



BEYOND THE RESOURCE ENCLAVE: REGIONAL DEVELOPMENT CHALLENGES IN NORTHERN REMOTE AUSTRALIA

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Regional economic analysts have struggled with the issue of how to account for the distinctive economic geographies of northern remote Australia.¹ Mirroring the stark climatic dichotomy of 'wet' and 'dry' seasons in the region,² analyses of economic performance and opportunity tend to portray these areas either as 'resource regions' with substantial growth prospects, or depict them as 'problem regions', emphasising the low socio-economic status of many inhabitants (especially Indigenous people). Both these characterisations have elements of truth, but they also represent partial interpretations of the regional 'whole'. They fail to capture the dynamics of the relationship between resource industries and the regions in which they operate, and thereby perpetuate a misleading model for regional economic development. Research and policy frameworks require a change in emphasis if they are to contribute more effectively to regional development in northern remote Australia.

This paper calls for heightened attention to the question of how economic interests interact with one another at a regional scale. All too often in northern remote Australia, the paucity of local private sector activity and the minimal capital base of regions encourage the view that large-scale external investment (usually associated with resource development) is a

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- 1 Northern remote Australia is defined as that part of the continent north of the Tropic of Capricorn, but excluding Darwin and the cities of the north Queensland coast.
 - 2 The use of this metaphor owes a debt to Howitt's (2001) similar application of the 'wet/dry' dichotomy to problematise aspects of northern Australia's human geography.

regional economic panacea. There is much to be said in favour of large-scale resource development: it generates employment and economic activity, contributes to national wealth, and at a regional scale, is often accompanied by significant infrastructure investment. But for regionally embedded economic actors, notably including Indigenous people who may possess substantial land assets but may be financially poor, such investments usually do not deliver lasting benefits. For people in these situations the more vital question often appears to hinge on the extent to which resource development is sympathetic to wider regional aspirations, including the protection of country, self-determination, job opportunities and local wealth-generation. Researchers and policy-makers should give priority to such indicators of local economic interactivity and inclusion, over and above the more standard ones based on gross measures of regional product.

The concerns of this paper echo those of the literature on 'resource enclave economies' of developing countries, particularly in Africa and the South Pacific, where the economic flows associated with mines dominate adjacent regions and create economic, social and political dependence (see Evans, Goodman and Lansbury 2001; Howitt, Connell and Hirsch 1996; Connell 1997; Reno 1995).³ Northern remote Australia possesses similarities and differences to those contexts. Many of the negative social and environmental effects associated with the mining industry have parallels within both Australian and developing country contexts. This can include the introduction of non-Indigenous (often mainly male) populations with accompanying alcohol supply and demand for sex workers; an uneven access to jobs and their ensuing cash flows, which can fracture traditional community structures; and, the damage to customary governance structures and peoples' psychological health caused by environmental degradation to country which certain people and/or communities hold traditional responsibilities to 'look after'. If imposed or administered inappropriately, compensation

3 The Grasberg copper and gold mine in West Papua, Indonesia, provides a classic example of an enclave economy in the developing world setting. It is almost wholly the only source of financial resources in the region, employing 14,000 persons. Between 1973 and 1999, the population in the vicinity of the mine expanded from under 1,000 to almost 110,000 (IIED and WBCSD 2002, pp. 201-02).

payments in the form of royalties may magnify, rather than redress, some of these negativities (Dodson *et al.* 1997).

At the same time, moreover, the relationship between Indigenous people and the resources sector in northern remote Australia possesses a range of differences from that in developing countries. Most centrally, affected Indigenous communities in northern remote Australia certainly suffer from impoverishment and inadequate levels of service and infrastructure provision, but a stronger public sector funding presence co-exists with the resources sector at a regional scale than is the case in developing countries. Therefore, although the resources sector is frequently the largest contributor to northern remote Australian regions in terms of *gross regional product*, other sectors often tend to be more important in terms of *local income flows*.

The public sector presence in northern remote Australia derives mainly from the equity and equalisation requirements attached to Australian citizenship. Federal, State, Northern Territory and local governments in Australia's north disburse sizeable financial resources with the aim of supplying services, amenities and citizenship entitlements to populations that are relatively small and dispersed, often have low socio-economic status, and in many locations are mainly Indigenous. These monies are often recycled through regional economies via relatively high local multipliers, providing the basis for private sector businesses. This situation is not too dissimilar (in a conceptual sense, at least) from the *semi-public economies* of relatively isolated regions in New Mexico and Arizona in the United States, where economic multipliers from Federal Government defence and research contracts are the major engines of local economic activity (Luker 1997). More poignantly in the Australian context, the *Royal Commission into Aboriginal Deaths in Custody* coined the term 'taxi economy' (Dodson 1991) as a caricature of a set of interactions whereby Indigenous people, whose incomes are heavily dependent on government transfer payments, are in turn reliant on the provision of private sector services by non-Indigenous people. The result is that the economic 'whole' of regions in northern remote Australia tends often to be comprised of two dominant monetary circuits (the resources sector and the public/social sector), with separate economic drivers and frequently, minimal economic attachments to one another. Understanding the dynamics of this co-existence is a prime requirement for comprehensive economic analyses of these regions.

This paper reflects upon material and ideas collected while undertaking various consultant-based research projects over the course of the last fifteen years. Specifically, it uses evidence from two studies of the Kimberley regional economy. The first of these (Johnson 2001) is a regional input-output table for the Kimberley. The second (Pritchard 2001) examines the economic contribution of Aboriginal people and organizations to the Kimberley region. Both studies were funded and published by the Kimberley Development Commission, a Western Australian Government agency. They are used, together with other evidence and argument in the following two sections, to consider the local economic implications of the resources sector and the public sector.

Changing Regional Connections in the Resources Sector

Regional economies in Australia's remote north are often characterised by their physical geographical resources. For example, the annual Australian Local Government Association/National Economics (ALGA/NE) *State of the Regions* report classifies regions in northern Australia as 'resource based and remote regions' in which "economic wealth is associated with resource endowments in minerals and energy" (ALGA/NE 2001, p. 45). This focus on resource industry activities is hardly surprising. Since the 1960s, the bulk of new resource projects in Australia have been located north of the Tropic of Capricorn.

Characteristically these mines have been developed using state-of-the-art capital intensive mining technologies, orchestrated via project management tools that rely heavily on sub-contracting, leasing arrangements and the deployment of specialist workforces who may be permanently based some thousands of kilometres from the actual mine site. These fly-in fly-out (FIFO) mining projects represent a different type of mine operation compared with those of an earlier era. Whereas mining projects at Mt Isa (Queensland), Jabiru, Tennant Creek and Gove (Northern Territory) and Mt Tom Price (Western Australia) were the focal point of company mining towns with permanent commercial and institutional infrastructures (see Lea and Zehner 1986, for a case study of the Ranger mine and Jabiru township, NT), the supporting infrastructure and services for mines developed more recently (such as McArthur River

(NT), Argyle (WA) and Century (Qld)) possess a more transient existence.

This means that the workforces at modern mine sites are largely *de-regionalised*. In most cases, employees and sub-contractors are flown into the mine sites for intensive periods of work, and then flown out for extended non-working periods. These practices minimise workers' engagement, both economically and culturally, with the regions in which mines are located. In 2001, 45 of WA's 105 operating mines were FIFO (Storey 2001). Moreover, as mines' labour needs become increasingly specialist (due to the capital intensity of modern mining practices) local populations may be less well-equipped with the skills to fill employment opportunities in the resources sector, should local opportunities arise.

Consequently, the use of 'global best practice' management techniques in mining projects tends to lead to extensive sub-contracting of non-core activities. Hence, activities such as catering, laundry, finance and payroll, maintenance, transport, and recruitment are often sub-contracted to specialist (often international) firms based in major cities. For example, one company alone — the French-owned global food service firm Sodexho — has catering contracts with 35 remote mine sites in northern Australia. The company meets these requirements through the use of its international system of standards and operating procedures (Filshe 2003). These type of arrangements have the effect of circumscribing employment opportunities in the regional areas in which mines are actually located (O'Connor and Kershaw 1999: 83). Taken together, these processes encourage very low regional employment and expenditure multipliers at the regional level (Beer, Maude and Pritchard 2003: 99–103).

These tendencies are strongly evident in the Kimberley, which is the site of two major mining operations. The largest of these is the Argyle Diamond Mine (ADM), located approximately halfway between the towns of Kununurra and Hall's Creek in the East Kimberley. Argyle was developed during 1983–85, following the discovery of diamonds in 1979. The mine had an initial expected life until 2001, but mine expansion since 1998 has lengthened the mine's life until 2007. Discussions are underway currently for a further expansion into underground operations, which could lengthen the mine's life by a further decade or more. ADM is majority owned and managed by Rio Tinto Ltd, the world's largest

mining company. It is the world's fifth largest diamond mine in terms of value of production (Rio Tinto 2001), with a diamond output of 26.1 million carats in 2001 worth A\$528 million (Western Australian Diamond Trust 2001). The vast majority of the approximately 500-strong ADM workforce lives permanently in Perth, and has its employment conditions structured by FIFO arrangements.

The second significant mining venture in the Kimberley is the Lennard Shelf lead/zinc operations of Western Metals Ltd, comprising three mines (Goongewa, Pillara and Kapok) located near the town of Fitzroy Crossing. During the second half of the 1990s these operations were expanded considerably. To offset an expected expiry of reserves at the Goongewa mine site, the company began operations at nearby Pillara and Kapok. Consequently, the value of production increased from approximately \$62 million in 1994-95 to upwards of \$150 million by 1999. However, the early years of the new century have proved more difficult for these operations. In 2001 the Goongewa mine and the adjacent Cadjebut processing facility were closed, and in May 2003 the company announced the temporary closure of the Kapok mine in the context of low zinc prices and the appreciating Australian dollar. After generating revenues of \$197.2 million in the year to 30 June 2001, Western Metals' Lennard Shelf operations posted revenues of just \$144.8 million the following year (Western Metals' Ltd 2002:70-71). These developments have been accompanied by the loss of jobs and regional economic activity. The Lennard Shelf operations had relatively few economic linkages with the nearby town of Fitzroy Crossing but, unlike ADM, the company based their FIFO staff in Broome as well as Perth, and made use of Kimberley-based transport services. In 1999, at the climax of the expansion phase, these operations were associated with the direct employment of 440 employees and contractors, of whom more than half lived in the Kimberley.

Estimation of the regional economic contributions of the ADM and the Western Metals operations is provided in the Kimberley regional input-output table (Johnson 2001). The table incorporates the Argyle mine (along with a very much smaller diamond mine at Bow River) in the 'other mining' sector, while the Western Metals operations are incorporated into the 'non-ferrous metal ores' sector. Because Argyle represents 99.8% of Kimberley 'other mining' output and Western Metals represents 96% of Kimberley 'non-ferrous metal ores' output,

data in each of these industry sectors can be used as a proxy for the regional contribution of each mining operation. Moreover, these data are likely to be very accurate because in the compilation of the input-output table, the authors received the extensive cooperation of both ADM and Western Metals Ltd (Johnson 2001: v).⁴

Table 1. Key Inputs to 'Other Mining' and 'Non-ferrous Metal Ores' Sectors in the Kimberley, 1994-95

	Other Mining (mainly Argyle)		Non-ferrous Metal Ores (mainly Western Metals)	
	\$m	Percent of total	\$m	Percent of total
Services to mining	5.8	1.2	3.8	6.2
Electricity supply	8.7	1.8	2.3	3.8
Construction	2.5	0.5	0.1	0.2
Wholesale, retail trade & repairs	1.8	0.4	1.5	2.4
Accommodation, cafes & restaurants	1.6	0.4	0.3	0.5
Transport	8.0	1.6	5.2	8.4
Other property services	7.5	1.6	0.6	0.9
Other inputs purchased	0.8	0.2	8.0	1.2
Total Kimberley inputs purchased	36.7	7.6	14.5	23.5
Compensation of employees	38.0	7.9	9.0	14.5
Gross operating surplus and mixed income	316.6	65.8	21.7	35.0
Taxes less subsidies	3.0	0.6	0.2	0.3
Imports	86.7	18.0	16.6	26.8
Kimberley production	481.0	100.0	62.0	100.1

Source: calculated from Johnson (2001: 26-33).

Table 1 summarises the key input-output flows of these sectors within the Kimberley economy. It shows that both operations had very limited local interactions. In 1994-95, the value of production of these two sectors was \$543 million, of which the 'other mining' (i.e., Argyle) production contributed \$481 million, and 'non-ferrous metal ores' (i.e.,

⁴ The regional input-output table is calibrated to 1994-95, so it is somewhat out of date. However, given that the trends discussed in this paper have become further entrenched since that time, it could be argued that the data from the input-output table provides a 'better than the case today' portrayal of the resources sector's interactions with the regional economy.

Western Metals) contributed \$62 million. However, this considerable volume of production was achieved using just \$51.2 million of in purchases of goods and services from the local Kimberley economy (\$36.7 million for Argyle and \$14.5 million for Western Metals). Imports of goods and services from outside the Kimberley amounted to approximately double this amount (\$103.3 million) for the two sectors.

Payments to workers ('compensation of employees') constituted a relatively low proportion of total inputs for these two capital intensive mining operations (7.9% of the value of production at Argyle, and 14.5% at Western Metals). Because both these mines are managed as FIFO operations, with an overwhelming majority of labour being flown in from outside the Kimberley, these wage payments largely represent a leakage from the local economy. Little is recycled through the regional economy in the form of wages being spent in local shops and other service providers. Finally, in both cases the largest single flow of monies from these operations is the flow of income to owners and investors, which is represented by the category 'gross operating surplus and mixed income'. The flow of these monies represented 35% of the value of Western Metal's production, and 65.8% of Argyle's. Because the owners and investors of these operations all live outside the Kimberley, this is another regional economic leakage.

These input-output data clearly illustrate the relatively limited set of economic interactions between these mining operations and the Kimberley regional economy. However, the input-output approach can produce a somewhat deceptively simplistic portrait of the relationship between an industry and the region, failing to appreciate the more subtle connections between the role of mining operations and regional economic development. For instance, the significant expenditure by Argyle on electricity has helped underwrite the provision of power generation and distribution infrastructure in the East Kimberley (especially in the township of Kununurra), with positive economic implications for consumers and industry more generally (although the challenge of estimating the size of these benefits poses significant empirical and conceptual difficulties.) Furthermore, as ADM notes in its 2000 *Social and Environmental Report*, the significant state and federal taxes and royalties paid by Argyle (approximately \$174 million in 2000) contributed to governments' abilities to make financial redistributions that may have benefited the Kimberley economy (Argyle Diamonds Pty

Ltd 2001: 6). Additionally, grant payments to community organizations made by the mining companies may have a catalytic effect for social justice and empowerment. ADM in particular has had extensive involvement in regional community development programs, and these have generated a range of positive outcomes for local people. Over the past decade, ADM has instigated a number of changes to the philosophy and practice by which it provides financial support to neighbouring communities. There is robust debate in the region on the efficacy of various support strategies.

In regional contexts where there are few if any other private sector alternatives to the resources sector, it could be said that any opportunities provided by mining operations are better than none. However the dominant experience to date is that large-scale resource projects have *not* provided the type of local economic development opportunities necessary to significantly improve the economic livelihoods of many regional residents; nor have they necessarily proved catalytic for the establishment of new businesses and the diversification of local economies. The 'best practice' resource operations in remote northern Australia tend to by-pass local towns and communities for much economic activity. A shift to these practices in recent years, by some mining companies at least, has had the effect of attempting to promote more robust economic connections between mine operations and their adjacent regions. So the future may be different from the past. However, to date, the size of gross regional product generated by large-scale mining operations in northern remote Australia bears little relationship to the contribution that this sector makes to local people and communities.

The Bedrock Role of Public Sector Funding

The government sector also plays a distinctive role distributing substantial financial resources to northern remote Australia. This role is not dissimilar to that of other Western nations with sparsely populated 'frontier' spaces, such as Canada and the Scandinavian countries (Jull and Roberts 1991). These expenditures have diverse rationales. A long history of discourses and policies based around 'developing the north' has underpinned big infrastructure programs and initiatives, including the Ord River Irrigation project of the East Kimberley, the 'beef roads'

program of the 1970s, Telstra's (then known as Telecom) Remote Area Program of the 1980s and, more recently, the Alice Springs to Darwin rail link. Extensive northwards redeployment of military personnel since the mid-1980s has provided a further element of public sector involvement in the northern Australian economy.

However, the most important ongoing element of public sector expenditure in northern remote Australia relates to transfer payments and services. These disbursements are made with the broad intention of meeting the entitlements and obligations associated with citizenship and social rights in Australia's federal political system. Through the principles of fiscal equalisation enacted via the Commonwealth Grants Commission and the Local Government Grants Commissions of each State and Territory, all Australians should be entitled to the right to a standard level of public services and amenities. In practice, this leads to a series of cross-subsidies from the more populous and more urban jurisdictions, to the less populous and more remote ones of northern Australia. By way of illustration, in 2002 the Northern Territory received per capita financial assistance that was approximately six-times greater than that received by any of the mainland states (Commonwealth Grants Commission 2002: 17).

The Kimberley input-output table (Johnson 2001) elaborates upon the impacts of these expenditures at the regional scale. It shows that, although economic activities associated with the public sector accounted for just 7.05% of Kimberley gross regional product in 1994-95, they represented 32.23% of wages and salaries paid in the Kimberley.⁵ As such, conventional measures of gross regional product—which *de facto* emphasise what is produced and extracted from a region as opposed to what actually goes on within it—devalue the significance of the public sector as a generator of local jobs and incomes. The input-output analysis also provides an estimate that the total multiplier for the 'government administration and defence' sector was 1.81 (meaning that an initial one

5 For the purposes of this discussion, the term 'economic activities associated with the public sector' is defined to include the following industry sectors: Government administration and defence; Community and other services; Electricity supply; Water supply, sewerage and drainage services; Scientific research, technical and computer services; Education; Health services; Libraries, museums and the arts; and, Services to agriculture (the latter is included because in the Kimberley, the main component of this sector is Government research stations).

dollar stimulus to the sector will generate \$1.81 of additional economic activity in the region), whereas the total multiplier for 'other mining' (a proxy for the Argyle mine) is just 1.19 (Johnson 2001: 38-9).

The cross-subsidies inherent in the provision of public sector funding to northern remote regions recognise that service delivery tends to be more expensive in remote locations, and that the characteristics of populations in remote areas (in particular, their high Indigeneity) may require a more extensive and particularist level of services to be delivered compared with the Australian average. This latter point is especially relevant because a considerable component of public sector expenditures in northern remote Australia is attached to the service and citizenship requirements of Indigenous people. An estimate from the Northern Territory Treasury for the year 1992-93 suggested that expenditures relating to providing service to Aboriginal people accounted for 36% of the Northern Territory's budget, although Aboriginal people comprised 22% of the Northern Territory's population at the time (cited in Pritchard and Gibson 1996: 22). In turn, the need to make these expenditures comprises a significant component of the Northern Territory Government's application for General Revenue Assistance from the Commonwealth.

There are, of course, much wider issues at stake when considering the implications of such financial disbursements. For example, despite their apparent size, there is widespread evidence that the level of current financial assistance is inadequate to address infrastructure backlogs and low levels of service provision (Aboriginal and Torres Strait Islander Social Justice Commissioner 2002). Moreover, there is ongoing debate about the appropriateness of structures for the delivery of financial support (Commonwealth Grants Commission 2001). Some Indigenous leaders have also argued that the social impacts of an alleged 'sit-down' culture of welfare-dependence require a complete re-thinking of financial arrangements in northern remote Australia (Pearson 2001). It is difficult to do justice to these important issues here. Focus remains on the financial aspects of regional economic development, rather than the broader political issues that surround them.

For this purpose it is useful to quantify and assess the 'Aboriginal component' of regional economies in northern remote Australia. Following the approach of a succession of earlier publications (Crough *et*

al., 1989; Crough and Christopherson 1993; Pritchard and Gibson 1996; Pritchard 2001), we can distinguish between: (i) the earned income of Indigenous people and organizations in the form of wages or in the operation of commercial enterprises; (ii) payments made to satisfy the 'citizenship rights' of Indigenous people (for example, social welfare payments that are available to Indigenous people on the same basis as any other person in Australia), and (iii) public sector expenditures associated with the service needs of Indigenous people.⁶ Using this methodology to study the Kimberley region for the year 1997-98, Pritchard (2001) concludes that \$238 million was provided by governments in respect to the Aboriginal population of the region. Of this amount, only \$80.8 million was provided in the form of individual entitlements (Centrelink payments and Community Development Employment Project [CDEP] 'work-for-the-dole' wages), with the remainder taking the form of expenditures on services such as education, health, transport, utilities and the justice system.

A corresponding survey of 67 Aboriginal organisations further revealed that in 1997-98, some \$12 million was earned in that year through private-sector activities such as art sales, interest, pastoralism and royalty income (Pritchard 2001: 22). Adding these private sector earnings to public sector funding indicates that, in 1997-98, the Aboriginal component of the Kimberley economy was at least \$250 million. By comparison, Johnson (2001: 33) estimates that total final consumption expenditure in the Kimberley was \$515.4 million in 1994-95. This suggests that slightly less than half of 'on-the-ground' economic activity in the region could be attributed to the incomes of Aboriginal people or the provision of public services related to the Aboriginal population. This is a finding which underlines the significance of these elements of regional economic activity in northern remote Australia.⁷

6 Previous research indicates that this last category is extremely problematic in terms of methodology and estimation, for it requires close examination of the incomes and expenditures of government agencies at a regional level, and then the application of a methodology that apportions activities between nominal 'Indigenous' and 'non-Indigenous' sectors.

7 In fact, the regional significance of the 'Aboriginal economy' is probably larger than this estimate suggests, because it might be anticipated that the second-round multiplier effects of inflows associated with the 'Aboriginal economy' would be higher than those associated with resource development. However, this can only be conjectured as there is no firm evidence to support this proposition.

Conclusion: Moving Forward

...for mining to contribute to the goals of sustainable development at the community level, it must provide a net benefit to the affected community. Sustainable development requires an equitable sharing of benefits; if there is obvious inequity, there will be strife, which impedes the development process (IIED and WBCSD 2002: 198).

This paper has asserted that regions in northern remote Australia tend to have a dual economic structure, whereby the largest contributors to gross regional product may not be the most significant actors in terms of local economic interactions. These arguments underline the case for a shift in much of the regional economic rhetoric in northern remote Australia. In these parts of the country the key problematic is how much money circulates locally, not how much is generated from the exploitation of regional assets. It follows that two major areas demand attention for regional development practice in Australia's north—the need to encourage or oblige mining companies to strengthen their connections with the regions in which they operate, and to develop capacity building by regional institutions.

As outlined earlier in this paper, the prevailing trend over the past two decades has been for mining operations to become increasingly disarticulated from their local regional economic contexts. Fly-in fly-out rostering systems, in conjunction with greater capital intensity and global purchasing regimes, has worked to reduce the systemic interactions between mining developments and local economics. This relationship between remote mining activities and their local contexts is now the subject of considerable discussion within the industry itself. Central to this discussion is the influence of 'triple bottom line' corporate performance auditing (Elkington 1997), aided and abetted by heightened scrutiny towards the resources sector by non-government organizations. The issues have been articulated in *Breaking New Ground*, the report of the Mining, Minerals and Development Project that was prepared for the 2002 World Summit on Sustainable Development held in Johannesburg, South Africa, in August 2002 (International Institute for Environment and Development [IIED] and World Business Council for Sustainable Development [WBCSD] 2002). According to this publication:

A new relationship is beginning to emerge [between mining companies and communities], based on recognition of the rights of communities and the need for community participation in decision-making...Support for local businesses, preferential procurement policies towards local suppliers and distributors, employment of locals, and skills training are important means of benefiting local communities (IIED and WBCSD 2002: xx).

It is unclear how such sentiments may translate to changes in corporate practices in 'real world' situations driven by financial returns. Nevertheless, Howitt's (1998) critique of corporate culture within CRARITZ (the Anglo-Australian predecessor to Rio Tinto, owner of the Argyle Diamond Mine) emphasises the fallacy of regarding large resource companies as hegemonic, unchanging institutions. Howitt documents how this company attempted to construct strongly positive relationships with Indigenous landowners in the attempt to defray the long-term political and legal risks associated with conflictual relations. Large resource companies may also be more amenable to local economic development initiatives, as part of their overall corporate strategy for delivering 'triple bottom line' accountability.

The second main area for attention relates to the capacity building of regional institutions in northern remote Australia. The considerable public sector funding presence that underpins much economic activity in these regions provides a basis for the development of institutions which can articulate regional aspirations and connect these to strategies to promote social and human capital. Across northern Australia there is a network of Indigenous organisations with responsibilities for such issues as land ownership and management, community services, local governance, arts and culture, and commercial development. The term 'Aboriginal organisations sector' is used widely to denote these assemblages of corporations and associations that provide services to, or otherwise represent, Aboriginal people. These organizations represent an important source of 'social economy' institutional capacity for regional economic development. The importance of the social economy to regional development has been recognized widely in recent years, in different contexts and across different parts of the world (Amin, Cameron and Hudson 1999).

Considered together, these themes invoke the importance of an appreciation of *scale* within political economic analysis. If regional

development is to be associated with the improvement of economic and social prospects for people within a region, as opposed to simply optimizing the size of gross regional product, then it is incumbent upon analysts and practitioners to construct regional development strategies around an elevated understanding of *local* scale economic and social interactions. To this end, new discourses about these regional economies are needed. The partial descriptors of regions in northern remote Australia as 'resource regions', or 'disadvantaged regions' do not serve policy-makers well, because they separate out social and economic considerations, and thereby feed into inappropriate understandings of regional structures. Whereas a change in terminology alone may not cause revolutionary shifts to economic behaviour and outcomes, a contention and motivation of this paper is that discursive shifts may encourage more inclusive and accurate regional descriptions and analyses.

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