

Tasmanian Government Submission

Productivity Commission productivity inquiry

October 2022



I. INTRODUCTION

The Tasmanian Government welcomes the opportunity to make a submission to the Productivity Commission's productivity inquiry. We acknowledge the importance of productivity growth in promoting economic growth and prosperity, boosting wages, supporting our economic recovery from the COVID-19 pandemic, and improving living standards and wellbeing.

This submission provides examples of successful [productivity reforms in Tasmania](#), such as the COVID@home and COVID@homeplus programs, and the innovative, nation-leading Heavy Vehicle Access Management System that sets the bar for how other jurisdictions should approach heavy vehicle access.

This submission then outlines [Tasmania's productivity priorities](#). These are:

- digital literacy and inclusion;
- health;
- education;
- ease of doing business;
- housing affordability; and
- cost of living.

An overarching priority for the Tasmanian Government is wellbeing. Wellbeing can mean different things to different people, but contributing factors include economy, health, education, safety, housing, living standards, environment and climate, social inclusion and connection, identity and belonging, good governance and access to services. The Tasmanian Government announced earlier this year that we will be developing the State's first Wellbeing Framework, to ensure Tasmanians' wellbeing priorities are Government priorities, supported by the right targets, measures, policies and services.

As noted in the Productivity Commission's interim report, wellbeing and productivity are closely linked. Productivity growth is linked to increasing wellbeing in many ways, but the relationship also goes the other way as higher levels of wellbeing are linked to higher levels of productivity on both the individual and collective scales.

People are at the centre of productivity. Given the links between wellbeing and productivity, and the importance of wellbeing to Tasmanians and Australians, the Tasmanian Government believes the Productivity Commission, in making its recommendations for productivity enhancing reforms, should consider how these reforms contribute to enhancing wellbeing.

2. CONTEXT

Tasmania's profile

Tasmania is a smaller jurisdiction with a de-centralised population and distinctive demographic profile. In the 2021 Census, the number of people counted as usual residents of Tasmania was 557,571. Almost two-thirds of these people (309,000) lived outside of the capital city area of Greater Hobart, making Tasmania the jurisdiction with the highest proportion of the population living outside the capital city. Tasmania has a structurally older population than the Australian average, with a greater percentage of people in the 50 to 85 years and older age categories. Household income for Tasmanians is generally lower than Australia as a whole, with a higher proportion of households in the lower-income brackets.

These characteristics mean productivity reforms which work in other jurisdictions, particularly in bigger states where large populations are concentrated in capital city areas, may not work in Tasmania. Tasmania's small and dispersed population means there simply are not the required economies of scale.

Implementing recommendations

As noted in the Productivity Commission's interim report, many of the recommendations of its previous productivity inquiry have yet to be implemented. To be successfully implemented, the recommendations of the present inquiry will require acceptance from governments and, if accepted, collaboration between states, territories and the Australian Government to implement them. Consideration should therefore be given to what mechanism will be used to obtain acceptance from governments and then facilitate this intergovernmental collaboration. Without acceptance from and collaboration between governments, the productivity growth which this inquiry's recommendations may unlock and all the benefits this would bring is unlikely to be realised.

Given National Cabinet's recent decision to review the role of Ministerial Councils in progressing productivity improvements, there is opportunity to consider how both National Cabinet and Ministerial Councils could be utilised to drive implementation of the inquiry's recommendations.

In addition, implementing the inquiry's recommendations will require resourcing which may present challenges for some governments, particularly in smaller jurisdictions like Tasmania. For the inquiry's recommendations to be genuinely actionable, resourcing constraints should be factored into the Productivity Commission's deliberation of potential recommendations. Consideration may also be given to mechanisms which may potentially assist smaller jurisdictions to implement recommendations which otherwise would be very challenging to implement. Finally, we note the need to consider funding agreement renegotiations as recommendations are considered, particularly given several major Commonwealth-state funding agreements are due to be renegotiated over the next two years.

3. PRODUCTIVITY REFORMS IN TASMANIA

COVID@home and COVID@homeplus programs

The COVID@home service was established in the lead up to the reopening of Tasmania's borders as a hospital avoidance strategy. It commenced operation on the day of reopening (15 December 2021). COVID@home is an innovative model of care targeted at providing care safely for people who test positive to COVID-19 and are suitable for receiving care within their home. Caring for individuals with COVID-19 in their homes allows for the provision of appropriate care, minimises the impact on the healthcare system and frees up hospital beds for patients with moderate or severe illness.

COVID@home is a virtual service that enables COVID-19 positive individuals enrolled in the program to access safe and supportive remote healthcare in the home 24 hours a day, seven days a week. Care is provided by a team of qualified Tasmanian Department of Health staff including doctors, nurses and allied health professionals. The service utilises health monitoring devices to check on people's health daily while they are at home.

In the first three months of its operation (15 December 2021 to 15 March 2022), more than 6,000 people opted-in to the service and were able to safely recover at home, and in its first 150 days of operation that number increased to over 15,000 people.

COVID@home now operates as COVID@homeplus under an expanded model of care. Eligible cohorts include vulnerable people at high-risk of severe complications from respiratory illnesses or influenza, or who meet other specific referral criteria. Patients are usually referred to COVID@homeplus by their GP or other healthcare provider.

Supporting patients to receive appropriate care at home and feel safe in their communities, particularly if there is limited access to primary care, helps prevent emergency department presentations. Early evaluation findings suggesting patients enrolled in COVID@home have been less likely to attend an emergency department compared to the general population of Tasmania.

Rethink Mental Health: A State Plan for Mental Health in Tasmania 2020-2025

A higher proportion of Tasmanians identify as living with a long-term mental health condition than the national average (11.5 per cent compared to 8.8 per cent). The Tasmanian Government recognises the need to take a best-practice approach to building a contemporary, integrated model of mental health care so people can get more holistic support, in the right place, at the right time. The Government recognises that improved mental health services contribute to productivity both through more efficient service delivery, and from the perspective of increasing people's ability to participate in their community and economy, through improved mental health and wellbeing.

Rethink Mental Health: A State Plan for Mental Health in Tasmania 2020-2025 (Rethink 2020) is a shared approach to improving mental health outcomes for all Tasmanians. *Rethink 2020* is a collaboration between the Department of Health, Primary Health Tasmania and the Mental Health Council of Tasmania. *Rethink 2020's* approach to collaboration across government and community services will lead to more integrated care and more efficient services.

Rethink 2020 contains key productivity-supporting directions that focus on early intervention, safety and quality improvements, service integration and collaboration, patient-centred care, and a shift from hospital-based to community-based support. Relevant initiatives include:

- Mental Health Hospital in the Home which provides intensive hospital level treatment for people in an acute phase of mental illness who are able to be treated at home and who would otherwise require an inpatient hospital admission.
- Integration Hubs, integrating the mental health system with other key areas including alcohol and drug services, housing, children and youth services, and education.
- The development of a co-commissioning approach with Primary Health Tasmania.

Heavy Vehicle Access Management System

Heavy vehicles are a key enabler of the Tasmanian economy, providing an essential service to critical sectors, including agriculture, communications, construction, defence, energy, forestry, manufacturing, mining, retail, and transport systems. The “permit” approach to access under the Heavy Vehicle National Law (HVNL) creates delays to efficient vehicle movement and reduces the potential for optimised heavy vehicle productivity. Permit based access frameworks, perversely, also support the business models of those operators who are prepared to evade the permit request and consent process, thus enabling them to immediately respond to a client’s request, albeit unlawfully.

Tasmania’s innovative Heavy Vehicle Access Management System (HVAMS), developed by the Department of State Growth in partnership with industry bodies and local councils has been highlighted nationally as a proactive approach to access management. HVAMS is an online, on demand 24/7 self-serve access system that facilitates road network access without the need for a permit (with very minor exceptions). It harnesses technology to create an access-enabling environment, and represents a cultural shift by providing road network access to heavy vehicles in the simplest and most convenient way possible, while still effectively managing any risks to assets.

In place since 2016, HVAMS is now the established and accepted heavy vehicle access management system operating in Tasmania for Over Size Over Mass (OSOM) load carrying heavy vehicles and Special Purpose Vehicles (SPV), uniting multiple road managers to effectively present one road network to the heavy vehicle industry. HVAMS provides for 80 per cent of OSOM access and 95 per cent of SPV access under a Notice.

HVAMS also services the majority of the ADF fleet in Tasmania, uniting state and local road managers to effectively present one road network to the ADF. This is particularly important considering the emergency management and disaster recovery role that the ADF can be called upon to fulfill on the entire state-wide road network basis.

The significance of HVAMS to potential productivity gains in the transport sector has been nationally recognised through the independent [Advisory Report to Ministers on HVNL](#), which highlighted the need for a national move towards an online access system based on pre-agreed network access:

A step change to improve productivity and safety can be achieved by investing in a new system to automate access decision-making (to the maximum extent possible) akin to the Tasmanian model, which appears to be well regarded by all parties¹.

State Growth continues to work on the HVAMS and within the next three years (subject to ongoing development funding), the system will provide on demand permit-free access via a 24/7 self-serve system, for all restricted heavy vehicles, including freight vehicles and any future heavy vehicles yet to be manufactured (e.g. designers and manufacturers of high productivity freight vehicles or the introduction of electric heavy vehicles).

¹ Kanofski, K (2022) *Report to Infrastructure and Transport Ministers Meeting (ITMM)*, accessed via www.infrastructure.gov.au.

Digital transformation of Tasmania's commercial fisheries

Tasmania's commercial fisheries rely on manual reporting processes for administering commercial licences and to report their catch and effort. This requires the completion of paper application forms and docketts and reporting various fishing and fish processing activities via telephone. This lengthy, manual process requires the use of hard copy mail, document scanning, manual data entry, and the manual checking of information to ensure compliance with fisheries licensing and monitoring controls. Telephone reporting at-sea can also be problematic, particularly in adverse weather conditions.

In 2018, the Tasmanian Government committed to transition commercial fisheries to digital processes. The Fisheries Digital Transition Project (FDTP) is reforming existing processes and implementing improvements which centre on the greater use of electronic mobile applications and reduced manual paperwork. Consultation is occurring with the Tasmanian Seafood Industry Council and other fishing bodies to ensure this work is customer-focussed and fit for purpose.

Since 2018, the FDTP has implemented significant changes which have set the foundations for the extension of digital interactions between government and the fishing industry and will see huge productivity gains across the sector:

- The Making Life Easier sub-project reviewed licensing transaction processes and redeveloped application forms to substantially reduce the amount of paperwork that commercial fishers and processors are required to complete as part of their everyday business with the Department of Natural Resources and Environment Tasmania. As a result, several paper forms and around 61,000 data fields are no longer required to be populated every year, and the data entry impost on the Department has reduced by almost 50,000 fields.
- FishPort, a customer self-serve web portal, has been developed to allow customers to make electronic licence applications and payments. Further functionality is being developed to facilitate the provisions enabled by the recent legislative changes (enacted November 2021), and these are due to be rolled out in 2022-23.
- FishReport is a new mobile application in development to replace the current telephone reporting service, which is used by fishers and fish processors to provide information to the Department on a range of activities. FishReport is due to be rolled out for certain key fisheries during 2022-23 and will be followed by a proposed new mobile application for catch reporting.

Sustainable Marine Research Collaboration Agreement

The Tasmanian Government has a long history of close collaboration with the University of Tasmania (UTAS) on aquaculture and fisheries research. This includes the Sustainable Marine Research Collaboration Agreement (SMRCA), a formal partnership with UTAS to underpin leading, world-class marine and coastal research at the Institute for Marine and Antarctic Studies (IMAS), an independent research institute which is part of UTAS.

Primary Industries need to be sustainable and resilient to ensure their long-term viability and prosperity. Success in Tasmania's seafood industries depends on the amount of product that is sustainably produced, utilised or harvested; the cost of production or access; the price or other benefits that are obtained; and how these benefits are distributed through the community.

SMRCA research aims to maximise productivity gains in the seafood sector by promoting:

- Industry growth through improvements in marine resource use through transparent and sustainable environmental and resource management, fish health and biosecurity measures, risk management and harvest strategies.
- Growth through development and innovation to increase yield and production through robust science, understanding community values and the exploration of developmental fisheries opportunities.
- Reducing costs by identifying efficiencies across all aspects of seafood harvesting, production, management, and governance.

The SMRCA aims to support the goals of UTAS and the Tasmanian Government of encouraging new industry, effectively promoting Tasmania's advantages, and ensuring Tasmania's natural resources are managed in a sustainable way now and for future generations. SMRCA research drives productivity gains through creating new ideas and provides new knowledge to balance economic, environmental, and social benefit to the community from Tasmania's living marine resources. The SMRCA extends into the community, drawing upon rich local resources to work locally, nationally, and internationally, acting as a catalyst for change, demonstrating leadership and serving the public good.

The SMRCA fishery and marine aquaculture research program is one of Australia's largest and most successful with total activities averaging more than \$10 million per year, including around \$5 million a year in operational funding provided by UTAS and the Tasmanian Government, as well as leveraging operational resources and infrastructure to provide an additional \$5 million of externally funded research projects.

Agritourism Regulatory Mapping

The current regulatory processes involved in establishing an agritourism business in Tasmania is generally not well understood by businesses in terms of required permits and timeframes, as well as financial implications.

In response to this, the Tasmanian Government is undertaking the Tasmanian Agritourism Regulatory Mapping project. The project is funded through the Australian Government's *Recovery for Regional Tourism* initiative and forms part of the broader *Accelerating Agritourism in Tasmania* program. The project is being led by the Tasmanian Department of State Growth. This project involves mapping the end-to-end regulatory approvals process and engaging with operators and regulators to identify barriers to entry and identify opportunities to simplify and streamline the process.

To date, the project team has consulted with 34 agritourism businesses, along with local councils and regulatory bodies. The project has focused on eight detailed case studies to further understand the steps in setting up an agritourism business. The businesses engaged range from farms, distilleries, breweries, seafood tours, fruit harvesting, farm stays, wineries, food producers, and foraging, flowers and honey businesses.

The project is set to be completed in the second half of 2022 with the final outputs to include a report detailing findings and recommendations, and a toolkit to support business in navigating the regulatory process.

Automatic Mutual Recognition

States and territories are responsible for occupational registration and licensing, including setting standards and enforcing compliance. In the past, this meant people coming from interstate had to apply or pay for a new licence in order to work in Tasmania across a range of occupations.

Automatic Mutual Recognition (AMR) of occupational registrations commenced in Tasmania on 22 December 2021. AMR now applies to a broad range of occupations in Tasmania and allows workers to provide services beyond their home state without having to register again, while maintaining standards of consumer protection and public safety.

AMR will improve labour mobility by reducing the administrative burdens involved in working across multiple states. This will result in savings to workers and businesses, as well as productivity improvements and greater flexibility to meet changes in demand across different states, such as when extra surge capacity is required in response to a natural disaster in a particular region.

4. TASMANIA'S PRODUCTIVITY PRIORITIES

Digital literacy and inclusion

As noted in the Productivity Commission's interim report, the adoption of digital technologies has the potential to boost productivity. For example, citizens interacting with government through secure 'anywhere, anytime' digital services can benefit from savings in time, effort and out-of-pocket travel costs for over-the-counter services, ultimately leading to enhanced productivity, and more equitable and inclusive service delivery outcomes. It can also improve people's wellbeing as the savings they make in time, effort and out-of-pocket travel costs can be directed to higher priorities. Digital literacy and inclusion are critical prerequisites to the success of digital technologies in boosting productivity.

The Tasmanian Government believes all Tasmanians should have equal opportunity to interact with digital services and information in ways that are easy to use, convenient and readily available. As more essential services and information sources are delivered online, it is important that people have access to the tools and skills necessary for them to successfully navigate the internet and participate freely in a digitally inclusive environment.

Since 2016, the annual Australian Digital Inclusion Index has reported that Tasmanians typically experience lower levels of digital literacy and inclusion compared to most urban mainland counterparts. While Tasmania's scores across the three indicators (access, affordability and ability) are slowly improving, it is important to acknowledge that the digital divide follows clear economic, social and geographic disadvantages. It has been well documented that Australians with low levels of income, education and employment, along with those living in regional areas with limited telecommunications infrastructure, experience significant levels of digital disadvantage. This disadvantage is further exacerbated where age, ethnicity and disability are contributing factors.

The Tasmanian Government is committed to supporting initiatives that encourage the benefits of digital transformation to accrue more evenly across all sectors of the community and regions of the State, notably through delivery of the [Our Digital Future](#) strategy. The Tasmanian Department of State Growth is working collaboratively with industry partners, Libraries Tasmania, government agencies and the community services sector to develop targeted initiatives to support lifelong learning and digital inclusion. For example, the Digital Ready for Daily Life program is supporting vulnerable Tasmanians to increase their online confidence and skills.

Unfortunately, like much of regional Australia, those living in regional and remote parts of Tasmania do not always enjoy the same quality or access to digital services as those living in metropolitan locations. To address these connectivity issues, the Tasmanian Government has committed to take an active role working with the Australian Government, telecommunication carriers and other providers to improve the state's digital infrastructure.

Health

Health is a major area of expenditure for all governments. Ensuring this expenditure efficiently and effectively improves health outcomes offers significant opportunities to both improve people's wellbeing, and lift workforce productivity and participation, as people's health directly impacts their functioning, engagement with society and labour market prospects.

The Tasmanian Government believes all Tasmanians should have access high quality, appropriate healthcare where and when they need it. Healthcare demand in Tasmania is increasing due to a number of factors, including:

- social and demographic features such as Tasmania's ageing population and high number of people living with co-morbid health conditions; and
- increasingly complex patients with multiple chronic conditions who require a higher level of care, the care of multiple professionals, and/or care for multiple conditions related to their illness. These patients are at a higher risk of poor health outcomes requiring a higher level of care at a higher cost to the system.

Care in the wrong place is not best for people and comes at a high cost to the health system. We know that around \$100 million is spent each year on care delivered in hospital that could have been delivered at a lower cost in the community.

The Tasmanian Government's *Our Healthcare Future* is Tasmania's long-term vision for building a sustainable health system. *Our Healthcare Future* focuses on delivering the right care, in the right place, at the right time. It provides a policy direction for healthcare in Tasmania over the next 20 years to deliver better and more accessible community care and strengthen preventative healthcare. It sets a path towards integrated services across acute, subacute, primary and community care, with the aim of improving productivity from the resultant reduction in costly attendance to emergency departments and hospital admission.

There are a number of actions being implemented under *Our Healthcare Future* that seek to increase and better target investment to the right care, place and time to maximise benefits to patients. For example, the Tasmanian Department of Health and Primary Health Tasmania are partnering with the general practice sector to develop a model of urgent primary care for all Tasmanians as part of a broader review of after-hours primary care service provision. Better access to urgent primary care will help reduce pressure on hospital and emergency services, particularly within rural and regional areas.

Another example is Tasmania's Hospital in the Home service. This is a permanent feature in northern Tasmania and has been expanded on a trial basis to southern Tasmania to help keep patients out of hospital and cared for in the community. This service provides acute-substitution care in the community, for example nursing services to patients in their homes or care to residents of aged care facilities under the guidance of general practitioners. This service is designed to reduce hospital presentations, especially for patients with chronic or complex illnesses who are frequently in the hospital or presenting to the emergency department.

POSSIBLE AREAS OF REFORM

Innovative funding models and integrated care

The Tasmanian Government supports the observations made by the Productivity Commission in its interim report that the rigidities of health funding models and the lack of integration between parts of the system identified in *Shifting the Dial* continue to be relevant five years later. National progress to overcome barriers to innovative funding models and integrated care, and work to improve the health and disability, primary and aged care interfaces has been incremental, although Tasmania acknowledges the shared commitment nationally to reforming this space, most recently demonstrated in the commissioning of the *Improving Care Pathways Taskforce*.

Supporting accessible and effective primary care services, particularly for those in rural and regional Tasmania, is a particular priority for the Tasmanian Government. Many of the challenges faced by the primary care sector are caused in part by the split in funding and policy responsibilities between states and territories and the Australian Government. A collaborative approach is needed to overcome the siloed, fragmented approach to how the health system funds and delivers primary care. New approaches are required to primary care to deliver:

- better integration between primary and hospital care;
- improved workforce models, with better access to professional support, integrated training and that recognise the vital role of general practice in the medical profession; and
- multidisciplinary approaches to care, with General Practitioners working with nursing, allied health and other primary care providers.

Tasmania has been participating in work occurring under the *National Health Reform Agreement - Paying for Value and Outcomes* reform stream, referenced in the interim report, to develop innovative, flexible funding models that can support high quality, integrated care for patients across the care continuum. As part of this work, a priority for Tasmania will be to identify and address legislative and regulatory barriers to integrated models of care. For example, a key barrier to reform for Tasmania has been the restrictions caused by section 19(2) of the *Health Insurance Act 1973* (Cth), which prohibits payments of Medicare benefits where other government funding is provided for that service. Unless there is an exemption, this requirement restricts services that require a mix of, for example, payments to GPs under the Medical Benefits Scheme (MBS) or to hospitals under the Activity Based Funding framework. This is a disincentive to developing integrated models of care that would support a reorientation of care away from hospitals and into the community.

National Disability Insurance Scheme and aged care bed block

To help reduce pressure on Tasmania's health system and to improve patient flow, the Tasmanian Government is proactively seeking solutions to causes of acute bed block arising from the delayed discharge of long-stay disability and aged care patients. These patients are in acute hospital beds, are medically cleared for discharge, but are unable to leave due to waiting for aged care accommodation or a National Disability Insurance Scheme (NDIS) package or accommodation.

Aged care patients face multiple barriers to being discharged, including reports of residential aged care facilities not accepting returning residents on weekends or in the absence of an available General Practitioner. NDIS patients may be waiting for discharge while NDIS packages are negotiated and accepted or supported accommodation or in-home adjustments are made to help them safely return to the community.

Acute beds in a public hospital are not the right place for medically ready for discharge aged and NDIS patients to receive continued and daily non-acute care. Tasmania has presented options to the Australian Government for further consideration to address this bed block, including funding transitional care pathways like sub-acute transition wards or purchasing available transitional sub-acute bed space in private hospitals. Longer term solutions are needed nationally to decrease the time taken to transfer aged and NDIS patients who are medically ready to appropriate accommodation and supported living arrangements. These longer-term solutions are being considered by the *Improving Care Pathways Taskforce*.

Virtual healthcare

Building on the COVID@home approach, Tasmania is considering opportunities to extend virtual models of care to other cohorts like patients with multiple chronic or complex conditions. There is also interest at the national level across multiple jurisdictions, via the National Health Reform Agreement Reform Implementation Group and the Improving Care Pathways Taskforce to trial innovative models of care and hospital avoidance strategies similar to COVID@home.

There is scope to better support expansion of virtual healthcare nationally, including retaining telehealth for nurses and allied health professional under the MBS and removing the requirement for yearly face to face visits to access telehealth appointments.

Scope of Practice

As noted in the Commission's 2017 *Shifting the Dial* report, current limits on scope of practice for many health professions limit their ability to achieve efficient and effective outcomes. Current legislation in place across the county prevents qualified health professionals from working to their full scope of practice. Removing these structural barriers would allow health professionals to work to their full scope of practice and substantially free up others to carry out their work, prevent hospitalisations and improve health outcomes for the community.

Health Ministers have identified this as a significant issue that constrains the productivity of the health system, impacts on the wellbeing of the health workforce and results in unnecessary and expensive processes for patients. In 2020-21 there were 670,000 potentially preventable hospitalisations. Medication can often be administered to prevent hospitalisation, but legislative barriers prevent this from occurring in residential aged care facilities and primary care settings.

Education and skills

As noted in the Productivity Commission's interim report, education not only provides job-specific skills but also the foundational skills (such as literacy and numeracy) and capacity to learn which set up people to acquire knowledge throughout their lives. Education also equips people with communication, teamwork, leadership, creativity, critical thinking and other skills of increasing importance in the modern workforce. When combined, these skills are a passport to a healthy and successful life, providing the basis for successful engagement with the labour market and contributing to wellbeing. Education is an investment with a strong return. Like health, education is a major area of expenditure for all governments, so ensuring this expenditure delivers high quality outcomes offers significant opportunities to improve people's lives and lift both workforce productivity and participation.

Improving educational outcomes is particularly important in Tasmania as historically Tasmania has a high level of disadvantage and significant concentrations of disadvantage, with the most decentralised population in Australia. With approximately 56 per cent of residents living outside the greater Hobart area, the whole State meets the classification of rural, regional or remote. Additionally, there are a range of physical barriers that exist in the Tasmanian landscape with topography and changeable weather patterns affecting the ability for learners to access, participate and engage in their education. These challenges have contributed to a cycle of disadvantage that progresses to adulthood and is passed down to subsequent generations. Education continues to be an area of focus for the Tasmanian Government and an important priority in terms of productivity growth. The Government is working across the early years through to adulthood to support learners.

The early years has long been a focus for the Government as it is critical to setting up a child for success and it provides the best return on investment. There are a wide range of programs and services to support children and their parents/carers but more needs to be done or done differently as there are children who start school still developmentally vulnerable. This is the case across Australia. Tasmania has a range of initiatives and programs to address this issue and continues to look for new opportunities. The Premier recently announced the expansion of Working Together which supports eligible three-year-olds to access free, high-quality early learning in the year before kindergarten. National Cabinet recently agreed for work to be done to identify priority areas where governments can collaborate to support better outcomes across the early childhood education and care system.

Tasmania is also focussed on improving year 12 completion. Historically, Tasmania has had lower year 12 completion rates than its mainland counterparts, however year 12 completion rates are improving

as a result of the Tasmanian Government's commitment to and record investment in education. In the last five years, year 12 completion rates for all age groups have increased and were 7.4 percentage points higher overall. A new Education Act commenced in 2017, which provides a strong foundation for improving educational outcomes for all young Tasmanians. Under the Act the leaving requirements for Tasmanians in education have increased, with the minimum leaving age increasing to 18 in 2020 to ensure Tasmanians continue to participate in education and training into early adulthood.

Beyond year 12, the Tasmanian Government invests more than \$100 million in the Tasmanian training and workforce development system annually. Vocational Education and Training (VET) is a key enabler of economic prosperity, particularly as we adjust to living with COVID-19. VET is unlike other types of education in that success requires multiple partners, including industry, employers, training providers, learners and government to work together to drive training outcomes.

The Tasmanian Government's investment in VET is part of its broader commitment to adult learning and lifelong learning. Under the *Adult Learning Strategy*, the Tasmanian Government has extended its investment in 26TEN's Communities program. 26TEN is a network of organisations and individuals working together to improve adult literacy and numeracy in Tasmania. 26TEN's place-based approach works to understand the needs of people within a community, to support them to feel safe and overcome the stigma associated with low literacy to make a real difference in their lives. In a review of the socio-economic impact of Tasmania's investment in adult literacy and numeracy in 2018-19, the Institute of Project Management found that for every dollar invested in the 26TEN Strategy, at least \$5.20 benefit was returned to the community.

The Tasmanian Government recognises that a high-quality teaching workforce is central to delivering outstanding teaching and learning outcomes. As the Productivity Commission's interim report notes, the rise in educational requirements of the modern economy underscores the importance of lifting the quality of teaching and learning in each part of the system. Teacher shortage is a national issue and one on which Education Ministers are working together. Ministers recently agreed to develop a National Action Plan on Teacher Shortage to address the issue of teacher demand, supply and retention. This includes strengthening initial teacher education. In Tasmania, the Government continues its focus on further developing a skilled and ready teacher workforce, with a particular focus on strengthening initial teacher education and the support provided to our early career teachers. There are a range of initiatives in place to support this commitment, for example the [Teacher Intern Placement Program \(TIPP\)](#) which supports University of Tasmania students to undertake their final year of study while based full-time in a Tasmanian Government schools. Upon successful completion, interns are offered permanent employment with the Department of Education. The TIPP was named as a "promising practice" in the [Organisation for Economic Co-operation and Development Initial Teacher Preparation Study Australia report](#) (May 2018).

Ease of doing business

As noted in the Productivity Commission's interim report, ensuring Australia has a productivity-friendly business environment that encourages efficiency, innovation and diffusion has the potential to contribute significantly to future productivity growth. Small businesses account for over 97 per cent of all businesses in Australia and contribute significantly to the national economy. In 2018-19, small businesses contributed almost \$418 billion to Gross Domestic Product (GDP) (equivalent to over 32 per cent of GDP), and account for the majority of value-added in key sectors such as agriculture, forestry and fishing (76 per cent). Small businesses employ over 41 per cent of Australia's business

workforce (over 4.7 million people) and 61 per cent of Australia's apprentices and trainees.² Given the centrality of small businesses to the Australian economy, even small improvements to ease of doing business have the potential to significantly boost productivity. Such improvements may also contribute to the wellbeing of the small business workforce, particularly small business owners and sole traders, as obstacles to doing business can be a significant and unwanted drain on time, effort and finances.

The Tasmanian Government recognises the vital contribution that small businesses make to the Tasmanian economy and community. Like in Australia generally, small businesses account for over 97 per cent of all businesses in Tasmania and are therefore a key contributor to the State's economy in terms of both output and local employment. Tasmania's small business sector is self-reliant, innovative, responsive, and entrepreneurial by nature. The resilience of the Tasmanian economy throughout the height of the COVID-19 pandemic was in part testament to the quality of Tasmania's small businesses. Unnecessary or outdated regulations, or red tape, cost small businesses and reduce productivity. Identifying and then either reforming or removing such regulations is therefore an important contribution government can make to productivity growth. As noted in the Productivity Commission's interim report, to support productivity growth it is important that governments limit impediments to business investment and ensure sound regulation. The Tasmanian Government is committed to reducing red tape wherever possible in order to support business owners and operators. As part of this commitment to reduce regulatory burden, the government established a dedicated role for a [Red Tape Reduction Coordinator](#) in the Office of the Coordinator-General, who consults with business and industry to identify red tape issues. From these consultations, as well as engagement across government departments, over 166 agreed red tape issues have been identified so far with 85 per cent resolved to date. Of the remaining 15 per cent, work is either underway or nearing completion towards a suitable resolution.

There have been several significant achievements in Red Tape Reduction in Tasmania over the last 12 months, including the implementation of statutory service standards for a range of building, planning and connection of services by electricity and water utilities. These reforms provide consistency and certainty in the development process for both large industry projects as well as domestic housing activity. Other regulatory reforms have included road permits arrangements for the heavy haulage and freight sector, commencement of a review into requirements for opening or operating a distillery, and a review of the regulations governing agritourism (see [Section 3: Productivity Reforms in Tasmania](#) for further information on some of these reforms). The latest consolidated Tasmanian Red Tape Reduction report is publicly available on the Office of the Coordinator-General's [website](#).

The Tasmanian Government's *Business Growth Strategy (2022-26)* is currently under development following a public consultation process undertaken throughout June and July 2022. Red tape reduction was raised as a key area of concern for small businesses that impacts their ability to grow. While this will be a key focus of our new Strategy, making it easier to do business should be a continued focus of across all jurisdictions.

In the context of the digital economy, international research over the last decade has confirmed that digital technologies deliver benefits for small business operators in the form of time savings, flexibility and mobility, market access and promotion, and improved business operational security. The Department of State Growth has delivered the *Digital Ready for Business* program since 2014, improving the digital capability, literacy and confidence of small business owners and operators by

² Australian Small Business and Family Enterprise Ombudsman: https://www.asbfeo.gov.au/sites/default/files/2021-11/ASBFE0%20Small%20Business%20Counts%20Dec%202020%20v2_0.pdf.

empowering them to make better digital economy business decisions. Assistance is provided in a variety of forms across a wide range of digital economy areas, including social media, website fundamentals, online tools, digital strategy and cyber security. Since the establishment of the program, almost 10,000 Tasmanian small businesses have been assisted to grow and streamline their operations, improve their efficiency, operate more securely, identify new opportunities, expand their market and reach new customers.

Housing affordability

An increasing number of Australians are facing housing affordability challenges. Access to housing that is affordable is a crucial prerequisite to people's wellbeing and their ability to contribute productively to the Australian economy. There are numerous links between housing affordability and productivity. For example, high housing prices close to centres of employment often push lower income households to live further from these areas, making it harder for them to access and stay in the labour market and increasing the cost of doing so. Living in precarious housing or experiencing homelessness also makes accessing and staying in the labour market extremely difficult. Taking measures to improve housing affordability is therefore critical to Australia's productivity growth into the future. Improving housing affordability is also critically important for people's wellbeing.

The Tasmanian Government recognises that appropriate and affordable housing is fundamental for people to reach their goals and potential in every other area of their lives. The Government also acknowledges that Tasmania's housing market is very tight, and supply is limited, and this is impacting on the housing that is available to Tasmanians. Currently, Tasmania enjoys the highest level of homeownership in Australia. 70.1 per cent of Tasmanian households are homeowners (66 per cent nationally) and 37.1 per cent of Tasmanian households own their home outright (31 per cent nationally). However, home ownership is beginning to decline as house prices increase and supply tightens. More Tasmanians are living in rentals and while Tasmania's median rent remains lower than the median for Australia, Tasmania's generally lower household incomes mean a significant proportion of renters (34.2 per cent) are experiencing housing stress (rent payments greater than 30 per cent of household income).

That is why we have committed to building or acquiring 10,000 new social and affordable homes by 2032 under our \$1.5 billion housing package. Increasing our housing supply is designed to put downward pressure on demand over the longer term and ensure those who need it can access safe, secure and affordable accommodation. Increasing supply will also help our young Tasmanians and Tasmanian families into their first home.

The strategic direction has been through the *Affordable Housing Strategy* (which commenced in 2015), which aims to decrease the proportion of low-income Tasmanian households experiencing housing stress, along with the proportion of Tasmanians experiencing homelessness. The *Affordable Housing Strategy* is underpinned by three strategic interventions to address housing assistance and supply challenges across Tasmania. These are:

1. Preventing housing stress of people on low incomes by increasing the supply of affordable homes.
2. Targeted early intervention to assist Tasmanians in need who are at risk of housing stress or homelessness.
3. Rapid response and recovery aimed at people who are at immediate risk or experiencing homelessness to find safe and secure housing.

Under the *Affordable Housing Strategy*, four-yearly *Affordable Housing Action Plans* have detailed specific actions to achieve the key objectives. Since its commencement in July 2015, the *Affordable Housing Strategy* has assisted 3,620 Tasmanian households³ with their housing need including:

- the supply of 2,208 new homes, lots of land, supported accommodation and homelessness accommodation; and
- access to 1,412 homes including home ownership, social housing, affordable private rental, supported accommodation and homelessness accommodation⁴.

In 2020-21, the Tasmanian Government committed \$615 million under the *Affordable Housing Strategy* to deliver 3,500 dwellings by 2026-27. As at the end of July 2022, there are 1,503 long term homes and units of homeless accommodation in the pipeline of works that have started. This includes 1,195 new social housing dwellings, 198 new units of supported accommodation and 110 new units of homeless accommodation.

The Tasmanian Government is developing a 20-Year Housing Strategy that informs what we need to build, where and what type of accommodation is built based on demand. This will also support the needs of different groups of Tasmanians, such as young people, women with children or those fleeing domestic violence or relationship breakdown, those needing transitional accommodation leaving other forms of care, men and the elderly. It will also consider the needs of regions, such as urban and rural differences. It will look beyond social housing to the broader housing needs of communities, such as housing for our critical workforce, those entering the market and the elderly who are downsizing.

This knowledge will not only guide our capital build program, but also the services and support programs that are delivered. It will help us better understand how to design our policies to support those most in need and ensure those who need help are getting the appropriate assistance for their circumstances. The Strategy will set the primary guiding policy for our new housing authority, Homes Tasmania, which we intend to establish by 30 November 2022, subject to passing legislation through Parliament.

Despite the extensive work being undertaken by the Tasmanian Government many of the levers that impact housing affordability are controlled by the Australian Government, including the power to change income support, Commonwealth Rent Assistance and taxation arrangements. The Tasmanian Government believes the Productivity Commission should consider the challenge of housing affordability as it develops its recommendations for the present inquiry, given the numerous links between housing affordability and productivity. This challenge should be tackled on a national scale, with potential for a National Housing Strategy to guide a collective approach to overcoming one of the biggest issues currently faced by our communities.

Cost of living

The rising cost of living is a key concern for many Tasmanians and Australians. The costs of essential services such as energy, water and fuel are increasing at a greater rate than income for many. Increasing numbers of individuals and families are being pushed into crisis and behaviours that lower health, education and economic participation rates. This negatively impacts people's wellbeing and lowers their productivity both in the short-term and potentially longer term.

The Tasmanian Government recognises the importance of putting downward pressure on the cost of living for Tasmanians. At the end of the June quarter 2022, the Consumer Price Index in Hobart had

³ As at the end of July 2022.

⁴ As at the end of February 2022.

increased 6.5 per cent, a greater increase than the national average of 6.1 per cent. Meanwhile, as noted previously in this submission, Tasmania has generally lower household income than Australia as a whole, with a higher proportion of households in the lower-income brackets. This means many Tasmanians are feeling significant cost of living pressures.

Many of the of the levers that impact the cost of living are controlled by the Australian Government, including the provision and amount of income support. The Productivity Commission should consider where the biggest impact lies in reducing cost of living pressures, such as supply-side solutions focused on increasing participation in the workforce. For example, flexible working arrangements, a big lesson to come out of COVID-19, is something that the Tasmanian Government continue to focus on and was a recommendation out of the Tasmanian State Service Review. Providing people with ways to make working “work for them” can help to increase participation and ensure we can further ease workforce demand. Action in the ‘focal areas’ identified by the Commission should also ease supply side pressure – innovation and a flexible, future-focused workforce will help to build a bigger, more skilled and more productive workforce that allows productivity growth and eases the demands on the supply side and therefore eases the cost of living.

Where possible, the Tasmanian Government is taking action to address cost of living pressures both in the shorter and longer terms. For example, in the shorter term in response to high fuel prices, the Government has:

- introduced a mandatory real-time price reporting scheme, which involves a free app (FuelCheck TAS) and a website (www.fuelcheck.tas.gov.au) helps motorists easily access fuel pricing information, to promote price competition in the local market;
- advocated to the Australian Government for a temporary reduction in the Australian Government fuel excise (the excise was subsequently halved for six months); and
- provided free public bus travel across Tasmania for a five week period, from 28 March to 30 April 2022.

In response to rising electricity prices, the Tasmanian Government has introduced a suite of measures including:

- the \$180 Bill Buster Payment for the estimated 94,320 Tasmanians on concession cards to assist them with increased electricity prices (made up of a \$61 increase in the 2022 annual concession discount and a one-off bill credit of \$119);
- the provision of the Aurora+ app at no charge from 1 July 2022 to help Tasmanians better monitor and manage their power bills (the app was previously available to consumers for an additional cost of about \$40 per year);
- a boosted and expanded \$50 million Energy Saver Loan scheme, providing up to \$10,000 for an interest free loan to private residential customers, small business customers and landlords of residential rental properties to invest in energy efficient products to help lower their electricity bills; and
- a \$1.7 million Aurora Customer Support Fund and YES incentive payment extension to support residential and small business customers experiencing financial vulnerability with subsidised payment plans and one-off payments.

Further measures to assist Tasmanians with the cost of living include:

- an ongoing commitment to the No Interest Loan Scheme (NILS) for low-income Tasmanians to purchase things like household, medical and education essentials up to \$1500.
- \$305 million for concessions making essentials like water, electricity and rates more affordable

for people with a disability and their carers, seniors, veterans, widows, sole parents and students;

- a \$5 million cost of living booster package to organisations which help individuals and families in need, such as Neighbourhood Houses; and
- one-off additional funding to increase indexation to 3 per cent on Tasmanian Government funding to community sector organisations for the 2022-23 financial year to help with the rising cost of fuel, wages or other costs of doing business.

In the longer term, the Tasmanian Government is focused on getting the supply side of the labour market right to help ease the pressure on demand across all goods and services, in turn helping to lower the cost of living. A big part of creating the right supply side settings are quality education and skills systems. Education has been discussed previously in this submission. In respect to skills development and training, the Tasmanian Government is currently reforming TasTAFE to better meet the needs of its users - which includes both individuals gaining skills and businesses needing skilled workers. The *TasTAFE (Skills and Training Business) Act 2021* commenced on 1 July 2022. The legislation establishes a business model for TasTAFE that has been designed from the ground up to best suit the role and functions of TasTAFE. The *TasTAFE Transition for a Better Training Future* Implementation Plan outlines the key actions to guide the TasTAFE transition.

The Tasmanian Government has also committed to boosting our workforce in high need sectors, such as building and construction. For example, the “High-Vis Army” program aims to grow the construction labour force by 25 per cent over four years (from 2021), in partnership with key industry stakeholders. The Premier's Economic and Social Recovery Advisory Council (PESRAC) noted that training systems only work with the full commitment of government, employers, learners and training organisations. Success depends on each partner being committed to working together to a high standard and often co-investing alongside government. The Tasmanian Government has committed to deliver the recommendation by PESRAC that industry bodies (including associations and employer representatives) should enter into 'industry compacts' with the Government, which includes 'step-up' commitments to improve the quality and relevance of the skills and training system.

5. CONCLUSION

The Tasmanian Government is grateful for the opportunity to make a submission to this inquiry, given the importance of its subject. We would encourage the Productivity Commission to consider the examples of successful productivity reforms in Tasmania offered in this submission and the six Tasmanian Government productivity priorities discussed. The Productivity Commission, in making its recommendations for productivity enhancing reforms, should also consider how these reforms contribute to enhancing wellbeing. We look forward to further engagement to progress productivity-enhancing reforms which will benefit all Tasmanians.

