THE FUTURE OF REGIONAL AUSTRALIA:
CHANGE ON OUR TERMS

Regional Australia Institute Discussion Paper
November 2015
The Regional Australia Institute
Independent and informed by both research and ongoing dialogue with the community, the Regional Australia Institute (RAI) 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.

Acknowledgements
This paper includes significant contribution of ideas, feedback and time from Adjunct Professor Tony Sorensen from the University of New England.

The RAI wishes to acknowledge the continued and valuable contribution that Adjunct Professor Tony Sorensen makes to the work of the RAI through his position as a Fellow.

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This paper translates and analyses findings of research to enable an informed public discussion of regional issues in Australia. It is intended to assist people to think about their perspectives, assumptions and understanding of regional issues.

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Preface

The Regional Australia Institute (RAI) has been working with government, researchers, development practitioners and the community to consider the central questions about the future of regional Australia.

It has become evident that no true consensus exists as to how to develop regions. Yet there is a growing agreement that the approaches pursued in the past, whilst well-intended, were failing to yield the desired outcomes.

This led the RAI to consider the wider history around regional development theory and practice and its relevance to the broader regional context.

The intent of this paper is to start a discussion that reshapes the way we think, plan and act in our regions. The RAI recognises that many of the themes in this paper may challenge traditional policy practice and discourse. The nature of the discussion is based on the future being increasingly divergent from the past and that traditional practice may need to be challenged.

The RAI has prepared this paper in conjunction with Adjunct Professor Tony Sorensen. It explores the frustration felt by many with regard to outcomes of regional policy and considers a shift in thinking about the future of regional development - for the benefit of all Australians.
Executive Summary

Government has diminishing control over the factors that shape Australia’s regions. Such factors include the global economy, technological change, the environment and population. These factors are growing in complexity and unpredictability placing great pressure on traditional social and economic institutions.

In such a setting, the past becomes less reliable in predicting the future. The challenge of the future will be to keep pace with the accelerating speed of change.

Australia’s regions are increasingly exposed to global market volatility. Regions must continually monitor market shifts to stay ahead of the game.

Technology has the capacity to dramatically increase efficiency, competitiveness and change how society operates. The impact of technology on the regions will vary.

Economic drivers will shape who lives in regional Australia, what they are seeking and where they will go next. The challenge for regions is to understand the impacts on their future population, workforce and growth opportunities.

Natural resources are vital for securing economic growth and development. The struggle over economic use of natural resources plays out most intensely in regional Australia. The challenge is not to develop certainty over what long-term sustainable resource use might be but to respond to changing demands on resources with good decision making.

All tiers of government have a role in shaping regional circumstances, attitudes and outcomes. Regrettably, over the past four decades public sector processes have failed to reduce the disadvantages evident in regional Australia - despite a booming economy and a rising quality of life across the nation as a whole.

The task for current and future generations of Australians is to acknowledge these difficulties and then move to develop and implement new government processes that produce better regional outcomes.

Regions are best placed to understand and secure their own interests. They are their own greatest vehicle of change and future well-being. To prosper into the future we need to shift our thinking on what matters to regions and empower them to make decisions and respond to change.

The economic, social and environmental situation for our regions will undoubtedly evolve. Exactly how this will transpire and what it means for each region is uncertain. What is certain, however, is that this change and accelerating rate of change is expected to continue.
Adjusting beliefs, aspirations and behaviours towards greater self-reliance and the acquisition of sufficient knowledge and skills for success is the only viable response. Regional development needs to transition from a focus on singular planned futures to one that acknowledges uncertainty and considers a range of possible futures.

Regions will need flexibility and freedom to take action. Top down prescriptions for regional activities is likely to result in a lost opportunity for regions to forge their own future and an exacerbation of risk.

The question for regions is not whether we would prefer the world to be different and how we might prevent change from disrupting our practices. The question is, how do we position ourselves to achieve change on our own terms?
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A Note on Regional Geographies

The ideas and proposals laid out in the following pages are relevant to policy in every region of Australia. In developing the ideas of this paper the RAI has paid particular attention to the challenges for Outer Regional Australia (ORA) including Outer Regional, Remote and Very Remote Australia as defined by the Australian Bureau of Statistics).

These areas are where the fervour for regional development runs hottest, where our desires for population and economic growth have been most challenged and where the benefits of being a big city, or being connected to one, are least relevant.

Figure 1: Map of aggregated regional competitiveness scores, by local government area (LGA)
Source: [In]Sight: Australia’s Regional Competitiveness Index. Note: grey shading represents unincorporated areas

Figure 1 is an assessment of regional differences reflected in the results of [In]Sight: Australia’s regional competitiveness index ([In]Sight). Where, in general, although there are important outliers, competitiveness is weaker in outer regional Australia than inner regional and metropolitan areas.

This does not mean inevitable decline for these areas and in fact many are thriving. It does mean, however, that the simple formulas that support urban growth and development cannot easily be applied. Each region will need to chart its own course based on its existing strengths and advantages, and those it can craft in the future.
The Sphere of Global Change – What Regions nor Government Can Control

Government has diminishing control over the factors that shape Australia’s regions. Such factors include the global economy, technological change, the environment and population. These factors are growing in complexity and unpredictability placing great pressure on traditional social and economic constructs.

In such a setting, the past becomes less reliable in predicting the future. The challenge of the future will be to keep pace with the accelerating speed of change – a practice that is in stark contrast to how businesses, communities and nations have operated up until now.

Figure 2 depicts the breadth of external and internal influences that impact on regional Australia; a changing global economy; tensions between development and natural resources; rapidly evolving technology; demographic and social change; and unknown factors for which we are unable to predict. At the centre, the control of government has weakened leaving regions more exposed to these external influences.
Since Federation, governments have traditionally sought to protect regional Australia from these influences. Yet, more recently, open economies and changing politics have removed many controls.

Ultimately each region will grapple with its increased exposure to these factors and the ensuing uncertainty. A well-developed understanding of how these influences impact different places is vital to regions arming themselves with the skills and resources they need to pursue a vibrant future.

The factors influencing the future are explored further below.

**The Global Economy – A Changing Game**

The Australian economy and its regions are now deeply integrated with the global economy.

With an increasing number of free-trade agreements, the increasing globalisation of supply chains and fast pace of change in the economy – Australia’s regions are increasingly exposed to global market volatility.

The value of goods and fiscal settings are subject to instantaneous change. Subsequently, a regions competitive advantage today may well be different tomorrow. For instance, while an increase in global population suggests a general increase in demand for Australia’s key industries (especially mining, agriculture and food production), Australia’s future market share is difficult to predict with accuracy.

New global competitors, fashions and market destinations emerge at a rapid rate. In 2004, replacement (upgrade) purchases in the US already accounted for 55 per cent of digital camera sales, 63 per cent of mobile phone sales, and 82 per cent of computer sales. The majority of which were due to product obsolescence rather than general wear and tear. In the 10 years since the markets for cameras, mobile phones and computers have been heavily disrupted.

While regions have limited control over the global economy, they can influence their level of participation and speed of reaction. The challenge for both regional enterprises and their supporting communities is to identify their emerging comparative and competitive advantage in a global setting and develop strategies that engage with these external demands.
Regions must continually monitor market shifts to stay ahead of the game. Failing to do so poses a risk to market share and loss of economic competitiveness. Yet, such economic changes also bring economic opportunity. For regions to prosper, monitoring the environments and considering new ventures that play to their strengths is essential.

Tasmanian born footwear company Blundstone presents a recent example (see box). Blundstone have continued to adapt to their changing environment and found new ways to service regional Australia yet remain competitive.

Technology – An Accelerating Pace of Change

Technology is growing ever more important in every facet of life - from business to community connectivity, to external markets and consumers, to innovative and effective service delivery, to the role it plays in education and skills development. New technology is emerging and being adopted much faster than ever before.

The up-take of new technologies has increased dramatically. The radio took 37 years to reach 50 million users, while the internet took just three years and more recently Twitter just one (Figure 3).

BLUNSTONE IN ASIA

Australian companies that have continued to thrive in a world characterised by change are those most able to capitalise on the advantages offered by the globalised supply trends. For example Blundstone, an Australian company, based in Hobart, that has been operating for over 140 years.

Blundstone has incrementally moved all value-adding in leather manufacturing offshore to a number of facilities located throughout Asia. Product design management and development, production and logistics, sales and marketing, and administrative support of its global operation, all continue to occur in Hobart. By transforming the manufacturing side of the business, Blundstone is able to remain globally competitive and regionally based.

Source: Asian Century White Paper
Rarely is the impact of such new technologies limited to a single industry. Modern technology is likely to have many multiple applications stemming from one innovation. The 3D printer for example offers significant benefits to the medical, agricultural and construction industries (particularly for remote areas) and could disrupt many regional industries.

Advances in technology over the last two decades have led to a highly integrated global economy and society. Cross border global online traffic, for instance, grew 18 fold between 2005 and 2012. The ease of global communications presents opportunities for multiple entry points to the global economy as well as a broader range of players. Anyone from individuals, regions and small business can join multi-nationals in the economy if they are connected.

Technology also has the capacity to dramatically increase efficiency, competitiveness and change how society operates. The authors of the Second Machine Age posit that such technologies question the role of humankind in the economy of the future and the structure of our society. Whether machines and technologies will make the nine-to-five working day obsolete is one of many questions that can only be answered by future generations.

The impact of technology on the regions will vary. Whilst technology presents growth and opportunity, there is a growing divide between the productivity and competitiveness of firms, regions, states and even countries willing to invest in new technologies. Technological advances therefore, are likely to exacerbate the divergence between the haves and have-nots. For many inland regions where technological readiness is poor (Figure 4), this will be a significant challenge that can only be resolved by better connectivity and active technology adopted by business and households in regions.
People and Society – Older, Richer With New Aspirations

Society, much like technology, has experienced considerable change over the last two decades. Some of these changes are well documented such as the ageing population - others are more difficult to capture such as global integration and changing attitudes toward consumption. As these evolve so too do the values of our society and our social norms.

Australia has one of the highest levels of urbanisation in the developed world. Yet, the concentration of people in and around our global CBDs is being offset by a number of demographic trends:

- A steady flow of working age people back to regions;
- Movement of retirees to regional areas; and
- Settlement of international migrants in regional areas.

Cultural attitudes shape the demand for many goods and services, and measures of wealth. The aspirations of regions, their industry demands and what regions supply will all be driven by these changing attitudes.

Rising incomes in the developing world coupled with global integration is producing a cultural as well as economic shift in global society. Emerging nations are creating enormous new centres of consumer demand, global production and trade. Between 1990 and 2013 the developing world’s share of global information flows more than trebled, growing 38 per cent. As developing nations continue to emerge, regions can expect a broadening range of influences on consumer patterns and lifestyles – all of which add to further uncertainty and opportunity.
In Figure 5 for example, the Chinese middle class is expected to comprise nearly 70 per cent of the Chinese population by 2022, 70 per cent of which will be upper middle class.

![Figure 5: Chinese population](image)

Source: McKinsey Quarterly ‘Mapping China’s Middle Class’ by Dominic Barton, Yougang Chen and Amy Jin

Such changes in Chinese society will have important consequences for Australian export markets, the education sector and the shaping of cultural attitudes and norms. In northern Australia for example, the demand for high end tourism is likely to rise significantly. Regions will be required to understand their markets and their tastes to remain competitive in the future.

These economic drivers will shape who lives in regional Australia, what they are seeking and where they will go next. The challenge for regions is to understand the impacts on their future population, workforce and growth opportunities.

Resource Management – Can We Agree To Do More, With Less Resources More Sustainably

Our natural environment is a priceless commodity that is central to economic activity and growth. It provides the resources we need to produce goods and services and absorb unwanted by-products.

Natural resources are vital for securing economic growth and development, not just today but for future generationsxii.

The limitations of world resources have become clear in the last 20 years. An array of unresolved environmental management issues exist globally. These issues are exacerbated by the increasing need for greater food and fibre production and the growing demand for natural resources such as oil and minerals. The end result has been an unresolved conflict between the desire for environmental preservation and the demands of wealthy consumer lifestyles.
The struggle over economic use of natural resources plays out most intensely in regional Australia. The challenge is not to reverse or dismiss environmental concern or to ban new development. Rather we need to develop certainty over what long-term sustainable resource use might be. Optimising outcomes for both economic and environmental interests will require much improved resolution protocols for resource conflict than is currently in place.

**Summary of Global Trends on Regions**

These drivers of change cover almost every aspect of modern life: occupations, where we live, family structure and relationships, our income and wealth, industry, and environmental attitudes. They pose a threat to Australia’s regions if not properly managed.

A greater level of uncertainty is also imparted on the task of government and civil society. Regrettably, over the past four decades public sector processes have failed to reduce the disadvantages evident in regional Australia - despite a booming economy and a rising quality of life across the nation as a whole.

The task for current and future generations of Australians is to acknowledge these difficulties and then move to develop and implement new government processes that produce better regional outcomes.

The following section examines how this environment aligns with past and present regional policy landscapes.
Government – The Past, Policies and Emerging Predicament for Australia’s Regions

The formal governance framework for regions consists of Federal, state and local Government controls. Their impact on regions ranges from land taxes, educational institutions, to the liberalisation of trade relationships.

Although these traditional controls have weakened, they continue to have a role in providing the right political and policy settings for fostering regional growth. While government’s role has shifted from strong controls and sanctions, it continues to play an important role in the global economic settings that directly impact investment in Australia.

Figure 6 displays the breakdown of governmental responsibilities within Australia.
The diagram highlights two points:

1. There is significant overlap between tiers of government in their roles; and
2. Many of the government roles which impact on regional outcomes are the responsibility of Federal and state governments.

Despite regions traditionally being viewed as a state or local responsibility - each tier of government has a hand to play in regional outcomes.

Federal
The Federal Government’s central role is to provide a stable environment that facilitates the economic and social well-being of all Australians. Maintaining low levels of inflation, providing strong capital markets and a stable currency are central components of this role.

Further activities include; affording stable – and mutually agreed – workforce relations; managing low (easily serviced) government debt levels, as well as internationally competitive tax rates and an effective Foreign Investment Review Board (FIRB) making Australia a preferred destination for overseas capital (subject to considered national interest criteria).

Federal government’s role is to ensure that policy fosters and builds market strength rather than undermining its integrity and intensifying sovereign risk. This includes securing essential trade links and investment opportunity whilst avoiding subsidy driven growth.

In a world awash with trade barriers, the Federal Government, namely the Department of Foreign Affairs and Trade (DFAT), has a crucial remit in ensuring free trade access for Australia’s primary industries.

Federal Government has, in concert with the States, a crucial role in maximising potential workforce skills to reflect changing labour market needs. Providing efficient and effective education and (re-)training regimes is essential to this role. For regional communities, there is the added dimension of providing the skilling required to support industry whilst preventing leakage of skilled workers to larger centres.

Federal Government is additionally tasked with ensuring Australia’s competitiveness in a rapidly changing world. This includes the promotion of high (but also cost-effective) levels of research and development in industries in Australia’s key industry areas such as agriculture, mining, energy, tourism, and manufacturing.

Federal and state Governments also run quite effective grants commissions whose task is to allocate money to a lower tier of government. Importantly, these grants are based not on fixed per capita allocations but rather on the ability of lower tiered governments to supply essential services to an appropriate standard. Grants commissions play a major role in Australian regional development.
As in Figure 6, a shared responsibility of all government tiers is the task of delivering, preferably low cost and high quality, health, community and infrastructure services. Service arrangements between governments are complex and often result in duplication. The ability to effectively and efficiently deliver these services in regional Australia has remained a constant challenge for all tiers of government. Continuation of service models developed around metropolitan areas is likely to see this trend continue.

Taken together, these responsibilities can have an extremely large impact on regional well-being and capacity to evolve flexibly to changing imperatives of their surrounds.

Despite a weakening grip on traditional protections, Federal Government will continue to affect regional circumstances. The role of the Federal Government in the future will be to provide the right fiscal settings for regions to navigate their external environments.

**State**

In addition to those state responsibilities, such as health and education, that are co-managed with the Federal Government, States have independent control of many areas which directly impact on regional outcomes.

The States determine the territorial configuration of local governments, the allocation of powers and duties to them, and prescriptions for the election of councilors. The latter of which shapes the local leadership pool available and mutual interaction between those leaders.

States prescribe the planning framework for the local government which can affect quality of amenity, construction costs, and the quantity and location of strategic infrastructure. They also manage the strategies for the supply of such core services as health, education, infrastructure and energy.

States therefore have a large impact on the service and infrastructure supply available to regions and, depending on the overarching planning laws, on the ability to attract investment and the ease with which business activities can be undertaken.

**Local**

Local government has a myriad of roles affecting regional development prospects. These include setting the investment scene for business, the application of planning legislation, local leadership, provision of facilities and community development.

Many costs of living, business development, transparency of local planning and overheads are managed by local government. Whilst the respective states prescribe a large suite of these responsibilities for local governments, these settings have a large effect on local investment and development.
Local government has a specific role, along with community actors, to foster local cultures that are more entrepreneurial, future oriented and imaginative. The level to which local government actively fosters discussion, effort and action in the above will impact the wider community’s development prospects for the future.

The interpretation of state planning laws can also facilitate local construction and support and enable local investment. Local government can also provide for environments conducive to business investment that differ from surrounding LGAs, whilst keeping costs to a minimum and maintaining community amenity.

The ability to successfully bid for funds from superior tiers of government is a role of local government that can significantly boost local resources. Such funding can provide a substantial increase to development options if well directed.

The ability to effectively perform these roles to the needs of the local community is subject to the degree of flexibility and freedom provided to local governments. Local governments require sufficient capacity to develop, implement and lead their visions on behalf of regional communities.

Regional Organisations

Australia has over many years legislated or funded the existence of a variety of regional committees. At differing times, there have been several competing arms of regional bureaucracy including regional organisations of councils, local government sponsored development committees, state sponsored development boards for particular regions, similar agencies funded by the Federal Government, and even catchment management authorities.

More recently these efforts have been consolidated into the federally devised Regional Development Australia (RDA).

Regional committees can be well positioned to identify and transmit regional aspirations and concerns to state and Federal Governments. Reorienting businesses and communities towards the future and priming both to become more innovative and risk accepting may best be done regionally and can potentially be led by these organisations.

In contrast to local government counterparts, the regional bodies are likely to have greater reach to higher tiers of government. Regions which are effective entities for wider economic activities can often be the most appropriate level for policy design and implementation.

The above discussion identifies the complex environment in which regions exist. Together, these elements create realms of unknown and unchartered territory, a rigid operational structure and inconsistent regional environment.
Since the 1960’s, regions have been subject to a plethora of regional development policy and theory. Whilst the effect of these on regional development is difficult to measure, their impact is considered to have been minimal\textsuperscript{xii}. Perhaps the largest impact they have had is to foster unfertile attitudes within regions as well as toward regions.

The next sections explores the shaping and consequences of these attitudes.
The Shaping of Regional Attitudes Past and Present

All tiers of government have a role in shaping regional circumstances, attitudes and outcomes. Past policy and practices have left lasting impressions on regions, their ways of doing business, and their degree of autonomy.

Universal Objectives for Growth
The past 50 years of regional policy and government settings have had a varied influence on regions. A belief that larger populations, better access to services and greater industry diversity could be achieved by central policy has received widespread apolitical acceptance. Yet for many regions these objectives were unattainable or policies did not produce the intended aim to enhance the well-being of regional citizens.

The level of effort and focus to achieve this traditional regional development vision has differed across governments for decades. The focus of direct policy action, however, has centred on three strategies:

- Periodic decentralisation of government agencies;
- Dedicated regional infrastructure investment funds; and
- Centrally coordinated organisations for regional networking, advice and planning.

The Consequence for Regions
Considerable policy experimentation has only tinkered at the edges of regional aspirations. Regional populations have grown but within a national trend of urbanisation\textsuperscript{xiii}. Clear gaps remain in services, incomes and employment\textsuperscript{xiv}. Many regions continue to lack the strength needed in their industries to secure reliable economic growth, and many regional areas continue to experience social disadvantage.

Without the resources and investments made by government many regions would, undoubtedly be smaller, less prosperous and generally worse off. The measure of success however, should not be the general improvements but rather the gap between the grand visions and what has actually occurred.

Well intended programs have had many inadvertent consequences. The decentralisation of government agencies in the 1950s to 1970s, for example, is thought to have undermined local economic autonomy rather than build long term interdependency\textsuperscript{xv}. For this reason, many regional service towns are heavily dependent on the ebb and flow of political ideologies where those in power determine the size and location of public agencies and investment.
Targeted regional programs to overcome regional/metro disparities have led to similar perverse outcomes. In these instances the amount of funding secured becomes the measure of success for regional development rather than the overall wellbeing of regional citizens. In many ways these activities have entrenched and intensified existing perceptions in the wider public that regions are an economic burden\textsuperscript{a} despite their on-going contribution to exports, GDP and national economic development.

Regions have come to see government as a source of change and security. Regions are best placed to understand and secure their own interests. They are their own greatest vehicle of change and future well-being.

The Challenge to Better Regional Outcomes

The Australian socio-political environment presents a number of challenges for regional development. The first of these is the inability of central decision making to account for the large variances that exist between regions and often unique regional situations.

Policy approaches that treat regions as one homogenous group and apply rigid central controls are unlikely to work. Regional policy implementation must be able to respond to the diverse experiences of regions.

Secondly, much of the policy affecting regional outcomes is not classified as 'regional'. For example, health, trade, education and social policy have a larger cumulative impact on regional outcomes than regional policy itself. Such approaches can result in duplication and complexity.

More integrated government approaches to policy responses in regions is one method for securing greater return on public investment and better outcomes for regions.

Further to this, the distribution of powers in Federalism can limit the effectiveness of regional policy, particularly the relative weakness of local government and constant change in regional institutions.

Countries like the United States, for example, have potentially stronger local government. They have the ability to raise taxes and determine spending. Australia's local government is almost completely subservient to State and Federal Government for its resources.

The breadth of shared duties displayed in Figure 6 requires collaborative government arrangements. Poor communication and coordination of shared responsibilities can result in problems being ignored (buck-passing), or excessive use of resources (duplication).

More attention is needed in looking at collaborative arrangements in government if all tiers of government are to have a legitimate role in regional policy. This is important for ensuring due attention is paid to the variety of problems in regional areas, and to ensure the proper use of resources.
Lastly, a belief that government policy and infrastructure investment can drive growth has dominated regional policy for the last five decades. This has shifted more recently to an approach that favours locally led development, innovation and entrepreneurial practices as a catalyst for development. While infrastructure and government policy remain important, they can only provide the settings rather than the drivers of growth.

All tiers of government are progressively losing effective sovereignty over events and outcomes in regional Australia. To prosper into the future we need to shift our thinking on what matters to regions.
Reflecting, Re-Thinking and Re-Orienting - Shifting Approaches for Change on Our Terms

It seems evident that the traditional approach to regional development does not align with our current context and the challenges presented by it, but has instead largely exaggerated its effects.

The economic, social and environmental situation for our regions will undoubtedly evolve. Exactly how this will transpire and what it means for regions is uncertain. The extent to which, for example, global supply chains remain the same, who will be the next emergent economy and when the quantum computer will be produced are all uncertain.

This uncertainty affects how we do business, what we study at school and university and what our aspirations for the future may be.

What is certain, however, is that this change and accelerating rate of change is expected to continue.

In such conditions it makes better sense for governments to arm regional citizens with sufficient knowledge and an innovative culture which can perceive opportunity, take calculated risks, and invest in the production of new goods and services.

This involves adjusting beliefs, aspirations and behaviours towards greater self-reliance and the acquisition of sufficient knowledge and skills for success.

To achieve this, revision of the regional development paradigm is mandatory.

Regional development needs to transition from a focus on singular planned futures to one that acknowledges uncertainty and considers a range of possible futures. We must also aim to at least match the rate of change in the wider environment (and preferably exceed it over time) with the change occurring in regions.

As well as a shift in methodology, this approach suggests a subtle but important shift in objectives.

Much of the regional development literature, and the views of many political and institutional leaders, conceive development as synonymous with increasing the real value of regional production over time. This increase is then hoped to increase regional populations so that the provision of good quality services is easier and regional economies will become more diversified.
This development ‘wish-list’ is unattainable for many regions, particularly small communities in rural and remote areas and are unlikely to bring about the underlying desired outcomes for improved regional well-being. There is a need to have a new conversation in many regions about what success within an urbanised and open Australian economy really looks like.

The defining factor in how we fair during the next wave of change will depend on our ability to adapt to an environment of reduced certainty and to shed old ideas that are irrelevant and unattainable. The focus must be on agility rather than rigidity and to adjust our objectives to align with real opportunities as well as risks.

This means developing regional pools of leaders and networks which support each other to form a robust, agile and adaptive social and economic ecosystem that thrives in changing and diverse environments. Each region will achieve this in its own way.

Regions will need flexibility and freedoms to take action for their own particular circumstances without having to comply with prescriptive central government requirements. Top down prescriptions for regional activities breed a culture of dependency and rigidity, the exact opposite of what is required in a fast changing world.

The question for regional policy is not whether we would prefer the world to be different and how we prevent change from disrupting our practices or policies. The question is, how do we enable regions to position themselves to achieve change on their own terms?
Example: McKinsey 2013 – Digital technologies which reduce the cost of production and distribution and transforming global transaction flows in 3 ways, 1. The creation of digitalised ‘wrapped’ product that enhance physical value of a product, 2. The creation of purely digital goods and services (as opposed to traditional and more inefficient means and 3. Through creating digital platforms that facilitate cross-border production and exchange.

The Second Machine Age (2014), written by MIT’s Erik Brynjolfsson and Andrew McAfee, describes the ways in which technology is overturning the world’s economy. The book explores the Second Machine Wave as the next wave of technological innovation and raises questions to the role of technology in the future and the proper place of humans in that life.

Australia is highly urbanised – policy exchange/manhattan institute

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