

Tasmanian Chamber of Commerce and Industry Policy Priorities for Tasmanian Business

Introduction

This document reflects the policy priorities of the Tasmanian Chamber of Commerce and Industry (TCCI) ahead of the next Tasmanian State Election.

Tasmanian businesses are facing a range of challenges including uncertainty regarding international trade, a slowing Australian economy, the Tasmanian budget, the rising cost of doing business and skills and labour shortages, including the participation rate.

The problems facing the State are structural, long-term and challenging. It will take many years to address the issues we face and the TCCI believes the role of the next Parliament and for the next Government is to put Tasmania on the right path and ensure consistent and sustainable improvement that future parliaments and governments can then build on.

A strong Tasmanian business sector is good for the state of Tasmania. Confident businesses make significant investments and create thousands of jobs for Tasmanians. These things ensure that all people in our state can enjoy a strong standard of living.

The Tasmanian Government plays an important role in supporting Tasmanian businesses to survive, to prosper, and to grow. The Tasmanian Government does this through public policies and as a major investor and purchaser of goods and services from businesses.

This policy priority document outlines how the TCCI believes that parties and candidates can support our businesses, our economy and our community more broadly.

The Tasmanian Chamber of Commerce and Industry

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

The TCCI is a not-for-profit, member-based organisation, funded by business to provide products and services which contribute to meeting member businesses objectives.

As a member of the Australian Chamber Alliance and the Australian Chamber of Commerce and Industry (ACCI), and the broader Chamber movement across Australia, TCCI provides valuable support to its members through a range of programs and services, and actively advocates their concerns as the 'voice of business' at all levels of government.

The TCCI represents more than 1,500 businesses through its Tasmanian membership base. The TCCI also reaches up to 20,000 businesses through regional chambers with the TCCI Chamber Alliance.

The TCCI membership reflects the breadth of the Tasmanian business community. It includes businesses from every region of our state including major cities, regional towns and remote areas; it includes large businesses employing thousands of people down to micro-businesses; it includes businesses that have been in Tasmania for generations through to new start-ups; it includes public companies, cooperatives, not-for-profits, private companies, and family businesses; and it includes businesses in every industry sector of our economy.

The TCCI is governed by a Board representing the diversity of the TCCI membership, and its directors have complementary skills that support good governance.

The TCCI employs a professional team that effectively represent the interests of the TCCI membership and provide the services and programs to assist Tasmanian businesses.

The TCCI staff and management team is led by Chief Executive Officer Michael Bailey.

The state of Tasmanian business

Every quarter, the TCCI surveys its members to gain a deeper understanding of the challenges and issues they face. The consistent trend in the TCCI Survey of Business Expectations is that the business community expects both Tasmanian and national economic conditions to deteriorate.

The key themes raised by the business community include:

- Cost of doing business (including power prices, insurance costs, interest rates, cost of living impacting customers and state and federal taxation)
- Skills shortage/labour market/participation
- Tasmania's budget position
- Improving public services, Government Business Enterprises and State-owned Companies

TCCI Policy Priorities

The TCCI's policy priorities call on the next Government in Tasmania to provide stability, certainty and confidence for the business community; and addressing key challenges regarding important inputs such as skilled labour, power, the cost of doing business and budget sustainability.

The following priorities are supported by the TCCI's Vision 2028 document, which outlines key targets set by the TCCI.

(Available here - <https://tcci.com.au/getmedia/765bcacf-bc3c-4624-a321-c1dfdca6f2c3/Vision-2028-Tasmania-Report-2024.pdf>)

Priority 1: budget sustainability

As the state's peak business body, the Tasmanian Chamber of Commerce and Industry believes that budget repair must be an immediate priority. We urge the Government and the Opposition to embrace bold, practical, and principled reform to put the budget back on a sustainable footing within the forward estimate period.

This is not about austerity for its own sake. It's about ensuring that every dollar spent by government delivers maximum value, and that the private sector—the true engine of economic growth—is supported, not stifled.

For many years there has been a problem in managing costs within Government, it is not so much a revenue problem as it is a problem with managing expenses.

In recent years, the final budget result each financial year has proven to be much worse than the budget estimate. At the very least, the next Tasmanian Government needs to at least stick to its budget and ensure it shows the fiscal discipline to make sure the final result is not worse than budgeted.

Every Tasmanian should now be very concerned at the level of deficit and forecast public debt, which will impact Tasmanians for years to come.

At this election, the TCCI wants to see fully costed policies released as quickly as possible, so that all Tasmanians can vote with an understanding of the financial and budgetary impact of any and all policies being proposed. This is especially relevant given the growing trend of a significant number of voters choosing to vote early.

In regards to spending commitments, the TCCI believes that any commitments should only be made on the basis of a clear, demonstrable need for that spending.

The TCCI has outlined a clear set of principles grounded in economic common sense and business experience to guide budget repair:

- **Governments don't create jobs—businesses do.** Public spending should empower the private sector, not substitute for it.
- **Governments should create the most supportive environment possible for business.** That means fewer barriers, less red tape, and a focus on enabling investment and innovation.
- **Governments should get out of the way.** If a service can be delivered more efficiently by the private or community sector, government should step aside.
- **Governments should not compete with the private sector unless there is a clear public interest or market failure.**
- **Governments should not 'pick winners.'** This risks distorting markets and disadvantaging some businesses.
- **Reducing the cost of living and the cost of doing business must be a priority.** Lowering energy prices, streamlining regulation, and improving productivity all support stronger economic and fiscal outcomes.
- **Governments must be lean, efficient, and continually reviewing spending.** Every program should be tested for relevance, efficiency, and outcomes.

With these principles in mind, the business community is prepared to support a range of sensible and targeted savings measures. This may include rationalising non-essential programs, reducing duplication across agencies and rethinking the role of government in direct service delivery where there are more efficient alternatives.

We recognise these decisions are politically difficult. But doing nothing is not an option. Kicking the can down the road only magnifies the pain later and undermines the government's ability to respond to future crises, invest in critical infrastructure, and support those in need.

It's time for leadership and discipline. Budget repair is not a threat to our future; it is a necessary investment in it. The Tasmanian economy is strong enough to grow and thrive while also living within our means.

In summary, the TCCI calls on the next Tasmanian Government to:

- Restore the budget to a cash surplus within the upcoming forward estimates period
- Adhere to the budget principles set out above
- Commit to reducing expenditure
- Provide a fully costed savings plan ahead of the election

Priority 2: energy policy

It is vital that the next Tasmanian Government supports continued investment in clean energy in Tasmania. Further investment in both transmission and generation would help put downward pressure on power prices and provide the additional supply needed to address load growth in Tasmania.

We are calling on the next Tasmanian Government to work with the Australian and Victorian Governments to ensure Marinus Link is delivered on schedule. The next Tasmanian Government should also consider how to best use the State's equity position in Marinus Link. Consideration should be given to reducing Tasmania's equity position in a strategic way that would assist with budget repair, while also ensuring the the project proceeds as planned.

We are also calling on the next Tasmanian Government to ensure transmission infrastructure is improved, especially in the North West and North East of Tasmania.

Concurrently, the next Tasmanian Government needs to urgently bring online additional renewable generation in Tasmania. Tasmania risks losing its historic competitive advantage in renewable energy if we cannot plan for the development of additional clean and renewable generation in Tasmania. Without additional generation, power prices are likely to increase and given load growth, Tasmania may fall short of not only achieving its goal of generating 200 per cent of its energy needs from renewable sources, but could also fall short of being able to generate 100 per cent of its energy needs from renewable sources. The planning and approval process for renewable and clean energy generation needs to be simplified and streamlined to restore investor confidence.

The next Tasmanian Government also needs to ensure that Tasmanian households and businesses benefit from renewable generation either through revising the pricing policy or by continuing to share dividends generated by Tasmania's publicly-owned energy businesses.

The next Tasmanian Government should also acknowledge the significant contribution that Tasmania's major industrials have made to the State by guaranteeing an ongoing supply of baseload power at a reasonable price to ensure these businesses can continue to play a significant part in the Tasmanian community for generations to come.

In summary, the TCCI calls on the next Tasmanian Government to:

- Deliver Marinus Link on schedule
- Review the State's equity position in Marinus Link

- Improve transmission infrastructure to accommodate new renewable generation
- Support investment in additional clean and renewable energy generation
- Ensure households and businesses benefit directly from renewable energy generation
- Guarantee ongoing reasonably priced baseload power supply to major industrials

Priority 3: governance

Tasmania is entering a period of economic and political uncertainty. To help support business confidence, the TCCI is calling on the next Tasmanian Government to support a number of governance initiatives.

The TCCI is calling on all parties and candidates to support the development of a new *TCCI Government-Business Charter*. The Charter has two clear aims: firstly, to ensure that Tasmanian businesses that employ Tasmanians get priority access to government contracts; and secondly, that the Tasmanian Government conducts itself as a model organisation for Tasmanian businesses to deal with through contracts, leases, and agreements.

The *TCCI Government – Business Charter* will help more Tasmanian businesses to benefit from the activities of the Tasmanian Government and employ more Tasmanians in jobs that provide them with a good standard of living.

The next Tasmanian Government should also develop a mechanism, in consultation with the TCCI, for engaging with and receiving feedback from Tasmanian businesses regularly (ie biannual industry summits attended by Cabinet).

Further, the TCCI acknowledges that with the expansion of the size of the House of Assembly to 35 seats, minority governments may become more common. Should the next election result in a minority government, we are calling on any MPs supporting a minority government to commit to ensuring supply and confidence so that a minority government will be able to serve a full, four-year term. This will provide the stability and confidence that the business community needs to grow their business and support their communities.

We call on the next Parliament to give the next Premier every opportunity to implement the policy agenda for which they have received a mandate at the election.

The next Government of Tasmania must also outline how it will deliver a sustainable budget and release prior to the election a fully costed list of budget savings measures.

The next Government must also ensure that Tasmania's share of GST is protected and that every effort is made to increase revenue from the Australian Government, especially in support of infrastructure investment.

The next Government should outline how it intends to reform the public sector to ensure that it is fit-for-purpose and represents value for money in the context of the State's limited financial resources. Tasmania deserves a strong, skilled public sector that can help provide

the essential services that our community needs. However, the number of public servants has grown by 32 per cent from 2016 to 2024, which is simply unsustainable.

It is also important to improve reporting mechanisms relating to the Department of State Growth, given the number of ministers it reports to under existing structures. In addition, planning and regulatory frameworks need to be reviewed to support investment and to support crown land being used for housing or other purposes that would benefit the community.

The next Tasmanian Government should also commit to never engaging in actions that represent sovereign risk.

In summary, the TCCI calls on the next Tasmanian Government to:

- Support the development of a new *TCCI Government-Business Charter*
- Commit to regularly consulting with business and industry
- Ensure MPs provide supply and confidence for a full, four-year term and support the implementation of the next Premier's mandate
- Outline how it will deliver a sustainable budget and how it will ensure Tasmania receives its fair share of GST
- Reform the public sector to ensure it's fit-for-purpose and value for money
- Commit to avoiding sovereign risk in its decision making

Priority 4: cost of doing business

The major concern of the Tasmanian business community in recent years is the cost of doing business in Tasmania.

The major costs that require the urgent attention of the next Tasmanian Government include the cost of power, the cost of insurance, transport-related costs and state-sourced taxes, particularly payroll tax and land tax.

The TCCI calls for the next Tasmanian Government to undertake an urgent review of the cost of doing business in Tasmania, and to developing a cost of doing business index, with the terms of reference for the review and the development of the index to be developed in consultation with the TCCI.

In summary, the TCCI calls on the next Tasmanian Government to:

- Urgently review the cost of doing business in Tasmania with the terms of reference for such a review to be developed in consultation with the TCCI
- Develop a cost of doing business index in consultation with the TCCI

Priority 5: improving education, skills and increasing the participation rate

Tasmania's participation rate has historically been lower than the national average, driven by an older population, poor education outcomes and other barriers such as access to public transport and other government services like education, skills and training support.

ABS data shows that there are over 7,000 job vacancies in Tasmania. At the same time there are over 10,000 people who are unemployed.

The TCCI believes that the next Tasmanian Government should set a target of increasing the participation rate to at least the national average.

Tasmania is currently facing a skills shortage and that the next Tasmanian Government's efforts should be invested in filling as many of the available job vacancies with local applicants as possible.

The TCCI believes that the next Tasmanian Government needs to take a more holistic approach that includes tackling known barriers such as education, access to health services and access to affordable and reliable transport. Importantly, the next Tasmanian Government should also commit to supporting the work of the Participation Taskforce that has been established by the TCCI.

The TCCI is also calling on parties and candidates to outline how they would improve the education and training systems to deliver improved outcomes in areas like literacy, numeracy and closing the skills gaps that exist in the State.

In summary, the TCCI calls on the next Tasmanian Government to:

- Set a target to increase Tasmania's participation rate to at least the national average
- Support achieving that target by addressing barriers to participation
- Support the work of the Participation Taskforce

Priority 6: GBEs, SOCs and other public entities

The TCCI has been concerned with the governance, management and behaviour of a number of Tasmanian Government Business Enterprises (GBEs) and State-owned Companies (SOCs) and other public entities. The reform process needs to be finalised to ensure these entities are fit-for-purpose.

When contemplating reform, the next Government should consider the following principles:

- The Tasmanian GBE/SOC sector should operate under established private sector commercial principles, while also being responsive to the government of the day and the long-term interests of the Tasmanian economy and society.
- The Tasmanian GBE/SOC sector should have a charter that is reviewed at least every two years.
- The Tasmanian GBE/SOC sector should be the subject of strong shareholder control and include a statement of intent from the government of the day that must be publicly available and sent to each GBE/SOC by the relevant minister(s) at least annually.
- The relevant minister(s) should clearly set out the priorities for each GBE/SOC as they relate to the long-term interests of the Tasmanian economy and society, and each GBE/SOC must make decisions that reflect these long-term interests and not just the drive to deliver short-term commercial outcomes.
- The government of the day should be able to publicly direct the activities of any GBE/SOC to make decisions and implement priorities that reflect the long-term interests of the Tasmanian economy and society.
- Any individual should be appointed to no more than one Tasmanian GBE/SOC sector board at any point in time.
- Any individual may only serve on the board of a Tasmanian GBE/SOC for a maximum of eight years.
- The Government must consult with relevant business and industry groups on filling any board vacancy, prior to Cabinet consideration of filling that vacancy.

The TCCI is also aware that some of Tasmania's major manufacturers require certainty regarding TasWater. While TasWater is not a GBE or SOC, Parliament is ultimately responsible for the legislative and regulatory framework and it is incumbent on the next Tasmanian Government to support manufacturers where possible. To that end, the TCCI calls on the next Government to urgently review the legislative and regulatory framework covering TasWater within the first 100 days of the term. The review should seek input from TasWater, manufacturers and any other affected parties.

As well, the TCCI sees a challenging environment ahead for manufacturers and major industrials and believes that Parliament should conduct an inquiry to ensure these vital businesses have a strong future in Tasmania.

In summary, the TCCI calls on the next Tasmanian Government to:

- Finalise the GBE/SOC reform process according to the TCCI's principles
- Review the legislative and regulatory framework covering TasWater within its first 100 days
- Support an inquiry into major industrials and manufacturing in Tasmania

Priority 7: Reviewing Tasmania's health system

Each year, the Government spends over \$3.5 billion on health, which is approximately a third of the State's budget. In its most recent Fiscal Sustainability Report, Treasury estimates that health expenditure could increase to 42 per cent of total budget expenditure within ten years.

The TCCI acknowledges that it does not have adequate subject matter expertise in this area to comment on health policy. However, health is by far the single biggest cost to the budget and a sustainable budget will only be achievable if there is a sustainable health budget.

To that end, the TCCI is calling on the next Government to establish a Commission of Inquiry into the Tasmanian health system to understand what opportunities there are to increase efficiency, sustainability and most importantly, improve outcomes for the community. A Commission of Inquiry would enable the entire community to have their say, including staff, patients, unions, subject matter experts and others. It would be an opportunity for objective analysis of our health system and how it can be improved for the benefit of the community. It would provide a pathway to genuine reform, free from politics and would hopefully be able to attract the support of the community including political leaders.

In summary, the TCCI calls on the next Tasmanian Government to:

- Establish a Commission of Inquiry into the health system

Priority 8: Infrastructure

The TCCI calls on the next Government of Tasmania to continue to invest in infrastructure that will improve community amenity and well-being as well as infrastructure that will support Tasmanian businesses and the economy.

Key to this is the urgent need for a comprehensive infrastructure priority list for the State. This list should be finalised this year. It should be used to drive strategic decision-making and budget allocation as well as support ongoing discussions with the Australian Government to secure funding to deliver on priority infrastructure projects.

In summary, the TCCI calls on the next Tasmanian Government to:

- Urgently develop an infrastructure priority list