

# Lost in the Noise: The neglect of regional Australia

Submission by the Australian Council of Trade Unions to the inquiry into Jobs for the Future in Regional Areas

## Contents

Introduction .....	1
Two-speed Australia .....	1
The shifting locations of work .....	1
Unemployment .....	4
Regional youth unemployment .....	5
Underemployment.....	6
Income and wealth .....	7
Other indicators.....	8
Health .....	8
Education.....	10
Access to safety/industrial regulation .....	10
Indigenous Australians .....	11
How this happened .....	13
Deindustrialisation, industry transition and the regions. ....	13
Manufacturing job losses .....	14
A lack of coherent energy policy .....	16
The destruction of TAFE.....	17
Community Development Programme.....	18
The way forward .....	18

## Introduction

For several decades now, as Australia's economy has grown, rural and regional Australians have been further and further shut out from prosperity. Australia has developed a two-speed economy, with vastly different economies developing in metropolitan and regional Australia. Regional Australians are already experiencing significantly higher levels of insecurity and inequality when compared to people living in metropolitan areas. This has been true for at least several decades and is only worsening. Regional Australia is being left behind and there have been very few concerted efforts to arrest the trend. In fact, it appears as if opportunities to reverse the rural/urban divide are being deliberately ignored or squandered when they are identified. Workers and their families in regional Australia are being treated like second-class citizens and glaring geographic inequality is being ignored by the government.

This submission will explore the extent to which regional Australia has been locked out of economic growth, examine how this has occurred and recommend a number of common-sense solutions. The current situation is often treated like a consequence of natural forces, immutable and irresistible, but the reality is that the where we find ourselves today is the result of ongoing and deliberate policy choices. If we don't act now to rebuild industry in regional areas, we are damning millions of Australians to an insecure and unstable economic future. To this end the ACTU commends both the recommendations in this submission as well as those contained in the submissions made by our affiliated unions.

## Two-speed Australia

Those Australians living in the capital cities are largely unaware of the different country in which regional and remote Australians live. Despite sharing the same borders as metropolitan Australia, rural Australia has a markedly different economy. This is the reality of 'two-speed' Australia. Regional Australia is behind in terms of employment, income and job growth and is, if anything, falling further and further behind. The causes of, and solution to, this reality will be discussed later in the submission. This section will focus on illustrating the extent of the problem.

### The shifting locations of work

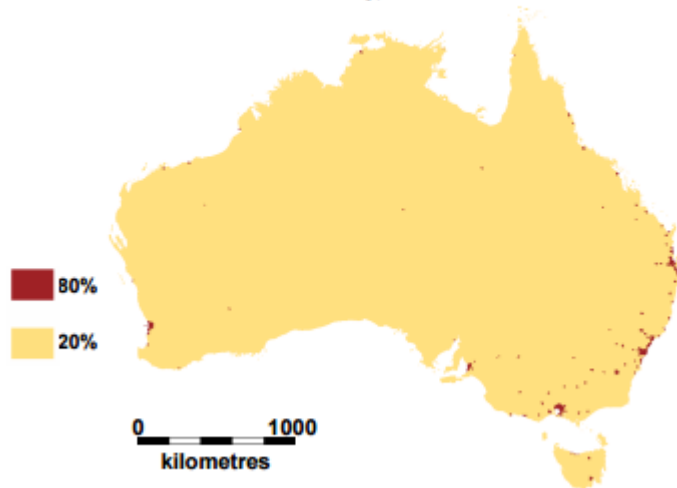
Traditional perceptions of Australia and Australian life focus on the outback, beaches and the small regional town. This was, at one point in time, true. In 1901, one in three Australian workers was employed in agriculture, forestry, fishery or mining.<sup>1</sup> In 1906, 50% of Australia's population lived

---

<sup>1</sup> Australian Bureau of Statistics, *A Snapshot of Australia 1901*, ABS, 2001.

on rural properties or in a small town of fewer than 3000 people.<sup>2</sup> By 1966, this had already changed dramatically - 3 in 5 Australians then lived in a city with a population greater than 100,000 and by 2008, 2 in 3 Australians lived in a capital city.<sup>3</sup> According to the ABS, the figure has remained fairly steady since the late 1970s.<sup>4</sup>

**Figure 1: Economic activity in Australia is concentrated in and near cities**  
80-20 distribution of economic activity, 2011-12



What has continued to occur is the steady shift of productive work to the cities and away from rural and regional areas. Agriculture and manufacturing, two industries that drove the economy in the 20th century, both required the less expensive and abundant land that regional and sub-urban areas offered. The decline of these industries has seen a steady shift towards the city as the dominant economic force in Australia. As Figure 1 shows, 80% of economic activity in 2011-12 occurred in or near our major cities, with the remaining 20% occurring in every other part of Australia.<sup>5</sup> As can be seen, this activity was particularly concentrated around the large cities on the east coast and in Perth.

Despite the mining boom, at its height in 2011, very few regional areas are included in the 80% proportion. The five largest cities in Australia make up, in each case, the majority of their state's economy. Sydney is 73% of NSW, Melbourne 81% of Victoria and Adelaide is 79% of South

---

<sup>2</sup> Ibid

<sup>3</sup> Australian Bureau of Statistics, *Measures of Australia's Progress*, ABS, 2010.  
[http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1370.0~2010~Chapter~Population%20distribution%20\(3.3\)](http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1370.0~2010~Chapter~Population%20distribution%20(3.3))

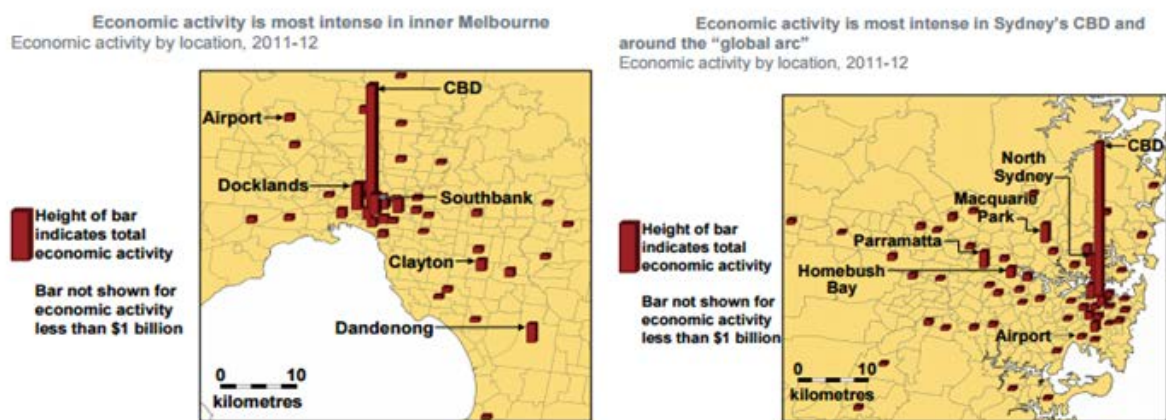
<sup>4</sup> Ibid

<sup>5</sup> Grattan Institute, *Mapping Australia's Economy: Cities as engines of prosperity*, 2014.

Australia. Perth and Brisbane are less dominant, but still make up 64% and 52% of their states respectively.<sup>6</sup>

This has come about in large part due to the rise in the service economy and there is no reason to believe this trend has altered in the past decade. In both Sydney and Melbourne, chosen for present purposes as the two most populous cities in Australia, the central business district provides the vast majority of economic activity, despite representing a tiny fraction of the land area and population of the city. Figure (2) shows maps of each city, highlighting the significance of the CBD for the city's economy.<sup>7</sup>

**Figure 2: concentration of economic activity within our cities**



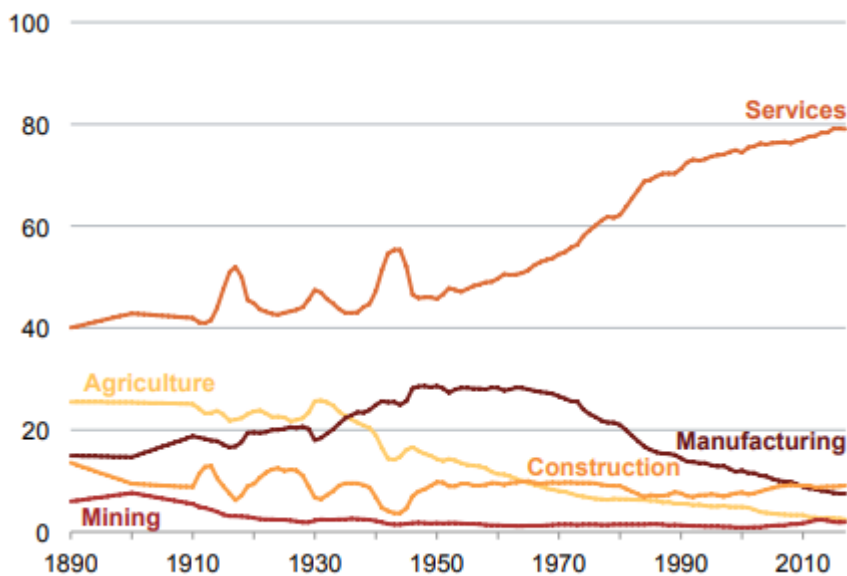
Source: Regional patterns of Australia's economy and population John Daley, Danielle Wood and Carmela Chivers

Service industries tend to be more labour intensive than other types; they don't require significant amounts of land or capital intense machinery and many, such as retail and food/accommodation, benefit greatly from concentrated populations. High-skilled service jobs have increased relative to high-skill manufacturing which has concentrated investment and wealth into the centres of capital cities.

---

<sup>6</sup> Ibid  
<sup>7</sup> Ibid

Figure 3: share of workforce by sector



Source: Regional patterns of Australia's economy and population John Daley, Danielle Wood and Carmela Chivers

This shift of economic activity to the cities has been accompanied by a significant lag in infrastructure investment in rural and regional areas – particularly digital infrastructure. For example, regional Australians tend to have much lower rates of internet access at home - 87.9% of those living in major cities have internet access at home, 82.7% in inner regional, 80.7% in outer regional and 77.1% in remote areas, largely due to poor access and higher costs.<sup>8</sup> This is even true of mobile phones with about 43% of farms have no or little mobile phone coverage, with 14% having no access at all.<sup>9</sup>

### Unemployment

Unemployment tends to be well above the national average in remote regions, particularly those with high Indigenous populations. These locations include much of the Northern Territory, the Kimberley in northern Western Australia, and outback central Western Australia (below the Pilbara region). Areas of Far North Queensland – including Aurukun, Yarrabah, Palm Island, and Kowanyama to Pormpuraaw – have extremely high unemployment rates: more than 40 per cent, compared to the national average of 5.2%. There are also patches of high unemployment in Gippsland in eastern Victoria and on the coast of NSW and southern Queensland.

---

<sup>8</sup> Julian Thomas et al, *Australia's Digital Divide Not Going Away*, Smart Company, 2018.

<https://www.smartcompany.com.au/technology/australias-digital-divide-not-going-away/>

<sup>9</sup> Sarah Martin, *\$600bn of spending needed over next 15 years, Infrastructure Australia says*, The Guardian, 2019.

<https://www.theguardian.com/australia-news/2019/aug/13/600bn-of-spending-needed-over-next-15-years-infrastructure-australia-says>

As the table below shows, at the broader SA4 level, regional areas dominate the list of top 20 areas with the highest unemployment rate.

<b>Region</b>	<b>Unemployment Rate (15+)</b>
Queensland - Outback	14.9
Moreton Bay - North	9.2
Logan - Beaudesert	8.0
Adelaide - North	7.5
Coffs Harbour - Grafton	7.4
Perth - South East	7.4
Wide Bay	7.3
Western Australia - Outback (North and South)	7.2
Townsville	7.1
Ipswich	6.8
Perth - South West	6.7
Sydney - Parramatta	6.7
Barossa - Yorke - Mid North	6.6
Brisbane - South	6.6
Hobart	6.5
Launceston and North East	6.4
Southern Highlands and Shoalhaven	6.3
Greater Perth	6.3
Perth - North East	6.3
Melbourne - West	6.2
Greater Brisbane	6.2

### **Regional youth unemployment**

Over the past two years the above data show that there has been on average a 5.3% increase in youth unemployment in the 20 most hard-hit areas. In areas such as Shepparton in Victoria and Southern Highlands, NSW, entry level workers are competing with working holiday maker visa holders (WHM) for entry level positions. Due to a lack of government oversight, WHM workers are often exploited through low pay and poor conditions. Young local jobseekers simply cannot compete on these terms and WHM are often hired in preference to local young people. In our former industrial centres such as Bendigo and parts of Adelaide and Melbourne, the decline in decent entry level manufacturing jobs is preventing young workers from gaining work. Regional areas dominate the list of areas with the highest youth unemployment, as the table below shows.

<b>Region</b>	<b>Youth Unemployment rate</b>
Queensland - Outback	25.1
Barossa - Yorke - Mid North	23.3
Coffs Harbour - Grafton	18.7
Wide Bay	18.4
Logan - Beaudesert	17.3
Hobart	17.2
Moreton Bay - North	17.0
West and North West	16.9
Perth - South West	16.3
Townsville	16.1
Southern Highlands and Shoalhaven	15.8
Perth - North West	15.4
Moreton Bay - South	15.1
Perth - South East	15.1
Sydney - Blacktown	14.7
Greater Perth	14.7
Sunshine Coast	14.4
Adelaide - North	14.3
South Australia - South East	14.1
Central Queensland	14.0
Perth - North East	14.0

### **Underemployment**

Underemployment is a crisis, the underutilisation of the productive capacity of the employed population representing a major issue for many Australians in work. Despite the Government's persistent claim that unemployment is low and job creation high, they consistently ignore underemployment. Underemployment is closely related to the unemployment: both involve a notion of insufficient hours of paid work; both are linked in official labour force statistics as aspects of labour force underutilisation. The underutilisation rate is at the highest rate in decades for certain groups, which may explain why wage growth is at such a low level.



Our rate of underemployment far outstrips the rest OECD average,<sup>10</sup> with ANZ describing the underemployment crisis as “widespread” throughout the country.<sup>11</sup> While traditionally underemployment has remained far below the unemployment rate, a shift has occurred around the turn of the century, with underemployment remaining stubbornly high. The OECD pointed out in 2010 that “despite [Australia] having a lower than average unemployment rate, overall slack in the labour market is actually higher than the OECD average” due to underemployment.<sup>12</sup>

Precarious work is increasingly becoming the norm which makes it more difficult for workers to argue for fair pay and conditions. 40% of Australian workers are now in insecure work. Underemployed workers are more likely to exhibit lower job satisfaction, higher job turnover, poorer mental and physical health and persistently lower income.<sup>13</sup> These workers are often trapped in the rental market, unable to earn enough to enter our spiralling housing market. It is especially problematic and far more hidden in the regions and remote Australia.<sup>14</sup> Women, people with a lower educational attainment and individuals living in rural areas were found to be far more impacted by underemployment.<sup>15</sup>

## Income and wealth

### Capital cities vs rest of states

The ratio of earnings between residents of state capitals and the rest of the state has remained roughly at 1.2 over the past 20 years – citizens of state capitals have maintained a 20% premium. As figure 12 below shows, regional Australians earn significantly less than their capital-dwelling neighbours. This reflects, as shown above, a general trend of economic inequality in our regional areas.

---

<sup>10</sup> Ian Campbell et al, *The Housing Security Consequences of Underemployment*, Analysis and Policy Observatory, 2013. <http://apo.org.au/node/33437>

<sup>11</sup> David Scutt, *Underemployment in Australia is 'widespread' and pushing down wages and inflation*, *Business Insider*, 2016 [www.businessinsider.com.au/anz-underemployment-in-australia-is-widespread-and-pushing-down-wages-and-inflation-2016-8](http://www.businessinsider.com.au/anz-underemployment-in-australia-is-widespread-and-pushing-down-wages-and-inflation-2016-8)

<sup>12</sup> OECD [Organisation for Economic Cooperation and Development] 2010b, ‘How does Australia compare?’, in *Employment Outlook 2010*, OECD, Paris.

<sup>13</sup> Jinjing Li et al, *Underemployment among mature-age workers in Australia*, 2012.

[http://www.murdoch.edu.au/School-of-Business-and-Governance/\\_document/Australian-Conference-of-Economists/Underemployment-among-mature-age-workers-in-Australia.pdf](http://www.murdoch.edu.au/School-of-Business-and-Governance/_document/Australian-Conference-of-Economists/Underemployment-among-mature-age-workers-in-Australia.pdf)

<sup>14</sup> National Rural Health Alliance, *Income inequality experienced by the people of rural and remote Australia*, *Submission to the Senate Inquiry into the Extent of Income Inequality in Australia*, 2014

<sup>15</sup> Ian Campbell et al, Op. Cit

Figure 12: Median individual income<sup>16</sup>

Year	Capital city	Balance of state	city/bal ratio
1997-98	544	418	1.30
2002-03	483	400	1.20
2005-06	593	513	1.15
2011-12	842	704	1.19
2015-16	905	767	1.18

## Other indicators

### Health


Australians living in regional areas have generally poorer health outcomes, lesser access to health services and experience disease and disability at higher rates than their urban cousins. For example, a 2017 study found that the death rate from heart disease is 60 per cent higher in rural and regional towns compared to the city.<sup>17</sup> According to the AIHW, people living in Remote and Very remote areas have mortality rates 1.4 times as high as people living in Major cities. For nearly all causes of death, rates were higher for people living outside Major cities, with people in Remote and Very remote areas faring the worst.<sup>18</sup> The 2014-15 National Health Survey found that people living in regional areas had higher rates of a number of a number of diseases and conditions, as the table below shows.











---

<sup>16</sup> Australian Bureau of Statistics, *Household Income and Wealth 2015-16*, ABS, 2017.

<sup>17</sup> SBS News, *The rural, urban divide killing our hearts*, SBS news online, 2017 <https://www.sbs.com.au/news/the-rural-urban-divide-killing-our-hearts>

<sup>18</sup> Australian Institute of Health and Welfare, *Rural and Remote Health*, AIHW, 2016. <https://www.aihw.gov.au/getmedia/6d6c9331-5abf-49ca-827b-e1df177ab0d3/ah16-5-11-rural-remote-health.pdf.aspx>



		Major cities	Inner regional	Outer regional/ Remote
	Arthritis	14%	20%	18%
	Back pain and problems	16%	18%	16%
	Asthma	10%	12%	12%
	COPD	2.4%	3.4%	2.7%
	Blindness	0.5%	0.9%	0.8%
	Deafness	9.8%	15%	14%
	Diabetes	4.7%	6.0%	6.7%
	CVD	4.7%	6.7%	5.8%
	Cancer	1.6%	1.7%	1.8%
	Mental health problems	17%	19%	19%

**Notes**

1. '%' represents prevalence of chronic diseases in each region (excluding *Very remote* areas of Australia).
2. Proportions are not age-standardised, and in some instances higher prevalence may reflect the older age profiles in *Inner regional* and *Outer regional/Remote* areas.
3. 'COPD' refers to chronic obstructive pulmonary disease.
4. 'Blindness' includes partial and complete blindness.
5. 'CVD' refers to heart, stroke and vascular disease.

This is partially due to reduced access to health services. Data from the Australian Bureau of Statistics show that, in 2009, 23 per cent of Australians living in outer regional and remote areas felt they waited longer than was acceptable for an appointment with a general practitioner (GP), compared with 16 per cent of those living in major cities.<sup>19</sup> People living in outer regional and remote areas were also four and a half times as likely as those living in major cities to travel over one hour to see a GP. In 2006, very remote areas had, per 100 000 population:

- 58 GPs (versus 196 in capital cities)
- 589 registered nurses (versus 978 in major cities)

---

<sup>19</sup> ABS (2011). Health Services: Use and patient experience. Australian Social Trends, March 2011. Cat no. 4102.0, Canberra: ABS.

- 64 allied health workers (versus 354 in major cities).<sup>20</sup>

### Education

Regional Australians also tend to have reduced educational outcomes compared to Australians living in cities and are more likely to miss educational milestones. The 2015 *Educational Opportunity in Australia* study found that, measuring young people's progress on four key educational milestones from the early years right through to young adulthood, the proportion of very remote students who meet the requirements at each milestone is up to 48 percentage points lower than for the Australian population as a whole.<sup>21</sup> Additionally, Students living further from cities are less likely to catch up once they are off track at a milestone<sup>22</sup> and remote students have less positive dispositions towards school on every measure (belonging, self-confidence, purpose and perseverance) than their regional and metropolitan peers.<sup>23</sup> Much like health services, rural and remote students have reduced access to education services compared to metropolitan students. These students attend school less frequently, are less likely to go to university and are more likely to drop out if they enrol.<sup>24</sup>

### Access to safety/industrial regulation

Anecdotally, Australian unions are aware that the deregulation/self-regulation agenda has had the result that safety and industrial regulators have a much lower presence in regional Australia than they do in the cities (where regulator availability is still far too low). Unfortunately, there is limited quantitative research which has examined this matter. The 2018 Migrant Worker Justice Initiative report *Wage Theft In Silence* found that a lack of information about how unpaid wages could be recovered was the primary reason (selected by 42% of respondents) why migrant workers, many of whom are placed in regional areas, have made no attempt to recover unpaid wages. While this provides some evidence that sufficient access to workplace and safety support is not present in regional areas, it is not conclusive. This is an area that requires further study as if the anecdotal evidence heard by Australian unions is borne out, it would indicate yet another area in which regional Australia is delivered second-class service by government.

---

<sup>20</sup> AIHW (2009) Health and community services labour force 2006. National health labour force series no. 42. Cat no. HWL 43. Canberra: AIHW

<sup>21</sup> Mitchell Institute, *Young People in Rural and Remote Communities Frequently missing out*, Mitchell Institute, 2015. <http://www.mitchellinstitute.org.au/fact-sheets/young-people-in-rural-and-remote-communities-frequently-missing-out/>

<sup>22</sup> Ibid

<sup>23</sup> Ibid

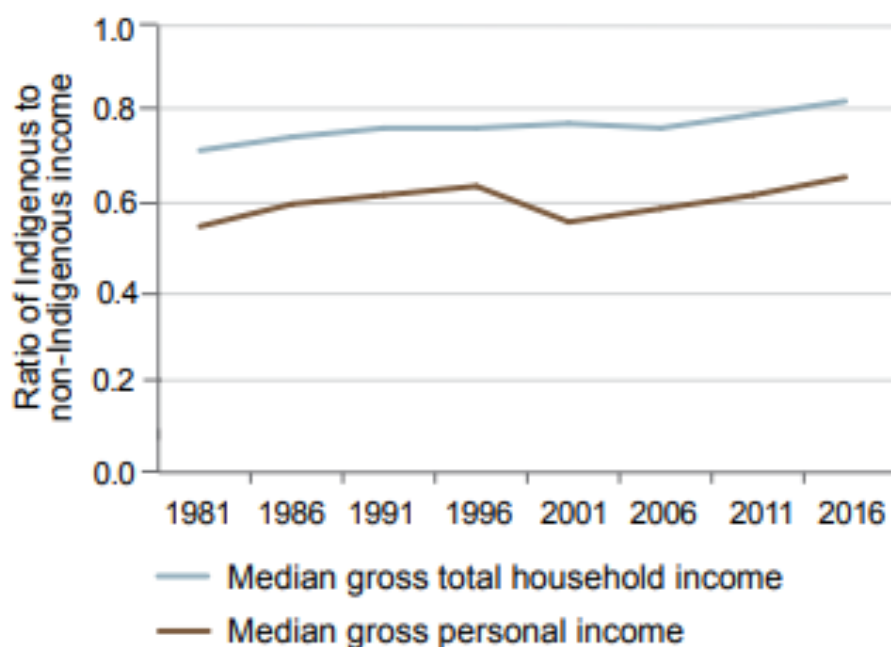
<sup>24</sup> Ibid

## Indigenous Australians

Indigenous Australians account for around 3% of the total population, but around 45% of the population in some rural and remote areas.<sup>25</sup> This means that any discussion of regional inequality requires a better understanding of inequality experienced by Indigenous Australians.

Income inequality has remained persistently high. Currently Indigenous Australians earn on average 66 cents on the dollar of the median gross income of their non-Indigenous counterparts. On the current trend, median gross income parity between Indigenous and non-Indigenous Australians will not be reached until 2060.

Figure 13 ratio of Indigenous income to non-Indigenous income



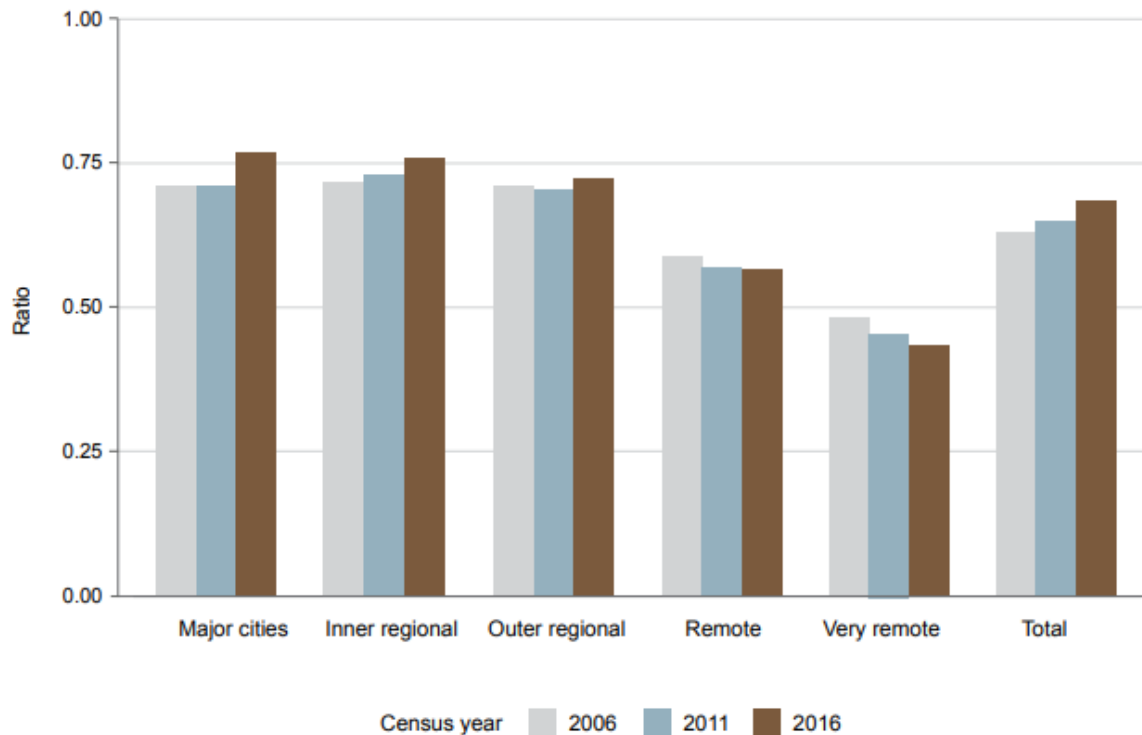
Source: F MARKHAM AND N BIDDLE, 2018, *INCOME, POVERTY AND INEQUALITY*, CAEPR 2016 CENSUS PAPER NO. 2

These figures disguise a more complex picture when geographic spread is taken into account. While incomes of Indigenous and non-Indigenous Australians are slowly converging in our major cities and regions, they are actually in decline relative to non-Indigenous citizens in remote and very remote parts of the country as figure 14 shows.

---

<sup>25</sup> OECD, *OECD Economic Surveys: Australia*, 2017:7

**Fig 14: Ratio of median disposable equivalised household income of Indigenous people to that of non-Indigenous people, by region**



Source: F MARKHAM AND N BIDDLE, 2018, *INCOME, POVERTY AND INEQUALITY*, CAEPR 2016 CENSUS PAPER NO. 2

Indigenous Australians are also unemployed at much higher rates than the general population. The 2016 census showed that overall, 18 per cent of indigenous Australians over the age of 15 were unemployed.<sup>26</sup> Young indigenous Australians are also unemployed at significantly higher rates than other young Australians, with youth unemployment for the cohort sitting at 27%.<sup>27</sup> In fact, Indigenous Australians are unemployed at a higher rate than other Australians at every age group.<sup>28</sup> Indigenous Australians living in rural areas experience even higher levels of disadvantage, with their unemployment rate sitting at 21 per cent compared to 17 per cent in urban areas.<sup>29</sup>

<sup>26</sup>Australian Bureau of Statistics, *Census of Population and Housing*, ABS, 2018.  
<https://www.abs.gov.au/AUSSTATS/Abs@.Nsf/7d12b0f6763c78caca257061001cc588/5f17e6c26744e1d1ca25823800728282!OpenDocument>

<sup>27</sup> Ibid

<sup>28</sup> Ibid

<sup>29</sup> Ibid

Additionally, indigenous Australians have lower life expectancies, poorer mental and physical health, higher rates of disability, higher rates of suicide and self-harm, less access to education and significantly worse incarceration rates than other Australians.<sup>30</sup>

## How this happened

What is clear from the above is that regional Australia is facing a number of significant challenges that are simply not present for the vast majority of metropolitan Australia. Vast swathes of our country have been left to languish in high unemployment and significant rates of underemployment and insecure work. Whole populations, Indigenous Australians particularly, are experiencing disadvantage at significantly higher levels than their metropolitan neighbours. This is not a situation that has come about naturally, it is the result of years of policy neglect and poor decision-making. In many cases global forces have been allowed to run roughshod over our regional areas with no genuine attempt from government to prevent harm or to ameliorate the damage. Even worse, active decisions have been made that have entrenched disadvantage and hurt our regions. In this section of this submission, we explore how we've ended up here - an unwillingness to address the causes of significant job losses, coupled with a complete lack of action to create genuine job opportunities on the part of government.

### Deindustrialisation, industry transition and the regions.

Many of our industrial towns and outer suburbs have been abandoned under the current lack of planning and Industry policy. The Coalition Government's abandonment of the car industry shows the failures of their economic ambition and the consequences for localised unemployment. For example, Broadmeadows in Melbourne's north, once home to 600 Ford workers, and many more in the supply chain, has an unemployment rate of 25.4%. Elizabeth, the home of Holden manufacturing for nearly 100 years, now has nearly a third of the workforce unable to find work. Elizabeth East and Port Adelaide both have unemployment levels of over 13%. Some estimates put the number of job losses in Adelaide's automotive components and manufacturing supply chain at 50,000.

Previous experience of closures has shown how long term the consequences are for job losses in highly specialised industries such as car manufacturing. When Mitsubishi closed their Tonsley Park site and exited Australia in 2008, roughly one third of full-time workers found full time employment,

---

<sup>30</sup> Indigenous Disadvantage in Australia, Australians Together. <https://australianstogether.org.au/discover/the-wound/indigenous-disadvantage-in-australia/>

and the other two thirds found only part time or no work at all.<sup>31</sup> This, in fact, has been a general rule of all major Australian industrial transitions – workers also lose out. Even the closure of the Hazelwood Power Station in Victoria, which was arguably more ‘managed’ than any other closure in recent history was largely unsuccessful in assisting workers to transition to new industries or to stimulate the growth of new energy jobs in the area. This occurred for two reasons, a lack of cooperation from existing employers in the scheme and a lack of jobs being created for workers to go to. While it can be difficult for government to compel employers to participate in such a scheme, a lack of commitment from all levels of government to job creation certainly exacerbated the second issue.

This issue has been exacerbated by the growing funding crisis for local government in regional areas which, as well as providing crucial services to the populations, are also traditionally large employers in regional areas – particularly for women. This funding gap has come about due to both an increase in the expectations of local government as well as a number of measures that have constrained local government revenue.<sup>32</sup> This means that when industrial jobs have been lost that local governments have not been able to provide employment opportunities or community services as effectively as they could if funded fully.

### Manufacturing job losses

The geographical concentration of work in our state capitals and specifically their CBDs has come about in part due to the deindustrialisation of the economy due to the forces of globalisation and a legacy of neglect (or hostility) by conservative governments. Similar outcomes have been experienced in many developed economies.

However, this process is far from passive and inevitable – it has come about through policy choices and it produces significant consequences for inequality within cities and between cities and regions. The rapid decline in the value of our manufacturing sector is dramatic. Most countries in the OECD have seen a decline in manufacturing over the period from 1980 to the GFC, but for many, the trend levelled out in 2008-9. Australia on the other hand has seen the decline in manufacturing continue and shows no sign of abating.

The decline in manufacturing is often put forward as an inevitable consequence of being a developed nation and that developing countries will become the new engines of manufacturing

---

<sup>31</sup> ACTU, *A Just Transition for coal-fired electricity sector workers and communities*, 2016.

<sup>32</sup> ASU, *Our Local: A history of local government services*, 2016.

[/http://www.asu.asn.au/documents/doc\\_download/1129-asu-report-our-local-a-history-of-local-government-services-and-building-community-resilience-15-september-2016](http://www.asu.asn.au/documents/doc_download/1129-asu-report-our-local-a-history-of-local-government-services-and-building-community-resilience-15-september-2016)



due to low labour costs. However, this neo-liberal view is outdated and misses the reality that high skilled manufacturing work in ship building, automotive, aerospace, robotics and high precision machine manufacturing is still continuing in many developed nations. In the high labour cost economies of Switzerland, Austria and Japan, manufacturing accounts for roughly 20% of value added, compared to Australia's 6%.

In terms of aerospace exports, only one developing country - Brazil - makes the top ten. When it comes to car exports, Mexico is the only developing nation in the top tier. Maintaining or abandoning manufacturing is in large part a political decision, and Australian politicians have taken this trend to the extreme, reducing import tariffs and removing behind the border protections far beyond other nations. The level of subsidies to key industries indicates how valuable other countries consider their manufacturing to be. For example, the German Federal Government provided \$A17.2 billion in automotive subsidies over the ten years from 2007-17,<sup>33</sup> the US provided Boeing with US\$13.4 billion over 15 years and the UK government is spending billions in ensuring advanced manufacturing companies such as Rolls Royce remain viable.<sup>34</sup>

Australian politicians have chosen the easy path by relying on mineral and unprocessed agricultural exports, rather than engage with developing our manufacturing sector. Where investment schemes are in place, such as the Research and Development (R&D) Tax Incentive program, serious concerns have been raised about big firms gaming the system for benefits rather than invest.<sup>35</sup>

#### Figure 4. Developed countries dominate high value manufacturing exports

##### Aerospace exports (top 10 countries)

1. United States: US\$134.6 billion (41% of total aerospace exports)
2. France: \$53.4 billion (16.2%)
3. Germany: \$44.6 billion (13.6%)
4. United Kingdom: \$21 billion (6.4%)
5. Canada: \$10.3 billion (3.1%)
6. Singapore: \$6.7 billion (2%)
7. Japan: \$5.1 billion (1.6%)
8. Spain: \$5.1 billion (1.5%)
9. Italy: \$4.9 billion (1.5%)
10. Brazil: \$4.8 billion (1.5%)

---

<sup>33</sup> Motoring.com.au, *Secret German Auto Subsidies Exposed*, 2017 <https://www.motoring.com.au/secret-german-auto-subsidies-exposed-107275/>

<sup>34</sup> The Economist, *Britain's Lonely High-flier*, 2009 <https://www.economist.com/node/12887368>

<sup>35</sup> Sydney Morning Herald, *Millions Rorted from Government R + D Scheme*, SMH, 2017 <https://www.smh.com.au/national/millions-rorted-from-government-rd-scheme-20170703-gx3b79.html>

### Car exports (top 10 countries)

1. Germany: US\$151.9 billion (21.8% of total global car exports)
2. Japan: \$91.9 billion (13.2%)
3. United States: \$53.8 billion (7.7%)
4. Canada: \$48.8 billion (7%)
5. United Kingdom: \$41.3 billion (5.9%)
6. South Korea: \$37.5 billion (5.4%)
7. Spain: \$35.6 billion (5.1%)
8. Mexico: \$31.4 billion (4.5%)
9. Belgium: \$30.3 billion (4.3%)
10. Czech Republic: \$18.8 billion (2.7%)

*Source: CIA world factbook*

### A lack of coherent energy policy

Much of Australia's energy is produced in Australia's regions, both in the sense that it is directly generated there and in the sense that the resources that currently power Australia are extracted in regional Australia. Energy is one of the industries that is already experiencing a significant transition, as evidenced by the recent or upcoming closure of a number of coal-fired power stations as well as expected reductions in world demand for coal over the next several decades. Energy industry workers and their communities more broadly, are experiencing job disruption and a complete erosion of the long term, secure jobs that the industry historically delivered.

The lack of a coherent energy policy from the federal government has meant that Australia is in the midst of a massive energy transition which is occurring in a complete policy vacuum, with generators and mines exposed to market forces and the corresponding regional communities left with significant job losses when privatised energy companies shut up shop with little or no notice. The lack of a federal energy policy has meant that there has been no concerted government investment or planning for the development of the energy industry transformation occurring in our regions and there has been none of the certainty required for businesses to make any investment in energy infrastructure independent of government. Decarbonising the economy requires massive investment in new infrastructure and industries. An important first step is to develop an actual plan for the rapid energy transition including the urgent investment needed to transform the distribution and transmission networks to ensure they are fit for purpose and capable of connecting and transporting the new generation profile.

However, the efforts to build and integrate renewable energy are predominantly being left to private investors and the free market. Even where there are public subsidies, or loans from the Government's "Clean Energy Finance Corporation", projects are built and owned by private companies, and run for profit with little, if any, consideration for appropriate evaluation of the impacts on the environment, social and governance consideration of lending, financing and contractual terms. The result is an overriding emphasis on cost cutting and subcontracting in the construction phase of the renewable deployment. This is leading to a race to the bottom for

workers in these industries. In contrast to the heavily unionised coal industry, there is little union organisation in the renewables industry and many existing jobs are poorly paid. A just transition is impossible unless new industries can offer good jobs. The cut-throat competition that dominates the renewables industry leads to constant attempts to drive down working conditions. While 11,000 jobs were created in construction of large-scale renewable energy in 2018 and another 3000 ongoing jobs, this work has been largely casual, low paid, marred with dangerous incidents and all too often completed in large parts by foreign labour while Australian workers are left stranded with little to no opportunity for jobs, apprenticeships and training for regional communities. Workers in these areas need to see that new jobs are good jobs and that they are guaranteed jobs – not off in the never-never.

There are virtually no programs in place for workers in high-emissions industries to transition to renewable energy, and no industry-wide agreements or minimum labour standards in the industry. Workers and their unions must be at the centre of transition processes and consultation with unions should form a key element of any transition planning. Like so many transitions before it, the lack of clear energy policy is ensuring that regional communities will be hit hardest when change occurs and that once the jobs are lost, they stay lost.

### **The destruction of TAFE**

TAFE has long held a central role in the economic life of regional communities, through the provision of quality and location-relevant training, providing jobs opportunities for locals and by allowing young people to study and gain skills without being forced to leave the area. However, as we have seen funding for apprenticeships gutted and TAFE has lost 30% of its funding over the last decade, TAFEs in regional areas have been forced to steadily reduce their course offering, close campuses or simply cease to provide services in their areas. While the precise economic impact of these changes is hard to measure, that it has had an impact is undeniable. TAFEs that were once the economic centres of towns have closed down and with them have gone jobs, opportunity and young people. Due to thin markets in many regional areas, private VET providers are often not present in these communities and so the void left by the destruction of TAFE is often left unfilled.

The destruction of TAFE has occurred simultaneously with an Australia-wide drop in apprentice numbers which has left thousands of young people without access to skills training. In the regions we have seen percentage declines of more than 33% in inner regional, outer regional, remote and very remote areas. These lots apprenticeship represent lost jobs, lost economic activity and a further reason for the departure of young people from regional areas. The growth in renewable jobs, that little which has occurred without proper support or policy, has not affected these numbers as most of the projects currently underway have not employed apprentices and there is no mechanism or plan to require them to do so.

## Community Development Programme

The Community Development Programme (CDP) is a racist program and is emblematic of the government's failure to meaningfully address economic issues in regional Australia. As the data above shows, Indigenous Australians are clearly experiencing (among others) an employment and income crisis in their communities. The government's response, which forces indigenous Australians to work 20 hours per week, indefinitely, for free in order to receive welfare, is failing on all its core criteria. It is not generating employment and is in fact replacing existing job opportunities. It is creating work without the protections and rights to which all workers should be guaranteed. It is causing economic hardship in communities and in several cases has been observed to be causing kids to go hungry. According to The Australia Institute, less than 20% of CDP participants are supported into a job and less than 10% stay in that job for six months. Based on current rates, a CDP participant will wait 9.5 years in the scheme before being employed for 13 consecutive weeks.

In the 10<sup>th</sup> Closing the Gap report, released in February, the government confirmed that extremely modest employment targets (halving the gap between Indigenous and non-Indigenous unemployment on 2007 levels) set in 2007 would not be met. Despite this, the government has doubled-down on CDP and has wasted millions of tax-payer dollars on a program that is having precisely zero of its intended consequences. The CDP represents the government's utter commitment to punishing unemployed Australians for their status, even at the expense of actually addressing the real economic forces that are preventing real job creation in rural and regional communities.

## The way forward

All the issues facing regional Australia outlined above, the loss of jobs and industries, unemployment (in all its facets) and underemployment, and significant wealth/income inequality, will continue to accelerate and worsen over the next several decades unless meaningful action is taken now. The only way to address the disparity between regional and metropolitan Australia is for government to genuinely develop and implement policies designed to create new job opportunities, provide energy certainty, rebuild TAFE and address indigenous disadvantage. Government must show that it is serious about ensuring that regional Australians no longer are left to stand and watch as their communities are slowly destroyed by economic forces the government has shown no inclination to oppose. Below are a number of policies that the ACTU strongly encourages the government to consider.

- The Government must work in co-operation with industry and private investors to provide support when this failure in finance markets occurs. Private investment, with outcomes specified by government, can be facilitated through low interest loans, loan guarantees and direct investment. A multi-industry agency should be established to help support investment in strategic industries where private investment has failed.
- Develop a sound national energy policy that supports local industry. Australia is lucky to have large amounts of natural resources (including fossil fuel, solar, wind and water) that can provide comparative advantages to local industry through low cost energy. Unfortunately, this comparative advantage is being wasted through ineffective energy policy. We need policy settings that encourage investments to enhance the capacity of local suppliers of solar, wind, biomass and other renewable energy. This will have the added benefit of helping to lower the costs of transition to low carbon energy system, as well as maximising the benefits for workers in the transition. A national interest test is also needed to ensure domestic producers have access to the energy they need. An energy policy which delivers for Australians is one which creates good quality jobs in the creation and establishment of energy infrastructure and the development of related industries, while also providing competitive power pricing to wider industry (and consumers).
- Government investment in large scale projects, industry assistance, strategic infrastructure development, public sector jobs, education, health and the social safety should be used to help stimulate economic growth and employment opportunities.
- Detailed identification and assessment of regionally-located high-potential export sectors, recognising that opportunities are not fixed, but influenced through investment and industry assistance. Once identified, specific strategies to grow investment, production and exports for these key sectors needs to be conducted as part of broader industry development plans.
- Rebuilding TAFE and enabling it to regain its role of supporting regional areas through reviewing the privatisation of TAFE and VET programs, stabilising core funding for TAFEs (including a role for employer contributions), capping the share of total VET funding contestable by private providers, and re-establishing tripartite structures for governance of the VET system.
- Using government procurement of goods and services from private suppliers to leverage more and better Australian jobs, particularly in regional Australia. The job-creating potential of public procurement must be maximised through adoption of a Buy Australia policy (as proposed by the ACTU and being implemented by a number of governments at a state level), supplemented by measures like stronger Australian Industry Participation

rules, better reporting of domestic content in public contracts for both services and infrastructure and long-run supply and purchasing planning (coordinated where relevant with state and municipal governments) to nurture Australian suppliers for more public purchases.

- Expanding targeted public investments in key areas – such as public transit, renewable energy, utility upgrades, and others – to reinforce the expansion of capital spending and accelerate the transition to a higher technology and lower-carbon economy.
- Facilitating increased engagement by super funds in strategic infrastructure investment through new methods and models.
- Australia urgently needs the Federal Government to create an Energy Transition Authority responsible for navigating Australia’s energy transition to a clean-energy economy. As a minimum the Transition Authority needs the requisite powers and resources to plan for, establish and oversee the orderly management of power station transitions, network augmentation and generator closures in order to mitigate the severity of surrounding structural adjustments to workers, their families and communities. The Authority would be responsible for;
  - The research, consultation and policy development required to develop and implement effective transition plans including developing plans for regional communities that support economic diversification and encourage new investments in alternative industries;
  - Overseeing industry-wide multi-employer pooling and retrenchment schemes that facilitate worker transitions including enabling retrenched workers to transfer to roles either in remaining fossil fuel, renewable or low emissions generators or to other industries;
  - Developing and implementing strong labour adjustment packages.
- The Authority would also implement the broader “Just Transition” initiatives needed to identify jobs and industries likely to be affected by future climate change policies and other environmental initiatives, develop a timetable of labour market impacts, and implement a long term strategy, working with State and Local Governments to coordinate assistance packages for businesses, workers and communities that focus on creating new, secure jobs and the skills required to access these jobs.
- The racist Community Development Programme must be scrapped and replaced with a program that empowers indigenous communities to control how government money is spent and which is genuinely aimed at the creation of economic activity in regional communities centred around good, secure jobs for indigenous people.

- An independent inquiry into the economic impact of deregulation / self-regulation policies on regional Australia.
- The Committee should consider examining transition processes in other countries and jurisdictions such as Germany, Spain, Canada and New York.

For more detail on these measures and a comprehensive plan for the development of a stronger economy for all Australians, please see the [ACTU Jobs Policy](#). Finally, while we note that plans for hearings have not yet been published, the ACTU would be greatly disappointed if the Committee was not intending to conduct a comprehensive series of hearings in regional areas across Australia. Any attempt to determine a plan for the development of regional Australia without input from workers and business living in the regions can only be a failure.

**address**

ACTU  
Level 4 / 365 Queen Street  
Melbourne VIC 3000

**phone**

1300 486 466

**web**

[actu.org.au](http://actu.org.au)  
[australianunions.org.au](http://australianunions.org.au)

**ACTU D No.**

34/2019