

## Tasmania's economy has done well in the pandemic, but the future is looking shaky, experts warn

By state political reporter [Alexandra Humphries](#)

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Business owner Hannah Radcliffe is trying to remain optimistic about the coming months.

*(ABC News: Maren Preuss)*

Hobart business owner Hannah Radcliffe credits her success to a mixture of Tasmania's growing economy and customer loyalty.

After launching her jewellery company at the Salamanca markets a decade ago, her business has continued to expand into bigger and better premises in the city's CBD.

"It's just amazing to see the tourist numbers and the customers that are local who support all of the Tasmanian businesses, I think that's how we've stayed alive and growing," she said.

After navigating the pandemic with an uplift in sales, Ms Radcliffe said there had been a noticeable downturn in recent weeks [following the end of JobKeeper](#).

### Key points:

- Economists are warning Tasmania's economic growth is set to slow despite its strong recovery from COVID-19
- A report from Deloitte says structural reforms are needed to ensure the state's long-term future economic prosperity
- Slowing interstate and overseas migration has also been flagged as a potential challenge for future investments by governments and private businesses

"I think we are going to have some tough times ahead with the economy," she said.

"The numbers for the last few weeks have indicated there is a small slowdown.

"As for the future, we're trying to remain optimistic, we're trying to look at how we can best serve our existing customers."

According to independent economist Saul Eslake, Ms Radcliffe may have reason to be concerned.

Mr Eslake said figures released by Deloitte Access Economics this week told a positive story about Tasmania's economic performance over the last 12 months — but was much more pessimistic about the future.

The report, which has arrived in the middle of the state election campaign, said Tasmania had "probably already seen the best of its recovery," and "cautious optimism" was needed.

Mr Eslake said Deloitte's forecasts showed that over the next four years, Tasmania's economy would slow significantly, and per-capita income would decline.

Population growth was predicted to be less than half the national rate, as was employment.

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"So, while Tasmania's economy is doing well ... [Deloitte] in particular don't expect the recent good performance to be sustained," Mr Eslake said.

He said Tasmania's Treasury had not released detailed forecasts over the forward estimates, despite all other states and territories making public their predictions, meaning Deloitte's were the only publicly available figures.



Maria Yanotti says the report is based on assumptions, including COVID-19 remaining suppressed and a vaccine rolling out successfully.

University of Tasmania senior economics lecturer Maria Yanotti said one of Tasmania's major challenges would be a skills shortage linked to the slowing of interstate and overseas migration.

She said that would in turn impact whether significant investments by both governments and private companies go ahead as planned — for example, City Deals, and the transformation of the university — because they rely on growth.

"We are still depending on migrants coming into the state, whether they be domestic or international, and that has very much slowed down," she said.

"If we don't see this number of people coming, then many of those projects and investments may fall back, or at least take longer."

Dr Yanotti said the report seemed optimistic, but was based on assumptions, including COVID-19 remaining suppressed, and a successful vaccine rollout.

She said Tasmania's relatively strong bounce back from the pandemic was likely to decelerate.

### **The need for reform**

Mr Eslake said Deloitte's report highlighted one other area where Tasmania's major political parties have remained relatively silent throughout the election campaign — significant structural reforms.

According to the report, "action on the state's lingering structural issues will also be needed to bake in longer-term prosperity".

Mr Eslake said that should mean action on fundamentally reforming the education system, investing more in health — where he says Tasmania is underspending by \$100 million annually — reforming the

state's tax systems to pay for that health investment, and reforming the local government sector to prevent it from obstructing business investment and housing development.

"And there are other things, besides, that it would seem no-one who's aspiring to form the next government is willing to talk about," Mr Eslake said.

Dr Yanotti said the Deloitte report pointed out Tasmania's issues with affordable and accessible housing.

"There should be structural changes because this has been an issue for many people for the last probably five or six years and still is not resolved," she said.

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