

## SELECT COMMITTEE ON REGIONAL DEVELOPMENT AND DECENTRALISATION

### REGIONAL DEVELOPMENT PRINCIPLES

#### Preamble

The principles enunciated should reflect the nature of the problem at hand. In my view this amounts to improving the quality of economic, social, cultural and environmental life in Australia's non-metropolitan regions, along with ensuring significant population increase and narrowing the gap in average disposable incomes between city and country.

Simultaneously, however, we are entering a hugely transformative world variously described as the Second Machine Age, or the 4<sup>th</sup> / 5<sup>th</sup> Industrial Revolution. Driven by a multitude of huge and intersecting technological advances, we are facing massive economic and social uncertainties and complexities that are difficult to forecast precisely. Many futurists nevertheless foresee the collapse or radical modification of many existing industries or services impacting every section of the labour market from the unskilled to educated professionals. Alongside, many new industries and often more heavily skilled jobs will likely arise, albeit not necessarily co-located with the aforementioned losses.

This environment poses huge challenges for existing regional development thinking. To start with, complexity and uncertainty will undermine traditional local development planning. We simply do not know where we are headed, even in the short to medium term and regional communities will exercise relatively little control over the private sector where technological evolution largely lies. This revolution, in effect, will force regional communities to become supremely **agile** across a number of perspectives. They will need to perceive and seize development opportunities rapidly, transition fast out of those industry sectors where they lack competitive advantage, and learn to innovate to reposition existing enterprises. Innovation is not an easy task, with analysts identifying ten different components – each with multiple sub-sections – that have to be combined in strategically intersecting ways. Agility, in effect, requires a focus on the future; knowledge of emerging technologies and their likely economic and social impacts; willingness to discard existing thinking and even industries; greater risk acceptance; constant networking among peers and learning from experience; mutual assistance between businesses and community groups; and so on.

In addition, however, regional communities are often in strong competition with each other so that development prospects may also be leveraged by the quality of local amenity, whether in terms of service quality, various dimensions of hard infrastructure, environmental quality (both built and natural), culture and lifestyle. One final point is critical. Regional communities differ significantly in terms of their resource bases (current and potential), geographical accessibility or remoteness, climate and liveability, population density, skills and knowledge bases, and so on. The implication of this is that local development strategies may differ substantially from one location to another, adding further to the complexity of the task.

Such an environment of huge complexity and uncertainty ushers in another dimension to the development task. We are entering a world of considerable experimentation and agile communities will likely invest in many new strategies, many of which may fail. That itself may not be a problem when we recognise that then failure rate of start-up enterprises in Silicon Valley is typically around 85%. There, however, the constant diagnosis of what works or fails and under what circumstances provides a powerful diagnostic tool. By implication, it is becoming imperative that we engage in similar diagnosis of what works or fails in regional development strategy, saving us from re-inventing the wheel. Already in Australia we have the Australian Smart Cities Association (ASCA) which is privately diagnosing how best to embrace emerging technologies to improve city performance.

Looming large above all these considerations is tension between the Commonwealth Government's crucial role in driving national wealth and standing in the global community and assisting the economic advance of specific regions within this country. Some of the key contributors to national GDP growth may be international trade agreements which can both advantage and disadvantage particular regional industries. The Reserve Bank's setting of interest rates may have similar affects, especially where currency movements are concerned. Monetary and fiscal settings may have important regional implications but are usual assessed at a national level.

## Principles

These considerations are embodied in the following set of principles.

1. Strengthening regional economies is the key to regional improvement across Australia.
2. Regional Australia requires locally specific, flexible, and constantly adaptive strategies to meet transformative technological change in an increasingly globally connected world.
3. The cataloguing, analysis and dissemination of local development experiences will be critical in helping regions improve their approaches to regional development.
4. All Australians should have access to good quality services including health, education, transport and connectivity. Such universal and community service obligations should, however, be informed by effective on-going cost-benefit analysis of, and mutual learning from, differing regional experiences. The efficient maintenance of such services requires continual renewal and upgrades.
5. Effectively implemented public sector decentralisation, both at Federal and State levels, can be part of a broader regional development strategy.
6. High quality education and training is pivotal to both regional development and decentralisation. The composition of education needs urgent extension beyond the traditional curriculum to include greater focus on science and technology along with imagination, creativity, networking and leadership – all central to the creation of agile communities. And skills development may need to be reworked several times during the average working life.
7. The Commonwealth Government has a key investment role in key national infrastructure.
8. The Commonwealth Government has a central role in creating conditions for the private sector to thrive and to invest in regional Australia.
9. Collaboration between all levels of government, the private sector and leading community groups is fundamental for effective regional development. Such collaboration requires exemplary leadership.
10. Regional development should not be limited to economic considerations but also the amenity and liveability of areas.