

Australian governments don't work with each other and it's holding back regional economies in trouble

Written by Andrew Beer, Dean, Research and Innovation, University of South Australia

Even though Australia has enjoyed 25 years of economic growth, many regional communities have [either struggled to recover or never recovered](#) from [factory closures](#) , [declining commodity prices](#) or a drop in tourists.

[My research, with colleagues from Europe and North America, shows](#) Australian development agencies are reluctant, or do not know how, to reach out and work with other government bodies. They are also less inclined than those in Italy, Germany and Finland to build bridges between government departments or tiers of government. Instead, their solutions are constrained by their own resources.

And unlike in the United States, Australia does not have a [well-funded economic development agency](#) able to mobilise significant resources in a practised manner. In the United States, local developers often command multi-million-dollar budgets [hat come from dedicated sales and other taxes](#) , giving them the capacity to bring about change.

Australia's local development agencies are [starved of funding](#) and too often can offer only limited responses to very complex challenges.

Read more: [A housing affordability crisis in regional Australia? Yes, and here's why](#)

The Productivity Commission [says](#) leadership is key to forging a new economic future for these regional communities. [But my research](#) shows local leadership, including from business executives, state government and other government agencies, is relatively weak compared with the other countries.

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The local leadership gap means Australian regional communities are less able to develop coherent strategies to deal with events like a major plant closure. Even good news, such as the arrival of a new firm, is not guaranteed an appropriate reaction.

Read more: [Here's 49 small communities innovating as well as the big cities](#)

Part of the challenge lies in the absence of clearly identifiable leaders with the authority to act. [Compared with other countries in my study](#), it is harder to find who in Australia takes ownership of responding to regional economic shocks.

In Australia, mayors often play a role, but have few powers to bring about change. State politicians can be reluctant to associate with adverse news. Few politicians, for example, saw photo opportunities in the closure of Australian car makers.

In Italy, on the other hand, mayors are pivotal in responding to crises like the [closure of a car factory](#). Our research found Italian mayors reach out to the civil sector in times of crisis – the church, non-governmental organisations, unions and even the media. This is done to influence public opinion, build confidence and mobilise private, public and community resources to ensure the well-being of the community.

Transition towns

The American city of Pittsburgh has transformed from a rapidly declining steel town in the 1970s to a prosperous city with [an economy built on medical research and services](#).

Tampere in Finland [shifted](#) from being a 19th-century manufacturing base to producing software for Nokia in the 1990s. After 2010 it shifted again to information technology as Nokia itself transformed. The city has also become a hotbed of tech startups.

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There are a few reasons these two communities successfully rejuvenated themselves while many Australian communities have spiralled downwards.

In the United States, local development practitioners are important local leaders because they mobilise the support of political leaders at the state and local level. They also provide the intellectual and financial capital needed to shape a new future.

In Finland, local leadership comes from a network of professionals working across departmental lines. In Tampere, for example, they helped to deploy the technical skills of workers. In other places they have moved workers into new technologies and promising new businesses.

Within a few years Chinchilla in Queensland [cycled between](#) a gas exploration and development boom, which pushed up prices, to an equally sharp bust as construction crews moved away, leaving excess housing.

Communities in northern Adelaide have been confronted by the need to map out a new future [as the car industry closes](#). What that looks like and how many workers will be able to [transition into the defence sector](#) remains very uncertain.

These are not problems limited to a few isolated economies. The southeastern states [struggled economically](#) when the nation was in the grip of a mining boom. Communities in Western Australia joined them as real estate prices and labour force growth lagged in the absence of new mine development.

Read more: [**Why big projects like the Adani coal mine won't transform regional Queensland**](#)

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There are significant leadership deficits within Australia's regions, towns and communities. These contribute to our failure to promote the vibrancy and resilience of all parts of the nation.

The decision-makers in Australia – largely state and federal politicians – as well as the resources they command, are just too far away from regional centres. Their absence creates a significant gap at the local level.

But all this doesn't mean that better solutions can't be found for Australian communities experiencing economic change.

We can give more responsibility to local governments. We can empower communities through the sharing of information and knowledge. And we should give them the resources needed to bring about the changes they see as the bedrock of their future.

Andrew Beer does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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