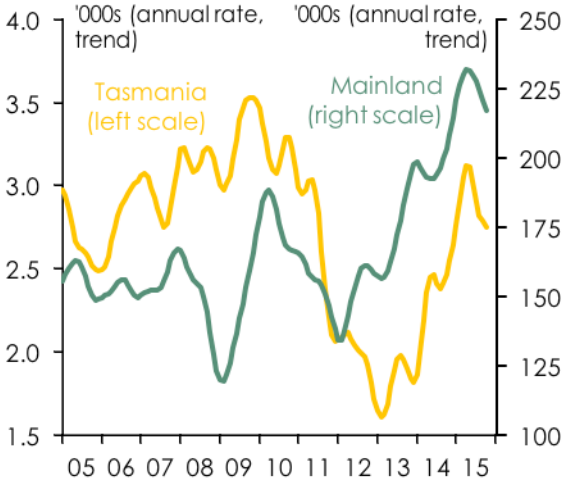
Chart 1.15: Non-residential construction work yet to be done, June 2015



Source: ABS, Building Activity, Australia (8752.0), June 2015.

By contrast, housing activity is likely to turn down at some point during the current financial year. Tasmanian residential building approvals have fallen by about 12% (in trend terms) from their peak in April 2015, to a level which is only marginally above the 2001-12 average level (of about 2,650 per annum). By contrast, residential building approvals on the mainland have fallen by only 6% since April, to a level which is still some 36% above the 2001-12 average level.

Chart 1.16: Residential building approvals, Tasmania vs mainland

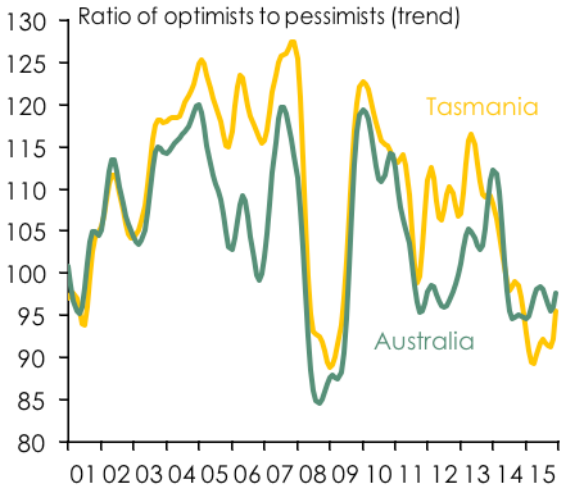


Source: ABS, Building Approvals, Australia (8751.0), September 2015.

As noted earlier, the 'First Home Builders Boost' has had the effect of 'bringing forward' dwelling construction that would have otherwise occurred in future years. It provided some useful stimulus at a time when the Tasmanian building industry was at a particularly low point: but schemes such as this cannot provide long-term support for housing activity, and carry some risk of inflating dwelling prices. Ultimately, higher levels of housing activity will only result from more rapid population growth and higher household incomes.

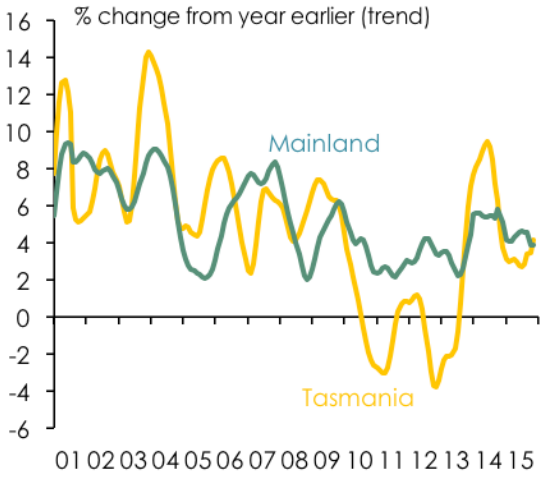
The upswing in business confidence in Tasmania over the past two years hasn't been mirrored in the level of consumer confidence. Indeed, consumer confidence has been weaker over the past 12 months in Tasmania than nationally, notwithstanding an improvement since September (Chart 1.17). The surge in Tasmanian retail sales in the first half of 2014 is difficult to explain, or to reconcile with other indicators (as is the similar spurt in employment growth, discussed in the next chapter). Retail sales growth has since settled back to a little below the pace on the mainland (Chart 1.18), and there is no reason to anticipate any strong acceleration in the near term.

Chart 1.17: Consumer confidence – Tasmania vs Australia



Source: Westpac-Melbourne Institute; Thomson Reuters Datastream.

Chart 1.18: Retail turnover – Tasmania vs mainland



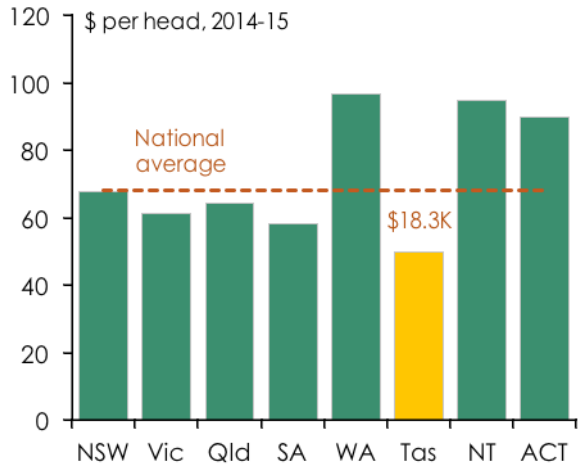
Source: ABS, Retail Trade, Australia (8501.0), October 2015

The longer-term challenge for the Tasmanian economy

While the upturn in the Tasmanian economy over the past two years is both welcome and encouraging, and looks set to continue in the near-term, Tasmania needs an extended period of much faster economic growth if it is to make significant inroads into the large gap which has opened between Tasmania's economic performance, and the material living standards which that economic performance sustains, and that of the rest of Australia, over the past three decades.

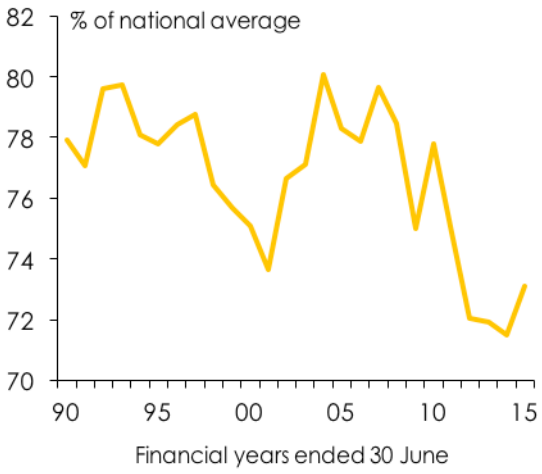
Tasmania's per capita gross state product (GSP) was $18,334 or 27% below the national average in the 2014-15 financial year (Chart 1.19). Although this represents a slightly smaller difference than in the preceding three years, it is nonetheless still significantly greater than before the onset of the global financial crisis, or indeed at any other time in the past 25 years (Chart 1.20).

Chart 1.19: Gross state product per head of population, 2014-15



Source: ABS, State Accounts (5220.0), 2014-15.

Chart 1.20: Tasmania's gross state product as a pc of national average



Source: ABS, State Accounts (5220.0), 2014

As a matter of arithmetic, per capita gross state product can be disaggregated into three components:

$$\frac{\text{Gross state product}}{\text{Population}} = \frac{\text{Employment}}{\text{Population}} \times \frac{\text{Hours worked}}{\text{Employment}} \times \frac{\text{Gross state product}}{\text{Hours worked}}$$

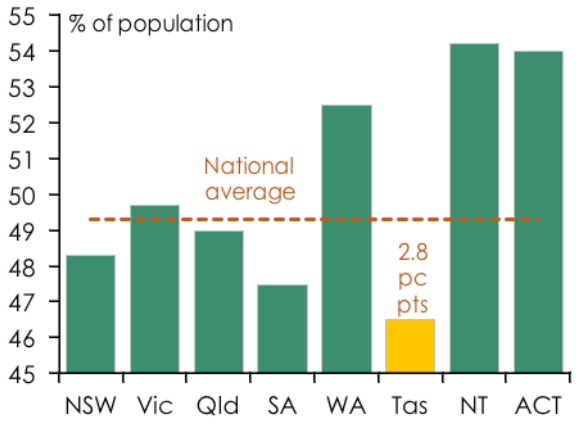
Put differently:

GSP per capita = participation rate x average hours worked x productivity.

Viewed through this lens, the $18,334 (or 27%) 'performance gap' between Tasmania's per capita gross product and the national average is the direct result of three other 'gaps':

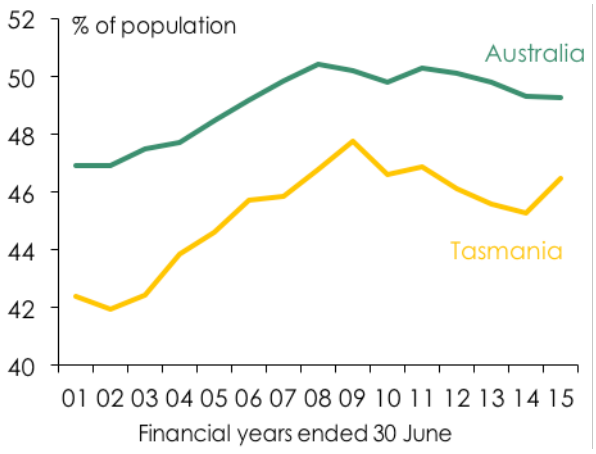
- *a participation gap* – fewer Tasmanians have a job than the national average;
- *a working hours gap* – those Tasmanians who do have a job work fewer hours than the national average; and
- *a productivity gap* – Tasmanians produce less by way of dollar value of goods and services for each hour worked than the national average.

Chart 1.21: Employment as a pc of total population, 2014-15



Sources: ABS, State Accounts (5220.0), 2014-15, and Labour Force, Australia (6202.0), October 2015.

Chart 1.22: Employment as a pc of total population, Tasmania and Australia



Sources: ABS, State Accounts (5220.0), 2014-15, and Labour Force, Australia (6202.0), October 2015.

On average in 2014-15, 46.5% of Tasmania's population, a smaller proportion than in any other state or territory and 2.8 % below the national average (Chart 1.21). This represents a significant improvement from the three previous years, when the 'participation gap' exceeded 4%, on average (Chart 1.22).

The 'participation gap' accounted for $7,450, or 41.2%, of the $18,334 difference in per capita gross product between Tasmania and the national average in 2014-15.

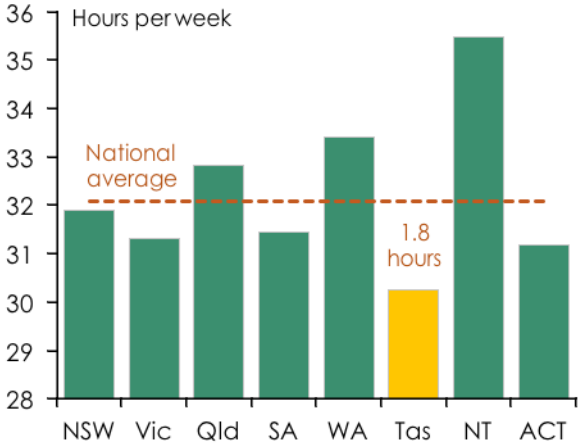
A large part of the 'participation gap' is the result of differences between Tasmania's demographic profile and that of the rest of Australia. In particular, 17.7% of Tasmania's population is aged 65 or over, well above the corresponding figure for Australia as a whole of 14.6%. This makes it almost inevitable that a smaller proportion of Tasmania's population will be in employment, or actively seeking it, than that of Australia as a whole.

Nonetheless, Tasmania's labour force participation rates are below the corresponding national averages for most age groups – so that there remains some scope for strategies directed at increasing participation rates (eg for young people, women and people with disabilities) to narrow the 'performance gap' between Tasmania and the rest of Australia.

Tasmanians in employment worked an average of 30.3 hours per week in 2014-15, fewer than in any other state or territory, and 1.8 hours fewer than the national average of 32.1 hours per week (Chart 1.23). Over the course of a full year, this represents a difference of more than 3 weeks in the total amount of time spent 'on the job' by Tasmanian workers less than the national average. This 'working hours gap' narrowed slightly in 2014-15 (from over 2hours per week in 2013-14) but is nonetheless significantly wider than it has been over most of the past 15 years (Chart 1.24).

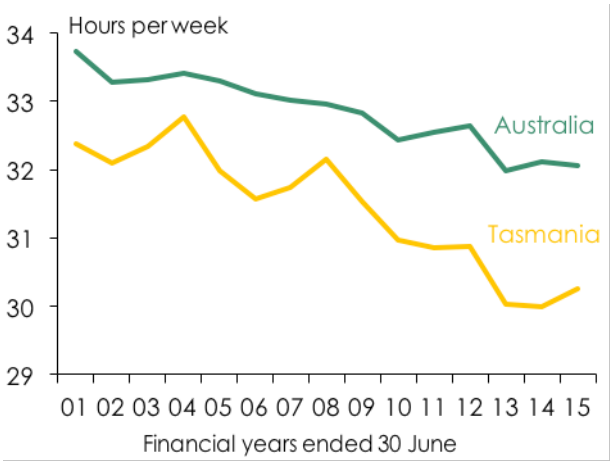
The 'working hours gap' accounts for $7,565, or 41.3%, of the $18,334 difference in per capita gross product between Tasmania and the national average in 2014-15.

Chart 1.23: Average weekly hours worked, 2014-15



Source: ABS, Labour Force, Australia (6202.0), October 2015.

Chart 1.24: Average weekly hours worked, Tasmania and Australia



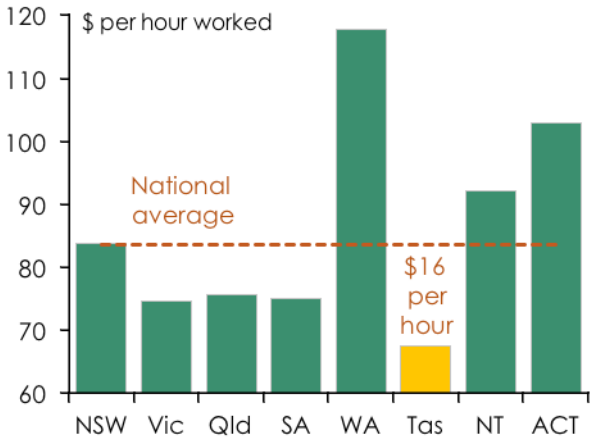
Source: ABS, Labour Force, Australia (6202.0), October 2015.

A large reason for the lower number of hours worked, on average, by Tasmanian workers is that, on average in 2014-15, 36.1% of employed Tasmanians worked part-time, well above the national average of 30.7%. The greater preponderance of part-time work is particularly apparent for women: fully 53.6% of employed Tasmanian women work part-time, compared with 46.5% of women nationally; whereas only 20.6% of employed Tasmanian men work part-time, a proportion which is less than half as much above the national average of 17.4% as is the difference for women.

Finally, for each hour that they worked in 2014-15, Tasmanian workers produced an average of $67.44 worth of goods and services, less than in any other State or Territory and $16.04 per hour below the national average of $83.48 (Chart 1.25). In other words, Tasmanian labour productivity was 19.2% below the national average in 2014-15.

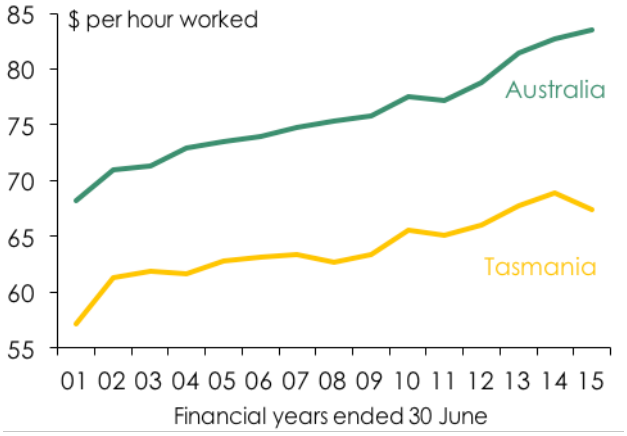
This is the largest 'productivity gap' ever recorded, not only in the last 15 years (Chart 1.26) but as far back as records go (to 1989-90).

Chart 1.25: Gross product per hour worked, 2014-15



Sources: ABS, State Accounts (5220.0), 2014-15, and Labour Force, Australia (6202.0), October 2015

Chart 1.26: Gross product per hour worked, Tasmania and Australia



Sources: ABS, State Accounts (5220.0), 2014-15, and Labour Force, Australia (6202.0), October 2015

The 'productivity gap' accounted for $3,220, or 17.5%, of the $18,334 difference in per capita gross product between Tasmania and the national average in 2014-15.

One of the principal reasons for this 'productivity gap' is that most of the industries which, at the national level, are characterised by above-average levels of labour productivity—in particular, mining and financial services—are 'under-represented' in Tasmania; the only 'high labour productivity' industry which accounts for a larger share of Tasmania's than of the national economy is the electricity, gas and water sector. On the other hand, Tasmania has an above-average share of many industries in which labour productivity Australia-wide is below the all-industry average—in particular, agriculture, forestry and fishing, retail trade, accommodation and food services, and health care and social assistance.

In some sectors—notably agriculture, but also electricity, gas and water supply, transport and retailing—labour productivity in Tasmania is above the corresponding national industry average. But for a majority of Tasmanian industries, labour productivity is below the corresponding national industry average.

If the 'performance gap' between Tasmania's per capita GSP and the national average is to be narrowed, then Tasmania must by definition sustain faster growth in per capita gross product than Australia as a whole for an extended period.

By way of illustration, on the assumption that Australia's real per capita GDP grows at an average annual rate of 1¾% over the next two decades (down slightly from the average of 2.0% per annum recorded over the 23 years since the last national recession), then:

- Tasmania would need to achieve real per capita GSP growth of just under 2.9% per annum in order to halve the present gap between the level of Tasmania's per capita GSP and the national average by 2035 (ie, to reduce it to approximately where South Australia is today); or
- To eliminate entirely the difference in the level of per capita GSP between Tasmania and the national average by 2035, Tasmania would need to achieve real per capita GSP growth averaging almost 3.4% per annum over the next 20 years.

As a benchmark, Tasmania's real per capita GSP growth has averaged 1.6% per annum over the past 23 years; it has exceeded the national per capita growth rate in only eight of those 23 years; and only once (from 2001-02 to 2003-04) for more than two years in a row.

In order to narrow the 'performance gap' by any margin at all, Tasmania will need to achieve some combination of increasing the proportion of the population who are in employment relative to the national average, increasing the number of hours worked relative to the national average, and increasing labour productivity relative to the national average.

It is difficult to envisage any of these objectives being achieved over the medium term without higher levels of educational participation and attainment, an issue discussed in greater depth in Chapter 4.

SECTION 2

Tasmania's labour market

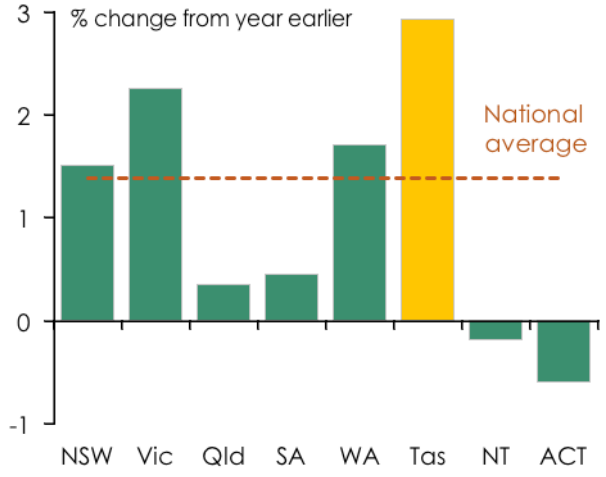
2. Tasmania's labour market

Employment growth

Employment grew by an average of 2.9%, on average, in the 2014-15 financial year, faster than in any other state or territory, and more than double the national average employment growth rate of 1.4% (Chart 2.1). This was the largest increase in employment in Tasmania in any financial year since 2008-09, and follows three consecutive annual declines between 2011-12 and 2013-14.

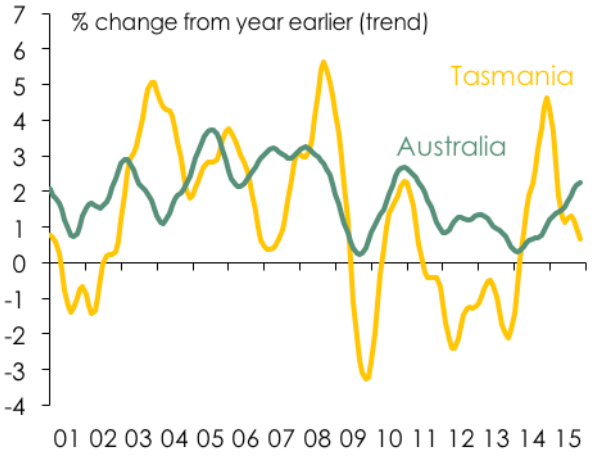
At face value, the monthly labour force data suggest that Tasmania experienced a surge in employment between December 2013 and December 2014, with the ABS trend measure of employment increasing by more than 10,000 or nearly 4½%; and that since the end of 2014, employment has grown by just 735 (in trend terms) or 0.3% (Chart 2.2). This seems difficult to reconcile with other economic indicators, even allowing for the fact that employment typically lags the broader economy. It seems more plausible that employment grew less rapidly in 2014 than suggested by the ABS data, and has since slowed less dramatically than the ABS data indicate.

Chart 2.1: Employment growth, states and territories, 2014-15



Source: ABS, Labour Force, Australia (6202.0.), October 2015

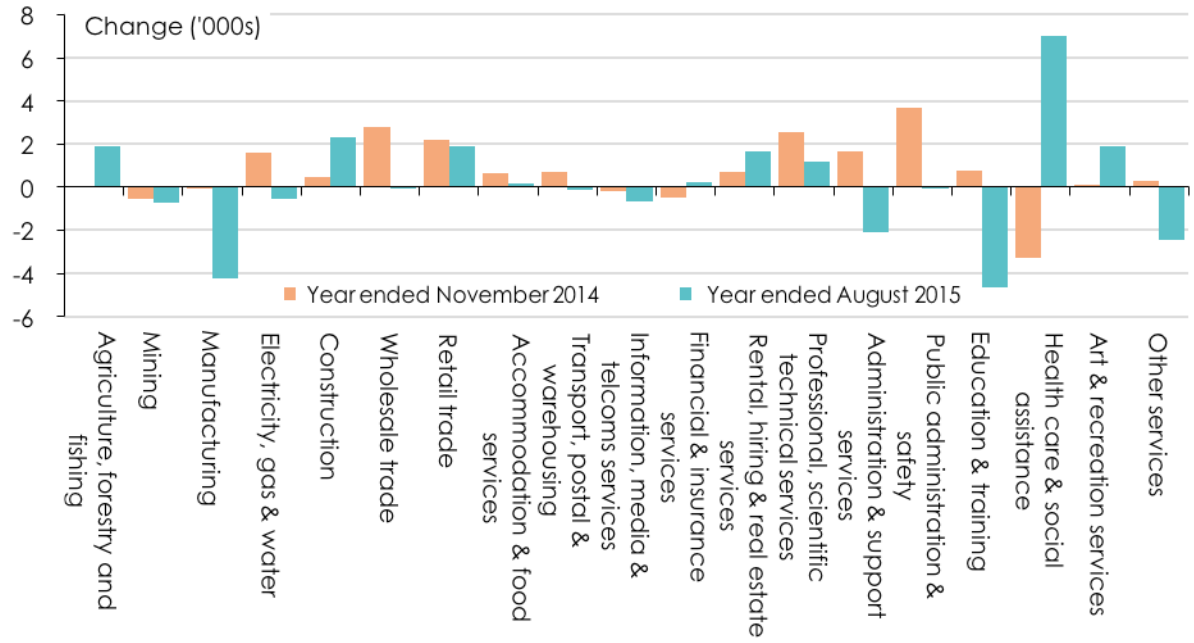
Chart 2.2: Employment growth, Tasmania and Australia, 2001-2015



Source: ABS, Labour Force, Australia (6202.0.), October 2015

This conclusion is reinforced by looking at the sectoral composition of employment growth, data on which is available for the middle month of each quarter (ie, the latest available at the time of writing is for August 2015) (Chart 2.3). These suggest that more than one-quarter of the increase in total employment over the year to November 2014 was in public administration and safety (which is hard to reconcile with the announced budgetary strategies of the outgoing Labor-Greens government and the incoming Liberal government at that time); and that the wholesale, retail and professional, scientific and technical services sectors, which together comprise less than 20% of total employment, accounted for a further 55% of the jobs growth during this period.

Chart 2.3: Employment growth by industry, Tasmania, 2014 and 2015

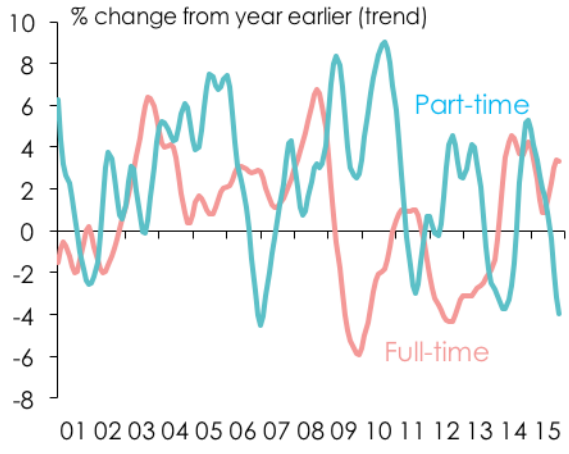


Source: ABS, Labour Force, Australia – Detailed, Quarterly (6291.0.55.003), August 2015.

Similarly, it seems difficult to believe that employment in health care and social assistance increased by 7,000 (or nearly 22%) over the 12 months to August, while employment in the education and training sector dropped by 4,700 (or more than 21%) during the same interval. It is more plausible that most of the increase in employment over the past year has been in the agriculture, construction and (tourism-related) retailing and arts and recreation sectors.

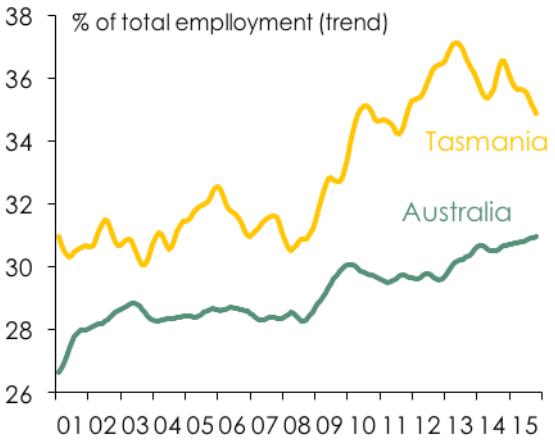
Much of the apparent volatility in employment growth in Tasmania in recent years has been in part-time employment. In particular, the slowdown in recorded employment growth over the twelve months to October is largely due to a 4% fall in part-time employment, whereas full-time employment has risen by 3.4% (Chart 2.4).

Chart 2.4: Full-time vs part-time employment growth, Tasmania



Source: ABS, Labour Force, Australia (6202.0.), October 2015

Chart 2.5: Part-time employment as a pc of total, Tasmania and Australia



Source: ABS, Labour Force, Australia (6202.0.), October 2015

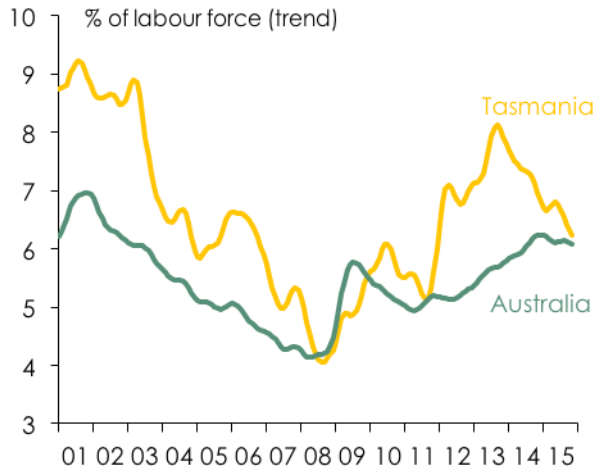
It could be that this divergence reflects some previously part-time workers increasing their hours to the point where they have become classified as working full-time. Nonetheless, the proportion of Tasmanian workers who work part-time remains significantly above the national average (Chart 2.5): and, as noted previously in Chapter 1, this difference is significantly greater for Tasmanian women than it is for men.

Unemployment and under-employment

Tasmania's unemployment rate has fallen by almost 2% over the past two years, from a peak of 8.1% (in trend terms) in the September quarter of 2013 to 6.2% in October 2015, the lowest since November 2011. Since December 2014, Tasmania has not had the highest unemployment rate in the nation, as it has done in 235 of the past 300 months (ie, in the past 25 years): instead, in October 2015 Tasmania's unemployment rate was lower than Queensland's and Western Australia's, as well as South Australia's, and only 0.1 pc point above the national average (Chart 2.6).

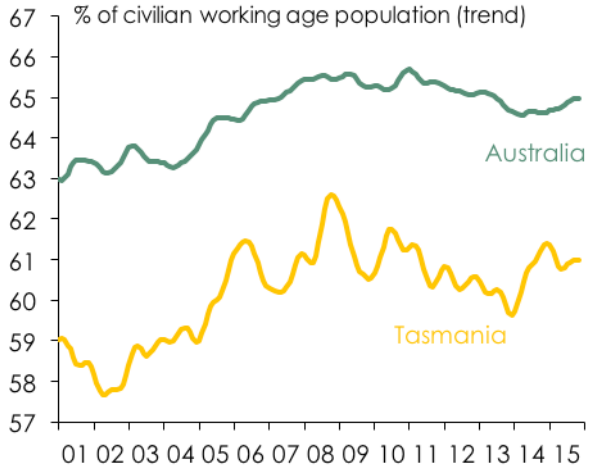
The decline in Tasmania's unemployment rate over the past two years is partly a result of employment having grown by 5.1% over this period (as against 3.2% nationally). But, particularly over the past 12 months as reported employment growth has slowed, it also reflects a decline in labour force participation which, as noted in Part 1, is lower in Tasmania than in any other state or territory (Chart 2.7).

Chart 2.6: Unemployment rate, Tasmania and Australia



Source: ABS, Labour Force, Australia (6202.0.), October 2015

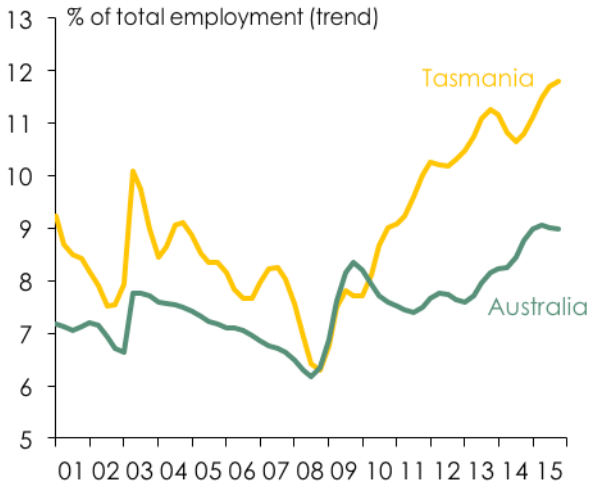
Chart 2.7: Labour force participation rate, Tasmania and Australia



Source: ABS, Labour Force, Australia (6202.0.), October 2015

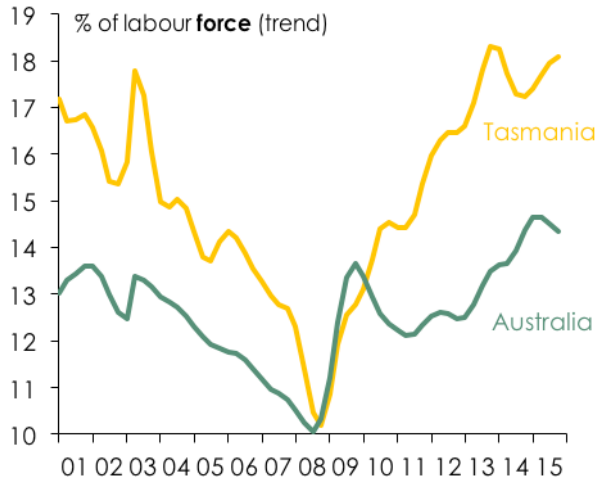
As also noted in Chapter 1, Tasmania's significantly below-average labour force participation rate owes a good deal to the fact that an above-average proportion of Tasmania's population is beyond the traditional retirement age. However, that is not the sole reason for Tasmania's low level of labour force participation. There is also an above-average level of *hidden unemployment* in Tasmania. In August 2015, 11.8% of employed Tasmanians were working fewer hours than they wanted to and were available for—a record high, and well above the national average of 9.0% (Chart 2.8).

Chart 2.8: 'Under-employment' rate, Tasmania and Australia



Note: the 'under-employment rate' is the number of employed persons working fewer hours than they would like to and are available for, as a pc of the number of employed persons.
Source: ABS, Labour Force, Australia – Detailed, Quarterly (6291.0.55.003), August 2015.

Chart 2.9: Labour force 'under-utilisation rate', Tasmania and Australia

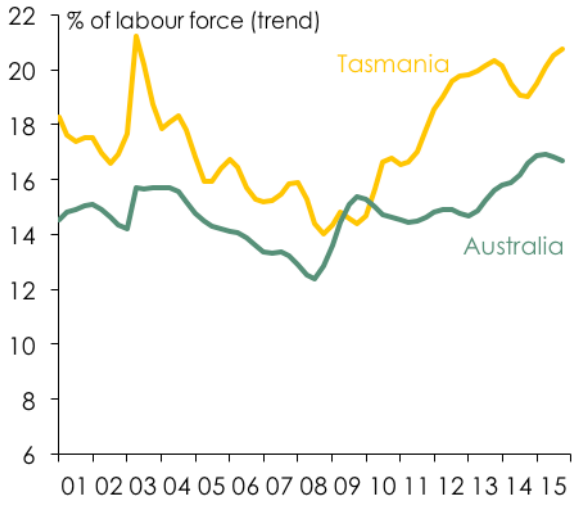


Note: the 'under-utilisation rate' is the number of 'under-employed' plus the number of unemployed (as conventionally defined) as a pc of the labour force. Source: ABS, Labour Force, Australia – Detailed, Quarterly (6291.0.55.003), August 2015.

When this measure of 'under-employment' is combined with the conventional measure of unemployment, what the ABS describes as the 'under-utilisation rate' was at a near-record high of 18.1% in August 2015, almost 3¾ pc points above the national rate of 14.4% (Chart 2.9).

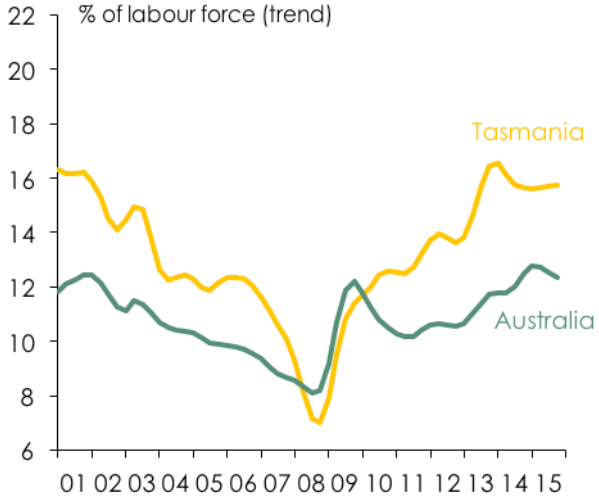
The extent of under-unemployment is significantly greater for Tasmanian women, at 20.8% (in trend terms) in August 2015, compared with a national average of 16.7% (Chart 2.10), than it is for men, at 15.7%, compared with a national average of 12.3%.) (Chart 2.11).

Chart 2.10: Labour force 'under-utilisation rate' – females, Tasmania and Australia



Note: refer to definitions in footnote to Charts 2.8 and 2.9. Source: ABS, Labour Force, Australia – Detailed, Quarterly (6291.0.55.003), August 2015.

Chart 2.11: Labour force 'under-utilisation rate – males, Tasmania and Australia



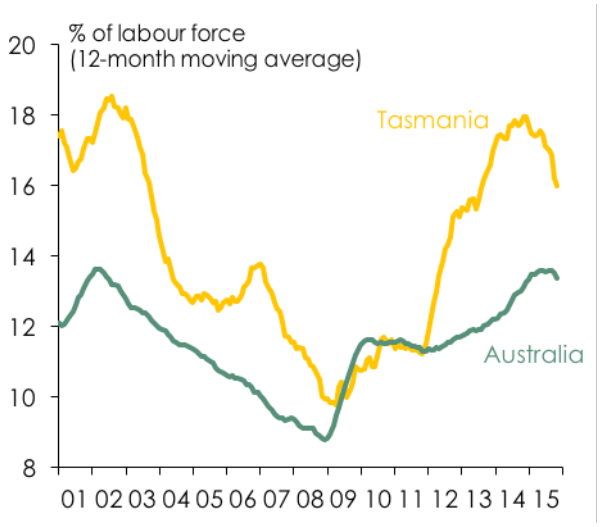
Note: refer to definitions in footnote to Charts 2.8 and 2.9. Source: ABS, Labour Force, Australia – Detailed, Quarterly (6291.0.55.003), August 2015.

Youth unemployment is also a more serious problem in Tasmania than in the rest of Australia. The unemployment rate among Tasmanians aged 15-24 (that is, the proportion of those in that age group who are employed or actively seeking employment, but who have worked less than 1 hour in the survey reference week) averaged 16.0% in the 12 months to October 2015[2] - down from 17.9% in the preceding 12 months, but nonetheless higher than in any other state or territory and well above the national average of 13.4%. (Chart 2.12).

Of course, many 15-24 year-olds are still in full-time education, and are therefore neither employed nor actively looking for work. However only 49.4% of Tasmanians aged 15-24 are in full-time education, less than the corresponding national average of 52.1% in the 12 months ended October 2015 (although a higher figure than for Queensland, Western Australia and the Northern Territory). 15.4% of Tasmanians aged 15-24 were neither in full-time education nor in the labour force, on average in the 12 months ended October 2015—a higher proportion than in any jurisdiction except the Northern Territory (Chart 2.13).

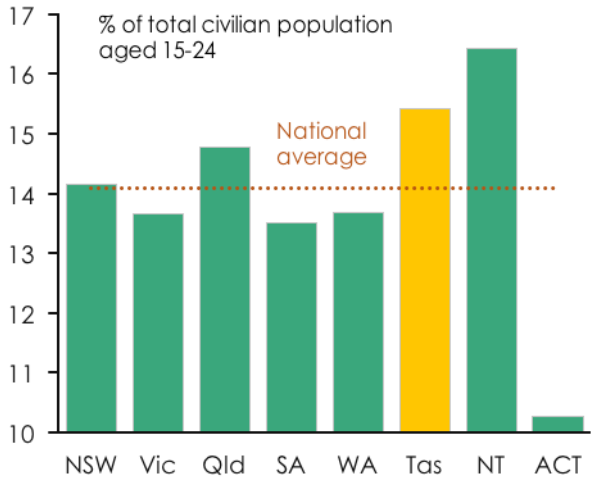
[2] *ABS data on employment and unemployment of people aged 15-24 is only available in original (ie, not seasonally adjusted or trend terms). Under these circumstances, 12-month moving averages provide the most stable way of interpreting the data.*

Chart 2.12: Youth unemployment rate, Tasmania and Australia



Source: ABS, Labour Force, Australia (6202.0), October 2015.

Chart 2.13: 15-24 year olds in neither full-time education nor the labour force



Source: ABS, Labour Force, Australia (6202.0), October 2015.

There is a considerable body of evidence showing positive correlations between educational attainment and labour force experience - in particular, that the higher the level of education a person has, the less likely he or she is to be unemployed, the more likely he or she is to be in full-time employment, and the more he or she is likely to earn[3]. Hence, an essential component of any strategy aimed at increasing labour force participation, reducing unemployment and increasing earning capacity is achieving higher levels of educational participation and attainment.

[3] *See, eg, ABS, Education and Work, Australia (6227.0), May 2015; and Andrew Leigh, 'Returns to Education in Australia', Economic Papers, Vol. 27, No. 3, September 2008, pp.*

SECTION 3

Tasmania's housing market

3. Tasmania's housing market

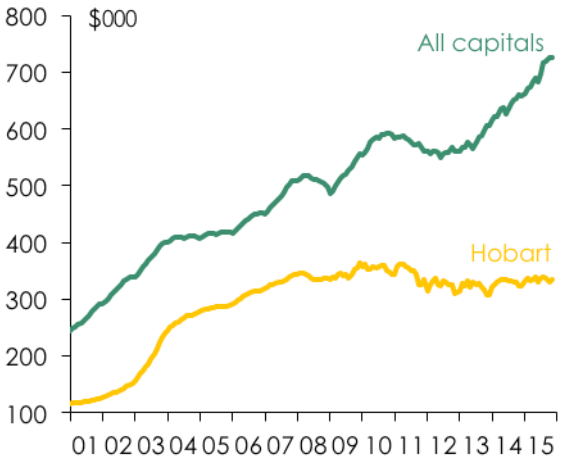
Tasmania's housing market is typically less vibrant than that of most other states or territories, as might be expected given Tasmania's slower population and economic growth rates and lower average incomes. While the property market has been less of an escalator for household wealth in Tasmania than in other parts of Australia, the other side of this coin is that housing costs are generally lower in Tasmania than elsewhere, with the result that home ownership rates have not declined in Tasmania as they have done in every other state.

Residential property prices

Residential property prices in Hobart rose by just 0.2% over the 12 months to October 2015, according to the 'hedonic' (quality-adjusted) series compiled by CoreLogic RP Data, compared with a 16.0% increase, on average, across all eight capital cities over the same period. Since their most recent trough (in October 2012), Hobart prices have risen by 7.5% (having fallen by 14.6% from their previous peak, in March 2012): over the same period, the all-capitals average has risen by 32.1% (Chart 3.1). Hobart prices are still 3.4% below their pre-financial crisis peak – whereas the all-capitals average was 40.0% above its pre-crisis peak in October this year.

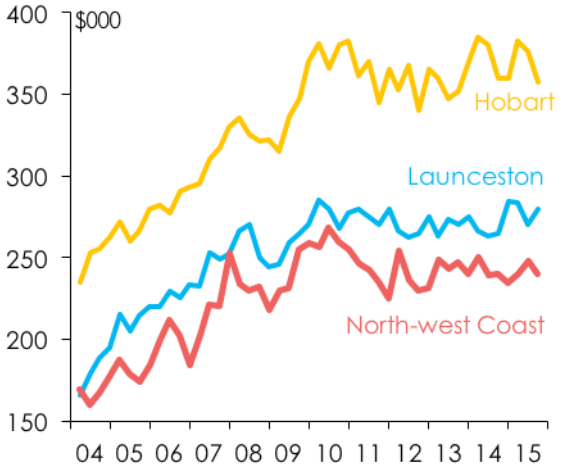
Chart 3.2 shows median house prices for the major Tasmanian population centres as compiled and published by the Real Estate Institute of Tasmania. The REIT data shows Hobart prices falling by 0.8% over the year to the September quarter, with Launceston prices up by 5.7% and Burnie-Devonport prices unchanged over this period. However house prices in all three areas are below earlier peaks – Hobart down 7.3% from a peak in the March quarter of 2014, Launceston down 1.4% from a peak in the March quarter of this year, and Burnie-Devonport down 4.0% from a most recent peak in the March quarter of 2014 (and down 10.5% from an earlier peak in the June quarter of 2010). Note that these series can be affected by differences in the 'mix' of properties transacted from quarter to quarter (unlike the CoreLogic RP Data series).

Chart 3.1: Residential property prices – Hobart and all-capitals average



Source: CoreLogic RP Data, Hedonic Home Value Index.

Chart 3.2: Median house prices – Tasmanian population centres



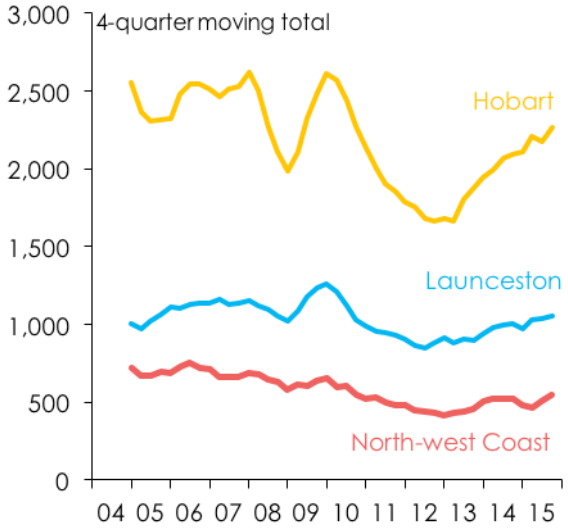
Source: Real Estate Institute of Tasmania.

The essentially sideways trend in the Tasmanian residential property prices, compared with mainland capital cities (and especially Sydney and Melbourne) reflects the much slower rate of population growth in

Tasmania (discussed in more detail in Chapter 5); the absence of any serious shortage of housing supply relative to 'underlying' demand in Tasmania; and the relative dearth of interest on the part of foreign investors in the Tasmanian market. Tasmania attracted only 66 Foreign Investment Review Board (FIRB) approvals for foreign purchases of established residential properties in 2013-14 – just 0.3% of the national total, or barely more than one-tenth of what would have been a pro-rate share based on population[4].

The volume of residential property transactions has been trending upwards over the past two years: the number of sales in the four quarters to September 2015 was the highest in more than five years, largely on account of higher sales in Hobart (Chart 3.3). This is, potentially, a portent of strengthening demand – although that needs to be set in the context of other information, including housing finance commitments.

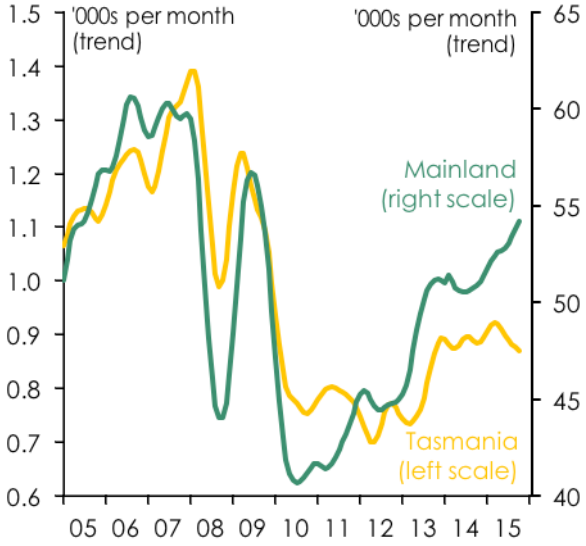
Chart 3.3: Volume of residential property sales, Tasmanian population centres



Housing finance

Unfortunately trends in housing finance commitments in Tasmania are not so encouraging. On the mainland, housing finance commitments to owner-occupiers have been picking up, in the wake of measures taken by the Australian Prudential Regulation Authority to dampen what had been very rapid growth in lending to property investors. However, that doesn't seem to be occurring in Tasmania: the number of housing finance commitments to owner-occupiers peaked (in trend terms) at around 390 per month in the September quarter of 2014, and has since dropped back to under 320 per month in the September quarter of this year (Chart 3.4).

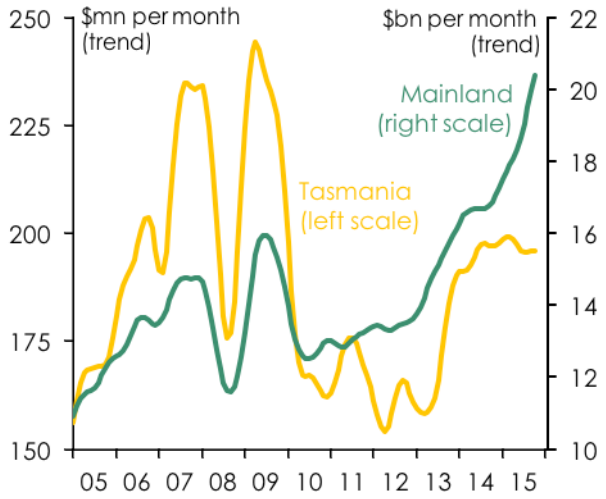
Chart 3.4: Number of housing finance commitments to owner-occupiers



Source: ABS, Housing Finance (5609.0), September 2015.

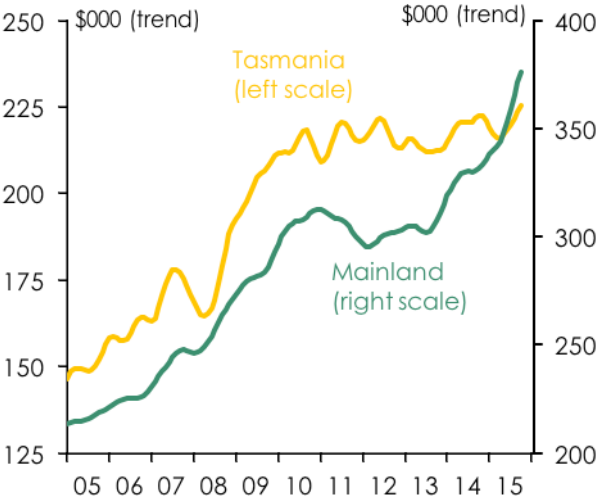
[4] *Foreign Investment Review Board, Annual Report 2013-14, p. 29.*

Chart 3.5: Value of housing finance commitments to owner-occupiers



Source: ABS, Housing Finance (5609.0), September 2015.

Chart 3.6: Average new mortgage, owner-occupiers



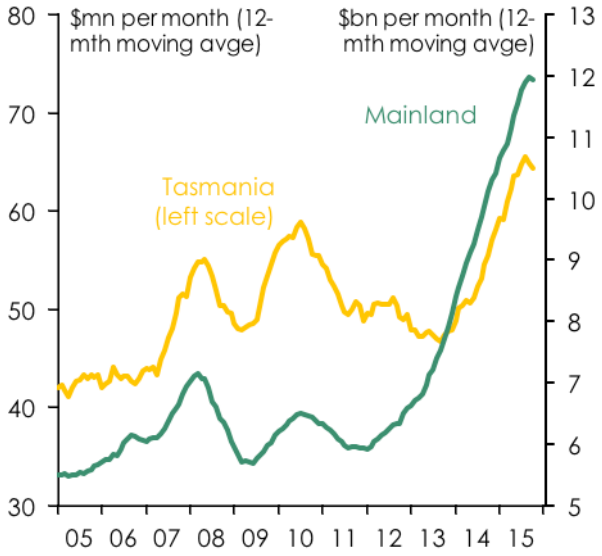
Source: ABS, Housing Finance (5609.0), September 2015.

The value of housing finance commitments to owner-occupiers in Tasmania has been fairly flat, at just under $200mn per month, over the past year—in contrast to an increase of more than 20% over the same period on the mainland (Chart 3.5). That reflects not only the decline in the number of borrowers, but also the fact that the average new mortgage in Tasmania has been little changed over the last five years, at $210-$220,000, whereas the average new mortgage on the mainland has risen by around 22%, to $376,000, over the past two years.

Lending to housing investors accounts for just under one-quarter of total lending for housing purchase in Tasmania, less than in any other state or territory and compared with the national average of 39%.

The upturn in investor borrowing prompted by the decline in interest rates since late 2011 was slower to take off in Tasmania than elsewhere, and has been less pronounced – rising by 28% over the four years to 2014-15, compared with an increase of almost 90% over the same period in mainland states and territories, on average (Chart 3.7). Moreover, lending to investors appears to have slowed more abruptly in Tasmania in the wake of the measures implemented by APRA earlier this year than in other states and territories (with the exceptions of Western Australia and the Northern Territory).

Chart 3.7: Value of housing finance commitments to housing investors



Source: ABS, Housing Finance (5609.0), September 2015.

This easing in borrowing and lending for housing, by and to both owner-occupiers and investors, suggests that demand for housing in Tasmania is likely to slow in 2016, and hence that significant price increases are unlikely—although since property prices haven't risen nearly as much in Tasmania as they have in other states (particularly NSW and Victoria), there would appear to be less risk of prices falling.

Ultimately, population growth is the major driver of housing demand – so that housing demand in Tasmania is likely to remain sluggish, at best, unless and until population growth picks up. This issue is considered in more detail in Chapter 5.

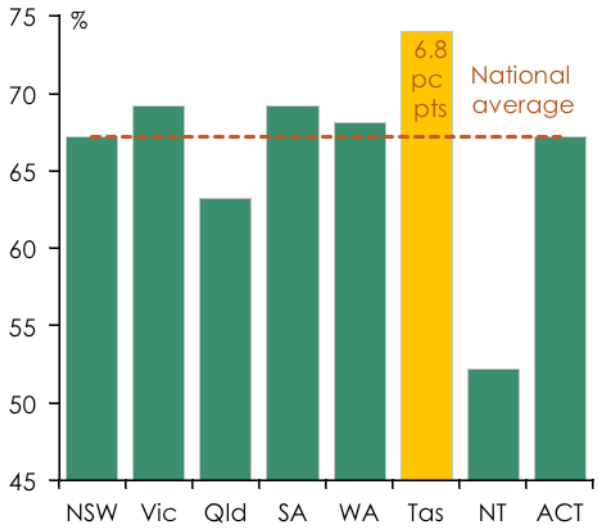
Home ownership

While Tasmanian home owners and property investors haven't, in general, benefited from rising property prices in the way that they have in other parts of Australia, the corollary is that home ownership has remained much more affordable than it has in other states and territories – despite Tasmania's generally lower, and more slowly increasing, household incomes.

As noted above, Tasmanians typically need smaller mortgages in order to buy homes. The average mortgage debt-to-income ratio for Tasmanian households in 2013-14 was 72.8%, lower than in any other state or territory and compared with a national average of 85.9%. This is probably one reason why Tasmania has the highest home ownership rate of any state or territory (Chart 3.8), and why Tasmania is the only state where home ownership has increased since the turn of the century (Chart 3.9).

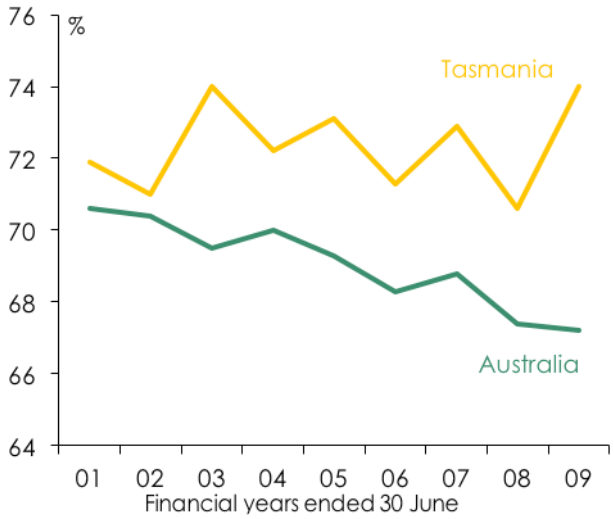
Another reason is that Tasmanians are, on average, older than other Australians, as discussed in Chapter 5. This also explains why the proportion of Tasmanian home-owners who own their homes outright (ie, without a mortgage), is higher than the national average.

Chart 3.8: Home ownership rates, States and Territories, 2013-14



Source: ABS, Housing Occupancy and Costs (4130.0), 2013-14.

Chart 3.9: Home ownership rates, Tasmania and Australia



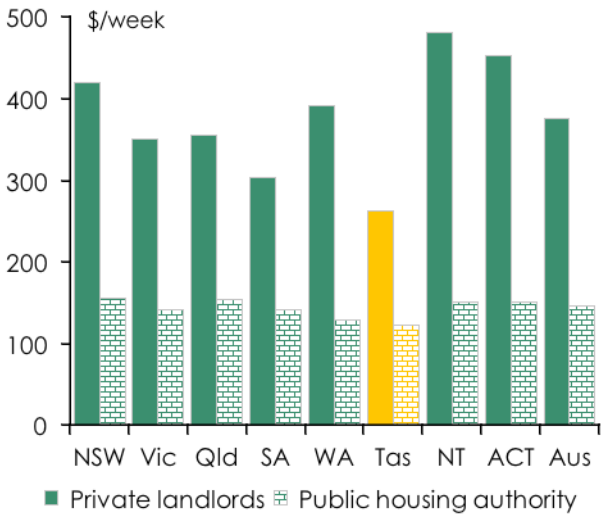
Source: ABS, Housing Occupancy and Costs (4130.0), 2013-14.

Rental housing

Rents are generally lower in Tasmania than elsewhere in Australia, although not by as much as dwelling prices (ie, rental yields are generally higher in Tasmania than in other states and territories—presumably because property investors don't anticipate making as much by way of capital gains on investment properties as investors in other parts of Australia, and hence seek to earn proportionately more through rental income.

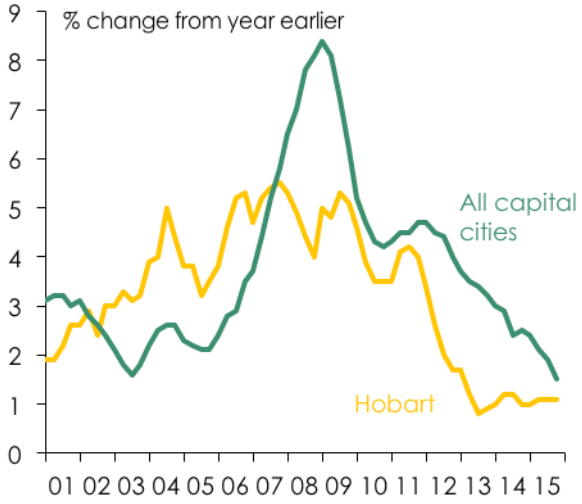
Tenants renting from private landlords in Tasmania paid an average of $262 per week in rent in 2013-14, 30.3% below the national average, while public housing tenants paid an average of $122 per week, 16.4% below the corresponding national average (Chart 3.10). Rents have risen at a slower pace in Hobart than in mainland capital cities since the financial crisis, reversing the pattern apparent in the years immediately before the crisis (Chart 3.11).

Chart 3.10: Average weekly rents, States and Territories, 2013-14



Source: ABS, Housing Occupancy and Costs (4130.0), 2013-14.

Chart 3.11: Increases in rents, Hobart and all-capitals average



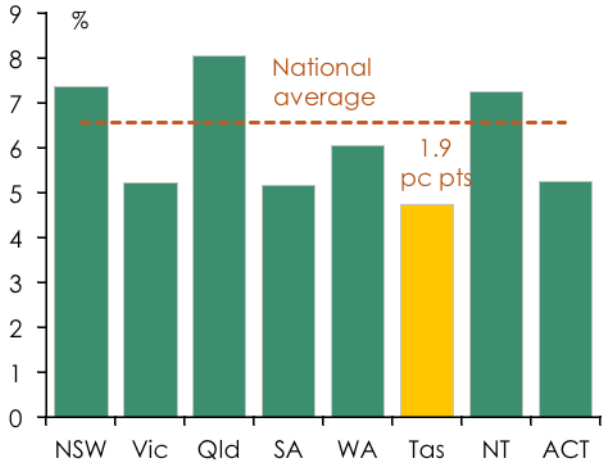
Source: ABS, Consumer Price Index (6401.0), September quarter 2015.

As discussed in more detail in Chapter 5, Tasmania has a higher proportion of low-income households than any other state or territory. However, because of Tasmania's higher home-ownership rate, the proportion of low-income households in rented accommodation is lower than in any other state or territory (Chart 3.12).

Moreover, because (as also discussed at greater length in Chapter 6), Tasmania's lowest-income households actually aren't significantly poorer than low-income households in other parts of Australia, the proportion of low-income households in 'rental stress'—spending more than 30% of their income on rent—is actually the lowest in Australia (Chart 3.13).

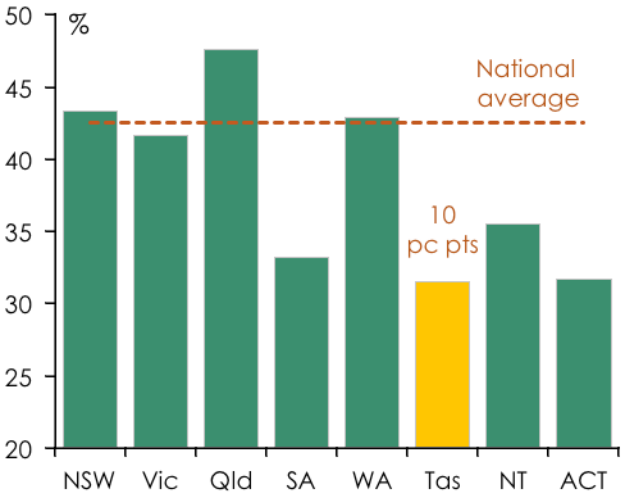
(Note: recent trends in and prospects for housing construction activity are discussed in Chapter 1).

Chart 3.12: Low-income rental households, as a pc of total number of households, States and Territories, 2013-14



Source: ABS, Housing Occupancy and Costs (4130.0), 2013-14.

Chart 3.13: Increases in rents, Hobart and all-capitals average



Source: ABS, Housing Occupancy and Costs (4130.0), 2013-14.

SECTION 4

Tasmania's education system

4. Tasmania's education system

Why education matters

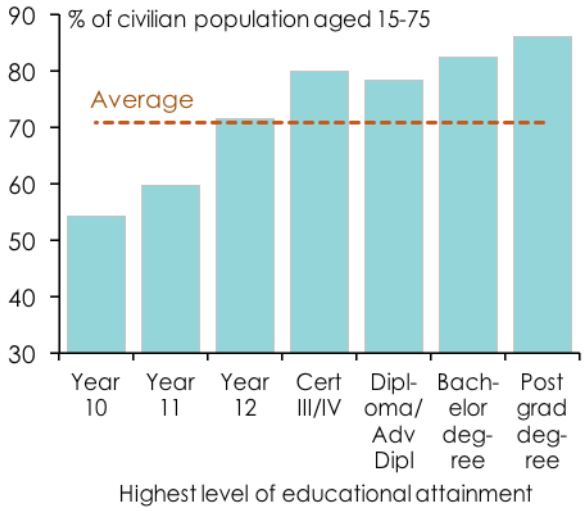
The first Professor of Economics at the University of Tasmania, Douglas Copland, once said, "not merely financially, but in the moral and social field, education is the most profitable investment a community can make"[5].

There is now an enormous accumulated body of evidence demonstrating a strong correlation between educational attainment and economic outcomes—both for economies as a whole, and for individuals. This research suggests, for example, that each additional year of schooling among the adult population boosts long-run economic growth by between ¼ and ¾ of one percentage point per annum—or by between 6 and 19% in the long run, after controlling for other factors that also influence long-run economic growth[6].

International research also demonstrates "a strong and direct relationship between the cognitive skills of national populations, measured by international tests of mathematics and science achievement, and countries' long-run economic growth" and "moreover [there is] strong reason to believe that the relationship is causal"[7].

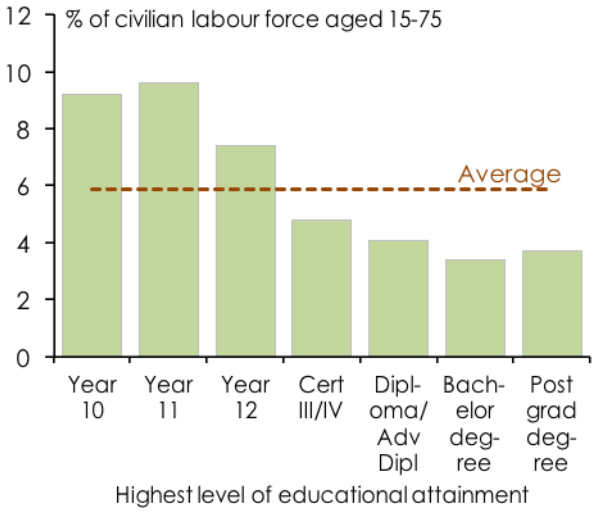
In Australia, ABS data unambiguously shows that the higher the level of education a person has attained, the *more* likely he or she is to be participating in the labour force, and the *less* likely he or she is to be unemployed (Charts 4.1 and 4.2).

Chart 4.1: Educational attainment and labour force participation, May 2015



Source: ABS, Education and Work, Australia (6227.0), May 2015.

Chart 4.2: Educational attainment and unemployment rate, May 2015



Source: ABS, Education and Work, Australia (6227.0), May 2015.

[5] *Marjorie Harper, Douglas Copland – Scholar, Economist, Diplomat, The Miegunyah Press, Melbourne, 2013, p. 446*

[6] *Eg, Robert Barro, 'Education and Economic Growth', Annals of Economics and Finance, Volume 14, No. 2, 2013, pp. 301-328 (http://down.aefweb.net/WorkingPapers/w571.pdf); Sawami Matsushita, Abu Siddique and Margaret Giles, ' Education and Economic Growth: The Case of Australia', Review of Applied Economics, Volume 2, No. 1, 2006, pp. 111-127.*

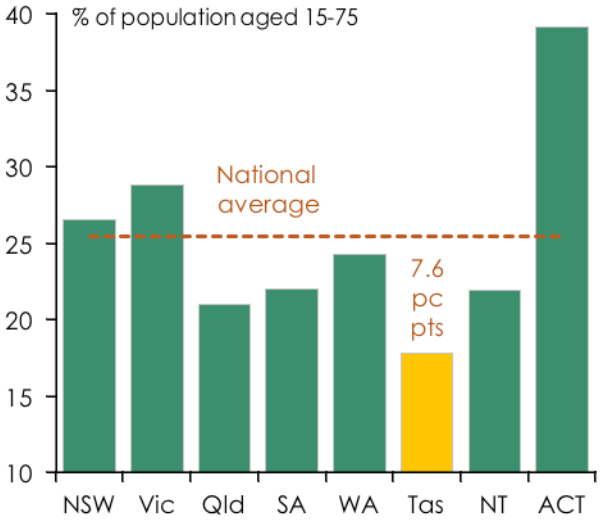
[7] *Eric Hanushek and Ludger Woessman, Universal Basic Skills – What Countries Stand to Gain, OECD , May 2015, p. 22.*

Educational participation and attainment in Tasmania

In almost every respect, levels of educational participation and attainment are lower in Tasmania than anywhere else in Australia—with the exception, in most instances, of the Northern Territory.

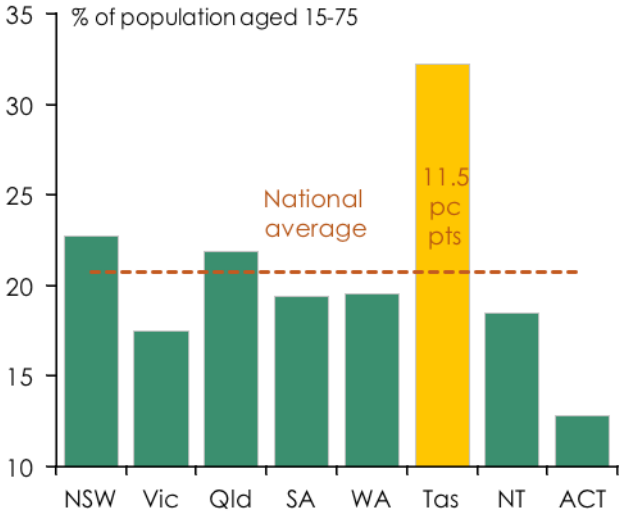
Only 17.8% of Tasmanians aged between 15 and 75 have a bachelor's degree or higher qualification, lower than in any other state or territory, and 7.6% below the national average of 25.4% (Chart 4.3).

Chart 4.3: Proportion of population aged 15-75 with bachelor degree or higher, states and territories, May 2015



Source: ABS, Education and Work, Australia (6227.0), May 2015.

Chart 4.4: Proportion of population aged 15-75 with no qualification beyond Year 10, or lower, states and territories, May 2015



Source: ABS, Education and Work, Australia (6227.0), May 2015.

Australian research also shows a strong correlation between education attainment and earning capacity. According to a study by Andrew Leigh, who was a Professor of Economics at the Australian National University before entering the Federal Parliament (and is now Opposition Shadow Assistant Treasurer):

- People who complete Year 12 have lifetime earnings which are 42% higher than those who leave school at Year 10, and 64% higher than those who do not go beyond Year 9.
- The lifetime of earnings of people who complete a bachelor's degree are 45-50% higher than those whose highest educational qualification is Year 12 – while those of people with a higher degree are 66-74% higher than those of people whose highest educational qualification is Year 12[8].

All of this international and Australian evidence points strongly to the role that higher levels of educational participation and attainment can play in improving Tasmania's economic performance, economic outcomes for individual Tasmanians and their communities, and ultimately social outcomes as well.

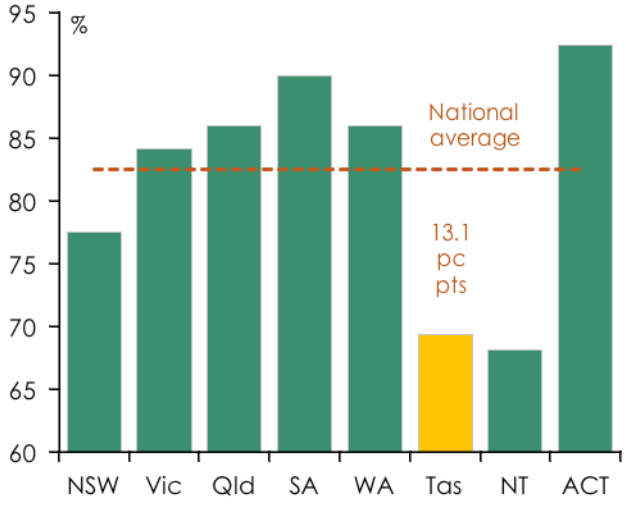
[8] *Andrew Leigh, 'Returns to Education in Australia', Economic Papers, Volume 27, No. 3, September 2008, pp. 233-249 (www.andrewleigh.org/pdf/ReturnsEducationAustralia.pdf).*

Conversely, 11.6% of Tasmanians aged 15-75—more than in any other state or territory, and 3.2% above the national average—left school at or before Year 9, and have no other educational qualifications. While a further 20.6% of Tasmanians aged 15-75—again more than in any other state or territory, and 8.% above the national average – left school at Year 10 and have not obtained any further educational qualifications. In all, 32.2% of Tasmanians aged 15-75, 11.5%more than the national average, left school at or before Year 10 and have no other educational qualification (Chart 4.4).

Whilst, in many cases, these outcomes reflect decisions which people made decades ago, in circumstances often very different from today's, it is disturbing that little progress seems to being made in reducing the shortfall in educational attainment between younger Tasmanians and their counterparts in other parts of Australia.

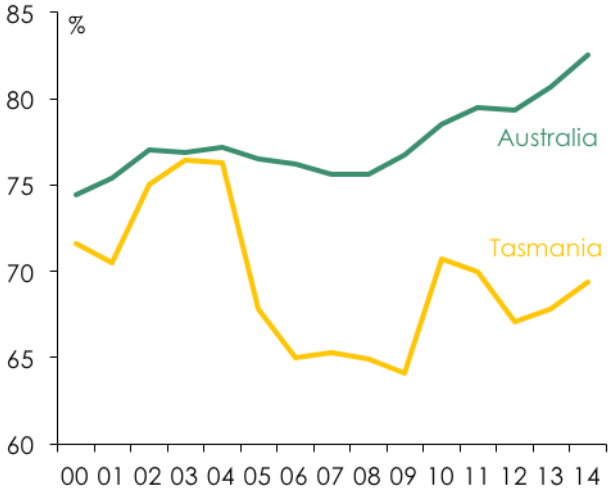
The proportion of Tasmanian Year 10 students continuing on to Year 12 the so-called 'retention rate' is lower than in any other part of Australia other than the Northern Territory (just), and (in 2014) 13.1 pc points below the national average (Chart 4.5)[9]. Moreover, whereas the national Year 12 retention rate has risen by 8.1 pc points since the turn of the century, in Tasmania the Year 12 retention rate is 2.2 pc points lower than it was in 2000 (Chart 4.6).

Chart 4.5: Year 12 retention rates, states and territories, 2014



Source: ABS, Schools, Australia (4221.0), 2014.

Chart 4.6: Year 12 retention rates, Tasmania and Australia, 2000-20



Source: ABS, Schools, Australia (4221.0), 2014

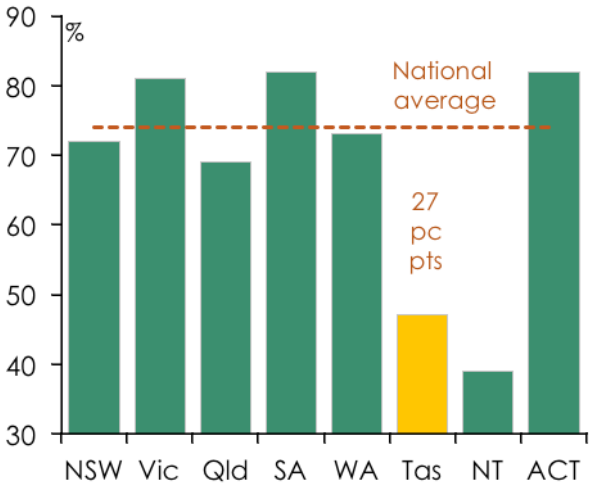
[9] *Note that Year 12 retention rates for Tasmania are inflated by a relatively large number of older part-time students who were not part of the Year 10 cohort two years earlier. In other words, the retention rate 'gap' is likely even larger than suggested by these figures.*

Retention rates are based on enrolment figures that is, the number of students enrolled in (in this case, Year 12) courses at the beginning of each school year. They do not convey any information about the extent to which students successfully complete the courses in which they enrol.

The *completion rate* for Tasmanian Year 12 students – defined as the number of students who meet the requirements of a Year 12 Certificate or equivalent expressed as a percentage of the potential Year 12 population (in turn defined as one fifth of the population aged 15-19) – was just 47% in 2013 (the latest year for which data are publicly available), lower than in any other part of Australia except the Northern Territory, and fully 27% below the national average (Chart 4.7).

This gap has been consistently between 26 and 29 pc points since the introduction of the Tasmanian Certificate of Education (TCE) in 2009[10].

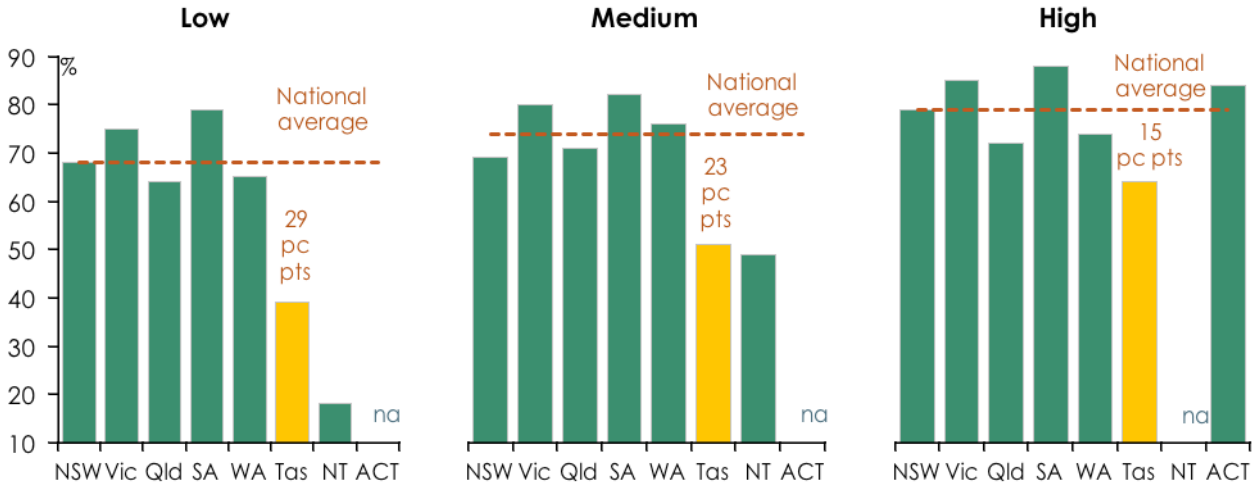
Chart 4.7: Year 12 completion rates, states and territories, 2013



Source: Productivity Commission, Report on Government Services 2015, Volume B, Child care, education and training, Chapter 4A. Table 4A.191.

It is sometimes asserted that Tasmania's low retention and completion rates are an inevitable by-product of the fact that a higher proportion of Tasmanian students come from low socio-economic status (SES) backgrounds than students in other parts of Australia. In fact, Tasmanian students have lower retention rates than their peers in other jurisdictions (with the exception of the Northern Territory) *irrespective* of their SES backgrounds, as shown in Chart 4.8.

Chart 4.8: Year12 completion rates by socio-economic status, states and territories, 2013



Note: Low socio economic status is the average of the three lowest deciles, medium socio economic status is the average of the four middle deciles and high socio economic status is the average of the three highest deciles. 'na' means population too small for statistical purposes.
Source: Productivity Commission, Report on Government Services 2015, Volume B, Child care, education and training, Chapter 4A. Table 4A.191.

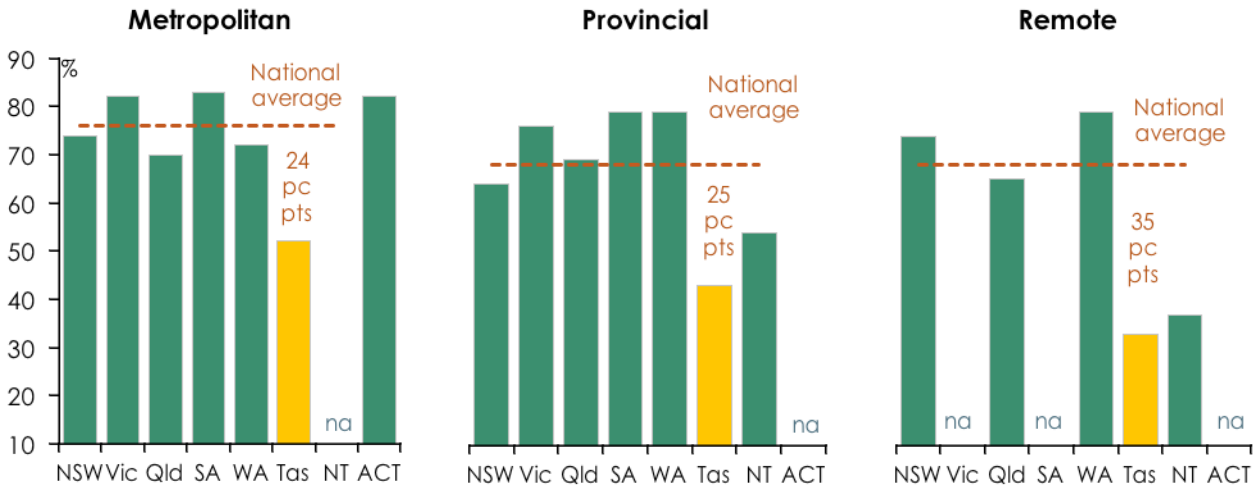
[10] *Since 2009 the TCE has required students to meet a set of standards for achievement, everyday adult reading, writing, mathematics and use of computers. In previous years the TCE was awarded to students completing at least one senior secondary course. Tasmania is the only State with an ICT requirement for its Year 12 Certificate; on the other hand, Tasmania is the only state without any specific study pattern requirements (eg, units in English).*

Indeed, it is at least as likely that the 'causation' runs the other way round—that is, that Tasmania's low levels of educational participation and attainment are an important reason (albeit not the only one) why a higher proportion of Tasmanian households than of households in other states are classified as being of low socio-economic status.

Certainly, it is difficult to envisage how young people from households thus classified can significantly improve their life chances and experience without higher levels of educational participation and attainment. And, to use the greater preponderance of low SES households as an 'excuse' for low Year 12 retention and completion rates seems tantamount to accepting that Tasmania will always have a disproportionately large number of disadvantaged households.

The same holds for the equally common assertion that Tasmania's below-average Year 12 retention and completion rates are a consequence of the more dispersed nature of Tasmania's population, with a smaller proportion living in the capital city and a larger proportion living in rural and regional areas than other states. On the contrary, as shown in Chart 4.9 below, Year 12 completion rates for Hobart-based students are as far below the average for all capital city students as the completion rates for 'provincial' Tasmanian students are below their national average.

Chart 4.9: Year12 completion rates by locality, States and Territories, 2013



Note: Definitions of 'metropolitan', 'provincial' and 'remote' are as determined by the Standing Committee on School Education and Early Childhood Ministerial Council (since July 2014 known as the Education Council). Source: Productivity Commission, Report on Government Services 2015, Volume B, Child care, education and training, Chapter 4A. Table 4A.192.

There is no evidence that Tasmania's poor educational participation and attainment rates are a reflection on the quality of teaching in Tasmania's schools. An analysis of 2013 NAPLAN results by Eleanor Ramsay and Michael Rowan of the University of Tasmania suggests that Tasmanian students do as well on these tests as those from South Australia, the state most directly comparable with Tasmania in most respects[11].

NAPLAN tests are undertaken in Years 3, 5, 7 and 9. The major shortcomings in the performance of Tasmania's education system appear after those years.

Tasmania's below-average Year 12 retention and completion rates appear to result from a combination of:

- Tasmanian children starting school at an older age than children in other states and territories (partly as a result of differences in the ages at which school attendance becomes mandatory under the Education Act), with the result that a larger proportion of Tasmanian students reach the age at which they can legally leave school at a lower grade than in other parts of Australia
- The 'structural break' in the government high school system between Year 10 and Years 11 and 12, with the latter years traditionally being taught at separate 'colleges', a system which exists nowhere else in Australia than in the ACT (a society which is very different from Tasmania), and which signals that Year 10 is an acceptable exit point from the education system (in a manner that has no parallel in other states), a signal which is reinforced by the common practice of describing end-of-Year-10 celebrations as "Leavers' Dinners"
- A culture in which, as Eleanor Ramsay and Michael Rowan put it, "relatively low levels of educational attainment have become the norm"[12] —that is, one in which parents who left school at Year 10 (or earlier) and who may (or may not) have held down stable, well-paying jobs throughout their adult lives have not been persuaded that their children need to complete Year 12 (or continue in post-school education), and, some claim, actually fear the consequences of their children doing so (for example, subsequently moving to the mainland in pursuit of employment).

The current state government's policy of allowing high schools in regional areas to offer Year 11 and 12 courses seeks to address one of these elements, and is much to be welcomed for that. However, the 'structural break' between Year 10 and Years 11 and 12 will continue to exist for students in Tasmania's four cities (where the majority of Tasmania's secondary school students live). And, the other factors listed above remain unaddressed.

[11] *Eleanor Ramsay and Michael Rowan, 'Tasmanian education today: Digging around in the data', May 2014 (http://educationambassadors.org.au/wp-content/uploads/2014/07/Tasmanian-Education-Today-digging-around-in-the-data.pdf).*

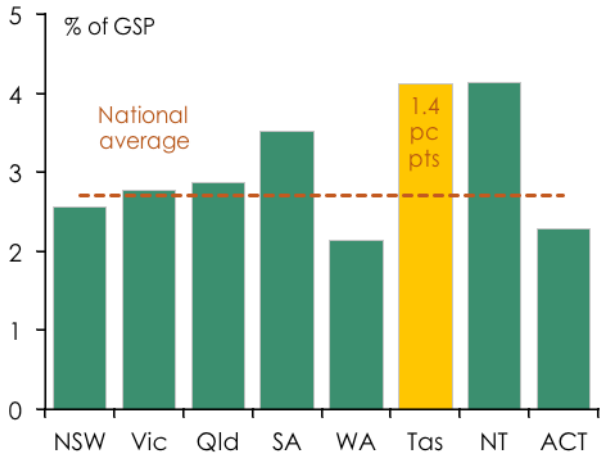
[12] *Eleanor Ramsay and Michael Rowan, op. cit., p. 11.*

Spending on education

Tasmania's below-average levels of educational participation and attainment are not the result of insufficient spending on education by successive Tasmanian state governments.

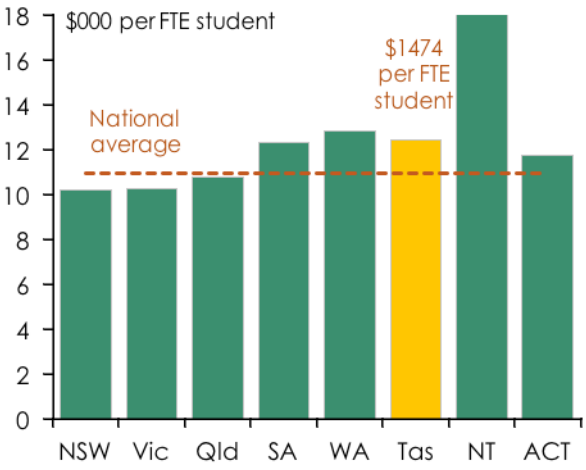
Over the four years to 2013-14 (latest available), Tasmanian governments spent the equivalent of 4.1% of gross state product on primary and secondary education, the same as the Northern Territory but more than any other jurisdiction, and well above the average for all states and territories of 2.7% of GSP (Chart 4.10) Per effective full-time (EFT) student, Tasmania spent $1,474 (or 13.5%) per annum more than the average of all states and territories over this period (Chart 4.11).

Chart 4.10: Spending on primary and secondary education as a pc of GSP, states and territories, 2010-11 to 2013-14



Sources: ABS, Government Finance Statistics, Education, Australia (5518.0.55.001), 2013-14; State Accounts (5220.0), 2014-15.

Chart 4.11: Spending on primary and secondary education per FTE student, states and territories, 2010-11 to 2013-14



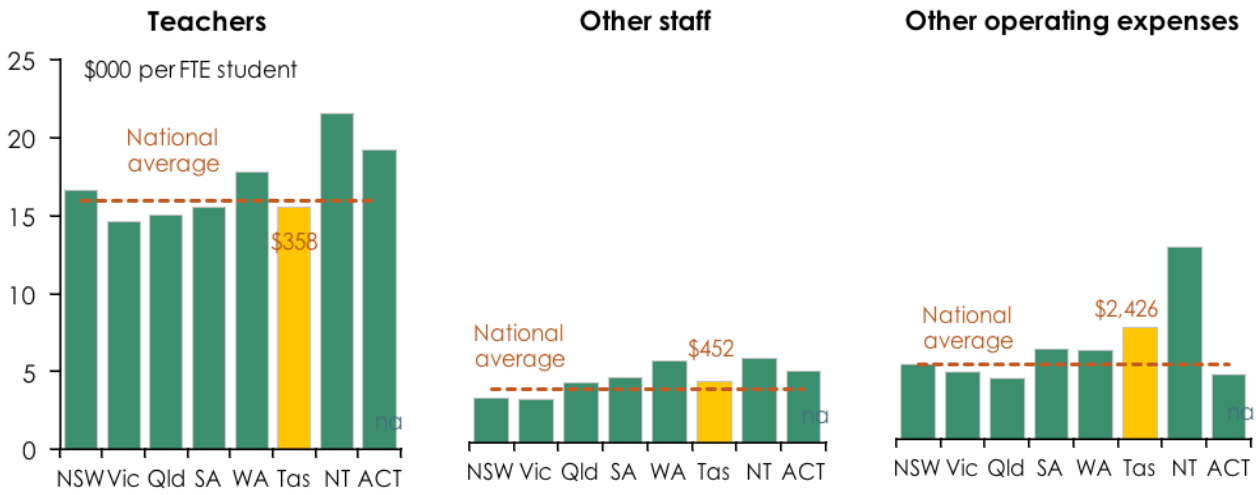
Source: ABS, ABS, Government Finance Statistics, Education, Australia (5518.0.55.001), Schools, Australia (4221.0), 2014.

More detailed data compiled by the Productivity Commission as part of its annual Report on Government Services suggests that Tasmania's above-average per student expenditure on primary and secondary education is not due to higher-than-average spending on teachers—which in 2012-13 was $358 per FTE student (or 2.2%) below the average for all states and territories. Student-teacher ratios (class sizes) are slightly below the national average in Tasmanian primary schools and slightly above the national average in Tasmanian secondary schools.

Rather, as shown in Chart 4.12, it stemmed from:

- Spending on non-teaching staff of $452 per FTE student (or 12.8%) above the average for all states and territories
- Spending on other operating expenses of $2,426 per FTE student (or 49.6%) above the average for all states and territories.

Chart 4.12: Spending per FTE student on primary and secondary education, 2012-13

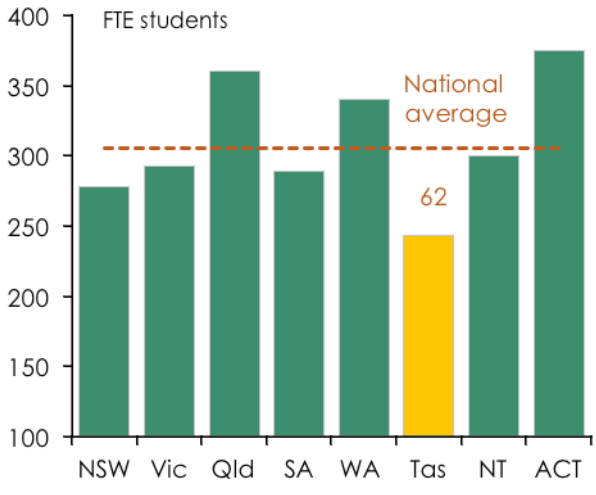


Source: Productivity Commission, Report on Government Services 2015, Volume B, Child care, education and training, Chapter 4A. Table 4A.14.

It seems probable that a substantial contributor to the higher-than average spending per student on non-teaching staff and on other expenses in Tasmanian schools is the relatively small size of Tasmanian schools:

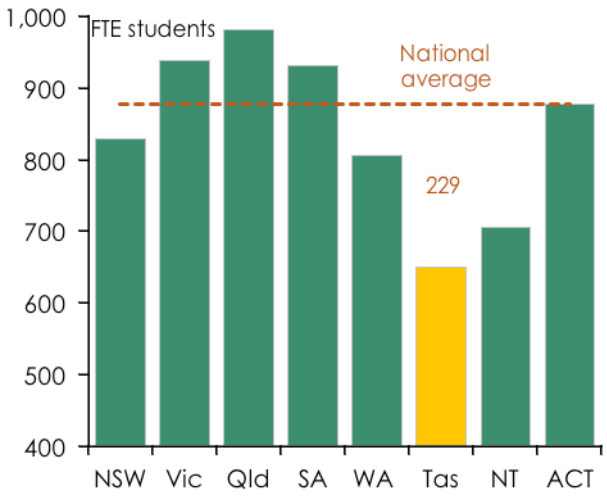
- Tasmanian government primary schools had, on average, 243 students in 2013, compared with an average of 307 on the mainland (Chart 4.13); 27.3% of government primary schools across Australia had more than 400 students, whereas only 7.6% of Tasmanian government primary schools did
- Tasmanian government secondary schools had, on average, 650 students in 2013, compared with an average of 887 on the mainland (Chart 4.14); across Australia, 45.7% of government secondary schools had more than 800 students, whereas only 23.7% of Tasmanian government secondary schools had more than 800 students.

Chart 4.13: Average size of government primary schools, 2013



Source: Productivity Commission, Report on Government Services 2015, Volume B, Child care, education and training, Chapter 4A. Table 4A.1.

Chart 4.14: Average size of government secondary schools, 2013



Source: Productivity Commission, Report on Government Services 2015, Volume B, Child care, education and training, Chapter 4A. Table 4A.1.

Smaller schools will typically have higher overhead and fixed costs (eg for school leaders, administrative, support and maintenance staff) per student than larger schools. However, in the Tasmanian context, there is no evidence to suggest that smaller schools produce better student outcomes.

It also seems plausible that the Tasmanian senior secondary college system is a more expensive way of teaching Year 11 and 12 students than the structures employed elsewhere in Australia.

Clearly, the existence of separate institutions for Year 11 and 12 students requires administrative structures and staffing greater than those which would be necessary if Year 11 and 12 students were taught in the same institutions as Year 7-10 students. Tasmania also appears to offer a much larger number of different Year 11 and 12 courses than other states (147, according to the Department of Education, as against 58 in Victoria and 52 in Western Australia, for example) to a relatively smaller number of students—which must also boost per-student costs.

Some preliminary analysis by Michael Rowan and Eleanor Ramsay, based on MySchool data for 2013, suggests that the average 'per Year 12 certificate' cost of educating students at the Tasmanian senior secondary colleges could be almost 90% higher than at senior secondary colleges in the ACT[13].

More and better education: the most obvious pathway to better outcomes

The overwhelming international and Australian evidence linking the quantity and quality of education a person receives with the prospects of obtaining well-paid employment, combined with the incontrovertible evidence presented in this chapter that successive generations of Tasmanian students have had (and continue to have) less access to education than other Australians, and with the evidence presented in Chapters 1 and 2 that Tasmanians have lower incomes and standards of living than people living in other parts of Australia, together constitute a compelling case that there is nothing that could do more to improve the livelihood and life chances of future generations of Tasmanians than a concerted effort to raise the quality and quantity of education in Tasmania to that available on the Australian mainland.

There is no reason to believe that substantial increases in spending are required to achieve this objective. Tasmania is spending more, per student and as a proportion of its income, on education than most other parts of Australia. But, it could be spending what it spends more efficiently, and effectively, than it has done and is doing. There is a compelling case for 'organisational change' within the Tasmanian education system.

However, 'organisational change' within the education system will not, of itself, be sufficient to achieve what needs to be done. There is also a compelling need for 'cultural change' within Tasmanian society including the whole education community—so that high levels of educational participation and attainment are expected, encouraged, supported and celebrated across the entire community, and in particular that current and future generations of Tasmanian children are encouraged and enabled to acquire a full secondary education and to pursue further educational opportunities afterwards, and throughout their lives.

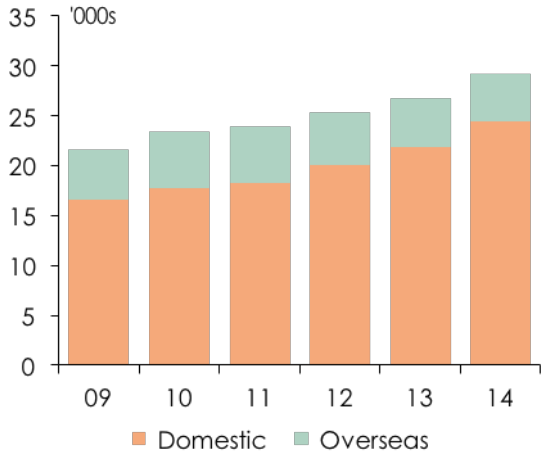
[13] *Eleanor Ramsay and Michael, 'College cost analysis", August 2015.*

The University of Tasmania

The University of Tasmania makes an important contribution, not only to Tasmania's education system, but also to the state's economy.

Student enrolments at the University have risen by more than 35% over the past five years, topping 29,000 in 2014 (Chart 4.15).

Chart 4.15: Student enrolments at the University of Tasmania, 2009-14



Source: Australian Department of Education & Training, Selected Higher Education Statistics, 2014.

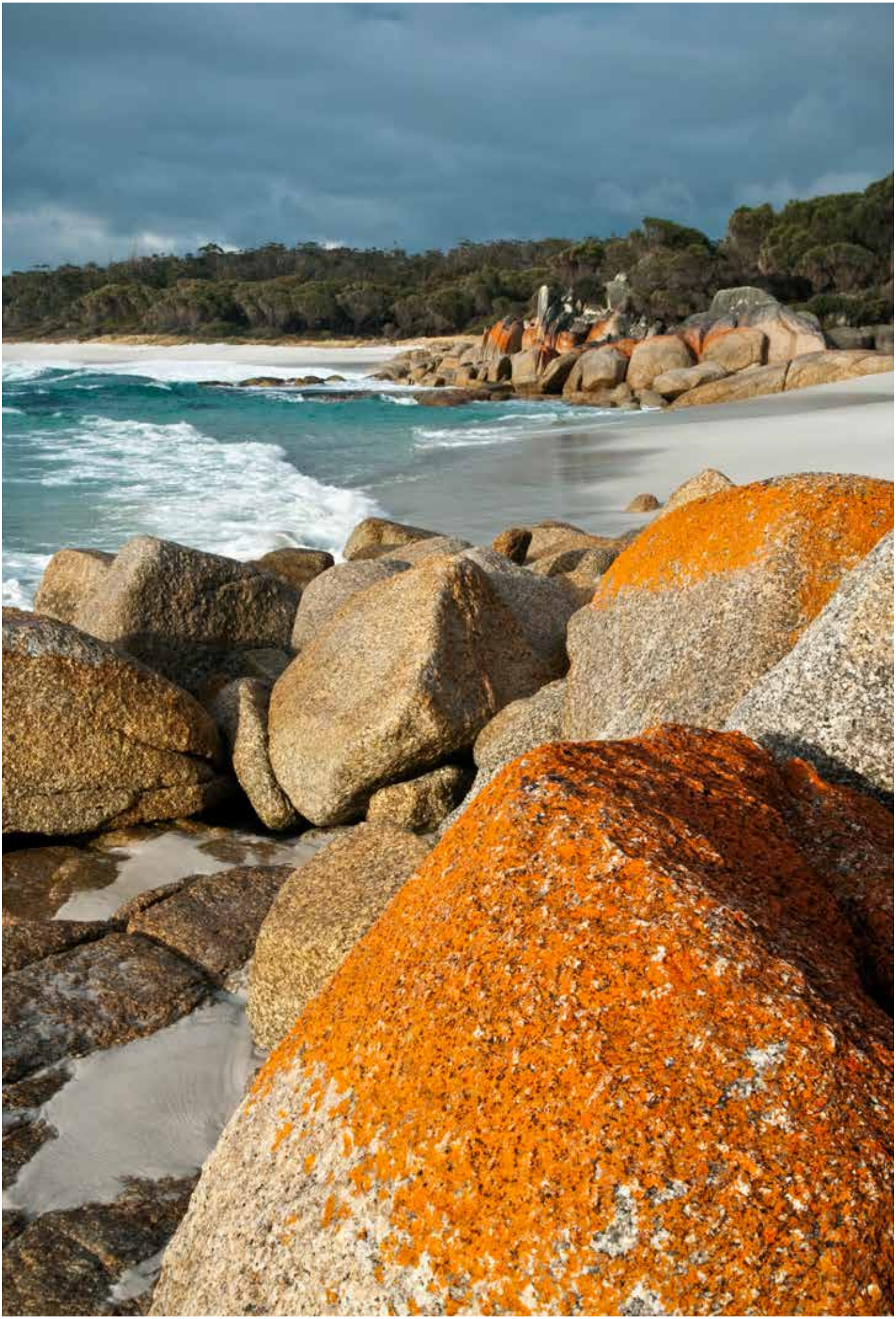
All of the growth in enrolments over this period has come from domestic students over this period—most of which has in turn been due to strong growth in the number of interstate students coming to Tasmania (from 2,435 in 2009 to 7,367 in 2014), but the number of Tasmanian students attending the University has also risen by nearly 19%, from 14,147 to 16,816.

On the other hand, the number of overseas students has fallen by some 15% since 2009. Overseas students nowaccount for just 16% of total enrolments at the University of Tasmania, compared with 25% of enrolments at all Australian universities.

The University is also one of the state's larger employers, with 2,716 people on its payroll in 2014 (1,206 academic and 1,510 non-academic staff)—equivalent to 1.1% of total employment—and paying them over $321mn in salaries and benefits. In total, the University spent over $540mn in 2014, equivalent to a little over 2% of Tasmania's gross state product.

The University of Tasmania has significantly lifted its research prowess in recent years, rising from about 400th in the Academic Ranking of World Universities (compiled by Shanghai Jiao Tong University in China) in 2010 to 305th in 2015, and in the 251-300 band of top universities compiled by The Times Higher Education Supplement (up from 408th in 2014).

In August this year the University and the Tasmanian government formed a new strategic partnership committing themselves to, among other things, increasing the number of Tasmanian students by 10,000 over the next ten years, doubling the contribution made by international students to the Tasmanian economy over the next five years, and bringing new capital investment of more than $400mn into Tasmania's regional centres.



SECTION 5

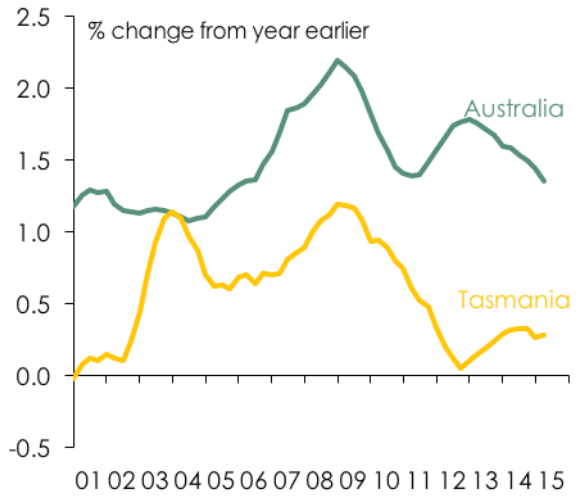
Tasmanian population and society

5. Tasmanian population and society

Tasmania's population

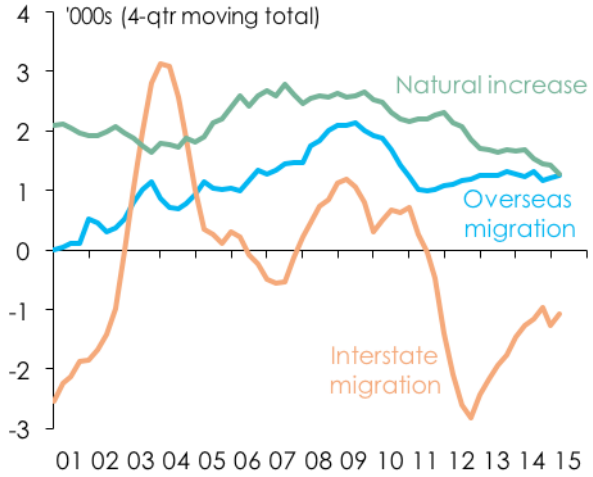
Tasmania's population grew by 0.3% in 2014-15, the slowest growth rate of any state or territory and consistent with the generally slower pace of population growth which Tasmania has experienced since the financial crisis (Chart 5.1). That in turn reflects a significant slowing in the 'natural' rate of increase in Tasmania's population (arising from the excess of births over deaths), as well as from the resumption of net emigration from Tasmania to the mainland, after a period in which the net flow of population across Bass Strait had been more often than not in a southerly direction (Chart 5.2).

Chart 5.1: Population growth, Tasmania and Australia, 2001-2015



Source: ABS, Australian Demographic Statistics (3101.0), March 2015.

Chart 5.2: Sources of Tasmania's population growth, 2001-2015



Source: ABS, Australian Demographic Statistics (3101.0), March 2015.

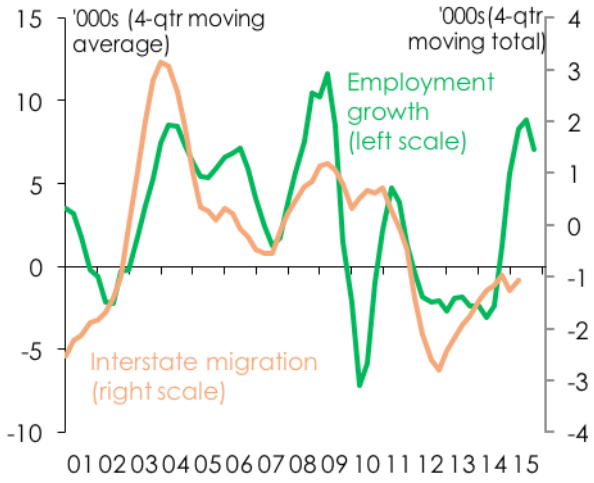
Tasmania's 'natural' rate of population growth has more than halved since 2008, from a little over 0.5% pa to 0.25% pa over the year to March 2015 – a much sharper decline than in the rate of natural increase for Australia as a whole, which has gone from 0.7% to 0.6% pa over the same period. This appears to be a by-product of Tasmania's more rapidly ageing population:

- although Tasmania's total fertility rate (the number of children a woman can expect to give birth to over the course of her lifetime) remains higher than the national average, Tasmania's 'crude birth rate' (the number of births per 1,000) people has declined more rapidly than the national average because the number of women of 'child-bearing age' as a proportion of the total female population has declined more rapidly in Tasmania than in the rest of Australia;
- and because Tasmania has relatively more old people than the rest of Australia, Tasmania's 'crude death rate' (the number of deaths per 1,000 population) has risen over the last five years, whereas it has remained steady (and lower) nationally – even though Tasmania's age-specific or 'standardized' death rate has continued to decline (as it has elsewhere in Australia).

The reversal in net immigration across Bass Strait since 2011 owes more to a decline in mainlanders moving to Tasmania than it does to Tasmanians moving to the mainland, although the number of the latter has fallen by about 1,000 pa since mid-2013, slowing the rate of net emigration somewhat as shown in Chart 5.2 above.

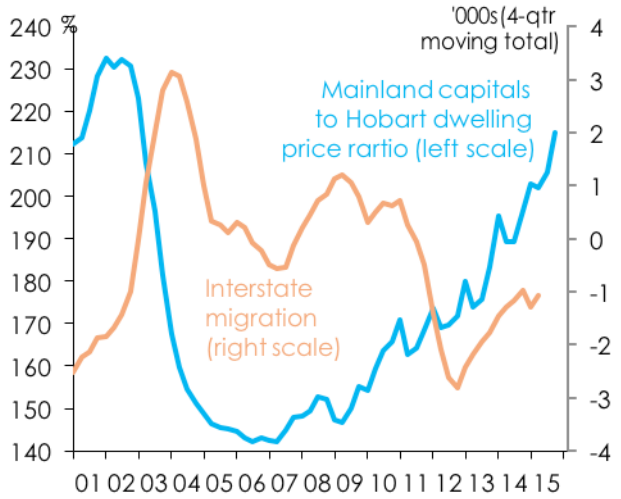
Net interstate migration to Tasmania is largely determined by employment prospects in Tasmania and (to a lesser extent and with a longer lag) the relativity between Tasmanian and mainland property prices (Charts 5.3 and 5.4).

Chart 5.3: Net interstate migration to Tasmania and employment growth



Sources: ABS, Australian Demographic Statistics (3101.0), March 2015; Labour Force, Australia (6202.0), August 2015.

Chart 5.4: Net interstate migration to Tasmania and relative property prices



Source: ABS, Australian Demographic Statistics (3101.0), March 2015; CoreLogic RP Data Hedonic Home Value Index, October 2015.

The direction of causality between labour market conditions in Tasmania and population movements to and from Tasmania is unclear. However, while it is likely that there is some effect in both directions in the short term, over longer periods it seems more plausible that the prospects of finding and maintaining secure and/or well-paid employment in Tasmania would be a major consideration in Tasmanians' decisions as to whether or not to move to the mainland, and mainlanders' decisions as to whether or not to move to Tasmania as opposed to other possible destinations.

It is also likely that judgements about the quality of educational opportunities in Tasmania compared with other parts of Australia will be an important consideration for families with school-age children in decisions about whether or not to move to Tasmania. Likewise, the relative quality of health and aged care services and facilities may become a more important consideration for prospective immigrants from the mainland at different stages of their lives.

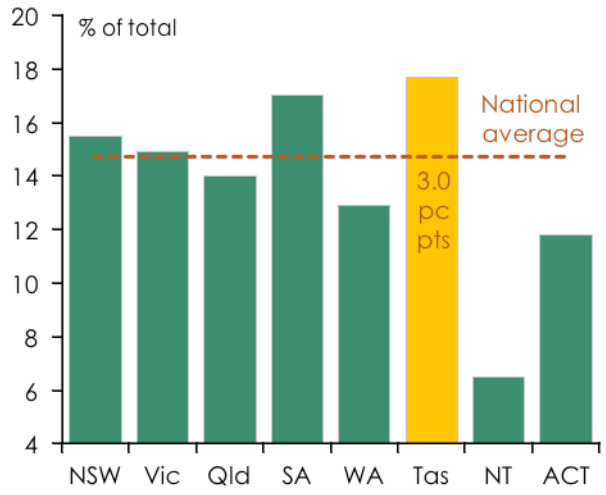
Relative house prices may become a more important consideration for mainlanders considering moving to Tasmania, both among older age groups considering 'down-sizing' and for young families.

The effects of climate change may also become a more important factor in location decisions as between Tasmania and other parts of Australia – in this case working to Tasmania's advantage.

Characteristics of Tasmania's population

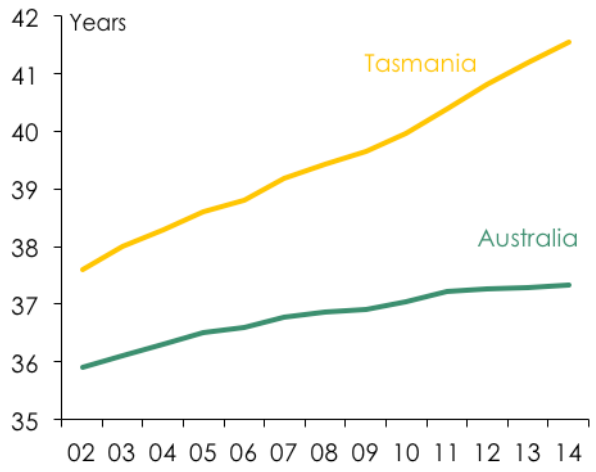
Tasmania's population is **older**, and **ageing more rapidly**, than that of any other state or territory. As at 30 June 2014, 17.7% of Tasmania's population was aged 65 or over (an increase of 2.1 pc points since June 2010), compared with 14.7% of the national population (an increase of 1.1 pc points since June 2010) (Chart 5.5). Tasmania's population had a median age of 41.6 years (that is, half the population were older than this age and half younger) as at 30 June 2014, 4.2 years above the national median of 37.3 years. Over the preceding decade, the median age of Tasmania's population increased by 3.3 years, as against a 1.0 year increase in the median age of the national population (Chart 5.6).

Chart 5.5: Pc of population aged 65 and over, states and territories, June 2014



Sources: ABS, Australian Demographic Statistics (3101.0), March 2015.

Chart 5.6: Median age of the population, Tasmania and Australia



Source: ABS, Australian Demographic Statistics (3101.0), March 2015.

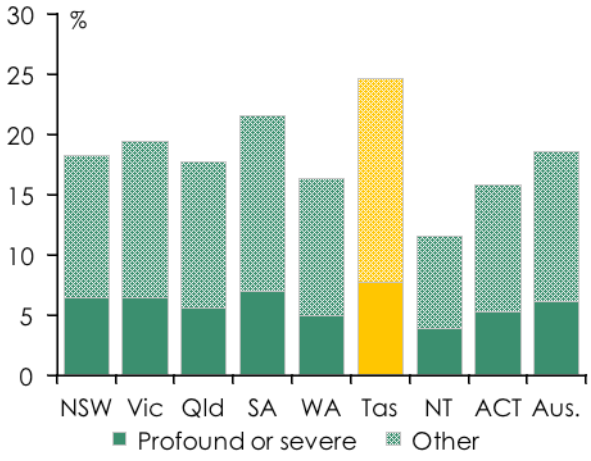
The principal reason for the more rapid ageing of Tasmania's population than that of the rest of Australia is the loss of young and middle-aged adults through emigration to the mainland (or overseas). Only 29.7% of Tasmanians were aged 20-44 as at June 2014 – fully 5.7 pc points below the corresponding national average, and even 3.4 pc points less than in South Australia, the next 'oldest' state after Tasmania.

Tasmania's experience in this regard is by no means unique: it is a common feature of regional communities in other states (although the population distribution of regional areas isn't tabulated as frequently as it is for states), and also of islands in other countries, such as Newfoundland and Prince Edward Island in Canada, or the Mediterranean islands of Italy and Greece. There is a natural 'yearning' on the part of young people, in particular, in island communities to discover for themselves the opportunities and experiences available in larger metropolitan centres – and there would be little merit or seeking to curtail it, and even less chance of 'success'.

Rather, the aim should be to provide ways of facilitating ongoing contact between expatriate Tasmanians and their home state; to provide more compelling reasons for them to return at a later stage of their lives; and to attract other young and middle-aged people from elsewhere in Australia or overseas to move to Tasmania.

24.6% Tasmanians experience some form of **disability**, based on ABS data for 2012, a higher proportion than in any other state or territory, and well above the Australia-wide figure of 18.5%. 7.7% of Tasmanians have a 'profound' or 'severe' core activity-limiting disability, compared with a national average of 6.1%.

Chart 5.7: People with disabilities as pc of population, states and territories, 2012



Source: ABS, Disability, Ageing and Carers, Australia (4430.0), 2012.

To some extent this is a corollary of Tasmania's population being older than that of other states and territories. However, not only is the incidence of disability greater among Tasmanians aged 65 and over (56.1%) than the national average (49.7%); but so it is also among Tasmanians under the age of 65 (18.4%, compared with a national average of 12.8%).

More generally, Tasmanians typically experience **more adverse health outcomes** than other Australians. There are of course many dimensions of health: but the data presented in Table 5.1, derived from the 2011-12 National Health Survey, shows that a higher proportion of Tasmanians suffer from a range of long-term conditions, and are more exposed to a range of well-known health risk factors, than the national average, (and in most cases more than in any other state or territory).

Table 5.1: Selected health conditions and lifestyle factors, states and territories, 2011-12

	% OF POPULATION AFFECTED								
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Long-term conditions									
Arthritis	14.3	13.1	13.2	14.6	14.0	16.3	11.6	14.5	13.8
Asthma	9.6	10.9	10.2	10.8	9.8	11.9	9.3	10.2	10.2
Chronic obstructive pulmonary disease	2.5	1.8	2.6	2.1	2.1	2.9	1.5	2.2	2.3
Diabetes	3.8	3.6	3.3	4.0	3.9	3.8	5.0	3.8	3.7
Heart, stroke & vascular disease	4.6	3.8	5.2	4.4	3.9	5.3	4.2	5.7	4.5
Hypertensive disease	9.9	9.4	9.5	9.7	8.6	11.4	8.1	11.0	9.6
Kidney disease	0.8	0.7	0.8	0.7	1.0	1.3	0.6	1.1	0.8
Cancer	1.0	1.5	1.7	1.1	1.7	1.7	2.1	1.7	1.4
Mental & behavioural problems	13.0	12.5	14.3	14.5	13.8	14.8	10.5	15.5	13.4
3 or more long-term conditions	38.9	38.7	39.9	40.5	40.4	41.9	33.5	45.1	39.4
Lifestyle factors									
Overweight/obese	61.1	61.9	65.4	66.1	66.0	64.1	63.7	63.6	63.2
Current daily smoker	14.8	16.8	17.5	17.4	16.9	23.2	22.6	13.4	16.5
Long-term risky alcohol consumption	18.5	17.5	19.9	18.2	25.3	22.8	24.2	21.0	19.4
Inadequate fruit & veg. consumption	94.5	94.8	95.1	93.5	94.0	92.7	96.6	94.2	94.5
Sedentary / low exercise level	68.7	66.2	69.5	67.6	64.9	69.6	66.7	59.8	67.6

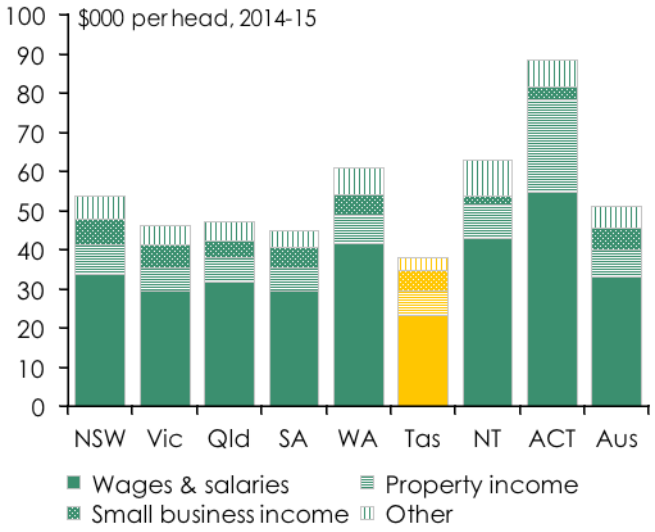
Note: 'Overweight/obese' means body mass index (BMI) of 25 or more. 'Risky alcohol consumption' means in excess of 2009 National Health & Medical Research Council lifetime guidelines. Source: ABS, Australian Health Survey (4364.0), 2011-12.

Household income and wealth

Tasmanians are poorer, on average, than other Australians. They earn less from working than other Australians; although more of them own their own homes, those homes are on average worth less than homes in other parts of Australia: and Tasmanians have fewer other assets (investment properties, superannuation savings, shares and the like) than other Australians. Tasmanians are more likely to be reliant on social security payments than other Australians.

Tasmanians' gross (or 'primary') household incomes – that is, before taking into account (in particular) the effects of income tax payments and social security benefit payments – averaged out to $37,768 per head in 2014-15, which was $13,220 per head or 26% less than the national average of almost $51,000 per head (Chart 5.8).

Chart 5.8: Gross household income per capita, by source, states and territories, 2014-15

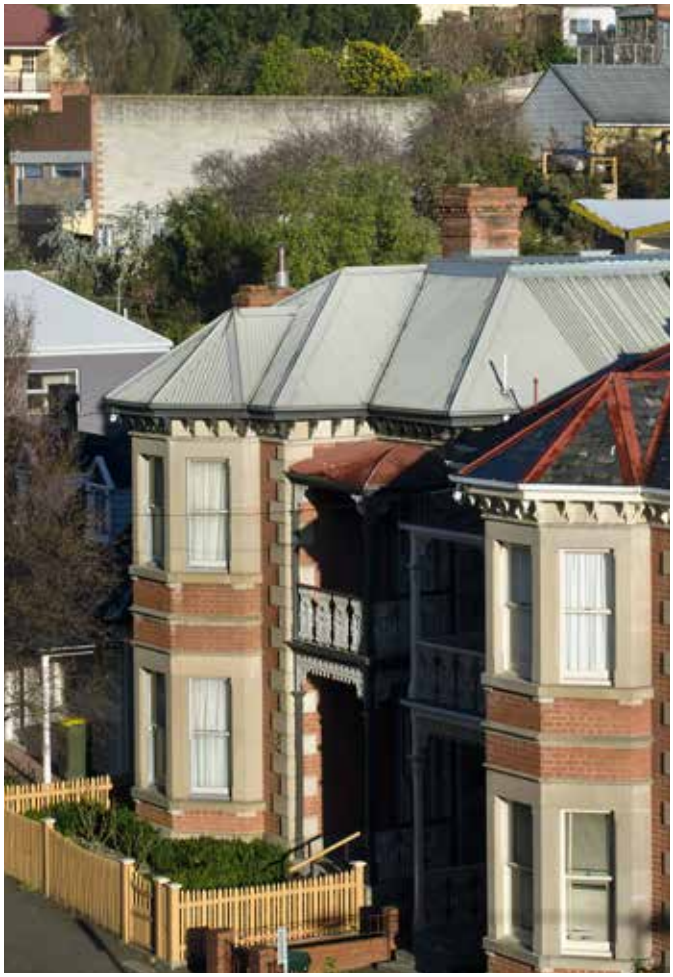


Note: 'Other' is gross operating surplus of dwellings.
Source: ABS, State Accounts (5220.0). 2014-15

This difference is broadly consistent with the 28% difference in gross state product per head between Tasmania and the national average set out in Chapter 1.

By far the largest single reason for Tasmanians' lower-than-average household incomes is that Tasmanians earn less from working than other Australians.

'Employee compensation' (wages, salaries and fringe benefits) per person averaged out to $23,305 in 2014-15, nearly $9,650 or 29% below the corresponding national average of $32,947 per person (Chart 5.8). There are three reasons for this:



- first, that (as discussed in Chapter 1), only 46.5% of Tasmanians worked in 2014-15, compared with 49.3% of all Australians;
- second, that (as also discussed in Chapter 1), those Tasmanians who did work, worked an average of 1.8 fewer hours per week (or more than 3 weeks a year) less than the Australia-wide average; and
- third, working Tasmanians were paid an average of $31.86 per hour in 2014-15, $8.23 per hour or 21.5% less than the national average.

The main reason for the difference in hourly pay is that (as discussed in Chapter 1), Tasmanian workers produce $14.80 (or 17.9%) per hour less by way of dollar value of goods and services than the national average. Taking this into account, Tasmanian unit labour costs (employee compensation per dollar value of goods and services produced) were only 1.6% below the national average in 2014-15.

What this means is that Tasmanians' lower participation, working hours and productivity doesn't just affect the broader economy, or business: it directly affects their incomes as well.

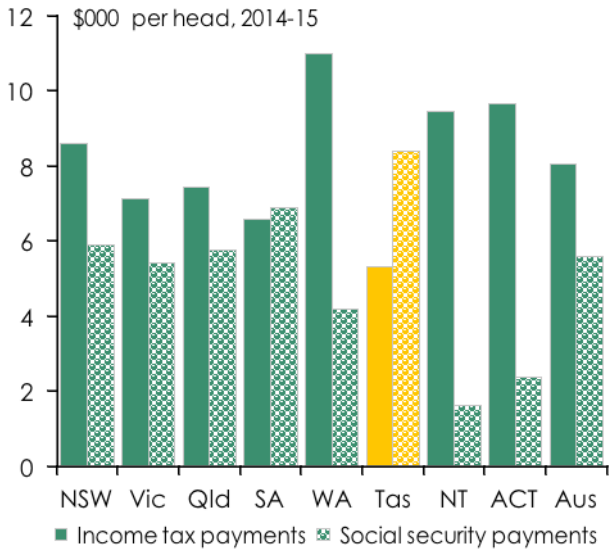
A second source of difference in per capita household disposable income between Tasmania and the rest of Australia is that Tasmanians earned only $6,014 per capita in 'property income' (income from dividends, interest and rent) in 2014-15, nearly $1,000 or 14% below the national average of $7,008 per head.

By contrast, 'gross mixed income' (from small businesses) averaged out to $5,162 per head in Tasmania in 2014-15, only $357 or 6.5% below the national average. This is a distinct improvement from the preceding four years, during which Tasmanian small business income had averaged almost $1,000 per head (or 19%) below the national average.

The large disparity in average gross household incomes between Tasmania and the rest of Australia is substantially ameliorated by the operation of the national personal income tax and social security systems. Tasmanians pay a smaller proportion of their (lower) gross incomes in tax than the people of any other state or territory: whilst a higher proportion of Tasmanian households are reliant on government pensions and allowances as their main source of income than in any other state or territory.

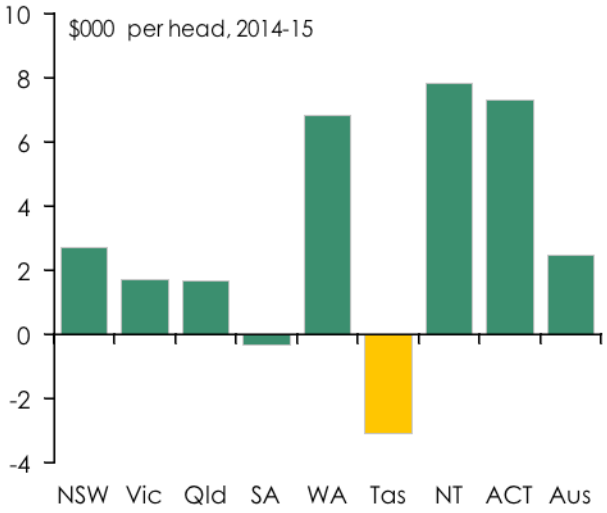
As a result, Tasmania is the only state or territory, apart from South Australia, whose households receive more by way of social security benefits than they pay in personal income taxes (Chart 5.9); and Tasmanians receive considerably more per head of population by way of benefits less taxes than South Australians (Chart 5.10).

Chart 5.9: Personal income tax and social security payments per head, 2014-15



Sources: ABS, State Accounts (5220.0), 2014-15.

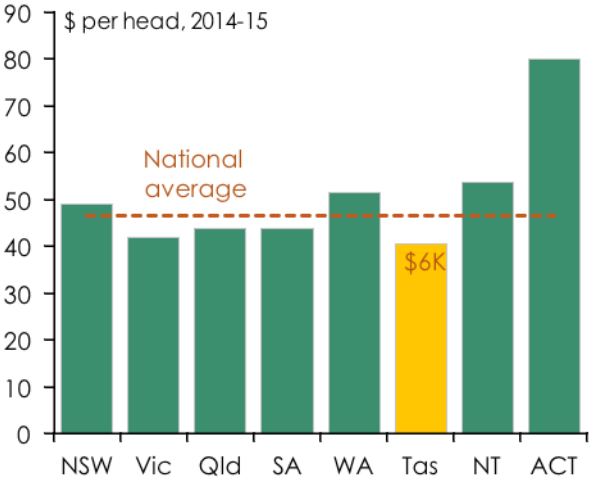
Chart 5.10: Personal income tax less social security payments per head, 2014-15



Sources: ABS, State Accounts (5220.0), 2014-15.

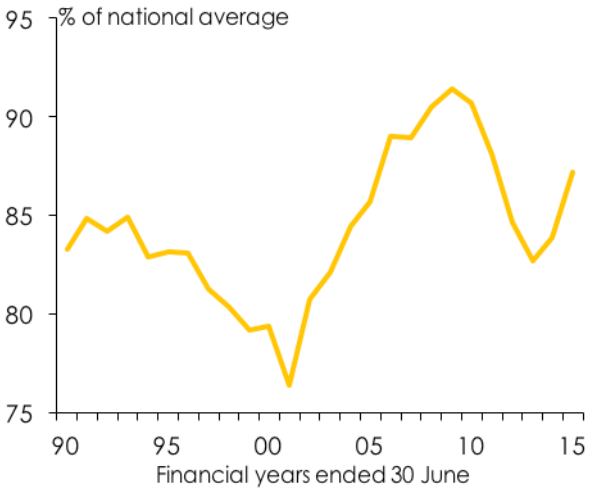
After taking account of this redistribution of income via the national income tax and social security systems, Tasmanian household disposable income (HDI) per capita was $5,947 (or 12.8%) below the national average in 2014-15 (Chart 5.11) – although this margin has narrowed somewhat over the past two years (Chart 5.12).

Chart 5.11: Household disposable income per capita, states and territories, 2014-15



Sources: ABS, State Accounts (5220.0), 2014-15.

Chart 5.12: Tasmanian per capita HDI as a pc of the national average



Sources: ABS, State Accounts (5220.0), 2014-15.

In effect, the national tax-transfer system absorbs more than half the difference in per capita incomes between Tasmania and the rest of Australia that would otherwise have existed.

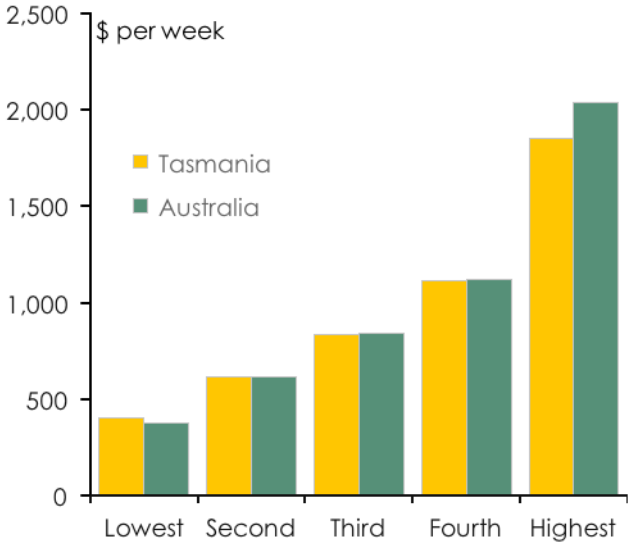
While this is consistent with the way that a progressive income tax system and a targeted social security system are intended to operate, it may inadvertently have the effect of obscuring the full consequences of Tasmania's poor economic performance from the view of the Tasmanian population – in much the same way as the Tasmanian government is to a large extent shielded from the full effects of Tasmanian's poor economic performance by the system of 'horizontal fiscal equalisation' used to determine the distribution of revenue from the GST.

This is emphatically not intended as an argument in favour of changing either system: but simply conceding that they may have had the effect of dampening the imperative for reforms which would improve Tasmania's economic performance.

Another interesting dimension of the interaction between Tasmania's relatively low 'market' incomes and the national tax-transfer system is that, after taking account of the impact of social security payments (in particular), Tasmania's poorest households are not poorer than the poorest households in other states or territories. Rather, what stands out is that Tasmania's richest households are less rich than households in other states and territories.

Chart 5.13 shows the mean weekly equivalised household disposable income (HDI) for each household income quintile (one-fifth) in Tasmania compared with the corresponding figure for Australia as a whole in 2013-14. 'Equivalized' in this context means adjusted for the number and status (eg adult, dependent child etc) of people in each household, so as to enable "the direct comparison of the relative economic wellbeing of households of different size and composition"[14] .

Chart 5.13: Mean weekly equivalised household disposable income, by income quintiles, Tasmania and Australia, 2013-14



Source: ABS, Household Income and Wealth (6523.0), 2013-14.

The poorest one-fifth of households (the lowest income quintile) in Tasmania had a mean weekly equivalized HDI of $401 in 2013-14, according to the most recent ABS income distribution survey, $26 per week above the mean equivalized HDI of the lowest income quintile across Australia as a whole (and in fact higher than the mean weekly equivalized HDI of the lowest income quintile in any other state or territory).

The mean weekly equivalized HDIs of households in the second-lowest, middle and second-highest income quintiles in Tasmania were roughly the same as the corresponding national figures.

But the mean weekly equivalized HDI of the highest income quintile in Tasmania was, at $1,848, some $172 (or 9.3%) lower than that of households in the highest income quintile across Australia as a whole. This not to suggest that high-income households in Tasmania are 'doing it tough', but rather that they aren't 'doing as well' as high-income households in other parts of Australia.

[14] *For a more detailed explanation see ABS, Survey of Income and Housing, User Guide, Australia, (6553.0), 2013-14, 4th September 2015.*

Similar observations can be made about household wealth. Tasmanian households had an average net worth of $564,300 in 2013-14, less than in any other state or territory, and 30% below the national average of $809,900 (Chart 5.14). Less than half this difference is due to the lower average value of Tasmanian homes (after allowing for smaller mortgages): most of it is the result of Tasmanians having smaller superannuation savings, fewer holdings of other financial assets, and fewer (or less valuable) investment properties.

Chart 5.14: Mean value of household assets and liabilities, states and territories, 2013-14

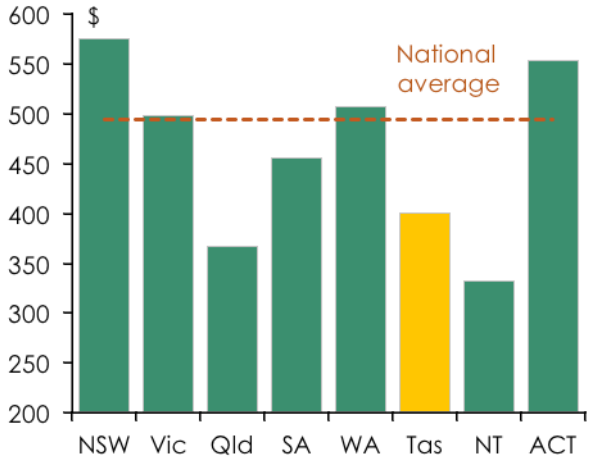
Source: ABS, Household Income and Wealth (6523.0), 2013-14.

Although more detailed data from on the distribution of household wealth at the state and territory level from the 2013-14 survey is yet to be published, the results of earlier surveys indicate that, as is the case with income, the relatively low average net worth of Tasmanian households compared to the national average is not because the least-wealthy Tasmanian households have lower net worth than the least-wealthy households in other states and territories, but rather because the wealthiest Tasmanian households aren't as wealthy as the wealthiest households in other parts of Australia.

One consequence of the fact that Tasmania's most affluent households aren't as affluent as the most affluent households in other parts of Australia is that Tasmanian charities and other not-for-profit organizations find fund-raising more difficult than their counterparts in most other states and territories.

An analysis of 2011-12 taxation statistics by Myles McGregor-Lowndes and Marie Crittall of the Queensland University of Technology found that although 33.5% of Tasmanians made tax-deductible donations in that year (only marginally below the national average of 35.6%), their donations totalled an average of just under $400, well below the national average of $494 (Chart 5.15).

Chart 5.15: Average tax-deductible donations per donor, 2011-12



Source: Myles McGregor-Lowndes and Marie Crittall, An Examination of Tax Deductible Donations Made By Individual Australian Taxpayers in 2011-12, Australian Centre for Philanthropy & Nonprofit Studies, Queensland University of Technology, Working Paper No 63, June 2014.

Socio-economic status

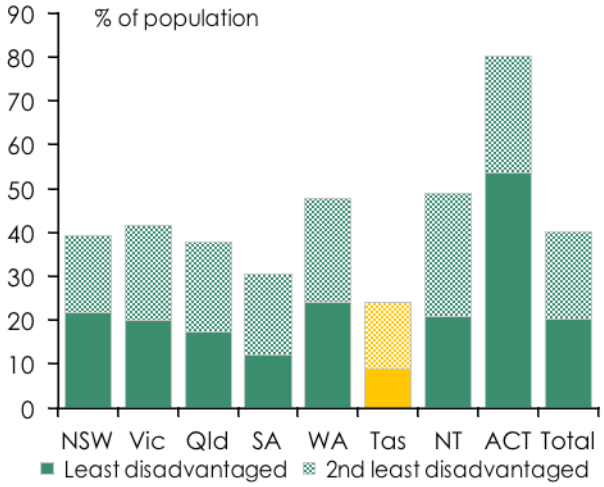
The end result of Tasmanians being older, sicker, affected more by disability, less likely to have a job, earning less (if employed) and having less by way of real or financial assets than other Australians is that Tasmania has greater concentrations of social and economic disadvantage than any other state or territory (and, for that matter, fewer concentrations of social and economic privilege than any other state or territory).

These outcomes are highlighted in Charts 5.16 and 5.17, which show that nearly 55% Tasmanians are in the most)—or second-most disadvantaged categories of socio-economic status (SES)—15 pc points more than would be the case if socio-economic advantage or disadvantage were equally distributed across states and territories. Out of 2.2% of Australia's total population, Tasmania has 3.5% of Australia's most socio-economically disadvantaged citizens, and they constitute 31.5% of Tasmania's population. Tasmania also has 2.6% of the total number of Australians in the second-most socio-economically disadvantaged quintile, and they represent 23.3 % of Tasmania's population.

Chart 5.16: Low SES status as a pc of population, States and Territories, 2013

Source: Commonwealth Grants Commission, Report on GST Revenue Sharing Relativities – 2015 Review, Table S1-3.

Chart 5.17: High SES status as a pc of population, states and territories, 2013



Source: Commonwealth Grants Commission, Report on GST Revenue Sharing Relativities – 2015 Review, Table S1-3.

Conversely, only 1.0% of Australia's most socio-economically advantaged individuals live in Tasmania, and they constitute only 8.7% of Tasmania's population; while individuals in the second-most advantaged quintile nationally account for only 15.4% of Tasmania's population.

The causes of socio-economic disadvantage are multi-faceted and complex: different types of disadvantage call for different policy responses. There is no 'one size fits all' solution.

Nonetheless, it seems highly likely that, if Tasmania could achieve a sustained improvement in its economic performance—with more rapid per capita economic growth, higher levels of employment at higher wages 'justified' by higher levels of productivity, and lower levels of unemployment and other forms of exclusion from work—then not only would the extent of socio-economic disadvantage in Tasmania be less than it is at present, but there would be more resources available to respond to those aspects of socio-economic disadvantage that improved economic performance, on its own, cannot remedy.

SECTION 6

The public sector

6. The public sector

Tasmania has a relatively large state public sector. At the end of the 2014-15 financial year, the state non-financial public sector owned assets valued at the equivalent of 90% of Tasmania's gross state product, compared with an average of 73% for all states and territories, while during the 2014-15 financial year state non-financial public sector spending amounted to 20.7% of Tasmania's GSP, compared with the all state and territory average of 13.6% (see Charts 6.1 and 6.2).

Chart 6.1: State non-financial public sector assets, 30 June 2015

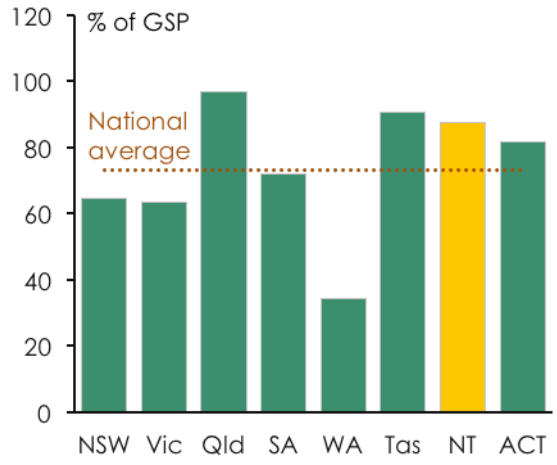
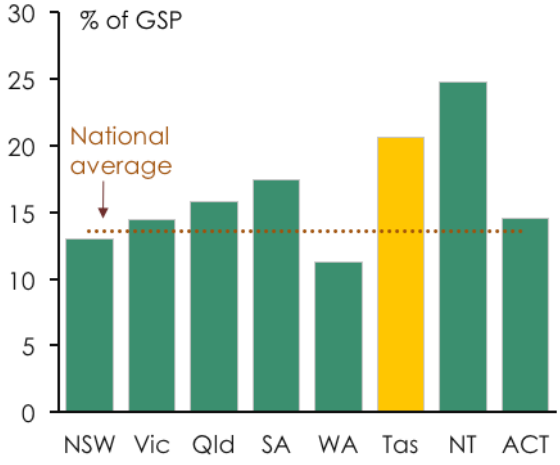


Chart 6.2: State non-financial public sector operating expenses, 2014-15



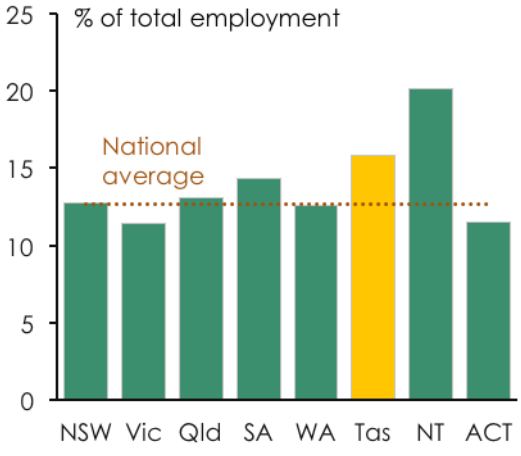
Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & South Australia, 2015-16 Budget Papers; ABS, State Accounts 2014-15 (5220.0).

The principal reason for Tasmania's larger-than-average state public sector is the relative importance of its government business enterprises (GBEs), whose assets were valued at the equivalent of 39% of GSP as at 30 June 2015, and whose operating expenses amounted to 12% of GSP in 2014-15 (compared with national averages of 28% and 4% of GDP, respectively).

However, Tasmania's core 'general government' sector is also relatively larger than elsewhere in Australia, with assets equivalent to 70% of GSP as at 30 June 2015 and operating expenses representing just under 21% of GSP in 2014-15 (compared with national averages of 64½% and 13½% of GDP) respectively.

Tasmania's state public sector accounted for 15.8% of total employment as at June 2015, a larger share than in any other jurisdiction except the Northern Territory, and compared with an average of 12.7% for all states and territories (Chart 6.3).

Chart 6.3: State public sector employment, June 2015



Sources: ABS, Employment and Earnings, Public Sector, Australia, 2014-15 (6248.0.55.002)

Public sector financial performance

Tasmania's public sector is in most respects in a reasonably strong position, compared with other states and territories. In particular, Tasmania is the only state or territory where the general government sector is a net creditor, and expected to remain so over the four years to 2018-19. Tasmania's GBEs do have a lot of debt: relative to the size of the state's economy, more than in any other jurisdiction except Queensland. Nonetheless, after deteriorating significantly during and after the global financial crisis, Tasmania's total non-financial public sector net debt is now lower, as a proportion of GSP, than for any other state or territory except NSW and the ACT (Chart 6.4).

Moreover, based on 2015-16 Budget projections, Tasmania's non-financial public sector debt will decline as a proportion of GSP over the four years to 2018-19, in contrast to the upward trend foreshadowed in most other states and territories (Chart 6.5).

Chart 6.4: State general government and non-financial public sector net debt, 30 June 2015

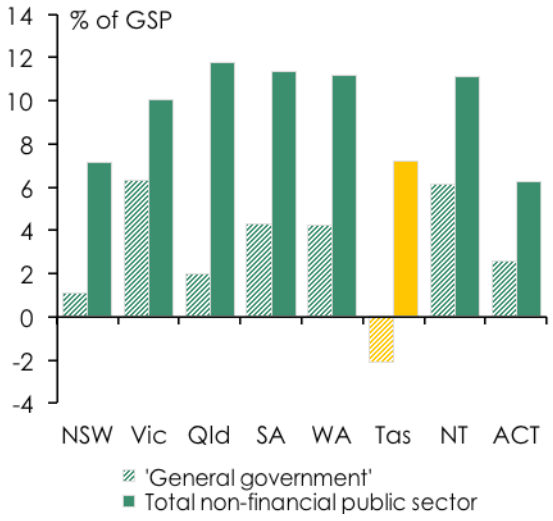
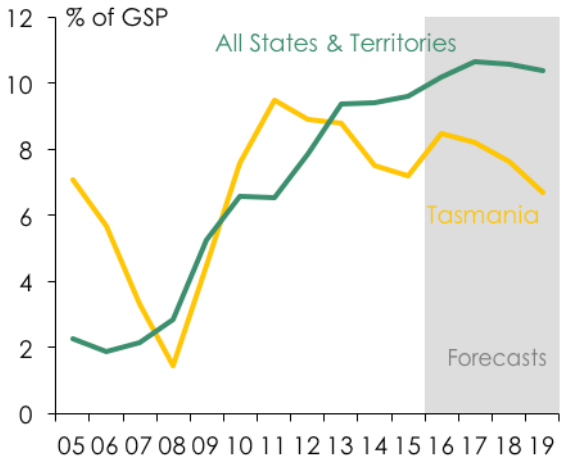


Chart 6.5: State non-financial public sector net debt, Tasmania and national average, 2004-05 through 2018-19



Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & South Australia; 2015-16 State and Territory Budget Papers; ABS, State Accounts 2014-15 (5220.0).

The improvement in Tasmania's public sector balance sheet position, both in absolute and relative terms, over the past four years has been largely due to a significant slowing in the rate of growth in **government spending** since the 2011-12 financial year, by comparison both with preceding years and, since then, with other states and territories:

- Tasmanian general government 'operating expenses' (ie, excluding capital expenditures) rose at an average annual rate of 2.1% over the four years to 2014-15, down from an average of 6.4% pa over the preceding four years
- The growth rate of Tasmanian general government 'operating expenses' over the past four years has been significantly below the average for all states and territories of 3.9% (Chart 6.6).

Chart 6.6: Growth rate of general government 'operating expenses'

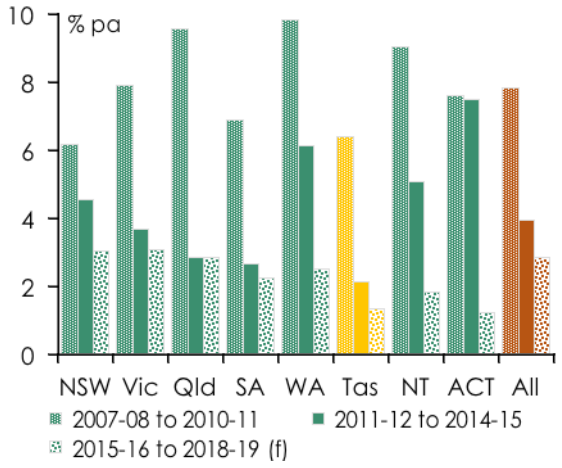
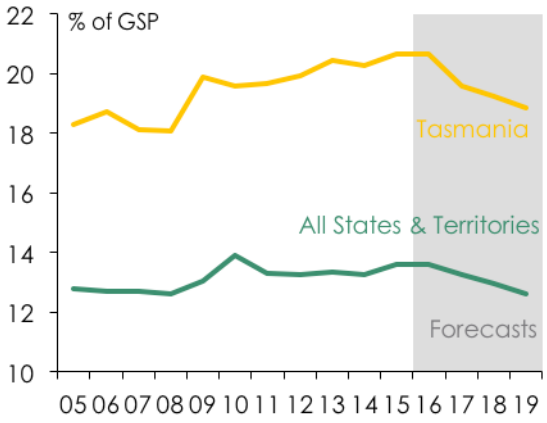


Chart 6.7: General government 'operating expenses' as a pc of GSP



Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & South Australia; 2015-16 State and Territory Budget Papers; ABS, State Accounts 2014-15 (5220.0).

The 2015-16 Tasmanian Budget projects the growth rate of 'operating expenses' slowing further, to an average of just 1.3% pa over the four years to 2018-19, less than half the forecast average for all states and territories (see Chart 6.6).

Nonetheless, Tasmanian general government 'operating expenses' will remain significantly above the average for all states and territories (Chart 6.7), and higher than any other jurisdiction except the Northern Territory.

Growth in Tasmanian **taxation revenue** has picked up over the past four years, to an average of 4.1% pa, but not by as much as the average for all states and territories (Chart 6.8). The 2015-16 state Budget projects a much sharper slowing in taxation revenue growth over the four years to 2018-19 than in other states and territories, on average, largely as a result of a forecast decline in stamp duty revenues and very weak growth in revenues from gambling and insurance taxes.

Chart 6.8: Growth rate of state taxation revenue

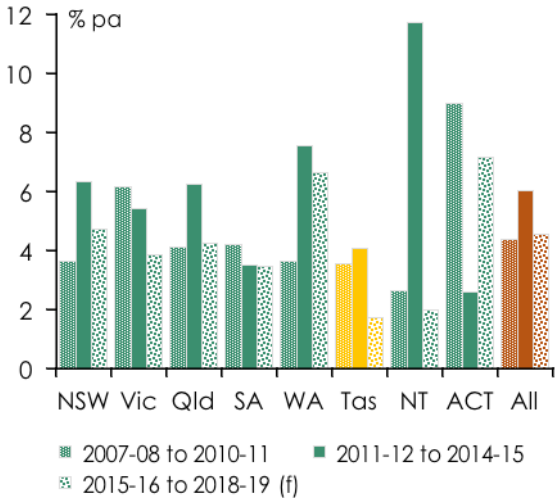
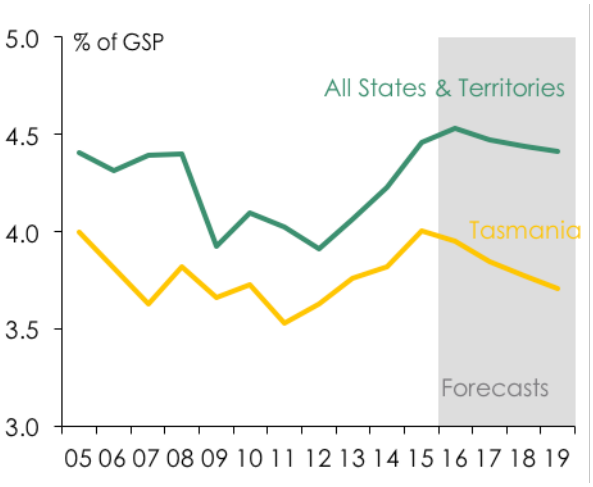


Chart 6.9: State taxation revenue as a pc of GSP



Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & South Australia, 2015-16 Budget Papers; ABS, State Accounts 2014-15 (5220.0).

Tasmania has historically 'done well' out of Federal-State financial relations, in the sense that it receives a larger share of **revenue from the GST** as a result of the use of 'horizontal fiscal equalisation' principles to determine the distribution of GST revenue among the states and territories, as compared with how it would fare under an equal per capita distribution as long sought by the larger states and, more recently, Western Australia.

Nonetheless, Tasmania's share of the GST 'pie' has declined from over 4% in the early 2000s to just over 3½% in the last two financial years. Whereas total revenue from the GST rose at an average annual rate of 4.3% over the four years to 2014-15, Tasmania's share rose at an average annual rate of 3.6% (Chart 6.10).

Commonwealth payments to state and territory governments for specific purposes (such as education, health, disability support programs and roads) account for nearly as much, in total, as revenue from the GST. However, unlike revenue from the GST, **specific purpose payments** are distributed on a more-or-less equal per capita basis. And the decline in specific purpose payments to Tasmania over the past four years has more than offset the growth in Tasmania's share of GST revenues.

As a result, Tasmania's total revenue from Canberra has actually fallen over the four years to 2014-15, by more than Queensland's or WA's (the only other states to have experienced declines in their total grants from the commonwealth), and in contrast to the increases enjoyed by other states and territories (Chart 6.11).

Charts 6.10 and 6.11 suggest that Tasmania can expect a significant increase in its share of GST revenues over the next four years (although there will be little growth in specific purpose payments over that period, largely as a result of the cuts in grants for health and education after 2017-18 provided in the 2014-15 Federal Budget).

Chart 6.10: Growth rate of state and territory GST revenue shares

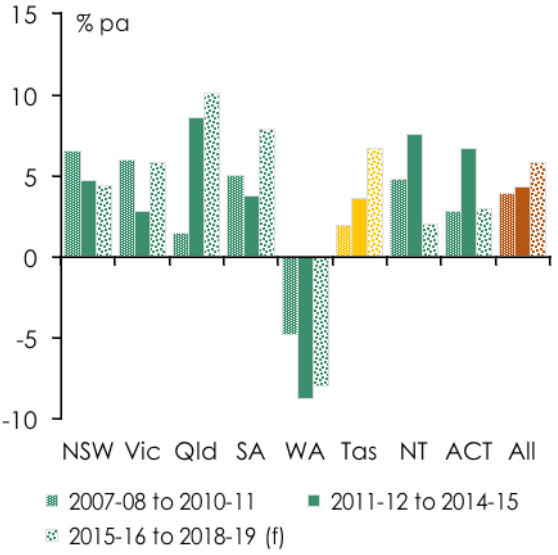
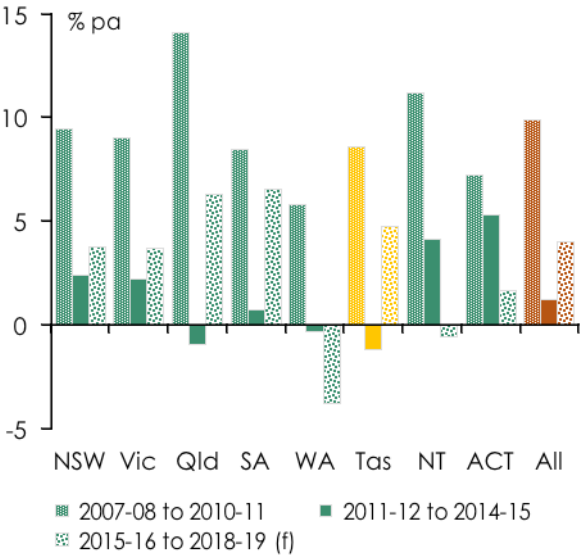


Chart 6.11: Growth rate of total Commonwealth payments to states and territories



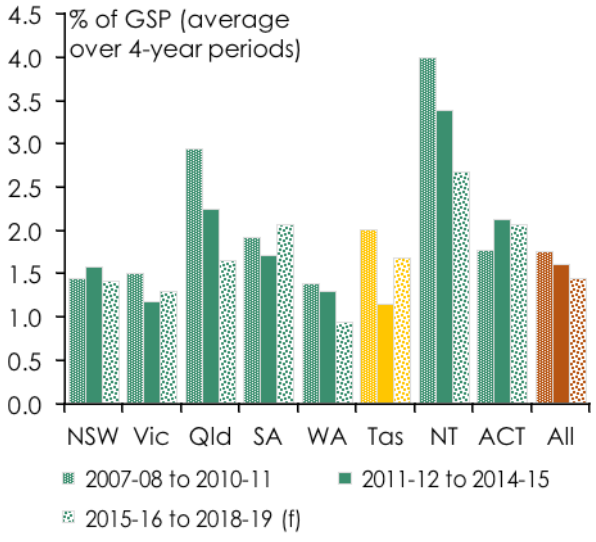
Sources: Australian Government, Final Budget Outcome, 2014-15 and Budget Paper No. 3, Federal Financial Relations, 2015-16 and previous issues.

However this 'windfall' is unlikely to eventuate, given that Western Australia's share of the GST—which has fallen sharply since 2006-07 as a lagged result of the massive increase in royalty revenues accruing to the Western Australian state government flowing from the mining boom—is almost certain to recover as the decline in iron ore prices since 2011-12 is increasing reflected in the calculations on which the distribution of GST revenues is based. And since the GST revenue-sharing arrangements are a 'zero-sum game', any increase in WA's share will by definition be at the expense of the other states and territories—and in particular, at the expense of those like Tasmania whose share of the GST revenue is greater than their population share.

Hence the government has been wise not to commit this projected GST revenue 'windfall' to increased recurrent spending: but it would also be wise not to count on the improvement in the budget 'bottom line' resulting from not spending the projected GST 'windfall' actually materialising.

A final factor contributing to the improvement in Tasmanian government's financial position—albeit one which perhaps raises more questions than other factors—has been a significant decline in general government **infrastructure spending** over the past four years.

Chart 6.12: General government 'purchases of fixed assets', as a pc of GSP



Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & SA; 2015-16 Budget Papers; ABS, State Accounts 2014-15 (5220.0).

This partly reflects the elevated base of four years ago, when spending on federally-funded fiscal stimulus programs in response to the global financial crisis reached a peak, and the timing of other infrastructure spending that is partially reliant on commonwealth funding (such as the Royal Hobart Hospital redevelopment).

Nonetheless, the decline in general government infrastructure spending has been proportionately greater in Tasmania than in other states and territories (Chart 6.12). Against that background, the projected increase in infrastructure spending in Tasmania over the four years to 2018-19 looks appropriate.

Infrastructure spending by Tasmania's GBEs is considerably higher (at 2.1% of GSP over the four years to 2014-15) than in other states and territories (an average of 0.9% of GSP). However this largely reflects the fact that Tasmania's energy supply industry remains almost entirely in public ownership (unlike most other states and territories) – so that infrastructure spending which in most other states would be undertaken by private businesses is done by GBEs in Tasmania.

Chart 6.13: State and territory general government fiscal balances

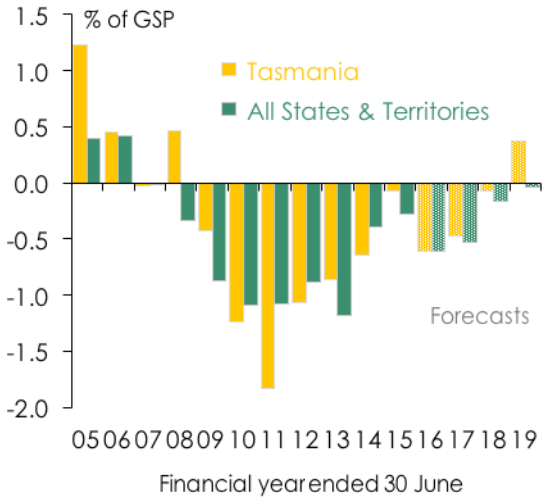
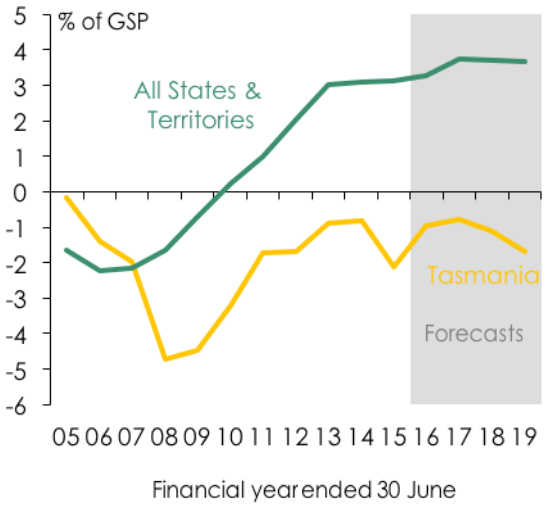


Chart 6.14: State and territory general government net debt



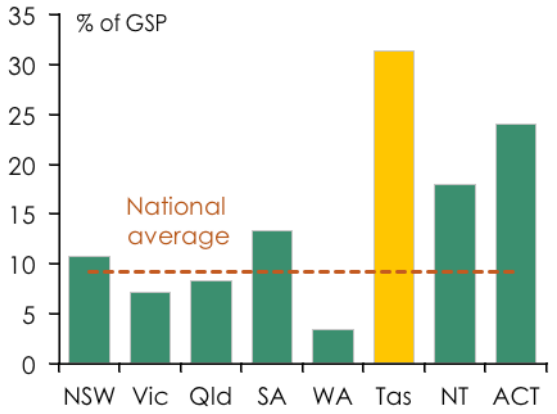
Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & South Australia, 2015-16 Budget Papers; ABS, State Accounts 2014-15 (5220.0).

Tasmania's relatively sound net debt position (as summarised in Charts 6.13 and 6.14; see also Chart 6.2 earlier) arguably does leave room for some increase in the level of general government infrastructure spending, provided any such increase were directed towards rigorously selected projects satisfying transparent cost-benefit tests and accompanied by sound governance arrangements. Alternatively, additional infrastructure spending could be financed by the sale or lease of existing assets.

Public sector superannuation: an area of ongoing concern

Although, as noted earlier, the Tasmanian government has relatively less net debt than other states and territories, on average, its position as regards to unfunded sector superannuation liabilities to current and former public sector employees is by a wide margin the worst of any jurisdiction (Chart 6.15).

Chart 6.15: Unfunded superannuation liabilities, as at 30 June 2015



Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & SA; 2015-16 Budget Papers; ABS, State Accounts 2014-15 (5220.0).

Tasmania's total non-financial public sector unfunded superannuation liability is actually larger than its net debt—a characteristic it shares with only South Australia and the two territories.

In the early 2000s, the then state government applied some of its budget surpluses to the accumulation of financial assets in a Superannuation Provision Account (SPA), with the intention of fully offsetting the unfunded superannuation liability by 1 July 2018. This target date was pushed out to 2033 in the 2006-07 Budget, and abandoned altogether (and the SPA closed) in the 2012-13 Budget.

According to the most recent state budget the general government super-annuation liability will now not be extinguished until the second half of the 2070s. By contrast, New South Wales expects to have eliminated its unfunded superannuation liability by 2026, South Australia by 2034 and Victoria by 2035, according to those states' 2015-16 Budget papers.

The unfunded superannuation liability differs from net debt in that it doesn't need to be 'refinanced' at regular intervals (when government bonds reach their maturity date). Its reported value, unlike that of net debt, is an estimate, and one which is particularly sensitive to the (assumed) rate at which future obligations are 'discounted' to their net present value. Nonetheless, rating agencies take explicit account of the unfunded superannuation liability, as well as net debt, in assessing state governments' credit ratings.

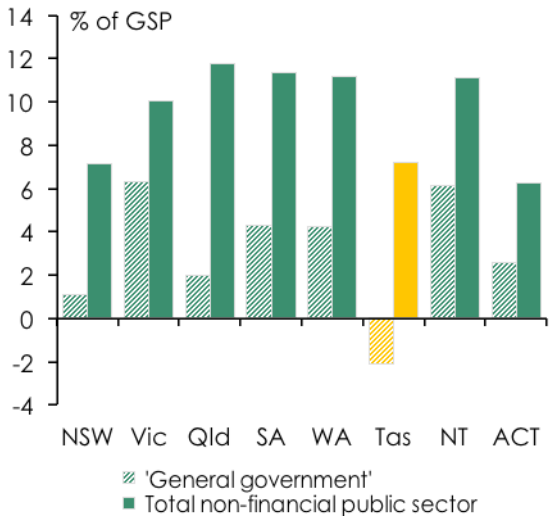
The unfunded superannuation liability also has significant ongoing tangible consequences for the state budget. The annual budgetary cost of superannuation payments to members of defined benefit schemes is forecast to increase by 68% between 2015-16 and the expected peak in 2029-30, or from 4.7% of general government operating cash receipts in 2015-16 to a peak of 5.4% in 2025-26.

Tasmania highly vulnerable to changes in federal-state financial relations

As noted earlier, Tasmania has traditionally 'done well' out of federal-state financial relations, primarily as the result of the application of 'horizontal fiscal equalisation' principles (which take account of the differences in each state and territory's capacity to raise revenues from its own resources, and in the demand for and cost of providing public services) to the distribution of general revenue grants and, since 2000, revenue from the GST.

Tasmania received a total of $5,795 per head of population by way of payments from the commonwealth in the 2014-15 financial year, of which just under two-thirds was Tasmania's share of revenue from the GST. This was more than any other jurisdiction except the Northern Territory, and 33% (or $1,429 per head) more than it would have received had all commonwealth payments been distributed on an equal per capita basis (Chart 6.16).

Chart 6.16: Commonwealth payments to states and territories per head of population, 2014-15



Source: Australian Government, Final Budget Outcome 2014-15.

Payments from the commonwealth accounted for 58.0% of Tasmania's total general government revenue in 2014-15, a higher figure than for any other jurisdiction except the Northern Territory, and compared with an average for all states and territories of 44.5% (Chart 6.17).

Chart 6.17: Commonwealth payments to states and territories as a pc of total general government revenue, 2014-15

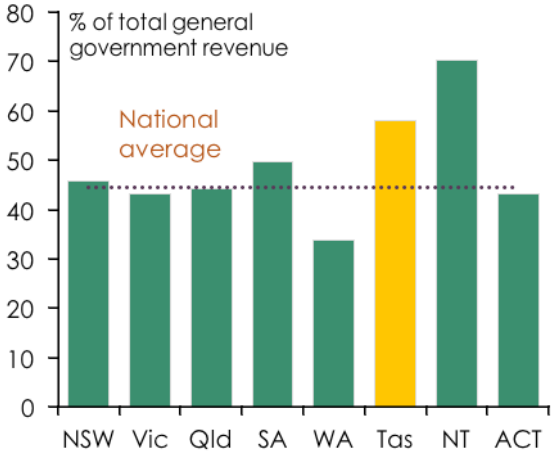
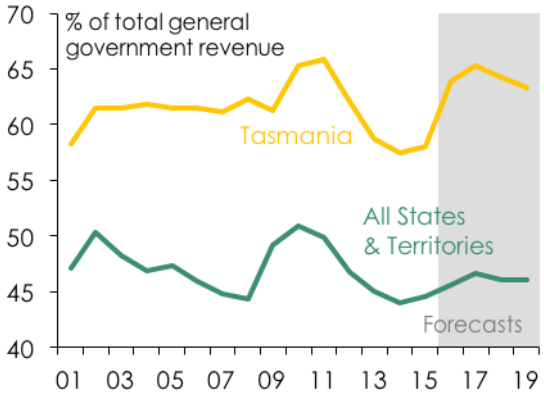


Chart 6.18: Commonwealth payments as a pc of total general government revenue, 2000-01 to 2018-19



Sources: Australian Government, Final Budget Outcome, 2014-15 and Budget Paper No. 3, Federal Financial Relations, 2015-16 and previous issues; State and Territory Budget Papers, 2015-16 and previous years.

On current projections the share of the Tasmanian government's revenue deriving from Canberra is set to increase significantly over the next four years (Chart 6.18). However, as noted earlier, this projection is unlikely to materialise, as Western Australia's share of revenue from the GST will almost certainly increase from its current unusually low level, as the decline in WA's capacity to raise revenue from mining royalties as a result of falling iron ore prices becomes increasingly reflected in the GST relativities – and hence Tasmania's share will fall.

Tasmania's higher-than-average grants from the commonwealth (including its share of GST revenues) enabled the Tasmanian government to spend nearly $900 more per head of population than the average of all states and territories on 'operating expenses' in 2014-15 (Chart 6.19), whilst collecting some $930 per head less than the average of all states and territories in state taxes (Chart 6.20).

Chart 6.19: State and Territory general government 'operating expenses' per head of population, 2014-15

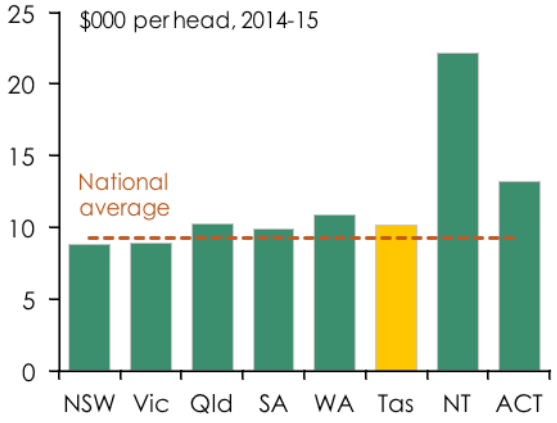
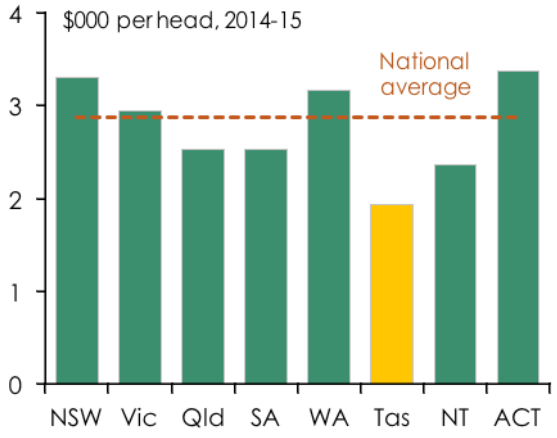


Chart 6.20: State and Territory taxation revenues per head of population, 2014-15



Sources: State and Territory Treasurers' Annual Financial Reports, 2014-15, except for Queensland & SA; 2015-16 Budget Papers; ABS State Accounts 2014-15 (5220.0). Note 'taxation' does not include mineral royalties, or dividends from government business enterprises (GBEs).

These figures highlight Tasmania's vulnerability to any changes in federal-state financial arrangements along the lines sought by the governments of some of the larger states, and some national business organisations.

By way of illustration, had the revenue from the GST been distributed on an equal per capita basis in 2014-15, the Tasmanian Government would have been deprived of $763mn in revenue – a drop of almost 15%.

In order to have achieved the same budget 'bottom line' outcome, the state government would have had to cut spending by 14½%, or increased state tax revenue by 76%, or some combination of smaller (but still substantial) spending cuts and tax increases: or, alternatively, have incurred a much larger operating deficit.

Tasmania is thus especially vulnerable to any changes in the way in which GST revenues are allocated among the states and territories. It is important that the Tasmanian government, and Tasmania's representatives in the Federal Parliament, continue to advocate strongly for the retention of the current system, the fundamental principles of which have been in place since the 1930s.

However, it is also important that the Tasmanian government pursues economic and social strategies aimed at improving Tasmania's economic performance and resilience, so that over time it is less in need of ongoing financial support of this sort, and thus less vulnerable to demands from other states for changes in it.

It is worth noting that, under the existing arrangements for distributing GST revenue, Tasmania would be a net beneficiary of any broadening of the base or increase in the rate of the GST. It is true that Tasmania has an above-average share of low-income households, who would be *prima facie* be disadvantaged by any increase in the rate, or almost any broadening in the base, of the GST. However, since, as the Prime Minister has said, it is "inconceivable" that there would be any increase in the GST without compensation for low-income households[15], it follows that Tasmania would also get an above-average share of the compensation which would be provided to low-income households to offset the impact of any changes to the GST.

An increase in the rate or broadening of the base of the GST is also the only sustainable way that changes could be made to the distribution of GST revenues without making Tasmania worse off in absolute terms—since any 'special grants' that might be made to Tasmania, South Australia and the territories in such circumstances would always be vulnerable to unilateral changes by a future federal government.

Hence it would seem sensible for the Tasmanian government, and for Tasmania's representatives in the Federal Parliament, to keep an open mind about the possibility of changes in the base or rate of the GST, rather than maintaining a blanket opposition to either option.

[15] *Mark Kenny, 'Harming the poor through higher GST "inconceivable", Malcolm Turnbull declares', Sydney Morning Herald, 9 November 2015.*

Tasmania's state taxation and expenditure policy choices

Tasmania's below-average per capita state tax collection is partly a function of its lower-than-average taxable capacity, and partly a function of the rates of taxation which are set by the state government and the range of tax exemptions or concessions which it grants, compared with other states:

- For example, since Tasmanian average weekly earnings are about 14% below the national average, and the proportion of the Tasmanian population in employment is about 4% below the national average, it is to be expected that Tasmania would raise less revenue per capita from any given rate of payroll tax than the national average. In fact, Tasmania collects about $334 (or 36%) less in payroll tax per capita than the average of all states and territories, despite having the second-highest (after the ACT) payroll tax rate. Tasmania's relatively low payroll tax yield also reflects the relatively narrow base over which payroll tax is levied, with only employers having a payroll in excess of $1¼ million being liable for payroll tax, a higher threshold than in any other state (though lower than in the two territories).
- Similarly, since property values are lower in Tasmania, on average, than in other states, the same rates of stamp duty and land tax will raise less revenue per head than in other states. In fact, Tasmania raises $387 (or 56%) less per capita from stamp duties on land transfers, and $106 (or 39%) less per capita from land tax than the corresponding averages for all states and territories. This is despite the fact that the stamp duty payable on the purchase of a $350,000 property in Tasmania is higher than that payable on a similarly-valued property in NSW, Victoria, Queensland or the ACT (though lower than in SA, WA or the NT); and that the land tax payable on a non-exempt property valued at (say) $500,000 is higher in Tasmania than on a property in any other state[16].
- Tasmania collects about 20% less per head from gambling, insurance and motor vehicle taxes than the average of all states and territories.

According to the Commonwealth Grants Commission, Tasmania has the lowest 'revenue raising effort' ratio of any state or territory—that is, it raises less revenue per head of population than any other state or territory, after taking account of differences in each jurisdiction's revenue-raising capacity. In 2013-14, Tasmania's 'revenue-raising effort' ratio was almost 6 pc points below the national average[17].

Given that the majority of state taxation revenue is paid (at least in the first instance) by businesses, a below-average 'taxation severity ratio' helps to offset some of the other cost disadvantages faced by businesses operating in Tasmania. It therefore makes sense for the state government to maintain this as a fiscal strategy objective.

[16] Calculations based on tax rates published by the New South Wales Treasury in TRP 14-01, Interstate Comparison of Taxes 2014-15, November 2014. Obviously a $350,000 or $500,000 property in Tasmania would typically be worth more (and taxed at a higher rate) in the capital cities of other States—but that is the point of this comparison.

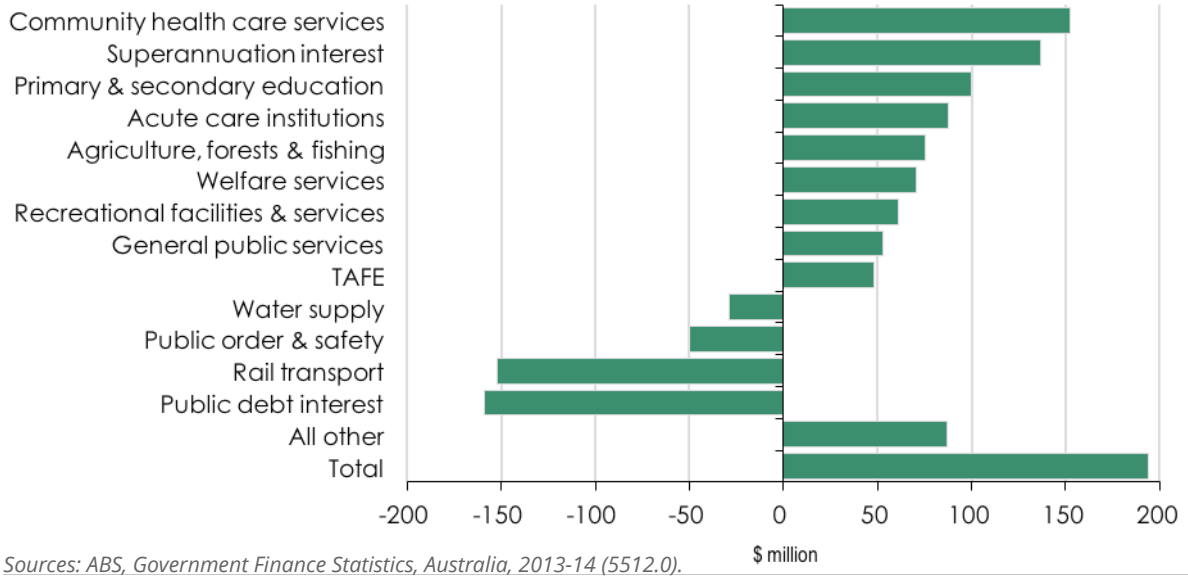
[17] Commonwealth Grants Commission, Report on GST Revenue Sharing Responsibilities: 2015 Review, February 2015, Supporting Data, Part 6. Cathy Madden and Deidre McKeown, Parliamentary remuneration and entitlements: 2014 update, Australian Parliamentary Library Research Paper, 17 December 2014, pp. 12-15.

On the other side of the budget, Tasmania's small population often dictates a higher per capita cost of providing public services. As a simple illustration, the Premier of Tasmania is paid about $34,250 or 12% less than the Premier of Victoria[18]. But because there are 11½ times more Victorians than there are Tasmanians, the per capita cost of the Premier of Tasmania's salary is roughly 10 times that of the Premier of Victoria's. That obviously doesn't mean that every service should cost ten times as much per head in Tasmania as in Victoria, but it is a factor in many cases.

Similarly, the fact that a higher proportion of Tasmania's population than of Australia's as a whole is categorised as being in the lowest socio-economic status (SES) quintile means that the demand for many public services is proportionately greater in Tasmania than elsewhere in Australia[19].

However, such factors do not necessarily explain all of the differences in government spending per capita, or as a proportion of gross state product, between Tasmania and other states and territories. There are some areas – including public order and safety, rail transport and interest on public debt – where Tasmania spends less per head than the average of all states and territories. In others, such as education and health, Tasmania delivers services through units (schools and hospitals) which are significantly smaller, on average, than elsewhere in Australia and hence incur higher fixed costs per person than if those units were larger.

Chart 6.21: Amount by which Tasmanian government operating expenses differed from the equivalent of the per capita average for all states and territories in 2013-14, by function



Sources: ABS, Government Finance Statistics, Australia, 2013-14 (5512.0).

Chart 6.21 above shows the amount by which Tasmanian government spending in different functional areas exceeded the amount which would have been equivalent to the national per capita average in 2013-14 (the latest year for which such data are available). It shows, for example, that Tasmania spent $152 million more on community health care services, $99 million more on primary and secondary schools, and $87million less on hospitals in 2013-14 than it would have if it had spent the same amount per head of population as all states and Territories, on average. This suggests that Tasmania's poor education and health outcomes, relative to the rest of Australia, are not prima facie the result of insufficient spending, or that more spending in these areas would necessarily lead to better outcomes.

[18] *For a detailed analysis of the reasons for differences in revenue-raising capacities and spending requirements among the states and territories, see Commonwealth Grants Commission, Report on GST Revenue Sharing Responsibilities: 2015 Review, Volume 1 – Main Report, February 2015, p. 5.*

[19] *For a detailed analysis of the reasons for differences in revenue-raising capacities and spending requirements among the states and territories, see Commonwealth Grants Commission, Report on GST Revenue Sharing Responsibilities: 2015 Review, Volume 1 – Main Report, February 2015, p. 5.*

SECTION 7

Tasmania's regions

7. Tasmania's regions

Tasmania is a more 'regional' state than any other in Australia. Unlike most of the non-metropolitan areas of other states, Tasmania's regions were not settled by people 'fanning out' from the colonial centre of administration, but have their own history independent from the capital. Regional cities are much more important 'points of entry' into (and exit from) Tasmania—for both people and products—than they are in other states. A larger proportion of Tasmania's population lives outside of the capital city than in any other state or territory. Partly for that reason, Tasmania's regions have more influence in Tasmania's 'power structures' than regions typically do in other states.

While Tasmania's regions have more in common with each other, in most respects, than they do with other parts of Australia, there are also some important differences among them. Some of these are summarised in Table 7.1. Compared with 'Greater Hobart', Tasmania's other two principal regions—Launceston and the North-East, and the North-West and West—have populations which are growing more slowly and are on average older; are less likely to have post-school qualifications, and are less likely to be employed.

Table 7.1: Tasmania's regions: selected characteristics

CHARACTERISTIC	UNIT	YEAR	GREATER HOBART	SOUTH EAST	LAUNCESTON & NORTH EAST	NORTH WEST & WEST
Population	000	2013	218.0	37.6	143.5	114.0
Population growth	% pa	2010-13	0.69	0.62	0.22	0.16
Median age	years	2013	39.4	45.5	41.7	42.2
Population aged 65 & over	%	2013	16.1	18.9	17.9	18.2
Average wage income	$ pa	2011	45,671	38,651	41,992	42,494
Post-school qualifications						
Bachelor degree or higher	%	2011	22.9	15.5	13.0	10.6
Diploma or adv. diploma	%	2011	7.9	7.3	7.3	6.8
Cert III or IV	%	2011	18.5	21.0	20.9	23.5
Participation rate	%	2014-15	58.8	56.5	55.9	54.8
Unemployment rate	%	2014-15	6.3	8.1	6.6	7.8
Composition of employment	% of total	2011				
Agriculture, forestry & fishing			1.6	15.3	5.6	1.7
Mining			0.3	0.6	0.9	4.0
Manufacturing			6.4	7.9	10.1	12.2
Construction			7.5	8.6	7.5	7.7
Retail trade			11.4	8.8	11.6	11.5
Accommodation & food services			7.1	7.9	7.5	7.0
Public admin & safety			12.2	7.8	6.5	6.0
Education & training			9.6	7.0	9.1	8.0
Health care & social assistance			12.8	10.4	11.9	10.8
Other services			31.1	25.7	29.3	25.7

Sources: ABS, Regional Statistics by ASGS, Annual (1379.0), 2008-09 to 2012-13; Labour Force, Australia (6202.0), October 2015.

If they are employed, people in the North or North-West and West are more likely to be employed in primary industries, mining or manufacturing than people in Hobart, and less likely to be employed in sectors where the public sector is the predominant employer. As employees, they typically earn a little less than people in the State's capital.

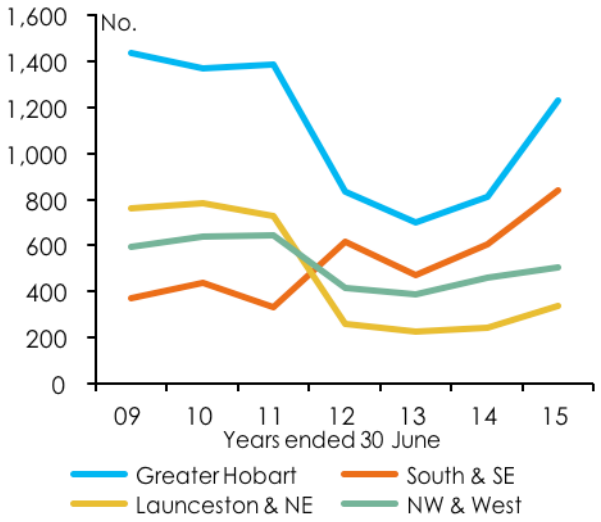
By and large, the two northern regions have suffered more from the effects of the stronger A$ while the 'resources boom' was in full swing, from the structural decline in Australian manufacturing, and from the collapse of the forestry industry earlier this decade. The West Coast has been hit hard by mine closures. The North-West has benefited from the strong growth in dairying, while the ongoing expansion in aquaculture has been concentrated in the South and South-East region. Hobart and the South-East have enjoyed the lion's share of the boom in tourism.

Unfortunately, the indicators most commonly used to track economic performance at the national or state level are not available on a timely basis at the regional level. Two exceptions are labour force data and data on building approvals: they are used in this chapter to provide some more up-to-date insights into the performance of Tasmania's regional economies.

Building approvals

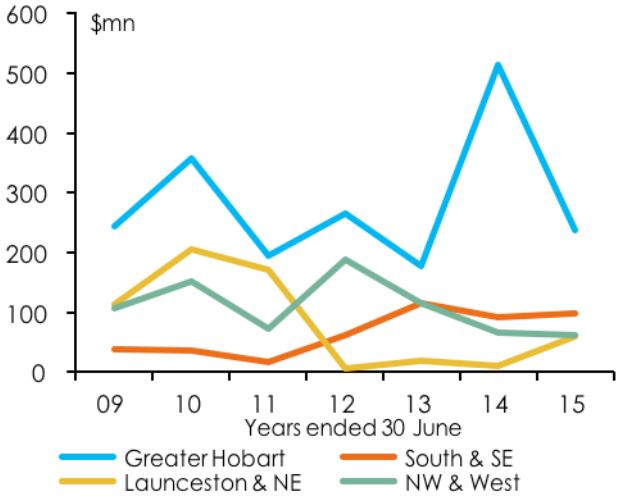
Each of Tasmania's regions experienced an increase in residential building approvals in the 2014-15 financial year (Chart 7.1). By far the largest increase, of almost 51% was in Greater Hobart, following a 16% increase in 2013-14. Residential building approvals also rose strongly, by 39%, in the South and South-East region (excluding Hobart), supported by strong population growth: for the past two years more new dwellings have been approved for construction in this region than in either the North or the North-West and West, despite it being home to less than 8% of Tasmania's population.

Chart 7.1: Number of new residential buildings approved, Tasmanian regions



Source: ABS, Building Approvals (8731.0), October 2015

Chart 7.2: Value of non-residential buildings approved, Tasmanian regions



Source: ABS, Building Approvals (8731.0), October 2015.

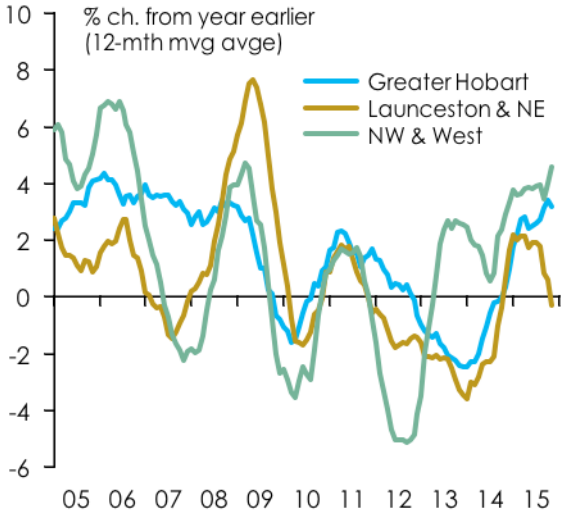
Launceston and the North-East experienced a much sharper decline in building activity during 2011-12 and 2012-13: despite a similar increase in approvals in 2014-15 to the South and South-East, the level of housing activity in the North remains low by historical standards. In the North-West and West, residential building approvals rose by 10% in 2014-15 after a 19% increase in 2013-14: almost half of the decline in approvals which occurred during 2011-12 and 2012-13 has now been reversed.

The upturn in non-residential building activity has been almost entirely confined to Hobart: the value of approvals fell back in 2014-15 from a very high level in 2013-14 (which included approval of the Royal Hobart Hospital redevelopment), but remained at a high level by historical standards (the 2014-15 figures include the Parliament Square project). The value of non-residential building approvals in Launceston and the North-East rose almost five-fold in 2014-15, but that was from an exceptionally low base, and the 2014-15 level of approvals was still almost two-thirds below the 2010-11 value. In the North-West and West, the value of non-residential building approvals fell by 8.2% in 2014-15, the third consecutive annual decline.

The labour market

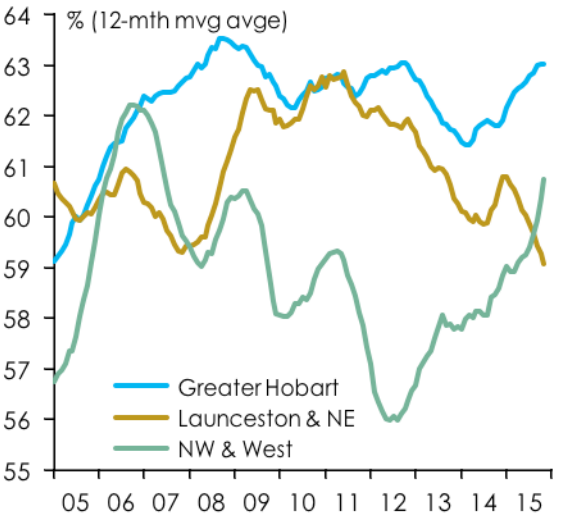
Employment growth has been concentrated in the North-West and West, and in Hobart, over the past year (Chart 7.3). On average over the 12 months ended October 2015[20] , employment in the North-West and West grew by 2,280 or 4.6%, the fastest pace in six years. Employment in Hobart grew by 3,250 or 3.2%; while in Launceston and the North-East, employment actually declined by 195 or 0.3% in the year ended October after recording growth of around 2% during 2014-15.

Chart 7.3: Employment growth, Tasmanian regions



Source: ABS, Labour Force, Australia (6302.0), October 2015

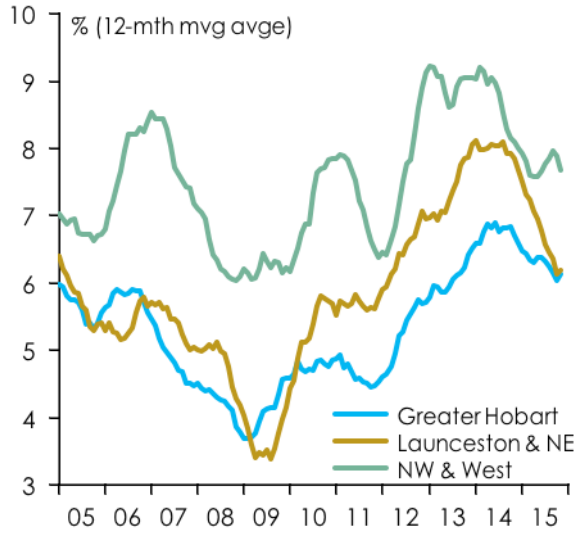
Chart 7.4: Labour force participation rates, Tasmanian regions



Source: ABS, Labour Force, Australia (6302.0), October 201

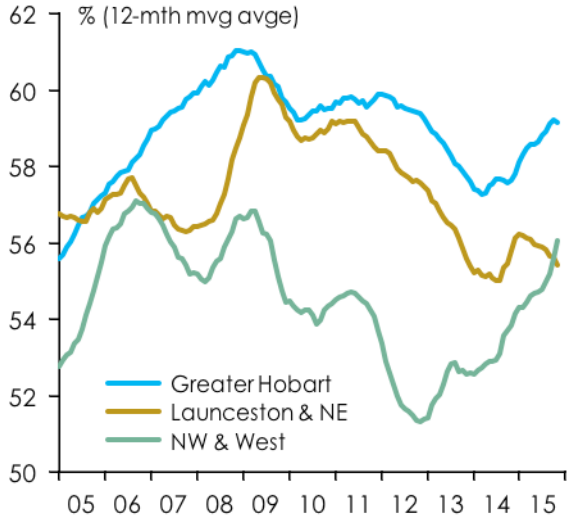
[20] Labour force data by regions is not published in seasonally adjusted or trend terms, as it is for states and territories and for Australia as a whole. Using 12-month moving averages provides the best way of 'looking through' seasonal and other short-term fluctuations in the raw monthly data.

Chart 7.5: Unemployment rates, Tasmanian regions



Source: ABS, Labour Force, Australia (6302.0), October 2015

Chart 7.6: Employment-population ratios, Tasmanian regions



Source: ABS, Labour Force, Australia (6302.0), October 2015.

The pick-up in employment growth in the North-West and West appears to have prompted a surge of previously-discouraged job-seekers back into the work force (Chart 7.4), so that the unemployment rate in that region remains higher than elsewhere in the state (Chart 7.5), despite a significant increase in the proportion of the working-age population in employment, which has historically been the lowest among Tasmania's major regions, but is now higher than in Launceston and the North-East.

By contrast, the slowing in employment growth in Launceston and the North-East over the past year has prompted a renewed decline in labour force participation in that region (to its lowest level in 15 years). The decline in the unemployment rate in Launceston and the North-East shown in Chart 7.5 thus masks a significant increase in 'hidden' unemployment.

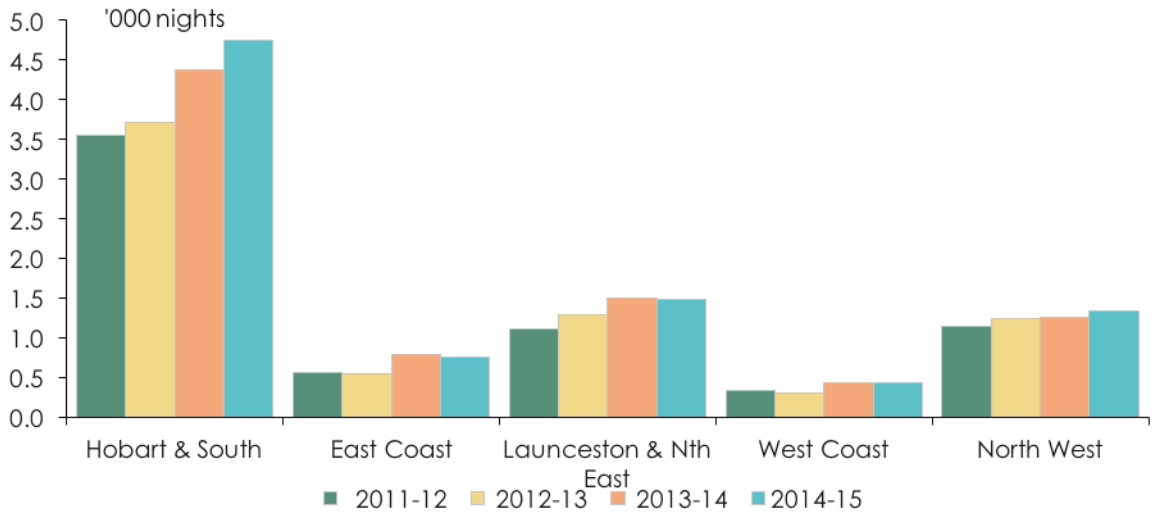
By contrast, the decline in the unemployment rate in Greater Hobart is a sign of genuine improvement in the labour market, since it has occurred despite an uptrend in the labour force participation rate (to its highest level in 6½ years).

The differences in the proportions of the population of each of Tasmania's three regions in employment (Chart 7.6) provide a further illustration of the strong linkages between levels of educational attainment and employment prospects, discussed in Chapter 4. As shown in Table 7.1 earlier, a much larger proportion of the population of Greater Hobart have degrees or diplomas than of the populations of Tasmania's other two major regions: it is no coincidence that a much higher proportion of them have jobs. A higher proportion of people in the North-West and West have Certificate III or IV qualifications than in Launceston and the North (or the South): this may have contributed to the greater resilience of the labour market in the North-West and West.

Tourism

As discussed in Chapter 1, tourism has been one of the strongest-performing sectors of the Tasmanian economy in recent years. The epicentre of the Tasmanian tourism boom has been in Hobart, reflecting (among other things) the appeal of MONA and the growing number of cultural events in Tasmania's capital city, and the increase in air services to Hobart from mainland capitals. More than half of all visitor nights are spent in Hobart and the surrounding region, and this region has accounted for almost 58% of the increase in visitor nights over the past three years (Chart 7.7).

Chart 7.7: Visitor nights, by region, 2011-12 to 2014-15



Source: Tourism Tasmania, Tasmanian Visitors Survey.

The North-West Coast recorded a 6.3% increase in visitor nights in 2014-15, not too far behind the 8.7% increase attained by Hobart and surrounds. However, Tasmania's other regions recorded small declines in visitor nights in 2014-15.

Strengthening Tasmania's regions

As noted earlier in this Chapter, the North and the North-West have borne the brunt of the structural and cyclical headwinds facing the Tasmanian economy since the onset of the global financial crisis, including the side-effects of the national 'resources boom' and the difficulties confronting particular industries such as forestry and manufacturing, whereas Hobart has been more insulated from these forces by its larger share of public sector employment and its growing appeal to interstate and international tourists.

Now that the Australian dollar has returned to more competitive levels, and given the opportunities opening up as a result of the changing composition of economic growth in Asia (enhanced by the preferential trade agreements which Australia has signed with China, Japan and Korea), there are some grounds for expecting some reversal in the fortunes of the North and North-West. Indeed in some important respects these expectations are already being borne out in the North-West.

Nonetheless, it is appropriate that the state government is prioritising the North and North-West in its employment and infrastructure programs.

However, from a longer-term perspective, the keys to improving economic performance in the North and North-West are the same as those to improving economic performance in Tasmania as a whole—participation in employment, hours worked and labour productivity.

And, as the analysis presented in Chapter 4 demonstrates, there is nothing that can contribute more to progress in each of these three areas than higher levels of educational participation and attainment. To that end, the Tasmanian government's emphasis on offering Year 11 and 12 courses at high schools in regional centres is of great importance. It will be no less important for the University of Tasmania to remain engaged in each region, offering courses that will equip students to meet the needs of employers in each region, as well as attracting students and staff from other parts of Australia and overseas to live and work in these regions.

SECTION 8
Looking forward

8. Looking forward

This inaugural TCCI Tasmania Report has sought to lay out the facts of Tasmania's economic situation in order to promote a broader and deeper understanding of Tasmania's strengths and weaknesses, in the belief that this will, in turn, facilitate both a stronger appetite for change, and a greater probability of identifying and implementing strategies. This will ultimately prove effective in narrowing the wide gaps in economic performance and material living standards, which currently exist between Tasmania and the rest of Australia.

Perhaps inevitably, this report has laid its greatest emphasis on those areas where Tasmania could and should do better—and underplayed some of Tasmania's advantages and strengths.

It is therefore worth remembering that Tasmania does have considerable potential. As a producer of high-value foods and beverages, as a niche producer of specialised manufactured products, as a tourist destination with particular appeal to visitors in search of unique experiences, as the home of leading-edge research in distinctive fields, as a place where housing is still affordable, as a home to a vibrant and distinctive range of cultural and artistic endeavours, and as a community better-placed than many to deal with the challenges associated with climate change.

However, these attributes on their own do not guarantee Tasmanians a prosperous economic future. None of them are exclusive to Tasmania; all of them require the application of both financial and human capital to bring them to fruition.

There are no simple, easy, short-term, one-size-fits-all solutions to the challenges confronting Tasmania. If there were, they almost certainly would have been implemented already.

Tasmania is a society which is older, poorer, less well-educated and more dependent on government largesse than the rest of Australia. Those characteristics almost inevitably make Tasmanians more resistant to change, and suspicious of those who advocate it, than people in communities which are younger, richer, better educated and more entrepreneurial.

Yet Tasmania needs to change, if it is not to continue falling further behind the rest of Australia, in a material sense if not in other ways.

A Tasmanian economy which makes the most of the potential described above will look very different from the Tasmanian economy of the mid-20th century, when the world as we knew it comprised a relatively small number of relatively rich industrialised economies, with whom we had close historical ties, and the bulk of the world's population remained outside the global trading system as it then was. In that era, it was possible for Tasmanians to leave school at year 10, to obtain reasonably secure employment at reasonable wages producing a narrow range of goods for sale at home in the face of little competition from abroad, or for export with the selling point of cheap electricity. Those days have long gone.

A recurring theme in this Report has been the importance of achieving higher levels of participation in employment, higher levels of full-time employment, and higher levels of productivity, in order to narrow the gap between per capita incomes in Tasmania and the rest of Australia.

Given Tasmania's demographic profile, its remoteness from major population centres, and its factor endowments, it is unrealistic to expect that Tasmania could or should seek to eliminate entirely the difference between its per capita gross product, or household disposable income, and the Australian average. But nor do we need to, or should we, accept that we can't do better than 27% below the national average. Surely we could aim at being, say, 15% below the national average, as South Australia is today?

Another recurring theme in this Report has been the critical importance of lifting Tasmanians' levels of educational participation and attainment in order to enhance Tasmanians' prospects of securing employment, and earning higher incomes.

The evidence on this score is unambiguous and overwhelming. While it is not a 'magic bullet' that can 'solve' all of Tasmania's problems, it is hard to think of anything that could do more to solve them than higher levels of educational participation and attainment. This Report has argued that achieving higher levels of educational participation and attainment requires organisational change in Tasmania's education system and cultural change across the entire Tasmanian community.

Government has a vital role to play in both of those areas, but it cannot achieve the necessary extent of change on its own. The recently-announced partnership between the Tasmanian government and the University of Tasmania illustrates the potential for higher education to serve as a driver of long-term growth in the Tasmanian economy.

There are other things that could be done in pursuit of the objective of higher incomes for Tasmanians, relative to the rest of Australia.

The state government could fund the provision of better economic and social infrastructure, either through judicious and prudent borrowing (whilst retaining the commitment to running operating surpluses), or by 'recycling' existing assets on its balance sheet, as other states have done. While there may be a sound case for retaining Tasmania's electricity generating assets in public ownership, the case for long-term public ownership of electricity transmission, distribution and retailing businesses is far less compelling.

The state government could also reduce Tasmania's vulnerability to changes in federal-state financial arrangements, by pursuing avenues for reducing the unit costs of providing public services to levels more consistent with other jurisdictions.

Tasmania should be an enthusiastic advocate for reform of the national taxation system, but could also lead reform of state taxation, for example by broadening the base and lowering the rate of payroll tax, or by abolishing stamp duties on land transfers and replacing them with a more broadly based land tax.

Finally, it is important to acknowledge that the achievement of higher levels of employment, productivity and income relative to the rest of Australia is a means to an end, and not an end in itself. A rising tide doesn't lift every boat.

However, it is a firm contention of this Report that a Tasmania with higher levels of employment, productivity and income relative to the rest of Australia than it has today, will have fewer social and economic problems than it has today: and that it will have more resources to deal with the problems that will undoubtedly continue to exist.

How TCCI MEMBERSHIP benefits *your business*

JOIN TODAY!

The Tasmanian Chamber of Commerce and Industry is an independent membership organisation that positively leads and supports the Tasmanian business community.

TCCI provides valuable support to its members through advocacy and a range of programs and services including:

- Customised membership to achieve your business objectives
- Workplace relations advice
- Workplace health and safety
- Networking and promotion
- Training and workforce development
- Events

Tasmanian Chamber of Commerce and Industry
Hobart | Launceston
Ph: 1300 559 122 www.tcci.com.au

TCCI
Invigorating Business