



**REGIONAL
AUSTRALIA**
INSTITUTE

Stocktake of Regional Research Literature Review – Theme 1

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Executive Summary

- Approximately 40 per cent of the research items captured in the research database – RAISED – relate directly or indirectly to Theme 1: Position and Potential.
- The majority of these research items relate to ‘position’ rather than ‘potential’ so the biggest opportunity for RAI to add value and plug research gaps in relation to Theme 1 is to focus relatively more of its resources on researching the idea and practice of achieving potential.
- While many stakeholders provide the reflexive response that more regional data is needed, the data challenge is rather more one of accessibility and integration rather than availability. There is clearly an important coordinating role for RAI to play in this space.
- There is surprisingly limited research on how successful international experience across the full gamut of regional development challenges may be applied in Australia.
- RAI’s work against Theme 1 will be strengthened by directing its own or partner organisations’ resources toward the technical evaluation of prior interventions and initiatives as a way of identifying successful approaches.
- There has been limited work done on the important issue of the drivers of change in the Australian regional development context which traces through the pathway from determining position to identifying and then achieving potential.
- There was considerable research identified during the literature review relating to sustainability issues, but less on the concept of renewal of rural communities.
- To support the research agenda on potential and to help make the case for economic options over social interventions, RAI should produce an extensive series of brief, consistently formatted case studies of micro-level examples of achieved potential in regional Australia over the last 10 to 15 years.
- To further support this element of RAI’s research agenda, RAI should support policy makers by providing a tool that guides them through the intermediate step of identifying potential.
- This literature review proposes several macro-level research topics to be addressed under Theme 1. They relate to potential, international experience, productivity and drivers of change.

1. Introduction

The Regional Australia Institute (RAI) has undertaken a Stocktake of Regional Research project. One component of the project requires a literature review to be prepared for each of RAI's four themes, namely:

- **Theme 1 – Position and Potential: potential for new growth and prosperity in each region;**
- Theme 2 – Realising Opportunities: understand how opportunities for growth and development can translate into tangible benefits for regions;
- Theme 3 – Successful Transitions: develop better strategies for communities in transition to enable them to cope with change; and
- Theme 4 – Better Services and Engagement: better ways of engaging regional communities and delivering services.

This literature review addresses Theme 1 – Position and Potential. Theme 1 leads into Theme 2 and so a number of issues that relate to bridging the gap between identified potential and realised opportunities are captured in the literature review of Theme 2.

2. Appreciation of Theme 1

The focus of the ‘position and potential’ theme is on providing policy makers with a better understanding of both the status and latent potential of the regions, and how to define and seek to progress toward that potential (Annex A has more details on Theme 1). We know from the results of the online survey and stakeholder consultations (both policy makers and researchers) that were conducted as part of this project that there is significant demand for more detailed and more continuously refined local level data to aid more informed and better decision-making. However, we believe that a significant portion of this demand can be satisfied by making currently held stocks of data more accessible.

Knowledge products such as the *State of the Regions Report* and Australian Bureau of Statistics Local Government Area data were often cited as necessary but not sufficient. The growing demand for place-based policy is itself a manifestation of research findings which identify that policy making must be highly adapted to the local context in order to maximise outcomes. The appetite to succeed and make good on the potential of the regions is enormous among policy makers in both the cities and in the regions themselves. The literature review has revealed that there is not a great deal of research about successful pathways to achieve this potential.

An important task for RAI will be to communicate the concept of ‘position’ to its stakeholders, so that there is a reasonably common understanding of the starting point. Conceptually, and in the context of this literature review, ‘position’ has been taken to mean the starting point for the regional development journey. It incorporates notions of a defined physical location, a given endowment of resources, and the socioeconomic conditions. A large number of subjective questions are asked in order to define potential. Implicitly, the notion of ‘position’ applies a static comparison with other similar places and answers the rhetorical question: “Where are we now?”

Beyond that, the notion of position typically foreshadows the anticipation of ‘potential’. A line needs to be traced from ‘position’ to ‘potential’, the latter being the dependent variable. A range of normative judgements is made in order to begin to identify and define ‘potential’. Given the ‘facts’ of the ‘position’, the question is then asked: “What are the possibilities of the ‘potential’?” The different elements of ‘potential’ then need to be prescriptively defined. Implicitly, there is some form of likelihood that the pathway from ‘position’ to ‘potential’ can be successfully traversed. Defining potential, however, falls short of realising potential opportunities, which will be discussed further in Theme 2.

3. The stock of research

The Stocktake of Regional Research project produced the database of relevant research – RAISED. In excess of 1500 research items and knowledge products were captured by the search strings and consultation processes and then successfully passed through a filtering process.

Approximately 40 per cent of all research items in RAISED in some way relate to Theme 1. Figure 1 depicts coverage of Theme 1 relative to the other three RAI themes.

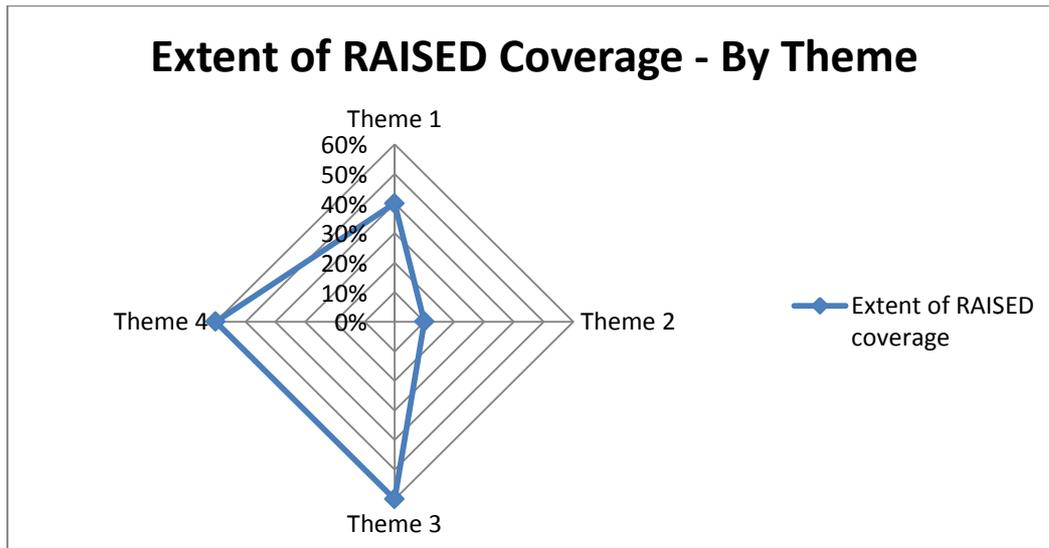


Figure 1: Extent of RAISED coverage – by theme

However, most items captured in RAISED relate more to ‘position’ than to ‘potential’. Most research items are necessarily backward looking, or status- or stocktake-type reports. Many research items tend to take an equity approach rather than an efficiency approach. Some of the many examples of position-related research items include:

- ‘How to Destroy a Country Town’
- ‘Indigenous Mortality in Remote Queensland, Australia’
- ‘Measuring Community Well-Being: A Central Queensland Case Study’
- ‘Older Australia at a Glance’
- ‘Participation in VET across Australia: a Regional Analysis’
- ‘Regional Labour Markets: Naturally Less Efficient’

Interestingly, fewer research items are forward looking, or specifically focus on ‘potential’. Very few focus on ‘transformative opportunities’, which we’ll cover in the literature review for Theme 2. In relation to the ‘potential’ elements in the regional development policy arena, the importance of the work of parliamentary committees was often cited, mostly because of the grassroots, forward-looking perspectives that were captured by committee processes. Some examples of potential-focused reports include:

- ‘Institutional Reform in Rural Australia: Defining and Allocating of Property Rights’
- ‘Future Challenges for Volunteer Based Emergency Services’

- 'Barriers to the Take-Up of New Technology'
- 'Attracting Skilled Migrants to Regional Areas: What Does it Take?'
- 'Beyond the Resources Enclave: Regional Development Challenges in Northern Remote Australia'
- 'Innovation in Ageing for Rural Communities: Planning for Productive Ageing in the Wide Bay/Burnett region of Queensland'
- 'Cross-Boundary Farming: Can this Challenging Farming Method Save the Australian Family Farm?'
- 'Forecasting the Regional Impact of Climate Variability on Australian crop farm incomes'
- 'Regional Australia and the New Economy'
- 'Australia's Regional Migration: A Selective Success Story'

The search also found relatively little research on international experience of regional development and whether and how it could be applied to take advantage of Australia's potential. In addition to recent OECD publications on the comparative experiences of regional areas in OECD member countries, a few of the modest number of internationally focused research examples are:

- 'Canadian Health System Reforms: Lessons for Australia'
- 'Comparative Perspectives on Regional Development Policy in Australia and Ireland'
- 'Responding to Regional Disadvantage: What can be learnt from the Overseas Experience'

The consultation process identified a very strong appetite among policy makers for evaluation studies. They were seeking practical evidence to help them determine from among the long list of previous policy interventions which had or had not produced beneficial outcomes. Depending on definition, perhaps less than 5 per cent of the identified relevant research was in the form of some type of evaluation of an existing or prior program or intervention. Although this statistic was not known to policy makers, they were conscious that there was limited evidence of this type available. Some examples of evaluation studies research items that were captured in RAISED include:

- 'Evaluation of an Aboriginal Empowerment Program'
- 'Evaluation of the Nyirranggulung East Katherine Nutrition Project'
- 'Evaluating the Rural Chronic Disease Initiative'
- 'Evaluating Hands-on Small Business Assistance in the Latrobe Valley'

Interestingly, most policy makers, even the most senior and central in the country, had difficulty in citing any Australian research that materially informed their thinking about position and potential issues. When pressed, many defaulted to recent OECD research, but made the point that while it was accessible and informative it didn't really help them very much 'in their day job' i.e., to develop and implement policy in the Australian context.

4. Does the research literature respond to Theme 1 objectives?

Objective 1: Improving the integration and availability of regional data and information

As part of this project, a database of regional Australia data and evidence sets – DANSSERD – was created for RAI. This has sought to bring together every known database in Australia that specifically relates to regional Australia, across all topics, sectors and regions. It contains over 250 datasets, many of which themselves contain many hundreds of subordinate datasets. The creation of DANSSERD is by far the most important step toward integrating regional data and evidence in Australia. In most instances too, these datasets are not static and will be constantly updated by their individual custodians. Further, it is likely that additional sets of data and evidence will be identified over time, pushing the total number of datasets to closer to 300. The datasets cover every conceivable topic, for example:

- Cancer survival rates in the regions versus metropolitan Australia
- High school completion rates in the regions versus metropolitan Australia
- Flight movements in regional Australia
- Crop production
- Soil quality
- Availability of dental services
- Resource endowments
- Biological databases

There are a number of tools to help policy makers integrate some of this data. One example is REMPLAN, a proprietary off-the-shelf modelling system which forecasts various regional economic outcomes based on identified policy or business interventions.

There is a demand from policy makers, especially at the local level, for greater economic data on 'functional' areas i.e., areas that have some binding characteristics, for instance, resource endowment, geography, population, but which do not necessarily coincide with statistical local government areas. There is no simple fix for this that is likely to be cost-effective. Rather, policy makers and their technical advisors will need to become more adept at synthesising data from LGAs and overlaying that onto functional areas as required. Importantly, many policy makers noted that a five-year gap between ABS data collection is too long as whole townships sometimes sprang up or closed in that period.

We identified no research literature which responds directly to this question of the process of integrating data. However, Systematic Review Protocol search strings did identify a large number of 'baseline' and status reports which do integrate regional data and information. Examples of this include:

- Regional economic profiles produced by various city councils
- Sectoral reports, say, on meat production

The task of 'integrating' regional data is less a research task and more a management and process task. There is clearly a potentially critical and high value-adding role for RAI to play here, one which would put RAI at the centre of the regional policy space in Australia. We will provide further advice on this in our summary report of general project findings.

Objective 2: Building a better understanding of the socioeconomic situation in different regions and the drivers of change

This objective essentially relates to two things: first, status reports and spatial analysis and, second, analysis of the dynamics of change. As we have outlined above, there is vastly more research and knowledge product available relating to status and baseline information than to the dynamics of change. If RAI successfully develops its position as the repository of knowledge and information on regional development in Australia, it is likely that any gaps in known socioeconomic data can be identified and moves can be made to fill them, whether by RAI or partner organisations.

There is much less research work available on the ‘drivers of change’, especially at the macro-level, and especially in an *ex ante* sense where the ‘drivers of change’ are harnessed in advance to achieve outcomes as opposed to being analysed in the abstract retrospectively.

Some examples of research on localised drivers of change include:

- ‘Giving Credit Where it’s Due: the Delivery of Banking and Financial Services to Indigenous Australians in Rural and Remote Areas’
- ‘Pathways from Rural Schools: Does School VET Make a Difference?’
- ‘Rural and Remote Health Management: The next generation is not going to put up with this’

Objective 3: Building a better understanding of the sources of potential for future growth and prosperity in different regional areas

Although we identified many research items focused on specific issues and opportunities, we found no research which methodically sought to identify a broad-based set of potential opportunities for future growth and prosperity. There was no report, for instance, entitled, ‘30 Regional Development Opportunities in Australia’ or ‘How to identify the regional development opportunities available in your area’. However, a number of parliamentary committee reports did seek to take a view on opportunities at higher levels. There were about 60 reports in RAISED that related to wellbeing and prosperity, but only three that focused on the latter in depth. These were:

- ‘The Importance of Mental Health to the Sustainability and Prosperity of Rural Communities’
- ‘Rural Councils and the Prosperity of Rural Victoria’
- ‘Social Capital: Analysing the Effect of a Political Perspective on the Perceived Role of Government in Community Prosperity’

Objective 4: Building an understanding of how we can sustain and renew regional communities

The issue of sustainability was one of the most common topics captured in RAISED. Of course, sustainability is a very broad issue. Around 8 per cent of the research items captured in RAISED relate to sustainability. However, just a handful of research items focus on renewal, which tends to suggest there is scope for RAI to further invest in understanding pathways to renewal in regional Australia. Some examples include:

- ‘Small Town Renewal: Overview and Case Studies: a Report for the Rural Industries Research and Development Corporation’
- ‘Building Sustainable Communities: Cooperative Solutions to Rural Renewal’
- ‘Rethinking the Nonmetropolitan Turnaround: Renewed Rural growth or Expanded Urbanization?’

In this context, however, it is probably worth noting that some 20 research items in part or whole related to the notion of resilience, which is the inverse of renewal. The consultation process identified a lot of variations in language relating to work in the regional development space, which tends to complicate things somewhat. In parlance in Victoria, the term ‘rural-proofing’ has taken hold to supplant thinking on ‘resilience’. Likewise, the idea of sustainability doesn’t necessarily capture thinking relating to another interchangeable term, ‘adaptive capacity’ which seems to be increasingly in vogue.

5. Stakeholder future research topics

The online and stakeholder consultation processes identified over 300 future research priorities among RAI's stakeholders. Many of these relate to Theme 1. A separate addendum report will provide advice to RAI on the general findings of the consultation process on future research. Some examples include:

- Regional innovation systems
- Innovation and higher productivity for regional SMEs
- Scope for productivity growth in regional businesses
- Potential biomass resources
- Ways to better brand the regions
- Social returns on regional investment

6. Gaps and suggested research topics

RAI's Theme 1 proposes three research questions:

- What is the status of regions around Australia?
- What defines regional potential and to what extent are different regions realising their potential?
- Which regions are experiencing similar social or economic challenges and what do we know about the drivers of these challenges?

Based on our consultations and review of the literature, these three questions seem to be broadly relevant but require greater definition. As noted above, the preponderance of information gathered within RAISED related to the status of regions. The much bigger gap was the identification and analysis of potential.

On balance, and considering what has been captured in RAISED and what the researcher community is currently working on or considering working on, future RAI work against this theme should focus more on 'potential' issues rather than 'position' issues. Notwithstanding the often reflexive response from policy makers that more data is needed, our enormous content in DANSSERD tends to suggest that the challenge is more one of accessibility than availability.

The work on 'potential' issues needs to straddle two levels. The first level of work is to develop a broad base of readily communicable knowledge products of the history of localised examples of achieved potential. This work needs to be very practical, focused on multiple, small, micro-level examples of achieved potential in regional Australia, possibly going back as far as 50 years, but focusing on the last 10 to 15 years. This could potentially be prepared in the format of a publication series and could be a staple product of RAI. Such a product needs to be written in a readily accessible format, be brief, use a consistent case study methodology, and be particularly tailored to the tastes and needs of a policy-making readership.

Although there may be complications in producing such a series of research-based outputs, particularly relating to the contestability of assumptions and conclusions, this is the sort of product that policy makers frequently reported needing – a way to distil and demystify the complicated pathway from position to potential.

A suggested approach would be to identify a large number of micro-level examples of successful regional development from around Australia, using an agreed methodology to define success. The individual case studies, prepared in a highly consistent way, would then seek to shed light on the pathway and processes that led to the successful outcomes. These short briefing notes should, it is suggested, be succinct, descriptive and relatively superficial, rather than detailed and exhaustive. The idea, over time, would be to develop a large series – in the hundreds – of reports, which shine a light on the innumerable examples of success in Australia's regional development, such that a useful body of evidence becomes available and grows over time.

An intermediate requirement for RAI's research program is to determine how to help policy makers identify and define 'potential'. It should not be assumed that a clear and uniform understanding of 'position' exists and automatically leads to a clear understanding of 'potential'.

Therefore, as part of its research agenda, or its general service offering to its stakeholders, RAI needs to provide some form of guidance or knowledge product that helps policy makers at all levels define and determine potential. This process/research/toolkit needs to incorporate knowledge on identifying and ameliorating constraints, as it is often the case that constraints or market failures in one form or another reside between 'position' and 'potential'.

The second level of work should be at the more macro-level, looking at higher-level drivers of successful change in Australia's regions. Suggested research topics for Theme 1 include:

- A global review of the most successful potential-to-outcomes examples of large-scale, transformative regional development policies/initiatives that have occurred in comparable countries.

- A comprehensive mapping of where the gaps between identified potential and realised outcomes in regional Australia are greatest.
- The comparative extent of the interconnectedness of regional Australia versus metropolitan Australia with international markets, and the prospects and evidence that this provides to further fulfil regional Australia's potential.
- Identify the initiatives or changes that have, over time, tended to produce the highest productivity gains in regional Australia.

Annex A: Theme 1 – Position and Potential

Any informed policy discussion requires answers to two simple questions: Where are we now? Where do we want to be in the future?

An independent and credible view of what success looks like and where we are in comparison to that vision is fundamental if new, innovative ideas are to develop over time. Stakeholder feedback to RAI consistently identifies that regional policy in Australia lacks accessible and robust benchmark information.

This theme will provide foundational evidence and knowledge about the status and potential of regional Australia. Key objectives of this theme include:

- improving the integration and availability of regional data and information;
- building a better understanding of the socioeconomic situation in different regions and the drivers of change;
- building a better understanding of the sources of potential for future growth and prosperity in different regional areas; and
- building an understanding of how we can sustain and renew regional communities.

As well as producing reports and policy advice products, RAI will seek to facilitate wider progress on this foundational issue by identifying ways to support better access to a range of regional data and the ability for people within and outside the research community to access and interrogate that data for a range of purposes.

Research questions to be addressed by RAI's research program:

- What is the status of regions around Australia?
- What defines regional potential and to what extent are different regions realising their potential?
- Which regions are experiencing similar social or economic challenges and what do we know about the drivers of these challenges?