

Transitioning Regional Economies – Submission to Initial Report

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Regional economies disadvantaged by conservation or heritage values

Many regional economies encompass significant areas of land which are protected in some form or other for conservation or natural heritage values. These tracts of land, whilst not usually the responsibility of the local Council to maintain, act as major drags on the potential for revenue raising (most notably in rates) by the Councils.

Many regional economies are burdened with very high levels of assets per capita (largely due to the nature of regional living and low population densities) which can result in high depreciation requirements funded from current income. This often leads to high (or very high) levels of rates being paid by residents in regional areas and the additional drag caused by having land “locked away” (in a rateable sense) can play a significant role in exacerbating this.

In many cases the cost of maintaining environmental or heritage values is being indirectly imposed on the residents of regional areas in the form of excessively high rates. Not only does this challenge population growth in the region (and the resultant economic development such growth would bring) but also acts as a major economic burden making business creation and employment that much more difficult.

Where the State or Nation have determined that there exists environmental or heritage values that should be conserved there needs to be some recognition that the financial burden thus imposed should not be shouldered exclusively by the residents in the region in the form of a restriction on economic growth (and the resultant high rates that causes).

Recommendation: Consideration be given to some form of transfer payment from either State or National (or both) Governments to local regions to compensate for the burden of maintaining environmental or heritage values for the State or Nation.

Regional Labour Force data

The Initial Report notes the lack of reliable labour force data at a regional level and the problems that this has caused in the identification of impacts on regional economies. Specifically, the ABS produce monthly labour market data at the SA4 level on only an original, unadjusted, basis. In most cases authorities then analyse this data by applying a simple 12 month moving average (or “annual average” as the report calls it). This approach, whilst an improvement on using the highly volatile original data, is extremely lagged and therefore not suitable for the identification of impacts on regional economies.

The production of an adjusted Trend series for the SA4 regional data would mitigate against much of this problem and provide a more responsive data series. Such Trend series are produced by the ABS at the State and National level.

Conus Business Consultancy Services have been producing just such a data series for all Queensland SA4 regions since June 2014 utilising a sophisticated statistical model (X-12-ARIMA) based on the original

ABS data back to Oct 1998 with adjustments made to ensure consistency between Conus Trend series and with the ABS Queensland Trend series. More recently we have also been producing the Conus Trend series for all NSW and Victorian SA4 regions. The series provides data for employment (full and part time), unemployment, unemployment rate, participation rate and employment to population ratio. We also produce series based on three age cohorts (youth, middle and aged).

Consideration of this data set may provide additional insights for the Commission into the identification of impacts on regional economies. The most recent Conus Trend data set is attached to this submission.