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**SCOPING A VISION FOR THE FUTURE OF
RURAL AND REGIONAL AUSTRALIA**

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SCOPING A VISION FOR THE FUTURE OF RURAL AND REGIONAL AUSTRALIA

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Localism and the socio-economic viability of rural and regional Australia

Anthony Hogan¹, Jen Cleary², Stewart Lockie¹,
Michelle Young¹, Katherine Daniell¹, and Mark
Hickman³

1. The Australian National University, Canberra
2. The University of South Australia
3. The Department of Employment and Industry Development, Queensland

Abstract

Like in many western countries, the economic importance of Australia's agriculture has declined over the past 50 years, with subsequent impacts on the viability of rural and regional communities. In Australia (and elsewhere), localism has been proposed as a strategy to promote self-sufficient socio-economically viable communities. This paper examines the utility of localism as a policy strategy for addressing the socio-economic viability of communities in rural Australia. In current Australian policy, localism is premised on developing partnerships between local industry and communities in order to unleash the economic potential of these areas. The paper provides an overview of how localism will be implemented in Australia, noting many of the challenges which it will face. Such challenges include Australia's distinct environmental, spatial and demographic settings which differ greatly from Europe, where this form of policy originated. The localism policy provides a framework within which Australia may progress through a necessary transition of rethinking the socio-economic basis which will underpin rural and regional settlements. However, localism is not without its limitations (e.g. regulatory dumping, responsibility shifting, under resourcing, centralised disempowering decision making) which are reviewed before examining the extent to which the proposed infrastructure to support the implementation of localism in Australia is adequate for the task. The proposed level of funding required to make localism effective, as well as the decision making structures put in place, seriously limits the capacity of this policy to be successful. The paper concludes with a consideration of how localism might be usefully progressed in Australia, and the governance arrangements which would be needed to

deliver on its proposed outcomes. To this end, the merits of developing a multi-level governance approach for Rural and Regional Australia are discussed.

Keywords: Policy, localism, rural, communities, social and economic development

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Introduction

Australia is a large continent spanning some 7.7 million square kilometres with almost 60,000 kilometres of coastline (Australian Bureau of Statistics (ABS) 2010a). Despite being a physically large country, the Bureau of Rural Sciences (BRS 2008:2-3) reports that the majority of Australians live in major urban and outer urban centres (62%) while 33% of people live in regional centres of up to 100,000 people. BRS (2008) reports that regionally Australia has seen growth in centres such as the Gold Coast (Queensland), Geelong and Bendigo (Victoria), Mandurah (Western Australia) the Tweed, Newcastle and Maitland (New South Wales) and Alexandrina, Victor Harbour and Mount Barker (South Australia). BRS (2008:3) reports that only 9% of Australians now live in rural Australia. The work of BRS makes it evident that rural is readily defined as being those spaces not occupied by small towns or larger settlements. A working definition of regional can also be derived from these analyses. By default, regional does not encompass major urban centres but it is likely to encompass settlements which are greater than 250,000 people which are not one of the centres of state governance. It is also likely to encompass settlements of up to 100,000 people and of 100,000 to 250,000 people.

Australia differs enormously from Europe with regard to issues of space and scale. Switzerland, for example, occupies 41,290 square kilometres and is smaller than Australia's smallest state of Tasmania, which occupies more than 60,000 square kilometres. In addition, Australia is far less densely populated than Europe (OCED 2006). In remote Australia, approximately 3% of the population lives on 70% of the landmass.

The Bureau of Rural Sciences (2008) reports that in rural and regional Australia the most predominant industries are agricultural, mining and retail. In addition to agriculture, the gold rush of the mid 1800s also contributed to the establishment of many country towns (see for example the histories of country towns such as Mildura, Bendigo, Yalgoo, and Braidwood). In its developmental phase as a colonial agricultural economy, Australian government policy was firmly centred on ensuring the economic viability of Australian agricultural industry centred on small farmers (Pritchard & McManus 2000). The viability of this form of rural industry secured the economic viability of small rural towns which grew up around local industry. The research shows that the wealth generated by such industries is central to the economic viability of such communities (Stubbs 2010; Marsden Jacobs, 2010), and that the majority of people living in such communities (85%) are dependent on paid wages or welfare benefits for their livelihoods (ABS 2010).

A discourse concerned with decline of rural Australia has intensified in recent years. The decline of the rural is not new. As Gutman (2007: 384) points out, in the past 100 years agriculture has declined from generating 80% of Gross Domestic Product to less than 5%. Lockie (2000) observes that international economic pressures on Australian agriculture have been cyclically impacting on the industry since late in the 19th century (2000). Alston and Kent (2004: xiii) observe that ‘small town rural decline and depopulation have been a common factor of rural life at least since the 1970s’. Rural decline has been particularly evidenced in a reduction in the number of people living in rural Australia, an ageing of the residual rural population, and a sustained decline of jobs in agriculture averaging 2.3% per annum (Bureau of Rural Sciences, 2008). From 1997, and particularly between 2002 and 2008, these problems have been exacerbated as large parts of Australian agriculture were subjected to a significant drought (BRS 2008; Kenny 2008)) with subsequent economic impacts on agricultural production and the social and economic viability of rural towns. The impacts of this drought on rural towns has included ‘serious erosion of income for farms and small businesses (and) increasing rural poverty (Alston and Kent 2004: xiii) with increasing suggestions that ‘regional towns and cities are sliding towards welfare-dependency’ (Marsden Jacobs et al.; 2010: xii). With many jobs and business at risk, concern about the viability of rural towns is once again upper most in the minds of the community.

Localism

Social and economic change in rural and regional areas is not unique to Australia and can be regarded as a worldwide phenomenon. The OECD (2009: 3) argues that in addressing change and stimulating growth, public policy needs to ‘unlock the potential of regions and support long-term economic, social and environmental objectives’. The OECD argues that such a strategy ‘is all the more crucial given the very limited resources that are available to national, regional and local governments and the tight fiscal constraints likely over the coming years’ (2009: 3), noting that a mix of market, environmental and social strategies are required to achieve a sustainable outcome. Central to this strategy is the view that regions can and should invest in their own growth through mobilization of local assets and resources, so as to capitalize on their specific competitive advantages. Such an approach is increasingly referred to as localism. This use of the word localism is problematic in that localism inherently refers to a bottom-up community based approach to decision making, whereas in the Australian context it inherently refers to the community having inputs into decisions made at a regional level. Challenges within this approach include the inevitable tensions which will arise between centralised or higher-scale policy goals and the aspirations of given communities. Additional challenges include the pace of regional development compared with national growth, balancing issues of equity and efficiency, and ensuring that social and environmental policy initiatives keep pace with economic initiatives (OECD 2009).

In keeping with policy developments in Europe, the Australian Government has developed a localism policy focused on rural and regional Australia (RaRA). Australian localism seeks to diversify rural and regional economies away from agriculture in order to

drive 'growth, liveability and sustainability' (Minister Crean 2011: 1). The Commonwealth Government argues that:

if communities are stronger and more connected at the local level, overall productivity rises at the national level (...) We want to enable regions to broaden their traditional economic base – through new partnerships, new skills and new technologies. In this way, communities will become more resilient, more viable and more sustainable in the longer term. A one size fits all approach will not achieve these goals. Empowering regional communities to take ownership of their future (...). We need to look at individual regions through their eyes – through the local lens. The people who live and work in regional Australia know their patch best (...). They are best placed to identify the drivers for change and the potential for partnerships and new markets'.

Localism is concerned to promote self-sufficient socio-economic viable regional communities. Within localism, sustainably developing regional Australia requires an effective multi-sector partnership. Such a partnership is created and sustained within a developmental framework which catalyses the process. To achieve this outcome, communities must establish a unique collaboration with key industry groups and create smart local strategies which can lead to economic development for their region. Minister Crean (2011) argues that to realise sustainability, regional development pivots on the ability of communities to enact a place-based vision of effective partnerships with industry centred on technological innovation. In Minister Crean's view, technological innovation is central to national productivity. Echoing the strategy of the European Union (Europe Commission 2010), Minister Crean (2011) argues that the development of broadband internet services and the digital economy are central to this change strategy. Localism is seen as the mechanism to take the regions to a new level by *unleashing* their economic potential, addressing four key policy objectives:

- delivery of concrete economic and social benefits
- commitment to innovation and building capacity in local communities
- linking regional communities across traditional boundaries, and
- ability to leverage additional funding across government and the private sector (Crean 2011).

Within this vision, regional industries are seen as having the capacity to generate the economic foundation upon which communities prosper. In addition to their own local spending and the multiplicative effect this has on the local economy, industry provides people with incomes to live on, income which in turn is spent on goods and services in the local community, creating a virtuous cycle of socio-economic wellbeing.

A critical policy question facing Australian rural and regional (RaR) communities is how they nurture and support the further development of their economic base, and in turn, provide for the rural communities which rely on them, given the need for both industry and community to constantly adapt in the face of change, be that change driven by competitive economic pressures demanding ever greater productivity, globalisation,

technology development, drying, climate extremes or water policy. Minister Crean (2011) has identified Regional Development Australia (RDAs) as the mechanism through which the change process will be driven and managed. There are 55 regional development committees across Australia, as well as a peak group, Regional Development Australia. In the Australian Government's view, the RDAs are the key mechanism through which it plans to progress localism and regional decision-making:

So I want the RDAs to join the dots. Your work has to go beyond thinking about a single Government portfolio, it needs to be cross portfolio, cross governments but also through engaging with the private sector and NGOs. The role of RDAs should be seen as one that complements the work of Local Government. RDAs are there to perform a strategic role - one that is rooted in strong engagement with Local Government, Regional Organisations of Councils and other stakeholders. RDAs are there as facilitators, mentors and brokers on regional development. As such, I see RDAs and Local Government playing a collaborative role. A relationship that should be embraced for the opportunities it presents, because if we are to deliver effective regional development in Australia we need strong, creative partnerships (Crean 2011).

Strengths of localism

The OCED (2006) proposes that policy coherence can be achieved by situating place, rather than sector, at the heart of the rural and regional question. The changing nature of Australia's rural and regional economic base (Bureau of Rural Sciences, 2008; Houghton 2012), coupled with population decline (Carsons 2012), the growth of sponge cities (Productivity Commission 2002), and climate change, places distinct challenges on the socio-economic viability of specific settlements (Marsden Jacobs et al. 2010). If one accepts the assumption that the regional economy provides the adaptive base from which communities can secure their livelihoods (Parsons and Smelser 1956), within a given environmental context, the cumulative nature of the changes noted above may mean that the economic basis upon which certain settlements were founded, is no longer viable in its given form. At the same time, such changes may open up opportunities for given communities in the case where regional development and local interests align.

Some observers (see for example Bland 1944; Cheshire 2001; House of Commons 2011) have argued that localist strategies need to be supported by coherent government visions for rural and regional areas. Australian localism policy is consistent with these requirements, setting out a broad vision for the future based on self-sufficient socio-economically viable communities. In addition, the Regional Development Australia Fund provides a process and resources through which the policy can be implemented.

A key principle underpinning Australian public policy investment has been a concern with the long term sustainability of the economic base and production systems. In the case of

agriculture for example, the government has promoted market liberalisation while also putting in place resources to facilitate structural adjustment (Botterill 2003) such that ‘less efficient’ operators could leave the industry, resulting in a highly competitive primary industry. Central to this policy strategy was the principle that individual producers decided for themselves whether or not they were viable and whether or not they would choose to exit the industry. Localism, as it is being developed in Australia, extends this principle to a community level with resources put in place to facilitate change at a societal level. In the face of forces demanding adaptation at a societal level, localism seeks to put in place a mechanism whereby local people can have control over decision-making processes which will impact on their livelihoods and wellbeing. The counter policy to this strategy would be for government to take on the role of Solomon and explicitly decide which communities survived and which ones did not.

In keeping with earlier policies, under localism, the decision about the viability of a specific settlement rests with by local people. In the Australian context, resources are made available to support ‘drivers for change and the potential for partnerships and new markets’(Crean 2011). The OECD (2009) particularly notes that regional development occurs not simply as a result of access to economic resources, but through a systems-based approach which takes into account a community’s capacity for innovation, adaptation, education and skills development combined with the potential to realise investment in infrastructure. Localism seeks to avoid a centralist approach to local decision making by enabling communities to identify how best they can move forward. Inherent within such a process is the possibility that a community may conclude that there is no enduring socio-economic basis to sustain their community.

The critical strength of localism centres on the potentially large resource base which may be available to RaR Australia to adapt in the face of change, with funding coming from the recently approved mining rent resources tax. This tax is expected to raise between \$5 and \$7 billion over five years (Australian Broadcasting Commission, 2010).Over the past three decades or more, Europe has heavily invested in maintaining its rural sector (Gray, 2010; Maude, 2004) whereas Australia has pursued policies of market liberalisation and deregulation. Consequently, spending on regional policies has been much lower in Australia and markedly different to the European context (Maude, 2004). Localism, supported by a rent resources tax, has a capacity to change this scenario quite significantly.

Table 1: Benefits of localism

Localist strategy	Requirement for local implementation	Accountability
Bottom-up decision-making	A highly participative, community-based decision-making process	Government partners with local areas
Power to make local decisions	Local legislative power	Specific government agencies address their financial responsibilities in rural Australia
Resources to	Access to and control of sufficient	Specific government

implement decisions	resources across government. Capacity to raise revenue	agencies provide appropriate resources
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Limits to localism

As noted above, localism, as it is being developed within Australia, potentially creates democratic pathways through which adaptive challenges to the socio-economic viability of given settlements can be considered by those most likely to be impacted on by change. Localism, however, it not without its limitations and it is to these concerns which attention is now given.

In a review of literature on localism, Hogan and Lockie (forthcoming) identified a number of limitations of localism as a social policy strategy. This literature argues that localism can be a strategy which:

- forces communities to address local economic pressures in isolation to global economic forces
- results in government retreat from their commitment to local communities
- shifts responsibility for social policy outcomes to local communities
- can lead to regulatory dumping
- further centralizes decision-making keeping actual decision making power out of the hands of local people (Bland, 1994; Collits 2008)
- disempowers local communities when control over decision making remains centralized (Bland 1944)
- fails if critical investments are poorly resourced (Collits 2008)

Table 2: Limits to localism

Localist strategy	Requirement for local implementation	Critique
Bottom-up decision-making	A highly participative, community-based decision-making process	A retreat from government
Power to make local decisions	Local legislative power	Shifting responsibility
Resources to implement decisions	Access to and control of sufficient resources across government. Capacity to raise revenue	Power without resources

Central to the success of localist policy is a program of planned infrastructure spending of AUS\$5 billion over five years, or approximately AUS\$20 million per each for the 55 RDAs per year. Infrastructure spending priorities are to be funnelled through the RDAs. The RDAs are required to identify needs and provide a regional review process for any proposed infrastructure developments. Funds in the order of AUS\$25,000 have been provided to RDAs to conduct research and help them write plans which identify local needs. In addition, RDAs receive, on average, AUS\$272,000 per annum to do their work. The function of RDAs is in addition to the roles of democratically elected state and local governments in planning for and delivering services and infrastructure. To be eligible for

support, proposed projects must essentially be well developed and 'shovel ready'. Funding must be applied for through a national process, with applications being vetted through the RDAs and a bureaucratic process prior to being subject to ministerial approval. Only local councils and incorporated non-government organisations can apply for these funds. In addition to the RDAs, an independent review committee has also been convened to advise the minister on the advice of the RDAs of the proposed projects put forward by elected local governments. RDA funding decisions also take into account the respective state infrastructure plans. However, as these plans were developed without priority consideration being given to non-metropolitan settlements, the capacity of such decision making processes to address issues for people living outside the cities will be limited. In South Australia, for example, 85% of the population lives outside the major metropolitan centre.

While AUS\$5 billion for infrastructure development may be considered to be a significant amount of investment, it is important to consider this budget in the light of the needs which the localist policy is to address. The Northern Inlands RDA (NIRDA) based in Armidale, New South Wales, for example, has identified a wide range of infrastructure development needs necessary to secure socioeconomic viability. A significant agricultural area, the region requires AUS\$225 million simply to bring its roads up to a reasonable standard in order to get its products to port (NIRDA 2011: 16). Assuming that infrastructure funding is equitably allocated across regions, the Northern Inlands RDA would receive just AUS\$20 million over five years. In addition, the monies can only be spent on infrastructure development. Policy strategies such as these are often criticised very thinly spreading a small amount of resource across a wide area, with resources in any given area often being inadequate to genuinely meet the policy target set by government.

Regional approaches are not new to socio-economic development. Like Bland (1944), Brown (2007) reported that regional approaches have been popular since the post war period, noting that there are at least five forms of structured regionalism in Australia presently. The way localism is operationalised is very consistent with what Brown (2007:16) referred to as a 'bastardisation' of regionalism. Brown (2007: 16) continues

... this particular reinvention of the term does demonstrate that 'regionalism' is not just a top-down administrative convenience, but also a live phenomenon in electoral politics. We know this because the renewed political interest in 'regional Australia' has arisen in response to a particular phase of political restiveness, or electoral instability, in rural regions– and indeed outer-metropolitan ones. Accordingly this bastardised definition reflects something of a hybrid between top-down and bottom-up concepts of regionalism. The response has also extended to a new suite of administrative initiatives in community engagement and place management, often targeted to less advantaged urban and peri-urban communities in addition to rural community renewal.

Brown (2007) argues that the problem with tendencies to centralise and localise decision making processes, is that the two processes become like ships passing each

other in the night; in other words that there is a discourse of localism, but it is centrally administered.

Within the current Australian model, the government promotes the ideals of localism but in practice it maintains close control over the budget and the investment program. Collits (2008: 305) argues that such 'national plans favour (central) intervention' and, as such, conflict with localist ideals. By contrast, localism as promoted in other countries proposes the devolution of power from central governments to local communities: yet, 'unless issues of central control and local autonomy are addressed, the objectives and benefits of decentralisation will not be realized in practice' OECD (2006: 128). While the challenges in getting the balance of power right are noted in the literature, localism cannot really function as localism if local communities cannot control both the resources and the decision-making process. Rather it becomes another form of governmental consultation.

Localism policy typically pivots on the assumption that the local economic base underpins the necessary carrying capacity of a specific rural economy (Malthus 1992) and that key local industries create and sustain the generative base for demand and opportunity for all other work and enterprises in a region from hairdressers to dentists and music teachers (Parsons and Smesler 1953). With such a key assumption at its core, Hogan and Lockie (forthcoming) argue that localism is based on functionalist social theory which has widely been critiqued in the literature for its inability to actually deal with social change. Most notably, it is limited by the fact that it requires local communities to address economic settings which are inherently outside of their control.

It is far from evident the extent to which RaR Australia has a diverse economic base to continue to draw upon. Under localism, RaR communities will need to assess their natural, community and industry assets, with a view to optimising the benefits of available resources to provide livelihoods for current and future community members. Certain crops, livestock or horticultural products are better suited to be produced in some environs rather than others, depending on their soil, climate and water needs. Minerals and ore deposits exist in specific geographic locations and not others. A competitive advantage will be realised by regional communities who can develop an effective strategic working relationship with their local industry base (e.g. cotton or mining) or who have a unique environmental asset to draw on (e.g. a coastal amenity as a tourist attraction). Evidently there will be communities which do not have an environmental amenity to draw on, or whose industrial base may readily decline or change, leaving them with no economic base to draw upon. This is particularly the case for much of remote Australia.

As Lawrence (1987) has observed, industry intensification inherently results in a reduced demand for labour and the reduced demand for labour has a cascading, downward impact on the local community. An example of this kind of change is evident in the development of GM cotton which significantly reduces the need for labour to manage weeds in the cotton industry. Broad-brushed 'one-size-fits-all' approaches to localism policy can easily gloss over the fact that viability also differs from region to region and is

dependent on factors determined by the physical resource base, actual and potential economic growth, and local social entrepreneurialism.

Within RaR Australia, there is a great diversity in income levels, employment rates and mixes of both high and low productivity. There are also differences in comparative advantages, assets and stages of development. Differing histories of settlement and settlement patterns; service provision; economic shocks and their impact; changing policy environments and subsequent differences in both the pace and nature of development (and its associated economic activities) are also a feature. Some regions (those most similar to 'normal' EU-like regions) have highly diverse local economies, larger, more demographically diverse populations concentrated in relatively small areas, while other regions are dominated by single, or few, industries that are agglomerative in nature, contain smaller and less demographically diverse populations spread over vastly greater areas.

Naively approached, localism can ignore historical circumstances and deny the long lead times associated with the development of a productive capacity in a given place and the need for specific local assets, including the capacity among local people to engage in entrepreneurial activities. Notably, Carson and Carson (2012) report that the capacity for such entrepreneurialism may be limited in many rural and particularly remote communities.

The future of rural economies is increasingly being based on local capacity to develop and innovate based on utilizing assets which are distinct to particular localities, including natural and cultural amenities and the 'exploitation' of any local economic potential (OECD 2006: 115). A locality's economic capacity will also be evaluated according to its ability to efficiently and equitably deliver public goods, an ability that will itself depend on the interplay between entrepreneurial capacities and the critical mass of resources which these capacities seek to mobilise (that is, 'the minimal combination of human capital, social capital, infrastructure and natural or human created amenities to trigger a developmental process' (OECD 2006: 115).

In countries like Australia and Canada, the competitive economic advantage of specific rural communities has more recently been promoted through the development of extractive (e.g. mining) industries. However, while such industries may contribute to national GDP, their local economic benefits, as Carson (forthcoming) notes, may in fact by-pass the local area. The socio-economic viability of a regional economy then emerges in conjunction with place-based diversity in resources and the capacity for their utilisation. In a highly competitive global commodity market, economies of scale must also be achieved in order to be competitive. Small economies cannot generate the economies of scale required to become competitive, because their domestic markets are not large enough. Saupin (1997) argued that competitive advantage in the resource sector (citing the mining boom in Western Australia) centred on companies being able to develop specialised high technology industries servicing local resource producers. Such industries may then develop a competitive advantage which can lead them to supply international markets. Over time, they can then modify the technology to support

broader application of its uses. Saupin demonstrated that a growing demand for products and services from the resources sector in Western Australia generated research and development and the formation of a high technology 'cluster' of firms. However the important point here is that such clusters feature interdependencies (Thompson, 1967) between firms, and so geographic proximity becomes an advantage (O'Connor et al. 1998). O'Connor and colleagues point to the competitive advantages, for example, of firms based in Sydney and Melbourne. Competitiveness means that the modern rural productive enterprise is uniquely place-based and large in scale. Over the past 100 years, agricultural and mining industries have undergone substantive technological developments and intensification processes which mean that its demands for labour, in terms of skills and numbers, and, importantly, how this is acquired, has also greatly changed. In summary then, infrastructure and industry development in RaR areas does not immediately mean that the socio-economic sustainability of the area is assured. Rather, resources need to be invested in economic development projects which are both labour intensive and which bring people to live in the specific areas (Gutman 2007); otherwise the economic benefits of given initiatives can by-pass local people.

Finally, logical to the philosophy of localism is the potential question of place-based, and in time, per capita based, funding (Commons 2011: 48-58). As the idea suggests, per capita based funding would be a model of funding where resources were allocated to an area on the basis of the percentage of people living as a share of the total resource pie. Such an approach would have grave equity consequences for people living in rural and regional Australia. Australia employs a system of fiscal equalization where revenue raised by the national government is redistributed to the states and territories on a per capita basis, modified by a formula which takes into account the cost to provide services in each location (Maude, 2004).

In systems of centralised government underpinned by principles of market liberalisation focused on efficiency as priority (McArdle 1999), economies of scale, which support benefits to the majority for the least cost, are the norm. However, smaller rural communities often share resources across different 'sectors', e.g. public libraries might exist in schools; various service providers might share vehicles and office space; jobs might be shared, i.e. one person might work part-time for two different organisations where there isn't enough work to justify two full positions, or one person might hold parts of different jobs in the one organisation. Rural Transaction Centres are another example of these (Ref). Such economies of scope occur frequently in RaR Australia, and especially in more remote regions. Given the differences between 'normal' and 'different' regions in Australia, the application of policy and service delivery which supports *only* economies of scale may have detrimental effects rural communities, and their capacity to mobilise local assets productively.

Implementing localism

Hogan et al. (forthcoming) highlight that a key challenge facing RaR Australia is how the nation reconciles past and future policies for the sector. Australia has many settlements which were founded either during the gold rush of the mid 1800s or as a result of early

settlement policies. Progress in the life cycle of resource industries, climate change, global economic change and improved road transport are but a few of the factors which have contributed to change (see for example Productivity Commission 1999) and which undermine the socio-economic viability of specific settlements. Localism provides a framework for the nation to begin the difficult decision making process of adapting to an ever changing future. However, as a policy strategy it does come with its limitations, some of which have been noted above. However these limitations are not insurmountable. Communities and government can constructively move through the limits of localism to secure outcomes which may be of greater mutual benefit. Neither farming groups nor members of rural communities are inactive entities simply waiting to have their lives shaped by external forces. On the contrary, and as evidenced in 2010 by the significant and widespread public display of dissatisfaction with the Australian Government's Murray Darling Basin Plan, Australian people are actively involved in the shaping of their socio-political futures. Central to their concerns is the maintenance of their livelihoods and wellbeing, including national concerns which address issues of equity as much as opportunities of economic development (OCED 2006).

Central to localist philosophy and evident in the work of Collits (2008), there is no magic bullet, no one simple solution which addresses the socio-economic viability needs of all rural communities. Collits' work highlights in particular that the rural space is truly heterogenic and that problems need to be worked in partnerships within local contexts. However, given the systemic nature of many of the problems facing the viability of rural communities across the OECD, just as a purely centralist strategy has been unsuccessful, it is similarly unlikely that a purely localist strategy will be effective either.

In the Australian context, there has been much discussion about the problems of multi-level governance, and the need for constitutional reform to remove state and local government and replace them with a regional governance structure. While there may be merit in such arguments, the likelihood of such constitutional change occurring is low. However, some form of national partnership is required; one underpinned by a legislative framework which provides protection against the excesses of responsibility shifting between jurisdictions, electoral demands for knee-jerk responses from policy makers in the face of crisis and the potential for local communities to be isolated and unsupported by this policy process. Without doubt, some difficult decisions will need to be made.

Intensified place-based policies will result in the further decline of some communities. To manage these challenges in an open and transparent fashion, Collits (2008) proposed a rural commission. But how would such a commission function so as to ensure that the process of rural governance is sufficiently depoliticised so as to be workable, taking into account the fact that differing levels of government have differing constitutional responsibilities? Approaches to multi-level governance (MLG) have great potential to resolve these issues. In a review of this literature Daniell et al. (2010) note that effective MLG systems can:

- develop stability of authority and clear lines of accountability
- allow for participation in decision making
- be accountable, transparent and responsive
- provide opportunity to negotiate place based and need-specific policies
- support flexibility in policy accommodating strategy to local needs, and
- increase efficiency in governmental processes.

Precedents for a multi-level approach to governance already exist both internationally and within Australia. Canada, for example, has a Rural Secretariat which is made up of representatives of nine regional councils, with participants appointed from an open process¹. A key role of the Secretariat is to vet policy for rural user friendliness, before it is implemented. The Secretariat's work is supported by the Canadian Rural Partnership program which provides resources 'to overcome challenges and make the most of their opportunities created by the land'². The Secretariat's work is also supported by Canada's Rural Development Network which 'brings federal departments, agencies and selected others together to achieve greater information sharing, collaboration and coordination on rural issues, with a view of developing better integrated federal policies and programs that meet the diverse needs of Canadians living in rural, remote and northern communities'³. A key part of the network's role is to encourage collaboration by working across existing departmental boundaries to enable a readier transfer of knowledge and to facilitate information sharing.

Within Australia's governmental processes, there are also such partnered approaches to governance. Safework Australia, for example was established to develop a national approach to work place health and safety in Australia. It is governed by a tripartite board made up of governments, employers and employees. Safework Australiaⁱ is an independent statutory body which is responsible to drive 'national policy development on work health and safety and workers' compensation matters' with a view to protecting the wellbeing of people at work, to secure a nationally consistent approach to occupational health and safety and to improve approaches to managing workers' compensation. The statutory body is made up of an independent chair person, a representative from each of the jurisdictions, industry (two positions), and union bodies (two positions). Safework Australia is supported by a substantively funded secretariat. Funds are also provided to the industry and union peak bodies so that they are able to properly participate in the process.

A Commission for Rural and Regional Australia (CRRA) could readily be established on a similar basis to Safework Australia (2011). As a statutory body its responsibility would be to ensure that the socio-economic wellbeing of rural Australia is progressed by ensuring that governments adequately partner with, rather than abrogate, responsibility to local

¹<http://www.exec.gov.nl.ca/rural/>

²<http://www.rural.gc.ca/RURAL/display-afficher.do?id=1243600900010&lang=eng>

³<http://www.rural.gc.ca/RURAL/display-afficher.do?id=1230073730882&lang=eng>

areas or leave them without adequate resources to progress their needs. As with existing bodies, the Commission could be made up of an independent chair person, a representative from each of the jurisdictions, local government, and regional organisations; resources would be required to support for each of these functionalities. Botterill (2009) has previously proposed the establishment of an Office for Rural Australia, situated within the Department of Prime Minister and Cabinet. The role of the Office was to be to co-ordinate RaR policy across all Commonwealth Government departments, providing input into all policy submissions impacting on RaR Australia. Such a role is presently being fulfilled by officers with the Department of Regional Australia. However, this functionality as it is presently conducted, does not provide the participative, stakeholder based, decision making process required to progress the interests of this sector in a strategic fashion. A more transparent and accountable decision-making structure devolved from the current centralist model could more adequately support such a mission.

The commission could be responsible for developing a national strategy for rural and regional Australia, including the identification of priority areas, outcome targets, minimal level of service delivery requirements and service delivery mechanisms. It would need to address challenges between spreading resources too thinly to be effective, over whether specific areas need to be progressed ahead of others. It would particularly need to clearly define the responsibilities of specific jurisdictions, therein reducing duplication of processes, as well as developing a whole of government approach to rural and regional Australia including addressing challenges to funding policy initiatives by addressing challenges such as 'single financial pots' (OECD 2006: 147) and per capita versus equity based funding models. It could identify the need for specific partnerships, and the mix of partners needed to achieve policy goals. It could oversee data collection concerned with benchmarking place-based outcomes. It could also oversee stock-takes of place-based governmental and private sector expenditure on infrastructure and services. Overall, such a commission would provide a mechanism to translate research and knowledge into policy action in a systemic way, with a focus on outcomes (Collits 2008).

Approached from the perspective of a collaborative rather than a centralized process, localism offers the potential to enable a new form of regional governance to emerge. Within the nexus of environment, cultures, community, and industry, a shared policy space can open up where the needs and aspirations of each partner to the socio-economic viability of a given rural district can be tabled and addressed through a planning and development process which is collaborative and experienced as just by stakeholders in the process, irrespective of the outcome (Gross 2011).

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Regional Policy in Australia Since World War Two

Dr Paul Collits

Research Director, Economic Development and Enterprise Collaboration

Australian Centre for Sustainable Business and Development

University of Southern Queensland

Introduction

The area of regional development policy is problematic at many levels, in Australia as elsewhere. First, there is no broadly accepted definition and measure of “success” (Collits 2006); second, there is no universally accepted explanatory theory of what drives regional growth and decline (Collits 2004); third, drivers of regional “success” are known to vary and to be (largely) beyond the capacity of governments to control (Sorensen 2000); fourth, interventions occur over many time scales and their influence, in any case, is routinely questioned and remains largely unknown (Collits 2006; Grattan 2011); fifth, regional policy is overtly politicised and this is likely to continue (Collits 2002, 2006); and, finally, there is little evidence that whatever interactions and mutual influence there are between theory, policy and practice have yielded good policy outcomes (Beer in Rowe 2009; Collits 2011a).

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), and 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 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).

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 (perhaps rare) occasions have attempted bolder interventions (Collits 2002: 377).

This paper outlines the nature of regional policies in general and the objectives of regional policies in Australia; sets out the key policy developments, government by government, since World War Two; 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 makes some suggestions about what good regional policy might look like in Australia, drawing upon the critical questions of regional development.

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 “aspatial”, 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 UK. 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.

Regional policies can focus on three kinds of region – on declining regions or regions that have experienced some economic or social dysfunction or economic restructuring; on growing regions (or “bolters” as termed by Grattan 2011); or indeed on all regions. The current approach in Australia is the last of these. The aim of policy is to support all regions in their efforts to contribute to national performance, and this is consistent with the OECD’s policy approach (OECD 2009).

In summary, 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; and fourth, by compensating regions for the negative impacts of other government policies (Collits 2012b: 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 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 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 to encourage the movement of jobs (industry, investment) to where people are. Most regional economic policies try to move jobs to people, that is, they are place based. Regional policies try to help “regions”, not necessarily “people”.

This 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).

Key Regional Policy Developments by Australian Governments Since World War Two

What, then, have been the highlights of Australia regional development policy since World War Two? Political attention to regional Australia in Canberra has been uneven over time. 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” 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 made regional development one of the prices to be paid for minority government since 2010.

The Labor Governments and Post-War Reconstruction 1945-49

The focus on nation building and decentralisation during the 1940s reflected 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 Premier’s Conference of 1944 and was championed after the War by Ministers and by the prominent bureaucrat HC Coombs (Lloyd and Troy 1981; Collits 2002).

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 has lasted at all levels of government even into the era of a largely post-manufacturing economy.

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

The Coalition Governments 1949-72

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 very wisely noted in 1959 that decentralisation was “extraordinarily difficult to implement” (quoted in Hurley 1989: 152).

It is, however, not the case that nothing happened in regional development prior to the Whitlam Government. From 1964, the workings of the Commonwealth/State Officials Committee on Decentralisation drove many of the debates over decentralisation, and it was the McMahon Government in 1972 that created the National Urban and Regional Development Authority (NURDA), the precursor to the Cities Commission (Collits 2002).

The Whitlam Government 1972-75

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 at once address the problems associated with urban growth and congestion and of chronic under-development 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 has been long lamented by many observers, including in the planning profession. DURD also introduced the notion of coordination across departments of policies with regional consequences (Lloyd and Troy 1981; Collits 2002). The Whitlam Government also formed (short-lived) alliances with conservative State Premiers to progress their agendas.

The main program vehicle (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 \$550m (in year 2000 dollars) on the growth centres (Collits 2002: 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 consistently perceived as Australia's "regional problem", that of unbalanced development and the city-county divide.

The Fraser Government 1975-83

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 roll back, 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

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. This 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 “localism” approach (Collits 2002: 108-09) .

The Keating Government 1991-96

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 McKinsey and Company 1994) then introducing 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 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;
- The model was now regional competitive advantage and the favoured driver is regional leadership.

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 seeming permanent shift in the style of regional policies pursued in Australia.

The Howard Government 1996-2007

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.

Anderson convened in 1999 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).

The Howard Government, despite its early termination of funding for RDOs, 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; 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” 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

In the 2000s, the Rudd and Gillard governments established Regional Development Australia Committees (RDAs) 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.

Patterns of Regional Policy Interventions in Australia and Core Themes

The history of regional policy since World War Two 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 of 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 shifted toward the support of regional competitive advantage and community driven development strategies. There is a shared commitment by governments to assisting (mainly) rural places to diversify their economies. In the last decade, there has also been a shift away from productivity focused policies towards “sustainability” and “liveability” (Collits 2012a). Policies are now more region-specific and 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 State level, since World War Two 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 NSW 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 wild swings between periods of heightened policy interest and periods of negligible interest in matters regional. 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 United Kingdom 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 a much discussed cultural unease 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). 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 Two, these included soldier settlement schemes, the creation of Canberra as the capital city, the establishment of the Commonwealth Grants Commission, various large infrastructure projects, 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 none’s programme” (Neutze 1965: v). Another described the efforts at decentralisation as “puny” (Hurley 1989: 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).

Summary and Conclusions

Overall, Australian governments have intervened in regional development in many ways since World War Two, 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 been generally 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 continues to be shaped by political realities which include the following:

- 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;
- 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;
- 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).

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 (which level of government is responsible, or should local communities and business be responsible)? 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? 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 J M 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: 5).

Another relates to the notions of wicked problems and complexity referred to earlier, and 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 regional 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 as always and everywhere 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 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 Two.

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.

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.

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Australian Agricultural and Rural Policy since World War II

The pursuit of agricultural efficiency

Erin Smith and Bill Pritchard

The University of Sydney

Introduction

Australian agricultural policy has undergone a fundamental transition in the sixty years since the end of World War II. For most of the first half of the 20th century, the Australian agricultural sector was one of the most protected in the developed world. A philosophical attachment to agrarian ideals for the nation, dubbed by Aitken (1985) as 'countrymindedness', provided a central pillar of Government policies. The post-1945 regional development agenda of the Chifley Government, orchestrated by the Director-General of Postwar Reconstruction, H.C. 'Nugget' Coombs, envisioned a decentralised Australia populated by farming communities who would tend their flocks and harvest their fields in line with the heavy hand of government regulation (Brown, 2006). Within half a century, these ideologies had been turned on their heads. This process took place step-wise, through a series of (at the time, highly contested) Inquiries and Reviews, including the 1974 Green Paper on Rural Policy (Harris et al., 1974; see also Tothill, 1975), and various reviews during the Hawke Government of the 1980s, generally associated with the reformist Primary Industries Minister of the day, John Kerin (as discussed in further detail, below). Seen in historical context, however, the transformation from 'one kind' of Australian agriculture to another occurred remarkably quickly. Now, at the beginning of the 21st century, Australian agriculture is one of the most deregulated in the world. This chapter focuses on this process of change and what it has implied for how we assess the efficiency of the rural economy.

The starting point for this discussion is the framing structure for rural policy developed by Geoff Lawrence in his 1987 book, *Capitalism and the Countryside*. Lawrence identified seven rural policy goals, of which the first three are highly pertinent to the issues at hand in this chapter: to expand agricultural output, to expand sales of agricultural products, and to increase efficiency/productivity of farmers. Frequently, though, there is no clear line demarcating these policy arenas. There is an inevitable overlap between these policy aspirations. Hence, policies to expand agricultural output are entwined with those to improve the productivity of farmers and/or to secure valuable export markets.¹ Thus, rather than focusing on the specific policy instruments and legislation that were generated to help achieve these policy goals, this paper considers more broadly the way in which agricultural policy has developed since World War II. Specifically, it synthesises a body of literature that provides a more nuanced account of agricultural policy transitions and the resultant impact on Australian agriculture and agriculturally-dependent regions. The common thread throughout this literature is that despite the widespread discourse of a liberal, market-orientated agricultural sector being the best mechanism to achieve well-being for regional Australia and the nation more generally; the tangible outcomes of this policy stance are experienced differently throughout Australia, with commercial benefits from production and exports by-passing some participants and regions, and being counter-posed, moreover, by a new set of social and environmental stresses.

This paper is organised into three key sections. First, the origins of the ideological currents underpinning the transition from “state paternalism to neoliberalism in Australian rural policy” (Tonts & Jones, 1997, p. 171) are presented. In the second section, the impact of Australia’s adherence to the ‘efficiency mantra’ is discussed. In the final section of the paper, rural adjustment schemes – the dominant policy mechanism used by successive governments to achieve efficiency for the agricultural sector – are discussed. First, though, an overview is provided of the key policy events and transitions that took place during the 1970s and 1980s.

Development of Australian agricultural policy

The 1970s and 1980s heralded a marked change in the overall ideology and rationale for Australian agricultural policy. These changes can be understood as being both part of a broader ideological transition in the Australian economy, and a changed conception of agriculture’s social and economic manifestations. With regards to the former, this period witnessed a shift in the ideology of economic management favouring markets. In terms of the latter, notions of farmers as a distinctive social and political category (and thereby justifying government support) were steadily transformed to a more hard-edged conception of ‘farmers as business-people’, whose fate rested on their ability to survive within the market economy (Brett, 2007; Pritchard, 2005a).

These transitions flowed into agriculture in accordance with national and international political events. A vital instigator of change was Britain’s decision in 1973 to join the (then) European Economic Community (now, European Union). This heralded a demise in Australia’s (and indeed, New Zealand’s) status as privileged supplier of agricultural products to a captive market. Henceforward, Australian agricultural exporters would be required to face the (fair and unfair) winds of global competition when securing export sales and, as a consequence, future efforts to increase sales of Australia’s agricultural produce would need to focus upon the more emergent export markets at the time. Also around this period, the Whitlam Government took the initial steps of dismantling protectionism in the Australian economy through a 25% across-the-board tariff cut. For agriculture, this step towards a more market-driven economy was reinforced by the decision to abolish the superphosphate bounty – a ‘sacred cow’ in terms of Government support for the farming sector.

The subsequent Liberal-National Party Government of Malcolm Fraser (1975-83) did little to transform the overall agricultural policy settings it inherited from Whitlam. However, upon the election of the Hawke Government, dramatic change occurred. Primary Industries Ministers John Kerin (1983-91) and Simon Crean (1991-93) implemented a raft of reforms which deregulated industry arrangements in key agricultural sectors of the Australian economy. These micro-economic reforms dovetailed with shifts in Australia’s trade policy regime during the 1980s. A focus on bilateral trade agreements (orchestrated through single market desks and statutory marketing authorities) was replaced by a clearer focus on multilateral trade within market settings (Pritchard, 2005a).

Acceleration of market-driven micro-economic reforms in the 1990s further entrenched these directions. Crucially for agriculture, the decision by the Council of Australian Governments in 1994 to embark on National Competition Policy reforms led to the systematic review of all legislation which

potentially impinged on free markets. This enacted the final curtain for the last vestiges of state-driven agriculture (Pritchard, 1999). In the early 2000s, a decision to deregulate the farm gate price of liquid milk (in line with National Competition Policy guidelines) provided the last withdrawal of a major area of state intervention in agricultural markets.

The events described above were the tangible outcomes of a fundamental ideological shift in Australian politics. Yet, “To ascribe policy formulation to the rationale metrics of evidence-based analysis is to give insufficient credence to the dynamic connectivity between institutions, interests and agency in the mobilisation of particular world views and their application to government action” (Pritchard, 2005a, p. 9). Consequently, the next section explores the less obvious origins of Australia’s neoliberal agriculture.

The emergence of the neoliberal agenda: Evidence-based analysis or ideological insistence?

The 30 year history of policy change in agriculture (from the highly regulated farm economy of the early 1970s to the market-driven economy of the early 2000s) demonstrates the ways in which ideology and policy are connected, often in messy and coincidental ways. First, a key point to make is that these transformations were inaugurated through a ‘policy window’ created by the influx of neoliberal (‘Chicago school’) ideas among Australian agricultural economists from the late 1960s (see Pritchard, 2005a for a detailed discussion of this point). Program and administrative reforms were hatched in the ‘economic heartlands’ of Treasury and the Productivity Commission, not the ‘rural heartlands’ of farming.

Second, Australia’s continued adherence to multilateral agricultural reform (see below) was aided and abetted by structural changes to the Department of Trade in 1987 (Pritchard, 2005a). Trade as a stand-alone Department was disestablished and amalgamated with the Department of Foreign Affairs, creating the Department of Foreign Affairs and Trade (DFAT). The only division to remain unchanged was the Multilateral Division which came to dictate much of Australia’s trade policy (Jones, 1994).

Third, despite the imposed nature of these changes, they elicited remarkably little sustained dissent within farming. Australia’s peak agricultural organisation, the National Farmers’ Federation, was an early advocate of the shift to market-driven agriculture. Its position was sporadically challenged by state divisions and individual farmers, but the overall commitment to market reforms within the Australian farming sector prevailed throughout (Halpin & Martin, 1999).

In sum, then, “neoliberal agriculture was a policy choice driven by the ideological insistence within influential policy communities” (Pritchard, 2005a, p. 5). With this general overview provided, attention turns now to a more specific discussion of Australia’s continued adherence to agricultural efficiency over the intervening years since the inception of neoliberal ideology, before considering the key policy mechanism used to create an efficient agricultural sector – rural adjustment.

Efficiency – the dominant policy objective

Australian agricultural systems typically have always been quite efficient. Farmers who were settled on the land via closer settlement and soldier settlement schemes implemented in the late 19th and early 20th centuries had to aspire to some degree of efficiency in order to meet their contractual obligations. Similarly, it has been argued that the agricultural efficiency achieved by Australian farmers enabled the high levels of protection afforded to the manufacturing sector for much of the 20th century (Galligan and Capling 1992; cited in Brett, 2007, p. 6). The changes that took place in Australian politics in the 1980s, however, created the context in which the ‘efficiency mantra’ began to more directly dictate the nature of Australian rural policy. Prior to this, the Australian State had provided financial assistance to farmers in a myriad ways. The economic losses incurred through government sponsored infrastructure developments, input subsidies and tariff protection were justifiable because of the importance of country Australia to the nation’s society and economy.¹ At the same time, societal changes more generally were beginning to erode the privileged status of country Australia as a key contributor to Australia’s economic prosperity and cultural distinctiveness (Brett, 2007). Against this backdrop the neoliberal agenda was ‘rolled-out’. With regard to agriculture, Brett (2007, p. 8) described the impact of the neoliberal turn with the following: “Neoliberalism, with its hostility to special claims of any sort, and its priority on economic measures of national contribution, has taken to... [country Australia]... with a sledge hammer.” Thus, greater economic rationalisation compounded the difficulties many rural areas were already experiencing from the changed social and cultural position of agriculture (Brett, 2007; Tonts & Jones, 1997).

The fundamental policy change brought about then, was that productivity and sales would be increased through improved levels of agricultural efficiency which farmers would achieve by being exposed to the open market. With this policy stance having been in effect for almost three decades, the Australian agricultural sector is now one of the least government-supported agricultural sectors in the developed world, second only to New Zealand (OECD, 2010). The Australian government, along with other nations (e.g., New Zealand, Uruguay, Argentina, Malaysia, Canada and others) continues to advocate strongly for the liberalisation of global trade. On a domestic level then, the pursuit of an efficient agricultural sector is justified by the assumed economic benefits that will accrue once the liberalisation of the agricultural sectors in other economies occurs (e.g., United States, European Union and Japan) (Pritchard & Tonts, 2011).

Social researchers have critiqued the rationale underlying this adherence to market efficiency (see, for example, Gray & Lawrence, 2001; Pritchard, 2005a; 2005b; Pritchard & McManus, 2000; Pritchard & Tonts, 2011) and questioned the degree to which the assumed benefits are realised in country Australia. Recently, Pritchard and Tonts (2011, p. 30) raised the question “...does reliance on market efficiency alone provide the optimal policy framework to secure the economic, social and environmental interests of Australia’s agricultural regions?” The importance of this question emerges when the global context is considered. Despite several decades of advocacy for global trade liberalisation on the part of Australia and others, key agricultural producers and potential markets for Australian products remain heavily protected by their nation states (e.g., The United States, The European Union, and Japan) and, at present, WTO negotiations are deadlocked (The Doha Round). In this context, the claimed benefits of agricultural efficiency do not manifest to the extent anticipated (Pritchard & Tonts, 2011).

The international reputation of Australia as a staunch proponent of the disestablishment of all agricultural subsidies results in the need to uphold the efficiency mantra in domestic policy (Dibden, Potter & Cocklin, 2009). This unwavering commitment to the neoliberal agenda has resulted in some

costs, primarily social and environmental. That is, the demands placed on farmers of achieving agricultural efficiency within the context of liberalised trade generates “hyper-productivism” (Dibden, et al., 2009 p. 302) and undermines broader social and environmental objectives. Interestingly, it is the potential manifestation of these detrimental impacts that the European Union uses to support its position to maintain protective measures for farmers (Dibden et al., 2009).

The social and environmental impacts of an agricultural sector operating within a free-market regime are now well documented (see, for example, Bourke, 2001). For the most part, this literature reports the many social disadvantages rural people experience compared to their metropolitan counterparts. These include higher suicide rates (Caldwell, Jorm & Dear, 2004), higher rates of domestic violence, fewer opportunities for higher education, and fewer health services and medical professionals (Bureau of Transport and Regional Economics, 2006).

Many of these impacts can be attributed to the pursuit of efficiency, both at the farm and government levels. For example, farmers continue to modernise their operations, incorporating better technologies to increase productivity. Many of these technologies reduce labour requirements and displace farm workers who are forced to migrate from rural areas for employment (Brett, 2007). Similarly, the efficiency imperative pursued by individual government departments obscures the social costs caused by cumulative withdrawal of services in rural areas (Gerritsen, 2000). In a somewhat perverse way, then, the preoccupation with an efficient agricultural sector undermines populous, vibrant communities. In a study of the Western Australian Wheatbelt, Tonts and Jones (1997, p. 183) conclude that “...the ‘economically rationale policies’ which were designed to improve competitiveness and efficiency, and to reduce government spending, actually contributed to inefficiencies through the need for higher levels of spending on welfare, public housing, infrastructure and other social services in depressed areas” (Tonts & Jones, 1997, p. 183).

Some of these inefficiencies, the negative social and economic implications of neoliberalism, are masked by ongoing processes of rationalisation within the farm sector. One of the vital tenets of market-driven agriculture is that efficiency and productivity is associated with an increase in the average size of larger farm establishments. Hence, there is little place within the contemporary Australian farming sector for small-sized farms (except, of course, if this smallness is connected to niche, high-value production). Correspondingly, the past 30 years has witnessed a steady decline in the number of farm establishments, and an even starker shift in economic concentration towards large farm establishments. (Routinely in Australian agriculture, the largest 10% of producers contribute upwards of 50% of industry output.) Clearly, this raises the question of what has happened to all those farmers who have exited agriculture during recent decades? Yet unlike (say) manufacturing, where industry demise is marked by (highly visible) stories of worker redundancies, processes of farmer exit are often entwined with life-cycle circumstances attached to retirement and succession. Moreover, declining opportunities to sustain households through on-farm income encourage a diversification of livelihood strategies based around increased off-farm work (especially by females). And in those cases where farm exit is inevitable, burdens are softened by the provision of financial counselling services and exit grants through programs like the Rural Adjustment Scheme (see below).

Similarly, achieving agricultural productivity and efficiency via market forces has potentially exacerbated environmental damage (Broderick, 2005) such as salinisation, soil acidification, wind

and water erosion, and the spread of agricultural pests. Somewhat ironically, these (potentially) unintended consequences from the retraction of the State in agricultural production have resulted in the re-involvement of State forces through regulations and the creation of market-based instruments (e.g., the water market, payments for ecosystem services) to allocate and protect scarce environmental assets (Dibden & Cocklin, 2005). These developments materialised from acknowledgment of the contradiction between the expectation that farmers will be self-sufficient and the expectation that they will voluntarily remediate environmental problems for the social good (Dibden & Cocklin, 2005). Consequently, there has been an increase in rural policy targeted at addressing some of these ‘unforeseen’ consequences, largely with respect to environmental degradation though. Researchers have argued that rural policy targeting environmental issues allows the Australian government to provide a type of agricultural subsidy that is technically not directed at production, and hence contravenes neither Australia’s WTO obligations nor its international reputation for being a leading advocate of trade liberalisation (Dibden et al., 2009, p. 307).

Australia’s adoption of neoliberal economic and agricultural policy has not meant a complete withdrawal of government assistance for agriculture, but that assistance is provided in particular ways. Thus, the final section of the paper, considers the use of rural reconstruction of adjustment schemes when pursuing efficiency and productivity.

Agricultural efficiency via ‘rural reconstruction’

Since the 1970s, improving the efficiency of the agricultural sector as a whole has been the dominant policy objective which has been operationalised via rural reconstruction (or adjustment) schemes.¹ The first of these schemes – the Marginal Dairy Farms Reconstruction Scheme – came into effect in 1971; its purpose was to facilitate the exit from the industry of “dairy farmers whose farms [had] insufficient potential to become viable economic units while based on the sale of milk or cream for manufacturing purposes” (Marginal Dairy Farms (Agreement) Act, 1971). This legislative change was the precursor to all subsequent reconstruction schemes that transformed the role of the State in Australian agriculture from actively protecting farmers, to actively supporting farmers to adapt to the realities of a market regime of regulation. In most cases, ‘agricultural adjustment’ meant providing incentives to farmers owning non-viable (inefficient) farms to leave the industry. Each successive scheme differed only slightly from its predecessor and, in general, the provisions of rural reconstruction legislation have not been enough of an incentive for the anticipated numbers of non-viable farmers to exit the industry. Consequently, the success of these programmes, on both welfare and efficiency grounds, has been questioned largely because the schemes have failed to take into consideration the high value many farmers place on non-economic considerations for remaining in agriculture (Botterill, 2000; 2001).

Support for farmers who choose to exit farming is still provided by the current rural adjustment scheme – *Agriculture Advancing Australia* package. More recently, it has been suggested that rather than assisting the exit of non-viable farmers, policy would be better targeted at supporting viable farmers who intend to remain in the industry. If adequately supported, these farmers will then be in a better position to purchase the properties of farmers who leave the industry either through retirement (with no identified successor) or death (Barr, 1999; Bjornlund, 2002). There are also provisions that align with the policy stance that farmers are business managers, thus other elements

of the package target capacity building, risk management and self-reliance through provision of funds for up-skilling.

Conclusion

Since the early 1980s, Australian agricultural policy has been largely directed at increasing agricultural efficiency, a policy stance that in the context of global agri-food systems requires farmers to become more productive, and the nation state to continue to advocate for global free-trade of agricultural products so as to increase sales of surplus produce that cannot be consumed domestically. As noted by Pritchard (2005b, p. 11), though, this relatively unsophisticated policy framework was brought about by a “*particular kind of agricultural politics*” (emphasis in original), resulting in a *unique* set of arrangements between the State, Australian society and agriculture. These new arrangements have impacted differently upon rural areas, benefiting those areas which tend to attract flows of capital while disadvantaging other areas. Correspondingly, the adjustment opportunities available to farmers differ between localities, affecting the quality of life for Australians living in rural areas.

Economic rationalism and efficiency have been prioritised above social justice and balanced regional development which has resulted in uneven patterns of opportunity and disadvantage. It seems, then, that the question raised by Pritchard and Tonts (2011, see above) requires attention. If, indeed, the Australian agricultural sector is somewhat differentiated from other agricultural sectors around the world, an equally unique policy response might be required to address these disparities. Nevertheless, vital lessons might be learnt from other nations that have not pursued neoliberal agriculture as vehemently. Writing several years ago, Alston (2004, p. 44) concluded

If Australia is to provide viable rural communities that give support to farm families and for agricultural production, then a reappraisal of its policy commitment in line with EU commitments may be in order. ... A move away from neoliberal mantra appears necessary to ensure a viable future for rural people and rural communities.

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Rural research and regional innovation: Are past and present research funding policies building future resilience in the bush?

Richard Price, Centre for Sustainable Catchments, University of Southern Queensland, and
Fenner School of Environment and Society, Australian National University

1. Introduction

Over millennia, Australia's traditional owners found ways to adapt to the harsh and diverse environments of the Australian continent. This adaptation process no doubt involved trial and error, the use of human imagination and creativity to go beyond the bounds of the known, the collaboration of expertise and the sharing of knowledge through stories. If you could fold time, compress this experience, encrypt the process, codify the learning practice, box it up and label it, then the label might read "Rural Research. Institutionalised for the Modern World." The author would add, "Handle with Care. Not Guaranteed Against Defect."

Over the past two hundred years, Australian farmers and the communities dependent upon them have relied upon institutionalised research in order to adapt to harsh Australian landscapes. The term *institutionalised* here is used in two senses: first, to the codification of research practice through formal methods of experimentation; and second, to the creation of organisations, laws, policies and funding mechanisms to support, undertake and communicate research and its findings. The subject matter of this paper is on the latter, now valued to be at least \$2.9 billion per annum (RRDC 2011: 3) and considered relatively novel and worthy of emulation elsewhere around the globe (Price 1994; Lovett 1997).

In a forum dedicated to visioning the future of rural and regional Australia, particularly within the context of the role of government and analysis of key policy developments since WWII, Australian rural research can proudly hold its place. Just as this research effort has sought to make Australian agriculture and rural communities resilient to the exigencies of highly variable terrain, climate and markets, the evolution of rural research policy too can be seen in the light of formulating support mechanisms resilient to farmers' capacity to pay for innovation and inter-sectoral competition for public research funds.

There are many forms of knowledge and many means of generating it. Visioning the future does not require institutionalised research, but creating the means of attaining a preferred future will certainly rely on forms of creativity, collaboration and knowledge-generation that policies and institutions can potentially facilitate. Whether or not this potential can be realised in terms of achieving resilience in rural and regional Australia will depend on how the research agenda is set and who is involved.

2. An historical perspective of rural research

Pre-WWII

An understanding the post-WWII rural research policy regime requires at the very least cursory consideration of what preceded it. Starting with Elizabeth Macarthur's experiments with sheep breeding from 1806, farmers for a significant part of the nineteenth century undertook much of their own research and technology development (Price 1994).

Technologies such as Smith's stump-jump plough (1876), Walker's wire strainer (1884) and Wolseley's shearing machine (1887) are examples of farmers having had to construct, trial and refine their own technologies in order to overcome the harsh reality of taming Australian landscapes or to gear-up to levels of production achievable over the enormous areas available to them. The results of home-spun research and technology development were shared through many avenues; occasionally through formal commercial arrangements that followed patenting, but more commonly through generous community co-dependence that supported free exchange. Naturally for the time, some forms of sharing took the form of theft or illegal copying. By the late nineteenth century, however, farmers were beginning to realise that formalising and implementing sharing arrangements prior to the research process taking place made better sense in terms of having the right people with the right expertise work on the right innovations. Indeed, injecting some competition into this process also made sense as a means of improving the chances of solutions to problems being reached. At first, some farmers started to pool funds for innovation prizes at agricultural fairs, and while the source of funding may have changed over time, we can still see the legacy of this today in the livestock and produce competitions of agricultural shows across Australia.

Of course, the farmers were not alone in their efforts for too long. From the late 1800s, the colonial ministries of agriculture and the emerging institutions of education and research, such as the Roseworthy Agricultural College (1883) and the agriculture schools established in the Universities of Sydney (1910) and Melbourne (c. 1910), began to institutionalise and dominate rural research activity, providing both the infrastructure and experimental stations necessary to support it (Jarrett and Lindner 1982). Over the first half of the twentieth century all States established agricultural experimental stations of one sort or another, although these were often located on marginal country. The Commonwealth government also became directly involved in undertaking rural research following the establishment of the Council for Scientific and Industrial Research (now CSIRO) in 1926.

The concept of farmers pooling their funds for research paralleled the concept of pooling their produce for marketing, first through voluntary cooperatives and then through statutory marketing organisations. And just as they had experienced in their cooperative marketing arrangements, farmers found that the voluntary nature of pooling, such as in the woolgrowers' Pastoral Research Trust or the wheatgrowers' Soil Fertility Research Fund, presented problems of fairness and equity sometimes described as free-rider or spillover effects (Productivity Commission 2010), with those not participating benefiting from those that did. As a consequence, farmers through politically influential industry bodies and their relationships with political representatives (there was a greater percentage of rural

representation in governments at the time), sought for voluntary funding to be made compulsory. At the State-level, a statutory-based levy imposed on sugar growers in Queensland in 1900 to support the Bureau of Sugar Experimental Stations set a precedent for compulsory farmer contributions to rural research. Nationally, the Commonwealth government marked its intervention through the establishment of a compulsory wool levy in 1936 and subsequent creation of the Australian Wool Board (AWB). In 1945 the Commonwealth introduced matching government contributions for wool research on a one-for-one basis. This coincided with the transfer of control of the research account from the Australian Wool Board to a committee of four government departments. In 1953, control of the funds was transferred back to the Board, but with input on funding decisions from a mandatory government board member. In 1957, a statutory advisory committee, comprising representatives from the Department of Primary Industry, the CSIRO and producer groups, was given the power to administer the funds. Funding decisions were made by the Minister on the basis of the committee's recommendations. This scheme remained in place for the next 28 years.

Post-WWII

The AWB arrangement opened the doors for other industries, particularly where these industries had presence in more than one State. Over the decades following WWII several rural industry research funds (RIRFs) were established, each involving compulsory producer levies matched by contributions through government appropriation. The administration of these was largely provided within the Commonwealth ministry for agricultural, advised by producer dominated Rural Industry Research Committees (RIRCs) determining rural research priorities and making decisions on the allocation of funds. The funds were largely directed towards the State agricultural agencies, CSIRO and universities.

The growth of these bodies reflects the productivist hegemony that has dominated Australia rural policy (Lockie, Lawrence and Cheshire 2006). The focus of nearly all of rural research funded under these arrangements was on increasing agricultural production and productivity. Where investments were made in areas dealing with natural resources, these were largely about overcoming constraints to production, such as constraints in soil fertility. Of course, conservation research was undertaken, but largely through government bodies such as CSIRO and soil and water conservation authorities where the results were rarely incorporated into the mainstream industry extension mechanisms that more closely aligned to the agricultural ministries (Dunn, Gray and Phillips 2000:17).

By the 1980s, problems with the RIRF arrangements begin to emerge. The RIRFS had become a significant part of the total rural research funding pool, particularly as a result of the matching Commonwealth contribution. Researchers argued that producers should not have such high sway over both industry and government funds, and pointed to the narrow focus of issues being addressed as a result of limited producer appreciation of both technical and commercial issues. At the same time, the Joint Review of Research Administration by the Department of Primary Industries and the Public Service Board in 1983 criticised the RIRCs

for being too passive in the selection of proposals and not considering the rates of return from projects (PSB 1983).

In response to the review, Commonwealth rural research legislation was overhauled, essentially in two steps. The first step, commencing in 1985, was an interim arrangement establishing Research Councils with improved governance arrangements taking into account wider representation of expertise. Like the RIRCs, their administration remained largely housed within government – the then Bureau of Rural Research. The second step entailed the corporatisation of these Councils into R&D Corporations (RDCs) in 1989. Each of these corporations was intended to be more strategic and flexible in making rural research investments directed towards making their industries more competitive and sustainable. They were to be directed and managed under skills-based boards and non-government professional staff, commercially focussed and unchained from bureaucracy and inflexible financial management (Kerin and Cook 1989).

In all, fifteen RDCs were established under different Commonwealth legislation, including twelve RDCs under the Primary Industries & Energy R&D (PIERD) Act (Commonwealth 1989). Five Research Councils were retained under this Act, with their administration transferred from the Bureau of Rural Research to the newly created Rural Industries R&D Corporation. It should be noted that the RDCs established under the PIERD Act were not the first RDCs, with the Australian Meat & Livestock Corporation and Horticulture Research Corporation having been established in 1985 and 1987 respectively. As with the RIRCs before them, the RDCs were funded by statutory-based levies, matched dollar-for-dollar up to 0.5 percent of each industry's gross value of production and were accountable to the Commonwealth Minister for Primary Industries and Energy and to each RDC's relevant peak industry body.

During the formative years of the RDCs, another significant Commonwealth research initiative was introduced by way of the Cooperative Research Centre program, which sought to increase the level of applied research collaboration between research funders, providers and users as well as across disciplines. At present there are eleven CRCs in the rural research arena, all due to expire between now and 2017. Many of these CRCs reflected a weakening of the productivist stranglehold on rural research, with most having significant mandates to undertake environmental or natural resource management R&D. It is no coincidence that the publically-funded CSIRO should be a partner in nearly all of these Centres, for together with the university research sector, it has dominated Australian environmental research activity (McFarlane 1999). It is also no coincidence that much of the recent public investment in rural research is directed towards farmers and rural communities becoming self sufficient, at one time in the face of drought and climate variability but more recently in the face of climate change. The drive for self-sufficiency has been closely tied to a neo-liberalist perspective seeking to increase efficiency through reducing unnecessary government intervention (Cockfield 2011 – this collection). Some go further, and see it as a cynical approach to justify withdrawal of government support from areas of traditional rural investment, such as in regional development (Sher and Sher 1994) and research and extension where the lines between public and private benefits are not black and white (Marsh and Pannell 2000).

3. Rural research funding and its contribution to the triple bottom line

Table 1, prepared by the Rural R&D Council as part of the *National Strategic Rural Research and Development Investment Plan* (RRDC 2011) estimates the total current rural research investment to be around \$2.9 billion, based on 2008-09 budgets. Of this, the Productivity Commission as part of its review of rural research in 2010 estimates the total production related funding to be around \$1.5 billion (Table 2). The \$480 million RDC investment in 2008-09 outlined in Figure 1 suggests that this model of research funding amounts to supporting around one-third of all production research and about 16 per cent of all rural research undertaken in Australia.

Table 1: Rural R&D expenditure in Australia (Total), 2008–09

	Government	Higher education	Business	Total
	\$m	\$m	\$m	\$m
Agriculture, Fisheries and Forestry	479.7	301.8	294.9	1,076.4
Expanded along the value chain	180.8	110.2	688.9	979.9
Related to rural	457.6	237.1	130.0	824.8
Total expenditure	1,118.1	649.2	1,113.8	2,881.1

Source: RRDC 2011, based on ABS Rural expenditure on research and experimental development—government, higher education and business sectors, by socio-economic objective, 2008–09 (special extraction from cat. nos. 8109.0, 8111.0 and 8104.0)

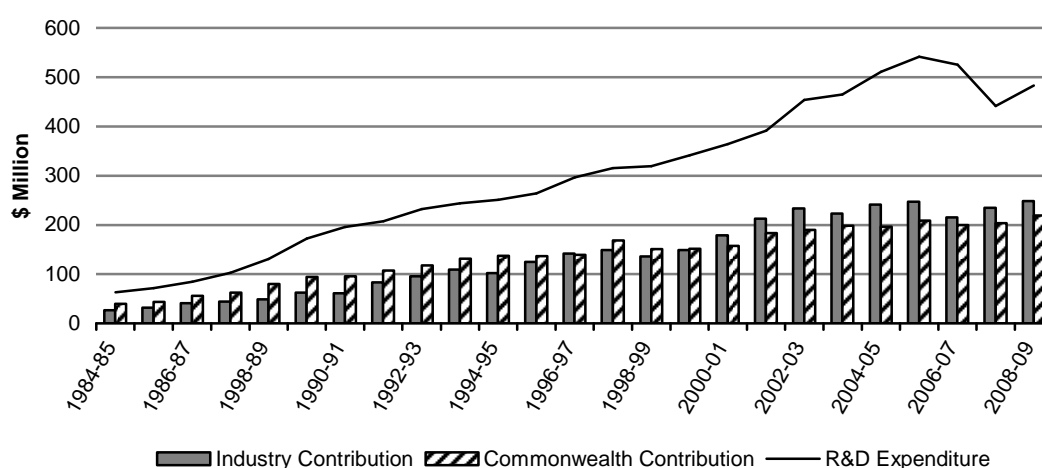
Table 2: Rural R&D funding (Production), 2008-09^a

<i>Organisation type</i>	<i>Funding</i>	<i>Share</i>
	Million \$	%
Australian Government^b		
Cooperative Research Centres	63	
Core funding for the CSIRO	193	
Core funding for the universities ^c	118	
Research and Development Corporations (RDCs)	218	
Other departmental programs ^d	114	
Foregone tax receipts arising from R&D tax concessions	9	
<i>Total Australian Government</i>	715	48
State and Territory Governments		
Project-related budget allocations ^e	348	
Capital investment in R&D facilities	47	
Payments to other funders and suppliers	21	
<i>Total State and Territory Governments</i>	416	28
Private/Industry		
Levy payments provided to RDCs	248	
Other (for which a tax concession is claimed) ^f	116	
<i>Total Private/Industry</i>	364	24
Total	\$1495	100

Source: Productivity Commission 2011. ^a These data do not include funding from royalties and other intellectual property income (on the basis that these have been generated by past funding from governments and private parties). Also, the data do not include in-kind contributions from the private sector, such as through the provision of land and facilities for experiments.

^b Only the portion of the budget assigned to rural R&D is included. ^c Estimated by applying the rural share of total university funding received from contestable sources and the portion of university students studying in agriculture-related areas to the three largest university block grants. ^d Includes programs aimed at wider issues (such as climate change), programs with no sector-specific focus and any one-off payments. ^e Includes rural R&D and associated extension funding for programs facilitated within the primary industry department (or its equivalent). Any funding for rural R&D from State and Territory Government environment departments and the like is not included. ^f Calculated using tax concession data (including an estimate for concessions claimed for R&D on agricultural chemicals). Also includes payments made to the Australian Animal Health Laboratory.

Figure 1: RDC contributions and estimated R&D expenditure^a



Source: Productivity Commission 2011, based on RDC annual reports and information from DAFF.^a Includes expenditure on associated extension activities.

The recent Productivity Commission review of rural research provides examples of the contributions this research has made to economic, environmental and social outcomes for rural and regional Australia (Productivity Commission 2011). To detail that work here is not justified, however, in brief, these benefits include:

Economic

- Lower costs of production
- Improved productivity, yields and quality, including through increased genetic potential and agronomic performance
- Improved supply chain logistics
- Reduced impact from pests and disease

Environmental

- reduced externalities, including through reduced pesticide use and reduced runoff and associated sedimentation
- sequestering of carbon
- improved natural resource monitoring and risk management
- improved environmental amenity

Social

- reduced food borne illness through improved product quality and handling
- support for indigenous employment through growth of new industries
- improved animal welfare to address societal concerns
- improved standard of living through the provision of cheaper and better quality food
- improved capacity of individuals and communities to adjust to changing circumstances (such as in markets or in climate).

In acknowledging these and other benefits of rural research, the Productivity Commission questions the accuracy of some of the quantitative estimates made of the returns from rural

research. These estimates have varied significantly, although some of the more reliable analyses suggest the benefits are in the order of between 14-40% (Mullen 2007) and 50% (CRRDC 2010), rates which the Commission agree deliver *significant benefits for both primary producers and the broader community* (Productivity Commission 2011:46). Where the Commission has particular concern is the return on investment estimates are used indiscriminately in justifying arguments for public investment. In many cases, the distribution of benefits between different beneficiaries is not so clear. Moreover, the Commission argues that correlations between levies paid and rates of return achieved are problematic given that R&D is not the only influence on productivity growth, that in the absence of R&D it is unlikely levy payers could have maintained productivity, that there can be long adoption lags for some technologies, that the benefits are not always provided to the individual levy payer in terms of productivity gain, and that the benefits may be more distributed in terms of environmental and social gain (Productivity Commission 2011).

4. Decentralist-centralist tides in rural research policy and the loci of power

If this essay is to discuss the capacity for rural research policy to build future resilience in the bush, it needs to explore who exactly will be setting the agenda in which the meaning of resilience is framed. Sociologically speaking, this is a question of power. For this reason, it is worthwhile revisiting rural research policy since WWII in terms of the loci of power and where it is heading.

The evolution of progressing through voluntary research funds, research committees, research councils and to RDCs should not be seen as a smooth, clearly planned and ordered plotted path (Lovett 1997). Historically, rural research funding policy has mostly followed global shifts in the dominant institutional, economic and political hegemony of the time. On occasion, however, it has stood at the forefront of emerging shifts. Yet it also appears that Australia's rural research reforms have resisted shifts from time to time. Cockfield (2011) notes in a cognate area of rural reform, namely regionalisation, that government support for self-sufficiency has been in contrast to a policy history of intervention.

In recent years the recentering and centralisation of the state as the dominant political force across the western world has seen a number of statutory organisations disappear in many countries, including in Australia, with their roles supposedly absorbed into central agencies (Halligan 2006). From this perspective, the 2009 demise of Land & Water Australia as one of the rural RDCs can be seen merely as an inevitable outcome of a dominant administrative reform blueprint. To a centralist mindset it makes no sense for one government agency (Department of Finance) to be providing funds to another government agency (Department of Agriculture) to devolve to another government agency (LWA) to then distribute, no matter how strategically, to research organisations that are more often than not closely tied to government if not being totally government-owned themselves. Yet at the same time, we have seen some of the RDCs being further decentralised, becoming industry owned corporations (IOCs) still in receipt of matching Commonwealth funding.

For much of the period following WWII, there have been two inter-related principles in rural research policy that have remained relatively stable. First has been the principle of co-

investment between industry and government. Second, and as a consequence of the first, has been the principle of mutual accountability for the expenditure of research funds to both industry and government (Price 1992). Despite the relative stability in these principles, the relativity in power between these two actors has been in a constant state of flux. The shifts in power and influence might be seen to be aligned to the cycles of centralisation and decentralisation that have taken place more broadly in the global policy environment (Halligan 2006, de Vries 2000). In this light, we ought to view policies as snap shots that are floated across a sea of time in which the tides are constantly either moving in or moving out.

The privilege of mutual accountability, in which statutory authorities are in theory equally accountable to government and a sub-set of non-governmental society (Rhodes 1975), wasn't simply handed to rural industries on a platter. It had to be negotiated, and this negotiation process is one perspective through which we might understand how rural and regional communities have interacted with government in the policy development process. In this respect, the evolving nature of rural research arrangements following the establishment of the AWB holds considerable historic interest in public administration theory.

Since WWII, statutory arrangements for primary industry functions have been at the forefront of developments in wider statutory organisation design, funding, management and control. Implicit in their evolution has been an accountability framework which transcends the traditional Westminster model. Over time this transcendence has become more explicit to the stage that acknowledgement of the fundamental right of rural stakeholders to be directly accounted to is enshrined in rural research legislation. In essence, government has formalised the processes of mutual accountability, the more significant aspects of which are those that go beyond open administration to embrace participatory administration (Mackenzie and Hood 1975; Rhodes 1975; Barker 1982). Such forms of accountability focus on aspects of horizontal as well as aspects of vertical accountability (Guillermo O'Donnell in Schedler 1999).

When the cyclonic rural research reforms of the 1980s were taking place, the predominant tide was a decentralist one. These reforms were formulated following a formidable period of public sector review, of which The Royal Commission on Australian Government Administration (the Coombs Commission, RCAGA 1976) was the most significant. The review laid the foundation for the disentanglement of semi-government operations being performed as core functions and institutions within central government. Essentially what we are talking about here are applications of the concepts of *devolution*, *corporatism* and *managerialism*. At the time, a major challenge for public administration was the difficulty in balancing the pursuit of managerialism within a broader push for pluralism and public choice (Campbell and Halligan 1992). This dilemma had arisen most notably in debate on the appropriate balance between the delegation of authority to institutions outside the traditional framework of government, and the desire for popular control and accountability.

While these reforms are described here as occurring during a decentralist tide, some observers at the time, the neo-pluralists, believed that the influence of public participation in the policy sphere was elsewhere dwindling (Dunleavy 1982). This tends to suggest that the

demarcation of tides is not always unclear, and that the key message for policy makers is that policy development should always be seen as occurring in an environment of permanent transition. That said, many of the neo-pluralists recognised that the segregation and decentralisation of statutory enterprise authority functions from the policy arena taking place provided enormous opportunity for participation in government decision making by relevant interest groups and the general public (Dunleavy 1982; Barker 1982).

Gerritsen (1987) has argued that the only area of public administration where corporatism has worked is in the policy realm of primary industries, largely because participation has been formal and compulsory, and that the vertical linkages have existed through producer interest groups. Mauldon and Schapper (1974) observe that Australia has a history of negotiation between government and farmers in rural policy matters, and that it was partly to break the nexus of such negotiations that the Australian Labor Government in 1973 created the Industries Assistance Commission. This arrangement, however, continued through and beyond the 1980s. As Martin (1990:155) observes:

The first six years of the Hawke government saw significant reform in Australian rural policies. Many of the major policy changes were brought about by consensus rather than confrontation, although the pursuit of consensus was not an end in itself. Rather, the broad direction of policy was influenced by the economically rationalist goals of efficiency, restructuring and equity set by the Minister and the government.....The reforms were largely negotiated with, rather than being imposed upon the agricultural sector.

What we can take from the preceding discussion is the notion that rural communities, at least through representative interest-groups that helped direct the operations of the RDCs, have played a role in setting the agenda for rural research. Indeed, Figure 1 suggests that this influence extends to at least a third of all production research. That said, the nature of participation, representation, power and influence is not clear cut. What we can observe from the RDC process has been the reinforcement of productivism through a focus, by and large, on commodity specific goals. This is an historic artefact arising from the product specialisation of large numbers of farmers across the Australian continent and the influence this had on the development of local commodity associations prior to their amalgamation into powerful producer organisations (Mauldon and Schapper 1974). Traditionally farmers and governments have tended to see farmer prosperity and specific commodity sales as being inextricably linked, and hence government agricultural bureaucracy has also been organised along commodity lines. This model has favoured rural research serving the interest of farmers as producers of commodities rather than as citizens of rural communities. The question arises as to how well rural communities, including research levy paying farmers, are served when their interests are assumed to be taken into account in representational arrangements that are in fact more narrowly framed.

Such questions no doubt were being asked within government during the 1990s. By this time, many governments around the world, including in Australia, saw the limits of a decentralist

approach to governance as having been reached (Halligan 2006). In particular, politicians were concerned about public perceptions of the performance of delivery agencies. They were also concerned about the dangers imposed by bureaucratic proliferation (DoFA 2004) and the negative perception engendered by knowing that only 22 per cent of public sector employees were employed in mainstream departments, while the remainder were engaged in around 180 agencies, of which many had statutory independence (Shergold 2004). The solution was seen to extend central control to remove implementation blockages and delays. In seeking advice on how to rationalise statutory authorities, or at least to improve their corporate governance, the Government established the Uhrig Review of the Corporate Governance of Statutory Authorities and Office Holders in 2002 (Uhrig 2003).

Even before the Uhrig review, the RDCs were beginning to feel their sense of independence being whittled away. From the late 1990s they were required to formally demonstrate how their priorities aligned to the Australian Government's objectives for rural research. Later, on advice arising from the Uhrig review, the Government ceased to appoint specific Government representatives to RDC Boards in a move to remove any conflict of interest arising whereby Commonwealth public servants would be seen to be accounting to themselves. On the surface this gave the appearance that the Boards were gaining greater independence, but in reality it ensured that the Government through its bureaucrats in the Department of Agriculture, Fisheries and Forestry provided a greater level of scrutiny to the activities of the RDCs. Many of the RDCs objected to losing their Government Director, arguing it had led to a deterioration in the quality of communication with Government, such as in jointly setting directions for future rural research (Productivity Commission 2011:234). This desire for a close relationship between industry and government is in contrast to a certain level of disdain some rural communities have shown for government interference in, or monopoly over, agenda setting in rural Australia (Sher and Sher 1994).

The growing environmental awareness and concern among regional communities has been reflected in the rural research agenda not simply in response to the edicts of government priorities. Indeed, where industry groups have recognised that environmental issues might severely threaten the livelihoods of their members, either by reducing their incomes as a result of consumer backlash to practices perceived to be polluting or by reducing social cohesion as a result of community ostracisation, the rural research agenda has been significantly broadened beyond investments in production R&D. Cotton research into reducing pesticide spray-drift is a prominent example of this and is often cited as representative of the investments made across all RDCs in natural resource management research.

While Tables 1 and 2 and Figure 1 suggest that the majority of rural research, and in particular research outside the productivist domain, is supported largely through the activities of government, in truth industries have steadily increased their contribution towards research that may be considered environmentally and socially responsible (Day 2005). The thrust of the recent review of rural research by the Productivity Commission is therefore somewhat at odds with the directions the RDCs have taken in recent years. In contrast to RDCs increasing their contributions to natural resource management, and in response to declining rates in

productivity improvements evident across agriculture, the Commission's review seeks to refocus RDC expenditure on production priorities. To more clearly delineate the various responsibilities for different outcomes from rural research, the Commission argues that as the primary beneficiaries of production research industry should carry the greater burden of funding. Commensurately, it recommends reducing the matching government contribution that has been in place for over half a century, and further recommends the establishment of a separate body (nominally called Rural Research Australia) to deal with the many cross sectoral issues once handled by Land & Water Australia or through multi-RDC collaboration. In essence, the Commission is advocating specialisation in the rural research funding system that will reinforce compartmentalisation of the voice of rural Australians to negotiate their shared future. While levy payers will have a say over production research through the accountabilities RDCs have to powerful industry organisations, the broader rural research agenda will be determined through less tangible, transparent and certain means.

5. Competing tensions that need to be addressed in future

Rural research policy since WWII has attempted to engage rural Australians in fostering a more resilient future through co-investment in rural research via the RDC model. However, this engagement has been dominated by well organised industry bodies that largely support the productivist elements of the wider rural and regional research agenda. No doubt by enhancing the economic viability of farming in Australia this model has served rural communities well, but by the same token the model may inadvertently act to reduce rather enhance resilience in the bush in future, particularly as the social, economic and environmental dynamics in rural Australia have changed. From the author's perspective, these changing dynamics create tensions in terms of what has gone on before in rural research and what might be needed in future to underpin resilient industries and communities. These tensions, framed as questions, include: i. Who should be responsible for natural resource management research and how should it be conducted? ii. How do we break the mindset of focussing on single issues to live up to the rhetoric of integration? iii. How can we reconcile evidence-based policy with adaptive management? iv. What place is there for social science in a future rural research agenda?

i. Who should be responsible for natural resource management research?

The institutional history of rural research in the twentieth century has been less kind to natural resource management research than it has been to agricultural research. This has not only been in terms of funding, but more importantly in terms of institutional placement. By separating the funding mechanisms as well as the research organisations responsible for this research, we have also separated the results of this research from the context in which potential adopters make their adoption decisions. The evolution of extension theory and practice in the context of sustainable agriculture supports the need for integration of production and natural resource management research at the planning, conduct, adoption and monitoring/reflection stages of research activity (Vanclay 2004; Nicholson *et al.* 2003; Vanclay and Lawrence 1994).

As State agencies continue to withdraw their support of agricultural and natural resource management extension, the opportunity to align sustainable agriculture messages within the context of farmers' decision making frameworks may in fact be enhanced in favour of extension models that work (Marsh and Pannell 2000). This will only happen, however, if there are community, private sector or industry forces at work to facilitate the alignment. Any model that reinforces a notion that industry is responsible for production research while government is responsible for other research immediately compromises the capacity to exercise best practice extension by achieving alignment up-front, during the planning stages. From the author's experience, the sustainable agriculture activities of Land & Water Australia where it invested in industry RDC initiatives rather than where it sought industry contributions to its own initiatives proved to be more successful. The most likely reason for this is that it required the industry partners, which had greater credibility among the farming community, to plan, integrate, facilitate and engage in ways that enhanced their commitment to a natural resource management agenda. It saw an overall increase in funding committed to natural resource management research, engendering a sense of ownership in the prospective research results (Day 2005). Perhaps most importantly, it acted to remind industry groups that their constituents have interests beyond agricultural production that need to be taken into account in order for them to attain or maintain a level of resilience conducive for their agricultural practices to improve.

The argument for specialisation as a means of improving productivity can be compelling, but in the context of rural research it can also be limiting. Here is the tension: Have productivity levels in agriculture declined in recent years because the resources of industry have been diverted away from production to take into account other issues facing farmers? Or have they declined due to the inherent difficulties in undertaking integrative research, particularly where it involves many institutions? Integration of research already has a high transaction cost (Dovers and Price 2007), and further moves towards specialisation may only serve to increase the cost beyond the point where it will occur. The future of rural research ought to lie in building the resilience of individual farmers and communities in ways that support their capacity to achieve a range of aspirations, including productivity increases. This will require integration of the research effort, best achieved through mechanisms of integration that start with priority setting and funding.

ii. How do we break the mindset of focussing on single issues?

The issues for rural research in future won't simply be about resolving dilemmas such as production versus environment, community versus farmer, urban versus rural and regionalisation versus centralisation. Rather it is likely to involve these together with a complex entanglement of other dilemmas such as environment versus the environment (e.g. plantation forestry versus environmental flows), one form of production versus another (e.g. farming versus mining), rural versus rural (e.g. water allocation and sustainable population growth) and empowerment versus subsidiarity (e.g. trust versus accountability). Dealing with

these issues is all grist for the rural research mill; however each carries with it ethical dimensions as well as economic, biophysical and other social research ones. By describing this as a *complex entanglement*, the intention is to convey the enormity of the challenges to research that the inter-relationships between these problem domains present.

This does not bode well for research funding mechanisms which have tended to deal with more narrowly defined issues. The competitive nature of research funding often acts to reinforce this constricted focus so that projects can be neatly categorised and include feasible methods and achievable outputs that are easily peer-reviewed by disciplinary-based panels (Gannon 2005). Moreover, in a tide of centralism, the range of research priorities tends to get contracted into narrow themes while the demand for research agencies to lever complementary research funding sources helps ensure these narrow themes pervade the wider research funding infrastructure. This phenomenon has been observed in Europe where each change in European Union Framework Programme research priorities is followed by a corresponding shift in the wider research activities of research institutions, both public and private (Breschi and Cusmano 2004).

While this may be appropriate for addressing some short-term research problems, the phenomenon is highly problematic where issues are complex, long-term and deeply interconnected (Sprinz 2009), such as those associated with climate change (Hovi *et al.* 2009). Under these circumstances, Sprinz (2009) argues that although governments should be best placed to deal with multi-dimensional complexities of problems, they are hampered by the fact *long-term policy problems pose a rather difficult class of challenges that are beyond the scope of single parliaments and political and bureaucratic tenures in office*. This would seem like a good argument for models of research priority setting and funding that are tied to the long-term interests of society through its communities and resistant to the ebbs and flows of centralist agendas.

Walden Bello poses three questions about a post-neoliberal world that, although placed in the context of dealing with the global financial crisis, could just as well be placed in the context of establishing research agendas:

Will government ownership, intervention, and control be exercised simply to stabilize capitalism, after which control will be given back to the corporate elites? Are we going to see a second round of Keynesian capitalism, where the state and corporate elites along with labour work out a partnership based on industrial policy, growth and high wages – only with a green dimension this time around? Or will we witness the beginnings of fundamental shifts in the ownership and control of the economy in a more popular direction? There are limits to reform in the system of global capitalism, but at no other time in the last half century have those limits seemed more fluid. (Bello 2008:1)

Here, one could easily substitute the terms *capitalism* and *economy* for *research agenda* and consider a future rural research funding model that in working alongside the RDCs might take into account a wider and truer representation of the rural community. The establishment of catchment management boards across the country gave some promise to this; however

these have largely become on-ground implementation organisations constricted by the priorities of the government of the day. Generally, they have little responsibility for setting and funding research agendas, and in any case generally have no rural mandate beyond natural resource management.

iii. How do we reconcile evidence-based policy with adaptive management?

Research, including rural research, is supported on many grounds, one of which is the need to underpin good policy. The pursuit of evidence-based policy seems universal across western democracies at present, perhaps because of its universal appeal:

It is difficult to imagine anyone arguing that policy should be based on anything but the best available evidence. The concept of evidence based policy has an intuitive , common sense logic, which partly explains how it has become naturalised in a diverse range of policy settings. (Marston and Watts 2003:144)

In reality, evidence-based policy is contested because the very nature of *evidence* is contested. Even the difference between what the U.K. Cabinet Office describes as evidence and the more limited range of evidence actually used by the U.K. public sector in policy development suggests that different individuals, groups and institutions contest what forms of evidence are acceptable (Nutley *et al.* 2002). This example, and others, suggests that there is a hierarchy of evidence in terms of credibility, with lay forms of evidence coming down the hierarchy (Marston and Watts 2003). This hierarchy tends to favour policy elites such as Ministerial advisers and senior public servants who have greater access to those forms of evidence, such as research and statistics, policy evaluation, economic modelling and expert advice.

In the context of building future resilience in the bush, the role of rural research needs to take into account the nature of resilience. Important elements of resilience are the capacity to self organise, learn, adapt and cope with nonlinearities and uncertainties (Lebel *et al.* 2006). These are also important elements in dealing with multiple problem domains (Reynolds 2001). Most critically, these aspects of resilience support an adaptive management approach to dealing with the growing complexity of rural issues. Unfortunately the fluid nature of these concepts can be at odds with what constitutes good evidence from a policy perspective. Here, the notions that support evidence-based policy and adaptive management come into conflict. Although advocates of adaptive management argue that adaptation must be based on good science (Lindenmayer 2009; Holling 1978), in reality the availability of good science and the need to adapt do not always coincide (McDonald 2007). Moreover, the investment level required to support good science tied to adaptive management processes can be prohibitive (Walters 1997). If taking into account other forms of knowledge in the process of developing adaptive management strategies, then a similar problem of hierarchical evidence arises, particularly where groups are marginalised in communities, such as women or the elderly (Tompkins and Adger 2004). These groups may be cut out of the decision-making process altogether, or their evidence may be given less weighting.

Without an adaptive management framework for dealing with rural research in the future, issues of community resilience are likely to be subjugated in favour of traditional forms of production research or dealt with in self-defeating embracement of single problem domain incrementalism.

iv. What place is there for social science?

It was in the 1970s that many of the social science disciplines started to shift their focus from more academic pursuits of rural research to the applied challenges that were emerging in rural communities, particularly where these included natural resource management. This focus began with studies on property rights and co-management (Hanna and Munasinghe 1995). The transition arose partly from the perceived inability of the biophysical sciences alone to resolve the full range of issues facing communities and partly because of an increasing interest among decision makers in emerging forms of governance (Gibbons *et al.* 1994).

The limited success of the biophysical sciences to resolve the broad range of rural issues should not be seen as a failure of the disciplines themselves or the quality of the research but rather a breakdown in the interpretation of science into policy (Luks and Siebenhuner 2007). There was also, and still is, a strong tendency to assume that most problems can be solved by identifying the optimal solution and developing a method to apply that solution. Such an approach to framing problems lends itself to the development of ‘scientific tool kits’, the forte of the biophysical sciences. In the 1990s the idea of ‘post-normal science’ emerged (Funtowicz and Ravetz 1992), which proposed that problems are perceived differently by different people and that addressing such problems requires understanding different perceptions (or ‘truths’) before proposing solutions. Indeed, there is rarely one solution that will suit everyone when dealing with these so-called ‘wicked problems’ and managing the process of consultation with stakeholders becomes the key to finding a solution that most will accept (Kane and Bishop 2002).

Social science comes into its own in identifying and dealing with multiple perceptions of problems, understanding their basis, and finding ways to bring people to the point of acceptance of imperfect solutions. It is therefore an essential element of adaptive management as well as a means of addressing the conflict between evidence-based policy and adaptive management raised previously.

6. Conclusion

The history of rural research and its institutionalisation in Australia has been about the search for resilience in two ways. First, it has been directed towards taming a harsh country and then aligning agriculture to fit so that farmers and communities dependent upon them can thrive in the bush. Second, the policies underpinning rural research funding have been directed towards supporting models of investment that in themselves are resilient. The evolution of the RDC system, for example, has seen a relatively stable model of funding in place for the greater part of history since WWII. Even the Productivity Commission’s recent review recommendations to change this model have been rejected by the current government (Ludwig 2011).

Past rural research has largely followed a productivist pathway, largely shaped by a coalition between government and industry bodies that voice the concerns of Australia's farmers. However, resilience of rural communities, and even of individual farmers, will in future require a rural research map and supporting mechanisms that are better suited to addressing multiple problem domains. This will require greater levels of inspirational, intellectual, financial and physical collaboration at every level, both horizontally and vertically, in future. An important feature will be the capacity of institutions involved in rural research to take an adaptive management approach to knowledge generation, sharing and implementation as a means of both identifying problems as well as to addressing them.

It will require rural research institutions to listen to the voice of a greater range of stakeholders in the bush, including those who do not have formal bodies of representation.

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Education in Rural Australia: economic or social policy?

Philip Roberts

Assistant Professor, Teacher Education, University of Canberra.

The education of rural communities has been a concern for all levels of government since the arrival of Europeans. Primarily these concerns have been in relation to issues of achievement and access, particularly school achievement and access to post-compulsory schooling. As education remains a State or Territory responsibility in the Australia Federation, there has been no single coherent approach to education in rural regions. When the Federal government has intervened into education policy over the preceding 60 years, it has focused on the primary Federal concerns of national economic growth. Education policy has been positioned as a branch of economic policy, and subsequently resulted in tension with the broader philosophy and purpose of schooling that is often conceived on social grounds. As the importance of the rural economy to the nation's prosperity has changed over the last 60 years, there has been an increasing disjuncture between the education provided to, and the education needed in, rural regions. This disjuncture has seen education conceived in terms of the values and priorities of the increasingly powerful metropolitan communities that manage the nation's economy. Cosmopolitan values and economic concerns have taken precedence over the educational needs and desires of the rural communities whose interests Federal policy is meant to serve.

Rural Education and the State.

Since the second half of the nineteenth century, the local public school has been the symbolic representative of the state in most rural communities. Along with the roads, the local public school has endured and become a key symbol of what the state provides as well as a practical site for other activities of the state such as itinerant clinics and community meetings. While the numbers of such schools peaked in the late 1960's, it remains today that public primary schools are still in far more locations than any other state or subsequent federal agency. It is surprising then to note that there is no coherent national policy in relation to rural, regional and remote education. It has however been the subject of numerous reports and inquiries in the second half of the 20th century. Policies and programs that do exist for rural education equate rurality with poverty and regard education as a crucial component of economic growth and development. In this way, education is an economic commodity and inequity an economic problem. Against this backdrop of neglect and marginalization, rural education is increasingly gaining recognition in the research community as a productive site for understanding the impact of globalization and neoliberal economic policies. In a social environment where standardization is a marker of quality the rural stands alone as something recognizably different from cosmopolitan society due to its 'location' and distinct cultures. This recognizable difference enables researchers to clearly observe the incursions of global economic and social ideologies as they transform rural understandings and lifestyles.

Much of the interest in rural education has focused on the comparatively poor educational outcomes and the limited access to education in rural communities. The newly appointed NSW Education Minister, representing a rural electorate, summed up the present situation of rural education when he successfully placed the issue of closing the gap between rural and urban students on the national reform agenda. In so doing, he cited statistics indicating that: one in seven

students from remote areas fall below minimum national standards for literacy compared with one in 20 for urban areas; in international data, rural students are one and a half years behind city students; in NAPLAN 2009, an average of 46.9 % students in very remote areas fall behind the national minimum and 40% below on numeracy; and that rural students face higher costs in accessing education¹. While this is an important focus, it fails to recognize that this has been the situation in rural schools since the beginning of universal education, and that the poor educational outcomes are mirrored in poor participation in post-compulsory education. To date, no policy intervention has had a significant impact on changing the outcomes in education for rural communities. Highlighting this lack of consideration is that rural education has slipped from the explicit considerations of the National Goals for Schooling over the last decade, and with this slide the potential of the National Framework for Rural and Remote Education (developed in 2001) has been lost and the MCEETYA Taskforce on Rural and Remote Education disbanded.

The causes of this are much debated but explanations generally relate to the average lower SES of rural communities, location or distance, economic decline of regions, and rurality. Consequently, approaches to overcome education problems in rural communities focus on equity and overcoming distance, with little attention on the affordances of rurality or understanding of its relationship to educational achievement. Between one quarter and one third of school-age students attend schools in rural and remote areas; however, as rural schools are generally much smaller they make up approximately half the total number of school sites. As the 2000 Human Rights and Equal Opportunity Inquiry into Rural and Remote Education noted, the social and educational achievement of these communities is a fundamental human rights issue, especially in a developed nation. This report noted that education needs to take into account the particular needs of these communities, however all policy and public rhetoric constructs interventions in economic terms and judges the rural against the social and cultural traditions of the urban. Similarly, the many state and federal inquiries that have looked at the issue of rural education consistently point out the difference of the rural context and the need for rural-specific approaches. The singular focus that the rural should model the urban is increasingly being recognized as the cause of continued inequity, and is an assumption that needs to be challenged in future policy. While this is at odds with the prevailing social and political attitudes, what is evident is that these approaches have not succeeded in the past 60 years and have arguably made matters worse.

The Development of Federal policy

The increasing federal government involvement in education policy has coincided with a repositioning of education as primarily an economic concern, and the marginalization of social considerations. Education is constitutionally a state responsibility in Australia and is the second largest expenditure in each state after health. Prior to Federation, the states each had legislation setting up their respective education systems. It wasn't until the establishment of the Commonwealth Education Office in 1945, and the establishment of the Commonwealth Department of Education and Science in 1966, that the federal government started to show an interest in the field. These moves were however linked with the primary discourse of federal involvement in education since; namely, the skills and innovation requirements of the economy. A second discourse of choice, based on economic principles that competition results in greater quality and efficiency of service delivery, has also been important throughout this period. Consequently the

social imperative of education and its related programs and approaches in schools has been of secondary importance. In relation to the rural this focus invariably privileges the urban centres of capital at the expense of rural areas.

The economic role of education was an important reframing of the humanitarian principles under which state-based education systems developed. Initially the moral imperative saw education as a state responsibility to develop the character of the colonies, and partly, as revisionist histories suggest, to control the disparate fringes of settlement. The logic of control is important to the evolution of education policy as each state subsequently developed a centralized centre (ie urban-capital)-periphery (rural/regional) approach to education where curriculum, staffing and accountability were all managed by the centre to ensure quality, as defined by the centre. Furthermore, this moral imperative rested on a consensus that non-government schools should not be state-funded so that the state could exercise appropriate control over education to ensure appropriate social attitudes and character.

The initial shift to an economic imperative from a moral one can be seen in the initial development of the Office of Schools to assist in post-war growth and was all but complete when, faced with the need to develop a skilled workforce, the Menzies government passed legislation in 1964, using the state grants provision of the constitution to fund science facilities in all Australian schools. This initiative represents the federal government's first substantial involvement in education and also changed the previous state consensus on schools funding by applying to both government and non-government schools. It was subsequently followed by a scheme to fund libraries, using the same provisions in 1968. While these schemes were addressing longer-term economic needs, they also opened a political divide around school funding. These state aid debates, as they became known, soon became an accepted component of federal spending in education such that education is now the third largest federal expenditure after welfare and health. While not specific to rural areas, the federal government had opened a mechanism to fund education programs, and any future rural-specific programs that this publication may inspire. Since the 1960's, the federal government has increasingly used these provisions to enter into arrangements with states in relation to education priorities, often linking funding to meeting certain federal targets.

The newfound federal concern about education in the 1960's was also partly based on a concern that existing educational facilities in Australia were not of appropriate quality for the country's future needs. Here the concern for quality is a loosely masked economic concern. It also coincided with the expansion of secondary schooling internationally and in Australia, and the debates about the appropriate support for schools. To resolve these issues, the Commonwealth Schools Commission was established in 1974 to examine the needs of schooling in Australia and propose directions to meet these needs. Arising from these was recognition that the provision and quality of education across the nation was not uniform, and that there were particular issues in rural areas. This echoed previous state-based inquiries such as the 1969 Karmel Inquiry in South Australia that singled out problems associated with rural education. Unfortunately the problems identified in the 1969 report, the 2000 Human Rights and Equal Opportunity Commission report into Rural and Remote Education, and many in between and since, all come to the same conclusion: That rural schools significantly underperform compared to their metropolitan counterparts, and that rural students are therefore disadvantaged. This disadvantage is consistently attributed to a restricted

and/or inappropriate curricula and teaching strategies; lack of support services; inadequate teacher preparation for teaching in rural and isolated areas; limited curriculum options; high staff turnover rates; and a lack of social and cultural facilities in the local community. These disadvantages then flow into concerns in relation to lower post-compulsory participation where poor school achievement compounds other accessibility issues.

The Country Areas Program

The main policy developed over the past thirty years to address the poor educational outcomes of rural, remote and isolated communities is the Country Areas Program (CAP). This is a special program funded by the Commonwealth Government which provides additional funding to education authorities in each state and territory to assist schools in rural and isolated areas. It developed from the Disadvantaged Schools Program, itself proposed by the Schools Commission to address inequity in education, but was separated from it in 1976 in recognition that the criteria applied in urban areas were unsuitable for rural areas. This reflected a change in rationale from one that addressed both rural and socio-economic disadvantage, to one that addressed rural disadvantage specifically. The Country Areas Program is therefore founded upon the view that students in geographically isolated areas can be educationally disadvantaged by geographic isolation, and aims to help schools and school communities to improve the educational outcomes and opportunities of students who are educationally disadvantaged precisely because of their geographical isolation.

The goal of the Country Areas Program is to ensure that the learning outcomes of the 5% of school-age students who attend schools receiving Country Areas Program funding match those of students in metropolitan areas. Problematically, as with all equity programs in rural schools, the benchmarks are metropolitan in nature and do not recognize the particularities of rural places. The program aims to achieve its objective by providing additional funds, under the schools assistance acts, to supplement the education provided by schools by supporting curriculum resources, professional development for staff, and access to extra-curricula activities that are otherwise too expensive due to distance. Underpinning all this is an assumption of a deficit in the rural that can only be overcome by supplementing it with more metropolitan-type culture and material. The Country Areas Program remains the primary 'policy' in relation to rural and remote schools; however, the outcomes in these schools remain well below national averages. The persistence of this inequity brings into question the appropriateness of approaches that implicitly have a rural deficit approach that may in fact further entrench the attitude of deficit in relation to the accepted curriculum and culture in rural communities. The move currently towards a national curriculum potentially only furthers this disconnect in that it represents just another form of high-cultural knowledge determined by people far removed from the rural, and inevitably measured against criteria with no consideration of rural needs. To underline this potential, the fact that the school-developed options in initial drafts, that would allow rural schools to use local knowledge, were removed, as they were not seen as being proscriptive enough.

Choice

The dominance of economic ideologies have had a significant impact in rural education. The funding of non-government schools, partly intended to give choice and drive improvements, doesn't apply in rural areas where there are often no alternatives other than boarding schools. This 'choice' is only

accessible for a relatively few, given the general lower SES of many rural communities, and is also encouraged by federal assistance to isolated parents which arose in 1973 and remains an important program for the most isolated 1% of the school age population. The loss of many students to the city, especially many with arguably greater social capital, compounds the lower SES of rural communities. In addition to undermining the connection with rural place and knowledges, notions of 'choice' ensure that communities are educationally segregated along economic lines, with those likely to lead such communities having greater affinity with metropolitan knowledges.

In addition to ideas of school choice many have argued that national competition policy and economic rationalism are having a significant influence on education in rural areas. It is difficult to attribute the issues faced by rural communities to this particular approach, as the poor achievement has been perennial for these areas. However the factors contributing to this have not been helped by this approach, and may very well have been accelerated by it. Notably here the Productivity Commission has itself noted the impact of competition policy on rural areas, and also the importance of education in growing economic capacity. The problem caused by this policy is linked with subsequent rural decline and the removal of services. These both combine to make rural communities less attractive places for staff but also reduce the local population as people move to larger centres such as Dubbo, Ballarat and Toowoomba.

Economic models also apply to the staffing and resourcing of schools resulting in a number of disadvantages for those serving rural communities. Foremost amongst these is that schools are staffed and resourced on a per-student basis, meaning that a reduction in the student population due to community downsizing such as that outlined above, reduces the schools staffing entitlement and resources. This acts as a multiplier effect in further reducing the breadth of what the school can offer and reduces their competitiveness with schools in larger regional centres with a broader curriculum and greater resources. The formula's upon which staffing and resourcing decisions are made are applied on a procedural basis by central bureaucracies with scant regard for local conditions and concerns. The equity provisions that are central to improving rural educational outcomes such as the CAP entrench this economic modeling as they are merely additional formula, with little recognition of the issue of the appropriateness of what schools teach and are measured against. Thus the cycle develops that as a community shrinks due to changes in the rural economy the local school also shrinks, which furthermore encourages families with school age children to move to larger centres resulting in further community shrinkage. This cycle is not unique to schools however as it can also be seen in relation to the provision of vocational education, and the economics of higher education in these communities. The eternal embrace between rural schools, economy and community also sees any economic reduction limiting the social capital and community resilience beyond the school. The local school is often also the site of many governments service visits, including health clinics, and the staff often an important social capital in the community, coaching sport teams, running cultural events, and adding to the cultural capital of the community.

Staffing

The staffing of rural and remote schools is perhaps the most critical issue facing education in rural areas, with the difficulty in attracting and retaining staff consistently noted over the last 150 years. The nature of the problem was productively linked to the issue of rural difference in the 1987 report 'Schooling in Rural Australia' for the Schools Commission, which began with the observation that

attracting staff and maintaining reasonable staffing continuity can be difficult in schools in remote areas. While going on to reiterate the familiar issues, the report also noted the different space occupied by rural schools when it observed that teachers in rural schools face special challenges and conditions not necessarily experienced by other teachers. To date, no approach has really addressed this difference. Instead, staff are allocated to schools in each state and territory through a centralized system of placement. To encourage staff to take up positions and increase retention, an array of incentives is used throughout the country. However these incentives are invariably linked to the difficulty of these locations and their undesirability, compared to metropolitan or coastal locations. As such, they reward staff for working in these schools by encouraging their transfer out, after a set period, and focus on the deficits of rural areas.

The provision of staff is crucial for all other interventions to improve rural education outcomes as, without appropriately trained staff, nothing else is possible. Unfortunately rural schools experience a persistent turnover of staff, staff shortages, an inappropriate number of newly qualified staff, less experienced staff to act as mentors, and a lack of staff in specialist subjects. Furthermore, the lack of staff and casual relief, combined with the resourcing levels of schools, inevitably means that staff miss out on professional development and ongoing training. This is compounded by funding systems that see central bureaucracies charging schools for services and consequently further reducing their capacity for ongoing training and support. Notions like online training and support have limited impact in these communities, as staff are not able to get away to take part, due to these staff shortages. Similarly, evening training is not appropriate as many staff in these schools are in the early years of their career where preparation for teaching takes up much of their time.

There is no uniform policy in relation to the staffing of rural and remote schools due to the state-based nature of education. While there is considerable ongoing demand for teachers in rural areas Australia's population spread and the cultural gravity of the metropolitan and coastal areas means that rural areas cannot sustain their own staffing requirements. Magnifying this problem is that there are proportionally a large number of rural schools, albeit mostly smaller than their non-rural counterparts, and that each secondary schools need a range of curriculum experts. Consequently the demand for teachers in rural areas is significantly higher than any other public service and will conceivably remain a perennial issue without significant reform. Such reform should not however seek to set up a separate rural teaching service as such an approach would lock these teachers out of seeking a similar lifestyle to the other 90% of the Australian population not living in rural and remote areas. This separate approach was introduced in Western Australia in 1996 in the form of the Remote Teaching Service; however it soon collapsed as it could not overcome the need to ensure staff could transfer and essentially separated them from the professionally, and culturally, important needs of a system built on metropolitan knowledge. Teachers soon found they were locked out of transfer and promotion precisely because of their rural expertise when it is non-rural approaches to school improvement that are valued.

Aboriginal Education

The increasing proportion of the Aboriginal and Torres Strait Islander populations in rural areas, and the subsequent increasing proportion of these students in rural schools, highlights that rural education is intertwined with Aboriginal Education. This creates certain challenges and opportunities for talking about rural schools in that while separating Aboriginal Education is important to highlight the unique challenges it also risks separating the needs of Aboriginal

Communities and the broader rural community. This is problematic as the history of Aboriginal Education cannot be separated from prevailing attitudes in the wider community to the Aboriginal community and culture. This history has seen Aboriginal students generally excluded from local schools or confined to separate schools often run by missions. While these approaches were officially abolished in the mid twentieth century Aboriginal students could still be practically excluded from mainstream schools based on the 'clean, clad and courteous' rule up until the first Aboriginal Education policies of the early 1980's. As a result Aboriginal students received an inferior education and consequently had their employment and economic opportunities limited. This history needs to remain at the forefront of thinking about rural education as these policies set up the social conditions of many Aboriginal communities and influences the attitudes of some Aboriginal parents to their children's schooling today.

In an attempt to improve the education, employment and economic outcomes of Aboriginal Australians, the 1989 Hobart Declaration of the national goals of schooling for the first time recognized the need of equity for all groups in Australia and the need to include Aboriginal culture and history in the school curriculum. This is significant as it was the first policy action to include, rather than systematically marginalize, a significant proportion of the rural population from the main function of the state – education. The Hobart Declaration resulted in the first national Aboriginal and Torres Strait Islander Education policy, implemented in 1993. It was shortly followed by the report of the Royal Commission into Aboriginal Deaths in Custody that highlighted the systematic marginalization of Aboriginal people from education and recommended that Aboriginal views and perspectives be included in the curriculum, that Aboriginal communities be involved in education, and teachers be better prepared for teaching Aboriginal students. These inquiries and policies all recognized that a connection between education, knowledge and place is important; however, by doing so in a context of deficit, they effectively positioned such approaches as also deficit relative to the metropolitan knowledge in the 'mainstream' curriculum.

Subsequent to the 1993 policy, there have been other various reports and inquiries into a range of Aboriginal-related issues all of which position inclusion in education as an essential component of improving the social and economic outcomes of Aboriginal Australians. Flowing from this was a number of federal programs to add funding to Aboriginal Education initiatives, provide support staff in schools, and assist students' access to education, variously administered by Departments of Education, Aboriginal Affairs, Communities and Social Services. Importantly the various state and federal policies all mandate consultation with communities and the involvement of communities in education.

Vocational and Higher Education

The issues impacting upon vocational and tertiary education are mirrored by the same access, location, staffing, and economic issues of school education. This is particularly the case in relation to vocational education as it is generally managed by the same state bureaucracy as school education, and increasingly integrated into the school curriculum. It may appear on paper that an institute of vocational education has a large course offering and many satellite campuses; however in reality they cover large areas with courses and staff allocated by demand and size similar to schools. The availability of appropriately certified staff to deliver vocation courses and the availability apprenticeships for students to develop their skills is also limited, and more so since the

economic restructuring policies of the early 1990's, with the exception of areas experiencing a mining boom. The promotion of vocational education may be argued to be a success as rural areas account for a third of vocational education in schools and 40% of school-based apprenticeships. However the restructuring of the rural economy has also resulted in a significant gender division in vocational training, with a third of female vocational students concentrated in three service industries whose jobs and most apprenticeships are concentrated in larger centres such as Cairns, Albury-Woodonga and Alice Springs.

The relatively high rates of vocational education in rural areas may however mask a greater social problem as students are not accessing other post-school options such as higher education. Students from rural areas make up only 18.1% of the participation rate in higher education, compared to a national average of 25%, and this is decreasing. Recent studies highlight access to courses due to poor school outcomes, the cost of relocating, course fees, employment, and a general culture shock of moving from the city as significant in limiting this participation rate. It remains to be seen if recent policies of funding universities for increasing their intake of rural students will have a marked effect, especially as previously rural subsidies have not overcome the higher costs to institutions of delivering courses in these areas and providing a reasonable range of course offerings. This does not however address the issue of cultural conflict for students in needing to move out of rural areas into largely urban areas. To assist with scale, the notion of a rural university amalgamating existing providers has been suggested; however such an approach would need to be aware of the school-based experience in Western Australia of providing an attractive career prospect for staff. The focus on higher education access may by association lead to a renewed focus on rural school education in order to raise participation rates in post-compulsory education.

Online and Distance Learning

While advances in technology have improved online and distance learning for students from crackly two-way radio to sophisticated online connected systems, it is questionable if this approach will see significant improvements. There is little evidence to date to suggest that it is an effective means of overcoming educational disadvantage, with the potential exception of higher education. Online learning often simply reinforces the lack of access that it is aiming to overcome, with students still not being able to discuss their studies or ask a teacher for assistance, while also needing high intrinsic motivation and time management skills. Furthermore, as a professional development approach for teachers, online learning has not been successful, and is often resented, as teachers get minimal release and cannot be away from the school to focus on the training. Vocationally online learning is not a substitute for trades training that requires physical involvement with materials. There have however been successful higher education providers for a number of years, using a model of blended learning where online work is blended with residential periods of study. The success of this model, and the ambivalent results of online only material, needs to be the focus of discussion as the National Broadband Network is rolled out, with its associated rhetoric of transforming education in rural areas.

Future challenges

Looking at rural education in policy from the second half of the last decade reveals that there is in fact little formal policy to speak of: instead, most is in the grey literature and embedded in other policies and conflated with economic rationales and philosophies. Furthermore, while the issues of

rural education have been ongoing they remain persistent, along with approaches that continue to position the rural as deficit against metropolitan measures. The challenge for future policy-makers is to imagine how the rural can be conceived differently and on its own terms so that what it affords can be utilized. Whatever futures are imagined, they need to be coordinated across agencies and with the various states and territories so that a situation such as that in 2008 when the federal government announced \$300 million on local infrastructure projects while at the same time teachers in one state were impending industrial action in support of incentives for hard to staff schools can be avoided. This example also highlights the relative importance of educational issues compared to those of economic development.

The needs of rural schools and communities need to be clearly on the national policy agenda, and not left to exist in a growing series of reports and recommendations alone. However, to achieve this requires a refocusing of priorities onto people and communities and away from economics alone. There was hope that this may be achieved when the 1999 Adelaide Declaration on the National Goals for Schooling in the Twenty-First Century positioned the provision of education as an issue of social justice and raised the particular issue of locational disadvantage. However, consistent with evolving national discourse the subsequent Melbourne Declaration of 2008 modified the social justice agenda to an 'equity and excellence' agenda, and removed any reference to location. It would appear that the rural has instead become invisible and been consumed by either concerns for Aboriginal communities and / or low socio-economic communities.

Defining the rural

One area requiring the attention of future policy may be the definition of rural and its assorted synonyms and degrees. Presently there is considerable diversity in how state and federal agencies and national and international research defines the rural, with definitions ranging from not including capital cities and their satellites, to distance from a centre of a certain size of population. There are also state cultures that influence these definitions within certain spheres, such that in the state-based centralized world of education for example, schools in Tweed Heads in far northern NSW less than 100KM from Brisbane are rather remote from their head office in Sydney. In education, the issues associated with rural and remote are generally seen to magnify towards schools that qualify for Country Areas Program funding (i.e. over 110KM from a regional service town). However it is only a matter of degree as many schools in large regional centers also underperform compared to their metropolitan counterparts, with the exception of communities with a regional university. Complicating this however is that many coastal regional communities experience the same issues of access and poor educational achievement that remote inland schools experience, but are however not difficult to staff: here distance and community socio-economic status may be stronger factors. None of these definitions based on distance or location take into account the social construction of the rural, and how this social construction mediates the relationship with education and the various indicators of educational achievement.

Looking Ahead

The challenges facing education in rural Australia require at least two semantic shifts: firstly from the rural as quasi-urban to a recognition of the particularity of places, and secondly from education as

primarily an economic concern to a broader concern for the sustainability of regions. Achieving this requires a sustained effort to disrupt the dominant discourses, such as those powerfully summarised in Judith Brett's Quarterly Essay 'Fair Share: Country and City in Australia' (2011). In this essay Brett gives a comprehensive account of the issues impacting on rural areas in Australia and the challenges rural areas face. Using Paul Kelly's five pillars of the Australian Settlement; White Australia, industry protection, wage arbitration, state paternalism, and imperial benevolence (1992), Brett proposes a sixth pillar, namely the trade off between country and city. This tradeoff involved an acceptance that the state compensated people for the costs of remoteness and sparse settlement in return for the contribution of agriculture to the national economy. This broad acceptance that rural residents should be given a fair share of Australia's resources has been undermined by the neoliberal economic policies of the last 20 years and the relative decline of agriculture in the national economy. Consequently 'regions' have needed to pull their own weight, something the rural has generally been unable to do. To counter this Brett argues for a renewed understanding of the benefits the city gets from the country through agriculture, pleasure & recreation, national identity and stewardship of the land (Brett 2011). These 'benefits' however tend to position the rural as serving the broader interests of the city and are not necessarily rural interests empowered on their own terms.

Notably missing from Brett's essay is any reference to, or consideration of, education¹. This should not be surprising however as rural policy, sociology and economic commentary rarely considers the issues pertaining to education. This ignorance is perhaps symptomatic of the prevalence of economic considerations that the essay, and much social policy, ironically criticises. It would appear that there still exists a bias to view these regions within a subtle economic frame, perhaps because this is the dominant discourse of our times. Regardless, the social institution of the local school is a microcosm of exactly all the concerns much of the literature canvases. To use one example from Brett's essay, writing about the decline of services in rural areas Brett makes the case of the significance of the loss of the local bank manager in rural towns and the loss of social capital of their wives and children who assist in community organizations and add to local sports teams and the like. In every town with a bank there at least is a public school, and for each town with a bank there are many smaller localities that do have a public school and not a bank, then there are the towns large enough to have schools with secondary departments or separate secondary schools. Each of these employs a number of teachers, many more than the bank manager. While some of the remaining staff may be local like the bank staff, that these schools are hard to attract and retain staff indicate that many are not staffed by locals¹.

From another perspective Brett's addition of a sixth pillar of a trade off between the country and the city recognises a historical commitment to spatial (regional) equality. This is significant as the example of the CAP cited above illustrates how such notions of equality have been overshadowed by economic equality. Looking at this issue from an alternative perspective we could also argue that educational, and rural, policy is geographically blind (Green & Letts, 2007) and unable to either conceptualise rurality or consider it as a factor separate from economics. This results in ongoing social disadvantage such as the average lower SES and higher unemployment in rural regions (Commonwealth of Australia 2010b) which then results in a form of educational disadvantage. However this approach does not take into account complex social factors that in the most basic terms can be highlighted by the fact that many rural students don't succeed at university due to the social factors of fitting in, and subsequent loneliness, rather than academic achievement

(Commonwealth of Australia 2010a). Instead of considering such factors of difference the focus remain upon initiatives that redistribute resources rather than challenge the broad causes of disadvantage.

When the causes of rural disadvantage are not considered policy is complicit in the continuation of this disadvantage: implicitly the rural is constructed as the same and as a mere extension of the urban centres. In relation to education this has seen rural schools constructed in the image of metropolitan schools rather than in relation to the communities they serve, supported by a centralized system to ensure adherence to this model. To counter this a new visioning of the rural in policy is necessary. What we have in essence in policy construction relating to the rural is a perception of the rural as either deficit or quasi-urban. To counter this spatial hegemony rural meanings need to be advocated and included (Howley, Theobald and Howley 2005) in policy work. This necessitates a definition of the rural that doesn't pre-determine all the rural as one but recognizes the particularities and differences of rural places.

A difficulty in recognizing the rural in policy is that there are many competing definitions of the rural, many of which differ on the geographic determinations, economic basis or cultural definitions (Cloe 2006). Donehower, Hogg & Schell (2007) however transcend these concerns to arrive at a definition that combines quantitative measures, including statistics, with geographic and cultural ideas to allow the rural to be identified as a distinct entity with distinct characteristics. This use of objective statistics and the physical certainties of geography and a recognition that culture also exists and is related to both of these conceivably satisfies the concerns of the various policy interest groups. Taking this approach further Reid, Green et al (2010) propose a model of rural social space that links demography, economy and geography as key considerations for policy. In so doing the connection between the local industry, be it pastoral or irrigated crops, the geography that enables or constrains it and the subsequent impact on the population make up are all interlinked. Thus sparsely populated grazing land is clearly seen as having different needs to more densely populated irrigation regions. As a result of geography and economy some areas are more densely populated and more affluent affording greater social and economic opportunities. This in turn influences both students' understandings of the world through their experiences but also mediates their expectations and aspirations (Dalley-Trim and Alloway 2010).

In terms of education policy an approach that puts the rural at the centre would necessitate a decoupling of schools from central, urban based, bureaucracies and greater scope for the local interpretation and implementation of broad policy objectives. This would challenge policy makers to re-think the measures upon which the rural is determined to be disadvantaged, as well as re-thinking the standard policy responses of the last thirty years. Furthermore it would ask serious questions about the appropriateness of the centralized and mandated curriculum and its associated high-stakes examination and assessment regimes that all too often value knowledges and skills that are not reflective of the rural lifeworld. Importantly careful implementation and vigilance on behalf of rural communities would be needed to ensure that such an approach did not descend into relativism, lower expectations or lower standards. Instead such an approach requires the highest of expectations and standards and a complex skill set to both recognize the particularities of rural places, whilst opening opportunities in the cosmopolitan global world.

While it remains a policy extension of cosmopolitan values rural education will remain the subject of continuing negative comparison and subsequent inquiry and policy adjustment. The inability to separate rural education policy speaks to our general inability to conceive of society as anything other than a vessel of national economic growth and our general unwillingness to engage with complex double meanings. In popular culture there is little debate that rural communities are seen as distinct, comprising particular social values, lifestyles and interests that are clearly different from their urban counterparts. However we are unable to allow these to be valued in education policy. Consequently achievement is measured against inappropriate cultural values, and decisions such as staffing, resources and post-compulsory institutions funded and physically located according to economic principles of resource distribution. For as long as such simple policy approaches remain dominant, rural educational disadvantage will remain a salient feature of the Australian social landscape. Instead we need the courage, and the vision, to de-couple rural education policy from pure economic concerns.

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Australian Government Policy Interventions – Education in rural areas.

Policy	Policy Goals	Specific Objectives	Specific Policy Instruments	Principle for Intervention	Issues Practices that it legitimates Practices that it marginalises	Horizontal Integration To what extent are these policies coordinated into other AG departments	Vertical integration How does it fit with higher order policy goals
1. To reduce uneven school achievement	a. To increase school achievement b.. To limit the impact of disadvantage	a. Underperforming schools to meet national averages on education indicators. b. Provide additional resources to schools underperforming.	Funding for special programs. Disadvantaged Schools Program (DSP). Country Areas Program (CAP). Social welfare. Student assistance payments. Funding of non-government schools.	Educational achievement is uneven. Rural areas are behind metropolitan areas in all education achievement and access indicators. To improve achievement rural schools need extra resources.	Legitimises the redistribution of funding & resources, legitimates a scientific definition of disadvantage, reinforces a deficit view of rural areas & communities. Marginalises the rural and notions of rural difference, uniqueness, or capacity. Fails to recognise staffing needs.	Coordinated at times across education departments, welfare departments & health. Education has at times been linked with employment and welfare. State compacts have at times involved Health. Treasury involved to distribute funds to States & territories.	Linked to growing the national economy.
2. To increase National Skills capacity	a. Build facilities for the new economy b. More students completing secondary school	a. Fund construction of facilities. b. Increase access to tertiary / vocational education. c. Raise school completion rates.	Building of school libraries & science facilities. Funding of non-government schools. DSP / CAP Student assistance payments. Funding to tertiary / vocational providers	Australia needs to be competitive in a global economy and develop new skills. Extra resourcing is needed for schools not meeting the national averages.	Legitimises the role of education in the national economy, federal involvement in education and centralisation. Marginalises education as a social & individual good and as a practice related to communities. Fails to recognise staffing needs.	Education and employment have at times been combined, when not have worked together. Schools and tertiary education sometimes separate but coordinated. Science & innovation sometimes separate. Treasury involved to distribute funds to	Linked to growing the national economy.

						States & territories.	
3. To grow the national economy	a. Increase school completion rates b. Increase access to post school & vocational options. c. Economic efficiency	a. Raise completion rates. b. More science & technical subjects. c. Increase proportion of students gaining post compulsory certification. d. Efficiency & competition through market principles	DSP/CAP/Student assistance payments. Funding science & technology facilities. Funding non-government schools. Increasing funds to state education. Promoting economic efficiency policies economy wide.	Education is important to economic capacity. Failure to complete school, meet national averages or access tertiary / vocational education reduces economic capacity. Economic efficiency increases efficiency and drives innovation in education. Financial incentives encourage service provision.	Legitimizes education as a commodity, privileges scientific and technical disciplines, reinforces social hierarchy of post-compulsory education and legitimizes decline of services and reduction of state provision. Marginalises community based development and cooperation, Marginalises non-technical disciplines and traditional agricultural skills. Fails to recognise staffing needs.	Education, employment, science & innovation, primary industry, treasury all responsible to varying degrees and coordinate through funding state programs with treasury.	Linked to growing the national economy.
4. Develop economic & social equality	a. Improve the social & educational outcomes of Aboriginal Australians. b. Reduce the equity divide	a. Aboriginal Australians should match Non-Aboriginal Australians in social & educational indicators. b. Social & Economic capacity of rural areas should match urban areas.	Recognise the unique needs of Aboriginal communities Focus on needs of Aboriginal students. Increase social services in rural areas. Increase schooling outcomes and access to education.	Aboriginal Australians have unique needs. Improving the social and educational situation of Aboriginal Australians will assist itself determination.	Legitimizes Aboriginal cultures and redistribution of resources however also legitimizes deficit views. Marginalises communities by denying capacities and inherent value while also entrenching dependency. Fails to recognise staffing needs.	Education, employment, science & innovation, treasury all responsible to varying degrees and coordinate through funding state programs with treasury. Often driven by Aboriginal Affairs and primary industry.	Linked to growing the national economy and recognition of the traditional inhabitants of the land.

Characteristics of economic sustainability in regional Australia

Prepared by

Dr Kim Houghton

Director

Strategic Economic Solutions Pty Ltd

March 2012

Part A: SUMMARY

INTRODUCTION

The meaning of sustainability in the Australian context encompasses social, economic and environmental factors, and implicit in this study is recognition that sustainability (ecological and human) is more about adaptation to dynamic changes than apparent stasis. This paper explores the characteristics of long-term sustainability in regional Australia, focusing on the impact of population movements; economic growth and investment cycles; and adaptation to external drivers like commodity/resource prices and consumer/resident preferences. It is based on the premise that economic sustainability is underpinned by three factors:

- population
- adaptation
- diversity.

Population has long been thought to be a driver of economic growth, and the links are explored between population growth and incomes, and whether there is a population 'tipping point' for a town or region above which a sustainable future is guaranteed.

The paper uses socioeconomic histories of eight regions to explore approaches to adaptation in regional economies since Federation. The case studies (Part B) explore the extent of the transitions, how the communities have coped and the respective roles of main employers, community and governments. The studies look for signs of individual opportunism and adaptation to see if these attributes are as important in, for example, responding to a changing tourism customer base or in tracking a change in production in a region (e.g. from dairy to beef to horticulture).

Economic diversity is also explored, and the extent to which natural resource endowments drive economic development ('staples thesis' of Canadians Harold Innes and Daniel Drache (Drache 1995)) while exposing the regional economy to external shocks. The pros and cons of diversity in an economic environment, where building on specific resource endowments is highly valued, are considered.

POPULATION AND GROSS DOMESTIC PRODUCT

The link between population growth and economic growth is important for regional Australia, as many areas struggle to maintain their population base in the wake of a post-war population growth emphasis on cities rather than inland Australia. The only inland areas showing steady population growth have been mining towns and the so-called 'sponge' cities (such as Dubbo and Toowoomba, drawing population from surrounding small towns).

The consequence of this local population drift is dire for the long-term viability of many small towns, whose populations tend to need to reach a certain size threshold before they can exit a 'vicious circle' of decline. Conversely, communities with high population growth are often concerned with negative impacts on their social infrastructure. A report by the Grattan Institute (Daley and Lancy 2011) into investment in regional Australia recommended a change in funding procedures, for infrastructure, which favoured fast-growing regions, in order to reduce the 'growing pains' they have been experiencing.

While both population growth and decline can pose challenges for regional communities, the economic literature clearly shows that, nationally at least, the rate of growth is not important in increasing per capita incomes. Figure 1 shows that comparing Australia's population against real (i.e. inflation-adjusted) income, there appears to be a clear positive relationship between the two. In other words, a larger population might be straightforwardly linked with a larger real national income.

The relationship appears more logarithmic than linear in nature, implying that an increase of a certain proportion in the population would lead to an increase in real income that is not quite of the same proportion.

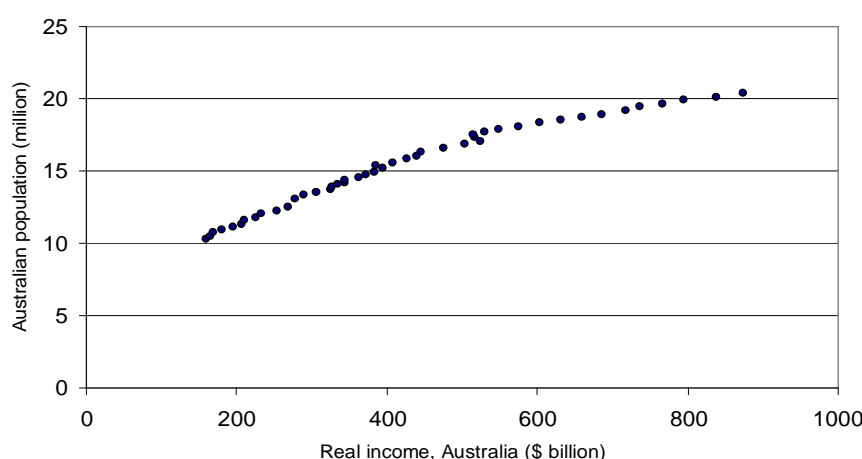


Figure 1 **Australia's population and real income since 1960**

Source: Australian Bureau of Statistics

Figure 2 helps understand the causality between these two variables by plotting the change in the population against the change in real income. This is what statistical techniques would demand at a very minimum if one wanted to draw conclusions about the causal relationship between one and the other.

Visual inspection of such a cross-plot should show a positive relationship between the two; in other words, if population changed by a large amount, then real income should correspondingly increase by a large amount. An examination of Figure 2, however, reveals that no such straightforward link exists between the two variables. Whilst the Australian population has grown by around 0.2 million in a typical year, annual changes in real national income range from drops of \$10 billion to increases of up to \$40 billion.

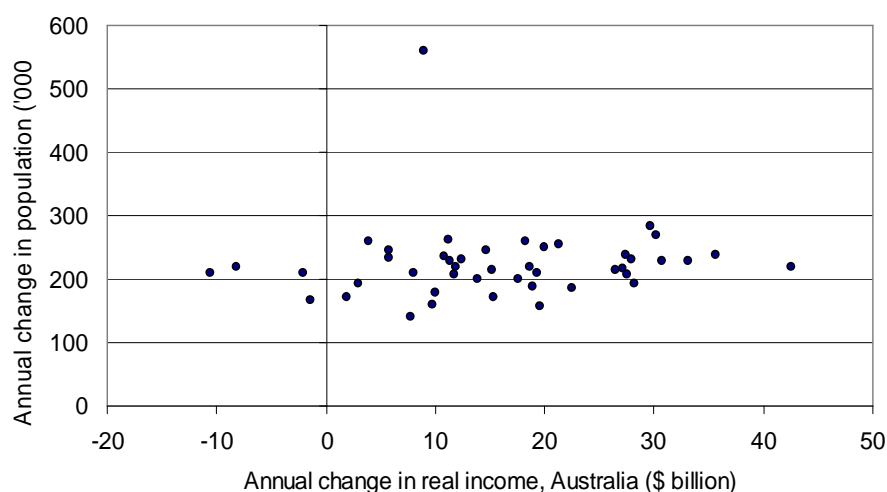


Figure 2 **Changes in Australia's population and income since 1960**

Source: Australian Bureau of Statistics

Figure 3 presents a cross-plot of annual changes in the Australian population with changes in real per capita income, in which we see that more of cross-plot points have moved to the left of the vertical axis. As per capita income is often of primary interest to policymakers, it is important to note that the link between population growth and per capita income is even weaker than the link between population growth and total income.

Note also that causality may still exist between these variables, but that much more rigorous statistical testing is required to establish the nature of such a relationship. On the face of these simple visual inspections, however, one cannot be confident that a strong positive causality can be easily established.

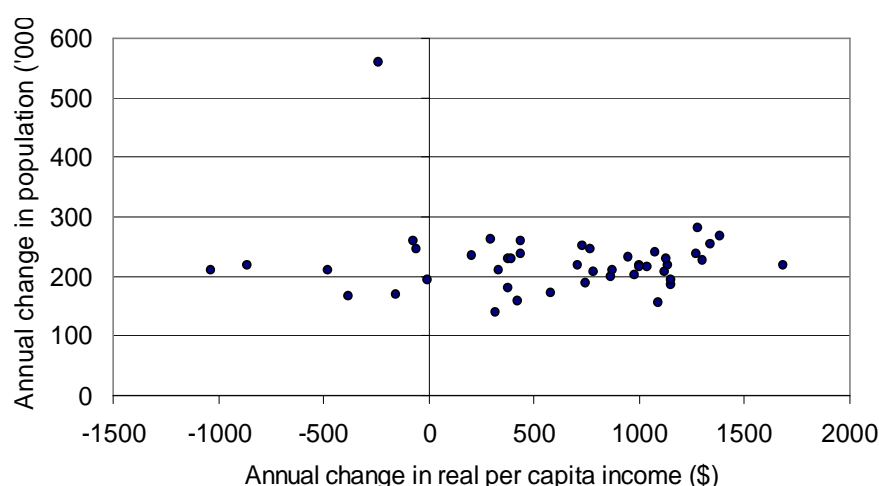


Figure 3 Changes in Australia's population and per capita income since 1960

Source: Australian Bureau of Statistics

The implication for regional economic sustainability is that economic theory and national data trends do not suggest a strong causal link between population growth and per capita income growth. Therefore, it might be possible to sustain modest per capita income growth with modest (or low) population growth rates.

There is increasing recognition that the key ingredients to sustainable per capita income growth, and thus increased economic welfare, are investment in physical and human capital, including support for research and development and a policy environment that fosters knowledge 'creation and transmission'. As the 2006 Productivity Commission report – *Economic Impacts of Migration and Population Growth* – makes clear, immigration and subsequent population growth only make an impact on per capita income growth if immigrants: bring with them additional skills; are more likely to participate in the labour market; or if they work longer hours. The latter two factors do not require immigration and the Commission found that the overall economic effect of immigration appears to be "positive but small".

Investment in human capital is thus becoming increasingly important in the emerging 'knowledge economy'. Human capital is generated and accumulated through training/education, lifelong learning and the transfer of skills from older members of the community to younger labour market participants. Population growth, while an important factor, is not necessarily the key to holistic economic development.

Sustainable populations for towns

In 1997 the National Institute for Economic and Industry Research examined correlations between population and its growth, and employment and its growth, for a number of statistical local areas (SLAs). The analysis was based on the assumption that a region's natural resource base and population create its resilience to economic change (COSBOA 1997).

An indicator of the natural resource base of a region is the sum of employment in agriculture, mining, manufacturing and accommodation. This is here designated the Natural Resource Base (NRB) employment sum. The overall resilience of a region is perhaps best expressed as a ratio of other (or flow-on; FO) employment to NRB employment. FO employment includes jobs in the following sectors: transport and energy, community services, business and finance services, personal and recreational services, and retail and wholesale services. A higher ratio of FO employment to NRB employment indicates greater overall resilience, because a high ratio means there is less sensitivity to local economic shocks, such as a manufacturing plant closure, and that any new positive economic initiative undertaken will have greater multiplier effects.

Population plays a key role in determining the FO:NRB ratio. Econometric regression across country SLAs reveals this relationship, shown in Figure 4. It can be seen that between population sizes of low levels to 15,000 the FO:NRB ratio increases rapidly, and after 15,000 the ratio stabilises.

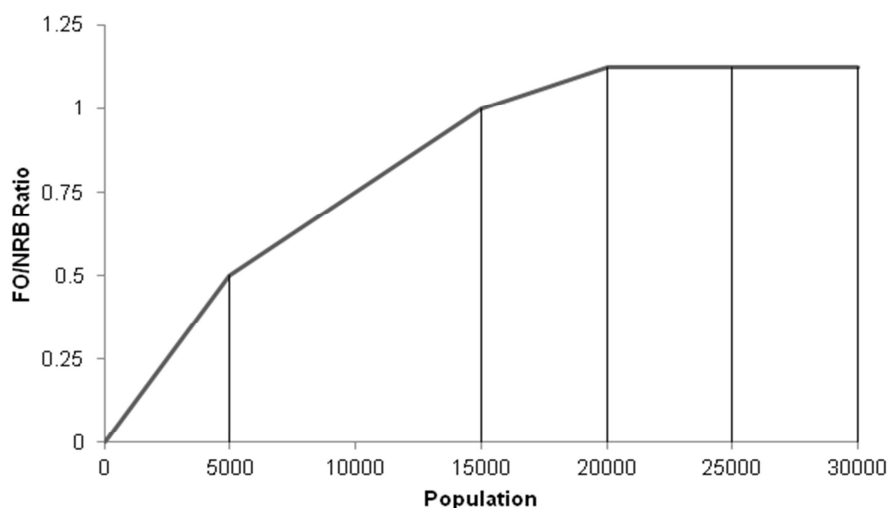


Figure 4 Employment ratios and population

Source: COSBOA 1997

There is also a statistical relationship between the population of an SLA and the ratio of population change to employment change. A large population has a smaller change in population compared to any given change in employment. Again, population size of 10,000 to 15,000 is critical; for populations above 15,000 the induced population change from a given change in employment is very small.

The implication for regional sustainability is that a population of around 15,000 represents a 'critical mass', which significantly enhances a community's capacity to adapt to economic shocks. For populations above 15,000 the FO multiplier values are high and there is low population loss from negative economic shocks. That is, the region is resilient. On the other hand, for a population below 15,000 FO multiplier values decline and population loss from any given employment loss increases. In addition, the consequences of a negative economic shock are likely to be more profound.

ANALYSIS

This paper examines economic sustainability in regional Australia and finds that population, employment diversity, commodity prices and adaptation play important roles.

Our analysis of population growth and per capita income finds that while population levels will determine the level of services available in a region, the income has only a weak relationship with population size, and higher populations do not bring higher levels of per capita income. Australia's economic history has more in common with the Canadian-derived 'staples thesis', which puts resource exploitation as the driver of economic activity, with population movements following (Carson 2011).

In answering the question "Which is the driver – people or jobs?", it is clear from the case studies (Part B) that for resource and commodity-based regions, jobs drive economic viability, and jobs follow the capital investment made to reap a return from the resources available. Recent experience also shows that high wages are required as an incentive to attract labour to regional locations – especially mining regions. Movement of people alone, as in the development of our capital city outer suburbs, or in coastal areas as part of the 'sea change' phenomenon, has left those areas with lower levels of local jobs and/or higher levels of unemployment. Busselton, for example, marries the sea change with access to remote jobs to reduce the impact of the lower level of local jobs (ACILTasman 2009). This analysis suggests that the incentives provided by some small towns to attract residents, in the hope this will lead to higher levels of business activity and more jobs, could be misguided, or at best only a short-term solution.

Quantitative analysis has suggested that a sustainable population's 'critical mass' is around 15,000 people. Below this level the ratio of flow-on jobs to natural resource base jobs increases rapidly, and above it the ratio stabilises. The ratio is one way to assess the diversity of a region's economy, and the balance of local servicing and exporting jobs. The ratio's increase with population and stabilisation, indicates that a population of that size (above 15,000) can support a broad enough mix of businesses and jobs to sustain a vibrant local servicing economy that is more resilient to external shocks. Below that level there are risks that dwindling services will only serve to heighten population decline – risking a vicious spiral of decay.

Resource price impacts

At the national scale, recent analysis (Bhattacharyya and Williams 2011) highlight three episodes of price volatility and external price shocks on the Australian economy:

1. surge in wool prices (1920–25)
2. surge in wool, agricultural, commodity and resource prices (1950–55)

3. minerals and energy price surge (post–2000).

Each of these shocks affected the national economy differently, and the authors conclude that:

While export commodity price volatility is still an Australian attribute, its impact has diminished because of industrialisation and post-industrial forces: first, by reducing export concentration, and raising the manufacturing export share (with more stable prices); and second, by reducing the relative size of agriculture and mining activity in the economy. Mining [currently] accounts for almost half of Australian exports. Wool and agriculture no longer appear to be important exports, so mining prices are doing all the work. (p158)

Compared to other resource and agriculture exporting countries, Australia withstood these external price shocks well. The authors emphasise the importance of economic diversity:

Diversification made (and makes) the difference – a big and growing industrial sector before about 1970, and a big and growing service sector after about 1970. (p172)

Current resource sector practice is based heavily on the fly-in–fly-out model, where mine site economic and social infrastructure is kept to a bare minimum (Arthur 2010). Miners and their families reside in nearby ‘muscle towns’, or even further afield in cities or regions with a desirable lifestyle (and transport links to the airport!). This is creating tensions due to significant lags in the towns’ social and community infrastructure, and is exacerbated by an expectation that the local or state government is responsible for funding this infrastructure; whereas in a classic mining town it was the mining company itself, the owners (usually local business people), or other local identities who seeded the wider community infrastructure, which was desired as a stamp of social standing separating a mining camp from a wealthy community (e.g. Blainey 1954 and Blainey 2004).

There is another economic challenge at the end of a mine’s life. Just as its establishment requires capital, so there are costs in scaling down and a community’s transition out of reliance on mining. In current practice, the costs of transition are borne by the community and the state. This makes good economic sense from the viewpoint of the mining companies, as their owners are global investors rather than local entrepreneurs, and naturally their interests are in profit maximisation. It is a natural progression in business strategy from the post-war relocatable town approach, where much of the transitional costs were borne by the mine owners. This evolution of practice has, effectively, enabled mining firms to more effectively privatise the profits and socialise the losses of their operations. Not surprisingly, these approaches are followed most in mines for resources such as iron ore that are subject to volatility in price and demand.

The case studies (Part B) have also shown that price signals come in various forms, not just in direct minerals, energy or commodity prices. The significance of changes, in relative prices too, is clear in all of the case studies – though the way these manifest themselves varies. Price changes can be due simply to increased demand pushing prices up (as in the current mining and exploration boom), or to suppliers in other areas increasing supply so that prices fall (as with vegetable growers in the Richmond Valley), or to changes in regulations removing (as in the wool growing) or creating a fixed price (as in dairying in the 1920s), or to changes in technology such as Australia’s loss of

competitiveness in shipbuilding, or the ability to create enough irrigated land for cotton farming in St George.

Dynamics of adaptation

In this paper we have tracked the prosperity of eight case study regions against external influences of commodity prices and tourist numbers, through the three major boom–bust cycles since Federation. There is evidence that many regional economies became more diverse as they weathered these external shocks – though some have maintained specialisations which leave them vulnerable to future price shocks. We have found a weak link between population size and diversity which suggests that older regional economies are more likely to become more diverse with time, while regions of new population growth may be ‘born with diversity’.

Adaptation is a hallmark of regional economies and in the eight case study regions, since Federation, there have been major cycles of growth and decline of population – especially in the agricultural and resource-based regions. Many of these changes align with cycles of external commodity prices, but others reflect institutional changes (deregulation of dairying, for example), changes in relative prices or changes in consumer preferences (in tourism and housing preferences). In the case study regions, periods of high growth created strains on sustainability as much as periods of decline, and the efficiency of regional economies has been constrained by an inability to transition fast enough alongside price/institutional or demand movements.

The analysis presented here suggests that it is helpful in understanding mechanisms driving sustainability in regional Australia to differentiate regions according to their recent trends and prospects in terms of economic diversification and population. A suitable typology is set out in the two figures below.

Working population	Increasing	Growing around dominant industries, exposure to external shocks <i>Muscle town</i>	Growing and diversifying <i>Thriving/reviving town</i>
	Decreasing	Consolidating around dominant industries – no structural adjustment <i>Dying town</i>	Effective ‘structural adjustment’ <i>Turnaround town</i>
		Decreasing	Increasing
		Employment diversity	

Figure 5 Typology of population and diversification dynamics

The typology recognises the importance of structural adjustment to overcome regional economic dependencies and vulnerabilities, and its interplay with population growth. Growth in both population and economic diversity marks a region as thriving, or perhaps reviving, from a period of change. Where population is increasing but economic diversity is not, a region is in the midst of a dominant industry-driven growth phase – the circumstances of the so-called ‘muscle towns’ which are satellites to regions of high investment in mining. Where population is not increasing but economic diversity is, a region is in the midst of a structural adjustment phase – shedding reliance on a dominant industry for growth in other industries, while still losing population as a result of reduced activity in the (formerly) dominant industry. Where neither the local population is growing nor the local economy is diversifying, a town or region is dying, as jobs dry up, people leave, and the flow-on employment base falls in consequence.

The following figure positions the case study regions in this typology.

Working population	Increasing	Blue Mtns Gold Coast Busselton Richmond River	St George Ballarat
	Decreasing		Mt Isa Whyalla
		Decreasing	Increasing
		Employment diversity	

Figure 6 Case study examples

The analysis in this paper suggests that there is a third dimension to this typology which drives a region from one quadrant to another – prices (as a proxy for demand for resources, commodities or destinations). The impact of prices is shown in Figure 7. Price movements determine which quadrant a region falls in, providing the link between the current status of a town or region and its exposure to external shocks. In the current economic environment, the high exchange rate is an important external price signal affecting international prices for agricultural and other commodities, manufactured goods and tourist flows.

Working population	Increasing	Price bubble (dominant commodity dependency)	Relative price equilibrium
	Decreasing	Price bubble collapse (dominant commodity dependency)	Change in relative prices, restructuring of employment
		Decreasing	Increasing

Employment diversity

Figure 7 Factoring in price impacts

In St George and Ballarat, commodity prices no longer underpin the local economy as some diversification has occurred. And for St George, climate-related production (inversely linked to price for many agricultural commodities) is the main external risk factor.

In Mt Isa and Whyalla, diversification of the local economy is progressing, as both regions are recovering from major slumps in the 1970s. While substitute economic drivers have not yet emerged (populations still falling) the local economies are exploiting other opportunities. Both regions have potential for population growth to occur soon as a result of each becoming a regional hub for mining activity spawned by the current resources boom.

In the other four case study areas, growth is concentrating around their existing local specialisations, and the price signals stem from property prices and tourism demand. The Gold Coast, Blue Mountains and Busselton all have some role as dormitory towns (attractive lifestyle areas) for nearby capital cities, with the latter two areas not yet matching population growth to provision of local jobs. Richmond River has already been through several large scale structural adjustments from one agricultural commodity to another, and has become a lifestyle and service region with reduced reliance on agriculture. The current trend in both Richmond River and the Gold Coast is for consolidation in employment growth around the service-sector foundation industries – retail, hospitality and public sector services.

Adaptation and social capital

Finally, the paper has found that the depth of local social and financial capital is a vital ingredient in adaptation. In mining communities the shift from local ownership and local returns to global ownership and global returns has removed one of the pillars formerly available to those communities to support adaptation and transition.

The case studies (Part B) suggest that economic diversity adds to sustainability, but also that lack of diversity (building on strengths) can be an asset if boom/bust cycles are well managed.

The Ballarat case study suggests that its transition in the early 20th century was facilitated by the diversity of investments that those who had profited from gold mining had already made, setting up a well-capitalised foundation to a more diversified economy in the same location. These local ‘deep pockets’ are also recognised as important in farming communities – both as buffers against bad seasons or price falls (or both), and as platforms for alternative economic activities. Similar signs are evident in St George – of the value and ongoing significance of local capital to funding new irrigation infrastructure and the costs of establishing cotton crops.

Surviving a downturn and subsequent population loss requires a replacement economic base to motivate a new group of people to settle there – with important ingredients being both alternate activity and adequate local economic diversity. Adaptation is facilitated by a mix of ‘critical mass of population’ (to bring alternatives) and wise local investment, so that the families and firms who profited from the good times have diversified their activities and retained a solid foundation to the local economy. This might be more important than, say, government initiatives to drive economic development. Local networks/institutions are an important part – if they go when the boom goes then the community has to start again, but if they survive there’s a good base for further adaptation.

CONCLUSION

The findings from this paper and the case studies (Part B) suggest that economic sustainability in regional Australia appears to be more dependent on adaptation and capacity for transitions than on population growth, which is a means to an end, but not the end in itself. The 19th and 20th century notions of ‘populate or perish’ have no real basis in Australia’s current economy.

Australia’s regions are highly vulnerable to changes in commodity prices, exchange rates and consumer preferences, and there are no mechanisms to help them squirrel away gains from boom times for use in lean times. Recent history shows the opposite – that regions will reap all they can from a boom with the expectation that government assistance will help bail them out of the next bust. This pattern runs counter to the neoliberal policy framework that emphasises self-reliance at the level of the business owner or farmer or region.

A key issue for policymakers is how to assist with the transitions most effectively; clear goals will help determine the most suitable tools. A goal that no resident or worker is displaced from a transition will require one set of responses, while an alternative goal – that no-one leaves in difficulty – would require another. This is particularly important when need for action is driven by communities in crisis, who instinctively want to maintain the status quo, seeking support for businesses that are struggling or have closed. The big picture suggests that regional economies are always volatile and supporting adaptation and transition is more fruitful in the long term.

Adaptation since Federation seems to have been helped by a mix of regulatory factors (supporting producer prices, for example) which have worked in the short term, and through the fortunate

circumstances and the tenacity (or wealth) of local populations. Important question for policymakers are: “How can adaptation be facilitated in a more strategic way?”; “How do you build the likelihood that a community will be able to adapt?”, and “Should ‘muscle towns’ even be trying to diversify?”.

The implication for policymakers is that predicting and preparing for boom–bust cycles, and assisting regions with transitions, is a more forward looking and effective goal than using short-term assistance measures to preserve the status quo. This is especially so when many communities are finding their growth constrained by external environmental factors, which could prove much more difficult to adapt to or diversify around.

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Part B: CASE STUDIES

INTRODUCTION

Regional Australia is not homogeneous; thus, in order to explore the nature of economic sustainability, eight case studies are presented here. The case study regions have been selected to represent four drivers of economic activity:

1. Mining-dependent (Mt Isa and Whyalla)
2. Agriculture-dependent (Richmond River – northern NSW, and St George – southwest Qld)
3. Tourism-dependent (Blue Mountains and Gold Coast)
4. Population-dependent (Busselton and Ballarat).

These regions have been selected to contrast experiences – i.e. early 20th century and mid-20th century mining; diverse small scale and broadacre farming; old and new tourism; coastal and inland population growth. Each case study explores the nature and scale of transitions that its region has been through since Federation.

Population and economic diversity

Each pair of case studies has a different economic specialisation and recent economic and demographic history.

Table 1 below shows the Census counts of the number of ‘usual residents’ working, and the Herfindahl Diversity Index¹ for employment in the 17 ANZSIC Divisions (2006 Census).

Table 1 Working population and employment diversity

	Working population	Diversity Index*
Mt Isa	9,222	33.7
Whyalla	8,494	32.8
Blue Mountains	35,172	28.7
Gold Coast	218,370	27.9
Busselton	11,753	28.8
Ballarat	37,535	29.3
St George	2,340	40.8
Richmond River	41,842	28.7
Equal shares		22.9

* Lower index value signifies a more even mix of employment across all industries.

Source: ABS Census 2006

¹ The Herfindahl Index as used here is a measure of employment diversity within each Local Government Area, based on both 2006 and 1996 Census data. The index is a measure of industry concentration, and a higher score indicates a higher concentration of employment in a few industries, while a lower score suggests greater diversity of employment. Typically, a score of 30 or more would indicate a high concentration of employment in a small number of industries (Carson 2011).

The table shows that the working populations of the case study areas ranged from 2,340 (St George) to 218,370 (Gold Coast; well above the others). It also shows that all regions (except St George) have diversity index values in a narrow range (28–34).

There is a correlation between the size of the working population and the extent of employment diversity, shown more clearly in Figure 1. As might be expected, smaller working populations correspond to lower diversity (higher index scores), while there appears to be a ‘maximum diversity’ corresponding to a diversity score of 26. By way of comparison, if employment in all 19 industries was distributed evenly the score would be 23.

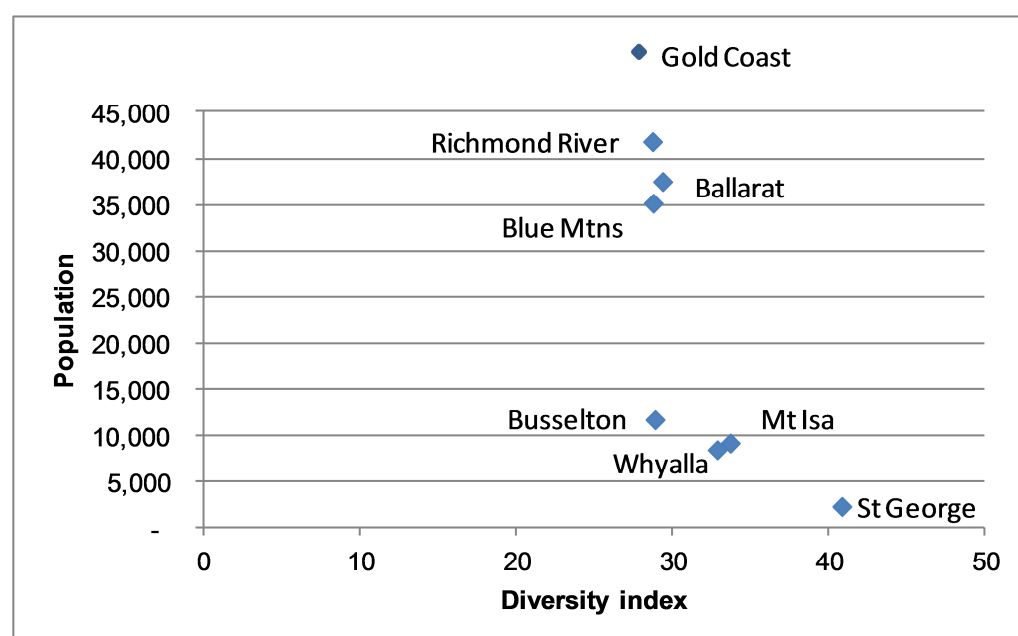


Figure 1 Working population and employment diversity

Source: Australian Bureau of Statistics

While older settlements show greater diversity as they grow and mature through time, the much younger settlement of Busselton shows a high diversity score from the outset. This suggests that newer settlements that grow without a dominant industry are in fact ‘born diverse’, reflecting the multifaceted aspects of a contemporary regional economy from the outset.

Employment diversity trends

Table 2 shows that over the decade to 2006, employment diversity increased in four of the case study regions (Mt Isa, Whyalla, St George and Ballarat) and decreased in the other four (Blue Mtns, Gold Coast, Busselton and Richmond River).

Table 2 **Changes in employment diversity**

	1996	2006	% change in index
Mt Isa	37.2	33.7	−9.6
Whyalla	35.4	32.8	−7.2
Blue Mtns	27.8	28.7	3.3
Gold Coast	27.0	27.9	3.2
Busselton	27.3	28.8	5.8
Ballarat	29.5	29.3	−0.5
St George	43.8	40.8	−6.8
Richmond River	27.8	28.7	3.0

Table 3 presents data which compares the diversity changes with population changes by showing the percentage change in the working population between 1996 and 2006, alongside the changes in employment diversification.

Table 3 **Trends in employment growth and diversification**

	% change in working population	% change in Diversity Index
Mt Isa	-13.5	-9.6
Whyalla	-6.1	-7.2
Blue Mtns	10.6	3.3
Gold Coast	52.0	3.2
Busselton	66.7	5.8
Ballarat	26.9	-0.5
St George	7.7	-6.8
Richmond River	17.3	3.0

Table 3 shows three types of change patterns:

1. decreasing working population but increasing diversity (Mt Isa and Whyalla)
2. increasing working population but decreasing diversity (Blue Mtns, Gold Coast, Busselton and Richmond River)
3. increasing working population and increasing diversity (St George and Ballarat – latter showing only a small change in diversity).

In Whyalla and Mt Isa, while overall employment levels fell, driven by a significant fall in employment in the dominant industries (manufacturing and mining), in other industries it grew and overall diversity increased. In the four regions with growing populations but narrowing diversity, employment growth was greatest in the existing dominant industries (education, health, retail and construction – those that usually grow alongside a growing population). St George is an example of a small population showing a low rate of growth alongside a modest rate of employment diversification. There, in the decade to 2006, employment in the dominant industry (agriculture) fell slightly, while it grew in most other industries, especially the service industries. St George is the closest to a ‘textbook example’ of how a region dominated by one industry slowly diversifies.

Implications

The mix of patterns for these case study regions demonstrates the complexity of the relationships between populations and their growth, and economic specialisations and diversity. This emphasises the importance of understanding the local context. Some regions seem to be on a diversification pathway (whether their populations are growing or not), while others are consolidating their employment growth in industries that are already strong.

No simple diagnostic tool emerges from this analysis that helps assess a region’s propensity for either population growth or employment diversification. It is clear that the underlying context of the regional economy must be factored in before any overarching measures can be made. Similarly, this quantitative assessment of regional aspects suggests that both more and less diverse regions can grow – with no normative judgement possible on which is ‘better’.

A region with a dominant industry, or industries, could well prosper as these industries grow – if they are in ascendancy, bypassing diversity. Conversely, a region with dominant industries that are in decline will struggle without diversity. It appears that it is the nature of these industries, their position in relation to price cycles, and their relationship to the foundations of each region’s economy that are important. This means that it is difficult to introduce an overarching index that can proxy for thorough local knowledge. Perhaps this is a main reason why regional communities are often so sceptical (aggressively) of supra-regional analysis, distrusting that which doesn’t sufficiently acknowledge regional differences.

MINING

Mount Isa

Mount Isa is the main city in the northwest region of Queensland. It is built around one of the most productive single mines in the world, with combined production of lead, silver, copper and zinc. Around a fifth of the city’s population is employed in the mines, and the population change in Mount Isa since the middle of last century is shown in the figure below.

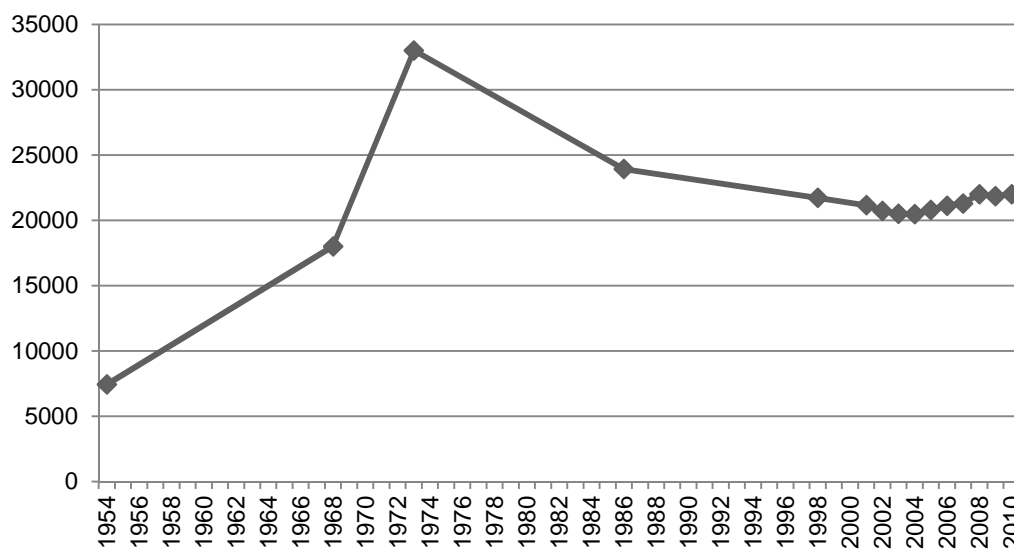


Figure 2 Population trends, Mount Isa

Mt Isa has had a true ‘boom and bust’ economy, relying on the mining industry to provide employment, boost population and maintain services. While there were periods of population increase and decrease in its early years, the most notable increase occurred after the Second World

War and up until the late 1970s. In this period, the population rose from about 7,000 people to almost 35,000.

In 1948 Mt Isa produced silver–lead bullion and zinc, worth about 500,000 pounds per month, and the sustained population boom increased the need for infrastructure and essential services. In 1954, hundreds of miners’ homes and community facilities were planned for the Mt Isa settlement.

Despite its good fortune, Mt Isa’s labour force was still subject to the whims of external circumstances. For example, the 1960s were marked by an industrial dispute, and in 1964 the town made national headlines when the Australian Workers' Union and lobbyist Pat Mackie led an eight-month strike, which caused the Queensland Government to declare a state of emergency in the region. In down times like these, when the mine had to put off staff, working men were known to move far away for work, with the women and children staying in Mt Isa until the mine picked up again.

By 1973, 34,000 people resided in Mt Isa, but then the city entered a steady decline, linked partly to volatility in the metal markets. Figures 3 and 4 show the instability in the silver and broader metal markets in recent decades. The peaks and troughs in the 1970s and beyond correspond to the exodus from Mt Isa in the same period.

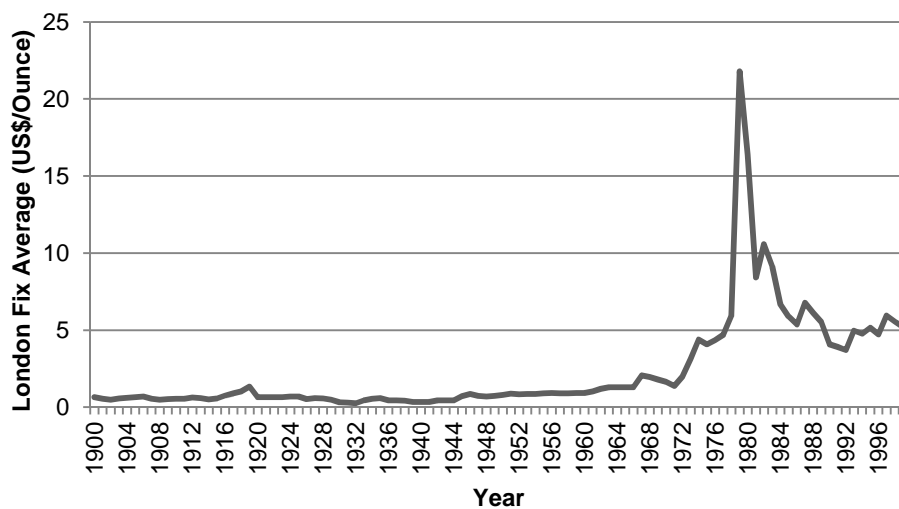


Figure 3 Long-term silver prices

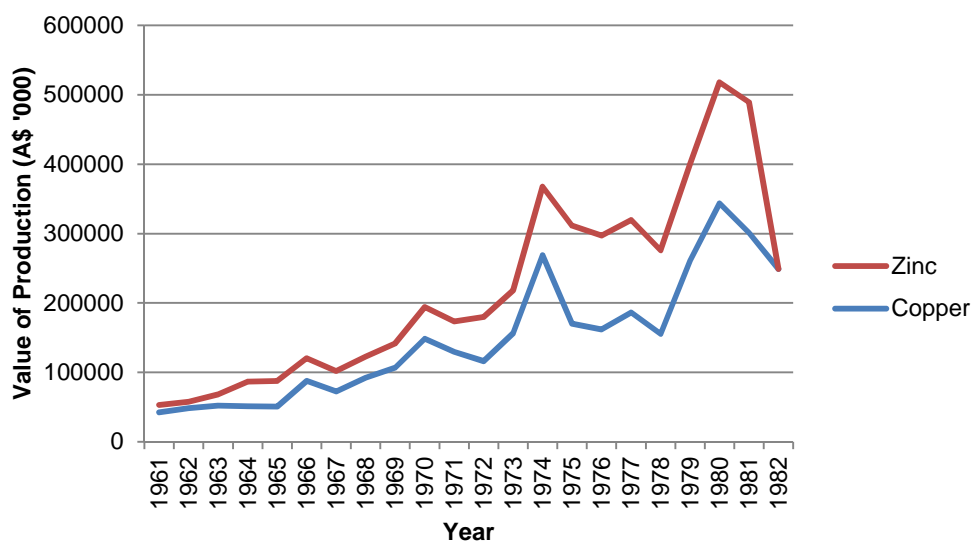


Figure 4 Long-term zinc and copper prices

In recent decades of downturn, Mt Isa has remained the administrative, commercial and industrial centre for Queensland's vast northwest region. The town is now verging on another boom, due to new mining projects (e.g. Xstrata's George Fisher and Ernest Henry mines expansion, and a major phosphate plant being proposed).

The estimated population at June 2010 was 21,994, and this is expected to increase to 24,292 by 2016 and to 25,886 by 2031. Today Xstrata (Mount Isa Mines) directly employs around 4,900 staff and contractors. The 2006 Census showed mining as the largest industry of employment for Mt Isa City's usual residents, comprising 26.6 percent of the region's employed labour force. By occupation, technicians and trades workers comprised 21 percent of this labour force. In addition, many residents not employed directly by the mine are employed by businesses providing goods and services for the mine.

Whyalla

Whyalla's economic and social prosperity has been closely tied to the activity of Broken Hill Proprietary Company Limited (BHP), which acquired leases to work ore in the Iron Knob and Hummock Hill (now Whyalla) region in November 1899, as iron ore could be used in the company's smelter in Port Pirie.

Figure 5 shows the population of Whyalla since 1901. The noticeable rise was linked with the opening of shipyards just prior to the Second World War and the success and expansion of steelworks. The shipyards closed in 1978, with a corresponding decline in population, which has only reversed in recent years. This case study focuses on the factors influencing the 'boom and bust' of Whyalla's population.

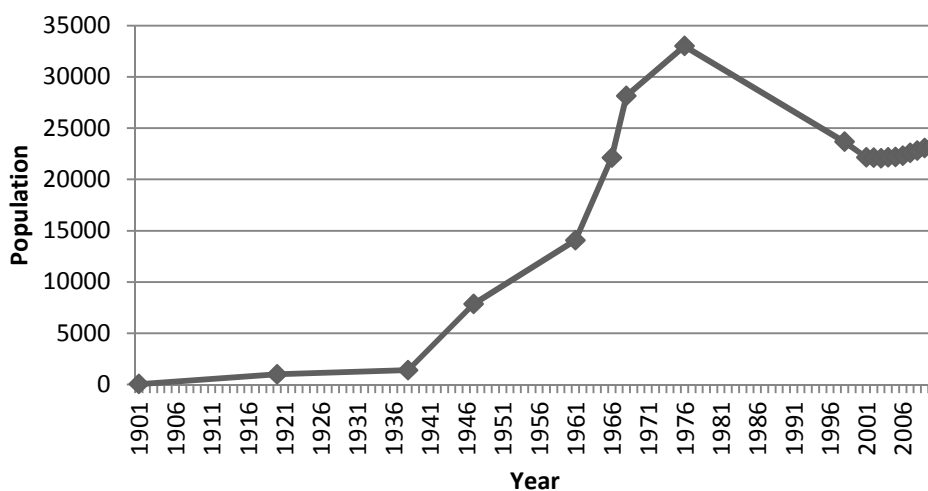


Figure 5 Population trends, Whyalla

In 1958, BHP announced the decision to build an integrated steelworks at their site in Whyalla. By 1962, BHP was employing 2,301 staff at the steelworks and 1,407 at the shipyards. The census in 1966 revealed that the population of Whyalla had reached 22,126, an increase of over 8,000 people in the previous five years. To cope with this, the South Australian Housing Trust was building houses at a rate of 500 a year (The Australian 2011).

Whyalla steelworks construction was completed in 1968, when the pellet plant and coke ovens began operation. Population estimates of 1968 show it continuing to rise, by approximately 6,000 in the previous two years to 28,150. In 1970 the BHP workforce had reached 6,950. The Department of Lands was by then planning for a city of 100,000 people (Whyalla City Council 2011).

When, due to a shipbuilding slump, the Whyalla shipyards closed down in 1978, the population, after a peak of 33,000 in 1976, rapidly declined over a period of 20 years to around 25,000 people. As an example of the scale of population decline, over the period 1991–1996 Whyalla experienced the 12th largest population loss (2,012 people) of all Australian cities, at an annual rate of 1.6 percent; equivalent to losing six percent of its total population resident in 1991 (SACES 1997).

Population decline had a number of implications for Whyalla's community. One of these was loss of services: GPs, for example (Beer and Keane 2000). Local businesses also lacked a competitive environment, leaving some stagnation in the business community (see Evans and Sawyer 2009). Another consequence has been the pressure put on industry to diversify, both within and outside of its specialist industrial manufacturing sector. The clearest examples of success have been aquaculture operations, and the success of a local algae extraction plant, which is now the largest producer of beta-carotene in the world. The Whyalla and Eyre Peninsula Regional Profile (RDA 2011) states that: "Increased development to diversify the region's economic base in aquaculture, mining, renewable energy, tourism, and branding the region's produce will be the critical success factor to reduce economic vulnerability and ensure the future economic growth."

The most recent successes in diversifying the industry base have arguably been made possible because of investment from South Australia's mining boom. SACES (1997) points out that the

diversification in Whyalla up to 1997, since the loss of shipbuilding, had not been sufficient to arrest the gradual decline in its population.

In 2000 OneSteel Ltd was formed after the steelmaking industries were divested from BHP, ending a long relationship with the area. From 2004 OneSteel invested in a blast furnace reline and in 2005 its 'Project Magnet' began. Since then the city has started to experience an upturn in its economy. The continued shift in focus of OneSteel's operations – from manufacturing to mining – means that Whyalla is enjoying a period of renewed growth and prosperity.

Lessons and Implications

Both mining regions have seen major boom–bust cycles, driven by changing prices. In Mt Isa's case the volatility in metal prices contributed to a scaling back of operations; for Whyalla it was the loss of competitiveness of Australian shipbuilding.

SACES (1997) has pointed out that regions and major urban centres with a high degree of specialisation are strongly associated with periods of rapid growth or rapid decline (net migration loss), dependent upon the fortunes of their concentrated industry or activity.

In the context of long-term planning, it is more realistic, without being unduly pessimistic, to regard the twenty years after World War II, when the South Australian population grew more rapidly than the national population, as an anomaly. This was the only period since the last century when South Australia's population grew more rapidly, in proportional terms, than the national average.

Thus, the period of decline in Whyalla's population can be interpreted as a correction in response to a period of unsustainable growth in the decade to 1971.

There are signs of another upswing: in South Australia, mineral exploration expenditure increased 800 percent in the five years to 2009, so that it has become Australia's second biggest spender on mineral exploration. One consequence has been an increased demand for, and a strong median price growth in, housing within the so-called 'Iron Triangle' towns of Port Augusta (48 percent), Whyalla (17 percent) and Port Pirie (22 percent) (Evans and Sawyer 2009; Wilson 2008). Whyalla has been well placed to take advantage of this investment, ironically for the same reason it experienced a long decline; its labour skills are specialised in mining, engineering and manufacturing.

The economy specialisations of the case study cities have been both a boon and a source of hardship for residents. The challenge for such communities is to ensure that growth during the 'boom' times is sustainable, while taking into account the likelihood of decline in the future. With mining exploration and new development picking up in areas close to Mt Isa and Whyalla, both regions are looking at another boom. Many businesses currently rely on the influx of 'fly-in-fly-out' workers needing goods and services, which creates a difficult business environment. A stable resident population (families and retirees) requires some diversity in the industry profile of the town (reflecting the tendency of people to work in other industries once they leave mining). A strategic approach to this boom–bust cycle requires increased diversification, considering the realistic

prospect of future population decline from a strategic planning perspective, and using the 'boom' cycle to provide a financial basis for self-reliance in 'bust' times from a regional perspective.

TOURISM

Blue Mountains

From the 1850s, after gold was discovered in the Bathurst area, the first road across the Blue Mountains became well travelled. The Blue Mountains quickly became popular as a recreational retreat for the wealthy residents of Sydney. It was also an important coal-mining area. Townships emerged around the railway stations and were populated by railway families, miners, timber merchants, blacksmiths, hotel and guesthouse owners, storekeepers, small-scale farmers and market gardeners. Tourism has continued to be the major driver of economic development in the Blue Mountains since that time, and the figure below shows its population growth in the last century.

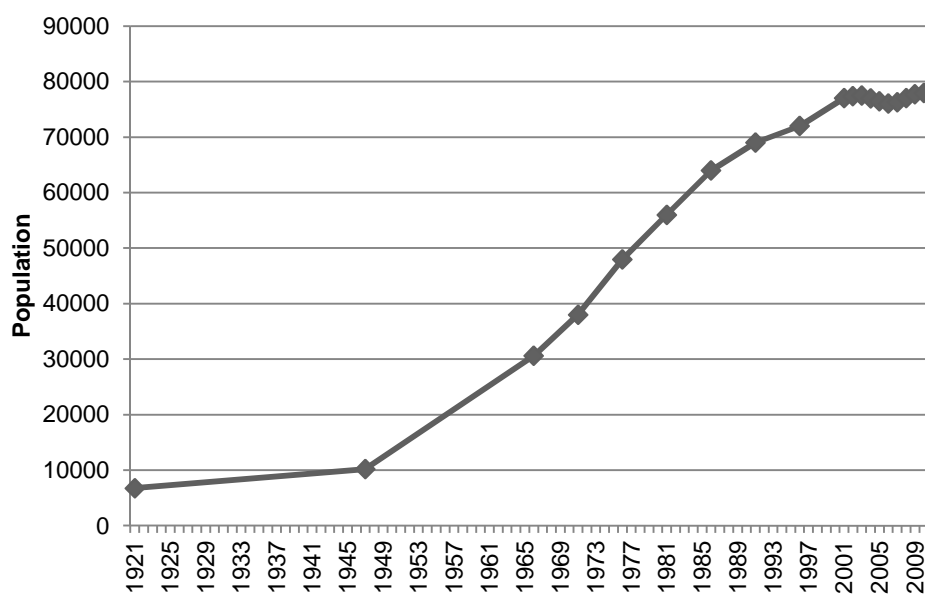


Figure 6 Population trends, Blue Mountains

At the turn of the century (1900) the two major towns in the Blue Mountains – Springwood and Katoomba – gained a reputation for their health-giving climate and beautiful surrounds. Coal mining in the area had begun to decline, and recreational opportunities were becoming the focus of economic activity. By 1917 there were around 60 guesthouses in Katoomba alone. The impetus for

the development of tourism infrastructure until then had mainly been from wealthy residents and landowners, looking to capitalise on the area's attractions. As motorised transport became widely available, tourist numbers continued to rise; this created demand for food and services, and the number of businesses in the region increased (Blue Mountains City Council 2001a).

The electrification of the railway in the mid-1950s stimulated a large amount of urban development in the Blue Mountains. The lower mountains in particular were marketed to new residents based on ease of commuting to Sydney, affordable land prices and the attractive landscape. While the City of Blue Mountains was formed in 1947, impetus towards strategic planning did not emerge until the 1970s, with community resistance to a draft-planning scheme in 1973 that proposed a large increase in available land for residential development. The balance between this development and preservation of natural areas, including World Heritage, has since been a feature of planning in the Blue Mountains (Blue Mountains City Council 2001b).

The population of the Blue Mountains has grown to more than 70,000 people, scattered across 100 kilometres of ridgeline in 26 towns and villages. After substantial population growth from about 1950 to the 1990s, growth has slowed in recent decades. Between 1996 and 2021 the Blue Mountains population is projected to reach 84,600, at a growth rate of 16.6 percent: a contrast with a rate of 98 percent from 1971 to 1996. Traditionally the Blue Mountains has provided affordable housing opportunities, with lower rental costs and house prices than the Sydney Metropolitan area. However, in the Upper Mountains affordability of housing is being reduced as pressure on housing stock increases (Blue Mountains City Council 2000).

Tourism continues to be a major driver of the local economy, employing around 13 percent of the local workforce. In addition, businesses that service the tourism industry account for about 40 percent of all jobs. Today, 58 percent of the Mountains' employed population commutes to Sydney.

The Blue Mountains Tourism Authority estimates that there are more than three million visitors a year. Blue Mountains City Council (2007) predicts that trends in the region's economic development will result in a continuation of the reliance on tourism, with a growth in home-based businesses and cottage/ craft industries.

Gold Coast

As early as the 1820s, timber getters were moving from northern NSW in large numbers to the south coast of Queensland in search of timber. In the 1860s white settlers moved into the area now known as the Gold Coast, establishing large cattle stations. Later, stations were divided into sugar, cotton and dairy farms. Over the next 100 years, agricultural industries in the area included avocado plantations, banana farms and cattle grazing.

In the 1880s, Southport and the surrounding coastal area built a reputation as a resort for Brisbane's wealthy and influential. A railway line was extended to the town and numerous guesthouses and hotels were soon established up and down the coastline.

Around 1900, waterways of the coast were considered vital transport links for the local economy, and were used to transport the timber and produce to markets in Sydney and Brisbane. Townships began to grow at key junctions of the river and local roads, as well as key points on the coast (such as Southport and Coolangatta).

At this time the Gold Coast was also emerging as a tourist destination, with increasing recognition of the natural assets of the area. The permanent population of the region increased slowly until 1925 when a new coastal road was built between Brisbane and Southport. That same year, visitation began to significantly increase.

The figure below shows the consistent population growth in the Gold Coast since the 1960s (Gold Coast and Tweed combined until 2000).

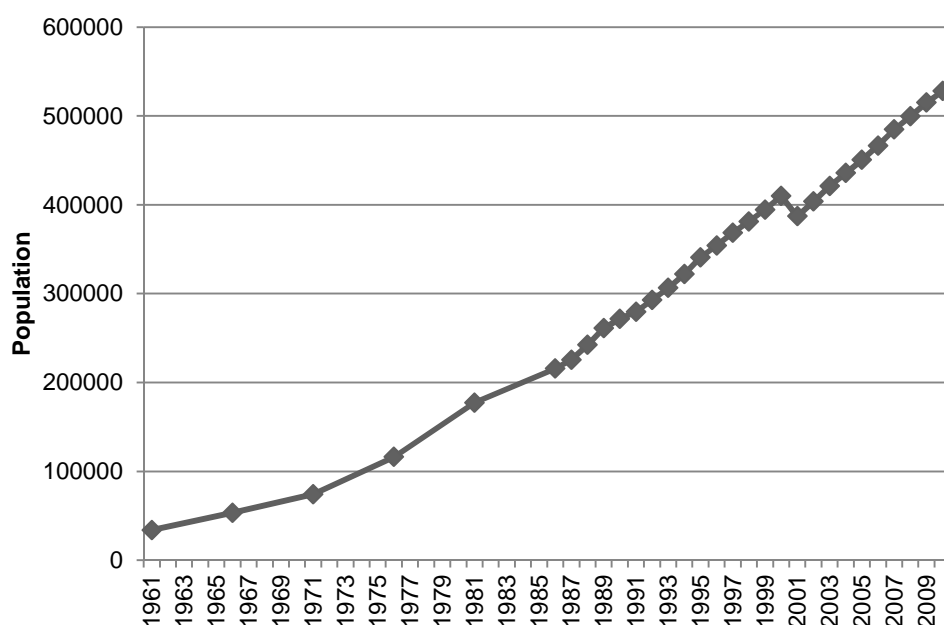


Figure 7 Population trends, Gold Coast

From the 1930s onward, domestic tourism in Australia was stimulated by the prosperity of a modernising economy and as cars became more reliable, the number of holidaymakers travelling down the coast road from Brisbane increased. By 1935 most of the coastal strip between Southport and the NSW border had been developed with housing estates and hotels. After the Second World War, development in the area increased rapidly, and it was a popular place to buy and sell land in the post-war real estate boom. By the end of the 1940s, real estate speculators and journalists had begun calling the area 'The Gold Coast', and the population significantly began to increase.

By 1959 the value of Gold Coast building approvals was the highest of anywhere in Australia. The development of the city's beach strip was also rapid, and in the 1960s the local building industry was able to support the development of high-rise holiday apartments and hotels. When an airport

terminal opened in Coolangatta in 1981, the area was firmly established as Australia's most well known holiday area, and almost all vacant land within 10 km of the coast had been developed (Gold Coast City Council 2001). Japanese property investment during the 1980s made the skyline soar, and the construction of modern theme parks (e.g. Dreamworld) cemented the Gold Coast's reputation as an international tourist centre.

The 1987 economic downturn hurt Gold Coast businesses, and corruption during the late 1980s tainted the Coast's reputation as a place of business. Despite this, increasing numbers of foreign visitors in the 1990s stimulated unparalleled international investment in the city's property sector. The Coast's popularity with Japanese tourists was particularly high at this point, with 841,000 Japanese visitors in 1997 (since down to 351,000 in 2009). The Gold Coast also remained a popular migration point for Australians: in 1997–98 it was estimated that up to 83 percent of growth in the city was attributable to inward migration.

At present the region hosts about 9.6 million visitors per year, and on any given day tourists can make up as much as 17 percent of all people, with leading international markets being Japan, New Zealand, United Kingdom, China, Europe, and the Middle East.

Lessons and Implications

By Australian standards, tourism in the Blue Mountains has a long history and illustrates how much the tourist market evolves every couple of decades. Blue Mountains tourism-related businesses have had to adapt to changes in expectations – from health to honeymoons to holidays and more recently to outdoor activities, maintaining momentum in each area. The Gold Coast, with its shorter history, has also seen quite dramatic changes in the nature of its visitors – best exemplified by the boom and bust in Japanese visitors.

The scale of population growth on the Gold Coast has helped underpin the economy through tourism cycles, though there are signs that sustainability in the medium term will depend on the region not exceeding its environmental carrying capacity, and on continuing economic diversification. Its rapid urban development has been funded to a significant extent by overseas investment, which has had the effect of integrating the Gold Coast into the global economy and to some degree insulating its development industry from state and national development trends. However, the comparatively narrow base of its economy means that it is still strongly reliant on the health of the tourism industry, and its development is sensitive to international investment trends.

Despite its growth and strength of the tourism industry, Gold Coast City faces significant challenges in fostering a sustainable community. The City is characterised by high rates of population mobility, building growth and a rapid churn in development (i.e. including refurbishment and redevelopment). The City also has some of the highest rates of building approval and commencement data (Gold Coast City Council, 2008 and the Gold Coast City Council 2009) predicts that by 2030 it will be home to about 900,000 people. Consumption-related industries (e.g. retail, construction, business services, accommodation, cafes and restaurants) generate the most employment.

The Gold Coast City experiences higher levels of socioeconomic disadvantage relative to other parts of Australia due to lower income levels (associated with an older population), higher levels of

unemployment, lower levels of tertiary qualifications, and higher proportions of persons in lower paid and casual occupations such as labourers and sales persons.

There are also significant and growing differences in socioeconomic status within the City of Blue Mountains. People living in the Lower Mountains, on average, are more advantaged in terms of household income, educational achievement, employment and occupation. A major challenge for the area will thus be achieving and retaining a mix of young, middle aged and older people as the population ages.

Diversification of the economy is also an issue for the Blue Mountains. As an example, the proportion of people involved in manufacturing there in 2001 was 4 percent of the total workforce, compared to 15 percent in 1975. This reflects national trends in relation to the reduction of the prominence of local manufacturing, but also indicates the decreasing role that manufacturing plays within the Blue Mountains. Increased mobility across the general population is also resulting in more people willing to travel further to shop, creating leakage of expenditure to areas like Penrith and reducing the market for retail and commercial businesses to locate within the Blue Mountains.

The Blue Mountains' tourist attractions provide strong impetus for the local economy, but the region also faces the challenge of maintaining a vibrant and sustainable community within likely growth constraints. Because of the environmental sensitivity of the area, the sorts of economic activity that can be carried out are severely limited, both practically and also legislatively.

POPULATION-DRIVEN Regions

Busselton

The town of Busselton is situated south of Perth and is one of the most popular holiday destinations in rural Western Australia. Part of the Busselton Shire, it is located in the Margaret River wine region. In 2010 the Shire had a resident population of about 31,767, but it is estimated that visitors increase this to over 60,000 on any given day during peak periods. The Shire's average annual growth rate over the past 20 years has been over 4 percent and one of the highest for a regional area in Australia.

The figure below shows the Shire's significant rate of population growth over the last century.

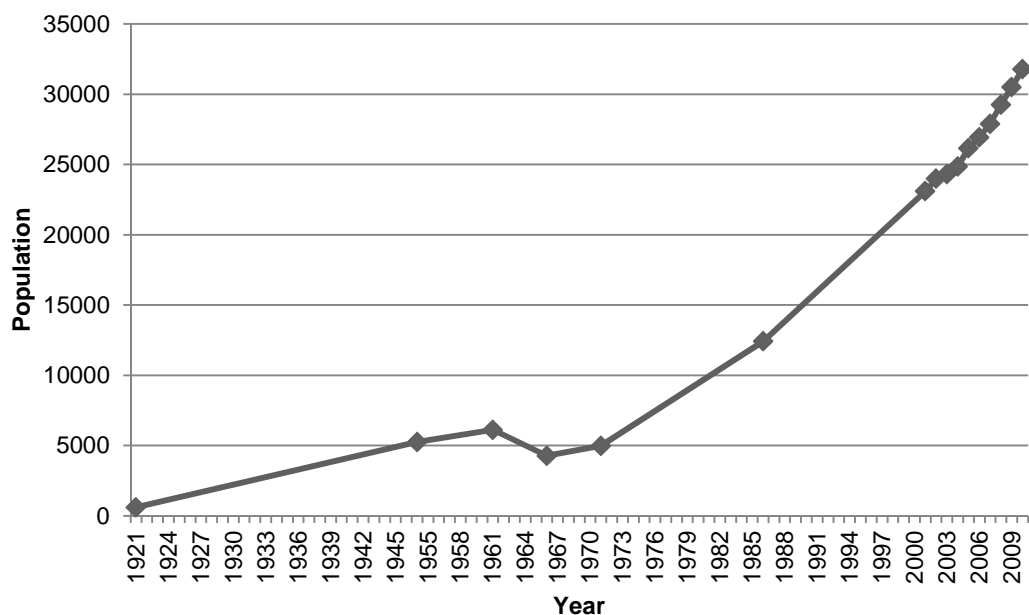


Figure 8 Population trends, Busselton

Europeans first settled Busselton in the 1830s. In subsequent years forestry and timber cutting were the major industries, creating a small but successful port community. The area's population remained relatively low until after the First World War, due mostly to its isolation.

During the 1920s the WA Government's Group Settlement Scheme, designed to attract migrants to rural areas, led to an influx of mainly British ex-pats to Busselton and surrounds. These migrants endured difficult conditions and isolation, and the scheme encountered a number of problems such as a lack of reliable transport. By 1927, 72 of the blocks settled by the scheme had been abandoned and 124 amalgamated from the 923 blocks in the Busselton area. The rate of abandonment also increased significantly after the onset of the depression in the 1930s; the scheme was subsequently abolished. Despite this, it did result in an established dairy industry and significant improvements in transport and communication, including a rail link with Perth.

Since the scheme, land use in the Busselton Shire has been predominantly agricultural, with significant areas of State Forest and National Park. In 1999–00 milk production had the highest gross value of agricultural production (GVAP) of all commodities in the Shire (33 per cent). In the same year cattle sales accounted for 15 per cent of GVAP, grapes for 19 per cent, hay for 11 per cent and vegetables for 9 per cent.

Agricultural production in the area has changed significantly over the last 40 years, due mostly to the establishment of a now world-renowned wine industry. The Busselton Shire's GVAP increased from \$23 million in 1982–88 to \$62 million in 1999–00; much of this rise attributable to the growth of viticulture. At present more than half of wine producing members of the Margaret River Wine Industry Association are located in Busselton Shire, and wine is the major manufacturing sector (Busselton Shire 2011).

Busselton has grown increasingly popular as a holiday destination, offering wine, surfing, natural beauty and close proximity to Perth. Tourism WA estimated that there were around 3.6 million visitors to the South West Region per year on average from 2005–2007 (20 percent of all visitors to the state). While agriculture is still important to the Shire, wholesale and retail trade has taken over as the dominant area of employment. Other sectors have also steadily increased, and new industries have begun to develop, including agricultural value-added produce and boutique artisan production. The trend has thus been both diversification and polarisation in the local economy.

Busselton is a clear example of the phenomenon of attracting middle-class people with disposable income from the capital cities. After about 1970 it and the broader Margaret River region began booming as ‘weekender’ and ‘sea change’ destinations (Kelly and Haslam McKenzie 2005). The Shire had an average annual growth rate of 4.9 percent between 1996 and 2001 and 2.9 percent between 2001 and 2006; well above the state average of 1.6 percent (Busselton Shire 2011). Coastal ‘getaways’ such as Busselton have been found to be attracting a growing number of people whose work does not require them to be permanently based in the city (Gurran et al. 2005).

Busselton has quite a diverse employment mix – especially by regional standards, scoring 28.8 on the Diversity Index. The trend has been towards consolidation around existing dominant industries (Construction, Retail, Hospitality, Health Care and Manufacturing). It is important to note, however, that to some extent Busselton Shire is a ‘dormitory area’ with 18 percent of its working residents working outside the Shire in 2006 – mostly in Construction, Mining and Manufacturing. The Diversity Index for jobs in Busselton is 29.6, slightly higher (less diversity) than for jobs that the Shire’s residents do (28.8).

The Busselton Shire's changing demographic structure reflects the broadening of its economy and increasing employment opportunities, with a reduction in the significance of its ‘retirement’ function. This is highlighted by the change in the percentage of residents aged over 55, from 29.1 percent in 1991 to 26.4 percent in 2006, while the percentage of residents aged 5–54 increased from 67.5 to 69.9 percent.

Ballarat

Ballarat is one of Australia’s largest inland cities, located northwest of Melbourne, and with a current population of around 90,000. Ballarat also has a unique history: the discovery of gold in the area in 1851 led to it being one of the most significant early ‘boom’ towns, although it did suffer decline after the rush. While traditionally a city that prospered on mineral and agricultural resources, its key industries are now manufacturing, tourism, health and community services, education and retailing (Ballarat Shire Council 2011). These industries have strengthened Ballarat's role as a regional service provider and have helped it grow as a prosperous regional centre.

The figure below shows Ballarat’s population growth over the last century.

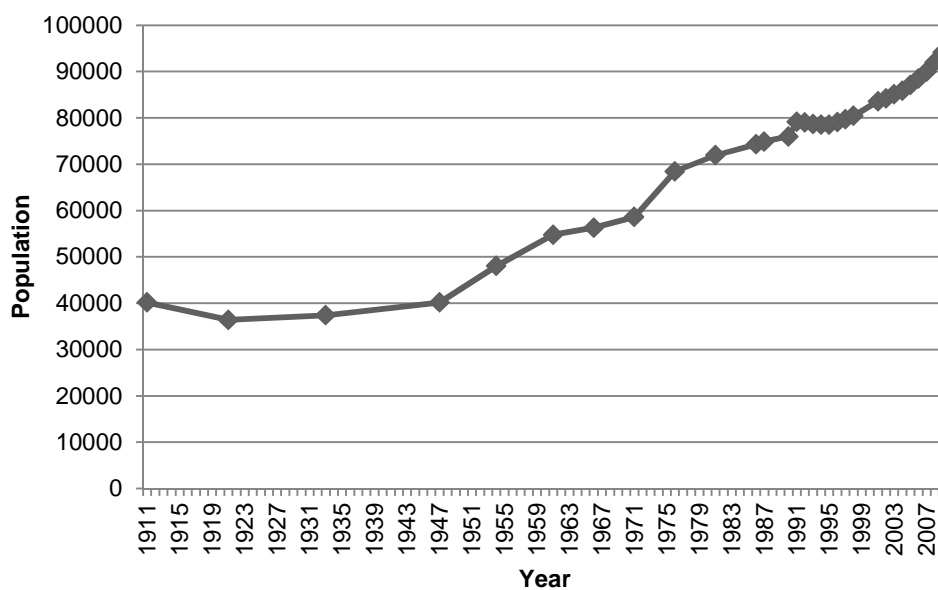


Figure 9 Population trends, Ballarat

In 1851, following a gold discovery, prospectors rushed to the Ballarat area; soon, nearly 1,000 miners were digging for gold there and by 1853 more than 20,000 miners of many nationalities were working on the field. At its peak, in 1868, the Ballarat goldfield supported 300 companies and the settlement's population was estimated at 64,000.

Ballarat earned the nickname 'The Golden City' during its gold boom, and the confidence of its early citizens in the future of their community is evident in the sheer scale of many of the public buildings (e.g. the Town Hall), recreational spaces and the opulence of many commercial establishments. There was also significant investment in industrial infrastructure, such as the opening of the Geelong–Ballarat railway line in 1862. Despite this wealth and growth, the gold rush began a decline in the 1870s and Ballarat's last mine closed in 1918.

Ballarat's development continued after 1870, transitioning towards a more diverse manufacturing and industry-based economy. Construction of Gong Gong reservoir as a permanent water source was completed in 1877, and a Melbourne to Ballarat railway line was completed in 1889. Despite this, by the turn of the century and up until the First World War, Ballarat's population declined and stopped growing. This was brought on by the wane of the mining community, the closure of the two most important factories, young men lost to the war and the over-clearing and subsequent lack of timber resources (Bate 1993).

Despite these challenges, Ballarat's community sustained itself, helped by its social institutions, excellent infrastructure and the industrial skills of its population. The area was strongly promoted by civic organisations such as the Ballarat Progress Association. The expansion of industry was also built on the many skilled workers that remained in the town as mining declined. In 1901 the Statistical Register of Victoria recorded 138 factories employing 2,695 people; in 1911, despite a drop of 6,000 in the population, the number of factories had risen to 203 and their workforce to 4,854 people.

And, although the First World War contributed to population loss, it also stimulated the metal industry, the woollen mill, meat preserving and many other enterprises (Bate 1993).

In 1947 the population of Ballarat was 40,231 people, down from 46,793 in 1901. Yet the workforce was stronger and more diverse, helped by the stimulating effects of the two World Wars, and underpinned by capital and migrants from Europe. The Ballarat Council and various citizen groups worked to attract suitable industries, and were fortunate to have large tracts of crown land available for development (Bate 1993). Ballarat soon grew to the point where there was a housing shortage, and a Victorian Housing Commission development helped to ease this. Most of the construction (750 prefabricated cottages) occurred between 1951 and 1962. During the 1970s a further 500 brick veneer houses were built and sold privately to many of the early residents (Wendouree West Community Gateway 2011). The overall shape of Ballarat changed rapidly, as housing and industry moved outward and financial and commercial functions of the city centre strengthened. In 1963–64 the building surveyor reported to the Council that even though permits exceeded 100 for the first time in four years, only 11 percent of those for new construction related to dwellings. After 1961, investment moved almost completely into the commercial and public sector (Bate 1993).

By the 1970s, with the opening of Sovereign Hill, Ballarat made a rapid shift to become a major Victorian tourist destination (Ballarat Accommodation and Tourism Directory 2011). Around 1.8 million domestic day trip visitors come to Ballarat each year, contributing \$139 million to the local economy. Of the 1.1 million overseas visitors that come to Victoria annually, at least 13 percent visit Ballarat (Ballarat City Council 2011). While the tourism ‘industry’ is a relatively recent phenomenon, Ballarat has always had a privileged geographic position, at the centre of Victoria’s most important freight and transport routes; thus, it has long enjoyed an influx of capital from recreational travellers and prominent visitors.

Ballarat has a reasonably diverse employment mix – especially by regional standards – scoring 29.3 on the Diversity Index. The trend has been for increasing diversity. Employment diversity is very much ‘home grown’, with the city a net importer of workers (1 percent) from surrounding areas in 2006. An analysis of the jobs held by the resident population in 2006 shows the three most populous industry sectors were: Health Care and Social Assistance (13.9 percent), Retail Trade (13.6 percent) and Manufacturing (12.8 percent). Industry diversity has continued to be a major strength of Ballarat’s economy (SGS Economics 2010). The city has extant and emerging clusters in automotive, industrial machinery, food processing, furniture production, textile and clothing sectors, and the majority of employment is generated by a group of major operators e.g. Masterfoods Australasia, Haymes Paints, Maxitrans – Australia’s largest supplier of road transport trailing (Victorian Department of Planning and Community Development (2010).

Lessons and Implications

Busselton has grown steadily since the mid 1970s and as a new development area, its economy looks to have been ‘born diverse’. Ballarat, one of Australia’s largest inland cities, still shows steady population growth, which extends back to its re-emergence from the post-gold slump.

The two regions represent two different drivers – a lifestyle-seeking population (Busselton) and a job-seeking population (Ballarat). In 2006 Ballarat imported one percent of its workforce from

surrounding areas, whereas Busselton exported 18 percent of its employed residents – mostly to Construction, Mining and Manufacturing industries.

In a report to the Sea Change Task force, Gurran et al. (2005) found that development (residential and tourism) associated with the sea change phenomenon does not necessarily lead to sustainable economic growth or improved socioeconomic outcomes for local populations. This is because growth in such areas is associated with new jobs in lower paid sectors such as retail, restaurants, tourism and care giving; jobs that are frequently part time and subject to seasonal fluctuations. The growth of a mobile and unskilled labour force can lead to economic vulnerability, with indicators including a relatively high incidence of single parent families, underemployment, high proportions of incomes spent on housing and a considerable proportion of aged households (all displayed by Busselton and surrounds). The nature of demand in growing coastal communities tends to be “at the low-end of the service economy... because the economies are [usually] narrowly based and not dynamic” (Burnley and Murphy p. 238, 2004; Kelly and Haslam McKenzie 2005).

Busselton shows some of the above characteristics, and while the high percentage of residents working elsewhere in Construction, Mining and Manufacturing jobs lessens the statistical impact on average wages and on unemployment, there are still signs of social disadvantage. Despite the construction of expensive homes, holiday and permanent, and the proliferation of wine and boutique food businesses in the Margaret River–Busselton region, there is a proportion of the permanent population prone to disadvantage (Kelly and Haslam McKenzie 2005). For example, over the decade to 2004, single parent households with children have grown by 105 percent (Pendergast et al. 2004). Furthermore, 72 percent of these households received a weekly income within the bottom two quintiles of income. Couples with children and singles are highly likely to be dependent on rental housing. ‘Open’ markets such as sea change communities have a heightened demand for properties because of an inflated number of competitors (locals, investors, retirees), reducing housing affordability and access for those on lower incomes (Kelly and Haslam McKenzie 2005).

In contrast to Busselton’s reliance on jobs in other regions, Ballarat’s steady population growth and employment diversity are very much home-grown. The impact of Ballarat’s early economic, cultural and political prominence on its resilience in times of economic hardship later on cannot be underestimated. Despite periods of economic decline, Ballarat was able to capitalise on the industrial skills of its citizens through a strong sense of self-confidence, political vision and community activism.

The way in which capital from Ballarat’s mining boom was invested is also an important lesson in creating resilience. According to Bate (1993), at the turn of the 20th century gold returns were diminishing but, because far sighted citizens had turned to mining investment elsewhere, the stock exchange flourished and many family incomes remained high, sustained by gold (WA), silver–lead ores (Broken Hill) and copper (Mount Lyell). Money had also been prudently channelled into property, government securities and shares in banks and trustee companies. Thus, families that had made their fortune from gold often had large portfolios of shares as well as grazing estate and urban property, securing capital in the town.

As Ballarat continues to diversify, the balance between its ‘knowledge economy’ and manufacturing sector is likely to be a key part of its resilience into the future. In the last twenty years, while many

suburbs recorded increases in the proportion of their workforces employed in knowledge economy industries, the spatial pattern of those industries has become quite dispersed. In 2006, there were two main concentrations of people with university qualifications: the first corresponded with the location of the University of Ballarat; the second in an arc of Ballarat suburbs stretching in many directions. Some of these suburbs also have the highest proportions of people currently working in knowledge economy industries (Victorian Dept of Planning and Community Development 2010).

Busselton's planning and development issues are quite different. The combination of increasing tourist numbers, a narrowly focused economy and an increase in 'non-permanent' property owners, has created complex planning issues. These include pressure on the natural environment, changing social demographics, increased property prices, lack of affordable housing and strong demand for infrastructure and services.

AGRICULTURE

St George

St George is the principal township of the Balonne Shire, which is located in Queensland on the NSW border some 500 km from the east coast. It was founded around 1850 as the district centre of what was mainly a wheat–sheep area, until the mid-20th century, when there began a transition towards irrigation production, mainly of cotton. The Balonne regional economy has always been highly reliant on agriculture, with 2006 Census data indicating that 36.1 percent of employment was in agriculture, or 10.6 times the ratio for the whole of Queensland. The value of agricultural production for Balonne Shire in 2005–06 was \$221 million, of which sixty percent (\$134.1 million) was crops of mainly cotton (MDBA 2010).

While the population of St George has always been relatively small, it has seen two major fluctuations associated with the fortunes of its primary producers: an increase beginning in the late 1940s due to irrigation development and diversification, and a recent decline associated with drought and lack of water. The population has always been tied to agricultural producers in the wider shire, particularly in recent years with the effect of prolonged drought (see Figure 10).

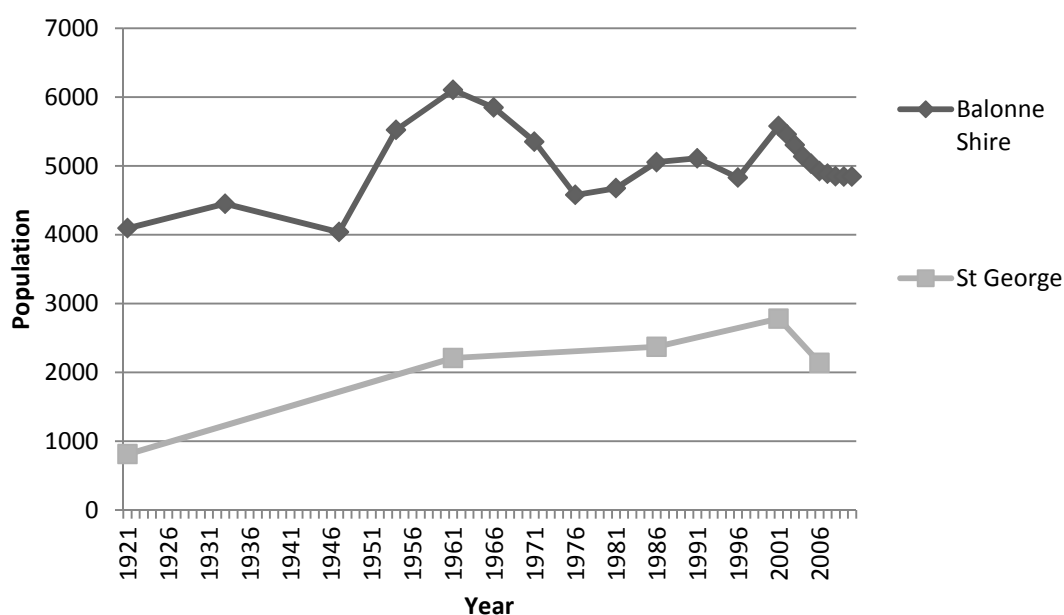


Figure 10 Population trends, Balonne Shire and St George

During the 1950s and 1960s, investment in irrigation infrastructure in Balonne Shire was strong, helped by government enthusiasm for development and money from the boom in wool prices. The St George Irrigation Area was established in the mid-1950s; the system was extended in following decades, with completion of the Beardmore Dam and Buckinbah supply channel. This expansion increased St George's economic activity, developing the town much more than surrounding towns, which were more reliant on grazing.

A 30 percent increase in population during 1954–66 led to significant investment in the town. The booming wool prices meant graziers were prospering at the same time that significant labour was coming into the area to help with the irrigation development, which boosted prospects in the area and attracted residents. To fulfil housing demand in St George in the 1970s, houses were transported from the surrounding grazing regions, which were experiencing a decline in population (Lucas 2004).

Cotton eventually became the predominant crop in the Balonne area, and the first Queensland cotton gin was built in St George in the early 1970s; more cotton gins were built in the late 1990s. Now, the St George Irrigation Area covers approximately 19,000 ha.; apart from cotton, other irrigated crops produced in the region include sorghum, wheat and barley, as well as some horticulture, including grapes, melons and some vegetables (MBDA 2010).

In the five years from 2001 to 2006, Balonne Shire lost almost 15 percent of its population, while St George lost 22 percent. This contrasts with the Murray–Darling Basin (1.1 percent growth in the same period) and 10 percent growth in Australia as a whole (Stubbs & Associates 2010). Drought was a major factor in the decline, and Figure 11 shows the change in water availability over this time. The Mean Annual Diversion (MAD) for the Balonne during the period 1995 to 2008 was

420,053 ML/year. The MAD represents a modelled long run average volume of water available for consumptive use. The average volume of water used in the Lower Balonne for the period 1995–96 to 2006–07 was 226,986 ML per year, and the actual use has been much lower for most years after 2000 (MDBA 2010). Due to these drought conditions, and the resultant fluctuations in the cotton crop, recent years have seen a limited diversification of irrigated agriculture into crops such as grapes and more dryland cropping.

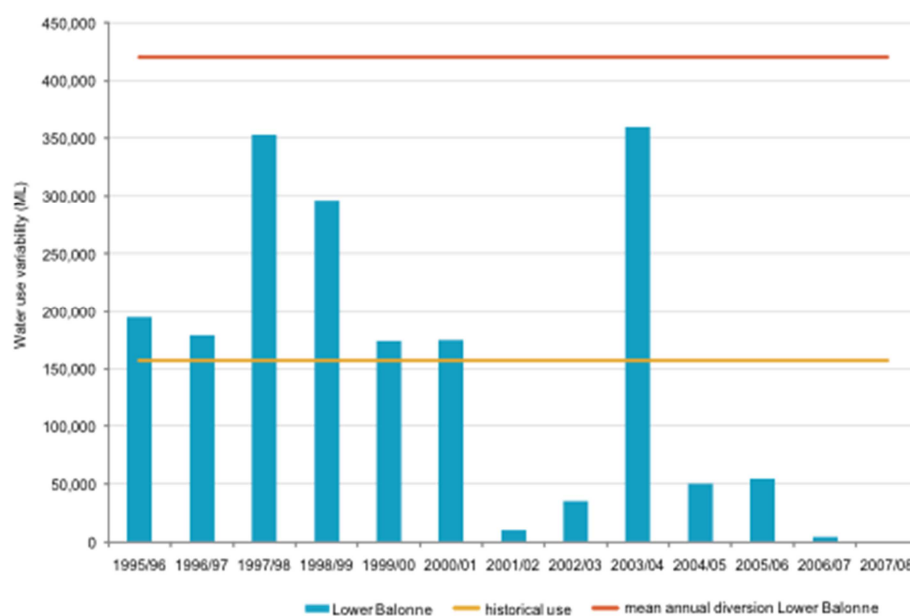


Figure 11 Water use in the Lower Balonne

Source: Murray–Darling Basin Authority 2008

The dependence of the Balonne shire on cotton, combined with lack of certainty in its price, has meant that the community surrounding St George has relatively low resilience to cope with reductions in water availability. The Murray–Darling Basin Authority has found that producers are currently struggling with relatively high debt levels, limited access to capital and off-farm income, and very limited commercial opportunities for agricultural diversification. In addition, the proportion of the population that is in the most disadvantaged quintile is almost twice the Queensland average. It has been suggested that unemployment has remained relatively low in recent years as outward migration continues, as people seek opportunities elsewhere (MDBA 2010). Compounding these factors are the current proposed changes to water allocation in the M–D Basin. Modelling by Stubbs & Associates (2010) has suggested that Balonne Shire will likely be very vulnerable to a permanent reduction in irrigation water, with significant job and population loss and considerable adverse impacts on a range of socioeconomic indicators of community resilience and wellbeing.

Richmond River valley

The Richmond Valley is located in Northern NSW, where major towns include Lismore, Ballina and Casino. The region was first colonised by Europeans in the 1840s, primarily for timber; and the

growth of the logging industry from the 1850s prompted a considerable increase of river traffic. As land was opened up for farming in the area, logging gave way to dairying and sugar production, which remain important industries. Agriculture has continued to diversify in the Richmond Valley and now includes horticulture, beef cattle, sheep and cropping.

The figure below shows population growth in the area in the last century (includes historical shires such as Casino, Tomki, Woodburn and Copmanhurst).

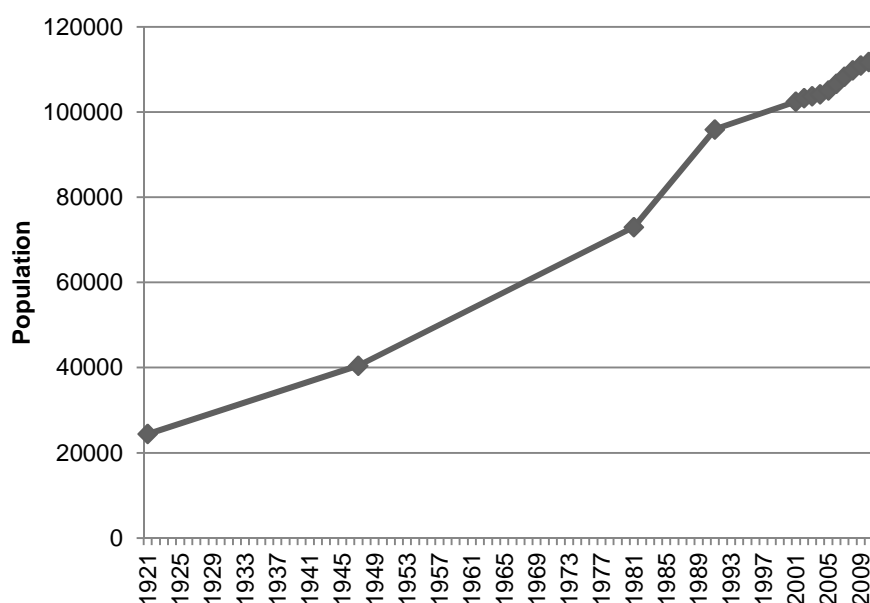


Figure 12 Population trends, Richmond River

Note: Richmond River combines the LGAs of Richmond Valley, Lismore and Ballina.

In the late 1880s there was an upsurge in the dairying industry in the Richmond River district, due to an influx of dairy farmers from the south, and improvements in technology (e.g. refrigeration and cream separators). The First World War benefited farmers, with Australia becoming established as the chief supplier of dairy products to Britain. However, prices became unstable and then fell dramatically after the war. The varying fortunes of the dairies were also reflected in Richmond Valley's sugar industry. While the war had seen a surge in demand for sugar (with corresponding increased farm income), after the war the sugar industry was hard hit by a shortage of labour, and during the depression farm incomes declined as prices fell. Periodic droughts exacerbated the problems. Despite these difficulties, the region's population continued to increase, helped by Australia's increased post-war migration, and industry in the area began to diversify. The late 1930s saw the beginning of sand mining; in addition, banana and vegetable production emerged.

By the 1960s dairying was in decline and the region's banana industry was being threatened by competition from Queensland growers. As some farmers fell on hard times, others continued to do well, and much of the dairying land became occupied by beef cattle operations. The beef industry has continued to be very important for the area, with Casino claiming to be the 'Beef Capital' of Australia. The first large-scale macadamia orchards were also planted at this time, and expanded

rapidly in the 1970s. Other commercial horticultural operations included a variety of fruits and vegetables. In the 1980s and 1990s, vegetable industries in the Richmond Valley declined due to large scale and year round production in Queensland. However, the macadamia industry developed into a highly successful exporting industry and less traditional crops such as coffee, tea, native foods, herbs and bamboo were also established (Ballina Shire Council 2008).

The yearly struggle of the farming communities in the Richmond Valley (including relatively recent deregulation of the dairy and sugar industries) is not reflected in the area's population growth, which has been increasing since the Second World War. There has been a trend in Australia in recent decades towards migration to non-metropolitan coastal areas, and the north coast of NSW has enjoyed great popularity due to its relative proximity to capital cities, warm climate and natural beauty. Growth in Ballina Shire is a good example: the resident population is estimated (as of 2006) at approximately 40,000 people, and in the twenty years between 1986 and 2006 the population increased by 60 percent (Ballina Shire Council 2009). Tourism is also an important industry for the Shire, with an average of 14,000 international visitors and 238,000 domestic overnight visitors (spending \$79 million per year) in the four years to 2007 (Tourism Australia 2007).

The Richmond Valley is part of a broader region which is continuing to experience strong population growth. With a current population of 265,000, the Northern Rivers region has been growing at a rate of over 1.6 percent per year, one of the highest rates of growth in an Australian region outside the capital cities (Northern Rivers RDA 2005).

Lessons and Implications

The town of St George and the Richmond River valley region, although different in size and scale, are similar in their experiences of transition and adaptation. In St George the exposure to the peaks and troughs of wool and dryland cropping production has been softened by the capital works and then productive capacity of irrigated cotton farming. Recently, however, the environmental constraints from decreased water availability have injected another layer of vulnerability to this sector of the area's economy. In the Richmond River valley the richer agricultural lands have already seen several transitions – from timber to dairy to beef to vegetables to macadamias, coffee and other niche crops. The local population and economy has been severely affected during each of these transitions, with the ingenuity and tenacity of local landowners being important factors in the region's ability to adapt.

Irrigated farming has allowed the St George community to thrive and grow. The significant decline in population from 2001 to 2006 was quite different to the upward trend in population generally experienced by Balonne Shire over the past three decades. The population increase occurred at a time when irrigated agriculture became a more significant component of the local economy, offsetting climatic variability and the resultant job losses and population decline that have been experienced in other remote communities where dryland agriculture is dominant.

St George and its surrounds are now highly dependent on irrigated agriculture as a major source of economic activity and employment; crops account for almost two-thirds (60 percent) of the total value of agricultural production. Analysis by Price Waterhouse Coopers in 2000 for Condamine–Balonne concluded that employment (direct and indirect) was around 25.5 jobs per 1,000 hectares, compared to 3 jobs per 1,000 hectares in dryland farming. In other words, employment intensity in irrigated agriculture is much higher (by 8.4 times) than for dryland farming. The recent drought has shown that a regional economy focused in this way is clearly vulnerable to changes in external circumstances that do not suit its specialisation. St George and its surrounding area should see diversification into irrigated agriculture as part of a strategy of social and economic resilience, but not as the ‘end point’ of adaptation.

The Richmond River valley is also still undergoing substantial social and economic change. This is due to the effects of population shifts, global competition and industry restructuring. The rapid increase in the region’s population, together with changing land use, is impacting on the natural environment, infrastructure requirements, and on business and industry needs. The economy continues to have a diverse agricultural sector, as well as a strong service base. In 2006, the highest percentages of the working population in Richmond–Tweed Statistical Division worked in retail trade (13.8 percent), health care and social assistance (13.1 percent), and education and training (8.6 percent); the agricultural sector also employed a significant number (5.6 percent). However, farm profitability can be volatile. For example, in the beef industry in the Northern Rivers there has been a steady decline in the prices received (after adjustment for CPI) for both light veal and store weaner calves over the last 10 years, making many coastal beef-breeding enterprises unprofitable (NSW Department of Primary Industry 2006).

The area also has a high unemployment and significant social disadvantage, reflecting its status as a ‘lifestyle’ area. The Australian Research Council’s publication *Fault Lines Exposed* cites several indicators of disadvantage in the Richmond–Tweed ‘rural sea-change’ region, including low incomes; high mortgage and rent payments; more single-parent families, and families with no working parent, than average; high general levels of unemployment, and high levels of income support and pension payments. Broadening the economy and improving social outcomes in the face of high population growth and environmental constraints are thus significant challenges.

The key challenge for St George, too, is to diversify its economy and associated income base in ways that allow it to thrive into the future. The Murray Darling Basin Authority (MDBA 2010) has pointed out that there is little manufacturing in the community and transport-related services predominantly rely on the continuation of primary production. Several firms in the region service agriculture (e.g. machinery supplies, agronomists etc.), and these have “already contracted to reflect changes in regional production during the drought”. The building sector is characterised by limited growth and growth prospects due to low population growth. More positively, there is a small but expanding tourism industry, largely centered on the region’s natural and historic heritage attractions and recreational activities.

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“Visioning Rural Australia”

Understanding the aspirations of people living in rural and regional Australia



Photo: Catherine Gross

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Dr Catherine Gross

The Fenner School of Environment and Society

The Australian National University

02 6125 0348

Catherine.gross@anu.edu.au

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1. Introduction

1.1 Background

People living in rural and regional areas frequently feel that their perspectives and interests are neither understood nor valued by central policy-makers or decision-makers. Protests are manifestations of the dissatisfaction with policies or decisions, such as occurred in 2010 with the release of the Murray-Darling Basin Authority's *Guide to the proposed Basin Plan* and in 2008 against the construction of the Victorian North-South pipeline. In an era of constant change, whether the change is due to climate variability, government-initiated policy reform or changing market conditions, communities in many rural areas are facing an uncertain future. With food security now looming as an additional major global concern there are many reasons why agriculture and the future of rural and regional Australia should be high on the list of "big issues" for the future of the country. A major challenge for decision-makers is in gaining acceptance for their decisions by those directly affected by policy reforms, particularly where people feel that they are disadvantaged and that their issues and concerns have not been understood or accounted for.

1.2 The research

The research has two main aims: first, to provide insights and understanding into the values and aspirations of people living in rural communities in terms of their future and how these can be envisaged and, second, to show how improvements can be made to decision-making processes so that greater acceptance of decisions can be achieved. This research is part of a larger body of research "Visioning Rural Australia" organised by The Australian National Institute for Public Policy (HC Coombs Policy Forum) and The National Institute for Rural and Regional Australia (NIRRA). This research project has two main components. First, it is based on original research and findings from earlier research projects in rural settings. In these projects people living in rural and regional areas were interviewed to find out their thoughts and perceptions on topics which included consultation processes, fairness and justice, decision-making processes, water sharing arrangements and adaptation strategies to climate variability. The findings revealed a variety of themes, some common between projects. For example, a concern frequently expressed by many interviewees was a belief that people who live in cities or regional centres do not have a good understanding of life in rural Australia, including how food is produced and the different pressures that people living in rural areas face. Many rural people perceive a tangible urban-rural divide and a decline in social connections between those in cities and those in the country. In addition, many farmers feel that they are not respected for the work they do or for their contribution to society as food producers. This perceived lack of respect is also related to the way rural people feel they are treated in decision-making processes.

The second component of the research investigates how people living in rural areas envision a future for rural Australia. This component involves original data gathering and aims to provide insights and understanding into the values and aspirations of people living in rural communities. In particular the

research aims to understand what factors are important to rural communities in terms of their future and how these could be envisaged in practice. One way of exploring factors such as these is to talk directly to people who are currently involved in decision-making processes, or living in communities in which there are current debates occurring. This approach facilitates a good understanding of the ways in which rural communities would like to be involved or engaged in institutional decision-making processes and how governments and communities can work together in a realistic and practical way to help rural communities fulfil their goals and aspirations.

This research adopts an adaptive theory (Layder, 1998) approach in which there is a continuing relationship between empirical data gathering and theoretical aspects of the research. In adaptive research the findings from the empirical data can subtly influence and alter the research direction and initiate the exploration of different leads or aspects of theory or context. This research approach is described in Section 3. For example, at the outset of this research although the rural-urban divide was known to be an issue for some people, it was only during the research that it became evident that this was a key underlying theme which merited further exploration in the literature. Following the adaptive theory approach the next section (Section 2) of the report describes the background context in which some of these leads are further explored in the current literature on rural and regional Australia.

The fieldwork for this research took place in two rural areas, the Murrumbidgee Irrigation Area of NSW and the Australian Capital Region. The Murrumbidgee Irrigation Area was chosen because of the continuing public debate about reduced water allocation in the Murray-Darling basin. The debate had come to a head in October of the previous year (2010) after the release of the Murray-Darling Basin Authority *Guide to the proposed Basin Plan*. Since that time there has been much academic and public discussion about the impact of the proposed Basin Plan on irrigation communities and the environment in the Murray-Darling basin. People in communities of the Murrumbidgee Irrigation Area were therefore likely to have experience of institutional decision-making processes and be able to provide insights relevant to this research. The second area, the Australian Capital Region was chosen because of its proximity to the Australian Government in Canberra and the rural-urban dynamics between country people and city-folk. In addition some rural "leaders" with connections to the Australian National University were thought likely to make a good contribution to the research.

The next section of this report provides a background context for rural and regional Australia and outlines areas of change and tension. The methodology and research approach are described in Section 3 and key research findings are presented in Section 4. These findings are then discussed in Section 5 which outlines key areas and implications for policy-makers.

2. Divided lines of rural, regional and urban Australia?

2.1 Resources: wealth, conflict, fear and tension

The natural resources of the vast Australian continent are not only the foundation of its past and current wealth; they are also the source of much anxiety and conflict in long-standing debates about

how they should be used and shared. For example, conflict and bickering over the waters of the great Murray-Darling river system has gone on for well over 100 years. It is still commonplace for State governments and upstream and downstream communities to argue about water policies and who makes best or most efficient use of the water. As Bouilly and Maywald (2011: 103) describe it: "No matter where you stand in the Basin, communities look upstream with envy and downstream with disdain". This reflects the fact that institutions and communities in one area generally have little understanding of environmental conditions and institutional arrangements in other areas in addition to seeing "the problem through the lens of their own circumstances" (Bouilly and Maywald, 2011: 103). It is common for people in irrigation communities to comment on what they perceive as the profligate use of water in other areas of the Murray-Darling basin. For example, some irrigation farmers in NSW hold the view that maintaining constant water levels in the Lower Lakes of South Australia is wasteful due to the high evaporation losses. Unease and apprehension about the use of agricultural land for mining is another recent cause of conflict (Thompson, 2012). Fear about the impact of the new technology of coal seam gas mining in prime agricultural areas of NSW and Queensland has fuelled debate and conflict where communities are concerned about land and aquifer pollution. These types of conflict result in anxious communities and a lack of confidence in institutional arrangements and decision-making processes. People fear for the future viability of their livelihoods, farms and the communities in which they live.

It is not only disagreement about the actual use of these resources that features in these seemingly intractable conflicts. There are also a variety of underlying cultural dynamics and tensions between sections of Australian society that requires understanding by policymakers and governments. Many of these tensions could be attributed to the so-called rural-urban or country-city divide, which is a perception held by many that there is some sort of gap between people living in cities and those living in rural areas. Just what the rural-urban divide is and how it manifests itself has been discussed widely in different public areas including academia, community associations and the media (Rural Women's Network, 2007; Adams, 2011; Brett, 2011a; Salt, 2011). This rural-urban divide can be attributed to a range of tangible and intangible factors, such as declining populations in some rural areas (Rural Women's Network, 2007) to differing levels of access to health and transport services (Adams, 2011) and to a perceived lack of knowledge and understanding of rural and regional Australia on the part of city folk (Wahlquist, 2003).

2.2 An ongoing 'crisis' in rural Australia

Recurring drought, unpredictable weather systems, widespread environmental problems such as salinity and soil erosion, capricious markets, product fads and trends and a host of social factors have contributed to a lack of constancy in Australian agriculture. Many titles of books, book chapters and papers reflect the unpredictability inherent in Australian agriculture with the use of phrases such as "Rural crisis" (Lawrence, 1987), "Crisis and conflict" (Lockie, 2000) and "Land of Discontent" (Pritchard and McManus, 2000). "Structural adjustment" (Lawrence, 1992) and "restructuring" (Tonts, 2000) are also commonly used terms that reflect the dynamic and changing agricultural social, institutional and economic landscape (McManus and Pritchard, 2000).

Judith Brett in her "Fair Share: Country and City in Australia" Quarterly Essay (Brett, 2011) has written comprehensively about the past and current relationship between rural and urban Australia.

Brett's essay describes what she calls the "country-city compact" in which country Australia has claimed special treatment (Brett, 2011:26). There are three main reasons for this claim: the importance of the rural economy in the development of the nation; the need to live in and occupy the land as part of nation-building and defence of the nation; and because of the perceived larger contribution made by the country and its people to the nation's character (the notion of agrarianism). Brett describes aspects of the development of rural and regional Australia in which people settled as part of the government's nation-building imperative and in which grand infrastructure schemes were part of the deal. These included dams and canals for irrigation, roads, railways, schools and hospitals. Some of these closer settlement schemes were more successful than others. The notion of decentralisation into rural areas was widely supported in the 1950s (Brett, 2011:31). However, this changed as the neo-liberalist economic worldview cut its swathe in the 1980s and 1990s. Markets and competition were now the route to prosperity. Agriculture was no exception to this mandate. Farmers had to adapt to this new economic landscape in which the mantras were viability, efficiency, competition, and reduction of subsidies, tariffs and quotas. At the same time country areas saw a dramatic decline in the provision of services from both the public and private sector. People in government and agricultural offices were re-centralised to regional or city centres (Gerritson, 2000) and rural bank branches and post offices were closed across the country. The social fabric of rural communities was undermined by this "restructuring" and the impact on employment, education, health services and the general well-being of communities was not only keenly felt but was also visible in the rapidly changing main street (Tonts, 2000; Brett, 2011).

2.3 The importance of context

This history of the settlement and changing character of rural Australia is important in understanding the context in which rural people have come to feel forgotten (Lockie, 2000) and "abandoned and betrayed" (Brett, 2011:51) by urban governments and city folk. It is this context that must be understood to appreciate the idea of country-mindedness and agrarianism (Lockie, 2000) and in which conflicts swirl around water reform and resource use. But it is also important to understand that there are many ways of seeing the changing character of rural and regional Australia; in particular, from whose perspective or vantage point are we looking at the issue? The way in which we understand rural and regional Australia is dynamic and constantly changing and we need to appreciate the context of power and knowledge that underlies each perspective or discourse (Lockie, 2000). Thus one political perspective is underpinned by an agrarian or "bush" outlook in which farmers and agriculture should be supported through subsidisation of infrastructure and other support initiatives. Others advocate free markets and reform to facilitate continual industry adjustment and the free-flow of resources such as water to encourage innovation and efficiency. A key point here is that there is a wide range of perspectives, some separate, some overlapping and many conflicting, which hold views about a range of aspects of rural life and agriculture in Australia, including how farmers and communities should be supported, how resources should be used and the degree to which the social impact of these ongoing changes should be factored into resource decision-making. But it is not only perspectives that matter. As McManus and Pritchard (2000:219) point out there are "multiple domains of action that influence the livelihoods of individuals and communities in rural and regional Australia". These range from decisions made in the board rooms of financial institutions and multinational companies to policies developed by the three tiers of government through to trends in fashionable locations for retirement and investment. As the

character of rural and regional Australia is shifting, so are the different types of influences that determine the ebbs and flows of people, products and wealth between cities, regional centres and rural areas.

2.4 Complexity and change

Lawrence and Gray (2000) in their discussion of the future importance of Australian agriculture point out that it is difficult to identify patterns of change in agriculture because of the great variety of farming systems that exists. For example, an irrigated dairy farm is a very different enterprise to a broad-acre wheat farm which in turn is quite unlike a mixed sheep and irrigated cropping farm. A trend in one industry is unlikely to be matched in another. But there are similarities in terms of social structure. For example, family farms in many different industries often rely on a combination of off-farm income, the labour of family members and a strong attachment to the land to survive economic downturns and climatic variability. Community is an important aspect of farming life and much has been written about the decline of country towns and the impact on the social well-being and mental health of those left behind. Who bears the real cost of the rural restructuring is an enduring question: people in remote rural areas have to travel far to access what city people might consider to be basic services (Tonts, 2000). Another hidden cost of the restructuring of government is the loss of a "holistic" perspective on the part of government agencies to be able to appreciate the "cumulative collective effects of their behaviour" (Gerritsen, 2000:129). What may be a rational response by an individual agency may end up being disastrous for the local community if the overall impacts of multiple changes are not considered. A further problem is the loss of local knowledge by agencies which become remote from their constituencies. As Gerritsen (2000:131).describes it, this "regional decline created as a collective if unforeseen consequence of each agency's pursuit of rationality will add to the problems of all governments, ultimately negating the aims of each agency's original efficiency improvement" .

2.5 Where to next for rural Australia?

There has been a long-term and ongoing debate about many aspects of rural and regional development including the role of government in setting agendas, creating programs and funding different aspects of development such as irrigation infrastructure (see for example, Davidson, 1969; Beer *et al.*, 2003; Crase, 2007). Current concerns about the impact of mining on agricultural land reflect one aspect of this debate with several states and the nation prospering from the current mining boom. But, one could ask the question whether there is a debate specifically on the future of Australian agriculture and food production. Brett (2011b: 140) discusses fears about the impact on agriculture and food production from mining and foreign-owned agricultural companies: "land is still basic to people's sense of national sovereignty, and at base this is about governments protecting the material basis of life". She concludes "Over the past few centuries, we in the affluent industrialised West have come to take food for granted. City folk may well question agrarianism's faith in the virtue of agricultural life, but they cannot deny its basic premise: that we all need to eat" (Brett, 2011b: 140). In her essay (Brett, 2011a) and her response to comments on the essay (Brett, 2011b) Brett is clearly stating the need for a debate about the future of Australian agriculture and food production. She argues that the city should take a look at what benefits it receives from the country and outlines several ways in which rural Australia benefits the nation as a whole: food production,

tourism, pleasure and recreation, the occupation of the land and its significance for national sovereignty. The people of the country, indigenous Australians, farmers and pastoralists, not only inhabit the land but -- in their different ways -- they look after the land. Rather than looking at the *issues* facing country Australia, Brett suggests that Australians should look at the *strengths* of the country and its potential for the nation as the basis for a new country-city compact (Brett, 2011a).

Several responses to Brett's essay show the complexity of the debate about the future of rural Australia and the tensions between country and city. These include the underlying lack of equality between different areas and sections of society and the need for the long-term interests of community to be a primary consideration (Knight, 2011; Altman, 2011). Botterill (2011:130) describes her first-hand experience of what she sees as an attitude of "benign indifference" towards rural people. She comments on the "apparent lack of respect for rural Australians in general, and for farmers in particular" in community consultation meetings organised by the Murray-Darling Basin Authority that she attended in 2010 (Botterill, 2011:131). These meetings, organised to discuss the water reform with communities, instead seemed to show a "lack of sensitivity for the profound impact the plan was likely to have on communities and how it appeared to be a fundamental attack on rural development and a repudiation of previous government support for nation-building irrigation schemes" (Botterill, 2011:131).

In summary, this section has shown that there is a tangible rural-urban divide that needs to be understood by policy-makers and decision-makers. The many different policy and nation-building programs and influences on rural development, with some seeking to reverse earlier initiatives, are reviewed. The bundling together of water and land in the earlier irrigation schemes and later separation of water entitlements from landholdings is a case in point (Byrne *et al.*, 2006). It is not surprising that communities in country areas are concerned about their future when they see recent reform overturning long-standing and well-understood arrangements (Bouilly and Maywald, 2011). A key point to take forward is that there are not only many significant challenges facing rural and regional Australia, but these are substantially interconnected and require a holistic approach to understand how the impact of one policy or program may have multiple unintended effects and consequences.

3. Project methodology, research approach and methods

The project methodology, which can be thought of as a set of ideas that informs the research approach (Midgley, 2000), is based on the perspective that social, environmental, economic and institutional issues are interconnected and interrelated and each area cannot be considered totally in isolation. Thus a holistic research approach is required in which the context of a given situation is understood and in which relationships between the areas and perspectives of those involved are acknowledged and respected. The research approach recognises the benefit of gathering a range of different perspectives from a variety of informants and knowledge sources. Another important aspect of the research approach is the capability for reflection and learning as the research progresses. This type of research approach, in which empirical data and theoretical data can interact as the research progresses, and in which the research design and methods also adapt to changing conditions, is known as adaptive research (Layder, 1998). The earlier research projects mentioned in

Section 2 used adaptive theory (described in Gross, 2010). A key aspect of adaptive research is that as findings and insights are developed and themes emerge, the research approach can shift direction to follow differing leads and connections, for example it can explore the importance of the perceived rural-urban divide described by some interviewees.

The research approach derived from this overarching methodology can best be described as exploratory in nature in that it does not start with any fixed assumptions, although themes from earlier studies are known to exist. The primary research method follows this exploratory tenet and comprised semi-structured interviews with key informants selected from the Murrumbidgee Irrigation Area and Australian Capital Region. Semi-structured interviews, conducted in-person, in which a set of questions were used only as a guide, were chosen as the best way to gather information about a complex area and set of issues (Minichiello *et al.*, 1995). These types of interview facilitate an exploration of people's experiences, thoughts and perspectives through the use of "what" and "why" questions. Confidentiality was a key feature in the interviews used in this research with the interviewee being assured of the confidentiality of their identity and their quotations in ensuing reports. Interviewees were therefore able to speak candidly about their experiences and perspectives and this enabled a full and frank discussion about issues that were important to them.

Approval for the research was granted by the Australian National University's Human Research Ethics Committee (Protocol 2011/490). The fieldwork was carried out in September 2011 and February 2012. Sixteen interviews were completed with interviewees who were selected on the basis of their involvement with groups active in discussions about current-day affairs in the region or because they were thought by the person who nominated them to have an interesting perspective. The interviewees were selected using the "snowballing" technique (Ritchie *et al.*, 2003) in which interviewees nominated others that they thought would be helpful to the research. All interviewees had multiple interests in terms of their livelihood and their association with industry groups or community groups. Primary livelihoods included irrigation farmers, dryland farmers, graziers, a catchment officer, an orchardist, biodynamic farmers, an ecologist, and a business owner. All interviewees were active in some aspect of rural life, and presented a range of thoughtful perspectives. Each interviewee was given an information sheet about the research and asked to sign a consent form. All agreed to having the interview tape-recorded and all were interested in receiving a summary report of the research. Notes were taken during the interviews and immediately after each interview the main points made by each interviewee were summarised. These form the basis of the data analysis, with emerging themes and ideas identified. These themes are summarised in the next section.

One benefit of this confidential and semi-structured research approach is that people interviewed felt free to discuss their aspirations for rural Australia. This was facilitated by placing the discussion about future aspirations within the current-day context. Interviewees found it easy to discuss what was wrong with a current issue or trend and what they would like to see or would have preferred to have taken place. Similarly, people could articulate a vision in terms of what they thought was currently lacking or underdeveloped. It should be noted here that interviewees were not given a formal definition of "vision", rather being left to make their own interpretation of the words "values", "aspirations" and "vision" used in the questions. In terms of limitations to the research, it

would benefit from a greater number of interviews to include people in different rural settings, with differing lived experiences and in different resource contexts. Another fruitful area of research would be to explore the notion of "vision" more broadly to discuss how a vision for rural and regional Australia could be developed.

4. Research findings and analysis

Key findings from the interviews are presented in this section. The purpose is to provide an overview of differing perspectives held by interviewees and key themes emerging from the research. The findings are presented in three main areas: first, interviewees' experiences and views on their interactions with government agencies; second, some perceptions as to how they would like to be involved with decision-makers; and finally, their ideas about a vision for rural Australia and what they would like to see take place.

4.1 Interactions: communities and government agencies

The struggle over water reform in the Murray-Darling Basin

An irrigation farmer interviewee talked about what she saw as a long-standing lack of foresight about the impact of water reform. She had grown up in an irrigation family listening to conversations about potential problems with the separation of water from the land. In her opinion the impacts of water reform had resulted in many people in the area becoming "disenfranchised" with little say in decision-making. She had recently decided to become involved in "doing something about it". At the root of the problem she saw "patch protection" where people were protecting the decisions that they had made instead of getting people together to "own the whole problem". This interviewee was a member of a recently-formed local grassroots community group called the Murray Valley Food and Fibre Association. This group had come together as a result of "absolute frustration" with not having a representative group voice in the water reform debate for a broad range of commodity growers and communities -- the "end-users". In her opinion farmers were "fiercely independent" but in this case realised that they needed to become involved with decision-making on water reform and to have a "seat at the table" with the decision-makers in order for the community voice to be heard. She recounted one person saying "if you're not sitting at the table you're probably on the menu".

This interviewee believed that there was a major gap in water reform in terms of agency information and advice to end-users as to how the reform was going to work "on the ground" and how the end-users were going to make it work. In her opinion: "most of the time they have absolutely no idea, none". As an example the interviewee was concerned about exactly how the Commonwealth Environment Water Holder would release environmental water without impacting towns like Gundagai and communities downstream. In her opinion the Murray-Darling Basin Authority and the Federal Government had not provided adequate answers to the local community to questions that they had posed. While she agreed with the goals of water reform she thought that unless it can be explained how it is going to work on the ground it becomes "meaningless".

Along similar lines another irrigation farmer who had been involved in government-farmer interactions for many years talked about how frustrating he found it that people in government

departments have to be "re-educated" about the use of water in agriculture in general, which he found a "waste of time". In his opinion the tendency of government departments to have meetings about water issues lasting several days were not a good use of his time because they invariably turned into a "gabfest". He preferred to talk in person to senior government agency people and liked to host people on his farm to show them directly what he meant. He thought that this was a better way of gaining an understanding of both sides. However, he was still unsure whether people really did understand his perspective saying "we'll see with the outcome". He talked about how practical knowledge in government departments has been "whittled away" by the loss of people in government agencies from rural areas to cities and larger regional centres. He also commented on the loss of an "independent voice" on the part of research agencies such as CSIRO which have become too corporatised. In his view there needs to be an "attitude transplant" in some government agencies, such as the Murray-Darling Basin Authority where some people wanted to prove their theories were right, rather than listening to people who had practical knowledge of how things work.

A business owner in a town at the centre of a major irrigation area was concerned that people in government agencies do not take the time to understand the impact of policies on rural communities as a whole. He felt that the recent water reforms and the consultation processes around the release of the *Guide to the Proposed Basin Plan* had been detrimental to his town and community overall because it had pitted one part of the community against another part. As an example of this he described how some irrigation farmers wanted to sell their water to the government as part of the buy-back scheme, but this would damage the community overall as water was sold out of the district. This had created some conflict. He was highly critical of the way in which consultation processes had been conducted, for example, with the Murray-Darling Basin Authority holding strictly controlled forums in which there was little meaningful interaction. He felt that the community had been treated badly and had not been given the information that they had requested. In contrast he suggested that the meetings in the later inquiry conducted by Tony Windsor had been much more orderly and useful for all participants.

An irrigator living in the same area gave a different perspective on the water reform outcomes, arguing that the local business community in the region should have "pulled together" in some sort of trade-off in which those who wanted to exit the irrigation industry could do so. He was critical of some of the business people in the local community for wanting to impose their ideas on individual irrigators. For him it was essential that people who wanted to sell their water could do so and he believed that the remaining irrigators would become more viable as a result of this rationalisation of the industry. Another irrigation interviewee expressed her frustration with the government consultation process suggesting that people give up: "what's the point in trying?" For her the agricultural industry was a low priority for governments in general. She thought that governments had not listened or understood the fear held by communities about their future. She was convinced that her local township would "die" if the proposed water cutbacks were implemented under the new Basin Plan. She also thought that the country would lose its farmers and that younger people would not stay on the land.

An ecologist who had considerable involvement in the inter-workings of government agencies and communities held the perspective that the debate around water reform was adversarial and that

"you can't get away from it" because "it's the nature of it". He pointed out that irrigators had been doing much more with water than in earlier days and that, for example, the rice industry should be recognised for their effectiveness in increasing water efficiency. He thought that there were few people in the irrigation industry who were really "open-minded" and held a personal distrust of many in leadership positions. He felt that many communities within irrigation areas were not "collegial" with each other, for example upstream and downstream. From an environmental perspective, he thought that much progress had been made in recent years, and that many achievements may not have been fully recognised. One aspect of government-community relations is the lack of clear communication between the groups. Where there is such lack of clarity then distress can be caused if people do not understand the impact on them. He thought that a big problem was the very complex nature of water and that it was very difficult for one person to fully inform themselves of the differing perspectives and facts. Regarding the Murray-Darling Basin Authority he thought that there was some arrogance in their earlier approach and that they had not made use of some of the resources that were available to them.

Stakeholders and agencies: Information flow, interactions and attitudes

A farmer who ran a mixed dryland-irrigation enterprise in the Murrumbidgee Irrigation Area was concerned that there were very few "feedback loops" between a range of institutions including government agencies, irrigation companies, academic institutions and farmers. This interviewee had previous experience of the way government agencies ran and was critical of the way that government agencies had been scaled back and believed that interactions were now conducted within an atmosphere of "disclaimers and liability" which got in the way of free-flowing information. She felt that too much risk was being pushed on to the customers or end-users and that this was not only affecting person-to-person interactions but was also had a negative effect on water delivery and water quality for irrigators. In addition she found that people who are prepared to innovate or question current practices are not encouraged as part of an open exchange of information. Rather these types of people were seen as "villains or pariahs". This interviewee would like to see a major mindset change and a much more collaborative way of working.

Along similar lines a grazier in the Australian Capital Region was highly critical of the Catchment Management Authority (CMA) in her area. This criticism derived from a specific incident in which work was being carried out on a neighbour's property to build a "leaky weir" to conserve water upstream. She had not been given any notice of this by the CMA and was disappointed with the lack of communication from the CMA. This was during a time of peak drought and the project would have likely diminished the flow of water onto her property. The interviewee also criticised the CMA in general for its lack of proactive communication. For example, there were no newsletters about CMA activities and "we don't even know what they are doing ...we have the worst CMA in the country". She thought that this came down to people and personalities with some being on a mission to "save the environment" whereas others are more prepared to work with farmers: "you have to get the right person on the right day".

Interestingly, another interviewee, a biodynamic farmer and leader in agriculture, had a very different experience with the same CMA. He had set up a floodplain and creek restoration project with the CMA on an experimental basis. He saw this as a great success and the CMA as being very supportive and broadminded about the unusual restoration techniques used within the project. He

attributed the success to the "organisational system" and process used to develop the project: "it's not just the physical work that is done... there is no point in doing the work if you don't bring the stakeholders together". In this case stakeholders included the CMA, the Landcare group, the Federal Government, the landowner and the academic research institution which monitored the project. However, he described how the project had been made more complicated by the "disenabling" nature of the law and regulations made many years ago. For example, a river is defined as an "incised channel" which is a misnomer and considered by this interviewee to be "not fair or just to the lore of the nation". Rather laws needed to be changed to reflect the connected system of a river and its associated floodplains and wetlands.

Insights into the operation of a CMA were given by a catchment officer interviewee who focused on sustainable land use. The CMA that he worked in operated under considerable constraints and he described it as a "lean and mean" organisation that was dependent on the NSW government for basic organisational services such as human resources, finance and information technology. He described the changing plans and principles under which the CMA operated -- that it was moving from management based on themes such as land, water, biodiversity to a resilience-based way of planning with "local people leading the way". There were many aspects of running a CMA with tensions inherent in its activities: for example, the equity implications of deciding who is funded for what project; how to get the best environmental outcome for each dollar invested and how to include stakeholders from all areas.

The changing nature of community

Community was a recurring topic in many interviews. Many commented on the dynamic and changing structure of community in their local area and the consequential problems and opportunities that arose. This was particularly evident in the Australian Capital Region where interviewees talked about changing land use due to subdivision and purchase of smaller blocks by city people. One grazier talked about the impact on his farming operation in which domestic dogs from subdivisions had worried his sheep to the extent that he no longer grazed any stock on that property. Another woolgrower and fire volunteer in the Cooma area south of Canberra commented on a variety of tensions between rural areas and townships. The trend to subdivide had reduced the number of actively managed farms. Canberra people who had bought subdivisions were more likely to run one or two horses instead of cattle or sheep on their land. The issue of land management, particularly concerning weed control, was a concern and he wanted to see this new type of landowner from the city take more responsibility and understand more about the land and how to look after it. This disparity typically created tensions between neighbours if one was diligent about weed control and the other was not. He was highly critical of the local shire Council in terms of the way it distributed funds for projects, which in his opinion were mainly directed towards the towns and not rural areas. However, he also reflected on the positive aspects of changing communities and described how city people could bring different dimensions to country areas and had a lot to offer in the way of experience if people in different communities could get together and talk to each other. The Shire Council had failed in this area of community development with their "once a year" meetings followed by "nothing happening". This results in cynicism about local government and "the one councillor who is doing a good job is disillusioned and will not stand for re-election".

Another interviewee, a biodynamic vegetable grower in the same area also commented on the changing nature of community and food production in the vicinity of Canberra. She pointed out that Canberra used to be surrounded by food growers and much of the food was sourced from the local area. For example, there were dairies and market gardens in the area. Now people had become disassociated from food production and were reliant on overly processed food manufactured elsewhere. She saw this as a problem, not only for the health of people, but also for the health of the environment.

A wool-grower and educator pondered the relationship between communities, individuals and values. He asked the question "what do we mean by community?" He suggested that a community of hobby farmers may not really be a genuine community and asked if the idea of community was now a waste of time. The changing face of rural Australia had changed the nature of community and putting people "in boxes" as for example a "wool-grower" wasn't particularly helpful because it ignores individuals and their values: "we need to be valued as individuals".

4.2 Improving engagement, relationships and community

Interviewees came up with suggestions as to how they would like to be involved with government agencies and decision-makers as part of the general conversation about current regional issues. Some key issues and ways in which improvements could be made in the Murrumbidgee Irrigation Area and Australian Capital Region are outlined here.

The Murrumbidgee Irrigation Area

One irrigation farmer, when talking about the proposed Basin Plan was highly critical of the Murray-Darling Basin Authority attitude, as well as previous government agency attitudes. His main criticism revolved around the approach: "we are sick and tired of people telling us they want something from us -- stop turning up just to take something [like water] ". He would much prefer an approach along the lines of "we want your help in how to achieve this and how we can solve problems together to improve the situation". He would rather be advised of the overall goals and what the authority was trying to achieve and then be involved in the process of how to get there. He recounted how meetings which purported to be open "shed meetings" in which there was a discussion had degenerated into the typical "slide show" with "we'll take that on board" responses to suggestions. He felt that people from the MDBA tended to "hide behind" computer models when asked to discuss the practical issues. Another interviewee suggested that the MDBA appears to be working on some false assumptions including that they can "manage nature" and that the "rivers are dying". They seem to be working on getting a volume of water and then working out how to use it -- in other words "they don't know what they want". She believed that this is a result of poor policy-making stemming from the Water Act, and that it was conceited to believe that a bureaucracy can be the "arbiter and protection of nature".

Another point of contention was the way the senior officials of the MDBA talked about "their plan" or even "my plan", meaning the plan was completely owned by the MDBA. This was seen to be divisive. It would be much better to work together with the communities to try to share the problem and then share the solution. Using terms that show the ownership of the plan belongs more to one side only serves to exacerbate the differences rather than enhance a working relationship. The way

in which the MDBA engaged with people in communities was also criticised. One interviewee had recently been to a meeting in which Craig Knowles, the Chair of the MDBA, was present and was struck by the number of times he talked about "I" and "my" rather than "we" and "us". Another interviewee thought that "a major mindset change" is required in order to work collaboratively with much greater interaction required between government agencies, leading scientists, farmers and agricultural students to transfer knowledge and experience. More specifically other interviewees talked about how meetings between communities and government agencies need to be improved to quieten down the "rowdy" voices and allow multiple voices to be heard.

The Australian Capital Region

The catchment officer interviewee described changes in the CMA which would improve community engagement. The Catchment Action Plan, under development and due for release in March 2013, is based on a Natural Resource Commission framework in which resilience thinking and community engagement are major themes. New technologies were being investigated to engage the broader population, such as the use of 'Bang the Table' Internet technology. The interviewee described the CMA as a "partnership broker" in bringing agencies and community together to develop new skills and new knowledge. For example in the NSW coastal area oyster growers and dairy farmers were successfully working together to improve water quality.

The biodynamic vegetable grower described how important community is in growing food and how they had tried to convince the local council to allow "community title" of their property to facilitate community involvement so that the land did not have to be subdivided. The interviewee attributed the failure of this initiative to a variety of factors including lack of understanding by local government "they don't have the protocols for understanding different aspects of farming" such as between biodynamic processes and conventional farming. But she also reflected that it was their responsibility to "put in more legwork" to fully explain how community title would work and present it in a more professional way. Thus responsibility for change is a combination of local authorities' willingness to be open-minded as well as individuals wanting to make the changes to take the responsibility to do the research. To enhance engagement within a community the interviewee described how a "common cause" needs to be developed, such as sustainable farming, under which individuals, communities and government agencies can unite and work together. However, this is difficult to achieve and individual experiences and starting points get in the way of finding common ground. One solution is to have mediators and "elders" help devise processes and plans to facilitate community involvement.

Two interviewees, both considered leaders in agriculture, described their perspectives for decision-making which would improve decision-making processes, engagement with communities, and the ultimate outcomes. Both perspectives were grounded in practical experience of projects on their farming operations and their own interactions with other people. The first interviewee (described above with the successful CMA collaboration project) suggested that his project could be used as a model for similar landscape regeneration projects. He regularly hosted visits from a wide variety of people interested in this area. "We try not to tell people what they should do... the best thing for us is to *do* what we do and show people the results ... we get more traction this way". He also suggested that people who have a clear vision and people who are good at "the day-to-day stuff" need to be brought together to show others what can be done. The second interviewee talked

about the importance of holistic decision-making in which "every decision needs to be financially, socially and environmentally sound". Instead of "someone else setting the agenda", people themselves need to ask what they should do, how they want to live, what sort of quality of life is envisioned, and how they want to be perceived. In terms of community engagement people "below" need to be confident about the people "above" making their decisions. Thus a framework for decision-making is required in which the worst outcomes as well as the best outcomes of a proposed policy can be discussed within the framework. Another two interviewees in the Australian Capital Region, with long-standing involvement in community associations, suggested that city and country people could get together to learn from each other and respect each other's knowledge. One recounted how it is easy to criticise and much harder to communicate when people come from different backgrounds. A grazier said: "we make them welcome... you might not agree with what they're doing, but we all need one another".

4.3 A vision for rural Australia

Interviewees were asked the direct question "what would you like to see as a vision for rural Australia? ". This question invoked much thought and discussion. Many interviewees already had thought about a vision in terms of their own enterprises, whereas others needed time to think about the question. Responses about vision were often related to people's recent experience and ideas for improvement. Ideas about vision were intertwined with practical aspects of livelihoods, quality of life and solving current problems. This section presents an overview of interviewee's interrelated thoughts and ideas about vision.

Several interviewees talked about agricultural production and growing food as the basis of their vision for rural Australia in terms of creating wealth for the country and producing food for people to eat. Agricultural production provides employment and is a basis for taxation so farmers should be able to make a profit from their work. Some interviewees emphasised farming as a business whereas others were more concerned about long-term land management, stewardship of the land and sustainable food growing. Concerns over the future of family farms and the ability of farmers to make a profit were recurring themes. One interviewee made a specific reference to the duopoly of the two major supermarkets in Australia, Coles and Woolworths, who she felt were hindering the ability of farmers to make a fair profit from their efforts. One farmer talked about family farms being the basis for rural production in preference to corporate enterprises. This is because families have a "real" interest in continuity and stewardship of the land for the long-term, compared to enterprises such as managed investment schemes which focus on financial gain. In the same vein keeping younger people on the land should be part of the vision for rural Australia. Many expressed the fear that children of family farmers do not want to take over from their parents because of the numerous areas of uncertainty, such as water reform and climate variability. As young people migrate to regional centres and cities there is a loss of local knowledge being passed down from generation to generation and a loss of agricultural expertise. Thus a vision for rural Australia involves the continuity and stability of family farming based on thriving local cultural and agricultural activities. One interviewee talked about the importance of rural townships as centres for social cohesion and a sense of community and place. The loss of vibrant main streets over the last few decades and the growth of peripheral enclosed shopping malls were contributing to the loss of culture and community spirit in many country towns.

Several interviewees talked about the importance of rural Australia to the nation in terms of food production, food security and protection of agricultural land from urbanisation and mining. One interviewee suggested that the vision should include a "food security plan for Australia" and that this plan should recognise the trade-offs that need to be made concerning the use of water for food production and water for the environment. He also suggested that the vision for rural Australia will depend on what happens in the rest of the world as Australia is dependent to a certain extent on changing global conditions and global markets. As part of a food security plan this interviewee argued that it would be better to have fewer more efficient farmers and irrigators, allowing those less efficient farmers to exit the industry, and allowing those left to make a profit from their crop. This is in the current context of some crops, such as citrus, which do not yield sufficient profit to be viable. In cases such as this farmers rely on other sources of income, such as off-farm income and diversification of their enterprise.

One grazier was critical of the government not taking action to protect agricultural land from "urbanisation of the Food Bowl and mining of the Food Bowl" and in her opinion they lack the "political balls to do anything about the miners because the miners bring so much money". She thought that most people in rural communities are supportive of protecting the environment but are "picking up the pieces from earlier policies" that have resulted in environmental degradation such as loss of topsoil and invasion of weeds. She pointed out that "the boot is on the government's foot and they should interact and mean it" and that we need "people to come and talk to us". Several interviewees were concerned about companies or overseas purchasers buying up farms and land as well as the government increasingly opening up markets to food imports. One thought that the government should "look after your own backyard and look after your own people... treat people right and listen to them more".

In terms of sustainable food production two interviewees with biodynamic food production enterprises were concerned about the health of ecosystems and human health. One emphasised the need for a regional approach to food production. He suggested that rather than basing agriculture on a production paradigm based on units per area, which does not take into account transport and other energy inputs, it should rather be based on looking at a region and "supplying the region you are in with local food grown locally". This would entail less pressure on the environment and more community involvement: "if food is so important to us why are we not involved in growing our own food?". This would improve the well-being of livestock through the use of local abattoirs as well as the health of people living in the area through active involvement in food growing. This interviewee suggested that the drive for agricultural exports is all about gross national product, not about decisions based on land management. Along the same lines an interviewee running a biodynamic farm articulated his vision as "regeneration of growing food in a sustainable way without breaking the rules of nature". He was optimistic that this would happen. He thought that there was a big future for small-scale farming and the connection of people with the land. He also thought that gardens were high producing areas and lessons could be learned from food production in places like Russia where 80% of food is grown in gardens, and Europe and the UK where there is a long tradition of the population feeding themselves in emergencies.

Another area of vision proposed by several interviewees involved the lack of understanding between city and country people, particularly where decision-making was concerned. One interviewee in the

Murrumbidgee Irrigation Area suggested that the vision for rural Australia includes "fixing the rural-urban divide". He argued that regions cannot be run from cities because people with a city outlook lack understanding and do not take a longer-term view in developing policy. Rather, policymakers take "snapshots" and enact policy in response to short-term perspectives. Within this aspect of the vision, the general political nature of rural and agricultural policy should be recognised, in which "votes" for politicians figure in policy-making. Another interviewee in the Australian Capital Region had the same opinion about senior decision-makers "every major decision to do with what happens on the land in Australia is made by someone who lives in the city... they've got no idea what it's like to be a farmer". In his opinion what was critical for the future of Australia is "the management of the land... we regard ourselves as stewards of the land". The fact that major decision-makers lack that deep understanding of stewardship and land management is a major issue. In answer to what can be done about it: "they should be intelligent enough to at least listen and take some advice from the people that do understand... the lead farmers... the people out there doing things on the land".

Another grazier interviewee also had a similar comment and suggested that people need to "spend time in other people's existence to understand them". This interviewee had also been an innovator in his stock management techniques and had now become an educator. He outlined the importance of developing holistic goals within a decision-making framework in which people could work out for themselves what were the options for a particular policy and how to feel confident about making decisions. In his opinion a vision for rural Australia should target "how we want life in Australia to be" and include such aspects of life as social, economic and ecological health; fairness and justice in society; acceptance and respect for different cultures; infrastructure investment in the rural sector as the "heart of the nation for social, economic and ecological wealth" and opportunities for individuals to achieve a sense of "belonging and pride in their local communities".

An interviewee raised another aspect of this dichotomy between people working for agencies and institutions and those working on the land on the receiving end: that people in agencies and institutions should become more "customer" focused in their interactions, rather than treating them as the "end-user" with no "say". This interviewee was referring to the lack of feedback loops between end-users and institutions and the lack of formal mechanisms to facilitate greater understanding. She also thought that institutions should recognise that the "status quo" may not be the best option and that people who are innovators should be respected for their ability to question the dominant mindset. She also thought that "mentoring" is a good technique in which innovators can pass on thinking and knowledge to the next generation of farmers, in addition to the normal process of passing down knowledge through successive generations in families.

The Catchment Management Authority interviewee described what he would like to see for the future as "fundamental ecological processes and structures within the landscape that buffer it from shock, creating refuges for wildlife...[and] ... building resilience into farm models and management practices". He used the example of riparian vegetation to separate stock from river banks so that the landscape can retain its function, such as withstanding massive storm events as well as creating a refuge for wildlife. Another interviewee wanted to see practical solutions that would benefit the environment included in a vision. This should include more investment in infrastructure that would increase water efficiency in irrigation areas and more investment in the management of environmental water. He used the example of more connectivity being required between wetland

areas. This could be achieved by lowering connection areas between channels and wetland areas. Another interviewee thought that farmers should be encouraged to "work much more with nature", for example using integrated pest management techniques in crop growing. Some interviewees thought that farmers should be recognised (for the large part) as being good environmental citizens and that they do generally recognise the importance of a healthy environment. Thus they should be encouraged as part of the overall vision for rural Australia to increase their innovations in adopting practices that are beneficial to the environment.

5. Discussion and implications

This section begins with a summary of the main research findings about a vision for rural Australia. It then discusses the research findings in relation to themes described in Section 3 and findings from earlier research projects. Implications for policymakers and decision-makers are outlined. As described in Section 2, the first aim of this report is to provide insights and understanding into the values and aspirations of people living in rural communities in terms of their future and how these can be envisaged. A second aim of the report is to further our understanding of how to engage people who are directly affected by policy reforms such that broader acceptance of decisions can be achieved.

5.1 Visioning rural Australia

This research has shown that people think of a vision for rural Australia both in terms of problems that need fixing and ideas for the future that they think important. Many of these ideas and suggestions had roots in current issues with which people were grappling. Thus vision and current issues can be viewed as interconnected with each other because of the way people talked about solutions to the problems of the day and described their ideas about vision frequently in terms of current day problems. Proposals and thoughts about vision emerged in a number of areas: in the desire for agriculture to be seen as a source of production and to be respected for its contribution to the wealth and tax base of the nation; in the need for a food security plan for Australia; in the need for a sustainable and resilient land management vision for Australia; in the need to balance community interests with individual farmer interests, for example, when water is sold out of a region; in the need to bridge the rural-urban divide; in the need for decision-makers to understand more about farming and land management; in the need for people in institutions and communities to work better together; and in the need for knowledge and experience to be shared and passed on. Vision for the future of agriculture also emerged out of current-day concerns about the future of the family farm, the rise of corporate agriculture and the ability of rural townships to maintain their sense of community culture and longevity. Vision included the need for investment in water saving infrastructure and practical ways to use environmental water. It included a call for a more regional approach to food production in which communities were involved in growing food. It also included a call for farmers to be recognised for their ability to be good environmental stewards and for more to be done so that farmers can work closely with natural processes in their farming techniques.

Therefore a vision for rural Australia encompasses a complex and interrelated mix of many different types of elements. These elements range from tangible to intangible, from practical proposals to general ideas, from fears about the future to lack of understanding about the present, from a short-term to long-term perspectives, from the city to the country, from food production to environmental

protection, from community cohesion to individual choice, from maintaining continuity to advocating substantial mindset changes. Ideas for a vision include environmental stewardship, maintaining family and community culture, engagement and working well together between city-based agencies and people in rural areas, decision-making based on transparency, trust and a real understanding of the issues, and security for the future in terms of community well-being and recognition of the importance of food production for Australia. Vision is therefore what is missing in the current debate as well as what we would like for the future: it is a remedy for the present as well as an idea for the future. A key point is that policymakers and decision-makers can tap into this knowledge base and gain greater understanding of what people would like in a vision if they take time to understand present-day concerns as well as stated desires for the future. As the discussion in Section 3 has shown, current day concerns are invariably rooted in past events: understanding these is vital if we are to understand people's desires for the future.

5.2 A growing divide?

There is no lack of commentary on past and current challenges facing rural Australia. This report has shown that communities in rural Australia have been subject to a range of government programs such as the post-war imperative for nation-building and later the economic rationalisation under the neo-liberalist paradigm. Some communities, such as irrigation communities, were initially encouraged to use water for food production under the closer settlement schemes and many now see themselves as under threat from water reform. Consistency has not been a feature of government policy in settling the land. The initial country-city compact has been gradually substituted by a divide between city people and rural people with the withdrawal of government services and loss of community connectivity as city populations have grown. Loss of professional understanding of rural life and how things work in the country is clear to those who bridge the two (Mather, 2011; Botterill, 2011). Community engagement that is ill-prepared and insensitive to community merely heightens the tension and widens the gap. A lack of appreciation of the importance of language about joint planning and ownership of plans aggravates the problem. A lack of collegiality between differing rural and regional communities exacerbates community discord rendering government-community interactions more complicated.

People interviewed in this research provide direct evidence for the call to recognise that not only does the rural-urban divide exist but also that there *are* ways and techniques of fixing it. This is part of the vision for rural Australia. The vision *includes* the divide and how to fix it. The divide is multifaceted: it embodies a lack of recognition of the importance of including country people in finding solutions; it is a lack of appreciation or valuing of food producers; it is a lack of respect for their environmental understanding; it is a lack of respect for long-standing knowledge and arrangements about how resources (such as water) are used; it is a lack of involvement of community in food production; and it is a lack of preparedness and capability on the part of governments to truly understand and engage with different sections of community to seek buy-in to difficult reforms (see Gross 2010, 2011).

5.3 Implications for policymakers and decision-makers

Turning now to the imperatives for bridging or fixing this divide and what policymakers and decision-makers can do. Many implications can be drawn from this research. First, a vision for rural Australia

needs to be developed that includes land stewardship, building resilience in rural societies and ecosystems, protecting fundamental ecological processes, production of food and food security. Development of such a vision needs broad engagement from all sections of society. It must then be articulated widely so that all Australians can appreciate the practical realities of growing food in Australia and the imperative for sustainable land management. Education about land management and food production must also be recognised as an important part of developing a vision, setting goals and working within a decision-making framework. Such an education needs to include basic contextual history in order to tackle decisions about what food is grown where and why. To use a current example of a common misunderstanding which is frequently divisive, Australians generally could be better informed about why crops such as rice are currently grown in Australia: that rice is chosen for its profitability and is only grown when water is available (see Mather, 2011). In this way Australians can enter the debate from a more informed position about how scarce resources such as water should be used. A second implication is that a vision for rural Australia needs to include how people in country areas should be engaged in policy-making and decision-making. This is where fairness is vital. Fair decision-making processes include treating people with respect (starting with recognition that they should be involved); giving people an opportunity to be involved and to have a voice and a say in how the process is conducted; giving people the opportunity to receive the right level of information and to have their questions and issues discussed and answered; giving people time to be fully engaged in the process and a real seat at the table. It has been shown that fair decision-making processes and treating people with respect to lead to better outcomes and greater acceptance of outcomes (Syme and Nancarrow, 2005; see Gross, 2010).

The third implication for policymakers and decision-makers is that far greater investment is required in creating an environment for the long-term in which knowledge and understanding can be shared between government agencies and country people. The availability of people on the ground and in government agencies who understand different aspects of agriculture and country life is vital if farming and resource use practices are to be understood, different perspectives are to be respected and understood, debate is to be encouraged and good policies are to be made. As Brett (2011b: 138) describes the problem: "The lack here is not of information, nor of expert knowledge, but of professionally trained people able to communicate effectively with people in rural communities. This experiential gap in understanding seems greater now than it was 50 years ago". This lack of shared understanding is a significant part of the rural-urban divide that needs to be fixed under a vision for rural Australia. The importance of long-term continuity in knowledge about how things work in the country and how arrangements have been developed over many years is under-appreciated in government agencies where people frequently move between roles. For example, several interviewees have commented that in NSW that there are fewer than a handful of people who understand the entire picture of water sharing arrangements. A crucial point here is that people need to be able to talk comfortably with different types of people and community groups and this is where the loss of government offices and facilities in regional and rural areas has had the most impact (Mather, 2011). In summary, a key message for policymakers and decision-makers is that vision is not just about what should be done in the future: it is about the here and now, it is about respect and fairness, it is about how we communicate and how we include people in decision-making about matters that affect them.

In conclusion, this research has shown that people in country areas have well-developed and strong views about their vision for rural Australia. Vision is not only about what should be done, but also about how it should be done and what people hold important in the way they live their lives. It is important for policymakers to recognise that good policy-making is holistic in nature and does not focus on one single aspect of an issue: it is *people* that can 'make or break' policy and people are concerned about many different aspects of an issue including how they will be affected and their future livelihood security. The case of the Murray-Darling Basin draft plan provides many lessons to be learned (see Connell and Grafton, 2011). Policy-makers will do well to study this and appreciate that to be effective they need to respect and incorporate peoples' needs and expectations for inclusion and fairness.

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