



The indicators of, and impact of, regional inequality in Australia

Senate Standing Committees on Economics

Regional Australia Institute

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Notes:

This submission was prepared by Dr Jude Walker, Leader of the RAI’s Future of Regional Jobs Inquiry Program. The RAI is grateful for assistance provided by University of Newcastle students Elleni Criticos, Chloe Scott, Jessica Leahy and Kirsty Raisbeck, who contributed to this submission as part of their degree program.

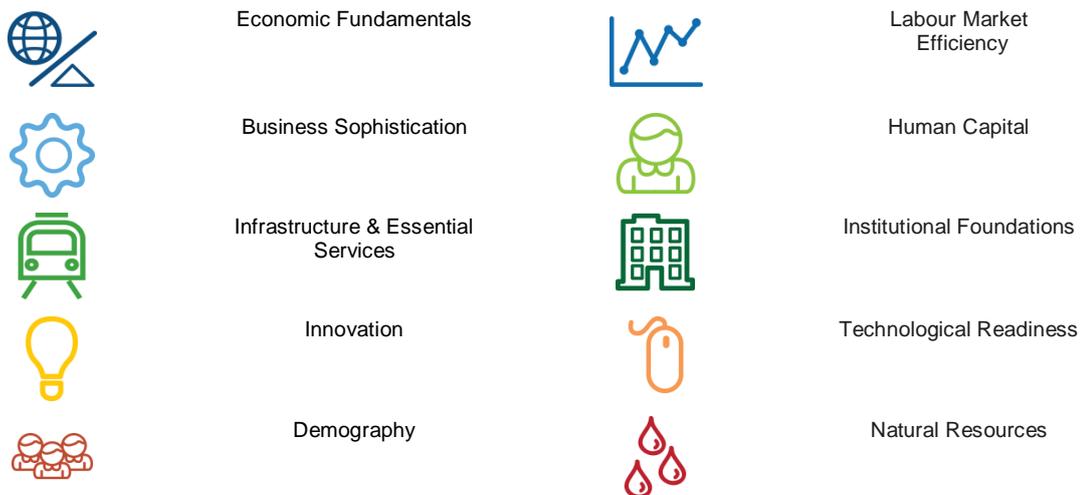
Introduction

Australia's regions are experiencing inequality in a number of areas. In education, metropolitan high school completion rates are almost double that of regional areas, and university completion rates in metropolitan LGAs are between double and three times as high as those in regional LGAs. With regard to employment, vacancies in regions have grown by 20% since February 2016 compared to only a 10% increase in our largest cities. Yet lack of the necessary transport and technological infrastructure means that regional areas are finding it increasingly difficult to fill those vacancies, impeding their ability to grow and diversify their labour markets. This relates to a variety of skilled and semi-skilled jobs, particularly in the health and education sectors. The result of these factors means that, since 2012-13, inner city incomes growth has consistently outpaced regional growth rates. If these inequalities are to be addressed, then regions need to be assisted in developing their entrepreneurial and innovation capacity.

To address these issues, the Regional Australia Institute (RAI) works with Governments at all levels, as well as various other stakeholders, to identify and develop policies, programs and practices to assist regions to improve their economic and social performance.

Assessing regional inequality

To help understand the drivers of regional inequality, the RAI has developed [In]Sight a national competitiveness assessment tool. [In]Sight looks at competitiveness across 10 themes.



In providing evidence of regional inequality and examining its drivers, in this submission we present updated data from [In]Sight on:

1. Human Capital
2. Infrastructure and Technological Readiness
3. Innovation and Entrepreneurship.

We also present the patterns across Australia for each of these themes, showing the extent of difference between the haves and the have nots, and draw implications for their contributions to regional inequality.

Human capital

Human capital is defined as *the skills and capacities that reside in people that are put to productive use*ⁱ. *The concept represents the value of the skills, knowledge, talents and abilities of people and their potential to drive innovation and economic growth*ⁱⁱ.

In [In]Sight human capital is measured by the following indicators: early childhood development, literacy & numeracy at primary and secondary levels, high school completions, learning or earning, technical qualifications, university qualifications, workforce skills and adult learning. This submission will focus on literacy & numeracy, high school completions and university qualifications, all of which drive socio-economic inequality in regional areas.

Human Capital

Insight 2016

LGA_2016

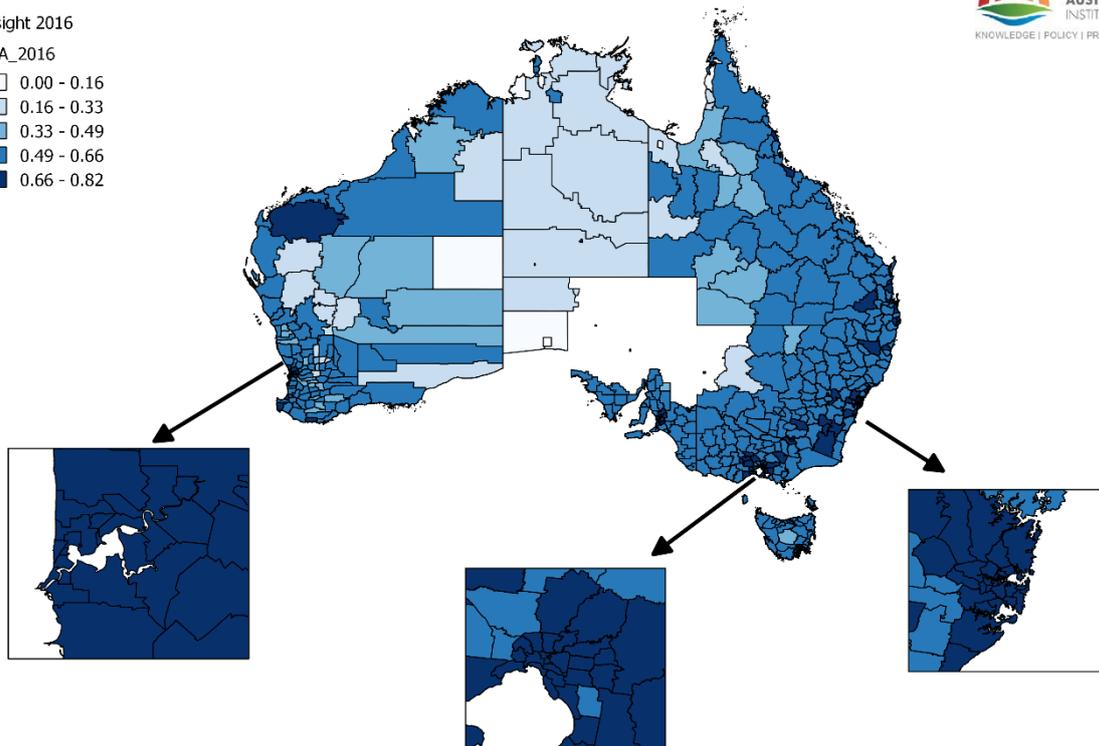
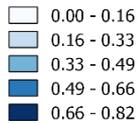


Figure 1 - Human capital scores

If we consider the overall Human Capital Index, only sixteen regional LGAs are located in the top one hundred, whilst the lowest 270 are all regional LGAs.

	Human Capital Score
Metropolitan	0.75
Regional City	0.65
Connected Lifestyle Area	0.60
Industry & Service Hub	0.60
Heartland Region	0.49

Table 1 - Human capital scores by regional type

The statistics show how far behind our Heartlands Regions are. And for young people in particular, the consequences of this lag are profound.

Education

Young Australians need to be equipped with skills that will allow them to succeed in the future of work. Research finds that young people, particularly in regional areas, simply aren't being adequately prepared, and that traditional education and training institutions will be required to transform their approachesⁱⁱⁱ. Importantly, it is not a question of how we develop skills to race ahead *against* technology, but instead what mix of skills provides the greatest opportunity to race ahead *with* technology^{iv}.

While there is an endless number of predictions around the scale of job losses and job gains that the future workforce will bring to regional Australia, what the majority of studies agree upon is that the future job market will have a decrease in the number of lower skilled occupations, and an increase in the comparatively higher skilled occupations^v. Previous work commissioned by the Foundation for Young Australians expects that within 2-5 years, at least 90% of the workforce will need basic digital literacy and that 1 in 2 Australians will need higher order tech skills like programming and software development^{vi}.

Whilst skills to deal with new technologies will certainly be needed, just as important will be the skills to deal with other humans and to identify opportunities for niche design work. Research undertaken recently by the RAI^{vii} has shown that, to be successful in the jobs of the future, young people will need more than education in the STEM (science, technology, engineering and maths) subjects. They will, in fact, need education in STEAMED (science, technology, engineering, art, mathematics, entrepreneurship and design). In order to meet these needs, education outcomes in regional areas need to be addressed as a matter of urgency.

It is not only in the area of skills for the future that regional areas are disadvantaged compared to metropolitan cities. Overall, education outcomes across the spectrum in regions are all poorer than for their city counterparts. And as the table below shows, the outcomes get worse the more rural the community is. Heartland Regions, the most rural of the RAI's four types of regions, are way behind in high school and university completion rates, and significantly behind in primary and secondary NAPLAN scores too.

	High school completion rate	University qualification rate	Literacy & Numeracy PRIMARY Value	Literacy & Numeracy SECONDARY Value
Metropolitan	62.9%	24.3%	470.9	569.9
Regional City	43.6%	12.3%	444.0	544.1
Connected Lifestyle Area	40.1%	10.8%	438.4	534.1
Industry & Service Hub	37.7%	9.6%	430.2	532.0
Heartland Region	34.2%	7.4%	413.6	512.7

Table 2 – Percentage achievement by Regional Type

Testing scores at both primary and secondary levels are higher in metropolitan areas than in regional areas, with Heartland Regions being, on average, fifty points lower on primary testing and almost sixty points lower on secondary testing. Only 27 regional LGAs sit within the top one hundred for Primary NAPLAN results, and 26 in the top one hundred for Secondary NAPLAN results, while the bottom 270 contain 230 and 187 regional LGAs respectively.

Metropolitan high school completion rates are almost double that of regional areas, with only a third of residents in Heartland regions having completed secondary school. Only ten regional LGAs are ranked within the top one hundred, while 269 of the bottom 270 are regional. Standards of schooling and parental characteristics are significant determinants of whether a child will complete high school, however accessibility of high school campuses is an additional burden for regional families, particularly in smaller communities. Given the importance of lifelong learning in a rapidly changing labour market, these poor completion rates are of great concern for regional areas, particularly as many lower skilled jobs are automated.

Graduation from university is an area of particular inequality. Overall, completion rates in metropolitan LGAs are between double and three times as high as those in regional LGAs. Only seventeen regions are ranked in the top one hundred, whilst the bottom 270 contains 267 regional LGAs. Given the fact that the jobs being created by new technologies are likely to be high skill, high qualification jobs, this places regional areas at a major disadvantage.

Regions also fall below metropolitan areas in terms of young adults between the ages of 15-24 not engaged in some form of education, training and employment and adults enrolled in some form of adult education^{viii}.

There has been little change in the relative position of regions in 10 years despite a series of funding and reforms to the national education system. Australia's performance in the OECD's Program for International Student Assessment (PISA) demonstrates that on average regional students trail their metro counterparts by a year of schooling, and have done since PISA began in 2000^{ix}.

Yet despite its significance, policy reform is yet to bridge this divide. Ad hoc and sector focused policies in the past have aimed to address specific issues in the regional education system. Yet these on their own won't address what is a systemic challenge.

Despite efforts from all levels of government, educational inequality in regional areas of Australia remains an issue, and the landscape has failed to change over the past 15 years^x. Governments have implemented a number of policies ranging from education programs to providing financial incentives, however these policies have so far been unsuccessful in improving the situation, and education in rural communities remains inconsistent^{xi}.

Students in regional Australia have less accessibility to modern learning technologies; technologies which allow students to thrive in their education^{xii}. In addition to this, there is a lack of programs assisting teaching professionals to use these devices in an effective and efficient way. Teaching professionals also need to be encouraged to migrate to regional areas so that students have the opportunities to learn from teachers who have a large skill base.

Evidence continues to mount that shows the concept of a one-time education completed early on in life is fast becoming obsolete. A student today is more likely to experience a "portfolio career", with potentially up to 17 different jobs over 5 careers^{xiii}.

For people already in the workforce, the need to change jobs as automation disrupts the workforce^{xiv} or to continue finding ways to working into their 60's and 70's as life expectancy increases^{xv} will make continual engagement in education essential for regional Australians.

The RAI's work has documented that these national issues are especially crucial for the future of regional communities. At the moment, it is not clear that our education system for adults in regions is well prepared to deal with these changes, particularly given the severe disruption to vocational education systems by recent reforms and the on-going focus on qualifications rather than a lifetime of skills. In regional areas, this is often compounded by a lack of accessible post-secondary education. Where some regions are lucky to have numerous Vocational Education and Training (VET) providers and a university, other regions, not all of them remote, have no physical access to these services. The choice for these communities is therefore either on-line education or the need

for young people to leave the region to attend institutions, mainly in metropolitan areas. For those looking at on-line education, connectivity is a major impediment; as is the poor quality of many on-line courses. For those leaving their homes, it means a loss of social and family networks, often resulting in a sense of isolation, as well as a significantly increased cost with the need to source accommodation.

The RAI also notes the evidence that demonstrates that social factors, such as parent educational attainment, have been found to be more significant than economic factors in explaining children's educational outcomes for the lower SES cohorts that are often found in rural areas^{xvi}. Rather than giving up on educational attainment for people who are already out of school and remaining in regions, we see the focus on adult engagement as one which can help to build stronger educational aspiration across communities including for our current and next generations of students and contribute to school outcomes as well as those for better engaged adults.

Employment

At the same time, closer attention needs to be paid to the transition to work. Without suitable career pathways in regions, the worry in many communities is that students in the education system are merely 'learning to leave' – as they will be forced to move away to get the start in the labour market for which they are looking.

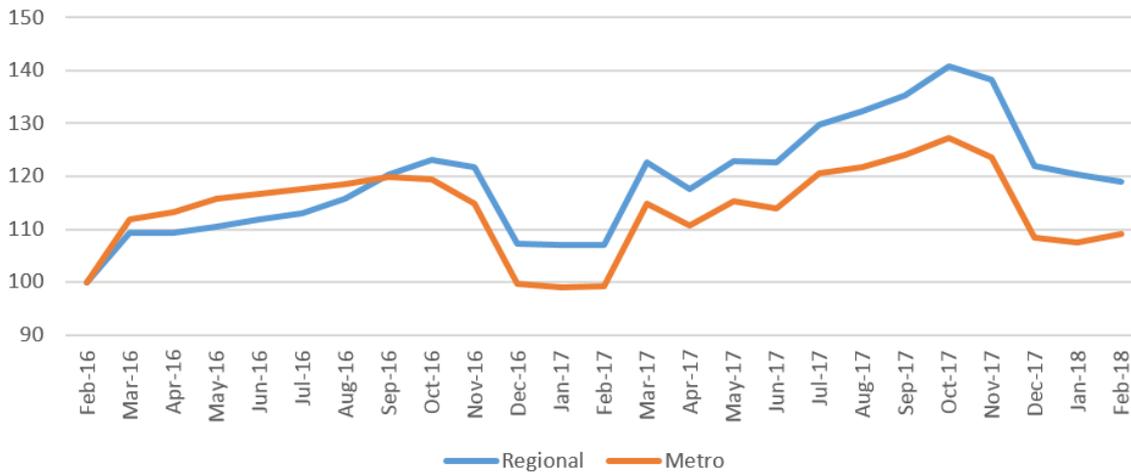
In considering regional employment, a number of factors need to be recognised:

- **Australia's regions are not in widespread decline and remain a foundational contributor to the national economy**
- **The economic contribution of regions stabilises and diversifies Australia's economic performance as well as supporting the livelihoods of 9 million Australians**
- **Policy responses must better understand and reflect regional differences.**

Despite the persistent negative narrative about regions, evidence shows that, in many facets, regions are performing strongly. They have held their own as contributors to the national economy, productivity remains high and their populations continue to grow. The baseline scenario is one for overall sustained growth, although still below the average economic and population growth of our largest metropolitan areas. The extent to which Australia's regions perform better or worse than this will depend on the responses to the range of issues affecting those regions. However, if regions are to thrive, then they must have dynamic labour markets in which businesses are able to grow and recruit appropriate workers.

Since late 2016, job vacancy growth in regional areas has outstripped vacancy growth in our largest cities. According to the latest Internet Vacancy Index released by the Australian Government, vacancies in regions have grown by 20% since February 2016 compared to only a 10% increase in our largest cities.

RAI Index of Regional Job Vacancies



Source: RAI analysis of Internet Vacancy Index (IVI) – February 2018

Chart 1 - Regional versus metropolitan job vacancies - 2018

These growing vacancies are occurring across a range of job opportunities. Vacancies for Machinery Operators and Drivers have grown by a staggering 44% in regions in the last 2 years. 35% more Technicians and Trades workers are also needed. But the data shows that while vacancies for trades and lower skilled workers regions are high, vacancies for managers and professionals have also grown by 20% and 23% since February 2016. Both skilled and unskilled workers are needed to support growth in regional economies.^{xvii} Unfortunately, distance and lack of many services mean that many regional LGAs are unable to attract new residents into their communities to take advantage of these job opportunities.

A recent NCVER report undertaken by researchers from Monash and Victoria Universities examined the likely change in the Australian labour market by 2024.^{xviii} According to the report, by 2024, the exit of the aging workforce and the jobs created by new technologies in those industries means that there is likely to be a need for an additional 440,000 teachers, 119,000 health care workers and 122,000 employees in the agriculture industry, including employment in areas such as agribusiness, food security and agriculture related technology. Many of these new jobs are likely to be in regional areas, further exacerbating the already difficult job that regions have in attracting professional people to move away from metropolitan cities. However, it is not only in the professions that we see a shortfall in regions. The NCVER report indicates that the country will need another 100,000 cleaners and laundry workers to make up for people leaving or retiring.

Availability of professional services in regional Australia

The difficulties discussed above with regard to the ability of regions to recruit workers is demonstrated by the shortage of professional services in many parts of regional Australia. The three major employing industries in many regional areas include agriculture, health care & social assistance, and education. The RAI looked at the trends of professional service providers in small towns in Australia from 1986 to 2011.

With regard to health, the scale of the service gap in small towns is clear. Looking at the long term trends in the presence of professional service providers in Australia's small towns^{xix}, the RAI found that in 2011 small towns, on average, had 83 doctors per 100,000 people, well under half the national average of 202. Towns with populations between 2,500 and 5,000 had the worst per-capita rate with only 23 doctors per 100,000 people. This had dropped from 65 per 100,000 in 1981.

Nurses play a crucial role in small town communities outside of metropolitan areas. In 2011 there were 1,009 nurses per 100,000 population compared with the national average of 1,045. The nursing numbers show that small towns have over 10 times the availability of nurses compared with GPs – emphasising the role that nurses play in regional health. Also of note, while there are far fewer paramedics per 100,000 residents, this ratio is higher in small towns than the national average, indicating that this occupation too is helping to fill the gap left by the much lower representation of GPs.^{xx}

The education sector shows that, at first glance, small towns in remote and regional areas appear to be quite well served with teachers. However, a closer look shows that while the ratios of primary and high school teachers per 100,000 are above the national average, the per-capita rate has decreased since 1981 or is not evenly spread. Small towns have good face to face access to primary school teachers, even though in the 30 years to 2011, there were fewer inner and outer regional small towns with primary school teachers in their communities.

In 2011, 62 per cent of small towns with populations under 1,000 had a primary school teacher in their community. The rate was higher was towns with populations over 1,000, where nearly every town had a Primary School Teacher. While per-capita rates improved for towns with populations over 2,500, they worsened in towns with smaller populations.

When it comes to secondary teachers, unequal access to service professionals is more pronounced. In 2011, there were fewer small towns with a secondary school teacher in their communities than in 1981. This decline was larger the more remote the town. Fewer towns in outer regional, remote and very remote areas had secondary school teachers in 2011 than in 1981. In 2011, towns with higher populations were more likely to have a secondary school teacher. Around half of towns with populations under 1,000 had a secondary school teacher compared to almost all towns with populations over 2,500.

In 1981, small towns had higher per- capita rates of secondary school teachers in their communities than the average Australian. In 2011, this advantage had been eliminated and the per-capita rate on par with the national rate. Per-capita rates of secondary school teachers decline as remoteness increases. They also decline as a small town's population decreases.

Preschool teachers are especially important in small town communities in regional and remote areas, where rates of developmental vulnerability are significantly higher than in metropolitan areas. Yet despite this, access to preschool teachers worsened between 1981 and 2011. In 1981, three quarters of small towns did not have a preschool teacher in their community. This rose to 84 per cent of towns in the 201.

In 1981, three quarters of Outer Regional towns did not have a preschool teacher in the community, but this rose to 89 per cent in 2011. Over the same time, the number of remote and very remote small towns without a preschool teacher rose from 69 to 90 per cent. Towns with populations under 2,500 had fewer preschool teachers in their communities in 2011 than in 1981.

On a per-capita basis this deficit becomes even more pronounced. In 1981, small towns had higher per- capita rates of preschool teachers than the Australian average. In 2011, not only had this advantage diminished, but a gap had opened. In 2011, the per-capita rate for small towns was 65 preschool teachers per 100,000 people, although the national rate was 85 per 100,000. The 2011 per-capita rate falls as town population decreases and towns in very remote areas have smaller per-capita rates than those in other areas.^{xxi}

Income inequality

Whilst, for some time, it appeared that regional areas were catching up to their metropolitan counterparts when it came to income equality, data shows that, since 2012-13, the rate at which the gap is closing has slowed^{xxii}.

Income	2010-11	2011-12	2012-13	2013-14	2014-15
Metropolitan average income	\$56,545	\$59,443	\$62,055	\$63,864	\$65,056
Regional average income	\$46,437	\$49,390	\$51,606	\$53,170	\$54,382
Regional as a percentage of metropolitan	82.12%	83.09%	83.16%	83.25%	83.59%

Table 3 - Metropolitan versus regional average income

The inability of many regions to attract new workers to expand their labour markets is further compounded by the income inequality experienced by many regional residents. According to 2016 Census data:

“For the whole of Australia, the equivalised median household income (the income in the middle of the distribution) is A\$878 per week. Several regional areas like Maryborough, Pyrenees (northwest of Ballarat in Victoria), Kempsey, Nambucca (NSW), Maryborough (between Bundaberg and the Sunshine Coast in Queensland), Inverell, Tenterfield (in NSW’s Northern Tablelands) and South East Coast in Tasmania all had median incomes of A\$575 per week or less.

At the other end of the distribution, households in leafy suburbs of North Sydney – Mosman (NSW) had a median income of A\$1,767 per week. Areas like South Canberra (ACT), Manly (in Sydney’s east) and the mining-dominated West Pilbara (WA) all had median incomes of A\$1,674 or more per week^{xxiii}.

Turning to capital cities and regional areas, research conducted in 2015 showed that “people living in the capital cities of Perth, Sydney, Brisbane, and to a lesser extent Melbourne, are more likely to be in the top 20% and less likely to be in the bottom 20% (for level of income) ... (whereas) people living outside capital cities tend to be found more at the bottom of the income distribution than at the top, except in Western Australia^{xxiv}.

If regions are to overcome the inequalities they face with regard to education, recruitment and employment, then they must be able to offer income levels which are the equivalent of metropolitan cities.

Infrastructure and technological readiness

[In]Sight’s Infrastructure and Essential Services theme reflects the competitive benefits of proximity when accessing infrastructure and essential services.^{xxv}

This submission looks first at the issue of transport infrastructure inequality - roads, rail, airports and ports. This infrastructure is critical to the efficient delivery of goods and services, supporting a region’s competitiveness in economic markets by reducing freight costs, which impacts so significantly on a region’s ability to provide access to appropriate education and jobs; as well as the inequality of regional areas when it comes to connectivity and technological infrastructure.

Infrastructure & Essential Services

Insight 2016

LGA_2016

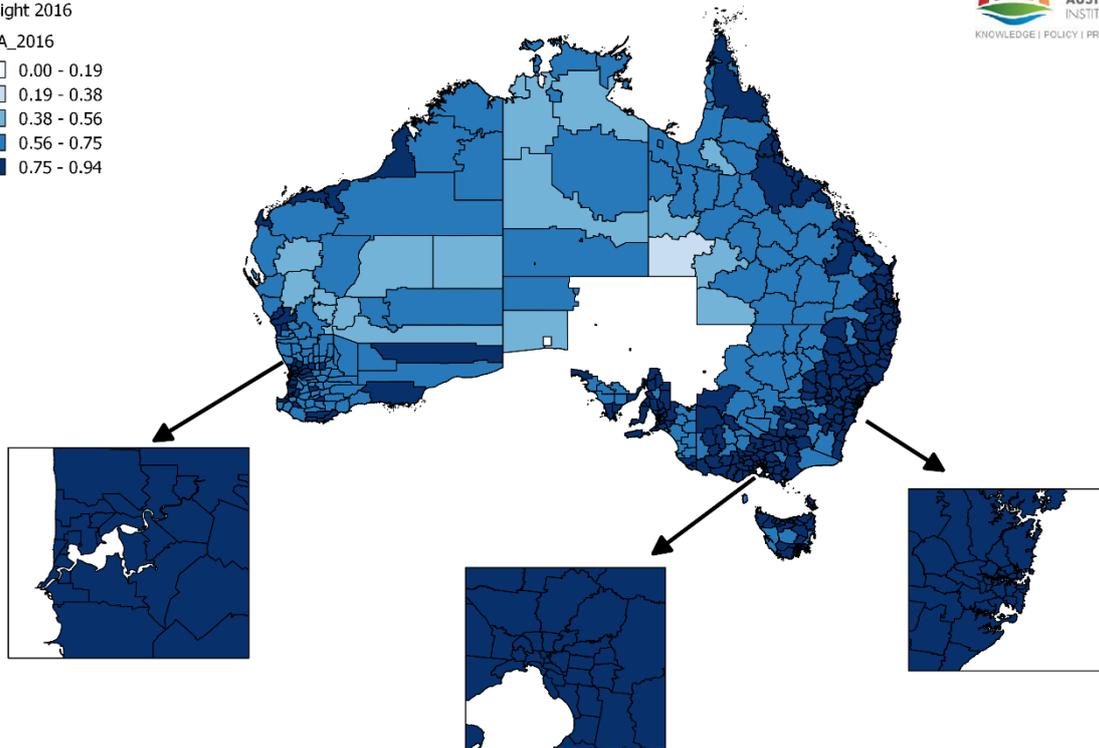
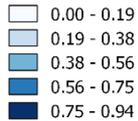


Figure 2 - LGA Competitiveness for Infrastructure and Essential Services, Australia

There is a consistent pattern to the results of this theme (Figure 1). The densely populated metropolitan areas and regional cities of the eastern states are most competitive, while the outer regional and remote areas fare poorly. Only 23 regional LGAs are in the top 100 for this theme, while the bottom 270 are all regional areas.

When considering the four types of regions identified by the Regional Australia Institute, we see that the more rural a region, the lower its score on Infrastructure and Essential Services.

	Infrastructure and Essential Services Score
Metropolitan	0.87
Regional City	0.84
Connected Lifestyle Area	0.80
Industry & Service Hub	0.80
Heartland Region	0.71

Table 4 – Infrastructure and Essential Services scores for each regional type

Infrastructure and essential services support the activity and growth of local economies and the quality of life that a region needs to attract and retain residents and business. Distance is an inherent challenge to a region's competitiveness in this theme. Areas that are close to metropolitan areas or that are regional Cities are competitive on both physical infrastructure and essential services measures. However, Heartland Regions which have small populations relatively isolated from population hubs do not perform well on this theme. An increase in infrastructure quality can offset competitive disadvantage and should be a focus for policy. However, bridging the basic access gap requires engagement in innovative use of technology and other resources that alleviate the tyranny of distance.

When considering Technological Readiness, the patterns of competitiveness revealed are simple and consistent – the more remote and less populated an area is, the poorer its level of technological readiness and the more likely it is that the tyranny of distance remains in place. Connecting regions to broadband is the great infrastructure project of the 21st century. Australia has a bipartisan commitment to investing in the improvement of technology access across regional Australia as a national priority. However, technological readiness is more than just infrastructure; regions need local resources and expertise to build on their unique strengths and take advantage of the educational and commercial opportunities presented by the NBN.^{xxvi}



Figure 3 - technology statistics at a glance

In today's digital landscape technology is a tool that allows students to access more knowledge than was previously available, with a more active role in the learning process able to be adopted. Within low-socioeconomic areas non-attendance rates for secondary schools are at 22 per cent, five times higher than the rest of the country^{xxvii}.

Public policy needs to work together with these communities to increase the accessibility of modern learning technologies. Developing a scheme to initiate the roll out of newer computers and better internet access will have positive flow-on effects for these young people's school careers. It will also allow them to obtain skills that can be carried into the workforce, providing more opportunities to compete for high skill level jobs^{xxviii} ^{xxix}.

However, poor internet access for students is not limited to the more remote regions. Even regional cities are finding difficulty in gaining access to the bandwidth speeds needed to enable large numbers of students to access on-line education simultaneously^{xxx}.

Innovation and entrepreneurship

Traditional labour markets are no longer sufficient to “future-proof” communities against the changes occurring through the development of new technologies and the structural changes occurring in employment. One of the ways that regional LGAs can diversify and build their labour markets is through innovation and entrepreneurship, and we are beginning to see the emergence of start-ups in some regions. However, the [In]Sight Innovation theme shows that regional LGAs still lag significantly behind their metropolitan counterparts with only 21 regional LGAs present in the top one hundred on the RAI’s innovation index and the bottom 270 containing 268 regional LGAs.

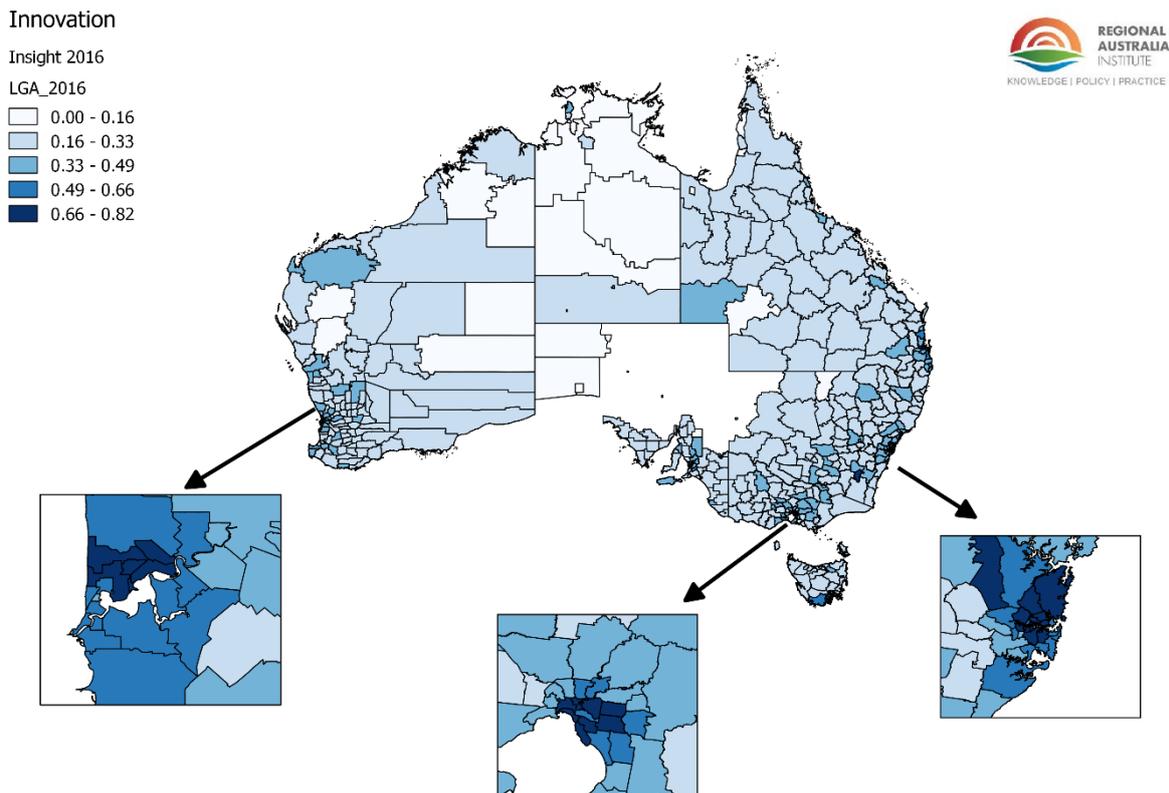


Figure 4 - Innovation Map

A university or other R&D presence remains a real innovation asset for any community, but in a modern economy it is the ecosystem around that capability – the region’s entrepreneurs, business start-ups and the strength of their connections to the R&D presence – that will drive the economic outcomes from innovation^{xxxi}.

It remains true that big cities are the nation’s key innovation assets and few regional local government areas (LGAs) have a registered R&D institution, or the infrastructure needed to assist entrepreneurs to establish and grow their businesses through incubators, accelerators and co-working spaces.

Many of Australia’s old industrial centres, mostly regional, have lost businesses and jobs over the last 20 years. They are also among the worst performers in terms of innovation in regional Australia. One ray of sunshine in this group is Greater Geelong (Vic) which is faring much better with an overall innovation ranking of 76. Geelong and other areas in regional Australia that are doing well may offer the lessons other places need to successfully transition from an old economy base to an innovation driven future. Retaining and growing our national and regional strength in R&D remains important, but for most regions the opportunity is in the Business Dynamo – the combination of business startups and business-to-business services that underpin a growing private sector economy. Areas

that can build this commercial innovation capability will be positioned to thrive in Australia's new economy.

If this is to occur, then Governments need to encourage the development of regional infrastructure to support entrepreneurship and innovation, as is currently the case for large Australian cities. This infrastructure could include the creation of a wider network of business incubators and accelerators, and co-working spaces. Networks of entrepreneurs also need to be supported through training and mentoring programs which will assist them to take their ideas from conception to commercialisation, thereby diversifying regional labour markets and creating employment opportunities for other local residents. These programs need to cover areas such as business management skills, trademark and patent applications, and how to access export markets.

Regions can no longer rely solely on traditional industries to provide economic equality with capital cities, but must find ways to overcome the inequalities resulting from isolation and lack of necessary infrastructure. Entrepreneurship and innovation will be critical tools in helping regions to "reinvent" themselves to take advantage on new technologies and markets.

Conclusion

If the issue of regional inequality is to be addressed, there are two regional development challenges for Australia that need to be pursued using distinct but complementary strategies. These are rural and remote development and developing Australia's network of regional cities.

The first goal is to more effectively develop our rural and remote heartlands. This involves delivering locally tailored services that can narrow the long term divides in health and education outcomes and ensuring that we have the local population and skills necessary to sustainably develop our vast natural resource endowments.

The RAI's work over the last six years, supported by the work of many others, concludes that development of Australia's rural and remote areas depends on more effective policy in the following areas:

- 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 the key local industry (this relies on effective national mining, agriculture and tourism policies) and supporting local entrepreneurial initiatives to diversify or expand the local economy), and
- enhancing connectivity to urban areas and international markets via improved transport and telecommunications infrastructure.

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

This is why the Regional Australia Institute is recommending to governments that they establish a dedicated mechanism to provide flexibility for rural and remote Australia. The aims of this reform agenda for rural and remote Australia includes three components:

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.

2. To rectify the inflexibility of program and regulatory design and delivery to rural and remote 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 innovation and extend positive changes across government, policymakers need a place to experiment and the capacity to spread the good of proven local innovations. This reform will develop over time a set of systemic reforms that will provide widespread and enduring change for rural and remote 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 health, education and well-being outcomes in regions. 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.

The Regional Australia Institute was created to assist Governments and other stakeholders to improve the economic and social welfare of regional communities. Its focus on small towns and regional cities has provided a number of insights which will be useful in addressing regional inequality. These insights include the need for regional leaders to be provided with evidence-based data to assist them in identifying and addressing the changes which will be needed for their specific communities. The RAI's projects are designed to achieve this aim. Governments also need to provide flexibility in policy development and service delivery in smaller communities to build the efficiencies which will be needed to bridge the gaps in equality faced by regional Australia.

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