



**Regional
Development**
Australia

N O R T H E R N T E R R I T O R Y

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17 August 2017

Mr Paul Lindwall
Presiding Commissioner
Transitioning Regional Economies Study
Productivity Commission
GPO Box 1428
CANBERRA ACT 2601

(by email via David.Marshall@pc.gov.au)

Re: Transitioning Regional Economies draft report

Dear Mr Lindwall

Please find attached a brief submission to the Transitioning Regional Economies draft report. RDA NT is an incorporated not-for-profit community-based organisation concerned with building partnerships and ensuring that all governments and stakeholders collaborate in developing and strengthening regional communities. RDA NT is part of a nationwide network of 55 RDA Committees with membership comprising local individuals who have a good understanding of the economic, environmental and social issues and priorities in the Territory.

We note that the draft paper has relied on 2011 Census data and that the Commission anticipates updating the report with 2016 data. Given this will likely entail an essential re-write and re-analysis of the data, we urge the Commission to provide a period for comments on the next iteration of the report before it is finalised and presented to Government.

If you have any further queries please do not hesitate to contact our Chief Executive Officer Ms Kate Peake

Yours sincerely

Mike Reed
Chair, RDA Northern Territory



An Australian Government Initiative

SUBMISSION TO THE PRODUCTIVITY COMMISSION TRANSITIONING REGIONAL ECONOMIES INQUIRY

As noted by the Commission, attempting to establish a single metric of “relative adaptive capacity” is deeply problematic, but even more so when such a task has been viewed principally through an economic lens. Any consideration of a region’s adaptive capacity must consider social capital as an indicator of resilience and vulnerability. Reliance on a single measure, volunteering (p56, Table 2.1 Indicators of adaptive capacity), does not adequately capture social capital factors. Similarly, wellbeing has been measured by imperfect proxies such as employment levels and average wage and salary incomes of households (p50), despite wellbeing analyses elsewhere including more than just the material dimension¹. We suggest that alternative approaches such as Sustainable Livelihoods Analyses may be more suited to this study.

The selection of the SA2 level appears to have been based on a notion that a population of 10,000 (regardless of its location or the nature and extent of its geographic dispersion) reflects a discrete community that interacts socially and economically (p57). Considering each SA2 area to be a discrete “region” fails to capture the true nature of regional communities, especially for remote and very remote areas. For example, it is a nonsense to treat the Barkly SA2 area as an economic unit that operates independently of Tennant Creek, the major service settlement in the Barkly, or vice versa. The definition and use of the term “region” is inconsistent throughout the report, sometimes referring to the SA2 area and sometimes referring to widely accepted regions (e.g. “Pilbara region” (p72, 76)). We suggest that LGAs are a more appropriate geographic measure and would more accurately reflect real world interactions. The usefulness of this study for identifying trends and patterns, and providing meaningful analysis, would be significantly enhanced if LGAs or the SA3 levels were employed as the main unit of analysis.

The exclusion of SA2s which cover airports, large industrial areas and national parks from the Commission’s analysis (e.g. p161) compounds the above issues and fails to recognise that such places would contribute, in many cases significantly, to the economies of the surrounding region(s). We also note an inconsistency between the technical supplement and main report concerning the inclusion of national parks and nature reserves. Furthermore, it is unclear why in Table 2.1 of the main report the Commission has clearly preferenced indicators for the mining and agriculture sectors (“ideal indicators”), over the “proportion of land used as national parks or nature reserves” (only an “available indicator”). Clearly the latter forms part of a region’s natural capital and would be critical for the tourism sector, a sector which has not been considered in detail by this study although the importance of tourism for many regions was noted by a number of submissions referred to throughout the report (e.g. p112).

¹ For example, see White 2009 “*Bringing Wellbeing into Development Practice*” for a useful overview of some of these more inclusive approaches towards measuring wellbeing. Available at http://www.welldev.org.uk/wed-new/workingpapers/workingpapers/WeDWP_09_50.pdf

Note that Nhulunbuy is included as an example in Box 3.1 (p71) of the main report as well as the reference to a 50% population decrease (p64), but Nhulunbuy is among those regions listed as “not included” in the study in Table B5 (p188). In addition, the statement that flights between Darwin and Nhulunbuy have been suspended (p71) is simply incorrect.

Given the theoretical and methodological challenges in this study, we believe that the key points from the study which should be listed first in the Overview, are as follows:

- “There is no ‘one size fits all’ approach that will promote successful adaptation in all regions...”
- “Strategies for successful adaptation and development are those that focus on supporting people in regional communities to adjust to changing economic circumstances. Strategies work best when they are...”
- “Caution is required if making policy decisions based on the ranking of regions using an estimated metric of relative adaptive capacity. There is unavoidable uncertainty, and actual adaption to any specific disruption would be affected by factors beyond the metric”.

Unless there is a comprehensive re-analysis of 2016 data in the final report, including more measures of social capital, the above point should be rephrased to “policy decisions should not be based on the rankings of regions using the estimated metric of relative adaptive capacity developed in this study owing to uncertainties regarding the estimated value for each region and that actual adaptation to any specific disruption will be affected by factors not captured by this metric”.

There are many other concerns (e.g. why a mining region is defined as a region with 7% employment in mining but an agricultural region is a region with at least 12% employment in agriculture, forestry or fishing and why no part of the NT is considered to be an agricultural region, yet in the Barkly FTE in this sector was 13.2% according to 2011 Census data) but given that the analysis will be revisited using 2016 Census data and the report will essentially be re-written, rather than providing more comment on the draft, we urge the Commission to provide a period of comment on their next iteration of this paper prior to presenting the final version to Government.