Part Two

Balanced Development and Regional Policy in New South Wales
Chapter Three

The “High Tide” Period of Balanced Development in New South Wales From 1965 to 1975-76

For the most part the States made timid, politically motivated attempts at urban dispersal with the declared aim of encouraging growth in all non-metropolitan areas, achieving very little while striving not to displease any of the country voters.

J M Powell (1988b: 968)

Let’s grab the monsters and tame them.

W D Borrie (in AIUS 1972a)

Introduction

Part One exposed the perceived problem of metropolitan primacy in New South Wales and outlined the balanced development position. Imbalances between city and country exist at several levels, and these imbalances have, over time, generated support for corrective actions by government to encourage greater development outside Sydney. In view of the strength of the anger apparently felt in non-metropolitan Australia over many years, it might be expected that governments would have responded seriously to issues of urban concentration and regional under-development.

Part Two has one main purpose – to explore whether, and to what extent, governments in Sydney and Canberra have pursued balanced development. The themes of regional policy and balanced development are interwoven in the narrative, as are relevant happenings in Sydney and Canberra. As argued in the Introduction, events in the two jurisdictions have been closely linked, and the story of the rise and decline of balanced development makes sense only through an examination of both levels of government. Events at both levels of government had major impacts on the
fate of balanced development in New South Wales. The argument advanced here about the place of balanced development in governments' thinking over time can only be established by a detailed analysis of policy developments, including (briefly) developments prior to 1965.

The account here (and in the following chapter) is detailed but necessarily selective, and focuses on key developments which highlight the relationship between regional policy and the idea of balanced development. (The account in Part Two is augmented by Appendix A, which provides a detailed chronology of regional policy developments over the period under review). It will be seen that 1965 is an appropriate starting point for the analysis because of the election of the Askin Coalition Government, which put in place many initiatives that marked a significant break with the past and a substantial increase in level of government commitment to balanced development and decentralisation.

Chapter Three outlines the key events, decisions, developments and trends in Commonwealth and New South Wales regional policy-making from 1965, the year of the election of the Askin State Coalition Government, to 1975-76, the years of the demise of the Whitlam and Willis (a successor to Askin) Governments. Chapter Four examines events relating to regional policy from 1975-76 to the end of 2001. These chapters provide an "on the ground" view of policy developments over the period. Key questions for Part Two are how seriously governments have taken the problem of metropolitan primacy, and how we know whether governments have taken the problem seriously. Overall, Part Two provides a factual basis for the analysis in Part Three of the reasons for the decline of balanced development as a policy objective and priority.1

It is argued in Part Two that the period from 1965 to 1975-76 was in fact the "high tide" for the idea of balanced development in New South Wales and its pursuit as a regional policy objective. Before 1965, attempts by governments to address metropolitan primacy were sporadic and half-hearted. Balanced development had never really been a serious policy objective. Between 1965 and 1975-6, it will be seen, governments in both Sydney and Canberra, sometimes in concert, did attempt to address metropolitan dominance more seriously, and determined that decentralisation
was the key regional policy objective. After 1975-6, governments of both political persuasions in Sydney and Canberra came to abandon it as a policy objective and priority. An examination of the earlier period will inform, and provide a context for, the analysis of the decline of balanced development in the period after 1975-6. Gaining a better understanding of the reasons for the prominence of balanced development from 1965 to 1975-6 will help in the explanation of its later disappearance from the regional policy agenda.

The Level of Commitment of Governments to Decentralisation Prior to 1965

Concern by governments over metropolitan primacy is not new. Coates et al have pointed out that:

Centralization of population and economic activity into but a few places is not a new phenomenon and it has worried governments for at least 400 years; Queen Elizabeth I of England took positive, largely unsuccessful steps to curb the growth of London (Coates et al 1977: 239).

Australian and NSW Governments have traditionally been sensitive to the urge for national development and dispersed development. Governments have, from time to time, implemented policies in order to address the problem of metropolitan primacy or to favour non-metropolitan areas generally (Harrison in Forward 1974: 149). As Robert Carter has stated:

Australian public policy has a long history of rural orientation. Quite correctly, the rural areas were seen as the backbone of the nation and the source of its wealth and growth… (Carter 1978: 80).

Woolmington et al referred in 1971 to the “frustrated frontierism” of rural dwellers, and to their “lust for development” (Woolmington et al 1971: 4-5), and governments have sought to respond to this.

The States have traditionally had responsibility for economic development within their borders. Commonwealth action in regional development has been constrained by the Constitution (see also Lloyd and Troy 1981: 1; Legislative Council 1993: 73;
Carter 1978: 80; Scott 1978: 41; Searle 1981: 30). Despite the obstacles to Commonwealth action that, on a literal reading of the Constitution, would leave it relatively impotent in relation to regional development, it has been able to pursue policies aimed at developing regional Australia.

Appendix C details a number of specific attempts by Australian governments to effect decentralisation. These include the Grants Commission, infrastructure projects, closer settlement schemes, post-war reconstruction, the development of Canberra and various State government incentives from the 1950s. According to J M Powell:

Decentralisation was a most Australian “issue” which no political party could afford to ignore (Powell 1988b: 967).

N T Drane agreed, claiming that:

The subject of “Decentralisation” is something of a hardy perennial in the Australian political garden (Drane 1966: 66).

Yet decentralisation – for generations of observers and interest groups the perceived solution – was an area of policy that, in the event, many governments prior to the 1960s only spoke about or implemented sporadically, with few pursuing it systematically or vigorously (Hurley 1989).

Hence despite many decades of discussion about the need for decentralisation within government, good intentions, and some attempts to address the issue, many observers have seriously questioned both the genuineness of the commitment of governments to decentralisation and the achievements of the various efforts. Increasing metropolitan primacy (see Chapter One) is testimony either to their lack of genuineness or to their ineffectiveness, or both. For example, in terms of commitment, Max Neutze was able to say, famously, in 1965 that:

Decentralization of population has been the policy of most political parties since World War II. It has, so to speak, been everyone’s policy but no one’s programme (Neutze 1965: v).^2

The effectiveness of decentralisation efforts of governments prior to the 1960s has also been questioned. This discussion crystallised in the late 1960s debate over
selective decentralisation (see below). This lack of success was well summarised in the Sydney Region Outline Plan (SROP):

The concept of decentralisation has long been built into thought on State development, but the nature and level of action hitherto has clearly not made a very significant difference to the strong drift of population to the Sydney Region (State Planning Authority (SPA) 1968: 19).

J M Powell has also questioned the achievements of State government efforts to engender more balanced development, noting that most government actions aimed at decentralisation have spread resources too thinly to be effective (J M Powell 1988b; see also Committee of Commonwealth/State Officials 1972).

Hurley was able to conclude that decentralisation was “an event that did not happen” (Hurley 1989). He has described in detail government actions and rhetoric to promote it in New South Wales and Victoria from the 1880s to the 1980s. While Hurley concludes that attempts at decentralisation have generally come to nought, there is no doubt that the perceived need for it has, over a long period, occupied the minds of decision-makers at State and national levels of government. For Hurley, the regional problem of imbalance was such that “… only a radical, sustained intervention by governments…” could break it (Hurley 1989: 362). And his conclusion was that governments had fallen far short of such a commitment:

There was no fit between this puny intervention and the enormous inertia in the deposits of population where they were (Hurley 1989: 363).

The central question of Part Two is whether, and to what extent, the actions of governments since the 1960s have represented a break with the “puny” and “timid” efforts of the past at decentralisation and balanced development.

The Impact of the Askin Government After 1965

The Askin Coalition Government came to power in May 1965 with some incentives already in place, for example the 1958 Decentralisation Fund (Searle 1981: 30; see Appendix C). Searle has described decentralisation as a “live issue” in the 1965 election (Searle 1981: 32).
The Askin Government came to office, then, with some expectations for action. It is argued here that 1965 did mark a watershed, bringing government into many areas of regional policy not previously considered, or considered far more seriously and systematically.

**The Davis Hughes Blueprint (1961)**

The main features of the post-1965 decentralisation effort by the Askin Government were laid out some years before. In August 1961, prominent Country Party front bencher and former Party leader, Davis Hughes, placed before the Parliament what he described as a “... reasoned blueprint for this State’s development” (Legislative Assembly 1961: 307). According to Sproats, the blueprint “… represented both a pragmatic strategy to attract rural support and a ‘theory’ of decentralisation” (Sproats 1983: 35). Central to the blueprint was the proposal for a separate department and Ministry:

> We will establish a ministry of development and decentralisation, geared to ensure that the activities of every department and of the State itself are directed towards the planned development of the whole of New South Wales. This separate and vigorous ministry will consider decentralisation and population in the framing of policy on public works, mining development, agriculture and education (Legislative Assembly 1961: 310).

This he contrasted with the then current situation in which the State had “… only a minor Division of Industrial Development, manned by a few good men....” (Legislative Assembly 1961: 308). In Hughes’ conception, the new agency would be “full-scale, full-blooded, dynamic” (Legislative Assembly 1961: 310). Sproats has claimed that:

> … Hughes perceived his ‘super’ department bringing all the metropolitan-oriented departments into line forcing them to work for the benefit of rural areas (Sproats 1983: 35).

Hughes saw research as an important element of the proposed department’s role, including a brief to investigate fully aspects of industrial location (Legislative Assembly 1961: 310). There would also be a “development commission” with an
explicit balanced development brief (Legislative Assembly 1961: 311-12). The Hughes blueprint demonstrated the Coalition's strong interest in decentralisation in Opposition, and represented a clear action agenda for the Coalition in government.

The Role of the Department of Decentralisation and Development and Minister Fuller

Following the 1965 election, the Premier created a Department of Decentralisation and Development under Minister John Fuller. Fuller was a senior member of the Country Party, and assumed the role of Minister without the distraction of other portfolio responsibilities. He was to remain Minister for eight years (1965-73), after which he was replaced by another Country Party Minister, Tim Bruxner. By 1969, he would become Leader of the Government in the Legislative Council, guaranteeing decentralisation the support of a senior Cabinet Minister from that time.

Fuller was a strong supporter of, and a force behind, the Government's efforts. He would become later a strong advocate of selective decentralisation and the growth centres, despite the electorally inspired misgivings of many of his colleagues, including (perhaps especially) his Country Party colleagues. As the Department of Decentralisation and Development (DDD) pointed out:

When he joined the Cabinet in May, 1965, he became not only the State's first full-time Minister for Decentralisation and Development but the first in Australia and one of the first in the world (DDD 1974b: 5).

Fuller combined Ministerial seniority with country origins and longevity in the position, a rare (even unique) combination in the regional development portfolio in New South Wales (see Chapter Nine).

One of the key measures of the Askin Government's commitment to more focused policies favouring balanced development was the direction of the new DDD. While the Department had responsibility for investment attraction to the State as a whole, its priorities were clear from its structure and activities. DDD was first and foremost a regional development agency, with its key officials devoted to this task and its research activities dominated by the decentralisation imperative (DDD 1971b: 2; see
also various DDD Annual Reports). The Department became within the Government a keen and explicit supporter of decentralisation:

The Department’s twin responsibilities meet in the term “balanced development” which can only be achieved along with a high degree of success in decentralising industry and population – to stem, then turn back the seemingly inexorable drift of country populations to bloating urban centres (DDD 1971b: 2).

The Department’s role as a champion for balanced development was aided by the commitment of its senior bureaucrats, particularly its successive Directors, Bill Butterfield (1965-72) and Phil Day (1972-73). According to Hurley:

Day was a key figure in shifting the focus of the Department from its administrative functions to policy-making (Hurley 1989: 310).

Day was also the driving force behind DDD’s forceful public stance on selective decentralisation, using speeches and the Department’s Annual Reports to, in effect, lobby for a selective approach and for a stronger Commonwealth role in the process (DDD 1972: 20). In discussions with the Commonwealth, DDD took a lead role.

The Department’s publication New South Wales Horizons, first published in 1971, was an important means of spreading its balanced development message. Horizons became an extension of DDD’s role as a public policy advocate, commenting on demographic trends and economic development issues in addition to providing case studies in successful decentralisation. DDD was prepared to make negative statements about the capital city in order to advance its pro-balanced development message.

The Department’s capacity to focus on its mission was assisted by its longevity. In contrast to the more bureaucratically turbulent 1980s and particularly the 1990s, the 1965-76 period was marked by relative organisational stability. This allowed the Department time to hone its mission and develop a public profile, within the Government and in the public arena. Sproats has questioned DDD’s impact within government, however:

Although Decentralisation and Development may have been conceived as a “super” ministry, comprehensively co-ordinating State development, at birth it
was found to be stunted, nothing more than a “junior” portfolio, incremental to the more senior functions of government (Sproats 1983: 36).7

While there can be debate over the Department’s effectiveness as a change agent in government thinking on decentralisation issues, there is little doubt that it was a tireless campaigner for balanced development. Armed with considerable funds for regional assistance (see below), a supportive Minister, powerful and committed bureaucratic advocates at senior levels of the Department, and a dedicated (if small) staff, DDD was a champion within government for the balanced development cause.

The 1966 State Development and Country Industries Assistance Act

A legislative basis for decentralisation was provided in 1966 with the introduction of the County Industries Assistance Fund (CIAF) established under the State Development and Country Industries Assistance Act. Minister Fuller emphasised the link between the proposed measures and the need to address the issue of the burgeoning “megalopolis”, which he regarded as an “insanity” (Legislative Council 1966: 3627-28). In relation to the legislation, the Minister stated:

... the Government has been active in examining the most likely methods by which a better-balanced distribution of population throughout the State can be achieved. The Government is satisfied that the first essential is legislative sanction for its programme for strengthening the economy of the country regions, accelerating their rate of population growth and improving employment opportunities ... (Legislative Council 1966: 3628).8

The CIAF placed strong emphasis on manufacturing employment. Decentralisation efforts relied on “footloose” secondary industry to provide the population growth in country regions that would in turn produce more balanced development. And in the economy of the 1960s, manufacturing was a significant contributor to the overall level of employment (Stimson 2001: 200).

The forms of assistance given included factory premises and plant; housing of key personnel; rail freight subsidies; training subsidies for unskilled labour; subsidies for establishment costs; subsidies for the cost of technical consulting services; and subsidised industrial design services (DDD 1976: 37). From 1970, there was also a
Country Industry Preference Scheme for manufacturers, allowing a preference of 5% on contracts with a number of State Government agencies (DDD 1971: 15).

Assistance under the CIAF amounted to over $360 million between 1965 and 1976 (DDD 1976: 40). Factory loans, leases and general loans accounted for over 54% of the total assistance given, housing for 25%, and freight subsidies for 9% (DDD 1976: 43). The spending on decentralisation assistance contrasted with spending under the previous Government. DDD’s Annual Report for 1969-70 noted that spending for that year alone was more than the total expenditure for the decade 1955-65 (DDD 1970: 5).9

The approach embodied in the CIAF was one of non-selective assistance. According to Harris and Dixon:

The … Act, and its subsequent amendments, provided a fairly comprehensive assistance program for industries in decentralised (country) areas. For this purpose there was no specified discrimination in favour of any individual country centre regarded as possessing the greatest potential for development; rather the Act embodied the philosophy of dispersed decentralisation (Harris and Dixon 1978: 27).

In this “scattergun” approach to regional business assistance, the CIAF was remarkably similar to the Regional Business Development Scheme (RBDS) of the 1990s (see Chapter Four). Despite the criticisms of this approach, DDD claimed that from 1965 to 1974, 80,000 people were retained or attracted to New South Wales country areas as a result of assistance through the CIAF (DDD 1974: 11).

**The Sydney Region Outline Plan, 1968**

In 1968, the Government released a new planning strategy for the metropolitan region, SROP, the first since the County of Cumberland Plan released in 1951, and its release was an important development in the debate over decentralisation. The debate about Sydney’s rapid growth since the time of the County of Cumberland Plan’s release, and its impacts on amenity, was an important consideration for planners involved in the new strategy. As noted in the 1967 Prelude to a Plan:
Another million people have been added. The number of motor vehicles on the road has trebled. The city’s suburbs have steadily spread over the hinterland (SPA 1967: 5).

The Plan also noted that this rapid growth in Sydney had been partly at the expense of the country:

Sydney has gained population from the country areas over a period of many years. Evidence shows that the net drift of population from the rest of the State to the Sydney Region over the past twelve years has been of the order of 100 000 (SPA 1968: 18).

The Plan assumed continuing strong economic growth, manufacturing growth, full employment and population growth (including a continuing strong national immigration policy; SPA 1968: 9; see also Spearritt and DeMarco 1988: 26). This would mean a continuation of the substantial pressures on Sydney that had occurred since World War Two. The Plan’s major concern was about future growth and how this could best be accommodated:

… it is expected that Sydney’s population will grow from the present level of 2.7 million to about 5 ½ million in the year 2000 by which time the annual growth rate may be at a level not far short of 100 000 people a year [the actual figure in the late 1990s was around 50 000 per year]. This means that an increase of 2 ¾ million people will need to be accommodated either within the Region or partly outside it in other areas of the State (SPA 1968: 18).

These projections were critical in shaping the growing concern among balanced development supporters about the likely increase in metropolitan primacy. These concerns were now also apparent in government. Unlike previous and later metropolitan planning strategies, the SROP argued that Sydney’s growth issues had a statewide context. As the Plan stated:

The development of Sydney should be inter-related with that of the State as a whole.

The future of Sydney and of the country areas of the State are inter-related. The State has potential assets for growth and development which must be effectively exploited. The planning of the Sydney Region should have regard to the general aim of promoting strong economic growth in the State as a whole (SPA 1968: 11).
The Plan took up the concerns of such decentralisation advocates as Denis Winston in its strategy:

Where the planning problems of country areas are due to lack of growth, or to economic instability arising from over-dependence on one form of economic activity, their solution depends on positive action at the centre to divert population and secondary industry away from Sydney.

... the State Planning Authority has concluded that an integral part of the population strategy for the Sydney Region should be the adoption of a provisional aim to steer 500,000 of Sydney’s projected growth to new centres in other areas of the State, outside the Sydney Region (SPA 1968: 18-19).

The SROP reflected the Government’s concern over rural depopulation and the alarming population projections for Sydney to 2000. Clearly, therefore, the SROP accorded closely with the approach taken by DDD and indicated the priority within government of decentralisation issues. This would contrast greatly with the approach taken since by the Authority’s successor planning agencies such as DUAP. However, the Plan lacked an implementation strategy and this limited its effectiveness as a tool for balanced development.

It is hardly surprising that the SROP is a document that still had appeal in the 1990s for proponents of balanced development, and that it was quoted with approval by the CMA in its Strategy (CMA 1993: 12-13).

The Impact of the Change of Government in 1965

There is little evidence that the Askin Government was particularly visionary, or that Askin himself had a strong policy agenda. Nevertheless, despite the existence of decentralisation policies prior to 1965, the change of government had a number of impacts. It created a new government agency dedicated to non-metropolitan development with its own Minister; it increased significantly funding for already existing assistance measures; it introduced new forms of decentralisation assistance; it provided a legislative basis for its programs; it oversaw a planning strategy which, for the first (and last) time, saw decentralisation as a solution to Sydney’s projected growth problems; and it appointed a Development Corporation (DCNSW) whose principal brief became the implementation of decentralisation.
Hence 1965 can be seen as marking a turning point in the history of efforts to address metropolitan primacy. This is despite Searle's claim that the "... changes that took place in 1965 and 1966 were largely changes in degree rather than kind" (Searle 1978: 52). While there was not a significant change in policy direction, there was a substantial increase in focus on problems that had long been discussed by governments without any serious attempt to confront them. On the other hand, there can be reasonable debate over the genuineness of the Government's efforts, and their overall effectiveness.

The change of government did herald the beginning of a greater belief within government in balanced development, and more serious and sustained efforts to achieve it. Further significant developments would follow, particularly at the national level, which would propel Australia and the State of New South Wales (at least momentarily) towards a more genuine commitment to achieving balanced development.

**The ALP, Whitlam and Uren**

The Coalition that won office in Canberra under Menzies in 1949 had long since shelved the kind of Commonwealth involvement in urban and regional affairs that was central to Labor's post-war thinking, along with its focus on decentralisation. As Troy has pointed out:

> Throughout the 1950s there was no evidence of active interest at the Commonwealth level in urban affairs (Troy in Emy et al 1993: 153).

However, the Coalition Government in Canberra acknowledged the issue of metropolitan primacy through some of its senior Ministers. For example, Deputy Prime Minister John McEwen stated in 1965:

> I personally regard the Australian problem of centralisation, of population and industry, as already quite serious. I regard it as bad, and indeed dangerous, for Australia to accept the prospect of having half our population in Melbourne and Sydney by the end of the century.
... the degree of centralisation of people and of industries at present existing is much out of balance ... (McEwen 1965).

Yet the attention to these issues was lukewarm at best. For adherents to balanced development, there was a policy vacuum in Canberra that would be filled by the Opposition (see Gardner in ACBD 1971; Lloyd and Troy 1981).

The Commonwealth commissioned an inquiry into the economy in 1963 under the chairmanship of Sir James Vernon (Golding 1996). The Committee of Economic Inquiry considered decentralisation only briefly:

> We are not convinced on the evidence that the time has come when the expenditure of significantly increased amounts of public money on decentralization would be justified (Commonwealth of Australia 1965: 445).

This was certainly the position maintained by the Commonwealth under a series of Coalition Prime Ministers to 1972.

The leadership of Gough Whitlam from 1967 was not only critical to the future electoral appeal of the Labor Party, but was also the driving force behind the push for urban and regional policies (Whitlam 1968; Whitlam 1985; Sproats 1983; Hurley 1989; Uren 1995). Whitlam was personally committed to taking action in relation to the condition of the cities (see, for example, Uren 1995: 258). Decentralisation emerged as a key component of Labor’s policy thinking.12

Equally, Tom Uren’s appointment as urban affairs and environment spokesman in 1969 provided further drive to the ALP’s efforts. Lloyd and Troy have noted that:

> Uren brought to urban and regional development a passionate involvement... He absorbed professional and academic advice and reshaped it into his own concepts expressed in his own language. Over the next three years Uren brought to his policy area a coherence and clarity which Whitlam’s responses to specific problems had sometimes lacked. For the first time, urban and regional development policy was ordered into a set of inter-related propositions which were incorporated into the ALP national platform of 1971... (Lloyd and Troy 1981: 19).13

Labor members at the time were already espousing balanced development principles. As one country based Labor Member of Parliament had stated in 1965:
The Federal Parliamentary Labor Party, on whose behalf I speak, is pledged to a policy of balanced development of Australia and for the more even spread of population and industry.... This is a national question of the highest order and deserves the immediate attention of the national parliament (Luchetti 1965).

Whitlam himself argued:

Without firm government action at every level, industry and people will continue to gravitate to the capital cities. This is inevitable under a free enterprise system where business goes where the biggest and quickest profits can be made. Only governments can reverse this trend. Canberra has shown what can be done with proper planning. It can be done in other centres which have a sound economic basis for development (Whitlam 1965: 212).14

The Walter Burley Griffin Lecture in 1968 was the first of a number of speeches by Whitlam bemoaning the condition of Australia’s largest metropolises and arguing for a greater role for the Commonwealth in urban and regional affairs. The 1968 lecture ranks with the appointment of Uren as spokesman after the 1969 election, and the changes to the ALP platform in 1971, as milestones in the development of what would be “the program” in government after 1972. At the 1972 campaign launch, Whitlam famously linked the notion of the space economy with his party’s traditional concerns about social equity:

Increasingly, a citizen’s real standard of living, the health of himself and his family, his children’s opportunities for education and self-improvement, his access to employment opportunities, his ability to enjoy the nation’s resources for recreation and culture, his ability to participate in the decisions and actions of the community are determined not by his income, not by the hours he works, but by where he lives. This is why Labor believes that the national government must involve itself directly in cities (quoted in Lloyd and Troy 1981: 25; see also Troy in Emy et al 1993: 142).

It was clear at the time, and subsequently during the time of the Whitlam Government, that Whitlam’s primary motivation in the pursuit of decentralisation was to improve the livability of the cities, not to offer greater development to the country. He was more interested in the opportunities available in Blacktown than in Bourke. This is perhaps not surprising, yet nor does it diminish the level of commitment he had to the policy.
Metropolitan Primacy and the Debate Over Selective Decentralisation

The key regional policy debate in the late 1960s and early 1970s was not so much whether decentralisation and a better balance of population and economic development were desirable, but how best such objectives could be implemented (ACBD 1971; Day 1972; Neutze in McMaster and Webb 1976; Sproats 1983; Hurley 1989). The debate concerned, specifically, the relative effectiveness of what was variously described as non-selective, dispersed or “scattergun” decentralisation as opposed to selective or concentrated decentralisation. Up to the late 1960s, decentralisation measures had been largely non-selective. They had not been focused on particular locations or growth nodes, but rather had provided small amounts of assistance to businesses in many communities across non-metropolitan New South Wales. Supporters of a more selective approach saw in better targeting of assistance a greater chance of having a real impact on metropolitan primacy.

The debate took place at a number of levels – within government, in the media, among regional interest groups, and among academic observers. Neutze has summed up the simple appeal of the selective approach:

If assistance was given everywhere there was little prospect of making a significant impact on the population of any country town. Therefore it makes more sense to concentrate efforts in those few towns which have the best growth prospects (Neutze in McMaster and Webb 1976: 448).

This thinking was, in effect, the origin of the growth centre concept that would come to dominate the balanced development agenda in the 1970s. There was a ready degree of support for the selective approach among Australian planners (Michael Jones 1979: 296).¹⁵

In 1966, Minister Fuller visited the United Kingdom to examine the British New Towns Program. The visit occurred at a time where there was still “… buoyant optimism among those involved in new towns management” (Sproats 1983: 37). In Sproats’ view, the Minister’s visit to Britain contributed to his acceptance of the
notion of selective decentralisation (Sproats 1983: 38, see also Fuller in Legislative Council 1966: 3629).

**Increasing Concerns Over Metropolitan Primacy**

The debate over selective decentralisation was largely driven by concerns over increasing metropolitan primacy, concerns that were shared both within and outside government and that were assuming greater urgency. Hurley has claimed that the peaks of interest in decentralisation within government have coincided with a confluence of what he has termed “push” and “pull” factors (Hurley 1989). In other words, there have been, over time, two constituencies in favour of decentralisation, one country-based (the pull) and one city-based (the push). The decade from 1965 to 1975-76 was one such time when push factors came to prominence. Searle has argued that:

> By 1965 the basic rationale for the decentralisation programme had changed from overcoming the lack of development in country areas to overcoming the problems arising from over-development in Sydney (Searle 1978: 52).

Labor’s focus in Canberra on the cities was clear. Whitlam stated in 1968 that:

> Urban sprawl has become a sickness of our society as widespread as it is deep-rooted… (Whitlam 1968: 8).\(^\text{16}\)

The highlighting of the city based issues of decentralisation by such a senior State government official as Day demonstrated the extent to which the “push” factors had come to occupy a central place in the debate. As Day himself said: “Decentralisation is no longer a sacred cow in a rural pasture. It is a solution to the urban problems of Sydney” (Day 1972: 2). *New South Wales Horizons* captured the fear of urban growth widespread at the time, at the same time projecting thinking within the Government:

> … we face the grim prospect of one enormous metropolitan complex surrounded by a thinly populated hinterland (DDD 1971b).

The rhetoric of “bloated cities”, “metropolitan gigantism” (R A Gardner in ACBD 1971: 7.1) and “urban crisis” (the name of a film released by DDD in 1972) was
partly driven by concerns about the rapid growth in the cities at the time, evidenced by both contemporary population movements and future demographic projections.17

Lansdown, writing in 1971, noted that between 1961 and 1967, the population in Newcastle-Sydney-Wollongong had grown by 345 000, while the population in the rest of the State increased by a mere 4 500 (Lansdown 1971: 71; see also Daly 1973). Other figures had come to light in a report by John Steinke to the NSW Government in 1967. The Report covered demographic shifts from 1947 to 1966. Some of Steinke’s conclusions about rural population drift were the cause of considerable disquiet, captured in a DDD report at the time. These are detailed in Box 3.1.

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**Box 3.1 John Steinke’s Report on Rural Out-migration**

- A precipitous nationwide drop occurred in country growth rates. This was manifested in an out-migration of 316,000 persons from country to metropolitan areas in 1954-66. New South Wales alone experienced an out-migration of 172,000 from country areas;

- Rural areas, rather than country urban centres, were the primary sources of country out-migration. The rural areas not only lost their entire aggregate natural increase in population, but experienced a 1% decline in total population over the 1954-66 period;

- Population growth in country and metropolitan areas was roughly comparable during 1947-54 (16.5 % for country areas, 19.8 % for metropolitan areas). During 1954-66 country growth fell to less than half its 1947-54 level, while metropolitan growth maintained its previous level. Country growth was less than one-third of metropolitan growth during 1954-66 (12.0 % compared to 38.4 %);

- The population growth of major country centres has been considerably lower in New South Wales and Western Australia than in the other States.

Source: DDD 1971: 8; Steinke 1970

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Hence, the advice received by the NSW Government on population movements in the late 1960s added to the fears of stagnating country centres and rapid metropolitan growth. This fear of rapid urban growth was never far from the surface. Minister Fuller himself quoted estimates of future population growth from Borrie – that Sydney would grow to six million people by 2000 – in his second reading speech for the 1966 Bill (Legislative Council 1966: 3628).
The Development Corporation of New South Wales’ *Report on Selective Decentralisation*

While policy-makers were already aware of the selective decentralisation debate, two major government inquiries in the 1960s were to have a profound impact on the direction of government policy at both State and Commonwealth level. Perhaps the most important development in the debate was the DCNSW’s 1969 *Report on Selective Decentralisation*. The Corporation had been established by the Askin Government in 1966 and consisted of key representatives of business, as well as key public officials including the Director of DDD and senior Treasury officials (DCNSW 1969).

The Corporation was granted considerable powers of inquiry under the 1966 Act. Its formal charter was to provide independent advice to the Minister and the Government on development issues. Membership included metropolitan and country representatives of business as well as academic and bureaucratic interests (DDD 1970: 40). Woolmington has stated that the Corporation played for the Government the role of “… kite-flying body for possible policy decisions which might appear unpopular to substantial segments of electoral opinion” (Woolmington in Linge and Rimmer 1971: 295). This is likely to have been the case in relation to the potentially politically sensitive area of providing special assistance to designated regional centres.

The Report essentially argued for a growth centre strategy as the best means of making a difference to the State’s settlement pattern. The Report was succinctly dismissive of a non-selective approach:

> Intuitively, dispersed assistance of this order will not significantly affect the present imbalance between metropolitan and country population.

> Indeed, it will not even counter the degree of rural emigration which may be expected… (DCNSW 1969: 14).18

The Report was received by the Government with less than public enthusiasm, and it would take three years (and considerable pressure from proponents such as Day)
before the Government finally accepted what appeared to many observers at the time as the Report's compelling logic (Sproats 1983: 44-46).

The Commonwealth/State Officials Committee on Decentralisation

In 1964, the Premier's Conference agreed to the formation of a Committee to examine the case for decentralisation. The Committee sought to address three questions:

- Is the trend towards centralisation nationally undesirable in economic and social terms?
- Are disadvantages attendant upon centralisation best countered by an active decentralisation policy?
- If decentralisation policies were to be pursued, what type of decentralisation would have best prospects of proving effective? (Committee of Commonwealth/State Officials 1972: 1).

These questions went to the heart of concerns about metropolitan primacy. The Committee also commissioned a number of studies in support of its efforts. They included surveys of businesses in New South Wales and Victoria on relative business costs; a study on the estimated future cost of water in Sydney; public capital costs associated with the decentralisation of 500,000 people from the Sydney region; various labour-related issues; and sociological aspects of life in New South Wales country towns (Department of Urban and Regional Development (DURD) 1975: vii).19

The Committee met only rarely, and seemed not to have enthusiastic support from the Commonwealth, partly explained by the lack of a bureaucratic support base within the Commonwealth public service (see Woolmington in Linge and Rimmer 1971: 292). The Committee may well have given the Commonwealth Government an excuse not to take positive action in relation to decentralisation. However, it provided a vehicle for important research into the economic and social aspects of the issue and a forum for government officials to discuss the issues. (The conclusions of the Committee and the impact of its final report in 1972 are set out below).
Summary

In summary, despite the remaining doubts — Fuller stated in 1972 that it was not the Government’s policy to “…dictate to industry where it should establish decentralised plants” (see Fuller quoted in Harrison 1973: 28) — selective decentralisation was accepted broadly as the only likely means of effecting a better balance of population and development. Not only were academics and some influential journalists such as Christopher Jay generally strong supporters of the selective approach (see Chapter Seven), but regional interests such as the Country Mayors’ Development Committee (the precursor to the current CMA) came to subsume their councils’ parochial interests and to support the selective approach (see Jay 1971; 1972).

The fact that regional interests were willing to set aside differences to support a selective approach bound to generate losers as well as winners was helpful in having the approach finally implemented. The main resistance was within the NSW Government (with the Pat Hills-led Opposition supporting a more selective approach; see Sproats 1983: 47-48), as Whitlam was a consistently strong supporter (Whitlam 1965; 1985).

1972 – A “Year of Decision”?  

The case for balanced development had built considerable momentum by the early 1970s, based on a coalition of city and country (see Chapter Seven); arguments both from an equity as well as an economic perspective (Stretton 1970; Day 1972; see also Chapter Two); support among politicians in Sydney and Canberra (and bureaucrats in Sydney); and with supporting evidence from overseas practice (British New Towns) and economic theory (Neutze 1965). The sense of momentum, buoyed by events such as the August 1971 National Development Conference organised by the National (then Australian) Council for Balanced Development (ACBD 1971; see Chapter Seven), seemed palpable by 1972.
Day described 1972 as a possible “year of decision” in relation to the commitment of governments to decentralisation (DDD 1972: 20). 1972 was indeed a year where the issue of balanced development and decentralisation achieved a prominence probably not seen before or since. It was the year of the election of the Whitlam Government, which, it will be seen below, was more committed than any other has been to the cause of balanced development. It was also the year in which the Commonwealth/State Officials Committee finally reported; the year in which Askin announced the first growth centre; the year in which a significant Australian Institute of Urban Studies (AIUS) report on new cities was published, and the year in which the McMahon Commonwealth Government established the National Urban and Regional Development Authority (NURDA).

**The Report of the Committee of Commonwealth/State Officials on Decentralisation**

The Committee of Commonwealth/State Officials finally presented its Report to the Prime Minister and the Premiers in June 1972 (Committee of Commonwealth/State Officials 1972). While the length of the Committee’s task does not suggest that its work was much of a political priority, the Officials group nevertheless played a part in keeping the issue of decentralisation on the policy agenda. The main conclusions of the Committee’s Report are set out in Box 3.2.

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**Box 3.2 Commonwealth/State Officials Committee Conclusions**

- The evidence before the Committee did not allow it to establish the existence of either a decisive net advantage or net disadvantage to the nation from an economic viewpoint arising from continuing centralisation;
- Centralised location of economic activity does, however, give rise to external diseconomies which will be of growing importance as the major cities increase in size;
- The only type of decentralisation program which offers prospects of success is selective decentralisation; and
- Any program of selective decentralisation would have to be phased, so that scarce capital resources can be used efficiently, and prospects can be re-evaluated from time to time in the light of experience.

Source: Committee of Commonwealth/State Officials 1972: 11
This was no ringing endorsement of balanced development. After eight years, these were fairly non-committal conclusions from the point of view of proponents of greater decentralisation efforts. The NSW Government, through DDD, issued a supplementary statement to the Report that was critical of its lack of strong support for a national push for decentralisation. According to the Department:

In the NSW view the results of the Commonwealth/State Studies, together with the additional studies carried out since by the Department, establish – far more conclusively than the Committee’s Report concedes – a positive and, indeed, massive justification, on both economic and sociological grounds, for the adoption of decentralisation as a public policy objective, and for the application of national financial resources to its implementation (DDD 1972: 20).

Part of the strength of the New South Wales insistence on a stronger Commonwealth approach may have reflected the perception within government of primacy as a peculiarly New South Wales phenomenon (Committee of Commonwealth/State Officials, 1972: 60).

Report of the Task Force on New Cities for Australia

The AIUS, established in 1967 to undertake research on urban and regional development issues, commissioned a Task Force in February 1972 to investigate the creation of new cities in Australia, and it reported in August. The Task Force was chaired by long-time balanced development advocate Professor Ronald Gates. According to Sproats, the AIUS saw its role as being critical in the formation of ALP policy (Sproats 1983: 58). Gates summed up the objectives of the Task Force:

Our job, we felt, was to ask: How do we create new cities? or more generally: What kinds of re-location of Australian urban growth are appropriate, and by what means can we bring them about? We didn’t feel it necessary or even desirable to spend a great deal of time on the reasons for adopting this as a solution to some of Australia’s major urban problems (AIUS 1972b: 2).

The Task Force’s approach demonstrated how far the debate had come from the need to justify decentralisation. The deliberations of the Task Force were driven by forecasts of a surge in population growth by the end of the century (AIUS 1972b: 2).
The Task Force’s Report was described at the time of its release by Tom Uren as being “… of great significance” (AIUS 1972b: 30).

The Report accepted that “… there is a convincing case for searching for alternatives to the uncontrolled growth of large, single-centred cities” (AIUS 1972b: 1). It advocated what the Report termed “system-cities” (developments on the fringe of the metropolitan region) and “regional-cities” (cities to be developed outside the “gravitational pull” of the metropolitan region; AIUS 1972b: 2).21

Sproats saw the AIUS Report as important in motivating the McMahon Government’s decision to address regional planning issues after having avoided the area entirely. According to Sproats:

The status of this institute not only impressed itself on McMahon but provided him with justification for changing his Government’s attitudes (Sproats 1983: 68).

This led to the creation of the first national body devoted to urban and regional development, and added to the respectability given to the idea of balanced development at the time (see Chapter Seven).

The Creation of the National Urban and Regional Development Authority

Deputy Prime Minister Doug Anthony publicly raised the issue of growth centres for the first time in March 1972. He appeared to be favouring a selective decentralisation approach without committing the Government to any specific actions (Sproats 1983: 68). The McMahon Government finally bowed to the build up of support for national action on decentralisation in October 1972. The establishment of NURDA was a significant step, ensuring that both parties at the 1972 election would have proposals for the development of new cities. There finally appeared to be a policy consensus at Commonwealth level in favour of balanced development, or at least a recognition by the Government that it needed to be seen to be acting.
The Prime Minister announced in Parliament on 19 September 1972, in what would be the dying days of the Government:

… the Commonwealth Government has decided that it will take immediate steps, financially and in other ways, in a coordinated program with State Governments directed towards fostering a better balance of population distribution and regional development in Australia (quoted in Lloyd and Troy 1981: 19; see also Solomon 1982: 38-40).

John Overall from the National Capital Development Commission (NCDC) in Canberra was recruited to head the new authority, which scarcely had time to form before the December election.

The Askin Government’s Announcement of the Bathurst-Orange Growth Centre

If the Commonwealth Government felt obliged to respond to the growing pressures for action on decentralisation, so too did the Askin Government (Sproats 1983: 70). Over three years after the release of the Development Corporation’s Report on Selective Decentralisation, in October 1972, the Premier announced that the State’s first growth centre would be at Bathurst-Orange. According to the Premier’s press statement:

The State Government today selected the Bathurst-Orange area as the site for its first growth centre as a pilot scheme to promote regional development and relieve mounting social and economic pressures in metropolitan Sydney (quoted in Sproats 1983: 1; see also Hurley 1989: 322).

The Growth Centre was clearly to be the Government’s key first attempt at selective decentralisation, and an important element of its efforts at balanced development. As Sproats has noted, it was also tacit recognition by the Government that its previous efforts had not achieved the desired decentralisation outcomes:

The Premier’s announcement in late 1972 was greeted with much enthusiasm by many perceiving it to be a turning point in State decentralisation. After years of persevering with an ineffective policy of dispersed development, here at last was a government grasping the nettle and selecting one centre for concentrated growth (Sproats 1983: 2).
DDD also described the positive and optimistic mood that followed the announcement of the Growth Centre, which had “… captured the imagination of the public and the business community alike and given fresh impetus to decentralisation” (DDD 1973a: 16).

The fact that the Government had ignored the DCNSW Report for three years is significant. Clearly the Government was ambivalent about implementing its findings, ambivalence that would remain for the rest of its term of office (until 1976). The ambivalence has been commented on by a number of observers, some of whom have variously noted the Liberal Party’s indifference to decentralisation in the face of Country Party support; the lack of enthusiasm on the part of key individual Ministers such as Tim Bruxner, who would take over the Ministry for Decentralisation and Development after the 1973 election (Sproats 1983: 126-27); and the fear of politicians that country centres not considered for “selective” status would resent the Government’s approach (Jay 1971). For example, Woolmington has noted:

... the government found it necessary to publicise the fact that any policy towards selective decentralisation would augment rather than substitute for existing policies of aid for decentralisation (Woolmington in Linge and Rimmer 1971: 295).

Painter has also commented on the fact that Country Party members in particular found it difficult to embrace selective decentralisation for political reasons:

It was simply not possible politically for the Country Party to tell its local members and supporters that their locality was to be excluded from the normal flow of government assistance and funds that accompanied traditional decentralisation policy (Painter 1977: 20).22

The Government’s ambivalence over the Growth Centres Program need not be seen as ambivalence over balanced development generally. In 1973, DDD saw decentralisation as “… the best way to mitigate a metropolitan crisis and maximise regional development” (DDD 1973: 16).23

The Bathurst-Orange announcement was accompanied by the stated intention, expressed by the Premier, to create at least one further growth centre (in addition to the State’s proposed involvement in developing Albury-Wodonga, also announced in
October by Askin prior to the election of the Whitlam Government). The Premier stated:

Flowing from the experience gained from the pilot growth centre, it could be expected that a second New South Wales growth centre would be created in the northern part of the State (DDD 1972b: 3).

Hence it was apparent from the October 1972 announcement that Bathurst-Orange was to be merely the first of a number of growth centres, and that selective decentralisation would be seriously entertained as government policy.24

On a number of counts, 1972 can be seen as living up to its promise as a “year of decision”. The election of the Whitlam Government in Canberra would bring to fulfilment the wishes of the many groups dedicated to balanced development.25

The Whitlam Government, DURD and Balanced Development

Whitlam came to power on 2 December 1972, with a claimed mandate for action in regional development. The story of the Whitlam Government, including its regional policy experiments, is familiar. It is not the intention here to recycle this story, but rather to demonstrate the importance of the Whitlam Government’s contribution to the pursuit of balanced development over the period from 1965 to 1975-76.26

The Whitlam Government more than met expectations that it would attempt to tackle the problems of the cities. The Government’s commitment to decentralisation could be seen in a number of program areas, as well as in the organisational structure of DURD. Programs such as the Growth Centres, the Australian Assistance Plan (AAP), the Area Improvement Program (AIP), and DURD’s national settlement strategy all contributed to the Government’s commitment to more balanced development.
Implementing the Vision – The Department of Urban and Regional Development

Following the election, NURDA was transformed into the Cities Commission and joined DURD and the NCDC in reporting to Minister Uren. The Cities Commission assumed the role of a planning agency, while policy functions remained under DURD’s control (Troy 1976; Lloyd and Troy 1981). The prominent place of DURD in Australia’s history of urban and regional planning is widely accepted in the literature (though there are divergent views as to its merits). According to Orchard and Sandercock:

The Whitlam government’s Department of Urban and Regional Development … represented the high point of federal government involvement in urban and regional policy (Orchard and Sandercock in Head and Patience 1989: 347).

Whitlam himself had seen the proposed new agency as playing a pivotal role:

… a major department of state, virtually co-equal with the Treasury, dealing with the urban budget and co-ordinating departments with urban responsibilities (Whitlam 1985: 382; see also Uren 1995: 258).

To achieve its objectives, the Government, through DURD, set in place a wide range of initiatives and programs.27 One of DURD’s major tasks was to provide a “conceptual framework” for its myriad program activities (DURD 1974: 47). An interim statement of national objectives was released in April 1974, titled A National Program for Urban and Regional Development, and circulated widely for comment. The Growth Centres Program was seen by DURD as a key part of the national settlement strategy (DURD 1974: 48-49).

In addition, the Department played a coordination role within government, facilitating public investment in the cities and regions in such portfolio areas as transport, housing, employment, industry and environment (Wilson in Scotton and Ferber 1978: 195). However, housing and the environment were located in separate agencies, denying DURD the overarching coordination role for which it appeared destined.28
Whitlam acknowledged DURD’s failure to fulfil its planned coordination role:

…it never achieved the status intended for it. It was fought all along the line by the Treasury, and other departments did their utmost to frustrate its co-ordinating role (Whitlam 1985: 382).

The Department was also used as a vehicle for the Government to attempt to forge new financial relations with the States, to encourage regionalisation along the lines of the 1940s postwar reconstruction push, with greater involvement by local government, and to introduce different processes into the administration of urban and regional planning (Wilson in Scotton and Ferber 1978: 202).²⁹

DURD faced the potential for overlap with the new Cities Commission which had replaced NURDA (Wilson in Scotton and Ferber 1978: 185), and had sometimes difficult relations with the States, including New South Wales.

While a number of DURD’s programs had a bearing on the Government’s decentralisation objectives, the two key areas of a most direct relationship with balanced development objectives were the Growth Centres Program and the National Settlement Strategy.

**The Growth Centres Program**

Of the many new program commitments of the Whitlam Government in the area of urban and regional development, none was more central to the achievement of balanced development through selective decentralisation than the Growth Centres Program. However, the Program should be seen as part of a coherent whole, in the context of the various other Whitlam programs listed above. Neilson has described the Growth Centres Program objectives as follows:

The main thrust and purpose … has been to serve as a means of providing substantial Australian Government assistance for, and involvement in, the process of accommodating the nation’s anticipated future population growth in ways which would be more efficient, more equitable, more diverse and more environmentally attractive than has been the case over most of the post-war period (Neilson in McMaster and Webb 1976: 474).
The Program had a range of purposes, not only balanced development as such. However, its primary objective was to help alleviate city growth problems. According to Troy:

It seemed both possible and desirable to direct about 10 per cent of the expected increase in the urban population into a small number of carefully selected centres (Troy 1976: 16).

Spending on the Growth Centres Program peaked in 1975-76. Budget outlays from 1973-74 to 1975-76 were, respectively, $35 million; $291 million; and $275 million. The total spending on the Growth Centres Program under Whitlam was approximately $550 million. Albury-Wodonga attracted around $316 million over three years; Bathurst-Orange (seen clearly as largely the responsibility of the NSW Government) $59 million; Holsworthy in Sydney’s south-west $95 million; and Monarto (near Adelaide) $40 million (see DURD various Annual Reports and Uren 1974 and 1975; Wilson in Scotton and Ferber 1978: 190-92).

The $550 million figure compared with $1.028 billion spent on urban services (sewerage backlog); $395 million on land commissions; $142 million on the Australian Assistance Plan; and $111 million on urban renewal. Hence the outlays on balanced development related programs were clearly substantial, particularly in the context of more recent regional development expenditures at all levels of government, but did not dominate overall Whitlam Government spending on urban and regional problems.34

**Regional Budgets**

The Government gave DURD the responsibility of developing an Urban and Regional Budget Program, to “… co-ordinate the resources allocated for investment in human settlement in all areas of Government” (DURD 1973: 12). This was to be one of the key tasks for DURD and one of its most controversial within government. It was regarded by Troy as perhaps DURD’s most important function (Troy 1976: 18; Uren 1995).
Initially, the program was concerned with government spending on regions, both at State and national levels, but was intended to include eventually private sector spending as well. Urban and Regional Development Budgets appeared in both the 1974-75 and the 1975-76 Budget documents (Uren 1974, 1975). The Budget exercise involved DURD in a wide range of government spending issues, including transport and housing.31

Summary of the Whitlam Period

In summary, the Whitlam period provided Australia’s most serious attempt, at any level of government, to deal with the perceived problem of urban concentration. Whitlam and Uren had for many years been developing a knowledge of the area, with expert advice, and building policy prescriptions to effect a shift in the settlement pattern, or at least to influence some of its drivers. Their focus was on the cities rather than the regions, but the regions, they also believed, would benefit from their policies. Their policy justification was largely the need for greater equity and choice, and a solution to social rather than economic problems.

The Growth Centres Program was the most obvious manifestation of the Government’s decentralising intentions, but was by no means the only one. The development of a national settlement strategy, even in unsatisfactory outline, and the creation of regional budgets, as well as the regional outcomes from the wide range of Government programs, all demonstrate the depth of the Government’s commitment and the strength of its intentions.

Summary and Conclusions

It is clear from the foregoing that a significant coalition of supporters of balanced development had built up by the end of the 1960s, both within and outside government, and that governments in Sydney and Canberra were responding positively to their lobbying efforts. Governments began to take actions that amounted to a more serious, if flawed, attempt to deal with the perceived problem of metropolitan primacy. Moreover, events relating to the issue of balanced
development at each level of government impacted on the other, as evidenced in the various joint decentralisation initiatives and especially in the growth centres programs.

Two years stand out clearly as important for balanced development – 1965 and 1972. There may be a danger in reading too much policy significance into changes of government. 1965 itself may not have appeared a watershed year in regional policy at the time. However, the change of government meant a substantial increase in funding for decentralisation, the creation of new dedicated institutions, the provision of a legislative framework for regional assistance, and an increase in the efforts by government to find out the best way to implement genuine balanced development.

That the Whitlam Government marked the high point for balanced development is clear. Its commitment of resources to urban and regional development was substantial, it created institutions within government dedicated to political and policy objectives, and those objectives were clearly to try to change the balance of population and economic activity in favour of regional areas. Also, urban and regional development was a high priority in government for Whitlam. DURD was not a peripheral agency with a low key brief. The opposition to DURD from within the more traditional bureaucracy is testimony to this.

How serious was the balanced development effort from government between 1965 and 1975-6, and was that effort sufficient for it to stand out against policies before and since? Chapter Two argued that part of the assessment of whether a regional policy passes the balanced development test is whether the policy is pursued vigorously with the aim of altering the imbalance of population and economic activity.

There is little doubt, on any measure, that Whitlam passed the test. The position of the Askin Government demands closer scrutiny. However, one indication that the Government, its agencies and its advisers were serious lies in the nature of the debate over selective decentralisation. One of the strongest arguments for a selective approach lay in the perceived failures of the non-selective approach to shift the problem. This was an explicit argument and it occurred in the public domain. The very reason the Government moved to accept the pro-selective decentralisation
position, even if reluctantly (for political reasons), was that it was seen as having a greater likelihood of success.

Askin’s Government, and those of his successors Tom Lewis (1975-76) and Eric Willis (1976), who had much briefer tenure, can be judged as having increased substantially the efforts of NSW governments in trying to address metropolitan primacy, however ultimately ineffective and poorly coordinated those efforts might have been. The Whitlam Government was defeated in December 1975 and the Willis Government in May 1976. Chapter Four analyses whether governments in Canberra and Sydney since then have pursued balanced development to the same degree. Certainly, describing the period analysed in this Chapter as the “high tide” period seems fully justified in relation to the “puny” efforts of earlier times.

End Notes

1. Much has been written about regional policy under the Whitlam Government, and in particular about the growth centres experiment. There also exist detailed accounts of the period (1966-72) in which Whitlam was developing an interest in urban and regional issues (see, for example, Hurley 1989; Sproats 1983; Lloyd and Troy 1981). Thus it is widely recognised that the Whitlam period marked an important stepping up of interest in urban and regional issues at Commonwealth level, to an extent not seen since the time of the Department of Post-War Reconstruction in the 1940s. Less has been written about the Askin Government’s regional development policies.

2. Or according to Phil Day: “Since around the turn of the century decentralisation has been a commendable but unexciting part of the conventional wisdom. No one has ever been opposed to it. A great deal of lip service has been paid to it” (Day 1972: 1). R A Gardner summed up the frustration of supporters of balanced development: “Many decentralisation supporters feel they have been the subject of a confidence trick…” (Gardner 1968: 13). Denis Winston had written in similar terms in the 1950s: “Practical encouragement of decentralization is the declared policy of every political party – but very little has yet been done about it (Winston 1957: 82; see also Logan in Scott 1978: 23).

3. In doing so, the Premier by-passed Davis Hughes despite his clear and longstanding interest in decentralisation shown through the 1961 blueprint.

4. Butterfield had been a senior official within the Premier’s Department, having been Director of the Industrial Development Division from its creation in 1958 until it passed to Treasury in 1962. Day joined the Department in 1966 as Secretary of the Development Corporation of New South Wales, and was appointed Deputy Director in 1968. For eighteen months in 1971-72 Day was acting Director of the Department, in Butterfield’s absence overseas (DDD 1973b: 5).

5. A departmental representative was able to claim in 1973 at a public forum that DDD was “an old hand” at decentralisation, at a time when the Commonwealth had only recently found itself a role (RAPI 1974: 30).

6. The Department’s consistent support for decentralisation is clear from New South Wales Horizons: “If we look for reasons for the kind of unbalanced development we have in NSW, and throughout
Australia, we have to remember that population and industry grew haphazardly — and with no predetermined plan. Decentralisation does two things: it achieves more balanced development within the framework of maximum State potential and avoids the increasing public costs incurred in the unwieldy expansion of large cities" (DDD: 1971b).

7. It was certainly a small Department by today's State industry department standards, numbering just eighty-four staff in 1970 (DDD 1970: 48). Sproats was equally dismissive of the State Development Coordination Committee convened by the Department, describing it as "... ineffective, even irrelevant" in terms of achieving balanced development in the State (Sproats 1983: 36). The role of the Committee was to bring what would now fashionably be termed a "whole-of-government" perspective to the issue of State development. The Committee was chaired by the Department's Deputy Director.

8. According to Davis Hughes, the 1966 Act would herald "... a new era of balanced development of the whole State and in particular for industrial development in the under-populated areas" (quoted in Hurley 1989: 308). The Act specified the industries that would qualify for assistance. These included manufacturing, processing, wholesaling and, after 1972, tourism. Any industry outside the Country of Cumberland and the Newcastle and Wollongong City Council area qualified for assistance. Councils and other local bodies were eligible for assistance, although by 1976, they only accounted for around 5% of the assistance given. Tourism only contributed 3%, and wholesaling under 2%. The overwhelming amount of assistance went on manufacturing and processing (DDD 1976: 38).

9. In terms of the regional spread of assistance, the Central West received nearly $60 million between 1965 and 1976; the North Coast $40 million; Riverina over $27 million and Murray $24 million (DDD 1976: 41). The amount of assistance under the CIAF rose steadily, from $14 million in 1965-66 to $37 million in 1969-70. There was a substantial increase in 1973-74 to over $51 million, and assistance peaked in 1974-75 at over $63 million (DDD 1976: 40). By the standards of the late 1990s levels of assistance to companies, the level of assistance offered under the CIAF was therefore quite substantial.

10. Denis Winston had claimed in the late 1950s that "... in the long run only the growth and development of Orange and Bathurst, Tamworth and Wagga and similar country centres can save the County of Cumberland from becoming just another Manchester or Chicago" (Winston 1957: 82).

11. As Gerard Henderson has noted: "During his decade-long premiership Askin left little mark on New South Wales. He was the premier wheeler-dealer in what was Australia's most wheeler-dealer State" (Henderson 1994: 212). The Askin years generally are remembered for events such as the construction of the Sydney Opera House and its various controversies and for allegations of corruption within the Government. Again, quoting Henderson: "What interest there is in Robert Askin these days turns on whether he was corrupt and, if so, to what extent" (Henderson 1994: 212). John Fuller has placed in context Askin's interest in policy in stating that he was "... wont to read the racing form guide during Cabinet meetings" (quoted in Henderson 1994: 212).

12. According to Uren, Whitlam only "... mouthed the policies, he didn't really understand them" (quoted in Sproats 1983: 56). Whether this is accurate or not, it is clear that Whitlam's use of the position of Leader to promote personally an urban and regional development agenda was central to the later prominence of the policy in government.

13. Uren's motivations were clear from the outset. Uren once said: "I am a dreamer and I have a vision of how satisfying, how challenging and how stimulating urban life could be. ... The Australian Labor Party also nurtures dreams and visions. As it formulates urban development policies, it keeps in mind the cities it wants to create in the twenty-first century" (Uren 1970: 61-62).

14. Hence Whitlam's own thinking on urban and regional issues was formed some time before he assumed the leadership. According to Troy: "Whitlam's inclination to Fabianism provided a coherent position for him to develop a critique of urban and regional issues. His policies grew out of a deep commitment to equality, a belief in bureaucratic reform and an abiding faith in the
capacity of governments to do better than 'the market' in producing felicitous social outcomes” (Troy in Emy et al 1993: 153).

15. Harris and Dixon have suggested that (ironically) the introduction of the State Development and Country Industries Assistance Act in 1966, which enshrined in legislation a system of dispersed decentralisation, “… changed the emphasis of public debate from the question of the desirability of decentralisation as a policy objective to the question of what form decentralisation should take” (Harris and Dixon 1978: 26).

16. The Department of Urban and Regional Development in the Whitlam Government in fact was going to be called the Department of the Cities until Caucus overturned the plan (Lloyd and Reid 1974: 94). Whitlam in the 1960s referred to the proposed agency as the Department of “Urban” Affairs (Whitlam 1968: 17).

17. The film, Urban Crisis, was an important element in the Department’s warnings about continued city growth. According to DDD: “The film … traces the growth of Sydney from early colonial times to the present and compares the prospect of its further growth with the strangulating congestion which has already overtaken major cities overseas. It draws on familiar aspects of everyday life in Sydney – congestion on roads and pavements and in public transport, pollution and noise – and clearly demonstrates that Sydney has already arrived at an urban crisis” (DDD 1972: 21). That a government agency charged with promoting New South Wales as an investment destination was allowed at that time to portray the capital in such a negative light demonstrates clearly how both the debate about city growth and the culture of the public service have changed since the 1970s. In an era now where Sydney is promoted as a global city, a State government would never countenance such negativity.

18. The Report identified 156 towns outside Sydney, Newcastle and Wollongong that had received decentralisation assistance. The Report contrasted “dispersed decentralisation” – the distribution of financial assistance to secondary industries among all 156 towns, at the rate of approximately $303 000 per town – with a more selective approach. The latter it defined as: “… the concentrated application of public assistance to a limited number of towns, at any given time, selected having regard to estimates of their prospective capacity to grow, ultimately, to the stage loosely described as ‘self-generation’” (DCNSW 1969: 14-15).

19. The Committee had an ad hoc structure. Day referred to: “… the setting up of a loose hierarchy of inter-governmental officials comprising the Commonwealth/State Officials Committee on Decentralisation, a technical sub-committee and ad hoc working committees – the personnel of all of which have changed over the succeeding years” (Day 1972: 3).

20. The strength of the New South Wales public push for greater Commonwealth involvement in decentralisation at this time is ironic, in view of the later ambivalence of the NSW Government and its suspicion towards the Whitlam Government’s interventionist motivations. It does, however, demonstrate the strength of the role played by DDD as an advocate for balanced development.

21. The insistence of the Task Force on developing system-cities, carried over into the programs of the Whitlam Government, demonstrates the extent to which the decentralisation proposals entertained were directed at solving the problems of the city rather than the country among the adherents to the concept of new cities. Perhaps this was to be expected in light of the make up of many of these advocates – city based planners and politicians focusing on the issues of urban growth and the inequities to which the growth was said to give rise. However, the Task Force did see benefits for country areas in the new city proposals: “Traditionally, decentralization policy in Australia has not been seen as a means of relieving overgrown cities, but rather as a means of bringing life to under-populated countrysides. There is still … a strong desire to raise the standard of amenities for those who, from choice or necessity, live in places remote from the metropolitan regions; and one way of doing this is to give them their own major service centres” (AIUS 1972b: 2).

22. This point highlights the fact that much decentralisation assistance can easily be confused with politically inspired largesse divided out on a geographical (electoral) basis. Painter said that decentralisation policies “… show strongly the influence of the pork barrel” (Painter 1977: 20).
Later, the attitude of the political parties to the Bathurst-Orange Growth Centre would become closely linked to the quest for the State seat of Bathurst.

23. DDD was, on some accounts, taken aback at the choice of Bathurst-Orange for the first growth centre, as were Commonwealth officials (see Sproats 1983: 71.80; interview with Chris Cunningham). Yet the DDD Annual Report for 1972-73 was able to list a large number of advantages of Bathurst-Orange that it claimed had driven the decision. These included a solid existing population base; proximity to the large Sydney market; good rail links to capital cities; good road links; water resources sufficient to service a population of up to 200,000; spare electricity and sewerage capacity; raw materials; social infrastructure; a good industrial base; and amenity (DDD 1973a: 16). While acknowledging the influence of Commonwealth factors in the State decision – described perhaps ominously by DDD in terms of its “political courage” (DDD 1973a: 2) – the Department rationalised the decision on selective growth centres: “While the commitment to the principle of selective decentralisation was influenced by the imminence of Commonwealth involvement, in point of fact the actual selection of Bathurst-Orange and Albury as growth areas was based on an evaluation of comprehensive selection criteria by the Development Corporation and the Department … extending back over several years” (DDD 1973a: 2).

24. The Askin Government took a number of subsequent decisions that would complement its October 1972 announcement of the Growth Centre and enhance its commitment to decentralisation. Earlier in the year, the Regional Organisation Act passed the Parliament, following an investigation of regional re-organisation by an Inter-Departmental Committee appointed in 1967, and the Government’s adoption of common regions in July 1971 (DDD 1973c: 2). In addition, in May 1973, the Government would announce the relocation of the Central Mapping Authority to Bathurst, with studies to be undertaken on the possibility of further relocations of public sector agencies (DDD 1973a: 17).

25. DDD was to write optimistically in late 1972, that, whatever the outcome of the election, there would be a Commonwealth involvement “… in the twin problems of metropolitan concentration and regional development”, for the first time in the nation’s history. DDD stated, prior to the 1972 election: “In a cascading avalanche of State and Commonwealth proposals the concluding months of 1972 have seen the stage set with a rapidity which in the event has been remarkably difficult to assimilate. After years of frustration and disenchantment the proponents of balanced development have found themselves being carried forward upon a resurgent tide of awareness of human values and the quality of life and the environment” (DDD 1972b: 2).


27. These included urban services (largely the sewerage backlog program), the AAP, the AIP, regionally based budgets, the Growth Centres Program, the Land Commissions, the Regional Employment Development (RED) Scheme, the Special Assistance to Non-Metropolitan Areas (SANMA) Scheme, urban renewal projects, the National Estate Program, urban and regional research and the National Settlement Strategy (Troy 1976; Lloyd and Troy 1981).

28. This had led Lloyd and Troy to note the irony that DURD’s successor under the Fraser Government was better placed – if that Government had wanted it – to play a genuine coordination role (Lloyd and Troy 1981; see also Wilson in Scotton and Ferber 1978: 185; and see Chapter Four).

29. DURD’s ambitious objectives repeatedly brought the Department into conflict with key central agencies of government, in particular with Treasury and the Public Service Board. Disputes occurred, respectively, over economic policy and regional budgets and over the Department’s emerging structure (Lloyd and Troy 1981). The ambitious nature of the brief, which led to inevitable bureaucratic turf wars, was not the only challenge facing DURD.

30. The Cities Commission was charged with the task of selecting future growth centres. The strategy was to develop a small number of centres in the first instance. The Cities Commission’s report to
the Government in June 1973, *A Recommended New Cities Program 1973-78*, included a number of prospective growth centres – Holsworthy-Campbelltown; Gosford-Wyong; Geelong; Albury-Wodonga; Bathurst-Orange; Townsville; the Fitzroy Region in Central Queensland; Moreton; Monarto; Salvado in Perth’s north-west corridor; Albany-Bunbury-Geraldton; and Tamar in Tasmania (Uren 1995: 263-64).

31. The Regional Budget was an idea that Uren attempted unsuccessfully to revive in government in the 1980s (Uren 1995: 262-63). However, in the 1990s, governments in both Sydney and Canberra routinely, and without controversy in government, provide budgetary information on a regional basis, usually for promotional purposes, that is, to demonstrate their “commitment” to regional development.
Chapter Four

Decentralisation in Decline: Regional Policy in New South Wales Since 1975-76

The lesson to be learnt from this reassessment of arguments for decentralisation is the need for a more sophisticated and refined regional policy approach. Such a policy should not push against economic, social and demographic systems, but at best, seek to steer them at the margin, eg by recognizing and reinforcing the positive growth characteristics of regions and maintaining appropriate indigenous economic activity rather than wholesale relocation of business enterprises into non-metropolitan areas.

Department of Business and Consumer Affairs (1989: 11)

Introduction

Chapter Three demonstrated that balanced development experienced growing support as a regional policy objective between 1965 and 1975-76, which differentiated this period from earlier attempts at decentralisation. This support existed among a substantial number of opinion leaders and among regional interest groups. There was also evidence of an acceptance by governments in Sydney and Canberra that balanced development and an attack on the primacy of metropolitan centres were necessary and achievable policy objectives.

The demise of the Whitlam Government in December 1975 was always likely to lead to a radical reassessment of policy approaches at the Commonwealth level. This clearly was likely to apply to regional policies and to the pursuit of balanced development, in view of their prominence in the Whitlam Government’s priorities and the radical nature of the DURD experiment. Less certain would be the impact of a change of government at State level in New South Wales. May 1976 saw the defeat of the Coalition in Sydney and the election of the Wran Labor Government. It became clear, over time, that the change of government in New South Wales would also have an impact on the pursuit of balanced development as a policy objective.
This chapter outlines the key events, decisions and government regional policy changes across the two jurisdictions since 1975-76 as they related to the pursuit of balanced development, in the context of broader political and policy developments. The purpose of the chapter is to provide a comprehensive account of the key developments in regional policy since 1975-76 in order to clarify regional policy objectives and to establish how seriously governments have taken the idea of balanced development.

The period under review has seen three governments each in Sydney and Canberra – Wran-Unsworth (1976-88), Greiner-Fahey (1988-95) and Carr (1995-present) in Sydney, and Fraser (1975-83), Hawke-Keating (1983-96), and Howard (1996-present) in Canberra. It is argued that, looking back on the period since 1965 and the emergence of balanced development as a policy objective, from 1975-76 governments of all political persuasions in both Sydney and Canberra rejected the more genuine commitment to balanced development evident in the earlier high tide period. Balanced development and metropolitan primacy figured less in regional policy thinking over time, as governments came to confront new regional policy (and other) challenges. And while governments at each level developed their own separate responses to balanced development issues, there continued to be a close relationship between government actions in relation to regional development in Sydney and Canberra. Hence again it is necessary and worthwhile to consider events at both levels of government in order to paint a complete picture of the emerging regional policy canvas.

The 1975-76 period saw two dramatic changes of government which, it is argued here, heralded significant regional policy changes that set in train the decline of balanced development as a policy objective in New South Wales.

**The Fraser Government in Canberra**

The Fraser Government came to power in a landslide election on 13 December 1975. Different policy priorities to the Whitlam Government, economic circumstances and the fiscal legacy of Whitlam’s spending increases, all suggested a period of restrained
The new administration was cautious in its policy approach and moderate in its objectives, clearly wishing to distance itself from the former Whitlam Government in Canberra (Bennett in Hogan and Clune 2001 V3: 148). The Wran Government retained its regional development department, with its name and principal functions intact. However, according to one observer closely involved with ALP policy development at the time, Wran had no personal interest in decentralisation. Rather, he targeted particular country areas and issues for political reasons (Steinke interview May 1998). Hence it became likely that the fate of decentralisation would rest with its potential political benefit to the Government.

**Mixed Signals on Decentralisation**

Following the election, Wran appointed Don Day, Member for Casino, as Minister for Decentralisation and Development and Minister for Primary Industries. This combination of portfolios suggested that decentralisation would occupy a lower priority in the new Government:

> The allocation of two portfolios to the one minister evinced the new Government's attitude to decentralisation; it could be “tacked” onto a more senior Ministry. Day could manage Decentralisation and Development in his spare time after dealing with his much larger Department responsible for primary industry (Sproats 1983: 189).

However, DDD saw little change ahead:

> As accepted policies, decentralisation and industrial development have proved to be politically bi-partisan; the proposed changes of the new Labor administration are changes of degree rather than kind and should significantly assist the work of the Department (DDD 1976: 3). 

The CIAF continued to provide decentralisation incentives on a substantial scale.

**The Country Industries Payroll Tax Concessions Scheme 1977**

Despite these doubts about the personal commitment of the Premier and Minister, the Wran Government introduced a major new policy instrument consistent with balanced
development objectives in 1977, the Country Industries Payroll Tax Concession Scheme (CIPTRS). The CIPTRS was to become a feature of the regional policy landscape until its eventual winding down in 1989 (see below), adding to the already existing decentralisation incentives available through the CIAF. It also represented a major step away from the selective approach to decentralisation. The Scheme became the Government's main source of support for country industries during the 1980s, reaching as much as 74% of assistance given (BACA 1989: 23). Assistance was provided by the Scheme to footloose manufacturing firms, excluding "naturally occurring" industries, outside the metropolitan area. Assistance was open-ended, being provided to all eligible firms on an ongoing basis, irrespective of the firm's contribution to the regional economy or its financial viability (see Legislative Council 1991: 14-15).

Ministerial Change and Policy Shifts

Day remained Minister for Decentralisation and Development until 1978, when he was replaced by a junior minister, Jack Hallam. In 1978, the Government also repealed the 1972 Regional Organisations Act, and with this abolished Regional Advisory Councils. The old DDD was also split into two departments, with Hallam taking charge (in what was to be a brief tenure) of the new Department of Decentralisation (Department of Decentralisation 1979). One of the retiring Council Chairmen perceived a potentially important policy shift with the changes:

... there is no longer quite the same determination on the part of the Government to move people out of the metropolitan area into the regions, but rather to try to develop the regions from within themselves with the resources they already have. ... there would not be very much pressure to move people out of the metropolitan area. There would not necessarily be any hindrance to their moving, in fact some might be helped to move, but that was not the thrust of the policy (Central Western Regional Advisory Council 1979: 15).

Such a policy shift seemed to be anticipating future government rhetoric that development needed to be "sustainable" or "economically viable", rather than simply "balanced".

The 1978 and 1981 elections entrenched the Wran Government in power and delivered a growing and impressive number of country seats to the Government (see Bennett and Turner in Hogan and Clune 2001 V3). At the 1978 election, the CIAF was increased by 18.5% and an increase in funding was provided for the Bathurst-Orange Growth Centre, along with a number of other pro-country measures (Lucy 1979: 92). According to Lucy:

Even after his impressive win in 1978 had given him control of both houses, Wran remained sensitive to voters outside the metropolitan area. He was at first reluctant to introduce a one-vote, one-value electoral system... Yet subsequently the government’s bush strategy seemed less salient. The eventual introduction of one-vote one-value, the postponement of the abolition of death duties by a year, and the virtual abandonment of the Bathurst-Orange growth centre all pointed in this direction (Lucy in Chaples et al 1985: 133).

The 1981 election further strengthened the Wran Government’s hold on office. New services to country New South Wales such as the XPT train were seen to be popular with voters (Turner in Hogan and Clune 2001 V3: 184-85). There is little evidence that regional development occupied a central place in electoral politics. Over three elections, Wran was able to hold country electorates and win new ones through well timed, well targeted and popular initiatives, yet without at the same time delivering on a substantial decentralisation agenda.11

In 1981 the Government introduced urban consolidation planning policies when it released for public discussion a draft policy on urban containment (Spearritt and de Marco 1988: 49). The purpose of the new approach was to increase housing and population densities in order to create a more compact city in the face of Sydney’s notorious urban sprawl (Department of Environment and Planning (DEP) 1984: 1; Spearritt and de Marco 1988: 33). In fact, urban consolidation was to become “... one of the foundation stones of the metropolitan strategy” (Spearritt and de Marco 1988: 33). Urban consolidation has remained government policy since this time (see Chapter Eight).
The Growth Centres Programs in Decline

The Growth Centres Programs pursued by governments in Sydney and Canberra were the defining regional policies of the balanced development era, implementing as they did the notion of selective decentralisation. They were specifically designed to divert future population growth away from the capital cities, and demonstrated clearly a government commitment – however inadequate – to addressing metropolitan primacy.

The fate of balanced development as a policy objective rested to a large extent on the success of the growth centres. Sproats claimed that the two new governments:

... each held new perceptions about growth centres. Neither seemed interested in growth centres as a prescriptive policy for selective decentralisation. Both were concerned to consolidate their power widely across rural electorates (Sproats 1983: 183).

Taylor and Garlick have noted that the Fraser Government continued to be involved in the growth centres though at a reduced level (Taylor and Garlick in Higgins and Zagorski 1989: 81). However, the declining funding support for the Growth Centres was dramatic. In 1975-76 the budget was $255 million (the actual spend was $238 million). In 1976-77 this was cut to $106 million (EHCD 1977). By 1983, the abandonment of the growth centres program was complete. According to Vipond:

The 1982-83 Budget outlays illustrate the extent of the federal withdrawal from regional affairs since 1976. Only [$2.6] million was advanced to Albury-Wodonga and no other growth centre was mentioned (Vipond 1983: 16).

The Commonwealth provided $14 million for the Bathurst-Orange growth centre in 1976-77, with $25 million contributed by the NSW Government (EHCD 1977: 17). Despite the Department’s gloss, the Fraser Government’s successive cutbacks marked the steady decline of the policy of balanced development over time.

The NSW Government continued to provide a measure of support for Bathurst-Orange over the decade from 1976. Wran’s 1976 Rural Policy speech stated that:

We will develop growth regions, not merely growth centres. We will combine to support the completion of the Bathurst-Orange and Albury-Wodonga growth centres. The growth regions will be assisted in their development by
the establishment of regional development corporations… (quoted in DDD 1976: 23).

The meaning of Wran’s promise is unclear. While the question of Bathurst-Orange in particular was not discussed in ALP policy forums in the 1970s, it was clear to Steinke (a member of the ALP’s policy committee at the time) that the growth centre would not succeed, and the Government’s task was how to get rid of it (Steinke interview May 1998). Sproats has noted that the growth centres were not a prominent election issue in 1978, with the Premier pledging to continue support for the centres (Sproats 1983: 201). Prior to the election, Wran was quoted as saying that “… the success of the growth centre was vital for the cause of decentralisation in this State” (quoted in Hurley 1989: 347). However, following the election, and the Government’s failure to win the marginal seat of Bathurst, Hallam’s coming to the Ministry brought a change in approach to Bathurst-Orange (Sproats 1983: 203).

Hallam stated:

... every shire council in NSW is a potential development corporation … We are not racing around Sydney getting people to move to growth areas … We are now demand-oriented rather than promotion-oriented (quoted in Hurley 1989: 349).

A number of reviews of the Bathurst-Orange growth centre were undertaken over the late 1970s and early 1980s. For example, in 1979, the Public Service Board undertook a review of the BODC for Minister Hallam (Sproats 1983: 209). Hallam then proceeded to restructure the BODC with a part-time chairman. In Hurley’s view:

Clearly the Wran Government had no commitment to selective decentralisation and Hallam was its “hatchet man” in the case of Bathurst-Orange (Hurley 1989: 349).

The DCNSW also undertook a review of the Bathurst-Orange Development Corporation (BODC), which had been created in 1974 to develop the growth centre (DCNSW 1982). This report virtually mandated the conclusion of Government support for the flagship selective decentralisation project in New South Wales. The Corporation recommended a restructuring of the BODC with considerably fewer staff and resources (DCNSW 1982: 42-43). In September 1985, the Government finally
announced that the management of the growth centres was to be absorbed into two new Regional Economic Development Units over five to seven years (DIDD 1985).

Whatever the level of commitment of the Wran Government’s predecessor to the growth centres, and to selective decentralisation generally, it is clear that this was not a political priority for Wran. Equally importantly, neither the Fraser nor Wran Governments developed any new growth centres. This meant, in effect, that selective decentralisation died with the individual growth centres without any further conceptual debate, and the issue of selective versus dispersed decentralisation was never satisfactorily resolved.

**Bureaucratic and Ministerial Changes in New South Wales in the 1980s - The End of DDD**

One of the most important changes to the machinery of government during the Wran era was the passing of DDD. This was the department which had come into being following the 1965 election and which had survived, over thirteen years, a succession of Ministers and a change of government. The demise of the Department took place in two stages. It was split in 1978 then re-formed in February 1980 under the former Minister Day as the Department of Industrial Development and Decentralisation (DIDD; DIDD 1980: 2).

However the new Department was not simply a reincarnation of the old. The subtle name change involving the relegation of decentralisation to secondary status was more than in name. As Sproats has noted:

> Day’s portfolio and department became Industrial Development and Decentralisation. In the intervening period there had been dramatic changes of power in the Department. Most of those involved on the growth centres were replaced and even within the Department a new outlook prevailed ... The main emphasis of the Department became employment generation in Western Sydney, Wollongong and Newcastle; pertinent given the economic climate. The reconstructed Department simply acknowledged that decentralisation was no longer a policy imperative (Sproats 1983: 212; see also Hurley 1989: 349).
Sproats has alluded to the shifting locational focus of the Government to areas of more direct concern to its core constituencies than inland development. The increase in resources for the Hunter Development Board in the early 1980s was one manifestation of this shift (DIDD 1980: 26). As well, Sydney was becoming a focus for the Department’s promotional and marketing activities, in view of its growing role as a trade and finance centre for the Asia-Pacific (DIDD 1981: 18).¹³

Equally, DIDD became the model for the modern NSW State development agency, with increasing responsibilities in relation to major projects, science and technology, small business, overseas trade, business advisory services and industry development. This constituted a wide and growing portfolio of interests, in which decentralisation increasingly slipped into the background (see DIDD, various Annual Reports 1981 to 1986). Thereafter followed in the 1980s a succession of Ministers with responsibility for regional development in New South Wales, each with short tenure and little apparent drive in relation to balanced development.¹⁴

This is not to say that decentralisation initiatives ceased to exist. The CIAF continued to provide substantial assistance for decentralising firms (DIDD 1986: 9). However, 1986 saw a discontinuation of loans and loan guarantees, which had been a key feature of the earlier assistance (Legislative Council 1993: 80). For example, in the 1970s a total of over $120 million had been provided in factory and general loans, over one third of the total CIAF expenditure in that period (DIDD 1981: 24).

In 1986 the Department undertook a major Regional Development Strategy Review, and new policies were formulated with objectives which included broadening the State’s industry base; industry revitalisation; the search for new and additional export markets; import substitution; and fostering advanced technology (DIDD 1986: 82). The Department said that:

> During the latter part of the year considerable attention has been given to reviewing past policies and objectives … and to formulating plans for ensuing years. Already the Division is pursuing … development within regions that can be sustained by the resources of the respective regions (DIDD 1986: 83).
The Department continued also to espouse balanced development objectives, perhaps merely rhetorically in view of the Government’s actions and shifting emphases. For example, the DIDD 1984-85 Annual Report stated that one of the Department’s functions was:

   Encouraging the development and expansion of industry in the State’s non-metropolitan regions with a view to achieving an optimum balance of economic development throughout the State (DIDD 1985).

Similarly, the DIDD 1987 mission statement still saw as its goal the promotion of “… the balanced growth and development of industry and commerce in NSW …” (DIDD 1987: 1). However, the changes wrought to the successors of the old DDD in the early 1980s heralded a significant shift in the policy thinking of the NSW Government. Its State development brief was much broader than simply balanced development and its range of activities reflected this.

The Growing Regional Policy Impacts of Industry

Restructuring and the Economic Downturn of 1982-83

A number of government commissioned reports in the late 1970s considered the emerging issue of structural adjustment in the Australian economy (Jackson 1975; Commonwealth of Australia 1977; Crawford 1979). According to Orchard and Sandercock:

   Structural change emerged as an issue in the 1970s when the Jackson and Crawford Committees were established to investigate and recommend policies to deal with it … Neither questioned the process of restructuring itself. They saw it as inevitable and necessary for the continuing health of the Australian economy. … The regional consequences of structural change did not form a central part of their deliberations (Orchard and Sandercock in Head and Patience 1989: 351).

Yet as Taylor and Garlick have noted, these reports “… suggested the adoption of regional policies to aid regional adjustment” (Taylor and Garlick in Higgins and Zagorski 1989: 81). Both the White Paper and the Crawford Report recognised the regional impacts of structural change. The Crawford Report also noted that regional
structural adjustment problems were not only a non-metropolitan issue (Crawford 1979: 14.1).

Industry policy and the "sectoral" approach to industry restructuring became a feature of policy during the 1980s, particularly under the Hawke Government after 1983 (see below). As Orchard and Sandercock point out:

The shift from the decentralisation policies of the 1960s and 1970s ... to the concern of the 1980s for sectoral policies and the processes of structural change in the Australian space economy, expresses well the general political shift from social democracy to corporatism in Australian federal politics over the past fifteen years. This shift points both to the shortcomings in previous policies and the need for new approaches to deal with the consequences of structural change in the Australian economy (Orchard and Sandercock in Head and Patience 1989: 349-50).

The sectoral approach to industry policy did have a regional dimension, yet the regions most affected by restructuring were not generally those at the centre of balanced development concerns. Canberra's focus on the structural adjustment problems of Wollongong and Newcastle, for example, which matched the regional priorities of the NSW Labor Governments of the 1980s, led the attention of government away from the problems of under-development in inland regions.

While the issue of industry restructuring was increasingly occupying the attention of government, Australia was also affected by a major recession in 1982-83. The impact of rapidly rising unemployment was regionally focused and in New South Wales, the recession had particularly severe effects, especially in areas of concentrated manufacturing. The emergence of a greater emphasis on "regions" as discrete entities with their own individual problems was to become an important feature of regional policy, based partly on better regional information for policy-makers and governments.
The Hawke Government – A Return to DURD-Style Approaches?

The Hawke Government assumed office in Canberra following the defeat of the Fraser Government in March 1983. The economic circumstances in which Hawke came to office dictated a concern both with macro-economics and the need to foster competitive, export oriented industries and businesses and to assist industry restructuring (Capling and Galligan 1992: 119; Kelly 1992; Catley 1996).

One of the Government’s first acts was to convene a National Economic Summit, in which industry, union leaders and representatives of other key interests were invited to help fashion future economic policy directions. Neither regional development nor decentralisation was on the agenda (Taylor and Garlick in Higgins and Zagorski 1989: 81-82).

The election of another Labor Government in Canberra might have been expected to herald a return to the Whitlam Government’s expansionist regional policies of the early 1970s. This proved not to be the case (see Troy in Emy et al 1993; Orchard and Sandercock in Head and Patience 1989: 347). There was far greater continuity in regional development policy from Fraser to Hawke than from Whitlam to Fraser (see Hansen et al 1990: 181). According to Nicholas Low:

For the 1983 election Labor had a reasonably detailed platform on urban and regional affairs but the fact that this policy area had not been in the forefront of national politics since 1975 tended to show (Low 1984: 39; see also Troy in Emy et al 1993: 163-64).

The platform referred to balanced regional development, the limitation of metropolitan growth, decentralisation, the growth of major rural cities and national economic and settlement planning (Low 1984: 39). Hence, at least in the ALP platform for the election, balanced development would appear to have been a clear policy objective.17

In 1984, regional development was taken from the Department of Industry and Commerce and combined with local government in the Department of Local
Government and Administrative Services (DOLGAS; EPAC 1991b: 8). Tom Uren, the Minister identified most with the decentralisation policies of the 1970s, had again acquired departmental responsibility for regional development after the 1984 election (Roy Jones 1986: 3).

This began what was to become at Commonwealth level a close relationship between regional development and local government over the life of the Labor Government, with the Office of Local Government (OLG) located first within DOLGAS and thereafter in the Department of Immigration, Local Government and Ethnic Affairs (DILGEA). Programs such as the Regional Community Development Program and the Local Government Development Program were introduced, the latter with an economic development component. While Jones saw similarities between these programs and some of DURD’s programs in the 1970s, he did not regard the new bureaucracy as a “son of DURD” (Roy Jones 1986: 4).

Writing in 1985, Uren outlined several key elements of what he as Minister saw as the emerging role of the Commonwealth in the new regional environment. These are set out in Box 4.1.

**Box 4.1 Features of the Hawke Government’s Approach to Regional Development**

- Monitoring the regional implications of economic change and highlighting the notion that the national economy is the sum of its regional parts. This has implications both in terms of identifying constraints on the national economy and recognising scope to improve aggregate performance;
- Developing analytical and institutional tools for effective co-operative regional strategies;
- Assisting regional communities in assessing and developing the capacities of their areas and their opportunities for growth;
- Developing a regional economic framework to complement national economic objectives, reconciling sectoral policies with regional initiatives particularly with regard to the selective prioritisation of Commonwealth investment decisions and the tying together of the regional elements of the labour market, education and technology policies;
- A social equity element to minimise the negative regional consequences of national policies and, where necessary, managing contraction.

Source: Uren 1985: 37
What Uren saw as the objectives of policy were a far cry from the ambitious schemes of the Whitlam period that he himself had overseen, and bore little relation to the balanced development agenda.

The 1980s saw the introduction of “local employment initiatives” (LEIs), a response by governments, including local councils, to increasing levels of unemployment in particular regions as a result of industry restructuring (See Fagan 1987: 51; see also Windshuttle 1987; Sorensen 1989; 1990). Fagan saw the rise of LEIs as a consequence of the massive industry restructuring that had taken place from the 1970s and the increasing regional disparities to which the restructuring inevitably led (Fagan 1987: 51).

**The Country Centres Project**

Another program established by the Hawke Government was the Commonwealth’s Country Centres Project (CCP) introduced in 1986. Indeed, the CCP was in many ways a precursor to the community economic development programs introduced by most States in the 1990s (DILGEA 1987; Taylor and Garlick in Higgins and Zagorski 1989; Higgins and Savoie 1995; Collits 1997b).

The Project reflected “a framework of minimal government intervention and expenditure” (Taylor and Garlick in Higgins and Zagorski 1989: 92) and sought “... to test whether there was scope for local communities to adopt self-help strategies and management systems to identify feasible options for development and adjustment and facilitate their implementation within a competitive market framework, with maximum private sector involvement” (Taylor and Garlick in Higgins and Zagorski 1989: 92-93).18

DILGEA distanced the CCP from the earlier decentralisation policies:

In this new economic climate, past regional and decentralization policies have been inappropriate and too expensive. No longer can government undertake spending to compensate for short-run income loss, or to encourage economic and employment growth through expensive job creation, infrastructure and
growth centre strategies. Many of the earlier regional programs, as a result, have been abandoned.

Under these circumstances, regional policy had been seen as a minor adjunct to industry policy – a matter primarily of state responsibility… (DILGEA 1987: 12; see also Hansen et al 1990 and Higgins and Savoie 1995).

The CCP experience summed up succinctly the way the Commonwealth had moved on in the 1980s from the balanced development objectives so apparent in the 1970s.

**Significant Changes in New South Wales Under the Coalition Government After 1988**

The Unsworth Labor Government was defeated comprehensively in the election of March 1988. This began seven years of Coalition rule, firstly under Nick Greiner (1988-92) and subsequently under John Fahey (1992-95) following Greiner’s resignation. Early in the life of the Greiner Government, the Premier commissioned an audit of the State’s finances. According to Laffin and Painter:

> The Curran Report became a major symbolic touchstone for the reform process. Debt reduction became the overriding justification for service cuts, job cuts and asset sales – and it set the tone of public sector reform for the next few years (Laffin and Painter 1995: 10).

The Greiner period marked an acceleration in the rationalisation of government services in regional New South Wales. This was done in the name of efficiency, and driven by the perceived need to reduce government debt and maintain the State’s credit rating and attractiveness as an investment destination (see Greiner in James et al 1993).

The Government began in 1988 what became a long series of departmental re-organisations involving regional development. The old DIDD was abolished and replaced by a new Department of State Development (DSD) and a Department of Business and Consumer Affairs (BACA). The latter agency assumed responsibility for regional policy.
State development occupied a position of significance within the Greiner Government. DSD focused very much on attracting investment to New South Wales and in particular to Sydney as an emerging “global city”, and initially on sectoral policies (see Randall Stewart in Laffin and Painter 1995). A junior National Party Minister, Gerry Peacocke, was appointed Minister for Business and Consumer Affairs, with a strong business focus.

The Decision to Abolish Payroll Tax Concessions

In mid-1989, the Government announced a decision to abolish the CIPTRS (Legislative Council 1991). There were concerns that under the generous payroll tax concessions arrangements, many regional companies were receiving “windfall gains” even though, in a number of cases, the firms had located in regional areas prior to the scheme’s operation (BACA undated). Greiner stated publicly:

"The Scheme has simply not been fulfilling its purpose of attracting new firms to the country (Greiner 1989)."

The decision was seen by regional development advocates and country manufacturers as a slap in the face for regional development (Legislative Council 1991). At the same time, the Government introduced a new regional assistance program, the RBDS, to replace the CIPTRS (Greiner 1989; BACA 1989). The RBDS became, and remains, the NSW Government’s principal mechanism for assisting regional businesses, in effect replacing the old CIAF.

While the Government’s move to wind back payroll tax concessions could be seen as a revenue raising measure, the move to the RBDS as a means of assisting regional development was significant, for it also signalled a marked shift away from “as of right” assistance to a more selective and targeted approach.
The 1989 Review of Regional Policy and the 1990 Ministerial Statement

The Government undertook a major examination of regional policies in 1988 and 1989 via a public submission process, which led to the publication of the Discussion Paper, *Regional Development and Decentralisation*. Minister Peacocke, in announcing the review in Parliament, said that it would be:

...the most comprehensive review of decentralisation and regional development programs ever undertaken in this state (Legislative Assembly 1988: 2749; see also Murphy and Roman 1989: 262).

Decentralisation still featured in the language of regional development policy discussion at this time. Indeed, the Minister's parliamentary speech was infused with balanced development rhetoric (Legislative Assembly 1988: 2749-50). However, it was to be decentralisation with a difference:

The aim of regional development and decentralisation policies is to improve the quality of life in both metropolitan and non-metropolitan NSW through the achievement of appropriate and sustained development in non-metropolitan regions (BACA 1989: 4).

This marked an important shift in policy rhetoric, especially with reference to "appropriate" and "sustained" development and a more open-ended goal of "improved" quality of life. The Paper heralded significant changes, both in its assessment of the regional policy context at the time and in its direct questioning of previous approaches:

The current policy background for regional development and decentralisation is characterised by changed economic and demographic trends, the questionable validity of earlier arguments for decentralisation, diminished Government policy attention and resourcing of regional development over the last decade, and greater questioning of the effectiveness of current blanket decentralisation programs, particularly the limited impact of financial incentives on business location decisions (BACA 1989: 4).

The emphasis was also to be on private sector led development and increased "local community effort". The role of government would be confined to creating a welcoming investment climate, policies were to be more region-specific, and the key
to regional development was to be comparative advantage rather than "decentralisation alone". Finally, regional communities were expected to become more self-reliant (BACA 1989: 4). The Paper, whose principal conclusion was noted at the outset of this chapter, stated that:

The aim is not to shift people out of Sydney to country areas, but rather to establish the conditions for the people of NSW to have a wide choice of residential location in the future with accessibility to jobs, training and education (BACA 1989: 11).

The conclusions reached in the Paper reflected evidence from business surveys that showed the limited value of government incentives as a driver of industry relocation, confirming the 1989 decision to abandon payroll tax concessions.22

The Paper and the submission process led to the release in October 1990 of a Ministerial Statement, Regional Development – A New Balance for the 90’s. The Statement amounted to “... a decisive break with the past” (Legislative Council 1993: 102). The real policy shift had already occurred in the Discussion Paper, which set the tone for most regional policy prescriptions that have followed in the decade since its publication.

**Metropolitan Planning Strategies 1988-95**

Three major planning documents were released by the Greiner Government. These were Sydney into Its Third Century (DEP 1988), Sydney’s Future (Department of Planning (DOP) 1993) and Cities for the 21st Century (DOP 1995a). DOP also released two other relevant reports – an information paper on inland centres published in 1992 (DOP 1992) and State Planning (DOP 1995b), which canvassed regional planning issues.

There was a sharp contrast between the 1968 SROP and the later planning documents, which showed no inclination towards redirecting Sydney’s future growth to regional New South Wales. For example, the Inland Centres paper simply did “... not deal with the subject of population dispersal, or decentralisation” (DOP 1992: 1).
The 1988 document saw for the first time in State planning strategies a stated commitment to urban consolidation as the primary means of managing Sydney’s growth. This approach was further entrenched in *Sydney’s Future*. The latter was released a matter of months after the publication of the CMA’s *Strategy*, and it revealed the Government’s thinking about a number of the core issues raised by the CMA.\(^{23}\)

The paper projected average annual population growth for the region of around 40,000 to the year 2011 (DOP 1993: 15). This posed the question:

> Why is it necessary for Sydney to grow to this size? If there are major problems and costs with Sydney’s expansion, why not plan to stop its growth? And, in particular, why not divert Sydney’s growth to other parts of the State? (DOP 1993: 15).

For DOP, the answer was simply that the potential for population expansion either in the rapidly growing coastal areas of the State or in the inland regions “... is too small to make much impact on Sydney’s growth” (DOP 1993: vi; see also Legislative Council 1994: 44-46).

The 1995 Strategy’s continued focus on the metropolitan region earned the ire of regional advocacy groups including the CMA. The strategy admitted that “many submissions” had argued a case for decentralisation (DOP 1995a: 26), but DOP remained unconvinced. According to the Strategy:

> Regional development is supported for its value to the regions and the State – as an aim in itself, as a means of increasing regional prosperity and for benefits in equalising economic opportunities across the State (DOP 1995a: 27).

The Strategy therefore marked a further manifestation of the Government’s seaparation of regional policy from its treatment of Sydney’s planning issues, a process that had commenced formally in 1988.
Renewed Interest in Regional Development Under Premier Fahey

The ascension of John Fahey to the premiership brought a sharper political focus, and this included a desire to attend to the needs of the regional constituency. The Government’s Regional Consultative paper, Developing Regional New South Wales, at least gave the appearance of supporting the notion of balanced development:

Our commitment to regional development derives from the need to recognise demographic trends that see increasing population imbalances between city and country and that have environmental, social and economic consequences (DBRD 1993: 2-3).

However, the Statement also said that “commercial realism” was a “…keynote in this policy” (DBRD 1993: 9). This view was developed in the Government’s submission to the Industry Commission inquiry into impediments to regional industry adjustment (see below). The submission described the Government’s approach to regional development in the following terms:

The central foundation of the policy is that the Government does not intend to attempt to counteract large-scale economic, social and demographic trends. The aim is not to induce business enterprises to locate large facilities in regions where there is no underlying economic rationale for them to be there. Rather, it is to support and encourage locally based initiatives for development which are based on the comparative advantages and economic strengths of each particular region (NSW Government 1993: 9).

The submission makes very clear the Government’s regional policy approach, and was consistent with the position laid down earlier.

A new Minister for Regional Development was appointed in mid-1993 and a new regional development agency, DBRD, was created. This represented a retreat to the model of separate business and State development agencies that had followed the 1988 election. It also meant a change from a relatively senior, city-based Liberal Party Minister (Peter Collins) to a junior, country-based National Party Minister (Ray Chappell) keen to establish a ministerial reputation and with a more direct relationship with the regional constituency. The appointment was also at an important time in the electoral cycle, with an election due by early 1995. At the time the former DSD was split, an Office of Economic Development (OED) was established within the
Premier’s Department, with responsibility for investment attraction strategies and major projects (Randall Stewart in Laffin and Painter 1995: 141).

**The Government’s “Response” to the CMA Report**

One of the major challenges for the Fahey Government in regional development occurred with the release of the CMA’s *Strategy*. The *Strategy* was given wide publicity, especially through the regional media, and provided an explicit criticism of existing government policy. It also represented the fullest and most coherent statement of the balanced development position since the 1970s. According to the *Strategy*:

> There is a widespread belief among the CMA members that present State and Commonwealth Government regional development policies are not appropriate to tackle the opportunities in the country and the problems in the metropolitan area (CMA 1993: 3).

The decision was made within government not to respond publicly to the CMA, but to use a forthcoming Ministerial Statement to spell out the Government’s position in relation to the CMA report. The DBRD advice stated:

> The NSW Government supports the notion of balanced development on the understanding that the concept is based on economic realism with all costs, including those normally defined as intangible, factored into an assessment of viable locational decision-making... From the Government’s viewpoint balanced development represents a longer term strategy focused on new regional business investment which has the capacity to draw population by the development of sustainable job opportunities.

> Furthermore, it is recognised that amelioration of problems created by Sydney’s persistently high growth rate will require a mix of solutions rather than a single solution.

> … the goal of diverting half a million of Sydney’s projected population growth to the regions in the absence of viable employment options in these areas [is problematic] (DBRD 1993: unpublished).

The ongoing refusal by the Government to put in place a state-wide settlement plan became a key issue of difference between the Government and the CMA, and an indication of the width of the gap between the two approaches. Finally, in 1994, the
Government was forced to deal with a private member’s bill put forward by Independent Member Tony Windsor, concerning payroll tax concessions. The Government rejected the proposed legislation on a number of grounds (see Appendix F).

The 1994 Ministerial Statement

The Government’s effective response to the CMA was its *Making Regional Development Happen* Statement delivered by Minister Chappell in late 1994 (DBRD 1994). In this statement, the Minister explicitly drew upon the major messages of the 1990 Ministerial Statement and the 1993 Consultative Paper, including the bottom-up approach, the need for local communities to take responsibility for their development, and the emphasis on sustainable growth (DBRD 1994: ii-iii). 24

The Statement did not provide any new rationales for regional development, but it did recognise the “... current large population imbalances between city and country areas” as a driver of regional policy (DBRD 1994: 1). Nor did the Statement mark a higher level of funding along the lines demanded by critics of previous government approaches (CMA 1993). 25 In its vision for regional New South Wales, the Statement noted that:

Pressure on Sydney’s physical and social infrastructure will provide an impetus for a modest relocation of economic activity.

... In addition to Newcastle and Wollongong, a number of major regional centres, selected by market forces, will emerge (DBRD 1994: 4).

The key phrases here were “modest relocation” and “market forces”. While not addressing directly the CMA Strategy, the Government’s statement made it clear that it would not be undertaking the level of planning envisaged by the CMA. Both the “push” and “pull” factors in Hurley’s terms would be solely market driven (Hurley 1989). 26
The 1994 Statement was assumed to meet the political needs of the regional constituency, but without necessarily meeting head-on the arguments of its chief critics.

A Revival of Regional Development under Labor in Canberra 1992-96

The 1980s contained relatively little activity at Commonwealth level in regional development. In 1989 Murphy and Roman were able to claim that:

Nationally there is no significant interest in regional development or urban affairs. There is no indication that this is about to change (Murphy and Roman 1989: 272).

The Hawke Government had quietly moved policy towards a “bottom up” approach featuring local initiatives and community involvement. Hawke had maintained a macro-economic and sectoral, rather than regional, approach to development. As Higgins and Savoie have noted, a major industry statement by Hawke in March 1991 failed to impose a regional angle on the economic issues under consideration, despite mounting evidence of regional disparities (Higgins and Savoie 1995: 299-300).

The Keating Government

Hawke was replaced as Prime Minister by Paul Keating in December 1991. There was a marked revival of interest by the Commonwealth in regional development in the early 1990s. O'Reilly stated that “… regional development may indeed become one of the great economic catchcries of the 1990s” (O'Reilly 1995: 35).

The first year of Keating’s tenure saw an immediate increase in attention to regional matters. The 1992 Budget of Treasurer Dawkins contained a regional employment package of $1.43 billion aimed squarely at regions that had suffered high unemployment during the 1990-91 recession (see Legislative Council 1993: 7).
At a major conference in July 1992, Minister David Simmons clarified the Commonwealth’s emerging focus on the notion of “competitive regions” (Simmons 1992: 2).

The Minister acknowledged the wide diversity of Australia’s regions, and saw the need to focus on comparative advantage at the regional level and for regions to be resilient to structural change (Simmons 1992: 7-8). Simmons also highlighted the need for a “partnership approach” among stakeholders and different levels of government (Simmons 1992: 20). Hence while the Commonwealth’s interest in regional development had again stirred, the contrast in policy approach with the decentralisation approaches of the past was clear.

At this time, the Office of Labour Market Adjustment (OLMA) located in the Commonwealth Department of Employment, Education and Training (DEET), came to play an increasing role in regional development in the disbursement of Commonwealth funds.

One of the Commonwealth’s key initiatives of the early 1990s was the Building Better Cities Program announced in the 1991 Budget. Building Better Cities allocated $970 million over five years (Department of Housing and Regional Development (DHRD) 1995: 6). Minister Howe talked very positively about Sydney’s role in national economic development, as an “international gateway” and “urban symbol” (DHRD 1995: 5). There was no suggestion that its growth should be redirected or controlled, merely that it be better managed. Further, an Urban and Regional Development Review was announced by Minister Howe in September 1993 (Clare 1993: 14).

The 1993 Election and the Regional Development Inquiries 1993-94

In 1993, regional development was subsumed into the Department of Industry, Technology and Regional Development (DITRD), with Minister Alan Griffiths. Higgins and Savoie have described the objectives of the 1993-94 regional policy push as follows:
The objective is not to redistribute income and employment from rich to poor regions, but to raise productivity, employment and incomes in all of the ninety-four regions distinguished by the Office of Regional Development, by studying them, in collaboration with the private sector, in relation to their problems and potential, so that each region can move towards the activities for which they are best suited. Thus, regional development is seen as an integral and major aspect of national economic policy. Regional disparities may be reduced as a byproduct of measures taken to realize to the full the potential of all regions, but reduction of regional disparities is not the major objective (Higgins and Savoie 1995: 326-27).

As part of the Government’s new regional development push, it announced a number of inquiries from 1992 to 1994 (Kelty 1993; Industry Commission 1993; McKinsey 1994; BIE 1994). The inquiries’ reports would have varying degrees of influence on future government thinking and actions. The inquiries came amid political and policy concern over persistently high unemployment following the 1990-91 recession, and the regional employment consequences of ongoing structural adjustment.

The Industry Commission was asked to investigate barriers to regional adjustment in September 1992. Its Report, released in December 1993, concluded that the main regional problem lay in the existence of barriers to regional adjustment, and that the solution was the removal of these barriers, as well as the better focusing of programs aimed at facilitating adjustment and the avoidance of measures that could cause future adjustment problems (Industry Commission 1993: xv).

The Kelty Report, entitled *Developing Australia: A Regional Perspective*, was released in December 1993. While the most talked about feature of the Report lay in its focus on long term regional infrastructure needs, its greatest impact on government thinking lay in its theme and recommendations concerning “empowering the regions”. The Regional Economic Development Organisations recommended by Kelty were to become a centrepiece of the Commonwealth’s policy response to the reports.

The McKinsey inquiry was established to provide a business perspective on regional growth. The inquiry surveyed nearly 2 000 companies and 200 chief executive officers (DHRD 1995: 2). McKinsey’s Report, *Lead Local, Compete Global*, was released in July 1994. Of particular significance for the argument over balanced
development was the McKinsey finding that many of Australia’s regions were achieving employment growth rates higher than the metropolitan area (McKinsey 1994: 14).

The McKinsey Report was also largely responsible for placing regional leadership on the regional policy agenda, a development that would influence the regional development thinking of every subsequent government (McKinsey 1994: 25-33). Of equal interest in the balanced development debate was the McKinsey finding that at least 70% of new regional jobs were created by existing businesses (McKinsey 1994: 19, 35).

The BIE study, Regional Development: Patterns and Policy Implications, was more of an academic study than a government inquiry, providing a seriously researched report on a range of issues in regional development. It contained no formal recommendations.

The four Commonwealth commissioned reports provided a variety of different perspectives on regional development. Whatever their differences, the various reports together provided a vivid contrast to the CMA’s message. They did not find (with the exception of the Kelty Report) an argument for the kind of substantial increase in resources for regional development demanded by the supporters of balanced development.

Whether the heightened level of interest at the political level, seen in the raft of inquiries in the early 1990s, produced meaningful policy outcomes has been the subject of some scepticism (Hurley 1993). On this view, there may be a danger in mistaking a lot of activity for policy commitment. As Clare has also stated, “... it is easier to set up an inquiry than to solve some of the more intractable problems faced in Australia over the last few decades” (Clare 1993: 19). Hurley concluded that while “… regional development concerns have edged back into some prominence in recent years … the place of regional policy on the political agenda is neither high nor secure” (Hurley 1993: 15). Similarly, Sorensen claimed in 1994, on the basis of the quality of the reports and the Government’s response, that “... now is not a golden
age for regional policy” (Sorensen 1994: 33). Nevertheless, the Government did respond to the various inquiries with its own policy statement and new programs.

**The Working Nation Initiative May 1994**

Following the release of the various reports on regional development, the Government responded with the *Working Nation* White Paper in May 1994. It was apparent that the Government was most influenced by the McKinsey Report (Howe quoted in Megalogenis 1994). The thinking behind the regional policy enunciated in *Working Nation* is summarised as follows:

> The proper aim of a regional development strategy is that the people of the regions can, by their own efforts and ideas, share in and contribute to the nation’s future growth.

> … The appropriate role for the Commonwealth Government is to provide strategic assistance of a kind that will enable the people of the regions to help themselves by investing in their own communities (Keating 1994: 159, 175).31

The purpose of the regional initiatives contained in *Working Nation* was to enhance the capacity of all regions to participate fully in the emerging national recovery. The focus was on dealing with adjustment and the regional effects of unemployment, with an emphasis on equity (Keating 1994: 160).

One of *Working Nation*’s key initiatives was the introduction of Regional Development Organisations (RDOs). Nearly fifty RDOs were established between 1994 and 1996 (Fulop and Brennan 1997: 2). This fulfilled the Commonwealth’s desire to “… provide new institutional arrangements … to help people in the regions to take greater control of their economic futures” (DHRD 1995: 2). The Government also created Area Consultative Councils (ACCs) across Australia to assist in the delivery of *Working Nation*’s labour market programs (Keating 1994: 133). The Commonwealth thus saw its task as essentially one of regional capacity building under the stated policy approach.

While the Government increased the Commonwealth’s involvement in regional development, both in terms of funding and bureaucratic presence, this did not
necessarily mean a return to Whitlam style policies. As Higgins and Savoie have noted:

The traumatic experience of the Whitlam government with regional development still had an inhibiting influence on the Keating government in 1993; and ... attitudes of the federal government towards regional development cannot be completely understood without some knowledge of that experience (Higgins and Savoie 1995: 297).

Funding for regional development programs in Working Nation was modest,amounting to only $173 million over four years. The key program was the Regional Best Practice Program, which funded the RDOs (Keating 1994: 164-65). The Government did not see the task of regional policy as encouraging a new settlement pattern. In fact, Minister Howe put paid to the idea of a new settlement dispersal strategy. He stated:

We are not going to select places around Australia and say that they ought to become monster cities (Australian Urban and Regional Development Review, 1994: 48).

The Government’s approach as revealed in Working Nation has been labelled “Labor’s economic regionalism” (O'Reilly 1995). This reflects the “regionalisation” of regional policy thinking in the 1990s, with the focus on “empowering the regions”. The focus on regions was seen as the defining mark of the Keating policy. Regional development came to mean “developing the (individual) regions”, more than developing regional Australia as such.

New Governments in Sydney and Canberra 1995-2001:
Dealing with the Growing “Rural Revolt”


In the case of the Howard Government in Canberra, the election result proved to be another major turning point in regional development. It brought to an end the Keating
Government’s regional development experiments. In the case of the Carr Government, the more incremental approach to regional development at State level continued, largely uninterrupted by the change of government. However, both governments increasingly found themselves facing a restive regional constituency with a growing sense of its electoral power.

The Carr Government

The Carr Labor Government was elected in New South Wales in March 1995. The Government’s focus from the start was on investment attraction and employment creation. Michael Egan was the new Minister for State Development (then State and Regional Development from late 1996) and Treasurer.

The ALP went to the 1995 election with a policy statement and a number of proposed initiatives. According to the Statement, Labor’s Plan for Regional Development:

- The need for balanced growth throughout the State, and a balance between metropolitan and rural NSW will be critical for our State’s general prosperity.
- Labor’s fundamental objective – balanced Statewide growth and jobs – will remain the dominant economic goal into the next century (ALP 1995).

Early in the life of the new Government, Premier Carr made a number of public statements about decentralisation and the urgent need to curb Sydney’s growth. Such statements certainly appeared to be in accord with balanced development principles and the pre-election Party statement. The Premier stated that:

- We need to control the levels of the population in Sydney by effectively decentralising the population and boosting the inland cities to take the residential and industrial growth (Sunday Telegraph May 1995; see also Carr 1993).34

Whatever weight is accorded to the Premier’s comments, they caused interest among regional advocacy groups (Collits 1995b). The Carr Government in 1995 established an Urban Strategy Group to investigate metropolitan planning issues, under the leadership of John Mant. Regional interests made submissions to the Group’s inquiry, advocating a state-wide approach, to little avail (CEZ 1995).
The Premier’s statements in relation to the need for decentralisation and the limits of Sydney’s growth did not lead to any fundamental reassessment of these issues within government. There was no evidence, for example, that DUAP had in any way modified its longstanding position that the function of planning was to manage existing growth, rather than to promote growth in particular areas.

Minister Egan summed up the Government’s regional development approach:

Both the Premier and I have a vision for regional New South Wales which is about delivering sustainable jobs in growth industries, based on private sector investment. It’s also about delivering a growing population and a good quality of life.

At a time of pretty substantial structural change, there’s a temptation to try to hold on to the past and the way things used to be done. We’re about encouraging the regions to think about their futures and how to meet the challenges – and opportunities – thrown up by changes in the global economy.

As a Government, we see a future for country New South Wales where regions identify their competitive strengths and take advantage of this globalisation – rather than counting its costs. NSW regions are linked to the world, and by recognising that, I think we can better shape their economic future (Egan 1997).

While new departmental arrangements were put in place, it is noteworthy that all of the previous Government’s regional development programs, such as the RBDS and the Main Street/Small Towns Program, survived the change of government.

Minister Egan announced in the October 1995 Budget that 1996 would be a “Year of Regional Development”. This would include a number of initiatives, including a green paper on regional development; regional summits in all regions of the State; a review of regional strengths and opportunities; a statewide infrastructure audit; and the development of industry strategies (NSW Treasury 1995). The “Year of Regional Development” proved to be the low point of the Carr Government’s regional development efforts. Nothing of substance came from the initiative.

One of the unheralded but significant events to take place while Egan was Minister occurred in April 1996 when the Minister spoke to a regular meeting of the CMA.
The meeting assumed significance in view of the Minister’s forthright and negative views about balanced development (see Chapter Seven).

**Rebuilding Country New South Wales, May 1998**


The NSW Government’s principal regional policy paper of its first term, *Rebuilding Country New South Wales*, was released in May 1998. It was largely program driven, though it also contained a statement of the Minister’s general policy direction. The Minister’s rhetoric was noteworthy for its emphasis on “strategic and targeted intervention” and for its view that markets alone had not delivered sufficient economic growth to non-metropolitan regions (NSW Government 1998a: 1). While this suggested a policy shift away from an emphasis on markets, this was largely rhetorical and did not signify a new embrace of larger scale intervention. The Statement contained five key objectives:

- Innovative approach to development through strategic intervention;
- Creation of competitive and sustainable regional businesses;
- Provision of adequate infrastructure to foster investment and jobs;
- Responsive Government service delivery; and

The Statement introduced a number of new programs and spending initiatives. New spending amounted to a substantial commitment of $19 million over three years from 1998-99. The Regional Economic Transition Scheme (RETS) marked a further significant shift towards a region-specific approach to regional policy. Recognising the often harmful impacts of the loss of key industries, RETS sought to assist regional towns that had been subject to a sudden loss of jobs and investment as a result of
economic restructuring (NSW Government 1998a: 25-26). Other new programs included the Country Centres Growth Strategy and the Country Lifestyles Program.35

The Carr Government has introduced a number of other regional programs which reveal its regional policy priorities. For example, its commitment of over $10 million over four years to each of the Hunter Advantage Fund and the Illawarra Advantage Fund demonstrated the importance of job retention in regions affected by sudden economic shocks as a policy and political priority.

A Focus on Regional Services

While the Government has pursued an incremental approach to regional business program development, rejecting anything more than “strategic” intervention in the regional economy, it has also created new measures to provide adequate regional services.


The 1999 Election and the Regional Constituency

The Government’s regional development focus for the 1999 election was very much on a “fair share of jobs and services for the country” (ALP 1999). The entrenchment of Labor in an increasing number of country electorates was equally noteworthy, particularly at a time of increased electoral ferment in regional areas (Rodney Smith in Hogan and Clune 2001 V3: 407-09).
The Government has taken a traditional New South Wales Labor approach to building a solid base of electoral support in regional New South Wales, with country Cabinet meetings providing both opportunities for community consultations and a focus for announcements of local assistance (see Appendix J). The creation of a formal Country Labor faction within the ALP occurred after the election and provided a new mechanism for country interests to be represented within the Caucus.

Box 4.2 The Carr Government’s Record and Overall Regional Policy Objectives

According to DSRD, in a submission to the Standing Committee on State Development inquiry into economic development strategies for rural towns, greater job opportunities would:

- Provide wider lifestyle choices and a good quality of life for people living in regional New South Wales;
- Retain regional skills that would otherwise be lost;
- Lessen out-migration with its consequent impact on the level of services available;
- Reduce social problems in the regions; and
- Help ensure the long term survival and prosperity of regional communities.

The Department pointed to a number of achievements that sum up the Government’s record in regional development since 1995. The Government had:

- Reviewed and strengthened existing programs;
- Directed additional resources to key areas;
- Introduced new programs;
- Created a Ministry for Regional Development and Rural Affairs;
- Responded to regional problems highlighted through various forums such as the two Country Summits;
- Moved government agencies and functions to regional locations; and
- Adopted innovative approaches to service delivery and regional coordination.

Source: DSRD 2000: 56

The 2001 Meeting the Challenges Regional Policy Statement

The NSW Government’s most recent regional policy statement, Meeting the Challenges, was released in September 2001 (NSW Government 2001). The
Statement was largely an update on initiatives introduced since the 1998 Statement, with a “scorecard” on achievements and an outline of challenges ahead as perceived by the Government.\textsuperscript{37}

The Statement claimed that, since 1995, the Government had assisted over 700 regional projects, attracting in the process over $5.5 billion in regional investment, creating over 26 500 new jobs (NSW Government 2001: 4). Separate to the 2001 Statement, the Government also released in 2000 a post-Olympics “jobs plan”, \textit{Beyond 2000}, to emphasise its commitment to infrastructure and other economic development beyond the Olympics (NSW Government 2000).

The Carr Government has operated in two distinct phases in relation to regional development. The first period, from 1995 to the end of 1997, provided an incremental approach with key programs from the previous Government retained but with little policy innovation and no great political commitment to regional affairs. This changed with a strong push towards regional service delivery and heightened political focus with the appointment of a dedicated regional Minister in 1997. All the while, the Government continued to reject the various advances of balanced development advocates (see Appendix F).

**The Howard Government**

Like the Carr Government, the Howard Government’s tenure in relation to the regional development portfolio may also be divided into two distinct phases – its early abandonment of regional development in 1996 and its revival phase following the 1998 election and a heightened focus under John Anderson as National Party Leader.

The incoming Howard Government had taken a policy statement, \textit{Recharging Our Regions}, into the election (Liberal and National Parties 1996), with an indication that all portfolio spending on regions would be considered part of the regional policy effort (Liberal and National Parties 1996).
The Retreat from Regional Development

In the early period, there was no separate regional development Minister appointed – John Sharp, a senior National Party minister, was made Minister for a combined portfolio of Transport and Regional Development (DTRD) – no dedicated agency support following the removal of the substantial previous bureaucracy, and a climate of budgetary restraint.

Soon after its election and faced with a substantial budget deficit, the Howard Government conducted an audit of spending programs. The Audit stated that under the Constitution, there was no role for the Commonwealth in regional development. There was also found to be overlap between the Keating regional development programs and those of the States (National Committee of Audit 1996: 78; see also Beer 1998). 38

A series of Budget Statements on regional development were introduced from 1996. 39 These statements suggested an ongoing commitment to regional Australia – confirmed by Minister Anderson’s 2001 release of a statement, The Foundations for Future Growth, listing all portfolio programs with a regional component or focus since 1996. This amounted to a claimed $28.5 billion in regional spending (Anderson 2001b: 1), which belied the apparent lack of attention to specific regional policies.

A New Regional Agenda After 1998

Following the 1998 election, a new agency (the Department of Transport and Regional Services; DOTRS) was created, acquiring a number of rural communities programs from elsewhere. Since then, the regional development bureaucracy has, in effect, been rebuilt since its earlier demise in 1996.

A number of key parliamentary inquiries were also underway, investigating various aspects of regional development. Prior to the election, the Government had also asked the PC to investigate the regional impacts of National Competition Policy (NCP) agreed to by the Council of Australian Governments (COAG) in 1995. The Commission subsequently reported in 1999 (PC 1999a). 40
These inquiries encouraged a greater focus within the Commonwealth Government on regional Australia. What changed the tenor of the debate most, however, was a speech by Minister Anderson in February 1999 (quoted earlier) in which he questioned whether regional areas were not becoming left behind by the cities (Anderson 1999a). He subsequently called the Regional Australia Summit for October 1999, and the Summit became a focal point for regional development for the remainder of the Government’s second term of office. The Summit represented a broad cross-section of regional advocacy groups, and produced a number of research papers, considerable debate, a communique and a Steering Committee that eventually reported to the Government in December 2000. Minister Anderson described the Summit as:

… an historic event where communities, business and government together identified contemporary problems and opportunities in, and ways forward for, regional Australia (Anderson 2001a: 7).

The Summit was a triumph of “bottom up” regional development and this had implications for the balanced development position. While the focus was on non-metropolitan regions, the Summit was as much about quality of life as about increased economic development. That issues such as rural health and leadership featured prominently was evidence of, respectively, the quality of life agenda and the primacy of the local approach. The Summit Steering Committee’s vision was:

A strong and resilient regional Australia which, by 2010, has the resources, recognition and skills to play a pivotal role in building Australia’s future and is able to turn uncertainty and change into opportunity and prosperity (quoted in Anderson 2000: 2).

While typical of many vision statements in its generality and optimism, it is also noteworthy for the absence of a balanced development agenda.41

One of the marks of the Howard Government has been its definition of regional as “non-metropolitan”. While this has also been the norm in New South Wales, it is in marked contrast to the approach of the Keating Government. The focus on non-metropolitan regions recognised that the “…benefits of economic change have not
flowed evenly across Australia” and the need to ensure that regional areas have “... every opportunity to share in national economic prosperity” (Anderson 2000: 1).

The Howard Government, therefore, has pursued an active “regional Australia” agenda, certainly since the 1998 election, if not an active “regional development” agenda, clearly believing that initiatives for sustainable regions should come from all portfolio areas, that regional “policy” alone will not achieve this, and that the quality of life in regional areas has policy primacy over economic development efforts.

Summary and Conclusions

Chapters Three and Four have traced in detail the key developments in regional policy in New South Wales and Australia since the 1960s. The aim has been to provide insights into the key decisions and events that have shaped regional policy over the period, specifically in relation to the progress of balanced development, and to provide a factual basis for the discussion to follow in Part Three on the explanations of changing policy objectives. Part Two’s themes could be summarised as continuity and change. Much has happened since 1975-76 that has led to very different looking regional policies to those that existed in the high tide period. Yet other programs and initiatives have remained remarkably stable over time. This has been particularly the case at State level.

The key finding of Chapter Four has been that, from the election of the Fraser and Wran Governments in 1975-76, governments of both political persuasions in Sydney and Canberra have lost interest in the pursuit of balanced development as a regional policy objective. No government since 1975-76 has taken balanced development seriously as a policy objective.

Governments after 1976, in effect, disengaged from the issue of metropolitan primacy. This disengagement forms the principal regional policy story in New South Wales and since the 1970s. It has only occurred incrementally, despite the apparently sudden disendorsement of Whitlam’s policies by the Fraser Government. No one event could be said to have signalled the end of balanced development. From time to
time there were signals that governments and agencies still recognised the need at least to show sympathy for decentralisation, and programs persisted that were targeted towards non-metropolitan regions. But the essential purposes of the programs changed.

The thrust of the high tide period was absent, and new regional development (and other) issues took up the attention of governments. Over time, agencies changed their focus and developed additional functions which placed decentralisation down the list of priorities; key balanced development champions moved on; the priority accorded to regional development was indicated by the movement of the portfolio from one, generally junior and part-time minister to another; the core tools of decentralisation, such as payroll tax concessions and, most obviously, the growth centres, were removed; and regional development budgets were pruned in real terms. For long periods, regional policy was largely removed from the agendas of Commonwealth governments.

And the very definition of the regional problem changed. Governments came to see regional development differently over the period under review. A new policy language evolved, with new tools to address fundamentally new policy issues. New ways of addressing the issue of Sydney's growth were developed. Region-specific or "tailored" programs increasingly came to the fore. In the meantime, balanced development protagonists such as the CMA had their policy proposals and philosophies quietly ignored. The high tide period had certainly passed.

End Notes

1. As Whitwell has noted, the Whitlam Government's budget deficits were (in year 2000 dollar values) $1.514 billion for 1973-74; $11.517 billion for 1974-75; and $14.173 billion for 1975-76 (Whitwell in Emy et al 1993: 61).

2. It was also seen by some as a period of lost opportunities; see Ayres 1987: 304; Henderson 1994; Richardson in Nethercote 2001.

3. One of the new Fraser Government's immediate actions was to appoint Sir Henry Bland to head an Administrative Review Committee to examine areas of possible departmental overlap (including with State Government agencies) and to identify areas for savings (Lloyd and Troy 1981: 240). Speaking at the opening of Parliament in 1976, Prime Minister Fraser referred to "... historic reforms ... to reverse the concentration of power in the federal government" (quoted in Hansen et
al 1990: 174). Such a view, which largely related to Commonwealth-State financial relations – the so-called “new federalism” – also underlay the Government’s conviction that regional development was the responsibility of the States. As Hansen et al conclude: “Within this general policy framework, it would have been totally inconsistent for the Fraser government to continue the Labor government’s ventures in urban and regional development, and it did not” (Hansen et al 1990: 174-75).

4. As Barry Hughes has noted, Hayden had been appointed Treasurer in June 1975 to “... provide the Government with a new economic image” (Hughes 1980: 114). According to Hughes, the Hayden Budget was viewed as a “... watershed in ALP policy” (Hughes 1980: 114). It lay some of the groundwork for future Labor policy direction and policy style. At the time, however, the focus on urban and regional programs remained intact, although, as Sandercock notes, the real value of the urban and regional programs diminished due to the impact of the very high inflation of the time (13 % in 1975-76). As Sandercock has stated, referring to DURD programs: “All these programmes demanded massive capital expenditure. By the 1975-76 Budget it was clear that the expansionary spending of 1973-74 and 1974-75 was no longer possible under deteriorating circumstances, particularly the rapid rate of inflation” (Sandercock in Head and Patience 1979: 154).

5. There has been some debate over the Government’s initial intentions concerning regional development programs and the speed of their removal. See Lloyd and Troy 1981: 238-39; Lloyd and Troy in Halligan and Paris 1984: 50; Lloyd and Anderton 1990: 8.

6. He stated in April 1976: “We must try to develop a more balanced distribution of population and economic activities at a national level, and provide opportunities for a better national distribution of higher order and more specialised services and activities. We must relieve development pressures in major metropolitan regions by creating adequate opportunity elsewhere, and secure thereby greater efficiency in development processes and expenditure” (Greenwood 1976: 182).

7. According to the Study Group on Structural Adjustment Report: “Under the Decentralisation Development Program, State and local government, community bodies and private firms pursuing manufacturing and tertiary activities, are provided with financial assistance for capital projects in selected non-metropolitan areas. The aim of the program is to promote the diversification and stabilisation of the employment bases of a wide range of provincial centres and country towns” (Study Group on Structural Adjustment 1979: 14.2-14.3).

8. The Department also stated that: “The Government is resolved to continue the promotion of balanced development throughout the State. The achievement of this goal through the retention of existing population and through the relocation away from the Sydney Region, is seen as fundamental” (DDD 1976: 19). However, Steinke has questioned Day’s commitment to decentralisation. While Day had been on the ALP policy committee in opposition, he had been neutral in relation to decentralisation, but when he became Minister, he expressed no intention of supporting selective decentralisation. According to Steinke, he was more interested in the politically based allocation of resources. In Steinke’s view, there was a policy conflict between the potential long-term economic gains to be had from decentralisation and the short-term political gains to be had from directing resources to more politically sensitive areas and issues (Steinke interview 13 May 1998).

9. The Minister noted in his second reading speech that other States, including Victoria, South Australia and Western Australia, had similar payroll tax relief programs (NSW Legislative Assembly Hansard 24 August 1977: 7609).

10. As many as 1200 firms registered for assistance under the Scheme between 1977 and 1990. The overall cost of the Scheme was $173.6 million during this time (Legislative Council 1991: 6-7). The Scheme also represented a return to a more “scattergun” or non-selective approach to decentralisation, particularly as the introduction of the Scheme occurred at a time when the Government’s commitment to growth centres was coming under increasing questioning (see below).
11. The Wran Government continued a long Labor tradition commenced by McKell in the 1940s (also continued by Carr) of cultivating the country vote. This included careful candidate selection, frequent visits by Ministers and the Cabinet and attractive policies within a generally conservative framework with which country voters would be comfortable (see Simms and Turner in Chalpe et al 1985; Dale 1985; there is further discussion of this issue in Appendix J).

12. The report concluded: "The Committee's investigations have shown that the growth centre concept has now been developed to the extent possible through government assistance and initiative, and through the efforts of the BODC... continued rapid development of the Growth Centre is most unlikely at least during the next 10 years, even if substantially increased relocation incentives are offered" (DCNSW 1982: 37). A major review of the Albury-Wodonga Growth Centre was completed by the three governments involved in 1981-82. According to the Department of Industrial Development and Decentralisation (DIDD), this led to "... the Ministerial Council endorsing the key role of the Corporation in the strategic planning and marketing of the Growth Centre" (DIDD 1982: 44).

13. In 1981, the Macarthur Growth Area was transferred to the Department from Planning and Environment, further indicating the direction of the Government's emerging regional focus. Hence even the growth centres focus within the Department now no longer had an exclusively non-metropolitan emphasis. In 1980-81 a further addition to the Department's responsibilities was a new Western Sydney Employment Assistance Fund and a Wollongong Special Assistance Fund. A Western Metropolitan Office of the Department was opened. A Special Areas Liaison Branch of the Department was created to deal with "special areas", which at the time of its introduction constituted Western Sydney, the Hunter and the Illawarra (DIDD 1981: 12-13). These changes, of course, coincided with the onset of the recession with its attendant high rates of unemployment concentrated in the State's old industrial areas (see below). Another subtle but meaningful name change had occurred in mid-1980 when the Decentralisation Advisory Councils (formerly Regional Advisory Councils) became "Industry Development Boards" (DIDD 1981: 12).

14. Following the period of Don Day's second term, there followed, each with relatively short tenure, George Paciullo (1984), Eric Bedford (1984-1986), Peter Cox (1986-87) and Barrie Unsworth. The latter (also Premier by then, following Wran's resignation in 1986) took over in 1987 as Minister for State Development the functions of the Industry, Small Business and Technology portfolio on the retirement of Peter Cox. By then time Cox became Minister his title had changed from the former "Industry and Decentralisation" to "Industry and Small Business".

15. As Elaine Thompson et al note: "Serious structural contraction has occurred in those sectors normally considered the 'economic engines' of the state: the automobile industry, steel, iron and coal construction. ... Unemployment in New South Wales represented 48 per cent of the national total but the State had only 35 per cent of the nation's workforce. Inflation in Sydney ... was 12.9 per cent, the highest in Australia. New South Wales took the brunt of the recession with cuts in export orders. BHP closed furnaces and coke ovens in Newcastle and cut back production in Port Kembla. Its intention was to reduce jobs by 10 000. BP Australia closed two mines in 1982, and employment also suffered when GMH shut down its Pagewood plant... Two proposed aluminium smelters were postponed and in 1982 new building approvals decreased by 38 per cent in New South Wales compared with an Australian average of 22 per cent (Thompson et al in Galligan 1986: 19, 20).

16. Hansen et al, for example, have noted that the 1981 census for the first time created 60 statistical divisions, making it possible to achieve far greater disaggregation of regional disparities (Hansen et al 1990: 177).

17. Indeed, the ALP's 1982 platform committed a Labor Government to the establishment of a Department of Urban and Regional Affairs (ALP 1982: 169). It also linked the two issues of the limitations on population expansion in major cities with the problem of underdevelopment in regional centres (ALP 1982: 168). However, according to Orchard and Sandercock, the Hawke Government: "... has not undertaken to re-establish a strong federal role in urban and regional policy as outlined in the federal platform of the ALP. This lack of concern has been the subject of much criticism" (Orchard and Sandercock in Head and Patience 1989: 347). The Hawke Government plainly did not share Whitlam's zeal for urban and regional development. According
to Lloyd and Troy: “The new Labor prime minister, Bob Hawke, was neither experienced nor particularly interested in urban and regional affairs. As a consequence, his government did not adhere to the platform commitment to revive a strong federal presence in this area. Urban and regional functions were fragmented over a number of departments: Housing and Construction, Transport, Industry and Commerce, Resources and Energy, Territories and Local Government” (Lloyd and Troy in Halligan and Paris 1984: 56). In view of the desire to distance Labor from the Whitlam period, it was therefore an irony that Uren was the Minister chosen to preside over the absence of regional policy in the early years of the Hawke Government. Uren has noted that: “Many regional initiatives I attempted to get up and running in the first two terms of the Hawke Government met with opposition from the Cabinet’s Expenditure Review Committee, influenced by people like Senator Peter Walsh and Senator John Button. They and their supporters were very negative towards the notion of regionalism, calling it pork-barrelling. Button’s line [reminiscent of the Howard Government’s position on coming to office in 1997] was that regional policy was a state responsibility and that the Commonwealth shouldn’t bother itself with it” (Uren 1995: 361-62). Such was the change in the ALP from the Whitlam period. Uren’s view of his opponents is confirmed by Walsh himself: “Uren diligently set about using his minor portfolios to rebuild his old Urban and Regional Development empire, in which many of the Whitlam Government’s most financially disastrous monument-building experiments in social engineering had been incubated — urban land councils, regional growth centres, the Glebe redevelopment, and so on” (Walsh 1995: 78).

18. The CCP formed part of the Economic and Rural Policy Statement of April 1986. What began as a $0.5 million pilot in 1986-87 came to include 11 centres, including Griffith, Lithgow, Parkes/Forbes/Cabonne and Northern Rivers in New South Wales. The Project emphasised local identification of opportunities and constraints, improved government awareness of local needs, and the development of effective models of local community participation. An evaluation of the CCP in 1987 found that “... the CCP has shown that much can be achieved with little expenditure by government as long as local communities understand and have influence over the direction of response. Conversely, little is gained, no matter how much is spent, if local knowledge and commitment is ignored...” (DILGEA 1987: 30). The evaluation claimed that “... the pilot Country Centres Project has created a new and potentially valuable tool for regional development in Australia” (Commonwealth 1987: 31). Moreover, the Government believed that “... the CCP has shown... that a cost-effective, flexible and more coordinated positive adjustment approach is possible by integrating the various efforts of government, industry and community at the local level” (Higgins and Savoie 1995: 305). According to Higgins and Savoie, the CCP’s emphasis was on “... finding things that members of the troubled communities could undertake themselves to improve their situation, rather than on pushing or pulling economic activities from one region to another, nor was there any element of subsidisation of inefficient industries to keep them going in the government’s rationale for the project” (Higgins and Savoie 1995: 303). According to Hansen et al, the CCP aimed to be “realistic”, that is, modest, so as not to offend States or trip over other Commonwealth agencies (Hansen et al 1990: 181-2).

19. For example Orange whitegoods manufacturer Email received of the order of $1.3m in annual payroll tax concessions. On the other hand, few new firms had moved to regional areas as a result of the scheme since at least the early 1980s (BACA undated). In other words, the old payroll tax scheme was not effective in convincing firms to move to the country. The Government’s internal analysis merely confirmed other evidence then and since (see Chamber of Manufactures 1989; Public Sector Research Centre 1991; Collits 1995; Collits 2001) that Government relocation and other decentralisation incentives were relatively unimportant in business location decisions. The move by the Government was as much about saving money and tightening up the disbursement of regional assistance as it was about changing policy intentions. Funding had to be found for the Government’s proposed new Strategic Economic Development Package (SEDP), a program designed to attract new investment to New South Wales. In addition, the Legislative Council Standing Committee on State Development was asked in 1991 to investigate the Government’s decision to abandon payroll tax concessions. It found that, while there were problems in the way the decision to abolish tax concessions was handled by the Government, there were insufficient arguments to overturn the decision (Legislative Council 1991: 29-33).

20. The RBDS rested on a formal application process, whereby firms had to demonstrate good reason for Government assistance. They also had to meet agreed benchmarks based on affinity to a
region's competitive strengths. The former payroll tax concessions were provided to firms irrespective of their contribution to regional development. An internal Department of Business and Regional Development (DBRD) paper written in July 1993 assessed the impact of the changes and of the RBDS. The paper captured the essence of the shift in policy thinking that accompanied the end of payroll tax concessions: “The most significant difference between the Payroll Tax Rebates Scheme and the Regional Business Development Scheme is that the old scheme was based on a notion of compensation. In the philosophy of decentralisation, the eligible country firm needed compensation to offset the costs of locational disadvantage. By contrast, country industries whose location was primarily governed by their need to be close to their major resource inputs suffered no cost disadvantage due to location and so needed no compensatory financial assistance. This explains the logic of excluding ‘naturally occurring’ industries such as meatworks, cement works and sawmills from the provisions of the Payroll Tax Rebates Scheme” (DBRD 1993: 11).

21. The constraints on government spending which provided much of the context of regional policy formulation in the 1980s and 1990s were made very clear in the Paper’s introduction: “In preparing this paper, the need for economic restraint has been recognized. The proposals contained herein have been formulated on the basis of re-directing current expenditure, rather than acquiring additional resources and ensuring that cost-effectiveness is a key criteria in the new strategies for regional development and decentralisation” (BACA 1989: 2). This concern about the cost of programs established a pattern for subsequent government regional development statements in the 1990s – not just in New South Wales – that they were required by central agencies of government to be revenue neutral.

22. Figures in the Paper (BACA 1989: 19) showed that much of the very generous regional assistance provided during the late 1980s consisted of tax rebates whose effectiveness as a decentralisation incentive had been shown to be dubious.

23. The paper was essentially a review and update of the 1988 strategy. While it did not differ radically from the previous plan, there were a number of additional elements. For example, it embraced the growing fashion in government for “whole-of-government” approaches. It also included Newcastle, the Central Coast and Wollongong in the strategy, and foresaw substantial opportunities for growth in these areas.

24. The Statement drew upon a consultation process through the holding of regional forums held during 1993. It also reflected around eighteen months of consultations with other agencies. This was an attempt to ensure that the process and the final document represented a “whole-of-government” approach to regional development. However, in this connection the statement merely amounted to a loose amalgam of actions that the Government undertook which had an impact on regional areas.

25. The Statement continued the Government’s essentially business-focused regional policy approach: “Attraction of investment is clearly a pre-requisite for sustainable population and economic growth in regional areas, and by implication an important impetus for provision of Government Services based on growth trends. The NSW Government focus … is therefore directed at facilitating individual investment projects as well as positioning the regions to themselves develop a conducive investment climate” (DBRD 1994: 2).

26. New program initiatives included aids to business establishment or expansion at a regional site; the Resources for Regional Development Program (RRDP); the Regional Business Infrastructure Program; the Business Advisers in Rural Areas (BARA) Program, co-funded with the Commonwealth; and the establishment of a “Country Embassy” in Sydney to assist the promotion of regional firms and communities (DBRD 1994: 47-51). The relocation of the Main Street Program from DOP to DBRD was an important development during 1994, though its significance at the time was not apparent. The Program had been introduced in 1988 as a community development initiative, adapted from a similar program in Canada (Collits 1997). The Program, later combined with the Small Towns Program introduced at around the same time, came to represent the main thrust of the Government’s commitment to community-based economic development.
27. While valuable research was done within the Commonwealth bureaucracy (including the Australian Regional Developments series of publications, for example Higgins and Zagorski 1989, and various studies by EPAC in 1990 and 1991), the Commonwealth’s involvement in regional development was decidedly low key.

28. Clare has referred to regional and urban policy at that time as “the new growth industry” (Clare 1993: 14). Ian Alexander has claimed that between 1990 and 1994, there were over one hundred reports in Australia on urban and regional development (Alexander 1994: 6).

29. The Minister also summarised the regional programs then being implemented by the Government – the Local Enterprise Program (LEP), research and demonstration projects and joint initiatives with the States. The LEP in particular drew on the earlier experience of the Country Centres Project and carried on the emerging bottom up approach.

30. OLMA was also known affectionately among insiders as the “Office of Lots of Money Available”.

31. The Government’s Paper was also clearly influenced by the recently published The Competitive Advantage of Nations. The Government was impressed by the book’s conclusion that “… it is not nations that are competitive or less competitive … Rather it is industries, segments of industries and networks of geographically concentrated businesses that are the basis of competitive economic activity” (DHRD 1995: 2).

32. The same authors concluded, “In Canberra, DURD is still a dirty word” (Higgins and Savoie 1995: 299). This desire not to repeat the perceived regional policy mistakes of the Whitlam period is also reflected in Sorensen’s view that DURD “… was a by-word for grandiose ideas and wasted expenditure” (Sorensen 1994: 33).

33. The new approach was also seen by at least some of the States as a case of the Commonwealth overriding existing State structures and practices. While O’Reilly may well be overstating the case when he describes the Keating reforms as “revolutionary” (O’Reilly 1995: 33), the boosting of regions, including the creation of some regions which crossed State boundaries, could be interpreted as the beginning of a push against the States.

34. The following comments were attributed to the Premier, in reports in the Sydney Morning Herald and the Daily Telegraph Mirror of 8 April 1995: the signalling of a new push to encourage businesses in country areas in a bid to halt the rapid and unrestrained growth in the Sydney metropolitan area; decentralisation to be a key part of Labor’s political agenda (the Premier was quoted as saying that he wished to reignite former Prime Minister Gough Whitlam’s vision of greater decentralisation); the statement that Sydney is too large (the Premier said that he was “terrified” by Sydney’s projected growth of one million people over the following 10 years); the desire to see Sydney families move to regional centres; the reinforcement of the country’s lifestyle advantages through ensuring that education, roads and health services are in place.

35. The Country Centres Growth Strategy (CCGS) sought to identify a number of potential growth centres where various impediments were stifling development and to deal with these impediments through localised, tailored “whole-of-government” strategies. The Country Lifestyles Program addressed the problems of perceptions of living in regional areas and the lack of skilled labour in some regions. Other programs such as the Agribusiness Alternatives Program and the Export Facilitation Program would provide assistance for farmers and regional businesses to diversify and find new markets. A Regional Infrastructure Management Plan was also announced but never implemented. Existing initiatives such as the Country Embassy and Regional Development Boards would continue, and the Main Street/Small Towns Program would have an additional Business Retention and Expansion component (NSW Government 1998a: 21-33).

36. The Government had to contend with rising regional disaffection of the kind described in Chapter One. The Country Summit Alliance achieved little electoral success at the election, with its major focus being on achieving a balance of power in the Legislative Council (Upper House). The LGSA stepped into the regional development arena, perhaps in response to the CMA’s apparently waning activism (see Chapter Nine), with a series of “Whole of State” assemblies from 1999 to 2001. On the other hand, the election proved beneficial for country interests through the election
of two extra Country Independents, who share common policy interests and support for regional
development. The election also marked a further decline in the National Party's influence. The
Party lost key seats and failed to gain others that it expected to win. The One Nation Party failed
to match its earlier successes in Queensland and at the Federal election in October 1998 where it
obtained over one million votes (Rodney Smith in Hogan and Clune 2001 V3).

37. Key new programs and initiatives since 1998 included the Townlife Development Program, a
Main Street program for smaller communities; the New Market Expansion Program, to provide
assistance to firms to develop new markets; and a series of investment initiatives such as the
Relocation Prospect Program, the Investment Readiness Program and Regional Business and
Investment Tours, in which finance and investment representatives visit regional centres (NSW
Government 2001: 5). More specifically sector-targeted programs have included the Meat
Industry Restructuring Program and assistance to the dairy industry through RETS (NSW
Government 2001: 8). Other initiatives introduced or continued included a greater regional focus
for the Innovation Council; the Australian Technology Showcase; NSW Online; the Regional
Business Migration Scheme; a greater regional presence for the Industrial Supplies Office; and the
Regional Procurement Program; the Salinity Business Development Program and the Regional

38. The audit also included the Building Better Cities Program in its review of regional development
programs, and the Government concluded that this Program was not really about regional
development anyway. The Commonwealth argued, in effect, that the Constitution prescribed that
regional development was a responsibility of the States, thus repeating the position of the incoming
Menzies and Fraser Coalition Governments in previous times. The audit provided the rationale for
the Commonwealth to disband the Regional Development bureaucracy and to terminate the
Working Nation programs in July 1996, including the RDOs. In deciding in July 1996 not to fund
the RDOs beyond commitments already undertaken, the Howard Government was simply enacting
the policy intention of the previous Government to provide seed funding only to regional
organisations.

39. Rebuilding Regional Australia (1996); Regional Australia: Leading the Way (1997); Regional
Australia: Our Commitment (1998); Regional Strategies: Meeting the Challenges (1999); Regional
Australia: Making a Difference (2000); and Regional Australia: Partners in Growth (2001). The
budget statements returned to an idea promoted by Whitlam and implemented briefly by DURD in
the 1970s, that of regional budget statements, also recently introduced by the NSW Government.

40. The Senate Employment, Workplace Relations, Small Business and Education References
Commission had also begun to look at regional employment and unemployment in 1997, and
would subsequently release its Jobs for the Regions Report in September 1999 with
16 recommendations (Senate 1999). The House of Representatives Standing Committee on
Primary Industries and Regional Services investigated regional development and infrastructure and
produced a Report with 92 recommendations titled Time Running Out: Shaping Regional

41. The Government had already acted to stem the angry tide in regional areas through initiatives such
as the Agriculture – Advancing Australia package announced in 1997; the establishment of Rural
Transaction Centres (RTCs) in smaller regional centres that had lost services such as banking as
well as government offices; and the Networking the Nation regional telecommunications fund to
improve regions' capacity to join the "new economy". As well, Regional Impact Statements were
introduced; ACCs, a continuation of at least one of the previous Government’s initiatives from
Working Nation were funded through the Regional Assistance Program (RAP); and the Regional
Solutions Program was introduced in 1999 (Anderson 2001b). New initiatives such as the
Stronger Families and Communities Strategy introduced in 2000, the Roads to Recovery Program,
and increased rural health funding have continued the Government’s regional push (Anderson
2001b). Finally, in 2001 the Government announced its Sustainable Regions Program to assist
regions suffering from the impacts of economic shocks (Anderson 2001a), similar to the NSW
Government’s RETS.
42. According to David O’Reilly: “Every day some pollie around the nation churns out feel-good rhetoric about the need to re-think the growth of the cities and get the far regions of a vast continent developing” (O’Reilly 1995: 33).
Part Three

Explaining the Decline of Balanced Development as a Regional Policy Objective in New South Wales Since 1975-76