Responding to regional disadvantage: what can be learned from the overseas experience?

Positioning Paper

prepared by the

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AHURI Positioning Papers is a refereed series presenting the preliminary findings of original research to a diverse readership of policy makers, researchers and practitioners.

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ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACF	Australian Conservation Foundation
ADB	Asian Development Bank
AHURI	Australian Housing & Urban Research Institute
DEHCD	Department of Environment, Housing & Community Development
DURD	Department of Urban & Regional Development
EU	European Union
HFE	Horizontal Fiscal Equalisation
IC	Industry Commission
NATSEM	National Centre for Social & Economic Modelling
NCP	National Competition Policy
NGO	Non-government organisation
OECD	Organisation for Economic Cooperation & Development
RAPI	Royal Australian Planning Institute
SEIFA	Socio-Economic Indexes for Areas
TOADS	Temporarily obsolete abandoned derelict sites
UK	United Kingdom
US	United States

EXECUTIVE SUMMARY

INTRODUCTION

This Positioning Paper provides a conceptual and policy context for research by the Australian Housing and Urban Research Institute: University of New South Wales & University of Western Sydney Research Centre that will examine aspects of Australian regional policy. In order to position the research, this paper will explore two main policy areas:

1. social disadvantage, including its regional manifestation in Australia; and

2. Australian regional policy in an historical and contemporary context.

As part of this, the paper will identify some of the key issues that have emerged in Australian debates about policies to address regional disadvantage.

CENTRAL POLICY ISSUES FOR THE RESEARCH PROJECT

The research that will follow this Positioning Paper will examine the regional disadvantage policies of key international bodies, including the European Union (EU), the World Bank, the Organisation for Economic Cooperation and Development (OECD), and the Asian Development Bank (ADB), and consider their relevance to the Australian context. This project will build upon previous research by Brendan Gleeson which has explored EU spatial and environmental policy regimes and their relevance to the Australian policy context (Gleeson, 1998 & 1999).

Three issues are central to the proposed investigation:

PROJECT AIMS AND RESEARCH QUESTIONS

This project will aim to:

1. examine the relative merits of spatially targeted versus universalist regional support frameworks, through reference to the recent policy experience of key overseas bodies, including the EU, the ADB, the World Bank, and the OECD;

2. evaluate the policies of key overseas bodies that encourage city-hinterland partnerships and consider their relevance to the Australian policy context;

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3. review the housing policy components of overseas regional assistance programs; and

4. outline ways in which the overseas policy experience might inform the development of new approaches to regional assistance in Australia, with an emphasis on the potential for housing-regional policy integration.

The above aims raise the following principal research questions, which will guide the operational framework of the study:

1. to what extent and in what ways have key overseas bodies supplanted universalist regional support mechanisms with locationally targeted policies and programs?

2. what have been the rationale advanced for and against universalist and targeted support approaches?

3. is there any evidence that targeted mechanisms are more effective and efficient than universalist approaches?

4. what have been the characteristics of overseas regional assistance policies that encourage city-hinterland partnerships and have such partnerships been successful in addressing disadvantage?

5. in what ways have housing support policies been integrated within overseas regional assistance programs?

6. how might understanding of the international policy experience inform the development of new approaches to regional assistance in Australia?

POLICY CONTEXT

This Positioning Paper reviews the Australian regional policy context by briefly outlining the Australian federal system of government, the major qualities of regional policies and debates in Australia and the recent regional policy record. As part of this, a summary will be made of the recent evolution in national regional policy responses. A closer examination of regional policy frameworks of state/territory governments is beyond the scope of this paper and the research it reports. Three other current AHURI projects are considering regional disadvantage issues within state policy frameworks:

- Community development and the delivery of housing assistance in non-metropolitan Australia. This is a pilot of three case studies to gauge the feasibility of overseas policy models to address regional disadvantage, specifically focussing on the role housing can play in helping distressed regions.

- Housing assistance and regional disadvantage, involving socio-economic analysis of the northern region of NSW, an audit of regional assistance policies (Commonwealth and state), economic appraisal of the case study region and examination of regional and housing assistance integration.

- Rural housing, regional development and policy integration, involving case study evaluations of the integration (or not) of housing policy in areas of regional disadvantage.

The review of regional policy evolution highlights the relative underdevelopment of this mode of governance in Australia and the consequent need to examine and learn from initiatives in other developed countries, especially those with multi-level governance systems.

The international regional policy context will be explored as part of the ongoing research project. In this paper, there will be a summary discussion of some of the key policy issues which have been identified in Australian debates about regional support mechanisms.

CHAPTER 1. INTRODUCTION

AIMS OF THE RESEARCH

This paper reports research by the Australian Housing and Urban Research Institute: University of New South Wales & University of Western Sydney Research Centre that will examine polices to address social disadvantage at the regional level.

The project aims are:

1. examine the relative merits of spatially targeted versus universalist regional support frameworks, through reference to the recent policy experience of key overseas bodies, including the EU, the ADB, the World Bank, and the OECD;
2. evaluate the policies of key overseas bodies that encourage city-hinterland partnerships and consider their relevance to the Australian policy context;
3. review the housing policy components of overseas regional assistance programs; and
4. outline ways in which the overseas policy experience might inform the development of new approaches to regional assistance in Australia, with an emphasis on the potential for housing-regional policy integration.

The above aims raise the following principal research questions, which will guide the operational framework of the study:

- to what extent and in what ways have key overseas bodies supplanted universalist regional support mechanisms with locationally targeted policies and programs?

- what have been the rationale advanced for and against universalist and targeted support approaches?

- is there any evidence that targeted mechanisms are more effective and efficient than universalist approaches?

- what have been the characteristics of overseas regional assistance policies that encourage city-hinterland partnerships and have such partnerships been successful in addressing disadvantage?

- in what ways have housing support policies been integrated

- within overseas regional assistance programs?

- how might understanding of the international policy experience inform the development of new approaches to regional assistance in Australia?

METHODOLOGY FOR THE RESEARCH PROJECT

The methodology for the research that will follow this paper is largely framed around the collection and analysis of qualitative secondary and primary information. Standard qualitative data collection and analysis methods will be used, including: assembly of documentary evidence (published and unpublished); key informant interviews (face-to-face); and content analysis of primary and secondary data.

The primary empirical element of the study will be the fieldwork, involving a one week visit to the two agencies of the European Commission, located in Brussels, responsible for regional development, namely, Directorate-General for Regional Policy and Directorate-General for Employment Policy. The visit will involve prearranged interviews (see Appendix), documentary searches, and possibly, a site inspection. The fieldwork is essential to the study as accurate and comprehensive secondary information on EU regional policies cannot be accessed in Australia. This difficulty partly reflects that lack of attention given by policy makers in this country to the EU policy experience. The study is premised on the argument that Australian policy makers can learn much from the EU's evolving multi-level governance framework. Interviews will elicit candid opinions from key informants on the efficiency and effectiveness of EU policy forms.

STRUCTURE OF THE PAPER

Chapter 2 provides an explanation of the terminology used in the paper. The chapter will focus on defining and describing regions and regional disadvantage.

Chapter 3 reviews the patterns and causes of regional disadvantage in contemporary Australia and considers the housing dimensions of disadvantage.

Chapter 4 illustrates Australian regional policy in historical and institutional context. The major qualities and currents of regional governance are identified.

Chapter 5 identifies in recent debates the issues most pertinent to the present study's focus of regional policies to address social disadvantage. Five key issues are identified that reinforce and complement the research project's aims.

CHAPTER 2. TERMINOLOGY

INTRODUCTION

This research connects two broad areas of policy and analytical debate: regional policy and social disadvantage and housing policy. Both sets of debates are often marked by terminological differences that in some contexts may give rise to confusion. 'Social disadvantage' is a protean term that may refer to a variety of ways in which relative poverty manifests in groups and geographic areas. 'Region' is a similarly flexible term which is used to denote contrasting political and spatial scales in different policy contexts.

This chapter explores some of these terminological issues to provide a clear conceptual foundation for the study and is divided into two main sections: conceptual definition of a region in the Australian context; and issues concerning regional disadvantage.

DEFINITION OF A REGION

For the purposes of this Positioning Paper it is important to conceptualise the notion of 'region'. In its most basic form, a region is a 'differentiated segment of earth-space' (James & Jones 1954 in Johnston *et al.* 1994 p.506). 'Region' has been a principal conceptual container for much spatial analysis of social conditions: the term has been defined as 'one of the most logical and satisfactory ways of organising geographical information' (Haggett *et al.,* 1977 in Johnston *et al.* 1994 p.507). However, the term has been used to frame spaces and places at a variety of scales. There exists no universally-valid definition of region (Hettner in Johnston *et al.,* 1994 p.507). Political and social change has further complicated the term's usage: the process of globalisation, for example, has seen increased emphasis in policy and analysis on supra-national regions, again defined at a variety of scales.

Common qualities

One broad approach to the definition of region has been simply to frame regional units of analysis based upon both the identification of common characteristics of spatial units (political, administrative, environmental, cultural, etc.) and the relative interconnectivity with adjoining areas (Johnston *et al.* 1994 p.507). According to Stilwell (1992), a region basically comprises 'a contiguous set of places which have something in common'. For

example, a region can encompass a collection of areas which possess a 'relative uniformity in topography, climate, living standards, economic pursuits, and cultural traditions' (Stilwell, 1992 p.45). Stilwell's definition of a region will be adopted for this research. Whilst this approach rules out analysis of regions which exhibit little social geographic integrity, it still leaves open the definition of regions in Australia at a variety of scales (Box 1).

Spatial scale

At what spatial scales have regions been defined and framed in Australia? When discussing regional policy in Australia, Stilwell (1993 pp.133-7; 1994 pp.9-11) refers to two principal levels of governance:

- The region as a state/territory within the Australian federal system (inter-regional policy); and

- The region contained within those states/territories (intra-regional policy).

In addition, Stilwell also refers to another tier of regional policy – intra-urban policy (or metropolitan policy).

For Stilwell, Australian inter-regional policy focuses on maintaining a reasonable balance between the states and falls under the jurisdiction of the Commonwealth government. In fact, Stilwell (1993 p.134), asserts that the Commonwealth Government is the only body able to undertake this role in the Australian federal system, as the constitutional basis of the states compels them to compete with each other for funds from external revenue sources (Stilwell, 1993). The control of the Commonwealth government over the regions, predominantly via its fiscal policy and its application of this control, is largely through the principles prescribed under the Commonwealth Grants Commission (see discussion in chapter 4).

By contrast, intra-regional policy is predominantly contained within each state/territory. Consequently, the focus and intended outcomes of regional policy at this level are guided by state/territory governments acting as macro-regions. Significant proportions of state/territory populations live in the capital and larger cities and some commentators have argued that intra-regional policies have tended to focus for this reason on urban rather than rural areas. This may be generally true considering the weight of attention

given by state/territory governments to their urban constituencies and their needs, but explicitly named 'regional' policies have generally had a non-urban focus in Australia.

Box 1. Definition of region by geographic scale

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Sub-national

Inter-state: e.g., 'South-eastern Australia wine region'

State/territory: e.g., Northern Territory

Sub-state

Rural: e.g., Coonawarra wine region

Regional urban: e.g., Newcastle urban area

Regional metropolitan: e.g., South-Eastern Queensland connurbation

Metropolitan: e.g., Perth metroplitan area

Sub-metropolitan: e.g., Western Sydney

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A sub-state regional focus for this research

Given the nature of the current research, two further conceptual specifications will be made. First, this research, which reports to federal, state/territory agencies through the AHURI framework, will concentrate on Australian regional patterns and debates at the sub-state scale. Second, whilst regions can be identified against a range of social, economic and environmental criteria (Box 1), this research project will focus as much as possible on regions defined by governance or policy frameworks. It does not, therefore, concern itself with the processes and policy issues that operate below this level

SOCIAL DISADVANTAGE

The multiple causes and forms of social disadvantage

Social disadvantage is not unidimensional. Simplistic, univariate analyses of disadvantage overlook its complex causes and its multiple expressions. Such analyses miss the complex relationships that cohere in forms of urban and regional social disadvantage and thus cannot identify effective policy responses. Disadvantage arises from a variety of causes and manifests in different social and spatial ways. In current jargon, disadvantage is a 'joined-up' problem. It is therefore frequently claimed that

responses by government and other concerned agencies towards disadvantage must be in the form of 'joined-up' policies. For example, physical land use and infrastructure planning can offer important, but by no means the only, solutions to these problems.

Box 2 sets out a conceptual framework for understanding the main social and spatial dimensions of disadvantage. It is important to note that these separate dimensions will manifest in highly differentiated ways for any particular disadvantaged social group or geographic community. A low income community, for example, may not be locationally disadvantaged.

Social disadvantage appears to be worsening in some sub-metropolitan regions of Australia's major cities (Hunter & Gregory, 1996; Moriarty, 1998). On the other hand, new concentrations of privilege and wealth are emerging, especially in parts of the major metropolitan areas that have captured much of the benefits flowing from economic globalisation (Gleeson & Low, 2000). Taken together, these processes are revealed in worsening patterns of spatial polarisation, both within cities and between metropolitan and non-metropolitan areas (Harding, 2000).

The multiple forms of disadvantage manifest in different ways in distinct places to produce often highly unique social environments. Housing tenure, for example, plays an important role – public housing estates are often highly visible concentrations of social disadvantage, whilst poorer households may cluster in less visible ways in middle suburban areas with high concentrations of cheap rental accommodation. Often, however, certain social characteristics seem general to socially disadvantaged areas, such as relative income deprivation. This is manifested in enclaves afflicted by distinct combinations of social disadvantage, transport poverty, environmental injustice and locational disadvantage (Maher, 1999). These enclaves vary markedly in character. Also, they are also strongly *dissimilar* to pockets of disadvantage in US cities. In Australia, social and locational disadvantage is often heavily associated with areas of public housing. In the US, it is clearly racially and ethnically based.

In the Australian context, however, the terms 'ghetto' and 'underclass' are inappropriate and unhelpful descriptors (see discussion in Gleeson & Low, 2000, pp.53-4). Moreover, as research at the Urban Frontiers Program has shown, there exist no simple causal relationships between housing and social disadvantage (Randolph, 2000). While disadvantage is associated with certain tenure positions, it is not tenure dependent. While the increased targeting of public housing to those in greatest need in the past

twenty years has undoubtedly led to concentrations of disadvantaged households on public housing estates in major cities and in some rural urban centres, it can be argued that there are equally as disadvantaged communities living in private sector housing in different places and regions.   Put simply, disadvantage and its relationship to housing markets, and therefore housing policy, in Australia has its own unique characteristics. Much of this disadvantage in Australia is incipient and invisible to policy.

The debate on disadvantage has also evolved in recent years. Earlier conceptualisations of disadvantage as being mainly material based (poverty, income) have been replaced with newer conceptualisations that have stressed the relational aspects of disadvantage – the social contexts and milieus in which people live which determine life chances and spheres of action.

Networks and connections have therefore become more important in explaining why people become and remain disadvantaged. Newer concepts such as **social exclusion** and **social capital** have been to the fore in this emerging debate. Most importantly, the social exclusion debate has embraced space and place as a central issue. Whilst neither concept will be an explicit focus of this study, implicit recognition will be made of the ways in which multiple and often interrelated social and cultural dynamics shape specific forms of social disadvantage, thus requiring integrated policy responses. There is, for example, widespread recognition now in the Australian housing policy sector that neighbourhood renewal and not simply accommodation stock renewal is needed to combat social exclusion in public estates (Randolph & Judd, 2000). These kinds of understanding of socio-spatial disadvantage pose both problems and offer opportunities for physical planning and for housing policy.

Empirical analysis of urban social disadvantage in Australia has, with some notable exceptions, been limited and largely confined to univariate descriptions of segregation focusing on variables such as income or 'status' (e.g., educational attainment. For a recent example see Connell & Thom, 2000). Other analyses have used qualitative methods that give a limited measure of the patterns of disadvantage, and their causes, at multiple policy scales. Even use of the ABS Index of Socio-economic Disadvantage, readily available to scholars and policy makers alike, has had only limited use.

Box 2. Dimensions of disadvantage

1. Social

Income polarisation: increasing social dispersion between high and low income groups.

Wealth polarisation: increasing dispersion between rich and poor social strata, measured against a range of wealth criteria, including household income and household assets, the key part of which is home ownership.

Social exclusion: stresses the relational as well as the distributional/material aspects of disadvantage. The role of agencies and personal networks in shaping access to material benefits such as housing, jobs, good education, health care and life chances, is an important element in the conceptualisation of social exclusion. The causes are seen as complex – hence the term 'joined-up' problems. Policy responses are seen to require 'joined-up' solutions, integrated approaches that tackle a wide range of causes simultaneously, fostering greater social cohesion and capacity building.

2. Socio-spatial

Spatial polarisation: the geographic manifestation of extreme forms of social division. Polarisation is attributable to the tendency of economic processes to increase the relative division between poor and rich localities. In short, polarisation means the spatial sorting of city dwellers into areas of relative privilege and disadvantage

Environmental inequity: an unfair geographic distribution of environmental 'goods' and 'bads'. 'Goods' may be both salutary facilities – desirable land uses – and valued environmental amenities (e.g., a scenic landscape, clean air). 'Bads' may be both 'noxious facilities' – undesirable land uses – and environmental disamenity.

Locational disadvantage: Locational advantage refers to the set of social, economic and environmental benefits that location confers upon households.

Source: Gleeson & Randolph (2000)

With the notable exception of some of the recent work by Tony Vinson on western Sydney (e.g., Vinson, 1999a), there has been very limited use of multivariate data sources or multivariate techniques in studies of urban disadvantage in Australia. Analysis therefore is not supporting policy formulation in the way that it might if more sensitive and discriminatory methods were used to appraise social conditions and social change. Univariate analyses cannot adequately describe the complex and interlocking market, policy, demographic, cultural and environmental forces that combine at different policy scales to produce various forms of disadvantage.

Finally, the identification of social disadvantage may be highly sensitive to spatial scale. Poor or lagging localities, for example, may be submerged by analysis of social trends at the regional scale. Conversely, analyses which identify poor or lagging regions may mask the existence of relatively prosperous places in such areas. Multi-scale observation of social trends is therefore desirable for social policy analysis. There are indications that the Federal Government has become more aware of the need to understand the local dimension of disadvantage in targeting policy initiatives. The development of a set of local area based social indicators to assist in the targeting of the Strengthening Families and Communities Strategy is one indication of this trend. Such local based indicators for resource allocation and decision making are commonplace in Europe.

SUMMARY

- Regions can be identified at a range of spatial scales, sometimes leading to conceptual confusion in policy debates. Regions can also be identified against a range of social, economic and environmental criteria.

- This research project will focus as much as possible on sub-state regions defined by governance or policy frameworks.

- Social disadvantage is multi-dimensional, both in its causality and in its manifestation.

- Socially disadvantaged places and regions in Australia are shaped by many endemic social and cultural conditions and therefore contrast with overseas equivalents. In the Australian context, for example, the terms 'ghetto' and 'underclass' are inappropriate and unhelpful descriptors.

- Empirical analysis of urban social disadvantage in Australia has, with some notable exceptions, been extremely limited and largely confined to univariate descriptions segregation focusing on variables such as income or 'status'.

- The identification of social disadvantage may be highly sensitive to spatial scale. Multi-scale observation of social trends is therefore desirable for social policy analysis.

CHAPTER 3. REGIONAL DISADVANTAGE IN AUSTRALIA

INTRODUCTION

This chapter examines regional patterns of disadvantage in contemporary Australia and considers their genesis in recent social, economic and political shifts. The topic invites a level of analysis and detail that is beyond the scope of this paper. This overview is intended to be illustrative only, pointing to major mechanisms and patterns of change. The literature cited provides a more comprehensive resource for further consideration of the subject matter.

The chapter is in five major parts. First, the trend towards increasing regional disparities at the national scale is noted and briefly illustrated. From this analysis two principal forms of differentiation are derived: the metropolitan-country disparity and intra-urban disadvantage. Next a summary profile of disadvantaged regions is made, finally followed by a brief overview of the mechanisms that have helped to generate the process of regional socio-economic differentiation.

INCREASING DISPARITIES

The major social and political issue which the current research seeks to address is the increasing socio-economic disparity between sub-state regions in Australia. Many studies have charted and confirmed the deepening of regional inequalities in recent decades (McManus & Pritchard, 2000). Walmsley and Weinand (1997), for example, undertook a thoroughgoing analysis of regional patterns of welfare across Australia based upon a composite index of social well-being. The analysis identified 176 sub-state regions and measured changes in well-being between each census in the period, 1976-1991. The authors found clear evidence of increased dispersion in regional well-being through the study period. The forces of dispersion were evident at both ends of the measurement scale: 'Several regions are faring well, while many regions are faring badly' (1997 p.82).

THE METROPOLITAN-COUNTRY DIVIDE

Interestingly, the only five regions to register improvements at each census in Walmsley and Weinand's study period were rural areas with specific resource endowments (viticulture, minerals). At the other end of the spectrum, rural areas figured prominently

in the 16 regions that had got progressively worse during the study period. Certain industrial regions also registered strong declines, including areas in the major capital cities. Overall, it was concluded that 'a clear gap exists within metropolitan areas between the well-endowed and the poorly endowed areas, and that a gap exists between metropolitan and remote rural Australia' (Walmsley & Weinand, 1997 pp.82-3). The finding was echoed in analysis undertaken by the National Institute of Economic and Industry Research (1999) which found evidence of growing income disparities at the (sub-state) regional level. Further recent research by the National Centre for Social and Economic Modelling (NATSEM) found evidence of a modest dispersion in rates of financial disadvantage between metropolitan and non-metropolitan Australia. NATSEM data show that 14.7% of people in capital cities were in financial disadvantage in 1999, compared with 17% of people in non-metropolitan areas (NATSEM, 2000 p.73).

More recently, continuing regional socio-economic dispersion was confirmed in analysis undertaken by Mark Spiller and Trevor Budge for the Royal Australian Planning Institute's new 'National City and Regional Development Policy' (RAPI, 2000). Importantly, this analysis convincingly debunks simplistic assessments of regional disparities that emphasise rural Australia as universally imperilled by social and economic decline. Confirming Walmsley and Weinand's earlier findings, Spiller and Budge point to a highly variegated pattern of regional well-being. Many rural areas had experienced entrenched decline, whilst others with highly valued natural resource attributes and/or access to high valued added production, had prospered in recent years (see Tonts, 2000). Spiller and Budge write: '…complex shifts are taking place and patterns of growth and decline cannot be solely explained as a metropolitan-country divide' (RAPI 2000 p.13). Concomitantly, some of the most depressed regions were in the major capital cities and in rural centres. The argument was recently punctuated by NATSEM's observation that rural regions are 'not uniformly disadvantaged and not uniformly declining' (cited in Australian Catholic Social Welfare Commission, 2000 p.4).

Overall, Spiller and Budge's analysis shows that the lagging regions were emerging as pockets of high, and increasingly entrenched, disadvantage, leading the authors to conclude that communities in such areas were facing serious levels of social exclusion from the mainstreams of social, cultural and economic life in Australia.

URBAN DISADVANTAGE

Within the major cities, it has been argued that the growth of social polarisation has converged spatially with a deepening segregation between locationally advantaged and locationally disadvantaged suburbs (Maher *et al.,* 1992; Urban Policy and Research, 1994). Increasingly, 'disadvantaged people and disadvantaged localities tend to go together' (McDonald & Matches, 1995 p.17), though there are some important exceptions to this trend. Locationally advantaged areas, such as the coastal suburbs of Sydney and Perth, and the 'access rich' inner areas of most cities, have increasingly become the preserve of higher income households (Moriarty, 1998). Conversely, lower income households have increasingly concentrated in the locationally disadvantaged middle and outer suburbs that frequently lack infrastructure, social facilities, public transport access and employment (Harding, 2000). Some residential areas on urban fringes of major cities have emerged as particular concentrations of locational disadvantage because jobs and services have generally begun to suburbanise more slowly than residential populations. The development of suburban public housing estates has also compounded this process in some cities. The debate on locational disadvantage has been extensive in the Australian literature and remains contested (see Beer, 1994; Maher, 1999)

The literature on metropolitan socio-spatial disadvantage, and the potential factors underlying it, is voluminous and well beyond the scope of this paper to adequately review. However, there are four basic strands to the debates that have emerged over the last two decades on this issue that can be usefully summarised.

The first strand focuses on the "global cities" debate and the socio-economic "polarisation" that is claimed to have resulted from labour market impacts of global economic and financial restructuring within specific metropolitan and regional areas (for example, Badcock, 1984; Sassan-Koob, 1984; Fagan, 1986; Marcuse, 1989, 1996; Hamnett, 1994, 1996; O'Connor & Stimpson, 1994; Murphy & Watson, 1994; Baum, 1997). At the intra-metropolitan level this has also been related to the notion of the "dual" city with a broad "city rich" and "city poor" division and critiques of this analysis (for example, Mollenkopf & Castells, 1991; Feinstein, *et al.*, 1992). In the Australian literature there has been some discussion of the relative changes in the concentration of disadvantage within urban areas at the local scale and the housing market relationships involved (Gregory & Hunter, 1995; Burbidge & Winter, 1996).

A number of forces have been argued to have compounded the process at the sub-metropolitan scale, including: financial sector growth dynamics that have, *inter alia*, fuelled large wealth increases for some underpinned by share and housing market gains and salary rises; housing submarket dynamics that have reinforced wealth shifts; and, 'at the bottom end', a set of interlocking social and spatial factors that have prevented the lowest social strata from benefiting from economic growth.

A second strand comes from the social welfare debate on income polarisation that examines the changes in individual or household incomes resulting from both economic and welfare policy dynamics (Hills, 1998; Saunders, 1994; Harding, 2000). Here, the discussion is largely aspatial in its conceptualisation of the issue, with the changing impact of the welfare reforms undertaken by a range of governments in comparable countries in the last twenty years being a key factor, as well as labour market effects. However, the evidence for this literature has been influential in supporting the spatial polarisation thesis.

The third area of debate concerns tenure specific social polarisation. This refers to the way in which wider social and economic changes have been expressed in changing housing tenure locations of households with differential market capacity (Hamnett, 1986; Murie, 1991; Winter & Stone, 1999). This debate has its roots in the discussion of housing classes (Rex & Moore, 1967) and social area analysis that first pointed to the link in the UK between housing tenure (specifically social housing) and social class and its impact of residential differentiation (for example, Robson, 1969) and is also related to discussion of the links between housing and labour markets (Hamnettt & Randolph, 1987a; Randolph, 1991). Put simply, the growth of home ownership in the post-Second World War period in most English speaking capitalist countries has largely been seen to have been associated with the most economically able, while rented tenures, and particularly social rented housing, have been increasingly associated with less advantaged. The processes leading to the residualisation of social housing – the tendency for social housing being increasingly confined to the welfare dependant and economically inactive – have been well documented in the UK (Hamnettt & Randolph, 1987b). In Australia, the small size of the social rented sector means that many disadvantaged households are still heavily represented in the private rented housing market and so the social-private rental division is not so marked. Instead, the increasing affordability problems of younger age cohorts in accessing home purchase have resulted

in the low income and low skilled and single income households being "locked out" of the home ownership market (Winter & Stone, 1999). At the same time, the issue of social division within the home ownership market has also emerged (Murie, 1991; Burbidge & Winter, 1995).

Fourthly, the more recent debates on social exclusion (in Europe) and social capital or capacity (in the US and Australia), focus more on the personal or community level expression of social disadvantage and alienation. Whereas the latter debate is rooted in sociological concerns with alienation and the alleged decline in civil society and social engagement, the social exclusion debate has a much more direct social policy focus on the multiple causes of social disadvantage associated with major social and economic changes (UK Cabinet Office, 2001). Most importantly, the debate on social exclusion has an explicit space and place focus, and has become synonymous in the UK and elsewhere in Europe with the policy interventions to tackle areas of persistent disadvantage. Within urban areas these are closely, although not exclusively, associated with areas of high social housing. In many ways, the social exclusion debate is an extension of the earlier residualisation debate noted above. It has increasingly focused on the level of the local community or neighbourhood and has been closely linked with the issue of neighbourhood renewal and regeneration in the UK and now in Australia (Maclennan 1998; 2000; Randolph & Judd, 2000). Related to this is a growing literature on the relationship between locality and health, some of which is associated to housing condition, a modern day equivalent to 19th century concerns on public health (Macintyre, *et al.*, 2000; Joshi, *et al.*, 2000; Gatrell, *et al.,* 2000).

Importantly, urban disadvantage in Australia is not simply an inner city phenomenon in the 'traditional' European and US mould. O'Connor and Healy (2000 p.4) report:

> …some new patterns of social outcomes have begun to emerge. Gentrification of the inner city has been associated with a fall in the share of a metropolitan area's social security recipients who live in these locations in Melbourne…Sydney…and Brisbane….

And yet neither is it correct to characterise the outer and middle ring suburbs of the major cities as simply disadvantaged. The earlier debates sparked by the research for the National Housing Strategy in the early 1990s opened up the issue of suburban disadvantage (see Urban Policy and Research, 1994). Recent detailed analysis of social disadvantage by Vinson (1999a), together with research on socio-economic

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development trends (Baum *et al..*1999; Brain 2000), show that the socio-economic character of the suburbs has a much more complex geography than was the case in the past.

The old social patterns associated with inner, middle and outer suburbs have little relevance now. Areas of high status extend from older inner suburbs to previously moderate social status middle areas, while disadvantage can also be found in some industrial middle suburbs (O'Connor & Healy, 2000 p.9).

As a result, the social geography of the relatively poorer middle and outer sectors of major Australian cities has becoming increasingly variegated. Whilst, outer locations still house people and families with economic and socio-economic problems, these patterns have become increasingly differentiated 'as higher priced housing spreads into areas that originally just provided cheaper housing opportunities' (O'Connor & Healy, 2000 p.9). Thus, it is best to think of such middle-outer regions now as 'social mosaics', formed up by:

- large tracts of moderate income households, whose fortunes are highly vulnerable to shifts in the macro economy;

- growing pockets of disadvantage and social dysfunction in the private housing stock, often associated with medium density and privately rented housing;

- large zones of inaccessibility and locational disadvantage;

- small, exclusive, but often growing, pockets of wealth and high environmental amenity, especially on the new urban fringe;

- large zones exhibiting mild to moderate environmental degradation;

- small pockets of high environmental disamenity and even hazard;

- large public housing estates with significant social disadvantage, but which may be undergoing renewal through either privatisation or publicly financed rehabilitation.

PROFILE OF DISADVANTAGED REGIONS

At the national scale, the greatest regional socio-economic disparity was not the city-country divide, but the gulf between the pockets of the major cities that have most benefited from structural change and globalisation and those non-metropolitan places that have fared worst through these changes. Brain (1999 p.217) notes that the average

household income in Sydney's high income areas was 45 percent greater than that of the poorest major group — the provincial towns — in 1986, and 83 percent greater in 1996. By 2004 the difference will be 100 percent.

The following subsection provides a summary profile of the key disadvantaged regions in Australia by social geographic type. A large part of the text is reproduced from Spiller and Budge's analysis of inequality and social exclusion in Australia (RAPI, 2000 pp.32-4). The text quoted verbatim from Spiller and Budge's work is reproduced in italic font.

__Inner city areas.__ The city core was the prime location for the socially disadvantaged up to the 1970s. In the 1990s most cities in Australia experienced a revival of their central areas and consequently poverty has generally been pushed outwards. However, pockets of socially disadvantaged households remain, often in public housing estates, or in run-down rental housing such as boarding houses. The concentration of facilities, welfare organisations other social assistance assets in the central and inner city also tends to draw the needy to these locations.

__Outer suburbs.__ While not all outer suburbs suffer from locational disadvantage – indeed some have better facilities and services than more central locations – there is evidence that many outer metropolitan locations suffer from serious deprivation in terms of access to a broad range of services and facilities, thereby accentuating the social and economic maginalisation of residents.

__Rural communities__. Rural communities often suffer from a lack of diversity in their local economy. Many towns are heavily reliant on one major employer or one source of income (e.g. agricultural and mining commodities). As a result, these communities are particularly susceptible to the impacts of economic restructuring such as the widespread closure or rationalisation of both public and private sector organisations and the associated reduction of employment opportunities. The long-term decline in commodity prices has also dramatically reduced the economic base of these areas.

While population decline and reduced services are far from universal in rural towns and regions, there is little doubt that these trends are having a particularly pronounced impact on those people who rely on locally provided services. Wealthier members of these communities are often able to cope with the cutbacks, but those who are poorer, less healthy and less wealthy suffer far more. As a result, the level of inequality within many rural town is rising considerably.

In addition, rural communities are increasingly becoming an attractive location for low-income households because housing is cheaper or public housing waiting lists are shorter. The influx of such households can place increasing pressure on the social services in these areas which are usually already struggling to maintain standards and subject to the cutbacks discussed above.

__Rural and remote indigenous communities.__ The traditional lands of indigenous communities and the settlements created under past aboriginal 'protection' and cultural assimilation policies often do not align well with regions of economic opportunity. Many of these areas feature very poor access to education, training and jobs, and basic infrastructures like housing, water supply and road access are often primitive or non existent.

Declining industrial towns. As discussed earlier, the ongoing shift from a primary industry and manufacturing based economy to one which is services driven is having particularly strong impact in certain areas. Traditional industrial towns and certain suburbs in larger metropolitan areas have suffered from dramatic job losses, casualisation of the workforce and consequently an increasing reliance on social security.

The lack of employment opportunities in these areas and a negative public image has resulted in an increasing exodus of population from many of these regions. Again, the combination of these patterns has meant that these industrial communities are becoming increasingly socially and economically isolated from the more prosperous parts of Australia.

Emerging coastal welfare regions. While in many cases poor people are attracted to large cities, there also appears to be a growing number who are fleeing the major urban areas in search of better lifestyles and lower skill employment opportunities. Predominantly, these people are moving to coastal areas with high levels of amenity, favourable climates and growing service industries such as tourism (e.g. Queensland, northern New South Wales and south west Western Australia).

Unfortunately, many of the employment opportunities in these areas are part-time, casual or seasonal and are often poorly paid. Furthermore, many of these regions are unable to provide stable, low cost housing options for these households because many properties are rented as tourist accommodation at highly inflated prices during certain times of the year. As a result, many of these poorer households become reliant on social security payments (at least for part of the year) and the underdeveloped social support networks in these regions.

The influx of poorer households to these regions is having a dramatic impact on the socio-economic composition of these communities because traditionally, many of these coastal regions have been retirement and tourism destinations. As the poorer, working-age households move into these areas there appears to be an increasing level of social and economic division both within these communities and between them and other parts of Australia.

Middle suburbs of major cities. To this typology of disadvantaged regions can be added certain middle ring municipalities and localities within major metropolitan areas. This problem area type is particularly evident in Sydney's middle west region where analysis undertaken by the Urban Frontiers Program has revealed incipient and maturing clusters of disadvantage (Randolph 2000).

Importantly, many of these subregional socioeconomic patterns have not been evident to policy makers, especially newly forming pockets of disadvantage in older, middle ring suburbs, and especially in areas **outside public housing estates**. Large tracts of western Sydney, for example, stand out as locations of severe disadvantage that have very low proportions of public housing. For example, Tony Vinson has examined the 1996 ABS Index of Socio-Economic Disadvantage for selected areas of outer west and south-west Sydney (Vinson 1999b), and his analysis clearly shows significant concentrations of disadvantage in suburbs built less than forty years ago. Closer

analysis of these areas confirms the association between high immigration levels, medium density housing and rental accommodation, together with older home owners.

Box 3. Summary typology of disadvantaged regions

URBAN
Inner city localities
Middle suburbs
Outer suburbs
Declining industrial towns
RURAL
Rural Communities
Rural and remote indigenous communities
URBAN-RURAL
Emerging coastal welfare regions

Source: RAPI (2000)

MECHANISMS OF CHANGE

National structural changes, regional effects

What have been the principal drivers of the regional socio-economic changes illustrated above? The immediate variables that explain these changes include: a widening of national income differentials; major structural adjustments to the national economy including changes to labour markets and production processes; advances and shifts in the nature and pattern of telecommunications and other technological forms; declining access to home ownership; declining housing affordability in many places, especially within major cities; restructuring of social and financial services by governments and firms; reforms to public institutions and infrastructure (e.g., National Competition Policy) and demographic change (RAPI 2000; Tonts 2000).
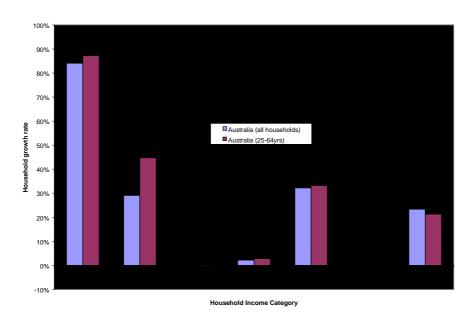
Figure 1. Growth in household income categories 1986-1996

Source: reproduced from RAPI (2000 p.25) and originally from Yates and Wulff (1999)

A range of analyses have charted the growth of household income dispersion in Australia during the past two decades. A recent assessment by Yates and Wulff (1999), cited and discussed by Spiller and Budge (RAPI 2000), reveals the forces of dispersion at work during the 1986-96 period. Figure 1 shows the simultaneous growth of low and high income households and Spiller and Budge argue that this dispersion was spatially differentiated, revealed as 'a growing concentration of poverty and wealth in Australia' (RAPI 2000 p.25). The link between income dispersion and spatial polarisation has been asserted in a range of other empirical studies, notably Hunter and Gregory (1996). Spatial segregation is also worsening when measured by other 'social well being' factors — including occupational grouping, educational attainment, language skills and employment status (Hunter & Gregory 1996; Moriarty 1998; Walmsley & Weinand 1997). Badcock notes that a combination of economic shifts and the contraction of government activities has produced new 'pockets of hard core poverty and inequity within the cities' (1995, p.196). Australia has not been alone in this regard: a general trend towards worsening economic polarisation was also evident in Britain and the United States during the 1980s and early 1990s (Hall 1998).

Deindustrialisation has been driven by economic restructuring including, *inter alia*, tariff reductions. This process has helped to shape some of the most intense pockets of

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social disadvantage, starkly evident at the sub-regional scale of analysis. Examples of 'rustpockets' include Braybrook and Broadmeadows in Melbourne and Elizabeth to the north of Adelaide (Vinson 1999a). Deindustrialisation has also left a lingering legacy of environmental decay for some regional communities. These largely uncosted consequences of restructuring processes may give rise to, or entrench, **environmental inequities** (Box 2) at the regional scale. In Newcastle, for example, the management of abandoned industrial spaces – or TOADS (temporarily obsolete abandoned derelict sites) – has emerged as a significant environmental planning problem (Dunn *et al..* 1995).

Conversely, reforms to public services and infrastructure, especially those changes advanced by National Competition Policy, have had regional effects (National Institute of Economic and Industry Research 1999). The Productivity Commission (1999) estimated that National Competition Policy driven reforms would lower employment in 33 – largely non-metropolitan – regions with narrow economic bases. For example, in Gippsland, Victoria, the 'rationalisaiton of the electricity generation industry directly contributed to the loss of more than 6,000 jobs, or approximately 10% of the population of the La Trobe Valley, which is effectively the region's centre' (Australian Catholic and Social Welfare Commission 2000 p.8). Analysis by the economist Quiggan suggests that 'approximately 50% of workers made redundant by microeconomic reforms were either not in the labour force or still unemployed after three years' (cited in Australian Catholic and Social Welfare Commission 2000 p.9).

The dispersion of household income at the national level in recent decades has been charted by successive studies (e.g., see King 1998). Income dispersion in Australia was, however, arrested to varying degrees by a range of universal and targeted taxation and welfare policies that sought to limit the impacts of structural economic change on poorer and middle income households (Australian Catholic and Social Welfare Commission 2000; NATSEM 2000). However, these national restraints on income dispersion tended to obscure the spatial outcomes of economic and institutional changes, including a more pronounced pattern of regional inequality (Harding 2000). Each axis of economic and institutional change has manifested spatially in specific ways, but in general there has been a marked shift towards the concentration of economic activity and services in larger population centres. What larger forces have driven these changes?

Economic globalisation

In Australia and in many other developed nations, the principal motive force for change in regional fortunes in recent decades has been economic globalisation. This major socio-economic shift has worked in concert with a restructuring of governance, away from Keynesian interventionism towards deregulatory liberalism, to alter the balance of fortunes between regions, meaning, *inter alia*, increasing disparity between poorer and richer regions.

The much touted ability of globalisation to draw the regions of the world together as one has been reflected in the proliferation of common cultural forms via new (internet) and existing (television) telecommunications forms. There have also emerged new networks of economic integration, linking far flung cities and regions through productive and trade related networks. However, it appears that in Australia much of this new economic unity, and certainly the benefits that have flown from it, have been largely concentrated within metropolitan regions, especially in core and affluent segments of the major cities. Regional disparities in wealth and in access to valued resources have been worsened by the well noted withdrawal of services in many rural areas by both private and public sector agencies (McManus & Pritchard 2000). What is often not well noted in the many debates that have attended these changes is the extent to which services and resources have been withdrawn or not sufficiently supplied in metropolitan regions, especially in outer and less advantaged areas (RAPI 2000).

The Australian Constitution ordains that state governments are responsible for the economic development of their jurisdictions. Two decades of economic liberalisation, much of it generated by successive Commonwealth governments, have, *inter alia*, left Australian industry sectors increasingly exposed to the competitive forces of the global market place. As a result, state governments have at times become directly involved in attempts to secure private investment for their jurisdictions. In order to achieve their objective, the states/territories have attempted to lure new investment by establishing 'state and regional development' agencies and strategies, and by fast-tracking major new development proposals (Walmsley & Sorensen 1993 p.284).

Walmsley & Sorensen (1993) argue that regional economic activity patterns can be explained by distinct characteristics associated with capital 'locational requirements and preferences' (p.276). Government policies and programs (e.g., tax breaks, direct infrastructure investment) or private investment strategies which often seek to exploit

these regionally differentiated characteristics have the effect of entrenching and deepening regional disparities. Consequently, the more attractive locations increasingly benefit from new opportunities, whilst those regions which do not gain additional investment become increasingly disadvantaged. The established wealth of lagging regions may take considerable time to run down, however, thus arresting the rate of socio-economic decline (RAPI 2000). For example, the loss of employment base in a region due to productivity or other structural changes may engender population decline but may not for some time reduce output levels. A relatively low level of social polarisation may also delay or forestall regional decline. In Australia, Spiller Gibbins Swan (2000) argue that social cohesion is a key regional competitive strength, reflecting a considerable tradition of analysis, dating back to the classical economist Adam Smith, that has demonstrated the diseconomies of wealth dispersion.

A shift in governance

Clearly, the shift from Keynesian to liberalised governance frameworks, in concert with increasing capital mobility, has exposed historical imbalances in the regional distribution of such qualities, whilst also contributing to their further concentration in well-endowed regions (McManus & Pritchard 2000; Stilwell 1992). In the age of globalisation, the centralising tendencies of unfettered markets are redoubled, tending swiftly to concentrate investment capital, including labour power, in cities and larger centres (Stilwell 2000). As in Europe, the shift to liberalised governance in Australia signalled a break with the goal of 'equalising life conditions on a national scale' (Brenner 1999 p.444) that had gone to the core of the political consensus thrashed out in the wake of the cataclysms of the Great Depression and the Second World War. As several recent analyses have shown, the new, liberalised governance environment has effectively left many regions to fend for themselves without the support previously provided under the earlier Keynesian influenced policy regime (e.g., see Bell 1997; the collection edited by Pritchard & McManus 2000; Productivity Commission 1999; Tonts & Jones 1997).

The effectiveness of the earlier regime in ensuring equality of opportunity and outcome at the regional scale can be overstated. Nonetheless, a panoply of service patterns and standards, endemic to both the private and public sectors, together with a range of spatially targeted subsidies, did in the past act to restrain the centralising forces of the market and public administration practices, thereby ensuring a greater geographic coverage of services and infrastructure than might otherwise have been the case (Tonts

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2000). In the contemporary era, economic liberalisation and state fiscal conservatism, accompanied by changes in telecommunications, communications and increasing global integration of markets, have left a legacy of heightened uneven development between regions at the sub-state scale in Australia (Stilwell 2000; Tonts 2000).

Introducing a major new set of essays that address, *inter alia*, regional disadvantage, McManus and Pritchard conclude that 'The sharper edge of global competition, combined with the rationalisation of public services, has impacted harshly on many people in rural and regional Australia' (2000 p.2). 'Uneven development', however, indicates a more complex pattern of socio-spatial polarisation than is often indicated by references to a 'great divide' – usually meaning a city-country cleavage – in the popular press (McManus & Pritchard 2000 p.3). To return to a point made earlier, uneven development means that some regions – including rural areas – prosper, whilst others struggle to counter a downward socio-economic spiral, largely without the supports provided by the equalising frameworks that Australian governments favoured in the past. Chris Sidoti, Australian Human Rights Commissioner, writes:

> Many communities in rural Australia are thriving; developing new industries with renewed optimism. Many others feel under siege. They have declining populations, declining incomes, declining services and a declining quality of life. The infrastructure and community life of many rural and remote towns has been slowly pared away (2000 viii).

Regional dispersion a cause for concern?

Governments of all persuasions have begun to express in recent years concern about the consequences of regional socio-economic disparities for national solidarity and political stability (McManus & Pritchard 2000). These concerns have been reinforced by empirical analyses that point to the deleterious consequences of social exclusion for national economies:

> …there is in fact growing evidence that our future prosperity in the 'New Global Economy' depends on our ability to mitigate problems such as social exclusion; that well informed and appropriately directed policy initiatives will play crucial role in our ability to compete in the global context (RAPI 2000 p.37).

SUMMARY

- In the past two decades there has been increasing socio-economic disparity between sub-state regions in Australia.

- Social scientific studies have demonstrated an increasing socio-economic disparity between metropolitan and remote rural Australia. However, rural regions are not uniformly disadvantaged and not uniformly declining. Significant concentrations of disadvantage are emerging in urban Australia, especially in outer and middle ring suburbs and in provincial towns.

- At the national scale, the greatest regional socio-economic disparity is the gulf between the pockets of the major cities that have most benefited from structural change and globalisation and those provincial towns that have fared worst through these changes.

- The immediate causes of increasing regional disparities include: a widening of income differentials at the national scale; major structural adjustments to the national economy including changes to labour markets and production processes; advances and shifts in the nature and pattern of telecommunications and other technological forms; restructuring of social and financial services by governments and firms; reforms to public institutions and infrastructure; and demographic change.

- Some government reform settings – notably National Competition Policy – have contributed significantly to the widening of regional disparities. Recent analysis suggests that for many regions, the costs of microeconomic reforms are long term rather than transitional.

- There is an increasing amount of empirically-supported evidence which shows that social exclusion has deleterious consequences for national economies.

CHAPTER 4. AUSTRALIAN REGIONAL POLICY

INTRODUCTION

This chapter illustrates Australian regional policy in historical and institutional context. The major qualities and currents of regional governance are identified.

Australia has a multi-level system of governance which forms the spatial and institutional context both for regional policy and for the socio-economic forces that determine regional patterns of well-being. To understand the structural context for regional policy it is first necessary to consider this federal multi-level governance system. The chapter begins with a brief sketch of the Australian federal structure. After this, two key qualities of Australian regional governance are identified and discussed. The third section is a brief portrait of the recent historical context for current regional governance. The last section of the chapter outlines the major recent currents of regional policy making.

AUSTRALIAN FEDERAL SYSTEM

The Commonwealth of Australia is a federation of states that was formed from self-governing British colonies in 1901. The federation also includes two territories – the Northern Territory and the Australian Capital Territory – which until recently were directly administered by the central state but are now self-governing.[ii] A written constitution shares out powers and responsibilities between national and state governments. These balances, however, have not remained fixed and during the past century there have been major shifts in the roles of both levels of government. States have their own parliaments and legal frameworks. The third administrative tier, local government, has no status in the national constitution. In contrast with their counterparts in Britain, the USA and many European countries, Australian local governments have few resources and responsibilities and are entirely subordinate to state/territory rule.

The Commonwealth government is the central governing body with powers prescribed under section 51 of the Constitution of the Commonwealth of Australia. These powers extend to key policy areas, including social security, welfare, defence, trade and immigration. All other powers not specified in the Constitution are known as residual powers and accrue to the states. These policy responsibilities include health, education, housing, transport, urban planning and agriculture. If any inconsistencies arise in the

interpretation of legislation between the Commonwealth and the states, Commonwealth law prevails.

The constitutional balancing of powers between national and state/territory governments has set the scene for major tensions and even open conflicts between the two major tiers of Australian government. This friction has had major implications for spatial planning and, more particularly, urban governance and housing policy. Stilwell and Troy write: 'The federal-state conflicts are one of the main features of Australian politics, with major implications for the planning of urban development' (2000 p.5). By contrast, the strong imbalance between the powers of second and third tiers of government has meant that states/territories have generally played a directive, not reactive, role in governance at the local level (Galligan 1998; Parkin 1982).

In some analytical frames, Australia's states/territories could be regarded as 'regions', broadly comparable in scale, for example, to sub-national, and even national, regions in other multilevel political frameworks, such as the European Union (Stilwell 1994). However, regional government at the sub-state/territory scale has not existed in Australia whilst intermittent attempts at regional policy making have been plagued by brevity and a lack of political commitment (Self 1995).

The states and territories vary considerably in population size and geographic extent (Table 1). All, however, are marked by the primacy of their major metropolitan areas (Table 2). Today, the vast majority of Australia's 18 million citizens live in the coastal metropolises, especially the state/territory capitals that ring the island continent. In 1996, four out of 10 Australians resided in the two largest cities, Sydney and Melbourne. Cities provide the centre stage for Australian social and economic life. There are no metropolitan governments, with the limited exception of Brisbane, where one local government, Brisbane City Council, covers most, but not all, of the urban area. The states/territories act as defacto metropolitan governments; a situation that causes tension with both urban and non-urban local governments (Stilwell & Troy 2000).

Table 1. Profile of state and local governments in Australia

	Total area (sq kms)	Total Popn	Popn density (persons/sq km)	No. of LGAs*
New South Wales	800 725	6 038 696	7.5	178
Victoria	227 767	4 373 520	19.2	78
Queensland	1 730 311	3 368 850	1.9	156
Western Australia	2 527 517	1 726 095	0.7	142
South Australia	984 085	1 427 936	1.5	78
Tasmania	67 963	459 659	6.8	29
Australia [a]	7 688 740	17 889 100	2.3	661

Note: [a] Includes the Northern Territory and the Australian Capital Territory;
* Local government areas
Source: derived from Stilwell & Troy (2000 p.913).

The Commonwealth collects the lion share (approximately 70%) of national tax and excise revenue, principally through income taxation which it has controlled since 1942. Additional revenue sources include a new value added tax, the Goods and Services Tax introduced in July 2000, and other miscellaneous excises. The Commonwealth redistributes these tax revenues back to the states/territories under the auspices of the Commonwealth Grant Commission using the principles of Horizontal Fiscal Equalisation (HFE). For many years, Commonwealth governments have used HFE principles to redistribute funds from the wealthier states/territories to those requiring financial assistance to overcome the consequences of regional imbalances in economic development (Stilwell 1994).

Table 2. Major city population size and state share, 1996

State & Territory Capital City[b]	Population	Proportion of state/territory population[a]	Proportion of national population[a]
Sydney	3,881,136	63	21
Melbourne	3,283,278	72	18
Brisbane	1,519,994	45	8
Adelaide	1,079,112	73	6
Perth	1,295,092	73	7
Hobart	195,718	41	1
Darwin	82,232	45	0.4
Canberra	307,917	99	2
Capital cities	11,644,479	N/A	64

Notes: [a] rounded to nearest tenth; [b] all capital city figures are for Statistical Divisions
Source: Gleeson & Low (2000 p.36), based upon national census data

While states/territories rely on HFE for a large proportion of their funding, significant revenue is raised from other sources. The states/territories raise around 55% of their total expenditure through taxation of payroll, motor vehicles, gambling and through the levying of miscellaneous stamp duties. Therefore, while states rely on HFE for a large proportion of funding, significant resources are allocated to attracting and encouraging additional sources of revenue, through initiatives which include regional development policies.

The states/territories are also major vehicles for delivery of social, educational, health, welfare, housing and urban services, for which they receive large amounts of general and program specific funding from the Commonwealth. The fiscal primacy of the Commonwealth is further reinforced by its control over how much funds states/territories

can raise on loan markets. This suzerainty over loan revenue has allowed the Commonwealth to direct state/territory spending on infrastructure, including urban infrastructure, such as housing, roads and urban services.

As with the states/territories, Australia's system of local government is characterised by wide variations in population and area (and therefore, density), but is not as fluid or fragmented as its US equivalent. As mentioned above, the third tier of government in Australia is relatively powerless, especially by European standards and remains, in the words of Stilwell and Troy (2000 p.926), 'the creature of state government'.[iii] Consistent with this, local government has a very minor revenue raising role, largely restricted to collecting property taxes. A 1988 national referendum that would have given local government constitutional status, and thus enhanced autonomy, was opposed by the states and defeated at the polling booths.

Devolution of governance has not been a major trajectory of change in Australia's federal system since its inception a century ago. In recent decades, however, there has been some devolution of service provision responsibilities from state to local governments (Tonts 2000). Whilst both the constitution, or at least its interpretation and application, and the federal system have evolved, a major axis of change has been the assumption of new and enhanced powers by the Commonwealth. States have often resisted the Commonwealth's periodic attempts to increase its authority, but on other occasions they have willingly ceded certain responsibilities. In 1942, for example, the states transferred their income taxation powers to the Commonwealth with a view to helping the war effort (Stilwell & Troy 2000).

AUSTRALIAN REGIONAL GOVERNANCE

What role has regional governance – a concept that embraces both regional government and regional policy – played in the Australian federal system? The short answer is very little.

Regional government

First, Australia has not established a system of regional government at the sub-state/territory scale. Regional policy making, and some regional institutions, have been experimented with, including, for example, the Regional Development Organisations set up by the Keating federal government in the early 1990s (Beer 2000a). Regional

government, however, has not been attempted (Stilwell 2000). The three tier system of government outlined above has remained the legislative-administrative framework for the federal system since its inception. There have, however, been no shortage of critiques of this structure and suggestions for its reform or even outright restructuring. A full review of these critiques and proposals cannot be entertained in this paper, but it is important to note that many suggestions for change have called for a new stratum of regional government, in some instances replacing the current state/territory tier (see Stilwell 2000 pp.260-6 on this).

A common refrain from critics of the present three tier structure is that local and state governments provide inappropriate frames for addressing regional problems and opportunities. State/territory governments are held to be preoccupied with city issues, rooted in the metropolitan primacy of the Australian urban system, whilst local governments are regarded as too small to address regional issues. The process of municipal amalgamation which has occurred in some states, especially Victoria, in recent years has in some instances created government structures that may be better matched to regional issues and needs (Galligan 1998).

Rural focus

Chapter 2 noted the wide range in the spatial scale and in the type of areas to which regional analysis and policy may be applied, even at the sub-national scale. However, Australian governance, scholarly debates and popular discussions have tended to emphasise **rurality** as a key feature of regions and metropolitan areas have tended not to be defined in regional terms. This usage betrays a certain core-periphery conceptualisation which places (often critically) metropolitan areas, especially state/territory capitals, at the centre of governance and all other places and areas at some point of relative peripherality. Rural urban areas tend to cluster near the middle ring whilst outback areas occupy the remote periphery of this concentric model that so frequently frames debate and analysis of regional conditions. Argent & Rolley (2000), for example, note the use of terms such as 'non-capital cities', 'sponge cities' and 'regional centres' in regional policy debates to describe a wide variety of urban areas – some of them thriving, some of them not – that are held to share a common peripherality from core (i.e., capital) cities.

There have been notable departures from this conceptualisation which have sought to open up metropolitan areas to regional analysis and policy. For example, one initiative of the Whitlam Department of Urban and Regional Development (DURD) agenda was the establishment of regional urban councils as sub-metropolitan policy frames; several of these bodies still exist, including the regional organisations of councils in Sydney. Housing assistance was not part of the DURD regional policy agenda.

In metropolitan strategic planning, there have occasionally been instances of sub-metropolitan analysis and policy making, usually with the object of balancing out geographic inequalities of service access and socio-economic conditions. 'Regional balance' was in this way a key object, for example, of the Melbourne and Metropolitan Board of Works' strategic framework for Melbourne during the mid-1970s (Logan 1981 p.31). Also, in order to ensure balanced and orderly urban growth, regional planning authorities have occasionally been established at metropolitan fringe areas, a key example being the Western Port Regional Planning Authority which operated in Victoria during the 1970s and 1980s (Logan 1981). Again, housing has not tended to figure prominently as a policy object in regional planning agendas.

Whilst regional planning frameworks and agencies have been experimented with, sometimes persisting for lengthy periods, they have generally been concerned with balancing growth pressures, protecting environmental amenities and facilitating economic development rather than addressing social disadvantage.

HISTORICAL CONTEXT

As outlined above, regional government at the sub-state level has not been attempted in Australia. The regional policy record of state/territory and federal governments is not much stronger (for a recent review see Beer 2000b pp.173-83). Spiller and Budge provide the following grim assessment of the Australian regional policy record:

> Responses to this emerging situation at the state and national level have been uneven and disjointed. Specific regional assistance packages have been produced at regular intervals often as either crisis management responses or as election sweeteners. Most programs have not been co-ordinated across agencies and between federal and state governments and have rarely been targeted to specific areas of need. The role and responsibility for federal

governments in regional development has always been an area for debate and political mileage (RAPI 2000 p.22-3).

However, several attempts, to varying degrees of success, have been made at regional policy under the banner of decentralisation. Arguably, the main national intervention on regional policy occurred between 1972 and 1975 under the Whitlam Labor government. The Commonwealth agency charged with the role of undertaking the Government's decentralisation policies was the DURD (Stilwell 1993).

Spiller and Budge summarise the DURD program:

> DURD initiated a range of plans and policies which sought to reduce the rising problem of social disadvantage in the major metropolises by promoting decentralisation and redirecting growth into designated regional centres such as Albury-Wodonga and Bathurst-Orange. DURD also established publicly funded land commissions which were intended to provide competition for private land developers as means of maintaining housing affordability. Other initiatives included the funding of the Australian Assistance Plan and the Area Improvement Program which were intended to foster community building programs across the nation's regions (RAPI 2000, p.35).

Many of DURD's initiatives were fiercely resisted by some of the states (Stilwell & Troy 2000) and the regional decentralisation policies proved particularly controversial and difficult to implement.

> The direct national government approach to urban affairs undertaken by DURD was relatively short lived. The Whitlam government was dismissed in 1975 and the incoming Fraser government quickly dismantled DURD, replacing it with the less powerful Department of Environment, Housing and Community Development (DEHCD). This new organisation was itself dismantled in 1978 after only two years of operation (RAPI 2000 p.35).

It is important to recognise that the DURD program was not simply about the pursuit of 'spatial balances' of population and other resources but was rooted in a concern to address, *inter alia*, social disadvantage through a mixture of regional and local policy frames. Frequently, state regional policies, especially those founded in planning strategies, have been less concerned with social issues and have focused instead on balancing out or diluting metropolitan primacy through the encouragement of growth in

non-urban areas (Beer 2000b, p.180). (An approach that was evident, for example, in West Australian strategic policies during the 1980s (Self 1995).) Self (1995) concludes that decades of stop-start state regional planning and economic development policies achieved very little apart from arresting to some degree population concentration.

There are many explanations for the difficulties that beset the DURD (e.g., compare Troy 1978 and Parkin 1982) but it can hardly be said that the states have been implacably opposed to regional economic development. States have long supported the idea of regional development but have struggled to frame policies that operationalise this aim.

> At the state level there have been consistent programs and departmental support for regional economic development but for political reasons these have almost always shied away from targeting specific areas (RAPI 2000 p.35).

Overall, the aspirations of many states for regional policies have often foundered because they have failed to gain a robust political footing.

RECENT POLICY CURRENTS

Regional policy languished, especially at the federal level, during the 1980s and early 1990s. However, from the early 1990s this situation began to change, largely because of increasingly vocal grassroots concerns about uneven development (noted in chapter 3).

This national and sub-national political climate that emerged during the 1990s became much more attuned to regional concerns. These concerns have extended beyond traditional (post Second World War) anxieties about depopulation and demographic imbalances (Self 1995) to embrace very firmly the perceived problem of uneven socio-economic development and especially emergent regional pockets of disadvantage.

Perhaps more than at any other time since the Second World War there exists the possibility of broad scale political support for regional policies to address social disadvantage. Such policies have not yet emerged but there are signs that both major national political parties intend to develop new regionally framed programs for addressing social problems. The Howard federal government is addressing the issue through its Regional Australia Summits initiative, and allied policy frameworks (addressed below). In January 2001, the federal Labor Party announced that 'urban and

regional well-being' was to be a central pillar of its election platform (*Sydney Morning Herald*, 23/1/01 p.2).

As the 1990s progressed a steady, if fitful, reawakening of regional policy debates was in evidence. There were several official inquiries, some new policy initiatives, and in more recent times increasing intervention in the regional debate by lobby groups, NGOs and private sector organisations. The momentum towards policy development was dissipated for a time following the election of the Howard government in 1996 which saw the abolition of regional programs that had been set in place by the previous administration. However, in the past few years, partly impelled by continuing grassroots pressure, and the testimony of new analyses of regional change, there has been renewed impetus given to regional policy development.

The following discussion very briefly reviews some of the initiatives on regional policy analysis and development that have been undertaken in recent years. This is in no way a comprehensive commentary, but rather a 'snapshot' review of some of the more influential undertakings (for fuller accounts, see especially the work of Beer 2000a & b and the collection edited by Pritchard & McManus 2000).

Australian Industry Commission 1993

In 1993, the Australian Industry Commission (IC) produced a report entitled *Impediments to Regional Industry Adjustment*. The IC (later, the Productivity Commission) was well renowned for its promotion of economic liberalisation. Several observers (e.g., Gleeson & Low 2000; Stilwell, 1994) noted the paradox of attempting to use an avowedly aspatial analytical framework – neoclassical economics – to examine regional and urban issues but there is no evidence that this concerned the IC or its successor, the Productivity Commission.

While the IC report highlighted the diversity of Australian regional economic development, it submerged the spatial imperatives that arose from this analysis by advocating a continuing program of structural economic adjustment. However, advocating national restructuring or regional development, the Commission did criticise the universality of social security support and minimum wage levels which was alleged to create disincentives for the efficient movement of resources including labour to productive regions. The advocacy of inter-regional variation in wage rates was taken up again in recent debates about regional decline.

Interestingly, the report touched upon housing – rare for Australian regional analysis. Stilwell sums up the Commission's analysis: 'Provision of public housing in areas with high unemployment [was] specifically identified as an impediment to regional mobility' (1994 p.17). The logic – that highly localised pools of affordable, though difficult to access, housing stock should constrain the fluent operation of regional employment markets – was contestable, to say the least, and in any case not supported by rigorous empirical analysis.

Overall, the report reinforced a climate of governance marked both by hostility towards regional policy and faith in macro economic restructuring. The report coincided, however, with a sign of climate change, in the form of the Kelty Taskforce on Regional Development.

The Taskforce on Regional Development 1993

In 1993, the Taskforce on Regional Development was established to investigate prospects for regional employment and development. The Taskforce was led by the then head of the Australian Council of Trade Unions, Mr Bill Kelty. The Taskforce Report, *Developing Australia: a Regional Perspective*, proposed an ambitious program of 123 general policy initiatives, centred around a series of objectives highlighted by regional Australia. These objectives included infrastructure, transport and communications, water supply, education, labour market programs, reduced government charges and better policy coordination (Stilwell, 1994 p.17; Alexander 1994 p.8).

Alexander suggests that the report was largely politically driven, comprising a regional 'wishlist' rather than a rigorously analysed appraisal of regional conditions and needs (Alexander, 1994, p.8). Stilwell (1994 p.17-8), however, highlights the Taskforce's success as a consultation exercise, involving both visits to 63 regions and 76 consultations across Australia in a three month period. This 'bottom up' approach to regional analysis and policymaking stood in stark contrast to the macro-structural approach of the IC. The Kelty Report also attempted to identify 66 policy regions across Australia, including areas which traverse thousands of kilometres of land and some which divide Australia's largest cities (Melbourne was divided into three regions, Sydney into two).

The McKinsey Report 1994

In 1994, the Management Consultants McKinsey and Company were commissioned by the Australian Government to obtain data from businesses concerning the factors most likely to influence past, present and future investment patterns within regions.

The report presented a discriminatory analysis that mapped differentiation between growing and declining regions, drawing further attention to the problem of uneven development. The report foreshadows future changes to regional Australia, particularly those small regional centres made redundant due to economic and technological change. The major question asked of the report is: 'how can Australia be a winner rather than a loser?'. The answer provided is a recommendation for Australia to 'drive the newly developed export culture harder in regional Australia'. The report emphasised the need to enhance the competitiveness of regions through better localised 'management and leadership' and through some mild measures aimed at building the capacity of regions to better compete in the globalised economy (Stilwell, 1994 pp.18-9). The emphasis on encouraging entrepreneurship in lagging regions, in preference to using direct intervention and support mechanisms, foreshadowed the emergence of the 'self help' approach to regional policy that is favoured by the current Commonwealth government (Tonts, 2000). This self-help approach sees regional policy as largely directed towards '…empower[ing] a region to help itself achieve economic, social and environmental goals' (Department of Transport and Regional Development 1999, cited in Beer, 2000a p.114).

Regional Australia Strategy 1996

The election of the new national government in 1996 saw an end to any active concern with regional development policies (The Keating Government's 1994 employment program *Working Nation* had contained some regional development measures, though these were poorly funded.) Signalling the rhetorical if not substantive break, the Commonwealth Department of Housing and Regional Development was reorganised and renamed the Department of Transport and Regional Services. On this point, it is interesting to note the disappearance of references to 'housing' from the title of all Commonwealth government agencies at this time and afterwards.

The new government's *Regional Australia Strategy* emphasised a 'whole of government approach' to regional policy, comprising a range of small initiatives spread across a

variety of portfolios (Vaile & Somlyay, 1998). The Department of Transport and Regional Services focused on programs that sought to stem the loss of services in regional Australia, including the *Rural Transaction Centres* program. Other policies include the *Regional Health Package*, designed to address regional health inequalities, and the subsidisation of certain fuel costs. More recently, the Federal 2000-1 Budget allocated resources to a *Regional Solutions Program* for areas with employment and social problems, as well as the Area Consultative Committees funded through the *Regional Assistance Program* (Australian Catholic Social Welfare Commission, 2000).

Productivity Commission 1999

The Productivity Commission released in 1999 the draft report of its inquiry into the regional impacts of National Competition Policy (NCP). The Commission's inquiry was further evidence of the increasing political attention that regional disparities have been attracting since the late 1990s. The report concluded that NCP reforms would raise output in all regions except Gippsland, Victoria, where the spatial concentration of electricity generation facilities meant that the impacts of privatisation would be severe at the regional level. However, as pointed out in chapter 3, the report does acknowledge that NCP impacts will include a lowering of employment in 33 regions – largely regions lacking the industry or employment base to absorb job losses. The regions where negative employment impacts have been most severe include:

Tasmania
- Mersey-Lyell
- Eyre
- York
- Murray Lands

New South Wales
- Northern NSW

Queensland
- South west and Central Qld.

Victoria
- Gippsland
- Mallee
- Wimmera
- Western District

Other assessments have pointed to the 'socially corrosive consequences of competition reforms in many regions', including many impacts that elude quantification and therefore the type of analysis undertaken by the Productivity Commission (Australian Catholic Social Welfare Commission, 2000 p.7).

Regional Australia Summit 1999

The most substantial recent initiative undertaken to address regional disadvantage was the Regional Australia Summit, held in October 1999. The Summit paralleled two other inquiries into regional needs by committees of the federal Senate and House of Representatives. The Summit, convened by the Deputy Prime Minister [also Minister for Transport and Regional Services], the Hon John Anderson, was instigated 'in response to the profound adjustment and challenges facing regional Australia'. At the end of the Summit the 280 delegates called for a 'genuine partnership between governments, industry and communities' and made 247 recommendations to effect better regional outcomes (Regional Summit Unit, 1999 p.1).

The Summit's major emphasis was on a bottom-up rather than the usual top down approach employed to address regional issues. This approach rested on promotion of 'community entrepreneurship and leadership' as opposed to a reliance on direct government assistance to regions (Regional Summit Unit, 1999; Sorensen, 2000).

At the conclusion of the Summit, the Regional Australia Summit Steering Committee was established to develop a plan for implementing the outcomes of the Summit. The Steering Committee was charged with the task of producing two reports: the first report (9 May 2000), *Regional Australia: Making a Difference*, commented:

> It is now widely recognised…that the benefits of economic change have not flowed evenly across Australia. While many parts of non-metropolitan Australia are charging ahead, others are struggling to meet the challenges posed by globalisation and industry structural change (Anderson & McDonald 2000 p1).

Critics of the new federal regional agenda argue that it lacks strategy and adequate funding. In particular, the emphasis on local self-help and on cultivating local entrepreneurship as antidotes to regional decline is criticised as exhortatory and unable to engage the substantive structural forces that have worsened uneven development in Australia (Stilwell, 2000; Wanna & Withers, 2000).

SUMMARY

- Regional governance has not been a strong feature of Australia's multi-level governance system. Regional government has not been attempted, and regional policy has been weakly and sporadically developed.

- Australian governance, scholarly debates and popular discussions have tended to emphasise **rurality** as a key feature of regions and metropolitan areas have tended not to be defined in regional terms. This usage betrays a certain core-periphery conceptualisation which places (often critically) metropolitan areas, especially state/territory capitals, at the centre of governance and all other places and areas at some point of relative peripherality.

- Frequently, state regional policies, especially those founded in planning strategies, have been less concerned with social issues and have focused instead on balancing out or diluting metropolitan primacy through the encouragement of growth in non-urban areas.

- Regional concerns came to the fore in the late 1990s, largely driven by grassroots pressure from regional communities and lobby groups. There have been a series of policy discussions and initiatives centring on regional concerns.

- The current federal policy climate emphasises self-help and entrepreneurship as antidotes to regional concerns. A range of modestly funded programs have been set in place to further these aims and also to stem the loss of social, financial and health services in declining regions.

- Housing has not been a strategic or operational concern of regional policy making framed at the national level. Neither has housing featured significantly in national regional policy debates. The occasional reference to housing in such for a has neglected the issue of spatial scale and failed to consider rigorously how housing markets and housing needs play out at the regional level. This situation is anomalous given the important role that housing plays in conditioning social disadvantage.

- Perhaps more than at any other time since the Second World War there exists the possibility of broad scale political support for regional policies to address social disadvantage. Such policies have not yet emerged but there are signs that both major national political parties intend to develop new regionally framed programs for addressing social problems.

CHAPTER 5. KEY DEBATES AND ISSUES

INTRODUCTION

Whilst Australia's experiments with regional governance have been limited relative to the overseas experience (especially in Europe), Australian debates about theoretical and policy issues have ranged widely in the post Second World War era (Beer, 2000b p.173). The purpose of this chapter is to distil from recent debates the issues most pertinent to the present study's focus of regional policies to address social disadvantage. The review will be limited to brief expositions of five issues:

- the need for regional policy;

- regional policy and social disadvantage;

- targeting versus universalism;

- regional policy and housing; and

- learning from overseas experiences

This necessarily limited focus means passing over several other key issues in debates about regional policy, including recent discussions about the possibility for regional government (at the sub-state/territory) level in Australia (e.g., Hurford reported in Stilwell, 2000; Troy, 1999).

The chapter has five main parts and will examine in turn the regional policy issues listed above.

THE NEED FOR REGIONAL POLICY

There is clear evidence of a marked rise of interest in regional problems and regional policy solutions in Australia amongst a range of interest groups, including policy commentators, policy makers, non-government organisations, peak lobby groups and grassroots community organisations (Beer, 2000b; Spiller, 1999). As noted in chapter 4, the political and policy climate appears to be very supportive of new regional governance initiatives.

A quality of recent policy commentary has been increasing concern with the social and environmental dimensions of regional decline. Many observers (e.g., Beer, 2000a&b; Stilwell, 2000; Tonts, 2000) have pointed to the limits of the current federal-state policy

mix, which largely relies upon enhancement of self-help, entrepreneurialism and local leadership as antidotes to regional problems. Such analyses regard this mode of 'light' regional governance as unable to address deep seated regional social and environmental problems. To put the criticism more bluntly, no amount of 'cheering from the sidelines' is likely to deflect the forces of socio-economic and environmental decline that have beset many rural and metropolitan regions.

Much of this same commentary, however, does identify elements of value in current regional assistance policies, especially:

- the emphasis on local scale program formulation and management;

- partnership approaches that draw upon the skills and resources of all major community interests;

- the need to value the contribution of voluntary resources and of social capital;

- the importance of integrated policy approaches at the state and federal level; and

- the need to prevent overlaps or ambiguity in the assignment of responsibility for program areas and program settings.

There is broad awareness of the tendency of support programs which do not value the above governance qualities to founder and/or squander resources. Thus, there appear to be some points of convergence between supporters of the current voluntaristic/self-help approach to regional assistance (e.g., Sorensen, 2000) and those who see the need for more comprehensive support structures, especially measures to counter social and environmental problems (e.g., Tonts, 2000).

These moments of convergence, however, must be considered alongside deepening criticism of current regional policy settings. For Beer (2000b p.169), 'This flurry of activity in regional development policy and these new approaches to promoting the growth of regions have not necessarily resulted in a better quality of life for people living in depressed areas'. Tonts (2000 pp.66-8) agrees and points both to the limited nature of regional economic development assistance and the seeming absence of any substantive policies and programs to address social and environmental decline. He also draws attention to the ways in which inter-regional investment competition undermines assistance schemes and programs:

The outcome of this competition tends to be a pattern of uneven spatial development, since communities with stronger leadership, greater economic and physical resources and certain locational advantages tend to win at the expense of neighbouring communities (2000 p.68).

Tonts advocates for more financial assistance, especially targeted to those communities lacking economic, social and environmental resources. There is, in his opinion, a strong need to replace inter-regional competition with a new mode of governance committed to 'social revitalisation' through collaboration and cooperation between rural and regional communities. This new, 'active' regional assistance approach would build upon rather than entirely replace the current policy mix, and place particular emphasis on the four strategic values listed above. Whilst 'top down' approaches may have obvious shortcomings, a strong central contribution to regional policy seems critically important. Beer points out that only the federal government has 'sufficient resources to address the problems of uneven development between regions' (2000b p.170).

These calls were recently echoed by non-government organisations, including the Australian Conservation Foundation (ACF), the Australian Catholic Social Welfare Commission (2000) and the Royal Australian Planning Institute (2000). The ACF (2000) has addressed regional social and environmental disadvantage as part of a new *Blueprint for Sustainable Australia*. The *Blueprint* supports a more active regional assistance approach and also increased emphasis on the worsening environmental and health problems of lagging regions.

REGIONAL POLICY AND SOCIAL DISADVANTAGE

As noted above, contemporary policy analysis is drawing increasing attention to the 'social and environmental deficits' of regional policy in Australia. Australia has a very limited record of using regionally framed policy mechanisms to address social disadvantage; the DURD programs of the 1970s representing a rare exception in this regard. Redesigning the current policy regime to better address social disadvantage will require a rethinking of traditional rural assistance packages. Lockie believes that this redesign must involve a 'broadening of the rural policy agenda beyond commodity issues to include social and environmental considerations related to agriculture' (2000 p.25).

The evidence presented in chapter 3 suggests that a new approach to engaging social disadvantage at the regional level must also embrace the problems of metropolitan and regional urban Australia. Spiller and Budge believe that such a broad approach to combating regional social disadvantage is both possible and necessary if Australia is to prosper. Addressing disadvantage in regional metropolitan and rural Australia will partly rest upon comprehensive urban and regional planning mechanisms, in concert with other social, environmental and economic development programs:

> Furthermore, the assumption that there is a mono-causal and unidirectional relationship between globalisation and social polarisation implies an economic and technologically determined future in which policy makers play a very minor role. This perspective is problematic because there is in fact growing evidence that our future prosperity in the 'New Global Economy' depends on our ability to mitigate problems such as social exclusion; that well informed and appropriately directed policy initiatives will play a crucial role in our ability to compete in the global context…Urban and regional policy initiatives that address the problem of social exclusion will play a critical role in developing an investment environment of this type (RAPI, 2000 pp.36-7).

Again, the current emphasis on multi-scaled and well integrated policy needs to be retained, and indeed enhanced, in a new nationally constituted regional policy regime. Spiller and Budge, in concert with the RAPI, call for a '…national policy framework for dealing with social exclusion [that] will help develop motivation, provide guidance and prevent conflicts and duplication in strategy development and implementation' (RAPI, 2000 p.37).

UNIVERSALISM VERSUS TARGETING

At what spatial scale and in what places should policies attempt to address regional disadvantage? The analysis in chapter 3 demonstrated that rural regions, for example, are not universally disadvantaged, certainly not relative to all other regions. This would suggest that a return to earlier universalist support mechanisms for rural and regional Australia may not be warranted and indeed might worsen social and spatial inequities. The possible need for, and approaches towards, the targeting of regional support to address social disadvantage are issues that have not been thoroughly debated in Australia.

There is evidence to show (Gleeson, 1999) that the European Union (EU) has begun to reconstruct its considerable 'regional cohesion' framework, leading to a reduced emphasis on generalist support mechanisms and an increased reliance on spatially targeted approaches. There may well be lessons to be drawn from the EU experience of framing targeted regional policies. Such policies appear to have met with widespread institutional support and apparently have proved more effective and equitable than earlier universalist approaches (notably commodity subsidies).

REGIONAL POLICY AND HOUSING

Housing has long been identified as a key dimension of social well-being and, conversely, social disadvantage. There is little need in this paper to rehearse the many arguments that have focused on this key element of social dis/advantage. Of relevance to this study is the role of housing in contributing to regionally differentiated patterns of social disadvantage. Spiller and Budge observe that 'shifts in housing markets and housing tenures have tended to reinforce polarisation in the spatial distribution of the wealthy and the poor' (RAPI, 2000 p.26). Consequently, it follows that housing should be a key element of policy mixes that address social disadvantage at the regional level. Has this been a feature of the Australian regional policy experience?

Review of policy literature in Australia suggests that housing has not featured strongly as a regional assistance issue. For example, one of the federal government's current regional policy statements, *Regional Australia Making a Difference*, makes only one mention of housing, and only then passing to observe that health and housing remain primarily a state/territory concern (Anderson & McDonald, 2000 p.28). A possible explanation for this may be the nature of Australia's federal system and demarcation of responsibility between the Commonwealth and state/territory governments. The national government has tended to lead the regional policy agenda, at least in certain periods such as the present, but state/territory governments remain the principal housing service providers under the Commonwealth State Housing Agreement. This is not to say that the Commonwealth could not include housing as a major regional policy concern, only that the current federal governance structure seems not to encourage this.

The reluctance to address housing issues in regional policy debates may also reflect an implicit assumption on the part of many commentators that employment not housing is the central regional issue. This possibility is implicit and therefore hard to document.

There appears to be need for greater analysis and debate in Australia about how housing and employment markets interact, and at which spatial scales. Given the importance of housing to social disadvantage, it hardly suffices to ignore the issue in debates and policies that seek to address social polarisation at the regional level. It may not hold that housing markets operate only at the local scale in all regional contexts.

LEARNING FROM OVERSEAS

In this and earlier chapters, it was observed that Australia's regional policy record has been extremely limited by international standards. Spiller and Budge comment:

> Only for a brief period in the 1970's under the DURD initiative has Australia flirted with the concept of deliberate intervention to redress the inherent disadvantages experienced by some regions…This lone initiative stands in contrast to the systematic programs conducted by some western democracies notably in Europe to implement measures designed to direct public and private capital to so called depressed regions (RAPI, 2000 p.23).

These same authors appeal to overseas experience, notably that of the EU, as both a reference point and a source of ideas for Australian regional policy debates (RAPI, 2000 pp.82-6). As an emerging multi-level governance framework, embodying a substantial welfarist tradition, the EU seems to offer a particularly apposite model for Australian policy analysts and policy makers to explore. The United States, by comparison, provides a more limited reference point given its weak record of regional policy and relatively limited commitment to welfare governance. Other multi-level governance structures that have undertaken regional policy, especially international frameworks such as the OECD, may repay closer examination.

The EU has a substantial regional policy infrastructure. Moreover, these policies are largely, though not wholly, focused on the problems of uneven development, especially social exclusion and poverty. As a continuously evolving policy field, the EU regional program offers a potentially rich source of ideas and lessons for Australian consideration (Gleeson, 1998).

SUMMARY

- Much recent policy commentary has been concerned with the social and environmental dimensions of regional decline. Many observers have pointed to the limits of the current federal-state policy mix, which largely relies upon enhancement of self-help, entrepreneurialism and local leadership as antidotes to regional problems.

- Australia has a very limited record of using regionally framed policy mechanisms to address social disadvantage. Redesigning the current policy regime to better address social disadvantage will require a rethinking of traditional rural assistance packages.

- A new approach to engaging social disadvantage at the regional level must also embrace the problems of metropolitan and regional urban Australia.

- A return to earlier universalist support mechanisms for rural and regional Australia may not be warranted and indeed might worsen social and spatial inequities. The targeting of regional support to address social disadvantage is an issue that needs to be thoroughly debated in Australia.

- Housing has long been identified as a key dimension of social well-being and, conversely, social disadvantage. Consequently, it follows that housing should be a key element of policy mixes that address social disadvantage at the regional level. However, housing has not featured strongly as a regional assistance issue in Australia. There appears to be need for greater analysis and debate in Australia about how housing and employment markets interact, and at which spatial scales.

- Given Australia's relatively modest regional policy record, it seems necessary for policy analysts and policy makers in this country to examine the rich spatial policy traditions of other nations and international governance frameworks.

ENDNOTES

[i] Spiller (1999).

[ii] The formation of the Australian Capital Territory, the territorial seat of the national government, was prescribed in the Australian Constitution in 1901 and its location within southern NSW finalised in 1908. Physical development of the Territory and Canberra commenced in 1913. The Australian Capital Territory attained self-government in 1989. The Northern Territory was severed from the state of South Australia in 1910 and became self-governing in 1977.

[iii] The Northern Territory has a layer of local government, but the Australian Capital Territory does not.

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APPENDIX: MAIN FIELDWORK SOURCES

This appendix lists the key informants who will be interviewed as part of the fieldwork to follow this Positioning Paper. These informants are either senior officers of the European Commission with regional policy responsibilities or consultants who work with, and have expert knowledge of, the EU's spatial governance structures.

Name	Job title and affiliation
Mme. Mireille Grubert	Administratrice principale Affaires Urbaines Directorate-General for Regional Policy European Commission
Mr. Jörgen Gren	Administrateur Directorate-General for Regional Policy European Commission
Mr Jos Jonckers	Principal Administrator Social Exclusion and Poverty Directorate-General for Employment Policy European Commission
Dr. Stefaan De-Rynck	White Paper on European Governance European Commission
Dr. Rosarie McCarthy	Anna Macdougald Consultancy EU Public Affairs
Mr. George McDonnell	Team Leader The Tacis Joint Environmental Programme European Commission/World Bank