



**REGIONAL
AUSTRALIA
INSTITUTE**

RAI SUBMISSION TO MEASURING WHAT MATTERS

**TREASURY CONSULTATIONS ON A NATIONAL
WELL-BEING FRAMEWORK**



February 2023

CONTENTS

Introduction.....	2
RAI Members.....	3
Intergovernmental Shared Inquiry Program.....	4
Well-being In Australia Through A Regional Lens.....	5
Rebalancing The Nation – And The Well-being Of Regional Australians	6
The Importance Of Regional-Specific Indicators	9
Regional Coverage – The Tyranny Of Averages	10
Advancing Well-being Through Economies Of Scope As Well As Economies Of Scale.....	12

ABOUT THE REGIONAL AUSTRALIA INSTITUTE

The RAI is as Australia’s only independent think-tank dedicated to research and activation to inform regional policy and investment.

Established in 2011, for more than a decade the Institute has been researching topics relevant to the prosperity and success of regional Australia including migration and population; regional employment; jobs and skills; population; housing and health.

The RAI exists so that decision-makers at all levels of government, industry and community have the information they need to ensure the best outcomes for regional Australia.

‘Regional’ is defined by the RAI as all areas of Australia outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

Our purpose is to empower regions to thrive.

DISCLAIMER AND COPYRIGHT

This submission draws on RAI research and findings from its work across Australia. It’s intended to inform the Government in the preparation of the 2023-2024 Federal Budget as it pertains to regional Australia. No responsibility is accepted by RAI Limited, its Board or its funders for the accuracy of the advice provided or for the quality of advice or decisions made by others based on the information presented in this publication.

CONTACTS AND FURTHER INFORMATION

Kim Houghton - Chief Economist

P. 02 6260 3733

E. kim.houghton@regionalaustralia.org.au

Further information can be found at www.regionalaustralia.org.au

INTRODUCTION

The Regional Australia Institute (RAI) welcomes the Treasury's interest in developing a national well-being framework, and in seeking views on 'measuring what matters' to improve the lives of all Australians.

Budget Statement 4 clearly sets out the logic and thinking behind this direction, and the RAI is pleased to contribute to the discussion.

In 'Measuring what Matters' the RAI commends the Government on building a policy framework with potential to close the inequalities that exist between metropolitan Australia and regional areas – this is Regionalisation at work.

Based on more than a decade of research into the most important issues influencing the regions, in 2022 RAI launched the [Regionalisation Ambition 2032 - A Framework to Rebalance the Nation](#) (the Ambition). The Ambition sets out a holistic approach to tracking progress in Australia's regions, with many of the policy areas and targets overlapping with current thinking on well-being measures.

The RAI recognises that agreeing on, measuring, and monitoring national measures of well-being will be a complex task for the Australian Government. The RAI supports using the OECD Framework as a foundation, noting the importance of tailoring the indicators and analytical tools to suit our Australian context.

RAI MEMBERS

The RAI has an extensive network of businesses and organisations through its membership programs – The Regional Australia Council and the Regional Activators Alliance.

These vast membership networks provide the RAI with a unique understanding of the employment issues impacting the jobs and skills market throughout regional Australia. The following organisation make up the membership organisations associated with the RAI through both the Regional Australia Council and the Regional Activators Alliance.



INTERGOVERNMENTAL SHARED INQUIRY PROGRAM

The Commonwealth Government is a partner in the RAI's Intergovernmental Shared Inquiry Program - a research partnership model led by the RAI and which also includes state and territory governments and a number of Australian universities.

Since its inception in 2018, an annual research agenda is agreed between the RAI and the participating governments to produce high-quality and robust research into one or more priority policy areas. Past research has focussed on [regional housing](#); [the impacts of natural disasters on regional communities](#); [building resilience](#); and regional workforce challenges.

Policy workshops are held throughout the year to discuss findings and their implications for policy.



WELL-BEING IN AUSTRALIA THROUGH A REGIONAL LENS – RAI NATIONAL POLICY FORUM

The RAI's contribution to well-being policy development includes a series of national discussions with all jurisdictions initiated by the Institute's Regional Policy Forum. The Forum is a quarterly meeting of directors of regional policy in all jurisdictions (Commonwealth, States and both Territories) which the RAI has been convening since 2017.

Well-being emerged as a high policy priority in 2022 and was the catalyst for the formation of the Liveability Working Group. The Group met twice during late 2022 to share information on the progress of liveability and well-being work in each jurisdiction.

There are two key findings from discussions on well-being with policymakers around the nation:

1. CONSISTENCY IN POLICYMAKING

A favourable auspicing environment is a critical success factor in progressing with designing a well-being framework. Most jurisdictions have started, stopped and started again with measuring well-being, with the timing dictated by the level of support higher up the bureaucratic chain and at the political level in each respective government. Nationally, the Australian Bureau of Statistics (ABS) work on 'Measures of Australia's Progress' was instructive, but lost the auspicing environment and lapsed.

RAI supports the Australian Government's commitment to introducing a well-being framework.

2. CLARITY OF PURPOSE IN TRACKING WELL-BEING

There is a sense from many policymakers that they are 'drowning in data' – especially at the national level. This makes the approach to selecting and compiling suitable well-being data seem paramount. Indeed, it is very important, as the selection and treatment of data will determine how well-being is mapped over time and space. While data selection and treatment are very important, though, RAI's discussions with policymakers show that data without a purpose ends up being sidelined. The missing ingredient in getting data elevated in the political and public consciousness is the extent to which it is used to guide and assess policies and programs. An example is the very valuable compilations of regional socio-economic performance done by the ABS (e.g., the SEIFA Index) and the Progress in Australian Regions compilation provided by the Department of Infrastructure and Regional Development. Both these compilations are data rich but have struggled to find a place in policy making and program review.

RAI supports the Australian Government setting out not just a preferred suite of indicators, but also how analysis of well-being will be used to guide policy and program design and evaluation.

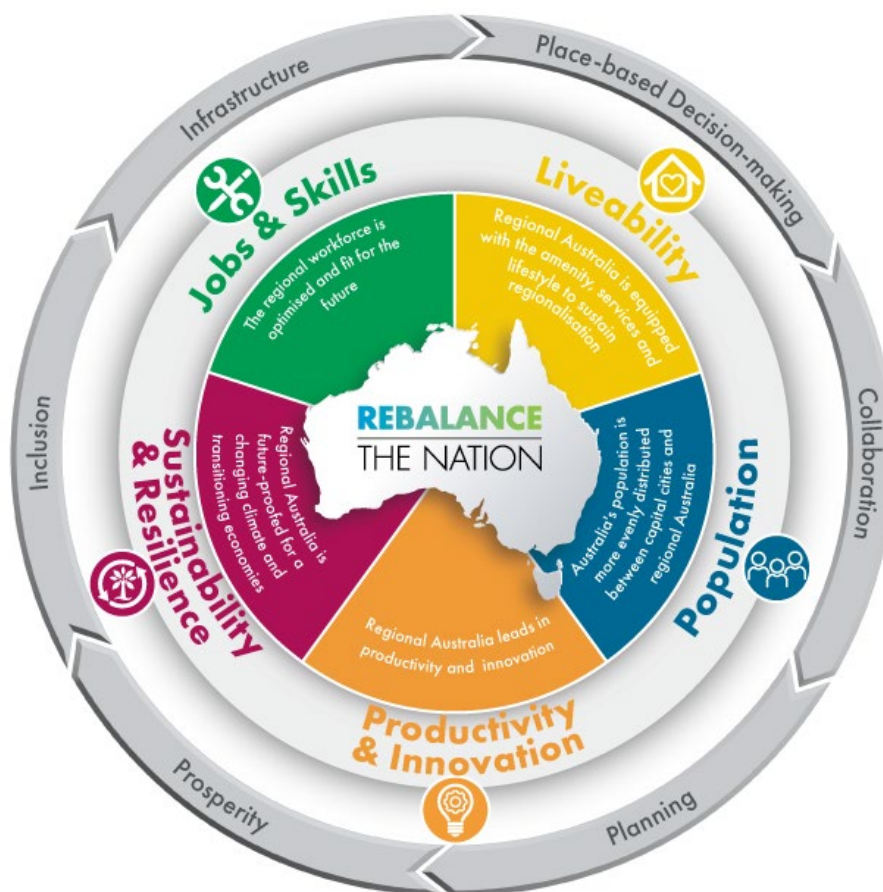
REBALANCING THE NATION – AND THE WELL-BEING OF REGIONAL AUSTRALIANS

The principle of interconnected indicators underpins the RAI's [Regionalisation Ambition 2032 - A Framework to Rebalance the Nation](#) launched in late 2022. After 10 years of research, the next logical step for the RAI was to work with stakeholders across the country to build a shared vision for regional Australia. This resulted in the new vision to 'rebalance the nation' and at the core of this plan is equity and well-being. Designed for all levels of government, industry and the community, the Regionalisation Ambition seeks more balanced growth across our nation's regional communities and capital cities.

The Ambition sets out a framework for resourcing regions to be able to grow so we can 'rebalance the nation' and benefit from a greater share of population growth in regional Australia. Importantly, it isn't only about population though, the Ambition addresses a broad range of measures, many of which would complement a national Well-being Framework.

The Ambition includes five pillars and 20 targets which reflect the breadth of issues that need to be covered to ensure that regional Australia can continue to prosper.

The five pillars are:



Ambition 2032 Targets

Today

	Ambition 2032 Targets	Today
Jobs & Skills	1. Reduce the recruitment difficulty rate in regional Australia to below 40%	Regional recruitment difficulty at 77% (July 2022)
	2. Increase the share of skilled workers employed in regional Australia to 80% of the regional workforce	73% of the regional workforce in skilled occupations (May 2022)
	3. Increase the school attainment rate of young people in regional Australia to 75% or above	The average for regional students is 65% (2020)
	4. Boost post-school qualification completion in regional Australia to 65% or above	57% of regional Australians (aged 15-74 years) have a post-school qualification (May 2021)
Liveability	1. Continue to increase the life satisfaction and wellbeing score of Australians living in regional communities to a score of 75, according to the Regional Wellbeing Survey	Regions score 72 out of 100 (2020)
	2. Increase Regional Australia's Digital Inclusion Index (ADII) score to 73 or above, equal to metropolitan Australia	Regional Australia's ADII score is 67 (2021)
	3. Improve access to transport services in and between regional communities	Regional Australians score 'access to public transport' an average 3.5 out of 7 (2020 Regional Wellbeing Survey)
	4. Increase rental vacancy rates in regional areas to above 3%, and ensure annual building approvals keep pace with population growth	All regions have been experiencing 'tight' (below 3%) rental markets (June 2021) The number of homes approved for construction declined in five out of the ten years, to 2020
	5. Lift the access to medical practitioners in regional Australia by over 100 FTE per 100,000 population	328 medical practitioners FTE per 100,000 work in regional Australia (2020) A higher proportion of allied health workers are based in metropolitan areas than the share of population (2020)
	6. Halve the population classified as living in a regional childcare desert (to below 2 million)	3.7 million live in a regional childcare desert (2022)
	7. Increase the percentage of students in regional Australia who achieve at or above the minimum standard in NAPLAN testing, equal to metropolitan students, across each year level	The proportion of students in metropolitan areas was more than double students in very remote Australia (2021)
	8. Strengthen access and opportunities for engagement in arts, cultural, community, and recreational experiences in Regional Australia	Regional Australians score 'getting involved in the community' an average 2.3 out of 7 (2020 Regional Wellbeing Survey)
Population	1. Over 11 million Australians are living prosperously in the regions by 2032	Over 9.5 million live in the regions (2021)
	2. Increase regional Australia's younger population share (aged 15-39 years) to 35% by 2032	31% of regional Australia's population are aged 15-39 years (2020)
	3. Double the proportion of new migrants settling in regional Australia by 2032	Under 20% of overseas arrivals settle in the regions (2020)
Innovation	1. Increase regional Australia's contribution to national output, boosting Australia's GDP by an additional \$13.8 billion by 2032	Overall level of regional contribution to GDP is \$584 billion, representing just over 34% of national output (2021)
	2. Increase workforce participation in regional Australia to 68% or higher	Participation rate in the regions is 64% (2021)
	3. Increase new business and innovation in regional Australia	13% of trademarks registered and 27% of new business entries were from regional Australia (2020) and 42% of business owner-managers (2016)
& Resilience	1. Regional Australia is trending towards net zero emissions by 2050, unlocking new jobs and industry opportunities	Between 2005-2021, Australia's emissions have reduced by just over 21%, and regions contribute to 97% of renewable electricity (March 2022)
	2. 90% or more of regional Australia has a moderate to high capacity for disaster resilience	50% have a moderate to high capacity for disaster resilience in regional Australia (2020)

Please refer to the respective pillar detail, later in this document, for additional information and data sources.

The Ambition takes a generalised well-being approach, and the targets are designed as a catalyst to build broad support from communities, business and governments. The Ambition invites supporters to publicly pledge to identify particular actions they are taking in support of the Ambition and its targets. The RAI will provide annual updates on pledges and progress towards the targets.

The Regionalisation Ambition 2032 can be found [here](#).

THE IMPORTANCE OF REGIONAL-SPECIFIC INDICATORS

The RAI is an active participant in the University of Canberra's Regional Well-being Survey and associated research. The Institute has had input into and endorses the University's submission on *Measuring What Matters*.

Whichever indicators are selected, the RAI recommends that they are available at a regional scale.

It is essential that the indicators included make good sense to regional communities as well as metropolitan Australia.

While many well-being measures overlap – issues such as air pollution, traffic congestion and walkability tend to be concentrated in metropolitan locations. While shortfalls in access to essential services, transport and telecommunications tend to be found in regional places.

The RAI supports the development of inclusive and holistic approaches to measuring well-being.

REGIONAL COVERAGE – THE TYRANNY OF AVERAGES

The main consideration for the RAI in a national well-being framework is the extent of regional coverage. Effective well-being approaches (like those in New Zealand and the ACT) are not only used in policymaking but are able to identify parts of the community that are most disadvantaged. They have an implicit and explicit emphasis on tracking not just average well-being, but the well-being of people and places at the margins.

This distinction applies at the national geographical scale too. Regional Australia is often misunderstood in policymaking due to lack of analysis at a small enough geographic scale. On most well-being variables there will be considerable geographical variations – so taking a ‘national average’ will mask places both under- and over-performing. Failure to identify regions performing poorly on well-being metrics will give a biased view of well-being across Australia. The ‘tyranny of distance’ that applies in remote Australia is tied to the ‘tyranny of averages’ that blunts our ability to identify places within the nation or within a region that are performing poorly.

Some simple examples of variation in two common well-being metrics are in relation to labour force participation and housing stress. Recent RAI work has shown that there is great variability in these measures across regional Australia.

Labour force participation rates in regional Australia averaged 62% (at the time of the 2021 census). But across regional Local Government Areas (LGAs) rates varied from highs of over 85% in remote mining communities to lows of under 30%. The difference is also marked in groups at the margin of the labour force – young people, older people and people with disabilities. Some examples of high and low participation rates are shown in the table below.

Indicator	LGA	Participation rate (%)
All residents top 3	Roxby Downs SA	88.8
All residents top 3	Weipa NT	88.1
All residents top 3	Ashburton WA	86.7
All residents bottom 3	West Daly NT	28.6
All residents bottom 3	Palm Island QLD	28.3
All residents bottom 3	Aurukun	23.7
Residents over 55 years old	Ashburton WA	78.9
Top 3	East Pilbara WA	74.9
Top 3	Karratha WA	71.2
Bottom 3	Copper Coast SA	25.6
Bottom 3	Fraser Coast QLD	22.8
Bottom 3	Victor Harbor SA	21.8

Another indicator of well-being, housing stress, also varies markedly across regional Australia. Some examples of the variation in low-income households' mortgage and rental stress just from NSW are shown in the table below.

Indicator	NSW LGA	Stressed households (%)
Mortgage stress top 3	Byron	52.5%
Mortgage stress top 3	Shellharbour	52.2%
Mortgage stress top 3	Wollongong	51.8%
Mortgage stress bottom 3	Coonamble	10.3%
Mortgage stress bottom 3	Murrumbidgee	9.4%
Mortgage stress bottom 3	Weddin	6.1%
Rental stress top 3	Byron	87.5%
Rental stress top 3	Kiama	83.6%
Rental stress top 3	Wingecarribee	82.3%
Rental stress bottom 3	Bourke	15.9%
Rental stress bottom 3	Murrumbidgee	15.5%
Rental stress bottom 3	Warren	8.0%

The extent of regional variation in indicators like this highlights the potential for well-being measures to be misleading as a place's status gets 'averaged out' and lost when small areas are grouped into larger areas. Regional variations underline the importance of bringing a regional lens to the national well-being framework.

ADVANCING WELL-BEING THROUGH ECONOMIES OF SCOPE AS WELL AS ECONOMIES OF SCALE

A robust well-being framework, with a reliable sub-national spatial component, will help Australia address regional development challenges by using the data to tailor the right kinds of solutions for the right kinds of regions.

The RAI's work over the last 11 years, supported by the work of many others, concludes that regional Australia's future depends on more effective policy in the following areas highlighted in the *Regionalisation Ambition 2032*:

- Improving local service delivery to ensure government spend on services supports local jobs and to support population retention;
- Effective international migration strategies to stabilise the population and meet skilled and unskilled workforce demand;
- Effective industry and economic policies to maintain and improve the competitiveness of key local industries. This relies on effective national mining, agriculture and tourism policies and supporting local entrepreneurial initiatives to diversify or expand the local economy;
- Enhancing connectivity to urban areas and international markets via improved transport and telecommunications infrastructure; and
- Effective support for regional economies to transition to a reduced-emissions and renewable-energy future.

While these issues also exist in regional cities and metropolitan areas, the potential impacts on small and isolated places are far greater. For example, requiring a mental health consultation face to face is at worst inconvenient in cities but it can mean no timely service access in remote areas and a very long trip for a short consultation.

Enhancing community well-being in regional Australia requires a re-framing of how these issues are addressed. The re-framing would enable regions to 'drive their own destiny' by using agreed well-being data to determine the mix of support required to suit different regional needs. This would be a significant reform, a significant departure from the default approach of centrally devised and led policies and programs. Reform requires a dedicated mechanism to provide the necessary flexibility for the variations in needs across regional Australia. The RAI has conceptualised this reform agenda as enabling three core capabilities:

1. To respond to the decline of local service capability, governments should initiate reforms to create mechanisms that support economies of scope and pooling of resources in rural and remote Australia. This will seek an increase in the effective and sustainable local service presence primarily within existing resource allocations, and recognise that in low population areas economies of scope are more effective than economies of scale.
2. To rectify the inflexibility of program and regulatory design and delivery to regional needs, a mechanism is needed to provide a place for regions to raise these issues which has the power to achieve genuine changes. This will reduce the barriers to government responding to place-based issues and validate regional efforts to seek change.
3. To drive policy and program innovation and extend positive changes across government, policymakers need a place to experiment and the capacity to promote the benefits of proven local innovations. This permission to experiment, to 'try, test and learn', will develop over time a set of systemic reforms that will provide widespread and enduring change for regional Australia

The measure of success of these reforms will be the specific effects of changes on services and welfare as well the cumulative impact on the well-being outcomes in regional Australia. Importantly in a time of constrained resources, the reforms will provide a pathway for governments to seek substantially better

outcomes from their foundational investment and reduce the need for special funding of initiatives on top of systems that do not work well for regional people.

ENDS



**REGIONAL
AUSTRALIA**
INSTITUTE

Phone: 02 6260 3733

Email: info@regionalaustralia.org.au

Address: Level 2/53 Blackall St, Barton ACT 2600

LinkedIn: @Regional-Australia-Institute

Facebook: @RegionalAus

Instagram: @RegionalAus

Twitter: @RegionalAus

Regional Australia Institute Website: <http://www.regionalaustralia.org.au/>

Rebalance The Nation Website: <https://rebalancethenation.com.au/>