

Premier's Economic & Social Recovery Advisory Council Final Report

March 2021

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In preparing this Final Report, we have had the benefit of considerable data and information from thousands of Tasmanians from all corners of the State. Our thinking has been informed by:

- published and unpublished data and information available to us;
- our multi-faceted consultation program with Tasmanians, including a well-being survey that over 3 000 people participated in and a program of 12 workshops around Tasmania examining potential COVID-19 scenarios; and
- information contained in submissions to us and through our online feedback portal.

We have made available on our website (www.pesrac.tas.gov.au) the submissions that we received during both phases of our work, and the outworking of our consultation processes. We have not sought to reproduce this information in this Final Report.

The Council would like to thank the team that comprises our Secretariat in supporting us in our work over our two phases, and the Departments that have made these people available to us.

Adrian Christian
Ben Goodsir
Luke Murphy-Gregory

Ilise Bourke
Kerry Hudson
Sam Thiessen

Mark Bowles
Cameron McLennan

Sophie Buchhorn
Nick Merse

The Council would also like to thank Prof Benjamin Brooks and Dr Steven Curmin of the University of Tasmania, and Ms Alicia Leis of Wise, Lord and Ferguson for facilitating our cross-sector workshops and regional roundtables.

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We acknowledge the ancient history of the Tasmanian Aboriginal people as the First People of lutriwita/Tasmania. For over 2 000 generations, the health and well-being of Tasmanian Aboriginal peoples has been, and continues to be, based on a deep and continuous connection to family, community and the land, sea and waterways.

OUR JOURNEY



COVID-19 has presented many challenges for Tasmanians, but it has created opportunities. The Council has looked for the changes needed to ensure that recovery from the pandemic will see Tasmania in a better place than it was at the start of 2020. We've done this by taking the diverse and deep experience of the Council members and applying it to the outcomes of one of the biggest community listening exercises undertaken in recent years. Our recommendations address the common barriers that Tasmanians have identified as blocking them building their own futures.

The Council's work has been both challenging and rewarding. Hearing first-hand in our workshops from people from a wide range of activities and regions gave me new insight into the passion that Tasmanians have for their community and their businesses. We live in a wonderful place and I am confident that our recommendations will support Tasmania's recovery from the pandemic and make it more resilient to the future shocks that come our way.

I am indebted to the work of my fellow Council members in preparing our Interim Report last July, which looked at immediate recovery needs, and their insights in shaping this Final Report. We have been well supported by a talented, enthusiastic, and committed Secretariat. My thanks also go to the agencies that made their exceptional people available to support our work.

Don Challen AM (Chair)



Our work has been built around the Tasmanians' visions for their future post COVID-19. In many ways the report is less about recovering to get back to the past than creating the future – the future Tasmanians want.

The conversation about that future started not with economics but with what kind of life do Tasmanians want. What do we value about life here? What do we need to fix and do better at? What do we need preserve and enhance because it is so central to what makes this Island special?

It has been a privilege to listen to Tasmanians answers to these questions and to work with my colleagues on the Council and the outstanding Secretariat that has supported us to try to craft a Report that seeks to do justice to those views and that finds way we might all work together for that future Tasmanians are seeking.

Rufus Black



I commend Peter Gutwein and his Government for their initiative to commission this report. While our time to consult, consider and prepare this report has been quite demanding, it has also been rewarding. The participation of over 3 500 Tasmanians who were prepared to contribute to this report has ensured we have the voice of a broad cross section of the people and has been very gratifying. We have also benefited from the help of a very talented and committed secretariat.

While full recovery over the next 2-5 years from the impacts of COVID-19 will present a challenge for all of us, the recommendations of this report when implemented will go a long way to achieving this outcome and have Tasmania remain one of the safest, most pristine and enjoyable places to live on our planet. To this end, we commend this report and its package of recommendations to Government and all Tasmanians.

Dale Elphinstone AO



It has been a privilege working with my fellow Councillors, our Secretariat and the Tasmanian community in shaping recommendations for all levels of government, all sides of politics and the broader community on how Tasmania can use the experience of pandemic to grow and become a better place.

It was particularly valuable to hear messages from the participants in our consultation process about what matters most to them: the importance of jobs, health and community; the need for greater connection to a digital world; the value in protecting and improving our natural environment; and the desire for our political, business and community leaders to unite behind substantial reform initiatives.

In the end what struck me most was the consistent viewpoint that, to stand out in a world that increasingly values what we love about Tasmania, we must truly deliver on the brand promise that we project to the world.

Tim Gardner



The unifying theme, the voices of Tasmanians contained within this report, is that our common purpose in the face of the global pandemic, the co-operative endeavours we have seen at all levels of society, must continue through the recovery period. New ways of thinking, new social and economic strategies to revive and grow business and restore jobs, new efficiencies in government to quicken the pace of recovery, encouraging a new layer of resilience to build on Tasmania's strong island character; a commitment to support people disadvantaged whose numbers have swelled because of the pandemic. And a determination to be even better than we were before as a special place in the world.

There's a temptation to suggest crises of this magnitude will change a place forever. Yet the remarkable and inspiring thing from our history and from our consultation is that the essence of what it is to be Tasmanian has not changed. The many challenges outlined in this Report, and the many recommendations to meet those challenges, are about weaving a stronger social fabric to wrap around us as we recover and to bolster Tasmania's defences against whatever the world throws at us.

Kym Goodes



As the potential social and economic implications of the COVID-19 pandemic became apparent, the Tasmanian State and Australian Federal governments were very quick to respond. The creation of PESRAC was one of the many State Government initiatives. A broad consultative process has been undertaken to develop the recommendations in the report, allowing many Tasmanians to have input. The recommendations reflect this broad cross section of voices.

As we all know, the impact of this pandemic will continue to be felt well after the health crisis is contained. The recommendations seek to address the expected implications of the next 2 to 5 years. I commend the process and the recommendations to the Tasmanian Government.

Samantha Hogg



COVID-19 has touched the lives of every Tasmanian.

As a community, we have shown great resilience in accepting and dealing with its impacts. This is not surprising, because Tasmanians are good at accepting challenges and working hard to get on with overcoming them.

It has been both a privilege and a pleasure, to work with other PESRAC members, and such a hard working Secretariat, to listen to the views of so many Tasmanians on what we should change or do differently to help us recover from the impacts of COVID-19 over the next 2-5 years. I have learnt a great deal from the 3 500 Tasmanians who have helped shape the recommendations within this report. While the recommendations are in and of themselves a new set of challenges, their implementation will not only help in our recovery journey, it will also help us ensure we prioritise our unique natural advantages and the resilience of the Tasmanian community into the future.

Leanne McLean



I have really enjoyed the opportunity to work with the members of the Council and our passionate and dedicated secretariat in preparing this report and thank the Premier and his Government for the opportunity to be involved. The Council approached its task with an open mind as to the best path forward and engaged extensively with a broad range of stakeholders during the process, thanks to you all for your insightful feedback and willing participation.

There is no doubt that COVID-19 has had a profound impact at a global, national and state level and is likely to do so for at least several years. We know that Tasmania has through a combination of strong leadership and fortunate circumstances managed to weather the pandemic very well to date in comparison to our peers, however the uncertain nature of the recovery path and the long-term structural challenges within our community reinforces that without intervention our economic and social outcomes are likely to be sub optimal as the recovery unfolds. Out of crisis comes the opportunity for change and we have heard from many Tasmanians on the opportunities for change that could be considered as a response to the recovery from COVID-19. We have carefully considered this in framing our report on the best path forward, identifying areas which we consider will help Tasmania in a material way recover and better position our community for a world that will not revert to a pre-COVID-19 state.

I would commend the report and our recommendations to the Government and all Tasmanians.

Paul Ranson



The challenging time the world is currently experiencing, along with a realisation that many of our previous structures, systems and behaviours were not adequate has given us the rare opportunity for a reset. To co-create a future where we hold all we treasure, stop doing things that are not working and begin a new approach where the opportunities are open to all.

We listened closely to what Tasmanians said we should hold on to, stop doing and begin afresh. You will see that reflected in the report's recommendations.

I am grateful for: being invited to be involved; the many people who engaged with the process, our hard working secretariat; those who supported me through the process and my diligent and enlightened advisory council colleagues.

I hope you see at the heart of our deliberations was a collective ambition for Tasmania and Tasmanians. This report and its recommendations are about helping Tasmania and Tasmanians to be the best version of themselves.

Brett Torossi

1 SETTING THE SCENE

Tasmanians know too well that recovery from a traumatic event takes time.

We know the deep and lasting impacts of disruptive events like bushfires and floods, and catastrophic events such as the Port Arthur massacre. Like many other shocks to our way of life involving the loss of lives, freedoms and livelihoods, long-term recovery from the COVID-19 pandemic will be complex.

Rebuilding bridges and roads is easy. Rebuilding community confidence and feelings of safety is not.

Recovery from a major traumatic and disruptive event like COVID-19 is not linear with a clear beginning, middle and end. Recovery is not certain. It doesn't have an end date and not everyone and every community will reach the same point of the journey at the same time.

For families who have lost loved ones, the long-term impact of their grief may mean that recovery is a concept reserved for others, not their reality of the impact of the pandemic.

And for many others, restrictions meant that they didn't see their new grandchild, couldn't farewell a loved one, didn't graduate, get married or start a new job or business. Rituals and traditions are core parts of our identity and missing life events will always impact recovery. Life moments were stolen by the pandemic and new moments were forged online. We learned new ways of connecting. We discovered new things about the importance of our connections to each other. What we do with these insights will also impact our long-term recovery.

The purpose of this second and final report is to provide advice to the Government on long-term recovery from the COVID-19 pandemic.

Just as we didn't know the immediate impacts of the pandemic, Tasmania's long-term recovery will be characterised by uncertainty. As this report is being written there are new clusters bringing new restrictions. There will be more border closures and openings, more flights cancelled and more disruption to supply and export lines. Some that have lost work through the pandemic are still to find new opportunity. The next few months are particularly worrying for many Tasmanians who have received additional income support for about a year and will face the reality of returning to having less money to pay for food, housing and supporting their families.

Tasmania got through the initial impacts of the pandemic because we all followed tough restrictions. We followed the rules in difficult circumstances. The uncertainty surrounding the virus and the restrictions put in place to contain it have all had an impact on the well-being of Tasmanians. Together, we have been resilient in the face of these challenges. Tasmanians showed strength, compassion, kindness and resilience. These traits will be key to long-term recovery.

The impacts of disruptive events are never straightforward. While Tasmanians have experience with disasters, each one is unique and characterised by its intensity and economic and social context. Tasmania's socio-economic challenges predated COVID-19 and have been exacerbated by the pandemic. Response measures have also masked challenges, so that it may be difficult to identify those that have arisen because of COVID-19 and those that are more structural and harder to remediate. COVID-19 was unprecedented and the challenges arising for long-term recovery are equally complex.

When faced with a challenge, Tasmanians will double down and push through. We try harder and work smarter and quietly get on with supporting each other. It is at these moments that we see local communities coming together and shining. We stay positive and see opportunities where others think there are none. This is what Tasmanians told us. We heard that while the recovery road ahead may be long, hard and uncertain, Tasmanians are ready for the challenges and the opportunities presented by COVID-19.

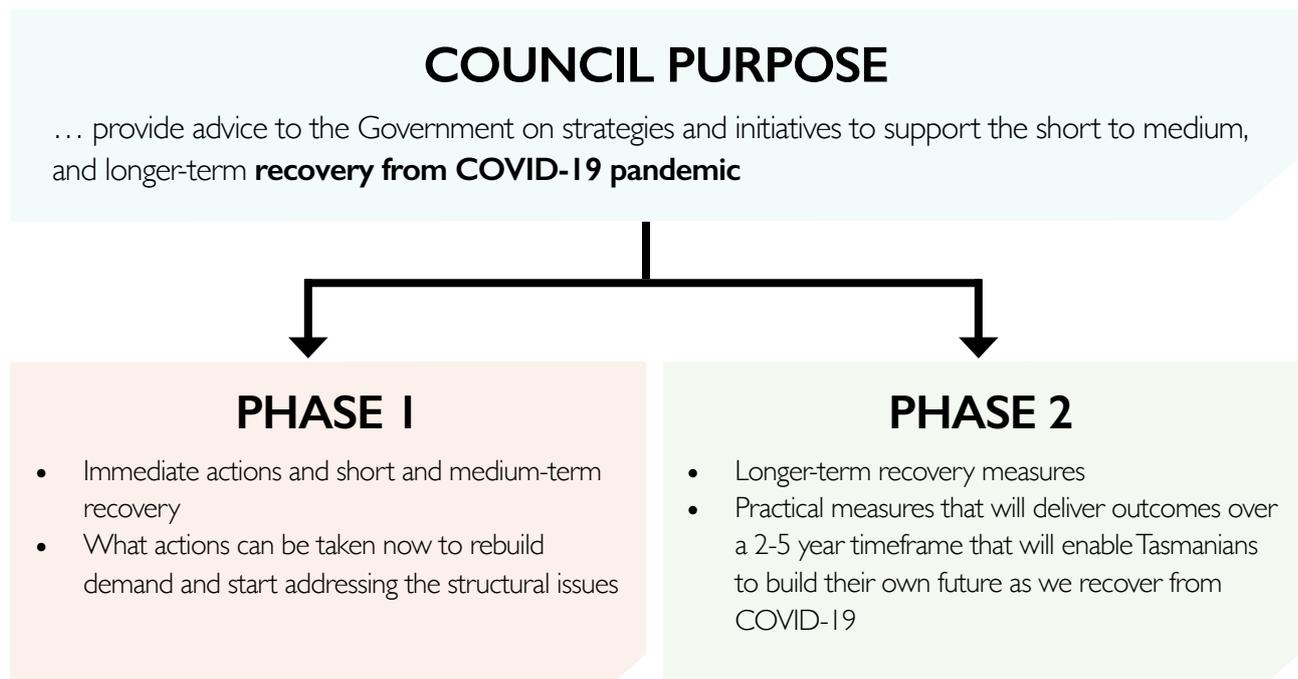
This report charts some of the measures Tasmanians told us will enable them to build their own future as we continue to respond to and recover from COVID-19. Recovery isn't just about restoring what we had before. Recovery is also about building stronger, smarter, better. The recommendations in this report will support that journey at a state-wide and local level.

This report can be read in the context of our Interim Report on the immediate actions to progress short and medium-term recovery (<https://www.pesrac.tas.gov.au/reports>). Our Interim Report contains the historical context of COVID-19 for this report.

The Government accepted all our Interim Report recommendations and from August 2020 onwards has been working through implementation processes. This has included substantial new funding to support many of our recommended approaches, as outlined in the 2020-21 State Budget.

During our second phase we have been working on the remaining task identified in our Terms of Reference (see Appendix I), to consider longer-term recovery measures (see Figure I.1).

Figure I.1: Council purpose



For this phase of our work, we have defined the longer-term to be a period of 2-5 years from the initial incidence of COVID-19 - so the period 2022 to 2025. Our focus has been to develop recommendations for practical actions that can be taken by governments, business and the community to enable Tasmanians to build their own future as we recover from COVID-19.

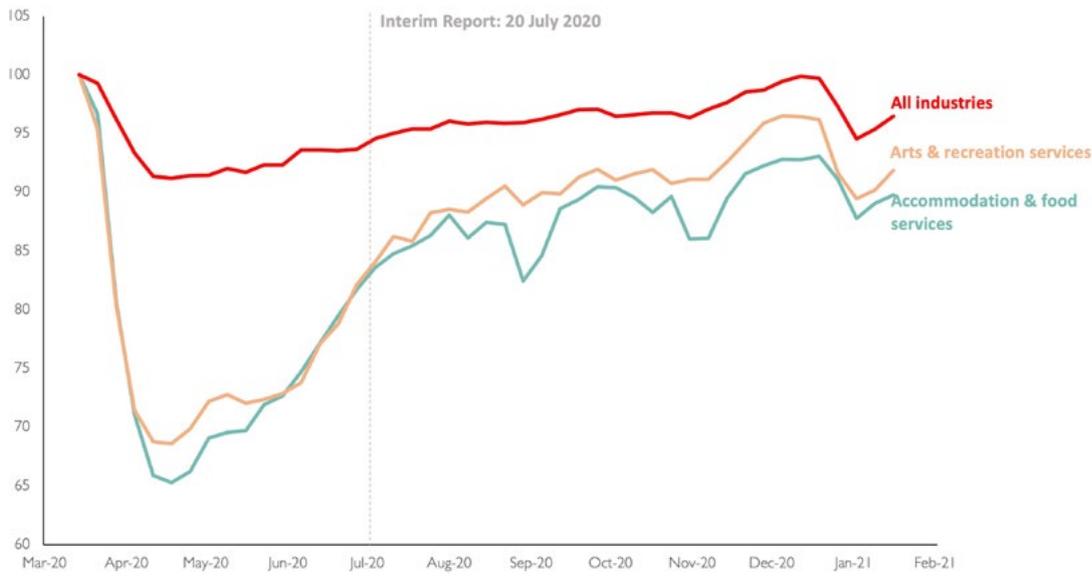
Looking over a 2-5 year timeframe means we have had to use a very different approach from our Interim Report.

There is considerable uncertainty in determining the longer-term impacts of COVID-19 for Tasmania, including:

- the future of the virus and new strains emerging;
- the availability, uptake and efficacy of vaccines;
- the potential for continued outbreaks across Australia;
- the impact of the progressive removal of some of the key economic supports provided by the Australian Government, particularly income support measures ceasing at the end of March 2021; and
- the expected unwinding of other response measures, such as residential/commercial tenancy measures, support from financial institutions, and temporary changes to bankruptcy and insolvency laws.

Some of the initial changes observed in the first few months of the pandemic have shifted over time. As one example, we can see that the employment outcomes for Tasmanians have been fluid, as highlighted in the charts over the page.

Figure 1.2: Payroll jobs index: COVID-19 impacts on jobs in the hospitality, tourism and arts sectors, compared to all sectors



Source: Weekly Payroll Jobs and Wages in Australia, ABS

Figure 1.3: Payroll jobs index - COVID-19 impacts on the jobs of women and men



Source: Weekly Payroll Jobs and Wages in Australia, ABS

Figure 1.4: Payroll jobs index - COVID-19 impacts on young workers, compared to all ages

Source: *Weekly Payroll Jobs and Wages in Australia*, ABS

The large divergence of impacts on people's jobs between sectors, gender and age groups has narrowed significantly since our Interim Report and, no doubt in a year's time, the data will have moved again, so taking a longer-term view can't practically be based on observable data today.

To develop our thinking about longer-term recovery, we sought views from Tasmanians about what the future could hold - what challenges might COVID-19 present to them, what opportunities could arise, and what would need to change over our 2-5 year period to capture those opportunities.

We are proud of the breadth of our consultation program (summarised in Figure 1.5), as it has provided the opportunity for about 3 500 people to be involved, directly feeding their insights and ideas to us.

We asked Tasmanians what is important to them, both in general terms, and in relation to COVID-19 recovery. To achieve this, we worked with the University of Tasmania to develop a survey based on the well-established OECD Better Life Index to gain these insights. It has provided an evidence base and a balanced well-being platform for setting the priority areas for our recommendations.

We sat alongside over 100 people from community and business sectors in nine workshops to get on-the-ground insights about COVID-19 implications and recovery options, rather than merely relying on typical submission-based input. We watched as they worked together to explore two potential future scenarios of the COVID-19 pandemic. We obtained rich insights into the consequences, constraints and opportunities our community could face in each scenario (explained in the next chapter).

We took the outcomes that these workshop participants identified as the most important to three regional roundtables. We wanted to speak to regional Tasmanians, to ensure the voice of our dispersed communities, outside urban centres, was heard. These gave us another perspective on the recovery ideas coming out of the cross-sector workshops.

Figure 1.5: Our consultation approach

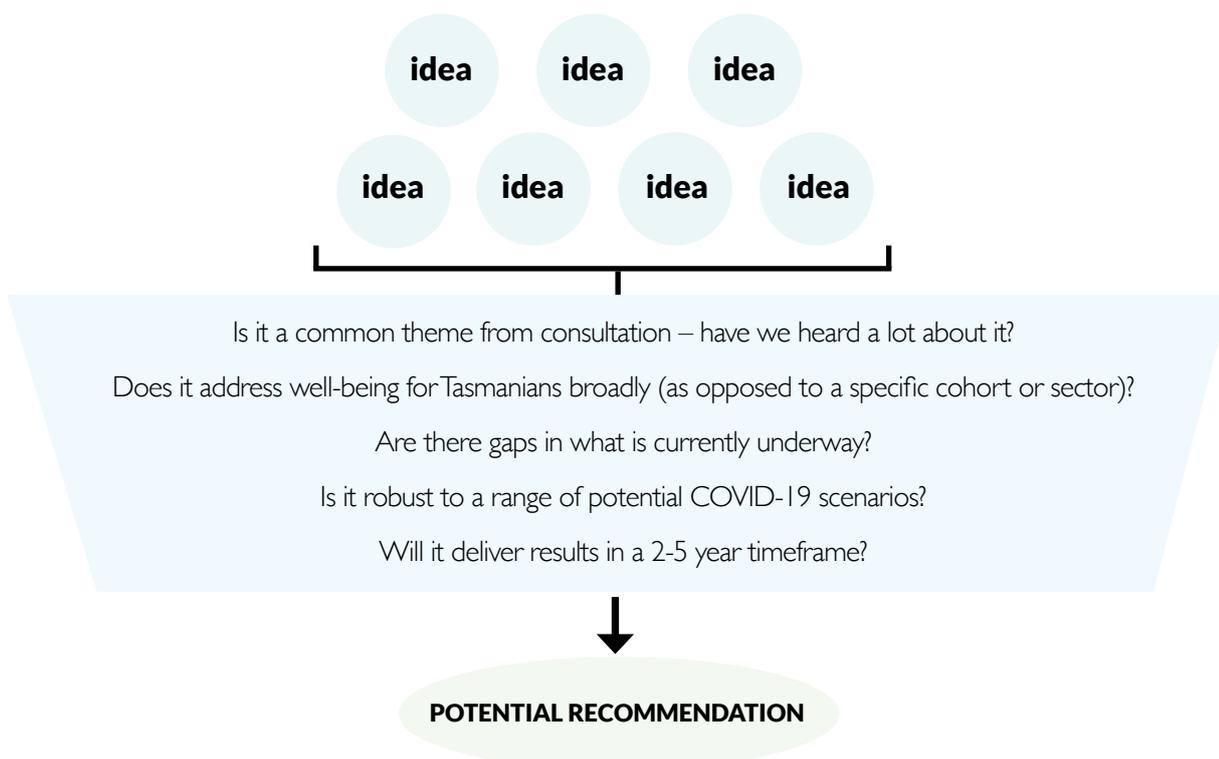


We framed our recommendations by listening to this input, and by considering nearly 100 submissions and about 70 short-form recovery ideas that were submitted to us online as a part of our consultation.

As you will see, our recommendations are founded on what we heard from the Tasmanian community - ours are very much 'community-led' recommendations.

Tasmanians gave us a huge number of ideas through consultation. It's all available on our website. To help us develop these ideas into whole of State priorities and recommendations for economic and social recovery, we filtered them through a set of principles, summarised in Figure 1.6, below.

Figure 1.6: Council's principles



Ideas that satisfied each of these five principles were taken on to develop our recovery narrative and recommendations. The result is a set of key proposals for whole-of-State recovery. In this report, we have not presented any cohort-specific, sector specific or region-specific recommendations. That was the focus of our Interim Report. For that reason, you will not find recommendations in this report specifically about the agriculture sector, women, or young people, for example. Similarly, because there is a major effort under way through the *T21 Visitor Economy Action Plan*, we have not developed recommendations specific to the tourism industry.

While not leading to recommendations in this report, our cross-sector workshops and roundtables provided a wealth of material for sectors, cohorts and regions. We combed the outputs looking for common themes and whole-of-State priorities to inform our recommendations, but much more is still to be made of the information we have harvested. All the resources from the workshops are available on our website.

We encourage Tasmanian entities and organisations to use this information and the methodology we used as a tool for considering their own COVID-19 recovery strategies.

We know that the economic and social implications of COVID-19 and the associated suppression measures are highly inter-linked, and recovery will require approaches on both fronts.

Accordingly, and as highlighted in our Interim Report, we have adopted a well-being lens to this second phase of our work. This is consistent with the existing State Government commitment to develop Tasmania's first-ever strategy to improve the well-being of Tasmanian children and young people. This is a strategy we wholeheartedly support as a key driver of economic and social recovery in the medium and longer-term.

A well-being focus balances the importance of the things that make a good life in Tasmania. These include having a job or income security, accessing the basics such as food and housing, being healthy, loved and safe, having access to learning, connecting with culture and family, and enjoying everything our State has to offer. It highlights the importance of jobs in supporting people in Tasmanian communities throughout all aspects of their lives.

Our recommendations in this Final Report are focussed on the dimensions of well-being that Tasmanians have told us matter most, and those that have been most impacted by COVID-19. The aim of our recommendations is to build recovery, resilience and opportunity. Accordingly, our recommendations have to be robust to whatever future direction COVID-19 might take.

Some of the changes we are recommending were needed prior to the emergence of COVID-19, with the pandemic providing additional impetus for action.

Even if Tasmania remains fortunate enough to avoid the worst of COVID-19, there will be other shocks and challenges facing the State in the future - be they natural disasters or other issues (including geopolitical tensions and uncertainty in global trading conditions). Our recommendations will fortify Tasmania's capacity to withstand future challenges, COVID-related or otherwise.

If, on the other hand, our experience with COVID-19 is more troubled, the necessity of our recommendations become even more paramount.

Just as it took all of us working together to 'flatten the curve', it will take a whole of Tasmania approach to recover from COVID-19's impacts.

The Government must lead but cannot shoulder the whole responsibility for recovery. Every Tasmanian has a part to play in the recovery from the pandemic and in building a better Tasmania. Our consultation has reinforced that Tasmanians have a willingness for this task. Our recommendations are not just for the State Government, they are for all Tasmanian organisations and our community.

Listening to Tasmanians, we have identified necessary changes to some of our important public institutions. These would ensure that key areas of public service delivery are better positioned to operate effectively and sustainably into the future. They involve all levels of government.

While we are reporting to the Premier, we strongly urge all of Tasmania's political leaders to take note of what Tasmanians have told us. Tasmanians have called for better approaches that give every Tasmanian a better chance of success in areas like preparing for work, getting a job, and navigating the digital world.

We recognise that there is not an endless supply of funds within Government, so addressing these priorities means that some other things will have to be set aside if COVID-19 recovery is to be the priority so many are calling for. These are, of course, the choices for governments to make.

2 OUR APPROACH

When the Premier asked the Council to bring him options, it's not just the voice of the Council he wants to hear, it's the voice of all Tasmanians.

Accordingly, to develop our understanding of the medium and longer-term consequences of COVID-19 and to assist in the development of approaches for recovery, we wanted wide-ranging input from Tasmanians.

To ensure all Tasmanians were given the opportunity to provide feedback and to share their experiences and recovery ideas, we provided several mechanisms through which people could engage with us. The Premier described our approach as the most comprehensive consultation program in 20 years, and we are proud of how we have gone about engaging with Tasmanians.

Our consultation consisted of:

- written submissions and general correspondence;
- an online feedback and recovery ideas form;
- a well-being survey, open to all Tasmanians;
- state-wide cross-sector workshops; and
- state-wide regional roundtables.

Each of these is explained in more detail below.

2.1 Written Submissions and General Correspondence

As in Phase 1, the Council encouraged anyone wishing to make a written submission, to do so directly to its Secretariat. Consistent with our focus for Phase 2, the Council was especially interested in ideas that could help to empower Tasmanians and Tasmanian organisations to build their own future on the pathway to recovery over the medium to longer term.

During Phase 2, the Council received 97 submissions and pieces of correspondence from individuals, businesses and community organisations. These are all available on our website.

The submissions and correspondence covered a variety of social, economic and environmental issues, and provided us with insight into the impacts of COVID-19 on all Tasmanians.

Most written submissions covered issues related to economic activity (growing and supporting local businesses, finding new export markets, investing in major projects, etc.) and job creation.

Some other themes in submissions were:

- potential social programs and community-led recovery initiatives;
- health and mental health impacts of COVID-19 and potential recovery strategies;
- social housing requirements and recommendations to improve supply;
- training and skill development;
- access to the basics such as food security programs and transport issues;
- impacts of COVID-19 on certain cohorts, including vulnerable and disadvantaged groups in our community, and potential recovery strategies;
- impacts and recovery pathways for those in the arts and creative services sector;
- impacts on local government and its capacity to deliver services (such as planning and permitting) as part of recovery strategies;

- environmental issues and strategies such as climate change and circular economy; and
- development proposals from private individuals and companies.

Input from the submission process has helped shape our thinking and provided valuable information on which to form our advice and recommendations in this Final Report.

2.2 Online Feedback and Recovery Ideas Form

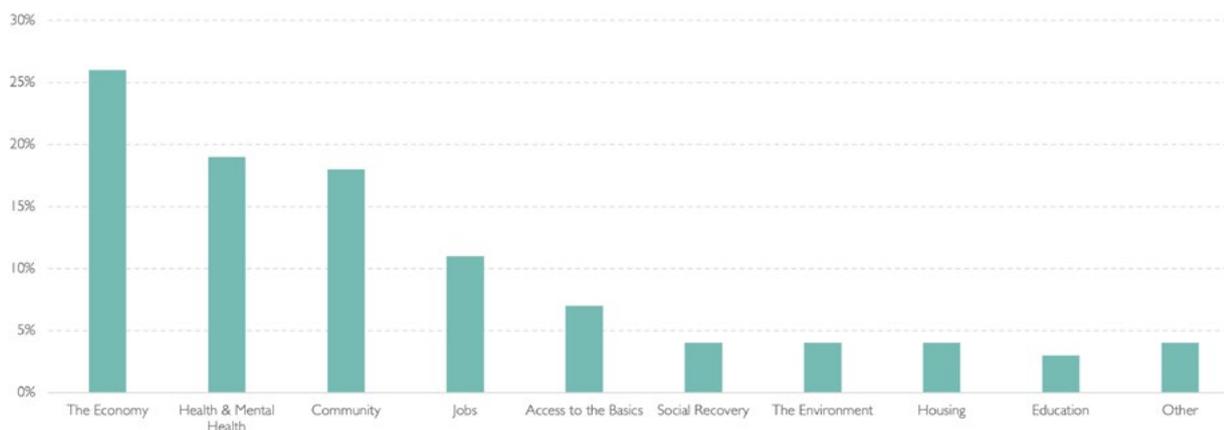
In October 2020, we launched an online feedback and recovery ideas form on our website. The purpose was to provide a simple means by which Tasmanians could give their input on longer-term recovery ideas and approaches in a short, sharp format.

Respondents were asked to categorise their feedback and recovery ideas via a drop down menu to better help us filter it. The categories included education, social recovery, the environment, housing, access to the basics, jobs, the economy, community, and health and mental health.

The online feedback form closed on 30 November 2020 with 73 submissions.

Figure 2.1 illustrates the responses by category. The top three identified categories were: *the economy, health and mental health, and community.*

Figure 2.1: Online feedback, responses by category



2.3 Well-Being Survey

To understand the impacts of the pandemic on Tasmanians, we commissioned the Institute for Social Change at the University of Tasmania to undertake a survey dealing with people's experience during COVID-19. This built on other work of the Institute into the impacts of COVID-19 in Tasmania.

We wanted to understand what is important to Tasmanians from a well-being perspective. We wanted the opportunity for people to tell us about how COVID-19 has impacted on their well-being and to gain insight into their future priorities.

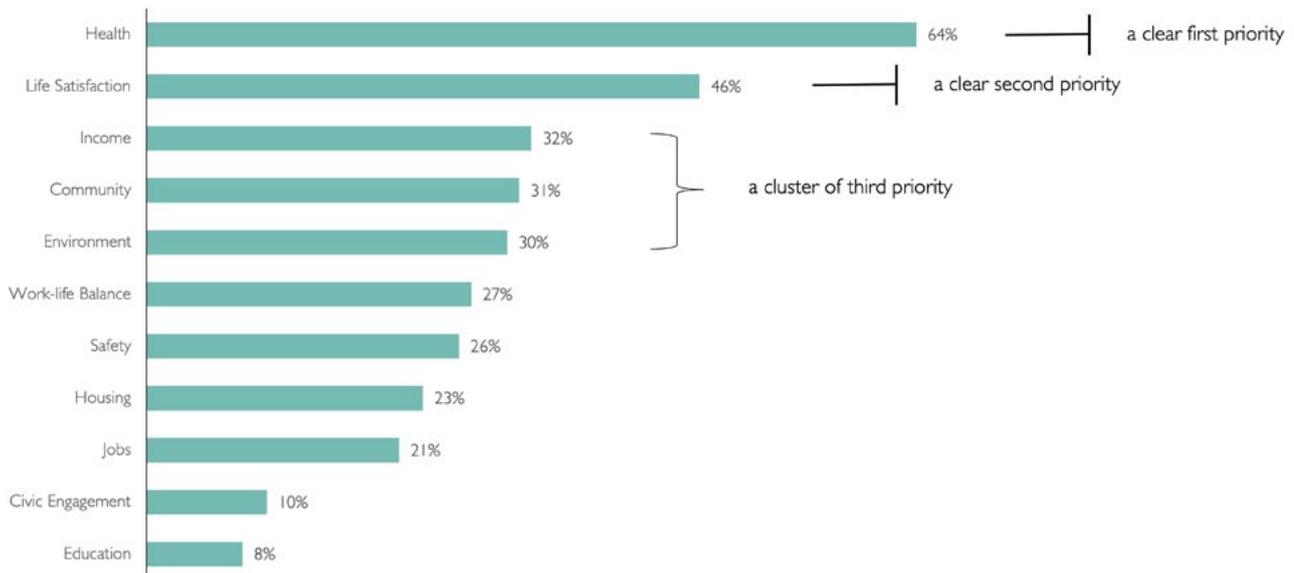
The survey used the OECD's *Better Life Index*¹ as a 'well-being' framework and adapted the descriptors of the indicators for a Tasmanian context.

The survey was open to all Tasmanians aged over 18 years, and various approaches were used to encourage participation (explained in the Survey Report on our website).

More than 3000 Tasmanians participated in the survey, with the final sample of fully completed responses being 2354. Because the survey was not a random sample of the Tasmanian population, the direct results from participants do not necessarily give a complete picture of how COVID-19 has impacted the overall Tasmanian community. However, the Institute developed an approach that enables the survey responses to be translated into whole-of-Tasmania outcomes, and these are discussed below.

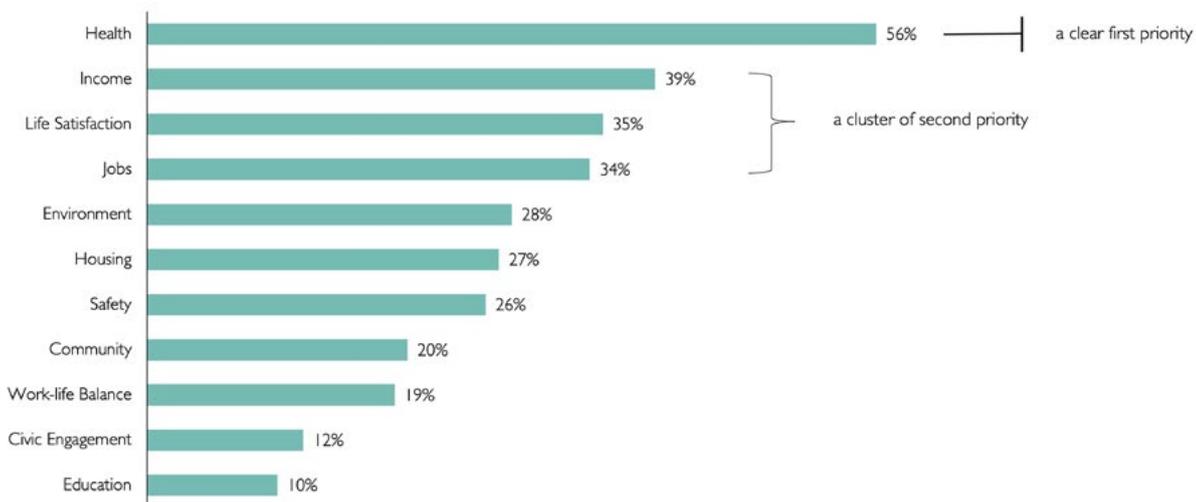
Survey outcomes suggest that for Tasmania as a whole, the top three priorities from the 11 well-being indicators are *Health* - a clear first place - followed by *Life Satisfaction* and *Income*.

Figure 2.2: Important for 'my well-being' (weighted results)



In relation to 'concerns for the future', the survey results suggest that Tasmanians again strongly prioritise *Health*, with *Income* coming second and then *Life Satisfaction* and *Jobs*.

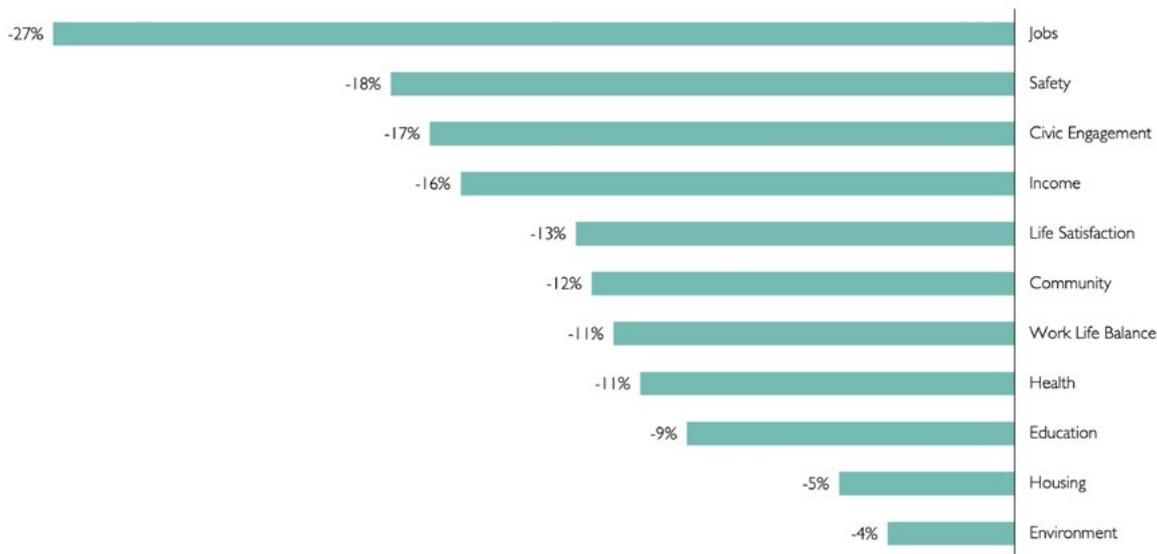
Figure 2.3: Concerns for the future (weighted results)



To gain an insight into the impacts of COVID-19 on well-being, we asked participants their level of satisfaction with each of the indicators prior to COVID-19, and their satisfaction at the time they completed the survey (i.e. during COVID-19).

Interestingly, the results show a decline for every measure of well-being between pre-COVID and October/November 2020, when the survey was completed. However, there was a stand-out result - the reduction in the reported levels of satisfaction with jobs. The results suggest that over a quarter of Tasmanians are less satisfied with Jobs during COVID-19 relative to pre-COVID. The second cluster of negative impacts was in *Safety and Civic Engagement and Income*.

Figure 2.4: Reported reduction in satisfaction - pre-COVID-19 to 'now' (weighted results)



The full well-being survey report is available on our website. In it you can find comprehensive information on outcomes across the 11 well-being indicators by age and location, and there is considerable detail on the qualitative data we gained through the survey. We have drawn on this information throughout this Final Report.

2.4 Cross-Sector Workshops

What we did

Throughout October and November 2020, we held nine cross-sector workshops across the State to examine the consequences, constraints and opportunities that two different COVID-19 scenarios could hold for Tasmania in 2023.

The cross-sector clusters were:

- agriculture, food and beverage;
- infrastructure and logistics;
- tourism, hospitality, heritage and culture;
- retail, SMEs and professional services;
- mining, manufacturing, forestry and construction;
- services to people;
- community development and civic society;
- education, skills and job services; and
- energy, circular economy and blue economy.

In total, 112 people with diverse backgrounds and experience participated in the cross-sector workshops. Participants were selected based on suggestions from peak bodies and industry networks. We went to great lengths to hear voices other than those that are typically prominent in these forums.

For the workshops, we developed two potential future COVID-19 scenarios for Tasmania. The scenarios were stories of how COVID-19 might play out over the next three years. They were used as part of a process to gather ideas from participants about potential economic and social recovery strategies in the context of a very uncertain future.

One scenario was based on a 'v-shaped' economic recovery, where a vaccine roll out is successful over the next two years and social impacts are returning to 'normal'. The other was an 'L-shaped' economic recovery, where the vaccine strategy is less successful, and Tasmania and Australia continue to face material COVID-19 case numbers over the next two years, and social impacts are substantial (a detailed explanation of the scenarios is available in Appendix 2).

Our scenario work was not seeking to predict the future path of COVID-19. Rather, it was designed to get workshop participants to move beyond the immediacy of the 'here and now', and to think about two quite different potential paths COVID-19 might take and what they would mean for Tasmania.

Workshop participants were asked to consider the consequences, constraints and opportunities for each scenario in the context of five themes, as identified by the Council:

- future economic activity;
- workforce readiness and skills;
- access to the basics;
- physical and mental health; and
- community and connection.

The methodology we used to undertake the workshops was developed by the University of Tasmania in the context of emergency management and it has been applied for considering COVID-19 recovery in Western Australia and nationally, as well as in a range of disaster recovery and resilience applications by the public and private sectors. The founders of this approach assisted us with conducting our workshops.

What we discovered

The cross-sector workshops produced a significant amount of raw material covering the consequences, constraints and opportunities of the two scenarios, all of which is available on our website.

From this information, we produced a summary document of the 124 key opportunities, as voted by participants across all nine workshops (that too is available on our website).

To aid in digesting and explaining all that information, we organised all 124 key opportunities into 28 topics.

Table 2.1 shows the 28 topics, and their relative importance across the nine workshops.

Table 2.1: 28 Priority topics from the cross-sector workshops as identified by participants

TIER 1 HIGH PRIORITY (raised in the majority of workshops)	TIER 2 MEDIUM PRIORITY (raised in several workshops)	TIER 3 LOW PRIORITY (raised in a small number of workshops)
<ol style="list-style-type: none"> 1. Build on Tasmania's competitive advantage 2. Build on Tasmania's Brand 3. New markets & opportunities 4. Environment – asset & social/economic benefit 5. Improve, increase & expand inter-industry collaboration 6. Industry led training 7. Job matching – aligning students, employers & training 8. Job ready Tasmanians 9. Digital connectivity – access to participate in the modern world 10. Tackle mental health at community level 11. Community engagement & leadership 12. Planning, building & permitting processes 	<ol style="list-style-type: none"> 13. Population growth & diversity 14. Business growth opportunities 15. Business resilience 16. Labour mobility & flexibility 17. Access to appropriate & affordable housing 18. Community connection 19. Revised funding models 20. Local government reform/changes 	<ol style="list-style-type: none"> 21. First class quarantine arrangements 22. Foster & support an entrepreneurial culture 23. Education delivery 24. Access to healthy food 25. Access to transport 26. New service delivery models 27. State Government reform/changes 28. Looking outwards, not inwards

The strongest themes emerging from our cross-sector workshops were about:

- building economic opportunities and increasing jobs;
- the need to improve skills and training to support economic activity and to provide a pathway for people into work;
- the importance of digital connectivity for both economic and social inclusion reasons;
- community engagement and leadership; and
- tackling mental health at the community level.

2.5 Regional Roundtables

What we did

Having gained an insight into recovery priorities from a cross-sector perspective, we wanted to understand how these resonated with regional Tasmania. We did this because in our view, the voice of regional Tasmania is sometimes underrepresented in processes like ours, and because we are aware there are very real differences for regional Tasmania, relative to our urban and city areas.

In December 2020, we held three regional roundtables across the State (South, North and North-West). Attendees at the regional roundtables included representatives from local chambers of commerce, regional councils and development authorities, and locally-based social service and community providers. We also invited regional representatives of the key Tasmanian peak organisations to each of the roundtables, including the TCCI, TasCOSS and Unions Tasmania.

In the roundtables, we 'played-back' the key opportunities from the cross-sector workshops, to see which ones rang truest for regional Tasmania and why, and the role regional Tasmania could play in implementing the ones they considered to be important.

Our roundtables consisted of four linked activities:

1. prioritising opportunities and associated potential implementation issues from a regional perspective;
2. identifying how regional Tasmania could contribute to the priorities they identified in the first activity;
3. providing participants the opportunity to deliver any important messages to us (either related to the cross-sector priorities or any other matter); and
4. inviting participants to vote for their top three priorities across the eight broad themes, to provide an overall sense of priority back to us.

What we discovered

Figure 2.5 shows the outcomes of that voting across all three regional roundtables.

Overall, results from the regional roundtables showed there was a strong emphasis on the need to generate economic activity and to address education, skills and jobs. Access to the basics and community connectedness emerged as second-tier priorities.

Figure 2.5: Priorities as identified in the regional roundtables (share of all votes)

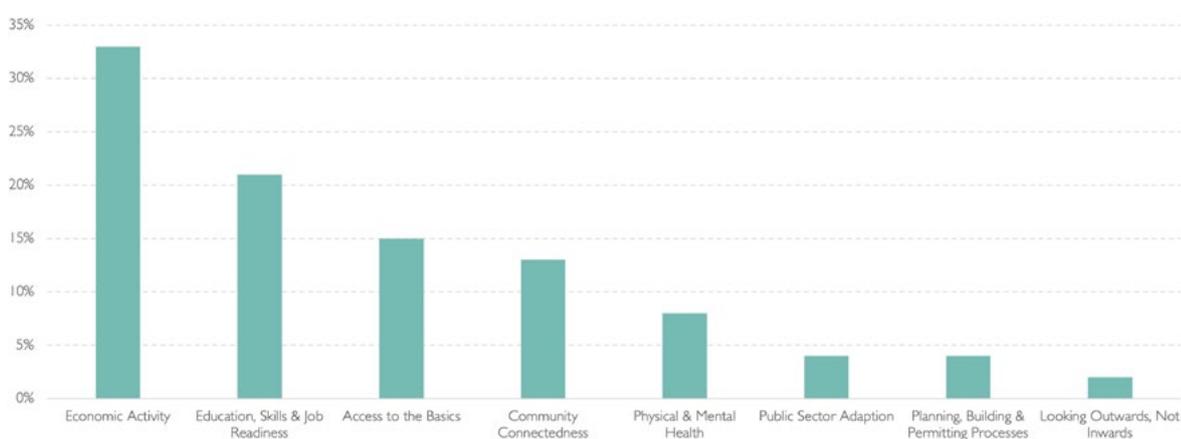


Table 2.2 highlights each region's top four recovery strategy topics. We found a lot of commonality between the regions, particularly with regards to the topic of Economic Activity, which was a clear first priority for each.

Table 2.2: Priorities by region

Southern Roundtable	Northern Roundtable	North West Roundtable
1. Economic Activity (31%)	1. Economic Activity (34%)	1. Economic Activity (33%)
2. Community (21%)	2. Education, Skills & Jobs (16%)	2. Education, Skills & Jobs (19%)
3. Education, Skills & Jobs (19%)	3. Access to the Basics (16%)	3. Access to the Basics (18%)
4. Access to the Basics (11%)	4. Physical & Mental Health (16%)	4. Looking Outwards (6%)

The regional roundtables also provided participants with an opportunity to directly inform the Council what their key messages were from a regional perspective. In brief, these were:

- regional Tasmania is a partner for recovery - it is a powerhouse for many aspects of the Tasmanian economy and greater community involvement is needed to achieve 'local solutions to local problems';
- a 'mindset' change is required to encourage bold thinking and strategic planning, and that making a sustained recovery will require cultural changes;
- there is widespread attraction to the Tasmanian brand and we need to ensure Tasmanians and Tasmanian business are embedding sustainability into their business-as-usual approaches;

- building capacity starts from within - better connecting job ready Tasmanians with employment opportunities is critical. Current arrangements through the Australian Government are not delivering and a place-based approach will deliver better outcomes;
- the circular economy is key to Tasmania's future;
- funding models for community sector entities need to be changed to deliver tangible outcomes over the next 2-5 year period;
- digital connectivity is key for regional Tasmania to empower business, attract new talent and make the regions more attractive as a place to live and work;
- Tasmania needs to activate migration strategies that bring people to the regions to live and work; and
- Government agencies need to work more closely together in regional Tasmania where resources are generally more thinly spread.

The complete outputs from the regional roundtables are available on our website.

2.6 Stepping Back - The Main Messages

When we consider the very substantial input we have received from Tasmanians across our consultation processes, there are a few key messages that are clear. Those messages have assisted us framing our recommendations.

Firstly, the Tasmanian community has underlined the importance of rebuilding economic activity and jobs as well as the skills and training required for work. These were the overwhelming themes emerging from our cross-sector workshops and this was reinforced through the regional roundtables. When we look to our submissions, and the online feedback, the economy and jobs also stood out as the most important topic. Our well-being survey showed that income and jobs ranked second and fourth in priority as concerns for the future. Accordingly, we have placed a priority on the development of recommendations around the well-being indicators of income and jobs.

The second key message is the priority Tasmanians place on health and mental health. The well-being survey clearly demonstrates that health is Tasmanians' number one priority in relation to their well-being, and is their number one concern for the future.

Because of the effectiveness of the suppression strategies in minimising the exposure of Tasmanians to COVID-19, the well-being survey showed there was only a small decline in people's satisfaction with their health during the peak suppression period.

When we look to our other consultation processes, mental health dominated recovery thinking in the context of health, more so than physical health. Accordingly, we have also placed a priority on the development of recommendations around the well-being indicator of health, focussing on mental health (as well as factors that support our health, such as food). Housing also featured as a concern for Tasmanians in various consultation processes. It was often raised in relation to health and mental health - but also other factors such as jobs and safety, etc. Accordingly, we have placed a priority on the development of recommendations around the well-being indicators of health and housing.

The third key message we have taken away is the importance of community, and place-based responses to recovery, particularly from our cross-sector workshops and the regional roundtables.

Community featured as the fourth most important indicator for Tasmanians' well-being, and while the impact of the COVID-19 suppression measures has interfered with the functioning of some community supports, the pandemic has also driven home to many Tasmanians a real sense of re-connecting with community in a way many found surprising. For some, it reinforced what is special about being Tasmanian - the sense of connectedness.

The rapid transition to online services and digital technologies also reinforced the need for better digital connectivity, particularly for those members of our communities with low digital inclusion. We know that through COVID-19 lockdown, many Tasmanians with low digital capability felt great levels of isolation and exclusion.

Accordingly, we have placed a priority on the development of recommendations around the well-being indicator of community.

Finally, the importance of the environment to Tasmanians has very much come through our consultation processes. The well-being survey showed that this is the fifth most important indicator for both well-being and in relation to Tasmanians' concerns for the future.

The survey highlighted to us that the environment plays a key role in Tasmanians' recreation and leisure, and is seen by Tasmanians as important to maintain Tasmania's brand.

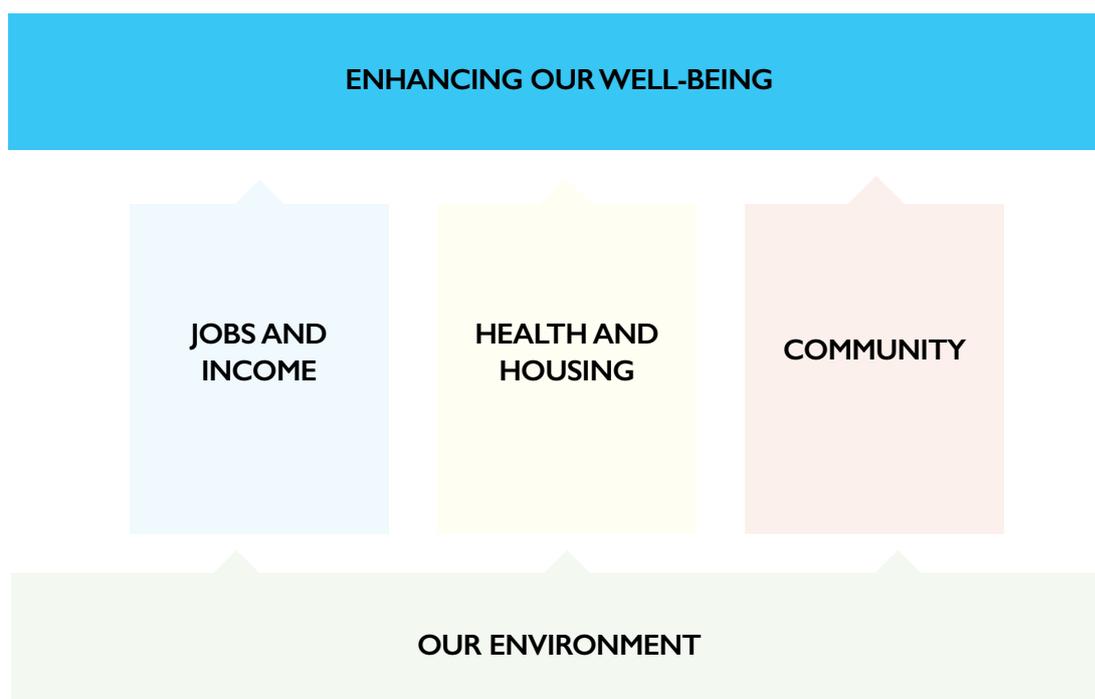
Our cross-sector workshops and regional roundtables had much to say about the importance of the environment in underpinning the State's competitive advantage and the jobs and economic activity supported by it.

These sessions also highlighted that with global shifts toward greater environmental awareness, there are both real opportunities for Tasmania (emerging industries and renewable energy), and the threat to our current position if our brand promise is not backed up by demonstrated environmental outcomes. Accordingly, we see the well-being indicator of environment as the foundation upon which the other recommendations are based.

This is not to suggest the remaining five OECD well-being indicators are not of importance - they certainly are. However, the sense we have emerging from our consultation processes is that focussing on these six well-being indicators as priorities for recovery (see Figure 2.6), will best improve Tasmanians' overall sense of well-being, and in so doing, build longer-term recovery from COVID-19.

The very essence of well-being is that these indicators are not independent - they are interdependent factors that underpin well-being.

Figure 2.6: Key well-being drivers for enhancing the well-being of Tasmanians



While recovery is in the hands of all Tasmanians, we know that our public sector institutions in Tasmania - local government, the State Government, and our public sector businesses - will shoulder much of the load.

The ability of our public sector institutions to rapidly respond to emerging needs is paramount, given the uncertainty over how COVID-19 might manifest in the medium and longer-term. Accordingly, we have developed recommendations to improving the capacity of Tasmania's public sector as an enabler for recovery.

The following chapters address the six key well-being indicators for recovery and also the importance of the capacity of the public sector to respond during the recovery.

3 JOBS AND INCOME

IN A NUTSHELL...

- Tasmanians told us that jobs and income are key pillars of well-being. They are essential in building their own futures.
- There are three key areas for improving jobs and income: creating jobs through growing economic opportunities; ensuring people have the right skills; and connecting people to jobs.
- New employment opportunities for Tasmanians can't be solely driven by public sector activity. Private sector investment is key in job creation, in both large and small enterprises. While protecting sustainability and community values, governments must do more to transparently support bringing major investments from the drawing board to action.
- Education and training, and TasTAFE in particular, are key to recovery. Under its current model, TasTAFE is not sufficiently responsive to help Tasmanians gain the skills needed by employers.
- Removing employment barriers and better matching job seekers with employers is needed. We are recommending locally led job networks as a key part of recovery. We call them Jobs Tasmania Local Networks.

TASMANIAN VOICES - COMMENTS FROM OUR SURVEY...

"Invest in long-term projects to build Tasmania's capacity."

"Knowing that there would be a role for me to fill at the end of the education or training. Not just doing it for the sake of it."

"Look into helping people who were made redundant due to COVID-19 find a new job."

"A personalised careers service that looked at my situation holistically, including what motivates me and what I need to put in to get a worthwhile rewarding career in a growth area."

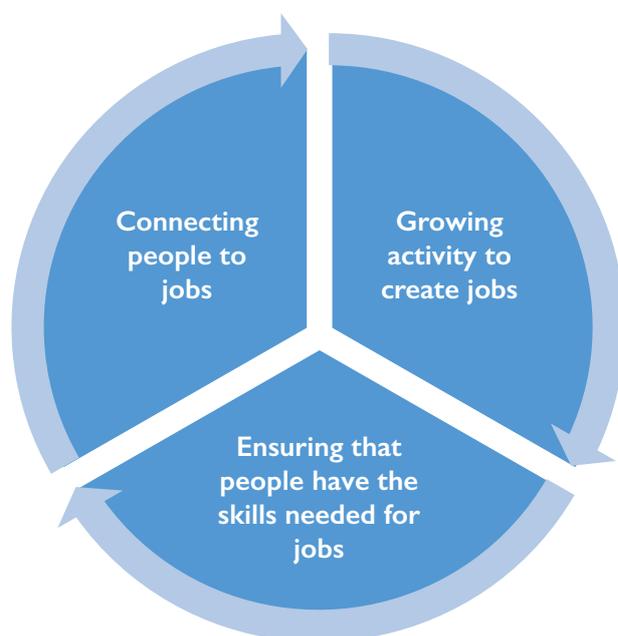
3.1 Introduction

Pursuing opportunities to grow jobs and income was a stand-out priority in all our consultation forums. Our well-being survey showed that jobs was the most negatively impacted dimension of well-being as a result of COVID-19. As concerns for the future, income and jobs rated second and fourth respectively.

While the recent growth in employment is a sign of growing confidence, the coming withdrawal of government income and other supports, the uncertain pathway of COVID-19 vaccinations, and other global risks (such as trade barriers) mean we must capture opportunities for growth and ensure Tasmanians benefit from the jobs and income opportunities that result.

There are three linked aspects to the challenge, as described in Figure 3.1. The very loud message from our consultation is that work is required in all three areas if there is to be genuine and lasting change in employment opportunities for Tasmanians.

Figure 3.1: The building blocks for improving jobs and income



In this chapter, we set out our recommendations to address three key building blocks for improving the jobs and income opportunities for Tasmanians, namely:

1. Major investments: The need for robust economic activity during recovery and to better capture the job creation potential of major investments around Tasmania, including small-business supply chains.
2. Skills: The importance of skilling and re-skilling Tasmanians so they can engage in a changing workforce during and after recovery.
3. Local job networks: Place-based networks to support people looking for jobs, and employers looking for new staff.

3.2 Major Investments

In our Interim Report, we identified major projects as integral to recovery. Broadening our scope here, major investments includes government infrastructure, and of growing importance, private investments across myriad sectors, including in plant and equipment.

Micro and small-business entrepreneurs will also play an important role in recovery. Many will create their own opportunities leveraging the Tasmanian brand in export markets (considered more in Chapter 6), while others will rely on strong local demand, largely enabled by major investments.

What we heard

We have heard that major investments, both public and private, will play a key role in helping Tasmanians recover from economic and social disruptions caused by COVID-19, as these investments can:

- stimulate economic activity, create jobs, and attract other investment;
- build productive assets that leave a lasting legacy for future generations;
- regenerate regional communities;
- bring in new technologies and innovation; and
- particularly in renewable energy, leverage Tasmania's environmental credentials.

Furthermore, major investments help to build confidence and hope. This is evident from our feedback in relation to renewable energy development in Tasmania.

The importance of Tasmania's natural environment to our brand, as well as our health and well-being, has also been a key issue and is discussed further in Chapter 6. The need to put sustainability, community values and well-being lenses across major investments underpins why we need to maintain good regulations that are administered efficiently. We need to ensure that we do not undermine our long-term natural advantages in the effort to drive a short-term COVID-19 response.

Tasmanians told us that small investments are also important, particularly in regions. In this context, the term 'major' is relative to the size of the community within which it occurs.

Facilitating private investments

Tasmanians gave us a strong message about the importance of major investments for social and economic recovery and the need for privately funded investments of all sizes to be supported and facilitated by the State and local governments.

Their message is not about 'cutting red and green tape' or lowering hurdles to secure investments. Rather it is about ensuring that approvals and permits are dealt with quickly. The theme was that regulators and facilitation agencies need to be well resourced and ready for action. Tasmanians also told us transparency is a key principle for maintaining community confidence when accelerating assessment processes.

We heard that supporting privately funded major investments is not only about speeding up assessment processes, it also requires all governments to be bold and decisive, as demonstrated through 2020 in response to COVID-19. The sense was that governments need to demonstrate with action that 'Tasmania is open for business' and actively welcome investment that is in line with our brand and consistent with regulatory intent.

A strong message from Tasmanians was that governments also need to be clear, open and upfront with proponents. Decisions regarding key milestones for progressing investments need to be made quickly, with due consideration, and be communicated with proponents quickly. Obstacles for progressing major investments need to be considered proactively and addressed up front.

Major investments often involve processes and decisions that span local, state and Australian Government responsibilities. Tasmanians told us it was important the State Government remains engaged with the key decision points of major investments that span multiple tiers of government. It should advocate for timely decisions.

Tasmanians said that when supporting and facilitating major investments, governments should focus on Tasmania's competitive advantages, such as our water resources, renewable energy, low carbon footprint, fertile agricultural land, minerals, natural environment, and cultural heritage. The message was that Tasmania needs to concentrate its efforts on areas consistent with Tasmania's 'clean green' reputation, rather than chasing overly speculative investments.

We also heard that Tasmania's competitive advantages lie not just in our natural environment, but the ingenuity within our trade exposed enterprises: those that compete on the world stage and overcome the perils of distance to deliver superior products and services.

Prominent among these trading sectors are primary producers and manufacturers (craft and large-scale) in food and beverages, wood products, mining equipment, metals and maritime. So 'major investments' here includes new or upgrading of plant and equipment, as it drives innovation, competitiveness and diverse new job opportunities.

Another topic Tasmanians told us about was the importance of building from within — supporting our existing enterprises, rather than competing with other places to attract new players to Tasmania who do not understand the state or add value to existing sectors. They also suggested establishing clearer criteria to prioritise major investment facilitation and case management within government.

New opportunities in renewable energy were seen to be key drivers for Tasmania, particularly in regional areas. There was strong support for Project Marinus (additional electricity interconnection with Victoria) and a common view that the timelines need to be tightened to bring it to reality. There was also excitement about the prospects for development of hydrogen opportunities.

We also heard from Tasmanians that governments, businesses and communities need to be mindful of the potential negative impacts of major investments on those in the community not benefitting from the boost in economic activity. The concern is support for short-term, large economic windfalls at the cost of longer-term well-being — for example with housing affordability, and dislocation in smaller regional places where large investments have a dramatic impact on 'life as usual' for all residents.

While COVID-19 has impacted the timelines (and, in some instances, feasibility) of some major investments, many publicly and privately funded investments remain in the pipeline. It is important that, where possible, publicly funded projects are planned and managed in a manner that mitigates any over-heating of industry sectors (such as construction and civil engineering).

Scheduling the planning, design and construction of major investments needs to be undertaken in the context of the supply of skills and equipment, and the priority of specific projects from a community benefit perspective.

Tasmanians told us that planning and coordination of regional projects should consider supporting local communities, local employment and developing local skill bases, where possible. The message was that State Government strategies directed at addressing localised demand are more likely to be successful if they work closely with local government.

Another key message from our consultation was that good land use planning is critical for community well-being. We also heard that regional land use strategies are outdated and need to be reviewed. The need to revisit zonings in some areas to create clear and contemporary pathways for development was identified.

We heard from many Tasmanians that investing in digital infrastructure is critical for our recovery (discussed further in Chapter 5). There is a strong desire for increased State funding for digital infrastructure investments to strengthen connectivity, particularly in our regions.

We also heard that government businesses could play a more effective role in delivering strategic outcomes for the state, in the process of delivering major investments. This theme is taken up in Chapter 7.

Reflections and recommendations

The Government has sought to provide major stimulus to Tasmania's economy, but new employment opportunities for Tasmanians can't be solely driven by public sector activity. Major investments must play an important role in recovery, particularly in stimulating economic activity and providing jobs. Through their supply chains, they present opportunities for small and medium-sized business to grow and to lift their capabilities.

It is critical that the government supports major private investments with the right frameworks - the policies, strategies and regulations that allow investments to progress.

Recently, steps in the right direction have been taken, particularly legislative measures to improve timeframes of various regulatory processes. These will support investments of all sizes, from home builders, small business expansions, right through to large developments. We understand that work continues in this area and that further changes are under active consideration. We encourage more to be done.

Protecting community values and Tasmanians' well-being must continue to be at the forefront of regulatory activity. That said, Tasmania needs to make it as easy and efficient as possible for investors to navigate our planning and regulatory frameworks. Assessments should be robust yet prompt.

This means that:

- proponents need to know what is required;
- sufficient resources are applied to the task of dealing with approvals in a timely manner;
- Government agencies are given a strong mandate for action and engagement with proponents and that a corresponding culture is nurtured within agencies; and
- key decisions are made in a timely manner.

An excellent case study is provided by recent changes made within the Tasmanian Heritage Council.

Case Study - The Tasmanian Heritage Council

The Tasmanian Heritage Council has taken a deliberate approach to achieving better outcomes for heritage, their clients and the organisation and its people.

It expanded its Works Guidelines to become a comprehensive and practical resource that explains the types of work that can be completed through exemptions, and how best to deal with complex works. The question and answer format addresses the typical enquiries of owners, developers, architects, builders and local government. The Guidelines help foster openness and transparency, and set a consistent framework for the Heritage Council's assessments and decisions.

An emphasis on encouraging and providing pre-application advice to owners and developers is another key element. These discussions help to identify and address issues and to explore the best possible outcomes.

As a result of these approaches, for the past five years, the Heritage Council has maintained a consistent exemption and development application approval rate of 99 per cent, with a corresponding low appeal rate, and delivered a better operating environment for its people and its clients, as well as the right outcomes from a heritage perspective.

If the State wants to see income and jobs growth, then permitting, regulating and authorising areas of government should be seen as front-line activities and fully resourced, rather than being seen as back-office functions.

More effort must be made to drive timely consideration of approval and permit decisions. For complex investments, it is also appropriate to provide a high level of case management and project facilitation. To ensure that process integrity and community understanding and support is maintained, the quid pro quo for increasing effort by government is transparency on the part of the potential investor.

There should be clear whole-of-government approaches for providing case management support. This will provide clarity for potential investors on the nature of facilitation support available, and what the conditions for obtaining that support are. Projects that are robust, with credible proponents and confirmed funding, would be accorded high priority. Proponents with under-developed business cases, speculative ideas, and limited track record would be provided with a lower level of support. When governments do not have a strong appetite for a particular investment, proponents should be advised early on so they can plan accordingly.

Where we refer to case management we are not referring to grant or loan-only requests, or programs that already have published guidelines or legislated principles, such as through the Tasmanian Development Board. These finance options will remain valid supports in recovery, where commercial finance is not available.

Along with construction and infrastructure, transformative manufacturing investments should be a high priority, given their enduring employment benefits. The State Government has considered the enablers for supporting our trade-exposed sectors, for example, in the *Advanced Manufacturing Action Plan* and *Tasmanian Trade Strategy*.

Regional land use strategies, the mechanism by which strategic directions of the State and each region are implemented through land use planning, need to be reviewed and updated. We heard that some councils are concerned about their ability to attract and retain industry because of potential land use conflicts. These land-use strategies are over 10 years old. They need to reflect the current and future status of Tasmanian land use more accurately, and the community's priorities.

Major investments are generally progressed in a complex regulatory environment, which involves decisions across various regulators and across different levels of government. These regulatory settings are important to maintain environmental protection, consumer protection, public safety and community values. In this context, it is important appropriate channels of communication exist to ensure that decision makers are aware of milestones, obstacles, and priorities.

A useful avenue in relation to interactions between the State and the Australian Governments is the Joint Commonwealth and Tasmanian Economic Council. This council was established by the then Prime Minister in 2013, and is a good vehicle for getting a collaborative and focussed approach to facilitating major investments in Tasmania. However, in recent times, the Council has not been active.

Government businesses, particularly those in the energy and freight sectors, can be key facilitators or inhibitors of private investment. As we discuss further in Chapter 7, Government Ministers should use their influence to transparently drive the focus of government businesses towards pressing strategic whole-of-state priorities. Government businesses need to be focussed on being efficient and effective Tasmanian-oriented service providers.

MAJOR INVESTMENTS: RECOMMENDATION

Protecting sustainability, community values and Tasmanians' well-being must continue to be at the forefront of regulatory activity.

State, local governments and infrastructure providers need to appropriately resource assessment and permitting processes to deliver timely outcomes. Assessment turnaround times should be published for major categories of approvals.

The State Government should provide more project facilitation and case management for local and inward major investment.

The State Government should publish information to make it easy for investors to understand and access the facilitation supports that can be provided, and under what conditions.

The State Government should be publicly transparent about the nature of case management being provided to investors once facilitation has begun.

Agency heads should drive, and be held accountable for, a public sector wide culture that proactively engages with major investment proponents.

The Australian and State Governments should reinvigorate the Joint Commonwealth and Tasmanian Economic Council.

Regional land use strategies should be comprehensively updated.

Scheduling of infrastructure

We support the ongoing annual publication of the 10-year Infrastructure Pipeline. It highlights the significant investment in social and economic infrastructure over the next 10 years and indicates the stages projects are at. It is proposed that the next pipeline will consider capacity enablers and constraints, including workforce planning and market capacity. We strongly support this approach as a foundation for better management of project pipelines as well as the wider employment and skills impacts of infrastructure projects.

We note that the pipeline does not include information about scheduled digital infrastructure. As outlined in Chapter 5, Tasmanians told us that investing in digital infrastructure is critical for our recovery.

INFRASTRUCTURE PLANNING: RECOMMENDATION

The State Government should redevelop the 10 year Infrastructure Pipeline as a tool for identifying, and addressing, capacity and delivery constraints.

The pipeline should be extended to include information on digital infrastructure investment plans, including from telecommunications providers, to address digital inclusion strategies.

3.3 Skills, Schools and Youth

What we heard

A recurring theme from our consultations is the lack of understanding among school leavers of the opportunities for work and careers in Tasmania. This came from Tasmanians in a diverse range of sectors. There was a sense of frustration that there are rewarding opportunities for young people, but that much greater connections need to be made between industry and schools to get that message out.

On a related theme, there was a view that all school students need to get work experience to understand real-life expectations of employers before seeking to enter the workforce on a permanent basis. This was seen as important as ensuring young people are work-ready.

We were also told that workplace health and safety requirements and other cost pressures were making it harder for employers to offer work experience and young Tasmanians need more support and assistance to become work-ready.

There was also strong support for VET in Schools and School-Based Apprenticeships, with some suggesting that it would be beneficial for many more students to progress towards a VET qualification alongside the TCE.

Tasmanians told us that schools need career advisers who understand industry and the mindset of business, as well as the world of educators. The view was that teachers should not be career advisers 'off the side of their desks', and there is a need to better embed professional careers and pathway advice into the education sector in collaboration with industry.

We also heard in our consultation that university is not the preferred educational pathway for many young people. Trades and other vocational pathways remain very important for Tasmania and provide fulfilling and well-paid jobs.

Many of our workshop participants noted the potential benefits of local one-stop-shop services for job seekers that consider 'whole person' needs and their barriers to employment.

Reflections and recommendations

As outlined in our Interim Report, young people are particularly vulnerable to the disruptions the pandemic has caused, and some are now at risk of being left behind in education, economic opportunities and general well-being during a crucial stage of their life development. Tasmania faces the challenge of responding to COVID-19 from a long-term base of relatively low rates of youth education attainment, workforce participation and employment.

A risk of COVID-19 is prolonged periods of higher unemployment among young people, causing lifelong 'scarring' effects that diminish their skills and self confidence. More needs to be done to prepare and support young people to participate in work while they are at school and to have strong pathways between further education, training and work.

The transition from school to work is a pivotal point in a young person's life. The education system, from K-12, as well as VET and tertiary education, have key parts to play in assisting that transition, as does the Tasmanian business community.

The *Year 9 to 12 Project* is under way. It is a cross-sector collaboration led by the Department of Education. It has been subject to recent public consultation. Its objectives include student attendance, retention and attainment. Of relevance to the issues raised in our consultation are the vocational learning elements. These include reforms around career education, work-based learning, VET in schools, apprenticeships and traineeships for school-aged learners, and industry engagement.

SKILLS, SCHOOLS AND YOUTH: RECOMMENDATION

The *Year 9 to 12 Project* vocational learning elements should be finalised and implemented in strong ongoing consultation with industry. These elements include:

- career education;
- work-based learning, vocational education and training;
- apprenticeships and traineeships for school-aged learners; and
- industry engagement.

Additional funding should be provided to the Department of Education to support implementation.

Industry stakeholders acknowledge the role employers need to play in connecting with young Tasmanians. It is vital that the business sector plays its part in addressing the issues it highlighted through our consultation.

As part of an *Industry Compact* recommendation later in this chapter, industry groups should support the provision of career information in schools. Industry should show leadership in promoting and enhancing the attractiveness of jobs in specific industries.

Industry has an important role in committing to work pathways for young people. These include traditional ones such as apprenticeships, but also new work-integrated learning programs - from work experience for school students through to cadetships and internships for university students.

The Australian Government provides a Transition to Work employment service for young people aged 15-24, with intensive pre-employment support to improve work readiness and assist in the transition to work or further education. For students seeking an apprenticeship or traineeship, the Australian Apprenticeship Support Network is the first point of contact and can provide advice on support and training options. Our view is that more needs to be done to strengthen the connection between services such as the Transition to Work employment service and local job opportunities.

Local job services, including our proposed *Jobs Tasmania Local Networks* (explained later), will have an important role in removing localised barriers to work for young people. They can act as a bridge between industry and schools (in collaboration with intermediaries engaged by schools, for example the Beacon Foundation). They will help grow student aspirations informed by real-world opportunities.

We see TasTAFE reform, detailed below, as vital for improving pathways to work for young Tasmanians. The future demands of emerging industries and global competition require that for young Tasmanians who want to gain a qualification, the path is clear and seamless, and they are supported to do so. Support to access a pathway back to work should also be available to young people who gain employment without such a qualification, but later lose their job.

3.4 Skills and TasTAFE

What we heard

Skills was an issue of considerable focus throughout our consultation. The single most common topic at our workshops was that skills, training and TasTAFE are central to recovery from the economic and social impacts of the COVID-19 pandemic.

Tasmanian employers want TasTAFE to succeed but a key reason it's not doing so now is that it's operating with far too many constraints. Despite good intentions and some recent progress in student satisfaction and employability, we were told that TasTAFE is unable to adapt to the shifting demands of employers and individuals at the pace required to support recovery.

This is a non-exhaustive list of what we were told:

There is a mismatch between the training made available through VET and that which businesses really want.

Need more flexible service delivery methods (training that suits the schedule of business).

Whilst there was an increase in engagement with business around the time of TAFE's re accreditation, the reversion to business as usual (very little engagement) was rapid once that milestone was achieved.

Failure of TasTAFE teachers to record student progress, notwithstanding timely reporting by business.

Courses offered are too broad. Need 'micro-credentials/skills sets'. Training needs to be geared around skills, not geared around the production of certificates.

Need quick delivery, and agile adaptation to emerging needs.

There are just not enough people coming through the VET system. It needs to attract 'good' students into the system. TAFE is not seen as an attractive option to potential students.

There are material barriers to industry-based people becoming trainers in the VET system. The qualification required to deliver training is too much of a burden to enable those who could make a useful industry-relevant contribution.

Need a smart approach to delivering hands-on training in a post-COVID-19 world. A simple switch to increasing online will not suffice.

Industry needs to define the training needs, not the educationalists.

Industry stakeholders report that industrial relations rigidities inhibit TasTAFE keeping pace with the rapidly evolving, diverse and competitive requirements of industry.

We heard that the employment conditions for TasTAFE trainers align more to a school than an industry environment. Eleven-week paid holiday periods, restrictive maximum training loads and inflexible time-of-day training arrangements makes it difficult to deliver to industry work patterns or for students' out-of-hours needs.

Much feedback from industry expressed support for improving and investing in TasTAFE as the public provider. That was their preference rather than introducing more registered training organisations (RTOs) into the market. A notable exception to this view came from the tourism and hospitality sector:

The downside to having a single dominant TAFE is ongoing pressure for it to be all things to all persons and to meet an array of vocal public demands for training, for which it may not be the most suitable provider.

It was suggested that TasTAFE should focus on core training aligned to jobs in areas of natural monopoly or proven thin markets where it has, or can develop, expertise, and leave other training to specialised providers.

We also heard calls for more public funding of non-accredited training and training to alternative industry standards (such as advanced welding training delivered to ISO rather than VET standards) given that national VET standards often do not address specific Tasmanian industry needs.

The importance of Trade Training Centres in regional Tasmania was also a theme from our consultation. We were told that many regional areas are not well serviced by TasTAFE, with Trade Training Centres attached to schools the principal physical infrastructure for skills training. However, they are not always easily accessible for adult learners.

With respect to the tertiary sector, there was feedback about the desire of businesses to partner with the University to get better access to its staff, its knowledge and its facilities. Similarly, the relationship between the University and TasTAFE in providing students with seamless pathways between the two sectors was an important theme.

Industry representatives also recognised the importance of employers playing their part to support workforce development, including hiring apprentices and trainees, providing work placements for school students, and supporting the time investment in training their staff.

While we heard a consistent message about the mismatch between the skills needs of business and what is being delivered through the VET system, we saw evidence of differing capacities (and willingness) across industries for employers to engage with RTOs on their specific training requirements.

Reflections and recommendations

Training and skills are critical in the context of COVID-19 recovery, and to Tasmania's social and economic prospects more generally.

COVID-19 responses from government have focussed on lowering the cost barrier to people taking up training. Measures include the Australian Government's Boosting Apprenticeships Wage Subsidy and the jointly funded Job Trainer fund.

While these initiatives are important short-term responses (and are consistent with the recommendations in our Interim Report), they do not deal with the core structural issue raised during our consultation: the ability of the training system, TasTAFE in particular, to provide more responsive and industry-relevant training. This is the key skill-related challenge that needs to be tackled as the longer-term COVID-19 response.

There is a wide variety of training arrangements across sectors, for example:

- the seafood industry has its own RTO delivering courses specific to its needs; and
- the construction and building industry supplements TasTAFE training with other workforce development activities funded through Keystone, which administers the industry training levy.

Nevertheless, TasTAFE accounts for about 80 per cent of the state's public VET system so has a central role to play economy-wide.

A training system must continuously adapt to the changing structure of the economy and workforce. TasTAFE is constrained and cannot nimbly shift its training resources (staff and facilities) to adapt as required.

TasTAFE's cost base is dominated by employee expenses. With limited staffing flexibility, its overall cost base is largely fixed (so cannot flex in response to changes in demand or funding). In addition, the current employment framework (award and registration requirements) for TasTAFE trainers adds further inflexibility.

In light of the critical role of skills in building recovery, and TasTAFE's central role, the Council believes that TasTAFE must be given the autonomy and workforce flexibility it needs to continuously align its training offering with evolving workforce needs.

TasTAFE also requires the financial capacity and flexibility to invest in and manage its own infrastructure to best meet contemporary workforce training needs.

These reasons alone should be sufficient to drive change in TasTAFE, but emerging national VET reforms are an added imperative. These reforms will see nationally directed priorities for Australian Government funding, coupled with nationally efficient pricing. This will mean State Government funding for skills will have to work doubly hard in meeting Tasmanians' skills needs. TasTAFE must be provided flexibility to meet these challenges and to maximise the leverage available from State Government skills funding.

Improving TasTAFE's flexibility

We have considered a range of ideas to improve the flexibility, industry responsiveness and student benefits of TasTAFE services.

Maintaining existing governance structures and amending the TasTAFE Teaching Staff Award would go part way to improving service delivery and agility. However, such an approach would be drawn-out and would not achieve organisational change at the pace required.

A second option, which other states and the Australian Government have pursued, is greater contestability in the training market and relying more on independent RTOs.

A third option is for the State Government to fund the establishment of more industry specific RTOs owned and operated by industry, as it has recently in the case of hospitality. While new industry-operated RTOs may well achieve the desired responsiveness and agility, a wider application of this approach risks duplicating funding and avoids addressing core TasTAFE issues.

Other models, such as establishing a dual-sector tertiary-VET institution or separation of TasTAFE assets and operations into separate legal entities, are likely to be administratively complex with unclear benefits.

Our view, consistent with what we heard from Tasmanians and in the context of a small state, TasTAFE should be supported to play a central role in the VET sector, augmented by the contestable market as is currently the case.

The most effective way of achieving the required flexibility and responsiveness is to make TasTAFE an independent government business, so that it has available to it all the tools that other public trading enterprises have. In short, TasTAFE needs to be much more like the businesses that it serves.

This is consistent with the Productivity Commission's recommendation in its December 2020 Review on the National Agreement for Skills and Workforce Development that: "*State and Territory governments should give greater operational autonomy to public training providers, with control over their assets, industrial relations and financial performance.*"

Under this alternative governance model, the Government would articulate public priorities for TasTAFE, as it does with other government businesses (we have more to say on this in Chapter 7). In this way, the TasTAFE Board of Directors and the public are given a clear view of its public charter. This charter should include priorities to drive productivity for existing workers and employment outcomes for adult jobseekers and those seeking new careers. TasTAFE should have genuine flexibility to deliver on its charter, and emerging client demands, in the most operationally effective way.

Vocational training is, by its nature, training for (and ideally in) industry settings, and therefore has to be equally agile and commercially aware in culture and practice. However, this does not mean it needs to be for-profit. We recommend TasTAFE operates on a full cost recovery, competitively neutral but not-for-profit basis, funded through activity and community service obligation payments. This model applies to Metro Tasmania, for example.

Being a government business does not mean diminished accountability. TasTAFE would be subject to scrutiny before parliamentary committees, required to publish audited annual reports and accountable for delivering on Ministerial directions. This aligns with our recommendations on government businesses in Chapter 7.

As an institution that is required to meet the needs of diverse industries, learner needs and a geographically dispersed population, TasTAFE is particularly disadvantaged compared to many other TAFEs with regards to the costs of developing and maintaining its infrastructure to deliver training to contemporary standards.

Accordingly, as part of developing a new governance model, an independent review should be conducted into the fitness for purpose of TasTAFE infrastructure, to ensure sufficient physical and financial capital is provided as part of re-establishing it as a more autonomous entity.

If TasTAFE is not made fit for the future, Tasmania will continue to suffer skills shortages at the same time as there is persistent unemployment. Publicly funded stimulus may drive economic activity, but it may also simply increase demand for interstate and international workers, while many Tasmanians remain unemployed because they don't have the right skills.

Revitalising TasTAFE is also essential for long-run growth because it is one of the most critical institutions supporting industry competitiveness.

TasTAFE needs to be able to meet the needs of a generation of young people and an influx of job seekers who need to quickly upskill and reskill to move across sectors as we recover from the structural impacts of COVID-19.

In addition, we need to build resilience for funding changes imposed by the national reforms. Now is the time to re-establish TasTAFE as fit for the present and future.

Adequate transition costs (likely in the tens of millions of dollars) should be considered to be a high value-for-money investment relative to the hundreds of millions annually being invested in infrastructure, business support and other forms of job creation by the State Government.

We appeal to Members of Parliament to look beyond short-term political advantage and the cries of vested interests and support the Government to put through the necessary legislative changes to re-establish TasTAFE.

TasTAFE: RECOMMENDATION

The State Government should re-establish TasTAFE as a government business under the control and accountability of its Board of Directors, with authority and power to employ its workforce under the *Fair Work Act 2009*.

Governance features for a re-established TasTAFE should include:

- A direct line of accountability from shareholder Ministers to the Board, and the Board to the CEO.
- A Board with:
 - i. independence to develop and guide strategy, to meet Government-set objectives and client demand;
 - ii. power to hire, performance manage and, if necessary, dismiss the CEO, who in turn has flexible performance management and employment discretion of staff; and
 - iii. maximum operational and capital expenditure flexibility, including over corporate services and infrastructure, to efficiently meet objectives and to meet emerging industry skill requirements.
- Public transparency of Government priorities or guidelines that TasTAFE is expected to follow as part of Ministerial statements or community service obligations.

To place TasTAFE onto a fit-for-future footing, the State Government should:

- allow market-based salary packages to attract the best trainers and leaders in key sectors;
- fund transition arrangements, including a voluntary redundancy program and support for career transitions;
- commission an independent review of the fitness-for-purpose of TasTAFE infrastructure and ensure sufficient capital is provided as part of re-establishing it as a more autonomous entity; and
- require TasTAFE to sharpen its focus on core industry and employment training.

AUSTRALIAN GOVERNMENT SKILLS FUNDING: RECOMMENDATION

The Premier should seek a commitment from the Australian Government to:

- ensure that new national funding arrangements for skills have the flexibility to support local industry training and workforce needs; and
- provide funding assistance to support TasTAFE to become a more contemporary training provider, recognising the structural costs required to shift to a more agile and efficient model, one which could be a pioneer for improving TAFE effectiveness nationally.

Training and workforce priorities

TasTAFE and other RTOs are inherently constrained by rigidities in national training packages, which define VET competencies and assessment standards. This means that to deliver a nationally accredited qualification, the provision of course content with direct relevance to particular Tasmanian businesses is often limited.

While training package design is governed nationally, there are things that can be done in Tasmania to improve the relevance of training. These include greater support in TasTAFE for industry-endorsed skill sets (for example the AgriSkills Entry Program), more funding for development of State-endorsed training packages, and more funding for non-accredited training.

Industry should fund a large proportion of its existing worker training, where relevant to a specific business's needs. However, where training is targeted to unemployed Tasmanians, it is the proper role of public funds to be directed to training for entry level work or to support redundant workers. Moreover, where forms of training other than nationally accredited qualifications are recognised in an industry and provide equivalent or better portability for the student, it is reasonable for public funding to support those forms of training.

A re-established TasTAFE with greater employment flexibility would give it the capacity to attract more trainers and leaders with expertise in industry engagement, course design and contextualisation, leading to training offerings more aligned to the needs of Tasmanian businesses.

TRAINING PRIORITIES: RECOMMENDATION

The State Government should shift the relative priority in skills funding to:

- the forms of training that provide the most direct route into a job for unemployed and under-employed Tasmanians, rather than solely to nationally accredited VET qualifications; and
- industry-endorsed skill sets, micro-credentials and short courses for unemployed or under-employed Tasmanians linked to industries or occupations with workforce shortages.

The State Government should maintain contestable skills funding to attract high-quality training providers for specialised and non-core TasTAFE courses.

The State Government should prioritise access to Trade Training Centres for vocational training for both school-age and adult learners.

Industry responsibilities

Our recommendations are founded upon the strong feedback we have received from the business community itself. TasTAFE reforms represent a major community investment in the public side of training.

In this context, it is only reasonable that industry steps up its commitment to its side of the skills equation. We have heard, and concur, that some employers contribute substantially to workforce development, and some lean on others. Training systems only work with the full commitment of government, employers, students and trainers.

SKILLS RESPONSIBILITIES FOR INDUSTRY: RECOMMENDATION

Industry bodies (associations and employer representatives) should enter into industry compacts with the State Government that include step-up commitments to:

- support and advocate for a re-established TasTAFE through the reform journey;
- provide clear and specific advice to TasTAFE and Skills Tasmania on current and future industry-wide training requirements, including training product development;
- implement a range of training and education pathways, including school-age work experience, apprenticeships, and university cadetships and internships;
- collaborate with TasTAFE and other training providers to support more people from industry working as trainers;
- collaborate with TasTAFE and other training providers to share infrastructure to enable students to train on modern technology;
- collaborate with education providers to support the provision of career information in schools; and
- better promote the availability, attractiveness, and benefits of jobs in their industries.

3.5 Job Services

What we heard

The wide consensus from our consultation is that there are gaps in job services, and employment barriers that are perpetuating both workforce shortages and unemployment. Based on what Tasmanians have told us, this situation is best addressed at a local level with local leadership.

There is considerable anxiety about the potential for the immediate job losses arising from the COVID-19 suppression measures to turn into structural long-term unemployment situations, with all the accompanying human, social and economic consequences.

The uncertain impacts, on a number of unemployed Tasmanians, of the full removal of *JobKeeper* and other support measures was particularly front of mind for Tasmanians we listened to.

Overall, there was a strong sense that urgency is required in getting people into work, particularly those for which unemployment is a new experience.

We also heard much about the shortcomings of the current approach by the Australian Government's jobactive network. There were claims that jobactive service providers have little incentive to place people in appropriate long-term jobs, and these providers have developed a reputation for poor referrals.

It has been claimed, too, that jobactive providers struggle to recruit and keep talented career advisers because the role has a high caseload and requires a lot of administration.

There was some awareness of the approaches being planned by the Australian Government for the New Employment Service in 2022 under a new licensing model. There were concerns flagged about a structural shift towards online self-service models for some participants, and how effective that might be in the Tasmanian context, given our digital access and literacy issues (see Chapter 5).

Reflection and recommendations

The State Government and the Tasmanian Community Fund have funded a number of regional jobs hubs and workforce development projects, including with the South Eastern Regional Development Authority hub in Sorell (SERDA) and others, for example, in Glenorchy, Bell Bay and Break O'Day. While well-intentioned, such projects appear to be funded on an ad hoc basis through different agencies and are all short term.

Existing jobs programs funded by the State Government through different agencies have served as valuable pilot programs but for the purposes of future recovery and resilience, are not equitable across regions and provide insufficient funding certainty for service providers to develop critical capacity.

As part of its COVID-19 response, the Australian Government has also launched two Regional Jobs Taskforces in Tasmania, each with a mandate to develop a Regional Jobs Plan that will form the basis for administering \$750 000 in job service grants. These taskforces will exist for two years only. There is also a Regional Employment Trial in the North and North-West.

The New Employment Service in 2022 may go some way to improving outcomes, but not far enough or soon enough, and we see risks for Tasmanians in a nationally driven digital-centric model.

Ideally the jobactive system, complementing commercial labour recruitment and hire services, should be sufficient to bridge the gaps between unemployed Tasmanians and the unmet demand for workers that many industries express. However, the clear message from our consultation is that it is not doing so now, and it is hard to see that situation changing.

Without effective jobs services and removal of local employment barriers, the mismatches between available work and unemployed Tasmanians are likely to become more pronounced in the post-COVID-19 world.

Once they lose their job, the longer it takes someone to find work, the higher the likelihood that they will remain long-term unemployed and suffer compounding economic and social disadvantage. There is an urgent need to support recently unemployed Tasmanians back into work.

Any investment in jobs services can equally be seen as a social investment (offsetting higher costs in areas like health) as an economic investment.

The clear intent of stimulus measures by governments is to drive up the demand for labour in Tasmania. Being able to match job opportunities with people available to work is crucial.

It would be tragic if the outcome of stimulus measures funded by the Tasmanian community was not a material reduction in Tasmanian unemployment levels, but just more work for interstate workers. And while population growth, interstate and international migration are essential to recovery, structural barriers to Tasmanians getting into jobs should not be masked.

The Australian Government must maintain overall accountability for jobs services, because of the close tie to its income support system. However, as a recovery measure, the State Government needs to step in with a moderate but long-term commitment to provide locally-based and employer-focussed job solutions, to help Tasmanians who have lost their jobs get back into work.

We call our recommended structure for achieving these solutions the *Jobs Tasmania Local Networks*, each led by a local network board.

Foremost, *Local Networks* need to be 'linkers' between other services, with the job seeker's barriers and opportunities considered at an individual level, and barriers common across a local area identified.

By investing in leadership capacity at a local level, *Local Networks* can enhance social capital, with positive long-term benefits for community resilience.

Local knowledge: collaboration not competition

The design of job solutions by *Local Networks* will need to be sensitive to local conditions of employment demand and the strength of existing employment services.

It is important that in scoping out the parameters of the *Local Networks*, boards do not crowd-out labour hire and recruitment firms, who provide an important and high volume jobs-matching mechanism, and bring the benefits of state-wide (and national) labour catchments, relationships with large employers, and payroll systems.

It appears that primary market failures in jobs services exist for small business employers who cannot afford to pay labour hire or recruitment firm fees. We would expect that small business employers will be the focus for *Local Network* jobs matching services, while collaborating to enhance local employment outcomes more broadly.

There will also need to be strong collaboration between *Local Networks* and jobactive providers, given that some job seekers may be supported across multiple services.

Local Networks should be incentivised through the funding model to support and enhance existing services and not duplicate them if there is no gap. This provides for a more complete network to service the search needs of employers and job seekers.

An early role for *Local Network* boards should be to review the market conditions in their local area to:

- identify the major barriers to work for job seekers in their area and identify local solutions;
- establish whether there is a market gap for jobs-matching services specifically; and
- collaborate with other providers to ensure efficient cross-referral and a 'no wrong door' approach to serving clients.

Where *Local Networks* choose to engage their own job coordinators (or advisers), in the longer term they may need to consider charging cost-recovery employer placement fees to be competitively neutral and more self-sufficient.

Commissioning services

An important lever for the *Local Networks* will be the ability to commission public services from government or procure other community services that are specifically required in a local area. This may include training, mental health services or meeting transportation needs to link people with opportunities.

By 'commissioning', we mean both the ability to procure specialist services from business or community organisations, as well as the ability to commission in existing State (or indeed local and Australian) Government services where there is a local or individual gap. This may be as simple as referring clients into existing services, having access to 'vouchers' for services, or through partnerships with government agencies to be able to call in services to meet a local need.

Primary Health Tasmania provides a good example of a commissioning service. In its words, commissioning means "planning and buying services to meet the needs of local populations. It involves understanding local priority issues and buying appropriate services to address those issues in the most effective and efficient way."

The success of such a model will require more flexible and place-specific service delivery by the State Government. This could be facilitated as a 'Premier Priority' envisaged in Recommendation 2 of the Review of the Tasmanian State Service Interim Report.

The benefits include not only more responsive and community-owned local services, but efficiencies where elements of existing agency programs can be ear-marked for delivery in response to evolving local jobs needs. Ultimately, it recognises that for many people looking for work, there are non-job related barriers, which, once addressed, provide them with the opportunity to re-enter the workforce.

Flexibility and scalability

In line with local workforce catchments, there would need to be between 6 to 12 *Jobs Tasmania Local Networks* across the state.

The model we recommend is both scaleable and flexible at the local level. As shown in Chapter 1, the nature and extent of the employment impacts of COVID-19 is fluid across people cohorts, industries and places. We recommend that over time it is scaled up or down in line with need. This is important because the recovery path is uncertain, particularly the ultimate consequences of the unwinding of the Australian Government's COVID-19 income support measures.

The scale and nature of local job solutions should be determined by the local boards. Key information would include geospatial data analysis into the labour market, and depth and adequacy of existing jobs services, both public and commercial. It may be that for some local areas, addressing other barriers such as training infrastructure or transport may be more critical than engaging new job coordinators.

The capacity to source and analyse this data is a critical constraint in Tasmania. The success of the *Local Networks* will depend on both an open data approach from existing government sources, and the provision of workforce data services by the Government. Furthermore, workforce data in a usable form should be made available to schools, TasTAFE and the University of Tasmania to support their roles in addressing workforce issues.

Given the high social and economic cost of prolonged unemployment, while interventions should be evidence-based and accountable, there should also be a bias for action: not allowing data gaps to unduly prolong responses.

Where a market gap exists at the local level, *Local Networks* may choose to recruit one or more job coordinators, who play the role of a neutral broker between job seekers, employers and other service providers. Job coordinators should have a reasonable caseload to ensure individualised support for job seekers and adequate time for industry relationship development. They may also have some regionally based administrative support.

We expect that where job coordinators are required, for minimum viable capacity, each *Local Network* would require a minimum of two or three staff as identified by the *Local Network* board.

While in the longer term, the State Government may consider working with the Australian Government on a partnership for servicing the full suite of job services for all job seekers, for the purpose of COVID-19 recovery, a nimble and focussed job network operating alongside jobactive (not seeking to replace it) is recommended. Effective cross-referrals between the *Jobs Tasmania Local Networks* and jobactive providers will be important.

JOBS TASMANIA PRINCIPLES: RECOMMENDATION

A state-wide set of *Jobs Tasmania Local Networks* should be established on the following principles:

- local leadership and flexibility for tailored solutions to be developed in a place based way;
- sufficient funding certainty (minimum three-year cycles) to allow local capacity building, while retaining strong accountability;
- priority given to understanding and meeting the needs of employers;
- job seekers are comprehensively assessed, including their strengths, aspirations and barriers to work;
- draws on education and training providers in developing solutions for job seekers; and
- collaborates with existing services and, only where gaps exist, undertakes or commissions new activity.

JOBS TASMANIA DESIGN FEATURES: RECOMMENDATION

Jobs Tasmania Local Networks should:

- be governed by local boards with oversight of the performance of employees and ultimate accountability for service delivery, as well as supporting coordination with government, education, industry and the community sector;
- have well-defined funding objectives and performance reporting requirements;
- have autonomy to design and deliver solutions for unique place based conditions;
- be given support for local leadership development from the State Government if required; and
- be based on boundaries that align with geographic workforce catchments and industry clusters, be small enough for boards and staff to develop strong industry relationships, and ensure moderate caseloads.

JOBS TASMANIA FUNDING: RECOMMENDATION

Jobs Tasmania Local Networks should be appropriately funded to:

- engage with employers;
- commission public and community services to remove barriers to work and improve employability for individuals;
- assist in coordinating job services within a local region;
- undertake job matching, coaching and referral services;
- address the needs of the recently out-of-work and under employed, as priority target groups, and young (under 25) job seekers as capacity provides;
- collaborate with Business Enterprise Centres and industry chambers to support small business capabilities;
- support employer engagement with local schools;
- engage with Trade Training Centres, TasTAFE and other education and training providers to optimise services and use of local facilities; and
- engage with community and collective impact networks to provide networks for job seekers through a link into local industry.

JOBS TASMANIA STATE RESPONSIBILITIES: RECOMMENDATION

The State Government should:

- implement the governance and funding framework for the *Local Networks* through a single point of contact;
- provide support to build local leadership capability proportionate to need;
- provide common overhead services, such as geospatial data mapping and client relationship management systems;
- hold *Local Network* boards accountable for outcomes;
- facilitate network peer learning, continuous improvement and regional leadership development;
- use learnings from the *Local Networks* to address state-wide systemic needs of employers and job seekers;
- compile and publicly distribute workforce data in usable forms; and
- support inter-government engagement on improving job services with the Australian Government.

JOB SERVICE COLLABORATION: RECOMMENDATION

The Premier should seek a commitment from the Australian Government to require its employment service providers to collaborate with *Jobs Tasmania Local Networks* to ensure effective cross-referrals.

4

HEALTH AND HOUSING

IN A NUTSHELL...

- Tasmanians regard health as their overall number one well-being priority and it is their first concern for recovery.
- Tasmanians understand that governments focus on health risks when making decisions about responses to COVID-19. They don't understand how these decisions are balanced against economic and social risks. Better communication would help to build community confidence and resilience.
- The capacity of the health system to respond to further outbreaks is an ongoing concern for people. This can be overcome by clearer communication by the Government.
- Mental health issues have been exacerbated by COVID-19 and the prevalence of situational distress is expected to increase. More can be done to help people access and navigate the mental health system so that they can quickly find the right service to meet their needs.
- Access to affordable nutritious food is a key to good health. This could become harder for many Tasmanians when the additional income support transitions away and if recovery is slow. The approach to food relief currently under development within Government needs to be place-based, scalable and have community-based and school-based food security models at its centre.
- Tasmanian housing markets are becoming increasingly dysfunctional and COVID-19 has not changed the situation. Tasmania needs a comprehensive housing strategy that addresses the complex factors to achieve more sustainable housing outcomes for all Tasmanians.

TASMANIAN VOICES - COMMENTS FROM OUR SURVEY...

"Continue to protect our health and we will continue to support local businesses and employers."

"This has been a seriously tough year for mental health, and I'm not sure how safe my job is. My home needs work I'm scared to pay for right now."

"The pandemic has taken pressure off in a lot of ways. People seem more conscious of mental health. People are more accepting of the need for time out and more rest. At the same time, the pandemic has left me feeling less satisfied with how I feel about the future. The uncertainty is very destabilising."

"Better mental health services are the biggest area of needed improvement in our healthcare system."

"The pandemic laid bare how vulnerable our food systems are. I would like the government to be much more focussed on resilience of our food system."

"A total lack of affordable housing has destroyed our family. It makes work and study impossible when you have no stable shelter. You feel utterly hopeless."

4.1 Introduction

The pandemic has affected us all, but some far more than others. Because of the success of the suppression measures in controlling the pandemic, the direct health impacts on Tasmanians have been contained. But those same measures are delivering longer-lasting impacts for people's physical and mental health, and their ability to stay healthy through access to affordable nutritious food and appropriate housing.

The strong messages in the suppression period about Tasmanians needing to 'stay home to save lives', and ongoing media coverage highlighting infection rates and global death counts, have very real impacts on some people. Many Tasmanians continue to live in fear of COVID-19 and worry about the potential impact it could have on their health, or the health of their loved-ones.

COVID-19 is unlike other disasters Tasmanians have experienced. Natural disasters have sudden and immediate consequences and people impacted fairly quickly come to grips with their new reality.

By contrast, COVID-19 is having an enduring and evolving impact. Until effective vaccines are readily available and widely deployed, there will be ongoing uncertainty about its lasting impacts. Some people are worried we haven't seen the worst of the economic and social consequences, particularly as support measures end.

Tasmanians told us:

- health is by far the most important element of their well-being;
- health is their overall number one concern for the future and during COVID-19 recovery; and
- they are concerned about the ability of the Tasmanian health system to operate effectively in the event of further COVID-19 outbreaks.

Our health has been the priority for governments since COVID-19 emerged. The State Government continues to design and implement initiatives that are aimed at addressing Tasmanians' health needs. It is critical that these initiatives are appropriately prioritised and resourced into the future.

We have heard 'loud and clear' that Tasmanians of all ages are worried about their mental health and the mental health of their family, friends and colleagues. We recognise that the prevalence of mental health issues in the community has already increased and is likely to develop further during recovery. We didn't hear the same level of concern about physical health.

Tasmanians are worried about affordable housing and access to nutritious food, and they are concerned that these issues will become more problematic if economic and social recovery is slow.

4.2 Health

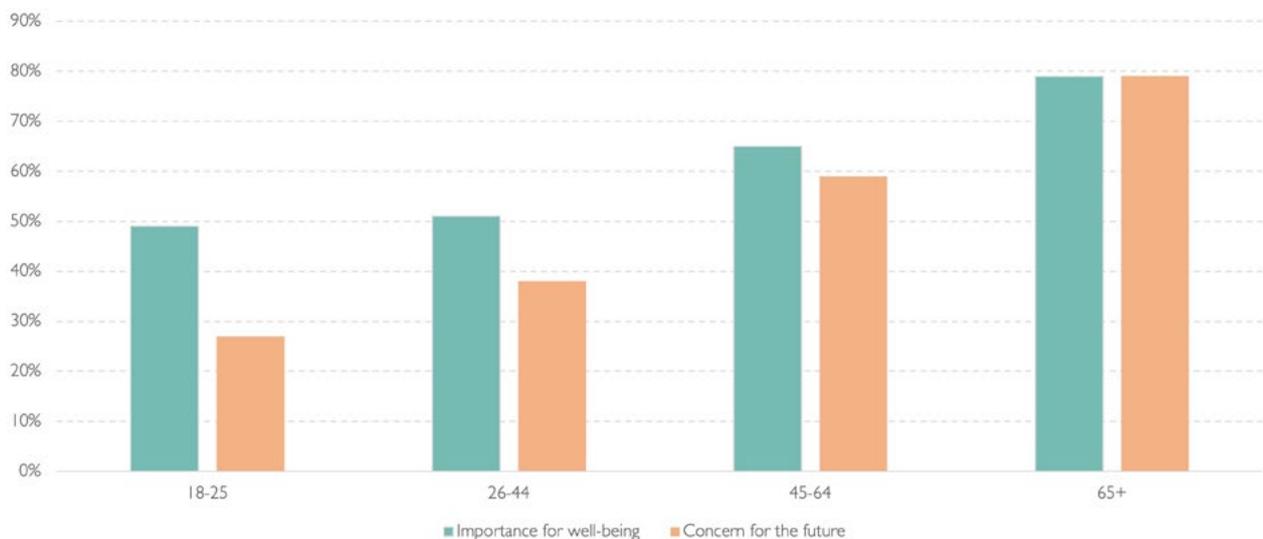
What we heard

Nearly two-in-three Tasmanians participating in the well-being survey cited health as a key aspect of their well-being, and more than half highlighted it as a concern for the future.

Their message is clear - health is the number one issue for the well-being of most Tasmanians. However, priorities vary, for example:

- the older you are the more concerned you are about health now and during recovery (Figure 4.1);
- unemployed Tasmanians are more concerned about housing, income, and jobs into the future, than health; and
- younger Tasmanians are more concerned about jobs, income, and housing into the future than health (almost 3 times as many young people identified jobs as an important recovery issue and twice as many identified income as important compared with those that identified health).

Figure 4.1: Percentage of respondents who selected 'health' as important for their well-being and as a concern for the future, by age



A core concern people expressed is the ability of the Tasmanian health system to operate effectively in the event of further COVID-19 outbreaks. More generalised issues to do with physical health featured less prominently in our well-being survey.

We heard mixed views about access to health services over the past year. There was minimal negative feedback on the ability to access emergency care, or to have surgery performed. However, we are aware of disruptions (such as delays in elective surgery and restrictions to dental health services), which have had immediate and potentially long term health impacts on Tasmanians.

We were told that there is a shortage of allied health professionals in Tasmania, particularly in some regional communities. We heard concerns about access to primary health care. People are waiting longer or going without care because of access issues. We heard that this has been a problem in Tasmania for some time and has been exacerbated by the pandemic. Much less emphasis was placed on acute health services in our consultation processes.

Although access to primary health care was raised as an issue by some, we also heard that telehealth services were considered valuable for many (but not all) people. This was particularly the case for people in regional areas that don't have easy access to health professionals, and some people with disabilities who previously found it difficult to go to the doctor when needed.

We heard that Tasmanians understand that governments are focussing on health risks when making decisions about the management of COVID-19, such as border closures when outbreaks emerge in other places. However, they don't understand how these decisions are balanced against economic and social risks arising from the imposition of controls.

Reflections and recommendations

With Tasmanians ranking *Health* as their number one concern, it is important that the Government promptly progresses the strategy in *Our Healthcare Future: Immediate Actions and Consultation Paper*.

Two key reform initiatives in the Consultation Paper are to:

- increase and better target our investment to the right care, place and time to maximise the benefits to patients; and
- build a strong health professional workforce aligned to a highly integrated health service to meet the needs of Tasmanians.

This work is underway so we have not sought to examine how the health system could deliver better health outcomes.

Our Interim Report highlighted that strong messaging and open communications about COVID-19 management was required. The need for this hasn't diminished, and it will remain important in building an enduring recovery.

Tasmanians are concerned about the capacity of the health system to operate effectively in the event of further COVID-19 outbreaks. We acknowledge that the Government has committed to investing in infrastructure, systems, technology, equipment, workforce, communications and governance to enable the State to respond to future outbreaksⁱⁱ.

To build community confidence about the capacity of our health system to operate effectively in the event of further COVID-19 outbreaks, the Government should routinely update Tasmanians on the progress of initiatives it has put in place to prepare for future outbreaks.

Strong community support for COVID-19 management measures is important, because it likely means better compliance, it builds confidence and enables people and business to move onto a positive footing. The feedback has been that people don't understand the reasons behind control measures, such as border closures, needs addressing.

Tasmanians can observe how the Government responds to outbreaks in other parts of Australia (hot spot approaches or broad border closures) but are having to make assumptions about why certain approaches are being taken. They also are making assumptions about what those actions might mean for future outbreak scenarios.

It would be much better for confidence and planning if rather than guessing, Tasmanians had an information base from the Government to assist in their planning.

Governments and the community are keen for life to return to a 'normal' footing, albeit a COVID-safe one. We are all keen to be able to return to visiting family interstate, and to resume business and leisure activities that require us to move around the country.

Without an understanding of the approach that will be taken to managing outbreaks, it is difficult for businesses and the community to plan.

More understanding about how decisions are made and greater clarity about the circumstances under which certain measures will be imposed will help people make informed decisions about travelling between jurisdictions.

COMMUNICATION AND CONFIDENCE: RECOMMENDATION

The State Government should provide regular updates to the community on the initiatives to prepare the State health system's response to future COVID-19 outbreaks.

The State Government should explain to the community its future COVID-19 management strategy, including how any future outbreaks will be handled.

The State Government should explain the risk management basis of COVID-19 restrictions as those decisions are being made - including any reimposed or new restrictions.

Throughout the recovery period, the State Government should provide broad guidance for people travelling interstate about the circumstances under which Tasmanians will be required to quarantine upon return.

4.3 Mental Health

What we heard

In the well-being survey, mental health featured heavily as a cause of concern. People either experienced a decline in their own mental health or were concerned about the mental health of loved ones and members of their community.

Respondents frequently reported experiencing anxiety, depression, uncertainty, and loneliness. Not being able to participate in social gatherings, diminished access to physical exercise, increased stress and financial or job insecurity were linked to a decline in their mental health. Some respondents also reported that increased stress in response to the pandemic was exacerbating existing mental health conditions including PTSD, agoraphobia, anxiety, and depression.

The potential for the COVID-19 pandemic to impact on mental health and well-being was recognised early. Governments responded quickly and our Interim Report recommended some immediate actions.

Mental health, or more specifically situational distress, has been widely raised as a key issue of concern for Tasmanians through our various forms of consultation. Situational distress refers to circumstances in which people experience periods of anxiety and low mood, which although not clinically diagnosed, may cause a level of psychological distress. There are many factors that can contribute such as job losses, financial and family stressors, loneliness or feeling a lack of control - all matters brought forward by the pandemic. Our consultation suggests that when participants raise issues of concern about mental health in the context of the pandemic, they are usually referring to situational distress, rather than acute or other mental health conditions.

We have been told that the Tasmanian mental health system is operating at capacity. Waitlists are lengthy and there is a shortage of counsellors and psychologists while demand is growing. We have heard about siloed services and gaps in service continuity, leading to significant access and affordability challenges for Tasmanians of all ages.

COVID-19 has shone a light on a system that does not focus on prevention and early intervention. We have heard that too many people are treated too late. Young Tasmanians at risk and their families cannot easily access support.

Uncertainty about the future path of the pandemic and of government support contributes to a view that 'we are yet to see the real impacts of COVID-19'. This is concerning for many people.

For the Tasmanians that rely on income support payments as their primary source of income, additional payments have temporarily provided an insight into a better life. For example, we heard from Shelter Tasmania that some had taken up longer-term rentals on the back of short-term increases in income support. The withdrawal of these additional financial supports will create new problems that would not have manifested if supports had not been increased.

There has been a strong message that a focus on effective job creation initiatives is important to help people to re-engage with work and increase their self-reliance and self-esteem. However, in the short to medium term, it must be recognised that reducing levels of financial support is likely to worsen the rates of mental distress among Tasmanians.

Tasmanians told us the demand for behavioural health services is likely to increase for several years, through exacerbation of existing illness and an anticipated large number of individuals who have not previously accessed treatment and may experience deep situational distress for the first time, particularly if recovery is drawn-out.

Meeting demand

The pandemic has affected cohorts and age groups differently. As impacts continue to evolve, so too will there be changes in the impacts of situational distress. For example, we heard that many regional areas are struggling to attract mental health practitioners and the Mental Health Council of Tasmania (MHCT) submitted that younger and older Tasmanians have been disproportionately affected in relation to situational distress.

The mental health system is complex, hard to navigate and new participants entering it often do not know where to start. The stigma associated with mental health prevents some people from seeking help altogether.

In this context, we have heard that it is critical to:

- build mental health literacy across the community (the knowledge, understanding and skills to aid in the recognition, management and prevention of mental health issues); and
- have appropriate navigation systems in place to triage people to the appropriate level of acute and sub-acute services.

Multiple options are needed to ensure a high level of awareness of services available. Information can be made available in many forms - for example:

- online, such as the MHCT's current check-in website <https://checkin.org.au/>;
- through telephone services, such as 'A Tasmanian Lifeline 1800 98 44 34' - a new service in response to COVID-19; and
- in the community (such as community health officers and GPs).

We heard that tailored approaches are required for various cohorts and communities, and that people seek help from different places (including online, friends, family, GPs, and health professionals). We were told that peer support models are an effective way of helping people in need, particularly young people, while at the same time providing benefits to peer support workers themselves and the mental health system more broadly.

Similarly, concern was also raised around a lack of support services that small businesses owners and their staff can access. Medium to large businesses often have the awareness of and access to mental health services but we heard that small businesses often didn't know how to access services or perceived a stigma that prevented help being sought.

There was a strong emphasis on more early intervention services - prevention rather than acute and crisis support services - and a call to restructure the delivery of mental health services. A common theme in the ideas put to us was a 'community-level approach' including:

- building on and supporting local experience, expertise, leaders, and volunteers and leveraging their enthusiasm to provide support for mental health issues in communities;
- building awareness of positive mental health and resilience, using existing networks, and institutions;
- focussing on enhancing mental health literacy;
- developing multiple tiers of support which span the spectrum of mental health support - from identifying potential mental health issues through community feedback to providing professional clinical services at varying levels;
- building awareness and connectedness using key 'touch points' in the community such as Red Cross, Lions, ambulance officers;
- supporting early identification, management and prevention of mental health conditions in small business owners and operators, using advisors and accountants in collaboration with Beyond Blue, Mental Health First Aid Australia, and the like.; and
- running mental health seminars for small businesses, drawing on the expertise of individuals and local organisations.

This was seen as an opportunity to build a broader understanding about mental health literacy. There is a general understanding of physical health literacy, including maintaining a healthy diet, acting to prevent skin cancer, and performing breast self-examination, and exercising. By contrast, our general mental health literacy was considered to be less advanced.

Reflections and recommendations

The Productivity Commission released its Final Report on Mental Health in late 2020. Its focus is on improving population mental health in Australia. The report identified that “Australia’s mental health system has not kept pace with our needs. . . does not focus on prevention and early intervention. . . does not empower those who need it. . . is not ‘person-centred’”.

The Report’s recommendations provide a long-term roadmap for reform to deliver a person-centred mental health system. The report highlights that states are at different stages of implementing reforms and that developing coordinated approaches between State and national services will be critical for successfully implementing many reforms.

We support a coordinated effort to improve the Australian mental health system, and note that it will take time, effort, and resources.

In December 2020, the Government released Tasmania’s mental health plan *Rethink 2020* for consultation. Several of the initiatives proposed in the Plan are consistent with the reforms identified in the Productivity Commission Final Report, and consistent with the community concerns that we heard.

A focus area in the Plan, which addresses some matters raised above, is the development of a ‘continuum of care approach’ for mental health. This approach is designed to:

- provide a range of support services;
- match service types to individual needs; and
- support people to move across the mental health system in a timely manner based on the level of need.

In November 2020, the Government released its response to a review of the Child and Adolescent Mental Health Services (CAMHS). The review recommended large-scale changes in the way CAMHS operates, including in its structure, practice, and culture, to better support our children and adolescents, with particular emphasis on those most vulnerable and in need of support. The Government’s response committed \$4 million to implementing the recommendations over the period 2020-21 to 2022-23, with an undefined implementation timeline to implement a recommendation to establish an adolescent inpatient unit.

Given all of the above work, we haven’t examined options for rebuilding Tasmania’s mental health system.

We support accelerating and committing necessary funds to implement *Rethink 2020* and the reforms to CAMHS as a matter of priority. These reforms are critical for transforming our mental health system into one that truly supports those who need help and that promotes better mental health for all Tasmanians.

We also support accelerating and committing necessary funds to associated strategies such as the MHCT Peer Workforce Development Strategy. Peer support models are an effective way of helping people in need, particularly young people. We support the Peer Workforce Development Strategy being expanded to include youth.

In line with the initiatives proposed in the Plan and consistent with our consultation, appropriate navigation and referral systems and building mental health literacy are key areas to support Tasmanians with mental health issues during COVID-19 recovery.

Existing triage approaches were inadequate to meet the increased demand for support during the initial COVID-19 impact. In response, funding was provided to Lifeline Tasmania to provide a temporary triage service for Tasmanians to assist them engage with appropriate local services. The service appears to have addressed a gap in Tasmania’s mental health service framework. A review of the service is currently underway.

Establishing a triage and navigation service on a sustained basis during recovery will be important for meeting the projected increased demand for mental health support. Targeting those undergoing major psychological stress for the first time and those with limited understanding of the services available is important. Learnings from the review of the Lifeline temporary service will assist in scoping a medium-term approach.

Consistent with the recommendations in our Interim Report, the MHCT has developed a 'check-in' website which provides tips, ideas and resources to encourage Tasmanians to monitor and maintain their mental health and well-being. In its submission, the MHCT advised that this tool is well placed for building mental health education and awareness. This is a valuable initiative and we support its expansion for those that can utilise online resources to support their well-being.

The combination of these online and telephone based supports will assist people with situational distress to locate the most appropriate services. However, not all will access support through these channels. Increased face-to-face, community-based support to triage and navigate the mental health support networks in Tasmania would provide a more comprehensive approach.

MENTAL HEALTH: RECOMMENDATION

The State Government should:

- rapidly finalise, and commit appropriate funds to implement *Rethink 2020* as a matter of priority;
- accelerate the implementation of, and fully fund the reforms to, the Child and Adolescent Mental Health Service as a matter of priority;
- expand the MHCT Peer Workforce Development Strategy to include youth and fund a mental health Youth Peer Worker model to provide additional, early intervention, awareness raising and support to young people experiencing situational distress;
- commit funding for a telephone-based mental health triage service for the duration of the recovery;
- support the MHCT proposal to expand the 'check-in' website to provide more mental health education and awareness material; and
- commit funding for community-level resources to provide face-to-face contact and engagement with community organisations and service providers, with the aim of:
 - raising awareness about mental health literacy;
 - developing networks between organisations and service providers; and
 - building capacity within the community for sub-acute support services.

4.4 Food

What we heard

Tasmanians told us they are concerned about ongoing access to affordable, nutritious food.

The scheduled reductions in additional income support payments will increase the level of financial stress for some Tasmanians, impacting on their ability to be able to afford nutritious food.

A survey conducted in Tasmania during the period April to June 2020 (a time when restrictions were in place) found that:

- 26 per cent of respondents had experienced food insecurity to some degree; and
- 14 per cent of respondents experienced 'more severe food insecurity', which meant they were regularly going hungry and were unable to afford balanced meals.

These statistics are higher than a similar survey undertaken in 2019.

Cohorts that reported higher than average levels of 'more severe food insecurity' included young people aged 18 to 25 years, people with a disability, people in regional areas, and people who identified as Aboriginal or Torres Strait Islander.

We heard that there are new cohorts of people facing difficulties affording sufficient food. For example, there is a trend of older children moving back home and some of these households are experiencing difficulties meeting the cost of feeding them.

Tasmanians told us about how lucky we are to be living in a State that has a strong agriculture sector and the natural and human resources available to produce a wide selection of food. There was a sense of bewilderment for some that Tasmania can be the 'food bowl of the nation', and yet some Tasmanians can't access healthy fresh food.

Looking out for each other; teaching each other how to grow and prepare fresh healthy food (and buy and sell locally produced food), shortening food supply chains and building local food systems, were identified as important initiatives for recovery and building community resilience.

Reflections and recommendations

An increased level of food insecurity has been reported during 2020. This is likely to continue over several years if households continue to experience financial stress. Depending on the recovery path, food security may shift from an emergency relief response issue to a more systemic ongoing service that all tiers of Government and the community need to get involved in.

Additional focus should be placed on local actions that can be taken to increase access to the basic necessities required for well-being, including food security. In response to our Interim Report, which recommended a plan and transition from increased emergency food relief provision towards community-based and school based food security models, we understand that a Food Security Strategy is currently being prepared.

FOOD SECURITY: RECOMMENDATION

The State Government should ensure that the Food Security Strategy currently being prepared:

- expands on recent trials of school lunch provision to include greater school and community provision;
- adopts a place-based approach to community food security models and not a 'one-size-fits-all' approach;
- includes strong links to local agricultural and hospitality businesses including training opportunities for program participants; and
- is scaleable in design so that any potential increase in demand for emergency food relief can be managed in a rapid and effective manner.

4.5 Housing

What we heard

Tasmanians told us that adequate affordable housing is a key factor underpinning their health and well-being, and essential for people gaining work, engaging in education, and connecting with their community.

Through our well-being survey, Tasmanians told us that of the 11 indicators, they consider housing to be the eighth most important for well-being and sixth in relation to key issues of concern for the future. Some Tasmanians put a higher priority on housing:

- younger Tasmanians indicated more concern about future housing compared with older Tasmanians (young people ranked housing the third issue of concern for the future behind jobs and income);
- Tasmanians in the North West and West were more concerned about housing than other regions; and
- Tasmanians who identified as having a disability reported specific challenges in acquiring safe, affordable housing.

Some Tasmanians are concerned about the stability of their living situation. The successful management of COVID-19 depends on everyone having a safe and secure home where they can self-isolate if needed. Public messaging like 'stay safe: stay home' is only meaningful to people who have a safe and secure residence that enables them to 'stay home'.

We heard that affordable housing is a growing concern in the context of an uncertain future. There was strong support for the Government's additional investment in social housing, which not only provides homes for those in need, but will help to drive economic activity and jobs around the State.

Tasmanians raised with us concern about increasing house prices and the lack of affordable private rentals, and the challenges for a growing number of Tasmanians - not just those on low incomes. We heard concerns about the ongoing pressure on house prices into the future with potential population growth.

People from different places around Tasmania told us about diverse housing problems. For example, we heard about areas, such as the West Coast, that do not currently have enough adequate houses. This is inhibiting people moving there to fill job vacancies.

An overarching theme was concern that the 'affordable' lifestyle Tasmania has been known for is quickly slipping away.

Reflections and recommendations

Adequate and affordable housing is a key factor in meeting Tasmanians' health and well-being aspirations.

House prices and rents have not plateaued during COVID-19. Recent data demonstrates house prices increasing in Hobart and regional areas, at rates substantially higher than nationally. Rental markets in Hobart and regional areas are now less affordable than any other capital city or comparable regional area nationally.

The immediate concern we highlighted in our Interim Report was over-heating the market through the stimulus measures. Various data suggests that this has already emerged with:

- the Australian Government reporting a large blow-out in the budgeted cost of its Homebuilder scheme nationally;
- the value of building approvals and the number of dwelling approvals in Tasmania increasing substantially in December 2020, compared to one year earlier;
- the monthly value of owner-occupied housing finance in Tasmania was an all-time high in August 2020 (some 27 per cent higher than the previous maximum) and has been sustained at very high rates since then; and
- anecdotal evidence suggesting that the availability of builders and tradespeople is severely limited and building costs are escalating quickly.

The State Government has introduced numerous strategies and initiatives that aim to address affordable housing, with a strong focus on assisting low-income Tasmanians. This focus needs to continue. However, affordability issues extend into the broader population. Housing affordability is not just about the ability to buy or rent a home, it is also about being able to afford to live in it and engage in society. For example, if a home is 'cheap' enough to buy or rent but is located too far from work or school, it is not 'affordable'.

The housing market is complex and many factors impact on house prices and rents, such as: population growth; ageing and shifts in household composition; land available for development and the rate at which it is brought to market; taxes; approvals and permitting; alignment of essential social and economic infrastructure with housing development (with implications for traffic congestion); and supply of a skilled construction workforce.

Governments play a key role in helping all Tasmanians live in affordable homes. There are many ways the State Government influences the housing market including through regulatory systems, strategic land use planning, policies, taxes, subsidies, and capital investment. There are also many policy levers that drive housing outcomes that are not within the State's remit (like negative gearing and the tax treatment of capital gains for the family home).

With current record levels of unaffordable housing across Tasmania, and concerns about the future housing market, more can be done by the State Government in developing a coordinated, strategic approach to the overall housing situation. The current focus is predominately on the crisis end (homelessness and low income), which leaves the State Government with a lack of capacity to deal with broader housing market outcomesⁱⁱⁱ.

A more strategic approach to the housing market would also help to avoid introducing policies that add to housing shortage issues, such as the eviction moratorium policy^{iv} or drive up the costs of housing through stimulus measures in overly compressed timeframes.

As we look at recovery over the next 2-5 years, having a well-developed housing policy framework that looks at the full array of housing market issues is a prerequisite to delivering more sustainable housing outcomes.

HOUSING: RECOMMENDATION

The State Government should develop a comprehensive Tasmanian Housing Strategy and drive practical actions to deliver more sustainable housing market outcomes across Tasmania for all Tasmanians.

The strategy should encompass:

- population growth and settlement planning;
- ageing and shifts in household composition;
- land availability;
- the interface between public and private markets;
- taxes;
- approvals and permitting;
- sustainable housing - energy and water efficiency;
- construction workforce availability; and
- alignment of essential social and economic infrastructure.

5

COMMUNITY: CONNECTIVITY AND ENGAGEMENT

IN A NUTSHELL...

- COVID-19 has reinforced the importance of community connectedness and engagement.
- The impact of the growing digital divide is more evident now than ever.
- The lack of reliable state-wide digital infrastructure means that many Tasmanians, particularly those in our regions, are being left behind in a world where life is increasingly being lived online.
- Many Tasmanians cannot participate in the digital world because of poor digital literacy or affordability, appropriate equipment or online access.
- The digital divide needs to be genuinely tackled, building on the foundation of Our Digital Future by the specification of Key Performance Indicators and the allocation of material funding to actions to achieve those KPIs.
- Communities are calling out to be involved in designing and delivering recovery approaches, and a place-based approach should be a starting premise. Building community leadership is part of the solution.
- Community events will play an important role in rebuilding connection as well as bringing economic activity to regions. Supporting them through risk-sharing of COVID-19 cancellation risk is a smart idea.

TASMANIAN VOICES - COMMENTS FROM OUR SURVEY...

"The pandemic put into stark perspective the importance of community engagement and participation and highlighted the importance of health to every other thing in life."

"Let social enterprise and community project initiative groups show you the real way to regional economic recovery."

"Ensure and enforce a high degree of accountability, transparency, inclusiveness in the conduct and decision making of all levels of government and community organisations. Value community cohesion and community benefit above individual gain."

"Improved internet speed. There are more people in the house studying/working at the same time - school age and university children and 2 adults. The internet access cannot cope."

5.1 Introduction

COVID-19 has underlined the importance of staying connected with our family, friends and community, and has shone a light on the challenges of supporting isolated and vulnerable members of our community. It has also highlighted the challenges of businesses staying connected with customers and suppliers, students staying engaged with education, and employees staying linked with work.

We know that connected and trusting communities, where people know and care about each other, recover better than those less well connected. Social connections enable people to help each other and can be lifelines for people living with disadvantage and the elderly. Both digital connectivity and face-to-face engagement play critical roles in developing networks and cohesive communities.

Many Tasmanians have been able to stay engaged with their communities, work and education, through both digital connectivity and face-to-face connection. However, those that have not have often been those most impacted by the suppression measures introduced to manage the pandemic.

Digital connectivity and inclusion were strong themes through our consultation. Being able to participate online is a central part of modern life, and the gaps that Tasmanians experience in this regard are well documented. COVID-19 has highlighted the widening of the digital divide between those who are able to participate online and those who simply cannot.

A central theme arising from consultation was about the importance of building resilient communities - that is, building community capacity to withstand crises or disruptions - and at the same time, building stronger, more tightly bonded and engaged communities.

Tasmanians told us about the importance of creating opportunities for communities to come together in a physical sense, and that community-based events can provide multiple benefits for social and economic recovery. We also heard of the difficulties in getting these initiatives off the ground in the current uncertain environment.

An overarching message from Tasmanians was about the need to empower communities, build local leadership capacity, identify 'local solutions to local problems' and, in the process, strengthen community connection. We were told that this is critical for a place-based recovery from COVID-19. Tasmanians are used to banding together in times of crises and COVID-19 is no different - we all have a part to play in recovery.

5.2 Digital Connectivity and Inclusion

Prior to COVID-19, digital technologies were already transforming the ways in which we lived, worked, studied, and interacted with one another. The pandemic's arrival led to a rapid acceleration and transition of these approaches.

During restrictions, many individuals and organisations successfully shifted to working from home and, even as restrictions eased, many continued to work flexibly including with the use of video conferencing services. There are many examples of how Tasmanians with good digital connectivity have survived and even thrived during COVID-19.

Some of the benefits of transitioning everyday activities online have now been 'locked in' and many are considered part of our new 'norm' as we continue our recovery from COVID-19. For many, this has resulted in greater flexibility, choice and access.

This, unfortunately, has not been a universal experience.

Many Tasmanians simply do not have access to digital networks, devices and literacy that makes such a transition possible. Indeed, this rapid digital acceleration has created further division and increased feelings of isolation and exclusion for some.

One of the primary challenges we face in recovery lies in ensuring that the many benefits of digital connectivity are available to all members of the Tasmanian community. Digital connectivity is critical to ensure individuals and communities stay connected with one another in these uncertain times.

Improving digital connectivity for all Tasmanians requires a targeted two-pronged approach:

- improve the network of state-wide digital infrastructure; and
- improve digital inclusion (literacy, accessibility and affordability).

Digital Infrastructure

What we heard

We heard frustration about the lack of access to digital infrastructure for many Tasmanians.

A recurring theme was that under-investment in digital infrastructure and the resulting poor coverage in some areas has disproportionate negative impacts. We heard that poor digital infrastructure and networks, particularly in regional Tasmania, are exacerbated by mobile black spots and slow internet speeds. We have been told about regional businesses who have unreliable EFTPOS facilities due to their region's poor coverage and other businesses that have been unable to transition online like many of their competitors in better serviced areas.

For individuals and communities, the lack of access to digital networks has left them disconnected, isolated and unable to participate in many aspects of a modern society. There was a consensus that greater investment in digital infrastructure is required to materially improve digital connectivity. We heard that without ubiquitous digital infrastructure and widespread network coverage, many Tasmanians will not have the choice to access online essential community and health services, work from home, undertake remote learning and exploit new ways of doing business.

Reflections and recommendations

Broad scale digital infrastructure and networks provide significant social benefits and underpin new industries and business innovation.

However, digital infrastructure is a classic case where structural underinvestment is likely. Network providers capture only a part of the economic and social benefit of the infrastructure and thus tend to underprovide it relative to the community's desire. In particular, areas of lower population density and lower economic activity do not offer as good a return as more urbanised areas. If you include the social values also realised by connectivity, then this 'market failure' is even greater. This is a strong argument for government intervention to improve Tasmania's digital infrastructure network.

Improving Tasmania's digital infrastructure is more complex for the State Government than other forms of economic infrastructure where the State has traditionally been an infrastructure provider, like roads and electricity. Tasmania's digital footprint is a consequence of Australian Government policy settings and the commercial decisions of privately-owned telecommunications providers.

There are broader social and economic gains from improved digital infrastructure and the State Government has a key role to play in addressing this issue, with the aim of creating an 'equitable' platform on which Tasmanians can share in the benefits of the digital world.

By partnering with telecommunication infrastructure providers and the Australian Government, the State Government can deliver improved infrastructure, and, by comparison with investments in state roads, bridges and other 'owned' infrastructure, the outlays in cash terms are relatively modest.

The fact that the assets do not sit on the Government's balance sheet does not reduce the importance of this form of infrastructure for Tasmanians and Tasmanian business. Arguably, digital infrastructure will be the most significant channel for both new industries and social services in the future.

With reliable and widely accessible digital infrastructure, Tasmania's geographic location could turn from a constraint to opportunity. The pandemic has proved that geography is no longer a major obstacle in competing nationally and internationally, provided the digital infrastructure is in place. The case for investing in digital infrastructure is a strong one.

Bridging the digital divide begins with ensuring all Tasmanians have access to a digital network that is reliable and widespread.

DIGITAL INFRASTRUCTURE: RECOMMENDATION

The State Government should take an active role, working with the Australian Government, telecommunication carriers and other providers, to improve Tasmania's digital infrastructure, as a priority, including by:

- undertaking a review of digital infrastructure coverage gaps and priorities for future investment (which would inform the quantum of funding required);
- commissioning research to determine the economic and social gains from greater deployment of digital infrastructure;
- actively pursuing greater collaboration and co-investment arrangements with the Australian Government, telecommunications industry carriers and other providers; and
- allocating funding for digital infrastructure projects to strengthen connectivity, particularly in our regions.

Digital Inclusion (literacy, accessibility and affordability)

What we heard

While access to a widespread digital network is an important element, it is only part of the story. Tasmanians told us that a clear priority is for more to be done to improve digital inclusion so people in our communities can participate fully in a modern society.

It is widely recognised that Tasmania performs poorly on all three measures of digital inclusion – accessibility, affordability and overall (for example, see <https://digitalinclusionindex.org.au/>).

We were told that Tasmanians living with disadvantage such as those in low-income households and those not in the labour force are more likely to be digitally excluded. Children and young people from low-income households are less likely to have a computer, tablet or iPad at home, and they are less likely to have access to the Internet. There is widespread awareness and concern that these circumstances will cause some children to fall further behind as the digital divide increases.

Tasmanians also told us that general literacy will be one of the key determinants of digital literacy. Tasmania's general literacy standards are also well behind other places.

Digital ability and literacy

COVID-19 has highlighted the importance of digital literacy. We have heard that digital ability and literacy is a state-wide issue and a major constraint for business productivity and for community involvement in the modern world.

Tasmania's poor digital literacy has broad implications and occurs across all ages and socio-economic status. The differences in people's digital ability and literacy play a significant role in widening of the 'digital divide'. For some school children, online learning provided greater flexibility and accessibility; for others without the 'know-how', using online platforms became a barrier to learning.

Another insight from consultation was the low level of digital ability and literacy of many small business operators and the source of their inability to maximise the use of digital technology. This was especially relevant during COVID-19 as low levels of digital ability and literacy constrained small business operators from rapidly pivoting their business models online.

Affordability and accessibility

For many Tasmanians affordability plays a critical role in whether they have internet access. The feedback through our consultation was that internet access is now commonly regarded as an essential service (all the more so through COVID-19) and people should not have to make a choice between food and internet access.

TasCOSS' *Understanding Digital Inclusion in Tasmania*, found that the digital inclusion gap between high and low-income Tasmanians is increasing over time, and the key issue is affordability – more so than literacy.

With the rollout of the NBN in Tasmania, accessibility has improved. However, we heard that there are still many Tasmanians using pre-paid data for internet - this can be significantly more expensive and provide the user with limited data allowance. From an equity perspective, this is a barrier to online participation for many Tasmanians.

Tasmanians told us that some school students, particularly those from lower socio economic backgrounds, have trouble accessing basic computer equipment and data to enable satisfactory learning-from-home. During the early stages of lockdowns, the Departments of Education and Communities provided school children with access to hardware and internet access to ensure they could continue their education from home.

We also received feedback that the home-based learning driven by COVID-19 presents the opportunity to rethink our approach to education and overhaul the models we use to deliver it. This includes changes to digital delivery and taking what worked well during lockdowns and leveraging this into future approaches. We heard that we should be taking advantage of our experiences of COVID-19 in education to capture the benefits of adaptive and flexible learning models and use these to address the educational disadvantage Tasmania currently faces.

Reflections and recommendations

Improving digital inclusion in Tasmania will have lasting social and economic benefits. It will provide those in our communities currently excluded with greater access to essential services, improved training and employment opportunities, and further ways in which to stay connected and engaged. Our young children and students will gain better educational opportunity while gaining confidence through enhanced capability and exposure to new career pathways and possibilities.

Taking a bolder approach to progressing digital inclusion in Tasmania is a fundamental element of COVID-19 recovery, and should be accorded a high priority, given its potential to leverage economic and social outcomes.

The responsibility for digital inclusion is currently fragmented and spread across multiple government agencies - this has resulted in a piecemeal approach to the problem. The current funding allocated to digital literacy programs and initiatives is also insufficient to produce material improvements in Tasmania's digital inclusion.

We consider that providing greater access and improved digital capability to be a priority, particularly for Tasmanians who live in areas where network coverage is limited.

The State Government's existing extensive digital infrastructure footprint (through schools, libraries, online access centres and Service Tasmania centres) can be leveraged to expand digital access for the community, particularly in regional locations, through longer opening hours, using community and volunteer input (as was suggested in our feedback).

The State Government has considered these issues in its *Our Digital Future* strategy release in March 2020, which includes actions to address accessibility, ability and affordability. The directions are aligned with the needs that we have heard, but what is required are:

- Key Performance Indicators and timelines for closing the digital divide over the next 2-5 years; and
- the commitment of funding to develop and deliver programs and activities that will genuinely drive outcomes consistent with those indicators.

DIGITAL INCLUSION: RECOMMENDATION

The State Government should:

- as a priority, improve digital inclusion across Tasmanian communities by:
 - setting clear whole-of-government Key Performance Indicators (KPIs) for closing the digital divide within the next 2-5 years in each of the three key dimensions of digital inclusion: access, affordability, and digital ability; and
 - to achieve those KPIs, align actions and provide material funding to drive outcomes under *Our Digital Future*.
- engage with local communities to address digital inclusion at a local level; and
- leverage its extensive digital footprint through expanding access to its existing facilities which provide digital capability to our communities. These include:
 - schools;
 - libraries;
 - online access centres; and
 - Service Tasmania outlets.

5.3 Community Engagement

We heard that community engagement is critical for our recovery from COVID-19, and three key themes underpin this:

- community and place based recovery;
- community leadership; and
- community events.

Community and Place-Based Recovery

What we heard

Throughout our consultation process, we heard many ideas about ways in which community engagement could be enhanced. This underscored the value Tasmanians place on being part of community - be it a local area, or a local club or social network.

Some of the feedback included:

- volunteering is an important vehicle for connecting people in our communities;
- getting people 'out' and reconnecting face-to-face is critical for recovery and we need to find and drive opportunities for this community engagement;
- community-based events present a potentially powerful mechanism for reigniting Tasmanians' connectedness, health and well-being;
- communities want to find opportunities to come together and support themselves in meeting their own needs, and want to find opportunities that make them less reliant on governments;
- providing purpose for people is as important as providing access to the basics;
- creating opportunities for Tasmanian Aboriginal people is an important part of recovery for the whole Tasmanian community - we need to find ways to celebrate Tasmanian Aboriginal culture and knowledge (something we discuss more in Chapter 6).

The importance of community also reflected strongly in our well-being survey.

'Community' ranked as the fourth most important indicator for Tasmanians' well-being (behind health, life satisfaction and income).

The survey provided insights into how the pandemic has impacted Tasmanians' sense of community. Participants reported community-related concerns and experiences (both positive and negative) on individual and collective levels. We heard that:

- relationship to community was a source of both satisfaction and dissatisfaction for participants, relative to the change they experienced in their connection to those around them during the pandemic;
- connection to family was a prevalent theme;
- decreased social interaction as a result of COVID-19 suppression measures was said to have significant negative impacts on people's mental health;
- border closures and restrictions impacted on respondents' capacity to visit their families, impacting negatively on their perception of their life satisfaction; and
- respondents reported feeling anxious, sad and isolated, describing how their sense of community and the quality and closeness of their friendships had been negatively impacted during the pandemic, potentially with lasting effects. Others, however, reported the opposite. Some respondents reported feeling closer to their community, neighbours and nearby friends while simultaneously feeling distanced from friends or family overseas or on mainland Australia.

Many respondents reported concern for the wider community. The health and safety of others, notably family and friends elsewhere who have been affected, were of concern for many respondents.

We heard that when it comes to managing the ongoing social impacts of recovery, including drug and alcohol misuse, family and community violence, and decreased community connection, the empirical data is slow to show trends and changes, but that there have been impacts, and these have been particularly felt at the community level.

Community-led and place-based recovery was a consistent theme raised in our consultation processes. This issue was the topic of several submissions, and is well summarised in the LGAT submission:

The COVID-19 pandemic has highlighted and heightened the relative disadvantage that already existed in our community... Not surprisingly, the ability for different communities and individuals to respond, adapt and recover has not been consistent. That is why building community resilience is foundational to successful recovery and maintaining strong communities and economies. While there are many frameworks and tools for building community resilience, like most interventions, no single approach will likely work for all communities and their varied social and economic contexts. However, it is well established that the values of the local people and their connection to their local place are central to building the community resilience.

Linking to this theme was a strong message about local solutions to local problems, and the role of the community, through its leaders, in driving outcomes. The rejection of a one size fits-all approach to programs and approaches that aim to rebuild from COVID-19 was common. There was a strong preference for government to have a clear and unambiguous 'what' it is seeking to achieve, coupled with robust and thorough engagement with local communities on the 'hows' to achieve those ambitions.

Tasmanians also told us of the importance of creating innovative community settings, to support place-based recovery. Some of the issues identified related to resource sharing and breaking down silos between community entities - achieving more through cooperation, rather than competition. The concepts of community hubs to meet community needs also came up in several workshops, and the task for local government is to look for opportunities to see such proposals flourish.

Volunteers play a key role in building and maintaining community engagement. However, we heard that the resilience of the volunteering sector is low, and the demand for volunteers is outstripping supply.

We received feedback that the State and Australian Governments should have more senior managers with a regional connection. The perspective was that COVID-19 has demonstrated that people can work remotely, and that having senior staff regionally based would ensure that there were people in key organisations that genuinely understand local

issues. We heard that far too often, government representatives do not understand local problems and that locals are required to form solutions without adequate support.

An overarching message from our consultation was that local communities can, and should, be trusted to know the best ways to achieve the policy outcomes sought by governments. Local solutions to local problems are viewed as the better approach in the regions.

Reflections and recommendations

We recognised the importance of community involvement in recovery in our Interim Report, recommending the Government implement a regionally-based model for coordinating the recovery journey, and the Government is now establishing these arrangements.

As discussed in Chapter 1, our approach to the longer-term recovery task has been to consider whole-of-State priorities, rather than to consider specific needs in specific places. In seeking to get that overall state-wide focus, we have looked at recovery through various smaller lenses - sectors and regions - and can see there are differences in needs and priorities.

Importantly, we saw a willingness of people to become involved in supporting their community by participating in our processes, and we obtained rich information from that engagement - far more than if we had just used a traditional written submission approach. This is a valuable information base that is now available to policy makers in considering recovery at the sub-state level.

The importance of place-based perspectives is illustrated in our recommendations on a state-wide approach to better connecting people with opportunity through *Jobs Tasmania Local Networks* (Chapter 3). Central to our model is that the local community will make decisions about specific needs in their areas and commission the services that best address those specific needs.

We recognise that there are efficiencies for governments taking a consistent approach across places - for the Australian Government in national programs like jobactive, and similarly for the State Government in running programs and supports in different locations around Tasmania. From a procurement, contracting and oversight perspective, a one-size-fits-all approach is administratively simpler. But it doesn't necessarily deliver the best results, and it doesn't provide the strongest foundation for place to take ownership of problems and drive solutions.

Our view is that in developing recovery mechanisms, the State Government and its agencies should start from the perspective of actively looking for opportunity to make approaches place-based. The first step is to involve target communities (people cohorts, sectors or places) in co-designing approaches (also flagged in Chapter 7), and then considering how approaches can operate flexibly to address differences in localised needs.

As we heard from Tasmanians, an important opportunity is in managing the ongoing social impacts of recovery. These include drug and alcohol misuse, family and community violence, increased situational distress, widened socio-economic disadvantage, particularly through unemployment and decreased community connection. There is great benefit in governments actively seeking out community led, place-based recovery activities targeting these issues. Activities should focus on resource sharing across organisations, and new models of volunteer engagement.

There may be policy or procedural barriers to delivering support on a place based model, such as procurement arrangements. Where such barriers exist, they should be addressed, rather than highlighted as a reason for not taking a place based approach.

This is not to suggest that the Government should abandon state-wide consistent approaches. Our point is that the question of placed based options should be actively considered as an integral aspect of service delivery design, and if there are good reasons for a one-size-fits-all approach, so be it.

There is a quid pro quo for the community. They need to 'turn up' and take part in processes aimed at drawing out their perspectives, and there needs to be a continuous pipeline of willing and appropriately skilled community leaders through which this input can be channelled. We talk about this in the next section.

PLACE-BASED RECOVERY: RECOMMENDATION

The State Government and its agencies should actively seek out and fund community-led, place-based recovery activities. Priority should be given to activities with the following objectives:

- increased community connection including collaboration across existing community organisations;
- primary prevention of and early intervention in areas such as family or community violence and drug and alcohol misuse; and
- models which promote new and innovative strategies to engage volunteers.

Community Leadership

What we heard

Tasmanians gave us clear messages about the importance of strong community leadership. It was highlighted that leadership in communities may not always be in the form of specific individuals; it could be organisations or groups of people.

There was a sense that all community members need to be engaged in the recovery process and to put forward constructive and considered ideas on approaches and solutions. The task for local leadership is to take these inputs forward and engage strongly with decision makers, firm in the knowledge that they are advancing positions backed by their community.

We heard that investing in training and developing local leaders will ultimately deliver dividends to the wider community, not just to the individuals concerned. The view is that in advancing community leadership, skills will be built for the community and this will engender trust from the State and Australian Governments.

Reflections and recommendations

With the emerging priority on community and place based responses to COVID-19, there will be an increasing leadership task within local communities.

Our approach to the cross-sector workshops was to hear from a diversity of voices, not limited to the heads of peak bodies. By taking this approach, we identified a range of talented and passionate people that genuinely want to contribute to their community. They have a lot to offer and were willing to invest their time for the benefit of others.

But this is not always enough to be an effective community leader - there is a suite of skills that will enable aspiring leaders to really make the difference, and to be able to work with others to bring forward community perspectives.

By the State Government investing in building the capability of local leadership, communities will be better able to deliver solutions to local problems as we recover from COVID-19.

COMMUNITY LEADERSHIP: RECOMMENDATION

The State Government should establish an ongoing scholarship funding pool to financially support leadership training for individuals that have demonstrated involvement in their local community.

Community Events

What we heard

A theme from our consultation process was the importance of community based events to re engender a spirit of community connectedness and confidence, as well as providing opportunities to re-build face-to-face connection.

Tasmanians told us that events are a platform to celebrate being part of a community. COVID-19 imposed barriers for community groups to be able to progress such initiatives due to the financial risk of outbreaks leading to the cancellation of events at the last moment. The suggestion was made that events to support community during recovery could be enabled if the State Government would be willing to provide some insurance for losses if future COVID-19 outbreaks result in cancellation.

Reflections and recommendations

Community based events have an important role to play in our recovery. These events provide an important way in which Tasmanians can come together and repair the social fabric of our communities. They also provide economic opportunity to encourage new spending within the community - this is particularly important for local businesses and small community organisations greatly impacted by COVID-19.

Community-based events have always been a challenge to bring together, relying on volunteer effort and the raising of funds to enable the event to be staged. The risk of cancellation, or material impacts arising from changed arrangements due to COVID-19 suppression measures makes this doubly so. Community groups have no capacity to insure against these risks.

There is a role for Government in partnering with community groups to support these events – but not commercial for-profit events, or large-scale events like The Taste of Tasmania. Our proposal is a risk-sharing model, similar to that which the Government has recently announced with arts producers for live performances in theatres.

COMMUNITY EVENTS: RECOMMENDATION

The State Government should support community-based events by sharing COVID-19 risks. The proposed approach should include a capped amount of financial coverage where COVID-19 suppression measures materially impact the running of the event.

6 ENVIRONMENT AND SUSTAINABILITY

IN A NUTSHELL...

- Tasmanians see the environment as essential for their health, well-being and prosperity.
- Tasmania's environmental credentials are a centrepiece of Tasmania's broader sustainability credentials as well as its brand and competitive advantage.
- The world is paying much closer attention to environmental sustainability credentials aligned with the United Nations Sustainable Development Goals, and other places are stepping up efforts to becoming more sustainable.
- Tasmanians told us that Tasmania can't rely on the sustainability 'head start' it has relative to other places thanks to our natural environment and history. Decisive action is needed across a range of fronts to build Tasmania's sustainability credentials.
- We are calling for the development of a bold and comprehensive sustainability vision and strategy for Tasmania.

TASMANIAN VOICES - COMMENTS FROM OUR SURVEY...

"Think more about the future and in particular the environment. What it will be like for children and future generations."

"Having a healthy and protected natural environment is why people come to Tasmania. Protecting the natural environment should be the Premier's top priority."

"Tasmania's COVID-19 recovery MUST address climate as the top priority - nothing else matters if we don't address the climate emergency. The pandemic brings an unprecedented opportunity for change."

"To take urgent action to reduce emissions and transition to a more sustainable future. We need a holistic recovery that can help position Tasmania as a world leader in the UN 2030 Sustainable Development Goals."

"When we think big, let's look at what we can do that other places can't. We could be leaders in how to build an ultra-low carbon economy. We could make EVERYTHING with renewable energy."

6.1 What We Heard

Tasmanians gave us a very strong message through our consultation that they consider the environment is vitally important to their health, well-being and economic prosperity.

In our well-being survey, environment ranks as the fifth most important contributor to well-being for Tasmanians and is the fifth greatest concern as we emerge from the COVID-19 pandemic. More than three quarters of survey participants highlighted Tasmania's natural environment to be important for their own well-being, Tasmania's brand and economic advantage, and the global environment.

Throughout our consultation we heard that the environment is a major element of Tasmania's brand and creates significant value for Tasmanian products in local, interstate, and global markets.

Tasmanians told us of their concern that Tasmania's environmental credentials don't truly stack up when a close look is taken. Their concern was that unless we have bona fide sustainability credentials to back up our brand, Tasmania's reputation and competitive advantage are at risk because other places are increasingly stepping up their environmental policies and approaches to broader sustainability.

The message from all nine of the cross-sector workshops was that:

- Tasmania's environment, directly and through brand association, will be a major contributor to our future opportunities, and therefore to economic and social recovery;
- doing nothing or modest approaches to sustainability will not cut it in light of global trends;
- to retain Tasmania's premium brand positioning for tourism, export, investment and liveability, our environmental and sustainability credentials need to be stronger than other places, across all the domains of energy, emissions, air and water quality, land management, waste and biodiversity; and
- collective action is required by all sectors, governments and communities, to ensure our brand is authentic and remains a positive point of difference globally.

There was strong support from our consultation for economic development and major investments but there were notes of caution about selling short our longer-term environmental advantages in the pursuit of quick wins on the economic front.

We received several written submissions concerning Tasmania's environment covering the topics of climate change, carbon emissions, renewable energy, sustainability and the circular economy. These reinforce the messages we heard from the well-being survey and cross-sector workshops. They show that we have significant expertise in the community in these areas and there is appetite for progressing practices to improve Tasmania's environment and sustainability outcomes.

Many of the submissions show how adopting sustainable development and circular economy principles will create new business opportunities, providing jobs, economic growth, and social benefits.

Hope is important for recovery, and the strong sense we received from our consultation was that a good deal of hope for Tasmania's economic future lies in sectors that align with strengthening our environmental credentials.

The overall sense we took away from our consultation is a strong and growing appetite for more to be done to build on Tasmania's solid starting position in relation to the environment and sustainability.

6.2 A Vision and Culture of Sustainability for Tasmania

Understanding Sustainability

The pursuit of sustainability is not the rigid adoption of a narrowly focussed environmentalism. Nor is it a trade-off between economic growth and environmental protection. It is development, and approaches to living and doing business, that meets the needs of the present without compromising the ability of future generations to meet their needs.

Sustainability recognises that well-being is the balance of economic, social and environmental dimensions. While progress in one of these dimensions will always have a bearing on the other two, the goal of sustainability is to have an overall positive impact in all three dimensions, rather than trading off one to benefit another.

While the environment is a key aspect of sustainability, it is much wider. The United Nations has 17 Sustainable Development Goals, which include social values such as justice, inclusion and equality. While all of the goals are important to recovery, this chapter primarily focusses on the role and importance of the environment for Tasmania's economic and social recovery from the impacts of the COVID-19 pandemic, because this was the strongest sustainability theme emerging from our consultation.

The COVID-19 experience highlighted how easy it is to take things for granted. The closure of national parks and reserves (as a COVID-19 suppression measure) was frequently raised in our cross-sector workshops, with the strong message 'please don't do that again, because accessing nature is what being a Tasmanian is about'.

This puts into perspective the need to not take the environment for granted. Failure to protect our environment would severely impact our economic and social well-being in the future.

In the built environment, sustainability is about development and infrastructure that supports community needs but protects environmental values through good design, energy efficiency, minimal ecological footprint, and the sustainable use of materials. When designed well, the built environment can enhance environmental outcomes.

Environmental brand and competitive advantage in rapidly changing markets

Tasmania currently enjoys an environmental comparative advantage from our century-long history in hydro-electric energy, the large share of our land in reserves, a geography and climate that supports productive agriculture, and relatively low rates of industrialisation and population growth. These all contribute to our existing 'clean green' image.

Tasmania is a non-net greenhouse gas emitting jurisdiction - an enviable position in the current global context. Annual net greenhouse gas emissions in Tasmania have fallen by 111 per cent from 2005 levels, to negative 2.2 mega tonnes of carbon dioxide equivalents in 2018.

This has been driven primarily by changes in the forestry sector over the past decade. Carbon sequestration through regenerative forestry management and the production of solid timber products could be an important part of Tasmania's ongoing decarbonisation strategy. Biowaste from forestry and agricultural residues can be converted into biofuels, bio chemicals or other useful products in a shift towards a resource-circular bio-economy, reducing the release of carbon from burning off these residues in situ. Further emissions reduction action across other sectors could make Tasmania a carbon sink, with additional future economic benefits for the State.

While forestry has driven reductions in Tasmania's carbon emissions, our underlying emissions from other activities continue to grow, particularly from industrial processes, manufacturing and construction.

Net emissions reductions of 17 per cent in New South Wales and Victoria, and 32 per cent in South Australia have been achieved over the past decade. The driver is shifting from fossil-fuel to renewable sources of electricity. While other states focus on reducing emissions in the energy sector, Tasmania can get on with reducing emissions in other sectors of the economy.

We repeatedly heard through our consultation, the expectation that over the next 25 years, Tasmania will be more attractive to people seeking refuge from increasing summer heatwaves on the mainland, and safety from threats like COVID-19. The ability to work remotely could also encourage relocation to Tasmania.

While good for the economy, higher population growth places greater strain on resources, infrastructure and housing. Tasmanians told us that this growth needs to be carefully managed to ensure that our environment, and our future brand and competitive advantage, don't suffer.

Major investments and other recovery strategies intended to stimulate demand over the next 2-5 years, will add strain on our environment if not properly managed with strong sustainable development practices.

We heard that, for Tasmania, simply making incremental improvements to sustainability won't be enough to support our brand - we need to be better than elsewhere to maintain an edge. Many other countries, particularly European, are implementing sustainable development practices much faster than us. The quality of our environment, and our practices in protecting and building our environmental value, must be our differentiation in overseas markets. That will be a source of enduring competitive advantage.

Heritage and societal progress

Tasmania's heritage is essentially our inheritance from previous generations of natural, historical, built, social and cultural values and features. Just as our generation had no control over what was left to us, future generations will have no control over what we leave for them. But we can control what we leave them.

History has shaped climate change, loss of biodiversity, pollution and other environmental harm from industrialisation. It has also shaped our built and cultural heritage. We have the opportunity, and responsibility, to take action to create the economic, social and environmental conditions for future generations to thrive.

The adoption of sustainability principles is about taking action to ensure that future generations can meet their needs. In addition to a healthy ecosystem, 'meeting needs' includes the built environment, a resilient economy, high standards of education and training, the ability to start a business or find a job, being supported by a just and fair legal system, being safe in the community, and having trustworthy and accountable institutions. Sustainability includes actions across all of these, as reflected in the 17 United Nations Sustainable Development Goals.

Our Aboriginal heritage should be a high priority for Tasmania's sustainability. The heritage of Tasmanian Aboriginal peoples derives from a vastly greater time in Tasmania's history than the period since European colonisation but is underrepresented in Tasmania's cultural and social identity. Progress is being made towards reconciliation, inclusion and celebrating the heritage and cultures of Aboriginal peoples but the pace is slow.

In a submission to the 2019 review of the *Aboriginal Heritage Act 1975*, the Tasmanian Aboriginal Heritage Council made the following points which are relevant to sustainability:

- Aboriginal heritage should not be thought of only in the past tense - it reflects a strong living culture which includes the present and the future.
- Any articulation of Tasmanian history needs to reflect that human habitation of Tasmania extends back 40 000 years.
- The language used to describe Aboriginal heritage needs to be inclusive and acknowledge both tangible and intangible heritage and cultural values. The Aboriginal Heritage Council suggested 'Tasmanian Aboriginal cultural heritage'.
- There needs to be increased education and resources to assist the interpretation and understanding of Aboriginal heritage and cultural values, across governments, the education system and communities.
- Aboriginal heritage must be recognised and valued much more highly by the whole community, for both its tangible and intangible values.
- There needs to be more meaningful consultation and engagement with Tasmanian Aboriginal community groups.

These point to a necessary shift in thinking in the Tasmanian community. Acknowledgement and understanding of Tasmanian Aboriginal cultural heritage would contribute significantly to the preservation of historical values and the future growth of Aboriginal culture. This is as important as any environmental value.

This chapter focusses predominantly on environmental sustainability because we received a strong message from Tasmanians that our environment is important to the Tasmanian brand and will therefore be key to Tasmania's

economic and social recovery. However, the advancement of social values is equally important for future generations of Tasmanians and should be integral to our sustainability objectives and actions.

Practical and strategic sustainable development for economic and social growth

We need to have clear expectations for Tasmania's sustainable future, with goals, targets and strategies to build and grow our environmental credentials and brand.

Responsibility for achieving this is with everyone - it's not simply a job for government. Governments do have a role in providing leadership, allocating resources and implementing the right regulatory settings to encourage and support businesses and communities to adopt sustainable development practices.

If individual Tasmanians value the environment, as our well-being survey strongly shows, and Tasmanian businesses see it as key to their competitive advantage, the future is in our hands through the decisions we make as we go about our everyday activities. Businesses and households are where the most impactful changes will occur.

Tasmanians told us that they are looking for a public articulation of a vision for addressing the challenges of climate change, living sustainably, creating a stronger Tasmania for future generations, and showcasing our values to the world.

For Tasmania to capitalise on its current and growing sustainability credentials, a coherent and coordinated approach to sustainability objectives, strategies and actions is the starting point.

It falls to the State Government to articulate that vision and to develop a broadly-based strategy that brings that vision to reality.

A Tasmanian sustainability vision and strategy should articulate ambitious goals and measurable targets, and concrete actions to deliver the targets. By setting out a strategy over short, medium and long-term horizons, targets and actions can be tailored to suit the complexity of the problem, allow varying degrees of intervention, and iterative or scaleable steps for longer-term goals.

In some cases, changes in Tasmania are inevitable because of global factors. In these areas, a primary consideration is the pace of change.

For example, in relation to decarbonisation, global standards are driving improvements in vehicle fuel efficiency and carbon emissions. The widespread adoption of electric vehicles will progressively occur in Tasmania, because of global shifts in the production of vehicles. However, there is a choice to be made about the pace of adaptation. The process could be sped up by introducing additional incentives, or as the State Government has already announced, stimulating a second-hand market for electric vehicles in Tasmania.

Other areas are within the State Government's control and require specific measures to drive outcomes. Tasmania's air and water quality standards are in this category. We can't rely on national and international factors to drive these outcomes – we have to do it.

The strategy should set out the horizons for change. As an example, a decarbonisation strategy would include a high level, overall target for Tasmania to achieve net zero emissions over the medium-term horizon, and then progress further as a net carbon sink over the long-term horizon.

Having set out the long-term strategy, specific sector-level targets and actions over the short and medium-term horizons can be established. This would set the path to achieve the State's overall strategy, tailored to the circumstances of each sector. A common theme should be that targets are ambitious and actions achievable.

Successive State governments need to provide strong leadership necessary to encourage Tasmanian industries, businesses and households to adopt sustainable practices.

Contribution and coordination are required from all government agencies, and collaboration with business and community sectors. Brand Tasmania can express the vision as part of Tasmania's brand. This was one of the most common and strongly supported opportunities identified in the cross-sector workshops.

As one concrete leadership action, Government agencies, government businesses and local governments should integrate sustainability into public policy, programs, procurement, services and operations. Sustainability goals and targets that align with the Tasmanian vision and strategy should be built into public sector corporate plans and progress should be reported annually.

The environmental objectives of the strategy should include ambitious, future-facing targets, setting out time-horizons or phases with clear pathways to:

- address climate change and decarbonise the economy;
- improve the management of the environment and natural resources;
- maintain biodiversity; and
- transition to a circular economy.

Importantly, many of the actions that should form part of the short-term horizon of the plan are already in play, such as the Tasmanian Renewable Energy Target, the Waste Action Plan, Climate Action 21 and numerous funding and grants programs administered through multiple agencies. The foundations are in place but are not joined-up.

It is important that Tasmanians adopt a culture of continuous improvement and innovation in relation to their environmental footprint. This will require some candid self-reflection and ambitious shifts in thinking around the environmental impacts of our activities, and how we can improve individually and collectively. Individuals might look to what they can do to eliminate the confronting spectacle of roadkill, remove gorse infestations, tackle the issue of feral deer, and keep domestic cats contained to protect wildlife and reduce feral cat populations. All of these, and many more everyday things, contribute to the integrity of our environmental credentials.

Some business models will be challenged, and some may incur new costs as the environmental cost outcomes of current practices are sheeted back to business. Businesses that innovate, reduce waste and address their environmental impact become more efficient and increase their value to customers. Failure to adapt and become more sustainable would place a business at a competitive disadvantage. This is part of the required change.

State Government agencies and local governments can influence, encourage and incentivise the adoption of sustainable development practices in business and non government organisations through:

- Tasmania's planning and resource management system;
- best practice regulation;
- procurement policies and practices;
- grants and financial assistance programs (all assistance, not just sustainability grants); and
- mechanisms to ensure that the interests of future generations are given due consideration in both policy and legislative development.

In each of these areas, interaction with government could carry the expectation that applicants, recipients and proponents demonstrate how their business, project, proposal, development, or other activity will contribute to the achievement of Tasmania's sustainability vision and strategy.

Based on the inputs from our broad consultation program, we have identified some key issues that Tasmanians have said are particularly important as Tasmania's sustainable development vision and strategy are developed. These are explored below.

Climate change and renewable energy

In December 2020, Tasmania reached the nation leading milestone of supplying 100 per cent of its electricity needs from renewable sources.

The State Government has set an ambitious target for doubling energy generation from renewable sources to 200 per cent of Tasmania's current energy needs by 2040. Realising the benefits to Tasmania from this ambitious target relies on commitment and completion of some critical projects on the medium-term horizon, particularly the Project Marinus and Battery of the Nation initiatives. These projects and the infrastructure required to support them must of course be consistent with Tasmania's sustainability vision and strategy, which includes realising the potential for Tasmania to contribute to decarbonisation far beyond our own emissions.

A surplus of energy generation capacity can benefit Tasmania in several ways, from local energy security to exporting and attracting new energy consumers that place a priority on carbon-free energy. Examples are green hydrogen

production, energy intensive and water efficient agriculture technology (such as vertical farming), and digital technology infrastructure (such as data storage and processing). The Tasmanian Renewable Hydrogen Action Plan would utilise some of this capacity within the State and create an export opportunity to replace fossil fuel sources globally.

Reducing our emissions from other sources, in transport, industrial process, manufacturing and construction, is critical for our sustainability vision and projection of brand. Tasmania is not the only jurisdiction planning investment in renewables, so we need to move early and quickly with these actions to secure our advantage. An effective strategy for addressing climate change and decarbonising the economy requires tri-partisan support.

Water

Tasmania's water resources face several existing and emerging challenges, and there is a need to step up the management of water quality in catchments. Climate change is increasing rainfall variability and drying of the east coast of Tasmania. Bushfire intensity and frequency is growing, bringing with it increasing water supply challenges and asset risks. The Government's agricultural growth strategy, Battery of the Nation project and the Hydrogen Action Plan will all drive further demand for Tasmania's water resource.

Water restrictions are common in east and south east Tasmania and are likely to lead to growing concern about competition for water supply availability in some catchments. Traditionally considered a 'water rich' state, water literacy in Tasmania is the lowest of any Australian state.

To meet future demand for water and ensure that water quality is sufficient for our agricultural and environmental needs, we need a broader water resource policy approach that addresses resource allocation, water security and water quality, setting specific targets and binding the State Government to monitoring and reporting, as well as more transparency. This should be an immediate priority.

Circular economy

An important element of the strategy will be circular economy principles. The Waste Action Plan already has these objectives but the development of a circular economy requires broader, whole of economy participation and a systems-thinking approach to identifying opportunities in production and consumption processes.

Reducing waste and recycling are good starting points of the circular economy but there is much more to it. Other countries and places are taking bolder steps. The only truly sustainable economy is a circular one, where we no longer rely on the consumption of finite resources and where all materials used in manufacturing are from recycled sources. This is a long, but important, journey for the world to embrace.

As a small island state, Tasmania cannot take steps at the same rate as nations in Europe. Nonetheless, the global sands are already shifting in relation to circular economy principles, and will become an increasing priority for Australia. Tasmania can be a leader in shifting the national dial on circular economy principles and actions.

Achieving circular economy outcomes requires cross-sector collaboration to change the linear process of 'produce, use and dispose'. The objective is to move away from reliance on raw materials, to recycling, upcycling, repurposing and remanufacturing. The process matches up the outputs (waste or otherwise) of one sector with the inputs (to production or alternative use) of another sector.

Changes in consumer behaviour are needed, ending inefficient practices of 'throwaway consumption' in favour of products with greater durability, repairing instead of replacing, and including environmental impact considerations in purchasing decisions.

Tasmania's sustainability strategy would establish clear objectives and actions for adopting circular economy principles over a defined timeframe and guidance for producers and consumers to implement change and innovation.

A role for the State Government would be centralising information, resources and contacts for research and cross sector collaboration. As part of their own sustainability plans, it would be within the remit of Government agencies and local governments to proactively identify circular economy opportunities and use their networks to facilitate collaboration and action. The University of Tasmania also has a significant leadership role in promoting strategic research and development across disciplines, developing knowledge and technical capability, to support circular economy innovation and implementation in partnership with industry.

Government as an operating unit

The *Climate Action 21 Implementation Plan* includes an action for Government agencies to monitor and report energy usage and greenhouse gas emissions. Implementation is inconsistent, with some agencies not reporting at all. While important for mitigating climate change, reducing energy usage and greenhouse gas emissions are only part of the actions required to adopt a sustainability agenda.

A sustainability vision and strategy would provide a framework in which all agencies can report on progress towards achieving Tasmania's sustainability targets.

It's wider than the environment

For a sustainability strategy to effectively support Tasmania's brand, it needs to be expressed in a manner that is understood by our trading partners. Our goals and targets should therefore link to the United Nations Sustainable Development Goals and should also include goals and targets for economic and social outcomes.

In addition to better environmental outcomes, the Tasmanian sustainability vision and strategy should set the agenda for the protection and improvement of Tasmanian Aboriginal Heritage. It should strive for accountability and justice in our social systems and institutions, and in decision-making that takes into account the interests of future generations.

All State Government agencies are delivering services, projects, programs and policies that contribute to one or more of the United Nations Sustainable Development Goals. A lot is going on in government that is consistent with sustainability but it's happening in agencies individually, with no central coordination and in many cases, very little inter-agency collaboration.

To be effective, a Tasmanian sustainability vision and strategy should be developed and resourced centrally, with a permanent structure for inter agency coordination, collaboration, information sharing and decision making. Existing areas of Government, such as the Climate Change Office and the Environment Protection Authority can be incorporated. Business and community sector engagement is best done by agencies that are already well connected to their sectors but engagement activities should be aligned with whole of government strategy. Results and outcomes of engagement should be shared with other agencies. This is an example of how the findings and Recommendation 1 of the Review of the State Service Interim Report could support the concept of a united state service working together.

ENVIRONMENT AND SUSTAINABILITY: RECOMMENDATION

The State Government should develop a sustainability vision and strategy for Tasmania, with ambitious goals, and concrete targets and actions.

The strategy should immediately prioritise specific frameworks for:

- decarbonising the economy;
- water resource allocation, security and quality;
- adoption of circular economy principles; and
- ensuring a consistent and coordinated government approach to sustainability.

The strategy should have a strong focus on environmental considerations, and include wider aspects of sustainability including social factors, and ensuring decisions account for the interests of future generations.

The strategy should be focussed on Tasmanian priorities but be aligned with the United Nations Sustainable Development Goals.

The State Government should strongly promote the idea that all Tasmanians are responsible for our environmental performance and have a part to play in achieving the strategy. Everyone is responsible and everyone should contribute through their actions.

7

PUBLIC SECTOR CAPABILITY

IN A NUTSHELL...

- Tasmanians genuinely valued the responsiveness and engagement they experienced with the public sector during 2020.
- Tasmania's recovery journey will be strengthened with changes to the way the public sector functions and what it focusses on.
- The State Government should implement flexible funding arrangements for its recovery partners, improve the functioning of the State Service and make strong decisions to prioritise recovery activities.
- Government businesses should support whole-of-state strategic priorities, rather than narrow bottom-line measures and initiatives outside their core business of working for Tasmanians.
- The stand-off on local government reform must end. Parliament should sponsor a process that will drive structural change in the near-term, so that the sustainability and effectiveness of local government meets community needs, particularly its important role as a recovery partner.

7.1 Introduction

While recovery is in the hands of all Tasmanians, we know that our public sector institutions — local government, the State Government, and our public sector businesses — will shoulder much of the load.

The flexibility of our public sector institutions in rising to the challenges of the COVID-19 emergency over the past year has been remarkable.

The gratitude of Tasmanians and Tasmanian businesses for the efforts by the public sector to genuinely engage with local communities, prioritise real on-the-ground community needs and to make those things happen quickly was a strong theme in our consultation. The sense was that this is the way things should be.

The ability of our public sector institutions to rapidly respond to emerging needs is important, given the uncertainty over how COVID-19 might manifest in future. But regardless, Tasmanians are calling for, and deserve, a well-functioning and effective public sector that is focussed on their needs.

Notwithstanding COVID-19, the need for structural change in parts of Tasmania's public sector is well known. Recovery from COVID-19 provides an even stronger impetus for reform, as the pandemic showed key public sector institutions must be fit for purpose.

7.2 State Government

Based on what we have heard from Tasmanians, and observed about the response over the past 12 months, the State Government needs to focus on:

- revising funding models for community service providers so they can respond to an evolving situation, remain viable, and continue to meet community needs;
- building a flexible and adaptive workforce and innovative service delivery;
- clearly defining and prioritising recovery activities, and identifying those services and activities that need to be suspended or restricted; and
- improving the capacity and commitment to managing strategic risk.

Fit-for-purpose funding models

The community sector is the State Government's service delivery partner, particularly in fields that are central to responding to COVID-19. Community service providers play a key role in our local communities by delivering critical life-changing and life-saving services. They know their communities well and they understand the needs of Tasmanians at the coalface.

Tasmanians tell us that many organisations adapted swiftly to meet immediate short-term community needs. They responded to COVID-19 with organisational and workforce changes while designing new ways of delivering services or building new ones. This has been a key to the success of the emergency response and the ongoing well-being of Tasmanians from all walks of life.

During this period of uncertainty, community service providers are well-placed to respond to evolving community needs, as we all work together on social and economic recovery.

We received consistent messages about the importance of restructuring funding models for community service providers to enable flexible service delivery focussed on place-based demand. Another important theme was ensuring they remain viable in the face of increasing service delivery costs and changing demands for many services.

The key messages are:

- funding for community service organisations should be long-term (to provide certainty to service providers so they can invest in staff and systems);
- deliverables and outcomes should be very clear (co-designed with providers where relevant, and informed by people, places, and priorities);
- funding models need to allow for flexible and adaptable service provision (enabling organisations to respond to different levels and types of demand and to tailor service delivery in ways that put the person at the centre); and
- service agreements need appropriate transparency and accountability.

For the community service industry to continue to improve the well-being of Tasmanians during recovery it needs a flexible funding and contracting environment that also drives greater accountability.

COMMUNITY SERVICE FUNDING: RECOMMENDATION

The State Government should review funding models for community service organisations to implement the following principles:

- be long-term (to provide certainty to service providers so they can invest in staff and systems);
- have very clear deliverables and outcomes (co-designed with providers where relevant, and informed by people, places, and priorities);
- be designed to deliver flexible and adaptable service provision; and
- require appropriate transparency and accountability.

A flexible and adaptive State Service

The State Government engaged Dr Ian Watt AC to review the State Service (the Watt Review). While the review was initiated before the pandemic, the challenges thrown up by the response and recovery effort have heightened its importance.

We recommended in our Interim Report that the Watt Review be accelerated, and the Government agreed.

We have not analysed or commented on the future structure of the State Service given the Watt Review. Nevertheless, we want to stress that a flexible and responsive State Service is critical to recovery.

Dr Watt issued an Interim Report in November 2020 and will deliver his Final Report by 31 May 2021. The Interim Report made 13 recommendations, which focus principally on:

- improving the alignment of, and strategic cooperation between, government agencies, including through focussing effort and resources on addressing a small number of cross-cutting 'Premier's Priorities';
- more decentralised and flexible modes of work for State Service employees, including regional hubs (where supported by a business case) and remote working arrangements;
- strengthening and formalising the strategic partnership between the State Government and the University of Tasmania;
- investing in recruiting, retaining and developing talented state servants to build future leadership capability, and ensuring there are strong accountability and continuous-improvement mechanisms in place across the service;
- better and more flexible workforce planning, including the development of more structured and sophisticated shared services across agencies; and
- increasing the flexibility and adaptability of government service delivery generally, including through digitisation and potentially a greater focus on more tailored, place-based services.

We strongly support all these recommendations.

The Watt Review is likely to make further recommendations that will provide a roadmap for a contemporary, fit-for-purpose State Service that has the attributes to support the medium to longer term recovery effort, as well as better position the Service to respond to disruptive events.

Reprioritising resources

Recovery from COVID-19 will see the State Government and its agencies needing to focus on delivering important recovery initiatives. New funding will not be available for all new and expanded activities and there will need to be reprioritisation of resources within agencies.

We have received very strong feedback that Tasmanians have welcomed the willingness of the Government to make bold decisions, even when unpopular, because the importance of those decisions can be explained. For example, before the pandemic, very few Tasmanians could have imagined any State Government limiting the number of people who could attend a funeral or a wedding, or telling Tasmanians that they couldn't visit their shack at Easter. But we saw many decisions like this because they were needed and that need was explained.

This boldness needs to continue in the recovery phase.

Ministers and agencies should identify and communicate what services and activities will need to be delayed, suspended or reduced to permit resources to be devoted to high-priority recovery activities, as was the case during the response phase.

There is a sustainability dimension to this. The debt that the State Government is piling up to support the community through the pandemic and recovery will be part of our legacy to future generations. They will have to service this debt, likely at interest rates far higher than those of today. This puts a responsibility on us to ensure we help the government minimise the debt build up to that essential to support the community through the recovery. In turn, that requires careful prioritisation of government spending to ensure that lower priority services and activities are delayed, suspended or reduced.

COMMUNICATING PRIORITIES: RECOMMENDATION

Ministers and agencies should identify and communicate what services and activities will be delayed, suspended or reduced to permit resources to be devoted to priority recovery activities.

Strategic risk management

COVID-19 is the latest example of a low probability and high impact event befalling the State and comes relatively soon after another such crisis — the 2016 energy crisis.

Chapter 8 contains our thoughts and observations on the State Government's preparedness for such developments.

7.3 Government Businesses

Most of Tasmania's economic infrastructure, save for telecommunications and gas, is publicly owned, and under the stewardship of the State Government. Our public infrastructure providers have an important role in Tasmania's recovery.

Through our cross-sector workshops, Tasmanians told us how some government businesses dealt with their commercial counterparts. We heard about attitudes by government businesses of 'these are our terms, take them or leave them', rather than a commercial approach, where both sides work to find common ground.

We have heard that it appears that the focus of Government businesses is primarily on their own financial performance, and less on whole-of-state outcomes. For example, the sentiment of our mining, manufacturing, forestry and construction workshops was summarised as:

Change the culture of Government businesses and incentivise them to deliver bigger-picture outcomes for the state, not just profits. Reward them for the contribution to state industry strategy. Dealing with many government businesses reveals that they are typically narrowly focused on their own business and bottom line. Tasmania needs to recognise that these entities impact across multiple value chains, and could be the enablers for growth — if they are given that mandate by the Government and rewarded for so doing. Senior management in these entities need to be given the mandate (and trained to) aggressively pursue opportunities jointly with the private sector to grow economic activity in the state (rather than a mandate to maximise profits and return).

A principal reason for holding infrastructure in public, rather than private, hands is the potential to drive whole-of-state strategic outcomes.

This is what our government-owned businesses should be doing routinely, and especially so in recovery from COVID-19.

There are examples of state governments using their shareholding to provide strong guidance to government businesses to focus on whole-of-state priorities, rather than taking a narrow business-centric approach. The most recent is the intervention by the current government into the TT-Line's process to purchase replacement vessels from Finland, to explore alternatives that could see improved scope for manufacturing within the state or nationally.

Equally, there are many examples of government businesses focussing on activities external to Tasmania (including overseas) on the basis that these are good commercial opportunities with the prospect of financial returns. History shows that such ventures often deliver the opposite. They may deliver little by way of financial return to the Tasmanian community but involve high degrees of complexity and risk. Most importantly, they are often a significant distraction for senior management and boards, taking their focus away from core operations of the business in Tasmania.

There needs to be a willingness by shareholding ministers to set clear objectives for boards and, through them, to management, to remain focussed on the State's strategic imperatives, and for government to hold boards accountable for failing to do so.

We are *not* of the view that ministers should use their influence as shareholders to direct government businesses to address minor matters that may be political issues or delve into internal operational matters (such as service delivery parameters), or to step over important corporate governance lines to become 'shadow directors'.

We *are* of the view that ministers should use their influence to transparently drive the focus of government businesses to strategic whole-of-state priorities. Government business boards and management need to be highly focussed on being efficient and effective Tasmanian-oriented businesses, rather than pursuing expansionist visions.

Alongside willingness, the formal governance structures for government businesses need to support the process. Currently, government businesses are established under one of two governance frameworks: the Government

Business Enterprise (GBE) model (where the state controls the governance framework under the GBE Act); or the State-owned Company (SOC) model (where the business is established as a Corporations Law company and, accordingly, the state does not control the governance framework).

The SOC model emerged in the late 1990s. At that time it was considered best-practice governance for government businesses. Since 1997, all new government businesses have been created as SOCs, irrespective of their size, complexity or financial viability. Pre-existing GBEs continue to operate under the GBE framework.

This position requires reconsideration, in particular, whether the Corporations Law model is the best approach for the governance of key strategic publicly-owned infrastructure.

It has been argued that there is potential for a disconnect between the fiduciary responsibilities of directors of SOCs under Corporations Law and their responsibility to comply with Government directives. For example, the duties of the director to 'act in good faith' and in the best interests of the business could conflict with what might otherwise be in the best interests of the wider community. There is no reason to have this conflict as a 'built-in' feature of the governance model where businesses are of strategic importance to the state and its people.

In addition, the suitability of the full commercial for-profit frameworks for some of the smaller government business is also an open question. The Auditor-General has repeatedly commented about the suitability of the for-profit corporate structures for government businesses that continue to be reliant on government funding to maintain sustainability and that are not expected to generate returns to Government. Metro Tasmania and the Port Arthur Historic Site Authority are examples.

There is merit in a wholesale revision of government business governance to create a new framework that better tailors governance arrangements to the two different types of businesses: the fully commercial and for-profit entities, and those that are primarily focussed on delivering public policy outcomes. A primary focus would be to remove any ambiguity in the capacity of the government of the day to establish binding transparent whole-of-state priorities for our key infrastructure assets and the requirement for boards and management to focus on these in the best interests of the state.

GOVERNMENT BUSINESSES: RECOMMENDATION

Shareholding ministers must use their influence to transparently drive the focus of government businesses towards pressing whole-of-state priorities during recovery and hold boards accountable for doing so.

The government business governance framework should be revisited to enable the government of the day to set binding whole-of-state strategic priorities.

7.4 Local Government

Improving the capability of the Tasmanian public sector must also include the local government sector. Local government reform, delivered in concert with reform to the Tasmanian State Service, is needed to underpin recovery and build resilience.

It will improve the quality of supports and services available to local communities and enhance the state's social and economic performance. The sector is vital to the Tasmanian economy, employing about 3 500 FTE, with total operating revenues of about \$900 million annually, and assets worth about \$11.5 billion.

What we heard

A very strong theme emerging from our consultation is the priority of place-based approaches to recovery. Tasmanians told us very clearly that our local government sector will be a key agent in recovery and, for it to do so, the sector needs to be resilient and sustainable. Some local government areas (LGAs) are not.

We heard a lot about the role of local government in leading and facilitating local priorities and presenting a whole-of-community view to other levels of government. We heard about its role as a conduit for the State Government back

into community. We also heard that local government has an important role in delivering health and mental health services in regional areas, and in supporting community connectedness.

Local government capability emerged as a theme throughout the consultation process. Both the Local Government Association of Tasmania and the Property Council of Tasmania provided submissions that discussed challenges that smaller councils face in providing efficient and high-quality services to their communities. Similar observations came from our cross-sector workshops and regional roundtables.

The key messages from our consultation in relation to local government are summarised below, under four themes.

1) Role of local government generally

- Redesign the role of local government to improve the focus of councils on the things that they can resource and that are important to individual communities. For example, centralise some activities that offer scale opportunities or are hard to resource (e.g. planning, administration and asset management), and leave others at individual council level (e.g. community development).
- Organisations involved in planning need appropriate resources and skills. Help local government focus on core roles with LG reforms.
- Local government can identify community priorities to the state and national governments, and coordinate delivery between government, business and the not-for-profit sector in regional areas.

2) Local government in approvals processes

- Reduce council numbers and streamline approvals processes. There are too many steps, too many approving authorities.
- We need agile government approvals processes and transparency, especially with respect to the availability of government resources to meet increased demand and timeliness.
- Planning processes and communications need to be streamlined, more accessible, efficient and timely.
- Resources within local government are constrained, which will generate a bottleneck in planning approvals.

3) Local government capacity and capability

- Incentivise local government amalgamations. Small councils can't manage complex issues.
- Local government is struggling now to invest in infrastructure and services, and this will continue to get worse.
- The skills of local government elected officials may be a constraint, especially for small councils which don't have access to good advice.
- Local government sustainability will be at risk, with higher debt, higher rates and a decline in services.

4) Service and resource sharing for better outcomes

- Common infrastructure platforms need to be developed to provide scale (rather than each doing their own thing relatively badly, a joint approach could lead to the best minds coming together to produce a common outcome). Increased centralisation to drive efficiencies.
- Integration across councils. Accelerate making council resources and information publicly available online to facilitate activity and transactions. Investments in systems and online resources to make it easier for businesses to conduct business.
- Share resources. We are a small state, we are in the perfect position to leverage from each other. Get smarter at sharing resources with industry, individuals, businesses and governments. With 29 councils there are more opportunities to share within local government to improve services and reduce costs.
- Local government reform can be the enabler of greater cooperation and coordination. It would set the example for others (such as industry).

Reflections and recommendations

The evidence in support of local government reform in Tasmania was already clear before the pandemic. Now it is more compelling.

The demographic trajectory of some Tasmanian regions is such that many smaller local councils will not be financially sustainable in the medium to longer term. Since 2016, of the 29 LGAs in Tasmania: 12 are experiencing growth; 8 are on the cusp of decline; 9 are in decline; and 28 increased their median age. In 2011, Deloitte Access Economics found that 20 per cent of Tasmania's councils were forecast to be unsustainable over the medium-term.

Tasmania's local government sector is amongst the most disaggregated of all Australian jurisdictions and smaller, on average, than almost anywhere else in the country. This results in some councils' cost to serve per capita being higher than it could be. Too much of the \$80 million in annual Australian Government grants to local government is not being used effectively in providing services to the community but is supporting inefficient administrations. This means that Tasmanians are missing out on services they could otherwise have.

Unsurprisingly, the pandemic has put some councils under significant financial pressure and has revealed that the ability to manage emergency response, recovery, and future resilience varies significantly from council to council.

At the same time, community expectations of councils continue to grow, and this has driven broader service delivery requirements, particularly in respect of COVID-19 recovery. For many smaller councils, meeting these expectations has come at the expense of infrastructure renewal and has impacted their capacity to deliver core functions.

There is a broad consensus on the arguments for pursuing reform, including within the sector itself (see LGAT's *21st Century Councils - Structural Reform Discussion Paper*), as reform is seen to deliver:

- greater financial strength, stability, and resilience;
- efficiency gains through the reduction of administrative costs, and the better use of limited resources;
- more equitable and efficient distribution of goods, services, costs and risks;
- fewer inequitable cross-subsidies between ratepayers who use services provided by neighbouring councils;
- the ability to attract and retain a high-quality professional workforce;
- increased capacity to deliver a broader range of higher quality services; and
- lower regulatory oversight and compliance costs, as having fewer, higher capacity councils avoids the issue of having to regulate for the 'lowest common denominator' and can create the conditions that support a lighter-handed, risk-based regulatory model.

Crucially, reform could deliver substantial strategic upsides, particularly at the regional level, through better coordination of land use and infrastructure planning, and social and community services. It could also support a more efficient planning and development approvals system and allow for the full potential of the current state-wide planning scheme reforms to be realised.

Strategic capacity is particularly relevant in terms of councils' future resilience to, and recovery from, unexpected and disruptive events such as pandemics, natural disasters, and global financial crises.

Recent history and barriers to reform

While there is broad agreement that the status quo is unsustainable and that structural reform could deliver substantial benefits, questions about the shape and form that reform should take, and the nature of the process through which it should be delivered, have remained highly contested.

This has made any recent practical progress on reform very difficult and politically fraught. The last successful round of structural reforms in Tasmania occurred nearly 30 years ago in 1993, when Tasmania's 46 councils were reduced to the current 29.

The current Government's position is that any consolidation of the local government sector must be done voluntarily. To provide a robust information base on which to consider potential changes, the Government and 25 of Tasmania's 29 councils co-funded five feasibility studies into a range of potential voluntary amalgamation and strategic

shared-service arrangements. The greatest identified savings were found in voluntary amalgamation options. However, all studies showed that amalgamation and shared-services options present significant potential to deliver benefits.

Despite these findings, in the three years since the studies were completed, there has been only limited progress in adopting the opportunities identified^Y.

A common message from councillors involved in the amalgamation studies was that a piecemeal, or council-by-council approach may not deliver optimal outcomes. This view has also been expressed by the Local Government Board, based on previous reviews into potential amalgamations.

That approach has also exacerbated local community concerns, particularly in smaller councils, that their voices will be lost if they are subsumed into a larger council. Conversely, residents of larger councils have been worried that they will end up cross-subsidising their smaller neighbours. Unfortunately, these kinds of debates provide fertile ground for those who oppose reform at the local level based on either parochialism or naked self-interest.

The local government reform discussion is frequently framed as a trade-off between cost savings and local representation. This misses the point entirely.

The central issue is having an effective local government sector that has the capacity to meet the contemporary needs of the community. Effectiveness is the key; cost savings and efficiency benefits may come with reform but are a second priority. And there is no reason anyway that efficiencies in service delivery should come at the expense of local-level representation.

Reform will likely reduce the number of councils and the number of elected members but there is no reason for the relationship between the two to be in lock step. A larger number of elected members per council, together with a ward system, may be a good way to ensure effective local representation in a smaller number of larger councils.

The real value to ratepayers of councillor representation will be enhanced where elected decision-makers have at their disposal an effective organisational structure that has the potential to deliver more, and higher quality services for the same net cost to the community.

Given the lessons of the past (in Tasmania and elsewhere in Australia), the voluntary only approach is understandable, but it has been ineffective.

People understand that any government of the day would not want to burn its political capital on local government reform, however laudable, if the issue will be turned into a political football. For as long as this remains the case, Tasmania faces a stand-off on local government reform, with no political party being prepared to risk taking on reform. That stand-off must end.

Our very strong view is that local government reform must be backed by all political parties, and by the Legislative Council. We are calling for a unity ticket across political divides so that genuine progress can be made on an issue that is of real importance to Tasmanians. It is a matter the entire Parliament needs to tackle.

If the Parliament does not start a process to drive structural reform of local government, the Government should not go it alone. Such an approach would almost certainly fail because of political opportunism, and waste resources that could be applied to important recovery tasks.

UNITED APPROACH TO LOCAL GOVERNMENT REFORM: RECOMMENDATION

The Tasmanian Parliament should sponsor a process to drive structural reform of Tasmania's local government sector.

The proposed way forward: local government strategic reform

Local government reform must start from the perspective of effectiveness and sustainability. It needs to be a clean-sheet approach. It must not be about marginal shifts of the existing lines on the map, or a focus on incremental efficiency gains that can be achieved from combining two existing councils.

Reform should centre on how to organise our system of local-level representation and service delivery so that it is equipped to serve the community on a sustainable basis. As LGAT notes, "...the goal should be to create a more robust and capable system of local government". We very much support that view.

The process we envisage would be undertaken by an independent panel of experts, with expertise in local government in Tasmania and reform in other jurisdictions. It would be supported by an appropriately sized and resourced secretariat.

Parliament would set its terms of reference. This could be by way of specific legislation, as was the case with the Electricity Supply Industry Expert Panel in 2010.

In sponsoring the process, Parliament must start with the clear expectation that the process will:

- deliver a new structure of local government areas (LGAs) with many fewer LGAs and a wholesale reconsideration of local government boundaries;
- result in centralisation of some operations to achieve genuine scale across the new LGAs, not that each will be delivering the same services themselves; and
- deliver an outcome that will be implemented without material modification.

The process would deliver a robust, evidence-based set of criteria and benchmarks against which reform options could be assessed and recommended. These criteria should capture, at a minimum:

- strategic capacity;
- local representation and democratic participation;
- regional equity;
- financial sustainability; and
- effectiveness and efficiency of service delivery.

The review should leverage and build on the substantial evidence already established through recent feasibility studies, LGAT's work on 21st century councils and the experience in other jurisdictions.

Importantly, the process must recommend how to manage structural changes, including transitional arrangements.

Consultation will be a central element of the work program, but the temptation of open-ended dialogue and engagement must be managed. The process would be given a challenging, yet achievable, 18 months to deliver recommendations to Parliament.

Some may say that we should wait until more stable times to embark on significant reform. Our strong view is that the Tasmanian community can ill-afford to have this key structural issue left unaddressed over the next two to five years. Continuing to put local government reform in the too-hard basket while the state works through COVID-19 recovery is not tenable. A strong, robust, and well-focussed local government sector is required to play its part in recovery, and to respond to future shocks.

LOCAL GOVERNMENT REFORM: RECOMMENDATION

Parliament should own the local government reform process, including by:

- setting the terms of reference for the process;
- setting a timeframe of about 18 months for completion; and
- committing to implementing the recommendations without material modification.

The process should be undertaken by an expert panel and supported by an appropriately resourced secretariat.

The process must be designed to deliver a reform outcome capable of being implemented and include detailed recommendations on implementation and transitional arrangements.

8 LESSONS FROM COVID-19

The experience around the world since COVID-19 emerged at the start of 2020 shows that most countries were unprepared for a global pandemic. More than 100 million cases and over 2 million deaths to date globally attest to that. Yet, a global pandemic of the likes of COVID-19 was not an unforeseen 'black swan' event. There have been many warnings from infectious disease experts and others that a global pandemic involving a highly infectious respiratory virus was a plausible scenario.

For example, in May 2018, Microsoft co-founder, Bill Gates, wrote:

... there is one area where the world isn't making much progress: pandemic preparedness. This failure should concern us all, because history has taught us there will be another deadly global pandemic. We can't predict when, but given the continual emergence of new pathogens, the increasing risk of a bioterror attack, and the ever increasing connectedness of our world, there is a significant probability that a large and lethal modern-day pandemic will occur in our lifetime... We need a clear road map for a comprehensive pandemic preparedness and response system, because lives, in numbers too great to comprehend, depend on it^{vi}.

Although the timing of its appearance and the exact nature of COVID-19 could not have been predicted, there was no shortage of evidence that a COVID-19 like scenario was a realistic scenario, especially in light of other pandemics, including SARS (2002-2003), the 'bird flu' H5N1 virus (2003-2007), the 'swine flu' H1N1 virus (2009), MERS (2012+), and Ebola (2013-2016).

In the early stages of the pandemic, it was evident that Asian countries that had to grapple with pandemics previously were better prepared. For example, their experience with tracking and tracing, and the willingness of their communities to take preventative measures such as wearing masks, gave them a head-start relative to other countries in dealing with the immediate containment of the COVID-19.

In Australia, the last large-scale national pandemic exercise was conducted some 12 years ago (referred to as Exercise Sustain), following on from an exercise in 2006 (Exercise Cumpston)^{vii}.

The work undertaken over a decade ago would undoubtedly have provided a solid foundation for the rapid development of the mechanisms required by Australian governments to deal with the arrival of COVID-19 at the beginning of 2020. In a global context, Australia's responses have been effective — Australia is in the second lowest quartile for both rates of infection and deaths per head of population across the world.

Nonetheless, the development of the immediate COVID-19 response by Australian governments required considerable development on the run, rather than the orderly deployment of pre-designed and coordinated measures.

The solidarity of Australian governments through the then new National Cabinet during the first wave of outbreaks in Australia supported the timely development of strong policy responses in both the all-important suppression measures and arrangements to mitigate the economic and social consequences of those measures. Without the shared goodwill and unity of purpose we saw between governments, the path of COVID-19 in Australia could have been very different.

This raises the question as to whether Australia, and Tasmania, could have been better prepared for the arrival of what many foresaw as an inevitable pandemic.

This is not the only low probability/high impact event that has befallen Tasmania in recent times. The 2016 energy crisis was caused by the simultaneous occurrence of two low-probability events, compounded by an earlier decision to decommission the Tamar Valley Power Station — the only thermal power station in the state.

- The first cause was record low levels of water in Hydro Tasmania's storages, brought about by a combination of energy trading strategies which saw water reserves in Tasmania deliberately drawn down to pursue revenue opportunities in the wider National Electricity Market (so, not unforeseen, rather a result of a deliberate strategy) and sustained record-breaking below-average rainfalls, from September 2015 to May 2016 (the low probability event).

- The second low probability event was a sustained outage of the Basslink interconnector between Tasmanian and Victoria, which otherwise could have provided a supply of electricity to compensate for the lack of water (and therefore energy) in the hydro system.

Responding to the energy crisis required the Government and Hydro Tasmania to rapidly develop responses to manage the highly significant consequences of Tasmania having insufficient energy to meet its needs. Again, these arrangements did not stem from well-planned contingencies derived from careful risk management (which ought to have been taken prior to, or at the time of, the decision to decommission the TVPS). Rather, they were developed during the unfolding of a major crisis. Fortunately for Tasmanians, these measures, combined with Basslink's return to service and the timely return of winter rains, avoided the state running out of energy.

One of the consequences of the crisis was the formation of the Tasmanian Energy Security Taskforce, which was charged with advising the State Government on how it could better prepare for, and mitigate against, the risk of future energy security events.

It is entirely appropriate that governments take the opportunity to review responses to emergency situations after the event, through initiatives such as the Tasmanian Energy Security Taskforce. However, the fact that it required the occurrence of a very costly (estimated to be about \$180m) and disruptive energy supply crisis to drive the development of contemporary energy security arrangements in Tasmania is testimony to the failure of successive State governments (of all political persuasions) to adequately plan for low probability/high impact energy related events.

We believe that the COVID-19 experience, along with other examples, demonstrates that governments in Australia pay insufficient regard to long-term strategic planning, particularly in relation to risk assessment and management.

There is some focus within government on disaster management and natural disaster risks. For example:

- The State Government has released the *Tasmanian Disaster Resilience Strategy 2020-25*, which has four goals — understanding disaster risk, collaboration to reduce risks and prepare for disasters, reducing disaster risk, and being prepared for disasters.
- In 2012 and again in 2016, hazard risk assessments have focussed on natural disasters (bushfire, flood, severe storm, landslide, tsunami, earthquake, heatwave, coastal inundation and pandemic influenza). That work examined the likelihood and consequence of these events across a range of dimensions (people, economic, environment, public administration and social setting).

This sort of risk assessment is an important foundation, but the key challenge is to develop the plans and strategies to manage the consequences of those risks materialising.

Beyond natural disasters, there are few examples where longer-term considerations are routinely made and information made available to enable community discussion. The Fiscal Sustainability Report required under the Charter of Budget Responsibility Act 2007 is a good example.

Experience demonstrates that governments are geared toward the public sector 'reacting and responding' to significant unplanned developments, rather than allocating time and resources in a structured way to consider how low probability/high impact events would be dealt with. Some change has been evident in Tasmania recently in relation to some risks, with bushfires a good example.

One of the reasons for this is that institutional settings are generally geared towards dealing with immediately observable problems and issues, and the agenda of the government of the day. The latter mainly focusses on delivering specific measures and policies in a four-year electoral cycle. This is unsurprising, given the nature of our democratic processes in Australia.

The community has a role to play in setting expectations of its political leaders that the state's (and the nation's) long-term strategic interests need to be properly considered, and a more structured and deliberate approach taken to strategic risk management. Unless the community sees this as important as their immediate concerns and needs, the incentives for political leaders will be to focus their efforts on those immediate concerns.

Regardless, a core obligation of our elected leaders, and the public sector, is to ensure that the state is well prepared for reasonably foreseeable low probability and high impact events, and to explain to the community what steps are being taken for risk management. Resources need to be deployed to this task, and a structured approach taken.

While the react-and-respond approach in relation to COVID-19 and the energy crisis (as examples) appear to have been adequate, reliance on an assumption of being able to respond and react in the face of unexpected significant developments is undesirable.

STRATEGIC RISK MANAGEMENT: RECOMMENDATION

The State Government develop a structured process for identifying high-consequence risks to which the community is exposed and develop and implement mitigating strategies for these risks.

While natural disaster risks are an obvious risk candidate, and currently receive attention, other risks can potentially have crippling impacts for Tasmanians.

Fuel security is an example, because Tasmania has little storage capacity and relies entirely on fuel supplies imported from the mainland and overseas. Notwithstanding the long-term nature of the vulnerability of Australia's fuel supplies^{viii}, the Australian Government has only relatively recently initiated action to address the situation. So far it has taken only very modest steps to mitigate this risk.

The State Government should carefully consider its response in the event that the supply lines for imported fuel are disrupted. While this may be a low-likelihood event, the social and economic consequences would be horrendous. A strategy for dealing with such an event should be a priority for the State Government and is an example of the wider approach to strategic risk management that we are advocating.

As a small jurisdiction, Tasmania cannot afford to hold within the State Government all of the surge capacity required to deal with low probability/high impact events. Cooperation between agencies can provide some flexibility to shift resources from business-as-usual activities in response to priorities such as public hotlines. However, the State Service is unlikely to have the required depth of specialist resources. A case in point with COVID-19 was epidemiology expertise, which was strongly bolstered through arrangements with the University of Tasmania. Another example was the use of the Australian Defence Force in relation to hospital services in the North-West COVID-19 outbreak.

An important part of strategic planning is to ensure surge capacity can be brought on early.

This requires identifying the partners that the Government would call upon, the triggers for the involvement of the partners, identifying likely roles and responsibilities, and putting in place models of administration that enable this to happen swiftly when required. For example, secondment arrangements may seem a small detail to have arranged ahead of time but become very important when a crisis occurs. It's better to have these arrangements understood ahead of time, thus supporting the timely deployment of resources during the crisis.

Another key requirement is for those arrangements to be incorporated into any exercises, simulations or trials to test assumptions and provide confidence that planned arrangements will work when required.

SURGE RESOURCING: RECOMMENDATION

Surge capacity arrangements need to be identified and tested as a part of disaster planning.

NOTES

- i OECD Better Life Index (<http://www.oecdbetterlifeindex.org/>).
- ii The Government has accepted and commenced implementation of all 34 recommendations contained in the independent review that was commissioned following the North-West outbreak. The recommendations focus on ensuring that the State invests adequately in infrastructure, systems, technology, equipment, workforce, communications and governance to enable the State to respond to future outbreaks.
- iii A Report for the New South Wales Federation of Housing Associations and Greater Sydney Commission prepared by the University of New South Wales City Futures Research Centre makes for interesting reading in this regard - Making Better Economic Cases for Housing Policies, March 2018.
- iv While the overarching intent of this policy was sound, it was poorly designed in the context of a State that needs to increase housing supply, particularly private rentals. It passed onto landlords the cost of a social policy which should have been funded by Government and had no requirement for tenants to be able to demonstrate an inability to pay rent because of a COVID-19 impact. It has sent a message to potential investors about 'sovereign risk' in residential investment in Tasmania, which in turn could have a meaningful impact on the future willingness of investors to grow Tasmania's rental housing stock.
- v Outcomes from the work include:
 - a Local Government Board review recommended the voluntary amalgamation of the Sorell and Tasman Councils, but the merger failed when an elector poll in Tasman voted against the proposal;
 - a potential amalgamation of West Tamar and George Town councils was not progressed when George Town Council withdrew its support for the concept;
 - a number of Cradle Coast councils are considering a shared services entity to deliver back-end business services and IT;
 - Northern Tasmanian councils are progressing a shared-services project but this is still in its early stages of development; and
 - a Greater Hobart Act has been passed, but the development of a formal strategic partnership between the councils as conceived in the feasibility study has not yet.
- vi Innovation for Pandemics, Shattuck Lecture, May 2018. In the same piece, he also wrote "At the Munich Security Conference last year, I asked world leaders to imagine that somewhere in the world a new weapon exists or could emerge that is capable of killing millions of people, bringing economies to a standstill, and casting nations into chaos. If it were a military weapon, the response would be to do everything possible to develop countermeasures. In the case of biologic threats, that sense of urgency is lacking. But the world needs to prepare for pandemics in the same serious way it prepares for war. This preparation includes staging simulations, war games, and preparedness exercises so that we can better understand how diseases will spread and how to deal with responses such as quarantine and communications to minimize panic".
- vii Exercise Cumpston was then Australia's largest health exercise and was one of the first major exercises on pandemic influenza conducted in any country. It simulated the arrival of an international flight carrying sick passengers, the emergence of the pandemic in the community and trialled the health system's capacity to contain and manage a pandemic. Commonwealth, state and territory governments, medical associations, medical colleges and a range of non-government and private sector organisations participated in the exercise.

Exercise Sustain was undertaken as the first exercise to assess national, whole-of-government preparedness to respond to a widespread influenza pandemic across Australia. It tested roles and responsibilities across all levels of government in maintaining and supporting social and economic functioning and recovery during the "Sustain phase" (the fifth of seven defined pandemic phases and refers to sustaining a response, while waiting for

a pandemic vaccine). The report produced on the exercise noted that an influenza pandemic would pose a significant challenge across all tiers of government in maintaining effective coordination, public communications and resourcing during the response and recovery phases of a pandemic.

- viii In October 2020 (the latest data available), Australia had on hand 25 days' worth of petrol and just 21 days' worth of diesel. This is not a recently emerging issue - Australia has failed to meet its fuel security obligations under an agreement with the International Energy Agency for almost all of the period 2010-11 to 2019-20.

APPENDIX 1

PESRAC Terms of Reference

Background

The COVID-19 pandemic and associated health measures have had a significant impact on International, Australian and Tasmanian communities and economies with restrictions leading to widespread closures of businesses and community isolation across the world. The scale of the economic and consequent social impacts is considerable.

In response to this, both the Australian and Tasmanian Governments have announced unprecedented support packages to underpin the health and well-being of Tasmanians and to support businesses, community groups and the economy in the immediate short term wherever possible.

The Tasmanian Government, in concert with the Australian Government, is also looking at strategies to minimise the medium and longer term impact on our social fabric and the economy, to ensure that the Tasmanian community is well placed to meet the challenges and opportunities ahead.

There continues to be significant uncertainty and the road to recovery will depend on a range of inter-related social and economic factors. These will include the need to live and work with the coronavirus pandemic until such time as a vaccine is available. Ongoing containment measures will impact the way our community interacts and how our businesses operate. These are uncertain times, with changing financial market conditions, international and domestic supply disruptions, and significant personal impacts on all Tasmanians.

The way that our broader economy operates and how our society interacts with it will be considerably different to the recent past, and there will be challenges ahead. We need to acknowledge that and importantly plan for a different future both in the short to medium and into the longer term as well, and look for opportunities to build a stronger Tasmania.

Purpose

The Premier's Economic and Social Recovery Advisory Council (PESRAC) has been established to provide advice to the Government on strategies and initiatives to support the short to medium and the longer term recovery from the COVID-19 pandemic.

PESRAC will provide advice and recommendations on how to best mitigate the economic and social impacts of the pandemic. PESRAC will also identify opportunities for economic and social renewal.

PESRAC will be made up of individuals from across the business and community sectors and will leverage the experience, knowledge and resourcefulness of these community leaders to advise the Premier on the opportunities for economic and social initiatives to build a stronger and more resilient Tasmanian community and to strengthen and renew the Tasmanian economy.

PESRAC will provide advice to the Government for a roadmap to recovery for a stronger Tasmania.

Focus of the Council

The Council will make recommendations to the Premier to:

- identify additional immediate short term actions as well as, the medium and longer term issues to be addressed by government, the community and the private sector to facilitate sustainable economic growth and mitigate the social impacts of COVID-19;
- target sectors in which Tasmania has or can develop a competitive and brand advantage;
- capture opportunities for, or identify impediments to employment growth;
- support and enable Tasmanians to take advantage of a different way of life and work and business, or to reinvent themselves in new and emerging industries; and
- identify opportunities to address the impacts of COVID-19 on the community through sustainable social initiatives.

PESRAC will need to take account of any recommendations of Public Health Tasmania, the National Cabinet and work undertaken by the National COVID-19 Coordination Committee, including national economic and financial settings.

Workplan

The format, structure and timing of meetings will be determined by the Chair and considered at the first meeting.

Meetings will be held with industry and community groups who will provide submissions to directly inform the development of PESRAC's work.

PESRAC will provide advice on immediate actions/initiatives to the Government by July 2020 and an interim report containing findings and recommendations by September 2020 to inform the development of the 2020-21 Budget.

The timing of other reporting stages will be determined by the Premier and the Chair following consideration of the status of the pandemic towards the end of 2020.

Membership of the Council

PESRAC will be chaired by Mr Don Challen AM

Members will include:

- Professor Rufus Black
- Mr Dale Elphinstone
- Mr Tim Gardner
- Ms Kym Goodes
- Ms Samantha Hogg
- Ms Leanne McLean
- Mr Paul Ranson
- Ms Brett Torossi

The council will meet as required by the Chair

Secretariat

A dedicated unit will be established in the Department of Treasury and Finance supported by DPAC and State Growth to provide Secretariat support for PESRAC, and will draw on resources from across Government as required.

The Secretariat will consult with a Head of Agency reference group consisting of the Secretaries of The Departments of Treasury and Finance, Premier and Cabinet and State Growth.

The unit will be responsible for drafting agendas, undertaking research, liaising with the State Control Centre and the Recovery Advisor, equivalent bodies in the Australian Government and other jurisdictions, State Agencies and Government Businesses and will prepare policy papers, including recommendations, for the consideration of PESRAC.

APPENDIX 2

What if COVID... Scenarios

SCENARIO A (2020-2023)

- A long lasting and effective vaccine has been developed, and broad distribution across the globe is varied. Large numbers of developed countries have access to the vaccine, and the uptake of vaccinations is particularly good in those countries that established manufacturing contracts early on. By contrast, some countries that were not able to get at the head of the que have had less success in rolling the vaccine out to their populations. Uptake has been widespread in Australia and other developed countries. By early 2022 a significant proportion of the Australian population was immunised and community transmission has largely been suppressed. Methods for treating COVID-19 have also improved, resulting in decreasing mortality and hospitalisation rates, and new fast, affordable, accurate and painless saliva tests that provide immediate results are widely available. Over the past few years many Australians chose to test regularly which improved the speed and effectiveness of tracing.
- Small, localised, virus outbreaks continued to occur nationally during 2021 but were suppressed quickly with small-scale localised restrictions, without broad-scale lockdowns (as seen in Melbourne in September 2020). Physical distancing requirements are no longer required. State and Territory borders opened in early 2021 and Australia's international borders opened around mid-2021. During 2021 to 2023 intermittent international travel restrictions applied to some countries and travellers that were considered to be high risk, however, these restrictions have now almost all been removed.
- The global, national and Tasmanian economies have recovered after bottoming out in 2020-21. Tasmania is one of the best performing states, with people in the post-COVID-19 world demanding the safe and clean produce and a tourism experience that Tasmania has to offer. However the 2020-21 crisis resulted in structural changes in the economy and many businesses closed, particularly in sectors most impacted by COVID-19 suppression measures in 2020. Tasmania's population is now growing again after a short period of decline through 2020-22. National and international passenger and freight services have returned to pre-COVID-19 levels. After a short period of reduced demand and supply disruptions, international demand Tasmanian products and services exports slowly increased to record high levels in 2023.
- The Tasmanian community has recovered well from the pandemic. Community support for the COVID-19 response led to increased social connectedness, while advances in the use of technology, such as telehealth, have made services more accessible to some isolated cohorts. While the community has a high sense of hope for a Tasmania with plenty of opportunities, and the level of anxiety and fear associated with COVID-19 has largely disappeared, the pandemic has highlighted the struggles of people living with disadvantage, and particularly the long term unemployed.
- As the economy recovered Governments have incrementally removed most of the COVID-19 support measures to businesses and households, but retained JobSeeker payments at a higher rate, recognising that the pre-COVID-19 levels were unsustainable.

SCENARIO B (2020-2023)

- After several false starts, a vaccine has been developed and was recently made available to Australians. However uptake has not been high due to ongoing social commentary around its overall effectiveness and whether it will provide long lasting immunity. Treatment methods have improved, but not to a point where they have reduced the desire for an effective vaccine. Testing technologies and tracing efforts have incrementally improved, and random testing is being conducted across the State on a large scale and regular basis. However, community commitment for suppression measures has reduced.
- Globally countries continue to experience frequent outbreaks. Some countries have chosen to adopt a herd immunity management approach and have avoided a 'stop start' economic recovery, other countries continue to struggle with the management of relatively high daily cases nevertheless there is a general global sense of 'light at the end of the pandemic health crisis tunnel'. Without widespread uptake of an effective vaccine in Australia, the risks associated with international travel still exist and our international borders are effectively closed, other than to a small number of countries who's COVID-19 management approach (strong suppression) is similar to Australia's, with the first travel bubble opening to New Zealand in 2021. Governments around Australia continue to face difficult decisions around balancing public health and economic policies.
- All State borders opened for a period of time in 2021, allowing some freedom of movement for domestic travel. However frequent and large outbreaks across the nation soon after, led to various States (including Tasmania) re imposing tighter border controls. In 2023, travel restrictions continue to limit travel to hotspot regions and borders are closed to those without exemptions for several months. Physical distancing and restrictions around very large gatherings are still in place.
- Economic conditions worldwide have not returned to pre-COVID-19 levels. The global and Australian economies have entered into a prolonged period of 'drift' with a significant reduction in economic activity from pre-COVID-19 levels characterised by no growth and sustained high unemployment. Tasmania's economic conditions are trending below the already weak national conditions -with an unemployment rate of around 12 per cent (more than double the pre-COVID-19 level) and youth and regional unemployment hit particularly hard. Industry sectors (such as Tourism) that are particularly affected by travel restrictions continue to struggle more than other sectors. Tasmanians are leaving the State in search for job opportunities, and the State's population has declined. National and international passenger and freight services have slightly improved but remain substantially below pre-COVID-19 levels. Freight costs are very high and capacity is unreliable. Many countries have protectionist policies in place and international markets are difficult to access for many Tasmanian goods and services.
- The economic crisis has resulted in decreases in Government revenue, and grants from the Australian Government have reduced for Tasmania. Governments feel under pressure to tighten and target expenditure (reduce some 'non-essential' services), and there is a growing acceptance that some support measures are creating distortions in the labour market. JobKeeper and JobSeeker supplements (and other support to businesses and supply chains), have either been revised, reduced and/or retargeted, and these reforms commenced with significant change occurring in 2021-22.
- The inability for many Tasmanians to find sufficient work is leading to an increase in household stress and financial hardship, and more Tasmanians feeling isolated and disconnected (particularly young, old and disadvantaged Tasmanians). The Tasmanian community is very much feeling the social impacts of ongoing outbreaks of the virus and the ongoing impact of suppression measures in Tasmania. Students of all ages have also been impacted by frequent disruptions to their learning institutions, and the aged care sector in particular has faced ongoing unique challenges with the management of its work force and vulnerable clientele. Ongoing frustration and uncertainty has led to non-compliance with lockdown and social distancing requirements, and combined with the economic situation, is leading to increasing protests and unrest, a greater sense of fear and anxiety, and a loss of hope for a better future.

