

Appendix A

Chronology of Key Events in Regional Policy and Regional Development, New South Wales and Commonwealth, 1960-2001

Explanatory Note

The following is a selective list of the principal developments in regional policy since 1960. It includes elections, changes of government and other key political events that shaped regional development; ministerial and bureaucratic developments; machinery of government changes; policy announcements; parliamentary and other inquiries and reports; important meetings and conferences; the publication of major academic works on regional development; key program changes; and appointments to regional development bodies.

The events outlined relate to both the Commonwealth and State levels of government.

- 1960: Factory loans for buildings on council land introduced for Lithgow, Cessnock, Maitland (Decentralisation Fund in existence since 1958; rail freight subsidies; freight subsidies for raw materials since 1959)
- 1961: The Davis Hughes Country Party Blueprint for State Development
- 1962: 60/30/10 loans established
- 1963: Division of Industrial Development in Premier's Department becomes Department of Industrial Development and Decentralisation
J B Renshaw Treasurer and Minister
Formation of the State Planning Authority
- 1964: Premiers' Conference agrees to form a Commonwealth/State Officials Committee on Decentralisation
- 1965: Election of Askin Government
Separate Department of Decentralisation and Development - Minister John Fuller, Director W A Butterfield
Urban Research Unit formed at the ANU – Max Neutze and Pat Troy
Max Neutze's *Economic Policy and the Size of Cities* published
Commonwealth/State Officials Committee on Decentralisation meets
Establishment of New South Wales Development Corporation
Report of the Committee of Economic Inquiry (Vernon Committee)

- 1966: *State Development and Country Industries Assistance Act*
Country Industries Assistance Fund introduced
Formation of State Development Coordination Committee
Ministerial Visit by Fuller to British new towns
- 1967: Australian Institute of Urban Studies created
New State Referendum for New England defeated
Formation of the Country Mayors' Development Committee
Release of *Sydney Region Growth and Change: Prelude to a Plan*
Gough Whitlam elected Leader of the Opposition
Appointment of Federal Shadow Minister for Urban Affairs
- 1968: *Sydney Region Outline Plan* published by State Planning Authority
Whitlam advocates the creation of a national Department of
Urban Affairs – Walter Burley Griffin lecture
- 1969: *Report on Selective Decentralisation* released by the
Development Corporation of New South Wales
Meeting of Commonwealth/State Officials Committee
John Fuller Leader of the Government in the Legislative Council
Tom Uren appointed Federal ALP Spokesman on urban and regional
affairs
- 1970: Study of the *Public Capital Costs Associated with Selective
Decentralisation of 500 000 People from the Sydney Region*, by
Sinclair Knight & Partners, Development Planning and Research
Associates, for Department of Decentralisation and Development
Hugh Stretton's *Ideas for Australian Cities* published
5% Country Preference Scheme introduced for country manufacturers
obtaining State Government contracts
John Steinke's *Regional Trends in Australian Population
Distribution 1947-66*
Report to Opposition Leader Pat Hills by advisory committee on sites
for possible growth centres
- 1971: *Horizons* magazine first published by the Department of
Decentralisation and Development (C D Robin editor)
Cabinet approval for 9 common administrative regions for State
Government agencies
Country Mayors' Development Committee agrees to support selective
decentralisation
Opposition Plan for the State's Regions launched as part of rural policy
speech
Urban and regional policy included in Federal ALP platform
Selective decentralisation endorsed by Country Mayors' Development
Committee in Bathurst in May
National Development Conference in Canberra in August, organised
by Murray Valley Development League, National Council for
Balanced Development and Royal Australian Planning Institute
Formation of Australian Council for Balanced Development

Unsuccessful attempt by Federal Opposition to have parliamentary select committee on regional development formed

- 1972: *Regional Organisation Act*
Report of the Committee of Commonwealth/State Officials on Decentralisation
Creation by the McMahon Government of the National Urban and Regional Development Authority
First Report of the Task Force on New Cities for Australia - Australian Institute of Urban Studies, *Efficient and Humane Alternatives to Overcrowded Growth*
Film *Urban Crisis* produced by the Department of Decentralisation and Development
Selection of Bathurst-Orange as a growth centre site by the Askin Government in October
Election of Whitlam Government
Tom Uren Minister for Urban and Regional Development
Retirement of W A Butterfield as Director of DDD; replacement by Phil Day
- 1973: Commonwealth Department of Urban and Regional Development (DURD) and Cities Commission created by the Whitlam Government - Secretary of DURD Robert Lansdown, Deputy Secretary Pat Troy
Growth Centres Program (joint Commonwealth/State) - Albury-Wodonga and Bathurst-Orange
New Minister Tim Bruxner
Phil Day resigns as Director of DDD; R S Dodds Acting Director
Central Mapping Authority relocated to Bathurst
Cities Commission reports to Prime Minister selecting sites for growth centres
Growth Centres (Financial Assistance) Act
The first oil shock
- 1974: Formation of Albury-Wodonga Development Corporation – Chair Gordon Craig
Bathurst-Orange Development Corporation – Chair David O’Keefe
New Director of DDD Tom Cappie-Wood
Re-election of Whitlam Government
- 1975: Cities Commission merged with DURD
Green Paper on Policies for the Development of Manufacturing Industry (Jackson Report)
Election of Fraser Government
Department of Environment, Housing and Community Development takes over DURD functions
National Population Inquiry - *First Report on Population and Australia: A Demographic Analysis and Projection*

- 1976: Milton Morris Minister till May election
Election of Wran Government
Don Day Minister
Commonwealth Minister Ivor Greenwood dies; replaced by Kevin Newman
First cuts to Commonwealth Growth Centres Program
Priorities Review Staff Report on Population Inquiry
- 1977: New South Wales introduces payroll tax concessions for country industries
White Paper on Manufacturing Industries
Review of Government Administration in New South Wales (Peter Wilenski)
Commonwealth responsibility for decentralisation passed from EHCD to National Development
Development Corporation of New South Wales transferred to Premier's Department
- 1978: Wran Government re-elected
Separate Department of Decentralisation
New Minister Jack Hallam
Newly constituted Decentralisation Advisory Councils announced, to replace Regional Advisory Councils
Abolition of Commonwealth Department of Environment, Housing and Community Development
- 1979: Report of the Study Group on Structural Adjustment (Crawford Report)
Repeal of *Regional Organisation Act 1972*
David O'Keefe replaced by Bernie Clune as Chair of Bathurst-Orange Development Corporation
- 1980: Department of Industrial Development and Decentralisation (DIDD) formed
Minister Don Day again
Acting Director J Savage
Industry Development Boards replace Decentralisation Advisory Councils
Tom Dalton new Chair of Bathurst-Orange Development Corporation
- 1981: Re-election of Wran Government
N P Hanckel Director of DIDD
Country Mayors' Association re-formed, constitution adopted
Commonwealth "Razor Gang" cuts to regional programs
- 1982: Development Corporation of New South Wales review of Bathurst-Orange Development Corporation
Introduction of urban consolidation policies

- 1983: Election of Hawke Government
National Economic Summit
Decision to float the Australian dollar
Creation of the Office of Local Government
- 1984: Re-election of Wran Government
Don Day replaced as Minister in February by George Paciullo (Industry and Decentralisation and Small Business and Technology), then Eric Bedford from April
Rental subsidies and interest rate subsidies added to decentralisation incentives
Winding down of the Bathurst-Orange and Macarthur Growth Centres Development Corporations
Re-election of Hawke Government
Tom Uren Minister for Local Government with responsibility for regional development
Regional development moved from Department of Industry and Commerce to Local Government and Administrative Services
- 1985: Bureau of Industry Economics Report on the *Regional Impact of Structural Change*
- 1986: Peter Cox Minister for Industry and Small Business following retirement of Eric Bedford as Minister for Industry and Decentralisation
Department of Industrial Development and Decentralisation undertakes Regional Development Strategy Review
Discontinuation of loans and loan guarantees
Review of Macarthur and Bathurst-Orange Growth Centres; announcement of phase out of land development activity
Introduction of National Industry Extension Service
Development Corporation of New South Wales replaced by State Development Council chaired by the Premier
Neville Wran retires as Premier; replaced by Barrie Unsworth
Commonwealth Economic and Rural Statement - Country Centres Project announced
National Clearing House on Local Employment Initiatives formed
- 1987: Premier Unsworth Minister for State Development; takes over Industry, Small Business and Technology portfolio on retirement of Peter Cox
State Economic Development Strategy released
Re-election of Hawke Government
- 1988: Election of Greiner Government
Audit of State's finances by Charles Curran
Formation of the Department of State Development under Ian Kortlang and Business and Consumer Affairs under Tony Clyne
Minister Gerry Peacocke has responsibility for regional development

- Update of the Sydney Metropolitan Strategy; release of *Sydney Into Its Third Century* document
Introduction of Main Street Program in New South Wales
- 1989: Winding down of payroll tax concessions to country industries
Release by BACA of the Discussion paper, *Regional Development and Decentralisation*
Regional Business Development Scheme introduced
- 1990: Release of Ministerial Statement, *Regional Development: A New Balance for the 90s*
Formation of the Country Manufacturers' Association
Creation of Regional Development Boards
Re-election of Hawke Government
- 1991: Regional Development function moves to State Development portfolio
Re-election of (minority) Greiner Government
Election of Independent Tony Windsor
Replacement of Bob Hawke as Prime Minister by Paul Keating
Commonwealth Industry Statement
Announcement of Building Better Cities in 1991 Budget
Economic Planning Advisory Council publishes *Urban and Regional Trends and Issues*
- 1992: Commonwealth's *One Nation* Statement
Industry Commission commences inquiry into Impediments to Regional Industry Adjustment
National Housing Strategy
Department of Planning publication *Inland Centres of New South Wales - Trends and Opportunities*
Report of the House of Representatives Standing Committee on Long Term Strategies, *Patterns of Urban Settlement - Consolidating the Future*
Resignation of Nick Greiner as Premier and replacement by John Fahey
National Population Council, *Population Issues and Australia's Future: Environment, Economy and Society*, Final Report of the Population Issues Committee
Wagga Wagga hosts major regional development conference
David Simmons Commonwealth Minister responsible for regional development
- 1993: Publication of *A Strategy for Balanced State Development* by the Country Mayors' Association
Formation of the Department of Business and Regional Development and the Office of Economic Development (Premier's Department) from the former Department of State Development
Ray Chappell Minister for Small Business and Regional Development
Glen Oakley Director-General
Sydney's Future planning document

Regional development transferred to Industry, Technology and Regional Development prior to 1993 election – Minister Alan Griffiths
 Re-election of Keating Government
 Commonwealth commissions inquiries into regional development by the “Kelty Taskforce” and McKinsey and Company
 Publication by the Legislative Council Standing Committee on State Development of Discussion Paper, *Regional Business Development in New South Wales: Trends, Policies and Issues*
 Publication of Kelty Taskforce Reports, *Developing Australia: A Regional Perspective*
 Publication of Industry Commission Report, *Impediments to Regional Industry Adjustment*

- 1994: Publication by Bureau of Industry Economics of Report, *Regional Development: Patterns and Policy Implications*
 Commonwealth’s *Working Nation* statement
 Creation of Regional Development Organisations and Area Consultative Committees
 Introduction of Commonwealth’s Regional Development Program
 Department of Housing and Regional Development – Minister Howe
 Publication by Standing Committee on State Development’s Reports, *Achieving Sustainable Growth*
 Publication of final McKinsey Report, *Lead Local Compete Global*
 Ministerial Statement on Regional Development, *Making Regional Development Happen*
 Publication of *Policies for Balanced Development* by Country Mayors’ Association
- 1995: *Cities for the 21st Century* Planning document released in February
 Election of Carr Government in March
 Minister Carl Scully
 Creation of new Department of State and Regional Development
 Minister Michael Egan
 Director General Alison Crook
 Creation of new Department of Urban Affairs and Planning
 Formation of Urban Strategy Group under John Mant
 Rural Communities Looking Ahead conference
 Release of *State Planning: Planning for Regional NSW – Building on Local Strengths* by Department of Planning
- 1996: Green Paper on State and Regional Development
 Regional Summits announced
 “The Year of Regional Development”
 Government Statement on Urban Strategy
 Election of Howard Government
 Creation of Department of Transport and Regional Development
 Minister John Sharp
 National Commission of Audit dismisses Commonwealth role in regional development
 Disbanding of Commonwealth regional development bureaucracy
 Decision not to continue funding of RDOs

- Commonwealth Budget Statement – *Rebuilding Regional Australia*
 Commonwealth Rural Finance Summit
 First Country Summit at Tamworth
 “Gutting of Rural New South Wales” articles by Asa Wahlquist
 Formation of Pauline Hanson’s One Nation party
- 1997: Regional Communities Impact Statements introduced in NSW
 Office of Regional Communities created within Premier’s Department
 Regional Communities Consultative Council created
 Expansion of Regional Coordination Program
 Government Access Program
 New Director General of State and Regional Development
 Warwick Watkins (acting); Loftus Harris
 New Ministry for Regional Development and Rural Affairs
 Minister Harry Woods
 Commonwealth Budget Statement: *Regional Australia: Leading the Way*
- 1998: Second Country Summit at Wagga Wagga
 Formation of Country Summit Alliance by Tony Windsor
Government Beyond the Major Cities released
 Release of *Rebuilding Country New South Wales* Regional Directions Statement
 New regional programs announced – Regional Economic Transition Scheme; Country Lifestyles Program; Country Centres Growth Strategy
 One Nation party wins 11 seats in the Queensland election
 Commonwealth Regional Australia Strategy announced in the Budget
 Re-election of Howard Government
 Creation of Department of Transport and Regional Services
 Minister John Anderson
 Release of the first *State of the Regions* report by the Australian Local Government Association
- 1999: Release of *Working Together for Stronger Rural Communities*
 Re-election of the Carr Government in March
 Election of country Independents
 John Anderson’s “Two Nations” speech
 Commonwealth Budget Statement – *Regional Australia: Meeting the Challenges*
 Creation of Rural Transaction Centres by the Commonwealth
 Productivity Commission Report on the Impact of Competition Policy Reforms on Rural and Regional Australia
 John Anderson becomes Leader of the National Party
 Release of *Jobs For the Regions* report of the inquiry into regional employment and unemployment by the Senate Employment, Workplace Relations, Small Business and Education References Committee
 Regional Australia Summit in October

Announcement of the Foundation for Rural and Regional Renewal Summit Steering Committee formed under John Chudleigh

- 2000:
- Release of the *Time Running Out: Shaping Regional Australia's Future* report of the inquiry into infrastructure and the development of Australia's regional areas by the House of Representative Standing Committee on Primary Industries and Regional Services
 - Commonwealth Budget Statement – *Regional Australia: Leading the Way*
 - Regional Solutions Program announced
 - Local Government and Shires Associations' Whole of State Assembly and *Framework for Whole of State Development* report July
 - NSW *Staying in Town* regional services document released
 - Meetings of Regional Development Ministers and the Australian Local Government Association
- 2001:
- Regional Australia Summit Steering Committee Report released
 - Local Government and Shires Associations Whole of State Assembly
 - Commonwealth Stronger Regions, A Stronger Australia statement released
 - Release of *Meeting the Challenges* Policy Statement
 - New Programs
 - Tony Windsor resigns from State Parliament; elected to Commonwealth Parliament

Appendix B

Balanced Development in Australian Regional Policy Statements

“The task of suggesting a program for future development and decentralisation in Australia becomes much less difficult when it is realised that a better-balanced distribution of population can be achieved by first concentrating development in a small number of selected centres and basing this development on secondary industries as the prime movers.”

Regional Planning Division, Department of Post-War Reconstruction

“I personally regard the Australian problem of centralisation, of population and industry, as already quite serious. I regard it as bad, and indeed dangerous, for Australia to accept the prospect of having half our population in Melbourne and Sydney by the end of the century.
... the degree of centralisation of people and of industries at present existing is much out of balance and the prospect of this becoming accentuated is bad for Australia and should be regarded as unacceptable.”

John McEwen, Deputy Prime Minister, 1965, Decentralisation Seminar

“The Federal Parliamentary Labor Party, on whose behalf I speak, is pledged to a policy of balanced development of Australia and for the more even spread of population and industry.... This is a national question of the highest order and deserves the immediate attention of the national parliament.
Decentralisation of industry and population to me means the balanced development of Australia.”

Mr A S Luchetti, MP, 1965, Decentralisation Seminar

“... the State Planning Authority has concluded that an integral part of the population strategy for the Sydney Region should be the adoption of a provisional aim to steer 500 000 of Sydney’s projected growth to new centres in other areas of the State, outside the Sydney Region.”

Sydney Region Outline Plan, 1968

“... the development of Canberra is only the very beginning of the ideas of decentralised development as they are envisaged by the Labor Party.”

“... the destructive effects on family and social life of the drift to the cities, today such a feature of Australian life, would be diminished.”

“For Australia as a whole there would come substantial economies in the avoidance of urban congestion, and above all in the possibilities of making new beginnings on city development and planning in new areas...”

“Moreover, it costs no more to settle additional population in new centres than to accommodate them on the fringes of existing metropolitan areas.”

E G Whitlam, Leader of the Federal Opposition, Address to the Urban Affairs Symposium of the NSW Fabian Society, 1968

“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”

Editorial, New South Wales Horizons Magazine, 1971

“... the Commonwealth Government has decided that it will take immediate steps, financially and in other ways, in a coordinated program with State Governments directed towards fostering a better balance of population distribution and regional development in Australia.”

William McMahon, Prime Minister, Speech to Parliament, 19 September 1972

“The Government is resolved to continue the promotion of balanced development throughout the State. The achievement of this goal through the retention of existing population and through the relocation of people away from the Sydney Region, is seen as fundamental”

DDD Annual Report 1975-76

“Our commitment to regional development derives from the need to recognise demographic trends that see increasing population imbalances between city and country and that have environmental, social and economic consequences.”

Fahey Government’s Consultative Paper 1993, Developing Regional New South Wales

“The need for balanced growth throughout the State, and a balance between metropolitan and rural NSW will be critical for our State’s general prosperity.”

“Labor’s fundamental objective - balanced Statewide growth and jobs - will remain the dominant economic goal into the next century.”

Labor’s Plan for Regional Development, March 1995

Appendix C

Historical Background

Background to Metropolitan Primacy in New South Wales

It is important to note that neither the imbalances between metropolitan and non-metropolitan New South Wales nor the regional disquiet to which they have led are necessarily new, or even recent, phenomena. Many of the sources of the current metropolitan primacy are embedded in the history and geography of the State, its urbanisation and settlement pattern (see Chapter Five). According to Forster:

It is impossible to understand what is going on in Australian cities today without an appreciation of their historical development (Forster 1995: 5).

Geno has also noted that the notion of regional decline is nothing new, stating that:

An exploration of the literature of the last forty years reveals the recurring theme of town decline and rural poverty. Town decline has been evident in Australia since the last century (Geno 1997: 8; see also Borrie 1975: 147-50).

Box C.1 outlines the way Sydney's primacy has grown along with its population growth. In the latter part of the nineteenth century, Sydney's growth in dominance was gradual. Sydney's increasing population was largely due at that time to immigration rather than rural-urban drift (Burnley 1980: 40; see also Neutze 1981: 8; Butlin 1964). Chapter Five outlines in detail the historical reasons for Sydney's dominance.

In addition, even though Australia is one of the most urbanised countries in the world, are metropolitan primacy and regional problems confined to Australia? According to Roy Powell:

The current stresses, tensions and despair in rural Australia are not new in a historical sense, or unique to Australia (Powell 1997b:1).

Again, Sydney is not alone among Australian capital cities in terms of primacy. See Box C.2.

Box C.1 Sydney's Growing Dominance of New South Wales' Population

Year	Population ('000)	% of State's Population
1871	137 586	27.4
1881	224 939	30.0
1891	383 333	34.0
1901	481 830	35.6
1911	629 503	38.2
1921	899 059	42.8
1931	1 200 830	46.8
1941	1 337 050	47.5
1951	1 795 010	54.8
1961	2 193 231	55.7
1971	2 725 064	59.3
1981	3 204 696	62.5
1991	3 672 855	62.3

Source: Spearritt 2000: 3; from NSW Statistical Register and Commonwealth Censuses. The figures are based on the boundaries used for statistical purposes at the time. Figures may differ slightly from others used in the thesis due to definitional variation.

Box C.2 Primacy Across the Australian States and Territories (1996)

State	% Population in the Capital
New South Wales	62.0
Victoria	71.8
Queensland	44.2
South Australia	73.2
Western Australia	72.1
Tasmania	41.3
Northern Territory	43.9
Australian Capital Territory	99.9

Source: Productivity Commission 1999a: 19; from ABS Integrated Regional Data Base 1998

It has been commented extensively that Australia is one of the most urbanised countries in the world, despite its rich bush traditions and mythologies (see Ward

1958). The statistics are familiar – over 80 % of the people live in 0.1 % of the land area (National Population Council 1991: 27); and over 85 % of Australians live within 80 kilometres of the coast (CMA 1993: 27).

The nature of Australia's urbanisation has been captured by A D Hope in his poem "Australia":

And her five cities, like five teeming sores,
Each drains her: a vast parasite robber-State
Where second-hand Europeans pullulate
Timidly on the edge of alien shores (Hope 2000).

The economic historian Noel Butlin has stated that:

The process of urbanisation is the central feature of Australian history, overshadowing rural economic development and creating a fundamental contrast with the economic development of other 'new' countries (Butlin 1964: 6)

The degree of metropolitan primacy in the colonies was noted in the nineteenth century. Coughlan (1896) commented on the "abnormal aggregation of the population into their capital cities" (quoted in Neutze 1985: 13). According to the Borrie Report:

Griffith Taylor, writing in the nineteen-twenties and 'thirties, saw the pattern of Australia's population as it was then distributed as moulded essentially by climatic, topographical and economic determinants and projected little change for the future. So it has been... (Borrie 1975 V1: 135).

In the twentieth century, the "drift to the cities" has been an inexorable, century-long phenomenon. According to Hugo:

At the 1933 census, 37.4 per cent of Australians lived in rural areas but by 1961 this proportion had halved and in 1976 only 13.9 per cent of the population was classified as rural (Hugo 1986: 110-11).

The growing dominance of the State capital is captured by the simple statistic that in 1900 Sydney was fifty times larger than Bathurst, at the time the State's largest inland town. A decade later it was seventy times larger, and by 1970 Sydney was more than 125 times the population of Bathurst (Aitkin 1972: 12).

The foregoing raises some interesting issues about the causes of Australia's urbanisation and Sydney's primacy. In particular, there is clearly a range of views as to whether the settlement pattern is more the logical outcome of economic forces or the design of city based governments and elites. More importantly, the debate has implications for the contemporary discussion of the "crisis in the bush" and of the concept of balanced development discussed in Chapter Two. It is therefore not merely of historical or theoretical interest, but is important to the central aims of the thesis.

An economically deterministic interpretation of the emergence of Sydney's dominance, as implied in some of the statements of a number of observers (see Chapter Five), lends credence to those who currently feel sanguine about the prospects of non-metropolitan regions. An interpretation of the growth of Sydney largely as the outcome of government policies is more akin to those who see genuine grievances behind the rise of "countrymindedness".

The Historical Roots of Balanced Development and the Concept of "Countrymindedness"

It is important to place the concept of balanced development in some historical context, in order to help explain its persistent appeal and to set the scene for the detailed analysis to follow.

The ever-growing metropolitan primacy and the persistence of disparities, together with the responses to them by regional advocacy groups, through political agitation and other means, go a long way towards explaining both the appearance and the persistence of balanced development as a political idea in New South Wales. Hence advocacy of balanced development, as an example of regional disenchantment, is not new and is very much a product of New South Wales' history and geography. It is not surprising, therefore, that the high degree of urbanisation in Australia has led to a counter reaction outside the major cities which has recurred throughout the nation's history.

"Countrymindedness"

Aitkin has described this phenomenon as "countrymindedness". An important component of the ideology, according to Aitkin, is the encouragement of settlement in the country (though in Aitkin's conception the notion is much more than this). Elements of countrymindedness are said also to include recognition of the importance of farming to the national economy and of the inherent virtue of country living, the relationship between the "countryman" and national character, positive government support for primary industry, and admission of the fact that political power resides in the city (Aitkin 1985). Similarly, Neutze has referred to the notion of "ruralism" (Neutze 1985: 13).

The distinctive political culture of non-metropolitan Australia, particularly in New South Wales, is a prominent feature of the State's overall political culture. In describing the State's political geography, H B Turner highlights the city-country divide:

It has been tradition for country dwellers to inveigh against the metropolis: in terms of political rhetoric, an "octopus" sucking the life's blood out of the countryside. And this strongly held traditional attitude is a psychological weapon, identified and deliberately exploited by politicians in the state and has undoubtedly contributed to the solidarity of the rural interest (H B Turner in Rorke 1970: 60).

A number of observers have noted the centrality of the city-country divide in Australia's polity. Jaensch has argued that "...rural areas have a distinctive economic base. Rural people have a distinctive political culture" (quoted by Verrall et al in Costar and Woodward 1985: 8). Verrall et al have claimed that the rural-urban cleavage is "...an essential and key notion in understanding Australian politics" (Verrall et al in Costar and Woodward 1985: 8; see also Kemp 1978).

R S Parker agrees:

The growing contrast between metropolitan concentration and rural diffusion has sharpened the tension between city and country interests. The latter have believed since the 1890s that state governments have been dominated by city pressure groups, including the middlemen who trade in primary products or in farm supplies and machinery (Parker 1978: 5).

Van Dugteren in the 1970s referred to rural Australia as "the other nation", a notion reminiscent of the more recent strains of discontent and similar to Minister Anderson's 1999 comments (Van Dugteren 1978).

Duncan and Epps have argued that the formation of the ideology of the Country Party was "...but one expression of rural political culture" (Duncan and Epps 1992: 434). Expressions of regional discontent and manifestations of countrymindedness have been numerous, and have led to the formation of a plethora of organisations including, as well as the Country Party, the various New States movements, various development leagues and other regionally based groups, and producer organisations such as the NSW Farmers' Association.

An Anti-City Bias

At the heart of traditional countrymindedness has been a strong and persistent anti-Sydney bias, the early expression of a reaction against what is now termed "metro-centrism". As Aitkin has pointed out, people in non-metropolitan areas "... were well aware of their isolation from the centre of all economic and political power, the metropolis of Sydney... The faster rate of growth of Sydney, and his own inability to check it, added to the townsman's sense of insecurity" (Aitkin 1972: 12-13).

According to Glynn:

Political decisions were reached in the capital cities and, on the whole, tended to favour the urban interests to such an extent that colonial political policies during the second half of the nineteenth century can be broadly described as metropolitan aggrandisement.

... After 1860 the Australian system of government revenue raising was dictated by urban interests and tended to promote those interests at the expense of rural producers.

... political influences were of such large importance in location and development (Glynn 1970: 10).

The seeds of regional discontent and the focus of that discontent on Sydney were well and truly present before the turn of the century, as is seen by the publication of the following verse in the *Glenn Innes Examiner* in January 1887:

Oh! advance, advance New England
To thy place of hope and pride,
Resist the scorn of Sydney's sneers,
As rocks resist the tide...

Discord and discontent prevail,
Neglect has sown the seed,
Your wants o'erlooked, demands ignored,
By Sydney's hungry greed... (Quoted by Aitkin 1972: 13).

Spearritt, quoting the *Queanbeyan Observer* of 1905, has also written of the anti-city attitudes around the turn of the century:

... governments poured the revenue they derive from the country into the pockets of city dwellers. On the city they will lavish our funds in the erection of magnificent buildings, in the construction of relief works, the placing of high salaried officials... the city instead of being the paid servant transacting the business that is sent to it by the producers, has become through press and politics despotically dominant (Spearritt 1978: 2-3; see also Spearritt 2000: 3).

These sentiments capture some of the sense of bitterness against the power and economic success of Sydney felt in non-metropolitan regions, bitterness that is sometimes still apparent and seen, for example, in the response of some regional representatives to the Sydney 2000 Olympic Games (Collits and Gustin 1997: 11). There is a sense (to be investigated later) that the success of Sydney has come at the expense of the country. Aitkin talks of "Sydney tyranny" and of the "...menace of the City" (Aitkin 1972: 13, 14), for example.

While the early linkages between producer groups and the then County Party were strong (and remain strong), there was also an element of non-metropolitan discontent present. Aitkin, following Graham, has claimed:

The Australian agrarian movement had two aspects, one a sectional demand for socio-economic benefits, the other a regional protest against the growing dominance of the metropolis (Aitkin 1972: 6, Graham 1966).

Aitkin concluded that:

... the Country Party is fighting for "balanced development" against the forces of "big city domination". It is these forces, never precisely identified but including from time to time big business, industrial trade unions, "the City", and commercial competitors of country industries, which represent the principal threat ... The aim of these metropolitan interests is "to glorify the capital city of Sydney"; to this end they have frustrated the natural development of the country, prevented the establishment of ports and railways

...filched money raised in the country for extravagant city projects, and wilfully pushed through the legislatures policies which place an added burden on the shoulders of those who already support the rest of Australia (Aitkin 1972: 19).

Aitkin's conclusion is, therefore, that the Country Party can be firmly placed in the tradition of the anti-city forces that characterise much non-metropolitan sentiment and political agitation today. The connection of the Party's tradition to the notion of balanced development is also apparent. Moreover, Duncan and Epps have argued that the success over many years of the Country then National Party has been sustained by:

Consolidation of rural Australia's anti-city sentiment, and reinforcement of the distinctive urban-rural dichotomy... (Duncan and Epps 1992: 435).

In terms of more specifically "decentralist" sentiments, Hurley has examined a century of agitation for greater non-metropolitan development in New South Wales and Victoria (Hurley 1989). Hurley has catalogued the various highs and lows of the support for decentralisation, clearly demonstrating the persistence and political prominence of what he terms the "pull" factors for greater settlement outside the capital cities.

Discontent and Separatism

One of the more extreme expressions of regional discontent, at least until the 1960s, has been the separatist agitation for new States. New States movements have a rich history, particularly in New South Wales. They have sometimes been as much tools of regional advocacy movements as serious constitutional challenges. For example, the Royal Commission on New States report in 1925 found that the chief grievance of the new States' advocates was "... over-centralisation in expenditure, or, in other words, the unjust distribution of the public money available for public works" (Hurley 1989: 138). The resonances of these concerns with those of the 1990s, in particular with the grievances of Tony Windsor and the Country Summit Alliance, are clear.

Bolton has noted that in the 1930s, at a time of great New State agitation:

... clearly the rural areas of Australia during the 1930s saw themselves as embattled and threatened by forces outside their control (Bolton in Van Dugteren 1978: 16; see also Woolmington 1963; Farrell 1992).

Farrell has talked of a general feeling of "separateness" in country areas in the context of the new States movements. And this has always seemingly been linked to resentment of Sydney. Farrell states:

The metropolis was viewed as the reason for the economic decline in country towns. Country newspapers promoted the ideology, describing the "City" as dirty, because of its overcrowding, and morally evil, because of its commercial and financial dominance. City politicians were viewed as neglecting the country (Farrell 1992: 40).

Woolmington went so far as to suggest that there was a view in the country that the building of the Sydney Harbour Bridge was a “scandal” while there was still no drought alleviation assistance (Woolmington 1963: xi, 5). The New States movements provided an outlet for resentment of the primacy of the city and the gap between city and country. They were another expression of uncertainty about regional economic futures. This economic uncertainty has continued beyond the era of the New States movements. In the late 1970s, Bolton was able to say that:

... coincidentally with a period of economic uncertainty for rural Australia, there is a breakdown of understanding between rural and urban Australians... one of the polarizations which may now be developing in Australian society is an urban-rural alienation (Bolton in Van Dugteren 1978: 19).

This statement could almost be taken from the late 1990s. This sense of alienation, especially virulent recently, has carried on from countryminded attitudes in the late nineteenth century, through the formation of the Country Party, through the decentralisation leagues and development leagues, through the various New States movements, to the more recent political expressions of discontent redolent of the One Nation Party and the Country Summit Alliance.

The New England New State Referendum 1967

New States movements were typically confined to inland regions such as the Riverina and New England, and were generally built on resentment at the level of resources directed to these regions by government in Sydney. Earlier movements were sometimes assuaged by promises of infrastructure projects such as railways. The seriousness of the issue can be measured by the fact that various Royal Commissions were held into new States (Woolmington 1963).

Serious talk of new States is rare now. As noted above, Blainey has written of the small number of Australian States relative to countries such Canada and the USA (Blainey 1996). Minor rumblings have occurred from time to time, such as the vote by the Tamworth City Council in 1996 on conducting an economic analysis of a new State (only defeated by the Mayor’s casting vote; Pretty 1996).

However, as recently as the late 1960s a serious expression of regional discontent in the New England Region led to a referendum. Government was given a sharp reminder of the persistently strong feelings of regionalism and reactions against perceived metro-centrism in the 1967 New England referendum.

Interestingly, Davis Hughes in his 1961 “blueprint” speech had stated that his proposals were very much a second best solution to regional problems in the New England, and that “... a genuine solution to the major problem of getting industries, loan funds and revenue in country areas ... is the formation of new States” (Legislative Assembly 1961: 312). Admittedly, Hughes’ forthright comments were made from the safety of Opposition.

The result of the referendum was a relatively narrow defeat, largely due to a solid “no” vote from the people of Newcastle. As Hurley has stated:

A majority voted against a new state, but in the districts outside Newcastle, the “Yes” vote was sufficient to convince the NSW government that it must do more to respond to the pull for decentralisation (Hurley 1989: 221).

Sproats described the New England movement and the outcome of the referendum as “... a thorn in the Government’s side” (Sproats 1983: 30). According to Sproats:

The results of the referendum, together with parochial attitudes of country members of Parliament, increased pressure for the Government to do more for rural areas (Sproats 1983: 30).

Summary

In summary, an examination of both the urbanisation of Australia and the rise of anti-metropolitan sentiments that resulted from Sydney’s dominance demonstrates clearly that the problems of imbalance described earlier are not recent events, but are deeply ingrained in Australia’s non-metropolitan psyche. Many of the sentiments expressed over the years about metropolitan primacy have their roots in the origins of the settlement system. Moreover, the “countrymindedness” evident in the formation of the Country Party and in so many other ways in non-metropolitan New South Wales has been a powerful social and political force attempting over the years to force public attention on to the issue of city hegemony.

An important conclusion of the analysis here is that both the recent debates over the future of regional Australia and the concomitant political agitation must be seen in the context of the longstanding tradition of non-metropolitan unrest and disillusion with the city. There are, therefore, powerful antecedents to both the recent push for balanced development and the more general concern over regional Australia. The city-country divide is a problem with a history.

“Half” Attempts at Decentralisation

Prior to the 1960s, governments have used a number of mechanisms to achieve a more even spread of population and economic activity (see Hurley 1989). Some of these initiatives have not necessarily set out to achieve more “balanced” development, but might be seen as having had this outcome.

The Grants Commission

One of the Commonwealth’s most important mechanisms for creating even development outcomes has been the Grants Commission, established in 1933. This was a mechanism for minimising differences among the States and Territories rather than among regions. Nor was it particularly concerned with eliminating non-

metropolitan problems. It did, however, demonstrate a concern by the Commonwealth for a degree of spatial equality.

As stated by the Commission:

Special grants are justified when a State through financial stress from any cause is unable efficiently to discharge its functions as a member of the federation and should be determined by the amount of help found necessary to make it possible for that State by reasonable effort to function at a standard not appreciably below that of other States (Mathews 1981: 6).

The key issue for the Commission has been to allow all the States to "... provide comparable government services without imposing differential taxes or charges on their citizens" (Mathews 1981:2). Yet ironically, as pointed out by the SCSD, the role of the Commission has, in effect "... removed one of the causes of regional disparity that could have justified a much greater government commitment to regional development policies" (Legislative Council 1993: 72).

Infrastructure Projects

Regional advocates have, for generations, sought greater regional development through major infrastructure projects, convinced both that non-metropolitan areas have lost out to the cities in terms of infrastructure, and that infrastructure would lead economic development. Carter has referred to "... a history of public infrastructure investments heavily weighted toward opening up the countryside" (Carter 1978: 80).

Governments have obliged through a number of large "nation building" projects aimed at helping populate the inland and northern Australia, including the Ord River Scheme, the Snowy Mountains Scheme and the irrigation schemes that encouraged agriculture in what would otherwise have been considered as marginal areas. Other projects were long considered and lobbied for, without ever coming to fruition, such as diverting coastal rivers inland and various port developments such as Port Stephens. While many have questioned the economic arguments for such projects, they have typically been justified by an appeal to regional development and decentralisation. In dollar terms, these projects have perhaps been the most substantial signs of government support for decentralisation over the years.

More recently, regional interest groups have sought to create a support base for more infrastructure projects such as the building of an international airport outside the Sydney Basin, the Melbourne to Darwin Inland Railway, the Alice Springs to Darwin railway, the Parkes International Freight Airport, a road tunnel under the Blue Mountains (or a dual carriageway freeway over them) and various water projects. The Howard Government demonstrated a return to the philosophy of nation-building with its funding support of the Alice Springs to Darwin railway, after many decades in the planning stage.

Closer Settlement Schemes

The desire to settle more people on the land was an early twentieth century driver for decentralisation long before metropolitan primacy had become the issue it was in the 1960s. According to Hurley, the conventional wisdom has been that:

... economic growth in Australia was to be achieved by bringing the available land into maximum production (Hurley 1989: 15).

Yet one of the reasons for metropolitan primacy historically has been the nature of Australia's agricultural industries, with broad acre farming and commercialisation combining to provide few reasons for intensively settled regional areas.

Hurley has referred to the *Closer Settlement Acts NSW 1901*, with government acquisition of large estates for rural subdivision an early attempt at decentralisation (Hurley 1989: 82; see also J M Powell 1988: 41-55). Hogan has noted that the major parties shared support for closer land settlement at the 1904 New South Wales election, and noted the link with associated rail construction (Hogan in Hogan and Clune 2001 V1: 43, 74). Some of the more important attempts to achieve closer settlement were the Soldier Settlement Schemes after World War One. The issues involved were complex of themselves, and closer settlement was not able to prevent the continued growth of the cities in the early twentieth century.

Decentralisation and Post-war Reconstruction

During World War Two, decentralisation was on the political agenda during the Commonwealth and the States' discussion of post-war development, for example at the Premiers' Conference of 1944. The creation of the Commonwealth Department of Post-War Reconstruction in 1943 under Ministers Chifley (1943-45) and Dedman (1945-49) and Secretary H C Coombs marked an important formalisation of Commonwealth interest in dispersed development. The Industrial Development Division of the Department was responsible for implementing a national policy of decentralisation of secondary industry (Lloyd and Troy 1981: 10).

According to the Department's Regional Planning Division:

The task of suggesting a program for future development and decentralisation in Australia becomes much less difficult when it is realised that a better-balanced distribution of population can be achieved by first concentrating development in a small number of selected centres and basing this development on secondary industries as the prime movers (Lloyd and Troy 1981: 11).

A number of interesting later developments are anticipated here – the use of the term “balance”, the focus on population dispersal, the notion of selective decentralisation, and the emphasis on secondary industry. These all came to be features of the approach of the NSW Government in the 1960s and 1970s.

The immediate post-war years saw other policy developments with spatial impacts, such as the Commonwealth-State Housing Agreement, the birth of the Commonwealth's Department of Immigration to coordinate national settlement, the

Snowy Mountains Scheme, and the *War Service Land Settlement Agreements Act* (Lloyd and Troy 1981: 12).

The focus on nation building and decentralisation in the 1940s reflected grand issues thrown up by the war experience and heightened national planning. As Linge has stated:

The “brave new world” atmosphere during and after the Second World War encouraged Governments to tackle the problem of the steadily increasing proportion of the nation’s population and resources in the capital cities... (Linge 1967: 55).

Such a mood did not transfer to the Menzies period (see Whitlam 1985: 377). The coming of the Menzies Coalition Government in 1949, despite the creation of a Department of National Development, and increased resources for Australia’s decentralised national capital, meant that regional development policy reverted to its traditional place with the States. As Hurley has stated:

Menzies eschewed central direction of industry and resisted suggestions of a Federal role in decentralisation policy. Decentralisation he declared in 1959 was a first class ideal but “extraordinarily difficult to implement” and a matter for the States (Hurley 1989: 152).

The withdrawal by the Commonwealth coincided with a substantial increase in the proportion of the New South Wales population living in Sydney. This pattern (of Commonwealth withdrawal from regional policy) would be repeated by Liberal-led Governments in 1976 and 1996.

As part of the postwar reconstruction agenda in the 1940s, the States were invited to form regional boundaries committees. The New South Wales Committee recommended in 1944 that the State be divided into seventeen regions (Standing Committee on State Development 1993: 73). Later the number reached twenty (Harris and Dixon 1978: 17).

The Committees had similar functions to current New South Wales Regional Development Boards. According to Harris and Dixon, the success of the Committees was limited, partly due to the withdrawal of the Commonwealth in 1949 as well as to their lack of expertise and resources (Harris and Dixon 1978: 20; see also Legislative Council 1993: 74).

The creation of the Regional Committees was a reflection of the general interest of governments in regional development following the Second World War, largely driven by the Commonwealth. As the interest of the Commonwealth faded, so too did the Committees.

The Development of Canberra as a Decentralised Capital City

One of the Menzies Government’s few concessions to the need for regional planning in the 1950s was its strong commitment to the development of Canberra as the

national capital. While Menzies had dismantled the Department of Postwar Reconstruction and discontinued Commonwealth interest in regional development, he allocated considerable resources to Canberra, not necessarily with decentralisation in mind but rather to provide the nation with an impressive capital city (Overall 1995: 47). The effect of this spending, however, in the eyes of a number of observers, was the creation of a model for decentralised cities. One of Menzies key decisions in relation to Canberra was the establishment of the NCDC in 1957 under John Overall (see Overall 1995).

Lansdown has described the creation of Canberra as the nation's "bush capital" as "an exemplar for many decentralised Australian cities" (Lansdown 1971: 71). Here Lansdown was talking both of the impact of Canberra on the regional economy and of the kind of planning instruments and structures created. The power of the NCDC itself was seen by Lansdown and others as the key to its development as a sizable city. Of course, government funding was critical to its growth.

Juddery has commented on the NCDC model's significance for later urban and regional policies, particularly in the Whitlam era:

The NCDC is significant in the history of what became the Whitlam-Uren policy for the cities, as the first effective attempt by the Commonwealth to both stimulate decentralization and control urban growth. Despite blemishes, the attempt has been spectacularly successful, providing a constantly-recurring model, in Whitlam's speeches especially, for the rest of Australia (Juddery 1974: 151).

Uren has stated that:

... Canberra was probably the most effective decentralisation program that had occurred up till 1972 (Uren 1995: 257).

Blainey has commented on the fact that Australia's small number of States – in contrast to Canada and to the United States – has inhibited its frontier development (Blainey 1996). The example of Canberra serves to demonstrate how a larger number of States could have generated a more dispersed population and economy, without the founders of the nation necessarily intending that outcome.

Decentralisation Incentives under Labor in New South Wales before 1965

The Labor Government that had retained power in New South Wales for twenty-four years under a succession of Premiers from McKell to Renshaw was defeated at the polls in May 1965 by the Robert Askin-led Liberal-Country Party Coalition. (Askin had been Leader of the Opposition since 1959).

The Coalition came to power with some decentralisation incentives already in place. The Labor Government initiated a number of programs designed to accelerate non-metropolitan development, from the late 1950s. For example, 1958 saw the establishment of a Decentralisation Fund and the provision of rail freight subsidies to country industries, and from 1959, freight subsidies for raw materials. In 1960,

factory loans were introduced for buildings on council land. In 1962, 60% 30% loans were introduced. In dollar terms, however, the commitment to decentralisation by the Government was relatively small, with \$3.6 million spent between 1958 and 1964-65 (Searle 1981: 32).

The role of the Fund has been summarised by Searle as follows:

The establishment of the Decentralisation Fund in 1958 was a further response by the State to the crisis situation brought about by metropolitan growth, the emphasis shifting from ameliorating the consequences of growth to intervening at the source of growth. The aim of the Fund was to provide a range of assistance on a discretionary basis to industries outside Sydney, Newcastle and Wollongong... To qualify, industries had to be at a locational disadvantage compared to metropolitan firms and be unable to expand without Government aid. The Fund expanded the scope of the existing rail freight subsidies, provided funds for housing key personnel, and made available subsidies for labour training costs, water and gas charges (where above Sydney costs) and, until later discontinued, long-distance telephone costs (Searle 1981: 30).

In 1963, the former Division of Industrial Development in the Premier's Department became the Department of Industrial Development and Decentralisation under the oversight of Treasury, with Jack Renshaw as Minister (Harris and Dixon 1978: 26). However, according to Hurley, this new Department was "... essentially an administrative unit with little scope for policy development" (Hurley: 1989: 163).

The Government's approach had little impact and conformed to the Hurley view of decentralisation efforts as "puny" in the face of the increasing concentration of economic activity (Hurley 1989: 363).

Appendix D

Theories of Metropolitan Primacy and Regional Growth

Location Theory

Governments recognise that what they can do about metropolitan primacy or uneven development is constrained by where households and businesses choose to locate, by the "... rational [or irrational] decisions of firms and individuals" (NSW Government 1993: 19). Much of the location of people and industry that forms the settlement pattern is hostage to what Lepani et al have termed "space preferences" (Lepani et al 1995: 36). Or as Friedmann put it:

Regional economic growth may be regarded in part as a problem in the location of firms (Friedmann 1966: 25).

Location theory helps to explain why "footloose" businesses choose to locate in certain areas (see, for example, Hotelling 1926; Isard, 1960; Losch 1964; Hoover 1975; Alonso in Friedmann and Alonso 1975a; Losch in Friedmann and Alonso 1975). These theories focus on least cost models, market area models and profit maximising models. A wide range of factors determines business location decisions, including access to raw materials, labour, skills, support services and markets. Traditionally, transport costs have been important for some industry sectors.

A number of empirical studies and surveys of manufacturers in Australia and elsewhere have added considerably to the understanding of location provided by the theoretical debate (these are summarised in Collits 1995 and 2001; see also BIS Shrapnel 1989; Australian Chamber of Manufactures, NSW Division, 1989; BACA 1989; Public Sector Research Centre 1991; Rural Development Centre 1993; Hodgkinson et al 2001).

Stilwell has cast the problem of metropolitan primacy very much in the context of location decisions:

In the Australian case, ... the link between location choices and agglomeration in the major metropolitan areas is striking. ... each of the principal strands of location theory suggests reasons why business location decisions tend to reinforce the metropolitan primacy already established, for an assortment of historical and geographical reasons, in each of the States. On this reasoning, metropolitan primacy may be fuelled by firms pursuing any of the following goals:

- Minimising costs (particularly transport and communication costs which are usually lower for firms with metropolitan locations);
- Maximising revenues through ensuring immediate access to the largest markets in the major cities (and to the ports for export cargoes);
- Gaining strategic advantage in a situation of locational interdependence in oligopolistic industries (where existing firms cluster in metropolitan areas);

- Satisficing (particularly through minimising the risks associated with location in more decentralised locations) (Stilwell 1992: 76).

An awareness of the significance of location theory for regional policy was apparent in the 1989 NSW Government's discussion paper (BACA 1989), which cast doubt on the validity of previous regional policies and the foundations of decentralisation thinking (see below section on the effectiveness of relocation incentives).

Location theory and empirical studies both have lessons for the idea of balanced development, and help to explain the reasons why governments have failed to embrace the idea. Much of the literature, in analysing the reasons why firms locate where they do, casts considerable doubt on the capacity of government to influence individual firm location decisions.

Agglomeration Economies and Growth Poles

Economic theory provides explanations of how and why cities grow, based on the benefits that accrue to industries from locating in certain places. (Much of the theoretical debate on location concerns "footloose" industries, mainly manufacturing. These are not the only industries in many regions, for whom such "naturally occurring" industries like mining and agriculture are often the principal economic drivers).

As was noted above, following Richardson, there is no great mystery to the appeal of cities, nor to the reasons why cities grow (H W Richardson 1976: 308). Much of the focus in the literature on the growth of cities has been on agglomeration economies, those positive externalities which drive businesses to locate in proximity to one another, and the benefits of agglomeration economies are generally felt most in larger cities (see H W Richardson 1973a, 1973b, 1976; Krugman 1991; Stilwell 1992; BIE 1994; Lepani et al 1995). Agglomeration economies, which arise from the locational interdependence of firms (Stilwell 1992: 76; H W Richardson 1973b: 78), help explain the growth of larger centres. Businesses receive both internal cost benefits and shared benefits by proximity to other firms.

Cities are not the only places that provide agglomeration economies, but "urbanisation" economies (those that accrue to all industries within a location, as opposed to the "localisation" economies identified by Isard that are internal to an industry, and internal benefits only captured by an individual firm – see Isard 1960: 404; H W Richardson 1973a: 71; 1973b; BIE 1994: 20), by definition, are confined to larger centres.

Richardson details the familiar list of agglomeration economies (H W Richardson 1973b), which include market access and a large labour pool. Cities also provide better infrastructure, which reduces costs for firms and therefore risk. The process is well explained by Friedmann:

As urbanization economies accrue, the cost curves of production will fall, although the output of each firm remains the same.

It has proved impossible to measure urbanization economies. They are nonetheless of outstanding significance in determining the incidence of economic growth. From the vantage point of the investor, a metropolitan location ... may offer many non-trivial advantages.

... These multiple advantages lead to metropolitan concentrations which, in turn, arrange themselves into a complex spatial system of interdependencies (Friedmann 1966: 29).

Governments clearly recognise the force of agglomeration economies and their relevance for policy. For example, the NSW Government in 1993 certainly accepted the logic of agglomeration economies and the natural attraction of firms to cities:

It is often suggested that development in New South Wales is too concentrated in Sydney. However the current pattern of highly urbanised development may simply reflect the attraction of “agglomeration economies” and result from the rational decisions of firms and individuals (NSW Government 1993: 19).

Agglomeration economies are an undeniable force at the heart of city growth, and provide a ready explanation for the concentration of firms and people. They also provide an explanation for why governments do not act to counter metropolitan growth. They would be foolish to attempt this, in view of the powerful forces at work.

Another explanation of the dynamics of spatial concentration is the theory of growth poles. According to Boudeville, a growth pole is:

... a set of expanding industries located in an urban area and inducing further development of economic activity throughout its zone of influence (Boudeville 1966; quoted in Stilwell 1992: 98).

The original notion was the work of Perroux (1950). Perroux’s argument is well summarised by the Bureau of Industry Economics:

... growth poles were formed around the success of individual “leading” industries, which have established forward and backward linkages with other firms and industries in their vicinity. The growth of leading industries encouraged the growth of other industries. Economic success of the secondary industries and their ability to attain competitiveness, such as through R&D and specialisation, allowed them to reinforce growth in the leading industry. These mutually reinforcing effects encourage the evolution of self sustaining clusters (BIE 1994: 51-52; Hermansen in Kuklinski 1972).

The lineage from Perroux to Porter (1990) is clear.

The idea of growth poles became fashionable in the 1960s in Australia and elsewhere (Thomas in Kuklinski 1972: 75). The original notion of poles in economic space came to be a tool for governments to encourage growth nodes in geographic space. There has been much debate over Perroux’s original concepts, such as polarisation

and propulsive industries, and their relevance for the space economy (see, for example, Darwent in Friedmann and Alonso 1975).

The notion of growth poles is important for the balanced development argument in two ways. First, it has been used (controversially) as a basis for planning growth centres. Second, and more significantly here, it forms part of the explanation for the uneven growth that continues to bedevil those wishing to achieve balanced development. Stilwell notes:

... growth pole theory seems to offer both an explanation of centre-periphery inequalities (the differential capacity of the centre and periphery to attract the interacting key industries) and a resolution of those inequalities (through the conscious establishment of growth poles in needy regions) (Stilwell 1992: 99).

In addition to the power of agglomeration economies, which provide the capacity to network and cluster (Porter 1990), opportunities for vertical and horizontal value chains, and economies of scale, cities develop through their attractiveness to investment capital, firms and employees. They are also sources of creativity and innovation (see below).

Chapter Six explains in detail the impact of globalisation on the attraction of cities, and the further strengthening of agglomeration economies as a result of increasing returns to scale and declining transport costs.

Increasing Returns, Location and the “New Economic Geography”

Globalisation has been a centralising force, providing cities with new locational advantages for certain types of firms, in addition to their traditional agglomeration economies. However, a number of writers have discovered and analysed more recent trends in firm location resulting from decreasing transport costs, referring to the “new economic geography” (Krugman 1991a; 1991b; 1995; Roy Powell 1997b), and the locational implications of economies of scale. As Krugman has noted:

Step back and ask, what is the most striking feature of the geography of economic activity? The short answer is surely concentration (Krugman 1991a: 5).

The combination of agglomeration economies and the advantages that accrue to the places that develop first have been captured in the notion of cumulative causation outlined above and have profound implications for regions. Krugman refers to the “locking in of transitory advantages” (1991a: 10). On Krugman’s view, increasing returns affect the location of industries, the existence of cities and the uneven development of whole regions (Krugman 1991a: 10). The interaction of increasing returns, transport costs and demand means that with lower transport costs, firms can serve a national market from one location, thereby gaining increasing returns from economies of scale (Krugman 1991a: 14-15). Or, as Kaldor has put it:

This [cumulative causation] is nothing else but the existence of increasing returns to scale – in processing activities. These are not just the economies of

large-scale production, commonly considered, but the cumulative advantages accruing from the growth of industry itself – the development of skill and know-how; the opportunity of ever-increasing differentiation of processes and of specialisation in human activities (Kaldor 1970: 340).

Beeson explores further the critical importance of specialisation in agglomeration economies:

Adam Smith proposed that productivity will increase with the scale of production because increased scale allows firms and workers to specialize in specific tasks and this specialization and division of labor increases productivity. The ability to exploit these economies of scale, in turn, depends on the size of the market. To the extent that the size of the market depends on population density and is limited by transport costs, the ability to exploit economies of scale depends on city size (Beeson in Mills and McDonald 1992: 24).

Or as Gore states:

Trade and factor mobility... have “backwash effects” on the lagging regions in the sense that they retard their growth and widen the economic gap between the regions. Through migration, the poorer regions lose their most enterprising and youngest workers; the banking system siphons off the savings of people in the poor regions and reinvests them in the richer regions; and freer trade tends to bankrupt small and traditional industries in the growing regions which are working under conditions of increasing returns to scale (Gore 1984: 38).

The interaction of lower transport costs and increasing returns has underscored and given new momentum to the power of agglomeration economies to drive location decisions and centralise economic activity in cities. While agglomeration economies have always driven the location of “footloose” industries, this trend has been exacerbated by the growth of global city “command and control” functions in transnational firms and the serving of national markets noted in Chapter Five (see Beer et al 1994 and O’Connor et al 2001).

These are powerful forces that shape the space economy. When they are combined with the decreasing capacity of governments to direct economic development and control location decisions, they provide an almost irresistible barrier to the achievement of balanced development within a State. And the more difficult the balanced development task, the less likely governments are to want to embrace it.

Central Place Theory

Central place theory, first developed by Christaller (1933), holds that the growth of a region or town relates to the demand for goods and services of its hinterland. Growth is therefore a function of size and income levels within the region. Generally the theory sees a hierarchy of “central places”, from villages to cities, each providing for

different consumer needs. Central place theory is useful in explaining the size and spacing of settlements in a region.

The theory sees central places essentially as service providers. Sydney's role as a service centre for the State is therefore explained according to the size of the New South Wales market. The theory provides some explanation of the growth of Sydney, particularly in the nineteenth century (McCarty 1970; Stilwell and Hardwick 1973; McCarty in McCarty and Schedvin 1978). It also helps to explain the emergence of Sydney over the other State capitals. However, central place theory has only limited appeal as an explanation of Sydney's growth, ignoring as it does the internal propulsive forces (Stilwell and Hardwick 1973: 33).

The natural hierarchy of settlements envisaged by central place theory questions the notion inherent in balanced development thinking that Sydney is the natural reference point for all non-metropolitan places. Smaller regional centres, for example, have their growth shaped more by what is taking place in their own regional cities, than by Sydney.

Demand Side and Supply Side Theories

Different levels of growth can be explained both by "supply side" factors and "demand side" factors. Supply side theories focus on the factor endowments of regions – their competitive advantages – while demand side theories seek an explanation of growth by analysing a region's "economic base" or export base, in other words the demand for its goods and services. Basic industries are those which provide income to the region from outside, and hence are key industries for regional growth (see Hoover 1975: 218-32). In particular, supply side theories help explain the growth of cities. Cities are able to expand by attracting capital and labour.

Each of these theories offers a partial explanation of why regions grow.

Cumulative Causation and Core-Periphery Models

Perhaps the theory of regional development most relevant to the growth of cities and to the argument for balanced development is that of cumulative causation (see Myrdal 1957; Hirschman 1958; Friedmann 1966; Kaldor 1970; BIE 1994). As Mills and McDonald point out:

The first statement of a cumulative causation model was by Myrdal (1957) in the context of regional growth in less-developed countries. He argued that a few leading regions exploit initial advantages and that growth is self-sustaining if, for example, there are scale economies to be exploited. Linkages between growing regions and lagging regions are favorable (spread effects) as well as unfavorable (backwash effects), though the latter tends to dominate (Mills and McDonald 1992: viii).

While Myrdal's theory was derived largely in the context of an analysis of developing country economies, his ideas have resonated in developed countries as well.

The theory of cumulative causation holds that economic development is “lumpy”, or occurs unevenly across space. There are positive benefits of growth to regions surrounding growth “nodes” (so-called “spread” effects) as well as negative effects (so-called “backwash” effects). It is the latter that characterise the phenomenon now known as “sponge cities”, where growth is drawn away from smaller centres by the growth of larger centres (Salt 2001, for example 2001; Collits and Gastin 1997).

Some theorists have talked about virtuous cycles of growth (and vicious cycles of decline) in the context of cumulative causation theory (Sorensen in Sorensen and Epps 1993; BIE 1994: 51). The idea of “initial advantage” central to the theory of cumulative causation was also used by Pred (1966) to help explain the growth of urbanisation in the USA:

Initial advantage is employed as an umbrella to cover three overlapping ideas: that existing locations are usually characterized by tremendous inertia and a temporal compounding of advantages; that existing locations often exert considerable influence on subsequent plant location decisions; and that once initiated it has a self-perpetuating momentum (Pred 1966: 15).

Sydney’s initial advantages as the first settlement have played an important part in its growth and subsequent primacy (see the role of historical factors below). Pred also alludes to the role played by increasing specialisation in creating greater concentration, through the integration of differentiated economic functions. This again is seen by Pred as a cumulative process (Pred 1966: 41, quoting Young 1928; this notion has also been explored by Kaldor 1970, and is discussed further in Chapter Eight).

The centre-periphery approach developed by Friedmann (1966), largely in the context of developing countries and colonialism, posits that central places establish a relationship of dominance over their hinterlands, and the latter are developed purely in the service of the former.

The position is well summarised by Darwent:

The independent economies usually have a single center on the coast, and a periphery, loosely tied to this center, from which produce is extracted for export to the master-country (colonial) abroad. Relationships between the center and the periphery will be minimal, and those that are developed will tend to be one-sided, supporting the center at the expense of the periphery, which remains a backward, exploited area unable to grow because it is feeding the growth of the center. This “dual” notion of the economy becomes imprinted on the national economic space (Darwent in Friedmann and Alonso 1975: 551).

According to Stilwell and Hardwick:

The beauty of the centre-periphery approach is that it integrates ... primarily economic factors with more general social and political considerations, eg the power of vested interests in securing increased concentration, and the inability

of local government in the peripheral areas to reverse the centralising process (Stilwell and Hardwick 1973: 35).

More importantly for the balanced development position, Stilwell and Hardwick have also claimed that:

... the political machine can be regarded as an intrinsic element in the centre-periphery model of urban growth (Stilwell and Hardwick 1973: 40; see also Friedmann 1966: 35 on the role of urban political elites).

The role of the State in supporting cities is central to this model, as it is to the balanced development position. The accusation of “Sydney-centrism” is discussed in Chapter Nine.

Both the cumulative causation and centre-periphery models challenge the neo-classical “convergence” theory that regional outcomes will converge over time, due to businesses seeking low-wage locations even as people seek high wage locations (Hoover 1975: 236-38). In doing so, they provide a cogent, if partial, analysis of how regional disparities occur. The analysis is limited in that, by focusing on the sponge effect of cities, it ignores the extent to which cities grow through the creation of new economic activity, independently of hinterland regions. Economic growth in a region need not occur at the expense of other regions.

They also fail to provide an adequate explanation of how core-periphery relationships can be undone. What cumulative causation and core-periphery theories do, in effect, is to reinforce the strength of agglomeration economies, and thus the enormity of the difficulties faced by any government that attempts to reverse the drivers of the space economy.

While the balanced development position is not generally theory-driven, such a description would resonate strongly with the perceptions of balanced development supporters about how the New South Wales economy was formed and still works today. Balanced development supporters would certainly question the neo-classical assumption of “convergence” of regional economies’ performance over time (see Hoover 1975: 236-38 for an explanation of the convergence theory).

However, as is discussed elsewhere, the balanced development adherents focus exclusively on the backwash effects of the primate city, and ignore the spread effects. Theirs is a one-sided view of the role of cities and the core-periphery relationship.

Appendix E

Constraints on Effective Government Action

The SCSD (1994a: 55-63) has attempted to categorise the range of constraints facing governments in the area of regional development. These include the following:

- Capital flows and the operation of the market – the uncoordinated location decisions of individual businesses and private sector investment decisions, often taken beyond the region affected, shape regional development processes. Governments, particularly at State level, find it difficult to shape regional outcomes in a market driven economy;
- Short-term economic conditions – regional development policy tends to be a “fair weather” area of policy. The constraints imposed by increasing inflation and unemployment during two recessions made regional policy difficult in the Whitlam and Fraser periods in Canberra, for example. In effect, earlier favourable economic conditions during the long boom made regional policy affordable;
- The existing settlement pattern and demographic trends – history and geography impose conditions upon governments which shape the influence they can have in overcoming regional problems. The urbanisation process in Australia, while creating a justification for regional policies, has also defined what policy outcomes are possible. Overseas migration, the ageing of the population and the lifestyle preferences of individuals all shape the settlement pattern and limit policy options;
- The discipline of fiscal constraints and competing government expenditure pressures – particularly at State level, and in the larger States hamstrung by “vertical fiscal imbalance”, governments are limited by what some observers have termed the “fiscal crisis of the State” (Stephen Bell and Head 1994: 48). At least three Australian governments – the Greiner Government in New South Wales and the Fraser and Howard Governments at the Commonwealth level, have justified the curtailing of regional policies due to fiscal constraints discovered through audit processes;
- Policy drivers in other areas or government, or other levels of government – State governments are constrained by actions taken by the Commonwealth, for example in the areas of taxation policy, infrastructure funding and industrial relations. And regional development agencies and Ministers are constrained by the policy and political imperatives of the government as a whole;
- International economic forces – on top of traditional market forces, increasing globalisation and the internet revolution have led in the last decade to changes in regions which governments have not been able to control, or necessarily even influence;
- The structure of government – the traditional vertical structures of government means that governments find it difficult to respond in a “whole of government”

way to regional development challenges. The “silo mentality” was challenged by the Whitlam Government through DURD, one of whose tasks was to coordinate government agency actions that impacted on cities and regions. Added to the silo problem is the fact that, typically, regional development agencies have not had a senior position in government, nor coordinating functions backed by legislation;

- The complexity of regional problems – regional problems vary from region to region. The problems of small towns are not the same as those in larger regional centres; the problems of rapidly growing coastal resort centres are not those of inland regions experiencing population decline or slow growth.

Appendix F

Specific Balanced Development Policy Proposals

Growth Centres

The Growth Centres Program in the 1970s was the key specific policy proposal of the high tide period of decentralisation, and differentiated the efforts of governments of the day from the previous “scatter gun” assistance provided without impact on the unevenness of development.

The CMA, while not explicitly endorsing a growth centres strategy, does support “... selective accelerated growth in regional centres...” (CMA 1993: 126). This is, in effect, an endorsement of concentrated development. Separately, the CMA noted that:

For other cities in New South Wales to effectively complement Sydney they need to achieve a critical mass of 100,000 – 200,000 population (CMA 1993: 140).

The CMA represents towns of over 10 000 population, and hence has a vested interest in seeing any growth of industry or population diverted from Sydney targeted at larger centres.

Much of the criticisms of balanced development and decentralisation highlighted elsewhere focus on its capacity to relieve Sydney’s growth problems, and of the specific failures of the growth centres chosen. It was noted, for example, that in at least one case, the growth centres were growing less quickly than non-growth centres. In contrast, there has been relatively little analysis of the growth centres concept itself. There has not been notable criticism, for example, of the notion of critical mass, of a minimum size at which regional cities become self-sustaining. Alonso, while visiting Australia in 1973, did not oppose the growth centres (new cities) strategy, though he had elsewhere expressed doubts about basing national urban policy on the notion of primacy problems (Alonso in Cities Commission 1973; Alonso in Friedmann and Alonso 1975c and 1975d). Nor did noted decentralisation critics Simons and Lonergan oppose the growth centres as such (Simons and Lonergan in McMaster and Webb 1976).

The debate over selective versus non-selective decentralisation simply evaporated as the growth centres wound down slowly after 1975. It was never resolved one way or the other. In practice, governments have continued to use regional assistance to firms in a geographically non-selective way, though the objective is not now decentralisation as such.

Have governments explicitly rejected the creation of growth centres as well as the idea of balanced development more generally? Certainly the current NSW Government has encouraged the growth of regional cities with growth potential through the CCGS, though this in no sense replicates the dedicated commitment to

growth centres in the 1970s. Tacitly, governments accept that in the natural course of events, larger regional cities will dominate in the future (Collits in Rogers and Collins 2001).

The perception of failure of decentralisation noted in Chapter Five was very much associated with the perceived failure of individual growth centres. Minister Howe's comment about not building "monster cities" was noted. Yet at the same time governments themselves have, in effect, pursued a growth centres approach in relation to the distribution of their own services, regionalising and centralising. However, there is little likelihood that any government would re-introduce an explicit growth centre policy in the light of the earlier experience.

Hence the growth centre notion has been rejected and has slipped off the agendas of governments.

State-wide Settlement Plan

In both the Strategy and Policy documents, the CMA proposed a state-wide settlement and infrastructure plan, though in neither case does the CMA explain precisely what this is, or what it would achieve in the context of balanced development. The CMA saw the plan as a mechanism to review the growth of the Newcastle-Sydney-Wollongong conurbation in a state-wide context; a coherent vision of the State's settlement pattern; and a means of coordinating "strategic infrastructure priorities" with an economic development perspective (CMA 1993: 149). In other words, the plan would be a "blueprint" – it would be the vehicle for the State Government directing where development would take place.

The CMA proposed the then Victorian Government's *A Place to Live* document as a model for a NSW Statewide development plan (CMA 1993: 149). *A Place to Live* (Government of Victoria 1992) was released by the Kirner Government in 1992. The Western Australian Government's Planning Commission in 1996 also produced a State Planning Strategy, incorporating a "whole-of-State" focus (Western Australian Planning Commission 1996). The SROP has also long been a model for statewide planning in the eyes of balanced development supporters.

What appealed to supporters of balanced development about the Victorian and Western Australian models was that they were "whole-of-government" and "whole-of-State" strategies, and that they incorporated both economic development and planning elements in an attempted integrated way. In the Victorian case, it saw a role for non-metropolitan areas to take some of Melbourne's future growth, and indeed envisaged that Melbourne would have a smaller share of the State's population (Government of Victoria 1992: 5). Both documents were also long-term plans, to 2031 in the Victorian case and to 2029 in Western Australia.

Two of the four objectives of the Victorian strategy were the need to curb the outward sprawl of Melbourne and the need to make better use of Victoria's regional assets, "... so that the regions can accept a substantial proportion of future population growth" (Government of Victoria 1992: 4). According to the strategy:

It gives high priority to the need to make greater use of the presently under-used assets of urban centres outside Melbourne and achieve a better balance of urban growth throughout the State (Government of Victoria 1992: 4).

The DOP and its successors in New South Wales, however, have consistently rejected the notion of a state-wide settlement plan, and no government has embraced the idea. The DOP did release a document, *State Planning*, in 1995, partly in order to meet the concerns of balanced development supporters (DOP 1995b). The document was more of a summary of demographic trends and government planning and regional development initiatives than a state-wide plan, however, in the sense advocated by the CMA and others.

Population Growth Targets

The SROP stated that up to 500 000 people should be “diverted” to non-metropolitan New South Wales in the period from 1970 to 2000 (SPA 1968). What the Plan did not do was to state how this would occur. As noted above, in the spirit of the 1968 Plan, the CMA also argued that 500 000 people should be diverted in the twenty to thirty years following 1993 (CMA 1993: 150). Again, despite the proposal for a number of specific measures to encourage regional growth, there was no detailed case made for how the redirection of growth would occur.

The LGSA *Framework for Whole of State Development* (2000) argues for the NSW Government to set population targets for inland areas. According to the *Framework*, the Government should target a population increase of 75 000 in areas west of the Great Dividing Range by 2021 in order to counteract the acknowledged population decline in these regions (LGSA 2000: 7, 50).

Governments, particularly planning agencies, appear to be reluctant to set population growth targets, partly because they do not have faith in the capacity of regional areas to absorb such numbers, and secondly, because any attempt to establish targets would invite perceived failure. The experience of the growth centres was salutary in this regard. DOP stated that the CMA’s projections would be “...neither realistic nor responsible” (DOP 1993 unpublished).

Nor has DOP and its predecessors and successor seen its role, and that of government, to plan growth in particular areas. Rather, its role should be to respond to the growth that is occurring, where it is occurring. Hence any move towards meeting the demands of the balanced development group in the area of population targeting would be anathema to current planning philosophies.

Infrastructure Projects

Appendix C noted that governments long used “nation building” infrastructure projects to drive regional development. However, since the 1960s, infrastructure investment by governments has declined as a proportion of budget spending, mainly due to increased demands for welfare payments as a result of, for example, higher unemployment and taxpayer desires for lower taxes. Increasingly, governments are

seeking greater private sector funding of infrastructure, and this has disadvantaged non-metropolitan regions since the returns from investments such as tollways are insufficient to encourage investment in these areas.

There are three issues for balanced development supporters – the need for increased infrastructure spending, the need for government support for specific strategic infrastructure, and the need for a coordinated approach to regional infrastructure needs. Country concerns in this area have only grown since the Olympic Games associated infrastructure spending has consumed a substantial part of the capital works budget. Tony Windsor's argument that non-metropolitan regions do not receive their fair share of the capital works budget has been referred to elsewhere.

The CMA argued in 1993 for the coordination of strategic infrastructure development as part of its state-wide development plan (CMA 1993: 149). Many other balanced development advocates have included infrastructure among their priority actions. For example, the Inland Marketing Corporation has advocated an international freight airport at Parkes. A number of regional development advocates supported the Very Fast Train proposal. Representatives of inland councils have long supported a four lane freeway over (or through) the Blue Mountains. Many country councils have argued that a second airport for Sydney should be built in a regional location such as Goulburn or near Lithgow. The Watering Australia organisation has advocated building more dams to increase capacity for development in inland regions. Greater funding of country roads has been a perennial concern, and has been raised both by the CMA and at the Country Summits.

The CMA considered the question of infrastructure priorities at a forum of members in 2001. The forum focused on such needs as major highway upgrades (the Kidman Way, Newell Highway, the Blue Mountains dual carriage way crossing, New England Highway, Summerland Way); attention to local roads; improved rail infrastructure, including advocacy of a dedicated dual freight line into Sydney and the Murrurundi rail tunnel; the Parkes Freight Terminal; and possible support for a Sydney to Brisbane very fast train (CMA meeting May 1998; see also Chapter Seven).

More recently, regional advocates have turned more to issues relating to adequate telecommunications infrastructure, for example at the Country Summits.

Sorensen and others have balked at some of the infrastructure projects proposed as “nation building” projects. Sorensen has identified some of the prominent items on the “wish list”.

Australia is full of groups pushing particular infrastructure projects: diversion of the headwaters of the Clarence River; a railway line from Melbourne to Darwin via Moree; the Parkes International Airport; an east-west link road ultimately connecting Cairns and Uluru; and a proliferation of alternative telecommunications investments (Sorensen 2000: 17).

Despite the Howard Government's Country Roads Package, its part-financing of the Alice Springs to Darwin rail link and some funding of the Inland Marketing Corporation (though not for the Parkes airport), recent governments have generally

not supported any of the calls for increased infrastructure spending overall, and have conspicuously not supported some of the specific proposals.

The Fahey Government, in its 1994 regional statement, made provision for a Regional Business Infrastructure Program (DBRD 1994). The Carr Government made provision for a Regional Infrastructure Management Plan in its 1998 policy document (NSW Government 1998a), and has since created an Infrastructure Coordination Unit within the Premier's Department, but these initiatives have not attempted the kind of infrastructure planning demanded by the CMA and others.

Governments have remained captive of the fiscal crisis of the State described elsewhere (Stephen Bell and Head 1994: 48), forced to rely increasingly on private sector funding of projects in Sydney and incapable of providing the level of infrastructure that balanced development adherents see as essential for addressing the current unevenness of development across the State.

Payroll Tax Concessions for Country Industries

It was argued above that balanced development adherents have a fundamental faith in the effectiveness of business location incentives. They have been consistent supporters of tax rebates for regional firms.

In the 1980s, governments across most Australian States abandoned one of the principal tools for relocating industry away from the cities – open-ended payroll tax concessions. The NSW Government was in fact the last government to do this, in 1989 (Legislative Council 1991: 21). At the time, analysis carried out by BACA clearly demonstrated that incentives had been quite ineffective in encouraging firms to move to the country.

Payroll tax concessions were a significant form of assistance in the 1980s accounting for 74 % of financial assistance to regional industry (BACA 1989: 23).

The Greiner Government, as part of its review of decentralisation programs, effectively terminated the CIPTRS introduced by the Wran Government in 1977. As discussed in Chapter Four, the purpose of the Scheme had been to provide an incentive to firms to expand in, or relocate to, a regional location. The Scheme had been found to have been unsuccessful in persuading new firms to locate in regional areas in the late 1980s, and confirmed the pattern of other State governments abandoning similar schemes (Legislative Council 1991; Collits 1995).

The abandonment of the CIPTRS gave rise to extensive lobbying by country manufacturing interests (organised as the Country Manufacturers Association) who, over some years, persisted with a campaign to have the concessions restored to compensate for the suggested higher location costs in regional areas (Collits 1995).

Independent member Tony Windsor attempted in 1994 to introduce legislation to resurrect a version of the old Scheme. The proposal was rejected by the Fahey Government on a number of grounds, but principally because of its estimated cost (approximately \$276 million per annum) and its poor targeting (see Collits 1995).

Other private members' legislation proposed payroll tax concessions for a variety of purposes, for example the Opposition's proposal in 2001 to exempt from payroll tax regional firms employing additional people under 25 years of age. Nicholas Clark and Associates proposed payroll tax rebates on the labour content of exports (Nicholas Clark and Associates 1997: 55).

Governments have resisted all these calls for the reintroduction of payroll tax concessions for the same reason they were abolished – cost, their open-ended nature, and a belief that they would not be effective. Open-ended schemes have been regarded as most prone to the deadweight effect referred to above. Moreover, payroll tax concessions necessarily exclude any assistance for the over 90 % of regional businesses that do not pay payroll tax. Governments have preferred selective targeting of assistance, including for small businesses, which they regard as providing a better return to taxpayers. Hence the RBDS has finite timelines for assistance and requires firms receiving assistance to meet benchmarks in relation to investment and employment.

The above section argued that governments have come to regard past decentralisation policies as having failed. Nowhere is this more clearly felt than in the rejection by governments of payroll tax relief, now regarded as having singularly failed to deliver more investment to regional areas.

Enterprise Zones

The most recent policy campaign supported by balanced development adherents has been their support for enterprise zones over 2000 and 2001.

Enterprise zones are designated “depressed” regions provided with special assistance by government, usually in the form of tax breaks. The proposal is based on enterprise zones in the United States that have existed since the 1980s, combined with a belief in the kind of heavy subsidy generally associated with the European Union's Structural Fund.

Originally proposed by Apthorpe (Apthorpe undated), the proposal has been pushed by a number of figures and organisations generally associated with the balanced development position, and it is clear that supporters see enterprise zones as providing assistance to non-metropolitan regions, particularly inland regions (Collits 2001). Supporters have included the Local Government and Shires Associations (LGSA) and a range of Independent Members of Parliament, including Tony Windsor.

The argument for enterprise zones contains a number of serious flaws. Principally, these include an over-estimation of their success overseas, unwarranted reliance on tax-based incentives that have been shown to be ineffective, an ignorance of the power of market forces and agglomeration economies, in determining industry location, the likelihood of economic distortions, confusion over objectives, mis-diagnosis of the problem, and too easy assumptions about the capacity to measure regional well-being (Collits 2001 provides a detailed critique of enterprise zones).

Governments have been equivocal about enterprise zones. To date, no government has embraced the concept, despite some support in the 2001 Commonwealth election campaign from the Labor Opposition. It is unlikely, in view of the potential cost of enterprise zones, that current governments would agree to implement them.

Increased Spending

Balanced development advocates generally believe that government should spend much more on regional development.

The CMA in 1993 argued that:

An incentive fund and scheme needs to be established, providing around \$100 million to \$200 million per annum towards stimulating regional economic and employment activity in the private sector (CMA 1993: 150; \$117 million to \$234 million in year 2000 dollar values).

This would include the indexation of previous CIAF moneys, loan guarantees and funds said to be available from infrastructure savings. It was also argued that funds should be diverted from the Commonwealth Government's \$970 million Building Better Cities Program (CMA 1993: 150-51).

The then NSW Government costed the payroll tax rebates proposed by Tony Windsor. Most recently, supporters of enterprise zones have noted longingly that the European Union regional development spending equivalent in Australia (based on per capita comparisons with Australia) would be around \$2.3 billion per annum (Manning 2001). A specific proposal for a pilot program supporting 20 enterprise zones would cost \$100 million annually (Manning 2001).

As argued above, governments have refused to accept the levels of spending seen to be required for balanced development proposals, perhaps accepting the OECD argument about:

The uselessness of pouring massive amounts of assistance through bureaucratic channels into lagging regions (Hugonnier 1999: 6).

In the eyes of government, specific balanced development proposals have suffered diminished credibility because of their likely cost and a questioning of their cost effectiveness. A combination of high costs and uncertain outcomes has been sufficient on many occasions for governments to reject balanced development proposals.

Summary of Policy Proposals

Behind many of these policy proposals, probably all of them, lies some version of the notion of balanced development.

If the balanced development argument is considered as the sum of its policy proposals, as analysed here, then governments have clearly indicated a firm rejection of the policy package. Every one of the key policy proposals has been rejected by governments.

The rejection by governments and agencies of individual components of the balanced development argument both demonstrates the extent of the rejection of balanced development and the reasons for the rejection.

Appendix G

Other Balanced Development Advocates

A number of other groups have from time to time supported balanced development policies. The groups include the Country Summit Alliance, the LGSA, the CEZ group, the Real Estate Institute of New South Wales, RAPI, the Inland Forum, the Regional Australia Now movement and the Balanced Development Working Group. There have also been several parliamentary advocates of balanced development.

The Country Summits and the Country Summit Alliance

Most prominent among these was the Country Summit “movement”. It began in November 1996 with the first Country Summit in Tamworth, convened by Tony Windsor, and was followed by another Summit in Wagga Wagga in March 1998, this time with presentations by the Premier and the Leader of the Opposition. It ended with the formation of the Country Summit Alliance, which contested the 1999 election for the Legislative Council.

A Broad Coalition of Interests

150 separate country organisations were represented at the 1996 Country Summit (around 180 bodies were represented at the 1998 Summit). Windsor has made much of the level of agreement achieved at the Summits (Country Summit 1998b). And yet, such was the diversity of groups attending, each with varying, even if overlapping, agendas, and such was the desultory nature of the “debates” at the Summits, that one would hesitate to proclaim a consensus. The breadth of the issues agreed on (see below) was such that it is likely that many of the groups attending only had a direct interest in a few resolutions, and little direct interest in most of the others. Hence the consensus may have been quite superficial, with agreement merely that “governments do more about country issues”.

Tony Windsor has made a number of arguments in relation to the Summit process. First, he has claimed that the things that unite country people are more important than the things that divide them (Country Summit 1998). Second, he has argued that country people should use their votes more strategically to achieve a better deal from governments.

A Broad Agenda

The driver of the first Summit was the need for “workable and deliverable solutions” (Country Summit 1996: 2). However, the concerns of the Summits were not only about balanced development between Sydney and the rest of the State – the breadth of representation at the Summits ensured that that this would be the case – but about a much broader agenda that included natural resource management issues, the

environment, economic development and regional service delivery. It was about what Chapter One referred to as the “city-country divide”

The eight agenda items and twenty-four resolutions at the original Summit reveal a diverse mix of areas of policy interest. The agenda items were rural health, the impact of government decisions on regional areas, transport and communications, the location of government agencies and services, land use and the environment, the cost of business, law and order, and youth suicide (Country Summit 1996). Individual resolutions covered such issues as harvesting of timber plantations, funding for noxious weed control, Medicare provider numbers, access to Kingsford Smith Airport, country roads, rural communities impact statements, payroll tax exemptions, infrastructure, the relocation of government agencies and jobs, and parental responsibility legislation.

There was no particular order to the consideration of issues, other than the widespread acknowledgement that rural health, with five resolutions, was at the top of the list of issues requiring urgent resolution:

The declining level of adequate and appropriate health services represents one of the gravest problems facing rural NSW.

It is impossible to overstate the extent to which the shortage of medical practitioners acts as an impediment to the quality of life, economic development and revival of country towns and communities (Country Summit 1996: 4).

Genuine economic development issues (broadly defined) directly related to only three resolutions – fuel prices, pay roll tax exemptions and reduced workers compensation premiums. Hence there was no real focus on the need for greater investment in regional areas. There was no call for a whole-of-State planning strategy, nor any resolution relating to planning issues generally. Again, this was surprising, just as surprising as has been the CMA’s recent lack of emphasis on economic development issues.

Summit Outcomes

According to Tony Windsor, writing on the eve of the second Summit:

There is no doubt that the Country Summit held in Tamworth in November, 1996 has had a profound impact on the political agenda in NSW (Country Summit 1998a: 1).

One clear outcome of the first Summit was that both the Premier and the Opposition Leader attended the second Summit. There were also formal responses from both the Government and the Opposition to Summit resolutions presented to the Summit Task Force. The responses took care to be seen to be sympathetic to country concerns, and the Government was able to provide a number of examples where it was already addressing issues raised in Tamworth.

Government responses fell short of the actions demanded by the Summit, though many were consistent with the spirit of the resolutions. For example, in relation to the relocation of government agencies, there was a positive story for the Government to tell – and it even adopted the terminology of the Summit in creating an “Integrated Government Service Delivery Management Plan” – but there was no indication that the Government or the agencies concerned would agree to the relocation of eight departments.

Following the first Summit, the Carr Government recognised the importance of the issues to its country constituency. The most important of these was perhaps the creation of a Ministry for Regional Development and Rural Affairs. The relocation of government jobs to the country was announced in March 1997, and the Premier explicitly drew the connection between his “answering the call of country New South Wales” and the Summit:

My government has sought advice from the Rural Communities Consultative Council and addressed all 24 resolutions put forward by the Country Summit Task Force (Carr 1997).

Of course, “addressing” resolutions need not mean that the resolutions were actually agreed to in full, or at all. Further, since the second Country Summit, the Carr Government has increased the country component of capital works funding (see Chapter Six). According to Tony Windsor, funding has now reached over 20 % of the capital works budget, the highest since 1991 (Legislative Assembly 2001b).

Windsor suggested that 70 % of Country Summit resolutions had been enacted (Legislative Assembly 2001b). Yet in his letter to delegates in August 1998 informing them of the decision to form a new political party, Windsor claimed that:

This decision has not been taken lightly and only as a final response to the unwillingness of both major Parties to pay more than lip service to the 39 Summit Resolutions (Windsor 1998: 1).

However, the Summit process was only partly responsible for recent policy shifts. The move to embrace country concerns could be seen before the 1996 Summit, for example in the decision to create the Rural (later Regional) Communities Consultative Council (RCCC), the extension of the Regional Coordination Program, and the creation of Government Access Centres.

The Government was, in effect, responding to the dark mood that had engulfed regional New South Wales during 1996 over what Wahlquist (Wahlquist 1996) has termed the “gutting” of regional areas through lost services. This is the same mood that the Summit process itself was tapping into. The Summit process had certainly achieved a greater focus by the NSW Government on the issues that it raised.

Hence the impact on government decision-making is at best unclear. Neither the timing nor the content of Minister Woods’ May 1998 statement had anything directly to do with the holding of the Summits. Its focus, for example, was mainly on economic development initiatives, which formed only a minor part of the Summit agenda.

Another of the Summit outcomes was the politicisation of the Country Summit process. Windsor made it clear in his speech that the Summit was mainly being held to influence the outcome of the coming 1999 election. And in August 1998, as indicated, he decided to go a step further by forming the Alliance. This was an extension of Windsor's emerging thinking about an Upper House strategy, and while he had stated that it was due to the parties "paying lip service" to the Summit resolutions, it is more likely that this was merely an excuse to create the new party. Box G.1 sets out the Country Summit Alliance's manifesto.

Box G.1 Country Summit Alliance Manifesto

- People matter most;
- Economic rationalism does not provide sound solutions for regional New South Wales;
- Country communities must share in the wealth they generate;
- Private investment and jobs growth must drive regional development;
- "Out-migration" must be reversed as a first priority in restoring societies;
- Strategic infrastructure must be provided to underpin new growth;
- Equity of access and cost of services must be guaranteed;
- Quality of life, health and well-being are vital for regional growth;
- Rationalisation is not centralisation;
- Political action will deliver results for country New South Wales.

Source: Country Summit Alliance 1999

The Summit Agenda and Balanced Development

The question is raised what, if anything, the Country Summit process has contributed to the balanced development lobbying effort? Two conclusions can be drawn.

First, against the measure of improving the focus of government on "country issues" and the so-called divide, the Summit process has clearly been relatively successful. But, on the other hand, as suggested above, the Summit has only partly been about advancing balanced development as its agenda encompassed more than simply altering the balance of population and economic activity between city and country.

The Summit was responding to, and harnessing, bush anger (see Chapter Two). While the anger was generally directed at Sydney, it wasn't only, or even primarily, about metropolitan primacy. It was about many things, but mainly about the withdrawal of services and "things being taken away", and about uneven opportunity.

Hence the Summit cannot, and should not, be seen as simply an extension of the earlier efforts of the CMA to create balanced development. Just as the CMA had broadened its reach in response to the emergence of new policy imperatives and new

issues, the Summit too was largely a creature of the emerging crisis in regional areas over services.

The Summit process presented an opportunity for regional interest groups to air a wide range of grievances. The Summits were about “solving country problems”. The clear contrast between the respective agendas of the 1971 National Development Conference and the Country Summits says much about the changing priorities of the country constituency and regional advocacy groups, and about the emergence of a sense of city-country divide. It also demonstrates the decline of balanced development as even a driver of regional agendas, though clearly the sentiments expressed so vociferously at the 1971 event persist. There are simply many other issues of concern now.

The Local Government and Shires Associations’ Whole of State Assemblies 1999-2001

To an extent the LGSA have taken over some of the CMA’s former regional policy development and advocacy role, particularly in relation to balanced development.

The LGSA, not surprisingly perhaps in view of the overlapping membership, have supported the notion of balanced development. The Local Government Association unanimously passed a resolution at its 1993 conference in support of the CMA’s Strategy, calling on the Prime Minister and Premier to implement it (CMA 1994b: 6).

In addition to the annual LGSA conferences, which regularly identify and pursue regional development issues, State Assemblies were held in 1999, 2000 and 2001 to pursue “whole of State development”. The similarities of the approach taken by the LGSA to that of the CMA’s 1993-94 campaign are apparent.

The outspoken President of the LGSA, Cr Peter Woods, stated at the first Assembly that the meeting was a great opportunity in terms of cooperation between metropolitan and non-metropolitan councils, and was important principally for this reason (Woods 1999). As noted above, unity among delegates was a theme similar to that developed by Windsor at the Country Summit, thought to be important because it would deny higher levels of government the opportunity to “divide and rule”.

Woods pursued the favoured balanced development theme that solving the problems of the metropolis would also be a solution for the country. Woods urged delegates to turn their backs on “puerile parochialism” and form a “strategic alliance” to put pressure on higher levels of government (Woods 1999).

Following the first Assembly, the LGSA formed a Task Force of city and country local government representatives to determine a strategy for whole of state development. Following the receipt of funding from the Carr Government to support the work of the Task Force, the LGSA commissioned the economic consultants, National Economics (author of the various *State of the Regions* Reports), to develop a strategy for presentation to the State and Commonwealth Governments. The outcome was the release of *A Framework for Whole of State Development*.

The *Framework* divided the State into five types of regions, breaking down the simple city-country divide at the outset – established Sydney (sometimes known as “global Sydney”), developing Sydney (suburban regions with a traditional secondary industry economic base), rural New South Wales (the inland), post industrial regions (Newcastle and Wollongong) and lifestyle regions (coastal regions) (LGSA 2000). The *Framework* was therefore not simply about decentralisation and embraced a region-specific approach.

According to the *Framework*:

The current development path of NSW is not sustainable from an economic, social and environmental perspective. This path creates polarisation and fragmentation. Over the past 20 years, we have witnessed growing disparities in employment, wealth, income and educational opportunities between regions and within regions in the state (LGSA 2000: 6).

The challenge was seen as spreading the wealth that globalisation had created in capital cities, tourist destinations and regions with strong resource endowments to the other regions of the State (LGSA 2000: 9-10). The *Framework* identified a range of constraints on regional growth which included the direction of capital and financial flows, infrastructure, the absence of clusters of corporate networks, skills deficiencies, limited opportunities for entrepreneurs, and lack of economies of scale (LGSA 2000a: 10-12). The *Framework* also referred to “policy distortions” over the last two decades, and claimed that regional policy “... now lags behind international best practice” (LGSA 2000: 12).

The involvement of National Economics saw a modification of the old CMA balanced development approach, in view of the consultant’s long held view that there was too much recent regional policy focus in Australia on non-metropolitan regions. There was also a need to engage the many metropolitan councils present at the three Assemblies which, while they might share with country councils a desire to see increased regional development, would not necessarily have this at the top of their agendas.

The Second Assembly in July 2000 was envisaged as an opportunity to present formal recommendations to the State Government. In the event, the Assembly was addressed by Minister Woods. The author also presented a “response” on behalf of DSRD. Following the Assembly, the LGSA sought a meeting with Minister Woods, which took place much later (June 2001), with further requests for funding for a broader Task Force. At the time of writing, there was no indication as to whether the Government would either support the creation of a Task Force, or provide funding for it.

A number of resolutions arose from the second Assembly, outlined in Box G.2.

Box G.2 LGSA Assembly Resolutions 2000

- The adoption of the Whole of State Development Strategy;
- A call for targeted inland population increases (an increase of 75 000 by 2020);
- Greater involvement of local government in the Commonwealth, States and Territories Regional Development Task Force;
- The establishment of a Rural Centres Investment Scheme (this later evolved into the enterprise zones proposal); and
- The introduction of a Rural Centres Development Program

Source: LGSA 2000

The Government did not respond formally either to the resolutions of the Assembly or to the *Framework*. This conformed with the trend of earlier government non-responses to reports or events which challenged the policy status quo.

The 2000 Assembly also saw the launch of a Regional Development Trust by the Local Government Superannuation Scheme and Deutsche Asset Management. A third Assembly focused on whole-of-State transport planning took place in July 2001. This Assembly also saw the agreement to a number of resolutions and the adoption by the LGSA of a strategy supporting enterprise zones (see Collits 2001).

The Central Economic Zone

The CEZ represents thirty local councils west of the Great Dividing Range. For a time resourced by the State Government, the CEZ has largely been a marketing vehicle for the Central West Region (Heartland New South Wales), but has, on occasions, taken on a lobbying role not dissimilar to the CMA and other groups.

In September 1995, the CEZ presented a submission, *Sydney and the Bush: Building a Better Future*, to the Carr Government's recently formed Urban Strategy Group headed by John Mant. The submission followed a forum held in Orange to address the need for more decentralisation, an issue raised in the media by the Premier.

According to the submission:

Civic and business leaders in inland NSW are frustrated and bewildered by the lack of balance in the division of resources between Sydney and inland NSW (CEZ 1995: 3).

The CEZ submission drew heavily on familiar balanced development themes. The submission:

- Contrasted the recently released *Cities for the 21st Century* planning document with the earlier SROP, which had explicitly endorsed decentralisation;

- Was “pessimistic” about the State’s planning bureaucracy;
- Suggested that up to 250 000 people could be housed in the CEZ region, drawing on people identified by CEZ “research” as being dissatisfied with life in Sydney, which was “... heading for a Los Angeles future”;
- Advocated a “whole of State” approach to planning;
- Suggested that government and business in Sydney was “myopic”;
- Contrasted the NSW approach with more interventionist approaches overseas, and contrasted present policies with those of the 1970s decentralisation era (CEZ 1995: 3-10).

The CEZ finished with a hard-edged critique of current policy:

Today, there are no effective decentralization and regional development programmes or policies in place and there is no ongoing, consistent support. Instead, there exists a plethora of rhetoric and a confusing bureaucratic jungle of State, Commonwealth and quasi-government agencies jostling to stimulate the self-help bottom-up philosophy. The coherent drive of the 1970s and early 1980s has been lost through a lack of implementation, co-ordination and government will (CEZ 1995: 9).

The Government did not respond publicly to the CEZ submission.

The Real Estate Institute of New South Wales

The Real Estate Institute of New South Wales, not generally involved in regional policy debates, released a discussion paper in February 1995, Whole of State Approach to State Development. Consistent with other balanced development proponents, the paper lamented the “... absence of any broad settlement strategies for New South Wales as a whole” (Real Estate Institute 1995).

Like the CMA, the Institute largely saw the issue of balanced development as a planning issue:

Clearly, the State Government should provide an increased commitment to foster a “whole-of-State” settlement strategy which integrates local and regional plans, to ensure that the focus of State economic development is not directed solely on the major metropolitan areas of Sydney, Newcastle and Wollongong but incorporates all New South Wales regions (Real Estate Institute 1995).

The paper noted that the (previous) NSW Government had made little progress towards a state-wide plan. The paper was consistent with the CMA approach and drew on the 1993 Strategy. However, the paper was an isolated foray by the Institute into regional development, and did not lead to any specific government responses or outcomes.

The Royal Australian Planning Institute

RAPI had played a central role in the 1960s and 1970s debates over balanced development. As indicated, one of its earlier presidents was chair of the Australian Council for Balanced Development.

In 1995, RAPI released a number of policies relating to urban and regional planning, including urban settlement. RAPI noted that:

Since the 1970s there has been little concern on the part of State Governments to articulate visions for the urban settlements of the State or the place of Sydney in the State's urban system. Nor has there been much concern on the parts of either Federal governments or neighbouring states to coordinate policies which impact on urban settlements in NSW (RAPI 1995).

RAPI stated that one of its policy objectives was "... a more geographically even distribution of urban population, and associated economic and political power" (RAPI 1995), thus placing it still in the balanced development "camp".

More recently RAPI has again entered the regional development debate through its National "Liveable Cities" Agenda released in October 2000. On the city-country divide issue, RAPI stated that it was:

... concerned about the emerging divide between much of metropolitan Australia and much of country Australia. Policies and actions are needed to bridge the gap but also bring the two areas together in a metropolitan-country partnership (RAPI 2000: 10).

Yet this was merely one of seven issues raised by RAPI as being worthy of policy attention. It did see a greater role of the Commonwealth in urban and regional affairs (RAPI 2000: 20), but did not specifically endorse a balanced development approach. Rather, it favoured a "whole of Australia" approach (RAPI 2000: 21).

The Inland Forum

In May 1996, the councils of Tamworth, Dubbo and Wagga Wagga joined together to form a lobbying and regional marketing group known as the NSW Inland Forum. The group's aim was to present a united front to government on issues affecting the three major inland towns of New South Wales, and to break the "sandstone curtain" of the "Newcastle-Sydney-Wollongong transport and development corridor" (*Maitland Mercury* 1996).

According to Wagga Wagga Mayor Peter Dale:

The three big provincial cities have numerous factors in common but none more significant than their strategic positioning in a band up and down the state, representing communities that total 500, 000 people.

This will have considerably more impact on commerce, industry and government, especially the state government and highlight the importance to NSW of balanced state development (*Maitland Mercury* 1996).

The Forum launch was attended by Minister Egan, who reiterated the Government's willingness to support regional development provided that the impetus for development came from the regions themselves (*Northern Daily Leader* 1996).

The Regional Australia Now Movement

The Victorian-based Regional Australia Now movement was started by the City of Bendigo, in the early 1990s and driven by Norm Cameron, an urban and regional planner with the City. It was formed during the period of the many reports on regional development, and sought to "ramp up" the commitment of governments to regional development. Cameron had attended the Wagga Wagga regional development conference in mid-1992, and subsequently became a member of the "Kelty" Task Force on regional development established under the Keating Government.

Regional Australia Now attempted to launch a national campaign to achieve "... balanced, sustainable, National Development" (Regional Australia Now undated). This was in response to the fact that:

Regional Australia has been relatively ignored by successive State and Federal Governments. Being spatially and economically fragmented, it has not presented as a cohesive collective political centre or cause, relative to the primate Metropolitan Capital cities. Further, parochialism and inter-regional competition has worked against political unity and progress. Political and economic dominance has consequently occurred in the capitals at the expense of Regions. Natural Regional development and change is occurring, but the pace is unacceptably slow. Conversely the major Capital Cities have become increasingly non-sustainable (Regional Australia Now undated).

Hence the Regional Australia Now campaign was closely aligned with the key philosophies of the other balanced development groups, and anticipated some of the key arguments of Tony Windsor at the Country Summits, particularly in relation to the need for unity.

Again, like many of the other groups, the Regional Australia Now campaign made no lasting imprint on government policy. It was very much caught up in the frenetic period of regional development reports in the early 1990s, which only led to the limp (from a balanced development perspective) Working Nation prescription in 1994. Nor did Cameron's involvement with the Kelty Task Force deliver substantial impacts on policy, as the then Minister for Regional Development, Brian Howe, effectively dismissed the Kelty Report in favour of McKinsey's prescriptions in favour of programs based on the notion of regional leadership, one of the key "bottom up" policy approaches of the 1990s (see Chapter Four).

The Balanced State Development Working Group

The Balanced State Development Working Group differs from the other, publicly focused lobby groups. It consisted of a disparate group of (largely) Sydney-based former senior and well-known public servants and other professionals who met informally on a number of occasions during the 1990s to discuss regional development issues. Occasionally public servants, industry groups and academics would join the discussions.

The group submitted a list of possible initiatives to the Government in 1997, generally focusing on infrastructure and service provision. The group was concerned with the impacts on both regional and urban communities of further growth concentration in Sydney.

Originally the group was drawn together by the issue of the location of Sydney's second Airport. The group did not publish any papers or conduct events, but simply met to discuss balanced development issues and strategies. There was never an official government response to the Group, and its influence on policy was negligible.

Parliamentary Advocates for Balanced Development

The recent champions of balanced development have largely been outside government, unlike the 1960s. Yet they do exist in the various parliaments. The major parties have always had strong advocates of country issues. Both the Country, then National, Party and the ALP in particular can lay claim to long histories of representing country electorates (see Appendix J). More recently, the rise of country independents and the One Nation Party have raised the profile of country issues.

While the rise of country independents such as Richard Torbay (Northern Tablelands) and Tony McGrane (Dubbo) in former National Party heartland seats, and Peter Andren federally (Calare), have not only promoted "country" issues (of the kind pursued through the Country Summits), they have also taken on board the philosophy of balanced development. McGrane and Torbay had been prominent in the CMA.

However, it was Tony Windsor who, outside the major parties, has done most within the Parliament in recent years to promote balanced development. His belief in balanced development and his pursuit of the metropolitan primacy issue have been consistent, often wrapped in a critique of economic rationalism. He has been an ardent opponent of National Competition Policy. He has stated that:

The general theory of competition policy and economic rationalism is that the cheapest and most cost effective way of providing the highest number of resources to the greatest number of people at the lowest possible cost is to put people in a feedlot (quoted in Collits 2001: 6).

Windsor has been a consistent critic of economic rationalism. This quote highlights the country independents' linking the absence of balanced development to "economic rationalism". As Andren has stated:

The pursuit of so-called level playing field policies in recent years has devastated much of our regional industry, while at the same time governments have continually put economics ahead of people. A credit rating from Standard and Poors or Moodys means little to people who can't access a bank, a post office, a taxation office or a Medicare office (quoted in Collits and Gastin 1997: 11).

One of the marks of the two Country Summits was the degree to which the so-called "eco rats" were blamed for much of the malaise said to be occurring in regional Australia. Clearly Windsor, Andren and others offering a similar argument tapped into deeply rooted common thinking in country areas.

Windsor introduced a Private Member's Bill in 1994 to provide for payroll tax exemptions for country industries. Payroll tax had proven to be an ongoing source of angst for country manufacturers since the Greiner Government had effectively eliminated concessions in 1989 (See Collits 1995 and Legislative Council 1991; see also Appendix F).

Windsor's Bill was a cause of significant concern to the Coalition Government, involving the preparation of a Cabinet submission by the Treasury and DBRD. The Government rejected the Windsor Bill largely on the grounds of cost (estimated to be of the order of around \$276 million per year) and lack of effectiveness.

Windsor's role as convenor of the Country Summits 1996 and 1998 was critical. Equally, he politicised the debate at the Wagga Wagga Summit and subsequently formed the Country Summit Alliance.

What has Tony Windsor's influence been in relation to balanced development? The 1991-95 period when Windsor and three other independents held the balance of power might be thought to have offered Windsor opportunities to negotiate with the Government on matters pertaining to balanced development. For example, the period of minority Coalition Government coincided with the launch of the CMA's *Strategy* and *Policy* documents.

Windsor's key achievements as an advocate of balanced development have been the Country Summits – though he himself has (at times) questioned what they achieved in terms of altered policy – and his bringing to attention the lesser position of country New South Wales in relation to capital works spending. The imbalance has been reduced, and Windsor was the main protagonist in the debate. His most conspicuous non-achievements were his failed private member's bill on payroll tax exemptions in 1994 and his inability to further the CMA agenda in the 1993-95 period.

Any independent member's capacity to effect change in policy is largely a function of the numbers in the Parliament. It was a mark of the power of the four independents in the Parliament from 1991 to 1995 that they were able to obtain major concessions from the Government on a wide range of matters, mainly to do with "open government" and procedural matters. More importantly, they were able to end the political career of Premier Greiner. And yet little if any change was effected in relation to regional development. The Government was allowed to escape effective

censure for its non-response to the *CMA Strategy*, and to continue on its own policy trajectory unimpeded. This outcome greatly limited any contribution that could be attributed to Windsor as a Parliamentary champion of balanced development.

Independent Members of Parliament who support balanced development make their speeches and write their newspaper columns supporting concepts such as enterprise zones and castigating governments for not “doing enough”, but can do little while not holding the balance of power. The attempt by Windsor to storm the Upper House in 1999 was singularly unsuccessful. The occasional Private Member’s Bill is used to show moral support for the cause.