

Bold changes can lift up Tasmania

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In all of my speaking and writing about Tasmania – which now goes back more than 20 years – I've always tried to be clear that while we can't, and shouldn't, aspire to be as economically well-off as NSW or Victoria (we don't have, and don't want, their populations and all the problems that come with them), or Western Australia (we don't have their mineral wealth), we can and should aspire to do a lot better economically than we have been doing.

In particular, we shouldn't be doing worse than – and we indeed should be aiming to do better than – South Australia on most economic indicators. And we should be capable of doing better economically than the non-metropolitan areas of the mainland states (which in most respects we aren't). Hobart shouldn't settle for being a Townsville; Launceston shouldn't settle for being a Toowoomba, or a Ballarat.

Notwithstanding our recent relatively strong performance on a range of short-term economic indicators, our per capita gross product – an imperfect and incomplete, to be sure, measure of overall economic performance, but the only one we've got – is 22% below the national average.

That is entirely explained by:

- The proportion of our population who have a job being 3 pc points below the national average – partly, but not solely, because the proportion of our population who are 64 & over is 3.8 pc points above the national average
- The fact that those Tasmanians who do have a job work the equivalent of 10 fewer days per year than the national average - largely because the proportion of Tasmanian jobs which are part time is 6½pc points above the national average
- The fact that for each hour that Tasmanians who have a job work, they produce 12% less by way of dollar value of goods and services than the national average (ie productivity is 12% lower) – partly because intrinsically high productivity industries (like mining and financial services) are under-represented in Tasmania, but also because most Tasmanians work in industries where productivity in Tasmania is below the corresponding national averages for those industries.

The rate at which our population is ageing – by 2040, the proportion of our population aged 65 or over will be 7.2 pc points higher than the national average (up from 3.8 pc pts now) and the proportion of 'working age' (15-64) will have fallen from 3.0 pc pts below the national average to 6.2 pc pts below – means that unless we can:

- increase the proportion of our 15-64 year olds who have jobs,
- attract a lot more young adults to live here (or give more of the ones we already have reasons to stay),

- increase the proportion of jobs which are full-time, and
- lift productivity

then our per capita gross product will fall from 22% below the national average currently to 29% below in 10 years' time, 28% below in 25 years' time, and 45% below in 40 years' time.

You'd have to wonder whether the rest of Australia would continue to 'support' us (as most of them think they do) through the income tax and benefit systems (Tasmania is the only state where the population as a whole pays less in personal income tax than it receives by way of social security benefits) and through the GST revenue sharing system.

The one 'lever' which we can pull, which can influence all of the reasons why our economic performance is so sub-par, is education – in particular our woeful participation and attainment rates to year 12, and our tertiary education participation and attainment rates. These are woeful not only by comparison with big cities on the mainland, but also with regional areas of mainland states.

The Hodgman Government is doing absolutely the right thing in rolling out year 12 courses initially to rural and regional high schools, and in its second term in office to urban schools. But because they're not prepared to 'bite the bullet' and either convert the colleges into Y7-12 schools like every other state or turn them into VET/TAFE centres, they will waste a lot of money that could be better spent in other ways.

But by continuing to defend the college system - despite its manifest failure to provide similar pathways to a complete secondary education as are available in every other state, including in areas far more remote from state capitals than anywhere in Tasmania - the Labor Opposition is continuing to deny opportunities to students from the communities which they claim most strongly to represent. Leading Labor figures in other states, with whom I have spoken, are astonished that their Tasmanian colleagues continue to oppose the idea that every student should be able to complete Year 12 where she or he starts Year 7.

We don't need to spend more on education – we do need to spend what we spend more intelligently, efficiently, equitably and most of all effectively.

We probably do need to spend more on health – but we also need to change the structure of our health system, and to put more priority on public and preventive health.

We do need to spend more on infrastructure to support both a growing population and our growing tourism and agricultural industries. That's hard to do while unfunded superannuation liabilities consume such a disproportionate share (by comparison with other states) of government revenue. But unlike other states neither side of politics is willing to contemplate asset sales to reduce this liability.

We also need to accelerate the construction of new housing, especially in the south.

We need to reverse the 1998 decision to reduce the size of Parliament, so that the 'gene pool' from which our Cabinet and shadow cabinets are formed can be deeper and wider, and we can also develop a more effective parliamentary committee system.

We need to stop fetishizing small business – it isn't the 'engine room' of the Tasmanian economy, its share of employment in Tasmania has dropped from 56% to 45½% over the past decade. We should be offering incentives to new businesses, not small ones (and it's a lot cheaper, too, and there are no perverse incentive effects arising from thresholds).

We need to use public sector agencies to actively and purposefully recruit mid-career public servants from other states, offering them faster-track promotions to more senior levels. Many of them won't stay forever, but those who leave will understand us better, and those who fall in love with Tasmania or with a Tasmanian will help address our demographic problems.

In short, we cannot rest on the laurels of our recent much-improved economic performance. We need to be willing to make bold and visionary changes to our governance practices, to our education system and to the way we nurture and support economic growth, in order to ensure that our living standards don't continue to deteriorate relative to those of mainland Australia, and that we can better support ourselves, and the way we wish to live