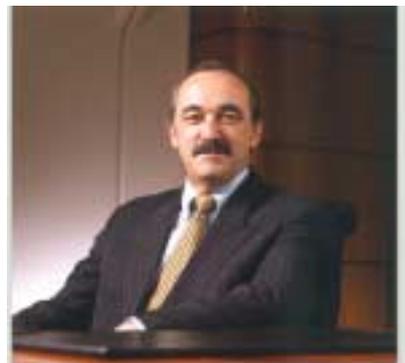


Contents

	Page
Message from the Premier	
1 Industry Development Plan	1
Background	1
Industry Development Plan and Partnership Agreements	2
Industry Development Plan and Tasmania <i>Together</i>	4
2 Industry Development Plan Outcomes 2000-01	5
Industry Programs – Outcomes 2000-01	5
Industry Sector – Outcomes 2000-01 (Year to Date)	13
New Development Projects and Opportunities	21
3 Economic Performance 2000-01	27
Infrastructure Fund	38
The Competition Index – A State by State Comparison	38
4 Industry Councils - Industry Sector Plans - Progress Report	41
5 Major Industry Initiatives for 2001-02	47
Tasmania <i>Together</i> and Industry Initiatives	47
6 Department of State Development	63
7 Ten Industry-based Programs	65



MESSAGE FROM THE PREMIER

Tasmania is experiencing a period of economic recovery and faces an exciting future of economic prosperity.

The Industry Development Plan has played a major role in achieving this impressive result but the recovery is still in its early stages, so it is vital the State is shielded as much as possible from outside negative threats. The Government has responded to ease the effects of the GST-led national downturn with an expansionary 2001-02 Budget, featuring a major infrastructure fund and significant tax cuts.

Since the beginning of 1999, over 6 000 additional jobs have been created in Tasmania. This is a notable achievement in a workforce of 220 000, and even more remarkable when you consider that almost all of these new jobs are in existing businesses.

One of the aims of the Government's Industry Development Plan is to increase export and import-replacement businesses in Tasmania by harnessing the natural growth and export potential in the economy. This aim has been assisted in recent times by the unusual convergence of high commodity prices and a low Australian dollar. Consequently, the value of Tasmanian exports is at an all-time high.

While we have experienced a steady economic recovery, the Government believes our growth is poised to accelerate. Receipts from a growing economy have allowed flexibility in this year's State Budget to boost spending in areas that will assist industry to drive growth and create jobs, while at the same time providing better services. The next stage of the Industry Development Plan, the development of Industry Sector Plans by the Industry Councils, will further encourage job growth.

The Industry Development Plan has underpinned Tasmania's return to economic growth following almost a decade of decline relative to the rest of Australia. The benefits of the Plan will be even more marked when coupled with the stimulus of this year's Budget.

Stable Government, sound management of the State's finances and strong industry development policies have already lead to a growing local business sector. When combined with lower business taxes, the stimulus provided by our infrastructure fund and the impetus of new energy sources like natural gas and Basslink, Tasmania's economy is in better shape now than it has been for many years.

A handwritten signature in blue ink that reads "Jim Bacon". The signature is written in a cursive, flowing style.

Jim Bacon

Premier and Minister for State Development

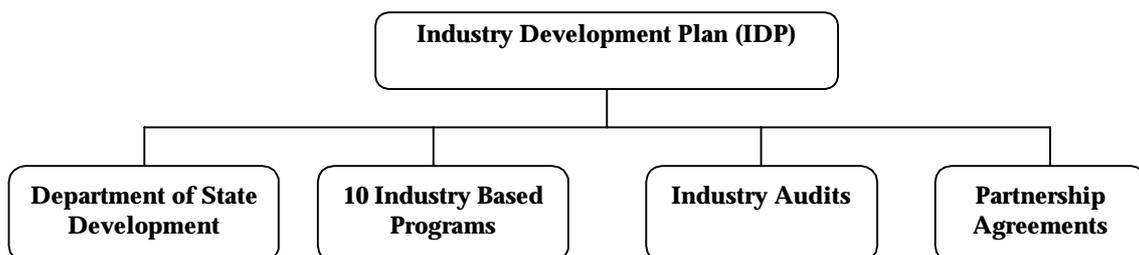
1 INDUSTRY DEVELOPMENT PLAN

BACKGROUND

The Industry Development Plan (IDP) is a structured and systematic approach to rebuilding the Tasmanian economy. The Government's aim in conducting industry audits in its early months in office was to ensure a strong, information-rich foundation for the IDP, so that a sound framework would be created for engagement with, and assistance to, business. The IDP is based on four cornerstones:

- an effective industry-focussed arm of Government, the Department of State Development (DSD), which identifies and converts industry development opportunities into economic growth realities;
- the delivery of 10 industry-based programs to address the barriers to local business growth, particularly for those businesses with a focus on export and import replacement;
- a Statewide industry audit identifying local business capability and opportunity across eight industry sectors; and
- partnerships with local government so that new industry development proposals suggested by regional communities and businesses have a formal link to IDP resources.

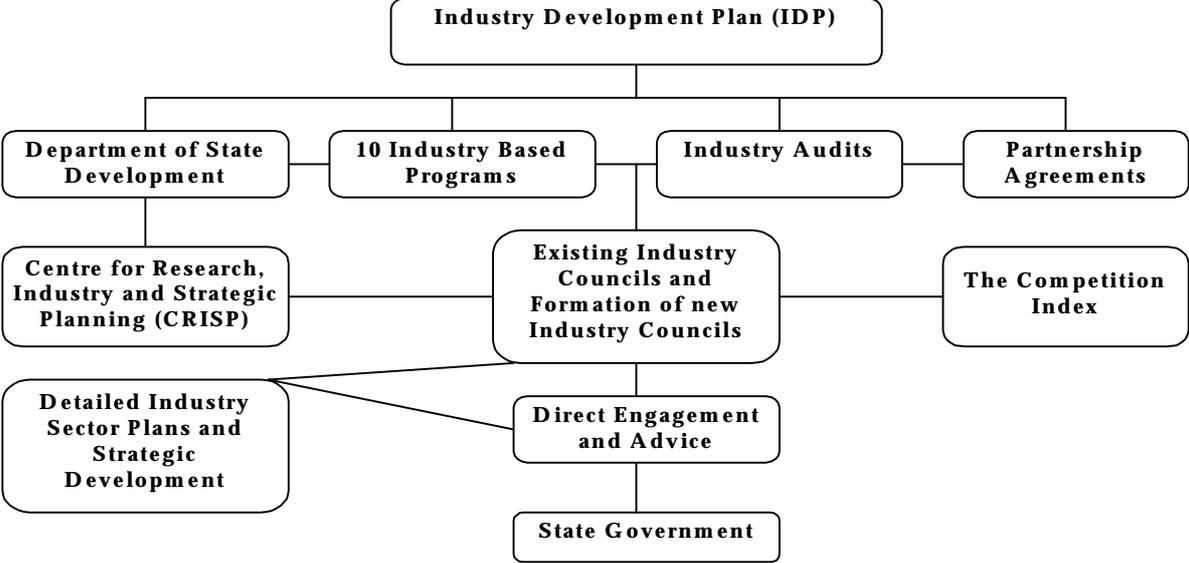
Diagram 1.1: Industry Development Plan



All four cornerstones were in place by the time the Government's second Budget was delivered in May 1999.

A key feature of the IDP is that it continues to evolve through a genuine and structured engagement between Government, business and the broader community. In addition, the IDP has strong linkages with other key Government policy initiatives that feed into the continual improvement process.

Diagram 1.2: Industry Development Plan – In Action



The IDP is now in a mature phase. Industry Councils are in place and implementing and/or developing industry sector plans and providing advice directly to Government on strategic development for the State. Partnership Agreements are in place or are being negotiated with local government and other important institutions.

The Industry Audits have been undertaken and the IDP structure is in place, but it is vital that the parties involved continue with detailed identification of key industry development issues. The results of the Industry Audits continue to be monitored and updated and are supplemented by three specialised mechanisms that identify the opportunities, capabilities and threats for Tasmanian industry.

1. Industry councils (supported by the research capability of DSD’s Centre for Research, Industry and Strategic Planning);
2. The Competition Index (researched and developed by Treasury; details provided in Chapter 3); and
3. Partnership Agreements (identifying industry development issues at the regional level, or through engagement with institutions).

INDUSTRY DEVELOPMENT PLAN AND PARTNERSHIP AGREEMENTS

With the Local Government Partnership Agreements program, the Government is developing a new working relationship with councils to identify new and innovative ways to reach agreed goals.

Key objectives of the program are to work together towards agreed social and economic goals for local areas and to ensure effective service-delivery. At a sectoral level, the agreements provide a framework to pursue industry development proposals from local communities and businesses.

A range of partnering options are available to councils, including bilateral, regional or statewide agreements. Bilateral agreements are those developed with a single council and generally reflect specific industry or other objectives for a specific municipal area. Regional agreements are negotiated with several councils across a broader local area and reflect a desire to coordinate a strategic approach to issues that transcend municipal boundaries. Statewide agreements are developed through the Premier's Local Government Council, a body chaired by the Premier and including representation from each of the three regional areas of Tasmania.

Since the implementation of the IDP, four Partnership Agreements have been put in place with local governments in Circular Head, Launceston, Flinders Island and Glenorchy. Other regional and bilateral agreements are presently being negotiated. Partnership Agreements with local government enable the IDP to be implemented strategically, within each region, targeting economic opportunities that will deliver the maximum benefits to local communities. Partnership Agreements are also being formed with institutions to deliver industry development benefits for the whole State.

Partnership Agreement with University of Tasmania

In November 2000, the Government and the University of Tasmania signed a Partnership Agreement aimed at ensuring the university's continuing growth as a research institution. It also places emphasis on commercialisation of research effort and close relationships with Tasmanian industry. Key objectives include promoting international education and training services and expanding the number of international students studying in secondary, post-compulsory and higher education sectors.

This partnership identifies 16 specific projects that are to be jointly progressed. These include:

- establishment of the Menzies Institute – building on the existing Menzies Centre which has been designated a Tasmanian Icon for its internationally recognised leadership in health studies;
- establishment of a Tasmanian Environmental Research Institute;
- establishment of the Law Reform Institute;
- electronic enhancement and delivery of Tasmanian educational services, including improving educational access for all Tasmanians through electronic delivery and shared infrastructure across all sectors of education;
- consistent with the IDP, the establishment of information technology and advanced technology incubators; and
- improved higher education retention in Tasmania.

The agreement recognises the importance of skill development and training, as well as research to the achievement of the State's economic goals. The parties have agreed to take an integrated approach to the identification of skills gaps, areas of over-supply and emerging workforce needs.

Strategies employed include:

- collaborative research into workforce planning issues;
- development of programs with industry, aimed at increasing the retention of graduates in the State;
- university representation on State planning committees; and
- State Government input into the university's planning process through a Partnership Management Group.

INDUSTRY DEVELOPMENT PLAN AND TASMANIA *TOGETHER*

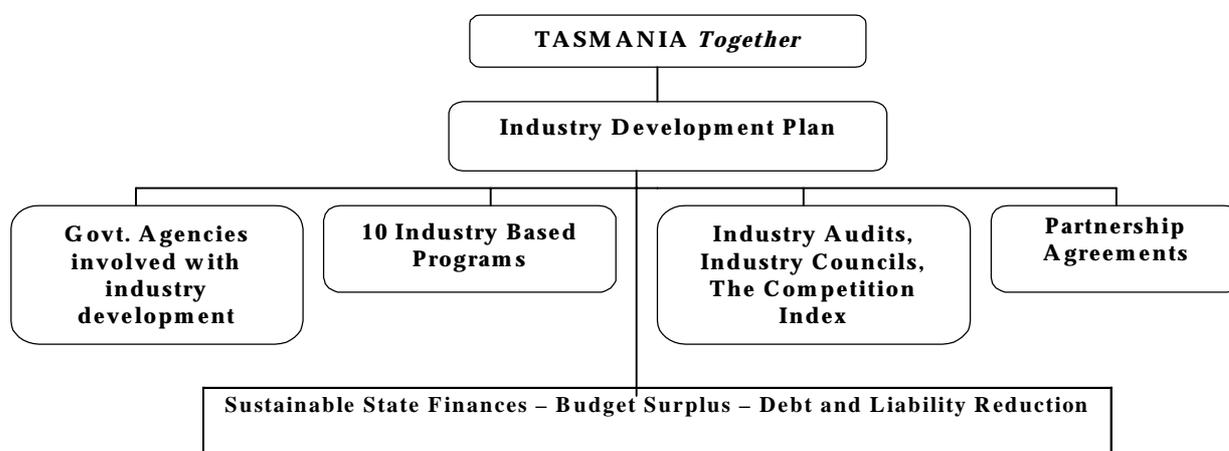
Tasmania *Together* is the overarching social, environmental and economic plan for Tasmania, and is being developed through broad consultation with the community.

A Community Leaders' Group, which includes representatives from throughout the State, has conducted extensive consultations with local communities to develop a long-term vision and goals for Tasmania. Government and non-government sector representatives are now working together to define a set of benchmarks that will measure progress toward these goals. There are six benchmarking committees including Community Wellbeing; Sustainable Development; Natural Environment; Employment and Economy; Arts, Culture and Heritage; and Open and Inclusive Governance.

The IDP will play a crucial role in the Government's approach to delivering on the benchmarks for Tasmania *Together*.

The chart below shows how the Government's policy initiatives are integrated, led by a vision generated through the Tasmania *Together* process and underpinned by the Government's Fiscal Strategy.

Diagram 1.3: Tasmania *Together*



2 INDUSTRY DEVELOPMENT PLAN OUTCOMES 2000-01

INDUSTRY PROGRAMS – OUTCOMES 2000-01

When the IDP was introduced, the Department of State Development (DSD) was given responsibility for implementing a range of new programs to address the important issues affecting industry development in Tasmania. Achieving tangible outcomes with genuine meaning for industry is the emphasis of each program.

The IDP greatly improved the co-ordination of other departments and agencies to optimise the delivery of industry programs, particularly following the completion of the Industry Audits. For example, skills-related programs benefit from input by TAFE Tasmania, and procurement-related programs require Treasury involvement.

Details on how each program operates are presented in Chapter 7, Ten Industry Based Programs.

A summary of outcomes from each of the industry programs in the period 2000 to 2001 is listed below, together with the departments under which they operate.

Finance Facilitation

A specialised DSD business unit operates exclusively in the area of sourcing finance for local business. The Finance and Finance Facilitation unit is attached to the Investment, Trade and Development Division.

The Finance and Finance Facilitation group's contribution in the first nine months of 2000-01 includes:

- 50 applications for financial assistance assessed, with 45 applicants being successful;
- \$12 million in finance facilitation;
- \$15 million in new investment; and
- 500 jobs generated or secured.

“DSD fully understood the start-up financial requirements of Satellite Dish Technologies (STD) during the research and development stage of our KU Bank satellite dish.

This phase of the company’s development has now been finalised.

On the basis of having a strong business case and a sizeable cash injection into the business by the existing shareholders, the Tasmanian Government approved an equity position in SDT to enable the company to fully exploit market opportunities, both nationally and internationally.”

Geoff Watson, Director, SDT Australia Pty Ltd

The Finance and Finance Facilitation unit was also involved in the provision of financial assistance packages by way of equity positions that allowed the retention or expansion of the following companies:

- Australian Weaving Mills Pty Ltd;
- Microwise Australia Pty Ltd;
- SDT Australia Pty Ltd; and
- *financialadvisers.com* Pty Ltd

Referrals of businesses with high growth potential were made to the Government-initiated pooled development fund, First Tasmania Investments Limited (FTIL). This equity development fund operates exclusively in Tasmania and provides alternatives, other than debt capital, to the State’s small-to-medium business sectors. FTIL has committed investments in nine investee companies that amount to \$17 million.

Red Tape, Government Regulations and Assistance for Business

Businesses can access DSD services to business in a variety of ways through the:

- 5 regional DSD offices;
- 12 business enterprise centres; and
- 24 Service Tasmania shops.

The five regional offices provide a one-stop shop for assistance to business. The 12 Business Enterprise Centres, which are in regional areas, play a key role in the creation of new businesses and provide free information, support and referrals to DSD officers for both intending and existing small and micro businesses. The 24 Service Tasmania shops provide a referral and booking service for DSD officers and business seminars as well as a general information service and access to relevant brochures.

These physical locations are supported by online delivery of services through the Business Tasmania website and the Business Licence Information Service (BLIS). Business assistance provided by the three levels of government can also be accessed through Service Tasmania Online.

Details of assistance provided to business by DSD, to date are:

- DSD made more than 3,000 client contacts, delivering business counselling, taxation advice, patent attorney and other referral services.
- DSD responded to more than 2,800 Business Licence telephone and on-line enquiries.
- One-stop shop services were delivered through DSD regional offices at Glenorchy, Launceston, Devonport and Burnie, as well as through *Service Tasmania* shopfronts.

“Assistance from DSD has led to the development of a comprehensive business plan that has focused the business and identified a need to diversity my customer base for future stability and growth”.

Mark Lesek, Dynamic Welding and Engineering.

Tasmania has been working actively with the Commonwealth Government to improve co-ordination of the delivery of government programs at all levels through the Regional Development Taskforce. The aim is to provide seamless delivery of government services to improve access and reduce unnecessary referrals between agencies.

Industry Councils have initiated discussions with agencies and provided comment on a number of specific issues, including access to Government programs, planning approvals, government procurement and workplace health and safety issues.

An Aquaculture Business Approvals Package Internet Resource, which is available at www.bap.tas.gov.au, has proven popular. In the 10 months to April 2001, 88 licence application reports were generated, with 15 per cent of these being for interstate applicants. The Internet site itself is generating over 2,500 *hits* a month.

The Department of Treasury and Finance is developing an Electronic Taxation Collection System (ETaCS) to make it easier for businesses to meet their taxation liabilities. ETaCS will be a web-based system, allowing businesses to make payments electronically, send details electronically, facilitate the calculation of tax liability and to access up-to-date educational material, including circulars and rulings.

Industry Networking

A number of DSD business units, including the Industrial Supplies Office (ISO) and State Industries, work with companies to develop networks that can achieve economies of scale that are beyond the reach of individual network members operating alone.

The ISO's contribution includes:

- facilitating the development of the TCF Network (Clothing Manufacturers of Tasmania Network) which allowed a successful tender for TAFE Tasmania Administrative Staff uniforms;
- assisting a group of composite manufacturers to propose Tasmanian manufacture of components for the Wind Power Generator Project; and
- assisting the formation of a group of Tasmanian manufacturing companies to build a ferry for Peninsula Ferry Services.

The Information Technology Industry Council has commenced discussions with the Food and Manufacturing industry councils to explore opportunities for the application of Information Technology

(IT) to improve business performance in their sectors. Other industry councils have identified opportunities for networks and co-operation between sectors including:

- Food and Tourism;
- Food and the Arts; and
- Arts and Tourism.

Most Industry Councils have identified specific network opportunities worth exploring within their sector. These will be developed within the implementation of their Industry Sector Plans.

Maximising Opportunities for Employment through Increased Local Content

Support is provided to Government departments and Tasmanian companies to maximise opportunities from Government procurement.

The ISO increased local content for contracts won in Tasmania by servicing:

- enquiries to a total value of \$70 million;
- successful enquiries to a value of \$18 million; and
- pending enquiries to a value of \$209 million.

Government procurement policy outcomes during 2000 include:

- Tasmanian business won 88 per cent of total Government contracts. All of these tenders won by local business were for contracts worth more than \$50 000; and
- Bids received from Tasmanian businesses accounted for 80 per cent of total bids received, clearly showing that local business is competing impressively against interstate and international rivals.

The procurement results are collected by Treasury to record how Tasmanian businesses perform in winning Tasmanian Government contracts. Reports on the performance of Tasmanian business in securing Government contracts are released each quarter.

Support and Financial Incentives for Export and Import Replacement Industries

Industry Development Fund: ten approvals valued at \$2.55 million

State Industry Programs: thirty-one approvals valued at \$200 000

Innovations Fund: nine approvals valued at \$700 000

Screen Tasmania: forty approvals valued at \$1.55 million

Payroll tax rebates have been approved for 15 IT businesses located or locating in Tasmania. Assistance is provided to companies with a significant participation in the IT industry, excluding those companies solely involved in the retailing of computer hardware or software, or any other type of hi-tech devices, and meeting certain employer eligibility and approved employee criteria.

Management Skills Development

DSD and TAFE Tasmania deliver strategically targeted enterprise development programs designed to assist middle management:

- More than 480 counselling services were provided to enterprises and/or individuals through DSD's enterprise-improvement programs;
- 165 business enhancement workshops were staged throughout the State, with the Institute of TAFE Tasmania offering accredited training at certificate and diploma level in Frontline Management, Small Business, and General Management;
- 1,257 enterprises and/or individuals attended the workshops; and there were some 1,900 enrolments in accredited middle-management programs within the Institute of TAFE Tasmania; and
- 215 enterprises were provided with business mentor services.

"Landfile Consultancy (LC) approached Business Tasmania to facilitate a strategic review by looking at ways to make the business run with greater efficiency. LC was most impressed with the way the client manager attacked the project with a realistic approach by addressing the issues compiling the relevant information and avoiding red tape and overloads of paperwork, effectively cutting down on unnecessary downtime to production. An independent consultant was engaged to assess the findings from the review and navigate the process for implementation. The outcome has enabled LC to justify employing another person to help with the ongoing efficiency and upward growth of the company".

Robert Rowell, Landfile Consultancy

Skill Bottlenecks

DSD, TAFE Tasmania and the Office of Post Compulsory Education and Training (OPCET) are responsible for assisting with the Government's goals for reducing skill bottlenecks.

A specialist DSD team, the Skills Response Unit (SRU) has been created to work in close collaboration with OPCET, TAFE Tasmania, training providers, Tasmanian business and industry and employee representative bodies. The role of the SRU is to identify skill shortages and facilitate mechanisms to overcome business growth constraints, with the aim of meeting the skills requirements of Tasmanian business and industry.

The Government's Small Business Employment initiative assisted in the creation of 350 new jobs in strategic industries under the New Apprenticeship Scheme.

Access to Interstate and Overseas Markets and Marketing

Three DSD Business Units - Investment, Trade and Development, State Industries and Tourism Tasmania - pursue the Government's goals for enhanced business access to interstate and overseas

markets. The Department of Infrastructure, Energy and Resources and the Department of Primary Industries, Water and Environment undertake complementary activities in this area.

DSD's Trade, Marketing and Major Events section made the following contribution in the first nine months of 2000-01:

- \$11 million contracts secured;
- \$12 million investment through business migration;
- \$16 million direct economic benefit from major events;
- \$10 million in external media exposure through events; and
- 300 overseas students attracted, with \$6 million in direct economic benefit.

A South African business relocation project undertaken by DSD has already resulted in one company confirming its relocation intentions and a number of others visiting Tasmania to assess the State's potential. DSD continues to receive enquiries from South African companies as a result of a promotional visit. A broad range of industries is represented.

"We were a little unsure of the opportunities in Taiwan for our company, but DSD's business matching assistance has helped us to gain a foothold in the Taiwanese market...I certainly believe that the work done by DSD is imperative for the future of the Tasmanian economy".

Darren Alexander, Autech research

DPIWE's Quarantine Services conduct 25 pest and disease survey programs annually under World Trade Organisation guidelines. The information collected is used as a basis for negotiating access into both interstate and overseas markets. The tobacco blue mould program, which collects information to show tobacco blue mould does not occur in Tasmania, has opened the way for the export of tomatoes and capsicums to the Japanese market.

"The relationships built at these trade fairs have turned our business around."

"Winning the award has really boosted our market presence and given us credibility as a producer of the highest quality natural skin care products".

Peter Blythe, House of Herbs – Winner of Best Exhibit Award at the Reed Gift Fair (attendance at fair assisted by DSD)

Planning Certainty for Major Developments

The Government provides business with a range of facilitation services that assist in creating planning certainty when major developments are under consideration. The process usually entails contributions from three departments: State Development; Infrastructure, Energy and Resources; and Primary Industries, Water and Environment.

A number of initiatives are in place to promote and facilitate major economic development projects, including:

- the Tourism Development Steering Committee, chaired by DSD, promoting and facilitating major tourism development projects by marketing opportunities to investors, removing obstacles, reducing uncertainty and providing project review and facilitation services;
- the planning system has been reformed to support a more standardised approach to development assessment across the State. In consultation with local government, the State Government is developing a framework for new planning schemes; and
- An inter-departmental committee has been formed to ensure a timely and coordinated response to projects referred under the Commonwealth Environment Protection and Bio-Diversity Conservation Act.

An inter-departmental committee, led by DIER and including representatives from the Hobart Ports Corporation, Tasrail and the Hobart City Council, has considered a new road access and internal layout of the Hobart working port. The aim of this committee is to create a more efficient, multi-modal port of world class standard.

Harnessing Entrepreneurial Ideas

The Tasmanian Innovations Advisory Board (TIAB) encourages and assesses new and innovative ideas that can contribute to the expansion of the State's industry base. Results during 2000-01 include:

- grants totaling \$640,000 awarded to seven Tasmanian companies;
- over 450 people attended Tasmanian Innovations Program events, including Ideas to Goals seminars and i-cubed networking functions;
- the IT Industry Development Program facilitated networking and promoted the capability of Tasmanian IT firms, with 24 organisations receiving assistance;
- more than 250 people attended IT Industry Development Program events;
- the Tasmanian Incubation Program, for start-up small-to-medium enterprises, saw 14 organisations assisted to manage their growth and expansion through the provision of financial and non-financial assistance; and
- the information technology industry's web-site, *The Loop*, had more than 7,000 visits and 70,000 page views.

Business Tasmania seeks to encourage entrepreneurship among Tasmanians through:

- participation in initiatives that encourage and develop business skills among young Tasmanians. These include Shell Livewire, Australia Self-Made Girl, Tasmanian Enterprise workshops and the Young Achievers programs. More than 49 individuals participated in Shell Livewire with 20 business plans submitted for judging;
- encouraging and promoting business role models through the Telstra and Tasmanian Government Small Business Awards. Thirty businesses participated in this program with State winners nominated for participation in national awards;
- an extensive program of business enhancement workshops held at Business Tasmania and Enterprise Centre offices across the State; and

- Tourism Tasmania, through its innovative Inventory Management System, increased opportunities for Tasmanian tourism businesses, regardless of size, to tap a global network of visitor and booking opportunities.

"As a young company, working within a fast-moving industry, our culture of innovation is dependent upon access to sound advice, assistance and skills. DSD has given us the opportunity to network with industry peers, promote ourselves to potential business partners and access leading edge business skills and knowledge. Their belief in our success has provided us with both the support and confidence to grow and develop our company with a strong and strategic future."

Danielle Stephens, Partner, Crank Media

INDUSTRY SECTOR – OUTCOMES 2000-01 (YEAR TO DATE)

Three departments - State Development; Infrastructure, Energy and Resources; and Primary Industries, Water and Environment – have a leading role in delivering development support across industry sectors. Other departments, such as the Department of Education and the Department of Treasury and Finance, are involved in cross-sectoral matters. However, DSD is the central agency involved with all industry development issues.

The following outcomes highlight the Government's industry-development activities during the first nine months of 2000-01.

Tourism

The tourism industry's contribution to economic growth included:

- 418,500 interstate visitors to the State of which 213,500 were holiday visitors (January – December 2000);
- 90,000 international visitors to the State of which 65,000 were holiday visitors (January – December 2000);
- Visitor expenditure totalling \$549 million (January – December 2000);
- 18,700 jobs in the tourism sector; and
- \$85 million worth of media exposure was generated through the Visiting Journalist Program.

Under the provisions of a memorandum between the State Government, the Hobart City Council and the Hobart Ports Corporation Pty Ltd, a Site Development and Conservation Plan for Princes Wharf was prepared and tested through a public review process by the Resource and Planning Development Commission. Other projects included:

- Doherty Hotels assisted in securing planning approval for a \$10 million eco-tourism development at Cradle Mountain;
- an industry assistance package provided to facilitate the expansion of the Old Woolstore tourist hotel in Wapping;
- a new Expressions of Interest process commenced for the redevelopment of the Henry Jones IXL buildings in Hunter Street, Hobart;
- an integrated tourist precinct project in St Helens reviewed by a planning workshop;
- the Federation Concert Hall, arising from a successful partnership between the Government and industry, completed in October 2000;
- a National Jet Maintenance facility opened in April 2001 at Launceston Airport to support continued services from Southern Airlines;

- Impulse Airlines provided 3,276 seats per week into Tasmania, with this extra capacity expected to be continued by Qantas when the two airlines complete contractual arrangements; and
- support for construction of the ABT Railway, enabling services to operate from Queenstown to Lynchford and Rinnadeena in early 2001.

Tourism infrastructure was also enhanced through construction of an innovative forest interpretation and visitor centre at Scottsdale. Design for the centre, which will also support regional development in tourism and local produce, was developed in close consultation with the Dorset Council and the local community.

Construction of a new tourism attraction, the \$3.1 million Airwalk project at Tahune, in the southern forests, has commenced and should be completed in mid-2001. The project is a partnership between Forestry Tasmania (which will be responsible for the on-going management), the Huon Valley Council, the State Government and the local community. As part of the project, the 26km Arve Road from Geeveston to Tahune is being sealed.

Design development has been completed for tourism interpretation facilities at Freycinet National Park, Meander Valley and Scottsdale.

New visitor facilities at Mount Field National Park and Hastings Caves State Reserve have been completed and are now open. Private sector partnerships have been secured for commercial service delivery in conjunction with both facilities.

The access road in Narawntapu National Park has been sealed.

Communications and Technology Industries Business (including Call Centres)

- Eight projects completed;
- \$31 million invested;
- 896 new jobs generated from completed projects;
- 112 per cent increase in total employment in the call centre sector from 1,400 in 1998-99 to 2,965 in 2000-01; and
- a call centre industry association established.

Manufacturing/Engineering

- North West Bay Ships launched its first vessel, the 55-metre trimaran, *Triumph* and secured its first order for a high-speed 3-metre tourist vessel to operate in Queensland waters;
- Richardson Devine Marine completed a \$2.5 million ferry, *Lady Jane Franklin*, with unique low-wake characteristics for carrying tourists on the Gordon River; and
- Peninsula Sea Road Charters Pty Ltd launched a \$10 million car and passenger ferry at Kings Wharf, Launceston, following construction by a Tasmanian engineering network.

Energy/Building and Construction

TEST Energy Pty Ltd has proposed an \$80 million waste-to-energy facility at Brighton. The project will employ approximately 250 people during construction and 100 when operations begin in early 2003.

National fuel discounter, Liberty Oil, established its first retail site in the northern suburbs of Hobart. The effect on the retail petrol market was immediate, driving the price of petrol down throughout Hobart and surrounding suburbs, often to lower levels found in Melbourne.

Tasmania Natural Gas Project

Duke Energy International (Duke) will build a natural gas pipeline from Longford in Victoria to Bell Bay, Tasmania, and feeder lines to transport gas from Bell Bay to Port Latta in the north-west and Hobart in the south.

Duke will spend some \$400 million establishing the transmission pipeline. A further \$200 million is to be invested by other entities in establishing a distribution network to reticulate gas to businesses and residences.

The introduction of natural gas will begin a period of vigorous industry development in Tasmania, with the availability of cost-competitive energy expected to generate flow-on investments in the form of industry conversions, expansions and new development projects.

Construction of the project is expected to create approximately 900 jobs.

DSD's Skills Response Unit has been ensuring that issues of training and regulation have been fully coordinated and effectively implemented to support the development of this new industry.

Basslink

In February 2000, the Government announced that Basslink Pty Ltd (a fully owned subsidiary of National Grid International Limited) had been selected as the preferred proponent to build, own and operate an undersea cable link between Tasmania and Victoria. The Basslink proposal involves constructing a 280km cable with a normal operating capacity of 480 megawatts (MW) and 600 MW dynamic rating. The proposal, scheduled to be operational by late 2003, also includes an accompanying fibre optic communications cable to enhance Tasmania's telecommunications capabilities.

The Commonwealth and Victorian governments agreed to a joint process for the environmental assessment and development approvals process for Basslink.

Basslink Pty Ltd is working to gain the necessary regulatory approvals. The Tasmanian Government is working with the National Electricity Market (NEM) and relevant regulatory bodies to ensure the State gains entry to the NEM.

Mining and Mineral Processing

- Nine projects under management;
- \$1.5 billion potential; and
- 795 potential jobs.

Allegiance Mining NL has invested \$3.5 million to evaluate the Avebury nickel sulphide deposit in western Tasmania. A positive outcome to the company's study could lead to the establishment of a significant new Tasmanian mine.

Murchison United NL is undertaking an exploration program and a downstream feasibility study into the smelting of tin metal.

The recent acquisition of Australian Bulk Minerals (ABM) by Ivanoe Mines has led to \$20 million in new investment at the Savage River iron ore mine and Port Latta pelletising plant. As a result, ABM has announced that it will be increasing its annual production of pellets and concentrate by approximately 30 per cent to 2.9 million tonnes.

ABM has advised the Australian Stock Exchange that it has entered into a contract with Duke Energy International for the purchase of natural gas. The company is looking into a number of opportunities for downstream processing, using gas when it becomes available.

Agriculture, Aquaculture, Fishing, Food and Beverages

Food and Beverages

- Thirteen projects under management;
- \$20.8 million invested from projects committed, implemented and completed; and
- 190 new jobs generated from projects committed, implemented and completed.

Projects supported by DSD included:

- Ichigo Australia Pty Ltd successfully growing Japanese strawberry varieties in Tasmania and exporting them to Japan;
- specialty mushrooms being grown commercially, with production capacity increased at Huon Valley Mushroom's facilities;
- Tasmanian Seeds Pty Ltd granted licences to market two new varieties of oats developed over recent years by the Department of Primary Industries, Water and Environment and the Tasmanian Institute of Agricultural Research;
- expansion in Pyrethrum production by assisting in the provision of advance payments to growers;
- attraction of equity into Tasmania's potentially largest cherry orchard for export markets;
- launch of a 10-hectare apricot orchard development in the Coal River Valley, with a potential yield of 3,000 tonnes and a farm gate value of \$8 million; and
- Van Dieman Aquaculture Pty Ltd proving through successful trials that salmonids are a viable species in the Tamar Estuary.

The Tasmanian Export Council is an initiative jointly financed by the Commonwealth Government, DIER and industry. It began in 1999 as a result of the Commonwealth Government's *Supermarkets to Asia* Program. The aim of the Export Council is to improve the export performance of Australia's fresh and live produce in the Asian market.

The council has initiated or completed the following projects:

- a study of live and fresh seafood logistics;
- a survey of Asian importer attitudes to Australian freight logistics systems;
- a national review of quality assurance systems and codes of practice;
- a study of best-practice freight logistics; and

- an airfreight temperature monitoring study.

Develop and Promote Clean Safe Products

A Gene Technology Unit has been established to provide advice to Government and stakeholders in relation to agricultural biotechnology. DPIWE actively participated in the development and finalisation of a national regulatory framework to manage genetically modified organisms and progressed development of complementary Tasmanian legislation.

A program has been executed to ensure implementation of national food safety reforms as they relate to primary industries.

Support for Tasmania Quality Assured Inc has continued, encouraging adoption of quality assurance programs through a new three-year funding agreement.

DPIWE developed an on-farm food safety and quality assurance program that is a blueprint for Tasmanian dairy processors to use for their milk suppliers.

Business planning and intensive pasture management courses were delivered to 600 farmers to enable them to adjust their businesses following deregulation. Industry was assisted to deliver information about the Dairy Structural Adjustment Program to farmers and facilitated the orderly transition of Tasmania's major provider of herd recording services from the Tasmanian Dairy Industry Authority to the private sector.

Water Resources

Additional resources were made available under the Irrigation Partnerships Program for four additional water bailiffs during the irrigation season to enable other staff to expedite assessments for permits and approvals. A training course on best practice irrigation and property-focussed water management planning was delivered.

Progress has been made on the Water Development Plan for Tasmania, in place of the proposed water resource and dams strategy.

Aquaculture

The Board of Advice and Reference has advertised licences for commercial operators to conduct trials into the development of techniques for the husbandry of rock lobster.

The Furneaux Islands and the Tamar Estuary marine farming development plans were approved in the past year, with a combined maximum leasable area of 747 hectares.

Forestry, Timber and Paper

South African company, Kortas Veneer and Plywood, has undertaken a study into the feasibility of a 120,000-m³ veneer mill in Tasmania. The project requires a \$50 million investment and would involve 106 direct jobs.

Using funds provided in the Regional Forest Agreement (RFA), improvements to major forest road infrastructure have been completed on the Mathinna Plains Road, Mount Albert Road and the Huon to Derwent link (Plenty). A further project to improve the Paradise Gorge section of the Tasman Highway has commenced. Forestry Tasmania is constructing and upgrading several forest roads, including a new major bridge across the Huon River, to provide infrastructure to support the proposed Southwood

integrated timber-processing facility near Judbury. The Draft Guidelines for a Development Proposal and Environmental Management Plan for the Southwood project have been issued.

Working parties have been set up involving the Department of Energy, Infrastructure and Resources, port and rail authorities, and municipal councils to advance development planning for Southwood and a similar project at Smithton. Extension of the north-west rail network from Wiltshire to an integrated wood-processing yard at Smithton is under investigation.

Both the public and private sectors have continued to expand the State's plantation resource. Since the signing of the Regional Forests Agreement (RFA) in 1997, Forestry Tasmania has established approximately 10,000 hectares of the RFA five-year plantation target of 20,000 hectares. This program employs some 300 private sector contractors in plantation site preparation, planting and native forest thinning. An additional 5,400 hectares of new softwood plantation have been established by Rayonier Tasmania on behalf of a joint venture involving Forestry Tasmania.

Environmental Industries

The Environment Industries Council (EIC) has been formed with working groups focusing on waste management, energy conservation and alternative energy, environmental consulting and community environment groups, education and R&D.

The waste working group has cross membership and is co-ordinating with the Tasmanian Waste Advisory Council on regulation and industry development in the waste sector.

The EIC is developing an industry strategy with the clear objective of underpinning and ensuring the State's clean and green image.

Collex Waste Management and Groundswell Organics have signed an agreement to enter into a joint venture for composting organic wastes in southern Tasmania. The enterprise will be located at Brighton and will produce a saleable organic product for the domestic market. The venture will support increased diversion of organic wastes from landfill to value-adding processes.

Statewide, approximately 85 per cent of council lagoon systems have been successful in obtaining Natural Heritage Trust (NHT) funding under the Clean Quality Water Program, Coast and Clean Seas or Riverworks programs to embark on infrastructure upgrade and/or waste water reuse programs.

Intelligent Island Program

The Intelligent Island Program was established in March 2000 as a \$40 million joint initiative of the Commonwealth and Tasmanian governments, funded from social bonus funds arising from the sale of Telstra shares. The program is designed to ensure Tasmania's full participation in the information economy. The aim is to accelerate the development of Tasmania's Information, Communications and Technology (ICT) sector such that it is a leading contributor to the Tasmanian economy by 2010 and well placed on the national and global ICT map.

Key indicators of the success of the program will be:

- the growth in terms of employment and turnover of existing firms;
- a focus on obtaining profit from sources outside Tasmania;
- an ICT sector that underpins innovation and growth in other sectors of the Tasmanian economy;

- production of a wide range of products and services including a number of world class products exported internationally; and
- a large number of small and rapidly growing firms able to work alone or in consortia.

The program will achieve its goals through the development of seven initiatives addressing the need to assist innovators through the provision of incubation services, capital adequacy, a world-class research and development centre, support for skills development, investment attraction, a study of the state's telecommunication's infrastructure and marketing Tasmania as an IT savvy place.

The implementation of the plan is increasing speed. A consortium to operate the Intelligent Island Incubator has been approved and the grant deed negotiations are almost finalised. Work on developing a focus for the Centre of excellence is well advanced. The telecommunications infrastructure study is about to be launched. A number of firms have expressed interest in locating development activities in Tasmania to take advantage of the activity and support generated by the program.

Arts

Tasmania's inaugural cultural festival, *Ten Days on the Island*, was held throughout the State from Friday, 30 March to Sunday, 8 April 2001. More than 100,000 people attended events in 32 locations around Tasmania resulting in excellent community feedback. Sell-out seasons were enjoyed by at least 12 events, including performances by local groups such as Two Turns, TasDance and Osborne and O'Neile. Community-based events such as the IHOS Opera at Triabunna, *Our Path* in Launceston and Loose Lips enjoyed overwhelming local support.

Ten Days on the Island attracted significant local, national and international media coverage.

Planning has commenced for *Ten Days on the Island 2003* with dialogue already occurring between Tasmania and islands such as Sardinia, Corsica, Sicily, Papua New Guinea and Statton and Prince Edward Islands.

The literary centrepiece of *Ten Days on the Island* was the Tasmania Pacific Region Prize which, at \$40,000, is the richest prize for a novel for a resident or citizen of Australia, New Zealand or Melanesia. The prize attracted 116 entries and considerable media interest around the region. The fact that the inaugural prizewinner Elizabeth Knox comes from New Zealand was a clear demonstration of the success of *Ten Days on the Island* in promoting cultural interchange between island peoples of the world. The prize will be offered again during the 2003 Festival.

An Aboriginal Program Officer was employed to strengthen Aboriginal cultural activity in Tasmania in all areas of the arts and to facilitate indigenous festival, community and youth projects across art forms. The first Aboriginal artist's residency at Risdon Cove was commenced in 2001.

An Arts Marketing Consultant worked with artists and arts organisations on developing marketing skills, marketing plans, increasing and identifying export opportunities for arts products, and provided other tools such as the Leading Voices arts marketing seminar program.

Funding was provided for a range of initiatives in contemporary music distribution, coordination, mentoring and showcasing to strengthen growth within that industry.

The Cultural Industry Council further contributed to the development of an Industry Plan to link to the Government's commitment to a 20-year social, environmental and economic plan for Tasmania.

Tasmania was promoted internationally as a world heritage area through artists' exchanges between Tasmania and other countries, including for the first time, Japan and Iceland.

NEW DEVELOPMENT PROJECTS AND OPPORTUNITIES

Communications and Technology Industries (including Call Centres)

The following employment levels for Call Centres have been forecast to be achieved by 30 June 2002:

- The Commonwealth Bank of Australia - 525 (Launceston and Hobart);
- Qantas - 350 (Glenorchy)
- Vodafone - 450 (Kingston); and
- Skilled Engineering - 75 (Burnie).

DSD will attract investment in the following sectors:

- Multimedia and digital media;
- Electronic Commerce;
- Software Development and Design; and
- Internet Gaming.

Opportunities

Continued reduction in telecommunication costs and increased telecommunications competition, critical labour shortages and rising property costs in Sydney and Melbourne will help build the case for relocation and the adoption of technological solutions within regional areas.

The call centre investment attraction will be expanded to target the shared service and back office operations, such as central purchasing, logistics, accounts payable or receivable, payroll (eg Centrelink Burnie Pay Processing Centre) to Tasmania.

Through a grant from the Tasmanian Innovations Program Tas-SAFF will expand their growing capability to include over 20 farms across the state with product being packaged and distributed from their southern Tasmanian site.

With assistance from the Tasmanian Innovations Program in the form of a grant and mentoring Dytech Global Solutions (DGS) will form partnerships with key IT industry players to commercialise globally their Enterprise Resource Manager product. This product was originally developed in collaboration with the State Government and is now being commercialised through an Intellectual Property agreement between DGS and the Department of Education.

The commercialisation of Information Solution Works (ISW) Viewbuild products is nearing completion, enabled by a grant from the Tasmanian Innovations Program. Over 100 copies of the software have already been sold and next year markets into Asia and globally are expected to expand significantly.

By the end 2001-2002 up to 50 innovation based start up companies will have undergone "pre-incubation" in the form of assistance through mentoring, training, and accommodation from the

Tasmanian Innovations Program. These start-ups will graduate ready for further development through the Intellinc Incubator, other incubation programs and access to venture capital.

At least four commercialisation opportunities will be realised through partnerships brokered by the "i-cubed" network for Tasmanian innovators, intermediaries and investors.

Potential exists for collaborative research and development activities with the University of Tasmania and private industry.

Manufacturing/Engineering

DSD will work with Duke Energy to attract energy-intensive industries to the State to take advantage of the introduction of natural gas to the Tasmanian energy market.

DSD will support the development of Richardson Devine Marine to become Tasmania's third major fast ferry manufacturer and work with the owners of the Southern Marine Shiplift in Launceston to develop and construct a new range of luxury motor yachts.

Opportunities

The establishment of alternative (wind) energy manufacturing capability in Tasmania, focussing on Tasmania's core strengths in fabrication and composite construction.

Mining and Mineral Processing

Ivanhoe Mines is undertaking considerable exploration work on its Long Plains magnetite deposit and its South Deposit, located 2km south of Savage River Mine. The proving up of these reserves would increase the resource at the Savage River Mine significantly.

Encore Metal is assessing the feasibility of processing the Zeehan slag dumps using a regional smelter process that can batch process ore, tailings and slag. A regional smelter could offer significant environmental benefits to the West Coast through the treatment of acid mine drainage-contaminated tailings.

DSD will support Cominex in a search for investors to develop a glass-manufacturing plant utilising high quality silica flour from Corinna.

DIER and DSD are working with Western Metals who are engaged in a bankable feasibility study into opportunities for downstream processing of residue from their tailings dam and other resources on the west coast for the production of zinc and other base metals.

Opportunities

Allegiance Mining NL has identified a resource of 3.1 million tonnes of ore averaging 1.7 per cent nickel at its Avebury lease. If the project proceeds the capital cost is estimated to be near \$130 million. DSD and DIER are also working with the company to look at opportunities for down-stream processing. Allegiance Mining NL is investigating whether to undertake a full bankable feasibility study and is continuing exploration at a number of other sites in western Tasmania.

Tenders have been called for a consultancy to carry out environmental planning studies at the North West Industrial Area (Port Latta). Studies are expected to take 12 months. The information base

created by the studies, along with the availability of natural gas, will create incentives for industry to locate in the Port Latta area.

Tourism

- NHT Upgrade Freycinet, Old Launceston Seaport and the RFA Centre in the north-east;
- Hastings Caves Reserve, London Lakes Stream and Pond Development, Pacific Vista Hotel, Point Arthur Fishing Village, Putter Adventure Golf Park, Salamanca Terraces, Savoy Hotel Hobart, Tahune Forest Airwalk and Visitor Centre, and the Old Woolstore Stage II in the south;
- Abt Railway, Australian Axeman's Hall of Fame, Cradle Mountain Wilderness Village and RFA/ Great Western Tiers in the north and west; and
- completion of the Cradle Valley Development Strategy, a new planning scheme, and the Far South eco-tourism project at Recherche Bay.

Environmental Industries

There are opportunities in environmental industries in relation to:

- upgrading the State's waste-water treatment plants;
- composting organic wastes; and
- Brighton's waste-to-energy proposal by Total Energy Services Tasmania (TEST).

Agriculture, Aquaculture, Fishing, Food and Beverages

The Food Industry Council of Tasmania finalised and launched the State's food industry sector plan in December 2000. The plan which was developed through considerable consultation between the industry and Government has set out a strategic direction and action agenda by which the State's food and beverage production will be doubled by 2010.

Harvest Moon and their growers have successfully grown broccoli on raised beds and conducted two trials of carrots under centre pivot irrigation in the northern midlands. Harvest Moon plans to expand its production of vegetables and will possibly invest in a cool store and packing facility in the area.

A three-year Rural Industries Research and Development Corporation funded wasabi project was completed at the end of March 2001. A business plan prepared in partnership with a commercial entity was a finalist in a national competition and demonstrated the potential of wasabi as a new enterprise.

Botanical Resources Australia (BRA) has announced plans to construct a \$4.5 million state-of-the-art extraction facility at Ulverstone to keep up with growing demand for the natural insecticide pyrethrin, which is produced from the flowering plant pyrethrum. BRA expects to increase the area of pyrethrum planted by 50 per cent in 2001-2002 to 3,000 hectares. Approximately, 99 per cent of Tasmanian pyrethrin is exported with the United States being the largest market.

Work on a range of potential new crops will continue in 2001-2002.

Opportunities

A joint venture involving Field Fresh Tasmania and Henderson Hydroponics is conducting a semi-commercial trial of greenhouse hydroponic capsicums. This trial is jointly funded by Horticulture Australia Ltd and is supported by DPIWE. It is employing knowledge gained from an initial three-year joint industry/government funded project. At the conclusion of the trial, industry partners will decide whether to pursue a major industry development in greenhouse vegetable production.

The cherry sector in Tasmania has potential to surpass the value of the apple industry this decade. Research commissioned by DSD has identified Japan as a challenging, yet financially lucrative market. Tasmania's fruit fly-free status is a major advantage in gaining market entry to Japan, a protected and sought-after market for cherries. DSD provided financial assistance to the Tasmanian industry to gain access to the Japanese market.

Generally, Tasmanian businesses are commercialising new agribusiness products and services at an impressive rate. Six Tasmanian companies covering a diverse range of initiatives including Toyonoka strawberries, echinacea, Japanese cherries and Kyoho table grapes have received Commonwealth funding totalling \$479,750 (of a total national budget of \$3 million) to assist in taking new products, services or technology from initial market assessment to a state of readiness for full-scale commercial investment.

Despite difficult summer growing conditions in 2000-01, the Tasmanian salmon industry continues to predict strong growth. The sector received an international vote of confidence through the purchase of Pivot Aquaculture's fish feed manufacturing operation at Cambridge by Nutreco International B.V., a large European fish feed manufacturer. Nutreco also acquired an 18 per cent shareholding in Tassal Ltd, Tasmania's largest salmon producer.

Tasmania's abalone sector is moving into full commercialisation after years of research and development. The Tasmanian Aquaculture Council reported that the farmed abalone industry is planning to increase production from seven tonnes in 1999-2000 to 168 tonnes in 2004-05. This is a high value, high demand product, especially in Asia and the species native to Tasmania are considered some of the best in the world. The abalone aquaculture sector will complement the \$99.5 million wild abalone fishery and provide much-needed jobs for Tasmanian in rural areas.

Ichigo Australia Pty Ltd is set to expand its strawberry exports to Japan in 2001 to approximately 90 tonnes with the establishment of two additional polyhouses by local contract growers at the Cambridge site. A third investor has received substantial Commonwealth funding and is expected to be operational in 2002. Strong interest from other potential growers could easily see revenues from the Japanese strawberry sector rise to between \$1.5 and \$3 million by 2002.

Vegetable processors Simplot and McCains are both exploring opportunities for export of French fries into Asia. The success of such a move depends on their ability to source raw material at a price that would enable them to be competitive with other production areas.

Webster plans to double its walnut plantings in Tasmania, with potential revenues of \$12 to 15 million per annum within the next 10 years. The company has already invested more than \$15 million.

Energy, Building and Construction

DSD is facilitating significant residential projects on Crown Land in Hobart's historic Wapping area and, in conjunction with the University of Tasmania, is facilitating the development of a new facility for the Menzies Institute and the University's Clinical School.

Liberty Oil will establish additional retail sites across Tasmania during 2001-02, including sites in the north and north-west.

Opportunities

The success of the Federation Concert Hall in Hobart has resulted in a shortage of quality accommodation in Hobart, creating opportunities for investment in the refurbishment of tourist infrastructure and the construction of new facilities.

DSD is working with a number of professional organisations to identify a suitable technology for the production of ethanol from locally available feedstock. Potential investment in a processing facility would be approximately \$25 million and provide up to 100 jobs.

The ISO is working on two projects in the energy field; the wind power generation project and the proposed waste-to-energy plant at Brighton. The ISO's role has been to promote Tasmanian capability and facilitate liaison with project developers and prime contractors for Tasmanian companies. These projects are in the early stages of development, however, prospects are good for supply of Tasmanian components into both projects, with interstate sales potential.

Forestry, Timber and Paper

A number of South African companies have expressed interest in relocating or investing in timber processing opportunities in Tasmania. Kortas Veneer and Plywood Pty Ltd will finalise a feasibility study for a proposed veneer mill in the next few months.

Options for energy co-generation have been further investigated and interested proponents identified for the *Growth Plan – Wood Processing and Marketing*.

Some transport and infrastructure options being considered to support integrated wood processing will have the capacity to serve other industries, as well as contributing to regional development.

Opportunities

The Forests and Forest Industry Council, Forestry Tasmania and DIER are exploring processing opportunities with a number of identified proponents, including local and international businesses. These include: improved sawing and drying techniques for regrowth and plantation timber; rotary peeling and sliced veneers; composite wood products; laminated veneer lumber; and speciality laminated flooring lines.

Arts

The arts@work pilot will test a framework under which a number of connecting supply to demand issues will be addressed. With its goals of identifying work in new sectors, and assisting artists and arts organisations to export, increased income can be expected to accrue to the State, and the number of people employed in cultural industries extended. If the pilot proves successful its will be the beginning of a network of hubs incorporating the South, the North and the North-West of the State.

The Government's Partnership Agreement with the Launceston City Council comes at a time when the security of funding (and indexation) mean that the Inveresk development will realise a new cultural precinct and a major new attraction for Launceston. This will include a new art gallery for the Queen Victoria Museum which will feature both contemporary art and traditional Tasmanian Aboriginal cultural practices.

A full-time manager for the Maritime Museum has been appointed to oversee an active volunteer base of 70 and a membership of over 3000. This initiative is considered central to the development of a strong maritime theme to Tasmania which will have tourism and related economic benefits.

The establishment of a Tasmanian chapter of the Australian Business Arts Foundation will possibly herald a new era of mutually beneficial investment by private individuals and organisations in the arts, leading to strategic partnerships that will see benefits derived by the arts in general, by the corporate sector and by the community as a whole.

3 ECONOMIC PERFORMANCE 2000-01

Overview

Since coming to office, the Government committed itself to industry development and jobs. Following Tasmania's experience of relative economic decline compared to the rest of Australia throughout most of the 1990s, the adherence to this commitment has delivered solid employment growth over the past two years. The increase in the number of jobs has been driven primarily by expansion in existing small and medium sized business in the State.

Following an impressive recovery in 1999-00, the Tasmanian economy has continued with a solid performance in 2000-01. The State's economic performance in 1999-00 in particular was underpinned by a range of converging factors that benefited Tasmania's open and export focused economy. These factors included the unusual experience of high commodity prices accompanied by a low Australian dollar, driving the value of exports to record levels and a return to growth in both private and public sector spending.

Job growth has been a strong feature of Tasmania's solid economic performance, assisted by the comprehensive Industry Development Plan to address barriers to local business growth, and by the confidence generated by a strong fiscal strategy of balanced budgets and reducing debt.

The threat to Tasmania's economic progress in 2000-01 arrived on two fronts; a GST-induced national economic downturn and a slowing international economy. To shield the Tasmanian economy from these outside affects, the Government delivered an expansionary 2001-02 Budget, incorporating a major infrastructure fund with both social and economic objectives, and significant tax cuts to stimulate further job growth.

The economic performance of the Tasmanian economy in 2000-01 was not shared evenly across the State. According to ABS employment estimates, the economic performance of the southern region was steady, whilst the north secured a disproportionate share of the State's job growth. Close monitoring by the Government of the economic performance of the north-west in 2000 indicated a flattening of what, up until February 2000, was an impressive recovery in the region. For this reason, the Government announced in February 2001 that it would deliver an infrastructure fund in its 2001-02 Budget, and would implement a program of additional infrastructure spending in the north-west and west coast to stimulate its economic performance.

Tasmanian Economy – Background

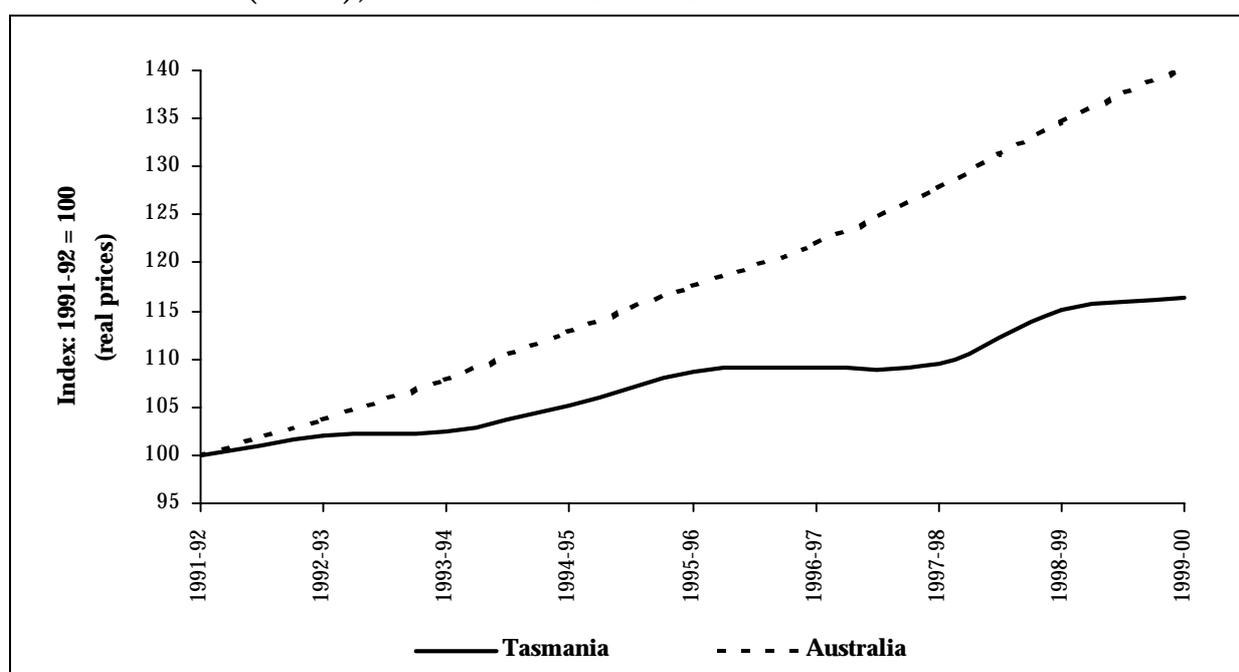
After a period of relative economic decline compared with the rest of Australia during most of the 1990s, as highlighted in Chart 2.1, the State's economy is now back in growth. Some of the factors that contributed to Tasmania's relatively subdued economic performance over this period include:

- an industry structure that has lacked sufficient growth sectors;

- major job shedding in the private and public sector;
- the centralisation of financial services and corporate management in Sydney and Melbourne and restructuring in the finance industry more generally;
- a period of generally low prices (until fairly recently) for some of the State's key commodity exports, including beef, wool, aluminium and copper;
- low levels of business investment and business confidence; and
- since late 1996, negative population growth.

The following charts reveal that Tasmania has again started to share in the national economic growth that has been evident for almost a decade. While the growth recorded in a number of the series is welcome, in many cases the improvement has occurred after a prolonged period of relatively poor performance, so that the growth is from a low base. As outlined above, the challenge for the Government now is to ensure that these improvements are sustained over the longer term.

Chart 2.1: Economic Performance: Tasmania (GSP) and Australia (GDP), 1991-92 to 1999-00

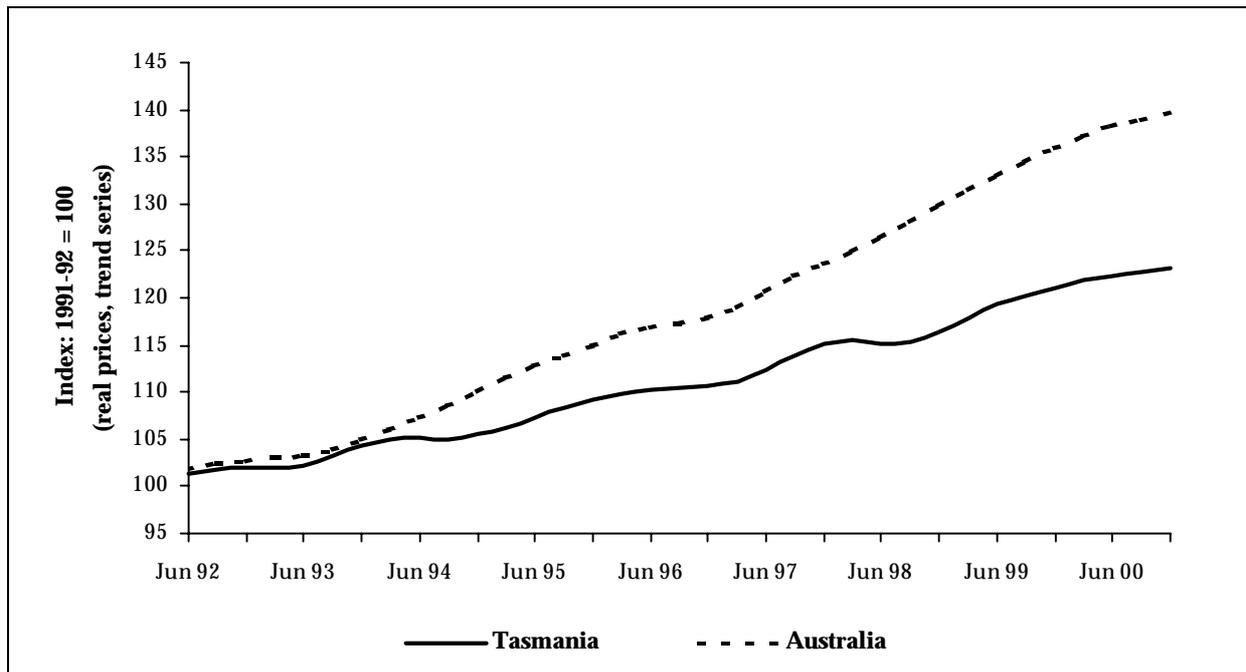


Source: ABS, *Australian National Accounts, State Accounts*, Cat. No. 5220.0.

State final demand, which comprises consumer spending, private sector investment and total expenditure by the public sector, has risen strongly over the past two years, although growth faltered in the second half of 2000 due to a sharp (GST-induced) decline in dwelling investment. The major reasons for this improvement are solid growth in consumer spending, business investment and, until recently, dwelling investment.

Consumer spending represents more than 62 per cent of final demand and has been one of the stronger performing components of the Tasmanian economy over recent years. Growth in consumer spending in Tasmania has exceeded growth in State final demand in three of the past four years, rising at an annual average rate of 3.0 per cent in real terms since 1996-97 compared with an average growth rate of 2.3 per cent in State final demand.

Chart 2.2: Consumer Spending: Tasmania and Australia, 1992 - 2000



Source: ABS, *National Income, Expenditure and Product*, Cat. No. 5206.0 and ABS, *Australian National Accounts, Quarterly State Details*, Cat. No. 5206.0.40.001.

Although still below the growth rates recorded nationally (as shown in Chart 2.2), consumer spending has been the indicator that has most consistently and closely tracked the national average. This is particularly notable given the modest growth in average earnings in Tasmania and population decline of recent years.

In 1999-00 real consumer spending increased by 3.6 per cent in Tasmania, the largest rise since at least 1986-87, although this was below the increase of 4.5 per cent for Australia as a whole. Growth in consumer spending eased over the second half of calendar 2000, both in Tasmania and nationally, which may be a result of the introduction of the GST.

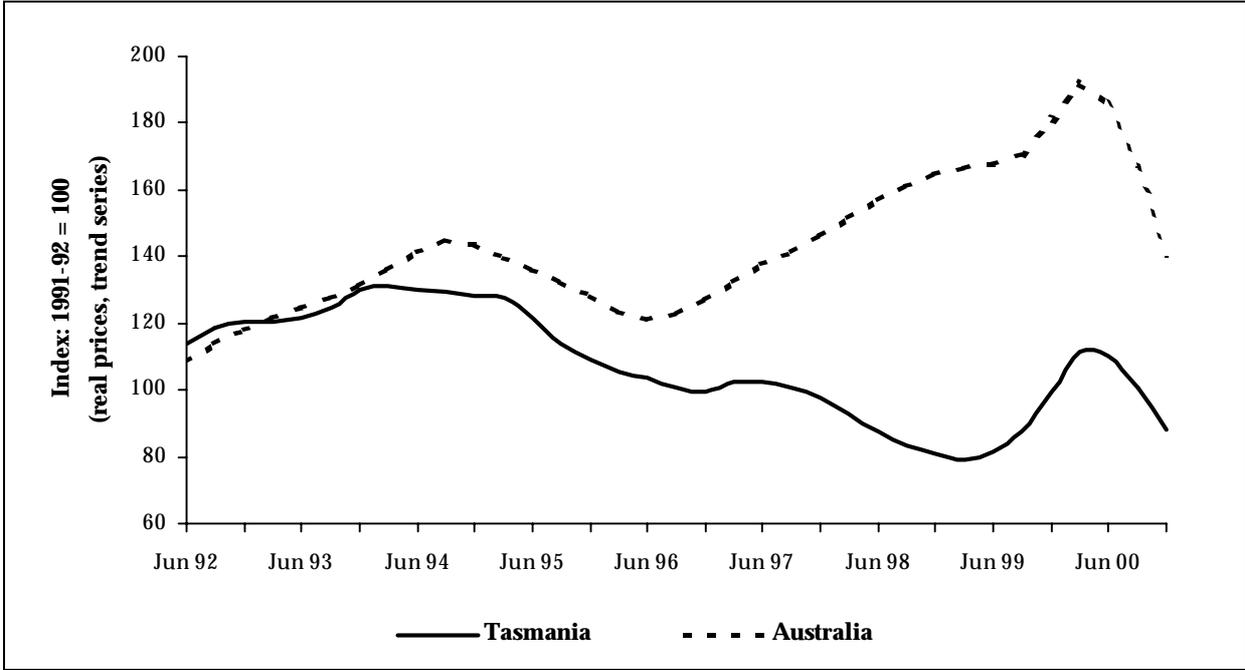
Investment in Tasmania is fairly cyclical and, up until the mid-1990s it had followed a similar pattern to the national investment cycle. However, while private investment (comprising dwellings and business) has continued to experience solid growth at the national level, the level of investment in Tasmania in real terms has not risen above the peak recorded in 1988-89.

The downward trend in population growth, coupled with an oversupply of housing from the early 1990s, resulted in a significant decline in dwelling investment and construction through the latter half of the decade to mid-1999. During this period, the housing industry was one of the worst performing sectors of the Tasmanian economy.

As shown in Chart 2.3, however, dwelling investment rose strongly through 1999-00 mainly as a result of consumers bringing forward dwelling construction plans ahead of the introduction of the GST. In part, the improvement may also have reflected increased consumer confidence associated with the improvement in the labour market. Inevitably, the pre-GST boost has led to a subsequent downturn in dwelling investment, although the decline in Tasmania over the past six months has not been as severe as that seen nationally.

While the construction of new dwellings has fallen post-GST, there are signs that the high housing affordability in Tasmania may now be impacting on the housing market. There was a 17.6 per cent rise in housing finance commitments in Tasmania in the year to February 2001 (- 5.2 per cent nationally), with the increase primarily the result of commitments for the purchase of established dwellings. Tasmania was one of only two jurisdictions to record any growth in housing finance over this period.

Chart 2.3: Dwelling Investment: Tasmania and Australia, 1992 - 2000



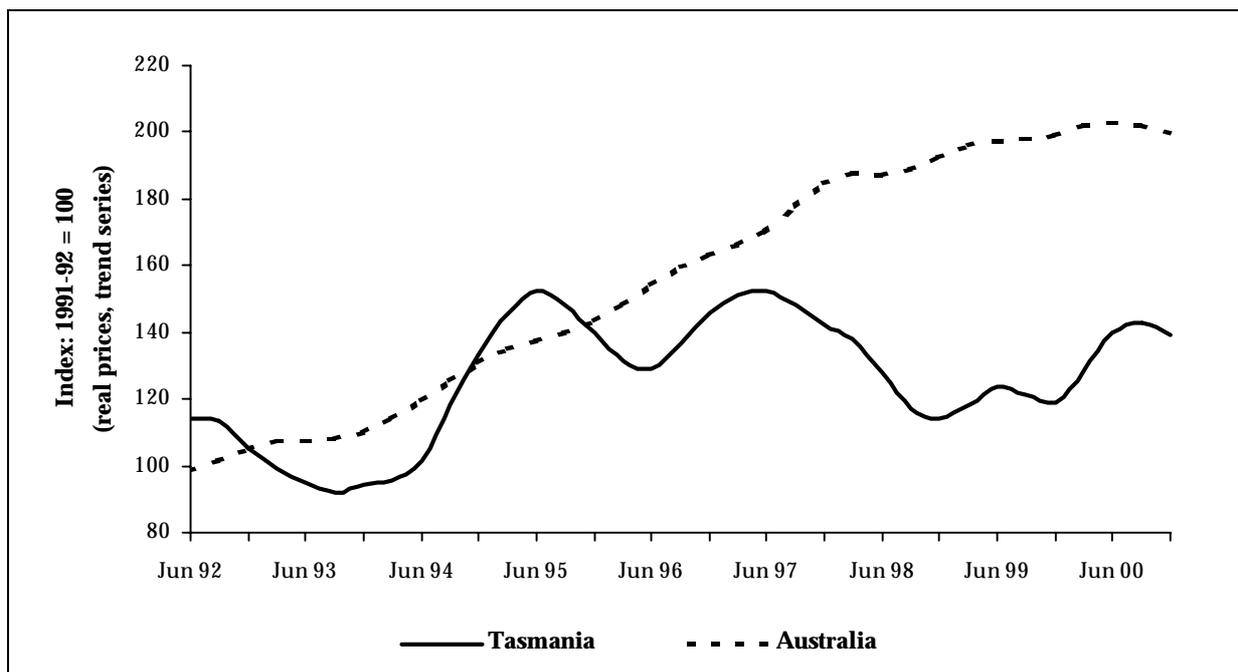
Source: ABS, *National Income, Expenditure and Product*, Cat. No. 5206.0 and ABS, *Australian National Accounts, Quarterly State Details*, Cat. No. 5206.0.40.001.

A key reason for the weakness in State final demand over the past few years has been the lack of growth in business investment. As shown in Chart 2.4, growth in private business investment in Tasmania has lagged well behind the national average since the mid-1990s. As with many other indicators, this gap in performance widened through most of this period but has narrowed since the low point of the Tasmanian cycle in late 1998.

Business investment rose by 6.6 per cent in 1999-00 (6.4 per cent nationally), with increased expenditure on machinery and equipment and on intangible fixed assets, such as copyrights, patents and mineral concessions. Investment in the second half of calendar year 2000 was up 15.0 per cent on the corresponding period one year earlier.

Surveys of business investment in Tasmania show that, due to weaker national and international economic conditions, confidence has deteriorated in recent months and near-term investment intentions on the whole are lower. However, there are a number of significant developments on the horizon, such as the Tasmania Natural Gas Project, the Government's Infrastructure Fund, reductions in payroll tax and the abolition of the five per cent electricity entities levy, that are expected to support an increase in business investment over the coming year.

Chart 2.4: Private Sector Business Investment: Tasmania and Australia, 1992 - 2000



Source: ABS, *National Income, Expenditure and Product*, Cat. No. 5206.0 and ABS, *Australian National Accounts, Quarterly State Details*, Cat. No. 5206.0.40.001.

The level of total public spending in Tasmania in real terms has grown only marginally through most of the 1990s. However, in the past two years it increased by 4.1 per cent and 6.5 per cent (1998-99 and 1999-00 respectively). More recently spending has fallen, as shown in Chart 2.5.

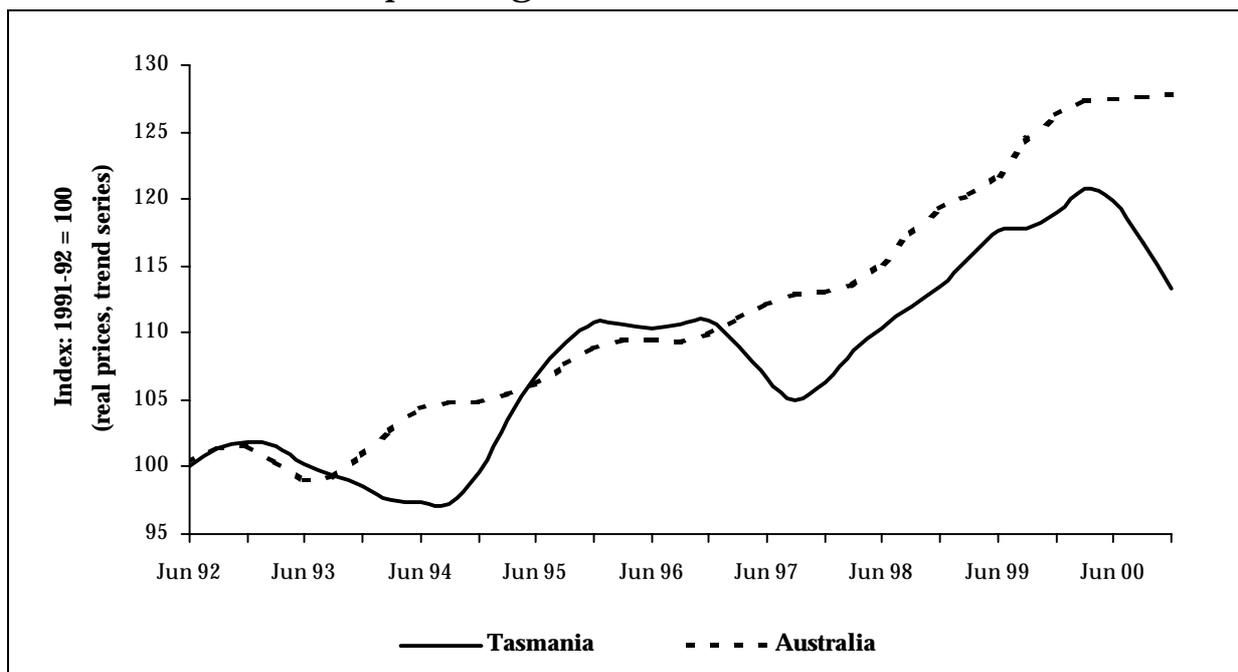
The contribution of public spending to GSP has fallen marginally from around 30 per cent ten years earlier to just above 29 per cent in 1999-00. Nationally, the contribution of the public sector to GDP has fallen from about 25 per cent to 22 per cent over this period.

The modest decline in the importance of the public sector in Tasmania has been due to lower levels of public sector investment. The other component of the public sector, and the largest component, is government consumption expenditure, which has recorded modest rates of growth in recent years.

The long term trend towards a smaller public sector is reflected in the decline in public sector employment in Tasmania, which has been falling since the late 1980s. The overall reduction of around 12 000 jobs over this period was due to fewer jobs in both the State and Commonwealth sectors. In absolute terms, two-thirds of the job losses have occurred at the State level but in percentage terms the decline in Commonwealth Government employment has been twice as large. The decline in State public sector employment in Tasmania reflects a program of redundancies undertaken by previous State Governments through the 1990s.

Public sector employment has stabilised more recently, reflecting the State Government's policy of no inner-Budget redundancies.

Chart 2.5: Public Spending: Tasmania and Australia, 1992 - 2000



Source: ABS, *National Income, Expenditure and Product*, Cat. No. 5206.0 and ABS, *Australian National Accounts, Quarterly State Details*, Cat. No. 5206.0.40.001.

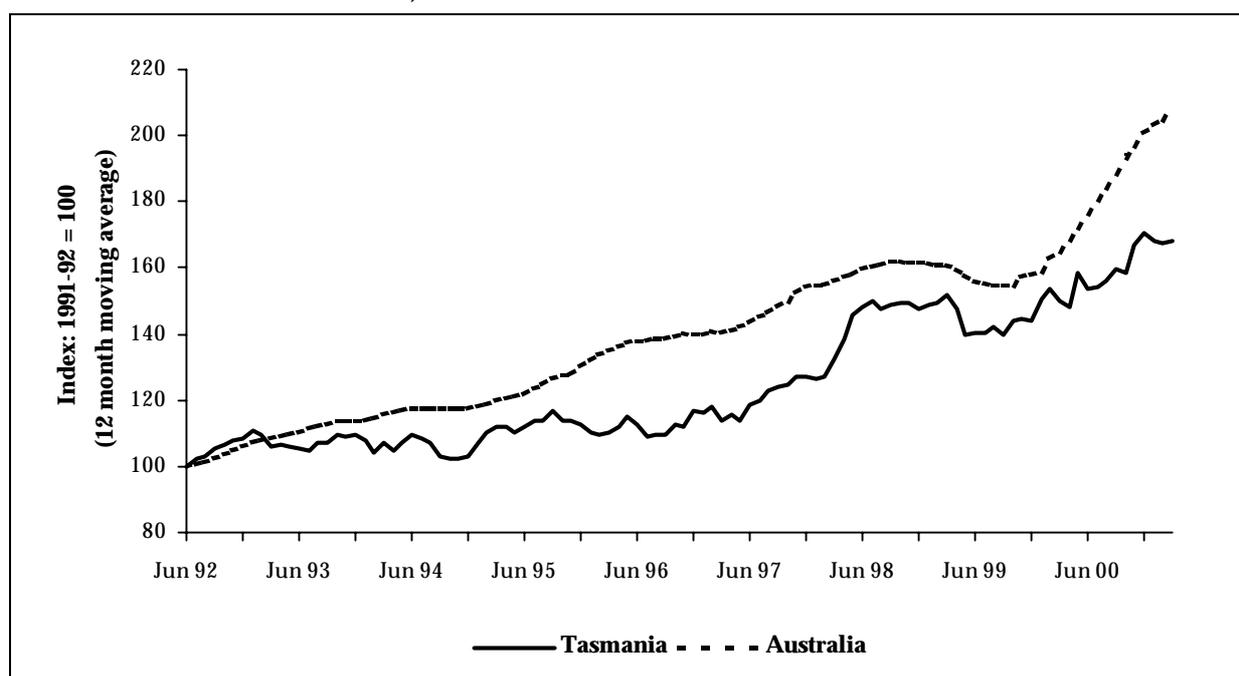
The other major determinant of Tasmania's economic performance is net trade with other regions, including mainland Australia. In the early 1990s, Tasmania had the fourth most open economy of all the states and territories but the State's export performance has improved such that it has ranked third in each of the past two years behind Western Australia and the Northern Territory. In 1999-00, overseas exports from Tasmania were estimated at 18.5 per cent of the total value of State production, down somewhat from the decade high of 20.7 per cent recorded two years earlier. Tasmania also trades extensively with mainland Australia, although definitive data on this are not available.

In a small open economy such as Tasmania, exports to other regions can contribute significantly to State economic growth, especially in an environment where there is downward pressure on State final demand resulting from a declining population.

In recent years, Tasmania's overseas exports have made a considerable contribution to the State's economic performance, increasing by an annual average rate of 4.4 per cent over the three years to 1999-00 in real terms, which compares favourably with the national annual average growth rate of 4.9 per cent.

In the 12 months to March 2001, the (nominal) value of overseas merchandise exports was up 12.3 per cent in year average terms to \$2 426 million, to be only slightly below the record level of exports for a 12 month period recorded in December 2000. Over this period, solid growth was recorded in exports to Japan, New Zealand, Hong Kong, South Korea, Taiwan and the ASEAN group.

Chart 2.6: Value of Overseas Merchandise Exports: Tasmania and Australia, 1992 - 2001



Source: ABS, *International Merchandise Exports*, Cat. No. 5432.0.65.001.

As shown in Table 2.1, Tasmania's major overseas merchandise export destinations are, in order of importance: Japan, the ASEAN group, Hong Kong, the United States, Taiwan and the European Union.

Table 2.1: Major Destinations of Tasmania's Overseas Exports

	Value Year to March 2001	Growth Year to March 2001 from year to March 2000
	\$m	%
Germany	25	8.7
Singapore	30	7.1
China	31	(48.3)
United Kingdom	33	50.0
New Zealand	134	106.2
Korea, Republic of	167	34.7
European Union	203	(37.3)
Taiwan	223	26.0
United States	228	13.4
Hong Kong	249	30.4
ASEAN	410	15.8
Japan	544	15.7
Total	2 426	12.3

Source: ABS, *International Merchandise Exports*, Cat. No. 5432.0.65.001.

Japan remains Tasmania's largest single export market, accounting for 22.4 per cent (or \$544 million in nominal terms) of total merchandise exports in the year to March 2001. In terms of the remaining market share, ASEAN accounted for 16.9 per cent in the past year, Hong Kong 10.3 per cent, the United States 9.4 per cent, Taiwan 9.2 per cent and the European Union 8.4 per cent. Over the past decade, the importance of Japan has declined, although it remains the State's most important market, while export shares to Hong Kong, China, Korea and Taiwan have increased.

Table 2.2: Composition of Tasmania's Overseas Exports by Commodity Grouping

	Value Year to February 2001 \$m	Growth Year to February 2001 from year to February 2000 %
Iron and steel	4	(91.0)
Paper and paperboard	7	0.6
Textile fibres and wastes	23	2.8
Vegetables and fruit	46	(9.5)
Meat and meat preparations	92	23.3
Medicinal and pharmaceutical products	99	87.7
Dairy products	101	34.5
Wood and woodchips	116	(63.8)
Road vehicles and transport equipment	167	(47.0)
Fish, crustaceans and molluscs	169	18.1
Metallic ores and metal scrap	225	(14.5)
Other and confidential items	583	145.2
Non-ferrous metals	777	27.4
Total	2 409	8.6

Source: ABS, *Tasmanian Statistical Indicators*, Cat. No. 1303.6

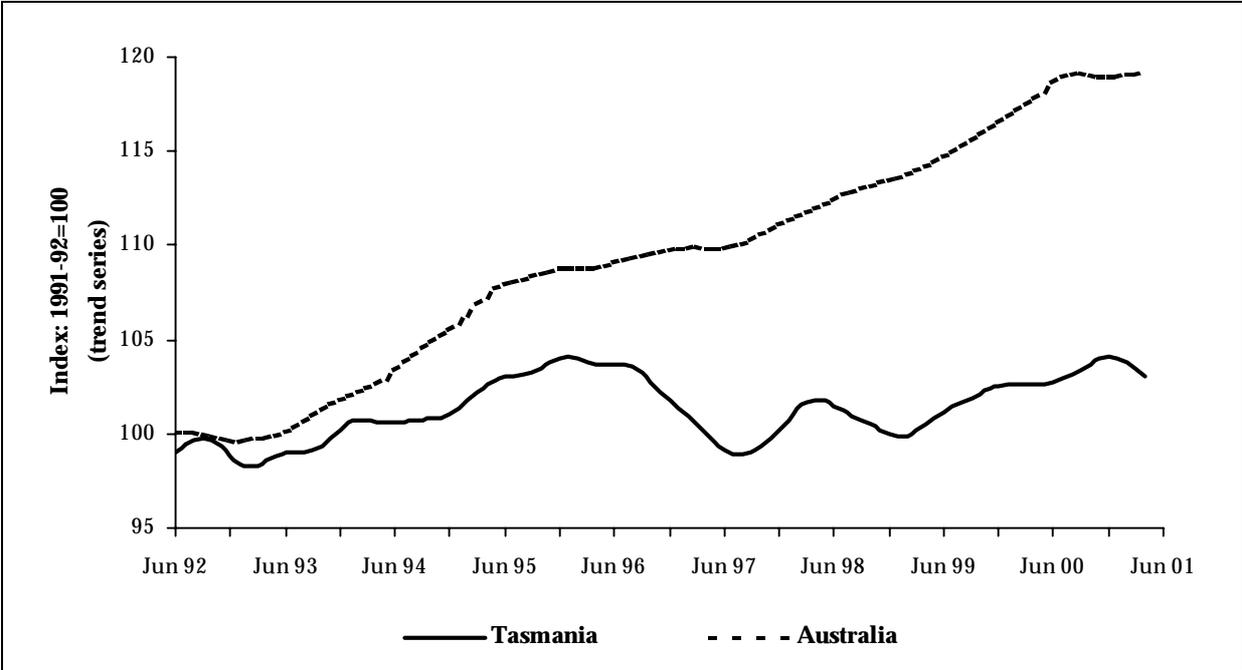
As shown in Table 2.2, for which the most recent data are for the year to February 2001, the key commodity class exported from Tasmania is non-ferrous metals (principally zinc and aluminium), which comprised 32.3 per cent of the value of total State merchandise exports. Other significant exports include metallic ores and metal scrap (9.3 per cent), fish, crustaceans and molluscs (7.0 per cent) and transport equipment, primarily catamarans (6.9 per cent).

As a result of Tasmania's greater reliance on overseas exports, the State's economic outlook depends to a large extent on the growth prospects for its major trading partners as well as trends in the prices of key commodity exports, notably aluminium, zinc, copper, tin, beef and wool. Because a significant portion of exports go to interstate destinations, economic trends in the mainland states are also of key importance to Tasmania.

Projections by the Australian Bureau of Agricultural and Resource Economics (ABARE) indicate solid growth in the price of most of the State's key commodity exports in 2001-02. In 2001-02, ABARE expects increases in the \$US price of aluminium (up 10.1 per cent), zinc (4.8 per cent) and copper (9.5 per cent). ABARE is also forecasting higher prices of beef (in \$US terms) and wool. Overall, therefore, the commodity price outlook for 2001-02 offers support to the growth prospects for a number of the State's

key sectors. The State's exporters will also benefit from the continued low value of the Australian dollar. However, the prospect of higher commodity prices may be offset to some degree by the continued uncertainty surrounding the outlook for the State's major export markets, including Japan and the United States.

Chart 2.7: Employment: Tasmania and Australia, 1992 - 2001



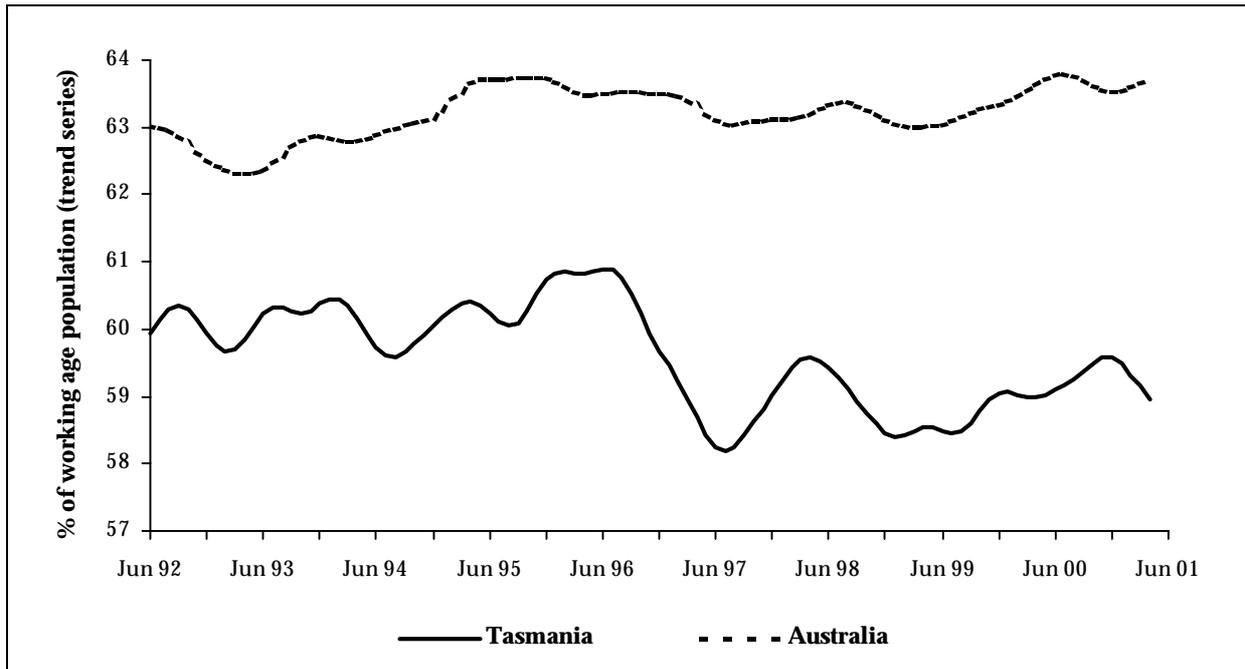
Source: ABS, *The Labour Force, Australia, Preliminary Data on Floppy Disk*, Cat. No. 6271.0.

Until fairly recently, one of the most obvious areas of the State's economic underperformance had been the weakness in the labour market. Employment fell in both 1996-97 and 1997-98, by 2.0 per cent and 1.1 per cent respectively, and was unchanged in the following year.

However, there has been an improvement in the State's labour market since the most recent trough in late 1998. As shown in Chart 2.7, employment recorded a steady improvement through most of 1999 and 2000, before weakening more recently. In 1999-00, employment rose by 1.8 per cent, the strongest increase in four years, and on current trends, employment is expected to rise by a further 1.2 per cent in 2000-01. This is a notable improvement on the performance of the late 1990s.

The State's participation rate remains below the national average, despite a modest improvement over the past two years. The participation rate averaged only 58.7 per cent in 1998-99, consistent with the weakness in employment over this period. A small rebound to 58.9 per cent was recorded in the following year, and on current trends, the average for 2000-01 is expected to be in the order of 59.3 per cent, which would be a four year high for the series.

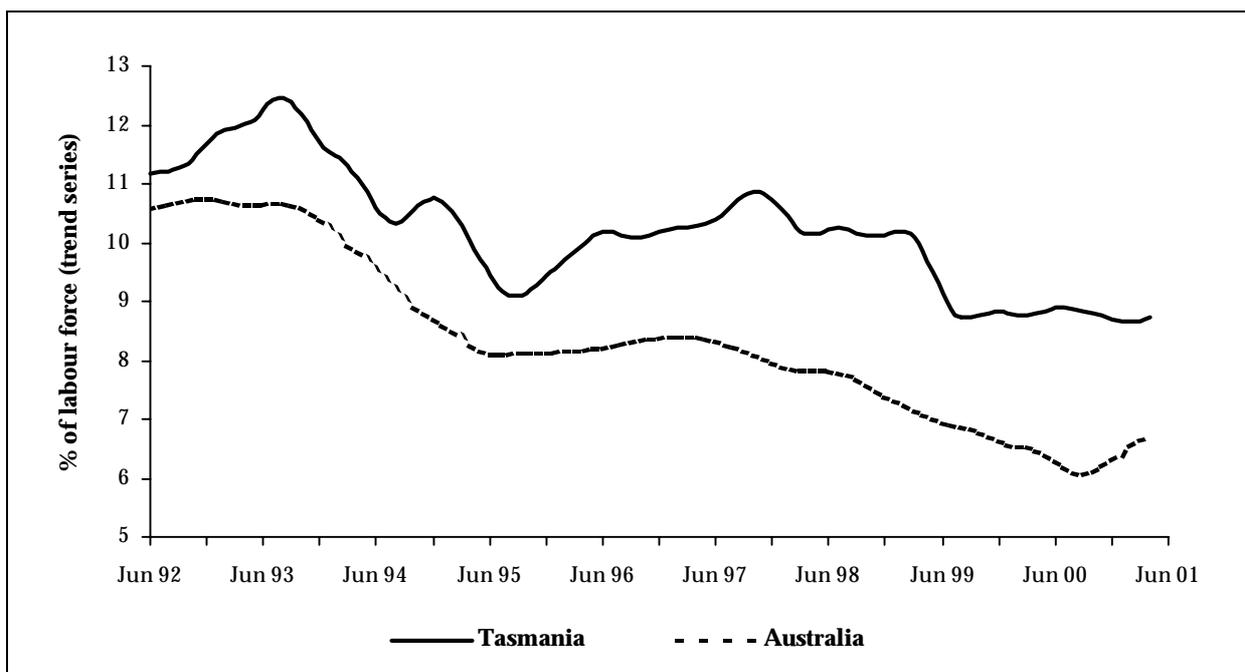
Chart 2.8: Participation Rate: Tasmania and Australia, 1992 - 2001



Source: ABS, *The Labour Force, Australia, Preliminary Data on Floppy Disk*, Cat. No. 6271.0.

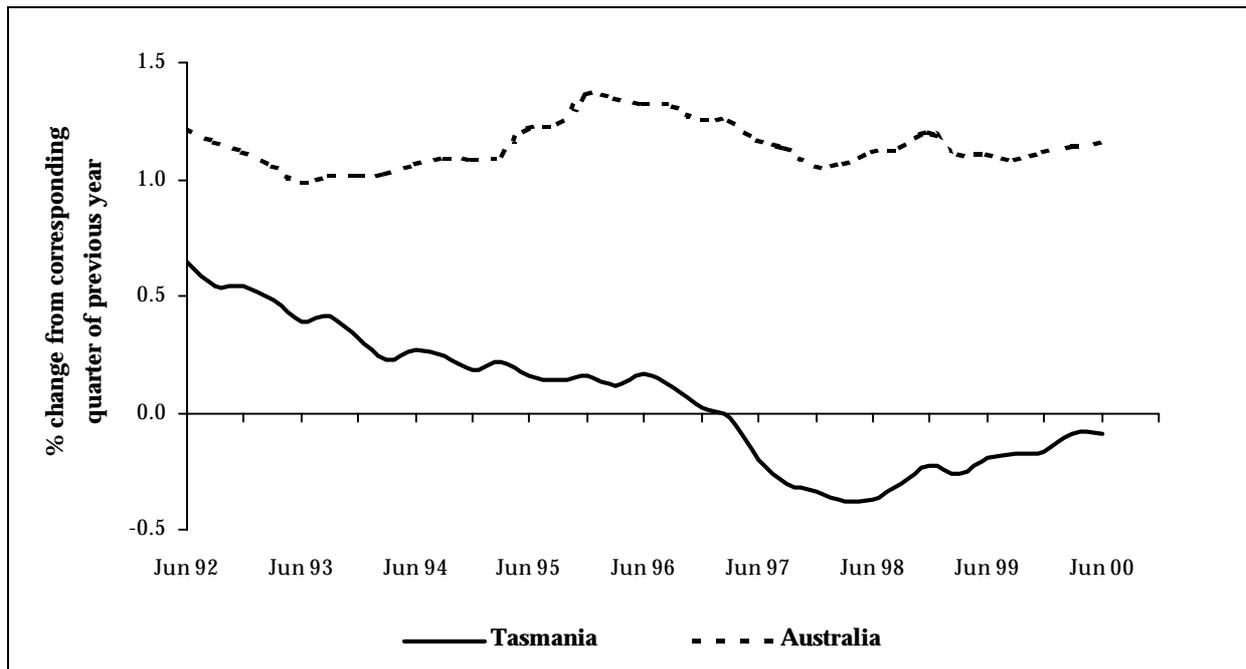
Although still unacceptably high, the unemployment rate in Tasmania has fallen sharply since late 1998, as shown in Chart 2.9, and is currently around its lowest level since early 1990. Tasmania's unemployment rate averaged 8.8 per cent in 1999-00, which was 2.1 percentage points above the national rate but the lowest annual rate in 10 years. There has been a further modest improvement in 2000-01, with the unemployment rate expected to average 8.7 per cent.

Chart 2.9: Unemployment Rate: Tasmania and Australia, 1992 - 2001



Source: ABS, *The Labour Force, Australia, Preliminary Data on Floppy Disk*, Cat. No. 6271.0.

Chart 2.10: Population Growth: Tasmania and Australia, 1992 - 2000



Source: ABS, *Australian Demographic Statistics*, Cat. No. 3101.0.

A consequence of Tasmania's subdued economic performance through the latter part of the 1990s has been the downward trend in the State's population, caused by a sharp rise in interstate out-migration.

In the three years to 1999-00, Tasmania's total population declined by an annual average rate of 0.24 per cent, in contrast to the 1.12 per cent growth recorded nationally. This has been the first period of negative population growth for the State in over 50 years.

As shown in Chart 2.10, however, there has been a reduction in the rate of population decline. In 1999-00, Tasmania's population fell by an average of 107 persons per quarter, compared with an average decline of 334 persons per quarter over the previous two years. It is probable that this recent improvement reflects the sustained recovery in the State's labour market that has been evident since early 1999.

The continued positive performance of the labour market throughout 1999-00 and into 2000-01, together with the likely lag between changes in the labour market and changes in net migration, suggest that the reduction in the rate of population decline will continue, such that a return to (marginally) positive population growth is expected in 2001-02.

A more detailed report on historical trends in Tasmania's population is presented in the State Government's *Population - Issues and State Government Policies* document, released in February 2001.

INFRASTRUCTURE FUND

An important component of an expansionary 2001-02 State Budget, a \$60 million one-off Infrastructure Fund has been established. The Infrastructure Fund will be used for developing and maintaining economic and social infrastructure.

The fund provides \$40 million for key economic infrastructure and \$20 million for social infrastructure, predominantly schools and hospitals. The Infrastructure Fund is additional to the Government's normal Capital Investment Program (CIP), which is being maintained at previous levels in real terms.

The Infrastructure Fund will create an additional 900 jobs during the construction phase of the projects supported.

When the Infrastructure Fund is combined with CIP and the capital spending of Government businesses, the Government's total spending on the State's infrastructure in 2001-02 will be \$475 million in total, supporting over 7 000 jobs in the Tasmanian economy.

The key objectives of the Infrastructure Fund are to:

- provide job opportunities, particularly in rural and regional areas of Tasmania. The expenditure of \$60 million will provide economic activity and jobs during the construction phase of infrastructure projects, which will in part insulate the State economy from the GST-induced national economic downturn;
- increase the capacity and productivity of the Tasmanian economy in the longer term, particularly through strategic investment in irrigation, resource development and transport projects. This investment will result in increased agricultural and manufacturing production and reduce the cost of moving goods to market;
- address past neglect in public social infrastructure spending which has led to a run-down in public assets such as school buildings and amenities, and equipment in hospitals; and
- restore levels of public investment in essential economic infrastructure, an area largely neglected in the 1990's.

The \$40 million Economic Infrastructure Fund will be allocated to four areas:

- \$10 million for irrigation schemes and associated water developments;
- \$22.2 million for strategic transport projects;
- \$6.6 million for capital spending in Tasmania's North-West and West Coast; and
- \$1.2 million for community projects that will contribute to the local economy.

The \$20 million Social Infrastructure Fund will also be allocated to four areas:

- \$10 million for school maintenance;
- \$5.6 million for capital projects in health and human services;
- \$2.6 million for police and public safety; and
- \$1.8 million for community development projects.

THE COMPETITION INDEX – A STATE BY STATE COMPARISON

The Competition Index is prepared by the Department of Treasury and Finance to provide an objective assessment of the attractiveness of Tasmania as a business location relative to the other states of Australia. The 2001 *Competition Index* updates the 2000 *Competition Index* that was released in May 2000.

The project is part of the Tasmanian Government's response to the Industry Audits released in August 1999. *The Competition Index* aims to highlight those areas in which Tasmania has a competitive advantage as a location for business and those where it is at a disadvantage compared to other Australian states. In this way, *The Competition Index* assists the Government in identifying how it might best focus its industry policy.

The Government is committed to improving the attractiveness of Tasmania as a business location. In the 2000 *Competition Index*, Tasmania's payroll tax burden was shown to be high, relative to some other states. The Government has addressed this in the 2001-02 Budget, significantly improving the competitiveness of Tasmania's payroll tax regime.

The 2001 *Competition Index* shows energy prices in Tasmania remain high, relative to some other states. A significant element of the 2001-02 Budget is the abolition of the electricity entities levy, which will improve the competitiveness of State's electricity prices. Tasmania's electricity price index has improved, resulting in the State's ranking improving to third in the 2001 Index compared with fourth in the 2000 Index.

The indices that are presented in The Competition Index are intended as a general guide to measuring the relative attractiveness of Tasmania as a business location. They should not be interpreted as precise measures of the costs that would be faced by individual firms.

In the development of the 2000 *Competition Index*, the methodology for calculating the indices was independently reviewed by consultants KPMG, who found it to be objective and not designed to favour Tasmania or any other state. The 2001 *Competition Index* uses the same methodology.

A number of Tasmanian businesses and industry organisations, including the Tasmanian Chamber of Commerce and Industry, and Unions Tasmania were consulted in the development of the 2000 *Competition Index* as part of the process of identifying those issues important to business location decisions. Treasury had further discussions with Tasmanian businesses prior to the preparation of the 2001 *Competition Index*. The input from these firms and organisations has been invaluable and the Government extends its thanks to all those who assisted in this project.

The work presented in this paper is ongoing. The indices that have been prepared will be refined over time and additional indices are being developed to attempt to capture a wider range of factors important to businesses in deciding where in Australia to invest.

The Competition Index 2001 can be found on internet site www.tres.gov.au

Table 3.3: Summary of Ranking of States

	NSW	Vic	Qld	SA	WA	Tas	<i>Tas 2000 Index</i>
Cost-Based Indices							
Direct Labour Costs	6	5	3	2	4	1	<i>1</i>
Labour Skills	1	4	5	3	2	6	<i>6</i>
Labour Turnover	2	4	5	3	6	1	<i>1</i>
Industrial Disputes	5	6	3	2	4	1	<i>1</i>
Land and Accommodation	6	3	5	2	4	1	<i>2</i>
Energy Cost Index	1	2	3	4	5	6	<i>5</i>
Surface Freight Cost Index	3	5	1	2	4	6	<i>6</i>
Air Freight Cost Index	2	1	4	3	6	5	<i>na</i>
Air Travel Cost Index	2	1	5	3	6	4	<i>na</i>
Access to Ports Index	5	4	6	3	2	1	<i>1</i>
Port Charges Index	6	5	2	3	4	1	<i>1</i>
Forestry Endowment Index	3	4	2	5	6	1	<i>1</i>
Mineral Resource Endowment	3	6	2	5	4	1	<i>1</i>
Proximity to Markets Index	1	2	3	4	5	6	<i>6</i>
Industry-Based Cost Indices							
Mining	6	1	5	3	4	2	<i>2</i>
Manufacturing	6	3	4	1	2	5	<i>3</i>
Accommodation, Cafes and Restaurants	6	4	5	3	1	2	<i>3</i>
Finance and Insurance	6	4	5	1	3	2	<i>1</i>
Property and Business Services	6	3	5	2	4	1	<i>1</i>

* The most favourable ranking is 1 for all of the indices

4 INDUSTRY COUNCILS - INDUSTRY SECTOR PLANS - PROGRESS REPORT

From Audits to Industry Sector Plans

The *Tasmanian Industry Audits A Shared Vision*, released on May 21 1999, was the most comprehensive investigation of a State's industrial base ever undertaken in Australia. Eight industries were chosen from which 16 audits were conducted

The audits identified Tasmanian business capabilities, opportunities and constraints. The audits also sought the views of industry on how their weaknesses and threats should be addressed and on how the Government can help to foster their strengths and develop the opportunities identified by the audits. The process involved a cooperative approach and consultation between all levels of government, industry and the community.

Analysis of the audits revealed a number of cross-sectoral issues of strategic importance. They related to the business environment, the capability of individual firms and their capacity for growth.

Some of the identified issues were clearly the responsibility of industry, while others were the responsibility of Government. These two categories of issues could be considered separately, however, in many cases, they are best addressed by Government and industry working in partnership.

Achievements of the Audits

The audits produced 257 recommendations for both industry and Government over a wide range of issues. The majority (85.5 per cent) of the recommendations arising from the audits have been reported as complete, or have an on-going program or process put in place to address the issues raised. Many new initiatives have arisen from the audit process. These are outlined in greater detail in other parts of this Industry Development Plan. Equally important, existing programs have been attuned more closely with industry requirements making more effective use of existing resources.

Moving Forward with Industry Councils

New bodies and processes have been established to take forward the broad recommendations of the Audits. These include the Premier's Local Government Council and Partnership Agreements with Local Government, seven industry councils (with one more in formation), the Competition Index and a number of other consultative or implementation bodies. A number of Tasmanian industry sectors, such

as Tourism, Forestry, Energy, and Mining, have long-established consultative peak bodies and do not require new industry councils.

The new councils and several of the pre-existing peak bodies have been able to build on the information base of the industry audits and - through further research, assessment or strategic consideration - have identified additional strategies and responses to issues identified in the audits. In some cases they have identified new issues that must be addressed. Through the development of Industry Sector Plans a set of more specific, measurable and meaningful reportable goals are being established, moving on beyond the Audit Recommendations and the Government’s Response. This will provide continuing direction for the further development of the IDP.

Industry Sector Plans/Strategies

Industry Council	Status
<p>Food Industry Council of Tasmania (Formed June 1999)</p>	<p>The Food Industry Council developed an Industry Sector Plan that was launched by the Premier on 18 December 2000.</p> <p>As with the other industry councils the Food Industry Council used, as its starting point, the issues raised in the Industry Audits, specifically in the Agriculture, Aquaculture, Fishing, Food and Beverages Industry Audit.</p> <p>Following the development of the plan, on the instigation of CRISP, DSD and DPIWE, field staff worked jointly with industry members to assess the relevance of the developed strategies to seven major food sectors covering 90 per cent of farm gate production - dairy; beef; wine; aquaculture; stone fruits; apples and pears; and vegetables.</p> <p>The findings were presented in February, with council members discussing and commenting on them. This seven-sector review clarified a number of issues, and the scope of their application to industry. It also identified some new implications.</p>

Industry Council	Status
<p>Information Technology Industry Council (Formed Nov 1999)</p>	<p>The Information Technology Industry Council launched its industry sector plan in July 2000 on its website <i>The Loop</i> – the council’s major communication link with the broader industry sector.</p> <p>Work has now begun on implementing those elements of the plan which include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Continuing dialogue with Government on addressing issues such as procurement, training and the implementation of Intelligent Island Program initiatives; • Engagement of the wider information technology industry sector towards implementing the strategy; • Engagement of the sector with potential customer groups, both within the State; interstate and overseas; (this has already started with developing links between the food industry sector and the manufacturing industry sector using the relevant industry councils); and • Involvement of new entrants to the industry, including graduates and investors. <p>The council also works closely with the Intelligent Island Board and some of the council members are on this Board or on sub-committees that report to the Board.</p>
<p>Building and Construction Industry Council (Formed June 2000)</p>	<p>The Building and Construction Industry Council has developed a draft industry sector plan that has been circulated to members for their consideration and feedback. The draft plan recognises that the industry is demand driven, and that growth in this sector depends on overall economic and population growth. It addresses a number of issues raised in the industry audit including but not limited to:</p> <ul style="list-style-type: none"> • Promotion of economic growth within the State, • Procurement, particularly enabling local industry to gain a larger share of major government contracts • Greater export focus; and • Industry regulatory framework. <p>The council will consider comments from the industry and the Tasmanian Development Board before submitting the final version of the plan to the Government through the Tasmanian Development Board.</p>

<i>Industry Council</i>	<i>Status</i>
<p>Cultural Industries Council (Formed August 2000)</p>	<p>The core of the Cultural Industries Council (CIC) is the Tasmanian Arts Advisory Board (TAAB). At the end of 2000, the CIC was close to finalising a working draft industry sector plan.</p> <p>The first meeting of 2001 focussed on reviewing work that had been done to date, substantially confirming the previously established direction of the council. The developing strategy addresses the following issues:</p> <ul style="list-style-type: none"> • Increasing the recognition and engagement of the arts by the community; • Tasmania having a recognised reputation for excellence in Arts practice; • Increase production of contemporary and traditional indigenous arts practice while ensuring ownership by the indigenous community; • Increased levels of support for the arts, both infrastructure and recurrent and with support from community, Government and corporate sources; • Increased average financial returns of artists; recognition of the number of arts practitioners; increased financial independence where appropriate; and • Development of a distinctive and authentic Tasmanian voice, raising awareness and acceptance of Tasmania's cultural diversity and the historic context of its culture. <p>A draft for circulation to the wider arts community is expected by mid-2001. During the development of the industry sector plan, the community is being encouraged to provide input to the planning process through the relevant representatives on the Cultural Industries Council.</p>

<i>Industry Council</i>	<i>Status</i>
<p>Environmental Industries Council (Formed Aug 2000)</p>	<p>The environmental industry sector remains fragmented, with limited connection between sectors involved in waste management, energy, community action and consulting. To date it has had little export orientation.</p> <p>Nevertheless, using the Environmental Industries Audit the Environmental Industries Council has set out to address the recommendations made in this audit (one of which was the formation of a council or industry body) and has formed four working groups to address the issues raised.</p> <p>The working groups have a broader membership than just council members and they cover the following areas: energy efficiency and renewable energy; environmental consultancy services; community, education, research and development; and waste management. All four working groups have met several times and have attempted to identify issues that are relevant to their particular areas. Most now have, or are near to having, a draft sector plan that covers those issues raised in the industry audit that impact on their part of the environmental industry sector. These drafts will be combined to form a plan for the sector as a whole.</p>
<p>Manufacturing Industry Council (Formed Oct 2000)</p>	<p>The Manufacturing Industry Council is made up of a number of industry sectors that have their own sub-committees. These include, textile, clothing and footwear; metal (light and heavy engineering); marine; printing; and specialised (which covers small manufactures that do not fit into the other categories). The council also has representatives from industry training boards; the union movement and a labour-hire firm.</p> <p>The marine sector and the metal sector have progressed to the stage of having a draft plan for comment. The Printing sector has essentially adopted <i>Print 21</i>, the Commonwealth <i>Action Agenda</i> for the printing industry as the base for their sector, but with specific Tasmanian issues to be added. The other sectors, due to their small or fragmented nature, are providing input to general issues that affect the whole industry. These issues include but are not limited to:</p> <ul style="list-style-type: none"> • Skills (particularly middle management and the perceived unattractiveness of a manufacturing career); • Small scale and narrow market base; • Technology, innovation and R&D (and its take-up); • Occupational, health and safety, workers compensation; • Marketing, particularly for small businesses; and • Bass Strait transport <p>The relevant industry audits have provided the starting points for these manufacturing sectors.</p>

<i>Industry Council</i>	<i>Status</i>
Finance and Business Services Industry Council (Formed April 2001)	<p>The council held its first meeting in April 2000. Members have agreed to meet fortnightly initially, to get a quick start on defining and developing issues, using the Industry Audits as a foundation.</p> <p>The council is strongly oriented to the financial sector, with a narrower focus than the audit. Issues of globalisation, centralisation, labour force and technology have been identified early as substantial issues for this sector.</p>

<i>Industry Strategy</i>	<i>Status</i>
Tourism 21 (Commenced 1997)	<p><i>Tourism 21</i> was launched in June 1997 as an ambitious three-year plan to provide a springboard for improvements to Tasmanian tourism performance, competitiveness and capacity to reach its potential.</p> <p>It is the first time that a State Government and the tourism industry have agreed on a joint blueprint for growth, with precise targets, strategies and deadlines. It ushered in a new era of partnership and a determination to create a world-class tourism industry in Tasmania.</p> <p><i>Tourism 21 Update</i> was launched in January 1999 to maintain the impetus for improved tourism performance, growth and yield and has now been extensively reviewed.</p> <p>The guiding principle of the new Tourism sector plan is conversion of customer interest to actual purchase.</p> <p>The new strategy has four core areas:</p> <ul style="list-style-type: none"> • Knowing our customers; • Developing the experience for the customer; • Connecting with customer; and • Satisfying customers. <p>Underpinning these four goals is the need to continue to both strengthen the Brand and improve industry involvement, partnership and efficiency.</p>

Future Reporting

The industry councils and other industry consultative bodies will report annually on their plans and progress in implementation. Clear links between the audits and the plans developed by the industry councils exist and their reports will show the evolution from the audits to an ongoing industry development approach. This will provide the principal basis for future reporting on audit outcomes.

5 MAJOR INDUSTRY INITIATIVES FOR 2001-02

TASMANIA *TOGETHER* AND INDUSTRY INITIATIVES

In 2001-2002, the way in which Government and its agencies plan initiatives will be radically reformed. The Government is anticipating the completion of Tasmania *Together* by the end of the 2000-2001 financial year.

Tasmania *Together* will provide the broad framework and links between major Government policy initiatives. The strategies and goals of the Government's Industry Development Plan, State and local government Partnership Agreements, 10 Year Health Plan, Learning Together and other major initiatives, will all focus on achieving the vision and goals in Tasmania *Together*.

At the same time, the State Budget process has been amended to incorporate long-term planning and to link policy and financial planning to achieve the community's goals for the year 2020. Social, economic and environmental community outcomes will now be directly linked to agency outputs and strategies.

The government, industry and the broader community's performance in achieving the goals outlined in Tasmania *Together* will be regularly monitored and reported against by the Tasmania *Together* Progress Board.

The Tasmania *Together* benchmarks will form an integral component of the plan and will be regularly assessed by the Tasmania *Together* Progress Board to ensure all Tasmanians are aware of progress being made in achieving the goals. Reports will not only be made to Parliament, but will also be widely circulated throughout the community. Current performance indicators measuring progress for major Government initiatives will also need to reflect the Tasmania *Together* benchmarks. Agency performance measures will need to comply with and contribute to the performance benchmarks set in Tasmania *Together*.

IMPLEMENTATION

Tasmania *Together* will challenge the existing culture of government by introducing a medium to long-term planning horizon, accompanied by greater levels of community involvement, transparency and accountability.

It is anticipated that Tasmania *Together* will continue beyond the term of the current Government and will inform and guide future governments. While Tasmania *Together* will provide a framework for Government decision-making, work has only just commenced on implementing the governance and management structures to support the plan.

Amendments have been made to the State Budget process to assist the implementation of Tasmania *Together* and work has commenced on designing a template for Agency Performance Plans. As far as possible, these structures were developed to complement existing processes to ensure that Tasmania *Together* becomes part of the daily business of Government.

The agreed changes to the Budget process include:

- Cabinet advising Budget Committee at the beginning of the Budget process on Tasmania *Together* and other policy priorities;
- advice on Tasmania *Together* and other policy priorities being provided to Cabinet for these deliberations by an inter-agency committee chaired by the Secretary of the Department of Premier and Cabinet and including all Heads of Agency. At the same time Budget Committee will advise Cabinet on the fiscal strategy;
- the role of Budget Committee enhanced to monitor each agency's delivery on Tasmania *Together's* priority goals and benchmarks through the Budget development cycle;
- the membership of Budget Committee expanded to broaden the strategic focus of the committee as it relates to Tasmania *Together*;
- Agencies preparing Agency Performance Plans to be included in the Budget papers such as Budget Paper No. 2; and
- Budget Committee integrating Tasmania *Together* as far as possible in the absence of a completed set of benchmarks into the Budget cycle for 2001-2002, with full implementation of the recommendations at the beginning of the 2002-2003 financial year.

To underline its commitment to Tasmania *Together*, the Government will be introducing a Bill to Parliament to establish the Tasmania *Together* Progress Board, which will report to Parliament and the community on progress towards achieving the goals and benchmarks in the plan.

The Board will consist of nine members from a variety of backgrounds including government, business, community, health, environment, union, and education. There will be a public nomination process for membership of the board with recommendations being made to Cabinet and endorsed by other political parties and the President of the Legislative Council. The chair of the Progress Board will be selected from the successful applicants.

The Board will report to Parliament annually for the first three years and then every second year. It is expected that the Board will review the benchmarks every five years. The Board will also promote Tasmania *Together* within the broader community, not only to raise awareness of the plan, but to encourage the non-government sector to incorporate the goals and benchmarks into their own strategic planning.

MAJOR INITIATIVES

Department of State Development

Communications, advanced technology and information technology incentive packages will be provided to secure at least three new projects and 150 jobs.

Natural Gas

The Tasmanian Natural Gas project will continue to be facilitated through to completion of construction of Duke Energy's transmission pipeline in mid-2002.

Menzies Centre

The Menzies Centre will be developed as one of Tasmania's Icons, including further commercialisation of its world class research capabilities in human genetics and epidemiology.

Call Centres

The call centre attraction program that includes incentive packages to attract new projects to the State will be continued.

Business Tasmania

Business Tasmania will be repositioned as a unified brand with targeted comprehensive products and services that meet the changing demands of Tasmanian enterprises.

IT Industry

The IT Industry Development Program will be expanded. This program includes the development and promotion through media, events, information kits and other avenues, of case studies that highlight world-class projects in the Tasmanian IT industry and specific examples of partnerships between IT and other industries.

Incubation Program

The Tasmanian Incubation Program will be implemented to assist start-up enterprises to manage their growth and expansion through the provision of financial and non-financial assistance.

Innovation

Activities in relation to initiatives flowing from the Commonwealth Government's \$5 billion innovation action plan, *Backing Australia's Ability*, will be developed, managed and co-ordinated in order to maximise the outcomes for the Tasmanian research and development sector and industry.

TV productions

Through an accord with Screen Tasmania, SBS Independent will produce a half-hour documentary in Tasmania as part of the third *Australia by Numbers* series, broadcast nationally. In addition, a half-hour drama will be produced and shot in Tasmania to be part of the *My Way* series, also broadcast nationally.

North American Presence

A public relations representation in North America will be established to take advantage of the increased attention that Tasmania is achieving in that market.

Locations Office

A new office will assist Tasmania to attract interstate and international film and television production companies. In addition, increased co-production opportunities with national broadcasters will be fostered.

Product and Touring Clusters

Linkages between tourism and travel business operators will be put in place to 'bundle' and package products as desirable holiday experiences based on knowledge of what customers want.

Customer Service Centre

A new Customer Service Centre in Launceston capable of accepting electronic bookings will be established, making it easier for tourism customers to access services by their preferred channel.

Bicentenary Exhibitions

A major in-house series of exhibitions at the Tasmanian Museum and Art Gallery will highlight the bicentenary of European settlement of Tasmania in 2003-2004.

Premier's Physical Activity Council and Strategy

A council will be formed to support and encourage the implementation of a physical activity strategy that will ensure a consistent and co-ordinated approach by both private and public industry sectors to deliver projects aimed at increasing the physical activity levels of all Tasmanians.

AFL Football

The Government has signed an agreement with the Hawthorn Football Club to conduct a home match and an Ansett Cup match in Tasmania for each of the next three AFL seasons.

arts@work

A major arts industry initiative, *arts@work*, will be the framework under which a number of issues relating to connecting supply to demand can be addressed. *arts@work* will assist emerging and mid-career artists in strengthening their practice, finding work in new sectors and becoming exporters.

Local History Publication Fund

Arts Tasmania will be administering a new fund provided by the State Library of Tasmania to support the publication of historical works, including local, institutional and other histories based on documentary research and/or oral history.

Tasmanian Chapter of the Australian Business Arts Foundation

A Tasmanian chapter of the Australian Business Arts Foundation will be established to promote, both to private individuals and philanthropic organisations, support to the arts as a significant way of giving something back to their community.

Arts Programs for Youth

Arts Tasmania's programs for youth will be strengthened following a review of the needs and direction of young artists within Tasmania, leading to adoption of a new model of funding for artists under 27 years of age.

Department of Infrastructure, Energy and Resources

Gas Regulation

DIER is now concentrating on completing the regulatory framework for natural gas by developing regulations, in consultation with industry and government agencies. DIER is also developing the necessary skill base to administer gas safety regulation in the State.

The Government is preparing to undertake a competitive tender for the selection of a gas distributor and retailer in the State. In readiness for this tender, DIER is working with the Government's industry adviser on gas, KPMG, to develop the necessary licences and codes.

Forestry Growth Plan

The development of the Forestry Growth Plan by Forestry Tasmania signalled a new phase in the development and growth of the forest industry in Tasmania building on the signing of the Regional Forest Agreement (RFA). Two investment-ready sites, one at Smithton and the second near Judbury in the Huon Valley, are being developed. DIER is working closely with all sections of the forest industry and the community to ensure the best outcomes for the State.

Intelligent Access Project (IAP)

The IAP is nationally funded project at the cutting edge of Intelligent Transport Systems development. The objectives of the IAP are to deliver fleet information services to road users and road-use data to road authorities. This will occur by using a combination of technologies, particularly vehicle positioning systems (VPS), to monitor and report spatial and location data.

Integrated Transport Strategy Development

Getting There Together, is Tasmania's first draft integrated transport strategy, developed through a series of regional workshops and a transport forum. It is consistent with the visions and goals of *Tasmanian Together*. The draft is receiving public comment and will be finalised in 2001.

Wiltshire Junction

The social and economic study into a single-track rail line from Wiltshire to Smithton has been completed. Pitt and Sherry Consulting Engineers have undertaken preliminary investigations into rail corridor locations, with two corridors identified as preferred options.

Western Tasmania Regional Minerals Program

The Western Tasmania Regional Minerals Program guide for industrial development has been completed. DSD and DIER are jointly looking into the expansion of the Port Latta industrial zone to meet opportunities for industrial development with the arrival of the gas pipeline and Basslink. The geoscience infrastructure component of the program, aimed at providing essential information for explorers, is in progress with the first data scheduled for release in February 2002.

Status Report on 2000-01 Major New Industry Initiatives

Infrastructure and Resources Information System (IRIS)

The IRIS initiative developed out of discussions held at the Tasmanian Infrastructure Conference in October 1999. This conference outlined key areas that needed to be addressed if the State's economic infrastructure was to be used effectively.

The objective of the IRIS is to integrate information required for appropriate infrastructure planning and investment decisions. A scoping study has been completed and consultation with stakeholders has enabled a broad set of information required for infrastructure planning and investment to be identified.

Department of Primary Industries, Water and Environment (DPIWE)

The agency will align its activities with the direction of *Tasmania Together* and incorporate the benchmarks into the DPIWE Corporate Plan. Work will continue on new initiatives arising from Partnership Agreements with local government and with the University of Tasmania. This includes addressing issues such as waste management and simplified planning schemes, and exploring the feasibility of centres of excellence for environmental research and food quality. In addition, DPIWE will work through committees established under the Premiers Local Government Council, complete a waste management strategy for Tasmania and provide support to the Simplifying Planning Schemes project.

Access to Interstate and Overseas Markets and Enhance Market Opportunities

Assistance will be provided in the development of export market protocols for new market access. DPIWE will conduct any tests deemed necessary following a submission to Japan in mid-2001 outlining

the protocol for methyl bromide fumigation of cherries. A confirmatory test will be conducted for methyl bromide treatment of johnagold apples into Japan.

Work will continue on pest and disease surveys throughout the State to provide technical data that will promote the State's internationally acknowledged disease-free status and enable new market access opportunities to be developed.

Eco-labelling

Work will continue, in partnership with industry, to prepare a scoping paper for requirements of eco-labelling and the potential for *Brand Tasmania* adoption for fruit production. DPIWE will ensure Tasmanian agricultural enterprises and primary industries are prepared for eco-labelling by identifying market drivers and requirements of our major trading partners and major purchasers of Tasmanian agricultural production.

Business and Production Skills

A new FarmBis Program will commence on 1 July 2001, jointly funded by the Commonwealth and the State. The program will assist farm businesses to profit from change by building on their business management and natural resource management skills. Continuous learning activities will be provided through the delivery of programs such as Edge Network, TOPCROP, Prograze and Wool Profit Map.

Develop and Promote Clean Safe Products

Industries will be assisted to meet legislative and market requirements for safe, quality products. DPIWE will facilitate the adoption of relevant quality assurance systems for potato, vegetable, and related crop industries via demonstration activities. The adoption and implementation of quality assurance programs by primary industries businesses will be supported through on-going funding for Tasmania Quality Assured Inc.

Benchmarking

The agency will facilitate the development of a comprehensive benchmarking system providing essential crop input/residue data to integrated crop management and integrated pest management activities in both Government and industry. Field demonstrations of potential components of cropping management systems for use in Tasmania will enable industry to assess their potential.

Water Resources

The State's water resources will be strategically managed through implementation of the Water Development Plan for Tasmania. The plan will set a framework to address issues such as encouraging private sector investment in water storage; providing assistance to undertake environmental feasibility studies in the development of new water storage areas; and undertaking water resource assessments to better understand and promote water resource opportunities.

Water and wastewater infrastructure will be upgraded through the Clean Quality Water Program.

Aquaculture

A sustainable aquaculture industry will continue to be developed through balanced planning, review and allocation processes, making additional areas of coastal water available for aquaculture. The industry will be assisted in expanding and diversifying by utilising such native species as rock lobster and striped trumpeter, through priority research partnerships with industry, involving the Tasmanian Aquaculture and Fisheries Institute.

Land Information and Planning Assessment

A fully coordinated and accessible State land information service will be provided to promote the economic growth and social interests of Tasmanians.

Industry development will be facilitated through timely environmental assessments, land acquisition and provision of land data and professional advice for major new developments, such as Basslink and Duke Energy.

DPIWE will contribute to orderly State economic development by ensuring that proposals meet appropriate planning and environmental guidelines.

Tourism Industry

Continued support will be provided to the tourism industry, through implementation of the Strategy for Visitor Services in our Parks and Reserves, complemented by a three-year \$12 million capital works program that involves building visitor centres and facilities. These projects include Freycinet camping and day facilities, Regional Forest Agreement East Coast Interpretation Centre, Rocky Cape and the Nut visitor centres, Great Western Tier, Cradle Valley infrastructure, a new road and visitor facilities at Narawntapu National Park, the Coal Mines Historic Site and other projects.

Sustainable development of commercial activities in parks and reserves will be promoted, along with development opportunities that will contribute to the growth of the Tasmanian economy.

All key Parks and Wildlife tourism sites will be accredited under the National Eco-tourism Accreditation Program.

Status Report on the Progress towards Implementation of the 2000-01 Initiatives

Local Government Partnerships

Through the Premier's Local Government Council, Statewide Partnership Agreements have been developed in relation to a Framework for Planning Scheme and Waste Management.

Under the Circular Head Council Partnership Agreement, three industry initiatives have been undertaken. Three aquaculture leases for newly released areas of water, covering a total of 70 hectares, were granted under the Far NorthWest Marine Farm Development Plan. Marrawah Kelp Pty Ltd was issued with a licence to collect kelp and has entered into access agreements with DPIWE.

A program involving information, advice and farm inspections has been put in place to overcome dairy effluent problems along watercourses in the municipality.

Department of Premier and Cabinet

eProcurement Pilot Project

The Tasmanian Government is undertaking an eProcurement Pilot Project, with grant funding provided by *Networking the Nation*. The objective is to pilot and evaluate the use of business-to-government electronic procurement in two Government agencies. The pilot provides an opportunity for the two agencies to test a number of different approaches to moving from a paper-based purchasing and payment process to a more electronic process.

The results of the pilot will provide the Government and agencies with information on how best to roll out electronic procurement.

Consultation and communication with Tasmania's small to medium business enterprises and Government agencies will be undertaken throughout the project to ensure they are aware of the advantages and opportunities of doing business electronically.

Information and Communication Technology Policy Framework

A major priority of this policy framework is a comprehensive industry development strategy to:

- assist business communities to realise efficiencies through e-commerce etc;
- increase the self reliance of the State and its businesses;
- expand the Tasmanian ICT sector;
- support development of broad knowledge worker skills and core IT skills;
- meet training needs; and
- encourage businesses to trade and partner with ICT enterprises outside Tasmania.

Information Privacy and Security Project

A policy framework is being developed in relation to privacy and information security. Appropriate privacy and security standards will be defined and policies laid down for all State Government agencies, including GBEs and SOCs, and local government.

Recent amendments to the Commonwealth *Privacy Act 1988* will extend coverage of the Act to the private sector from December 2001. Detailed consideration will be given to the likely effects these changes will have on the public sector and local government, together with an assessment of the need to implement similar requirements.

Status Report on progress towards Implementing the 2000-01 Initiatives

Support to Community Forums and Regional Cabinet Meetings

The program of 40 community forums and regional Cabinet meetings that the Government undertook to conduct during its first term in office is well advanced. By 24 April 2001, 22 forums had been held around the State, with positive public participation from a wide cross-section of Tasmanians who have raised issues of concern with Cabinet Ministers.

Managing the Service Tasmania Project, including Increased Electronic Service Delivery through Service Tasmania Shops.

The Department of Premier and Cabinet (DPAC) continues its role in managing the development of *Service Tasmania*, including electronic service delivery through 24 *Service Tasmania* shops, *Service Tasmania* by phone (40 phone billpay services, including 20 local councils) and *Service Tasmania* over the Internet (an increasing number of information services and 35 Internet billpay services becoming available).

These service-delivery arrangements support the Government's initiatives in the development of Partnership Agreements with local government.

Working with Local Government

Through the Tasmanian Community Network and the Local Government Partnership arrangements, the department works directly with councils that are planning to deliver their services online; use eCommerce platforms; and encourage business development in their communities and regions, as well as attract business through regional portals.

State-Local Government Partnership Agreements

DPAC has responsibility for coordinating the State-Local Government Partnership Agreement Program. Partnership agreements are a key mechanism for strengthening working relations with local government, providing a framework for addressing agreed economic and community development priorities.

Bilateral Partnership Agreements have been negotiated with Circular Head, Launceston City, Glenorchy City and Flinders Councils. Discussions have also commenced with the Derwent Valley and Break O'Day Councils.

Initiatives in northern Tasmania arising from agreements currently being implemented include: development of Inveresk Railyards as a centre for arts and culture; development of a major events program in Launceston to attract visitors; assistance to develop a tourism marketing plan and consumer contact strategies for the Flinders Island municipal area; and establishment of a mechanism to enable the Flinders Island Council and the State Government to work jointly with the Aboriginal community of the Furneaux Islands on mutually agreed industry development opportunities.

In the south, key initiatives include development of strategies to promote the use and development of technoparks in the Glenorchy municipality; revitalisation of the Moonah precinct; and cooperative activities to promote the further development of the Royal Agricultural Society Showground site.

The north-west will benefit from the development of Port Latta Industrial Site for increased industrial activity in the Circular Head region and drafting of a development strategy for Cradle Valley.

Examples of state-wide initiatives include the identification of vacant and under-utilised properties or land owned by either councils or the State that can be used to stimulate investment and development and the support for the development of industry clusters .

During 2000-01, the first regional Partnership Agreement was developed with the Northern Tasmanian Municipal Organisation (NTMO). The NTMO covers the eight councils of the northern Tasmanian region. Negotiations commenced with the Cradle Coast Authority; a body covering the nine councils in Tasmania's NorthWest.

Economic development initiatives included within the draft NTMO Agreement include: the drafting of a regional Economic Development Plan, using the Industry Audits as a major information base; a range of activities focussed on developing an integrated approach to tourism in the NTMO region; and the development of an integrated Transport Plan that identifies the key transport needs of the region and how these might be linked to the region's economic, social and environmental objectives.

Statewide agreements have been developed covering planning and waste-management issues.

Discussions are being held through the Premier's Local Government Council on issues relating to State-local government financial relations. Industry development objectives being progressed through the council process include the development of a state-wide framework for promoting planning consistency that will increase certainty for developers and minimise the extent to which key requirements vary from scheme to scheme. A coordinated approach is also being taken to waste management, including options to promote market development as a means of increasing the levels of resource recovery.

Department of Education

Tasmanian Qualifications Authority

A Tasmanian Qualifications Authority will be established by integrating the separate roles of the Tasmanian Secondary Assessment Board, the Universities Registration Council and the Tasmanian Accreditation and Recognition Committee. It will develop a coherent format for presenting life-long qualifications – making relationships between various types of qualifications clearer and meeting the needs of individuals, employers and learning institutions. Links will also be built between schools, post-compulsory education and training providers and the University of Tasmania to provide transparent recognition of both tertiary entrance and articulation arrangements. Employers will be surveyed every three years to assess how *job ready* young Tasmanians are on entering the workforce with their first set of qualifications.

Participation in post-compulsory education and training

To ensure that young Tasmanians engage in post-compulsory learning, the Office of Post-Compulsory Education and Training will establish post-compulsory participation benchmarks for young people in Tasmania, with targets to be achieved by providers within an agreed accountability framework. A "VET Account" of training hours will be made available to schools and secondary colleges from the Institute of TAFE Tasmania. This will enable schools and secondary colleges to draw on the expertise of TAFE teachers in the delivery of VET programs. The department will assist school, college and TAFE Tasmania counsellors to network with each other and with industry bodies and industry training advisory boards in order to develop and implement career information strategies for transition students. Partnerships will be facilitated between schools, colleges and TAFE Tasmania, particularly in regional clusters, to ensure that the maximum possible use is made of the available resources and infrastructure.

All Year 10 students of 2001 will be tracked for a period of three years to ensure they are all provided with information and advice about formal and informal training options. The Office of Youth Affairs will have an increased role in developing individual strategies for young people who have left the education and training system after year 10, thus helping them to renew their participation.

Meeting the Skills Needs of Industry and the Economy

Initiatives to support the Government industry priorities and link skills development and training to Tasmanian economic opportunities include: enhancing co-ordination of VET planning between DSD and the Office of Post-Compulsory Education and Training, including the development of a long-term planning framework; aligning training programs provided through contestable funding arrangements with State priorities; and implementing a major eco-tourism training project to respond to training needs in this sector. The project will address skill shortages in areas such as tour guiding and hospitality and provide opportunities for existing staff in areas such as communication, marketing and industry knowledge. A range of complementary services will support the training program.

Local Partnerships

Community-based networks will be established to ensure that local delivery of services is consistent with regional needs and development activities.

These local networks will bring together the collective experience of schools and colleges, the Institute of TAFE Tasmania, libraries and Online Access Centres, as well as community organisations, other government agencies, enterprises and individuals who share an interest in life-long learning. Local networks will advise on how local learning opportunities can be maximised and aligned with local and community developments.

Local networks will encourage the further participation of employers in education and training by extending the range of work placements for VET students, providing structured workplace training and sponsoring new learning initiatives in provider institutions.

Tasmanian Communities Online will implement new operational arrangements announced as part of the Government's two-year funding package for the network of Online Access Centres. All centres will provide core services and regional centres will include the delivery of value-added services to local enterprises.

VET-in-Schools

More flexible pathways incorporating VET-in-schools outcomes for the purpose of university entrance is the subject of developmental work by 19 Australian universities, including the University of Tasmania.

A range of initiatives is underway to support the outcomes of the Information and Telecommunications Skills Forum intended to increase participation by VET-in-schools students and, in particular, to improve access to workplace learning opportunities.

Major expansion, development and integration of emerging industry education partnerships will provide further skills formation programs in schools and colleges.

Student Enterprise in Tasmanian Schools

Under this program the Department of Education will conduct the 2001 Youth Enterprise Forum, as well as providing support for such programs as the Australis Self Made Girl and Young Achievement Australia.

Community-based learning will be promoted as a vehicle for enterprise activities and professional development programs delivered by training regional enterprise mentors will continue to be expanded. The Government will continue to work with the Tasmanian Educational Leaders Institute, using enterprise as a vehicle for curriculum reform.

Managed Networks Program

Under the Managed Networks program, employment and training opportunities will continue to be increased in the IT sector through creation of employment and training partnerships between the industry and schools. In addition, an IT traineeship scheme will be established, enabling a trainee to be hosted by each of the managed vendors providing support into schools. Specialised and on-site training will be available for each of the trainees. Following their training, a group of trained staff will become available to the local IT industry.

Centre of Excellence in Online Learning

Learning Together has as a goal the achievement of an information-rich community with access to global and local resources. A major initiative as part of achieving this goal is the establishment of the Centre of Excellence in Online Learning as a unit in the Department of Education.

The centre will deliver closely integrated programs covering development of online content; professional development of teachers, school leaders and other staff in online learning; provision of an Online School to support learners; fostering of innovative learning environments; research & evaluation into school transformation through technology; consultancy for external clients; content management and distribution of online learning products; copyright and intellectual property consultancy; and professional learning information services.

The centre will broker new online links between Tasmanian schools and interstate and overseas schools, as well as developing new online links with local IT firms, the University of Tasmania and the Institute of TAFE Tasmania.

New opportunities will also be provided for Tasmanian firms to develop online educational content for Tasmanian schools and for national and global markets.

The external consultancy program and the commercialisation of the online content resources and associated software will earn income for the centre and strengthen its ability to apply successful innovations to Tasmanian schools.

Status Report on Progress towards Implementing the 2000-01 Initiatives

The Office of Post-Compulsory Education and Training will continue to work with the Department of State Development in the development of an appropriately skilled workforce to support the establishment of a natural gas industry in Tasmania. The Institute of TAFE Tasmania has initiated plans for the provision of training to provide the skills necessary to support this project.

Learning Together

Education portfolio industry initiatives for 2001 are provided within the framework provided by *Learning Together* - the Government's vision for education, training and information services - which is aligned with the vision and goals expressed through *Tasmania Together*.

Office of Post-Compulsory Education and Training

As provided in *Learning Together*, a new Office of Post-Compulsory Education and Training has been established to provide strategic direction on the purpose and goals of post-compulsory education and training and to provide a more integrated approach to meeting individual learning needs and industry skill requirements.

Meeting the Skills Needs of Industry and the Economy

As provided in the 2001 TAFE Purchase Agreement, the Institute of TAFE Tasmania will maintain training effort and respond to identified needs in priority industries. Training activity will be reviewed to maximise alignment with identified industry needs in non-priority areas that have been the focus of industry audits.

Department of Treasury and Finance

The *Selling to Government* guidance system is due to be completed in the first half of 2001-02 and Treasury is also monitoring developments in other jurisdictions regarding electronic procurement. The Government is keen to ensure that the interests of small to medium business enterprises are protected in any such developments in Tasmania. A pilot project is being undertaken in two government agencies by the eServices Group of the DPAC. A key part of the project involves raising awareness through the provision of information to local businesses.

Status Report on Progress towards Implementing the 2000-01 Initiatives

Basslink

Continuing on from 2000-01, a major initiative for Treasury is successfully managing the Basslink implementation program through the Basslink Development Board. The board was established to facilitate the establishment of Basslink as a commercial opportunity in the National Electricity Market (NEM). The board oversees the Basslink implementation program, which seeks to establish an undersea link across Bass Strait connecting the Tasmanian and Victorian electricity grids.

The Basslink project is valued at around \$500 million and Basslink Pty Ltd expects to have the link in operation by late 2003. The next major step for the project is the completion of the environmental assessment process over the coming year. During this period, the Government will be working with the member jurisdictions of the NEM to facilitate the State's entry to the national market.

Procurement Advisory Group

The Procurement Advisory Group (PAG) is a representative group of business, unions and Government Agencies that advises Government on how to improve the performance of local business to win Government contracts. In 2000-01, a successful series of 'Meet the Buyers' forums were conducted across the State, with another series of forums planned for 2002.

Petrol Price Monitoring

At the request of Government, the Government Prices Oversight Commission (GPOC) produces a Fuel Monitoring Report. The Fuel Monitoring Report addresses domestic, national and international market

issues concerning fuel. From September 2000, the Fuel Monitoring Report has also played an important role in identifying the positive impact on the local market through the establishment of Liberty Oil in Tasmania. With Liberty establishing further sites around Tasmania in 2001-02, the Fuel Monitoring Report will play an increasingly important role in providing accurate information on the relative cost of fuel in Tasmania compared to Melbourne. The Fuel Monitoring Report can be found at the internet site www.GPOC@tas.gov.au

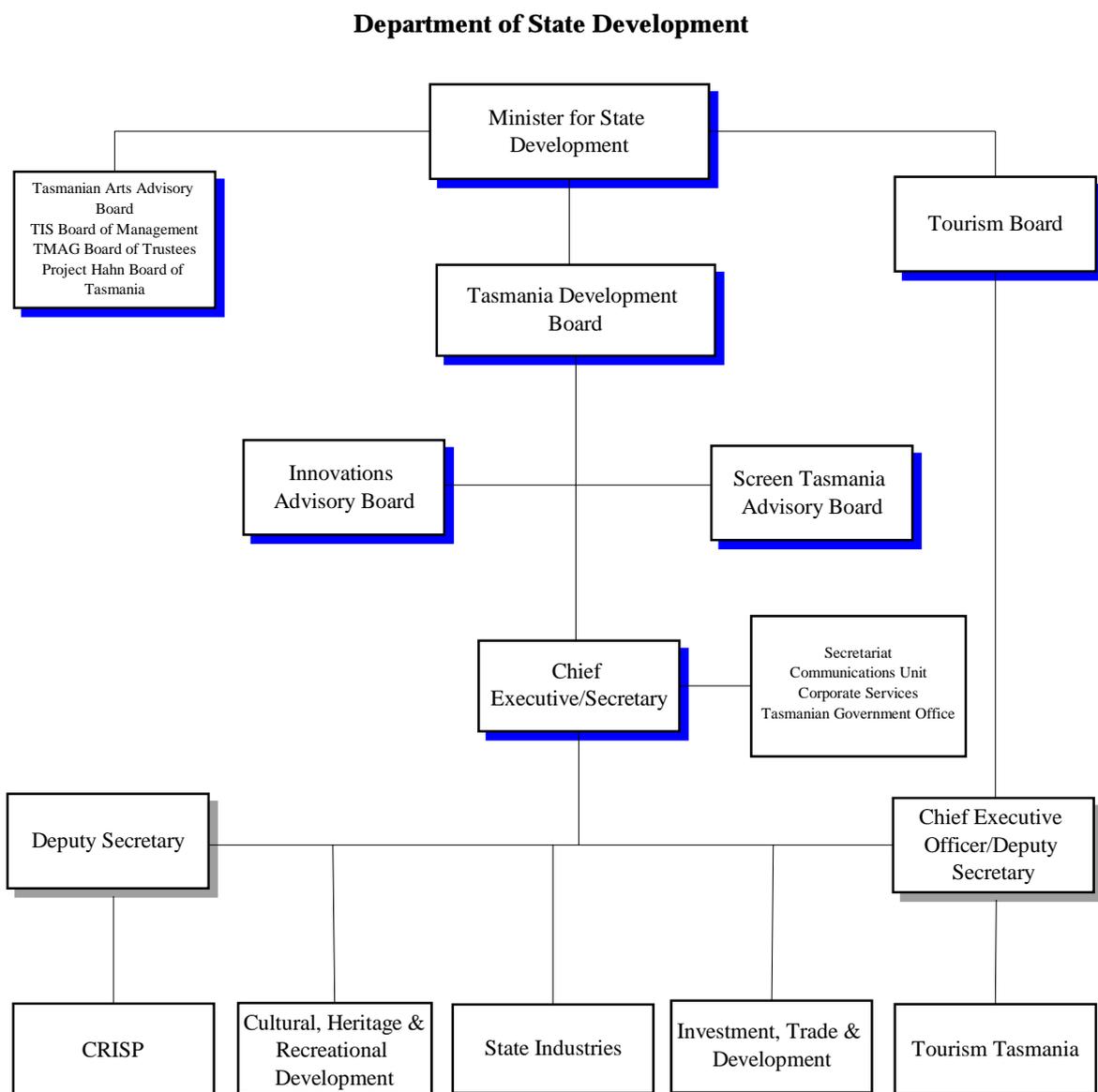
Economic and Industry Monitoring

A critically important activity of the Economic Policy Branch is to provide comprehensive and detailed advice to Government on the economic performance of Tasmania and its contributing industry sectors. The Economic Policy Branch both monitors the economic performance of the State and identifies issues arising at both the regional and industry sector level and their effects. Through the advice provided by the Economic Policy Branch, the Government is able to prioritise assistance and support to regions and industry sectors. The role of the Economic Policy Branch was pivotal to the formulation of Tasmania's 2001-02 expansionary Budget.

6 DEPARTMENT OF STATE DEVELOPMENT

The Department of State Development (DSD) is functionally constructed around five primary Output Groups: Investment, Trade and Development; State Industries; Centre for Research Industry and Strategic Planning (CRISP); Tourism Tasmania and Cultural, Heritage and Recreation group.

Diagram 7.1: DSD Organisational Chart



The activities of the Office of the Chief Executive (including Corporate Services, the Tasmanian Government Office, the Secretariat and Communications Unit services) are allocated across the five Output Groups.

The five Output Groups below do not always operate strictly in accordance with the reporting structure represented in the Organisational Chart. This is because any one or more of DSD's divisions or business units may contribute to any Output Group, all of which are structured to deliver the business, social and cultural outcomes required by the Government.

Output Group 1: Investment, Trade and Development

The Investment, Trade and Development Division is responsible for project facilitation, investment attraction, marketing and trade, including education marketing, event attraction, property and loan portfolio administration, investment attraction and the procurement and import-replacement activities of the Industrial Supplies Office (ISO). Services are delivered through five groups with a sector-specific focus: Communications and Technology Industries; the Tasmania Natural Gas Project; Food and Beverages; Manufacturing and Services and Resource Industries. Three other business units - Trade, Marketing and Major Events; Finance and Finance Facilitation; and the Industrial Supplies Office – deliver services across the whole economy.

Output Group 2: State Industries

This Output Group is responsible for enterprise improvement services, small business services, enterprise centres and employment initiatives, Antarctic industry support, innovation and technology services, industry council support, and film, television and multimedia support.

The State Industries division identifies, assesses and case-manages growth opportunities for small and medium sized enterprises through three functional units: Business Tasmania; Innovation Science and Technology; and Industry Councils. Through Business Tasmania, State Industries positions itself as the “first point of contact” with businesses seeking information and assistance. Services include intensive client management, export advice, networking opportunities, business incubation, and referral services to private sector, Commonwealth Government and other State Government business-assistance programs. The Office of Antarctic Affairs will focus activities on ensuring the national and international communities recognise and use Tasmania as the gateway to the Antarctica and the Southern Ocean. Screen Tasmania will provide loans, grants and investment funding directly and indirectly to increase production and audience development. In addition, it will continue to assist industry development with information and promotion.

Output Group 3: Centre for Research, Industry and Strategic Planning (CRISP)

This Output Group supports, develops and reviews industry and strategic planning processes for DSD, industry councils and Government. It reports on two Outputs: Industry Planning and Policy, Research Services.

CRISP plays a key role in undertaking research, providing advice to other DSD divisions and business units, developing strategic plans and policies, and training graduates.

The Skills Response Unit aims to ensure that Tasmanian businesses are the contractors of choice for major projects in Tasmania because of their appropriately trained skill base.

Output Group 4: Tourism Marketing and Development

The Tourism Marketing and Development Output Group is responsible for tourism marketing, tourism development, tourism retail travel services and tourism wholesale travel services. The new *Tourism 21* strategy has four core areas that provide Tourism Tasmania with a clear framework for tourism growth: knowledge of our customers; creating holiday experiences for our customers; connecting with and converting customers to holiday in Tasmania; and satisfying customers with exceptional holiday experiences. Underpinning these four goals is the need to continue to both strengthen the *Brand* and improve industry involvement, partnership and efficiency.

Output Group 5: Cultural, Heritage and Recreation Industry Development

This Output Group underpins the Government's economic and social development policies through the development of cultural, heritage and recreation outcomes.

The Tasmanian Museum and Art Gallery will be prioritising improved collection management and expansion of its visitor numbers. Arts Tasmania's programs will raise the status of the arts as a cultural and economic driver for the State. The Office of Sport and Recreation has prioritised facility development and industry organisational development as essential to increase the viability of services provided and increasing the number of participants.

7 TEN INDUSTRY-BASED PROGRAMS

Finance Facilitation

A specialist business unit within DSD operates exclusively in the area of sourcing finance for local industry. The Finance Facilitation unit acts as an agent for *investment-ready* businesses requiring financial assistance, primarily for business expansion or the establishment of innovations that will enhance the State's net export position.

The unit works with individual businesses to determine appropriate avenues for securing finance, often involving the use of a mix of debt and equity funding. The unit is also a point of contact for investors seeking local business opportunities.

A properly constituted Business Plan and investment attraction document are often pre-requisites to obtaining the appropriate type of business funding. The unit assists with strategic reviews of Business and Marketing Plans and also has the capabilities to assist with the compilation of formal requests to potential financiers.

The Finance Facilitation Unit works in close consultation with Business Tasmania, which has similar responsibilities for assisting with finance facilitation for Tasmanian small business operators.

During 2000-2001, DSD introduced the *Business Growth Program* as a pilot funding program to assist with finance for small to medium enterprises unable to access assistance from the Tasmanian Innovations Advisory Board, but regarded as being of strategic importance to the State.

The 10 other avenues for finance facilitation are:

- the Tasmanian Development Board allocating \$10 million from the Industry Development Fund over the term of the Government to assist small and medium net export industries;
- the Tasmanian Innovations Advisory Board allocating \$1 million a year to provide funding to suitable entrepreneurial ideas;
- \$1 million a year provided to Film Tasmania to encourage the establishment and growth of film, television and multimedia industries in the State;
- referral to the Government-initiated Pooled Development Fund, First Tasmania Investments Limited, that provides equity capital, solely to the State's small to medium business enterprises;
- a Privately Funded Initiative (PFI) model, utilising local construction firms and capital providers, used where appropriate to provide infrastructure requirements for both the private and public sectors. The Finance Facilitation Unit plays a key, coordinating role wherever the PFI model is proposed;

- the Australian Venture Capital Association Limited (AVCAL), a national peak body for venture capital, has now established a Tasmanian Branch. In addition to promoting the use of venture capital by business through regular AVCAL meetings, AVCAL works closely with DSD in providing investor forums with high-profile industry presenters;
- assistance for Tasmanian business experiencing high growth phases and with consequential cash flow problems through a referral arrangement between the capital facilitation company, Business Response Group and DSD;
- Investment Opportunity Forums organised by DSD for Tasmanian investors who may be interested in local business opportunities;
- the consideration, in conjunctions with banks, of performance guarantees for industries taking advantage of net export opportunities; and
- a facilitation role between DSD and an Australian peak industry body, the Private Capital Council, to provide advice to investors about Tasmanian business that are identified as being investment ready.

During the year, an electronic venture capital matching service provided by the Australian Stock Exchange, *enterprise market* ceased operation following only moderate success. There are investigations by private sector organisations for the establishment of an alternate investor/investee matching service.

Other activities of the Finance Facilitation unit include:

- assessment of applications for financial assistance by businesses and industries that are strategic to the State economy, have demonstrated high growth potential, but where private sector funding involvement may not be entirely appropriate and an opportunity may be lost to Tasmania;
- facilitation of private sector involvement for strategic property development, in particular, the development of new call centres;
- credit risk assessment and administration of Government guarantees for strategically placed businesses, that may be unable to secure support from the private sector;
- the administration of Government equity positions taken in strategically placed businesses;
- high-level financial analysis on new and existing business clients of DSD;
- wide-ranging administrative and credit risk responsibilities for DSD's diverse loan and property portfolios; and
- timely reporting to the Tasmanian Development Board and ultimately Government, on issues primarily associated with financial aspects of businesses and industries in the State.

The Tasmanian Innovations Advisory Board has been allocated \$1 million to provide assistance to organisations wishing to commercialise their innovative product, process or service, under the Tasmanian Innovations Program.

The Business Growth Program is being piloted to determine its effectiveness in assisting small to medium enterprises by providing grants of up to \$30,000 to assist with direct costs incurred in undertaking a project that will provide net economic benefit and/or strategic benefit to the State.

The Innovation, Science and Technology unit is developing, managing and coordinating activities in relation to initiatives flowing from the Commonwealth Government's Innovation Action Plan – *Backing*

Australia's Ability that will impact upon Finance Facilitation, as well as most of the Government's other key industry programs.

Red Tape, Government Regulations and Assistance for Business

Business Tasmania offices across the State provide a one-stop shop for businesses seeking information and assistance. Business Tasmania has been established to assist Tasmanian businesses, large and small, to not only survive, but to prosper. The Business Tasmania offices are supported by Business Enterprise Centres and Service Tasmania offices and on-line through the Business Tasmania and Business Licence Information service websites.

The Business Tasmania one-stop-shops provide:

- simplified access to information on business licences and regulations for the three tiers of government through the Business Licence Information Service. This service has been enhanced through the introduction of information on Industry Codes of Conduct;
- information and tools to assist businesses to quickly “get in the know” on a range of vital business subjects ranging from starting a business through to business planning and marketing. These services include quick reference guides, fact sheets and seminars;
- business counseling by an experienced Business Tasmania client manager to assist high potential businesses to develop and better execute their growth strategies; and
- referral services to government and private sector organisations that can assist businesses to achieve their growth aspirations.

The IT Industry Council advises State Government on regulations affecting the local IT industry, such as those concerning procurement policy and practices.

Industry Networking

The Industry Networking program is delivered by the Industrial Supplies Office (ISO), State Industries and the newly formed Industry Councils. All three groups seek to assist business collaboration to achieve the scale and scope necessary to effectively compete with larger interstate firms, and/or facilitate the free-flow of knowledge and market intelligence that contributes to increasing the competitiveness of Tasmanian business.

Technoparks in Hobart and Launceston create effective networking opportunities for clustered businesses, particularly in the information technology, communications and advanced technology sectors. The Intelligent Island incubator operated by Intellinc will further enhance clustering for these sectors, which will provide services and support to information technology companies focussed on international growth.

The IT Industry Council has assisted in coordinating networking events between the IT industry and others, such as the manufacturing and food and beverage industries. The IT Industry Council is also involved in planning for a range of other networking activities within the IT industry in Tasmania.

A pilot Tasmanian Innovators' Incubation Program (TIIP) will be trialed until June 2001. If successful, it is anticipated TIIP will form part of a larger incubation program that could incorporate:

- a strategic alliance with the University of Tasmania (in line with the Partnership Agreement between the University and Tasmanian Government);
- a networked incubation system with other existing and new Tasmanian incubators; and
- the development of an on-line incubation system.

The program involves working with participants of the TIIP to manage their growth and expansion through the provision of financial and non-financial assistance, including access to business skills development, financial management, equity matching, corporate advisory services and marketing workshops.

Fourteen early-stage companies from a range of industries are participating in the pilot program.

A range of IT industry networking events and forums are funded through the IT Industry Development Program, ranging from small grants of around \$250 to fund industry group meeting costs, up to \$2,000 for larger networking events and industry briefings on new developments in the Tasmanian IT industry.

The offer by Government for industry groups to work in partnership with Government in setting the strategic direction for their industry has resulted in the establishment of seven industry councils (see Section 4 of this report).

Maximising Opportunities for Employment through Increased Local Content

The Industrial Supplies Office Tasmania (ISO) is part of a national network that delivers advice to governments and the private sector on the capability of local industry. This advice enables purchasers to source products, components and services from within the local economy. ISO is a member of the Tasmanian Government's Procurement Advisory Group and assists Government departments to identify local tenderers for any purchase over \$50,000.

The IT Industry Website, *The Loop*, provides a medium for government and industry to advertise for local content. The site enables opportunities such as tenders and expressions of interest to be publicised and taken up by the Tasmanian IT&T industry.

Assistance is provided through the IT Industry Development Program for briefings to the local IT industry on government tenders and some large private sector tenders.

Support and Financial Incentives for Export and Import Replacement Industries

DSD's Investment, Trade and Development division (ITD) has a number of business units with broad responsibilities for the attraction of investment to the State and the creation and retention of sustainable

employment. The following units deliver the initiation, attraction and facilitation of strategic major economic development projects in Tasmania and deliver sustainable benefits to the community:

- Manufacturing and Services;
- Food and Beverages;
- Resource Industries;
- Tasmanian Natural Gas Project;
- Communications and Technology Industries;
- Finance and Finance Facilitation;
- Trade, Marketing and Major Events; and
- Industrial Supplies Office.

DSD's role includes representing the Tasmanian Government in dealings with potential investors and providing proponents with services that increase the likelihood of their project's success. Other project support services include but are not limited to:

- providing advice, referrals and project facilitation in areas such as approval processes, infrastructure and site selection;
- providing assistance in the recruitment of new staff and co-ordination with Commonwealth, State and local Government Agencies;
- co-ordinating the provision of training; and
- provision of information to assist with company decisions to invest in Tasmania.

Prioritised support services focus on providing assistance to industries that are forward looking, capable of being internationally competitive and of long-term growth and whose development is compatible with best practice environmental standards. Specialist services will be provided to facilitate development capital and to maximise local content, where appropriate. Project management is delivered on a statewide basis for the expansion of existing industries and also to promote the establishment of new industries.

Government input is delivered in relation to issues of regional significance, including the economic aspects outlined in Partnership Agreements with local government. ITD will continue to be a key player in the development of Partnership Agreements with local government, specifically in relation to development issues.

The division is participating in the benchmarking phase of the *Tasmania Together* process by providing broad industry knowledge and understanding on key benchmarks. Projects will be tested against the established goals of *Tasmania Together*.

Management Skills Development

The development of management skills in Tasmanian firms is facilitated through Business Tasmania's strategically targeted enterprise improvement programs. Intensive business counselling by experienced

Business Tasmania client managers is provided to high potential businesses that are forward-looking, internationally competitive and are capable of long-term growth.

Client Managers work with enterprises that have been identified as having significant potential. In selected cases, external business consultants are engaged to assist business managers to develop and acquire the skills they need to realise their growth aspirations. This includes assisting enterprises to improve their business planning and diagnostic skills, improve business efficiency and effectiveness, develop new market entry strategies and explore the *best-fit* options for financing growth.

The Business Pathways pilot program is targeted towards start-up, innovative enterprises located in Tasmania that are participating in high-growth industries. Generally, applicants to the program have limited cash reserves and limited business skills, but may bring a wealth of talent and creativity in the research and development of innovative ideas. The program aims to increase and develop the skills needed for commercialising innovations and managing a successful business. It is envisaged that after gaining these skills, the innovators may be in a position to qualify for assistance under other DSD programs or may be eligible to enter existing incubators in Tasmania.

The Tasmanian Innovations Program has a mentoring component whereby financial assistance up to \$20,000 can be made available for the use of a mentor to provide guidance and advice on the development of new products and facilitate business skills development.

The IT Industry Development Program provides targeted workshops on different IT business development issues.

Skill Bottlenecks

The Skills Response Unit facilitates a co-ordinated response by OPCET, TAFE and DSD to skills impediments, particularly in relation to emergent or expanding industries. Priorities are established through dialogue between industry and Government.

Tasmanian initiatives flowing from the Commonwealth Government's Innovation Action Plan, *Backing Australia's Ability*, can be expected to impact upon Skills Bottlenecks.

The Small Business Employment and Environmental Tourism Initiatives encourage the employment of more than 350 new trainees under the new apprenticeship scheme. These programs are targeted at strategic industry sectors identified in the Industry Audits.

Access to Interstate and Overseas Markets and Marketing

DSD seeks to assist companies to increase export sales of Tasmanian goods and services through the establishment of trading opportunities in potential new markets and the further development of existing relationships. Programs provided to assist Tasmanian businesses include:

- export Awareness, including the Tasmanian Export Awards, TradeStart, export marketing networks and exporter seminars to provide exporters with an *opportunity* presentation in particular markets;

- export marketing assistance, whereby financial assistance may be available to conduct export research activities;
- marketing activities through the co-ordination of trade exhibitions, promotions in restaurants, hotels and retail outlets, overseas missions and facilitating overseas buyer visits to Tasmania;
- marketing activities specifically for government schools and TAFE Tasmania aimed at increasing foreign revenue from the education sector. Close liaison is maintained with other education providers in Tasmania; and
- through the business migration program, the creation of international linkages which bring not only skills and expertise to the State, but also creates opportunities for the generation of new export opportunities.

Planning Certainty for Major Developments

The Government has put in place a number of initiatives to promote and facilitate major economic development projects, including:

- the Tourism Development Steering Committee, chaired by DSD, promotes and facilitates major tourism development projects by marketing opportunities to investors, removing obstacles, reducing uncertainty and providing project review and facilitation services;
- reform of the planning system to support a more standardised approach to development assessment across the State. In consultation with Local Government, the State Government is developing a framework for new planning schemes in Tasmania;
- an inter-departmental committee has been formed to ensure a timely and coordinated response to projects referred under the Commonwealth Environment Protection and Bio-Diversity Conservation Act; and
- an inter-departmental committee, led by DIER, co-ordinated the preparation of the Hobart Port Access Project.

The responsible departments - DSD; Infrastructure, Energy and Resources; and Primary Industries, Water and Environment - deliver a range of facilitation services that assist in creating planning certainty when major developments are under consideration.

Planning and development approval processes have been reviewed and changes proposed to improve their operation.

Harnessing Entrepreneurial Ideas

The State Government established the Tasmanian Innovations Advisory Board to encourage and assess new and innovative ideas and assist in the expansion of the State's industry base.

The Board presides over the Tasmanian Innovations Program, developed to assist small and medium sized firms to commercialise innovative products and services. The program offers financial assistance to businesses that are seeking long-term growth and have strong potential to generate employment, net exports and the diffusion of new technology.

To March 2001, grants totalling \$1,306,987 have been awarded to Tasmanian companies.

The State's Technoparks also play a significant role in encouraging and enhancing entrepreneurial business activities, research and development and the commercialisation of new products.

The Intelligent Island incubator, "Intellinc", is also strongly focused on the commercialisation of new business ideas.

Business Tasmania seeks to encourage entrepreneurship among Tasmanians. This is achieved through its direct activities, as well as participation in third party initiated activities, including:

- initiatives that encourage and develop business skills amongst young Tasmanians. These include Shell Livewire, Australia Self-Made Girl, Tasmanian Enterprise workshops and the Young Achievers programs;
- encouraging and promoting business role models and best practice through Telstra and Tasmanian Government Small Business Awards; and
- an extensive program of business enhancement workshops held at Business Tasmania and Enterprise Centre offices across the State.