

# 1. Regional Policy in Post-War Australia: Much Ado about Nothing?

*Paul Collits*

## Introduction

The breadth of issues confronting regional Australia is enormous – economic, social, environmental, cultural and institutional – and their complexity growing, as other chapters in this volume readily attest. Government policy is an important part of the regional Australia story. On the one hand, the actions of governments at all levels have affected Australian regions in all kinds of ways, for good or bad. On the other hand, governments of all persuasions have recognised that regional Australia has its own set of issues, often the inevitable result of distance and the lack of critical mass. Hence they have crafted policies over time designed to ameliorate problems particular to regional Australia, through a range of initiatives and programs.

Regional development itself means different things to different people. Moreover, the area of regional *policy* is problematic at many levels, in Australia as elsewhere. First, there is no broadly accepted definition and measure of “success” with regional policy, nor agreement over its reach (Collits 2006); second, as is the case in many other areas of policy, there is no consensus as to which level of government should do what in relation to regional policy; third, there is no universally accepted explanatory theory of what drives regional growth and decline (Collits 2004); fourth, drivers of regional “success” are known to vary and to be (largely) beyond the capacity of governments to control or even influence (Sorensen 2000); fifth, interventions occur over many time scales and their impact, in any case, is routinely questioned and remains largely unknown (Collits 2006; Grattan 2011); sixth, regional policy is overtly politicised and this is likely to continue (Collits 2002, 2006); and, finally, despite much talk about “evidence based policy”, there are few signs of the healthy interactions between theory, policy and practice that exist in other countries and inform the policies of central governments (Beer in Rowe 2009; Collits 2011a).

Of course, regional policy also operates in the territory of “wicked problems” which defy easy answers due to their lack of easy definition, variability, complexity, continuity and shades of grey (Rittel and Webber 1973), as well as disagreements over even the definition of what “regional” means and the core purposes of regional interventions (Stilwell 1992; Hudson and Brown 2004; Beer, Maude and Pritchard 2003; Collits 2012a). Policy objectives are often unclear and multiple (Armstrong and Taylor 1993), and processes driving regional outcomes are complex, cross-cutting and ever-changing in their impacts (Sorensen 2000). It is not easy to untangle the impacts on regions of the many processes at work, and therefore, unsurprisingly, evaluations of regional policies in Australia have been done irregularly and poorly (Collits 2011a).

All this makes for a policy minefield (Sorensen 2000). Yet Australian governments have, at most times, attempted to be seen to be addressing the concerns of “regions”, and on rare occasions have attempted quite bold interventions (Collits 2002, p. 377). This chapter seeks to address some of these long-running issues of regional development, and to examine the

ways that Australian governments have attempted to help people in regions overcome the challenges they face specifically as a result of their regionality. It outlines the nature of regional policies in general and the objectives of regional policies in Australia; sets out the key policy developments at the national level since World War II; attempts to draw out the main characteristics of Australian regional policy and the key patterns of policy change and evolution that have occurred over time; and, finally, makes some suggestions about what good regional policy might look like in Australia, drawing upon the critical questions of regional development, and how it might proceed in the coming years.

## **The nature of regional policies**

The central problems that regional policy traditionally has tried to address are geographical disparities and uneven development on the one hand, and region-specific problems on the other. It is not always easy to differentiate “regional policies” from “policies that affect regions” in the Australian context. Arguably, all or many government policies affect regions differently, and some have very negative consequences for particular places. Indeed, in some cases (such as tariff reductions), governments have implemented policies to counter the negative impact on regions of their other policies. Most government policies are “spatially blind”, yet right across the range of government activity they affect regional development in many and often unforeseen and negative ways. It is probably the case that non-regional policies have far greater impacts on regions than regional policies (Collits 2006). That said, regional development might be defined as:

The deliberate attempt by government (at any level) and/or regional actors to influence regional outcomes, either in relation to the economy, the community or the environment, or all three, with varying objectives that generally relate to some notion of “regional well being”. (Collits 2006)

Regional policies in turn might be divided into those that are “region specific” (or bespoke), that is, designed to address the problems of one region, and those more generally aimed at addressing the problems of a set of regions, say “rural Australia” or the north of the United Kingdom. As well, and following on from the definition above, regional policies are often conflated with regional economic development policies, that is, policies designed to influence the location of economic activity, though these policies might often also be aimed at growing the population in a region or set of regions. On the other hand, policies for regions are often aimed at increasing or maintaining a certain level of services, yet this might also have beneficial consequences for economic development. Kim Houghton has discussed the importance of regional service delivery in detail (Houghton 2012).

Regional policies can focus on three kinds of regions – on persistently lagging regions; on regions that have declined as a result of some economic or social dysfunction or economic restructuring shock; on growing regions or regions with significant growth potential (or so-called “bolters”, as termed by Grattan 2011); or indeed, on all regions. The approach of the current Gillard Labor Government is to support all regions in their efforts to contribute to national performance, and this is consistent with the OECD’s recent policy approach (OECD 2009).

State and national governments in Australia have sought to address problem issues in regional development in four main ways – first, by providing services that aspire to replicate standard of services offered in the cities, for example in health and education, to support rural

and regional lifestyles (notwithstanding the difficult realities of distance); second, by providing economic development support for regions to address the narrowness of their economies or the effects of economic shocks, through a range of programs; third, by providing modest funding for a structure of local and regional institutions to help organise regional development (currently, the Regional Development Australia (RDA) Committees); and fourth, by compensating regions for the negative impacts of other government policies (Collits 2012b, p. 3).

Making things more complicated, however, is that increasingly governments have sought to bundle all the various policies they have for addressing regional issues as a way of showing their “commitment” to the regions concerned, for example through regional budget statements and during election campaigns. Often regional policy has become a political contest to see who has the biggest (dollar) commitment to “regional” Australia, or to address concerns among regions that “they are missing out”, for example in relation to infrastructure or services (Collits 2012b).

This tendency creates confusion and means that discussions about regional policy are often not actually about regional policy as it is understood here, but about something else, for example industry policy or natural resource management. There is a large grey area somewhere between what are clearly “regional policies” on the one hand and “policies that affect regions” on the other. A good example is the location of government offices or of university campuses (Grattan 2011). Locating services near customers is not really “regional policy”, though it might be motivated by the desire to improve regional conditions.

There is one final point on the nature of regional policy highly relevant to ongoing Australian debates (for example, the ongoing debates over the economic, cultural and political dominance of the cities). It is that policies can either encourage people to move to where the jobs are, or encourage the movement of jobs (industry, investment) to where the people are. Most regional economic policies try to move jobs to where the people are, that is, they are place based. Regional policies are distinguished by their attempt to help “regions”, or, put another way, “people-in-place”. These policies therefore reject the idea of encouraging people to leave places that are in difficulty, even if such people might be better off leaving. (The place prosperity versus people prosperity question is a long-recognised distinction in regional science, and a much debated issue (Hoover 1975; Bolton 1992).)

Such a policy focus on place over people is what makes regional policy so controversial. It raises many difficulties, not only due to the complexity of regional development processes, but because many factors affecting regional development are mobile and the intensity of these mobile factors changes constantly over time. Influencing the direction and location of these mobile factors, whether capital or labour, remains at the heart of regional policy. The approach favouring regional (or spatial or place) policies has been contested by neo-classical approaches to policy (Freebairn 2003; Grattan 2011; Collits 2012b).

## **Regional policy developments in Australia since World War II**

What, then, have been the highlights of Australian regional development policy since World War II? Political attention to regional Australia in Canberra has been uneven over time, to say the least. It is generally accepted that it has been Labor governments that have intervened more, and more ambitiously, in regional development. This has not always been the case, however, and the strong tilt of regional policy towards a generically defined “rural and

regional Australia” and towards decentralisation has largely been the result of persistent lobbying by rurally based non-Labor parties, whether the Country Party (now Nationals), One Nation in the 1990s and, more recently, the rural independents who have made regional development one of the prices to be paid for minority government since 2010. It is fair to say that Labor, over time, has been much readier to include the cities in its regional policies. For the Coalition, certainly, “regional” has meant “outside the capitals” (Collits 2002).

In fact, regional policy in Australia has often meant decentralisation and the pursuit of what many have termed “balanced development”, especially up until the 1980s (Collits 2002). This persistent policy focus on the consequences of Australia’s history of urbanisation and the dominance of its primate cities reflects the power of the old-but-lingering city versus country debates, and the culture of the urban-rural divide (Brett 2011). Policy has been seen by many in the regions as being essentially about redressing “imbalances”. The grandness of the policy challenge to turn around entrenched economic and social processes and achieve major shifts in population and economic activity, and the relative incapacity of governments to deliver, have undermined regional policy to this day.

The history of regional development over the last nearly seventy years has been one of stop-start policy attention and funding; often incoherent, or at least ill-defined, policy objectives; the coming and going of fads and fashions (for example growth centres in the 1970s); a gradual shift away from central planning towards neo-liberal or “bottom up” approaches; a generally broad-brush rather than region-specific philosophy; and a lowest common denominator of helping regions by creating regional bodies. The phases of policy can usefully be summarised by reference to successive national governments, and to some sharp policy reversals as governments changed.

## **The Labor governments and post-war reconstruction 1945-49: the grand decentralisation design**

While debates over decentralisation date from the early twentieth century, and perhaps even earlier (Collits 2002), the focus on nation-building and decentralisation reached its first major peak during the 1940s, reflecting grand issues thrown up by the war experience and heightened national planning.

In the immediate post-war period, the Chifley Labor Government undertook various policy actions through the Department of Post-War Reconstruction, including the first division of Australian states into regions and the establishment of regional committees. These committees were the first of many experiments in regional governance overseen by state and Commonwealth governments attempting to deal with the relative weakness and parochialism of local councils and the absence of genuinely regional government. Decentralisation or “dispersed development” had been placed firmly on the political agenda during the Premiers’ Conference of 1944 and was championed after the War by Ministers and by the prominent bureaucrat HC (Nugget) Coombs (Lloyd and Troy 1981; Collits 2002). While many arguments were advanced in support of decentralisation, and have been since, they included at this time the strategic and defence related need for more dispersed population and industry.

The Industrial Development Division of the Department created the first of many government efforts to implement a national policy of decentralisation of secondary industry, a pursuit that continued at all levels of government until the era of a largely post-manufacturing economy began in the 1980s. The Department’s Regional Planning Division also introduced into

Australian debates for the first time the notion of “selective decentralisation”, or the concentration of dispersed population into a small number of regional centres. This was to become the pivotal regional policy argument of the 1960s, and an issue that has dogged government interventions ever since (Collits 2002).

### **The Coalition governments 1949-72: regional policy in retreat**

The coming of the Menzies Government meant that regional policy largely reverted to the states, despite Menzies’ own key role in driving perhaps the largest and most successful initiative in decentralisation in Australia’s history – the development of a decentralised national capital. Canberra’s creation was later to be described by a senior bureaucrat as an “exemplar” for regional development (Lansdown 1971). Menzies himself very wisely noted in 1959 that decentralisation was “extraordinarily difficult to implement” (quoted in Hurley 1989, p. 152).

It is, however, not the case that nothing happened in regional development prior to the Whitlam Government that came to power in 1972. From 1964, the workings of the Commonwealth/State Officials Committee on Decentralisation drove many of the debates over decentralisation, and in 1972 the McMahon Government created the National Urban and Regional Development Authority (NURDA), the precursor to the Cities Commission (Collits 2002). Hence, during the latter years of the Coalition’s long reign, forces that had been building in Australia – in particular, continued and indeed accelerating urbanisation, a developing academic discipline of urban studies, an emerging policy community supporting balanced development, and attendant political pressures – compelled politicians to take notice. Gough Whitlam himself, very much a city based leader, took up the issue of regional development in a big way, and set about to construct a considerable policy architecture to achieve his visions (Lloyd and Troy 1981).

### **The Whitlam Government 1972-75: taking decentralisation seriously**

In the 1970s, the Whitlam Government led a substantial effort (sometimes in collaboration with the states) to decentralise population and economic activity away from the capitals, especially Sydney and Melbourne. The most radical move was the creation of the legendary Department of Urban and Regional Development (DURD) and the Cities Commission. These bodies, especially DURD, were to set the scene for a dramatic shake up of bureaucratic politics in Canberra, greatly resisted by Treasury, that would introduce a focus on spatial issues at the heart of government. Treasury was particularly alarmed at the prospect of regional budgets (Lloyd and Troy 1981; Collits 2002).

Whitlam’s Minister, Tom Uren, and the academic Patrick Troy, came together to simultaneously address the problems associated with urban growth and congestion, together with chronic under-development and sparse population away from the capitals. There is considerable evidence that the Government’s major concern was actually with the cities. Their efforts culminated in the development of a national settlement strategy, the general absence of which had been long lamented by many observers. DURD also introduced the notion of coordinating policies with regional consequences across departments (Lloyd and Troy 1981; Collits 2002). The Whitlam Government also formed (short-lived) alliances with conservative State Premiers to progress their own decentralisation agendas.

The main vehicle to achieve decentralisation (but by no means the only one) was the Growth Centres Program, which implemented a strategy known at the time as “selective decentralisation”, an attempt to concentrate decentralisation efforts in medium-sized cities rather than to disperse regional assistance across many projects and towns. The principal centres chosen (and remembered) were Albury-Wodonga and Bathurst-Orange, though there were others including Holsworthy near Sydney and Monarto in South Australia. The interventions were substantial by today’s standards, with the Government spending approximately \$770m (in 2012 dollars) on the growth centres (Collits 2002, p. 84). Other initiatives included the creation of regional organisations of councils (ROCs), the Australian Assistance Plan and the Area Improvement Program. There is little doubt that the Whitlam Government provided the only serious attempt by an Australian government to address what has been perceived historically as Australia’s “regional problem” of unbalanced development and the city-county divide.

### **The Fraser Government 1975-83: another retreat from regional policy**

After the fall of the Whitlam Government in 1975, the pattern of 1949 was somewhat repeated, with the incoming Fraser Coalition Government largely rolling back the DURD empire and turning its back on big-ticket decentralisation policies. The rollback, however, was not as rapid or as all-embracing as is often thought, and a number of the Whitlam initiatives survived in various forms for several years. A change in government in 1976 in New South Wales (ironically to Labor) also helped to signal the end of the growth centres initiatives, and decentralisation (selective or otherwise) largely, if gradually, vanished from Australian politics as a serious regional policy objective (Collits 2002).

### **The Hawke Government 1983-91: beginning the shift to “DIY” regional policy**

There have been two notable exceptions to the general pattern of greater interventions by Labor governments. The first was the relative absence of policy interest in regional development by the Hawke Government in the 1980s, and the second, detailed below, was the (periodic) policy activism of the Howard Government.

The Hawke Government had a far greater focus on recovery from the severe recession of the early 1980s (though this indeed had severe regional consequences), on industry policy and on macro and micro-economic reform. Some regional policies were enacted to counter the negative regional impacts of macro policies, but the earlier, highly charged focus of the Whitlam Government on the causes and consequences of urbanisation and the urban rural divide was totally gone (despite the presence in the Government of the former Whitlam Government DURD architect Tom Uren). Observers of the scene in the 1980s found, in general, virtually no interest in Canberra in regional development or urban affairs (Collits 2002). Regional development was largely dormant in Canberra during this period, except for the important (though apparently minor) development of local employment initiatives and of the Country Centres Strategy in the late 1980s. This was one of the earliest attempts by an Australian government to focus on “bottom up”, community centred self-help regional policy, which was followed in due course by most state governments and which has remained the usual vehicle for regional policy interventions to this day, currently embodied in the much touted “localism” approach (Collits 2002, p. 108-09).

The Country Centres Project in effect predicted the way regional policy would shift in Australia, and is noteworthy for this reason. It portended a more nuanced approach to regional development, emphasising local efforts and local “ownership”, and by definition, scaling back from the earlier, more ambitious policy agendas. Gone by now was the attempt to remake settlement patterns and to effect a reversal of demographic and economic forces, and in its place was a greater focus on practical attempts at improving life in regional communities. It suited the times and the emergent ideologies which placed more emphasis on market forces and globalisation, and which accepted the primacy of Australian cities as our natural condition.

### **The Keating Government 1991-96: regional competitive advantage**

In the 1990s, the Keating Government more than made up for the absence of regional policy under Labor in the 1980s, establishing a number of inquiries (the Kelty Report 1993; the Industry Commission 1993; the Bureau of Industry Economics 1994; and a report by McKinsey and Company 1994). On the advice of these inquiries, the Government then introduced a new Regional Development program which, while modest as an intervention, ushered in a new emphasis on “regional competitive advantage” driven by local leadership, embodied in the creation and resourcing of around 50 Regional Development Organisations (RDOs) (Collits 2002). Part of the Keating Government’s motivation was to address the regional consequences of another severe recession, which, perhaps for the first time, saw highly regionalised unemployment patterns both in the cities and in non-metropolitan regions. The emphasis on labour markets in the Government’s regional development thinking was reflected in its *Working Nation* initiative of 1994 (Keating 1994) and in the creation of Area Consultative Committees (ACCs) alongside the RDOs.

The upswing in interest in regions coincided with important analytical work being undertaken in government on regions (the most substantial to that time outside the Whitlam period in office), and with the publication of the highly influential work by Michael Porter, *The Competitive Advantage of Nations* (Porter 1990). The emerging regional realities of the 1990s also coincided with new ideas in regional policy and a heightened focus on competitiveness, and a number of the elements of modern Australian regional policy took clearer shape at this time:

- The aim became not to redistribute economic activity but to lift productivity in all regions to achieve better national productivity;
- The emphasis was now on “bottom up” rather than “top down” approaches with “empowerment” the new buzz phrase (or what Sorensen (2002) has termed “DIY regional development”);
- The theme was now “local solutions to local problems”, or a more region-specific approach to problem solving.

Again, the relatively modest nature of the 1990s interventions and the focus on specific regional concerns rather than on grand schemes provided a contrast with the 1970s and signalled a seemingly permanent shift in the style of regional policies pursued in Australia.

### **The Howard Government 1996-2007: addressing “two Australias”**

The second exception to the “rule” that Labor governments did most to drive regional policy was the substantial interventionism of the Howard conservative Coalition government in the

period after 1998, driven by the Nationals under John Anderson. In 1999 Anderson convened a Regional Australia Summit and then introduced a number of new programs including the highly controversial Regional Partnerships Program. John Anderson spoke with great passion about “two Australias” and the need to restore services outside the cities, and this drove much of the focus within the Government (Anderson 1999; Collits 2008). Anderson’s approach resuscitated old themes but with a new concentration on the delivery of services rather than the old style decentralisation approach.

The interventionism of the later Howard Government contrasts sharply with its initial reaction against regional policy upon coming to office in 1996, and reflected (to many observers) a response to a rise in rural disaffection seen in the emergence of country independents and the One Nation Party (Collits 2008). Despite its early termination of funding for RDOs, the Howard Government did continue to support regional organisations in the form of ACCs. These bodies, while provided with little core funding and little independence, were important regional actors in their role of identifying and supporting regional spending programs such as the highly controversial Regional Partnerships program. This was the subject of a number of inquiries which found that some of the Program’s initiatives were either politically motivated or ineffective. Neither of these conclusions should be a surprise to students of regional policy, since the target areas of regional policy interventions have often been found to coincide with the electoral interests of the governing party of the day, and since many regional policy initiatives do not deliver on their promise, for reasons outlined earlier in the chapter (Australian National Audit Office 2007; Collits 2008).

One of the Howard Government’s main policy interventions was the Sustainable Regions program, aimed at assisting what in the UK might have been known as “depressed” or lagging regions. Twelve regions were identified and supported through a range of initiatives. The significance of this program was that it underscored the shift away from earlier decentralisation objectives to a much greater focus on specific “regions in difficulty”, and an emphasis on tailoring approaches to the needs of regions, with considerable local input into strategic directions (Collits 2008).

## **The Rudd and Gillard Governments 2007-present: a new paradigm for regional Australia?**

In the 2000s, the Rudd and Gillard governments established RDA Committees through formal agreements with the states and territories, and more significantly, following the 2010 election established an agreement with the independent members of parliament to significantly ramp up the focus within government on regional Australia and to increase infrastructure spending on regional Australia (Australian Labor Party 2010). This is said by its supporters to have initiated a “new paradigm” in regional development for Australia, and by sceptics to simply signify another peak in policy interest in regional Australia, to be followed by further inevitable troughs in the future.

The RDA Committees have replaced the former ACCs, which in turn had superseded the RDOs. There are a number of regional funding programs, with the focus very much on hard infrastructure spending. There are now additional machinery of government measures to embed regional development as a permanent focus of Canberra policy making. The current Government’s approach is on “localism”, an approach that is neither unique nor new (Collits 2008).



The significance of these developments is uncertain. On many occasions in the past, governments have elevated regional development to a higher level of consciousness without actually improving the quality of the interventions. Certainly, since 2010, the electorates of the two rural Independents have fared well. And an important advance has been the creation of the Regional Australia Institute, supported by government funding but promising political independence and a more evidence based approach to regional policy. On the other hand, the Department of Regional Australia's contribution has been, to date, largely hidden from view. The continued focus on regional infrastructure has, seemingly, been at the expense of building strategic regional policy collaborations and well-resourced networks of innovation. The continued chronic underfunding of RDA Committees has diluted their effectiveness and mission. The Government's contribution has seemed more "localism lite" than "localism", and many regional policy questions remain unresolved.

All in all, this falls well short of a fundamentally new paradigm.

## **So what has really happened? Patterns of regional policy interventions in Australia and core themes**

What to make of all this?

The history of regional policy since World War II is not just the sum of all the various policy interventions and programs, and some overall conclusions can be drawn from an examination of all the interventions, government by government. There have been regional policy problems that have come and gone, to be replaced by new problems, shifts in ideology, swings in political attention to regions and in policy fashions, and some policy learning has occurred along the way, driven both by the world of ideas as well as by changing circumstances (Collits 2002).

Regional development policy's long history in Australia has often been accompanied by the perception by many observers that it has not really "worked" and that its promise has not been fulfilled, and by some that it has not really been tried properly. Following an early focus on decentralisation, more recently regional policy has clearly shifted toward the support of regional competitive advantage and community driven development strategies. There is a shared commitment by governments to assisting (still mainly) rural places to diversify their economies. As well, in the last decade, there has been a shift away from productivity focused policies towards "sustainability" and "liveability" (Collits 2012a). Policies are now more region-specific in the sense that regional strategies are generally developed locally or regionally rather than by central governments.

It is important to note that regional development interventions in Australia have been the province of all three levels of government, and the subject of ongoing political dispute and debate. For example, local government has long had an interest in economic development and industry attraction, now formalised in most councils through the employment of economic development officials. At the state level, since World War II all governments have pursued investment attraction strategies, in an increasingly competitive way, as well as attempting through various means to steer as much development as is economically and politically possible and feasible towards non-metropolitan regions. For example, during the Whitlam Government's highly focused efforts at regional policy, the New South Wales and Victorian Governments were active partners in the decentralisation efforts of the day (Collits 2002).

And, at various times, the states have been in conflict with Canberra over the arrangements related to regional bodies.

Interventions have been uneven in intensity and varying in purpose, with substantial swings between periods of heightened policy interest and periods of negligible interest in regional matters. Despite the peaks and troughs of policy interest, the policy reversals that have accompanied changes of government and the coming and going of policy fashions, it is possible to detect patterns of regional policy intervention in Australia and to make sense of these.

First, there has been a broad focus on non-metropolitan regions in policy interventions, reflecting a long-standing historical emphasis on the country-city divide and a sense that in Australia, the “regional problem” is the over-concentration of population and economic activity in the capital cities. This is analogous to the long running regional problem in the UK of the so-called “north-south divide”. While Australia has escaped some of the more extreme disparities of other countries, there has been persistent and growing urbanisation as well as the much discussed cultural unease (noted earlier) among many inhabitants outside the cities that “there is something wrong” with the “unbalanced” distribution of people, economic activity and political power between city and country (Collits 2002; Collits 2012c). This has been described colourfully by the rural Independent member of parliament Tony Windsor as the “feedlot” approach to the economy and settlement pattern (quoted in Brett 2011). In other words, there is something wrong and artificial about crowding our people into a few very large cities. This is, for Windsor and for many other (mainly) rural Australians both inefficient and inequitable (Collits 2002).

This view – that Australia’s highly concentrated patterns of settlement and economic activity are somehow unnatural – is disputed by many urban and regional economists and economic geographers. These critics have argued persuasively that market-driven urbanisation processes (not only in Australia) are both inevitable and desirable for national economic performance, especially in a globalised world, and that cities now largely drive innovation and economic development (Polese 2008; Glaeser 2011; McCann and Acs 2011). Moreover, it is also the case that Australia’s settlement pattern has evolved the way it has for very good reasons that may well make countervailing policies impossible (Collits 2011b).

The focus on non-metropolitan Australia as the place to concentrate regional policy efforts reached its high point(s) in the various attempts at “decentralisation”. Before World War II, these included soldier settlement schemes, the creation of Canberra as the capital city, the establishment of the Commonwealth Grants Commission, various large infrastructure projects, and irrigation schemes in the dry interior (Collits 2002). Despite these efforts, one academic observer in the 1960s, the economist Max Neutze, famously described decentralisation in Australia as “everyone’s policy but no one’s programme” (Neutze 1965, p. v). Another described the efforts at decentralisation as “puny” (Hurley 1989, p. 363).

Second, while many policies and programs have, from time to time, sought to stimulate economic activity and population decentralisation, there has also been an ongoing policy theme of providing adequate services in non-metropolitan regions, to support a reasonable lifestyle for those living away from the cities and access to services taken for granted in the cities.

Third, each of the main political parties has sought to take ownership of concern for non-metropolitan Australia. This often has meant that regional policy debates and political practice often descend into arguments over the size of one's commitment rather than the quality or impacts of the policies under discussion (Brett 2011; Collits 2012b). This is typically reflected in the perception among many people outside the capitals of an inequality of resources. It also has led, over the last decade or so, to the annual budgetary practice of governments releasing information on budget night on regional (non metropolitan) government spending across the whole range of portfolios.

Fourth, in contrast to other countries, in particular the European Union, the overall preference of Australian governments has been for relatively limited interventions (often described as neo-liberalism or economic rationalism). This has partly reflected the relative absence of serious regional disparities, and an unwillingness to embrace the level of intervention routinely accepted by the Europeans.

Fifth, there has been a notable evolution in policy approaches over time that has resulted in a broad consensus among the major political parties now about the possibilities of regional policy and its core concerns (Collits 2006). This has consisted in two broad policy developments – the abandonment (since the late 1970s) of any serious attempts to decentralise population and economic activity away from the cities; and, not unrelated, a move away from top down approaches and towards “bottom up”, region-specific approaches (Collits 2002; Collits 2012c).

Sixth, regional policy in Australia has suffered (like many other areas of policy) from constitutional uncertainty over ultimate responsibilities, and therefore debates over policy have often deteriorated into arguments between Canberra and the states, generally where one side of politics is in power in Canberra and the other side in the state(s) or territories (Hudson and Brown 2004). Often, the arguments concern the establishment and operations of regional bodies set up by one level of government or the other (Collits and Brown 2004; Collits 2012a).

Finally, regional policy has often focused on regional governance arrangements. In the absence of regional government, and in view of the general unwillingness of central governments (either state or commonwealth) to devolve real responsibility for regional development to regions themselves (or to local government), regional governance has remained informal, complex and problematic, and its impacts on regions uncertain. Different roles have been assigned to the various bodies created over time, including the development of projects, strategic planning and the provision of advice to Canberra, without the Commonwealth ever providing the resources for these bodies to effect major change, or indeed ever settling the argument as to what their primary role should be (Collits and Brown 2004; Collits 2012a).

## **Where to from here for regional policy? Summary, conclusions and policy recommendations**

Overall, Australian governments have intervened in regional development in many ways since World War II, with a range of often unstated and complex objectives and using a range of policy instruments, all the while generally focused on supporting development and lifestyles beyond the cities. These interventions have generally been poorly evaluated and heavily influenced by the electoral cycle and political considerations. This has meant that, on

many occasions, policies commenced are discontinued before they have had time to work, there has been duplication across jurisdictions, and there has been a general disconnect between theory, policy and practice that continues to this day.

Regional policy in Australia will always be shaped by political realities, such as:

- Federalism is recognised by all as a constraint on policy development;
- Blame shifting between levels of government occurs routinely;
- Regional policy is largely about solving visible (hence political) problems and creating visible solutions (like infrastructure);
- New policy often emerges through a process of “pragmatic incrementalism” (see Lindblom 1959 for a discussion of incrementalism);
- Governments are increasingly averse to picking “place winners”, and have been since the days of the growth centres era when selective decentralisation dominated the policy thinking. They now have a preference for “covering all bases” in relation to where and how they intervene, both in terms of place interventions and policy instruments, and this means also that governments do not see their role as only helping declining or lagging regions, or, for that matter, “bolters”;
- Central governments want local communities to solve their own problems, but do not fund them and their regional institutions to implement the strategies they are funded to draw up;
- Local government suffers from its lack of capacity to raise taxes;
- Governments have come to recognise their regional policy limitations and the complexity of the drivers of regional growth and decline;
- Regional development is not always a priority of governments – this is a critical constraint on policy, far greater than ideology, for example;
- Regional policy can take a long time to work, and as the fictional Sir Humphrey Appleby once said, government is about surviving till Friday afternoon (Collits 2002, 2006).

Remarkably, no Australian government has come to office with a plan for regional development that addresses what might be termed the “prior questions”. The core questions of regional development might reasonably be said to include the following:

- What are we trying to achieve (or, put another way, what is the “regional problem”)?
- Whose responsibility is regional wellbeing and regional development? (ie, which level of government is responsible, or should local communities and industries be responsible?)
- What really drives regional growth and decline?
- Critically, 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?
- And, how much should governments intervene?

The answers to these questions are complex and contested by scholars, policy makers and practitioners alike. However, good regional policy would include a considered position on these fundamental questions, and would appeal to empirical evidence where this would help clarify answers to the questions.

More importantly, there is little evidence that Australian governments, when framing regional policies, have attempted to consider, let alone resolve, them. Of course, there are many reasons why these core questions are ignored, or not even asked. One might have something to do with the words of JM Keynes:

There is nothing a politician likes so little as to be well informed; it makes decision making so complex and difficult (quoted in Sanderson 2002, p. 5).

Another reason relates to the notions of wicked problems and complexity referred to earlier, which seem to have particular resonance for regional policy formulation and implementation.

Answering these questions has very practical and not merely academic consequences, for resources are finite, there are opportunity costs in pursuing some interventions while ignoring others, and people's expectations are high. For example, knowing something about what drives regional growth and decline has explicit consequences for strategy and policy – interventions invariably seek to find what drives growth and to push it harder or further. And clarifying objectives is at the core of all good policy, despite the notorious tendency in regional policy (which the most cursory reading of policy statements and strategies confirms) to blur or generalise objectives and to reduce the conversation to clichés and motherhood statements. And while selecting which regions to support is largely a political question rather than one in which an evidence base can help, decisions in this area nevertheless deserve some kind of consideration of guiding principles. Otherwise regional policy will inevitably be diminished and be destined to be seen always and everywhere as merely “political”, something long concluded by its chief critics.

The absence of an ongoing dialogue among those interested in good regional policy outcomes is disappointing for many with an interest in the area. There is a sense, which continues despite the coming of the so-called “new paradigm” of Australian politics in 2010, that regional policy is not done very well in Australia. The Australian way of doing regional policy also contrasts dramatically with the position in Europe where, whatever one might think of the effectiveness of the massive regional policy interventions there, there is an informed and ongoing three-way dialogue between governments and their advisers, academics working in the field, and practitioners. This has led to what might be regarded as an “evaluation culture” in regional policy, where a real policy community exists and there are opportunities for policy innovation. This probably stems from a shared agreement on the importance and purposes of regional policy, something that has been conspicuously lacking in Australia since World War II.

So, what would good regional policy look like? Here are some suggestions. Regional policy should be based on evidence where that is available. It should have clearly defined objectives, and policy evaluation, while difficult, must be a routine part of the policy cycle, with appropriate and agreed metrics. Governments should offer to help all regions, not just those defined somehow as lagging or declining regions. Cities should be recognised as regions. There should be substantial (and more than at present) devolution of responsibility for funding decisions to local authorities and regional bodies. Regional bodies (currently RDAs) should be better funded and given clear and important tasks. Regions should have a say in determining their boundaries. Ministers should not micro-manage regional development. There should be greater opportunities for conversations between those who operate in the realms of theory, policy and practice. Mechanisms for collaboration between jurisdictions

should be re-activated. Policies should be measured for their effectiveness rather than for the size of the spend. Professional development for practitioners and regional leaders should be a government priority. Overall, there needs to be an advance from the “localism-lite” that we have now.

There are three particular matters that an incoming government needs to resolve as part of the “prior questions” exercise.

First, there needs to be an early consideration and a reassessment of regionalism and what it now means in our age of more mobile labour and capital, more casualised and project driven work, highly porous regional boundaries and increased long distance travel for work and relationships. Regions need to be redefined to recognise functional economic areas, and be defined by regional people as a basis for regional policy. We now have fundamentally different types of regions from those we used to have. Regional policy must become place based in new and innovative ways to match the innovative new business and mobility models that are emerging. Not only should regional policy operate at different scales, but also in different modes.

Second, regional institutions should be encouraged to self govern and rewarded for collaboration. RDAs, while varying in quality, in general are floundering and are unsure of their mission. They lack resources and they lack incentives to collaborate. A Memorandum of Understanding across regional bodies should be a first point for any funding.

Third, regional development research needs urgent attention and, in particular, boosting. This is particularly the case for regionally engaged research. The silos between research and innovation policy on the one hand and regional policy on the other must be broken down. Governments should not set national research priorities. Universities should. And regional universities must be incentivised to create new opportunities for working collaboratively with regional development institutions and industries to deliver effective and implementable local and regional strategies. EU-style interactions must be encouraged. New methodologies for collaboration should be investigated and models developed. Regional universities must be unleashed from the red tape in which they currently drown.

In view of the comments above about what good regional policy might look like, and considering the three urgent questions, what are the basic first steps to a better policy approach? Some very specific actions might improve the process of regional policy in order to get us from the current impasse to a better honed regional policy approach, and these should be considered up front by an incoming government:

- A Regional Policy Futures Commission should be set up as a statutory authority with some distance from ministers, to oversee the work of voluntary regional institutions established to implement regionally agreed strategies, to determine funding and to evaluate regionally driven programs and initiatives;
- These institutions should be driven by collaboration (as noted above) and funded to build “collaborative capital”;
- The Board of the Commission should bring together scholars, practitioners, civic entrepreneurs and policy makers.

While regional policy is, indeed, highly problematic, and while governments cannot control all, or perhaps even many, of the complex processes and drivers of regional development,

there is considerable room for improvement in the ways governments attempt to assist regions and their communities to be more sustainable. We urgently need a period of creative, locally driven and centrally funded regional development.

## References

- Anderson, J 1999, *One Nation or Two? Securing a Future for Rural and Regional Australia*, Address to the National Press Club, 17 February, Canberra.
- Armstrong, H & Taylor, J 1993, *Regional Economics and Policy*, Harvester Wheatsheaf, Hemel Hempstead, UK.
- Australian Labor Party 2010, *The Australian Labor Party and the Independent Members Agreement*, viewed 29 March 2012, <http://www.scribd.com/doc/37069401/Agreement-With-the-Independents>
- Australian National Audit Office 2007, *Performance Audit of the Regional Partnerships Programme*, vols. 1-3, Commonwealth of Australia, Canberra.
- Beer, A 2009, 'The Theory and Practice of Developing Locally', in Rowe, J (ed.), *Theories of Local Economic Development: Linking Theory to Practice*, Ashgate, Farnham.
- Beer, A, Maude, A & Pritchard B 2003, *Developing Australia's Regions: Theory and Practice*, University of New South Wales Press, Sydney.
- Bolton, R 1992, 'Place Prosperity vs People Prosperity' Revisited: An Old Issue with a New Angle', *Urban Studies*, vol. 29, no. 2.
- Brett, J 2011, 'Fair Share: Country and City in Australia', *Quarterly Essay*, no. 42.
- Bureau of Industry Economics 1994, 'Regional Development: Patterns and Policy Implications', *Research Report No. 56*, Bureau of Industry Economics, Canberra.
- Collits, P 2002, 'A Question of Balance? The Fate of Balanced Development as a Regional Policy Objective in New South Wales', PhD thesis, University of New England, NSW.
- Collits, P 2004, 'Successful Cities and Regions: the Search for the Regional Development Holy Grail', paper presented at the 28th Annual Conference of the Australian and New Zealand section of the Regional Science Association International, Wollongong, September.
- Collits, P 2006, 'Great Expectations: What Regional Policy Can Realistically Achieve in Australia', *Australian Farm Policy Journal*, August, based on a paper presented at the National Regional Research Colloquium, Bureau of Transport and Regional Economics, Canberra, February 2004.
- Collits, P 2008, 'The Howard Government and Regional Development', *Australasian Journal of Regional Studies*, vol. 14, no. 3
- Collits, P 2011a, 'Towards a Theory of Regional Development', presentation to the Institute of Australian Geographers conference, Wollongong, July.
- Collits, P 2011b, 'Country Towns in A Big Australia: the Decentralisation Debate Revisited', in Martin, J & Budge, T (eds.), *The Sustainability of Australia's Country Towns: Renewal, Renaissance, Resilience*, VURRN Press Inc., Bendigo.

- Collits, P 2012a, 'Planning for Regions', in Thompson, S & Maginn, P (eds.), *Planning Australia: An Overview of Urban and Regional Planning*, 2nd edn, Cambridge University Press, Melbourne.
- Collits, P 2012b, 'Big Spending on Regional Australia is Not Regional Policy: But Are Either Worth Having?', unpublished paper.
- Collits, P & Brown, AJ 2004, 'When the Wicked Meet the Vicious: Addressing Long-Term Problems of Capacity and Legitimacy in Australian Local and Regional Governance', unpublished paper presented to the RMIT University / ASSA Workshop on Participation and Governance for Regional Development, Hamilton, Victoria.
- Freebairn, J 2003, 'Economic Policy for Rural and Regional Australia', *Australian Journal of Agricultural and Resource Economics*, vol. 47
- Glaeser, E 2011, *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier and Happier*, New York
- Grattan Institute, 2011, *Investing in Regions: Making a Difference*, Grattan Institute, Melbourne.
- Hoover, EM 1975, *An Introduction to Regional Economics*, New York.
- Hudson, W & Brown, AJ (eds.) 2004, *Restructuring Australia: Regionalism, Republicanism and the Reform of the Nation-State*, Sydney.
- Hurley, F 1989, 'An Event that Never Happened: The History and Politics of Decentralisation in Victoria and New South Wales 1885-1985', PhD Thesis, Deakin University, Melbourne.
- Industry Commission 1993, 'Impediments to Regional Industry Adjustment', *Report No 35*, Industry Commission.
- Keating, P, 1994, *Working Nation: Policies and Programs*, Canberra.
- Kelty, W 1993, *Developing Australia: A Regional Perspective*, vol. 1-3, Canberra.
- Lansdown, R 1971, 'Canberra: An Exemplar for Many Decentralised Australian Cities', *Australian Quarterly*, vol. 43, no. 3.
- Lindblom, C 1959, 'The Science of Muddling Through', *Public Administration Review*, vol. 19, no. 2.
- Lloyd, C & Troy, P 1981, *Innovation and Reaction: The Life and Death of the Federal Department of Urban and Regional Development*, Sydney.
- McCann, P & Acs, Z 2011, 'Globalisation: Countries, Cities and Multinationals', *Regional Studies*, vol. 45, no. 1.
- McKinsey 1994, *Lead Local Compete Global*, Canberra
- Neutze, GM 1965, *Economic Policy and the Size of Cities*, Canberra.
- OECD 2009, *How Regions Grow: Trends and Analysis*, OECD, Paris.
- Polese, M 2009, *The Wealth and Poverty of Regions: Why Cities Matter*, Chicago.
- Porter, ME 1990, *The Competitive Advantage of Nations*, London.
- Rittel, H & Webber, M 1973, 'Dilemmas in a General Theory of Planning', *Policy Sciences*, vol. 4.
- Sanderson, I 2002, 'Evaluation, Policy Learning and Evidence-Based Policy Making', *Public Administration*, vol. 80, no. 1.
- Sorensen, AD 2000, 'Regional Development: Some Issues for Policy Makers', *Australian Parliamentary Library Research Paper No 26*, Australian Parliamentary Library, Canberra.



Sorensen, AD 2002, 'Regional Economic Governance: States, Markets and DIY', in Bell, S (ed.), *Economic Governance & Institutional Governance*, Melbourne.

Stilwell, F 1992, *Understanding Cities and Regions: Spatial Political Economy*, Sydney.