



Tasmania
Explore the possibilities

The Competition Index 2006-07

An Inter-Jurisdictional Comparison

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Copies of previous editions of the *Competition Index* and the methodology paper accompanying this report are available on the Treasury web-site:

www.treasury.tas.gov.au under 'publications'.



MESSAGE FROM THE TREASURER

Tasmania's economy has continued to perform well throughout 2007, with several key economic indicators being at or near record levels and a number of major investment projects either being planned or underway. Recent economic trends suggest that Tasmania's economy is becoming more robust and that the momentum for growth and change is likely to continue.

A major reason for the State's strong recent economic performance is its improved business competitiveness. The *Competition Index* has played a fundamental role in this regard, by providing an objective assessment of the attractiveness of Tasmania as a business location relative to other Australian jurisdictions and New Zealand. The *Competition Index* highlights 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 jurisdictions.

The Government is committed to improving the attractiveness of Tasmania as a business location and has acted to address a number of issues that have been highlighted in past *Competition Index* reports as areas of relative disadvantage for Tasmania. Examples include reforms to Tasmania's payroll tax regime, the introduction of natural gas to the State and Tasmania's entry to the National Electricity Market.

The *Competition Index* reports are subject to ongoing review and improvement. Improvements since the report began in 2000 have broadened the scope of the report to include a wide variety of cost factors that are crucial in businesses' decisions to invest in the State. The importance of improving the State's productivity was identified in last year's report when labour productivity and unit labour cost indices were included for the first time.

The *Competition Index* also complements *Tasmania Together*, which provides a long-term social and economic vision for the State's development, and provides important benchmarks for that process. The results of the *Competition Index 2006-07* confirm that Tasmania is already a very competitive location for investment.

A handwritten signature in black ink, which appears to read "Michael Aird". The signature is written in a cursive style with a horizontal line under the name.

Michael Aird
Treasurer

Summary of Ranking of States and Territories – 2006-07

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas	<i>Tas Last Year</i>
Factors of Production Indices									
Direct Labour Costs	6	5	4	2	8	3	7	1	1
Wages	7	6	4	2	8	3	5	1	1
Payroll Tax	8	4	3	2	7	5	6	1	2
Other Labour Costs	7	6	1	5	2	3	8	4	2
Labour Turnover	4	3	7	1	6	8	5	2	1
Industrial Disputes	6	7	4	3	8	5	2	1	2
Qualifications	3	6	5	7	4	2	1	8	8
Training Courses	4	5	2	6	3	7	1	8	8
Participation in VET	4	2	6	5	8	1	7	3	3
Labour Productivity	4	5	7	6	2	1	3	8	8
Unit Labour Costs	7	6	3	4	1	1	8	5	5
Land and Accommodation	7	4	6	5	2	n.a.	3	1	1
Regulatory Indices									
Taxation Severity	3	4	1	8	7	5	6	2	2
Business Licensing Costs Index	8	5	7	6	4	2	3	1	1
Utility Indices									
Energy Cost Index	1	2	5	6	6	n.a.	4	3	4
Electricity Cost	1	6	4	8	5	7	3	2	2
Electricity Reliability	4	2	7	1	8	3	4	6	7
Fuel	4	5	1	2	3	8	7	6	8
Gas	4	1	7	2	6	n.a.	3	5	5
Water Cost Index	3	2	7	6	8	1	5	4	7
Telecommunications Cost Index	5	6	7	1	3	4	2	8	6
Telecommunications Reliability	4	4	2	7	1	8	4	3	6
Transport Indices									
Surface Freight Cost	3	2	6	4	8	7	1	5	5
Air Freight Cost Index	3	3	3	3	7	8	1	2	2
Air Travel Cost Index	1	2	5	4	7	8	2	6	6
Access to Ports Index	5	4	6	2	3	7	n.a.	1	1
Port Charges Index	2	1	5	4	3	n.a.	n.a.	6	5
Proximity to Markets	1	2	3	6	5	8	4	7	7
Industry-Based Indices									
Manufacturing	5	4	6	2	7	n.a.	3	1	1
Accommodation, Cafés and Restaurants	6	3	5	2	7	n.a.	4	1	1
Finance and Insurance	5	4	3	2	7	n.a.	6	1	1
Property and Business Services	6	4	5	2	7	n.a.	3	1	1
Other Indices									
Business Confidence	8	7	2	6	1	3	5	4	5
Business Confidence in Government	8	5	2	4	7	1	6	2	1

Executive Summary

The *Competition Index 2006-07* provides an objective assessment of the advantages and disadvantages of undertaking business in Tasmania relative to the other Australian jurisdictions and, where comparable data are available, New Zealand. The report is prepared using the most recent data available as at 30 June 2007.

This is the seventh edition of the *Competition Index* and the second year in which comparisons with the Northern Territory and the ACT have been included.

Compared with other jurisdictions, Tasmania has a number of cost advantages for businesses, such as low labour costs, a stable workforce, low land and accommodation costs and good port access.

However, the level of qualifications held by labour in Tasmania and the amount of work-related training courses undertaken are lower than in any other jurisdiction. Tasmania's relative isolation may also be a barrier to the establishment of firms that rely on access to a large customer base or specialised financial and business services. These factors are reflected in the indices.

Overall, in 2006-07, Tasmania is ranked first for 11 of the 34 indices and is ranked least favourable in five indices.

Comparing this year's rankings to those of the previous report, Tasmania has improved its ranking in eight indices and deteriorated in five indices.

All indices have been developed by the Department of Treasury and Finance and represent average costs. They do not necessarily reflect the conditions for any individual firm. Also, the indices have been prepared on the basis of the costs that would likely be faced by a new firm setting up rather than those faced by existing firms. Financial assistance provided to new firms by state or territory governments has not been reflected in the calculations.

This is the fourth year that a comparison with New Zealand has been included in the *Competition Index*. New Zealand's proximity and similarity to Australia means that it is likely to be considered as a possible alternative location for some businesses in the region.

The methodology used to calculate the indices is outlined in a paper titled *The Competition Index: Background and Methodology*, available on the Department of Treasury and Finance website, www.treasury.tas.gov.au. KPMG has reviewed previous reports and found the methodology to be objective, robust and appropriate, and not designed to favour Tasmania or any other jurisdiction.

Findings

Each index has a base of 100 for the jurisdiction with the lowest cost or, in other cases, the lowest benefit. This method provides both a ranking for the jurisdictions and a guide to the magnitude of the differences in the costs and benefits between the jurisdictions.

For those indices that are based on costs, a low index number reflects a favourable result (in the context of an assessment of competitiveness), while for those indices that measure the market advantages of undertaking business in each jurisdictions, a high index number is more favourable.

The indices are based on the most recent data available as at 30 June 2007.

Factors of Production Indices

Labour

In general, the total cost of employing workers in Tasmania is less than in all other jurisdictions.

The labour cost index shown below incorporates all the major costs of employing labour: wages; payroll tax; fringe benefits tax; superannuation and workers' compensation premiums.

Labour Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
\$ (full-time/per week)	1 186	1 169	1 128	1 091	1 250	1 127	1 207	1 023
Index	116	114	110	107	122	110	118	100
Rank	6	5	4	2	8	3	7	1

When measured on a consistent basis, which allows for Tasmania's lower average wages, Tasmania has the lowest payroll tax burden of all the states and territories. This ranking is a significant improvement from the 2000 *Competition Index*, which found that Tasmania had the second highest payroll tax burden using the same methodology.

The overall quality of the labour force has been assessed using three characteristics: labour turnover rates, industrial disputation, and the qualification and training levels of the workforce.

Tasmania is ranked second in the labour turnover index, behind South Australia.

Labour Turnover Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Share of employees with less than 3 years with current employer	42.2	42.1	47.9	39.2	47.8	51.8	46.3	40.3
Index	108	108	122	100	122	132	118	103
Rank	4	3	7	1	6	8	5	2

Tasmania has the best industrial relations record in terms of days lost to industrial disputes per 1 000 employees.

Industrial Disputes Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Days lost (per 1 000 employees)	29.2	37.5	14.3	10.5	44.9	22.3	9.1	5.8
Index	499	641	244	180	769	381	156	100
Rank	6	7	4	3	8	5	2	1

Workforce reliability, both in terms of labour turnover and rates of industrial disputation, can impact significantly on the competitiveness of businesses. Tasmania performs well in these measures. However, Tasmania ranks eighth in both the qualifications and training courses indices.

Qualifications Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
% (Certificate I and above)	54.70	51.20	51.40	48.80	52.20	55.40	59.70	47.10
Index	116	109	109	104	111	118	127	100
Rank	3	6	5	7	4	2	1	8

The relatively small proportion of qualified people in Tasmania reflects, in part, the structure of the State's industrial base, with a smaller proportion of the workforce employed in professions requiring qualifications, as these tend to be more concentrated in larger metropolitan centres, particularly Melbourne and Sydney. Tasmania also has an older workforce compared to other Australian jurisdictions. This means that a higher proportion of workers do not have formal qualifications even though they may have considerable workplace skills and experience.

Training Courses Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Population aged 15-64 that completed training courses in past year (%)	39.1	38.6	40.4	37.9	39.5	36.9	51.7	34.2
Index	114	113	118	111	115	108	151	100
Rank	4	5	2	6	3	7	1	8

No update from last year's Index as no new data are available.

The training courses index is based on a survey that the ABS conducts every four years, most recently in 2005. The ABS survey measures work-related training in both the private and public sectors completed in the 12 months prior to the survey. Work-related training for the purposes of the ABS survey is mainly short training courses such as seminars and workshops. Therefore, the index measures a subset of total training activity that occurs. For example, on-the-job training and any type of "learn as you go" training are excluded, as are any courses that lead to an educational qualification.

An alternative measure of education and training is participation in Vocational Education and Training (VET). Tasmania ranks third in this measure, behind the Northern Territory and Victoria.

Participation in VET Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Population aged 15+ participating in VET courses (%)	10.2	11.4	9.1	9.6	8.3	14.0	8.9	10.6
Index	123	137	109	115	100	168	106	128
Rank	4	2	6	5	8	1	7	3

Tasmania currently ranks eighth in labour productivity, which is a partial measure of the quality and effectiveness of an economy's workforce. However, while the quality of the labour force is an important determinant of labour productivity, it is not the sole determinant. Labour productivity can also be affected by factors such as the quality and amount of capital stock in the economy and the value of the output produced.

Labour Productivity Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
GSP per hour worked (\$)	56.40	54.21	49.63	50.01	63.49	63.79	61.37	46.94
Index	120	116	106	107	135	136	131	100
Rank	4	5	7	6	2	1	3	8

Tasmania ranks fifth in unit labour costs, which is an alternative measure of the effectiveness of labour. Tasmania's ranking reflects, in part, the relatively small proportion of the labour force in Tasmania employed in high value-adding industries (such as finance and mining).

Unit Labour Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Index	135	130	120	127	100	100	162	128
Rank	7	6	3	4	1	1	8	5

Land and Accommodation

Tasmania continues to have the lowest aggregate land and accommodation costs of all the jurisdictions. Tasmania's relatively low land and accommodation costs result from the relatively low average land and property values in the State.

In addition to the cost of land rental and purchase, the land and accommodation cost index includes state or territory government land taxes and municipal rates. Land tax generally only applies to land that is used for purposes other than as a principal place of residence and primary production. Therefore, the major burden of land tax falls on businesses.

Land and Accommodation Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
\$ Annual rental, land tax and rates (300 m² property)	66 046	45 048	55 821	46 899	38 019	n.a.	57 337	32 455
Index	203	139	172	145	117	n.a.	122	100
Rank	7	4	6	5	2	n.a.	3	1

The land tax component indicates that the burden on businesses in Tasmania is the fourth lowest of all states and territories, behind South Australia, Victoria and Western Australia. The highest land tax burden is in the ACT. However, the Northern Territory, which has not been included in this index due to data unavailability, does not impose land tax.

Regulatory Indices

Taxation Severity

Tasmania has the second lowest taxation severity of all states and territories, behind Queensland.

Taxation Severity Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Ratio	99.1	103.1	83.1	117.2	116.9	104.7	112.3	91.0
Index	119	124	100	141	141	126	135	110
Rank	3	4	1	8	7	5	6	2

The taxation severity index compares the relative rates of a combination of selected taxes for each jurisdiction. The index is based on the revenue raising effort calculated by the Commonwealth Grants Commission (CGC). The CGC's estimate of the revenue effort compares the actual revenue receipts of each jurisdiction with the revenue the CGC calculates that each jurisdiction could raise if a national average tax rate were applied to that jurisdiction's revenue base.

Tasmania has a relatively high tax severity for stamp duty on motor vehicle registrations and transfers but a relatively low tax severity for duties on other vehicle registration fees and taxes, stamp duty on conveyances and insurance tax. By 2007-08, Tasmania is expected to be one of two states (Victoria being the other) to have abolished all financial transaction taxes. Tasmania has one of the more aggressive indirect tax abolition schedules under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*.

Business Licensing Costs

Tasmania has the lowest business licensing costs of all jurisdictions in Australia, followed by the Northern Territory and the ACT.

Business Licensing Costs Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Index	260	205	225	214	148	107	123	100
Rank	8	5	7	6	4	2	3	1

The business licensing costs index is based on the number of licences and permits required in each jurisdiction for these businesses, on the fees charged for these licences and permits, and on the number of different state, territory and local government regulatory authorities that each of the businesses must deal with. All Australian Government regulatory requirements are excluded as they apply to businesses in all states and territories.

Of the three components that the business licensing cost index is based on, Tasmania ranks first in two - the fees charged for licences and permits, and the number of regulatory bodies that must be dealt with. However, Tasmania ranks sixth in the number of licences required.

Utility Indices

Energy

Tasmania is ranked third in the energy cost index. The energy cost index comprises components for each of the major types of energy: electricity (including electricity reliability), fuel and gas. While Tasmanian has very competitive electricity prices and average gas prices, the State is ranked sixth in both electricity reliability and petrol prices. The Northern Territory is not included in the overall energy cost index as data for natural gas prices were not available in that territory.

Energy Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Index	100	103	119	120	120	n.a.	111	109
Rank	1	2	5	6	6	n.a.	4	3

Water

Tasmania is currently ranked fourth in the water cost index, a significant improvement from last year's report when Tasmania ranked seventh. This is due to an adjustment in the Hobart City Council's water charging structure since the previous report, whereby the standard water service charge has been reduced and the excess water charge has increased.

Water Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Average annual representative cost (\$)	1 496	1 382	2 146	2 057	3 137	1 077	1 965	1 755
Index	139	128	199	191	291	100	182	163
Rank	3	2	7	6	8	1	5	4

Water costs consist of an access and/or variable charge for water and sewerage. The index provides only an approximate guide to water charges faced by businesses in each jurisdiction, as water usage is dependent on the nature of a business. For example, a drycleaner would use more water than a newsagent, and therefore face higher charges if water charges are heavily dependent on the amount of water used. Alternatively, a business with a high property value that consumes small quantities of water, such as an office block, faces high water charges if the access charge is based on assessed annual value (AAV).

The capital cities in South Australia, Western Australia and Tasmania have some proportion of their water charges determined by the AAV of the property. All other things being equal, an increase in property prices would result in a relative increase in water charges. The reliance on property-based charging for commercial properties, in conjunction with the relatively high value of those properties, means that businesses that consume relatively small volumes of water pay a relatively high average price for the water they use in those jurisdictions.

Telecommunications Cost

Tasmania ranks eighth in the telecommunications cost index. The index is based on the monthly fee charged by Internet service providers (ISPs) for broadband Internet services. This is the main business telecommunication cost for which price variations between jurisdictions exist. Other telecommunications services, such as telephone and Ethernet, are generally provided by carriers at a single national rate and therefore have not been included in the comparison.

Telecommunications Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
\$ (average monthly cost)	53.47	54.95	56.95	42.45	49.70	50.97	47.45	65.22
Index	126	129	134	100	117	120	112	154
Rank	5	6	7	1	3	4	2	8

Variations in broadband pricing between jurisdictions arise due to ISPs that only provide services in a specific metropolitan area. Such providers are quite rare, as the vast majority of metropolitan services are offered by ISPs that operate nationally. Where localised services are available, they tend to be located in regional areas rather than metropolitan areas, and focus on wireless connectivity as opposed to DSL. Tasmania's ranking in the telecommunications cost index reflects the very small number of local ISPs in the State and consequent lack of competition.

Telecommunications Reliability

Tasmania ranks third on the telecommunications reliability index. The index has been constructed based on data collected by the Australian Communications and Media Authority (ACMA). The index measures the performance of Telstra and Optus against the Customer Service Guarantee timelines for connections and fault rectification. It also includes compensation payments made for not meeting the timelines for faults and connections.

Telecommunications Reliability Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Index	107	107	111	108	114	100	107	109
Rank	4	4	2	7	1	8	4	3

Transport Indices

Surface Freight

Tasmania is ranked fifth in the surface freight cost index. This index reflects the relative cost of interstate freight and does not include the cost of transporting goods internationally. The surface freight cost index compares the cost of sending goods to market for a representative business.

Surface Freight Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
\$ (per 20 foot equivalent unit)	1 563	1 503	1 899	1 676	4 018	3 843	1 194	1 877
Index	131	126	159	140	337	322	100	157
Rank	3	2	6	4	8	7	1	5

No update from last year's Index as no new data are available.

Air Freight

Tasmania is ranked second in the air freight cost index, marginally ahead of New South Wales, Victoria, Queensland and South Australia. The ACT is ranked first, reflecting Canberra's close proximity to Sydney.

Air Freight Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
\$ (10 kilo package)	154.4	154.4	154.4	154.4	390.9	493.8	121.0	152.7
Index	128	128	128	128	323	408	100	126
Rank	3	3	3	3	7	8	1	2

No update from last year's Index as no new data are available.

The air freight cost index assumes that a business in each capital city requires overnight air freight services from the closest neighbouring major population centre, for example, for the supply of a critical spare part. This reflects the use of air freight by businesses, where most air freight is drawn from the nearest capital city.

Air Travel

Tasmania is ranked sixth in the air travel cost index, ahead of Western Australia and the Northern Territory, which have significantly higher air travel costs than the other states and territories. Competition in air travel services has resulted in substantial reductions in airfares across Australia over the past few years. This index does not reflect reliability and scheduling for business travel.

Air Travel Cost Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Index	100	101	111	104	183	359	101	123
Rank	1	2	5	4	7	8	2	6

Port Access

Tasmania is ranked first in the port access index. This reflects that a large proportion of Tasmania's population, and therefore businesses, are relatively close to a port.

Port Access Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
% (population within 50 km radius of a port)	72.2	78.2	57.7	83.5	82.3	52.2	n.a	91.3
Index	136	147	108	157	155	100	n.a	172
Rank	5	4	6	2	3	7	n.a	1

No update from last year's Index as no new data are available.

Port Charges

Tasmania is ranked sixth in the port charges index. However, this index should be interpreted with caution, as:

- the data used relate to only one port in each state (with the exception of Tasmania);
- ports in each state provide volume discounts, resulting in commercial rates that can be substantially below the scheduled rates that have been used to construct the port charges index; and
- no index has yet been produced on relative port efficiency, which can have a significant impact on overall business costs.

Port Charges Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
\$ (per 20 foot equivalent unit)	261.3	241.0	282.7	275.7	263.7	n.a.	n.a.	292.5
Index	108	100	117	114	109	n.a.	n.a.	121
Rank	2	1	5	4	3	n.a.	n.a.	6

Proximity to Markets

Tasmania ranks seventh in terms of proximity to domestic markets, ahead of the Northern Territory.

Proximity to Markets Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Index	2 030	1 738	1 317	618	622	100	846	284
Rank	1	2	3	6	5	8	4	7

No update from last year's Index as no new data are available.

As would be expected, the range of the index values is large and reflects the significant disadvantage faced by some Tasmanian businesses as a result of a small local market. New South Wales, and to a lesser extent Victoria, have an overwhelming advantage over Tasmania and the other jurisdictions.

However, the importance of a large local market differs between firms according to the nature of the product or service involved. For example, for commodities traded on the world market, ease of access to markets depends on access to, and the costs of, an international port and the quality and cost of international shipping services. Alternatively, for goods that are produced primarily for domestic consumption, the proximity to a large population base within Australia is important.

Other Indices

Business Confidence

On average, in the year to May 2007, Tasmanian small and medium sized businesses reported the fourth highest confidence levels regarding business expectations of all states and territories. The net balance of businesses who are confident in their own business prospects over the next 12 months (60 per cent) indicates that the majority of Tasmanian businesses are confident about their business prospects.

Business Confidence Index

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Confidence in own business prospects over next 12 months-net balance (%)	43.0	50.0	62.5	52.8	71.3	62.0	53.0	60.0
Index	100	116	145	123	166	144	123	140
Rank	8	7	2	6	1	3	5	4

The business confidence index has been constructed using the Sensis Business Index, which surveys small and medium sized businesses. The *Tasmanian Survey of Business Expectations* released by the TCCI and the Commonwealth Bank cannot be used for this analysis, as there are not identical surveys in other jurisdictions.

Results in the Sensis Business Index are reported as a net balance, which represents the total number of positive responses minus the total number of negative responses.

Business Confidence in State and Territory Government

Tasmania ranks second, behind the Northern Territory, in the confidence in state and territory government ranking. This reflects Tasmania's credit rating from Moody's being equal to the other states and the ACT, and Tasmanian businesses having the second highest level of confidence in state and territory government policies (behind the Northern Territory).

Business Confidence in State and Territory Government

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas
Rank	8	5	2	4	7	1	6	2

Comparison with New Zealand

New Zealand's proximity and similarity to Australia means that it is likely to be considered by business as an alternative location in the region. In this context, New Zealand is a competitor to Tasmania as a business location because of the climatic similarity and because labour market conditions are comparable. The comparison with New Zealand is also useful because many Tasmanian producers, particularly primary sector producers, compete with New Zealand producers on the world market.

As shown in the following table, Tasmania and New Zealand are similar in a number of indices, including those that measure labour costs and overall energy costs. Also, both perform relatively poorly regarding qualifications, fuel costs and proximity to markets.

New Zealand may, therefore, be a significant competitor with Tasmania for firms that do not need to be close to their markets and are labour intensive (such as call centres), or rely on relatively low skilled labour or have relatively intensive energy use.

Summary of Ranking Including New Zealand – 2006-07

	NSW	Vic	Qld	SA	WA	NT	ACT	Tas	NZ
Labour Costs	7	6	5	3	9	4	8	2	1
Industrial Disputes	7	8	4	3	9	6	2	1	5
Qualifications	3	6	5	7	4	2	1	9	8
Training Courses	5	6	3	7	4	8	1	9	2
Land and Accommodation	8	4	7	5	2	n.a.	3	1	6
Energy Cost Index	1	2	6	7	8	n.a.	5	4	3
Electricity Costs	1	7	5	9	6	8	4	2	3
Electricity Reliability	5	2	8	1	9	3	5	7	4
Fuel	4	5	1	2	3	8	7	6	9
Gas	5	1	8	3	7	n.a.	4	6	2
Water Costs	1	3	7	6	9	2	5	4	8
Air Travel	1	3	5	4	8	9	2	6	7
Proximity to Markets	1	2	3	6	5	9	4	8	7

Tasmania's Rankings Since 2000

	2000	2001	2002	2003	2004	2005 [^]	2006-07
Factors of Production Indices							
Direct Labour Costs	1	1	1	1	1	1	1
Wages	1	2	2	1	1	1	1
Payroll Tax	5	2	2	2	2	2	1
Other Labour Costs	1	1	1	1	2	2	4
Labour Turnover	1	1	1	1	1	1	2
Industrial Disputes	1	1	2	1	1	2	1
Qualifications	...	...	6	6	6	8	8
Training Courses	...	...	1	1	1	8	8
Participation in VET	...	...	...	...	...	3	3
Labour Productivity	...	...	...	...	...	8	8
Unit Labour Costs	...	...	...	...	...	5	5
Land and Accommodation	2	1	1	1	1	1	1
Regulatory Indices							
Taxation Severity	...	...	2	2	2	2	2
Business Licensing Costs Index	...	...	...	1	1	1	1
Utility Indices							
Energy Cost	5	6	6	6	3	4	3
Electricity Cost	...	...	2	3	2	2	2
Electricity Reliability	...	...	6	6	5	7	6
Fuel	...	...	6	6	6	8	6
Gas	...	...	6	6	4	5	5
Water Cost Index	...	...	...	...	5	7	4
Telecommunication Cost Index	...	...	...	4	4	6	8
Telecommunication Reliability	...	...	...	2	1	6	3
Transport Indices							
Surface Freight Cost	6	6	6	6	4	5	5
Air Freight Cost Index	...	5	5	5	1	2	2
Air Travel Cost Index	...	4	5	4	5	6	6
Access to Ports Index	1	1	1	1	1	1	1
Port Charges Index	...	...	...	5	4	5	6
Proximity to Markets	6	6	6	6	6	7	7
Industry-Based Cost Indices							
Manufacturing	3	5	4	4	1	1	1
Accommodation, Cafés and Restaurants	3	2	1	1	1	1	1
Finance and Insurance	1	2	2	1	1	1	1
Property and Business Services	1	1	1	1	1	1	1
Other Indices							
Business Confidence	...	...	1	1	1	5	4
Business Confidence in Government	...	...	2	2	2	1	2
Indices showing improvement from previous year		3	2	4	9	1	8
Indices showing deterioration from previous year		4	2	1	2	4	5
Percentage No. highest ranked	53	42	38	45	50	32	32
Percentage No. lowest ranked	18	21	28	21	15	12	15

[^] The Northern Territory and ACT were included in the Competition Index for the first time in 2005. A deterioration in ranking is not noted for that year if it arose solely due to the inclusion of the territories rather than due to a relative decline compared to other states. The port charges index is also not noted as a deterioration in 2005 as this was the first year South Australia was included in the port charges index.

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