



**REGIONAL  
AUSTRALIA**  
INSTITUTE

# [In]Sight Results Guide

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Your guide to understanding [In]Sight: Australia's regional competitiveness index

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## About [In]Sight

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Australia's regional areas are developing at different paces. They have different potential for positive growth and change.

The Regional Australia Institute (RAI) has developed [In]Sight: Australia's regional competitiveness index to provide a consistent, comprehensive and accessible view of the status of Australia's regions and their prospects for future development.

The [In]Sight framework is based on international competitiveness indices developed by the World Economic Forum and European Union, but specifically tailored to reflect the issues that matter to regional Australia and available information on a nationally consistent basis.

The information presented through [In]Sight and supporting analysis enables Australians to make better informed decisions about regional issues, policy and investment.

## The [In]Sight Framework

The framework underpinning [In]Sight consists of 59 measurable indicators of competitiveness across ten themes.

The themes range from those that are essentially fixed in nature and cannot easily be adjusted, such as the presence of natural resources or market size; and those that can be changed by policy decisions. These can be either direct, through a decision to build, invest or implement change (such as institutions and infrastructure), or influenced by policy decisions (such as human capital and labour market efficiency).

Together, the themes and indicators capture a region's inherent ability to attract and utilise capital and labour efficiently to maintain and improve economic and social prosperity. The indicators and associated measurement criterion used in [In]Sight largely focus on the economic drivers that determine longer term competitiveness.

The competitiveness of each region in Australia (including metropolitan regions) is assessed at both the Local Government Area (LGA) level and also at a Regional Development Australia (RDA) region level. Each region has been assigned a ranking to indicate their relative competitiveness at a national scale.

An initial framework for [In]Sight was developed and released for public comment in late 2012. Input from a range of regional organisations, government agencies and researchers assisted in refining the approach during this period.

## The [In]Sight Data Collection Process

[In]Sight is based on the best publicly available, nationally consistent information on regions that the RAI has been able to collect.

Populating each of the indicators, which in turn, were combined to quantify the parent theme necessitated the collection of a wide range of data, including:

- Australian Bureau of Statistics (ABS) 2011 Census data;
- The Social Health Atlas of Australia from PHIDU, University of Adelaide;
- Geographical Information Systems (GIS) calculations;
- My Schools data; and
- The Regional Australia Institute's dedicated Survey of Regional Business Conditions and Perspectives on Regional Development.

The transformation of some raw data to spatial measures using GIS calculations was an important part of this process. For example, many of the indicators within the 'infrastructure and essential services' theme require calculations of distance or proximity to nearest major infrastructure such as roads, rail and port.

Indicators using GIS calculations are based on a gravity modelling method with a population centre determination, calculated using the following formula:

*The average distance between each SA1 in each LGA, weighted by population.*

*For example:*

*If LGA X contains two SA1s:*

- SA1 A is 2km from the coast and has a population of 100
- SA1 B is 5km from the coast and has a population of 6,000

*The measure for LGA X will be  $(2 \times 100 + 5 \times 6000) / (100 + 6000)$*

*Therefore, the measure for LGA X will be 4.95, where the distance (2km or 5km) is measured from the geographical centre of the SA1.*

Further information on the Survey of Business Conditions and Perspectives on Regional Development is provided on page 19.



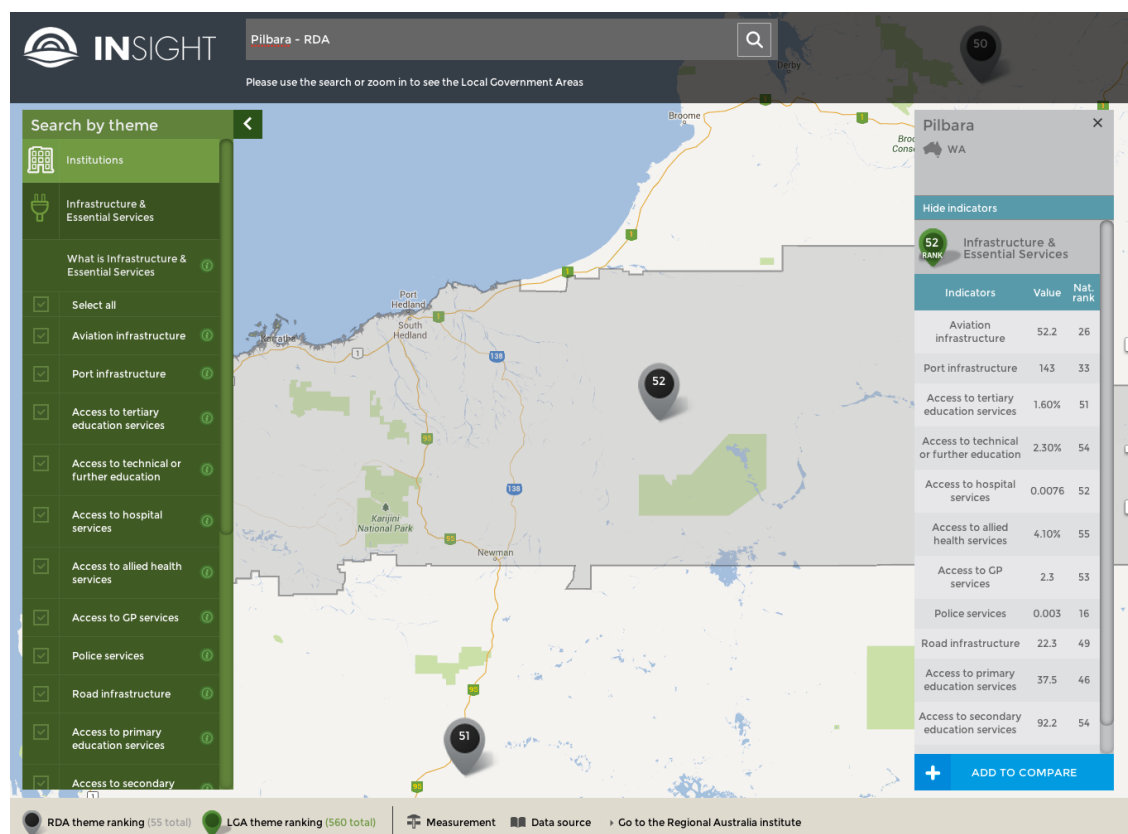
# Using [In]Sight

[In]Sight has a diverse range of applications and its results can be used in a number of ways.

Beyond the national ranking system which positions regions according to their relative competitiveness, the true value of the tool lies in the data presented for each indicator.

By studying the results presented by each indicator, users can identify both the main drivers of growth and the factors limiting the competitiveness of each region, leading to a better understanding of the relative strengths and weaknesses of each region and areas for potential improvement at the local, state/territory and national level.

Comparisons across groups of regions can also be easily made using the tool. For example, users could compare regions that have similar or opposing features such as population levels, industrial make-up, and geographical proximity. In addition, users may also compare regions that are metropolitan, regional or remote depending on the issue in question.

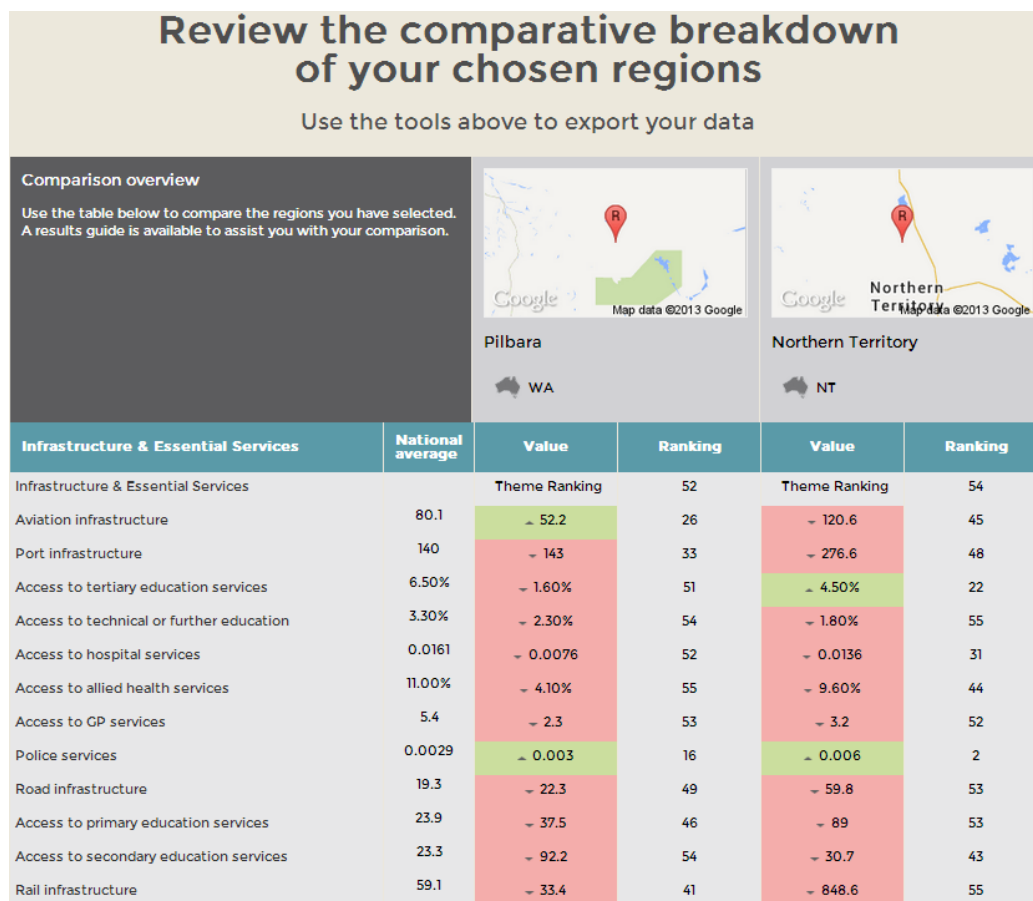


Using this method, it becomes possible to compare the drivers of growth and development in similar regions, and also the underlying factors that are limiting the competitive advantage of others.

From a policy perspective, using [In]Sight to perform a group analysis can reveal vital information about the distribution of underperforming regions. This information can then be used as an evidence base with which to establish both short and long term policy priorities.

At the local level, the results of [In]Sight can be used to identify the strengths and weaknesses of the region and areas where there is potential to significantly improve competitiveness outcomes.

For regions whose results indicate that they are lagging behind their peers, the tool shines a light on how and why other regions are performing better and also serves as an evidence base from which strategic plans can be made and enacted.



Users may print, export or share their [In]Sight findings. [In]Sight can be accessed on PC, laptop and tablet devices.

## [In]Sight Themes and Indicators

Ten themes and 59 indicators make up the [In]Sight framework. A description of each theme and its associated indicators, along with an explanation of how the indicators impact the ranking system, is provided in this section.

## Theme 1: Institutions

The institutional environment within a specific region is determined by a combination of Commonwealth, State and local government controls. These institutions play an integral role in creating the legal and administrative framework within which investors and businesses operate and households reside and therefore have a strong bearing on competitiveness due to the level of influence on investment decisions. For instance, an investment environment with minimal red tape may increase the incentives to invest in a certain region. Alternatively, a lack of transparency or trustworthiness in the institutional framework may serve to discourage investment.

### Competitiveness Indicators for 'Institutions' Theme

Indicator	Description	Data Source	Indicator Ranking System
Public service	% of workforce employed in the public service	ABS 2011 Census	Higher rankings result from higher percentages
Local Government expenditure	Expenditure per capita	State data	Higher rankings result from higher levels of expenditure
Development applications	Median processing time (days)	State data (NSW and VIC only)	Higher rankings result from lower processing times
Regional government influence at state/national level	Business perspectives	RAI Survey (interim results)	Higher rankings result from higher levels of influence
Transparency of local Government policy	Business perspectives	RAI Survey (interim results)	Higher rankings result from more transparent governments
Clear roles and responsibilities in regional Governance	Business perspectives	RAI Survey (interim results)	Higher rankings result from greater levels of clarity around roles and responsibilities
Financial burden of local Government	Business perspectives	RAI Survey (interim results)	Higher rankings result from lesser levels of financial burden
Local Government assistance for businesses	Business perspectives	RAI Survey (interim results)	Higher rankings result from greater levels of government assistance

## Theme 2: Infrastructure and Essential Services

Infrastructure and transport (and, by extension, essential services) are crucial elements in

determining the location of, and type of, investment activities and business sectors that can develop in a region.

Well-developed infrastructure, particularly dependable electricity and telecommunications systems are an integral component of business production. Similarly, effective transport systems are vital in allowing regions to move their goods and services in a secure and timely fashion. Both of these measures directly influence a region's competitiveness as they improve the region's ability to host economic activities through adequate infrastructure and also increase the region's ability to interact with other markets.

#### Competitiveness Indicators for 'Infrastructure and Essential Services' Theme

Indicator	Description	Data Source	Indicator Ranking System
Aviation infrastructure	Distance to and from region's business centre to nearest airport with substantial paid passenger revenue	GIS calculations <sup>1</sup>	Higher rankings result from shorter distances
Port infrastructure	Distance to and from region's business centre to nearest port	GIS calculations <sup>2</sup>	Higher rankings result from shorter distances
Access to tertiary education services	% of working age population attending university or another higher education institution	ABS 2011 Census	Higher rankings result from higher percentages
Access to technical or further information	% of working age population attending technical or further education institutions	ABS 2011 Census	Higher rankings result from higher percentages
Access to hospital services	Number of people employed in hospitals in a region per resident population	ABS 2011 Census	Higher rankings result from greater numbers of employees
Access to allied health services	% of workforce employed in health services (excluding hospitals)	ABS 2011 Census	Higher rankings result from higher percentages


<sup>1</sup> Calculations are based on BITRE Airport Traffic Data 1985-86 to 2012-13

[http://www.bitre.gov.au/publications/ongoing/airport\\_traffic\\_data.aspx](http://www.bitre.gov.au/publications/ongoing/airport_traffic_data.aspx)

N.B. BITRE data is limited to airports with more than 7,000 revenue passenger movements per year and does not include private charter flights. Refer to GIS calculations methodology on page 3

<sup>2</sup> Refer to GIS calculations methodology on page 3



Access to GP services	Number of GP services (patient consultations) per capita	PHIDU, University of Adelaide, Social Health Atlas of Australia <a href="http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html">http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html</a> 	Higher rankings result from greater numbers of GP services
Police services	Number of people employed in police services in a region per resident population	ABS 2011 Census	Higher rankings result from greater numbers of police services
Road infrastructure	Distance from region's business centre to nearest major highway	GIS calculations <sup>3</sup>	Higher rankings result from shorter distances
Access to primary and secondary education services	Distance to nearest school	My Schools data	Higher rankings result from shorter distances
Rail infrastructure	Distance to nearest railway station/service	GIS calculations <sup>4</sup>	Higher rankings result from shorter distances

### Theme 3: Economic Fundamentals

Economic conditions determine the quality of the general economic climate in a region. Economic stability is a key factor in ensuring high levels of trust in the market for both consumers and producers. High levels of trust lead to high long term investment rates (by businesses and households), which are an integral component of competitiveness. Conversely, uncertainty acts as a deterrent to investment, thereby decreasing competitiveness.

Competitiveness Indicators for '**Economic Fundamentals**' Theme

Indicator	Description	Data Source	Indicator Ranking System
Building approvals	Value of building approvals per capita	ABS Cat 8731.0 - Building approvals Australia	Higher rankings result from higher values
Wage/labour costs	Average wage and salary income	ABS 5673.0.55.003 - Wage and salary earner statistics	Higher rankings result from higher figures
Business confidence	Business perspectives	RAI Survey (interim results)	Higher rankings result from greater confidence levels

<sup>3</sup> Refer to GIS calculations methodology on page 3



<sup>4</sup> Refer to GIS calculations methodology on page 3

## Theme 4: Human Capital

Human capital is a measure of the capabilities and skills of the workforce in a particular region. Both health and education are major contributors to a region's level of human capital, as both of these factors are understood to increase labour efficiency and competitiveness.

Regions of non-metropolitan Australia which have high levels of human capital – that is, a well-educated workforce and a propensity towards lifelong learning – are expected to experience higher levels of economic growth, are more adaptive and innovative and are more resilient to negative outside influences.

### Competitiveness Indicators for 'Human Capital' Theme

Indicator	Description	Data Source	Indicator Ranking System
University qualification	% of working age population with university qualifications	ABS 2011 Census	Higher rankings result from higher percentages
Lifelong learning	% of working age population participating in education and training	ABS 2011 Census	Higher rankings result from higher percentages
Early school leavers	% of adult population that did not complete year 12	ABS 2011 Census	Higher rankings result from higher percentage of population that did complete year 12
Health	Adults with at least one of four of the health risk factors of smoking, harmful use of alcohol, physical inactivity and obesity	PHIDU, University of Adelaide, Social Health Atlas of Australia <a href="http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html">http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html</a> 	Higher rankings result from fewer adults with risk factors
English proficiency	% population with English as first language or, if second language, speaks English well	ABS 2011 Census	Higher rankings result from higher percentages
Early childhood performance	% of children developmentally vulnerable on one or more domains	PHIDU, University of Adelaide, Social Health Atlas of Australia <a href="http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html">http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html</a> 	High rankings result from fewer numbers of developmentally vulnerable children


Primary school performance	% students in top 2 bands for reading, writing, spelling, grammar, punctuation and numeracy	My Schools data	Higher rankings result from higher percentages
Secondary school performance	% students in top 2 bands for reading, writing, spelling, grammar, punctuation and numeracy	My Schools data	Higher rankings result from higher percentages
Technical qualification	% of working age population with certificate and diploma qualifications	ABS 2011 Census	Higher rankings result from higher percentages

### Theme 5: Labour Market Efficiency

Both employment rates and the levels of labour force participation are key inputs into the creation of an efficient labour market. Generally, long-term unemployment indicates the presence of inherent structural problems which may adversely impact competitiveness. Low labour force participation may reflect low education levels in the region, a lack of economic opportunities or an atypical age structure (such as a skew towards retirement age persons).

Competitiveness Indicators for ‘**Labour Market Efficiency**’ Theme

Indicator	Description	Data Source	Indicator Ranking System
Unemployment rate	% persons in the labour force looking for work	ABS 2011 Census	Higher rankings result from lower percentages
Youth unemployment	% persons in the labour force aged 15-24 looking for work	ABS 2011 Census	Higher rankings result from lower percentages
Participation rate	% working age population in the labour force	ABS 2011 Census	Higher rankings result from higher percentages
Skilled labour	% of workforce employed as managers and professionals	ABS 2011 Census	Higher rankings result from higher percentages


Welfare dependence	% of population using Government support main source income (higher rank indicates lower proportion)	PHIDU, University of Adelaide, Social Health Atlas of Australia <a href="http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html">http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html</a> 	Higher rankings result from lower percentages
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## Theme 6: Technological Readiness

Information and communication technologies have historically played a crucial role in creating innovative and more efficient work practices and lifestyles, improving productivity and greatly speeding up commercial processes.

At present, digital innovations are transforming the way businesses operate, from retail services through to manufacturing and primary industries. For non-metropolitan regions to keep pace with metropolitan Australia, businesses and households need access to the latest technologies and the skills to use them. Therefore, technological readiness and a region's speed in adopting technologies is a vital element in determining a region's competitiveness and ability to attract investment by both households and businesses.

Competitiveness Indicators for 'Technological Readiness' Theme

Indicator	Description	Data Source	Indicator Ranking System
Internet connections	% of households with internet connection	ABS 2011 Census	Higher rankings result from higher percentages
Broadband connections	% Households and businesses with broadband internet	PHIDU, University of Adelaide, Social Health Atlas of Australia <a href="http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html">http://www.publichealth.gov.au/inequality-graphs/monitoring-inequality-in-australia-australia-2011.html</a> 	Higher rankings result from higher percentages
Businesses in technology related industries	% of workforce employed by technology related businesses	ABS 2011 Census	Higher rankings result from higher percentages
Workers in ICT and electronics	% employed as ICT and electronics specialists	ABS 2011 Census	Higher rankings result from higher percentages



## Theme 7: Business Sophistication

Business sophistication is determined by two key factors: the quality of a region's overall business networks and the quality of individual firms' operations and strategies. These two elements are inextricably linked and work together to encourage higher efficiency and levels of competitiveness. A region's level of business sophistication signals to potential investors the region's current productivity capabilities and their potential for responding to competitive pressures.

### Competitiveness Indicators for 'Business Sophistication' Theme

Indicator	Description	Data Source	Indicator Ranking System
Economic diversification	Index (where national industry structure = 0)	Calculated from ABS 2011 Census	Higher rankings result from lower measurements
Dominance of large employers	% of employment by businesses with 20-199 and 200+ employees	ABS 2011 Census	Higher rankings result from lesser dominance of large employers
Exporters, importers, wholesalers	% employed as importers, exporters or wholesalers	ABS 2011 Census	Higher rankings result from higher percentages
Income source – own business	Average own unincorporated business income	ABS, estimates of personal income for small areas, 2009-10	Higher rankings result from higher incomes
Access to local finance	Number of banks/lending institutions within 50km	GIS calculations <sup>5</sup> using business directory	Higher rankings result from greater access
Exports	Average value of exports per business	RAI Survey (interim results)	Higher rankings result from higher percentages

## Theme 8: Innovation

The relationship between innovation and competitiveness becomes increasingly relevant in developed economies in which markets need to be at the forefront of cutting edge products and processes in order to retain their competitive advantage.

In the context of non-metropolitan regions of Australia, innovation is indicative of businesses willing to try new approaches to improving productivity and engaging with the enterprise environment, the digital agenda and investing in education and training. A reluctance or inability to innovate significantly reduces the competitiveness of a region.

<sup>5</sup> Refer to GIS calculations methodology on page 3

## Competitiveness Indicators for 'Innovation' Theme

Indicator	Description	Data Source	Indicator Ranking System
Human resources in science and technology	% adult population with tertiary qualification in science and technology	ABS 2011 Census	Higher rankings result from higher percentages
Research and development managers	% employed as research and development managers	ABS 2011 Census	Higher rankings result from higher percentages
Presence of research organisations <sup>6</sup>	% of research organisations out of all businesses	GIS calculations <sup>7</sup>	Higher rankings result from a higher number of research organisations
Expenditure on research and development	Average expenditure on R&D per business (\$ '000)	RAI Survey (interim results)	Higher rankings result from higher levels of expenditure

## Theme 9: Market Size

Market size and proximity to market are important determinants of regional competitiveness for non-metropolitan regions of Australia. Generally, larger markets allow firms to develop and benefit from economies of scale and encourage entrepreneurship and innovation. A small residential population and low numbers of local businesses can reduce economic opportunities and limit business growth.

## Competitiveness Indicators for 'Market Size' Theme

Indicator	Description	Data Source	Indicator Ranking System
Business turnover	Value of business turnover (with SA4)	ABS 2011 Census	Higher ranking results from higher values
Working age population	Number of working age residents (within SA4)	ABS 2011 Census	Higher rankings result from a higher number of working age residents

<sup>6</sup> Due to no research organisations in many regional areas, this indicator is ranked from 1 (highest) to 70 (lowest) at the LGA level

<sup>7</sup> Calculations are based on Innovation Australia's registered research organisations. Refer to GIS calculations methodology on page 3

## Theme 10: Natural Resources

A region's physical endowment, in terms of both the access to natural resources and the physical attributes of the region such as climate, are hugely influential in determining a region's competitiveness. Access to natural resources can create economic opportunities through offering inputs to production (such as access to water or good quality soil), and can be used to generate production outputs (such as minerals or extractives).

Similarly, the physical make up of a region can be an important determinant of the region's ability to connect to external markets. If a region is situated on the ocean, they may have access to ports, a viable tourism industry, and be naturally more connected to wider markets than an inland region. In contrast, an area which is difficult to access, such as a mountainous region or a remote community, will have more difficulty exporting goods and therefore be at an automatic comparative disadvantage.

Competitiveness Indicators for '**Natural Resources**' Theme

Indicator	Description	Data Source	Indicator Ranking System
Mineral resources	% local workforce employed in mining	ABS 2011 Census	Higher rankings result from higher percentages
Timber resources <sup>8</sup>	% local workforce employed in logging	ABS 2011 Census	Higher rankings result from higher percentages
Commercial fishing and aquaculture	% local workforce employed in aquaculture and fishing	ABS 2011 Census	Higher rankings result from higher percentages
Coastal access	Distance to and from region's population centre to nearest coast	GIS calculations	Higher rankings result from shorter distances
National park	Distance to and from a national park from the region's population centre (km)	GIS calculations	Higher rankings result from shorter distances
Net primary productivity	Rate at which all the plants in an ecosystem produce net useful chemical energy (i.e. net primary productivity) <sup>9</sup>	Australian Bureau of Agriculture and Research Economics data	Higher rankings result from higher rates

<sup>8</sup> Due to no logging industry in many locations this indicator runs from 1 (highest) to 118 (lowest) at LGA level

<sup>9</sup> Net Primary Productivity (a measure of plant biomass gain) is an integrated measure of the coupled water, carbon, nitrogen and phosphorus balances. Distribution broadly follows rainfall patterns and is also influenced by air dryness, light and agricultural inputs. Net primary productivity strongly controls carbon stores in plants, litter and soil. Net primary productivity averages 0.96Gt of carbon each year for the Australian continent. Nearly 60Gt of the total continental carbon is stored as plant biomass (45%) and soil carbon (55%). The values are calculated by the CSIRO. See data-source at Multi-Criteria Analysis Shell for Spatial (MCAS-S) Decision Support Version 3 : DATA – 2011.

# Indexation Approach

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Reflecting the multi-faceted nature of competitiveness and the various measures used to quantify this, the data collected has been expressed in different units.

As appropriate, the data may be represented in dollars, persons, incidence rates or other forms of quantity and volume. For instance, the income source indicator is expressed in dollar form, while the port infrastructure indicator is specified in distance form.

Without any transformations to homogenise these measurements, there is no way to compare a region's performance across indicators with different units. Indeed, even when articulated in the same units, is it unlikely that a particular share or dollar value would hold the same meaning across indicators.

An indexation approach was used to determine the relative performance of regions in each theme. The approach builds on a long line of empirical work undertaken in developing regional, country or globally comparable indices that measure and examines various aspects of economic and social performance.

The [In]Sight index was formed by averaging regional standard deviations across the indicators within the theme. The average standard deviation score was then used to rank and calculate decile values to the LGA/RDA.

This simple approach to indexation was preferred to more complex methods such as principle components analysis to enable the relationship between rankings and indicator data to be easily understood.

For a given indicator, the standard deviation score represents how well a locality is performing relative to a notional 'average Australian region'. Some interpretative guidelines for standard deviation scores at a regional level include:

- The higher the score, the better a region is performing relative to the average; and
- A positive score implies that a region is performing above the Australian average, while a score of zero suggests performance is on par to the average.

Based on standard deviation scores, regions were then ranked in descending order, where a higher and positive standard deviation translated into a higher regional ranking.

Note that LGAs have been ranked from 1-560 and RDAs have been ranked from 1-55.

Additional notes on index rankings:

- Business survey results - available for RDA's only - are ranked from 1 to 10 rather than 1 to 55 as they are interim results (see further details below);
- Regions with the same measurement for an indicator are given the same ranking. For example:
  - The lowest LGA rank for 'presence of research organisations' is 70. Only 69



LGAs have a research organisation in their region. As a result, all LGAs without a research organisation are ranked 70; and

- The lowest LGA rank for 'timber resources' is 118. Only 117 LGAs have a workforce engaged in the logging industry. As a result, all LGAs without a logging industry are ranked 118.

### Links between the LGA and RDA databases

There are many commonalities between the LGA and RDA databases as they both contain the same number of indicators and measurement criterion. In addition to this, LGA data has been used to replicate the majority of indicators in the RDA model. This was because data is more readily available at an LGA level as it is an official geographic classification used by the Australian Bureau of Statistics (ABS). The process of assigning LGA data to an RDA was done by matching the geographic boundaries in the regions.

In the instances where data was available at only an RDA level, a different technique was applied to allocate measurement values in the LGA database. This was the case for the eight indicators that were based on RAI's Survey of Business Conditions and Perspectives on Regional Development, which collected data for a sample of RDAs in Australia.

In the absence of LGA specifications or other markers such as postcodes or suburbs information, it was not possible to disaggregate and apportion RDA results down to an LGA level. Instead, each LGA was given the measurement value for its respective RDA region. These results should be viewed as broad indications of LGA performance rather than a precise and accurate measure of local competitiveness.

As is often the case with data at larger geographic levels, survey results for an RDA are likely to mask some of the more localised factors that influence the competitiveness of the constituent LGAs in an RDA. Consequently, in the LGA database the survey results have not been included in the average standard deviation and ranking calculations for theme summaries. Instead, the survey results have only been used to inform State-level analysis, where 'smoothed' results hold true with observed outcomes.

### Treatment of structural differences and weightings

Structural differences and natural endowments and regional characteristics (i.e. resources, location, population, density) in large part explain competitiveness results and also dictate the areas where governments can feasibly control or monitor outcomes. There are arguments to suggest that a model of regional competitiveness should take account of such structural differences and weight economic performances in a systematic way.

While such an approach would certainly be beneficial in understanding the productive capacity of a region, for a given level of resources, weightings themselves can confound results to the point their informational value is lost. By implicitly weighting each region equally, the user is better able to gauge raw performance (good or bad) and then explore the reasons behind this. Furthermore, the framework used does not provide a clear theoretical or empirical rationale for weighting any of the themes more highly. For this reason, the overall competitiveness of each

region presented here is composed of a simple average across the ten themes.

Weightings may be placed on the indicators (as opposed to regions), depending on which areas of competitiveness is believed to be more important to a specific stakeholder group or policy direction. Weightings should be imposed in such a way that the sum of indicators in one theme is equal to 100%.

# The Survey of Regional Business Conditions and Perspectives on Regional Development

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Most information on business conditions that is available at the moment is guided by metropolitan perspectives, particularly at the national level. The Regional Australia Institute (RAI) is devoted exclusively to regional issues and seeks to understand how regional businesses operate and what factors impact their success.

The RAI has conducted a dedicated survey of regional businesses to inform the development of [In]Sight and complement publicly available data sets. Surveys are a common feature of competitiveness indices as they capture the perspectives of the business community that drives the private sector development which translates competitiveness into jobs and growth.

The first Survey of Regional Business Conditions and Perspectives on Regional Development provides interim results on each of these measures at the RDA level.

Roy Morgan Research undertook the Regional Australia Institute's first Survey of Business Conditions and Business Perspectives on Regional Development. This survey gave an opportunity for regional and metropolitan businesses to share their opinions on:

- How the local environment is currently contributing to their business success and their confidence in their regions future;
- Business issues;
- Regional development challenges; and
- Other factors that affect regional development.

The survey included questions on some general characteristics of respondents' businesses, such as location, industry and main source of income. A total of 2,327 responses were received to the survey with 1,372 from regional areas, 279 responses from remote areas and 676 from metropolitan areas.

The greater number of respondents were from professional, scientific and technical services, retail trade, manufacturing, construction and agriculture, forestry and fishing industries. Just over a half (57%) of businesses named their main source of income as providing services or utilities followed by selling finished products (22%) and manufacturing (19%).

The State results were generally consistent with the Australian average, except for Tasmania with 12% of businesses receiving their main income from manufacturing (below the 19% total).

The initial survey response was greater than first anticipated, highlighting the importance of this endeavour. In the longer-term, the number of respondents is predicted to rise as a result of

growing awareness of the importance of this data and its potential, and of the positive work of RAI.

A full report on the survey was published by the RAI in January 2014.

### Application of survey information in the index

Given that the number of responses are below target in this iteration of the index, RAI has been conservative in including the survey information in the first edition of [In]Sight and in using it at the LGA level.

A Likert scale was used to convert qualitative survey statements into consistent indices that can be used to compare sentiments across the different focus areas. Specifically, positive answers to the survey questions were assigned values of 5 and 4, more neutral responses were given a value of 3 and negative answers were given values of 2 and 1. In this way, a higher index represents better competitiveness outcomes for RDAs, while lower ratings imply the opposite.

Each LGA was assigned the measurement value for its respective RDA region. As is often the case with data at an aggregated level, the RDA survey results are likely to mask some of the more localised factors that influence the competitiveness of its constituent LGAs.

For this reason, in the LGA database, survey results have not been included in the standard deviation or ranking calculations in the theme summaries and are not displayed on the interactive map.

### Use of survey indicators

The initial survey results provide a nationally consistent starting point for considering the perspectives of business in regional competitiveness at the RDA level.

As interim results, RAI would urge users to be cautious in making decisions based only on differences evident in the survey data.

RAI also notes that significant local work (such as local and regional surveys or consultant reports) may be a valuable complement to [In]Sight results for decision making purposes where they are available in specific regions.



# About the Regional Australia Institute

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Independent and informed by both research and ongoing dialogue with the community, the Regional Australia Institute develops policy and advocates for change to build a stronger economy and better quality of life in regional Australia – for the benefit of all Australians. The Regional Australia Institute was established with support from the Australian Government.