

Tasmanian Economic Update

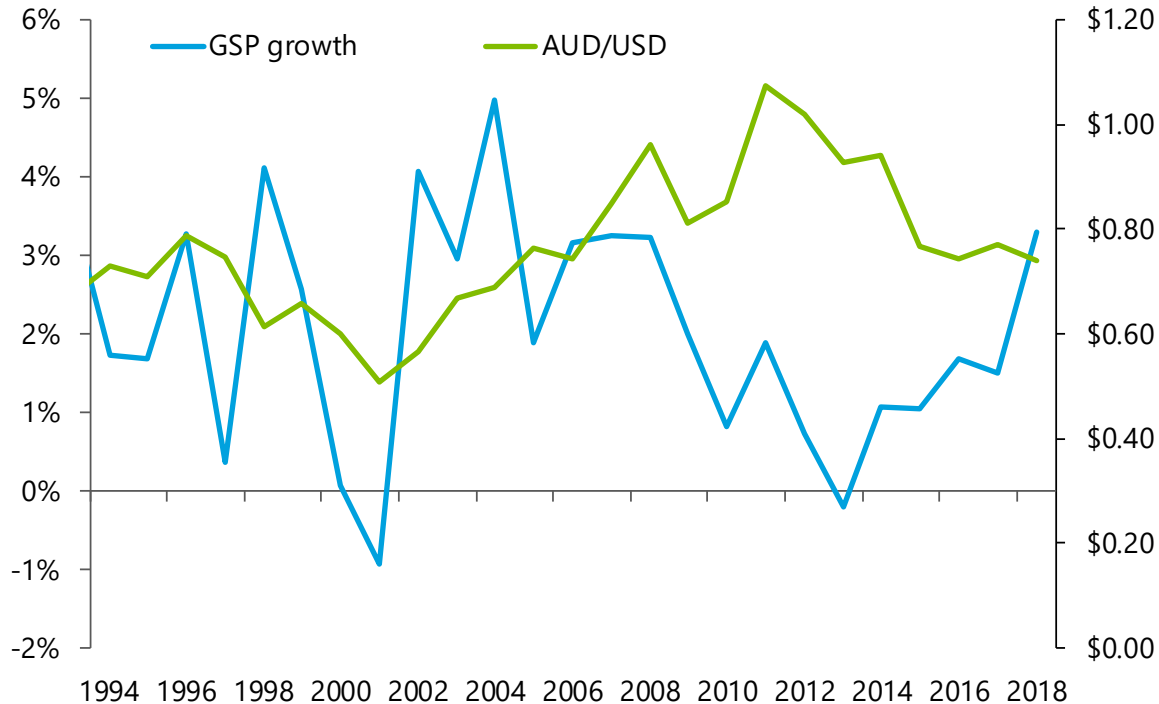
Paul Liggins
24 May 2019



Where have we come from ?

Our economy is open to the rest of the World

Tasmanian gross state product growth and the exchange rate

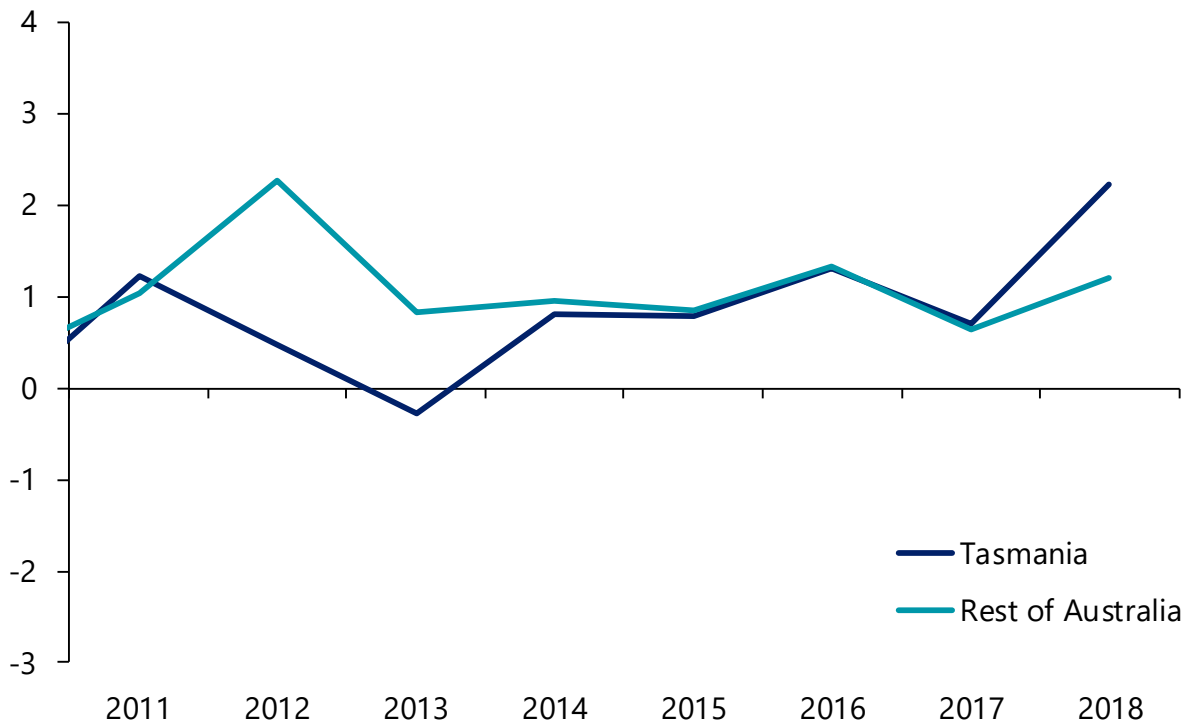


Source: Deloitte Access Economics, ABS

- Trade in goods and services is an important part of Tasmania's economy
- This means **the exchange rate is the most important factor in our economic success**, affecting:
 - Sales of agricultural and seafood products
 - Tourism numbers and spending
 - Overseas student numbers
 - Mining output
- Exports as a % of gross state product continues to trend upwards

Per capita growth

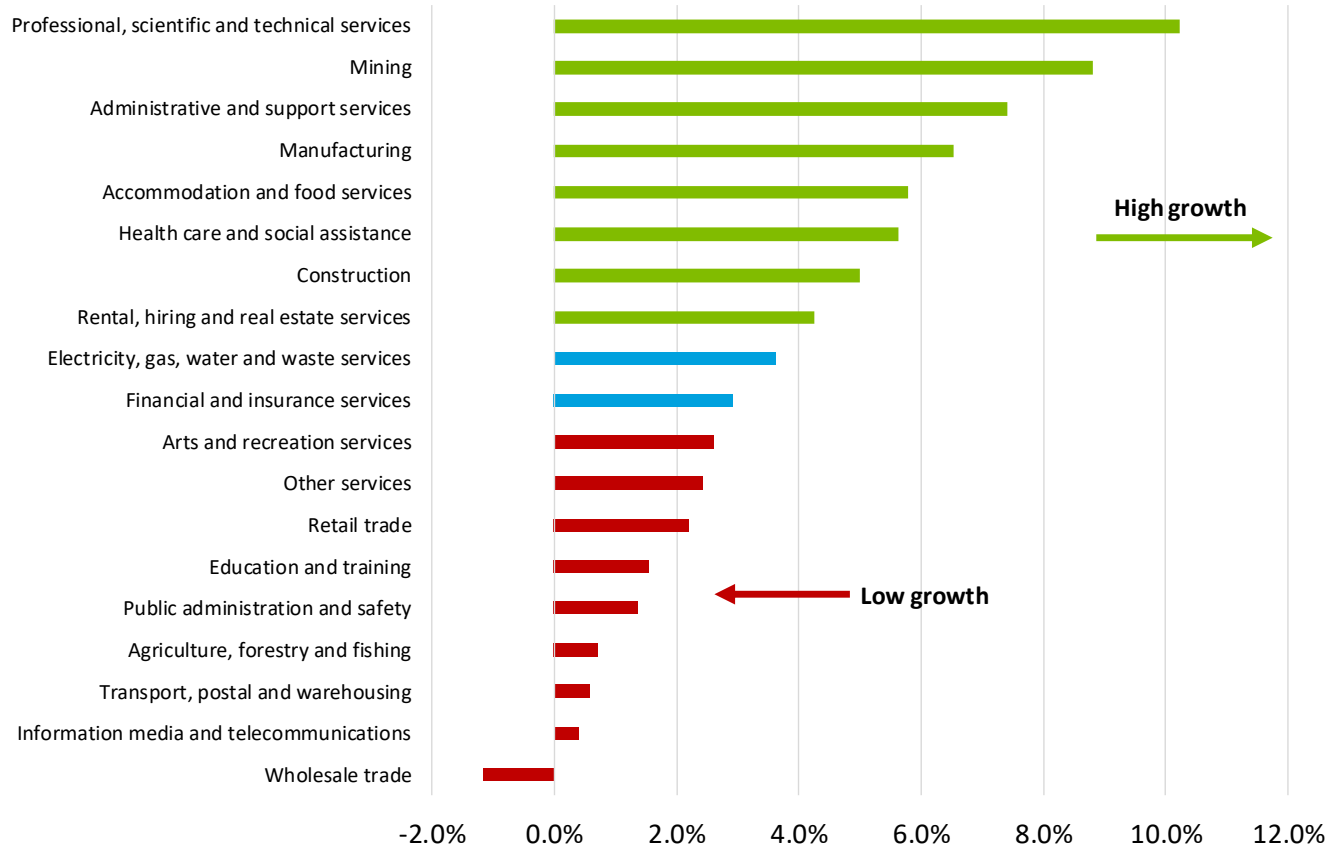
Per capita Gross State Product growth, Tasmania, year on year change, %



- Tasmania's per capita growth was faster than any other state or territory in 2017-18.
- But in absolute terms Tasmania's GSP/capita remains in last place.

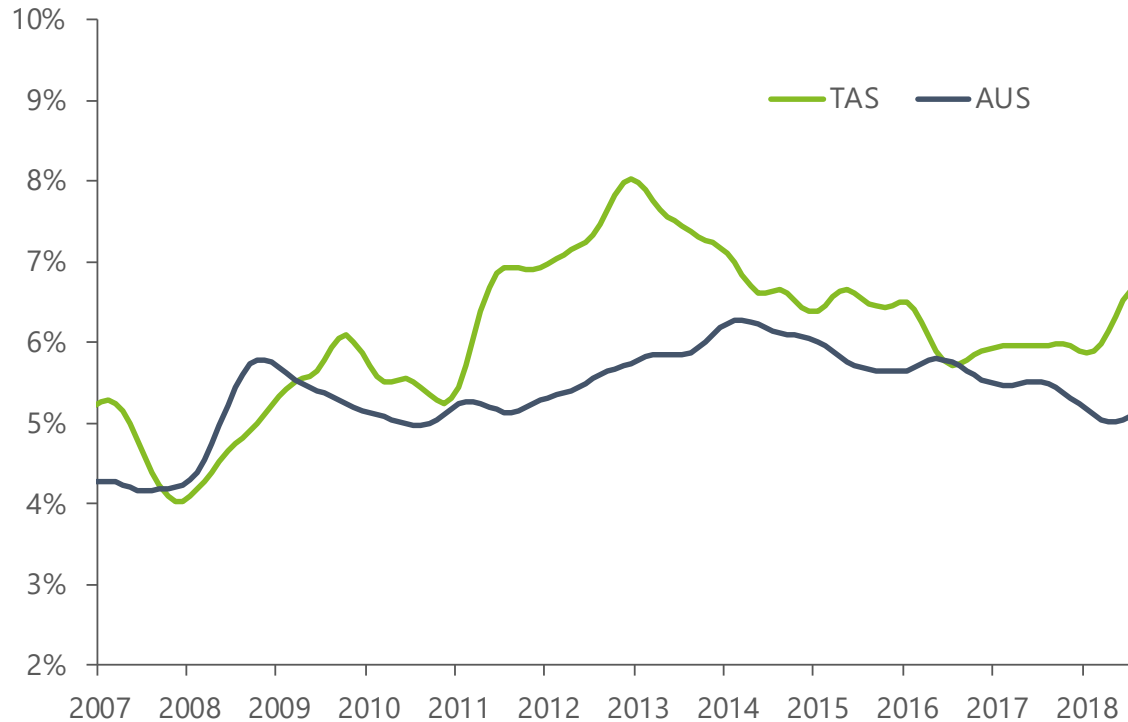
Source: Deloitte Access Economics, ABS

Tasmanian industry output growth 2017-18



Source: Deloitte Access Economics, ABS

Unemployment



- Unemployment has increased signalling some weakness in the labour market.
- Recently, financial services, mining and education have had job losses
- Youth unemployment remains stubbornly high

Source: Deloitte Access Economics, ABS

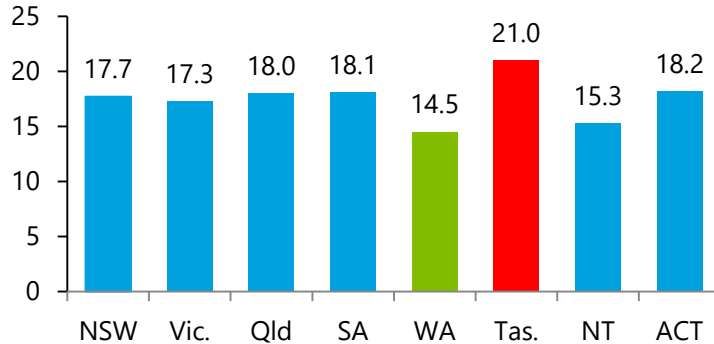
The outlook

- *things were good,*
- *and they still are good, but*
- *they're not as good as they were.*

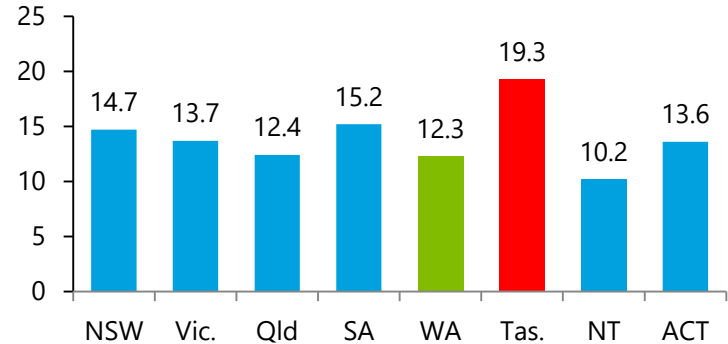
Chris Richardson, Deloitte Access Economics

Three long term trends that hamper the economy - health

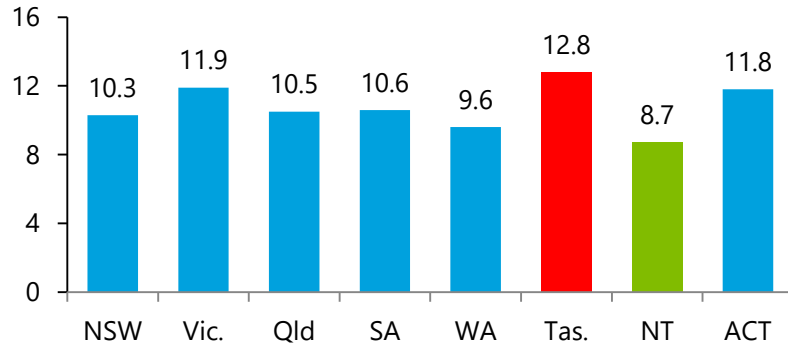
Mental and behavioural problems



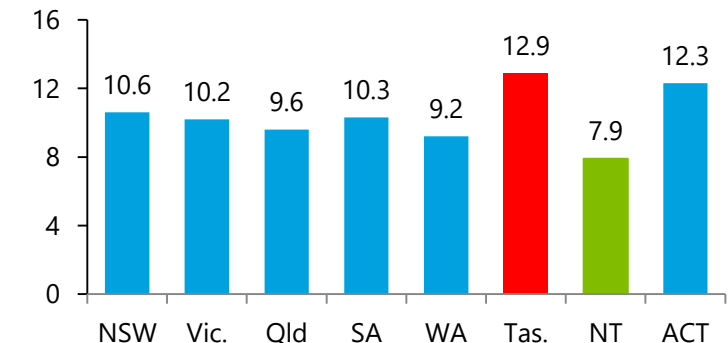
Arthritis



Asthma

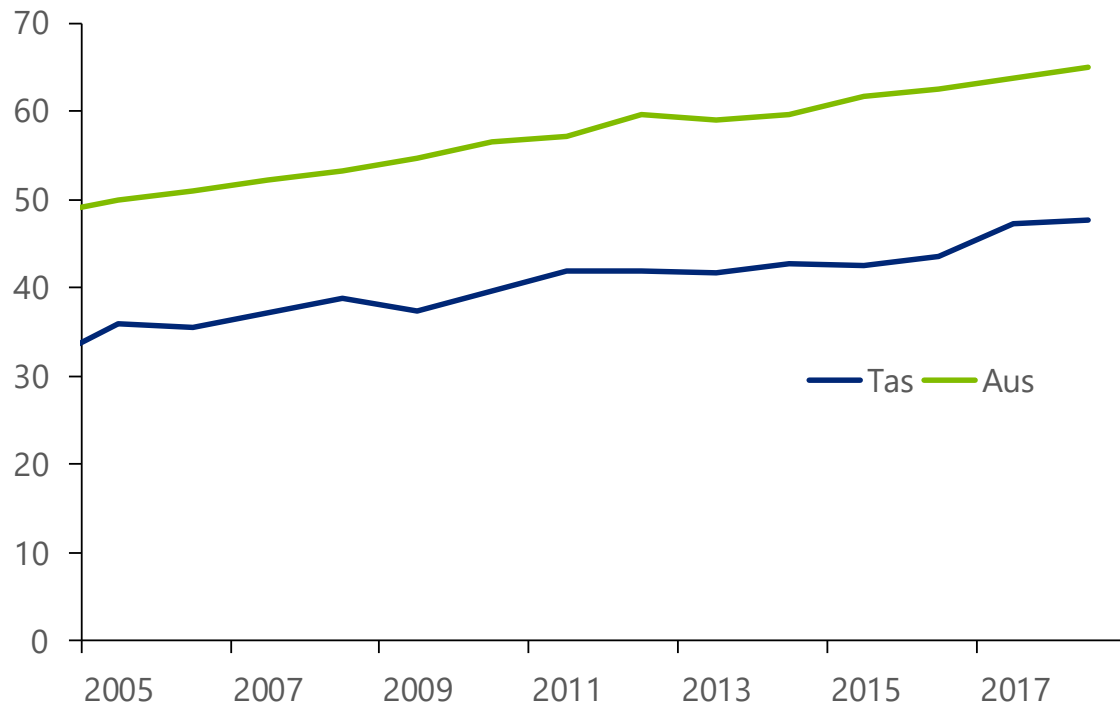


Hypertension



Education ...

Proportion of persons with year 12 completions (15-64 yo)

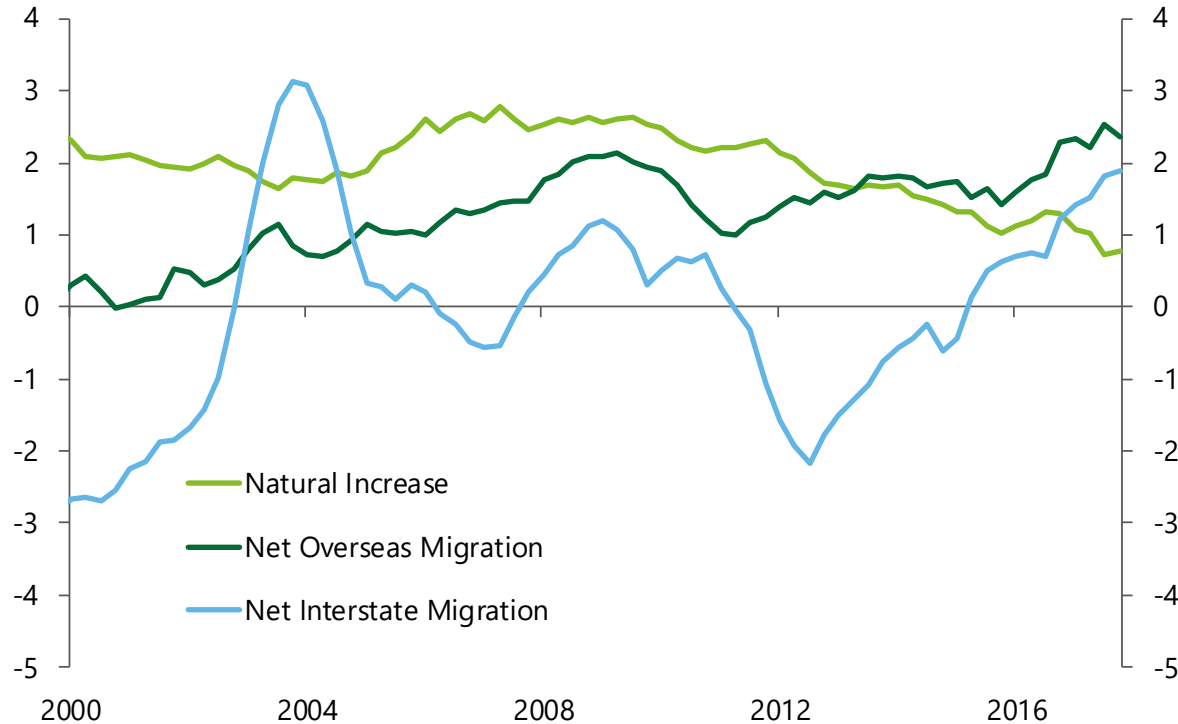


- Educational attainment is considerably lower than the national average.
- Persons who do not complete year 12 are significantly more likely to be unemployed than those who complete year 12.
- They are also more likely to have health problems

Source: Deloitte Access Economics, ABS

And population

Contribution to population growth Tasmania, 000s

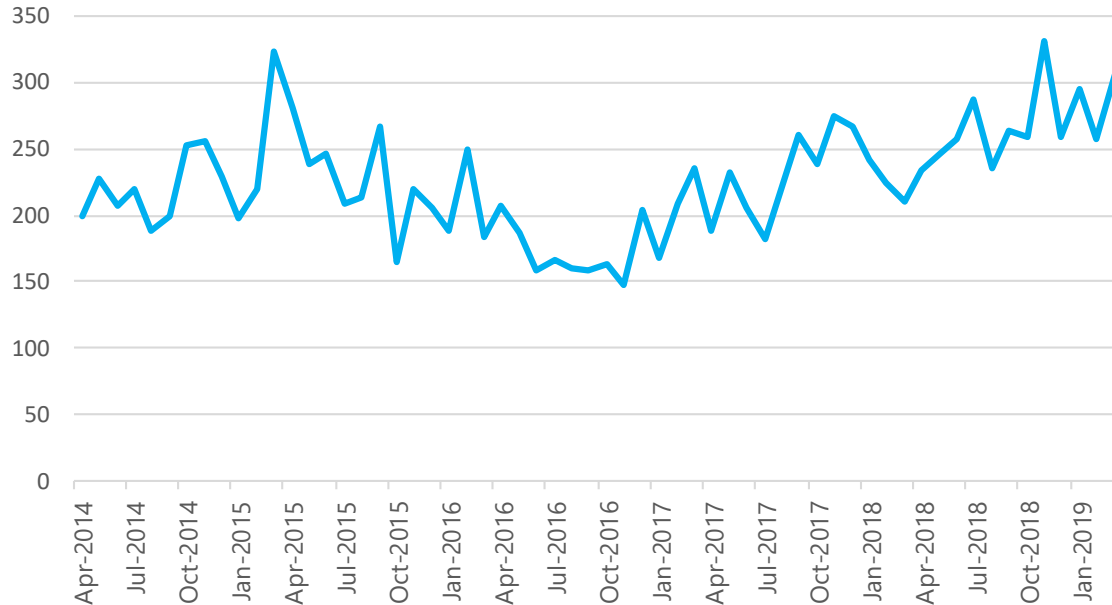


Source: Deloitte Access Economics, ABS

- Population growth remains strong, supporting economic growth. Looking ahead, we expect population growth to moderate to around 0.5%.
- The median Tasmanian is 50% older than in 1984 (increase from 28 to 42 years)
- In 1984 there were three 13YOs for every 70 YO. Now there is just one.

The construction industry is solid

Dwelling approvals - Tasmania



- Strong building approvals are boosted by:
 - Federal budget and election commitments
 - UTas spending
 - Bridgewater Bridge
 - Tourism infrastructure
 - Social housing spending
 - Renewable energy
- Skills shortages and bottlenecks could be a major issue, especially with big transport spending in NSW and Victoria

Other upside factors for Tasmania

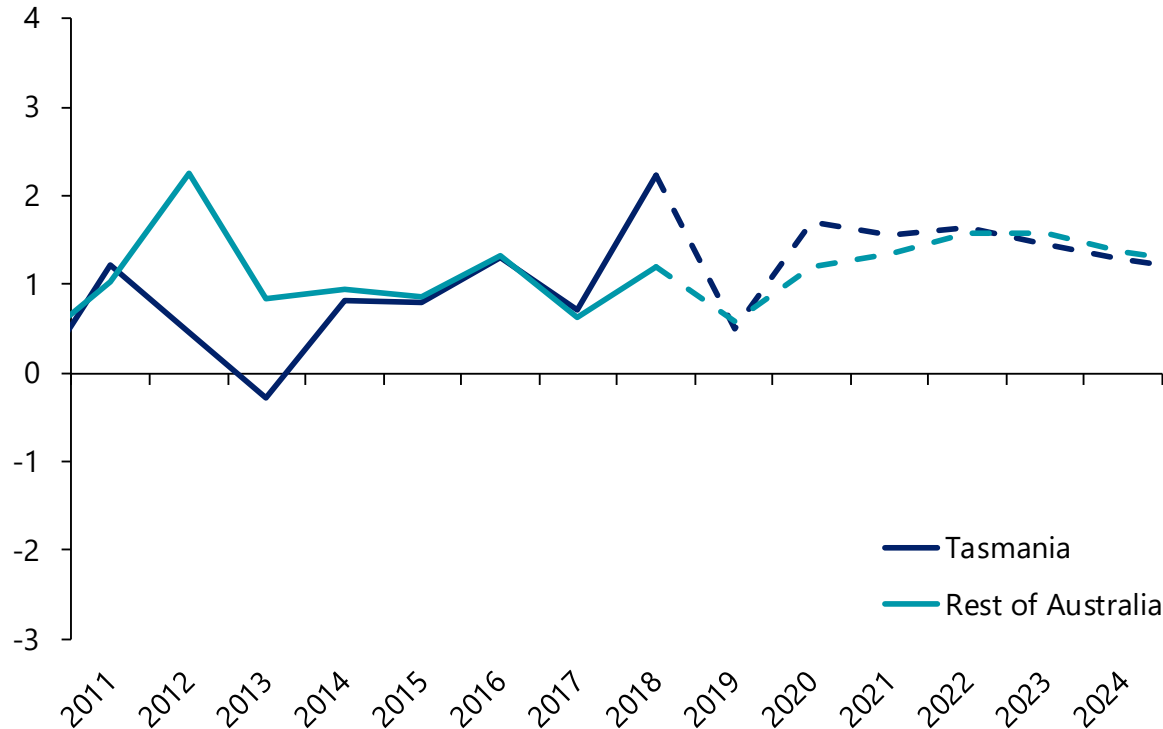
- Continuing increases in international education
- Increases in tourism spending (even if growth in numbers levels off)
- Increased agricultural and aquaculture exports (although employment will continue to fall)
- Election commitments, including tax cuts
- NDIS spending

Balanced against

- Weaker GST receipts
- Softening in China

On a per capita basis, we should hold our own

Per capita Gross State Product growth, Tasmania, year on year change, %

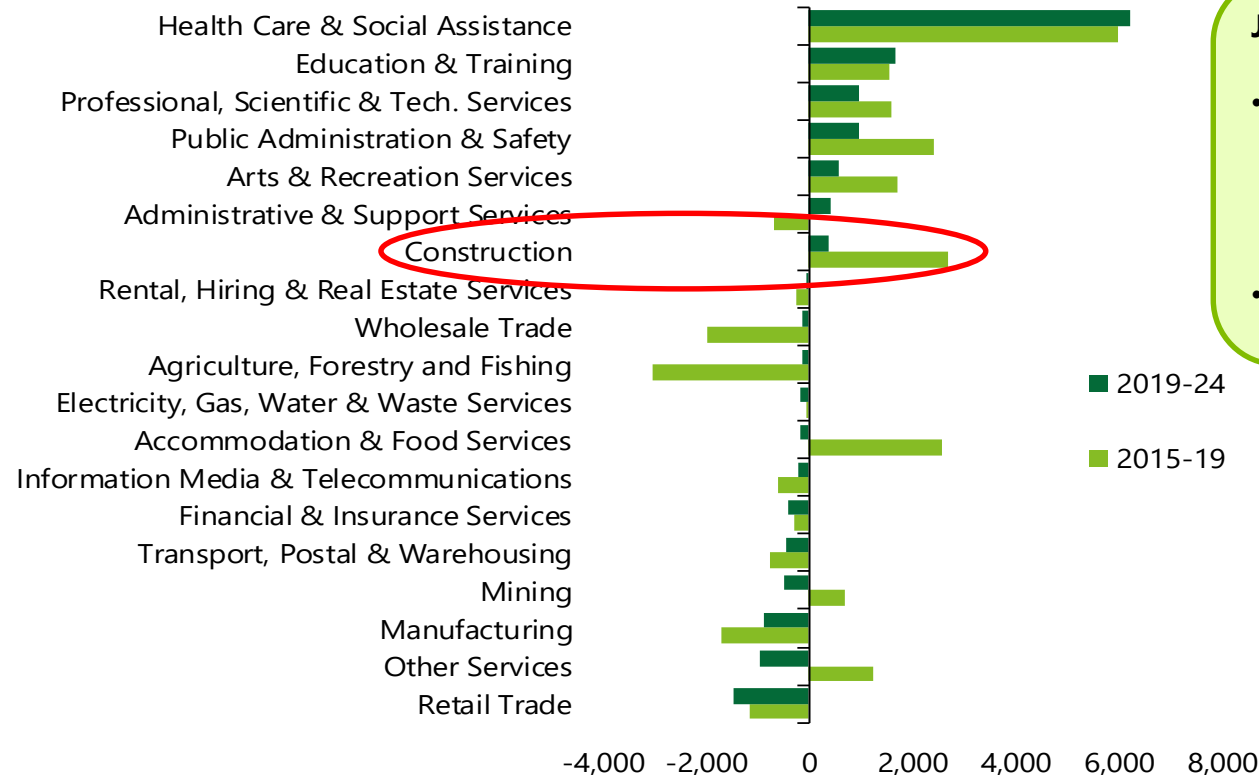


- Looking ahead Tasmania is expected to grow, on average faster than the past 5 years, although still lag behind the rest of Australia.
- The most important factor for our prosperity is the exchange rate.
- Per capital growth will be in line or slightly above the national average

Source: Deloitte Access Economics, ABS

Tasmania's jobs outlook by industry

Change in employed persons, 000s



Job gains

- Over the next 5 years health care and social assistance will add more jobs than all other industry sectors put together.
- Construction likely to be more buoyant

Source: Deloitte Access Economics, ABS

In conclusion

We have historic challenges

- An old and rapidly aging population
- Low education levels
- Poor health outcomes

But if:

- The exchange rates stays low
- Australia's migration levels don't fall, and
- Government spending remains high

Then the outlook continues to be good.





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The Tasmanian economy has fundamentally changed





Industry share of gross value added, %







Source: Deloitte Access Economics, ABS

Regional update





West and NW

-  Median income: 42k
-  Year 12: 27.3%
-  Main industry: Healthcare and social assistance
-  Assistance required: 7.1%





South East

-  Median income: 38k
-  Year 12: 34.4%
-  Main industry: Agriculture
-  Assistance required: 6.6%

Launceston and NW

-  Median income: 43k
-  Year 12: 35.2%
-  Main industry: Healthcare and social assistance
-  Assistance required: 6.4%

Hobart

-  Median income: 46k
-  Year 12: 46.4%
-  Main industry: Healthcare and social assistance
-  Assistance required: 6%

