

SEGRA 2018 Communique

Speaking up for Regional Australia

Each year following the ***Sustainable Economic Growth for Regional Australia (SEGRA)*** conference, the National Steering Committee releases a communique “Speaking up for Regional Australia”. This Communique considers the theme of the conference: “*Beyond the Boom: opportunities for growth and vitality*” and responds to key action agendas including identifying potential policy and practice actions. It is a summary of discussion and does not represent a shared view by **SEGRA** National Steering Committee or delegates.

About **SEGRA**

SEGRA is Australia's premier conference on regional issues. It is recognised as Australia’s most credible independent voice on issues affecting regional Australia. Its strategic goal is to assist regional, rural and remote Australia to source and identify the knowledge, techniques and skills regions require to achieve successful economic growth and development.

SEGRA is committed to ensuring that regional Australia is fully considered as part of the framing the national agenda.

The **SEGRA** conference, established in 1997, provides a unique opportunity for all sections of the Australian community, rural and urban, to explore the key issues affecting regional, rural and remote Australia and be part of providing positive sustainable outcomes to ensure future prosperity.

SEGRA has led the way in being cross-sectoral and multi-disciplinary, bringing together practitioners, policy makers, researchers, business, community and the not for profit sector.

SEGRA is a practice community of over 15,000 people representing economic, community and sustainability practitioners, all levels of government, researchers, elected representatives and business.

As such it is the upholder of extraordinary collective expertise across regional, rural and remote Australia and is widely respected by governments, universities and regional development practitioners.

SEGRA is unique in that it is grass roots, practitioner driven. It has particular expertise in the area of implementation of government policy projects.

SEGRA National Steering Committee

- Kate Charters, (Chair) Founding member and **SEGRA** Convenor
- Simon Boughey - appointed February 2010
- Dr Jen Cleary - appointed November 2013
- Cassandra Hughes - appointed May 2011
- Rod Macdonald - appointed January 2011
- Mayor Damien Ryan, appointed 2013
- Ashley Bland, appointed 2018

SEGRA Secretariat: Mette Nielsen, Management Solutions (Qld) Pty Ltd

Conference Overview

Beyond the Boom: Opportunities for growth and vitality

The theme for this year's conference *Beyond the Boom: Opportunities for growth and vitality* was a particularly fitting theme for Mackay. Mackay, Queensland, is a vibrant provincial city and service centre for the agricultural, mining and tourism economies. While peaks and troughs occur in all sectors and the recent 'downturn' in the resources sector, following the longest and most profitable boom in history, produced significant economic and social issues for Mackay, Mackay has emerged stronger and more focused as a community through a sustained attention to diversification and regional economic sustainability. This was evidenced in a number of case studies and panel presentations. Presentations may be accessed at <https://segra.com.au/conference-proceedings/2018/>.

In discerning opportunities for growth and vitality, the conference was very much focused on the major future trends that will affect regional rural and remote Australia including understanding the major disruptors and the opportunities they will provide. The theme also discussed the major changes regional, rural and remote Australia might expect in the next 10 years in areas of employment and training, innovation and technology, geotourism, product value adding and the growth in collaborative investment in localised catalyst infrastructure.

Regional Australia and the national agenda – what does policy and practice look like in the future for regional, rural and remote Australia?

Four key disruptors discussed at *SEGRA*

1. Technological advances are accelerating – renewable energy and battery costs are falling fast – homes and communities will increasingly be energy producers.
2. 3D printing and micro manufacturing will change the location and nature of manufacturing.
3. Artificial intelligence will be everywhere and in everything and is an opportunity to create new businesses.
4. Consumers are increasingly seeking their preference for sustainable, ethical services – this will impact on investment and consumer behaviours.

Speakers also referenced several keys to moving forward:

1. Recognising the impacts of the continuous fast change on the ways of doing business and thriving in the 21st Century.
2. Providing support as companies transition to increased digitalisation, automation and artificial intelligence.

3. Creating more R&D (Industry, government and Universities) with linkages to entrepreneurial networks.
4. Adapting employment and industrial regulations to reflect the increase of self-employment and gig workers to provide 'flexicurity'.
- 4 Focussing on lifelong learning model for younger and older people to ensure a broader skilled based technology savvy workforce.
- 5 Maximising opportunities in the supply of sustainable goods and services.
- 6 Greater emphasis on science informed regional planning.
- 7 Improved institutional arrangements to unlock regions' potential through collaborative investment.
- 8 Greater understanding of advocacy coalitions and other collaborative mechanisms at the place-based level.

SEGRA 2018: Eight Key Questions.

1. What might future business employment scenarios be?
2. What does regional, rural and remote Australia's future workforce look like?
3. How to attract private sector investment into regional, rural and remote Australia through economic development partnerships?
4. How technology and innovation provide business growth and social inclusion opportunities for rural region and remote Australia?
5. How regional Australia adds value and value adds?
6. How to support economic, social and environmental assets of regional, rural and remote Australia?
7. How to grow place-based leadership and regional economic development?
8. What does good decentralisation look like?

1. What might future business employment scenarios be?

By 2030 the activities people undertake in almost every job will change. It is already known that there will be a reduction in the need for workers to complete routine manual tasks and an increase in the time workers spend focusing on people, solving strategic problems and thinking creatively.

A recent study by The Foundation for Young Australians "The New Basics" found that employers will increasingly be seeking people with enterprise skills such as problem solving, communications, financial literacy, critical thinking, creativity, team work, digital literacy and presentation skills.

Most edifying is the evidence that 30% more time will be spent learning on the job.

Regions need to be prepared for constantly changing and evolving workplace organisational practices.

Key Issues Discussed

The opportunities afforded by sea and tree changers.

Regional, rural and remote Australia need to have a greater understanding of the aspirations and opportunities that arise from cohorts of early retirees and economic migrants moving to rural and regional localities. A significant proportion of this cohort have skills that may actually enhance the socio-economic adaptive capacity of the community they chose to live in. For a number of reasons migrants tend to be independent business owners.

The growth of the community services sector.

The report *Forecasting the Future: Community Services in Queensland 2025* predicted over 45,000 new jobs will be created in the community services industry by 2025, including both low skilled and high skilled roles across the state.

The roll out of the National Disability Insurance Scheme (NDIS) has accelerated jobs growth in the community services industry, and opened up a range of business opportunities for other industries to provide services such as maintenance, gardening, tourism and hospitality to people with a disability

The impacts of the collaborative and gig economies:

Technology has allowed micro businesses to tap into a vast reservoir of information, skills and financing that used to be available only to large organisations. Through the use of technology, small has become powerful. Digital platforms give outsized reach and influence to those with a winning idea. Specialists and niche profit-makers will flourish.

Technology has also allowed large companies to drastically reduce their internal and external costs. Organisations may be more productive with fewer staff and may expand their operations, through contingent workers, for example, without having to invest significant amounts of capital.

This development of a gig workforce will mean an increasing requirement to collaborate and connect with talent supply chains, manage IP and brand.

There is a risk that innovation outpaces regulation particularly as applies to industrial relations for example 'sham contracting'.

Possible Policy and Practice Actions

- Continue to develop strategies for engaging people in lifelong learning within the regions. This needs an education strategy at a local level including local people, education experts and employers who have both a vested and a civic interest in preparing a region for the future.
- Enhance the capacities of regional Universities and further education facilities such as COTEC's to deliver place based lifelong learning programs relevant to their regional locations.
- Adjust institutional arrangements for providing appropriate in place knowledge and skills development access e.g. research, technical support, industry and consulting.
- Create opportunities that increase business participation in the interconnected and globalised economy.
- Seek greater understanding about the over 55 yr incomers to rural and regional Australia and what they are looking for and hope to experience once they move.
- Seek greater understanding of the possibilities of using a skills ecosystems approach to advance new ideas arising from research and development.
- Encourage stronger linkages between R&D outcomes and entrepreneurs.

- Foster entrepreneurial hubs and clusters to take up on R&D spill overs.
- Review of employment regulations that reflect these new types of gig workers.

2. Attracting private sector investment into regional, rural and remote economic development partnerships.

The recent Inquiry into Regional Development and Decentralisation highlighted the urgency to develop and document best practice approaches to regional development. People working in regional, rural and remote Australia hold extensive experience in delivering innovative and sustainable regional development. It is imperative that government policy and practice tap into and utilise this deep knowledge and experience.

Key issues discussed

The expectation that rural, regional and remote Australia will be responsible for driving economic investment in their regions has been increasingly apparent in the political discourse. This asserts a changing relationship between business, government and society. Access to finance is a critical condition for regional development. However, the transfer of mechanisms to enable access to finance such as addressing commercial in confidence, fiduciary care and conflicts of interest at regional, rural and remote scales are still in the early stages.

Actions must be shaped from the ground as well as led by the top which will require more sophisticated understanding of agency and advocacy particularly when projects are expected to be layered and connected into regional enterprise precincts, which operate as hubs or clusters that interconnect across larger landscapes.

It is important that the focus of the conversation with stakeholders in collaborative investment is around investible business cases rather than 'community development' (which is still an important action in its own right).

Possible Policy and Practice Actions

- Create independent oversight/accountability to ensure values are maintained over time and not be distracted by unrelated planning and community development issues.
- Ensure organisational and managerial confidence in engagement process. This may include developing appropriate arm's length protocols. These will differ from standard consultancy contracts.
- Embed and give prominence to natural resource management at the regional scale to reconnect people to the land, so that investment decisions are underpinned by an understanding of how landscapes function.
- Better understand the relationship between investors and planners.

- Address governance issues in relation to collaborative funding including commercial in confidence, fiduciary care and conflicts of interest at regional, rural and remote scales.
- Focus on regional enterprise level projects that connect within and outside the region.

3. How technology and innovation provide business growth and social inclusion opportunities for rural regional and remote Australia?

The relationship between new technologies, employment and inequality for regional, rural and remote Australia has gained a lot of attention in recent years at **SEGRA**.

Regional communities are necessarily innovative and early adopters. To this effect, regional Australia is well placed to construct a broad and powerful sector around technology and change by contributing to national goals in innovation, infrastructure provision, water and food security, environmental sustainability, industry diversification, health and liveable communities. The applications of technology will enable these contributions to be smarter and faster and can significantly reduce the impact of geographical isolation. Businesses in regional, rural and remote Australia are constantly scanning their environment to see future business opportunities. This is not just a matter of constant innovation, it also impacts on the dynamic economic forces at play including supply, demand, competition and government intervention.

Key Issues Discussed

There were strong discussions around the emerging skills that need to be nurtured to maximise the opportunities of technology. This has profound implications for education training, re-training and professional development in regional Australia.

Some of the emerging skill sets include:

- Capacity to operate high-tech machinery to complete robotic tasks.
- Computer talents to address the threats of cyber security.
- Highly developed interpersonal skills to engage and negotiate with multiple players with highly specific and individualised desires.
- Technical capacity and imagination to build alternative scenarios in multiple circumstances.
- Skills with manipulating and translating 3D Modelling and printing.
- Data analysis skills and the capacity to understand and interpret the future and lead change.
- Strong ethical reasoning skills to assist decision making in an increasingly knowledge rich world.
- Capacity to design and build increasingly environmentally sustainable, effective and

efficient transport (human and freight) modes.

Possible Policy and Practice Actions

- Establish policy settings that maximise the opportunities in the rapidly developing marketing segments e.g. value-conscious demand; information rich experiences, age and gender segments and overseas markets.
- Encourage the offsetting of low costs and cheaper production locations with product IP control; premium quality and value adding.
- Provide resources especially online resources to assist regional businesses adopting new technology.
- Encourage opportunities to use different channels in market entries - e.g. direct selling, multiple marketing partners and adaptations to relationship structure.
- Incentivise industries to transition to advanced manufacturing and value-added products.
- Support technology entrepreneurship in regional, rural and remote areas.
- Vocational hands-on type of learning and recognition that human expertise and trade secrets are becoming crucial and important players in the economic space.
- Consider the taxation point – labour or capital and value add.
- Further investigate the relationship between innovation, new technologies, employment and inequality.
- Investment in all levels of education.

4. How regional Australia adds value and value adds

The produce and then sell mentality of the commodity business is being replaced by the strategy of first determining what consumers want in their products and the creating or manufacturing of products with those attributes. Given approximately 67% of the value of Australia's exports comes from regional, rural and remote areas the opportunities of value adding are enormous. Discussion was around innovation, industrial innovation, coordination, and horizontal and vertical integration.

Key issues discussed

Innovation

Innovative value-added activities developed on farms or at agricultural experiment stations are sources of national growth through changes either in the kind of product or in the technology of production. Innovation also comes from research about alternative crops that can be grown successfully by producers to replace traditional crops. There are increased consumer demands regarding health, nutrition, convenience and sustainability metrics around product choice.

Industrial Innovation

Industrial innovation is about processing traditional crops into non-food end uses. Several innovative processes have been developed to transform traditional crops into non-food products. Examples of these include producing ethanol from corn, biodiesel

from soybeans and particleboard from straw.

Biotechnology

The application of biotechnology, the engineering of food from raw products to the consumers and the restructuring of the distribution system to and from the producer all provide opportunities for value adding. There will also be a push for producers to become more than commodity producers providing a greater ability to absorb shocks brought about by global markets.

Coordination

Horizontal and vertical coordination by pooling or consolidation among individuals or companies from the same level of the food chain or by contracting, strategic alliances, licensing agreements and single ownership of multiple market stages in different levels of the food chain offers opportunity for significant value add. However, this will require fundamental changes through coordination to alter traditional marketing relationships that link consumers, food retailers and wholesalers, food processors and producers. Individual producers usually do not have sufficient levels of production to effectively produce, process and market their products. A coordinated effort is needed to increase market efficiency or cost reduction.

Vertical Integration

Vertical integration that aligns and controls all of the segments of a production and marketing system under single ownership such as price, quantity, quality and transactional terms of exchange also value adds. A totally integrated system can provide consistent quality from the field to the shelf, eliminating middlemen. Integration downstream towards consumers by producers commonly involves an equity investment for processing, sometimes by means of a producer owned business. Producer owned businesses are positioned uniquely for further integration in food processing.

Tourism and Geotourism

Regional Australia plays a critical role in the Australian tourism industry, which makes a direct contribution to Australia's GDP of \$35 billion per year. Around 45% of tourism expenditure occurs in areas outside of Australia's capital cities. A key challenge is the highly volatile nature of the tourism industry. Both regions and businesses need to be constantly scanning the environment for trends in technology, visitor behaviours and expectations, other stakeholder engagement and broader industry developments to continue to deliver a high value tourism experience.

Interpretive information will become increasingly critical for visitors. Many opportunities will arise for industry co-ordination particularly as they relate to visitor centres, but also more broadly to marketing, digital technology and the visitor experience.

Increasingly sophisticated apps considerably value add to the consumer experience. A number of low-cost net access boosters are being developed for regional, rural and remote Australia that enable tourists to access these apps and enhance the visitor experience.

Possible policy and practice actions

- Upskilling of the local population to work in bio secure and sterile environments.

- Upskilling of the local population in digital technology.
- Increased priority for collaboration between regional businesses, universities and other non-commercial regional research institutions.
- Increased producer understanding of both upstream and downstream linkages of processors involved in value added production.
- Policies to promote vertical integration of value-added products (farm to shelf).
- Training to assist value-adding ventures with planning, development and implementation.
- Increasing producers' skills in analysing and interpreting financial information.
- Increasing producers' skills in strategic planning and business analysis.
- Increase capacity of regional businesses to develop the different skills necessary for processing, marketing and business management, as well as staying efficient with their production enterprises.

5. What does regional, rural and remote Australia's future workforce look like?

In regional Australia, the challenges of high unemployment, fading traditional industries, a lack of economic diversity, and a "brain drain" of talent to urban centres all highlight the need for novel economic development strategies.

A variety of policy perspectives have been identified to address these phenomena including allowing natural attrition, advocacy for a stronger incentive for migrants to live in regional Australia, providing incentives such as low rates and land releases to attract residents, marketing to sea changers, tree changers and mountain changers.

The relationship between these strategies and regional, rural and remote economic growth are not so well understood.

Building start-up & innovation ecosystems are highlighted as potential solutions, but they require knowledge and support to be successful.

Key discussion points

Education.

There is an unacceptably large difference in educational attainment between people who live in regional and remote Australia compared to those who live in metropolitan centres. Lack of skills and unskilled workers to fill regional jobs is one of the biggest constraints to regional development and a lack of managerial skills in the regions and rural areas limit growth.

If the human capital gap between urban and non-urban Australia was closed, Australia's GDP could be increased by 3.3%, or \$56 billion. (Holden and Zang 2018)

Charles Sturt University announced at the conference a \$100,000 research commitment to assist addressing labour market challenges in rural and regional areas.

The gig economy and contract workers

The play out of the gig economy and independent contract workers is not yet fully understood in regional rural and remote Australia. Collaboration and connectivity are two strong enablers however the mechanisms for this are not established as easily across large distances.

Possible Policy and Practice Actions

- Research to establish which educational interventions yield the highest rates of return and can thus make the most significant contribution to closing the gap between urban and non-urban education.
- Identify where and what the skills shortages are and work with local governments, education providers and schools to understand the drivers and mechanisms to create regions with a supply of potential employees.
- Increase understanding of high school student about the jobs that are available in the regions and facilitate employment connectivity.
- Firm up the links and processes between university and TAFE to inform recognition of critical skills gaps and needed programs.
- Establishing specific place based regional jobs platforms communicating jobs available in specific regions.

6. How to support economic, social and environmental assets of regional, rural and remote Australia.

Congested cities, water crisis, loss of biodiversity values and natural disaster impacts are key national issues demanding high level intergovernmental planning and implementation for a sustainable future. Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Commission 1987) remains highly relevant and important – locally and place-based. Sustainability is a landscape scale issue.

The winning **SEGRA** 2018 Big Idea was to consider how to establish “Sunfarms” across regional Australia that provided intensive, diversified hydroponic agriculture.

Land use planning

Land use planning at a systemic level has been a focus of **SEGRA** for a number of years. Selected shortcomings of traditional land use planning were identified as follows:

- Physical and design bias.
- Urban and economic efficiency focus (lack of rural & regional focus).
- Lack of suitable philosophical perspective to address.

- Lack of science input.

The following extract of the Queensland Planning Act 2018 as amended goes some way to addressing these issues as highlighted below.

Queensland Planning Act 2018 as amended

The purpose of this Act is to establish an efficient, effective, transparent, integrated, coordinated, and accountable system of land use planning, development assessment and related matters that facilitates the achievement of ecological sustainability

Relevant Highlights:

- **Ecological sustainability underpins Act;**
- **Balances ecological processes and natural systems with economic development and the maintenance of cultural, economic, physical and social wellbeing of people and communities at regional levels;**
- **Seeks “diverse, efficient, resilient and strong economies”, including regional economies; and**
- **formalises regional planning**

7. How to grow place-based leadership and regional economic development.

The digital age has brought about a dramatic change in our institutional landscapes. Concurrently, community expectations, needs and demands are evolving faster than ever before. Leaders and organisations are being challenged to rethink conventional practice in how they organise, develop, manage and engage as 21st-century organisations with customers, suppliers and employees.

Some of these shifts include:

- A move away from hierarchical organisational structures.
- Building more networked organisational and service ecosystems. and
- A stronger recognition of the importance of the places where people live and work.

All of this has led to dramatic reconstruction around ideas of leadership.

Key discussion points

- Place leadership is an important part of the contemporary landscape of regional development although it does not generally determine outcomes.

- There is a significant distance between political leaders and place leadership due to a wariness about collaborative decision making in regard to on the ground negotiation and management of economic opportunities.
- Effective leadership is more important to the success of place than ever before.
- There is a strong relationship between economic development and place-based leadership.
- Ideal outcomes are now more layered and connected.
- Government has an important role in creating the right conditions under which leaders can emerge.
- Increasingly implementation of policy requires multiple organisational units.
- Not all institutions will bring similar values and interests to the table.
- Policy implementation now happens in a time of intense uncertainty.

Possible Policy and Practice Actions

- Leaders need to form with their constituent's clear hypothesis regarding the problem they are trying to solve and the actions which will remediate it.
- Interorganisational arrangements within a networked system are necessarily formative and attention needs to be given to the degree of institutionalised power or agency needed to deal with the challenges.
- Recognition in the policy process of the substantial uncertainties regarding the structure of interdependence itself.
- Greater clarity of agency at the place-based level.
- Clearer connectedness of strategic interactions in the network.
- Further investigation into the role of an active and skilful multilateral broker at key points in the interunit structure to stabilise co-operative solutions.
- To ensure multi-tiered fit for purpose education is available throughout regional Australia (**SEGRA** is proud to report that Charles Sturt University has allocated \$100,000 for research as part of the **SEGRA** Education Challenge);

8. What does good decentralisation look like?

There has been much discussion about decentralisation of government entities to boost regional growth.

From as early as 1964 when the Premiers' Conference set up the Commonwealth/State Officials' Committee on Decentralisation, governments have been establishing committees to look at decentralisation to resolve basically the same problem – urban sprawl in capital cities, declining rural populations and a desire to halt these losses or at least a belief these losses were not in the national interest.

The debate then is not only about whether decentralisation is desirable or not, but whether decentralisation should be dispersed or selective and concentrated in particular areas.

The House of Representatives Select Committee on Regional Development and Decentralisation released in June 2018 stated “the decentralisation of Commonwealth entities must balance the benefits of decentralisation with the requirement for efficient government. It must not take away from an agency ability to perform its functions and need to be a ‘good fit’ for the new location, for example, the presence of existing industry or business or the availability of a skilled workforce.”

This part of the debate is clearly about decentralisation of government entities. However, decentralisation can take on other forms. Another way of talking about “Decentralisation is to talk about fundamentally shifting choice from central authorities to local authorities.” Using this definition, the conversation shifts to scale, accountability and capacity.

In our federal system decentralisation is generally not about the sources of revenue as they are clearly defined, but the incentives applied by central agencies to garner spending compliance against their desired policy objectives. On the other hand, our service organisations such as hospitals, schools, courts and prisons are decentralised. In the case of schools and health, many states have established local regional boards as their decentralisation tool.

Human resourcing for economic development however takes on a different complexion - can large regions with small populations have the human resources capacity to drive economic development within their local government remit. The last and perhaps most contentious is governance.

Key issues discussed

The success of decentralised governance requires the existence of a number of critical elements including:

- Strong political commitment to devolve decision making powers.
- High level administrative and technical capacity to manage decentralisation.
- Sustained initiatives for capacity building at the local level.
- The development and support of high performing local government.
- effective oversight to ensure transparency and accountability.

Potential policy and practice actions

- Increased administrative and technical capacity building for local government to fulfil decentralised roles.
- Additional mechanisms to ensure transparency and accountability.

References

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