



Be BOLD Tasmania 2018 Economic update

Carl Harris
15 June 2018

Tasmanian Economy

SIADAY Every story. Delivered to you. 1800 173 526

THE VOICE OF TASMANIA We're for you

MERCURY

MONDAY, APRIL 22, 2018 \$1.60 per DT

Calling the Bluff

Church property sell-off

BIG TICKS ON ECONOMIC REPORT CARD

STATE'S BOOM

TASMANIA'S economy continues to surge with standout figures revealed in the latest Deloitte Access Economics report.

The report reveals strong growth in agribusiness, building and engineering construction coupled with booming tourism numbers, a lift in food retail growth and an upsurge in the job market.

It highlights a 2.2 per cent lift in housing approvals during 2017, backing up the \$619 million Royal Hobart Hospital redevelopment and progress on Menzies \$300 million bond.

It also notes a jump in the state's population as people move from interstate.

"Success breeds success. Tasmania's better economic news is feeding better news on population growth — which is itself feeding back into better news for the state's economy," the report says.

It forecasts a surge in private housing investment as providing a medium-term solution to Tasmania's housing crisis.

DAVID DEHN REPORTS PAGES 4-5

THE EXAMINER

LASTING LEGACY

Crucial Tassie sectors benefit

RE BY SEAN FORD

NT

TASMANIA is getting stronger economic growth partly because — conditions suit some of its most competitive industries, a forecasters believe.

... those industries where the Apple Isle has a comparative advantage — tourism, agriculture, food and beverage manufacturing — are doing quite well thanks to a positive economic backdrop," Deloitte Access Economics said in its latest Business Outlook report.

"The lower Australian dollar and growing demand from major Asian markets have provided a boost to the economy more broadly."

It said strong growth in agribusiness had contributed much to the state's growth.

It said the economic growth was worth celebrating, but remained below the national average.

The report also mentioned growth in the salmon farming industry and said tourism was booming, which helped retail.

"At the same time, the largest Tasmanian industry of all, healthcare, has experienced relatively steady growth on the back of the state's ageing population," the report said.

It said business sentiment was strong, the state had gained full-time and part-time jobs and housing prices were "running hot".

THE ADVOCATE

CELEBRATION OF THE CENTURY

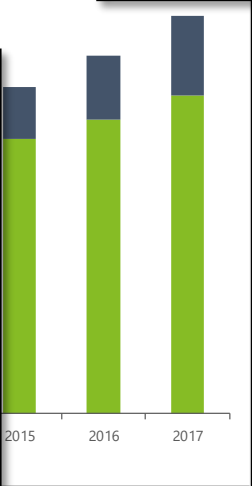
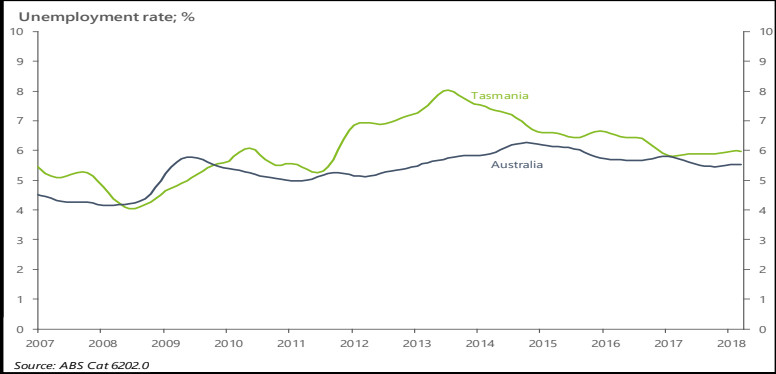
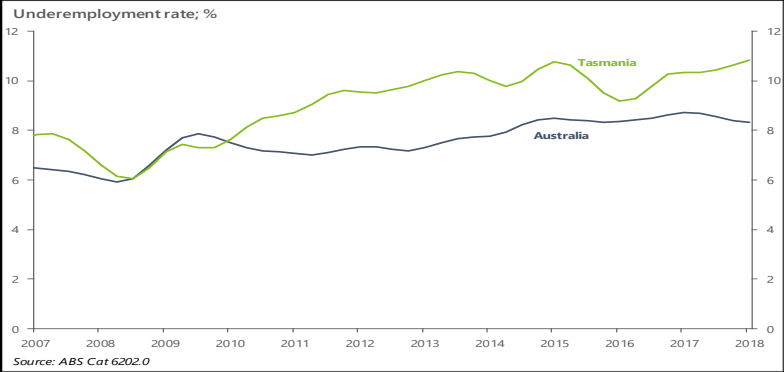
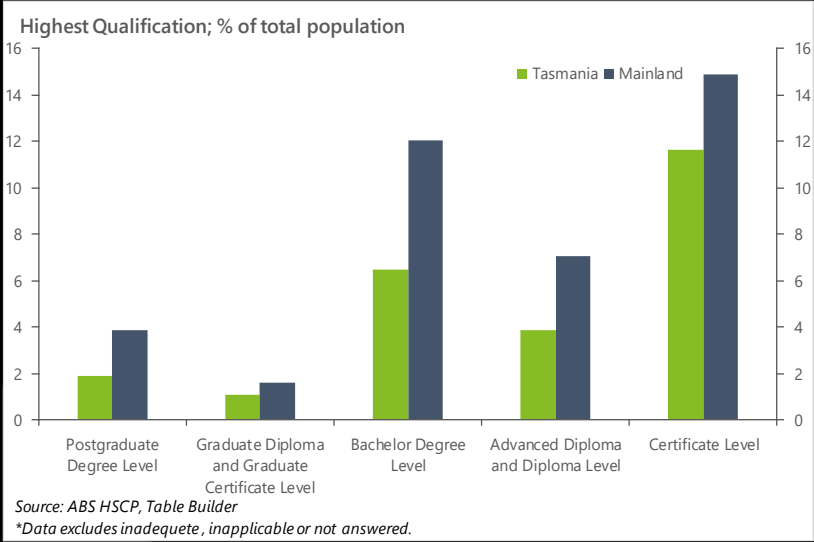
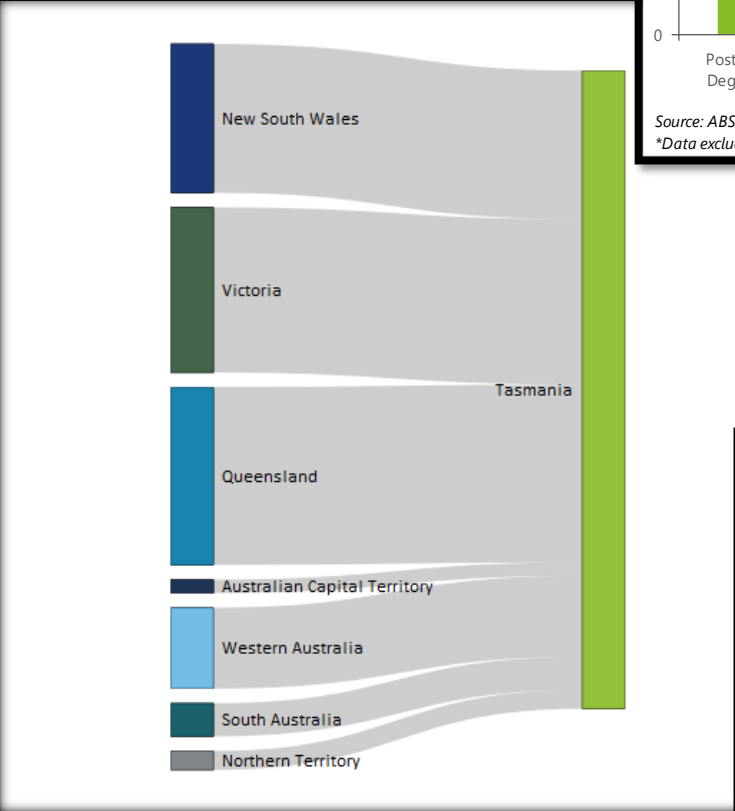
CHURCH BIC SALE

Times suit key industries

IMMOGEN ELLIOTT reports page 5.

THE Anglican Diocese of Tasmania is planning a major property sale. The church has 120 of its properties for sale, valued at \$100 million.

The sale is part of a major restructuring of the diocese, which is being led by Bishop Genevieve. The sale is expected to be completed by the end of 2018.



“Tasmania’s overall growth prospects are constrained by **structural factors** that make it a relatively low growth State”

Chris Richardson
Deloitte Access Economics

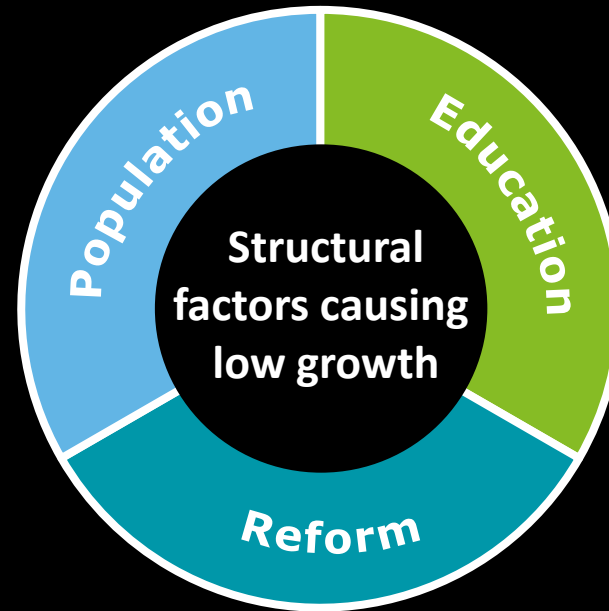


With a strong economy and high business confidence **now is the time** to do something about these structural factors.

Deloitte.



Be BOLD Tasmania
TASfocus – Special edition

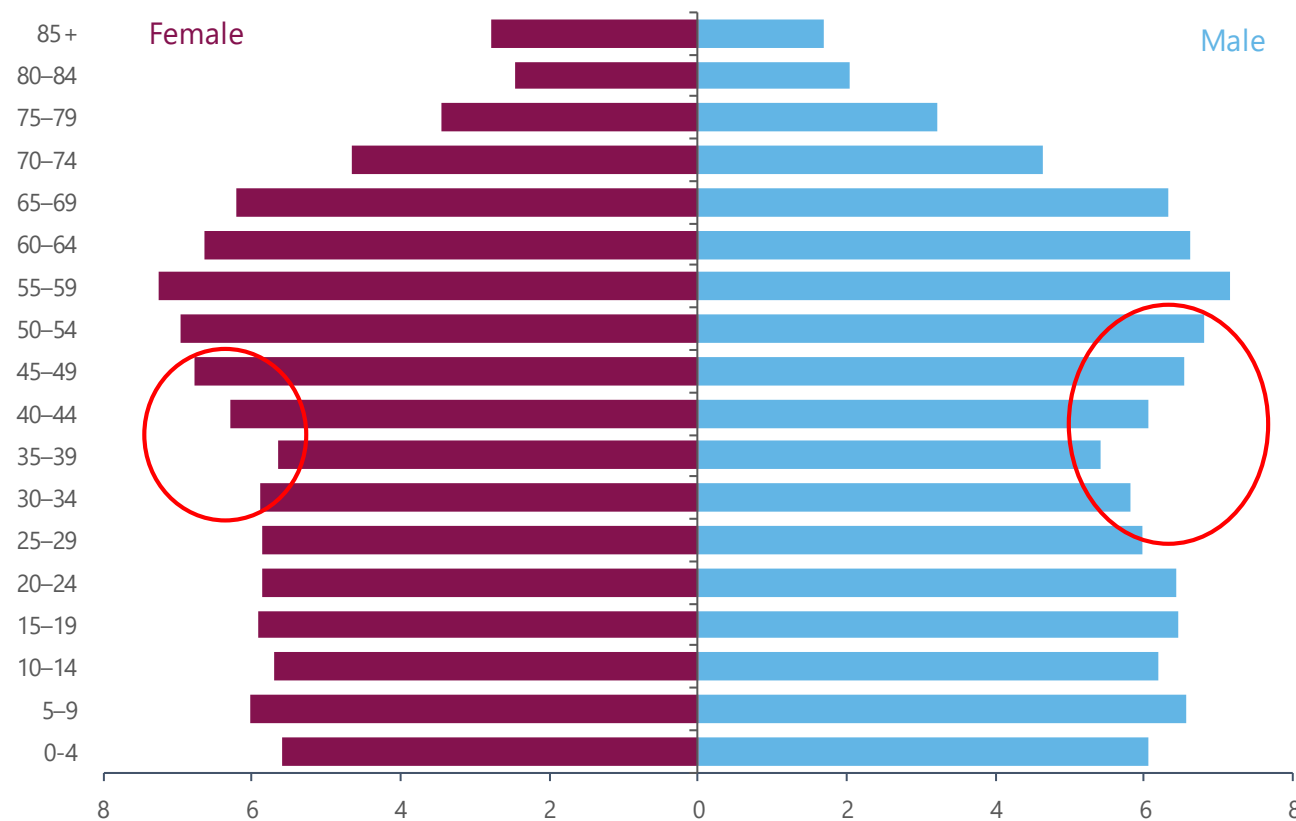


Population



Mythbusting: We love Tassie the way it is

Tasmanian age distribution; % of population



Source ABS Cat 3235.0

The area in the red circles shows the 'gap' in our labour force as a result of people who started to leave in the early 1990s and never came back (its more pronounced for males as historically they have tended to be more mobile than females.)

Once this sort of event occurs – i.e. people losing confidence in a region, or seeing no future for themselves there, it has consequences that last for a generation (or more).

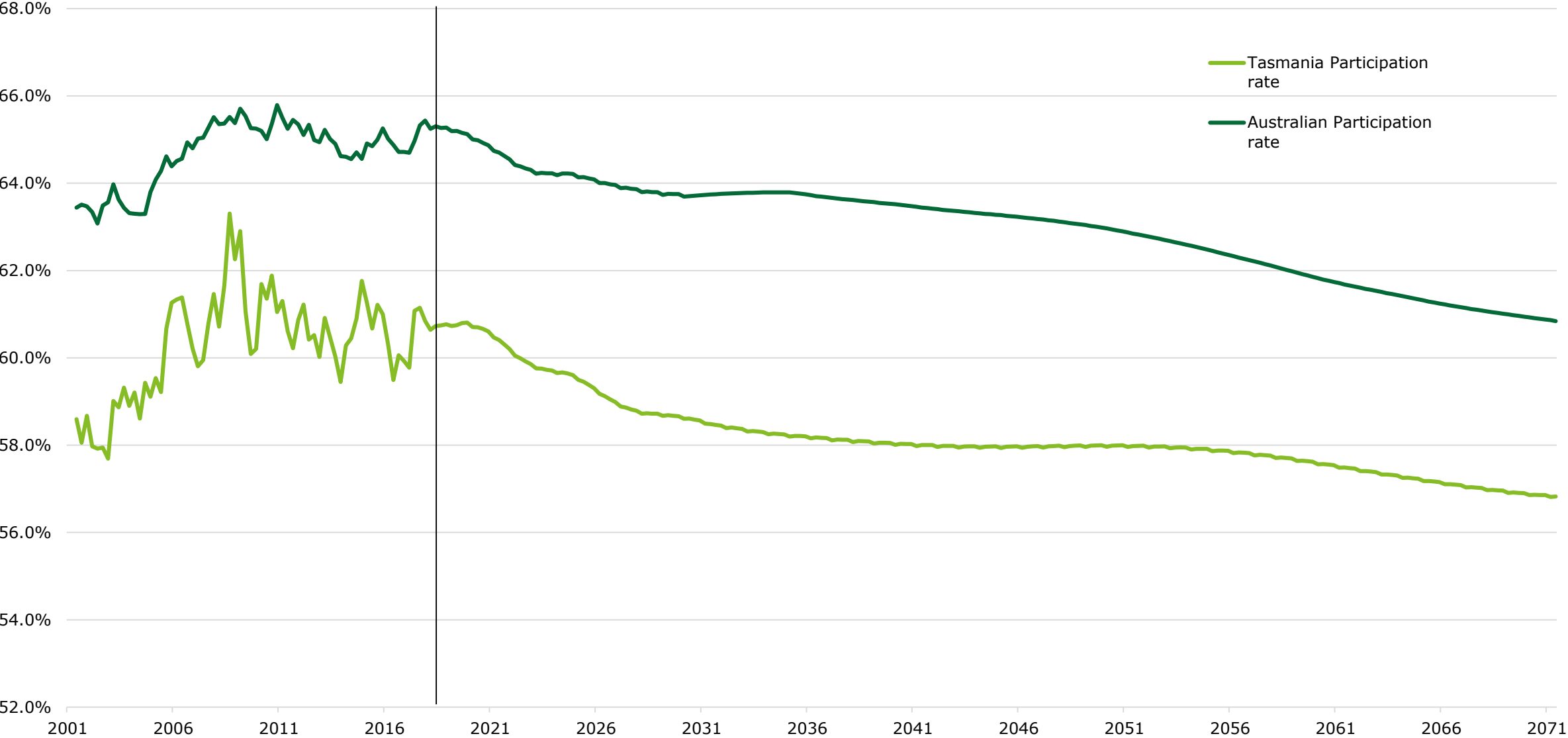
While we are surging at the moment, we are still very much feeling the effects of things that happened 20 years ago.

'000 people



Not in the labour force (inc. under 15) Labour force

Participation rate



Tasmania needs to address our housing issues, poor education outcomes, infrastructure planning and urban planning.

Action 1: Aggressively target NSW, Victorian and overseas families for workers in growth industries and to address skill shortages.

Education

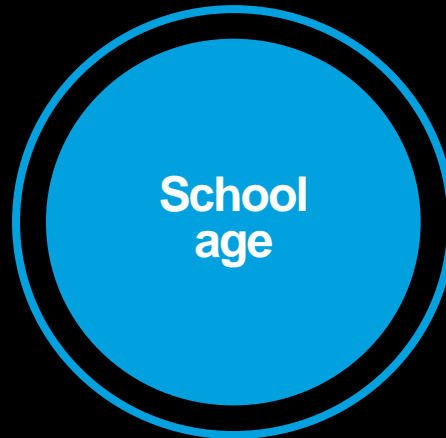


Great progress with changes to the Education Act, Year 12 extension, Beacon Foundation's Collective ed project, and the University College.

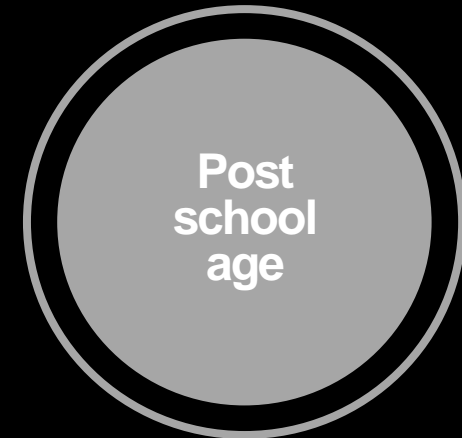
To change our education outcomes and attainment we need to address three areas:



- Not covered in our report
- A caring and responsible adult is the single most important barrier to poverty and disadvantage
- B4 Early Years Coalition



- **Action 2:** Continue year 12 extension (end game)
- **Action 3:** Build aspiration in schools & communities
- **Action 4a:** Better align work and education



- The future of work
- Build resilience and adaptability to change.
- **Action 4b:** Re-train and re-skill
- If we get this right and prepare for rapid redeployment of workers the economic and social dividend could be huge

85% of jobs in 2030 / 65% of today's primary school students will work in jobs that do not yet exist !

We have to get the future of work right in both our education system, and the current workforce.

Reform



With a strong economy, amidst booms that will **have an end date**, now is the time for strategic reform.

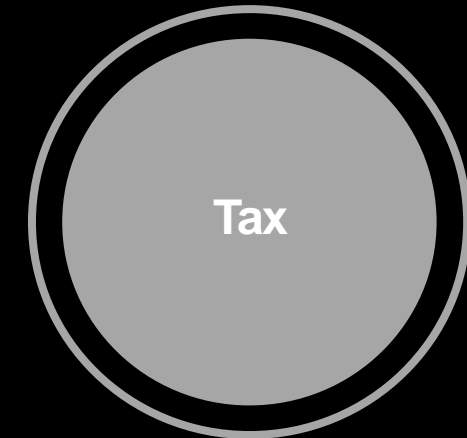
The three areas we have focussed on that are in need of reform are:



- If done properly and well communicated, 'privatisation' is not a dirty word
- Future infrastructure needs
- Our \$21 billion superannuation liability
- **Action 5:** Establish a Tasmanian future fund



- 29 councils for 520,000 people ?
- Single planning scheme etc are progress, but less councils will increase efficiency
- A long standing policy to not force mergers doesn't mean it remains the right policy
- **Action 6:** Mandated local government amalgamations



- Proper tax reform needs GST reform
- Limited options at state level
- But something is and can be done
- Can we tax economically smarter and more socially responsible ?
- **Action 7:** Reform state taxes



Booms do not last. Strategic structural reforms do.



Carl Harris
Managing Partner | Tasmania, Deloitte



Paul Liggins
Partner, Deloitte Access Economics (Tasmania)

Open from 1 June 2018



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 264,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 7000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2018 Deloitte Touche Tohmatsu