



# The Coalition's Economic Growth Plan for Tasmania

August 2013

## Key Points

The Coalition believes the economic course of Tasmania can be reset to one of growth, jobs and rising living standards.

Tasmania has the lowest gross state product per capita in Australia, the nation's highest unemployment rate, the nation's lowest life expectancy, the highest standardised death rate due to suicide, the lowest proportion of adults in the nation who have attained a year 12 qualification, one of the nation's lowest retention rates to year 12 and the highest proportion of people without superannuation coverage.

Under the Rudd-Gillard Government there have been no additional new jobs created in Tasmania – in fact, almost one in ten full time jobs have been lost.

Tasmania deserves a better future based on a stronger, more competitive economy.

The Coalition believes a comprehensive package of policy measures aimed at enhancing Tasmania's competitiveness and investment prospects is necessary to boost employment, real wage growth and opportunities for individuals, families and businesses.

There is no avoiding the fact that Tasmania must be more competitive and it must have much greater incentives for private sector investment, innovation and jobs growth.

We will not entertain proposals that disadvantage Tasmania and we will not change Tasmania's goods and services tax (GST) distribution. Indeed, we will not change the GST – end of story.

But a policy framework must be established to boost Tasmania's competitiveness.

If we fail to drive economic growth, we relegate Tasmania to more years of lacklustre performance that only hurts the State's families and businesses. That is why the Coalition will deliver an *Economic Growth Plan for Tasmania* that builds on the work of the Coalition's earlier *Growth Plan for Tasmania Discussion Paper*.

Tasmania can be competitive, particularly in the resources, forestry, fisheries, tourism and agricultural sectors. The State has many natural and comparative advantages that can provide greater long-term benefits for Tasmanians.

The Coalition firmly believes Tasmanians deserve a better future, with a stronger economy that provides more jobs, more competitive and higher quality services, and more opportunities.



The Coalition's *Economic Growth Plan for Tasmania* will:

- promote more investment and jobs growth, by establishing a 'Tasmanian Major Projects Approval Agency' tasked with acting as a 'one-stop-shop' for new major projects intended for Tasmania that require any type of Commonwealth regulatory approval or regulatory compliance reporting. This Agency will handle not just environmental approvals, but any other Commonwealth regulatory approval or reporting required for major projects;
- help address long-term unemployment, by introducing a trial jobs programme providing a payment of \$3,250 to a Tasmanian business that hires unemployed jobseekers who have been on Newstart Allowance for six months and continues to employ them on a full-time basis for a period of at least six months;
- elevate Tasmania's jobs and economic growth prospects, by establishing a 'Joint Commonwealth and Tasmanian Economic Council' comprised of the Prime Minister, Commonwealth Treasurer and representatives of Tasmanian business. This new Joint Commonwealth and Tasmanian Economic Council will ensure that Tasmanian economic issues are at the forefront of the Commonwealth Government's policy agenda;
- boost Tasmania's productive capacity, by providing \$38 million to expand Hobart International Airport;
- boost Tasmania's economy, freight networks and productive capacity, by investing \$400 million to upgrade the Midland Highway;
- improve mobile phone coverage, by investing \$100 million to address mobile phone black-spots across Tasmania and Australia;
- ensure Hobart is a world centre for Antarctic research and capabilities, by providing \$24 million in new money over three years to establish a new Centre for Antarctic and Southern Ocean Research;
- boost investment in information, technology and communications in Tasmania, by continuing the \$10 million in funding for the Sense-T project and providing an additional \$1 million to accelerate commercialisation of the 'Pathways to Market' project and \$2 million to establish an advanced sensor manufacturing facility;
- promote expansion of the fruit and vegetable industry, by creating a 'Fruit and Vegetable Industry Taskforce' that will develop an industry-led growth plan for the industry;



- place downward pressure on Tasmanian business costs, the cost of Bass Strait shipping, and the price of goods and services, by implementing a joint Productivity Commission and Australian Competition and Consumer Commission (ACCC) review of Tasmania's shipping costs, the competitiveness of Tasmania's freight industry structure and economic infrastructure, and the Tasmanian Freight Equalisation and Bass Strait Passenger Vehicle Equalisation Schemes (the Coalition will keep both Schemes, but will review them to ensure their equity and effectiveness);
- promote investment, jobs growth and sustainable resource use in the forestry sector, by maintaining support for long-term Regional Forest Agreements, establishing a 20-year rolling life for each Regional Forest Agreement, and providing resource security and a stable investment environment for the forestry industry; and
- reduce costs on families and business, as well as to promote more investment and jobs growth, by abolishing the carbon and mining taxes.

The Coalition will honour existing and committed contracts under the Tasmanian Forests Intergovernmental Agreement. We will also give careful consideration to relocating appropriate Commonwealth agencies to Tasmania (provided such relocation is likely to benefit taxpayers and contribute to the better delivery of services to Tasmania).

The Leader of the Opposition, the Hon Tony Abbott MHR, established a Coalition Working Group in August 2012 charged with developing proposals to encourage investment, restore economic growth and create jobs in Tasmania. Based on the work and public consultations of the Working Group, in May 2013 the Coalition released a discussion paper outlining policy options to grow Tasmania.

Our *Economic Growth Plan for Tasmania* reflects the feedback we have had from businesses, individuals, families and organisations on our May 2013 discussion paper.

It is clear that restoring Tasmania's economic competitiveness necessitates concerted policies that focus on structural reforms – rather than Labor's approach of short-term, *ad hoc* political announcements that favour cash hand-outs over measures that will actually do something for the longer-term benefit of Tasmanian jobs and standards of living.

The Coalition firmly believes Tasmania deserves a better future and that under a Coalition government its best days can be ahead of it rather than behind it.



## Introduction

Tasmania is a small economy with a population of approximately 512,000.

The island State has many natural advantages. It has abundant rainfall, a range of known mineral deposits, rich agricultural land, scenic and historical tourist attractions, large fish stocks and large tracts of forest. Tasmania also manufactures a wide variety of quality products and has the potential to attract high value-added industries.

The State has, in other words, resources that the world wants and the potential to use those resources to its advantage.

The State has been an important contributor to Australia's development.

Nevertheless, Tasmania has largely underperformed the broader economy. As the Bureau of Infrastructure, Transport and Regional Economics (BITRE) notes:

*"From Federation to the late 1990s, over 75 reports into Tasmania have been conducted with the overwhelming conclusion that Tasmania's economic performance has generally lagged behind the other States...The underperformance was clear in a number of economic indicators, such as employment, participation rates, human capital and business investment."*<sup>1</sup>

Improvements to Tasmania's economic performance under the Howard Government have been replaced by lacklustre and declining performance under Labor – see Box 1 overleaf.

Gross state product per capita in Tasmania is the lowest of any State or Territory, having increased by only 2.2 per cent since Labor came to power in 2007. State final demand was stagnant over 2011 and contracted by 4.8 per cent over 2012.

Tasmania was the only State or Territory to report a decline in real gross State income per capita in 2011-12.

Under the Rudd-Gillard Government there have been no additional new jobs created in Tasmania – in fact, almost one in ten full time jobs have been lost.

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<sup>1</sup> Bureau of Infrastructure, Transport and Regional Economics, 'A Regional Economy: A Case Study of Tasmania,' Report 116, pp. 3 and 18.



### Box 1 – Comparative Measures of Tasmania’s Recent Performance

Tasmania has the lowest gross state product per capita in Australia.

Over 2012, state final demand contracted by 4.8 per cent.

Tasmania has the highest unemployment rate of any State, standing at well over two percentage points higher than the national average (in trend terms).

Tasmania has the lowest workforce participation rate of any state in Australia and the lowest average weekly earnings in Australia.

The State Budget has been in fiscal deficit since 2008-09, with another deficit currently projected for 2013-14.

Tasmania has the lowest proportion of adults in Australia that have attained a year 12 qualification and the lowest retention rates to year 12 of any state.

The State has the lowest life expectancy and the highest standardised death rate in Australia.

For the past three years trend retail sales in Tasmania have declined in more than two months out of every three. Trend retail sales in the State fell by almost three per cent over 2012, compared with growth of three per cent nationwide.

Under Labor, unemployment has steadily risen in Tasmania – see Table 1 overleaf. The number of unemployed has risen by 8,000 in Tasmania since November 2007, compared to a 10,000 decrease in unemployment under the Howard Government.<sup>2</sup>

Moreover, the increase in unemployment under Labor has occurred despite increasing out-migration from Tasmania to other States, largely to seek work elsewhere because of poor job prospects in the State; and despite a decline in the participation rate among Tasmanians (reflecting people giving up even looking for work).

<sup>2</sup> The Tasmanian Treasury has noted there can be volatility in data “especially for a small economy such as Tasmania” and that data for Tasmania can “tend to be quite volatile and often subject to substantial revision.” Consequently, trend figures are used to abstract from the sharp month-to-month volatility which can occur in seasonally adjusted figures for a small population state like Tasmania.



**Table 1: Unemployment rate**

	Tasmania (%)	Australia (%)
March 1996 (start of Coalition Government)	10.3	8.5
November 2007 (end of Coalition Government)	5.4	4.3
August 2010 (re-elected Rudd-Gillard Government)	5.9	5.2
July 2013 (Rudd-Gillard Government)	8.4	5.7

**Source:** ABS 6202.0 - Labour Force, Australia, July 2013. Trend figures used to avoid the sharp month-to-month volatility in seasonally adjusted figures for a small state such as Tasmania.

Private sector gross fixed capital formation, an important indicator of business confidence and future productive capacity, more than doubled in Tasmania under the Howard Government, but has gone backwards in recent years under Labor – see Table 2 below.

The State Budget has been in fiscal deficit since 2008-09.

The State Government has increased a range of taxes, including increases to taxes on light vehicles.

**Table 2: Private gross fixed capital formation (\$m, seasonally adjusted)**

	Tasmania
March quarter 1996 (start of Coalition Government)	556
December quarter 2007 (end of Coalition Government)	1,151
September quarter 2010 (re-elected Rudd-Gillard Government)	1,019
March quarter 2013 (Rudd-Gillard Government)	905

**Source:** ABS 5206.0 Australian National Accounts: National Income, Expenditure and Product.

The overall picture for Tasmania is of a State that is failing to encourage growth or build a hopeful future for the generations to come.

It is a State that appears to be reducing opportunities for Tasmanians, not expanding them.

This needs to change.



# The Plan

## 1. A Tasmanian Major Projects Approval Agency

The Coalition will promote more investment and jobs growth by establishing a 'Tasmanian Major Projects Approval Agency' for new major Tasmanian projects.

Our Tasmanian Major Projects Approval Agency will be tasked with acting as a 'one-stop-shop' for new major projects intended for Tasmania that require some form of Commonwealth regulatory approval or compliance reporting processes – such as environmental approvals and taxation compliance for major projects proposed for Tasmania.

The Tasmanian Major Projects Approval Agency will manage all Commonwealth approval processes for projects that will invest a minimum aggregated total of \$50 million in new gross fixed capital within Tasmania by no later than 2020. It will not usurp existing Commonwealth standards and approval processes – its function will be to manage the paperwork associated with project approvals so that major projects need only deal with a single Commonwealth entry point.

The Coalition will work with the Tasmanian State Government with the intent of making the Tasmanian Major Projects Approval Agency a 'one-stop-shop' for both Commonwealth and State regulatory approvals.

The Tasmanian Major Projects Approval Agency will operate for a period of three years, starting from 1 July 2014. The three year period is intended to provide impetus for major investment to take place in Tasmania sooner.

The Coalition has already committed to an environmental approval 'one stop shop' that will apply across Australia and will streamline environmental approvals upon agreement with the States and Territories.

The Tasmanian Major Projects Approval Agency will be established as soon as possible and will act as the central point for major project Commonwealth environmental approvals.

As the Tasmanian Major Projects Approval Agency will act as a one stop shop for all Commonwealth regulatory approval or compliance reporting processes, it will be an incentive for major projects to occur sooner in Tasmania.





Our approach is consistent with recently announced recommendations from the Productivity Commission calling for:

*“...establishing a ‘one project, one assessment, one decision’ framework for environmental approvals... [and] adopting a coordination office model to advise proponents on statutory requirements, to coordinate and facilitate assessment and approval processes and to track and report on progress against timelines.”<sup>3</sup>*

The Tasmanian Major Projects Approval Agency will be established in Launceston.

## 2. Boosting Jobs Growth in Tasmania

The Coalition will establish a trial jobs programme for Tasmania to turbo-charge a lacklustre jobs market.

Our jobs programme will provide a one-off payment of \$3,250 to any Tasmanian business that hires an unemployed jobseeker who has been on Newstart Allowance for six months and continues to employ them for a period of at least six months. Businesses will be eligible for the \$3,250 payment for each unemployed person they hire.

The minimum period of continuous employment required to qualify for the payment will be six months. The payment will be worth \$250 a fortnight, for total support for six months of \$3,250. This is equivalent to around half the cost of the current Newstart Allowance.

The payments will be provided for the first 2,000 job seekers hired by a Tasmanian business.

This employment support incentive will encourage businesses to provide jobs to Tasmanians who have been unemployed for an extended period, reducing their risk of becoming detached from society, ensuring their skills do not erode and preventing the damaging effects of welfare dependency.

The programme will also encourage businesses to hire unemployed Tasmanians quickly, so as to qualify for the incentive payment, providing a kick-start to the Tasmanian job market which it desperately needs.

The trial jobs programme will commence in 2014-15 and will last for two years, or until the 2,000 jobs target is met.

<sup>3</sup> Productivity Commission (2013) *Major Project Development Assessment Processes*, p. 2.



The trial will be reviewed upon completion to assess its success and to determine whether it should be continued or expanded more broadly.

Unemployed jobseekers hired under the scheme must have been physically resident in Tasmania for the preceding six months.

Our Tasmanian jobs programme will provide a real incentive for businesses to hire new staff, expand and invest further in their own growth. It will provide more opportunities for unemployed people to get a job and develop their skills and experience.

The Coalition will introduce the measures necessary to boost employment growth in Tasmania. This Tasmanian specific jobs programme will be complemented by a raft of national employment participation policies to help boost jobs growth and provide added job security for workers.

### 3. A Joint Commonwealth and Tasmanian Economic Council

The Coalition will elevate the national importance of Tasmania's economic growth by establishing a 'Joint Commonwealth and Tasmanian Economic Council' comprised of the Prime Minister, the Commonwealth Treasurer and Tasmanian business representatives.

The Joint Commonwealth and Tasmanian Economic Council will mean Tasmania's economic growth will be at the forefront of a Coalition government's thinking and that issues affecting Tasmania's competitiveness will be given prominence at the national level.

The chairman of the Tasmanian Major Projects Approval Agency will be a member of the Joint Commonwealth and Tasmanian Economic Council.

The Council will meet quarterly for the first 18 months of a Coalition government.

Our Joint Commonwealth and Tasmanian Economic Council will not be a talkfest. Its purpose and intent is to drive competitive reforms so that Tasmanian households and businesses are more likely to see lower prices, more innovative and high quality products, more job opportunities and higher real wage growth.

The Coalition expects that the Joint Commonwealth and Tasmanian Economic Council will consider recommendations arising from the joint Productivity Commission and ACCC review of Tasmania's shipping costs and the competitiveness of Tasmania's freight industry structure and economic infrastructure (as detailed at point eight of our *Economic Growth Plan for Tasmania*).



The Council will first and foremost give consideration to the type of competitive reforms needed to boost Tasmania's long-term growth. It will not countenance measures that are a mere continuation or expansion of Commonwealth grants or one-off payments.

The Council has real potential both to identify the type of reforms needed to boost Tasmania's economy and to develop definitive, agreed plans and lines of accountability for the implementation of these reforms.

#### 4. A World Class Centre for Antarctic and Southern Ocean Research

The Coalition will provide \$24 million over three years to establish a new Centre for Antarctic and Southern Ocean Research in Hobart and we will continue the \$25 million in funding over five years provided in the 2013-14 Budget for the Antarctic Climate and Ecosystems Cooperative Research Centres.

Tasmania should be a centre for research in fields where it holds competitive advantage.

One of Tasmania's key strategic advantages is its proximity to Antarctica.

There are numerous bodies involved in Antarctic and Southern Ocean research in Tasmania, including: the Antarctic Climate and Ecosystems Cooperative Research Centre, the Integrated Marine Observing System and the CSIRO's Southern Ocean research operations.

These bodies are important contributors to the Tasmanian economy. They collectively employ more than 800 people and support \$50 million worth of Antarctic-related goods and services annually.<sup>4</sup>

The strength of these bodies is that they compete for funding and research expertise, which provides impetus for innovation and efficiencies. The limitation, however, is that multiple public bodies pursuing similar agendas can result in duplication and bureaucratic inefficiencies that detract resources from productive research.

To help facilitate greater collaboration and efficiencies, the Coalition will establish a new Centre for Antarctic and Southern Ocean Research that will be a collaboration between the Australian Antarctic Division, the CSIRO and the University of Tasmania.

The Centre will be responsible for coordinating collaborative research relating to the Antarctic and Southern Ocean, while also allowing existing Antarctic and Southern Ocean bodies to remain independent and to compete for expertise, skills and funding.

The Coalition's new Centre for Antarctic and Southern Ocean Research will reinforce Hobart as an internationally recognised Antarctic and Southern Ocean research precinct,

<sup>4</sup> Tasmanian Government, *Antarctic and Southern Ocean Industries*, p. 2.



as the gateway to Antarctica, and as a hub for international research collaborations on the Southern Ocean.

## 5. Making Hobart International Airport More Competitive

The Coalition will invest \$38 million to increase the length of the runway at Hobart International Airport, subject to Hobart International Airport entering into commercial negotiations for an agreement for regular international flights by an overseas international carrier – such as Qantas, Singapore Airlines or Air New Zealand – or negotiations for an agreement for use by large Antarctic research aircraft or negotiations for international charter flights.

Hobart International Airport will contribute \$2 million toward the project.

Hobart International Airport has received strong interest from other countries about using Hobart as a base for their own Antarctic operations. Interest has also been received from international carriers about direct international charter flights servicing Hobart.

The Coalition believes this is an important project that will enhance Hobart's Antarctic expertise and position as a world-centre for Antarctic research and field operations. Enhancing Hobart's position as a world-centre for Antarctic research can deliver further boosts to employment and investment. The Airport's expansion presents a unique opportunity to achieve wider jobs growth and investment than may be available from airport expansions in other regions.

The project has significant scope to reinforce Hobart as the global hub and gateway for Antarctic research and expeditions.

The project will extend the runway by 500 metres, together with works on the taxiways and lighting system. The extension will enable larger and longer range aircraft to use the airport, carrying full fuel and payloads to international destinations.

According to Hobart International Airport, the runway extension will:

- provide a foundation for the expansion of Australia's Antarctic research and exploration sector and associated industries;
- allow for the creation of a diverse fly-in fly-out workforce for Australian and international Antarctic programmes, representing a 'structural change' to current operations;



- underpin the growth of new Australian businesses specialising in Antarctic station support, including equipment, maintenance, medical, construction, and research; and
- increase capacity for Hobart International Airport to host charter flights aimed at the Asian and Antarctic tourism markets, as well as for direct exports by air of a range of new high value agricultural products from Tasmania to Asian markets.

During the two year construction period, the project will generate up to 200 jobs for the Tasmanian construction industry.

## 6. Upgrading the Midland Highway

The Coalition will provide \$400 million to upgrade the Midland Highway.

The Midland Highway is part of the National Highway Network and is the major freight and passenger route between north and south Tasmania, connecting the island's largest cities – Hobart and Launceston. Freight and passenger movements on the Midland Highway are forecast to increase by 70 per cent and 40 per cent respectively by 2030.

The importance of the Midland Highway is well understood. As the Tasmanian State Government and various local councils have noted:

*“The Midland Highway is a key part of the north-south freight supply chain, and is the major freight and passenger route between Hobart and Launceston. The Highway carries over two million tonnes of freight per year, valued at over \$2.3 billion, with freight tonnages forecast to more than double by 2038 to over 4.4 million tonnes. Containerised traffic comprises almost half the tonnage (44 per cent) and more than three quarters of the value (83 per cent) of the Highway’s freight task. 86 per cent of exports from the southern region are moved through the northern ports, making this a critical link in the movement of product from southern Tasmania to the northern export ports.”<sup>5</sup>*

Our funding will commence in 2014-15 and will be \$40 million a year over ten years.

<sup>5</sup> Protocol Arrangements for the Development of a Partnership Between the State Government and the Brighton, Clarence City, Glenorchy City, Hobart City, Launceston City, Northern Midlands and Southern Midlands Councils, October 2009, p. 8.



There have been over 40 deaths on the Midland Highway in the past 15 years,<sup>6</sup> including several horrific road accidents in recent years.<sup>7</sup> With expected growth in passenger and freight vehicles, it is more likely than not that the death toll will continue to rise unless the Midland Highway is upgraded.

Road accidents are not only tragic, but can significantly affect Tasmania's economy.

The Coalition's commitment will see the Midland Highway progressively upgraded in partnership with the private sector and the State Government.

## 7. Better Mobile Phone Coverage

The Coalition will invest \$100 million to attack mobile phone black-spots across Tasmania and Australia.

Hundreds of rural, regional and remote communities, as well as motorists travelling on national roads, will experience improved mobile phone coverage under our policy.

If elected, a Coalition government will partner with local communities, state governments and telecommunications companies and make this investment in black-spot remediation far greater than our \$100 million commitment.

Our policy will provide \$80 million for a Mobile Network Expansion Programme that will improve mobile phone coverage along major transport routes, in small communities and in locations prone to experiencing natural disasters. The Mobile Network Expansion Programme is expected to generate at least an additional \$80 million investment from the major mobile phone carriers.

We will also provide \$20 million for a mobile black spot programme that will address unique mobile coverage problems, such as locations with high seasonal demand. A Coalition government will fund up to 50 per cent of the cost of deploying a mobile black-spot solution. Our policy will seek to maximise the contribution of mobile phone network providers as well as ensure the most economic and social benefits.

The Coalition will also work with the NBN, a company fully owned by Australian taxpayers, to co-locate new mobile phone base stations with many of the NBN's fixed wireless broadband towers that are being rolled out across regional Australia, including in Tasmania.

6 *The Mercury*, 'Fatality fans dual-lane calls' 26 March 2013, Available: [http://www.themercury.com.au/article/2013/03/26/375493\\_road-toll.html](http://www.themercury.com.au/article/2013/03/26/375493_road-toll.html)

7 *Sydney Morning Herald*, 'Nine dead in collisions in Tasmania' 9 July 2009, Available: <http://news.smh.com.au/breaking-news-national/nine-dead-in-collisions-in-tasmania-20090709-de76.html>  
*The Examiner*, 'Truck rollover at Conara' 9 August 2013, Available: <http://www.examiner.com.au/story/1694484/truck-rollover-at-conara/?cs=95>



## 8. Reducing the Cost of Doing Business in Tasmania – Addressing Tasmania’s Shipping Costs

The Coalition will implement a joint Productivity Commission and ACCC review of:

- Tasmania’s shipping costs;
- the competitiveness of Tasmania’s freight industry structure and economic infrastructure; and
- the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme so that any inefficiencies, inequities and anomalies in the Schemes can be addressed.

This joint review will be completed within six months of the election.

The Coalition will not abolish either the Tasmanian Freight Equalisation Scheme or the Bass Strait Passenger Vehicle Equalisation Scheme – both will be maintained.

The Coalition recognises that shipping costs are a legitimate concern for Tasmanian businesses and consumers. There are anecdotal reports, for example, that shipping across the Bass Strait is the most expensive in the world.<sup>8</sup>

The separation of Tasmania from the mainland is generally accepted to increase Tasmanian business costs. The thrust of this argument is that transport costs to and from the mainland create an additional cost burden on Tasmanian businesses in getting their goods to market, compared to businesses on the mainland.

In the absence of sufficient economies of scale in production, transshipment and coastal freight there is merit to this argument (although this cost burden should at least, with the right market incentives in place, drive greater innovation and efficiency by Tasmanian firms).

It is for this reason that successive Coalition governments introduced measures aimed at offsetting the transport cost disadvantage faced by Tasmanian industries that, unlike their mainland counterparts, do not have the option of moving their goods interstate by road or rail. A Coalition government introduced the Tasmanian Freight Equalisation Scheme (TFES) for non-bulk goods in 1976 and it was the Howard Coalition Government that introduced the Bass Strait Passenger Vehicle Equalisation Scheme in 1996.

The competitiveness and productivity of Tasmania’s freight industry structure and economic infrastructure is fundamental to growing the State’s economy.

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<sup>8</sup> *The Mercury*, ‘Plea for export freight aid’ 20 September 2012, Available: [http://www.themercury.com.au/article/2012/09/20/362143\\_tasmania-news.html](http://www.themercury.com.au/article/2012/09/20/362143_tasmania-news.html)



The National Infrastructure Coordinator has noted there are efficiency concerns with Tasmania's freight sector.<sup>9</sup>

There is an efficiency problem stemming from the current structure, utilisation and potentially the contestability of Tasmania's economic infrastructure.

Handouts and ever greater subsidies are not the answer.

For this reason, the Coalition will task the Productivity Commission and the ACCC to jointly review the competitiveness of Tasmania's freight industry structure and economic infrastructure with the intent of recommending structural reforms aimed at enhancing effective competition, investment and productivity growth.

This review will inform the Coalition's broader 'root and branch' review of Australia's competition laws and competition framework that has been previously announced, and will provide broad scope to identify areas where further competitive reforms of particular benefit to Tasmania could be introduced.

Past experience suggests that the benefits of such competition reform can be significant.

The original National Competition Policy, introduced in the 1990s, resulted in a 19 per cent fall in average real electricity prices nationwide and conservatively increased GDP by 2.5 per cent (currently equivalent to almost \$40 billion a year). This policy worked because it linked financial incentive payments by the Commonwealth to the States and Territories to the implementation of competition reforms and realised productivity gains.

The Tasmanian Government has noted that the original National Competition Policy:

*"...assisted the State in meeting its objectives of attracting investment, generating employment and achieving higher levels of economic growth."*<sup>10</sup>

Detailed consideration of Tasmania's industry structure may be a necessary pre-cursor to achieving long-term competitiveness, investment, productivity and higher real wage growth for the State.

The review will also consider whether uniform container standards would benefit Tasmanian industry and reduce shipping costs both in the Bass Strait and across Australia.

<sup>9</sup> Michael Deegan, Letter to the Hon Anthony Albanese MP, 24 May 2012.

<sup>10</sup> Cited in Bureau of Infrastructure, Transport and Regional Economics, 'A Regional Economy: A Case Study of Tasmania,' Report 116, p. xxii.





## 9. A New Deal for the Forestry Industry

No one thinks that Tasmania should simply plunder its natural resources in the pursuit of short-term gains. Sustainable development and a more competitive economy depend on appropriate investment that balances the sustainable use of natural resources, and protection of the environment, with responsible value creation.

However, with 44 per cent of Tasmania's land mass already protected, the right balance between environment and development has already been achieved.

The threat of locking up a further eight per cent of Tasmania's landmass under the Gillard-Rudd-Giddings Inter-Governmental Agreement not only raises issues of sovereign risk and uncertainty, but also the capacity of the State to sustain itself economically when this would result in the locking up of more than half of Tasmania's already small land mass.

The Food and Agriculture Organisation of the United Nations has noted, for example, that sustainable forestry practices can deliver both environmental and economic benefits:

*"A challenge for the forestry profession is to communicate the simple idea that the best way of saving a forest is to manage it sustainably and to benefit from its products and ecosystem services. If the principles of sustainable forest management are applied and forest products and ecosystem services play an increasing role, the global economy will become greener..."*

*...When looking for ways to stimulate economic development, politicians and planners seldom see all the dimensions and potential of the forest sector. Forests are viewed as either a feature of the environment to be preserved or, in stark contrast, a source of land to aid the expansion of agriculture.*

*A balance should be found in which forests contribute to achieving all these goals: sustainable forest management adds value to a forest by using forest products for energy, construction materials, packaging and a wide variety of other consumer products while preserving the pieces and functions of a healthy forest ecosystem. When sustainable forest management is practiced, the value of the natural forest can largely be maintained."<sup>11</sup>*

The Coalition will maintain its support for long-term Regional Forest Agreements across Australia.

We will not support any further lock-ups.

11 United Nations Food and Agriculture Organisation, 'State of the World's Forests 2012,' pp. vi and 29-30.



The Coalition has never supported Labor's recent rushed and political World Heritage extension, which was put in place against the will of the Tasmanian people, and we will seek to have it removed.

We will establish a 20-year rolling life to each Regional Forest Agreement and provide resource security and a stable investment environment to the forestry industry.

This objective will be achieved by extending Regional Forest Agreements for five years following the successful completion and implementation of each Regional Forest Agreement's five year review.

The process will commence with the Tasmanian Regional Forest Agreement.

## 10. Abolish the Carbon Tax

The Coalition will move immediately to abolish the carbon tax.

The carbon tax is detrimental to Tasmania's productivity and competitiveness because it is a tax that our international competitors do not have to pay.

The carbon tax is unequivocally a tax that punishes Tasmanian businesses and households for using electricity, and that increases the cost of everyday items.

It has also hit Tasmania's tourism industry, with the Spirit of Tasmania applying surcharges of \$3 per passenger and \$6 per vehicle because of the carbon tax. This has meant that a family of four taking their car on a driving holiday in Tasmania now pay an extra \$36 due to Labor's carbon tax.<sup>12</sup>

The carbon tax further increases the freight disadvantage for Tasmanian producers who need to freight their product across the Bass Strait.

It is also absurd that Tasmanians have faced electricity price rises from the carbon tax very similar to those in other States when the State produces much of its electricity from hydroelectricity.

This toxic, job-destroying tax punishes successful and hard-working Australian businesses, particularly trade-exposed businesses.

If Labor is re-elected, Australians will be paying more – a total of \$3,000 for the average family over the six years to mid-2020.

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<sup>12</sup> The Spirit of Tasmania, Carbon Surcharge, Available: <http://www.spiritoftasmania.com.au/company-info/media-releases/2012/carbon-price-impacts-on-spirit-of-tasmania.html>



Abolishing the carbon tax will lift a \$9 billion a year tax burden on Australian businesses and households, result in the removal of 19 separate Acts and 1,100 pages of legislation, and unwind Labor's sprawling climate change bureaucracy.

The Coalition will not let the carbon tax destroy Tasmanian industry and Tasmanian jobs.

## 11. Tax Cuts Without a Carbon Tax

The Coalition will provide income tax cuts without a carbon tax.

We will keep the current income tax thresholds and the current pension and benefit fortnightly rates while scrapping the carbon tax. This means that Australian workers, families and pensioners will keep the tax cuts and fortnightly pension and benefit increases provided in Labor's carbon tax package, but without the carbon tax.

As a result, these tax cuts and fortnightly benefit increases will become genuine cost-of-living relief, worth around \$4 billion a year, rather than partial compensation for Labor's damaging carbon tax hit.

Australians will have tax cuts funded by smaller government and not by taking money out of one pocket to put it in the other. Under the Coalition, people's weekly and fortnightly budgets will be under less pressure as electricity and gas prices fall and the carbon tax no longer cascades through our economy.

This will also strengthen our economy, because there'll be less tax impacting on Australian businesses but not their overseas competitors – as even Labor now concedes.

Tasmanian households will be able to plan their futures with confidence, the financial pressure on families will be dramatically eased, and there will be more incentive for ordinary Australians to 'have a go' and get ahead.

## 12. Lowering Company Tax

We will cut the company tax rate by 1.5 per cent, which will see Tasmanian companies paying a new lower rate of 28.5 per cent from 1 July 2015.

By cutting corporate taxes we will make Australian jobs more secure, boost real wage growth and make our economy stronger.



As former Treasury Secretary and personal adviser to Prime Minister Julia Gillard, Ken Henry, said at the Government's own Tax Forum in late 2011:

*"...if the company income tax were to be cut, the principal beneficiaries would be workers."*<sup>13</sup>

A competitive corporate tax rate is also essential to ensure ongoing investment in our economy. According to the Government's own Business Tax Working Group, a one percentage point reduction in the company tax rate would have the following effects in the long run:

- GDP up 0.2 per cent (around \$3 billion a year);
- wages up 0.2 per cent; and
- employment up 0.1 per cent (over 10,000 jobs based on the current labour force).

The Australia's Future Tax System Review (the 'Henry Review') concluded that:

*"...company tax rates matter for investment decisions, particularly investments for which location is not critical, and decisions by firms about where to declare profits and pay tax."*<sup>14</sup>

Cutting company tax is a key part of helping Tasmanian workers and easing cost-of-living pressures on Australian families, since it will flow through to better wages for employees of Australia's 750,000 companies, better returns for shareholders and lower prices.

### 13. Abolish the Minerals Resource Rent Tax (the Mining Tax)

The Coalition will move immediately to abolish the mining tax.

The mining tax discourages investment and job creation in one of Tasmania's potentially strongest sectors.

The mining tax discourages new domestic and foreign investment in Tasmania's mining sector.

Abolishing Labor's mining tax will boost investor confidence in our economy by restoring Australia's reputation as a safe and reliable investment destination and improving our sovereign risk profile.

<sup>13</sup> Ken Henry, Comment on Day 1 of Tax Forum, 4 October 2011, Parliament House; see The Australian, 'Cut Company Rate to Aid Workers, Henry Urges,' 5 October 2011.

<sup>14</sup> Australia's Future Tax System, December 2009, p. 8.



The mining tax acts as a disincentive for mining related investment and job creation in Tasmania. Although small by Australian standards, Tasmania does have some iron ore and coal mining – so it is not only Western Australia and Queensland that are potentially affected by the mining tax. More importantly, Tasmania also supplies a range of mining equipment and other support services for mining, with firms having grown up to service the State's own mineral extraction industries in copper, lead, zinc, silver, gold and limestone (for cement), amongst others. By hampering mining development elsewhere in Australia, the mining tax indirectly harms these mining service firms.

By abolishing the mining tax we will lower administrative and compliance costs for Tasmanian mining firms, which hamper industry productivity and global competitiveness.

#### 14. Relocate Government Departments

The Coalition believes there is scope for appropriate Commonwealth agencies or functions to be relocated in whole or part from Canberra to Tasmania.

Relocation of Commonwealth agencies or functions should only occur where there is an inherent logic or cost advantage to doing so, and where there is complementarity between the capabilities of the agency and the comparative advantages of the region. For example, the location of the CSIRO's Antarctic-specific research has been good for both the work of the CSIRO and the Tasmanian economy.

It makes intuitive sense to relocate, for example, Commonwealth agencies like the forestry functions of the Department of Agriculture, Fisheries and Forestry to Tasmania.

The Coalition's Commission of Audit will consider whether relocation of appropriate Commonwealth agencies to Tasmania is likely to benefit taxpayers generally, while also contributing to the better delivery of services to Tasmania.

#### 15. Ensuring Committed Funding for the Sense-T Project

The Coalition will continue the \$10 million in funding for the Sense-T project and will provide an additional \$1 million to accelerate commercialisation of the 'Pathways to Market' project and \$2 million to establish an advanced sensor manufacturing facility.

Sense-T is the world's first economy-wide intelligent sensor network. The project is a partnership between the University of Tasmania, the Tasmanian Government, CSIRO and IBM. The project is managed by the University of Tasmania and is intended to develop technologies and applications that will help businesses, governments and communities better manage their resources.

The project centres on better information availability to consumers about food products.



As the University of Tasmania notes:

*“People want to know where their food comes from, how it was produced and if it is safe... As part of the five-year project, Sense-T will collect real-time data about the conditions under which food is produced, processed, transported, stored and sold. That information will be available to consumers, producers and distributors to verify and improve the quality of food products.”*<sup>15</sup>

This funding will help the project support several hundred direct and indirect jobs and has the potential to boost investment in information, technology and communications in Tasmania.<sup>16</sup>

Fundamentally, the project has the potential to provide Australians with much greater information about where their food is sourced.

## 16. Tasmanian Fruit and Vegetable Industry Growth Plan

The Coalition will create a ‘Fruit and Vegetable Industry Taskforce’ that will develop an industry-led growth plan for the sector.

The Taskforce will include representatives of the Tasmanian fruit and vegetable industry, as well as the Minister for Agriculture. It will be tasked with developing a plan for promoting competitiveness, investment and jobs growth in the Tasmanian fruit and vegetable industry. The Taskforce will report within three months.

The Taskforce will develop concrete, productivity-enhancing measures for the industry. If the Tasmanian vegetable sector is to have a competitive future, its growth and expansion must be industry-led. The Coalition will implement recommendations that remove unnecessary costs and competitive barriers to the sector and we will work to ensure the industry has more export opportunities and access to more international markets.

We do not believe in propping up uncompetitive businesses or industries as all this does is delay the productivity improvements needed to boost competitiveness, promote investment and create jobs.

But the fruit and vegetable sector is an important contributor to the Tasmanian economy. Annual Tasmanian vegetable production is, for example, approximately \$240 million a year.<sup>17</sup>

15 University of Tasmania, ‘Sense-T attracts international backing and \$10 million for Tassie research’, 3 May 2013, Available: [http://www.utas.edu.au/tools/recent-news/news/sense-t-attracts-international-backing-and-\\$10-million-for-tassie-research](http://www.utas.edu.au/tools/recent-news/news/sense-t-attracts-international-backing-and-$10-million-for-tassie-research)

16 [http://www.utas.edu.au/tools/recent-news/news/\\$10-million-for-sense-t-to-generate-175-direct-jobs-and-boost-traditional-industries](http://www.utas.edu.au/tools/recent-news/news/$10-million-for-sense-t-to-generate-175-direct-jobs-and-boost-traditional-industries)

17 <http://ausveg.businesscatalyst.com/rnd/fact%20sheets/Vegetable%20Production%20TAS%20web%20version.pdf>



The Tasmanian processing vegetable industry is at a cross roads, with the loss of McCain's vegetable processing factory in 2010 and Simplot announcing a review of the viability of their Tasmanian operations in June 2013. Simplot is the last remaining frozen vegetable processor in Australia and has been part of the Tasmanian agricultural landscape since the 1940s.

To remain profitable vegetable growers need relief from spiralling energy costs and refrigerant costs due to the carbon tax, as well as the burden of increasing regulation and compliance costs. Tasmanian vegetable growers have also identified a need for a quantum lift in productivity in a short timeframe.

Growers don't want to be on a welfare drip, they want viable vibrant businesses.

Over the last few years Tasmanian processed vegetable growers have invested in improved irrigation infrastructure, improved farming equipment, in research and development and have invested with Simplot in an Australian Grown campaign. But arguably more is needed.

We support the five issues identified by vegetable growers as essential to their ongoing viability:

- business skills development;
- productivity improvements;
- energy package including energy audits;
- developing export markets for processed vegetables; and
- regulatory review and reform.

The Coalition recognises the need for a strategic approach to fundamentally realign the processing vegetable industry and ensure it is put on a viable footing.

## 17. The National Broadband Network

The Coalition will roll out the National Broadband Network in Tasmania sooner and more cheaply.

The Coalition's plan to transform the NBN will see:

- download speeds of up to 100 megabits per second by ensuring services are available much sooner than under Labor's plan;
- the rollout of the NBN under the Coalition will be complete in Tasmania by the end of 2015;



- regions with substandard internet services will receive priority rollout;
- basic broadband plans will always be more affordable under the Coalition than under Labor. Projections show that prices will be \$24 cheaper a month by 2021 than Labor's NBN projected prices; and
- the Coalition's NBN will cost tens of billions less to complete than Labor's NBN.

The Coalition's plan will ensure the National Broadband Network is rolled out faster and more cheaply, resulting in lower prices for consumers.

Families and businesses will enjoy significant increases in bandwidth given that download rates in Australia currently average less than five megabits per second.

Given Tasmania's geographic separation from the mainland, faster rollout of the NBN will be particularly beneficial to the State, helping to develop its information, communications and technology sector.

The Coalition will honour all existing contracts that are underway.

We will give highest priority to the suburbs, towns and regions with the poorest broadband services today.

## 18. A Green Army

The Coalition will build the largest standing environmental workforce in Australia's history and deliver hundreds of on-the-ground environmental projects each year across Australia.

If elected, a Coalition government will build a 15,000 strong Green Army and provide real and practical solutions to local environmental issues.

The Green Army will contribute to the conservation of Tasmania's natural beauty and will support the important role natural resources play in Tasmania's tourism sector.

The Green Army, primarily made up of young people, will clean up riverbanks and creek beds, revegetate sand dunes as well as undertake remediation and conservation projects around Australia.

Participants will receive a training allowance, as well as gain valuable work skills and potential qualifications in different areas of environmental remediation.

At the same time as improving the local environment, the Green Army will foster teamwork, local ownership and community spirit in our young people.





We want the Green Army to be a rite-of-passage for thousands of young Australians every year.

It should be a means for young people to gain a meaningful understanding of what it is like to be part of something bigger than themselves.

The Green Army will provide funding to work with and complement the work undertaken by local landcare groups, bushcare groups, foreshore communities, natural resource management groups, local catchment authorities and councils in their work remediating the local environment.

In its first year (2014-15), the Green Army will undertake 250 projects nationwide, building up to 1,500 projects by 2018-19. By 2018-19, it is estimated there will be a standing force of 15,000 people who will be taking part in the Green Army every year.

## 19. Revitalise Work for the Dole

The Coalition will revitalise the Work for the Dole programme.

We believe that working-age Australians who can work, should work – preferably for a wage but, if not, as part of Work for the Dole.

The Work for the Dole programme was one of the signature policies of the previous Coalition Government. Under Labor, the number of participants has been drastically cut.

We will help more people contribute to our economy by revitalising Work for the Dole. A Coalition government will make Work for the Dole mandatory for all those under the age of 50 who have been receiving unemployment benefits for more than six months.

This is part of the Coalition's plan to boost participation. Expanding Work for the Dole will mean that more people can be attached to the workforce, boosting their economic participation as well as being good for productivity.

Further details will be provided in the Coalition's policy on employment participation.

The Coalition believes that Australians should have the chance to demonstrate what they can do, not just what they can't. We will expand and revitalise Work for the Dole to ensure working-age Australians who can work are given the opportunity to do so.



## The Choice

Labor's economic mismanagement has delivered low growth, the loss of employment and a steady decline in Tasmania's competitiveness.

The State has the lowest gross state product per capita in Australia, the nation's highest unemployment rate, the nation's lowest life expectancy, the highest standardised death rate due to suicide, the lowest proportion of adults in the nation who have attained a year 12 qualification, one of the nation's lowest retention rates to year 12 and the highest proportion of people without superannuation coverage.

The Tasmanian economy has drifted and declined under the policies of Federal and State Labor/Green Governments. The Tasmanian Chamber of Commerce and Industry has described Tasmania's economic performance as "anaemic" and noted that:

*"Tasmanian business confidence has also been undermined by poor decision-making at all levels of government...deeper reforms, strong commitments to good policy and resource security and tight budget management will be key foundations for longer-term growth."*<sup>18</sup>

It does not have to be this way.

A 2008 study by the Bureau of Infrastructure, Transport and Regional Economics found, for example, some improvement in Tasmania's economic performance during the second half of the Howard Government:

*"The economic data for the 1990s reveals a slow and poor performing economy. The Tasmanian proportion of the national economy declined from a high of 2.2 per cent in 1991–92 to a low of 1.8 per cent in 2000–01. However, Tasmania has improved its economic performance this decade [the 2000s] by growing at an average annual rate of 3.7 per cent from 2000–01 to 2005–06, exceeding the national rate of 3.3 per cent."*<sup>19</sup>

As the period under the Howard Government demonstrates, there is no reason why Tasmania, given the right governance framework and market incentives, cannot be at the forefront of Australia's economic growth.

Tasmania faces a choice – whether to become an economic backwater or to restore prosperity and, with it, opportunities for future generations of Tasmanians.

<sup>18</sup> Tasmanian Chamber of Commerce and Industry, Media Release, 11 February 2013.

<sup>19</sup> Bureau of Infrastructure, Transport and Regional Economics, 'A Regional Economy: A Case Study of Tasmania,' Report 116, p. xix.



## Cost

The Coalition's *Economic Growth Plan for Tasmania* will be an investment of \$196 million over the forward estimates to secure more jobs, more investment and the competitive reforms necessary to boost productivity, higher real wage growth and better standards of living for Tasmanians.



Hope.  
Reward.  
Opportunity.



**THE NATIONALS** *for Regional Australia*

For further details of the Coalition's Plan go to  
[www.realsolutions.org.au](http://www.realsolutions.org.au)