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Centre of Excellence in Smart Specialisation and Regional Policy

## Rethinking regional policy after the bushfire crisis

### Reflections on the Third Regional Roundtable

March 2020

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## 1. Centre of Excellence in Smart Specialisation and Regional Policy – Research Roundtable

The Centre of Excellence in Smart Specialisation and Regional Policy (the Centre) aims to:

- facilitate international cooperation between researchers and policy-makers working on initiatives to support innovative economic and social development in regions
- broaden understanding of the role of EU regional policy, and
- support the implementation of smart specialisation initiatives and the development of regional innovation systems in countries beyond the EU.<sup>1</sup>

The Centre hosted a research roundtable online on 23 March 2020 with 21 participants.<sup>2</sup> Anthony Hogan, a visiting academic at the EU Centre of Excellence, led the roundtable with a presentation highlighting a several issues related to disasters and regional areas in Australia. Discussion was led by Kim Houghton, Co-Chief Executive of Regional Australia Institute, drawing on his understanding of a range of issues which face policy makers in Australia at present.

An agenda for research roundtables had been developed by participants in an earlier roundtable in 2019. However, this has been reconsidered following the catastrophic bushfires which affected so much of Australia during the summer. The fires, together with the impact of floods and drought, drew enormous political and media attention to non-metropolitan Australia, with new commitments for spending on recovery, new institutions established to address bushfire recovery, and the prospect of a royal commission. The Centre has shifted its focus to examine the implications of the bushfires and other natural disasters, and how related interventions might be considered to be part of the broader framework of regional policy in Australia

This is a continuing challenge in Australia. Too much of Australian thinking about a broad range of policy initiatives that affect non-metropolitan Australia is framed in terms of particular silos (be they

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<sup>1</sup> For more information see the Centre flyer at Appendix A or <https://www.rmit.edu.au/about/our-education/global-outlook/european-union-eu-centre/research-programs#regional>

health, education, agriculture, communications or business and innovation). It is fragmented in design, centrally-driven in decision-making, and erratic in implementation.

This situation continues despite the depth of work on regions and regional development policy undertaken by the OECD some 10-15 years ago. Reports such as *Regions Matter* provide a quite cogent overview of the research and policy learning as it had been assembled in the first phase of that work. As the OECD says in the Foreword to *Regions Matter*:

OECD work suggests that the simple concentration of resources in a place is not a sufficient condition for sustained growth. The key appears to be how assets are used, how different actors interact and how synergies are exploited. Evidence of this is provided by analysis of the factors that generate growth: for example, infrastructure investment is effective when combined with other forms of investment, notably in education and skills. For innovation, it is not only the number of researchers or the level of R&D investment that count, but how the innovation system as a whole functions. This leads to very different kinds of public policy considerations ... public policy needs to embrace reform and continue a transition away from market-distorting subsidies to policies that unlock the potential of regions and that support long-term economic, social and environmental objectives.

As an OECD member, Australia contributed to that work yet there is minimal evidence of it having had any significant influence at national or state level. While this quote is rather abstract, Australia has an opportunity to use the current debate over disaster crisis and recovery to reset the coherence of its policies for regions. This roundtable is to stimulate debate in this direction.

## 2. Beyond crises: Parameters shaping the viability of regional communities

Dr Anthony Hogan opened the roundtable with a presentation which raised the following issues:

Climate change poses significant risks to regional communities. The 2019-2020 fires that devastated Australian regions are likely a forewarning of more frequent and more damaging events in the future. Less frequently discussed is the threat of coastal erosion and inundation. There are, meanwhile, problems unique to regions that will exacerbate the effects of these natural disasters for their communities and economies: among them the scattering of communities, limited access to regions by road, sea, and air, and their varied economic makeup.

The response to disasters can disincentivise people to stay in Australia's regions. The rebuilding process is long, taking up to five years, and for properties that are underinsured or uninsured, this can be prohibitively expensive. Insurance also poses growing challenges to regional living with insurers designating large parts of the coast and fire-prone areas as 'high risk'. But a 'retreat from the bush' is not necessarily a solution. There are dis-welfares evident in the uprooting of people from communities. We should acknowledge the costs and the risks to livelihood of transplanting to an urban setting.

Regional policy in Australia, as it is, will not meet these challenges. The context for policy has changed, with greater awareness and support for action on climate change, greater knowledge of the needs of regions and the policy instruments required to meet those needs, and a greater emphasis on community and place-based solutions. However, this is not reflected in Australian institutions and funding arrangements, which are marked by both heavy centralisation and a piecemeal, incoherent approach.

The core question raised by the new pattern of disasters is 'what is the ask?'. What are policy makers trying to achieve, and on what scale? Is there an agreed social contract in Australia, in which regional communities are an essential part of Australia's political, social, economic and cultural life? Perhaps it is time for a national conversation on this question, leading to agreement about the importance of a more strongly place-based regional policy.

A potential new approach to policy and funding for regional development could be built around endogenous development; coherence; social equity; and an outcomes-based approach, supported by research and evidence. Achieving this requires rethinking the economic models for regional funding and economies and rethinking the institutions for devising and implementing regional development policy. Realising this, however, requires answering questions around governance, institutions, funding and implementation. There are also differences between the states, raising questions about the role of the Commonwealth.

Dr Hogan's slides are available in a separate attachment.

### 3. Discussion

Dr Kim Houghton, Co-CEO of the Regional Australia Institute, introduced the discussion with a short response to Dr Hogan's presentation. He drew attention to questions and directions coming from the RAI's policy stakeholders. These broadly align with the ideas raised in Dr Hogan's presentation.

Policymakers are interested in developing soft infrastructure, recognising that job creation policies alone will not meet the challenges facing regional economies and wellbeing. Government and regions need to work together. There is also a need for policy to acknowledge the diversity of regions, and to enable a reframing of narratives around regional life that have dwelt on negatives, so that there is better recognition of the benefits of living in Australia's regions. Governments tend to work with formulae and frameworks which make it very difficult to be place-based.

The discussion that followed ranged broadly over these themes and others. Many participants cited case studies from their own regions and work that exemplify the challenges raised by Dr Hogan. The discussion demonstrated the differences amongst the states. Victoria, especially, has adopted a quite different policy approach since the Black Saturday Royal Commission. There is less emphasis on building back as was, and certainly, much tighter regulation on building construction. This partly accounts for the prohibitive costs which many people encounter when they come to rebuild.

In particular, participants raised the challenge of bringing the voice of regional communities into policy design and implementation. Local people have knowledge about their environment and circumstances that should be included in planning disaster recovery. A range of issues was raised including the significance of gender and other forms of social division in shaping both the experience and responses to disasters. Often, policy makers are simply unaware of the dynamics in local communities and how that influences people's responses and participation.

They also raised the problems of centralised and inefficient decision-making, which slows down the progress of new ideas and plans for regional development. The Victorian initiative of establishing Regional Partnerships was cited as a very positive story, alongside the transparent outline in the State Budget of the distribution of funds across regions. However, the Victorian experience also demonstrates the struggle for effective engagement between (metropolitan-based) state government and regions - for example, who is not involved in the conversation? Local government operates on a scale which is very focused, and often overwhelmed when disasters occur.

This led to discussion of the role of the arts in disaster recovery which has personal and social benefits as well as economic. The Victorian example of the 'health advocate' in the 'Latrobe Health Zone', following the Hazelwood fire and its intense consequences for local communities, was offered as another very constructive example of government engaging with community, especially those typically excluded from consultative processes.

Examples of good practice were welcomed. Apart from the intrinsic value, there is benefit in being able to explore the underlying design principles.

The discussion ended with questions about the need for new forms of human infrastructure and institutions, both to support existing capacity, but also to build new capability. Understanding the importance of partnership is essential in the recovery process.

## 4. Conclusion and Next Steps

The breadth of the discussion at the roundtable demonstrates both the wide interest in the issues raised at the roundtable, and the scale of the challenges for regional policy in times of unprecedented and heightened risk. Apart from the question of what 'new institutions' of regional policy should look like, there is an associated question is around the scales of response and apportioning of responsibility in Australia: at the community, region, state, or Commonwealth levels. This directs our attention to the systems and actors identified by the OECD as critical to regional development.

In line with the new direction for its 2020 agenda, the Centre will continue this discussion in April 2020, this time led by Professor Peter Fairbrother (RMIT University) who will present on systems of production and disaster recovery.

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**JEAN MONNET CENTRE OF EXCELLENCE ON  
SMART SPECIALISATION AND REGIONAL POLICY**

The Centre of Excellence on Smart Specialisation and Regional Policy aims to promote international cooperation between researchers and policy makers working to support innovative economic and social development in regions.

The Centre seeks to broaden understandings of the role of regional policy in the integration of the European Union, recognising the EU's current emphasis on smart specialisation strategies. A key theme is the effectiveness of regional policy in assisting with integration. This has global relevance, as it offers an approach to addressing problems such as regional disparities, climate change and cultural cohesion that are found in all parts of the world, not least in Australia.

The Centre aims to strengthen RMIT's capability to improve the quality of teaching and research in the regional development and policy fields. It will strengthen the linkages with EU regional policy researchers and policy makers, and enhance understanding in Australia and in Asia about the contribution which regional policy makes to EU integration processes.

**The project is co-funded by the European Union under the Erasmus+ Programme Jean Monnet Activities**

**The Centre's objectives are to:**

- share best practice and promote dialogue about regional policy and smart specialisation processes
- undertake comparative research on the implementation of smart specialisation and implications for regional development and policy
- promote policy dialogue about the economic, social and environmental contribution that smart specialisation processes can make
- enhance the depth and quality of teaching subjects that address the EU experience, and
- attract students to postgraduate studies on smart specialisation and regional policy, and support early career researchers.

**Partners**

- Prof Bruce Wilson
- A/Prof Lauren Rickards
- Prof Peter Fairbrother
- Dr Meagan Tyler
- Mr Todd Williams

**Key actions include:**

- Undertake new research to support policy recommendations
- Annual roundtables and policy dialogues bringing together researchers and policy makers to share insights and debate issues
- Web-based communication, sharing details of research and activities of interest to regional policy-makers and researchers in Australasia
- Review of learning resources for students, ensuring that the content reflects current debates and research outcomes;
- Support for early career academics at roundtables and conferences

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