

Mr Mark Fitt
Committee Secretary
Senate Economics References Committee
Parliament House
Canberra, ACT 2600

21 May 2018

Dear Mr Fitt,

Thank you for the opportunity to make a submission to the committee's *Inquiry into the indicators of, and impact of, regional inequality in Australia*. The Australia Institute is a Canberra-based public policy think tank, with a wide range of research interests including inequality and regional development.

While the causes of regional inequality are many and complex, the policy response is often simplistic – build big, capital-intensive infrastructure projects. This is perhaps best demonstrated by the Adani coal project. While Adani's own economist has told courts that large coal mines have a minimal impact on employment, the project's supporters push for government subsidy on the basis of jobs and regional development.

While Adani is in the headlines in 2018, there is a long history of project beneficiaries pushing for government assistance under the guise of regional economic development, but failing to deliver the promised public benefit. For example, the Ord River Irrigation Scheme has received over \$2 billion in mainly public investment over decades, yet has not driven population growth and economic equality for the East Kimberley. The last expansion saw over \$300 million of public subsidy result in just 60 extra jobs.

A new research report by The Australia Institute compares the local government areas of East and West Kimberley. The two areas are similar in area, population, climate and landscape, but differ in that East Kimberley has a large irrigation scheme. Despite this, employment in the two areas is very similar. Agriculture is 9% of employment in the East and 6% in the West. Recent growth in agricultural employment has been similar in both areas.

The key point is that capital-intensive projects, such as coal mines or large-scale irrigation, do not drive regional development. Such projects may bring billions in investment, but they employ relatively few people and are likely to make a minimal contribution to reducing regional inequality. Instead, government investment should focus on making regional communities places that people want to stay in or move to. This investment should reduce inequality, support communities and focus on providing services such as transport, health, education and communications.

Please find attached copies of recent Australia Institute reports on these points:

- Dam the consequences: Irrigation and jobs in the Kimberley
- Dam the expense: The Ord River irrigation scheme and the development of northern Australia

L1 Endeavour House
1 Franklin Street
Manuka ACT 2603

+61 2 6130 0530
mail@tai.org.au
tai.org.au

ABN 90 061 969 284
ACN 061 969 284



- Remote Control: The Community Development Program, remote Australia's Work for the Dole scheme
- Dollar dreaming: A literature review of economic assessments of Indigenous social investment

We would welcome any opportunity to expand on this submission or further assist the committee.

Best regards,



Rod Campbell
Research Director
The Australia Institute