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Submitted online

Productivity Commission
4 National Circuit
Barton ACT 2600

Attn: Tracey Horsfall

www.rdatasmania.org.au
Email: rdatasmania@rdatasmania.org.au
P: (03) 6334 9822
20 Charles Street
Launceston 7250
PO Box 85, Launceston
Tasmania 7250

Dear Ms Horsfall

Regional Development Australia Tasmania (RDAT) welcomes the opportunity to provide this submission to the 5 Year Productivity Inquiry being undertaken by the Productivity Commission.

The Productivity Commission has been asked to review Australia's productivity performance and recommend an actionable roadmap to assist governments to make productivity-enhancing reforms.

This submission provides responses to Interim Report 2: Australia's data and digital divide. It also contains some general information about our RDA Tasmania Strategic Regional Plan that summarises the key strategic regional priorities for Tasmania.

1. Comments on the Interim Report 2: Australia's data and digital dividend

RDAT particularly notes Chapter 3 of the Interim Report "Targeting government investments and policy priorities".

a. Tasmanian Government priorities

- On 11 November, the Tasmanian ICT Conference will host a Tasmanian Government - ICT Industry Summit in Hobart. The digital transformation priorities for the Tasmanian Government will be a focus for the Summit. The discussion will include the government's plans to building out the technology roadmap, each Agency's functionality goals and the opportunity for the sector to provide key digital and technical capabilities.
- The Tasmanian Government is also working with the Australian Government on investigating subsea telecommunications critical infrastructure option to mitigate high consequence economic risks and disadvantages to the State, as demonstrated by the state-wide internet outage that occurred on 1 March 2022.

b. Access to digital

- RDAT agrees that productivity gains for business can only be realised if there is sufficient investment in necessary infrastructure. In addition, a focus on digital skills, including data, privacy and cyber security is imperative to assist businesses to digitise, and to realise gains in productivity. Figure 3.1 summarises the areas for Government to improve Australia's digital, data and cyber security foundations.
- Urban and remote regional councils in Tasmania report issues with digital connectivity – this has been expressed as a concern with a lack of digital infrastructure, along with low digital literacy. This "digital divide" was clearly demonstrated during COVID, with school students moving to online learning. Connectivity was poor in some areas; and for those with connectivity, issues around a lack of devices and digital literacy in the household caused issues for students.

- Issues with Digital connectivity and literacy are raised as they represent a significant impediment to people’s economic and social inclusion. Further, many new technical advancements, which are much needed by agriculture, and advanced manufacturing are impossible to realise without reliable digital connectivity. Implications for the transport of goods and people are also evident, as drivers are unable to track their routes and product deliveries.
- People do not distinguish between digital issues in relation to NBN or mobile.
- Some rural and remote councils have borne the cost of digital infrastructure, unlike their urban counterparts whose infrastructure is funded by Telcos or state governments. While there are government grants and support for digital infrastructure, smaller councils are challenged in negotiating the complexity of digital infrastructure, access to/lease of land for base stations, and the needs of service providers that are required for a successful project. Power backups for remote digital infrastructure has also been problematic in the recent floods with services down for significant periods (up to 19 hours).
- The [Heartbeat of Rural Australia Study](#) notes issues of the digital divide between capital cities and country areas and that the unreliable nature of connectivity has resulted in people being unable to share stories of their recovery following recent disruptions due to fire, flood and covid. The study recommends that additional funding is required to offset the additional cost in regional areas.
- An investment in people’s economic potential is a core pillar in the RDAT Strategic Regional Plan and key to this pillar is social and economic inclusion for all people in Tasmania. Access the internet is necessary to enable people to participate socially and economically. The digitisation of work, while imperative for productivity gains, often precludes work opportunities for Tasmanians.

c. Digital Infrastructure Gaps

- Tasmania’s local governments reported poor digital connectivity, patchy service, and a lack of digital infrastructure as a roadblock to their ability to attract work from home professionals and for growth industries such as agriculture and aquaculture that rely on remote systems management.
- Economic and population growth prompted strong demand and growth in business and professional services in Tasmania over the last 5 years. The proportion of ‘knowledge service’ industry jobs in Tasmania increased from 12.8% in 2016 to 13.1% in 2021. This change was driven by the professional service industry, where the industry jobs growth over the period from 2016 to 2021 averaged 5.8% per annum, significantly higher than the 0.3% per annum growth from 2011 to 2016. The job growth was in a diverse range of sectors, such as architecture, law, advertising and management consulting. (id consulting Tasmania Economic Review Sept 2022)
- Connectivity also impacts the liveability of their municipalities. Given this feedback, RDAT was surprised that in Figure 3.2 Tasmania is noted as not having digital infrastructure gaps.



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d. Skills

- The need to upskill all Tasmanians in relation to digital literacy (including health digital literacy) is a key finding of our work on the Strategic Regional Plan.
- RDAT has participated in the Federal Government Jobs and Skills Summit and the need to upskill all people for digitisation of jobs and for liveability is a key theme.
- Pathways to skills development, while including university, must also extend to VET programs. TAFE Tasmania has recently released their [10-year strategic plan](#), which has a core focus on Future Technologies, including Metaverse/ AR/ VR, AI and machine learning and digital enabled infrastructure. Improving digital literacy rates for Tasmania is key to accelerating the transition to the digital economy.
- RDAT agrees with the Interim Reports focus on improving digital competency in the general population. Tasmania has an aging population, and COVID has reinforced that digital literacy outcomes in older Tasmanians are poor.

2. RDAT Strategic Regional Plan

This submission is provided to the Inquiry with knowledge gained through our recent work on a Strategic Regional Plan (SRP) for Tasmania, which is required under our Charter with the Federal Department of Infrastructure, Transport, Regional Development, Communication and the Arts.

Findings of the SRP Process

Following is a summary to assist the Inquiry:

A narrative to frame the conversation

The SRP is an optimistic reflection of the vast opportunities for economic growth in Tasmania, and the potential for economic benefit to flow to our people, their communities, and business and industry. RDAT identified that lifting productivity is pivotal to regional growth in Tasmania, where the need to balance growth with liveability and the environment is key.

Key Principles

Tasmanians and the businesses and communities they represent display a strong commitment to each other, and to the common pursuit of all that is intrinsically Tasmanian. The key principles are included to reflect that commitment.

Regional Development in Tasmania will be delivered by:

- Having a shared vision of what success looks like
- Being future focused and providing an over the horizon vision
- Working together, valuing collaboration, and embracing inclusivity
- Acknowledging and celebrating our First Nations people
- Balancing regional development with livability and social and environmental impacts.
- Pursuing opportunities which benefit Tasmania and Tasmanians
- Ensuring people and their communities are at the heart of regional development
- Seeking acceptance or approval by communities of projects and regional development opportunities
- Supporting community led projects and investment
- Enabling industry and business to help themselves



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Tasmania's Strategic Regional Priorities

The five categories of Strategic Regional Priorities are:

- Realising our People's Economic Potential
- Being Led by our communities
- Growing our Gross Regional Product
- Improving our Built Environment
- Prioritising our Natural Environment



Conclusion

We commend the Productivity Commission for undertaking this work. The need to worker smarter, and connect is reflected in our work on the Strategic Regional Plan. Tasmania's geographic isolation is turning from a disadvantage to an advantage as location becomes less of a constraint with online connection and working from home. However, our low-density population and challenging topography make commercial provision of digital infrastructure and services less attractive, and it is vital that our growth industries and all our people, no matter if they are in a city or a small town, have sufficient digital access and literacy to thrive and be productive into the future.

We appreciate the opportunity to provide this submission and look forward to further findings from the review. If we can elaborate or provide additional local data, please let me know.

Your sincerely

Jen Newman
Acting Chief Executive Officer



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