

**EMBARGO: Sunday September 3<sup>rd</sup>, 9.00 pm.**

## No quick-fix solutions for regional development

There are no obvious quick-fix policy solutions that will sustainably boost economic growth in regional Australia, but more regional-based decision-making, and more equitable regional service provision are both important in enabling non-metropolitan Australia to reach its full potential.

This is the main message arising from papers on regional development policy contained in the latest edition of the *Farm Policy Journal*, released today by the Australian Farm Institute.

The Journal contains timely discussion of regional development policies given recent calls for the re-working of federalism, as well as soaring petrol prices – issues of key relevance in the debate on the relative disadvantage of regional Australia.

Papers contributed by Australian Transport and Regional Affairs Minister, Warren Truss, and the European Commissioner for Agriculture and Regional Development, Marianne Fischer Boel, highlight the contrasting policy approaches adopted in Australia and Europe.

European policy approaches are much more interventionist, with significant expenditure focused on assisting regional areas to adjust to changing economic circumstances, reduce regional income disadvantage, foster the development of new regional industries and improve regional environments.

Australian policy approaches focus more on building regional capacity indirectly and facilitating regional initiatives, based on a belief that regional development cannot be driven successfully by a central government. The history of unsuccessful past Australian Government driven regional development initiatives provides some support for this view.

Unfortunately, continuing confusion about the roles of Commonwealth and state governments, and a lack of any real decision-making power at the regional level are serious impediments for regions that wish to undertake development initiatives. Redefining Australian federalism could be a key step in enabling stronger economic development in non-metropolitan Australia.

Implementing policies that ensure people in regional areas have equitable access to essential services and infrastructure is one important aspect of regional development policy that was identified in a number of the papers. This presents a particular challenge in a highly urbanised nation such as Australia, with large distances between many communities and high travel costs.

Even where there is strong potential for regional economic growth, poor access to services such as health, education and communications can be a critical factor limiting development, because of the difficulty in attracting skilled workers to service-deficient areas. One paper discusses the potential for using tax arrangements to offset regional disadvantage, highlighting that such arrangements may in fact return more to governments than they cost.

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**(Abstracts of Journal Papers Follow)**

## **Great Expectations: What Regional Policy Can Achieve in Australia**

**Paul Collits**, Formerly, Manager – Regional Policy, NSW Department of State and Regional Development

There is a fundamental mismatch in Australia between the expectations that many have of regional policies – defined as deliberate interventions by government to improve the position of particular places – and the capacity of these policies to deliver. This is both because the expectations are unreasonably high and because regional policy's effectiveness is relatively limited. It is important to achieve a better alignment between expectations and likely outcomes, if only to focus the best minds in regional development on doing better what is actually achievable, and away from entertaining big ideas based on delusions of policy grandeur. Policy development should be based on serious analysis and not just a response to the voices of interest groups or to those regional problems that are urgent and visible. The end result of such an exercise would not be greater government intervention, but better intervention.

## **Australia's Regions and their Potential for Economic and Population Growth**

**Professor Andrew Beer**, School of Geography, Population and Environmental Management, Flinders University

**Dr Terry Clower**, Center for Economic Development and Research, University of Texas

**Dr Bridget Kearins**, School of Geography, Population and Environmental Management, Flinders University

This paper considers the economic processes shaping the future of settlement in Australia and argues that complex forces are at work, and that towns and regions that can identify and develop new industries have considerable potential for growth. The paper begins by discussing the evidence relating to urban growth also amongst Australia's regional cities and then moves on to consider the role of innovation in shaping the future of both industries and regions. The paper provides an example of innovation contributing to a potential new future for an established rural industry and concludes with a discussion on the implications for communities, industries and governments.

## **The Australian Government's Approach to Regional Development**

**The Hon. Warren Truss**, Australian Government Minister for Transport and Regional Services

This paper discusses the Australian Government's approach to regional development by outlining government initiatives that affect country Australia. Examples are given of specific programs that focus on partnerships between government and local communities, such as the Regional Partnerships and Sustainable Regions programs. The paper also discusses more general government initiatives – in areas such as tourism, roads, agriculture, telecommunications and the environment – that also benefit regional communities.

## **Rural Development Policies in the European Union**

**Mariann Fischer Boel**, European Commissioner for Agriculture and Rural Development

Rural areas in the European Union (EU) are characterised by a very large diversity of situations, ranging from remote rural areas suffering from depopulation and decline to peri-urban areas under increasing pressure from urban centres. They face particular challenges with regards to growth, jobs and sustainability in the coming years. Rural development policy can help rural areas face these challenges. It can also play a part in the sustainable development of Europe's territory by helping the EU's rural areas to fulfil their potential as attractive places to invest, work and live. This paper outlines the key principles of EU rural development policy before examining the EU's policy priorities for 2007–13. Four key policy objectives and the means of achieving them are discussed, namely: improving the competitiveness of the agricultural and forestry sectors; improving the environment and countryside; improving the quality of life in rural areas and encouraging diversification; and building local capacity for employment and diversification.

## **Regional Development Policy**

**Ian Gray**, Associate Professor, Charles Sturt University

**Margaret Alston**, Professor of Social Work and Human Services, Charles Sturt University

Distinct trends are evident in rural and remote areas of Australia. These include: the depopulation of remote areas; the amalgamation of family farms into large holdings; and the growing trend to peri-urban post-productivist agriculture spurred by people seeking rural living as a lifestyle choice. These trends expose the lack of systematic advancement in Australia of regional development policy. This paper presents opposing views on regional development, including the view that economic efficiency should be a guiding principle, as opposed to the European model of support for declining regions as a way of assisting these regions to a more prosperous future. It is argued that the lack of a sound regional development framework means that the needs of rural people are being overlooked and that a regional system of governance is long overdue. This paper cautions that any system of regional governance must include the devolution of power and resources, and recommends the urgent development of sound regional development policy.

## **A Review of Estimated Enterprise Zone Benefits for Government and Business**

**Tom Murphy**, Chief Executive Officer, Western Research Institute, Charles Sturt University

**Luciana Mazzotti**, Research Manager, Western Research Institute, Charles Sturt University

**Graham Apthorpe**, Manager – Strategy and Growth, Cowra Shire Council

The term 'enterprise zone' refers to a range of policy instruments applied to a geographic area to encourage economic activity. Enterprise zones have been used in the United Kingdom, the United States and the European Union to address social and economic disadvantage, and to promote employment growth and business investment. For some years, the Western Research Institute has been involved in the study of enterprise zone models applicable to regional New South Wales communities, particularly in the north-western region. A model developed earlier this year for the Cowra Shire provides a simple example of how an enterprise zone can benefit business, the Commonwealth Government and the community. Compared to the base case, a business can improve profitability by up to 38% in the first six years of accessing the enterprise zone benefits. Likewise, the Commonwealth Government can improve their fiscal balance by up to 31% in the first six years. In addition, the benefits of an enterprise zone can extend to the community through the intangible social benefits and flow-on economic benefits that are associated with a person moving from welfare to work.