

Regional Policy in Australia: Problems and Possibilities

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Regional Policies in Australia

- Regional policies – deliberate attempts by central governments to influence regional outcomes, whether in relation to the economy, the community, the environment or the governance of the region, or all of these
- Traditionally, regional policies exist to correct regional disparities or region-specific problems
- In Australia, regions = non metro, and regional policy often means “getting our fair share of the goodies” (as against the cities)
- Four main kinds of policy interventions –
- Provision of services that aspire to replicate standard of services offered in the cities, to support rural and regional lifestyles;
- Economic development support for regions to address the narrowness of their economies or the effects of economic shocks, through a range of programs;
- Modest funding to establish local and regional institutions to help organise regional development;
- Compensation of regions for the negative impacts of other government policies
- Arguably, non-regional policies affect regions MUCH MORE than regional policies
- Current approach – help ALL regions to contribute more to national performance (also OECD approach)

Core Questions of Regional Development

- What are we trying to achieve (or, put another way, what is the "regional problem")?
- Whose responsibility is regional wellbeing and regional development (which level of government, or not government at all but local communities and business)?
- What really drives regional growth and decline?
- What can government policies do about these drivers?
- What has actually worked in terms of strategies and programs, and at what cost?
- When should governments intervene (what triggers intervention)?
- Where (that is, in which regions) should governments intervene?
- How much should governments intervene?

What is Wrong with Regional Policy in Australia?

- It is off and on, and hit and miss
- It is generally incoherent or reduced to simple slogans
- Governments seldom ask the right "prior questions" before launching into various initiatives;
- There is no agreement, and seldom clarity over what regional policy is for;
- Debates typically revert to the default argument about the size of one's commitment (dollars spent, not impact);
- We lack a policy evaluation/learning culture to inform better policy
- No one really "owns" the problem, and regional bodies are set up to fail
- Too little focus on regional economies, and regional development research is under resourced and under-valued
- Too little conversation between research, policy and practice

Principles for Sustaining Regional Communities

- Less centralised (Canberra) decision making
- Genuine "subsidiarity" and devolution, not localism-lite
- Better resourced regional institutions
- Empower leaders and practitioners through new learning opportunities
- Help all regions, not just "losers" or "winners"
- Take the politics out of regional policy where possible
- Evaluate strategies for effectiveness
- Emphasise innovation and entrepreneurship at the local level (including civic entrepreneurship)
- Mobilise assets, control the things you can
- Regions should have a greater say in defining their own boundaries

Australian Agricultural and Rural Policy since World War II

The pursuit of agricultural efficiency

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- › Improvements to agricultural efficiency have been a defining component of regional change in Australia during the past half century.
- › Overarching bipartisan support for regulatory shifts in promotion of this agenda since the mid-1980s.
- › An enabling context for:
 - Competitive production for world markets without producer subsidies;
 - Wealth creation amongst rural producers and the ensuring consolidation of farming into fewer but larger establishments;
 - Increased capitalisation of farming attached to deepening dependence on financial services and advice, and legally appropriate equity arrangements.
- › Yet consistent with:
 - Ongoing dominance of family-centred arrangements within Australian farming.

- › Agricultural efficiency ballasted by supportive regulatory environments has created an bipolar industry structure in the rural sector:
 - Approximately 10-20% (differs by sector) which usually account for more than 50% of output.
 - A 'long tail' of smaller producers embedded in various ways with local social and economic fabrics.
- › The dynamics of industry exit in farming are dominated by retirement and succession issues. This 'internal resolution' of industry exit has reduced the extent of social dislocation and public disquiet associated with restructuring, but does not negate the issue.
 - Decline of smaller regional towns acts as a proxy for the economic costs of farm restructuring.
- › Unproblematic application of the efficiency paradigm in the past decade has been challenged by the need to incorporate the costs of negative environmental externalities into the farm sector.
 - Water pricing; biodiversity loss; climate change adaptive capacities (Exceptional Circumstances policy reforms).

› Why the ascendancy of the efficiency paradigm in Australia?

- The nation's place in time and space.
- Ideological communities and policy windows.
- Costs/losers have been internalised (social) and/or not widely recognised (environmental)

› Future of the efficiency paradigm?

- A different national time and place. Heroic campaigns for multilateral wind-back of agricultural subsidies increasingly problematic. Political support more unpredictable in contexts of minority and multi-party Governments.
- New conceptions of rural space: as multi-layered ensembles of production, consumption and conservation.
- Agriculture's 'social licence to operate' (resource use, environmental costs and animal welfare) under increasing scrutiny. Linked to direct actions by Government (NSW Native Vegetation regulations, for example). Social acceptance questions regarding some of agriculture's new frontiers (GM)
- How to situate these issues in a global context of increased food and resource prices? In the 1980s, efficiency was linked to declining terms of trade ('running faster to stand still'). Now, the opposite situation exists.

- › Continued growth in agricultural efficiency will have the capacity to drive wealth creation in rural , but the social and spatial effects of these processes will be uneven.
 - Smaller towns versus 'sponge centres'
 - Smaller versus larger producers
- › In order to pursue the efficiency agenda, proposals need to be attuned to wider social and political concerns in the Australia community.
- › The future efficiency paradigm for agriculture will need to more explicitly incorporate environmental externalities.