

Tasmania A Region in Transition

A submission to the House of Representatives Standing
Committee on Primary Industry and Regional Services
Inquiry into Infrastructure and the
Development of Australia's
Regional Areas

Tasmania's opportunities are there, but it requires a joint approach
with all levels of Government, the private sector and the
community to realise those opportunities

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"Tasmania has been the subject of many reports and studies over the years and many heralded our demise as a State.

We are still here and still making a healthy impact on the Australian economy, but we must be recognised as A Region in Transition and proper approaches adopted for our redevelopment."

Dick Adams, Federal Member for Lyons, April 1999.

Abstract

A recent 5-year business outlook has said that Tasmania remains a case study in regional decline, despite growth in other parts of Australia.

An article in the Hobart Mercury describes the situation as "retail is marking time, tourism has come back off the boil, job growth is non-existent and the population continues to fall."

Tasmania has major structural problems including a small population (less than half a million and falling) and high unemployment rate, which for March 1999 was 10.8%, more than three points above the national average.

Much of this has been due to the State's falling share of the tax system, aging infrastructure and little incentive for the market to invest in Tasmania. The latter is not going to improve if the report from Access Economics is to be believed which warns "Australia is staring down the barrel of an investment recession."

These problems have been consistently identified and appear in the Callaghan report of the 1970's and later in the Nixon report of the early 90's.

The situation is unlikely to change with bandaid means. There is a need to review the way regions, particularly those that are rural and isolated, are developed. There are no advantages for these areas to adhere to policies built purely around competition theory. There needs to be a proper balance between economic and social goals and involve all players in a community, both private and public.

SUBMISSION ON INFRASTRUCTURE AND THE DEVELOPMENT OF AUSTRALIA'S REGIONAL AREAS –THE CASE OF TASMANIA

Terms of reference:

- Deficiencies in infrastructure which currently impede development in Australia's regional areas;
- Factors that would enhance development in these areas, including the provision of infrastructure such as energy, transport, telecommunications, water supplies and facilities that deliver education, health and financial services
- The potential for development in regional areas;
- The extent to which infrastructure development would generate employment in regional Australia;
- The role of the different levels of government and the private sector in providing infrastructure in regional areas;
- Planning, coordination and cooperation in the provision of infrastructure in regional areas; and
- The benefit to the national economy of developing regional infrastructure.

INTRODUCTION

This submission is taking up the deficiencies in the infrastructure required to develop Tasmania as a regional area. The basis is a report undertaken for the Nixon inquiry and updated to fit the terms of this inquiry.

When Sir Bede Callaghan undertook his report through 1976, Australia was going through the first throws of massive industrial change and structural readaptation. It was a time of great discussion and new ideas were on the horizon with the future being predicted through popularist books like Barry Jones' *"Sleepers Awake"* and Alvin Toffler's *"Future Shock"*. We knew there was going to be a real change in lifestyle, in economies and in the viewing of work, industrial relations, social breakdown and societal relationships. What we did not know was what sort of effect it would have on peripheral areas or how it could be coped with.

The 70's and the 80's showed much hope for Australia, but now we have to face the effects of change - as the Chicago Tribune's Bob Herbert wrote in an article on 23 January, 1997, *"As America continues to prosper, there is less and less of a sense that everybody has a stake in what is going on. More and more Americans are being left*

out." Substitute Australia for America and much the same is occurring. It is even more so in regional areas, particularly in regional Tasmania.

The Callaghan report identified the overall problems that beset Tasmania at that time and looked at the structure of industry and its relation to the long-term employment situation in Tasmania, in itself and in relation to the structure of industry and employment in Australia as a whole. The brief covered the inherent advantages and disabilities of Tasmanian industry and looked at existing forms of assistance to and changes levied upon industry by Governments, plus the capacity of Tasmania to give assistance to industry, other factors and the social and community implications of any changes in the structure of industry in Tasmania.

Since the Callaghan report was published in June, 1977, we have had a revolution in telecommunications which has in one sense brought us closer to the rest of the world, and in another, isolated us further.

In 1997 Peter Nixon undertook a further inquiry but the terms of reference were of a more political nature, and although there were many good submissions, the final report and its recommendations was not able to be used as an independent report.

The purpose of this submission is to identify the areas of change that have hit Tasmania's most vulnerable regions as a case study of a regional economy in transition, see the alterations in the makeup of the economic activity and make some suggestions as to how Tasmania could be assisted by some adjustments to Federal Government policy.

1.0 THE FINDINGS OF CALLAGHAN 1977.

The Callaghan report make a good starting point as it is now twenty years since its completion and gives us ample opportunity to map the change process during that period.

There are a number of factors that have not changed in relative terms. Tasmania is an island and as such has to be dealt with in a different way than the mainland states. However, it does lend itself as an ideal study site. It is also on the periphery of the periphery of Australia's economic picture. The regions of Tasmania are one isolated step further out than that.

Tasmania has had a relatively static population over the period, with a net outmigration of young people against the natural birthrate and people resettling in the State.

Callaghan found that Tasmanians "do not seem, in a material sense, to be as well off as Australians in general." Average income in the State was lower and the spending power reduced.

The distinctive features were that

- industry is dominated by large mining and manufacturing enterprises located on a decentralised basis throughout the State, with an emphasis on export of raw or processed natural resources.
- Regional communities have developed around the larger factories and mines to provide employment and ancillary services. These are vulnerable to economic conditions.
- Mining (in this period) had been affected by depressed prices due to international economic conditions and by increasing costs with consequent squeezes on profitability.
- Manufacturing activities were declining in importance.
- The tourist industry was potentially a growth area but marked by distinct seasonal patterns.
- A decline in the traditional industries in the rural sector. But fisheries and forestry important.
- Tertiary industries were not developed whilst many business services and head office activities are located on the mainland.

The economic factors governing these problems remain much the same, high transport costs, irregularity of service, travel and communication costs, production delays because of non availability of goods and services locally, and a number of internally specific problems that are unique to Tasmania, but tied to our small and decentralised population.

2.0 CURRENT TRENDS

Trends that have been identified that have significance in the economic status that include an overall decline in population. Heavy manufacturing has been reduced and is moving out of the State. Head offices and pivot groups are located interstate and our ability to attract Federal funds is reducing and high unemployment is leading to a worried and contracting business and retail sector.

This has also contributed to the exodus of people from country towns to the city. This has reduced the pool of skills available to small towns as with the workers goes the policemen, the teachers, the bank managers and many of the services that support these people. Communities have thus been devastated by this outmigration, leaving only the elderly and the very young families whose economic circumstances prevent them from leaving.

The incentives for return to country areas are lacking. Roads are rundown, public transport is missing, although properties are cheap, there are no services to back them up, schools have gone, hospitals have closed.

Despite all these, there are signs of activity in regional areas.

2.1 THE REGIONAL PERSPECTIVE

My electorate of Lyons comprises 61% of the State's land mass and has no cities within its boundaries, therefore it is often sectioned into three and pulled into one of the four other electorates in which the urban area exists.

The electorate itself shares boundaries with each of the other four electorates, but has little real relationship with these areas in economic terms except for its need for transport links from the sea and airports.

However, the delivery of social services is becoming more and more directed from the city areas, which is effectively forcing people to move from the country to the city.

2.1.1. Primary Industry

Agriculture, forestry and fisheries are the areas most able to expand in Tasmania. They have had a good history of development here and many of the industries are going through change.

Water and water quality has become one of the major barriers to further development, particularly for such new crops as poppies, niche style vegetables such as specific brands of potatoes, grapes, asparagus and stone fruits. There have been some advances such as the water recycling scheme at Sorell, but a lot more work is required to deal with water demand, storage and also to cope with excesses at certain times.

The Tasmanian Regional Forestry Agreement has been signed, but there are still outstanding issues awaiting the legislation that is to pass through the Senate which may also prove to be a barrier if this does not occur.

The Tasmanian salmon industry has been fighting a battle to try and keep disease from coming into Tasmania. The issue is currently being addressed by the World Trade Organisation which has insisted that there be consistency in import regulations, much of which is beyond the scope of our local industry. AQIS has sought some impossible deadlines from the industry and does not appear to be working on behalf of the Australian industry.

The Tasmanian viticulture industry is also struggling under the pending imposition of the new WET tax, coupled with the GST. Their concerns relate to the fact that all the Tasmanian winegrowers are small and could not compete with the volumes produced by the big wine companies, yet are being taxed on an equal basis with no exemptions.

The apple and pear industry have broken through into a market in Japan for Fuji apples, but lost a year's production because of some quarantine tampering by the New Zealand scientists during a disease investigation for import possibilities.

2.1.2 Transport

Transport is one area that is under scrutiny at the moment. The Burton inquiry is being conducted to look at the overall structure of road transport in the State. Heavy transport in the State passes in all directions through Lyons and many corporate decisions taken impact on the condition of roads, their safety, police numbers, accessibility for ambulances, quality of travel etc. through local government areas that have enormous difficulty in maintaining the infrastructure, or raising sufficient funds to undertake repairs. Examples can be seen through the reduction of financial assistance grants to local government and their inability to pick up alternative funding.

Most of the output of our primary industry, both locally and for export travels by road to either local market or a seaport; this has brought in the need for B-Doubles and changes to road surfaces to cope with heavier vehicles. However, many areas in the State are not able to maintain some of these reinforced standards.

The rail system in Tasmania has been privatised and the new owner of Tasrail is building on the gains made in the last few years. This has reactivated the rail that is now being competitive in service for the carriage of goods by road. There is still no passenger service available by rail in Tasmania.

Transport for tourism is also lacking - there are no interchanges between modes or even within modes, hire car traffic is limited to sealed roads because of the high accident rate among tourists. Many mainland tourists have been killed in Tasmania due to bad roads, bad sign posting and ineffective engineering. The bus operators in Tasmania are attempting to provide a service, but have been limited by restrictive licensing situations. These are currently under review. Complete deregulation will most certainly be detrimental to the local bus services and more jobs could be lost to the State.

The major airlines are now winding down their services to Tasmania, leaving now Kendall and Southern Australian (a subsidiary of Qantas) as the main services to the State. This may have some impact on the price of flights and availability for the cheaper off peak flights for lower income people and pensioners, that make up many of our off peak season travellers and tourists.

Regional transport is something that needs to be considered to link regions and cities to allow easy access to both.

Another area that used to be a major transport link was the availability of jetties and wharves around the rivers and coastline of Tasmania. Many of these played a very important role in the transport of heavy goods. Nowadays they are experiencing a revival of use because of the greater use of pleasure boats and recreational fishing; however, many of the jetties are now unfit for use.

2.1.3 Unemployment

Unemployment in Tasmania is the highest in the nation, currently 10.8 % as at March, 1999. If this figure is broken down into Tasmania's three regions it is even higher for the non-urban areas. However, it is hard to extrapolate accurately for Lyons as the figures are aggregated to the three regions not electorate divisions.

Table 1: Unemployment by Statistical Region as at December

	December 1978		December 1986		December 1996	
Greater Hobart			9,400	9.5%	11,300	9.9%
Northern			5,300	9.2%	7,600	12.1%
Mersey/Lyell			6,200	11.9%	6,200	13.4%
Whole of State	12,900	7.1%	20,900	10%	25,100	11.2%

Regional breakdown figures seasonally adjusted.

Suffice to say, that from anecdotal evidence and other indicators, unemployment in Lyons is by far the highest in the State.

With the changes to Austudy and the Unemployed Benefit federally, many more of our young people will be driven out of the State to look for employment. This may reduce the unemployment figures, but it will also reduce the skilled workforce which is necessary to attract investment, particularly in regional areas.

2.1.4 Communications

As I said in the introduction to this piece, the communications industry has had a major impact on the Australian scene, whether it be television aggregation, the introduction of mobile phones, fax modems, Internet and the world wide web, all have combined to produce the major post industrial revolution in interpersonal contact.

Australia has taken to the technology like a duck to water and Australians are clamouring to be part of the action. In Tasmania, there have been a number of major problems and setbacks because the infrastructure is not in place.

The few opportunities that were fought for, particularly in Lyons, have either been removed or not extended. There have been ongoing problems with the coverage of Mobile digital phones on the lower East Coast, the Tasman Peninsular, the Central Highlands, Flinders and King Islands. The difficulties experienced with UHF coverage for television in even the populated areas such as New Norfolk, Queenstown and much of the East and West Coasts has been the cause of major concern in the community.

There are problems with weather conditions and isolation but the main one these days is repairs and maintenance. The Queenstown hospital was without a phone contact for a weekend and had to rely on the local radio station to relay calls. Another case was a State Emergency Service phone on the East Coast was out for five days and due to interstate monitoring rather than local, was not put down as an emergency for it to be fixed.

There are too few people on the ground now in Tasmania to attend to the huge load of work that is generated because of local conditions and isolation.

Other services such as telegrams, post office fax facility and even an interstate service for the finding of addresses through Telstra are non-existent. The latter having been removed in November 1996 without public advice, which means someone who does not have a fax number and cannot phone, is unable to write to a company in another State!

Community obligation should ensure that a comparable communications service is available to everyone in Australia. At the moment, only those communities close to urban centres and the cities have access.

In the next five years, we are looking at some major changes in IT format which will include

- Multi media, with video, graphics, text and Internet activity, for both educational and entertainment purposes
- Personnel management, systems and office programs to allow more efficiency in offices
- Online electronic commerce which is currently being developed by IT but has yet to be introduced fully by the banks.

2.1.5. Health

Tasmania has been in the throws of restructuring its health area for some time. Health has been an area prone to pork barrelling and over servicing, which has caused an unrealistic expectation in the community who believe there should be a hospital in most towns. This had to be addressed by Government of both political complexions.

However, mere withdrawal of service has caused extreme concern in the community and this area needs to be carefully and consistently addressed. Three country hospitals, all in Lyons, have been threatened with closure. With one exception, this has been resisted up until now as those services provide for the elderly where they have lived most of their lives.

Although there has been moves to move patients into a community care situation, funds have been limited to assist patients or potential patients to develop or lead independent lives. If people are to remain in their own homes longer or come out of hospital earlier, a proper and adequate support system must be established without a huge financial impost. Pensioners have very little disposable income and yet to bring them into care is more expensive than having them stay at home, so proper provision should be made to allow them to remain at home.

2.1.6. Recreation

Most recreational facilities are urban based, there are few structured recreation areas in Lyons except in the bigger towns. Such areas that do exist, such as football ovals, cycle tracks, basketball courts should be considered as a useful part of community development. Many of the clubs are too small to raise huge capital funds, but can often contribute in kind. During the Labor Market Programs of the early 90's, many sporting facilities were upgraded by using long term unemployed to gain skills, whilst providing a community with a proud asset.

One of the main attractions for locals and tourists alike are the national parks and there are a number of contentious issues that need to be addressed. At the moment, State and Federal funds have been allocated to service these areas, however, they return very little to the economy and the responsibility and financial burden for upkeep is high.

2.1.7. Education

Education is another area where there have been some major changes and this has a direct relationship with the health or otherwise of country town's economies. Schools and TAFE outlets are being closed or rundown.

Much discussion has been expended lately on the privatisation of education. There have also been a number of school closures forcing the number of teachers' positions to drop in country areas. In the past, principals and teachers have been an important part of the community, both socially and economically. If they are no longer living in an area or are only commuting on a daily basis, they lose the connection with the community.

Country students are always disadvantaged for access to schools, transport and accommodation, whether they attend private or public schools, and although distance education can be used, it does not have the same community development value as face to face education.

Literacy and numeracy are being targeted as a major problem in Australia, yet we have improved steadily since the 40's and we are continuing to do so. Programs should be available across the spectrum of ages to encourage the gaining of knowledge, rather than trying to force young people to learn in unrealistic time frames.

Education is not restricted to city life if information technology is introduced throughout Tasmania. TAFE could be offering specialised services to the outside world e.g. up-to-the-minute training in mining could be offered at Queenstown TAFE for international students; university courses should be available through the Internet to rural areas, so that hands on experience can be gained at the same time. The country school buildings can be revitalised to provide community education as well as that for core schooling. (See 2.1.3)

2.1.8 Energy

Traditionally, the Tasmanian power source of the Hydro has been at the base of the State's industrialisation. It was one of the State's major employers with a workforce of some 5,500 to 6,000 at the peak of its construction activity in the mid 80's until the beginning of the wind down in 1993.

Power demand started to dwindle as companies shifted their bases, but recently readily available power has encouraged investment to start looking at the State again, including the expected Magnesite Mine from Crest Resources.

There has also been much discussion on the development of power through the tapping of the Yolla gas fields and also the need for Basslink, a power cable linking Tasmania with the mainland into the South Eastern power grid.

The current workforce as at February 1997 stands at 1,700 which reflects the changes that have occurred in the Hydros corporatisation and cessation of dam building. This has had an impact on the employment figures as although some of the service provision activities and fleet needs have been outsourced, the private sector has not been able to pick up all of the 4,000 positions lost. Over 2,000 jobs went after the finish of the last dam.

Table 2. Sales of electric power (per thousand kilowatt hours)

	NSW	Vic	Qld	S.A.	W.A.	Tas	Aust.
Units per capita consumption 1973-74 ^(a)	4.4	3.8	3.5	3.6	2.8	13.8	4.2
1994-95 ^(b)	18.6	16.4	18.8	13.2	15.2	33.5	19.3

Source: (a) Statistics of the Electricity Supply Industry in Australia (ETSA)

(b) Electricity Supply Association of Australia figures (ESAA) as at June 1995

As with other figures, there are some differences between 1973-74 and 94-95 because of the way the figures were collected.

However, Tasmania still uses the greatest amount of power per head of population. This is due to a number of reasons, but primarily, our commercial use is predicated on high consumers such as Comalco, and because Tasmania is a cool, temperate State, more power is used domestically for heating and cooking. However, traditionally Tasmanians are high power users because power has been cheap and plentiful.

Since Crest has announced its preferred site for the Magnesite Processing plant is Georgetown, it was imperative a new source of power be investigated. Bell Bay has become one option, and power from the Gas fields of Bass Strait is another. Bell Bay is a power station that was run on oil. It is being converted to Gas as a part of the infrastructure arrangement with Crest. Alternative use of any surplus power should be considered at this stage in the event of manufacturing closures. There needs to be a full accounting of the Hydro's place in the Tasmanian economy.

Moves have been made to look at using Tasmanian power to integrate with the mainland grid and thus allowing some return to the State.

2.1.9 Banks and Commerce

Banking policy recently has impacted strongly on regional areas. Branches of the big banks are closing all over the State, but particularly in country towns. They are not being replaced in the most part although local stores are being encouraged to give limited services through EFTPOS facilities.

Small business now has to travel into their major centres or have to rely on electronic banking facilities. This is costing them money. Some of these centres are not connected to Tone dialling (whereas the old exchanges are still Pulse), they have old equipment which is requiring them to update and many of the trading bank type activities require them to drive in some cases for two hours to have the same service as city dwellers.

The most recent developments here have involved one of the banks adjusting their policies due to public pressure and Westpac is now offering joint venture facilities in two of our towns as an experiment. The effect of this is yet to be evaluated, but if it is the only service provider in the area, then there are few competitive advantages being offered as are available in the cities.

2.1.10 Major industries

Seven companies employed about 10,000 people in November 1976. They were Electrolytic Zinc, Rosebery and Risdon, APPM (now Amcor), Cadbury Schweppes, ANM, Comalco, Mt Lyell, and Coats Paton.

This represented 6.0% of total employment, 6.4% of non-farm employment and 28% of all mining and manufacturing employment in the State.

Although specific figures from manufacturing are unavailable from individual companies, as whole there has been drop of 6% of the workforce since 1977 although the industries in which the main employment was has not changed in comparison. Across Australia, there has been a small growth in employment in actual numbers, but all show a drop in manufacturing across the nation in proportion of total employment (per cent).

2.1.11 Foreign markets and exports by products

Tasmania's major markets during the time of Callaghan had been geared to Europe and the US and were just beginning to look at South East Asia. Once the UK entered the Common Market, there were a number of changes to the emphasis of Tasmania's export push.

Table 3: Changes in Tasmania's Major Export Markets between 1984 and 1994

	1984 -1985	1993-94
	(\$000)	(\$000)
Indonesia	52,785	89,321
Malaysia	81,909	78,628
Singapore	16,803	27,937
Thailand	12,558	74,136
Germany	21,270	28,327
Italy	9,234	13,521
United Kingdom	13,805	97,604
Hong Kong	30,338	90,547
Japan	295,684	478,532
New Zealand	18,319	43,793
China	67,287	9,899
Taiwan	34,074	104,047
United States of America	87,271	164,095

Source: Tasmanian Year Book 1984 and 1994

Australia has concentrated its efforts for new markets in the Asian region and has been investigating the export potential to its nearer neighbours, particularly Japan, Taiwan, United States and Hong Kong. Although, there is still some interest from Europe as can be seen by the above figures, there is a greater market available in Asia, some of which has not been tapped. The current economic crisis will not continue indefinitely and Tasmania needs to be in a position to tap into new markets.

2.1.12 Tourism

Tourism has traditionally been one area that is expected to be the panacea of all the economic ills without any real effort being put into its development.

Tasmania has spectacular scenery, a clean green image, fine foods and wines, and a reputation of being friendly. What it hasn't got is a marketable image, a uniform expert service (without being servile), unique niche type packages, adequate and flexible internal transport other than hire car (see 2.1.1), and insufficient capacity to bring bulk people to the State and keep them for additional periods of time. Tourism trails have begun to be developed, but they need better infrastructure and better publicity.

There is still insufficient accommodation in Tasmania, particularly in regional areas. It is hard to run any kind of function for more than twenty or so people outside the major cities. It is a restriction on the type of package tour companies can offer if it is more than just coach based touring. However, further development is unlikely unless there is an increase in visitor numbers and they can be persuaded to spend more time in individual sub regions.

2.1.13 Political structure

Tasmania now has a Labor State majority Government that has improved the viability of Government, making investment decisions more secure for the State.

There has been a change in the number of House of Assembly Parliamentarians, reducing the size of Government from 35 members to 25. Currently a redistribution of the Upper House seats is being undertaken. Local government has also been subject to amalgamations in recent years.

3.00 FUTURE DIRECTIONS

3.1 Government Relationship With The Private Sector

Both State and Federal Governments have set out on an exercise of radically cutting the public sector, which has meant the loss of some 2,000 jobs in the past two years. This has not been able to be filled by the private sector that is rationalising themselves. The traditional big employers in the State are no longer there - many of the industries have cutback in jobs because of the introduction of new technology.

During the introduction of this technology, there were no trade-offs made to retrain or re-employ people in other areas, which means that there is a large group of aging employees that cannot be found positions.

At the other end of the spectrum, there are fewer traineeships and apprentices being offered, as smaller companies cannot afford to train, preferring to pick graduates who can be financially useful from the day of employment. This leaves a sizeable group of young people just out of school to go onto the long-term unemployment list without much hope of finding meaningful work.

Job opportunities are being lost, as there has been no help to expand small but successful business or assist in the development of new ones that spring up through community effort. Government intervention is seen as a charity not as an investment in the future.

There are a number of aspects that need to be considered, such as amount of money given to State over a given period. Changes in the Grants funding and the instigation of block funding have had an affect on State Government funding distribution. There have also been a number of changes in local government. Other factors include the reduction of freight equalisation, the threatened removal of the wheat subsidy and Rural Adjustment scheme all have played a role in the disruption of the rural sector.

Any inquiry needs deal with the development of infrastructure to assist the expansion of our major industries as well as placing ourselves well for encouraging new ones to set up. Infrastructure such as transport, including buses, rail, air and ferries, water schemes – both town and agricultural, road maintenance and building, communications networks, health facilities, education facilities, all should be part of a structural adjustment plan for regional areas.

Good government should provide the structural bones on to which the private sector can graft the flesh.

3.2 RETHINKING THE ECONOMIC PICTURE

A healthy public sector that is working efficiently can assist in ensuring the private sector has the infrastructure and the support services to establish in a State. Once such a public sector is reduced, there is no ability for the private sector to fill the gap.

Barriers do exist though and much has been written about the sorts of barriers facing small business and the trials of Tasmania in particular.

Tasmania has a population under 500,000 people - even if we managed to persuade the private sector to pick up the majority of the work available under contract for the Government, in what way could it be competitive or more efficient than work is being carried out at the moment? There needs to be an assessment of the changes already been made to see if there is any improvement in actual terms.

Hilmer states competition as an important and powerful force for economic efficiency and concluded that economic efficiency generally was of great benefit to consumers. He goes on to say that *“we recognise that competition might not always be effective in achieving consumer benefits or that it might lead to conflicts with other social goals. Competition policy thus aims to produce guidelines that determine the nature and extent of competition and the ways in which possible conflicts between results of competition, economic efficiency and other social goals are to be handled.”*

Those who have taken on the Hilmer ideas without reading what he was actually saying have come to interpret his paper that competition is *de rigueur* without considering the possible conflicts with other social goals. In the public sector, which includes local government and all the other levels, sometimes competition is not the most effective way to deal with inefficiencies. Tasmania is not an easy State to apply competition policy in its completely deregulatory sense; there are other factors where the market place cannot assist.

We have watched jobs being shipped out of the State as the major companies amalgamate or go offshore, leaving in their place the odd call centre or call centre access. Boral Energy conducts all its domestic business through a call centre in Adelaide. Telstra has withdrawn hundreds of maintenance personnel and has left a queue for phone installations, repairs and maintenance. Customer service seems to have been forgotten and certainly competition is not part of the equation.

Eva Cox has been addressing this question within the Boyer Lectures and writes about a Civil Society in the Evatt Papers (1996). She says *“we need a balance between the State, the Market and the Community. We have tended to give a dominance to the market, with a secondary role to government, but often supporting the market or just countering it in minor ways and we have forgotten about the community and the involvement of people.”*

This was also reflected in the Kelty & Fox papers, the McKinsey Papers and the Industrial Commission reports on regional development. It is the local community that is best placed to develop solutions to local problems.

However, these people cannot achieve these sorts of solutions on their own. There needs to be infrastructures, strategies and directions developed so each group can feed into a format to allow a State plan to be formalised. The private sector cannot undertake roles played by the state and the community. State and local government are in a good position to facilitate and advise, especially where the market place fails, but they also have a role to help support the infrastructure for the market place.

4.0 CONCLUSIONS

Many of those who have commented on the economic state of Tasmania warn against talking down the economy. It is easy to be negative and blame everyone else for Tasmania's troubles. Despite this, it is important to understand the underlying difficulties and barriers facing the State and the changes that time and technology have wrought on our society. Many of these I have covered in the above discussion.

We do have a lot going for us in spite of our problems of isolation. Even in the tyranny of distance that Blainey talked about was to Tasmania's advantage in the early days of settlement, because we were further ahead in development terms than other states.

So what do we have to do to regain our position in the Australian economy?

Callaghan identified many of the issues in the 1970's; here are many more that need to be considered in finding Tasmania's future development direction. No one person can come up with the answers, but community and Government have the opportunity to get together and take us into the next century. The Government has a responsibility to ensure that the State, the Market and the Community are in harmony in this very important strategy phase.

We cannot afford to not factor in the major changes going on in communications; these must be part and parcel of any decision for Tasmania. So Government has a responsibility to ensure Tasmania will have full access under the Universal Community Obligation legislation to allow the State to be on an equal basis not only to other States in the Commonwealth, but also equal to more populated regions.

It is the wrong time to be privatising our communication systems and States should be demanding the infrastructure at least be in place before any further rationalisation takes place.

The major barriers that need to be overcome relate as much to aging or non-existent physical infrastructure as to dwindling Federal/State funding arrangements. Tasmanians would be particularly hard hit if a GST were to be introduced because of the small population and the need to compensate more than a third of the community.

There are a number of positive moves that can be made that do not involve huge outlays of funds but these involve a redistribution of Federal program funds to bring allow them to properly address current barriers. Tasmania can be used for a model to

develop other regions as programs can be tried for success here before they are passed onto other regions.

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