



Improving Australia's Productivity

The Australian Productivity Commission has invited input to their 2022 "Inquiry into Australia's productivity performance"

This brief note captures some key thoughts which in the opinion of the Tasmanian Small Business Council are germane to recognizing productivity enhancing opportunities.

It is recognized that the key elements of productive activity include human knowledge, skills, and activity, and the efficient harnessing and funding of plant, machinery, and services. Efficient and effective communication is also a necessary input.

Thinking in high level terms about these factors is suggested that:

- Communication is necessary to ensure that potential users of goods and services are informed of the availability because without this knowledge there could be no transaction to achieve utilization. Further it is well established that volume is a key element of productivity. Stated simply "nothing happens until a sale is made".
- Plant and machinery and their efficient utilization are recognized factors in achieving productivity as is well evidenced from the period described as "the Industrial revolution"
- The service sectors which have been identified as the fastest growing areas of employment opportunity in the coming decade and thus provide a focus point for achieving operational efficiencies.
- Funding availability to finance capital expansion, innovation and growth is also essential.

Each of these areas of activity can be broken down into numerous subsets and by achieving increased productivity in each and the opportunity will emerge for synergistic outcomes. It is likely that the fast-emerging technology sectors will be important contributors as their influence is applied in almost every field of endeavor. There is however a caveat around artificial intelligence as it seems unlikely that AI can develop any form of humanity.

As each and all these pathways develop there remains the one critical element which is necessary to achieve development and thus progress. The human element.

Today, as in the past thirty years since relevant data became available, more than half of the Australian population is denied the opportunity to contribute the full magnitude of their brain power and intelligence. They are functionally illiterate and functionally innumerate. They lack the ability to effectively gain knowledge and disseminate their skills and experience.

It is no accident that high levels of illiteracy and innumeracy prevail. We need to answer to the question of how it is possible that 51% of young people aged between 15 and 19 can

escape compulsory education while still being functionally illiterate and 57% functionally innumerate? This is evidenced by the ABS data series described as Prose Literacy.

The numerous impacts resulting from this situation must impact on Australia's productivity. For example, Social Service support is unproductive as is the Impact of individual and family economic failure.

There are many support programs, but they are addressing the symptoms, not the cause.

Australia invests heavily in education, yet we are content to fund a service that cannot even achieve a pass mark. Trade and university services also fail by allowing students to complete or archive a degree without adequate literacy and numeracy attainment.

If our education provision was considered as a commercial product the Australian Competition and Consumer Commission would condemn the product for its failure and report it as unsaleable.

We condemn half the young people growing up in Australia today to a life of ignorance and diminished opportunity for accomplishment.

It was said at the dawn of the personal computer age that now, we have access to all the knowledge in the world, but how good is that availability if we don't have the IT skills to access the computer or the ability to comprehend the written word?

Will the productivity of Australia be improved if the individuals can read and understand all the documentation that affects them and their families and respond correctly or avoid making costly, mistakes?

It is suggested that significant improvements could be made to the productive output of Australia if the brain power of an additional fifty percent of the population could be utilized for more positive outcomes.

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