



# MEDIA RELEASE

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## National State of the Regions Report Launched

The Australian Local Government Association (ALGA) has found that infrastructure deficiencies have played a part in making it harder for struggling regions in Australia to increase their productivity, create jobs and improve outcomes.

Yesterday, ALGA released the *State of the Regions: Pillars of Growth Report*, prepared by National Economics, at the Regional Cooperation and Development Forum, ahead of the National General Assembly of Local Government in Canberra.

This is the 20<sup>th</sup> annual *State of the Regions* prepared for ALGA. This year's report builds upon the accumulated knowledge from previous reports, providing a coherent framework for analysing regional development.

LGAT President, Mayor Doug Chipman said Local Government has always played an essential role in the Australian economic system.

"However, there is a growing expectation that councils will take an increasingly significant role in regional economic development – from planning through to implementation," Mayor Chipman said.

The authors of the *State of the Regions* Report note that economic growth is founded on productivity increases and identify the pillars of regional growth as skills formation, capital investment, knowledge creation and the formation of supply chains. They also note that resources and opportunities vary markedly from region to region.

Mayor Chipman said based on 19 years of reports, the authors have developed some key insights (stylized facts) and while noting they don't apply equally to all regions, many will be of particular interest to Tasmanian policy-makers.

These include:

- High income economies now depend on innovation as the core driver of long-term economic growth.
- The capacity to innovate depends on knowledge and networks at the regional level.

- Infrastructure deficiencies and a lack of investment in telecommunications and transport make it difficult for low productivity or high unemployment regions to increase productivity.
- Low productivity regions are rapidly ageing.
- Tourism exports are an important driver of economic activity and employment in many regions but the net benefit from tourism for the majority of regions is relatively low.
- Market mechanisms will not reduce inequality of economic performance between regions. Therefore public policy has a key role in maximising overall economic growth of the nation.

“The data in the State of the Regions report reflects what is largely understood about Tasmania. That is, we have a greater than average proportion of people on income support and this is significantly greater when it comes to the disability pension,” Mayor Chipman said.

“Relative to the rest of Australia, we have the lowest household disposable incomes and household wealth, and we have a high proportion of single person households.”

“Tasmania has had negligible population growth in the last few years, and the unemployment rate across all regions sits between 11 and 12 per cent for 2017.”

“Local Government rate collections in Tasmania are no more than the Australian average,” Mayor Chipman said.

“We have seen some growth in construction rates between 2012-2014 and 2015-2017 (around 11-12% in the North and South and 5% in the North West) and particularly high rates in the new residential constructions in the Southern region.”

“The authors note that liveability and jobs go hand in hand and if patent applications are a sign of innovation and creativity, then Tasmanian regions rate poorly compared to others across Australia.”

“The digital economy will create wealth for those individuals and companies who get it right and Tasmanians need to look to how to improve in this space,” he said.

Mayor Chipman said the report also confirms that metropolitan core regions, their residents and workers, have been gaining increasing shares of national income, but regions which are distanced from metropolitan centres have suffered decline, and the gap is growing.

“There is a need to supercharge local area productivity through mobilising State and Local Government resources, and through the private sector leveraging off this Government investment,” he said.

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