

Australian Bureau of Statistics
Submission to the Rural and Regional Affairs and Transport References Committee
Inquiry into the future role and contribution of regional capitals to Australia

INTRODUCTION

Identifying and responding to the information needs of governments and communities is a high priority for the Australian Bureau of Statistics (ABS). The Rural and Regional Affairs and Transport References Committee **Inquiry into the future role and contribution of regional capitals to Australia** has sought submissions on *'The future role and contribution of regional capitals to Australia'*.

The ABS is committed to the on-going provision of high quality statistics and welcomes the opportunity to meet information requirements relevant to monitoring of the contribution of regional capitals to Australian society, environment and economy. A good evidence base that describes regional capitals as they are now and as they have recently evolved is the starting point from which varying policy initiatives or investment scenarios can be assessed.

One of the issues identified in the terms of reference is *'an assessment of current demographic trends and the changing role of regional capitals'*. This submission will address the some of the underlying information needs relevant to understanding the changing role of regional capitals including:

1. What is a regional capital – A good evidence base will require clear definitions of the geography of a regional capital including its boundaries and geographic relationships to the wider regions that it sits within, as well as its relationship to other regions and state/territory capital cities;

Irrespective of whether a regional centre is defined as a capital, data is needed to analyse the characteristics of those centres, as well as their relationships with each other, and with city capitals. Relevant data relating to regional centres, capital cities, and 'regional capitals' is addressed here in relation to:

2. Role of a regional capitals - Making sound policy and investment decisions requires a good understanding of the locational attributes that help to define the 'role' of a regional capital, in relation to its industries, services, assets, transport corridors or other important environmental or cultural attributes of its location;

3. Regional populations – Demographic data can be used to understand the changing resident population of regional centres. The role of a regional centre is also shaped by how people relate to a regional centre – not only as resident but also as consumer, tourist, worker, business manager or owner, service provider, or a combination of these.

4. Regional economic activity – Decisions relating to regional centres requires data about the economic activity of a region and how this relates to its State/Territory economy and the Australian economy.

1. What is a regional capital?

Regional Capitals Australia¹ defines regional capitals as

“ ... a regional city, located outside the state metropolitan urban growth boundary. A regional capital provides a central point to access essential infrastructure, services, business, employment and education for local residents as well as those in surrounding towns and rural areas. These cities perform a 'capital city' role within their regions.”

This definition provides a useful description of a regional capital as a ‘*service centre*’ that meets the ‘*essential*’ needs of its own population as well as a wider population in surrounding areas. The geographic boundaries of a regional capital could be defined by a number of different criteria, including; its urban extent, population size, population density, and remoteness. By applying a consistent criteria to defining the geography of a ‘regional capital’ this will ensure a sound basis for comparative analyses.

The ABS provides geographic classifications (the Australian Statistical Geography Standard² (ASGS)) that can be flexibly applied for analysing Australia’s regions. For example the ASGS classification Significant Urban Areas (SUA) represents concentrations of urban development with a population of 10,000 or more that contain one or more Urban Centres that are located in the same labour market. They are not constrained by administrative boundaries and therefore represent true labour markets. For example the town of Mildura (which is included with the neighbouring town of Wentworth in the SUA of Mildura-Wentworth) belongs to the same labour market as Wentworth, but they are in separate LGAs and even different states. As a result of Mildura and Wentworth’s geographic proximity and shared labour market, the flow of people and their access to services across this region, it may be reasonable to define Mildura-Wentworth as a single regional centre.

The ABS also has expertise in geographic analysis of remoteness which is a method of assessing access to services based on population proximity (by road) to towns and cities of varying sizes. A regional centre or town that is in closer proximity to one of the eight State/Territory capital cities will have a different role compared to one that is situated in a remote area. The population living in or around a regional centre such as Newcastle, Fremantle, or Geelong will most likely find it relatively easy to access services in both the regional centre and the State capital (Sydney, Perth or Melbourne). By comparison, a person living in or around Broken Hill,

¹ <http://www.regionalcapitalsaustralia.org/>

² Australian Statistical Geography Standard (ASGS) Volume 4 – Significant Urban Areas, Urban Centres and Localities, Section of State, July 2011 (ABS cat.no. 1270.0.55.004)

Mt. Isa or Mildura may be more dependent on the regional centre for service access, due to their relative remoteness from other large population centres. The ABS remoteness classification currently assesses access to regional centres by road, but it would be possible to take into account other criteria relevant to service access (such as the ease and cost of access to services by air). Assessment of service access requires objective and consistent criteria to be applied in order to better understand and compare the role of different regional centres.

Population density is another criterion worth considering for defining regional centres. Generally speaking a denser population centre will have a greater concentration of services. The '*Australian Population Grid 2011*'³ presents population density of the Usual Resident Population, using 1km² grid cells across Australia. Using the grid enables consistent and equal comparison between regions by providing a consistently sized spatial unit. The population grid allows easy identification of clusters of relatively high density areas which could be used to identify regional centres.

The ABS provides a number of important geographic classifications, data sources and analytical techniques which could be flexibly applied to defining regional centres, according to information needs.

2. Role of a regional capital

In describing the 'role' of any regional town or centre, irrespective of whether it is defined as a 'capital', it is important to understand the characteristics that define its role, which may include;

- the existence of industries that provide employment opportunities for the region,
- the types of major services provided (e.g. a regional University campus, a major regional hospital, specialised retail or manufacturing services that support local industry, etc.);
- the significance of local transport infrastructure within the regional, state or national transport network (e.g. a port, airport, or major highway);
- environmental or natural assets (e.g. tourism attractions); and
- proximity to primary industry activity (e.g. mining, agricultural regions).

The existence (or lack of) such characteristics demonstrate the capacity of the regional town or centre to fulfil the role of a regional capital.

Regional towns or centres are vulnerable to the demise of those characteristics that define its role. For example the closure of an airport or hospital or mine can have a significant impact on a regions continued existence and therefore the role that a regional town or centre can play as a regional capital. The Department of Infrastructure and Regional Development (DIRD) report

³ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1270.0.55.007>

*'The evolution of Australian towns'*⁴ examines how Australia's town settlement patterns reacted to significant economic, social and technological changes since 1911. These changes can make the difference between whether a region booms and grows or declines.

A variety of data sources can be used to understand the role of a regional centre as it relates to these locational attributes and their likely growth or decline over time. For example health and education administrative data collections can provide information on the number of hospital admissions and education enrolments, and locations of health and education services. The Department of Infrastructure and Regional Development⁵ collate information on transport statistics, including passenger movements for regional airports. ABS business data including *'Counts of Australian Businesses, including Entries and Exits'*⁶ provides information on the number of businesses, their employee size, and turnover and can be used to assess regional industry activity.

3. Regional Populations

The ABS Estimated Resident Population⁷ (ERP) is the official estimate of the Australian population, which links people to a place of usual residence within Australia and population data is provided for over 3000 regions across Australia. The ABS recently produced a new regional internal migration dataset in *'Migration, Australia, 2013-14'*⁸ which estimates inter-regional population movements since 2006-07. This is important information in understanding population flows between regions of Australia.

While the ERP represents the underlying baseline population, regions also experience population fluctuations from other movements of people for work or to access services. The working population may include people who commute to a regional centre, such as fly-in fly-out workers, or day commuters. Service populations can include people from neighbouring or other regions who travel to a regional centre to access services such education, health care, shopping, banking, entertainment, or sporting facilities in the region. Some regional centres may be popular holiday destinations.

ABS is exploring new methods to analyse population fluctuations caused by fluctuations in working and service populations, using transactional and administrative data sources – in addition to using Census and survey data. For example, data on retail sales could be used to provide an indication of population fluctuations in regional centres, with snapshots at various intervals (day, week, month). The development of these kinds of measures could provide relevant information about population flows which can help to understand the role of regional centres.

⁴ http://www.bitre.gov.au/publications/2014/report_136.aspx

⁵ http://www.bitre.gov.au/publications/ongoing/domestic_airline_activity-monthly_publications.aspx

⁶ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0>

⁷ <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/3218.0Main+Features12012-13?OpenDocument>

⁸ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3412.0>

4. Regional economic contribution

Information can be provided on what industries operate in and around regional centres. Information on how the services provided in regional centres support and/or depend on these industries is also likely to be important.

The ABS research paper *'Review of Regional Development Australia Committee Regional Plans, 2013'*⁹ noted that all 55 Regional Development Australia Committee regions had identified at least one threat to their economy and the main threat identified by 39 regions was the region's reliance on one or a few main industries and the need to diversify its economy. There are various theories about the relationship between industrial composition and regional economic development and whether different economic outcomes are associated with diverse or specialised industry structures. The ABS has recently explored how a range of industry diversity indexes¹⁰ can be used to understand the industrial landscape of a region and inform policy decisions.

A number of different data sources can be used to measure the economic activity of regions. ABS provides data on: number of businesses, business employment, building approvals, number of wage and salary earners, and estimates of personal income¹¹.

The ABS continues to investigate and develop data sources that can be used to inform regional economic activity through use of taxation administrative data. Future work on developing a Linked Employer Employee data set, and improvements to outputs from business tax data sets could significantly enhance relevant information on local labour markets and business performance.

Conclusion

There are many factors that impact on whether a regional centre should be classified as a 'regional capital': its population, natural resources, economic activity, proximity and relationship with other regions. Decisions on where to locate infrastructure and services need to be informed by a sound evidence base and require consistent approaches to analysing the diverse roles of regional centres across Australia. The ABS provides relevant regional information on geography, services, population, and economic activity. However, there is potential to improve the regional evidence base to better meet the priority information requirements of the future. ABS is well positioned to support the development of improved statistical solutions and welcomes further consultation on information needs and priorities.

⁹ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1381.0>
¹⁰

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/1381.0.55.001Main%20Features99992011?opendocument&tabname=Summary&prodno=1381.0.55.001&issue=2011&num=&view=>

¹¹ A range of economic data sources can be accessed by ABS Data by Region;
<http://stat.abs.gov.au/itt/r.jsp?databyregion>