



Demographic change in Tasmania: Strategies for addressing challenges and opportunities

Strategies Discussion Paper

May 2008

This Strategies Paper has been prepared by the Demographic Change Advisory Council

The Council is a Tasmanian Government initiative, which involves the Local Government Association of Tasmania, Tasmanian Chamber of Commerce and Industry, Tasmanian Council of Social Service, Unions Tasmania, University of Tasmania and the Australian Bureau of Statistics

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DEMOGRAPHIC CHANGE ADVISORY COUNCIL

Demographic Change in Tasmania: *Strategies for addressing challenges and opportunities*

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FOREWORD BY THE TREASURER



In the 2006–07 Budget, the Government established the Demographic Change Advisory Council. The Council comprises government and peak community groups so together we can plan for Tasmania's future demographic change. The role of the Council is to conduct research and analysis, lead and influence public debate and share information with the Tasmanian community on demographic change issues.

Demographic change is upon us. The 2006 Census revealed that Tasmania's population is now the oldest of all states and territories. Our population is also expected to age more rapidly than any other state or territory over future decades.

Changes to our population size and structure over coming decades will present economic, social and workforce challenges and opportunities for the Tasmanian community. Governments, businesses, non-government sector organisations and individuals need to work together to plan for our future and respond to these challenges and opportunities.

The Council has released numerous discussion and information papers since it was established. A significant body of work is now available dealing with a range of demographic change issues facing Tasmania, including the health impacts on participation and productivity, the impact of demographic change on state schools and preliminary population projections down to the local government level. In October 2007, after consulting with the Tasmanian community, the Council released a major Issues Paper on demographic change which provides a comprehensive account of the major challenges surrounding population ageing in this State. All of the Council's work is available at www.dcac.tas.gov.au.

This Strategies Discussion Paper provides an opportunity for the Tasmanian community to identify key initiatives that Tasmania could introduce to address the challenges of demographic change. The paper has been prepared by the Council to promote discussion about what areas we should focus on now and into the future, and what new and innovative actions we should take to address the future challenges. The paper does not necessarily reflect the views of the Government or specific Council members. The Council is a broad church and all members have contributed to the strategies presented in this paper. There will be different views on some of the strategies in this paper and I welcome the discussion and debate.

I encourage your participation in this process. The Paper does not aim to provide a comprehensive list of all possible initiatives. The Council is keen to receive your views on the proposed initiatives and your proposals for new initiatives.

After consulting with the Tasmanian community, the Council will release the final Strategies Paper later in the year. This final report will set out the key strategic areas we need to focus on and the actions to prepare Tasmania for the decades ahead.

A handwritten signature in black ink, appearing to read 'Michael Aird'.

Michael Aird

Treasurer and Chair of the Demographic Change Advisory Council

Demographic Change Advisory Council

Aim

The Demographic Change Advisory Council is responsible for identifying and assessing demographic change issues that affect Tasmania. The Council's tasks are to:

- research and analyse information and trends on demographic change issues;
- lead and influence the debate on demographic change issues and the possible strategies available to address these issues; and
- facilitate the sharing of information and research across the relevant stakeholder groups within Tasmania.

Membership

Treasurer (Chair)

Minister for Education and Skills

Minister for Health and Human Services

President of the Tasmanian Chamber of Commerce and Industry

President of Tasmanian Council of Social Service Inc.

President of Unions Tasmania

President of the Local Government Association of Tasmania

Vice-Chancellor of the University of Tasmania

Regional Director of the Australian Bureau of Statistics

The Council's work

Over the past 12 months, the Council has published a number of papers relating to demographic change.

- Issues Paper: *Demographic Change in Tasmania: challenges and opportunities* — highlights the challenges that the State is likely to face due to projected demographic changes.
- Information Paper 1: *Who is not participating in Tasmania's labour force?* — examines the characteristics of Tasmanians not participating in the labour force and some reasons for this non-participation.
- Information Paper 2: *Tasmania's Workforce: health impacts on participation and productivity in the face of an ageing population* — examines the impact that health status and age can have on labour force participation and productivity levels.
- Discussion Paper: *Tasmanian Demographic Change: impact on state schools* — provides an overview of the expected impact of Tasmania's demographic change on state schools and invites community response to the Paper.
- Consultation Paper: *Preliminary Population Projections: Tasmania and Local Government Areas* — outlines preliminary population projections for Tasmania and the 29 Local Government Areas and invites community response to the Paper.

Future work

The Council will release further information papers on a range of areas, including productivity and migration. The Council will also finalise the population projections for Tasmania (including at the Local Government Area level), following consultation with stakeholders.

Resources

The Council's papers are available on its website: www.dcac.tas.gov.au. Other useful links and information are also available on the website. Further information on the work of the Council can be obtained by contacting the Executive Officer on 1800 116 735 or by email on contact@dcac.tas.gov.au.

INTRODUCTION

The size and structure of Tasmania's population is constantly changing and this will continue over the next decades.

While the future is inherently unpredictable, it is certain that a combination of longer life spans and a decline in fertility rates will, over the long run, accelerate the ageing of Tasmania's population.

Tasmania has the oldest population of all Australian jurisdictions, and its population is ageing more rapidly than Australia as a whole.

For these reasons, Tasmania will encounter many demographic change impacts before other states and territories. The sooner the Tasmanian community understands and plans for the social, economic and fiscal impacts of ageing, the better prepared it will be to take advantage of opportunities and address the challenges.

The Tasmanian Government has established the Demographic Change Advisory Council to help Tasmania prepare for the future. In October 2007, the Council released an Issues Paper, which outlined the challenges and opportunities that Tasmania is likely to face, due to population ageing, if behaviours do not change and no policy measures are taken. A brief outline of some of these issues is provided below.

Challenges and opportunities

An ageing population presents a number of challenges for the community, especially to the:

- economy – such as a smaller and ageing workforce, a declining labour force participation rate, possible skills shortages, and changing infrastructure requirements;
- social structure – such as changes in the composition of households and in the demand for community services, particularly by more isolated and low income older Tasmanians; and
- fiscal situation for all levels of government – with increasing pressure to provide more and better quality services while being constrained in their capacity to raise revenue (such as by increasing taxes) to fund these services.

The Tasmanian community, including the business sector, individuals, community groups, welfare organisations and unions, as well as the State Government and councils, will need to be aware of, and prepare for, these challenges.

Tasmania's demographic changes may also provide many benefits and opportunities, such as:

- increased demand for industries which provide products and services for older people;
- new business opportunities arising from the changing spending patterns of the ageing Baby Boomers;
- initiatives and innovations in Tasmania, as the first state to experience the acceleration in population ageing (for example, the Australian Government could use Tasmania as a pilot location);
- an increased number of experienced people that may be available as mentors and advisors for businesses, governments, and non-government organisations;
- more potential volunteers for some activities as people enjoy a longer and healthier retirement;
- increased involvement by older people in clubs and other organisations;
- a decrease in involuntary unemployment, especially for those in the younger age groups; and
- changing work practices that are more flexible and family/life friendly.

PURPOSE OF THE STRATEGIES DISCUSSION PAPER

In 2007, the Demographic Change Advisory Council identified, after extensive consultation, the key issues that the Tasmanian community expects to face as its population ages.

The purpose of this Strategies Discussion Paper is to promote discussion to:

- identify and focus on a small number of high priority challenges;
- develop practical and achievable strategies that address those challenges and opportunities that require action; and
- focus on new initiatives that are likely to help address future challenges, rather than on existing actions.

After consulting with the Tasmanian community, the Council will release the final Strategies Paper later in the year. This final report will include the key strategies and initiatives to take advantage of the opportunities and address the challenges identified in the Issues Paper.

Submissions and Comments

Submissions and comments on this Strategies Discussion Paper are invited.

The Council is keen to receive proposals for new initiatives, together with suggestions as to how, and by which organisations, the proposed initiatives could be implemented.

There is no set format and all submissions will be considered by the Council.

Submissions can be made either by email to the Council at contact@dcac.tas.gov.au or by mail to:

Executive Officer
Demographic Change Advisory Council
GPO Box 147
Hobart 7001

Comments are required by **Monday 30 June 2008**. Unless specifically requested, submissions will be made publicly available.

The broader context

Tasmania's ageing population is not a new phenomenon; the State's population has been ageing for decades. However, this ageing is accelerating, which is expected to lead to some major social and economic changes, such as a decline in the size of the potential labour force.

In some respects, Australia is relatively well placed to plan for and manage the economic and fiscal impacts of ageing. For example, the pension and superannuation arrangements in Australia ensure that households, and governments, are generally much better placed to fund retirement than in many other countries. Furthermore, Australia's labour market is more flexible than in many European countries and is better able to adjust to emerging economic forces without major government intervention.

Currently, households, businesses, and governments are, to varying degrees, aware of and addressing many demographic change related challenges. For example, the labour market participation rate of those aged between 50 and 59 has increased in all states and territories, including Tasmania, over the past five years.

Many of the consequences of demographic change are hard to predict. Furthermore, as the rate of ageing is expected to increase, the rate at which the Tasmanian community will have to adjust to the emerging issues will also have to increase. This places greater value on preparing for these challenges and opportunities in advance, rather than waiting until some issues require major and immediate responses.

Some of the consequences will be positive and others negative for different groups within the community. Those issues identified to date exist today, such as the increasing demand for health services and Tasmania's relatively low participation rate and productivity performance. In most cases they are likely to worsen with an ageing population.

There are numerous initiatives already in place (at the national, state and local level) designed to address the same issues that have been identified in the Issues Paper. Some examples are provided in Box 1.

Box 1: Example of existing initiatives that address demographic change related challenges

Tasmania's Health Plan

Tasmania's Health Plan is designed to provide a comprehensive and strategic approach to meet the challenges faced by the healthcare system currently and in the future. It was released in 2007.

The Plan was developed in response to pressures including:

- a sharp increase in chronic diseases such as diabetes and cardiovascular disease;
- an ageing population that increases the need for health services;
- increasing costs of health care, with health cost inflation higher than average inflation;
- a rapidly ageing workforce and difficulties in staff recruitment;
- duplication of some services, spreading Tasmania's health workforce and resources too thinly; and
- the fact that a failure to respond to these pressures would worsen the current situation.

Guaranteeing Futures

Guaranteeing Futures has been established to improve the skills of the future Tasmanian workforce by requiring all young Tasmanians to undertake education and training beyond Year 10 or be in employment of more than 25 hours each week. A broad range of education, training and employment opportunities are available under this program.

School Futures Fund

The State Government established an initial \$5.7 million fund to support schools that are considering relocation or merging with other schools to improve education outcomes for their students and increase the overall efficiency of the public school system. This initiative represents the beginning of a process that is designed to ensure that school infrastructure is appropriate for future educational and demographic needs.

Tripartite Partnership Agreement for Population Ageing in Tasmania

The Australian Government, the State Government and the Local Government Association of Tasmania signed the Tripartite Partnership Agreement for Population Ageing with the following objectives:

- to deliver improved services from all spheres of government to the community for the care of older Tasmanians; and
- to improve living and community environments for older people living in Tasmania.

The tripartite agreement, which was signed in August 2006, will be in place for three years and reflects the desire for improved cooperation between all levels of government to develop a genuine partnership for the health and wellbeing of ageing Tasmanians.

Box 1: continued...

Tasmanian Plan for Positive Ageing

The Tasmanian Plan for Positive Ageing aims to:

- provide support for individuals to take a lifelong approach to their ageing;
- facilitate links and initiatives across government agencies within the State to meet the needs of older Tasmanians; and
- encourage the community, including local government, business and community organisations, to provide opportunities for older Tasmanians to continue to participate in their community.

Tasmania Together

Tasmania *Together* is a 20-year social, economic and environment plan for Tasmania. It provides a community-based vision for the State which outlines the issues of importance to the community and sets out a range of progress measures that need to be achieved by 2020 in order to meet that vision.

Skills Tasmania

Skills Tasmania is taking action to increase productivity and participation in the workforce. For example, it has extended apprenticeship funding to existing workers in priority areas and it is piloting a new productivity through partnerships initiative that will rely on an industry body taking responsibility for the skill development outcomes.

The Tasmanian community has been grappling with many of these issues for several years and it would be unrealistic to expect that there will be easy solutions. In fact, the fiscal, economic, social and work force issues will never be completely solved. Instead, these issues will need to be managed so that significantly adverse impacts on individuals, businesses and perhaps governments are avoided.

For some issues, market forces are likely to reduce their potential impact. For example, as the workforce ages and perhaps declines in size, employers are likely to focus more on how to attract and retain highly skilled mature workers, and how to ensure that their workers have the right skills and can access the necessary training. A critical element of this paper is identifying any unnecessary impediments to these market forces operating effectively.

In addition, it is important that businesses, individuals and the broader community have a clear understanding of where responsibilities lie and what actions they need to take to prepare for the future.

There are some challenges that are not being addressed, at least with a long term perspective. Such challenges will require governments and community organisations to review their priorities and adjust their activities, including, in most cases, how their services are delivered and funded. Individuals may need to adjust their expectations about what government can provide, and the changing role of households and communities. Businesses, too, will need to adapt to the changing environment and respond to the challenges and opportunities.

Many of the challenges that require a change in government policy can really only effectively be addressed if the policy change occurs at the national level rather than by any single state or territory. For example:

- the Australian Government has primary responsibility for many of the policy areas, including regulatory powers, and has a wider range of potential policy options available, such as taxation, university education policy, superannuation, and private health insurance; and
- nationally introduced changes do not lead to adverse outcomes arising from competition between states (such as for investment or for interstate migration). For example, if certain tax policies are introduced in Tasmania specifically to deal with the fiscal pressures associated with demographic change, Tasmania could become less attractive for investment.

For these reasons, Tasmania will not be able to successfully address all the important issues effectively by itself. However, it is important for Tasmania to identify where and how it can make a significant difference to future outcomes, and implement such initiatives when appropriate. As outlined earlier, this is the primary purpose of this paper.

Many reform issues will, therefore, need to be progressed in partnership with the Australian Government and other states and territories. This could potentially include changing the current arrangements under which a wide range of government services are provided at little or no cost to the user. Progressing these issues through the Council of Australian Governments' current reform agenda provides an opportunity to solve many issues that require a national approach.

The Tasmanian Government is constrained in the extent to which it can manage the fiscal pressures that arise from demographic change and other cost pressures, given the limited range of taxation sources available at the State level.

Overarching principles

The limited experience in other countries suggests that the actions required to address demographic change should not be limited to those that directly affect older people. Rather, they should focus on ensuring that incentives are in place to encourage the required behaviours and provide opportunities for, and remove barriers to, people's participation in society and provide access to services across their lifespan.

The strategies and initiatives outlined in this paper have been selected within a framework of several overarching principles.

- The challenges associated with an ageing population need to be addressed by governments, business and the community working together with a shared understanding.
- Public programs should supplement rather than supplant the roles and responsibilities of individuals, their families, businesses and the community as a whole.
- Public and private contributions will be required to meet the needs and aspirations of an older Tasmanian population.
- Where possible, the policy responses to population ageing should be evidence-based.

Areas for focus

The future impacts of demographic change will be diverse and far reaching. Over the medium to longer term, the behaviour and attitude of households, businesses and governments will adjust to address many of the emerging pressures and to take advantage of opportunities. This has been the case for many social challenges in the past.

This paper focuses on five key strategic areas that are likely to require some planning and collaborative action.

The key strategies are:

- sustaining Tasmania's workforce;
- increasing Tasmania's long term labour productivity growth;
- ensuring that Tasmania has an efficient, accessible and sustainable healthcare system;
- maintaining independent living for older Tasmanians; and
- sustaining the State Government's overall fiscal position.

This Strategies Discussion Paper presents a brief analysis of the key challenges associated with the strategies and a list of potential actions that will help to minimise some adverse impacts that are likely to arise from demographic change. Under each challenge, the initiatives have been broadly categorised into those for which primary responsibility lies with either the Australian Government, the State Government or the Tasmanian community.

Many of the actions detailed in this Strategies Discussion Paper are presented at a high level and intended to set directions for activity rather than describe specific activities that governments, businesses, communities and others could take. Roles, responsibilities, and timelines will be considered as part of the consultation process, together with additional actions included in submissions. It is intended that the final Strategies Paper will set out more detailed actions, following this consultation.

Monitoring and Review

The final Strategies Paper will provide a framework for future action. It will be important that the actions recommended in the Paper, and their implementation, are monitored and evaluated at regular intervals to ensure that they are appropriate in an ever-changing economic and social context. It is proposed that an initial review of the strategies is undertaken three years after the release of the Strategies Paper.

Ongoing research and investigations to inform and guide responses to population ageing will be an important part of the monitoring and review process. Research will be required to guide policy development, set future priorities for action and identify best practice. This work will also identify barriers to change, evaluate the impact of policies, programs and services, and guide individual and social action. A strong evidence base is needed so that responses can be adjusted over time.

STRATEGY 1: SUSTAINING TASMANIA'S WORKFORCE

Tasmania's changing population structure is expected to lead to a smaller and ageing labour force. This is because over the next 40 years the State's working age population (those aged between 15 and 64 years) is projected to decline. Furthermore, the labour force participation rate tends to decline with an older working age population.

Sustaining Tasmania's workforce is important because labour is a critical input into economic activity. It will be important that Tasmania can continue to offer employment in a wide range of industries and occupations. Furthermore, skilled labour is essential in boosting the State's productivity performance.

Many factors influence the size of the labour force at any point in time. These include: the average workforce entry age for various occupations; the number and length of work disruptions throughout people's working lives (for example illness); and the age at which people retire from the workforce. Addressing these factors is one way of reducing the impact that population ageing can have on the size of the labour force.

However, given the variety of reasons why people do not participate in the labour force, there is no single action that would necessarily make a very large impact. For example, factors that affect participation rates include the health and skill level of the workforce, the fertility rate, the level of economic activity and wages offered, family values, and the level and sources of household income other than from employment, such as investment income and government transfers.

Increasing net migration into Tasmania is one way of increasing the State's labour supply, including skilled labour. However, future migration trends may also make it more difficult to retain young professionals in Tasmania as they may be highly sought after in an environment of increasing competition for skilled labour in other states and territories and in other countries.

The key challenges that need to be addressed in order for Tasmania to sustain its workforce into the future are summarised in the following box.

Key Challenges

The key challenges identified in the Issues Paper associated with this proposed strategy are:

- reducing obstacles that prevent people from entering or remaining in the labour force
- increasing work skills to make people attractive to employers
- retaining and attracting younger people and families from interstate and overseas

Proposed Initiatives

Challenge: Reducing obstacles that prevent people from entering or remaining in the labour force

Potential Australian Government action

The Australian Government could contribute, after consulting with the Tasmanian Government and other key organisations, by undertaking the following initiatives.

- Review and reform the national social security system and the income tax system to ensure that the disincentives are minimised (and the incentives are maximised) for people to enter, and remain in, the labour force.
- Develop cross-government (and cross-portfolio) early childhood development programs that aim to improve the opportunities for children, particularly those that are disadvantaged, including programs being considered under the current Council of Australian Governments' work agenda.
- Reform the funding arrangements for employment agencies to provide them with sufficient financial incentives to secure employment for those who are not working and not receiving welfare payments. [Currently, the employment agencies focus their efforts at seeking employment for those who receive welfare payments.]

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Develop alternative training delivery mechanisms that encourage mature aged workers, people with disabilities and other disadvantaged jobseekers to undertake and complete training and skills development. This could be achieved, in part, by identifying opportunities for co-locating services (delivered by all levels of government) that provide improved access to education, training and employment opportunities. This has the potential to increase labour market participation, especially in regional areas and for certain disadvantaged groups. One example is the successful Huon LINC project, as described below.

Huon LINC

The Huon LINC (Learning and Information Network Centre) was opened in September 2005 and provides flexible access to information services and education and training. The centre includes a library, community education, Year 11–12 programs, TAFE programs, adult literacy support, IT training, and business advice. It also includes Service Tasmania, Centrelink, and the Magistrates Court.

Huon LINC makes it easier for the Huon Valley community to access information services and life long learning opportunities.

Huon LINC also provides meeting rooms at an affordable cost for the community, organisations and training providers.

- Investigate the impact that unnecessary regulation has on the supply of child care places throughout the State and examine options for reducing the mismatch of the supply and demand of places (including before and after school care) in order to make it easier for parents to return to, and remain in, the workforce.
- Establish a reference group to examine options for collecting more detailed labour force data to help identify the obstacles that prevent Tasmanians in different regions of the State from participating in the labour force and propose actions required to provide incentives for people to participate.

Potential Tasmanian stakeholder action

Key Tasmanian organisations could contribute by undertaking the following initiatives.

- Undertake an employer survey to assess the level of business awareness of the challenges associated with an ageing workforce and share the findings about any successful strategies being implemented.
- Examine initiatives used in other jurisdictions to raise employer awareness about workforce demographic change issues.
- Undertake research to gain a better understanding of the changing demographics of the community services workforce and the sector's ability to respond to challenges that it is likely to face.
- Provide employers with advice and models on managing workers with chronic disease conditions in order to retain their skills within the workforce. The advice would explain how to approach the issue, such as enabling flexible hours, part-time work, training options and other workplace adaptations.

Challenge: Increasing work skills to make people more attractive to employers

Potential Tasmanian stakeholder action

Tasmanian organisations could contribute by undertaking the following initiatives.

- Redesign the training and delivery mechanisms of the University to facilitate earlier workforce entry and reduce the time required for post-school qualifications. For example, increase the:
 - number of accelerated undergraduate programs to enable students to complete study and bring forward the time they can enter or return to the workforce; and
 - availability of training courses delivered online so that Tasmanians can increase skills development and combine work and study more easily and effectively.
- Increase the use of internships and work-integrated learning to form links between students and prospective employers.

Challenge: Retaining and attracting younger people and families from interstate and overseas

Potential Australian Government action

The Australian Government could contribute, after consulting with the Tasmanian Government and other key organisations, by undertaking the following initiatives.

- Remove unnecessary barriers to the Australian Apprentice system for overseas migrants.
- Streamline the process for hiring temporary foreign workers under the 457 visa program.

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Recognise more overseas qualifications, especially in areas of skills shortage, which are not currently recognised in Tasmania, unless there are sound, public interest reasons for not recognising them.
- Expand partnerships between the University of Tasmania and other Universities to address health workforce training needs and provide options that encourage young people to train and stay in Tasmania.
- Establish programs to retain Tasmanian graduates and attract new staff from interstate and overseas to ensure the maintenance of a contemporary healthcare system to give families confidence to stay in or move to Tasmania.

Potential Tasmanian stakeholder action

Key Tasmanian organisations could contribute by undertaking the following initiatives.

- Attract more interstate and overseas students to higher education institutions through programs that include work-integrated learning and good prospects for employment while studying and/or on graduation.
- Introduce a culturally appropriate community-based support program for overseas migrant arrivals that develops skills with a particular emphasis on providing pre-employment and on-going employment support.

STRATEGY 2: INCREASING TASMANIA'S LONG TERM LABOUR PRODUCTIVITY GROWTH

In the long run, productivity is the main determinant of economic growth and also of living standards, as it determines real income levels.

This is particularly important in the context of Tasmania's ageing population because a declining labour supply means that living standards can only be maintained, or improved, if productivity rates improve.

The main factors that influence labour productivity are the education and skill levels of the working population, the health of the workforce, the level of investment in infrastructure, capital and new technology, and the efficiency and effectiveness of labour and product markets (for example, no irrelevant red tape). All of these factors can be influenced, to varying degrees, by individuals, businesses, and governments.

However, there are many productivity drivers that are, to a large degree, determined by external factors, such as proximity to markets, industry structure, and technological advancements worldwide, that cannot be influenced by the State.

Over the longer term, a key role of governments in facilitating productivity and economic growth is to ensure that the macro-economic environment is managed appropriately; social, financial and justice institutions are robust; and the regulatory environment encourages competition and innovation. In addition, businesses and individuals, in the decisions they make, play a very large role in determining the State's productivity performance.

The key challenges that need to be addressed in order to increase Tasmania's long term productivity growth are summarised in the following box.

Key Challenges

The key challenges identified in the Issues Paper associated with this proposed strategy are:

- improving the skills and education of Tasmania's current and potential workforce
- improving school education outcomes to enable school leavers to adapt to a changing work environment
- improving the health of Tasmania's current and potential workforce
- promoting private investment and innovation

Proposed Initiatives

Challenge: Improving the skills and education of Tasmania's current and potential workforce

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Introduce a program that aims to raise Tasmania's low adult literacy levels. Key elements of the program could involve:
 - raising community awareness of adult literacy issues; and
 - using existing community networks, education providers, and trained volunteers to deliver literacy training in community and industry settings.
- Prioritise public expenditure on: skills development and support opportunities for productivity gains in particular industries and occupations; and in ways that generate greater employer and individual engagement and investment in skill development.

Challenge: Improving school education outcomes to enable school leavers to adapt to a changing work environment

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Work with the Australian Government, through the Council of Australian Governments, to improve education outcomes in schools, in particular literacy and numeracy levels.
- Examine whether the distribution and size of public schools across the State is constraining the capacity of the public education system to deliver high quality educational outcomes.
- Change the terms and conditions for the employment of public school teachers to attract and retain high performing teachers and to address mismatches in supply and demand.
- Adopt a more decentralised approach to public education by providing schools with increased decision-making powers over staffing and expenditure matters in exchange for enhanced accountability arrangements.

Performance pay for teachers

In 2007, the Australian Council of Education Research (ACER) published a report that examined the current pay system for teachers and evidence of the impact of different kinds of performance pay arrangements in Australia and several countries around the world.

One of the main conclusions was that a valid and reliable scheme for assessing teacher performance must draw on several types of evidence, possibly including evidence relating to class environment, the teacher's knowledge about the subject and how to teach it, student learning outcomes, and contributions to the school and profession.

The ACER believes that the current salary scales and career paths send a strong message to ambitious teachers that they must move out of teaching and into executive positions if they wish to further their careers and that a performance pay model should be introduced to keep the best teachers in the classroom.

- Introduce a system of public reporting of individual school performance against objective benchmarks.

Challenge: Improving the health of Tasmania's current and potential workforce

Potential Tasmanian stakeholder action

Key Tasmanian organisations could contribute by undertaking the following initiatives.

- Introduce a campaign to raise employer awareness of: the tools available to assess their employees' health and wellbeing status, and risk; and strategies available to improve health status (such as healthy catering policies, access to smoking cessation programs and workplace design that encourages and enables physical activity and exercise).
- Identify opportunities and initiatives that could assist employers to modify the workplace environment and job design to enable those with certain health conditions to remain at work, or return earlier than otherwise.

Challenge: Promoting private investment and innovation

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Undertake an independent review of the State's business regulation to ensure that there are no unnecessary restrictions or costs that impede business activity.
- Increase the use of the private sector and non-government organisations for the delivery of government services, where feasible. More specifically, increase the opportunity for private training providers to access public training funding for all apprenticeships and traineeships.
- Develop new strategies to attract high productivity industries to the State.

STRATEGY 3: ENSURING THAT TASMANIA HAS A SUSTAINABLE HEALTHCARE SYSTEM

Health is a critical determinant of a person's quality of life, and ability and willingness to participate in the workforce. There are also strong links between health and productivity. In this sense, population health underpins the social and economic wellbeing of a community.

The demand for health services is expected to change in the future due to:

- a growing number of older Tasmanians;
- changes in socio-economic status;
- changes in health status;
- changes in expectations;
- new technology; and
- increasing salary costs.

Constraints are also expected on the supply of health services as attracting and retaining health professionals will be more difficult in the future partly due to increased competition between employers nationally and internationally.

As health costs increase, governments will be under increasing pressure to ensure that resources are efficiently allocated according to need. An emerging issue is how the different health services are to be funded and what the appropriate level of contribution should be from wealthier households.

One problem is the limited supply of certain professionals, notably specialist physicians such as surgeons and anaesthetists. Unless the supply is increased to meet the increased demand, the only outcome will be increased salaries for these occupations.

Some of the financial pressures facing healthcare services can be traced to the way the system is funded. It is widely acknowledged that the current funding arrangements and allocation of responsibilities between the Australian Government and state and territory governments places unnecessary cost pressures on the system and leads to inefficiencies in service delivery.

The efficiency of the healthcare system is not only determined by funding and governance arrangements but also by other factors such as the use of technology, the balance between formal and informal health care and the extent to which avoidable diseases or health conditions, such as Type 2 diabetes, are minimised.

The key challenges that need to be addressed to ensure that Tasmania has a sustainable healthcare system are summarised in the following box.

Key Challenges

The key challenges identified in the Issues Paper associated with this proposed strategy are:

- managing and funding the growing demand for health services as Tasmania's population ages
- reducing demands on the healthcare system due to illnesses arising from high risk behaviour
- overcoming inefficiencies due to the different health care responsibilities of different levels of government

Proposed Initiatives

Challenge: Managing and funding the growing demand for health services as Tasmania's population ages

Potential Australian Government action

The Australian Government could contribute, after consulting with the Tasmanian Government and other key organisations, by undertaking the following initiatives.

- Increase the number of medical specialists by working with specialty colleges to increase the number of training positions available to medical graduates.
- Increase the flexibility by which state governments can allocate their health budget.

- Develop a funding and care delivery model which avoids aged care patients unnecessarily entering the acute healthcare system, through expanding community and in-home care.

Potential Tasmanian State Government action

The Tasmanian Government could contribute by examining options for introducing some means-tested fees to increase the recovery of costs from households for some public health and community services.

Potential Tasmanian stakeholder action

The University of Tasmania could contribute by increasing the range of nursing/healthcare postgraduate units available online to increase the number of highly trained health care professionals, such as nurse practitioners.

Challenge: Reducing demands on the healthcare system due to illnesses arising from high risk behaviour

Potential Australian Government action

The Australian Government could contribute, after consulting with the Tasmanian Government and other key organisations, by undertaking the following initiatives.

- Provide additional resources for national health prevention and health promotion schemes.
- Allow private health insurers greater flexibility in how premiums are set, to allow them to reflect the actuarial risk of different customer classes. In particular, insurers should have increased flexibility to alter premiums based on individual's risk behaviour (such as smoking, use of illicit drugs and behaviour that contributes to obesity).

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Increase the amount of physical exercise undertaken by students at both primary and high school.

Evidence-based causes of childhood obesity

In recent years, childhood obesity has been a growing concern. While children's exposure to high calorie (junk) food advertising is quite often blamed, parental behaviour is generally regarded as the dominant influence on children's eating habits. Regions that have restricted advertisements during children's programming, such as Quebec which introduced a ban in 1980, have not experienced any noticeable differences in obesity rates, compared with areas where advertising is not restricted.

Research suggests that the consumption of high calorie products may not be the primary factor in determining childhood obesity, as recent generations tend to consume fewer calories than in the past.

Instead, the main factor appears to be a reduction in physical activity. Children tend to spend more time being inactive, such as watching television and playing computer games, than in the past. Parents are also more likely to drive their children to school due to concerns about their children's safety from traffic or possible abuse by strangers.

Increased physical activity in schools, which may not involve intense competition and sporting performance which can alienate children who are less physical gifted, can have a beneficial effect on obesity rates in children.

Source: Journal of the Royal Society of Medicine, February 2004

- Reform the delivery of hospital care to expand day surgery, outpatient services and in-home care for conditions currently managed through admission to hospital.
- Re-orient health service delivery to reduce demand for acute beds by expanding capacity of the primary health care sector to deliver services in the community and in-home.
- Expand the use of technologies to manage and monitor the health of patients with chronic conditions.
- Develop programs, policies and strategies to address smoking, nutrition, alcohol, physical activity and obesity in Tasmania.
- Introduce a monitoring system to collect data on weight, activity levels, and nutrition of Tasmanian children.

Managing childhood obesity

In 2005, the British Government introduced the National Child Measurement Program (NCMP) as one element of that Government's approach to address childhood obesity.

Every year, as part of the NCMP, children in Year 1 and Year 6 are weighed and measured during the school year to inform local planning and delivery of services for children; and gather population-level surveillance data to allow analysis of trends in growth patterns and obesity.

The NCMP also helps to increase public and professional understanding of weight issues in children and is a useful vehicle for engaging with children and families about healthy lifestyles and weight issues. To encourage engagement, parents can request their child's results from their Primary Care Trusts.

Challenge: Overcoming inefficiencies due to the different health care responsibilities of different levels of government

Potential Australian Government action

The Australian Government could contribute, after consulting with the Tasmanian Government and other key organisations, by ensuring that future healthcare funding and priorities have the right balance between primary and acute healthcare. Part of this process should involve identifying opportunities for expanding primary health services that can access Medicare benefits. For example, Medicare rebates could be expanded to include non face-to-face consultations with GPs.

STRATEGY 4: MAINTAINING INDEPENDENT LIVING FOR OLDER TASMANIANS

Most older people choose to 'age in place' rather than move away from their community and families. However, their changing health care needs, loss of mobility, financial concerns, and home maintenance are all impediments to this preference.

Generally, there are four main areas for which elderly people need help if they choose to 'age in place'. They are:

- maintenance around their home, such as gardening, cleaning and minor tasks including changing light bulbs;
- general living support, such as help with washing and getting dressed in the morning;
- meal preparation; and
- transport services.

Appropriate transport systems for people as they age are essential for supporting daily living activities, including work and volunteering, and for accessing services (such as health, dental and learning facilities), all of which help to prevent social isolation.

Continuous learning and mental stimulation has been proven to assist the wellbeing of older people and have a positive impact on people's health. For example, some studies have suggested these activities reduce the risk of dementia. Successful interaction also reduces social isolation and increases independence.

Many services and support that elderly people rely on for maintaining independent living are provided by volunteers.

The key challenges that need to be addressed in order to assist older Tasmanians in maintaining independent living are summarised in the following box.

Key Challenges

The key challenges identified in the Issues Paper associated with this proposed strategy are:

- enabling older Tasmanians to remain engaged and included in society
- increasing the financial independence of older Tasmanians
- promoting volunteering in areas that assist older Tasmanians maintain an independent lifestyle

Proposed Initiatives

Challenge: Enabling older Tasmanians to remain engaged and included in society

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Identify opportunities for expanding existing services which help people live independently (eg home share, home maintenance schemes, gardening services, spring clean service and equipment loan schemes), including different delivery models such as community enterprises, volunteering, and support for family members who look after older Tasmanians.
- Introduce a State Policy to amend planning schemes to create a more age-friendly environment (universal design). A State Policy could help to, among other things, promote and support increased physical activity, access to services, public transport and open spaces by better planning of local infrastructure. A State Policy would assist in improving whole-of-government coordination in relation to land use and infrastructure planning through the:
 - use of strategic processes (eg regional land use strategies, transport plans, etc); and
 - establishing the required processes and mechanisms at the State Government level.

Universal Design

Universal design is an approach to the design of products, services and environments to ensure they are usable by as many people as possible, regardless of age, ability or circumstance.

The principles of universal design are:

1. Equitable use
2. Flexibility in use
3. Simple and intuitive
4. Perceptible information
5. Tolerance for error
6. Low physical effort
7. Size and space for approach and use

Some states in America, such as Georgia, New Hampshire, Texas and West Virginia, have introduced a voluntary certification for homes that follow a set of universal design principles to encourage builders to construct homes according to these standards.

- The State Policy could include, for example, the 'Healthy by Design Planning Guidelines' to reinforce the identified best practice principles. The guidelines suggest ways that State and Local Government can promote and support increased physical activity by better planning local infrastructure (and thus improve health and wellbeing,) such as well planned networks for walking and cycling, safe streets, accessible open spaces, conveniently located public transport stops, adequate seating, and lighting and encouraging local neighbourhoods to foster community spirit.

Potential Tasmanian stakeholder action

Key Tasmanian organisations could contribute by undertaking the following initiatives.

- Investigate opportunities for increasing community-based transport services that meets the needs of older Tasmanians, including those who receive wheelchair access.
- Develop an information strategy that informs older Tasmanians of the services available to them.

Challenge: Increasing the financial independence of older Tasmanians

Potential Australian Government action

The Australian Government could contribute by requiring that the compulsory superannuation contribution (currently nine per cent of a person's earnings) be increased, whether funded by employers, employees or both.

Challenge: Promoting volunteering in areas that assist older Tasmanians maintain an independent lifestyle

Potential Tasmanian stakeholder action

Key Tasmanian organisations could contribute by identifying and reducing obstacles that prevent people volunteering in structured volunteer programs that are aimed at assisting older Tasmanians.

STRATEGY 5: SUSTAINING THE STATE GOVERNMENT'S FISCAL POSITION

As the proportion of elderly Tasmanians increases, the demand for some government services, many of which are provided at no cost or are heavily subsidised, will also increase.

Demographic change is not the only driver of the projected increased fiscal pressure. While increasing health expenditure is a key factor underpinning the State's projected fiscal pressure, cost drivers other than the ageing population account for the majority of the expected expenditure increase, such as:

- increased health costs due to the high cost of new technologies;
- the ability to successfully treat a greater range of ailments and diseases;
- increasing demand, in terms of quality and quantity, for health services; and
- large salary increases.

States and territories collect far less in taxes than they need to fund the services for which they are responsible. This vertical fiscal imbalance requires large transfers from the Australian Government.

The ageing of the population is likely to change the size and structure of the tax base upon which the State's revenues are based.

Future Tasmanian governments cannot simply increase taxes to meet the additional costs as this would result in Tasmania having a very uncompetitive taxation environment within Australia, which could constrain investment and migration into Tasmania, both of which are needed to grow the Tasmanian economy.

The key challenges that need to be addressed in order to ensure that a sustainable State Government fiscal position is maintained are summarised in the following box.

Key Challenges

The key challenges identified in the Issues Paper associated with this proposed strategy are:

- managing increased demand for some government services
- maintaining high quality government services and public infrastructure
- ensuring that Tasmania receives a sustainable and equitable share of revenue from the Australian Government
- ensuring that Tasmania has a competitive tax environment

Proposed Initiatives

Challenge: Managing increased demand for some government services

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking the following initiatives.

- Undertake regular reviews into areas of State Government expenditure to ensure that funding is allocated most efficiently with a view to increasing productivity.
- Improve the collection and use of age-specific cost information for core State Government services and develop an improved understanding of long term cost pressures for these services.
- Abolish the concept of permanent tenure within the State public service.
- Investigate whether the size of the State Government public sector in Tasmania is optimal, in relation to the population of Tasmania or an alternative objective benchmark.

Challenge: Maintaining high quality government services and public infrastructure

Potential Tasmanian State Government action

The Tasmanian Government could contribute by undertaking a comprehensive audit of Tasmania's current and long term infrastructure requirements and develop an integrated infrastructure plan for the State.

Challenge: Ensuring that Tasmania receives a sustainable and equitable share of revenue from the Australian Government

Potential Australian Government action

The Australian Government could contribute, after consulting with the Tasmanian Government and other key organisations, by introducing funding models that will provide Tasmania with a more sustainable and equitable share of revenue from the Australian Government.

Challenge: Maintaining Tasmania's tax competitiveness

Potential Tasmanian State Government action

The Tasmanian Government to continue to review State taxation on an ongoing basis to investigate revenue adequacy, efficiency, equity, simplicity, transparency and interstate competitiveness. This will be particularly important in the context of national tax reform initiatives underway.