RURAL AND REGIONAL FUTURES: POLICY & SUSTAINABLE REGIONAL DEVELOPMENT
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OVERVIEW

• 7 PRINCIPLES THAT UNDERPIN THE Australian policy environment

• Considering regional policy development from this perspective

• Case study
  who is ready to move to regional Australia and what we can learn from this?
PART I

7 socio-economic policy principles
PRINCIPLE 1: THE NATURE OF PUBLIC POLICY ACTIVITY

• what public officials within government choose to do (or not to do) about public problems.

• public problems: conditions the public widely perceives to be unacceptable and that therefore require intervention.

• policy refers to a purposive course of (in)action that an individual or group consistently follows in dealing with a problem
POLICY ATTRIBUTES

• Policy does not exist in a vacuum
  • Shaped by time, place & contingency

• Policy has outputs:
  • formal actions that governments take to pursue their goals

• Policy has outcomes:
  • the effects such actions actually have on society

• Policy provides off-sets when sectors carry risk of national interest
PRINCIPLE 2
WHAT GOVERNMENT IS HERE TO DO

• Role of government is not to do what is already being done

• It is to do those things that are not done at all
PRINCIPLE 3
POLICY EMBRACES RISK

• Industry won’t invest where there is little guarantee of return
  • Corporate Health and medicine rely heavily on NIH and NH MRC style of funding to support their pipelines

• Role of government to invest in progressing public interest in areas of uncertainty
  • Invest in human capital
  • Invest in R & D
KEY EXAMPLES

• Apple
• Cochlear
• Energy
• Water
• Tele-communications
• Infra-structure

“Industry often talks the talk of tax cuts/red tape, but relies heavily on government doing the heavily lifting in terms of R & D, infrastructure etc”
GLOBAL LESSONS

• R & D spend as a percentage of GDP
  • Germany 0.9%
  • USA 0.8%
  • Greece, Spain & Australia ~0.4%
PRINCIPLE 4
PATH DEPENDENCY CAN DRIVE DECISION MAKING

• When it is easier or cheaper to stay on the same path than to create an entirely new one

• Initial policy decisions can entrench decision making pathways that determine future policy decisions
  • Once you start helping, it is difficult to stop

• Just easier and cheaper to run a minimal regions program than to set out to do what needs to be done
PRINCIPLE 5
REGIONS THRIVE WHEN THEY WORK AS INNOVATIVE NETWORKS

• Innovative regional networks share cultural, geographic and institutional proximity
  • Interact with each other
  • Initiative new activities
  • Import new ideas and technologies
  • Build human capital
  • Diffuse knowledge and innovation across the region
• Except that Growth is not linear
• There will be failures
• Alliances key to growth
  • Underpin success at the enterprise level
• Examples
  • Cotton communities …
  • Sugar communities …
  • Diary communities …
  • Thinking communities …
  • Grain communities …
  • Energy communities
PRINCIPLE 6: FOUR IMPERATIVES FOR A VIABLE REGIONAL ECONOMY

- Capacity to adapt/mobilise available resources
  - Finance, water, land & labour
  - Agriculture, industry, mining, transport
- **Clear goals** for a given space at a finite time span
- Capacity to **enlist sustained community support** to achieve the local vision
  - Support for in-land economy
  - Capacity to co-ordinate and manage competing interests
  - E.g. not current energy policy
- Capacity to **motivate individuals** to participate and stay involved
  - Willingness to work in given circumstances
REGIONS HAVE THE ABILITY TO VARY ECONOMIC CARRYING CAPACITY

• For life - Human and animal
• For agriculture
  • acres per cow; yield per acre,
  • Mines have a specified life span – depending on the market
• We have the ability to vary regional carrying capacity
  • Socio-economic
    • New industry
    • Commuter links e.g. Central coast
    • Hub and spoke regions e.g. NSW Central West; parts of Victoria
    • Decentralised government functions
• Farming
  • Irrigation & fertilisers
  • Buy in feed/water
• Advancing transport options
PRINCIPLE 7
CHANGE INVOLVES CREATIVE DESTRUCTION

• Change involves
  • Changing size and nature of community
  • Population shift
  • Regional decline or regional change??

• Technology drives change
  • Impact of cars & telecommunications on size and place of regional communities

• Not all destruction is good
  • Salinity and soil acidity
  • Land degradation
  • Over-irrigation and Impact on river systems
  • Loss of bio-diversity
  • Loss of community, jobs etc
STRUCTURING FACTORS IN REGIONAL DEVELOPMENT - 1

• The milieu: building on what you’ve got
  • Industry- community connectivity central
  • Culture
  • Geography
  • Manages risk – embraces uncertainty

• Capacity – do-ability of strategies are determined by:
  • Institutions, People; commitment to add value
  • Resources: animals, crops, water, ore etc
  • Extractive capacity – transport, comms and access to market
STRUCTURING FACTORS IN REGIONAL DEVELOPMENT - 2

- Organisation:
  - Harness collaborative links
  - Readiness to build required infra-structure such as ports, roads, dams, channels, research institutes etc
  - Develop human capital
  - Managing destructive aspects of change
  - Organising to add value – Narrabri etc

- Cohesive community vision
  - Equality, respect and opportunity
  - Embracing people who drive innovation & change
## Working with Canberra’s ‘Flip-Flops’

<table>
<thead>
<tr>
<th>Big, centralised, top down, universal provider</th>
<th>Small, localised/bottom-up, self-sufficient and selective</th>
</tr>
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<tbody>
<tr>
<td>Growth unlimited</td>
<td>Growth finite</td>
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<tr>
<td>Farms as commodities</td>
<td>Farms as family enterprises</td>
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<tr>
<td>Seasonal focus</td>
<td>Long term focus</td>
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<tr>
<td>Economic, viable industry</td>
<td>Not economic nor viable industry</td>
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<tr>
<td>Industry focus</td>
<td>Community focus</td>
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<tr>
<td>Marco approaches</td>
<td>Micro approaches</td>
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<tr>
<td>Rural as industry</td>
<td>Rural as a spatial, cultural &amp; populated place</td>
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<tr>
<td>Let the deserts bloom with people</td>
<td>Limits to populating in inland Australia</td>
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<tr>
<td>Centralised/white population</td>
<td>Decentralised/diverse population</td>
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<tr>
<td>Farmer as a business entity</td>
<td>Farmer as a citizen</td>
</tr>
<tr>
<td>Hyper-productivity</td>
<td>Environmental degradation</td>
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<tr>
<td>Abundance (food, natural resources)</td>
<td>Scarcity</td>
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PART II

Rural and regional Australia in context
MAJOR POLICY PHASE 1: GOVERNMENT DOING WHAT NEEDED TO BE DONE

- Settlement: Feed the colony
- Economic growth:
  - via the extractive economy
  - Gold rush – mid 1800s
- Emergence of yeoman farmers
- Post WWI – populate the country side
- Post WWII ~ riding the sheep’s back
  - A population big enough to defend ourselves
  - National prosperity
  - The critical importance of agriculture to the viability of the new nation
- The social contract between town and country
THE STRUCTURING FACTORS OF THE DAY

• Governance:
  • Command & control
  • Innovator risk taker
    • Community
      • Prison Labour then Soldiers, Free settlers and then family farming
      • Empire / Christianity
      • Social position of Indigenous people

• Organisation
  • Settlement and free farmers then birth of farm-centred research
  • Gradual growth of rural and regional communities E.g. Dubbo, Yalgoo, Port Lincoln

• Economic activity more embedded in local communities - Dubbo
  • Localised industries
  • Processing e.g. History of wool stores, grain handling
SOCIAL ATTRIBUTES OF EARLY FARMING COMMUNITIES

• Close ties
  • Family farming such as kin, religion & community
  • Geographically situated
  • People knew each other
  • Notions of village and shared amenity such as Schools, church etc
• Social trust

• Big slice of a smaller economic pie
• Central part of a smaller and emergent nation
EARLIER R & R POLICY

• Let the deserts bloom – a vision without the network or management of the supporting structural factors

• Began RDC research infra-structure (build and share knowledge)

• Solider settlement blocks – People integration but a Short term solution

• Longer term strategies Post WWII
  • Decentralise; Regionalise & Grow local industries
  • support risk takers; address dis-welfares i.e. rural/urban social contract

• Infra-structure development
  • Irrigation systems e.g. MIA and Hydro
  • Astronomy – Siding Springs
EMERGENT REGIONAL POLICY

• Regions embraced as a state responsibility
  • Health, infra-structure, land use, transport etc
  • Assisting industries to adapt

• Decentralisation

• Overlapping/conflicting state and federal roles
CO-MANAGING UNCERTAINTY: RETROSPECTIVE VIEW

- Policy supported growth of rural and regional
  - And accepted that **developing rural economy was risky**
- Co-Managing risk as a policy responsibility
  - Infra-structure development
  - Incentives to settle and farm such as land grants, tax relief etc
  - **Payments and programs to off-set the cost of risk** and shocks such as Exceptional circumstances payments
  - Enhanced regional human services
  - Transport links (ports, rail & air)
  - Addressed issues of distance/dislocation
RESULTING PATH DEPENDENCIES

- Decision making still primarily from the cities
  - Versus planned decentralisation
- R & D is industry centric
  - Not embraced the need for industry community alliances
  - Separate RDC and RDA
  - Disconnect in regional economy and society
- Human capital development model
  - City based
  - University Vs sandwich models centred on regional experience
- People follow opportunities for jobs
  - Rural decline
  - FIFO Vs regional communities
MAJOR POLICY PHASE 2: GOVERNMENT NOT DOING WHAT CAN BE DONE BY OTHERS

• The shift to a market focus
• Burning policy issues
  • increasing production
  • Greater productivity gains
    • Lower costs of production thru mechanisation (reduce need for paid workers), automation and increased scale and capacity
• Opening up markets
  • Own grown food supply becomes less critical to the nation
    • (for now??)

The promise of more vibrant rural communities
THE MOVE TO MARKET EFFICIENCY

• Prior to 1970s
  • Agriculture as a state assisted paradigm

• 1970s on wards ~ A new era in economic policy
  • Multi-lateral trade agreement
  • Free trade
  • Industry deregulation (starting with dairy)
    • Weaning farmers off the public purse …
  • The efficiency mantra
THE PURSUIT OF GREATER EFFICIENCY

• 1970s ~ Shift in economic policy – from protectionism to market based approaches
  • the economic seen to be privileged at the cost of the environmental and the social
  • From 15% to 4% of GDP

• 1980s ~ The re-emergence of NRM issues

• 1990s ~ The self-sufficiency of individuals
  • (e.g. drought policy)

• 2010s ~ Collective self-sufficiency
  • Rural communities

• Presently – more Decentralisation ??
FACTORS STRUCTURING THE MILIEU

• Governance
  • Democracy over governors
  • Government no longer the innovator or risk taker

• Community – shifted towards Gesellschaft
  • Growing corporate farming Vs Declining family farming
  • Decline of traditional values
  • Rise of homo-econimus
  • Social position of Indigenous people

• Organisation
  • Farming as competitive economic enterprise - Industry as risk manager
  • Centrally funded farm-centred research
  • Infra-structure policy
  • Growth of regional ‘sponge’ towns - Decline of villages

• **Smaller slice** of a much bigger pie and bigger population

• **Economic activity less embedded** in specific communities
LOCAL CONSEQUENCES

• Anger & Culture shock from unanticipated change
  • Close community to individuals pursuing self interest
  • Family to corporate industry
  • Population drain
  • Village to sponge towns
  • Dis-embedded local economy
  • Dis-welfare payments no longer justified

• There was greater wealth and productivity
  • But it didn’t go where people thought it would go
MAJOR POLICY PHASE 3: RISK IS KNOWABLE & MANAGEABLE

• Climatic risks to farming
  • Knowable, manageable and individual
  • Government engages with uncertainty

• Transition away from assistance
  • Water buy backs
  • Structural adjustment programs
  • Concept of exit strategies
  • Diversification of farming
  • Off farm income
MAJOR POLICY PHASE 4: GOING FORWARD

• Growth is non-linear
• Takes time
• Centres on partnerships
• Builds on mobilising people as well as capital
KNOW YOUR MILIEU

• Milieu
  • On what scale(s) could you operate
  • Identifying and building proximate networks
    • Culture
    • Geography
    • Institutions
    • Industry
    • Niche opportunities – e.g. Jugiong; regional food; culture

• Community Adaptability tool
  • People don’t know their regions as well as they think they do
PARTNERING

• With government
  • Mobilising government to invest in what is not being done
  • Regional capacity building
  • National local innovative partnerships

• Strategic alliances with industry e.g. cotton, science, energy

• Available expertise
  • E.g. **sour dough** network

• **Incubate** new industries
  • Not too small
  • Have some track record
  • Demonstrable capacity for growth
ORGANISING

• Building networks of interest across industry and community
  • Regionalised hub & spoke industry models
• Build systems for harnessing innovation and knowledge diffusion
• Link networks with other networks
• Prepare community for the inevitable process of creative destruction
• Develop processes to enhance human capital and retain human capital
• Regional infra-structure development e.g: Water, housing, transport links
• Developing human services e.g: Health, localised education, fitness, beauty
• Regional risk management strategy
BUILDING COMMUNITY

• Community
  • Sustainability
  • Embracing change
  • Embracing new people
  • Building on culture & diversity
    • Future is not more of the same
  • Sustaining the environment
  • Health & lifestyle services
PART III

Readiness to move to the country
CLUSTER DESIGN

- Instinct and reason Over 50 study
- Sample 16,000+
- Nationally representative
- On-going data collection
  - ~ 3 waves per year
CLUSTER DESIGN

• Aged less than 64 yrs
• Readiness to move ~ 10% of population
• Income >/< $100k p.a.
• independence
• Physical activities
• Life satisfaction
• health
MAJOR FACTORS: WHAT WILL BRING PEOPLE TO YOUR REGION NOW!

- Health
- Life satisfaction
SEA CHANGERS

• 89% thinking about a move
  • Group A
    • Poor health, reduced physical activity & low life satisfaction (Largest group)
  • Group B – above average on all indicators
  • Group C – Very low independence

• 11% then not sure about moving
  • Quite vanilla
SEA CHANGERS

- Age = 57, 55% female
- 2:3 financial assets < $500k
- 2:3 home owners
- 37% single, 52% married
- About half still working and plan to continue to work
- 80% from non-professional work backgrounds
HILL CHANGERS

- 91% thinking about a move
  - Group A
    - Poor health, reduced physical activity & low life satisfaction
  - Group B – above average income slightly lower independence
  - Group C – Happy but lower incomes (Largest group)

- 8% not moving
  - Slightly dissatisfied with life – else average
HILL CHANGERS

- Age = 57
- 55% female
- 2:3 financial assets < $500k
- 2:3 home owners
- 39% single
- 53% married
- 75% from non-professional work backgrounds
  - 2% have trades
- About half still working and plan to continue to work
KEY ATTRACTING FACTORS

- Affordable housing
- Known access to work
- Access to necessary services
- Looking for social connectivity
  - Culture, craft, sport, arts
- Skills development opportunities
MAJOR POLICY
PHASE 4
Sustainable regional economic collaborations
LET’S IMAGINE WE ARE IN A POLICY CYCLE: NOT A THE END OF A FUNNEL!
AUSTRALIA IS INVESTING IN ECONOMIC DEVELOPMENT PARTNERSHIPS

• Australia’s key research investment areas (CRC)
  • Cochlear
  • Honey, Chicken, Pork & sheep
  • Low water towns, carbon reducing communities
  • Environment & astronomy
  • Teeth, autism, Cancer and mental health
  • Ore extraction
  • Energy pipelines
  • Indigenous people
PERHAPS AS A SECTOR IT IS OUR TURN?