SUBMISSION – Forsius Technology Advisory and Access Partnership

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One of the key objectives of the Tasmanian Government's Economic Diversification and Investment Strategy is to position the state at the forefront of digital innovation, including by supporting the adoption of AI by Tasmanian Small and Medium (SME) businesses to deliver long-term economic growth and productivity outcomes, Realising this ambition will require targeted, practical interventions, prioritised through a structured, evidence-based approach to identifying high-value opportunities and prioritising AI investments. To support this, we propose three complementary initiatives.

Boosting AI readiness among Tasmanian SMEs

Tasmania's SMEs face disproportionately high barriers to adoption, particularly around lack of financing, skills gaps, and uncertainty around managing the risks associated with using the technology.

We would recommend a structured, three-part analysis:

1. **Sector prioritisation framework:** We propose a framework to identify the key sectors where AI usage has the greatest potential to drive economic impact in Tasmania. This assessment should consider factors including each sector's contribution to the state's economy, the share of SMEs, exposure to productivity and labour constraints, degree of international competition, and readiness for AI adoption based on existing digital baselines.
2. **Identify high-accessibility use cases:** Building on the sector analysis, we propose a set of use cases where barriers to adoption are low. Each use case should be evaluated for its accessibility, commercial viability, scalability, and capacity to address challenges commonly faced by Tasmania's SMEs; and
3. **Address barriers through government enablement:** We also propose a study to examine the barriers faced by Tasmania's SMEs in adopting AI and identify those targeted areas where the Tasmanian Government could act as an enabler and connector, helping local businesses move from awareness and experimentation to sustained adoption.

These three initiatives would jointly support evidence-based decision-making by the Tasmanian Government by pinpointing where AI can deliver the most meaningful gains, and how government programs and investments can accelerate uptake across Tasmania's SMEs.

AI Plug-and-Play toolkit: Enabling MSME Adoption at Scale

For Tasmania's SMEs, complexity, skills gaps, and uncertainty around safe and compliant use will be likely to hinder AI adoption.

To assist Tasmanian businesses to overcome these barriers and adopt AI quickly and confidently, we propose a practical **AI Plug-and-Play Toolkit** which would combine:

1. a **simple readiness diagnostic** to identify priority applications, guide businesses to recommended starting points, and surface capability gaps and risk considerations;
2. a **user-friendly AI risk guide** to enable safe AI adoption without the need for deep in-house expertise, including practical templates and checklists covering AI governance, that is, around responsible use, data protection, and risk management;
3. a set of **use case-driven AI playbooks** to help SMEs apply AI within their existing business software and digital tools and to utilise Gen AI models, combining step-by-step workflows, pre-configured starter kits and ready-to-use prompts. 4 common use cases will be selected from the top 4-5 verticals comprising the majority of Tasmania's SME sector; and
4. a **curated suite of foundational and task-based learning resources**, leveraging existing vendor and ecosystem content, to support effective use and build capability over time.

Designed for rapid deployment and ease of use, the toolkit would enable Tasmanian businesses to move from uncertainty to action and accelerate the capture of AI-driven productivity gains.

Tasmanian Government AI Investment Assessment

Government ministries and agencies in Australia, have increasingly recognised the potential benefits of AI diffusion across the economy, including for the public sector.

However, several challenges are hindering deeper adoption (beyond AI pilots) including legacy systems, siloed databases, skills gaps, insufficient funding, and particularly for funders – the lack of key information to prioritise which investment to support.

To support the Tasmanian Government in undertaking cost-benefit analyses on AI initiatives, we propose adoption of a Total Economic Value framework to support its assessment of the social and economic value (i.e., benefits) of initiatives to support AI adoption and diffusion. This would support the prioritisation of investments in such initiatives by the Tasmanian Government.

This framework would include:

1. **a theory of change relevant to the adoption of AI** within key sectors of the Tasmanian economy;
2. **a cost benefit analysis model,** which identifies key benefits and cost streams, as well as parameters to capture and monetise these where possible, **f**or example the impact on jobs (e.g., task level, by demographic groups); and the risks of fraud and scams; and
3. **worked examples of a cost-benefit analysis** for AI initiatives.

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