



SEGRA 2017 Communique

Speaking up for regional Australia

The **SEGRA** 2017 conference held in the Upper Spencer Gulf (SA) was set against the backdrop of a region which had undergone significant disruption and was now, after several years of challenges, emerging as an economic growth house with the attraction of significant external investment including a large scale battery array and reinvigorated steel works. The region also boasted significant renewal through the arrival of new industries including the hydroponic Sundrop farm, which supplies tomatoes to major retailers across Australia, and Muradel a research project seeking to commercialise the growing of microalgae. Each of these projects is utilising technology and innovation to create sustainable businesses.

The success of the Upper Spencer Gulf region gave rise to several questions.

1. Are regions born or made?
2. What are the roles of government, communities and business in place-based leadership linked to economic growth?
3. How can regions maximise the opportunities of technology?
4. What are the key regional development drivers?
5. What constitutes best practice regional development and strategies?

Are regions born or made?

It was generally accepted that the development of regional, rural and remote Australia is premised on both natural endowments and the human capacity to maximise opportunity.

Traditional approaches to regional economic development and public policy have evolved over time around theories of either exogenous or endogenous growth. These theories have variously emphasised:

- building regional comparative advantage;



- promoting the competitive advantages of a region with an emphasis on attracting outside industries;
- emphasising the importance of the local capital stock, labour market, business environment and social capital and networks;
- promoting a regions capacity to seize new business opportunities rather than hoping that an outside force (for example, an inbound relocating company) will provide their next pay check;
- the local capacity to develop entrepreneurial activity and new business formation and investment

The attendant policy paradigms have also shifted from positioning regions as dependent, to a large extent, on subsidies and state aid from government to regions being responsible for their own wellbeing with more reliance on local resources with local initiatives being determined and facilitated by local stakeholders with assistance from state and federal governments.

Possible Policy Actions

Possible policy actions identified to drive the economic performance of a region and to maximise opportunities for growth included developing:

- decentralised planning, decision-making and implementation with local initiatives being determined and facilitated by local stakeholders;
- engaging a wide range of players with much greater cooperation between all stakeholders including all government agencies;
- developing specific governance around cooperative actions and effective decision making in order to enable appropriate accommodation of differences;
- specific mechanisms for connecting and layering both vertical and horizontal integration of initiatives;



- establishing robust regional governance that includes institutions, systems, processes and relationships through which power is exercised and shared, decisions are made, and revenue is raised.

“Government policy must position itself to enable and encourage regional development and growth in its own right rather than as a solution to many of the problems experience in metropolitan areas such as population growth, urban sprawl and congestion.”

What are the roles of government, community and business in place-based leadership linked to economic growth?

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.



Some observations from the delegates included:

- Effective leadership is more important to the success 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 Actions

- A clear hypothesis regarding the problem and what actions will remediate it needs to be articulated, formulated and formally established early in the negotiations
- Interorganisational arrangements within a networked system are necessarily in the very early stage of formation and formal attention will need to be given in regard to 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

How to maximise the opportunities of innovation and technology in regional Australia?

Regional communities are often necessarily innovative and early adopters. To this effect, regional Australia is well placed to construct a broad and powerful sector around technology



and change. Regional Australia is uniquely well placed to contribute 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 dynamics economic forces at play including supply, demand, competition and government intervention.

There were strong discussions around the emerging skills that need to be nurtured to maximise the opportunities of technology:

- An understanding of how 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

Renewable Energy Case Study Skillset and Blayney Shire Council

The case for distributed renewable energy generation in regional Australia is now so strong that it is set to occur regardless of government policy and settings. Disruptive technology has meant disruptive business models and investment is starting to pour in. The risk is that commercial interests will outpace social and environmental considerations resulting in a missed opportunity for regional centres to create the 'jobs and growth' possible from the energy revolution underway.



Skillset and Blayney Shire Council presentation demonstrated how a region could combine efforts to create a Renewable Energy Action Plan (REAP) driven first by understanding the values that should govern decision making and then evaluating a wide range of possible projects through that lens. The team developed a comprehensive plan setting out the wider implications for local government and created a pathway to economic, social and environmental prosperity in the region.

Challenges arising in regional Australia from the rapid development of renewable energy:

- If major/multinational energy companies fund large scale renewable energy facilities will regional centres still leak money for the service of electricity?
- For the first time since the mid 20th Century, could local governments now have the capacity to viably provide the service of energy as well as water and other utilities?
- What are the best technologies for any given scale and location?
- What are the optimal distribution systems and models?
- What is the Federal Government attempting to achieve with COAG and the National Energy Productivity Plan and how is it going so far?

Possible Policy Actions

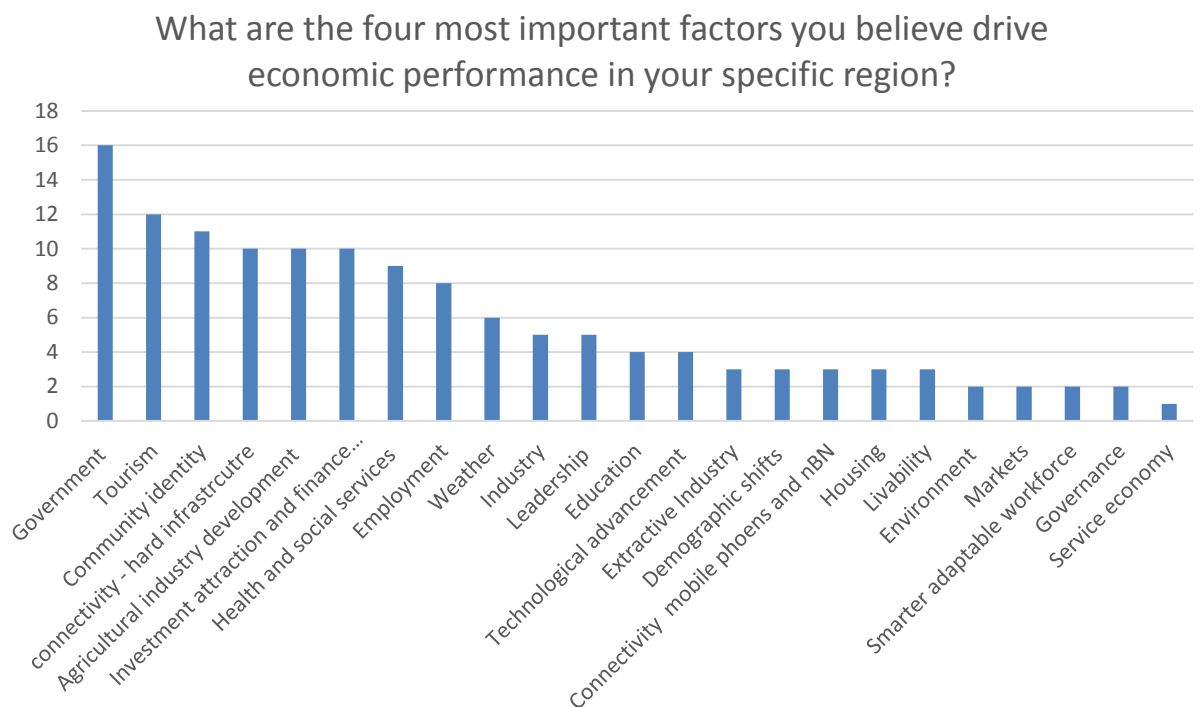
- Establish policy settings that maximise the opportunities in the rapidly developing marketing segments e.g. value-conscious demand; information rich experiences, age and gender segments and overseas markets.
- Encourage the offsetting of low costs and cheaper production locations with product IP control; premium quality and value adding
- Planning to ensure legacy infrastructures and avoid stranded assets
- Provide resources especially online resources to assist regional businesses preparing for disruption
- 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 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.

What are key regional development drivers?

The following graph is derived from a survey of the **SEGRA** network in 2017 where participants were asked to identify four of the most important factors driving economic growth in their regions. The most common were government, tourism, community identity and hard infrastructure connectivity.





Government

“Australia’s national economic prosperity is underwritten by investment in regional Australia. This government must be informed by well-coordinated national and regional development strategies.” (Select Committee on Regional Development and Decentralisation Executive Summary)

Federal Government

The Federal Government invests in over 450 initiatives that benefit regional Australia across health, education, employment defence, infrastructure telecommunication and water in its commitment to creating economic growth and jobs in regional Australia and thereby spreading the opportunities and benefits of Australia’s growing economy to all corners of the country.

The federal government is also committed to optimising its investment by being innovative in how projects are funded including leveraging investment and working with all levels of government.

Equally, state and territory governments make considerable investment in regions.

The South Australian Government

The South Australian Government through the Regional Development Fund (RDF) aims to increase economic growth and productivity for regional South Australia.

The broad objectives of the RDF are to support regional economic development by:

- creating new jobs and improving career opportunities
- providing better infrastructure facilities and services
- strengthening the economic, social and environmental base of communities



- supporting the development and delivery of projects
- leveraging funding and investment

Emerging Markets

For the regions the following markets of the future were identified: mining, agriculture, tourism and in particular geotourism, life sciences and healthcare.

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 dynamics economic forces at play including supply, demand, competition and government intervention. These will play out in different ways in terms of long, medium and short-term demand opportunities emerging for regional Australia.

Future food supply regions

In Australia we see the push for twelve months' supply in several horticultural crops for example:

- Blueberries, raspberries, strawberries;
- Avocados, bananas;
- Tomatoes, capsicum, chillies.

Also, there is currently a huge surge in exports and continued export opportunities to tap into global markets and demand for fresh and value added products across the agricultural and horticultural sectors.

The Agricultural and horticultural industries are driving an AgTech revolution.

“AgTech” is a term describing the collection of emerging technologies that can be applied to delivering efficiency and profitability improvements to the Agricultural sector.

Ranging from land and livestock sensors, farm management software to digitally connected supply chains, these technologies have the potential to dramatically shift the way people and data are connected across Agricultural ecosystems, processes and supply chains.

As food scarcity and climate adaptability continue to pose problems, the move to digital will create greater transparency of the risk and reward dynamics of the sector.



Application of these technologies creates the potential to increase connectivity of people and data across supply chains from primary input, production, distribution and ultimately to end consumers. Improved data and connectivity enables farmers to have better control of inputs and resource allocation, optimising farm management practices to generate maximum output and quality whilst minimising risk.

The use of digitally connected air crop and soil sensors can enable real time capture of soil and water conditions. This data can be fed into farm management as well as smart fertilisation and irrigation systems, enabling more precise (and often automated) decisioning of water and fertiliser use. The use of digitally connected sensors can improve yield mapping techniques to be real time.

Digital platforms bring together multiple data sources to create a holistic picture of farm performance. These platforms also leverage advanced algorithms to create actionable insights from these combined data sets. This can enable farmers to make better driven decisions based on real measurement as well as enable comparison of cost and performance outputs.

The use of Blockchain and emerging payment infrastructure could be used with satellite technology to seamlessly facilitate provenance, payment and tracking from paddock to plate. AgTech enabled supply chains have the potential to reduce counterparty risk for farmers as well as optimise paddock to plate transport.

Data brought together with the help of farm management software can be fed into emerging marketplaces connecting demand and supply of Agricultural inputs and outputs.

The use of a suite of technologies has ensured that Sundrop can provide guaranteed supply of product to suppliers, in this case Coles. Could there be replication of this across Australia for other crops and what would this mean for regional economies. What job opportunities will be generated? What technological research is going to mean into the future? What does this hold for the role of local, state and federal government and private investment?

For many regions, the core foundation for attraction promotion, interpretive information and co-ordination is the visitor centre. It is therefore critical to provide a model to assist councils, visitor centre managers and stakeholders to understand their role and maximise outcomes.



Geotourism

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 for visitors, and the opportunities that might arise of industry co-ordination particularly as they relate to visitor centres and also more broadly to marketing, digital technology and the visitor experience are critical.

Possible Policy Actions

- 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);
- To create opportunities in the rapidly developing marketing segments e.g. value-conscious demand; information rich experiences, age and gender segments and overseas markets;
- To encourage off-setting low costs and cheaper production locations with product IP control; premium quality and value adding;
- To create opportunities to use different channels in market entries e.g. direct selling, multiple marketing partners; and
- To make adaptations to relationship structure to account for political and macro-economic risk factors and how to mitigate them



What constitutes best practice regional development and strategies?

Regional impact statements

A key discussion point at the conference related to what constituted a valuable regional impact statement to be applied when reviewing policy.

A subsequent survey to the **SEGRA** databased revealed the following desirable inclusions.

Regional impacts statement should include measures of:

- Environmental quality;
- Social wellbeing;
- Index of vulnerability (measures of diversity);
- Social and infrastructure connectedness;
- Ease and cost of compliance;
- Impact on population growth;
- Multiplier and flow on impacts on local business services and environment;
- Where will the money end up – national wealth or local economic growth;
- Scale and footprint of impact.

Place-based regional economic development

Case study Mackay Regional Council

Mackay Regional Council has invested \$3.8 million into Mackay Conference and Event Attraction Program creating 103 events and conferences creating \$52m economic output.



The success of their project was built on strong understanding of the importance of:

- event partners and stakeholders;
- Economic driver vs. community event;
- Support from councillors and executive team;
- Resources;
- Value adding

In focussing on moving forward Mackay Regional Council seeks to:

- Leverage relationships and reputation;
- Invest in local events with hallmark potential;
- Develop and maintain a strong long-term strategy;
- Showcase our diversity and capability across events and visitor experiences

For more information visit: <https://2017.segra.com.au/perch/resources/amanda-cammspotlight-6.pdf>

Building Start-ups and Entrepreneurship in Regional Australia

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 highlight the need for novel economic development strategies. Building startup & innovation ecosystems are highlighted as potential solutions, but it requires knowledge and support to be successful.

Possible Policy Actions

- Continue to develop strategies for engaging people in lifelong learning within the regions
- 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 participation in the interconnected and globalised economy
- Focus on developing a business case that drives jobs and investment



- Prepare for planned shifts in leadership/agent as a project advances – from single community, to coalitions of interest to nascent institutional networking
- Creating independent oversight/accountability to ensure values are maintained over time and not to be distracted by unrelated planning and community development issues
- Ensuring organisational and managerial confidence in the process. This may include developing appropriate arm's length protocols. These will differ from standard consultancy contracts

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