

**Re-imagining the Region:
What it means for Regional Business
Development**

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Source

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The Core Questions of Regional Development

- What are we trying to achieve?
- Who is responsible for delivery?
- What drives regional growth and decline?
- Which drivers (I have identified 25) can local players influence?
- When to intervene? How much?
- What works?
- What sort of economic activities should we grow?

The Back Story on Regions

- Regions – homogeneous; nodal; administrative
- All are unifying in a spatial sense
- Globalisation and the new regionalism
- “the regional world” – Ohmae, Storper, Morgan, Katz
- Australia – Keating, McKinsey, REDOs
- Regional policy – aka place policy, territorial policy, spatial policy
- Anne Markusen – “sticky places and slippery spaces”
- Manuel Castells and the space of flows

The Folly of Regional Policy 1.0

- Sorensen, Polese, Collits
- Polese's fads – regional policy fails, but it doesn't matter that it fails
- Complexity of drivers, especially the interaction of complex drivers
- Central planning and the dispersion of knowledge (Hayek)
- Inability of government at all levels to influence drivers
- Traditional Australian focus on administrative regions (which is utterly misplaced)

Mario Polese

- Canadian regional studies scholar
- *The Wealth and Poverty of Regions* (2011)
- http://www.city-journal.org/2011/21_4_urban-development.html
- http://www.city-journal.org/2013/23_1_urban-economics.html
- Two great contributions to regional studies:

One - The Mooseroo

Two - Regional policy realism

The Mooseroo



Regional Policy Realism - Fads

- Tax breaks to lure strategic industries
- Hi tech industrial parks
- Clusters
- Community economic development
- Branding
- People attraction/culture/the arts/quality of life

“Grand little theories that amount to little”

The Argument Here – Folly 2.0

- We are a mobile people, but it is intensifying and manifesting in new forms
- The alignment and interaction of three new phenomena renders regional policy generally, and certain particular regional policies, futile
- It also prescribes a new way of doing regional strategy
- The three phenomena – globalisation 3.0; the knowledge economy (increasing returns, Romer, Brian Arthur etc); distributed work and the freelancer/contractor labour market model
- Throw in a fourth – the services economy
- Regionalist fetishism (Kevin Morgan) must be re-assessed and brought down to earth

Globalisation 3.0

- The new “hypermobility”
- More of the old mobility
- LGA population churn
- Porous borders
- Speed of global connections
- New business models, disruption, decline of the “firm”
- Big corporates (except universities!) are shedding jobs worldwide
- The new startups, instant global scaling capacity enabled by technology and especially new use of social media
- Collaborative culture

Forms of Hypermobility

- “Life cycle” migration undertaken at key pivot points – young people to the city (rural “rite of passage” migration), Gen X parents to rural hometowns, cash hungry retirees away from the city, divorcees;
- Second home communities where city people maintain an empty second home used for holidays in high amenity regions;
- Telework, either from home or from serviced offices or the now rapidly emerging co-work spaces or telecentres noted above;
- Fly in fly out (FIFO) mining regions – “live here, work there”;
- Non-mining FIFO;
- Peri-urban dormitory regions / daily commute regions (with commutes getting longer as transport improves and urban footprints grow; Butt 2011);
- Sea change and tree change moves;
- “Me change” moves designed to start a new life after some kind of trauma or break -up;
- Reverse retiree migration from sea change / tree change regions;
- Itinerant worker communities / short stayers;

Hypermobility (cont.)

- Farmers increasingly moving off farm into town while still managing the farm;
- Farmers increasingly taking off farm jobs requiring commutes;
- Welfare migration to low housing cost regions and places with shorter social housing queues;
- Career short term staging post towns;
- Moving to suburbs where there are good schools, eg selective high schools or state schools with residential requirements;
- “Gap years” taken by intending university students;
- Out shopping (“live here, shop there”), “sponge cities” and the drift from small towns to larger regional centres, if not in residential moves, then certainly seen in commutes and “economic” moves;
- “aerotropolis” cities built around mobility , for example locating near airports (Kasada and Lindsay, *Aerotropolis*, 2012);
- Brain drain regions, with young people’s flight to the university.

Understanding Mobility and “Churn”

- Start with the ABS
- See <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/1376.0Main%20Features3602013?opendocument&tabname=Summary&prodno=1376.0&issue=2013&num=&view=>
- Population Turnover in Selected Australian Regions, 2006-11 (2013)
- See Shane Rodgers in the Australian 17/5/15

Mobility and Churn –Some Examples

Local Government Area (State)	Type of Region	2011 Population Count	Population flow (in plus out)
Ballina (NSW)	Coastal / retiree	39 272	13 655
Gosford (NSW)	Peri-metropolitan / commuter belt	162 439	43 223
Wagga Wagga (NSW)	Inland regional centre	59 459	19 101
Armidale (NSW)	Rural university town	24 105	10 076
Bendigo (Vic)	Regional city	100 617	24 134
Southern Grampians (Vic)	Rural service centre	16 361	4 523
Barcaldine (Qld)	Outback service town	3 215	1 421
Fraser Coast (Qld)	Sea change/retiree	95 310	32 287
Whyalla (SA)	Regional industrial city	22 089	5 211
Busselton (WA)	Coastal mining fly in - fly out commuter town	30 331	11 033

The Knowledge Economy

- The new economic model, increasing returns
- Ideas drive innovation
- The speed of circulation of ideas now the key source of competitive advantage (Richard Florida, Santa Fe Institute)
- The move from manufacturing, mining and agriculture to services
- More of the economy exposed to competition and opportunity all over the world
- Again, technology enabled
- New business models
- Doesn't recognise borders, and therefore, regions

Distributed Work

- Work anywhere
- Fragile economy; short term, casualised work
- New digital technologies that enable remote working
- The freelancer economy
- Project driven work packages
- GenY work values, expectations

What it Means for Policy

- It is NOT argued that “region” is empty of meaning
- Stickiness and slipperiness co-exist, in tension
- Co-location and F2F contacts still matter
- Cities matter, in new ways, more than ever
- But....
- Porous borders matter too
- Escalating disruption matters too
- They matter in ways that should cause a rethink of the whole notion of place policy
- You simply cannot, any longer, quarantine drivers, causes, impacts, players, within a defined space
- And, a rethink about specific kinds of place policy
- Dial back administrative regions and recognise functional economic areas

Some Examples of New Policy Follyism

- Measuring impact of policies now much, much harder (and it was difficult before)
- League table approach to competitiveness
- Regional “voice”, largesse, Windsorism
- Infrastructure – what and where
- Incentives, smokestack chasing;
- Focus on the firm rather than the ecosystem
- Clusters
- Creation of “local” jobs
- SMEs, not startups and hignos
- Picking 20th century winners

What it Means for Regional Business Development Strategy

- Strategy is increasingly important at regional scale – regionalist fetishism and the scaling back of central govt involvement in strategy (in Australasia at least)
- Strategy is done very, very poorly IMHO
- Defaults
- Focus on nodes and connections, not borders (Ed Morrison et al)
- And COLLABORATE!
- Startups and higos, not SMEs
- Ecosystem not firms
- Traded sector, not local service industries

Regional collaboration...

***“An unnatural act
between non-
consenting adults”***

What does regional collaboration mean?

- Mutual awareness?
- Learning exchange (sharing information)?
- Sharing resources?
- Co-execution?
- Innovating together (or “co-design”)?

“Going to meetings”

Why regional collaboration is hard

- It is forced – unnatural regions
- It is time consuming – building trust takes ages
- KPIs and silos prevent real collaboration
- Threatens existing players and their day jobs
- Collaboration=implementation and the latter is mostly ignored

Signs of Hope in Regional Business Development/Strategy Thinking?

- Infrastructure that is not located in your region
- Focus on start-ups, hignos and tradable sectors
- Recognition of global value chains and their significance for regions
- A distribution centre in another country
- Kiwi Landing Pad in San Francisco
- No more Busselton strategies?
- Hawke's Bay Landing Pad in Auckland?
- Common sense on people attraction?

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Academic papers

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<https://www.facebook.com/paul.collits>

Some of my Publications

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