Regional Policies over the Last Decade: Imprinting Working Nation

Susan McGrath-Champ
University of Sydney

Glen Searle
University of Technology, Sydney

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Regional Policies over the Last Decade: Imprinting Working Nation
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Susan McGrath-Champ
Work and Organisational Studies
Faculty of Economics & Business
University of Sydney, Australia
and
Glen Searle
Faculty of Design, Architecture & Building
University of Technology, Sydney, Australia

Abstract

This paper reviews the regional policies of the Commonwealth Government's 1994 Working Nation White Paper and assesses its subsequent impact on this policy area. It outlines the recessionary macro-economic context which allowed the emergence of Working Nation, and considers the innovation and feasibility of those policies. The paper then examines the main currents of regional policy at national and state levels since Working Nation, identifying principal dimensions including: an emphasis on network-based, community-led development, industry clusters as the main initiator of growth, and the influence of environmental concerns in generating selective regional responses from governments. However an increasing emphasis on major cities as a source of global competitive advantage has seen the states focus discretionary development resources on the capital cities, whilst accompanying re-regulation of industrial relations has widened the metropolitan/non-metropolitan wages gap. The paper concludes that reinvigorating regional policy needs a balanced and more supportive approach from all governments in place of the present minimalist and individualist approach.

Introduction

Regional policy has long been a challenge in policy and management terms. 'Region' as a notion itself is varied and not unproblematic. Regions may be conceived at various scales or levels, at the supra-national scale, for example, the Asia-Pacific region or the European region, or the sub-national scale. In Australia, regions are often equated with States or may be understood as sub-state areal units. It is the latter version of region that is relevant here.
Importantly, regions are best conceived not solely as territorial 'containers' but as dynamic socio-spatial entities that, through the coalescence of particular attributes, institutions, resources and so on, are imbued with distinctive character, capacities and competence.

This paper reviews regional policy elements of the 1994 *Working Nation* White Paper of the Australian federal government (Australia 1994) and outlines developments in the ten years onwards to 2004. It briefly profiles the White Paper and considers the subsequent impact of this potentially significant pronouncement of the Keating Labor government. The White Paper's regional policies need to be considered in conjunction with other policy elements concerning employment, industrial relations and economic management which are the focus of other papers in this collection.

The paper first of all provides a précis of the White Paper, its influences and origins in respect to regional policy. The second section covers regional policy since *Working Nation*, followed by three sections that focus more deeply on regional infrastructure, sustainable development and the disparate regional wages effect of the post-White Paper period. The second last section outlines where the 'big money' has gone in regional development terms. The final section reflects upon whether the White Paper provided a precedent for subsequent policy developments of the Coalition government and how the ten years of regional policy from 1994-2004 stand vis-a-vis the broader context of regional policy in the international arena.

**Regional Policy and *Working Nation***

In *Working Nation*, industry policy and a regional strategy were positioned as central and complementary elements in national economic development. There was a high level of concern by the prevailing Labor government to reduce unemployment numbers, and unemployment was regionally concentrated – in the western suburbs of Sydney and Melbourne, the industrial cities of Newcastle, Wollongong and Geelong and some coastal regions such as the NSW north coast and many small inland country towns (Sorensen 1994). Acknowledging the burden which high levels of unemployment posed on the economy, individuals, family life and social cohesion, a key element was the recognition in the White Paper of the vast number of *long term* unemployed and the realisation that lengthy unemployment was no longer confined to
marginal groups but had come to impinge heavily on men in prime working groups (Probert 1994, pp. 103-4).

The late 1980s and 1990s witnessed the adoption of international competitiveness as a new approach to economic management in Australia. Financial, economic, and labour markets were deregulated (or rather re-regulated) to disassemble 'Fortress Australia' with its tariff walls and white migration policy (Kelly 1992) to enable this country to take its place in the globalising world of the late twentieth century. Industry policy in *Working Nation* continued the federal government's commitment to micro-economic reform as the key vehicle for a more competitive environment and more competitive firms, essential elements in Australia's new national accumulation strategy. With an election due in 1996, *Working Nation* had a clear electoral purpose, 29 of the 50 marginal federal seats were in non-metropolitan areas where the negative effects of the internationalisation strategy were being experienced most severely (Taylor 2000, p. 119).

In terms of principles, the White Paper was out of the ordinary for its time. *Working Nation* ran against the tide by placing regional issues centrally back on the agenda of overall economic management and growth. During the 1980s there had been a distinct shift away from spatial equity and development principles which focussed on providing adjustment assistance to areas experiencing the impact of structural adjustment. However, the nature of regional policy and development in *Working Nation* took quite a different direction to the earlier approaches. A bottom-up emphasis predominated, led locally by in situ entrepreneurship through which regions could choose their future contribution to economic growth and resultant regional prosperity and fortune. The White Paper espoused the notion that ignoring the regions would be to pass up an opportunity for a stronger and more diverse economy (Bolam 1994, p. 131). *Working Nation* gave renewed prominence to the economic role of smaller, non-metropolitan urban centres in Australia, often referred to as 'regional' centres. So alongside the agenda of international competitiveness and micro-economic reform was placed an emergent discourse of competitive regionalism.

*Working Nation* drew upon several contrasting inquiries commissioned by the federal government that considered the causes and remedies of uneven regional growth. Fulop (1997, p. 213-23) notes how these led during the early 1990s to the incorporation of main principles into regional policy. From the
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Industry Commission (1993) report came regional self-help, from the Kelty Report (Kelty 1993) flowed the notion of regional leadership, partnerships and collaboration amongst stakeholders including unions. The McKinsey Report entailed the notion of 'marketisation' including the necessity of 'best practice' approaches to regional development organisations, strategies, plans and local firms (McKinsey and Company 1994), whilst the Bureau of Industry Economics (BIE) report (Monday, Anderson & Mastoris 1994) advocated the enhancement of local capacities and emphasised competitive advantage. The BIE report was weak, the Kelty report, which was not so dominated by economic rationalist principles, was mostly ignored in the wake of fierce opposition by business groups that considered their interests had been ignored, leaving the Industry Commission and McKinsey reports with their self-help and market-driven principles the most influential (Fulop 1997).

There were five specific regional development components in Working Nation comprising: improving finance options, facilitating infrastructure investment, encouraging best practice, promoting export activity, and better programme delivery. The Regional Best Practice Program contained two elements. One was designed to support regional development organisations and fund the formulation and implementation of regional development strategies. The second aimed to improve the analytical and management skills of those charged with promoting local development (Sorensen 1994, pp. 33-4). Though welcomed by regional development practitioners, there were a myriad of issues (outlined in Sorensen 1994) that needed resolution for this programme to be implemented.

Regional infrastructure was the other main mechanism. There were two key concerns over this: the lack of definition of 'infrastructure' (it was unclear whether this was to include purely roads and transport or a broader notion of educational and medical facilities, telecommunications, and sources of power), and the miniscule funding given the usual cost of infrastructure, the concern here being that the money would be spread too thinly to have any significant effect (Sorensen 1994).

In terms of funding, the regional allocation was minimal, $263 million or over four years approximately 3 percent of the total $6.5 billion for Working Nation policies (Stilwell 1994). The funding of the 'main package', which focused on infrastructure and best practice components, was estimated to be approximately $150 million over four years or just under $40 million per year.
As Sorensen commented at the time, 'the total...would buy only a few floors of a Sydney office tower...and falls far short of what regional interests would have expected in light of the Kelty Taskforce's report' (Sorensen 1994, p. 33). The Regional Infrastructure Fund was only $70 million.

The funding constraint was a major issue but not the only one. At the time, Bolam (1994, p. 131) pinpointed a key pitfall in the approach adopted in the White Paper and, highlighting the often overlooked successes of Australia's small urban centres, warned against potentially adverse effects.

In its regional development strategy the White Paper espouses the notion that to ignore the regions is to pass up an opportunity for a stronger and more diverse economy. It then goes on to place the onus for development on the regions themselves through an elaborate set of support measures. Such an approach does not acknowledge that for most of the twentieth century the capacity of the regions to realise their potential was thwarted by a national industry policy position that peripheralised country localities. What continues to be evident in Working Nation is support for bottom-up initiatives, but a critical lack of conscious top-down support from industry policy...In failing in both industry policy and regional strategy to recognise and be guided by the new manufacturing economy emerging in regional Australia the Working Nation document is in danger of squashing the delicate beginnings of a development it unwittingly fostered.

Drawing on experience with one of Australia's 'troubled regions' (Geelong), Johnson and Wright (1994) asserted that the White Paper ignored many of the fundamental causes of regional unemployment. It was further criticised for a deficient conceptualisation of the labour market (Webber & Campbell 1994), the idea that the problem of unemployment is the unemployed (their lack of skills, misfit with restructured 'new' industry or other features that make them unattractive to employers) (Pixley 1994; Probert 1994), the lack of substantial new policies to generate faster economic growth (Stilwell 1994), the erroneous assertion that the Australian state has significant authority in determining economic events in the territory under its national jurisdiction in the present era of international capitalism (O'Neill 1994), and concern that the favoured approach locks the country more into that international economy thus increasing its vulnerability to internationally-induced economic cycles (Stilwell 1994).

Perhaps unexpected at the time, the renewed regional emphasis contained in Working Nation was heartening. There were issues and constraints, of course,
but the fortunes and effects of the White Paper were determined more by the ensuing change in political environment from 1996 than by the details contained in the policies. The paper now considers the nature of regional policy in the period 1994-2004 to enable a retrospective evaluation of the White Paper.

**Regional Policy since Working Nation**

The *Working Nation* policy was a response to an employment crisis ultimately generated by the global transition to a post-Fordist economy. The economic challenges faced by Australia as a consequence of restructuring and global economic shifts acted as a catalyst for change in local development policy and programs (Beer 2000, p. 172). In 1996, the conservative Howard-led Liberal-National coalition government replaced the Keating Labor government that had been responsible for *Working Nation*. By then the immediate employment crisis which was a key catalyst for *Working Nation* had eased. Nevertheless the situation was still critical in many areas, especially outside the cities, and this contributed to the strong polling of the One Nation Party in the 1998 Federal elections. Thus a strong imperative remained for regional policies to improve economic development levels across rural and regional Australia.

Despite this, the regional policy response by governments across Australia since 1996 has been relatively muted. There has been something of a consensus between the state and the federal governments (Collits 2004, p. 89). The position is one of limited government intervention to influence economic development drivers where possible. The key feature of this policy is that of attempting to influence outcomes in partnership with local communities, recognising financial constraints on government intervention and the desire of local communities to shape their own futures and put local resources into this (Collits 2004, p. 89).

The role of financial constraints assumed greater importance as neo-liberal ideology became more entrenched in state and federal governments. Strong regional programs were seen as interfering with market efficiency and being symptomatic of big government, and therefore ideologically undesirable (see Taylor 2000). At the Federal government level, this philosophy was subsumed within the construction by the new Liberal-National government of a fiscal crisis and the need to cut spending (Tonts 1999; Beer 2000; Taylor 2000).
This led to the termination of all Commonwealth regional development programs, with budget savings of $150m p.a. The government claimed that there was no clear constitutional or other rationale for Commonwealth involvement in regional development. The Commonwealth government's new approach to regional policy was set out in *Rebuilding Regional Australia* (1996) and *Regional Australia: Leading the Way* (1997). These statements made it clear that regional development programs were the responsibility of state and local governments, and that the Federal government's contribution to regional development would be indirect, via economic deregulation and reform (Tonts 1999, p. 584). This economic rationalist approach was slightly diluted after the election of eleven members of the One Nation Party in the 1998 Queensland election and the strong showing of One Nation in the federal election in the same year, with discontent about rural and provincial economic conditions being an important factor (see Sorensen 2000). A 'Regional Solutions' program costing $83m over four years was introduced to facilitate community-based responses to increase development, via grants for planning, development projects, infrastructure, and facilitators.

In 2001, a successor 'Sustainable Regions' program was introduced, with funding of $100.5m over four years. A new 'Regional Partnerships' program was introduced in 2004 with a similar remit plus a new focus on projects to improve access to services in towns under 5,000 population. Its funding of $308.5m over four years represents a significant increase in Federal funding for regional development by the Liberal-National government, but this is still less than half that of *Working Nation* in real terms.

At the state government level, the relative consensus on regional policy approaches had emerged by 1996. The initiation of the *Working Nation* program, and its abandonment after 1996 was a policy reversal not reflected in state government regional policies. While Commonwealth government regional policy after 1996 essentially retreated to limited support for 'bottom up' approaches, state government intervention has remained more significant, albeit still not 'substantial' (cf. Collits 2004, p. 89). The regional development organisations funded by *Working Nation* have mostly continued on (with local and/or state funding), as have longstanding assistance programs for country businesses and towns in NSW in particular. NSW's main business scheme and its regional development programs (including the Main Street program) were evaluated in 1996 and retained after positive assessments, as were the state-funded regional development boards (Ministry for Regional Affairs 1998).
Local government has remained very much under-funded, and continued as partners with, and funding recipients of, the regional programs of state and Commonwealth governments (Collits 2004, p. 89). Nevertheless a strengthening of state policies toward more lightly resourced and locally based bottom up models, reflecting the similar but more dramatic shift at the Commonwealth level, is evident since 1996. In part this reflects a prevailing neo-liberal ideology and a related need to reduce state spending to retain the States' AAA credit ratings. But it also reflects greater community demands for more local control over their well-being and a realisation that local factors, such as lifestyle quality and local leadership (Sorensen & Epps 1996), are significant for local development. In turn there has been a growing emphasis on the importance of fostering local networks of mutually reinforcing cluster members.

Within the overall trend to a greater 'self-help' policy approach to regional problems, several particular enhanced emphases can be discerned. The first is a greater emphasis on education and training in building human and social capital in terms of leadership, knowledge and networks (Stephens & Laughton 2003, p. 8). The WA rural leadership programs are typical of this (McKenzie 2002), as are the regional Community Leadership programs in Victoria (Rogers & Barker 2001). Other leadership and practitioner development initiatives were started in NSW and Queensland (Collits 1999). Knowledge generation and awareness has been fostered in many ways, via workshops, regional information profiling, employment of experts, training, and so on. (for example, Collits 1998a; Fitzhardinge 1998). The New Regionalist development of industry cluster networks has been an initiative of various regional development bodies, for example, food and fibre in central Queensland (Reid 1998), and engineering in Gippsland (Anon. 1997).

A second emphasis in regional policies since 1996 has been a greater priority for weaker areas, particularly economically distressed areas and smaller towns. For example, after 1996, the NSW Main Street program placed more focus on smaller towns (Collits 1998a). In 1998, NSW introduced a Regional Transition Scheme ($5m p.a. over three years) to fund projects to diversify the industry base of towns suffering economic shocks from structural adjustment (Collits 1998b). In 2000, the NSW government introduced the Townlife Development Program to address job creation needs in towns under 2,500 population, especially those which were economically vulnerable, although the funding was tiny ($250,000 per year over three years) (Collits 2000).
Victoria, a Small Towns Development Fund has been allocated $20m by the government for infrastructure funding, focusing initially on towns facing economic difficulties (Anon. 2002b, p. 49).

A third emphasis since 1996 has been an attempt to integrate regional development goals and initiatives across government, reflecting the need to view regional problems as multi-causal and requiring a multi-agency response. The WA government's recent Regional Development Policy attempts to ensure that sustainable regional development priorities are reflected across the whole of the government, with an annual requirement for agencies to report on implementation (Anon. 2003). In NSW, the Premier's Department has been involved increasingly in coordinating government infrastructure and other projects in regional communities. Place management projects, which coordinate state and local government activities in community renewal, have continued under the Staying in Town initiative announced in 2000 (Anon. 2002a).

In this general climate of limited state and Commonwealth funding for regional development, NSW and Victoria have directly increased regional employment levels by decentralising government agencies from Sydney and Melbourne. Between 1996 and 2003, the NSW government relocated the headquarters of the Department of Local Government to Nowra, and shifted five other units and agencies to locations outside Sydney (Wilkinson 2003). In Victoria, 40 percent of the activities of the State Revenue Office were moved to Ballarat (AFR, 12 June 2001).

A driving force for Working Nation was the reduction of the high levels of unemployment existing in the early 1990s. As the decade went on, unemployment levels gradually receded. However, a major regional unemployment crisis emerged again in 1997 with the closure of BHP's Newcastle steelworks. The existing state and Federal regional programs were manifestly inadequate to properly respond. This led the NSW government to set up a Hunter Advantage Fund with $10m in funding to create new jobs. Commonwealth funding was also provided. Other areas experiencing actual or potential employment losses due to industry restructuring have also received special Commonwealth funding since 1996, including the South West WA and Eden regions as a result of Regional Forest Agreements, Wide Bay Burnett, areas with employment risks from the rezoning of the Great Barrier Reef.
Marine Park, and regions affected by dairy industry deregulation (Department of Transport and Regional Services 2001; 2005).

The following sections outline in more detail, key regional initiatives or issues in the post-White Paper period.

Regional Infrastructure

A central component of *Working Nation* was the provision of key regional infrastructure. Since 1996 there has been an echo of this in regard to one key piece of infrastructure: advanced telecommunications incorporating internet connections, preferably broadband. This is seen as increasingly essential to regional competitiveness and well-being, and as such is a volatile political issue in rural areas. The Commonwealth government provided $250m of funding for local public-access internet offices and telecommunications upgrading in rural areas, using proceeds from the first tranche sale of Telstra (Department of Transport and Regional Services 2001). Non-metropolitan telecentres have also been provided by the WA government (McKenzie c2002). The Victorian government has recently provided $15m to roll out broadband to government facilities such as schools and hospitals, and deliver spin-off benefits to local business and the community. Similarly in NSW the government is funding provision of broadband to government services in 24 centres outside Sydney, with potential benefits to local private sectors (*AFR*, 22 October 2003).

Another echo of *Working Nation*’s regional infrastructure component is seen in major rail projects. In Victoria and WA these have been initiated to improve regional accessibility. The Victorian government is providing $617m to develop regional fast trains from Melbourne to Geelong, Ballarat, Bendigo and the Latrobe Valley (*AFR*, 9 September 2004). WA has opened a high-speed rail service to Kalgoorlie (*Sustaining Regions*, Vol. 1(2), c2002, p. 43). The SA government committed $150m and the Commonwealth government $191m to construction of the Alice Springs-Darwin railway, which opened in January 2004 (Department of Transport and Regional Services 2001; *AFR*, 31 December 2003). The WA government cited the coordinated provision of infrastructure to provide a catalyst for growth as one of its regional development approaches in the late 1990s (Fitzhardinge 1998). In general, there has been a continuing awareness of the importance of regional
infrastructure provision for public services and to improve industry competitiveness (Stephens & Laughton 2003, p. 8).

**Environmentally Sustainable Development**

Perhaps the most distinctive difference between regional policies before and after 1996 has been the widespread incorporation since then of environmentally sustainable development as a basic principle, and the framing of regional development within a broad definition of sustainability (Dale & Bellamy 1998). For instance, the need for regional development now operates alongside the need to incorporate biodiversity and the need for intra- and inter-generational equity (Bellamy, Meppem, Gorddard and Dawson 2003, p. 8). The Central Highlands Regional Resource Use Planning Project, funded by a consortium of private, state and Federal government groups, is an example (Wareing 1998).

Within non-metropolitan Australia, environmental concerns in state constituencies have significantly slowed the logging of old growth forests. The Commonwealth-state Regional Forest Agreement process was initiated before 1996, but it took until the end of the decade for agreements to be finalised in WA, NSW, Victoria and Tasmania. In WA the Agreement was seen by the electorate as too protective of timber industry jobs, and the new Labor government implemented an election promise to end almost all logging of old growth forests in the south-west (*AFR*, 12 June 2001). Environmental problems caused by the clearing of natural vegetation in inland areas resulted in a Queensland government promise to phase out land clearing within two years and provide compensation of $150m (*AFR*, 16 March 2004). The NSW government rescinded post-1995 legislation to prevent land clearing after protests from primary producers, but replaced it with locally-agreed management agreements.

Other environmentally sensitive areas facing development pressure, nearly all of them along the coasts, have also been protected by state governments. In NSW, development pressures along the coast led the state government to take control of major development from local councils in 2002. Sand mining has been a zone of conflict since the 1970s, but the balance has steadily shifted towards conservation. The Queensland government's recent decision to ban sand mining at Shelburne Bay is a recent example (*AFR*, 6 October 2004).
Wage Levels and Regional Disparities

The White Paper asserted, without evidence, that the spread of enterprise bargaining (which existed in a fledgling state at that time – see the essays by Waring and Ramsay and Battin this volume) would make a significant contribution towards lowering unemployment (Australia 1994, p. 8). It frequently invoked the concept of 'flexibility' as the key to economic growth, prosperity and employment growth. Enterprise bargaining was conceived as a key mechanism to deliver greater employment flexibility to firms allowing bargaining at the 'enterprise level' over wages and conditions in place of a less flexible system of 'industrial awards' which had been the mainstay of the centralised industrial relations regulation throughout much of the twentieth century. In 1994 it was not possible to confidently predict whether enterprise bargaining could sustain the claims made in its favour in the White Paper (McGrath-Champ 1994). Subsequently, enterprise bargaining has become widespread even in industries and sectors that remained resistant for quite some time. Since 1996, policies of individualism and anti-unionism of the Coalition government have seen a dramatic increase in individual contracts alongside collective (enterprise) agreements. Awards, 'stripped back' under Conservative legislation to the barest form, now provide only a minimum (and arguably inadequate) wage 'safety net'.

There is evidence of growing regional disparity in agreed wage outcomes gained through enterprise bargaining over the thirteen-year period since enterprise bargaining was introduced. In the early 1990s across all Australia, there was negligible metropolitan/non-metropolitan difference in wage outcomes achieved via enterprise bargaining, but in recent agreements metropolitan areas now achieve higher average annual wage increases than non-metropolitan regions through collective bargaining (see McGrath-Champ 2002; 2005a). When this broad regional categorisation is further disaggregated to the scale of sub-state regions, this pattern holds true across several states (McGrath-Champ 2002; 2005b). The widening wages gap is confirmed across all forms of wage setting by official data from the Australian Bureau of Statistics which reports a metropolitan/non-metropolitan wage and salary gap of 15.4 percent in 1995/6 compared with a gap of 18.5 percent five years later. Overall, the average annual growth rate over the five years to 2000/1 for average wage and salary incomes was 4.2 percent for employees in metropolitan Australia compared with 3.6 percent for those in non-metropolitan areas (ABS 2004). Further evidence of the disparate fortunes of
metropolitan and non-metropolitan workers under enterprise bargaining comes from Victoria. Here, the Kennett government handed over state industrial powers to the federal jurisdiction which entailed a dual arrangement within the federal realm. Distinct geographical differences in wages was a feature of this system with the low wage sector disproportionately concentrated in rural and regional parts of Victoria, in small workplaces, and in certain industries (McCallum, 2000).

The assertion in the White Paper that enterprise bargaining would become widespread has come about (in 2002 enterprise agreements covered 36 percent of employees – ABS 2002), though it would probably be more widespread if the Coalition government had retained collective agreements, rather than individualised employment arrangements (which now cover approximately 40 percent of employees), as the key element of its industrial relations policy. A key issue is whether the new wage bargaining regime provides sufficient labour cost advantage to non-metropolitan regions to enhance their attractiveness to industry relative to core metropolitan areas or internationally. No systematic information concerning this is available and it is unclear whether the more 'flexible' system of wages and employment imbues worthwhile advantage to non-metropolitan regions or not. This is important given Bolam's (1994) evidence that small non-metropolitan centres achieve better manufacturing growth than large metropolitan centres. This has been corroborated recently through an Australian Industry Group survey which showed that industry in some non-metropolitan regions is more competitive than in the largest metropolitan areas and that, overall, industry competitiveness is fairly uniform across Australian regions (Wade 2004).

**Where the Big Money has Gone: Resource Development and the Capital Cities**

While general regional policies since 1996 have been restricted by lack of funding, major regional projects of state or national significance have received substantial financial assistance to ensure their realisation. This has contradicted the central neo-liberal tenet of letting market forces hold sway. It could be argued that such initiatives reflect the legitimation that governments garner by securing major projects. More importantly, it perhaps reflects a continuing concern within electorates for more government spending on health
and education, and that this should come from wealth creation via economic development and not taxes (McAllister 2004).

At the Federal government level, this has seen the establishment of the Strategic Investment Coordination scheme, which offers substantial aid to key national projects. Most of the nine projects granted assistance from this scheme by early 2003 were non-metropolitan resource projects, involving the production of alumina, smelted iron, methanol, natural gas, and pulp and paper (AFR, 10 March 2003).

At the state government level there has been similar extensive assistance to major resource projects. The Western Australian government has committed $183m for common user infrastructure on Burrup Peninsula to attract gas-processing industries (AFR, 23-28 December 2003), and $110m to help fund the expansion of the Dampier-Bunbury gas pipe (AFR, 26 October 2004). The Queensland government promised investment of $150m and a loan of $100m for the aborted Australian magnesium project (AFR, 16 March 2004). In contrast, it succeeded in attracting an alumina refinery to Gladstone with an infrastructure contribution of $150m (Weekend Australian, 27-28 October 2001) and subsidies and concessions of $100m (Sydney Morning Herald, 2 February 2001), countering a smaller offer from NSW.

The largest economic development funding at the state government level has gone to the capital cities. This was already evident before 1996, and has continued unabated since then. It is a contrast to the 'balanced development' policies of state and federal governments that typified regional policy from the mid 1960s to 1975 and part of the overall shift to what is espoused to be 'targetted' and 'strategic' intervention (Fulop 1997; McGrath-Champ 2005a). At one level the focus on developing metropolitan regions has reflected competition between the states for investment and the legitimation which success in this brings to each government. The footloose businesses susceptible to government inducements to move interstate or from overseas have also largely been those which benefit from the urbanisation economies of the metropolitan areas. Thus interstate competition has acted to generate financial incentives for the economic development of the large cities. The Productivity Commission has noted the scale and zero sum nature of this assistance. By 2002, the states were providing $3.3bn a year in financial assistance to industry, of which about one quarter was part of interstate bidding wars (AFR, 30 December 2002). This situation led NSW and Victoria
in 2001 to sign an agreement to 'contain' financial incentives, which SA later also signed (AFR, 31 December 2002).

Much of the interstate bidding has involved office activities, which have become increasingly mobile as new telecommunications technology has been incorporated. At one end of this are call centres, which have been especially wooed by the slower growing states of SA and Tasmania. The latter is the only state in which government assistance has resulted in significant call centre activity in provincial centres (Launceston, Burnie and Devonport). At the other end are national and Asia Pacific head offices and support centres, which have been most intensively sought by Queensland. Nevertheless, Sydney's global city status has seen it capture most regional headquarters with relatively limited state payroll tax incentives and other assistance. The other major area of capital city bidding wars has concerned the entertainment and tourism sector. Victoria and NSW both fought to get Fox Studios, which eventually located in Sydney with state government assistance of between $85m and $107m (Audit Office Of New South Wales 1997). The Victorian government is now providing $47m in funding for film studios in Melbourne (AFR, 28 February 2003). In addition, the states have competed intensively for special events, a central component of the post-Fordist economy. The year 2000 Olympic Games had been awarded to Sydney by 1996 and entailed massive state government incentives. Since then state governments have offered significant financial assistance for special capital city events of all kinds, particularly those involving motor sports. The largest post-Olympics state assistance in this area is the $700m funding being provided by Victoria to stage the 2006 Commonwealth Games in Melbourne (AFR, 13 March 2003). In parallel with this has been state investment in convention and exhibition centres where these were not already in place. Queensland government investment in the Cairns convention centre (AFR, 6 October 1999) is the only example of significant state assistance for such facilities outside the metropolitan areas.

The other dimension of state government inducements for economic development in the metropolitan areas has involved the development of new advanced technology sectors in a deliberate attempt to restructure state economies. Again, the existence of urbanisation economies in these sectors has meant that state assistance has been focused on the metropolitan areas. In the five year period to the beginning of 2004, the Victorian and Queensland governments committed more than $3bn in new spending to develop advanced
technology industries, notably information and communication technology and biotechnology (plus multimedia in Victoria) (Roberts 2004). The imperatives for such restructuring had remained from the 1980s when state policies to boost advanced technology industries had last been prominent, but the measures now being used have reflected a more sophisticated and multi-faceted approach. The recent assistance has provided research infrastructure (such as research institutes and the Victorian synchotron), skills development, innovation support (such as incubators), and commercialisation programs (including venture capital in Queensland) (Roberts 2004). The SA government has also forayed into this area, developing a biotechnology precinct and providing venture capital to supplement its older advanced technology park. Some peri-metropolitan centres have managed to develop facilities to capture information technology industry: Ballarat received state funding for an IT business incubator (AFR, 24 June 1999), and the Hunter Industry Development Centre in Newcastle has developed an IT industry strategy, with a supercomputer being installed and an IT business incubator established with Commonwealth funding (AFR, 16 June 1999; AFR, 14 August 2003).

Summary and Conclusion

This paper outlined the renewed focus on regional policy provided by *Working Nation* which emphasised principles of self-help and regional competitiveness. Since then, a deepening neo-liberal ideology and a decline in unemployment levels have heavily reduced Commonwealth government funding of regional policies, and caused the policies to become more concerned with facilitating bottom-up approaches involving more local control.

*Working Nation* was a federal Labor government's response to a crisis which endeavoured to address a critical problem of long-term unemployment. That it attempted this in a manner which gave profile (at least in terms of rhetoric, if less so in terms of funding) to regional development, was heartening and perhaps surprising. Unfortunately the emphasis given to regional policy in *Working Nation* was not a precedent taken up by the ensuing federal Coalition. Since 1996, the federal government has adopted a position of disinterest and disengagement, leaving regional matters once again to the states. Interestingly, Howard and Buultjens (2004) provide evidence for an association between regional labour market programs in *Working Nation*, despite their limited life,
and the decline in regional unemployment in Australia that has occurred in the
decade since the instigation of those policies.

Even if the initiatives of the White Paper had prevailed beyond 1996, federal
involvement in regional policy is unlikely to have prevailed over state funding.
Most states still have funded regional development apparatus as outlined in
this paper. Given Victoria's lack of state-based regional activity during the
Kennett period of government, Working Nation had most effect in that state
and, similarly, its demise also had greater impact there than in other states.
The subsequent Bracks-led state government has signalled interest in regional
affairs, linking this with the largely European-derived discourse on the 'New
Regionalism' (see Rainnie 2002).

State government policies have been more stable, but have also increasingly
become focused on locally-based initiatives. On the other hand the idea of
government intervention to facilitate key infrastructure – notably
telecommunications since 1996 – has not completely disappeared. Notions of
sustainability have both reinforced the significance of local involvement
(social sustainability) and increased the significance of environmental
constraints (environmental sustainability). Nevertheless, local government and
other local groups remain very much under-resourced for the challenges of
reviving and diversifying regional economies in crisis, a crisis which has
resulted from stagnant commodity prices in many areas, technological
changes, service reorganisation, and environmental degradation in particular.
Rather, state government resources for economic development have been
overwhelmingly directed to metropolitan areas, which are seen to provide the
best setting for nationally and globally competitive advanced manufacturing
and service activities.

The specific initiatives of the White Paper were curtailed by the change in
government. However, the principle of (regional) self-help can been seen to
thread its way through, with ever increasing strength, in the form of
'individualism' in the Coalition's related policies concerning the labour market
and industrial relations. The market-led approach that presumes individual
self-sufficiency on the part of workers, regions and so on is narrow and
deficient. Echoing many of Working Nation's critics at the time, Rainnie
(2002, p. 1) commented recently that we must 'move far beyond…the triple
bottom line to a more democratic and inclusive notion of development based
on concepts of sustainability. For that to happen, regions cannot be abandoned
to their own devices. We need deeper involvement at the local level but also long-term strategic coordination and resources from State and Federal level – a really new regionalism’. Such is happening in the UK where there has been a strengthening of regional strategy over the past decade. Renewed attention and commitment to regional matters by the federal government is long overdue. A more balanced and supportive approach from all governments, rather than the present minimalist and individualist approach, is essential.

References


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