Constructing Regional Advantage

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What is Regional Advantage?

About how we understand and shape the dynamic between economic, social, human and natural capital at a spatial level. Governments role should be to construct platforms:

(1)Economic…industry sector, infrastructure, technology

(2)Community….settlements/sustainability

(3)Governance….to leverage place dynamics

Example 1 Hydro Industrialisation

- Transformed Tasmania from an agrarian low skilled society to modern industrialised one

- Three platforms

- **Economic** – water storage; generations and transmission systems, roads, communications etc

- **Community** – clear population settlement strategy to attract and retain skilled workers and their families

- **Governance** – the Hydro Electric Commission with a single plan of action

Example 2 Coal River Valley

History of low value add cattle and lamb farming area

Economic platform – Craigieburn Dam

Community Platform – liveability strategies to attract and retain 'lifestyle' settlers to places like Richmond

Governance Platform- Coal river valley association and creative networks

Now high value diversified local economy producing

turf, wine, roses and salads for global markets

Strathayr Turf

Conditions for regional advantage
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Regional policy models must be embedded in their spatial settings

Policy platforms enable (but don't always predict) innovation and growth
 and sustainability

Current position in a product space shapes opportunities for future
diversification (capitalising on regional specific asset stocks and flows)

Policy platforms are informed by differentiated knowledge bases across
people, firms and sectors

Collaboration, clustering and access to science and technology, access to
finance and access to high quality knowledge

Understanding and leveraging knowledge across the 'capitals' and the
'platforms' is the key

But this is hard because….

- Paradox of democracy
- How planning is organised
- Fixation with industry sectors and grants rather than spatial investment
- Poor understanding of the governance and community platforms…contributes to social exclusion

Paradox of democracy

- Democracy is organised around places (electorates) but not much else nowdays….
  - Services/functions (eg health, education, sport and recreation)
  - Industries/economy (eg tourism, Infrastructure)
  - Banks and finance (eg treasury departments)
  - Policy advice and co-ordination (eg premiers departments)
  - Issues (eg climate change)
  - People (eg Youth)

  Plays out as spatial chaos

How planning is organised?

- Local government boundaries (29 in Tas)
- Catchments/bio systems   (9 + 2 in Tas)
- Geography (valleys, highlands etc)
- Industrial/economic clusters
- Population identity
- Cities and other settlement types and their sphere of influence
- Regions (3 in Tas according to Tasmanians less than 1 according to the OECD)
- Institutional boundaries (eg postcodes, electorates, states)

  - *Which matter most to wealth generation, sustainability, wellbeing?*

Governance

- Plethora of outputs (1744 in Victoria, 430 in Tasmania)
- Approx 23 plans for each place and growing
- Primarily organised around functions and projects and sectors
- Intergovernmental Forestry Agreement in Tasmania involves 23 entities and 13 reference/decision processes

What to do?

- Embed platforms and 'capitals' in the economic development plan as overarching framework
- Shift from grants to pooled investments (cumulative impact)
- Place based (geospatially mapped) evidence base
- Connect sector analysis to social, natural and human capital analysis
- Single plan for each of the four 'sub regions'
- Engage early around local knowledge co-production and valuation processes (eg indicator frameworks)

Social and economic come together….

- Trust (a measure of likely collaborative advantage)
- Leadership (a measure of eg entrepreneurial capability)
- Liveability (a measure of the types of people likely to be attracted to and stay in an area…eg skilled workers)
- Resilience (a measure of capacity to change and take up opportunities)
- Network strength (a measure of eg links to University based expertise)
- Volunteering (a measure of the reservoir of social capital)
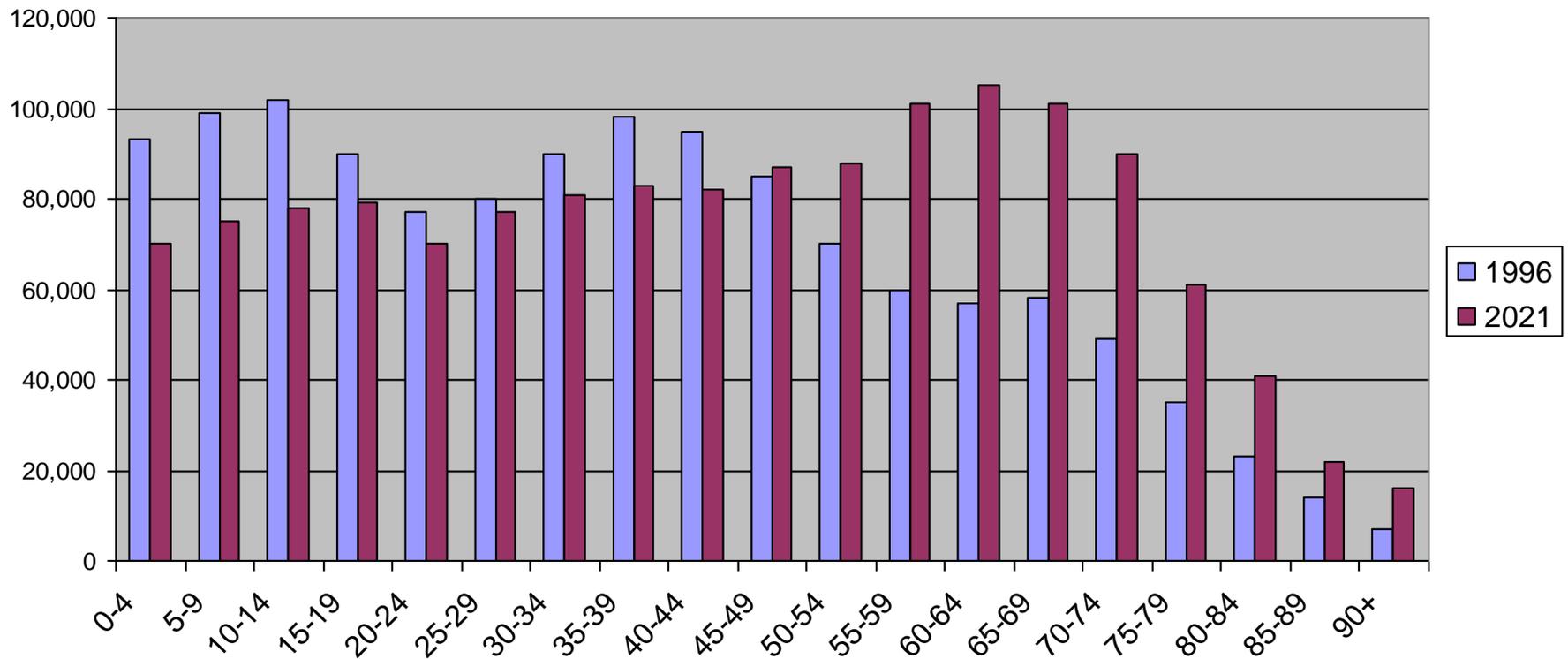- Is the local cemetery full? (value of the place)

Population Growth by LGA 2007 – 2032 and Irrigation Schemes, Tasmania?

Projected Population Growth by LGA 2007-2032 and Irrigation Schemes, Tasmania
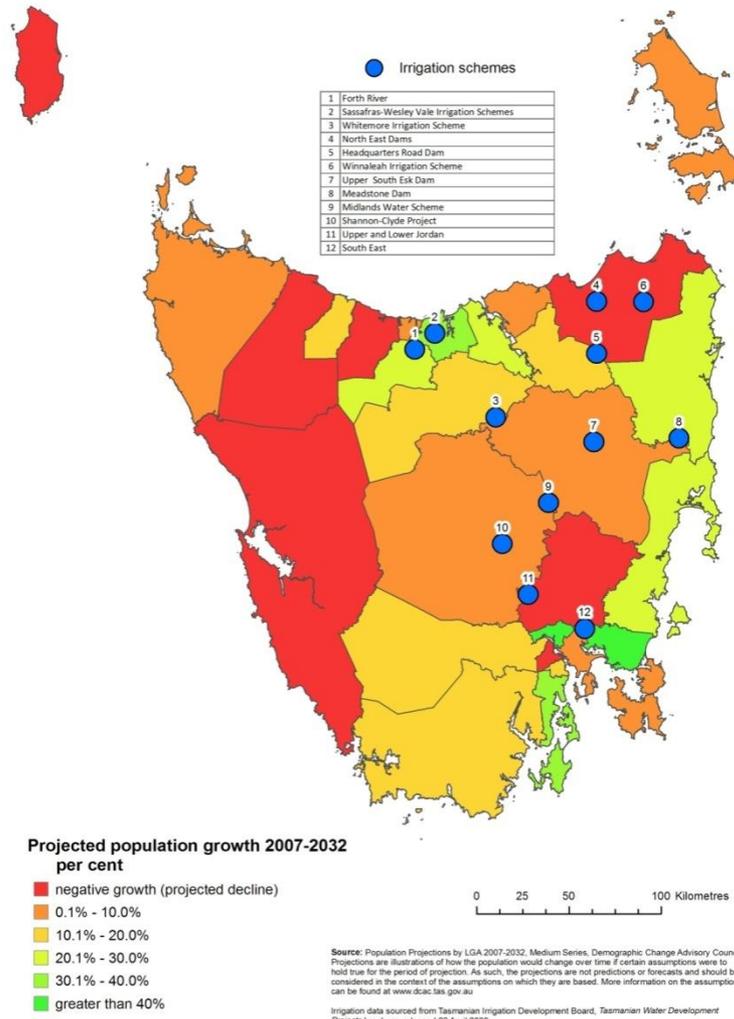
Communities are not just about data

Projected age structure of regional Victoria, 1996 and 2021

Communities are about people

Localities which lost or amalgamated their football clubs between 1981 and 2001

Sources: Atlas of Victoria 1982; Country Football League 2000; Football Victoria 2001
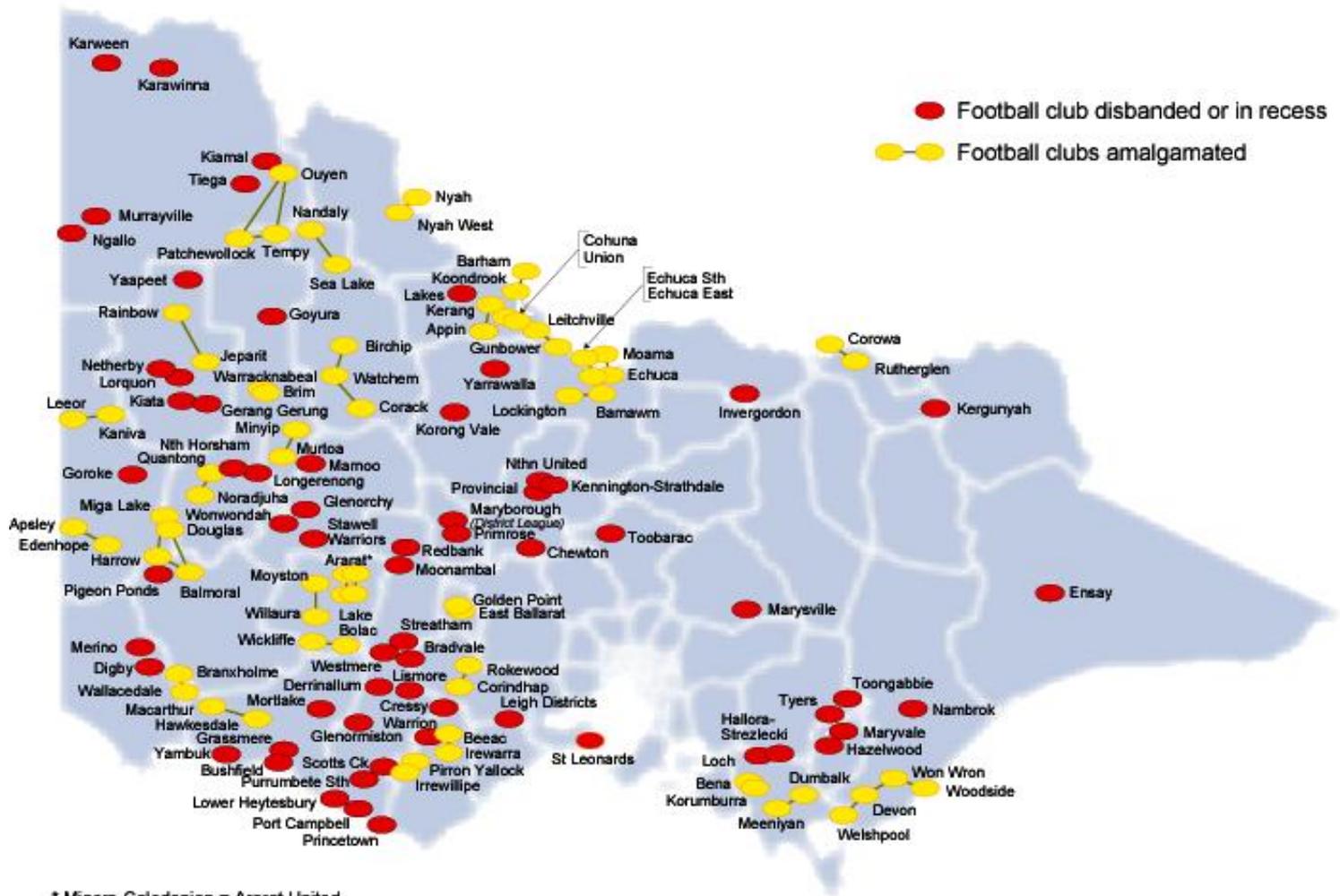
Some investment principles….

- Contribute to economic diversification and development that is socially and environmentally sustainable

- Uses a place based investment model

- Maximises regional value creation and wealth retention

- Supports the development of regional capability and community leadership into the future

- Promotes collaboration, clustering and access to science and technology, access to finance and access to high quality knowledge

- Capitalises on region specific assets stocks and flows

Summary observations

- We are in a transitional phase of 'melding' the ideas, language and practices of regional development with traditional economic discourse

- Many of our institutional arrangements and public administration practices (e.g what constitutes relevant knowledge) need to change but for some time we are likely to have overlays

- The resurgence of interest in regions enables us to push the learning and new practices and the IGA for Tasmania provides an early window of opportunity to do this.