

Introduction

This thesis is a study in public policy, and of regional policy change in Australia and New South Wales since the 1960s. In particular, it explores the reasons why governments in Sydney and Canberra have progressively abandoned all attempts to address the question of metropolitan primacy, once generally regarded as Australia's principal regional problem.

The key concept of the thesis is the idea of “balanced development” – the belief that governments should “even up” development between Sydney and the rest of the State, largely by diverting people and economic activity away from Sydney. This idea is based on the view that there is something inherently wrong in the degree to which Sydney dominates the State's population and economy. Supporters of balanced development believe that governments should play a far greater role in regional development than they do at present. They also have a conviction that Sydney's growth has been at the expense of the country, and that government action and inaction has contributed to the imbalance.

Balanced development is a mindset that has run deep in the State's non-metropolitan psyche. There is a history of resentment of Sydney's domination that has found expression in the formation of development leagues, the appearance of new political parties, pressure for new States, lobbying for decentralisation policies, demands for better regional infrastructure, and, most recently, in more assertive voting behaviour. The resentment has also sustained generations of parish-pump politicians in local government who have found cause in castigating higher levels of government for not “doing more” to achieve greater development in regional Australia. (The terms “regional” and “non-metropolitan” are used interchangeably).

Despite persistent and often noisy claims on behalf of balanced development, governments until the 1960s remained largely indifferent, as Sydney's primacy grew. The 1960s saw a sharp increase in support for balanced development, most notably through the push for selective decentralisation. At this time, governments became convinced of the merits of the balanced development case, and enacted policies

(however inadequately) to address metropolitan primacy. However, these policies were short-lived, and, since the mid-1970s, no government has sought seriously to address the perceived unevenness of development. Yet despite the fitful attempts by governments to implement balanced development policies, they have often themselves expressed support for the idea.

There have been many changes in regional policy, both at State and Commonwealth levels of government, over this time. The abandonment of balanced development has been one of the most important developments, if not the most important. The changes relate both to the varying intensity with which regional policies have been pursued, and to the direction and motivations of these policies. The thesis is largely concerned with the latter.

The Setting

The 1990s have been a time of considerable discussion of the condition and prospects of regional Australia. There is a view that many regional areas are facing an uncertain, and in some cases, a bleak future. Negative perceptions of regional conditions have been prompted by the decline or stagnation of some regions, and underscored by academic studies of regional disparities and by the media's portrayal of a "city-country divide". This increased attention to the condition of regional Australia has, at times, been aided and abetted by political leaders who speak of the emergence of "two nations". Equally, in recent times Sydney has emerged as a "global city", outward-looking, successful, wealthy, and ever-growing.

The contrast between Sydney's growth and the perceived decline of regional areas has contributed to a sense of alienation and anger in regional Australia. Much of the resentment has been the result of lost services and perceived differences in living standards and opportunities, and has been targeted at the enemy of "economic rationalism". The recent agitation for more sympathetic government has therefore gone beyond simple concerns over uneven development and primacy.

The debates over regional Australia and over Sydney's domination of New South Wales have taken place in a wider context of great change in Australia since the 1960s. The opening of the economy to global forces and changes in thinking about the role of government in society have had an important impact on the way governments approach most policy issues, including regional development. Regional Australia itself has also changed in significant ways, with increasing diversity and volatility challenging the notion of a simple city-country divide and creating fresh policy challenges.

The 1990s have also seen a considerable revival in interest in regional development, as policy-makers and politicians have sought to meet regional concerns through a variety of program initiatives and generally increased spending on regional development. Yet despite the revival of interest, governments have not returned to the policy approaches of the 1970s. This suggests either that the perceived problem of earlier periods has gone away (or has come to be regarded as too difficult to solve), or that the conception of the regional problem has changed.

The notion of balanced development has underlain much of the recent resentment over the perceived divide that has led to the recent preoccupation with regional Australia. Yet the idea of balanced development has itself not been the subject of critical analysis, either in the media, by policy-makers, or even by academics. This is despite the massive recent upsurge in interest in the city-country divide.

Objectives, Key Research Questions and Argument

Hence, both the key idea underlying much of the recent regional resentment, and its continuing rejection by governments, are worthy of investigation. There are many theories as to why governments have abandoned balanced development. Some are obvious to the casual observer; others are less obvious and require deeper consideration and analysis. The explanations are also interconnecting. The central task of the thesis is to identify the various explanations and to assess their merits. There are some important preliminary tasks, however. These are to expose the core ideas, arguments and assumptions of balanced development, to place it in the context

of the ongoing discussions of the future of regional Australia, and to explore the extent to which regional policies in New South Wales and at the national level have attempted to address metropolitan primacy.

The key questions addressed by the thesis, then, concern:

- Whether balanced development has sufficient coherence – beyond its rhetorical content – to warrant serious analysis;
- The extent to which New South Wales and Commonwealth governments have actually pursued balanced development as a regional policy objective; and
- How the fate of balanced development as a policy objective can best be explained.

It is argued that balanced development has proven to be a powerful and persistent, yet ultimately unsuccessful, idea in the evolution of regional policy in New South Wales. It becomes clear, on close examination, that no government in Sydney or Canberra since the mid-1970s has accepted the need to address metropolitan primacy. It is also the case that, while the rejection of balanced development by governments has been comprehensive, it has also been incremental, as new regional policy approaches have emerged in piecemeal fashion over time, replacing the old emphasis on decentralisation. There was no one single point that could be described as heralding the rejection of the idea by government. Balanced development has died a slow death. Equally, it is argued here that there is no one single explanation for its demise. Different governments had different motivations in rejecting it. Only a sequence of interacting theories, taken together, offers a satisfactory explanation for governments' abandonment of balanced development. The last finding is not surprising, in view of the complexity both of regional development processes and of policy-making.

The focus of the thesis is on government policy objectives, and the reasons why they change. It therefore does not seek to explain why balanced development has not occurred, but rather to explain why recent governments have not pursued it.

The thesis is about balanced development, but it is about more than this. It also explores the motivations governments have for regional policies, the reasons why

public policy changes occur, and the role of ideas in public policy. In addressing these themes, the thesis makes considerable use of theories of public policy where appropriate, particularly in Part Three.

Structure of the Thesis

The thesis is organised into three parts, focusing in turn on the nature of the problem, the policy responses of governments in New South Wales and at Commonwealth level, and the causes of the decline of balanced development as a policy objective.

Including material on the Commonwealth in an already lengthy thesis focused on New South Wales requires justification. The thesis deliberately and necessarily sets out events and explanations at both levels of government. First, a full analysis of regional policy change in New South Wales is simply not possible without reference to events at the Commonwealth level, in view of the three-tiered structure of government in Australia and the overlapping involvements over time of different levels of government in regional development. Second, the political interactions between State and Commonwealth governments have been intrinsic to the way they treat regional development and an important ongoing feature of regional policy debates. Third, the demise of balanced development in New South Wales can only be understood fully by including key events that occurred in Canberra. Fourth, balanced development advocates have, over the years, targeted both Sydney and Canberra in their efforts to influence the direction of government policy. Their focus on Canberra has reflected their conviction that the Commonwealth has far more financial capacity to address metropolitan primacy and regional development issues generally than do State governments.

The material on the Commonwealth has been carefully selected and included only on the basis that it contributes to the specific arguments advanced, first, in Part Two, about the extent of the embrace by governments of balanced development, and, second, in Part Three, about the reasons for balanced development's decline as a policy driver. Indeed, it would be impossible to make these arguments without reference to events in Canberra. Telling the story of the rise of balanced development

in New South Wales without reference to, for example, the Whitlam Government, the Commonwealth Growth Centres Program, or the Department of Urban and Regional Development, would only be telling half the story. Equally, in explaining the decline of balanced development since the mid-1970s, the roles of the Fraser and Hawke Governments, the rise of new ideologies and the development over time of new policy ideas in Canberra have been critical to the overall policy outcomes. Hence actions by the Commonwealth have both affected State regional policy developments in specific ways on many occasions over time, and, more importantly, contributed substantially to the ultimate fate of the idea of balanced development as a regional policy objective. A comprehensive treatment of the topic therefore requires the inclusion of considerable detail on developments at the national level, and makes the story of balanced development in New South Wales far more interesting.

Part One (Chapters One and Two) sets out the nature and extent of the perceived imbalances between city and country. Part One also outlines the core elements of the concept of balanced development, and places it in the context of recent debates over the future of regional Australia.

Part Two (Chapters Three and Four) provides a concise history of regional policy in New South Wales and at the national level from 1965 to the present, focusing on the notion of balanced development. It draws certain conclusions about the regional policy process in the State and the extent of the decline of balanced development as a policy objective. The period from the election of the Coalition Government in New South Wales in 1965 to its removal from office in 1976 emerges as something of a “high tide” of balanced development as a policy objective. This period also included the Whitlam Labor Government in Canberra, a strong supporter of decentralisation. The period since 1976 has seen the decline of balanced development over the life of three governments in Sydney and three in Canberra. Part Two interweaves key regional policy events affecting the pursuit of balanced development across the two jurisdictions, in order to provide a full account of the key policy changes and to make clear the nature of the shift in government thinking about balanced development.

Part Three (Chapters Five to Nine) explores in turn the possible explanations for the decline of balanced development as a policy objective. It draws conclusions about the

power of the idea of balanced development itself; about the policy implications of new regional trends and changing regional problems; about the effectiveness of balanced development's key supporters; about changing ideologies and priorities within government; and about the nature of the regional policy process. The key task of Part Three is to identify barriers to the adoption by governments of strategies to address metropolitan primacy, and to assess their importance. Each chapter in Part Three approaches the task of explanation from a different angle, adding progressively to the story of the decline of balanced development. There are, in effect, different 'layers' of explanation that are, in turn, revealed, each contributing to the overall account of the rejection by governments of balanced development as a policy objective.

Chapter Five examines the merits of the idea of balanced development, to establish whether, and to what extent, governments simply rejected the idea itself, its assumptions, core arguments and policy implications. Did governments give up on the pursuit of balanced development because they came to the conclusion that it was either unachievable or undesirable?

Chapter Six discusses the changing conditions affecting regional development in New South Wales since the 1970s. Changing economic conditions, new forces such as globalisation and demographic shifts have created new regional problems and altered perceptions of the old primacy problem, with major impacts on policy. In other words, did governments give up the pursuit of balanced development because the problem went away, or because it became less important than other regional development problems?

Chapter Seven examines the key role played by stakeholder groups in shaping the regional policy objectives of government. In particular, it attempts to determine the influence on successive governments of groups with an explicit balanced development agenda, like the Country Mayors' Association. Chapter Seven also examines the extent to which balanced development and metropolitan primacy have captured the media and public imagination.

Chapter Eight examines changing ideologies and policy priorities within government. It explores the drivers of “government thinking”, and examines the broad ideas that influence specific policy areas including regional development. It examines the extent to which balanced development has become, in effect, sidelined by changing priorities.

Chapter Nine evaluates the key elements of the regional policy process in New South Wales, and explores whether the policy process itself has thrown up institutional barriers to the consideration by government of the balanced development position.

The Synthesis and Conclusion brings together the key arguments, focusing on Part Three and providing a critical analysis of the claims of the various explanatory theories offered. There are also a number of Appendices that supplement key arguments in the text.

Background and Motivation

The thesis is based on close observation of the regional policy process through two years’ involvement in a parliamentary inquiry into regional development (1992-94), and over seven years’ direct involvement in the process as a regional policy manager in the New South Wales Department of Business and Regional Development and the Department of State and Regional Development, working for two Governments (1994-the present). Some of the observations and arguments contained in the thesis are based on my involvement in the regional policy-making process over this period.

The parliamentary inquiry gave me an interest in regional development, and the public inquiry process adopted enabled me to gain insights into the political culture of regional New South Wales and the views of regional communities about economic development and the role of government. It exposed a way of thinking about regional issues that is shared by many regional development advocates. It is the world view that informs advocates of balanced development.

Since the project began, regional development has assumed much greater political importance, and, consequently, a higher media profile and considerable academic interest. Such is the reckoning of the political importance of regional development that it is widely accepted that regional discontent caused the downfall of a State government (Kennett in Victoria in 1999). The One Nation phenomenon, of course, has been written about at great length.

A core group of academics – geographers, planners, some economists, and a few political scientists – have long been interested in regional development issues. Yet a whole new generation of academics have embraced regional Australia as a field of study. Chapters on regional development now find their way into books on Australian politics and society (see Sorensen and Grant in Simms and Warhurst 2000). Books such as *Land of Discontent* edited by Pritchard and McManus (1999), *A Future for Regional Australia* by Gray and Lawrence (2001), and *The Future of Australia's Country Towns*, edited by Rogers and Collins (2001), have been published. Yet there is still only a handful of academics that focus specifically on the policy aspects of regional development.

All this has occurred since this project began. While this makes the project in a sense more topical, it also creates a challenge. This is to say something new, different and important about regional development. There is also the need to define where “balanced development” fits into the great mass of ideas about regional Australia that have emerged over the latter part of the 1990s and have continued to the present. For the notion of balanced development, while it largely reflects general concerns about the welfare of non-metropolitan Australia, has more specific content and policy implications.

My motivation in writing the thesis is to try to explain why “government” sometimes seems not to be “listening” to regional Australia. There are many decent people in regional Australia who believe strongly that governments are metro-centric, that they don't care about what happens to, and in, regional areas, that regional policy is cynical and politically motivated tokenism.

There are a number of specific motivations for this thesis, and gaps that it attempts to fill:

- Little has been written about the public policy process in New South Wales, or about politics in New South Wales;
- There has been no substantial work on regional policy in Australia over the last thirty years;
- There have been momentous policy changes and momentous changes in regional Australia in that time;
- Much has been said about regional development and government regional policies that requires amplification, analysis, modification or rebuttal;
- Much that is said about regional policies reflects a lack of understanding of policy processes;
- Governments are often poor at explaining or defending their regional policies in the face of opposition or lack of understanding, or are unwilling to confront their critics for a variety of reasons;
- Certain mindsets persist in regional Australia that are often based on poor analysis or poor information and sometimes reflect provincialism; and
- Prescriptions for regional development policy have sometimes been written by those who have an unerring and unjustified faith in the capacity of governments to deliver what all regions want.

The decline of balanced development is one of the most noteworthy changes to have occurred in regional policy in Australia. It was unexpected, and opposed by a wide range of interest groups. It therefore requires explanation, and only partial explanations have been offered to date, to the extent that the phenomenon has been explored at all.

Approach and Sources

I am in debt to a number of specific works whose methodologies have proven helpful in this thesis. Two other major research projects have been completed on related subject matter to this thesis, and in some senses this thesis complements their work

(Sproats 1983; Hurley 1989). In particular, Hurley's work adopts a similar public policy orientation and uses models of decision-making from the political science literature as a point of reference and an anchor for the discussion of (in Hurley's case) decentralisation.

The approach taken by Graham Allison in his book *Essence of Decision* (1971) has merit in relation to the topic under discussion here, and in relation to public policy studies generally. Allison developed models, such as the "rational actor" model and the "government politics" model, as frameworks for analysing the ways governments make decisions.

Political scientist Christopher Hood, in his *Explaining Economic Policy Reversals* (1994) also used a similar approach to that adopted here. Hood examined the reasons for the changes in British economic policy in the 1980s, for example in relation to privatisation, tax policy and deregulation.

The thesis utilises a number of standard research tools. Different sections of the thesis have drawn on different types of sources. Sources include both published and unpublished material. Published government reports, parliamentary reports, and ministerial policy statements provide important primary source material. Unpublished government papers have been used where necessary (with permission), in other words where there is no public record of relevant government decision-making processes and where it is central to the argument. The confidential nature of advice given by public servants to government means that the use of this material is necessarily limited.

A survey of the voluminous secondary literature on regional development and regional politics formed an important part of the research. The thesis in some specific cases relies on the original research of others. For example, there has been some important work done in the last three years that examines the notion of widening regional disparities. This has helped to inform the discussion of the nature of the city-country divide linked to the notion of balanced development. Theses referred to above have been used to establish some matters of detail in the history of regional

policy in Part Two. This has also avoided the need to interview widely in cases where others have conducted effective primary research.

As part of the preparation of the thesis, I attended most (quarterly) meetings of the Country Mayors' Association from 1995 to 2001. This provided me with evidence as to the motivations of regional advocates, clarified their policy positions and strategic approach to lobbying government, and provided evidence of their effectiveness. Wide access to regional media files has provided essential material on the popular support for balanced development and the role played by regional advocates. A number of interviews were conducted in the preparation of the thesis, principally to clarify matters of fact in Part Two (see Bibliography).

An important element of the research for the thesis has been my involvement in and near government policy processes. In addition, I have drawn extensively upon direct involvement in many of the debates, decisions and policies under discussion, particularly in the period since 1991. This has provided the opportunity to attend key meetings and to access important policy documents, often unpublished.

Summary

The thesis aims to tell an interesting, and, to date, largely untold, story in an innovative way and to explore some important questions at the heart of regional development policy in this country. The thesis fills a number of gaps in the regional development literature:

- There is currently no detailed account of the recent development of regional policy in Australia or New South Wales over the period under discussion;
- Existing regional development studies largely, and wrongly, ignore the drivers of regional policy, and therefore provide an incomplete account of the field; and
- The thesis provides a substantial case study of public policy development and policy change. There are few similar case studies in the Australian literature on public policy processes.

The thesis seeks to employ a multi-disciplinary approach to a subject of enduring interest to geographers and planners, drawing upon history, political science and public policy to use models and theories in a way which sheds light on important aspects of regional policy. The thesis develops innovative approaches to the study of regional development in Australia. It also draws upon, and takes advantage of, direct involvement in the regional development policy process over some years and access to key decision-makers and government processes.

The thesis adds substantially to existing knowledge of government processes and policy development, by drawing general conclusions from an in-depth case study of an important field of policy. It also makes a contribution to the study of New South Wales politics, an area largely and sadly neglected by scholars and participants.

Part One

The Nature of the Problem

Chapter One

Two Nations? Metropolitan Primacy and the City-Country Divide in New South Wales

Sydney is so big, so powerful, it is slowly sucking the life out of the rest of Australia.

Robin Hill (1995)

“Primacy” ... was seen as a problem because it meant that there were no serious alternatives for firms and people wishing to locate elsewhere than in the capitals. This was seen to accelerate metropolitan growth and to deprive non-metropolitan locations of growth impulses.

Murphy and Roman (1989: 265)

Recently I was talking to a journalist about country Australia and he asked if I was afraid of One Nation. I replied no, I was not afraid of One Nation, the political entity, but I was afraid of Australia becoming two nations.

John Anderson (1999a: 1)

Introduction

Two of the most striking features of Australia’s settlement pattern are the degree of urbanisation (the extent to which people live in urban centres of over 1 000 people) and the existence of “metropolitan primacy”. And New South Wales is no exception to this rule. Australia is routinely described as one of the most urbanised countries in the world (Stilwell 1974; Productivity Commission (PC) 1999a: 21). Australians also have a preference for living on or near the coast; they mostly live in big cities, and in four of the six States, the capital city accounts for over half of the State’s population (PC 1999a: 19).

In the case of New South Wales, at the 1996 census, Sydney accounted for 62 % of the New South Wales population (PC 1999a: 19; other measures, for example Nugent 1998, place the figure at 62.6 %; Australian Bureau of Statistics (ABS) figures show

the percentage to be 63 % as at June 2000; ABS 2001a: 18). When added to Newcastle and Wollongong, the capital city forms a conurbation and potential “mega-city” that is home to around 73 % of the State’s population (Country Mayors’ Association (CMA) 1993: 121; O’Connor et al have referred to the emergence of “mega-metropolitan” regions; O’Connor et al 2001: 112-15). Hence, if metropolitan primacy is defined as the leading city having a far greater proportion of the population than the next biggest city (Forster 1995: 7), New South Wales clearly qualifies (Rose 1966). Sydney also contributes over 70 % of the State’s economy (Powell 1999: 2).

Raw statistics alone do not tell the complete story. Since the late 1970s, and increasingly in the 1990s, Sydney’s status as a “global city” (Searle 1996) or “gateway city” (O’Connor et al 2001: 104) has ensured that it is the nation’s primary hub, not just the State’s. In a recent, extraordinarily titled article, “Why We Must Hate Sydney”, Henning lists a number of indicators or markers of Sydney’s emerging status – the erection of the Opera House, the opening of the Reserve Bank’s Martin Place headquarters, the awarding of the 2000 Olympic Games, the opening of the Sydney Futures Exchange, the establishment of the Australia Council, and the increasing number (over half) of top 100 companies listed on the Stock Exchange locating their headquarters in Sydney (Henning 2000).

Hence there is now national, cultural primacy, in which all of the rest of Australia is sometimes seen as the “periphery” to Sydney’s “centre” (Friedmann 1966). There is even a new word, “Sydney-centric”, to describe the attitude of Sydneysiders and Sydney-based institutions to the other States and to the countryside (Henning 2000). Sydney’s hegemony extends from money to political power, the arts, culture and the media. As Gray and Lawrence argue:

Parts of Sydney and Melbourne are now much more like their counterparts in Paris, London or New York than they are to other Australian suburbs or cities (Gray and Lawrence 2001: 102).

In contrast, images and manifestations of non-metropolitan decline or stagnation abound.¹ Problems such as declining social capital, out-migration of youth, youth alienation, increasing crime, drug dependency and suicide, the loss of skills, out-shopping, business closures, and the loss of services are all part of the image, and

often the reality, of contemporary regional Australia. While this is not the whole story (see Chapter Six), there is sufficient truth in it to have generated debates, anger and political action. And the contrast between this picture of non-metropolitan regions and that of Sydney described above could not be more stark.

According to National Economics, many of Australia's non-metropolitan regions are experiencing:

... a vicious cycle of low or declining population growth, low investment, low incomes and high unemployment (National Economics quoted in Gray and Lawrence 2001: 102).

It is these two enduring images, of metropolitan dominance and growth and non-metropolitan decline, that have informed (or, as is argued later, misinformed) both popular views and educated debate in Australia over the need for regional policies and their preferred direction. There are two distinct issues here – metropolitan primacy and the notion of a city-country “divide” – that drive the debate and occupy a central place in this thesis.

The aim of this thesis is to explore the rise and decline of “balanced development” as a regional policy objective in New South Wales since the 1960s. There are three necessary preliminary tasks – to determine the nature and extent of the perceived problem of metropolitan primacy at the heart of the balanced development debate; to explore the idea of balanced development and to place it in the broader context of regional advocacy movements; and to determine the extent to which governments have pursued balanced development as a policy objective.

Part One explores the nature and consequences of Sydney's dominance of the State's population and economy. It demonstrates that perceptions of metropolitan primacy have helped to engender a mindset in regional New South Wales that continually questions and resents Sydney's position. Adherents to this view reason that government has a duty to correct what they see as an unacceptable “imbalance” in economic activity between city and country. These supporters of “balanced development”, or of simply a “better deal” for regional Australia, have challenged governments in Sydney and Canberra for many years over the direction of regional

policy. (Many of the claims aired in Part One are highly contestable and offer at best a partial portrayal of regional realities and analysis of their significance and causes. However, the task of Part One is not to demonstrate the veracity or otherwise of the various claims but to expose them in order to explain the presence of regional disquiet and the agitation for spatial policies. Later chapters consider the arguments of proponents of balanced development and their understanding of regional Australia in detail).

This chapter outlines “the regional problem” as it has traditionally been defined in Australia. It sets out the principal elements of both metropolitan primacy – the domination of the capital in terms of population and economic activity – and summarises the key elements of the city-country divide, noting disparities in income and economic opportunity and the better access to a range of services enjoyed in the city. Chapter Two explores the emergence of interests that are dissatisfied with the degree of metropolitan primacy and determined to make it a political issue. First, it is necessary to explain the notion of “regional problem” that is central to Part One.

Regional Policy Problems and Metropolitan Primacy

This thesis is principally about regional policy problems and objectives. Generally, governments have sought to use spatial policies to reduce or eliminate regional disparities or their effects. As Armstrong and Taylor have argued:

... regional policy exists because of the persistence of regional disparities in a wide range of variables which have a profound effect on the economic welfare of a nation's regions (Armstrong and Taylor 1993: 191).

If development were even and social outcomes spatially undifferentiated, there would be little need for regional policies. According to Robert Carter:

Regional development policy is essentially a response to a political perception of problems associated with the patterns of population and employment distribution in a nation (Carter 1978: 77).

Carter's definition is accurate as far as it goes. However, there are several dimensions to regional policy. Traditional reasons for government interest in regional policy are set out in Box 1.1.

Box 1.1 Traditional Rationales for Regional Policies

- Economic (market failure) – the standard argument from an economic perspective for regional policies is that the national economy is strengthened when all of its regional economies are performing to capacity.²
- Social – governments have long been interested in reducing the social costs of regional disparities, both between regions and within regions. Inequalities in wealth, income, employment opportunities, educational outcomes, access to reasonable health care, and poor government service provision in remote areas, are typically the result of uneven development, and have led governments to take action to reduce spatially based inequities.³
- Stability – regional disparities may lead to popular unrest, the emergence of regionally based agitation and a lessening of social stability.⁴
- Political – governments, particularly those elected on the basis of single member constituencies, often implement regional policies in order to please voters in disadvantaged locations and to demonstrate that they are “listening” to regional concerns.⁵
- Environmental – governments may wish to ameliorate environmental problems through regional development policies.⁶
- Strategic – governments may seek to spread development to less populated regions in order to improve defences, or to diminish the impact of an attack on a major city by a foreign power.⁷

Source: Legislative Council 1993: 71-72.

Using a similar framework, Benjamin Higgins has described a number of situations that prompt government to pursue regional policies:

- Where there is a marked overlap between the regional structure of the economy and the sectoral or political structures, for example in countries with a federal constitution;
- The presence of large regional disparities;
- The presence of clearly demarcated areas of high unemployment and relative poverty in a generally prosperous country;
- Where there is extreme polarisation, growth and prosperity being concentrated in one or a few areas, for example a primate city;

- Where there are frontier regions with unexploited potential; and
- Where the government is committed to national development planning through a decentralised process (Higgins in Higgins and Zagorski 1989: 4-5).

Policy objectives reflect closely conceptions of the “regional problem”. There are different regional problems and different conceptions of the regional problem. In general, the effects on a nation’s economy and society of regional disparities are at the heart of government attempts to influence the shape of the space economy.

Several observers of comparative regional policies have argued that Australia, by international standards, has had a relative absence of compelling reasons for regional policies. For example, Higgins has claimed (writing in 1989) that Australia is “... virtually unique in its lack of compelling reasons for casting national economic policy in terms of specifically regional issues” (Higgins in Higgins and Zagorski 1989: 4-5).⁸

Yet there has been a long-term Australian (particularly Victorian and New South Welsh) concern, especially in non-metropolitan areas, about the domination of the States’ economies by their capital cities. The essence of the problem has been captured by the Standing Committee on State Development (SCSD), which stated:

While Australia has traditionally lacked “problem regions” in contrast to regional disparities in other countries, it has been characterised by an unusual and what is to many people an unhealthy demographic and economic dominance by its largest cities (Legislative Council 1994a: 37).

Or as Stilwell has noted:

The causes and consequences of metropolitan primacy within each of the individual States have long been regarded as central to debates on Australian urban and regional development (Stilwell 1993: 135; see also Burnley 1980; Neutze 1978).

This concern has been addressed (to a greater or lesser extent, and with a greater or lesser degree of success) over many years by government actions at State level, and from time to time, at Commonwealth level as well.

It is a central contention of the thesis that, at least until the 1970s, Australian spatial policies were driven largely by the perceived need for decentralisation, or more “balanced” development between capital cities and non-metropolitan regions, rather than by the existence of “problem regions”. This policy approach was prompted both by the existence of urbanisation processes and the political pressures to which these processes gave rise. However, this has changed fundamentally since the late 1970s as new problems and new policy ideas have emerged.

The Dimensions of the “Imbalance” in New South Wales

In view of the persistent and spirited debate about the current condition and possible future of regional Australia, and the degree of anger present in non-metropolitan areas, it is important to investigate further the precise nature of the “great divide”, and to determine what evidence there is for the claims that non-metropolitan regions are suffering unduly in comparison to metropolitan regions. The task is to explore the breadth and the depth of the disparities to be found between metropolitan and non-metropolitan regions, and in doing so test the “two nations” claim made above by Australia’s Deputy Prime Minister in 1999 (Anderson 1999a).

Key questions include whether there is a fundamental “imbalance” between Sydney and the rest of New South Wales, how any imbalances are manifest, and their extent. There is considerable evidence of disparities in New South Wales measured by a broad range of economic and social indicators, including income and wealth, access to services such as education and health, and living standards. However, the emphasis here is on the extent of metropolitan primacy and on Sydney’s dominance of the State’s economy. It is in these areas that the notion of balanced development has most currency. The analysis here examines the level of disparities at, or near, the time of writing. Further analysis of whether the disparities have grown over time is undertaken in Chapter Six.

Population Primacy

Primacy is normally associated with demographic rather than broader economic concentration. People living outside the major cities, and their representatives, often dwell on population statistics and measure success or failure in terms of rises or falls in population (Salt 2001). There is good reason for this. Population growth is an important indicator of the attractiveness of a location and of its future prospects. Out-migration, perhaps more than any other indicator, suggests decline and is a visible sign to outside investors of an uncertain future. Much of the concern about the decline of non-metropolitan regions is expressed in terms of the evident imbalance in population between Sydney and the rest of the State.

The key features of the national settlement pattern include generally low urban population density, a high degree of urbanisation, metropolitan primacy, continuing strong coastal growth, declining inland population, the absence of middle sized cities (50 000 to 500 000) away from the coast, and decline in many smaller towns. The phenomenon of the “sandstone curtain” is a potent and enduring symbol of the perceived city-country divide. The Great Dividing Range separating the well-populated, generally fertile coastal plain from the more marginal, less populated inland regions has proven to be a powerful metaphor as much as a physical feature of the State’s landscape.

However, of these features of the settlement pattern, metropolitan primacy is the most commented on and Sydney’s domination of the State’s overall population is often the starting point for critics of the lop-sided nature of the State’s economy. Holmes has described Australia’s urban system in each State as:

... a relatively uncomplicated hierarchical structure, centralized on one multifunctional primate city, with a dearth of other medium-sized to large cities (Holmes in Jeans 1977: 412).

Australia’s high level of metropolitan concentration has been described by Holmes as “extraordinary” (Holmes in Jeans 1977: 412). According to Burnley:

Australia's basic population problem may well be its irregular population distribution, and a tendency towards increasing population concentration and centralization within each State (Burnley in Goldstein and Sly 1975: 93).

The problem with Sydney's size is often couched in terms of the absence of alternative, reasonably sized locations for households and businesses within the State. Sydney's recent annual growth rate of around 50 000 per year (Holliday 2000) is equivalent to about the size of the State's largest inland city.

There are other features of the State's population growth relevant to the discussion of metropolitan primacy. Nugent has undertaken analysis of the 1996 census for New South Wales, which showed that Sydney had increased its share of the State's population in the 1991-96 period. A number of findings emerged from his analysis, and are set out in Box 1.2.

Several interesting points emerge from Nugent's analysis, some confirming widely held beliefs about Sydney's growth and its domination of the State, and others challenging popular assumptions. In particular, the 1990s have not in fact seen a mass exodus from inland regions to the city. The intrastate patterns are much more complex. On the other hand, Sydney's position vis-à-vis the rest of the State has marginally strengthened, whatever the specific causes (see Chapter Six).

In terms of current growth trends, the ABS states that, in 1999-2000, Sydney's increase of 53 600 accounted for 80 % of the State's increase. From 1995 to 2000, Sydney grew by 1.3 % annually on average, compared to 0.6 % per year for the balance of the State. 93 % of Sydney's Local Government Areas (LGAs) showed population growth, while 82 % of coastal LGAs grew, but only 25 % of inland LGAs showed an increase in population (ABS 2001: 18).

Box 1.2 Analysis of Recent New South Wales Population Patterns

- The State's overall rate of population growth slowed in the 1991-96 intercensal period, principally due to much lower overseas migration. The average annual growth rate was 1.02 %, against 1.29 % in the 1986-91 period;
- Sydney's average annual growth rate was higher than for the rest of New Wales in 1981-86 (1.14 % against 0.91 %) and 1991-96 (1.11 % against 0.86 %), but lower in 1986-91 (1.13 % against 1.46 %);
- The relative Sydney and non-metropolitan shares of the population have been remarkably stable over the 1981-96 period. The shares were actually the same in 1981 as 1996, viz 62.6 % and 37.4 %, with only minor variations in the intervening period;
- Population growth patterns in non-metropolitan areas were not uniform between 1991 and 1996. Coastal average annual population growth slowed from earlier periods but remained above the State average (1.87 %). For inland regions, the average annual growth rate was a very low 0.03 % (0.63 % in 1986-91). The population of most inland Statistical Local Areas (SLAs) actually fell in 1991-96. Most growth occurred in larger regional centres, or due to the opening of new mines or other events specific to the area concerned;
- The higher proportion of the population living in Sydney does not reflect substantial migration from inland New South Wales. Most migration from the inland was to coastal New South Wales, Newcastle and Wollongong, and to Queensland. Sydney's proportion of the population grew because of the low overall growth figure combined with losses from the rest of New South Wales to Queensland and a decline in Sydney's net intrastate migration loss, particularly to the coast;
- The slowing of migration to Australia does not necessarily slow the growth of Sydney;
- The largest out-migration loss from the inland regions was in the 20 to 24 age group.

Source: Nugent 1998: 24-32

It would appear, then, that Sydney's long-entrenched dominance will continue, with the Department of Urban Affairs and Planning (DUAP) projecting that Sydney will contain over 64 % of the State's population by 2026 (Holliday 2000). It is important to note that Sydney's dominance is long-entrenched. The pattern has changed very little at least since the 1970s.

This stabilisation of the level of dominance by the capital should not, of itself, be seen as indicating a lessening of the problems for non-metropolitan regions, since most inland areas did in fact decline (or grow only very slowly) in the 1991-96 period.

According to the *State of the Regions Report* (National Economics 1998: 14), the annual population growth rate in rural Australia generally is low at around 0.8 %, compared to 1.37 % nationally.⁹

In summary, recent years have been marked by continued steady growth in Sydney's population, stable, continuing (even strengthening) metropolitan primacy, and population decline in many regional, particularly inland, areas.

Primacy of Economic Activity

An important measure of the success of a region or locality is its level of economic activity – comprising investment, business formation and growth, share of Gross State Product (GSP) and the level of employment.¹⁰

Figures on the respective levels of investment or output in Sydney and non-metropolitan New South Wales are not widely available. Roy Powell's 1995-96 input-output tables demonstrate both the domination by Sydney of the State's economy and the recent strengthening of its dominance. According to Powell, Sydney in 1996 represented 70.4 % of the State's economy and 66 % of its employment (with around 62 % of the population). Figures contrasting the 1996 position with that of 1981 showed an increase of nearly 10 % in Sydney's share of GSP (Roy Powell 1999: 2). As Powell states:

... regional economies are losing market share and in some cases, experiencing a decline in business activity. There is a trend toward increased dependence on metropolitan support for the maintenance of essential infrastructure and services (Roy Powell 1999: 2).

There are large differences between the Sydney and non-metropolitan economies. While generalisations can be misleading, and obscure important regional variations (see Chapter Six), regional economies tend to be characterised by lack of scale and the narrowness of their economic base. According to Henry and Drabenstott, (writing about rural conditions in the USA):

Rural areas are thought to have two salient features, remoteness and small scale, that tend to inhibit economic growth. These features have explained at

least partially why economic growth in the nation's rural areas has generally trailed that in metropolitan areas (Henry and Drabenstott 1996: 53).

The narrowness of the economic base in many non-metropolitan economies leaves these places exposed to external shocks or commodity price slumps. As the Economic Planning Advisory Council (EPAC) points out:

Non-metropolitan regions typically show relatively high dependence on one narrowly defined industry such as particular types of mining, tourism or one kind of manufacturing (EPAC 1991: 16).

A recent PC paper agrees with this assessment:

... smaller and more remote regional towns are often relatively specialised – with activity centred on a handful of core industries – while metropolitan and strongly service-based non-metropolitan regions generally have more diversified industry bases. Hence, the closure of a major business in a small regional centre is likely to have a larger impact on the surrounding community than would the closure of a similar operation in a capital city (PC 1998: 21).¹¹

In contrast, Sydney's economy is characterised by scale, a broad economic base, highly developed manufacturing and services sectors, extremely well developed vertical and horizontal linkages, advanced supply chains, a concentration of markets, advanced networks and clusters, and global connectedness (see, for example, Lepani et al 1995; O'Connor and Stimson 1995; O'Connor et al 2001).

One indicator of relative economic performance is the difference between metropolitan and non-metropolitan employment levels, unemployment and employment growth. For example, the Australian Bureau of Agricultural and Resource Economics (ABARE) found a strong linkage between changes in regional employment and changes in population (ABARE 2001: 28). A recent proposal for enterprise zones also used unemployment as a surrogate for regional well-being (Manning 2001). And here, the picture has not been favourable for many non-metropolitan regions.

According to Geoffrey Blainey, "... the defect in regional Australia in recent decades has often been the absence of work" (Blainey 1997). The statistics relating to both unemployment levels and employment growth rates can vary substantially over time,

and according to different measures and definitions. For example, the National Centre for Social and Economic Modelling (NATSEM 2000) investigated the level of unemployment in different types of regions, based on ABS data. NATSEM found that, in 1996, Sydney had an unemployment rate of 7.7 %, while major urban areas recorded 12.1 %, regional towns had 11.6 %, rural towns had 13.8 %, and rural areas recorded 9.7 % (NATSEM 2000: 19). Using different notions of regions the PC found that, in 1996, unemployment rates were 6.7 % in rural areas, 8.2 % in towns and 6.6 % in cities (PC 1999a: 31). Beer et al found that, in 1991 at the height of the recession, non-capital cities had an unemployment rate of 13.2 %, well above the national average of 11.6 % (Beer et al 1994: 53).

In terms of employment growth, several analyses were undertaken in the late 1990s. Statistics from the then Commonwealth Department of Employment, Education, Training and Youth Affairs (DEETYA) showed that from 1996-97, unemployment increased by 17 800 in non-metropolitan regions while only 2 700 new jobs were created. By contrast, unemployment fell by 16 000 in the capital cities while the number in work expanded by 51 300 (Henderson 1997). And according to Long, writing in 1998:

In regional NSW unemployment rates are five percentage points higher than the Sydney metropolitan average, and three times the rates in the suburbs of Mosman, Woollahra and North Sydney (Long 1998b).

Wahlquist has noted that non-metropolitan Australia accounts for 35 % of the nation's workforce but is home to 42 % of the unemployed. She quoted ABS figures which show that from March 1996 to August 1998, Sydney's unemployment rate fell from 7.6 % to 6 %, while the unemployment rate in the rest of the State only fell from 9.8 % to 9.7 % (Wahlquist 1998: 26).

According to John Spoehr, the number of regions with unemployment rates above 10 % almost doubled since 1990, from 186 to 351. Many of these regions have unemployment rates two to three times higher than the national average (Long 1998a).

More recent analyses based on Small Area Labour Markets (produced by the Department of Employment, Workplace Relations and Small Business (DEWRSB); Collits 2001) suggest that unemployment rates did not generally exhibit dramatic variation across locations or between metropolitan and non-metropolitan regions, although there were exceptions. Other writers have suggested a strongly widening regional divergence in unemployment (see National Economics 2000; Gray and Lawrence 2001; see also Chapter Six).

However, a ranking of unemployment by SLA by the ABS from highest to lowest reveals that, of the 50 SLAs with the highest unemployment rate, 47 were outside the metropolitan area. Only Fairfield, Auburn and Canterbury from the Sydney region were among the 50 SLAs with the highest unemployment rates. Conversely, of the SLAs with the lowest unemployment rates, only 6 of the top 20 SLAs were from the non-metropolitan area (ABS 1996).

Of course, there is considerable regional variation in employment and unemployment statistics within the broad non-metropolitan area, and even within the same region. Equally, there are marked differences in the figures within the metropolitan region. Low unemployment figures in small inland towns and high unemployment in coastal locations may not reflect truly the level of employment opportunities in those places, as smaller towns in the inland region may well be exporting their unemployment to areas of higher amenity. Indeed, recent census figures show that this has been occurring in the 1990s (see Nugent 1998).

Hence, broad generalisations can be misleading. However, this is not to deny that Sydney has increased further its already very high share of the State's economy since the 1980s. At the same time, non-metropolitan regions taken as a whole have decreased in their overall share of GSP, with many areas experiencing (at times) substantially higher unemployment and lower employment growth than Sydney.

A City-Country “Divide”?

While Sydney’s dominance of the State’s population and economy is unquestioned, those who see a city-country divide have also highlighted many disparities in living standards. These include wealth and income (Society of St Vincent de Paul 1998; Catholic Social Welfare Commission 1998; PC 1999; NATSEM 2000); relative levels of social security dependence (Bray and Mudd 1998); social indicators and composite measures of regional well-being (PC 1999a; Bureau of Rural Sciences (BRS) 1999; see Chapter Six), and access to services such as health and education (Wahlquist 1998; Human Rights and Equal Opportunities Commission (HREOC) 1999; PC 1999). According to Rolley and Humphreys:

Studies using standard quality of life indicators have shown the comparative disadvantage and spatial inequities that characterise rural regions vis-à-vis major urban areas in Australia (Rolley and Humphreys in Sorensen and Epps 1993: 248).

Another source of disparities identified has been the spatial distribution of the costs and benefits of structural change, cyclical recovery and micro-economic reform. It has been suggested that the cities are the greater beneficiaries of these changes (Jensen 1997). Other observers have argued that government policies have played a large part in creating or reinforcing city-country disparities, for example through the rationalisation of services and public sector positions and through policies that have accentuated the uneven spatial impacts of globalisation (Wahlquist 1996; Collits and Gastin 1997; Gerritsen in Pritchard and McManus 2000; Gray and Lawrence 2001). Hence the popular images of a “divide”, partly borne of metropolitan primacy, have considerable support. Chapter Six discusses in detail the diverse spatial impacts of structural change, some of which have favoured the cities. As the National Competition Council (NCC) has pointed out:

Sometimes... due to differences in scale between business activities in rural and urban areas, the benefits of reform may weigh more strongly in favour of urban communities enjoying access to markets with vigorous competition. And in some cases, particular regions or industries in rural areas may be directly exposed to the reform process, creating the potential for a considerable burden of costs (NCC 1999: 74; see also Collits 1998).

In other words, there is an acknowledged differential impact of structural change and reforms such as competition policy on different regions. A related concern is the evenness of the economic recovery following the severe recession of the early 1990s. Participation in the economic recovery since the recession of the early 1990s has been seen as a source of inequality between city and country. Jensen, quoting Roy Powell, has claimed that the recovery in the Australian economy has "... passed many rural regions by" (Jensen 1997: 7).

While the disparities between capital cities and non-metropolitan regions are sometimes substantial, and help to explain the breadth and vigour of the debate over the future of regional Australia, they need to be placed in perspective. First, some of the indicators do not reveal much of a "divide". Second, indicators change over time. And while the changes sometimes reveal widening gaps between city and country, this is not always the case. A recent apparent narrowing in unemployment rates between city and country – never really wide – is one example. Hence it is dangerous to be too conclusive about the divide. Third, the metropolitan primacy in New South Wales has been relatively stable since the 1970s (see Chapter Six). Fourth, there are inevitably methodological concerns about some of the measures used to establish a divide between city and country. Fifth, there are often valid explanations for the divide, for example relating to better access due to the weight of numbers in the city. Some spatial "imbalance" is inevitable in an open economy.

Sixth, not all the advantages go one way. One example is the high cost of housing and cost of living generally in the capitals, particularly Sydney, which reduces the relative benefit of higher incomes. Another is the more relaxed lifestyle and the enhanced environmental amenity in the country, together with what many regard as a greater sense of community, of social capital. And finally, the city-country divide is but one among many in the Australian space economy, and somewhat artificial in view of the many disparities within and between both metropolitan and non-metropolitan regions. While the existence of the latter, of themselves, need not diminish the significance of any differences between city and country, they place them in perspective. And, as will be seen later, this last point has important implications in terms of the changes that have occurred in regional policy.

Conclusion

The level of urbanisation and metropolitan primacy in New South Wales, and the superiority of living conditions in Sydney, while not unique and not new, are clearly notable features of the State's space economy. This chapter has set out the extent to which Sydney dominates the State's population and economy and the nature of its primacy. Its purpose has been to see whether, and to what extent, there is a definable "regional problem" at the core of the recent debates over regional Australia, and to determine its shape and characteristics. However, simply isolating differences in population, economic activity and living standards according to a metropolitan-non-metropolitan divide does not establish a "regional problem" demanding resolution. This requires further discussion. Chapter One has provided a factual basis for the later discussion of the merits of the balanced development position. Here there are strong linkages with Chapters Five and Six. The issues raised in this chapter give rise to many further questions.

The above analysis shows that there are considerable disparities between Sydney and the rest of New South Wales, on a number of measures. There are two broad sets of indicators. One relates to the level of economic activity in the city and regional areas respectively, and the divide is seen in the distribution of industry and population, and in indicators such as population growth and unemployment levels. The other set of indicators relates to the quality of life of individuals living in the city versus the country. Indicators here include access to services and health and education outcomes, as well as levels of income and social security.

The distinction will be seen to be important, as the proponents of balanced development are more concerned about the imbalance in development than the disparities in living standards, important though the latter are to balanced development adherents. Moreover, a policy focus on differences in living standards leads (and has led) in a different direction to a focus on uneven economic development, although the two are linked.

In summary, this chapter has established that:

- Metropolitan primacy and the notion of a city-country divide are separate, though not unconnected, concepts;
- Metropolitan primacy has been seen widely as the “regional problem” in New South Wales, particularly in the relative absence of marked regional disparities;
- The imbalances between Sydney and non-metropolitan New South Wales have occurred at a number of levels; and
- While there is a case to be made that a divide exists, it is, in many respects, a problematic concept, and this suggests that the notion of “imbalance” at the heart of the concerns of balanced development is open to serious questioning.

The extent of metropolitan primacy in New South Wales has not been challenged, nor could it be. Sydney clearly dominates the State’s population and economy. However, whether or not the “divide” is exaggerated, or given undue policy emphasis, is discussed in later chapters. On the evidence presented here, the purported existence of “two nations” within Australia, city and country, is questionable. It may well be the case that the problems “in” regional Australia are not necessarily problems “of” regional Australia. However, there is sufficient basis in the comparative analysis to justify examination of the regional political and policy dynamics to which metropolitan primacy and the perceived city-country divide have given rise.

In view of the existence of these metropolitan-country cleavages, and their strength in at least some cases, it should not be surprising that they have given rise to persistent, resentful and virulent non-metropolitan resistance movements. The following chapter examines the appearance of calls for a reversal of the fortunes of non-metropolitan New South Wales in the face of Sydney’s dominance. This is the idea of “balanced development”.

End Notes

1. For example, the closure of companies like Heinz Watties in Eden; the closure of sporting clubs like the one in Gunnedah after forty years of operation; banks continuing to close branches in country towns; the loss of jobs in traditional industries like timber (Bombala) and meat processing

(Aberdeen); the relocation of country hotel licences to the city to take advantage of bigger returns from gambling; the disappearance of small businesses like car dealerships from smaller centres; the out-migration from the wheat-sheep belt towns; declines in the real value of country real estate in many areas; and racial tensions related to high unemployment in places like Wilcannia (Collits 1999a; Collits in Rogers and Collins 2001).

2. This was the argument for regional policies under the Keating Government, particularly in its *Working Nation* policy released in 1994. Other examples of arguments from economic premises include the argument that more even development tends to reduce inflationary pressures in the national economy (Stilwell 1997: 2-3); and that actions to reduce metropolitan primacy will save in the public cost of infrastructure provision (Neutze 1965; CMA 1993).
3. As an example, the decentralisation and urban improvement policies of the Whitlam Government were largely driven by a concern for the inequalities that were said to have arisen from too rapid metropolitan growth.
4. Pressures in some Australian regions to form new States have often been inspired by perceptions that metropolitan regions were favoured in terms of government funding, infrastructure and the encouragement of development. Regional unrest in some cases has caused governments to respond with increased funding for decentralisation or promises of infrastructure.
5. Regionally disbursed funding can and does easily converge with political largesse. One celebrated case in Australia where regional policies have been at least partially enacted, or continued, with a political outcome in mind would include the Bathurst-Orange Growth Centre focused on the (then) perennially marginal electorate of Bathurst (Sproats 1983; Hurley 1989: 357). Another example has been the attention paid to country politics by the New South Wales Labor Party.
6. Advocates of balanced development have, at least since the 1960s, appealed to environmental arguments, particularly in relation to the environmental costs of urbanisation. These are said to include such negative externalities as air, water and noise pollution, traffic congestion, and so on, that result from the over-concentration of industry and population. A more even spread of development, it is argued, would lead to better environmental outcomes, and governments have pursued decentralisation policies in order to achieve these objectives.
7. Such strategic reasoning influenced regional policy thinking in Australia during and after World War Two.
8. See also Mathews 1981; Mathews in Higgins and Zagorski 1989; Economic Planning and Advisory Council 1991a and b; Stilwell 1992: 48-49; Legislative Council 1993: 71; Michael Jones 1993: 83. Traditionally, regional disparities were often simply regarded as differences among the States; see Stilwell 1992: 49.
9. Another major report on demographic trends, with particular reference to declining populations in small regional towns, was commissioned by the Australian Bankers' Association and published in 1998. It adds to the work undertaken by Nugent, who did not analyse specific small town trends. According to the report, of the 456 local government areas defined as rural (containing fewer than 17 500 people in 1996), some 215 have been subject to a process of sustained population loss since 1976 (ABA 1999:1; see also Collits 1998; ABS 1998). The result of what the ABA refers to as "demographic erosion" has been a loss in the 215 LGAs of over 100 000 people since 1976, or 12 %. See also Chapter Six.
10. While population levels and growth are good (and popular) indicators of regional growth or decline, they often simply reflect the growth in the economy. Equally, the social indicators (see below) which often provide stark evidence of regional well-being, are often a reflection of the region's economic life. Social problems in regions have generally occurred most where levels of unemployment are high and opportunities rare. Hence economic indicators of recent relative metropolitan and non-metropolitan performance should illuminate the nature of the disparities between them.

11. Stilwell and Larcombe, writing in 1980, stated that “These areas [non-metropolitan regions] continue to be economically based on a limited range of primary industry and, though this leads periodically to boom situations, they are consequently vulnerable to international market fluctuations” (Stilwell and Larcombe 1980: 3; see also Lawrence 1987).

Chapter Two

Regional Development Advocacy and the Idea of Balanced Development

[New South Wales is] a State where west to most people means Penrith.

Daily Liberal, Dubbo (1996)

... tensions between town and country have been an important aspect of Australian society and politics from the beginning.

Don Aitkin (1977: 180)

Much advocacy of the virtues of decentralisation has been based on the simple assumption that large concentrations of population, from whatever cause, are intrinsically bad and that a simple and spectacular solution of the problem is merely a matter of government action.

Bill Butterfield (1965: 24)

Introduction

The 1990s have witnessed both a high level of discussion about regional Australia, and a high level of resentment in non-metropolitan regions about perceived injustices of the kind described in Chapter One. Within the long tradition of attempts to generate new economic activity away from the cities, one of the recurring themes in discussions about regional Australia has been the notion of “balanced development”. What is “balanced development”? For that matter, what is “unbalanced development”? These are terms common to the regional development literature in Australia and elsewhere, and important in ongoing policy debates. They are central to the concerns of this thesis. Yet their meanings and uses are problematical.

In arguing that balanced development has been an important idea in regional policy debates in New South Wales over an extended period, it is important to set out the nature of the idea and to place it within the wider context of regional development advocacy.

In order to explain properly what is meant by balanced development and to place it in context, this chapter:

- Places the advocacy of more balanced development between Sydney and non-metropolitan New South Wales within the broader debate about the future of regional areas;
- Outlines the principal features of the idea of balanced development, its central arguments and assumptions, its sources and (in Appendix C) its historical precedents;
- Describes the various uses of the term balanced development;
- Introduces its principal protagonists.

It is argued, first, that the notion of balanced development is a longstanding response to an issue of concern to people in non-metropolitan regions; second, that the idea is important to the national debate about the role of government in the space economy; and, third, that balanced development, despite different uses and shades of meaning, has sufficient coherence and cohesion to allow serious investigation. The chapter proceeds by way of exposition. The claims of various observers on the condition of regional Australia are not contested here. Many of the arguments made and their underlying assumptions are open to question, and a closer analysis of these is undertaken in Chapter Five.

Regional Discontent

There has been a dramatic increase in concern among regional communities, their representatives, and associated academics and journalists, about the condition of regional Australia. This has given rise to a lively debate and a media and political preoccupation with the so-called “bush crisis” and the “city-country divide” (Cribb 1994; Jensen 1997; Collits and Gustin 1997; Rothwell 1997; National Farmers’ Federation (NFF) 1998; Wahlquist 1998; Sorensen 2000; Pritchard and McManus 2000; Rogers and Collins 2001; Gray and Lawrence 2001). There is also a strong belief that the “divide” is widening (Gregory and Hunter 1995; Roy Powell 1996;

Long 1998a; 1998b; 1999; Anderson 1999a; O'Connor et al 2001; Blainey 2001; see also Chapter Six), and a suggestion among regional advocates that governments either do not understand regional problems or have simply ignored them. The latter has led to a sense of alienation among some country Australians:

These people are confused and frustrated. They've felt disenfranchised and dispossessed of mainstream Australia for a long time (Sharp 1998; see also National Farmers' Federation 1998).

The recent turmoil in regional Australia has been manifest in considerable resentment of the major political parties, of organisations such as banks, of the philosophy of “economic rationalism” that is said to have infected governments (see Chapter Eight), and of city “elites” (Sydney-centrism). Regional discontent is not new (Blainey 2001; see Appendix C). However, the recent debates have generated a high level of regional advocacy, often heavily politicised, perhaps not matched since the days of the formation of the (then) Country Party and the various new States movements. There have been vocal calls for greater concern at the political level for the regional consequences of government decisions, for more spending on regional development, for a greater presence of the public sector in regional areas. All the while the purpose of the increased political activity has been to address some of the disparities identified in Chapter One, especially in the area of unequal government services and perceived lower regional living standards.

At the heart of much of the restive and volatile constituency in regional Australia, often submerged, lies a rejection of metropolitan hegemony and the adoption of some version of the notion of “balanced development”. However, balanced development is about more than simple regional discontent. Whereas the latter has generally been concerned with quality of life issues – the so-called divide – the idea of balanced development is specifically about metropolitan primacy, about uneven development.

The Idea of “Balanced Development”

Like general regional advocacy, the idea of balanced development is not new, nor is the use of the term in Australian politics (See Appendix B). Moreover, the term “balanced development” has been part of the rich literature of regional development,

both in Australia and overseas, for many years. The latter includes a substantial focus on metropolitan primacy, spatial policy and national settlement strategies. (Overseas discussions of the idea of balanced growth include Friedmann 1971; Fisher 1971; Hauser 1971; Friedmann and Alonso 1975; Holland 1976; Gore 1984. John Friedmann in 1966 developed the notions of “cores” and “peripheries”, following Myrdal 1957; see Chapter Five and Appendix D).

Yet the uses and meanings of balanced development have not always been clear. Balanced development is closely linked with general regional discontent and the criticism of the perceived “metro-centrism” of governments, yet is distinguishable from them. It is important to establish a working definition of balanced development as a policy objective, that is, to determine the policy content of the concept. There is also a need to determine what, if anything, distinguishes balanced development from the related concepts of “decentralisation”, from “regional development”, and from the more general expressions of dissatisfaction with the condition of regional Australia. A number of preliminary points need to be made.

First, at the broadest level, balanced development might simply be equated with regional development, in the sense that all regional policies, by definition, deal with the effects of disparities. More or less all regional development policies and programs in New South Wales (and current Commonwealth programs) are targeted at non-metropolitan regions – hence in a sense all regional development is about achieving more “balanced” development between city and country.

Second, the term “balanced development” can be an elusive and elastic concept, its usage depending on the perspective and purposes of the user. Balanced development has meant different things to different people. It has had both general and more specific meanings. The term has been used to support policies that are broadly sympathetic to non-metropolitan New South Wales and that in a general sense take into account the economic development needs of these regions. Equally, the term has been used in conjunction with more specific policy proposals, focused on the perceived problem of metropolitan primacy outlined in Chapter One. In the latter case, it is most closely associated with the CMA’s 1993 treatise, *A Strategy for*

Balanced State Development (CMA 1993). On this analysis, there are really two notions of balanced development.

Third, the task of “unpacking” the term “balanced development”, of adducing its core policy meaning, is made more difficult by the fact that politicians continue to use the term without giving it particular meaning or to pay lip service to it without any intention of implementing it. This is the rhetorical sense of the term.

Definitions of Balanced Development

The starting point in a discussion of balanced development, and in defining the concept, is the CMA, for two reasons. First, the CMA has been one of the most consistent and prominent supporters of balanced development in New South Wales in the period under review. Second, the CMA has attempted to define balanced development and to give it specific policy content. The CMA describes balanced development as:

... active long-term commitment to achieving a broader distribution of population and investment throughout New South Wales rather than continuing the dominance of the Sydney-Newcastle-Wollongong conurbation... (CMA 1993: 121).

In another place, the CMA describes balanced development as:

... the concept of pro-active State-wide planning to encourage greater equity and efficiency in investment, economic and employment growth across the State (CMA 1993: 6).

Hence, according to the CMA, the key elements of balanced development are its focus on the relationship between the metropolitan region and the rest of the State; the need for a change in the current distribution of population and economic activity across the State; and the requirement for substantial policy action to effect the changes demanded.

Balanced development is closely linked to the notions of decentralisation and regional development. Hurley has defined decentralisation as:

... the aspiration that a significantly greater proportion of the population and of the economic activity to provide the livelihood for the of that proportion ought to be located outside the metropolitan cities than has been the case at any time in the past century. Inherent in the term “decentralisation” is the demand for and legitimation of action by central governments to achieve this redistribution (Hurley 1989: 6).

It would appear from Hurley’s definition of decentralisation that the concepts are closely aligned. In contrast to the narrower concept of decentralisation, Hurley defines “regional development” as:

The more general term used in the literature to refer to government action to address spatially differential outcomes in employment, income or population (Hurley 1989: 73).

The CMA also distinguishes balanced development from regional development and from decentralisation (CMA 1993: 6). To the CMA:

Regional development involves the development of geographic regions based on their intrinsic resource attributes and the addition of value through infrastructure, capital, and human entrepreneurial resources.

Decentralisation, for the CMA, refers specifically to attempts to redirect growth away from metropolitan areas:

Decentralization relates to policies that actively seek to redirect growth from metropolitan areas considered to have an over-concentration of population either now or in the future. It seeks to influence the location of mobile or economic footloose activity to achieve equity, efficiency and balanced State-wide development (CMA 1993: 6).

Balanced development, for the CMA, draws together both decentralisation and regional development concepts, but is broader (CMA 1993: 6). (The CMA’s definition of regional development is clearly different from that used by Hurley. Both definitions are legitimate and are widely used). However, the conceptions of decentralisation adopted by Hurley and by the CMA vary considerably. For Hurley, decentralisation is an end-state. For the CMA, it is both a process and a specific policy. It is one means of achieving the wider goal of balanced development. On this understanding of balanced development, decentralisation is merely one part (albeit an important part) of the balanced development objective.

Balanced Development as Rhetoric

The term “balanced development” has been used widely by politicians, and not just by champions such as the CMA. It has been used by local government leaders, by regional policy analysts, and by bureaucrats. Not all users of the term hold to the specific definition developed by the CMA. For example, the term has been used rhetorically, by politicians who wish to demonstrate a commitment to “governing for the whole state” and to the development of non-metropolitan regions. Such an approach can be seen in the Australian Labor Party’s (ALP’s) 1995 regional development policy statement that “... the need for balanced growth throughout the State, and a balance between metropolitan and rural New South Wales will be critical for our State’s genuine prosperity” (ALP 1995). But such statements need not contain specific policy content in the way that the CMA’s use of the term does. And those who use the term in this way may well have had little intention to enact policies which would lead to outcomes that would satisfy advocates of balanced development such as the CMA.¹

Use of balanced development in a specific or non-rhetorical sense is exemplified by the statement of the then Department of Decentralisation and Development (DDD) in 1971:

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 bloated urban centres (DDD 1971b).

For DDD, balanced development had a specific meaning and implied a clear understanding of the perceived regional problem, as well as certain policy commitments. The use of the term was not merely rhetorical, nor did it simply imply a desire simply to assist non-metropolitan regions in a general sense.² Other examples are plentiful in the literature (Appendix B), both of rhetorical uses and very broad, general definitions of balanced development and of more policy-specific, clearly defined uses. Determining the shades of meaning generally requires some knowledge of the policy context of the user.

The Key Elements of Balanced Development

Despite the sometimes deliberate confusion associated with the use of the term balanced development and its rhetorical uses, it is still possible to identify certain core elements of the idea.

Put simply, balanced development is the pursuit of a distribution of population and economic activity that is more favourable towards non-metropolitan New South Wales than the current distribution. This need not imply a particular weighting or end state (the proper “balance”). It requires policies specifically targeted towards diverting current or future population, economic activity and services away from Sydney, as well as retaining existing population and economic activity in non-metropolitan areas. It implies a sustained and substantial commitment by government.

Balanced development can be distinguished from other regional development objectives in that its sole focus is on the relationship between Sydney and the rest of the State, and not on regional disparities generally. In assessing the success or otherwise of a regional development initiative, balanced development measures the position of communities or regions, not against other communities or regions or against an earlier benchmark, but against Sydney.

Balanced development, if it is to have any meaning at all other than as political rhetoric, must involve more than simply “giving more help to non-metropolitan New South Wales”, where “more” means either “more than at present” or “more than the help that is given to the metropolitan region”. Balanced development is not just about increasing the commitment by government to “the country”. This is what distinguishes the concerns of balanced development advocates from the general regional discontent described above. Balanced development is specifically about metropolitan primacy whereas much of the agitation is directed at achieving more broadly sympathetic attitudes from government and attention to the so-called divide.

On the evidence of the various definitions (and despite the attempts above to distinguish them), balanced development is so clearly linked to decentralisation as to make them almost indistinguishable. The sole motivation of any decentralisation policy, arguably, is to achieve more balanced development. (For a different view, see Neutze in McMaster and Webb 1976; see also Painter 1977. Painter saw “balanced” development and non-selective decentralisation as synonymous, but regarded selective decentralisation as quite a different policy objective. See Chapter Three). The terms balanced development and decentralisation are used interchangeably in this thesis.

The Balanced Development Argument

The argument for balanced development, while highly contestable, is not complex, nor has it changed substantially over the years. According to the CMA:

... the continuing over-concentration of population and investment in ... metropolitan areas has diminished the potential of regional areas to the economic detriment of the State and the nation, and the environment of Sydney (CMA 1993: i).

This encapsulates the key elements of the balanced development position, the economic and environmental imperatives seen by the CMA (and other supporters of balanced development) as demanding policy attention, and the “twin evils” of metropolitan primacy (disadvantage both to city and country alike). As the CMA states:

The concept of balanced State development offers the unique opportunity both to positively address the environmental and growth pressures on Sydney, and to further develop the demonstrated resource potential of country New South Wales areas (CMA 1993: vi).

An interventionist role of government is central to the balanced development argument. What the CMA refers to as a “regional renaissance strategy” requires:

... active government involvement in providing positive and clear direction for economic and settlement growth across the State ... (CMA 1993: 145).

According to the CMA, the implementation of balanced development is a matter of “political will”. The idea of “tilting the playing field” is also important to the CMA’s argument. As John points out:

Our strategy document sets out various ways in which government can give effect to balanced development if it has the will do so. We need not a level playing field, but a field tilted a little to encourage developers to look to country areas rather than to the city (John 1993: 6).

The case for balanced development is described by the CMA as “compelling” (CMA 1993: vi). The central argument proposed by the CMA, which contains the essential conception of “the problem”, is summarised in Box 2.1.

Box 2.1 The Core Balanced Development Argument

- There is currently an imbalance in population, economic activity (investment) and government resources between the Sydney metropolitan region (normally taken to include Newcastle and Wollongong – the proverbial “NSW”) and the rest of the State;
- The imbalance favours the metropolitan region over non-metropolitan regions;
- The imbalance is bad for both Sydney (too rapid growth and negative externalities) and the non-metropolitan regions (lack of critical mass, depopulation, stagnating small towns, loss of services);
- It is both possible and desirable to alter the current imbalance, to “tilt the playing field” towards non-metropolitan New South Wales; and
- The principal factor preventing the achievement of balanced development is simply a lack of political will and the application of government resources over time.

Key assumptions underlying the concept of balanced development and generally held by its adherents are that Sydney is too big; that Sydney’s growth is at least partly the result of subsidies both of its businesses and its housing; that Sydney’s growth occurs at the expense of regional New South Wales; that business costs are higher in non-metropolitan areas; that decentralisation “tools” like relocation incentives are effective; that Sydney’s growth is aided and abetted by Sydney-centric government actions and non-actions; and that previous attempts to achieve balanced development did not “fail”. The largest and most contestable assumption of the balanced development argument, however, is that government (including at State level) and

central planning have the capacity to make a substantial difference to the current “imbalances”. (All these assumptions are examined critically in Chapter Five).

Balanced development adherents generally refer to the fact that Sydney contains most of the State’s people, and claim that it is continuing to grow at a high rate, in stark contrast to non-metropolitan, particularly inland, regions. The capital, they argue, absorbs most of the State’s resources, whether in the form of people, investment, government funding, infrastructure, subsidies, investment, services or media attention.

While there are key objectives or core principles shared by supporters of balanced development, the latter have, from time to time, advanced specific policy proposals to advance the cause (see, for example, the CMA’s *Policies for Balanced State Development*; CMA 1994a). Such proposals are set out in Appendix F, and include growth centres, payroll tax concessions for country industries, a state-wide settlement plan, increased infrastructure for country areas, population growth targets, and enterprise zones. (Not all of these policy proposals would necessarily be supported by all advocates of balanced development).

Economic and Equity Arguments

The balanced development position has had a number of rationales over time, and these have varied considerably. In the 1960s, for example, there were two main arguments for decentralisation, economic and social.

The publication of Neutze’s *Economic Policy and the Size of Cities* in 1965 focused attention on the economic arguments for decentralisation, that is, on the possible savings to industry and to government from the diversion of metropolitan growth. Senior DDD official Phil Day too added to the case when he claimed that DDD research had estimated over \$1.6 billion in savings from the diversion of 500 000 people from Sydney’s growth from the 1970s to the end of the century (Day in DDD 1973c: 10; all dollar amounts quoted in the thesis are in year 2000 dollar equivalents, to aid comparisons. Conversions have been done with the help of information on Consumer Price Index movements contained in ABS 2001b).

An emerging concern in the 1960s about the social problems and inequities said to exist within the capital cities, particularly Sydney and Melbourne, provided a new dimension to the push for decentralisation, and additional pressure on governments for action. Day referred to this as the “sociological case for decentralisation” (Day 1972: 1). According to Hurley, the equity argument was “... a relatively new strand in the advocacy of decentralisation” (Hurley 1989: 217). Day saw the social strands of the argument as being just as important as the economic case for decentralisation, referring to:

... the mounting social costs we are paying in the metropolitan area in terms of crime and vandalism, the alienation of young people, the neuroses of housewives isolated in the outer suburbs ill-provided with community facilities, the perpetuation of inequalities in educational and other opportunities through the increasing segregation of people on an income basis, and so on almost ad infinitum (Day in DDD 1973c: 10).

Scott highlighted a number of social problems in the cities which, he argued, contributed to the rising concern with equity in the cities in the 1960s and 1970s – congestion; journey to work time; inner city poverty; suburban segregation, rising land prices; deficiencies in service provision; lack of recreational space; and cultural impoverishment (Scott 1978: ix). The equity argument was given impetus by the publication in 1970 of Hugh Stretton’s *Ideas for Australian Cities* (Lloyd and Troy 1981: 27; Troy in Emy et al 1993: 156). The equity argument was also central to the take up of the decentralisation cause within the Federal ALP in the 1960s. (This is discussed in greater depth in Chapter Three; see also Chapter Five). The more recent expressions of the balanced development case are more concerned with the equity between city and country than with equity within the metropolis.

Identifying Balanced Development Policies

It is important to clarify the characteristics of balanced development policies, in order to determine whether, and to what extent, successive governments have been committed to them. Balanced development policies are distinguished both by their objectives and by the policy instruments they use.

These policies have as their primary aim the alteration of the current balance of population and economic activity between Sydney and elsewhere in the State. They differ from those that attempt to advance the position of particular regions or to solve specific regional problems. They also differ from policies that provide assistance to all non-metropolitan regions but do not seek to alter the current distribution of economic activity, for example policies designed to improve regional service delivery or to reduce disparities in living standards.³

Similar policy instruments may be used for very different objectives. There are some instruments, such as attempts to decentralise industries from Sydney to the country, which by their very nature try to alter the current balance between Sydney and the rest of the State. Other instruments, such as subsidies that are available only to non-metropolitan firms, suggest a commitment to balanced development, but may not have balanced development as their primary objective. Still other instruments, such as those trying to generate endogenous business growth in regional areas, may be part of a balanced development objective. Indeed, the CMA supports the use of both endogenous and exogenous development strategies (CMA 1993: 152-53). But these local development strategies, of their nature, are not likely to alter the settlement pattern, whatever their other benefits to communities. Hence examining policy instruments alone does not necessarily establish the existence of a commitment to balanced development.

Measuring the commitment of governments to balanced development as a policy objective could be framed according to a set of indicators as outlined in Box 2.2. When taken together, these suggest that a government is seriously trying to address metropolitan primacy.

Box 2.2 Indicators of a Balanced Development Policy Approach

- Government statements of commitment;
- Focus on the specific issue of metropolitan primacy;
- The extent to which programs/ initiatives specifically encourage decentralisation from Sydney (as distinct from encouraging development outside Sydney);
- The size of the dollar commitment;
- The structures and philosophies of agencies created by governments to implement policies;
- The extent to which policies are designed for non-metropolitan regions generally and are not therefore region-specific; and
- The longevity of policies/programs/initiatives.

Hence the concept of balanced development is quite elusive and problematic. It has both general and specific meanings. It has been used for political and rhetorical purposes – to mislead or simply to give comfort as well as to inform. Its champions see it as containing specific policy objectives, while others may not ascribe to it such specific content. Perhaps there are three distinct levels of meaning contained in the concept of balanced development as it has been used in the regional development literature:

- The level of rhetoric, in which the term is used to indicate a general commitment to “development” beyond the major metropolitan centres;
- A more specific, policy-laden concept, closely aligned with decentralisation and a redistribution of economic activity from Sydney; and
- The policy recommendations of organisations that support balanced development, such as state-wide settlement plans.

The above discussion raises a number of questions about the nature of balanced development, for example whether balanced development means anything at all, or whether its uses are so diverse and even contradictory so as to render the concept incoherent. While there may be different levels of meaning and different uses of the term, it is apparent that there is a core set of beliefs contained in the concept of balanced development. Despite the contradictions and elusiveness of the concept,

there is coherence to the term in a policy sense which renders it meaningful and capable of analysis.

It is important that the balanced development agenda be clarified in the context of the many recent pleas for a “fair go for the bush”. The idea of balanced development is much more specific than general notions of “countrymindedness” (Appendix C) or indeed country-friendly policies. Specifically, there is an important distinction between policies that seek to alter the current balance of population and economic activity, and those that attempt to improve the quality of life of people living in non-metropolitan regions relative to Sydneysiders.

Advocates of Balanced Development

Supporters of balanced development have been found both within and outside government and parliaments at State and Commonwealth level (including senior politicians), in local government, in both the metropolitan and non-metropolitan regions, inside the bureaucracy, among the regional media and among a number of interest groups. Nor has balanced development been merely a 1990s phenomenon.

Among the current key current advocates, there are a few organisations that have developed an explicit focus on balanced development. They do not simply lament the level of government support for regional development or despair at the perceived crisis in the bush, but rather express what amounts to a cohesive philosophy or ideology. They typically use the phrase “balanced development”, and often have published policy objectives and strategies designed to achieve it.

As indicated, the CMA stands out as the key supporter of balanced development in New South Wales. In effect, the CMA placed the issue of metropolitan primacy on the political agenda several years before the media began to focus on the so-called city-country divide and its political fallout, and before anyone had heard of Pauline Hanson. More recently, parliamentarians such as Tony Windsor, Tony McGrane, Richard Torbay and Peter Andren have consistently championed the notion.

Other groups have been less involved and less consistent than these, but have nonetheless played considerable if sporadic roles in support of balanced development. The Local Government and Shires Associations (LGSA) have convened three “Whole of State” Assemblies each with a balanced development agenda. The Regional Australia Now movement, based in Victoria, was active for a short time in the early 1990s, but has since faded from public view. The Royal Australian Planning Institute (RAPI) and the Real Estate Institute of New South Wales have, on occasions, supported policies of balanced development. The Central Economic Zone (CEZ) made submissions to government in the mid-1990s consistent with the balanced development agenda. Less formally, a loose coalition of private individuals who styled themselves the “Balanced State Development Working Group” formed in the mid-1990s and met on a number of occasions to further the balanced development agenda. Again, their activities never reached a high level and have since waned.

These have been the principal advocates for balanced development in the 1990s. There are also what might be termed “fellow travellers”, supporters of a much higher policy and political profile for regional development. Their support is not necessarily couched in typical “balanced development” language. However, they do see a problem in the disparities between city and country, and believe that government has a far greater role to play in addressing those disparities (see, for example, Roy Powell 1996; 1997a; 1997b; 1999; Jensen 1997).

As indicated above, balanced development is not new as a policy objective. Prominent past advocates included DDD, particularly in the 1960s and early 1970s; its sometime Director Phil Day; the Commonwealth Department of Urban and Regional Development (DURD); Patrick Troy; key Labor politicians including, most prominently Tom Uren and Gough Whitlam; the Australian Institute of Urban Studies (AIUS); academics such as Max Neutze; and members of the Country (then National) Party. Perhaps the most prominent supporter was the Australian Council for Balanced Development (ACBD), which was formed at a key conference in 1971 (see Chapters Three and Seven).

Later Chapters focus on the effectiveness of the role played by supporters of balanced development as lobbyists for a greater commitment by governments to the cause (See Chapter Seven in particular).

Summary and Conclusions

This chapter has described one of the principal currents in recent thinking about the condition of regional Australia and prescriptions for improving its position relative to the capital cities. The focus here has been one-sided, deliberately. This has been the negative view of regional Australia. There are, in essence, two views of regional Australia. One sees opportunities rather than crises, and recognises the fact that regional Australia is not necessarily in uniform decline, despite the obvious challenges. The other sees an increasing divide, with non-metropolitan regions facing a wide range of often debilitating constraints and an uncertain future. According to this scenario, government has been culpable, and is responsible for “putting things right”.

The focus of the thesis is on the latter camp, on those who see a far greater role for government in redressing perceived imbalances and disparities. Among these, protagonists for balanced development form a distinctive group. Balanced development has a select number of adherents, within the broader camp of those who perceive a divide between city and country. Its distinctiveness derives from its focus on the specific issue of capital city dominance, of uneven development. This has specific manifestations and impacts. While the broader group of regional development advocates is concerned generally with the condition of regional Australia, balanced development adherents essentially see the problems of regional Australia in terms of primacy.

Those who see decline in regional Australia and support greater government intervention to reverse it tend to see differences in living standards and access to services as the key markers of the divide. While they typically focus on the differences between life in the city and in the country, their prescription for solving the problems generally focuses on better services and getting governments to “listen”

and “do more” – in other words, they want a better deal for regional areas from government. On the other hand, the balanced development group, while agreeing with much of the broader agenda, actually wants to see more development (economic activity) in the country, and ultimately more people, at the expense of the city. Of course, there have been occasions when the two streams have coincided – as at the two Country Summits of 1996 and 1998.

Part One as a whole has identified an important recent State and national debate – about the future of non-metropolitan regions – and located within that debate the notion of balanced development. Further questions are suggested by this analysis. In view of the extent and persistence of the imbalances between metropolitan and non-metropolitan regions, in population, economic activity and living standards, and the level of concern frequently voiced by advocates of balanced development (including through political actions), the question is raised whether the continuing degree of metropolitan primacy has occurred because of the lack of attention to it by governments. Perhaps governments have tried to correct the perceived problem of uneven development, and have failed, or perhaps they have simply not addressed the issue.

Part Two provides an overview of the recent history of regional policy in New South Wales and at Commonwealth level (since the 1960s), in order to determine whether, and to what extent, the balanced development agenda has been taken up by governments. Part Three takes up two further questions raised by Chapter Two. These relate to the appeal of the idea of balanced development and the effectiveness of its key advocates.

End Notes

1. The 1995 Labor statement may be contrasted with the statement by the McMahon Commonwealth Government in 1972, which “... 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 and regional development in Australia” (quoted in Lloyd and Troy 1981: 19). Two elements indicate a quite different usage of the term “balance” – the use of the word “better”, suggesting dissatisfaction with the then existing distribution of development, and the implementation of policies which would alter the distribution of development, and the proposed commitment of resources to the task.

2. Still further back, the Department of Post-War Reconstruction linked "... a better-balanced distribution of population" to selective decentralisation measures, that is "... concentrating development in a small number of selected centres" (Lloyd and Troy 1981: 11). Again, there is specific meaning attached to the term balanced development.
3. The task of identifying balanced development policies is made more difficult due to the fact that some proponents of balanced development – such as the CMA and the Real Estate Institute of New South Wales – advocate specific policies as well as a general commitment to balanced development. For example, the CMA advocates a state-wide settlement plan as an integral part of a balanced development strategy (CMA 1993: 146). In the context of this study, however, balanced development policies are defined as those policies that actively pursue a change in the imbalance between city and country, and not simply policies advocated by the CMA and others. Policies such as a state-wide settlement plan may or may not be integral to the achievement of balanced development.