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## ***Foreword***

It is a surprise to your editor that this 13<sup>th</sup> issue begins the sixth annual volume of *Sustaining Regions*, the Newsletter of ANZRSAI. How time flies! Perhaps not so surprising is that this edition, intended for February, reaches you in March, even with the benefit of a leap year.

The refereed proceedings of our Annual Conference are now available at [www.anzrsai.org](http://www.anzrsai.org).

Your 2016 ANZRSAI Council, under the leadership of President Robyn Eversole, has resolved to meet less often and to devote time to a few very important activities (See the About ANZRSAI section). Your suggestions, and your involvement, will be most welcome. Just contact a local Council member or log your interest on the website.

### ***ANZRSAI Annual Conference Keynote Speeches***

The 39th Annual Conference of ANZRSAI was hosted by the Centre for Local Government at University of Technology Sydney from 1 to 4 December 2015, with a theme of ***Global Cities and Global Regions: Sustainable Futures?*** We thank our sponsors for their generous support for this very successful conference:

- The Bureau of Infrastructure, Transport and Regional Economics (BITRE), which is within the Australian Government Department of Infrastructure and Regional Development.
- Agribusiness and Economics Research Unit (AERU) at Lincoln University
- The Centre for Local Government at University of Technology Sydney
- The Regional Science Association International (RSAI)

The conference theme built on a recent special issue of the journal *Local Economy* (Volume 30, Issue 1, February 2015; see the index of contents at <http://lec.sagepub.com/content/30/1.toc>), which included a number of thoughtful articles on regional and local development in Australia and New Zealand. On both sides of the Tasman, the future of regions and regional policy remains a hotly contested topic.

#### *Keynote Speakers included:*

- Dr Richard Hu (University of Canberra);
- Professor Lee Pugalís (University of Technology Sydney);
- Professor Bob Stimson (RSAI Fellow);
- Professor Stephen Hill (Sohar University);
- Dr Rob Greenwood (Executive Director, Public Engagement and The Leslie Harris Centre of Regional Policy and Development, Memorial University of Newfoundland);
- Professor Michael Hefferan (University of the Sunshine Coast); and
- Adjunct Professor Tony Sorensen (University of New England).

#### ***Keynote Speeches***

Some notes from some of the keynote speeches are included here. Time beat your editor again: some other keynote speeches may appear in later editions.

**Professor Richard Hu** addressed the opening seminar on the topic of “***The Sustainable Global City***”. Associate Professor Hu is convenor of the Globalisation and Cities research program in the Department of Business, Government and Law at the University of Canberra.

As cities grow their boundaries move beyond their original administrative boundaries and in some cases can blur national boundaries. Cities act as nodes containing ‘advanced producer services’ which provide connections in global networks between cities and regions. Similarly large numbers of expatriates in cities form international links with their home countries and sustain global mobility of people and skills. The sustainability of global cities and regions depends upon the balance between competitive pressures affecting trade and environmental pressures affecting live-ability. Trade depends upon advanced producer services, including finance, accounting, insurance, advertising, media and technical services.

Key factors affecting the sustainability of cities include place-based policies which address competition, environmental pressures, social polarization, and governance. Sustainable global cities require a combination of internal linkages, external relations and endogenous and exogenous drivers together with good governance at state, region and local scales.

Key drivers are economic development and human movement. The social drivers of human movement are not well understood. The demographic profile must support the economy and trade as well as creativity. The city must be attractive to migrating skilled people but will be underpinned by low-wage jobs. Governance of both trade and politics is a key challenge and a key source of conflict over land, construction, infrastructure, such as high-speed rail, and economic reform. There are limits to growth and there will be losers.

**Dr Lee Pugalis**, Professor of Urban Studies in the Centre for Local Government at University of Technology Sydney spoke on [‘Place-Based Deals’: A contractual or consensual tool for regional development.](#)

Place-based deals emerged from policy discussions within the European Union and the OECD on a reformed cohesion policy (The Barca Report).

The objective of place-based development proposals has been to provide a framework for deal making between levels of government. At least in part, policies to address regional inefficiency and social exclusion have used subsidies to redistribute resources with the associated risk of misallocation.

The object of place-based deals has been to tap new potential in functional areas using a strategy of integrated development, in which any central government subsidy is accompanied by a mix of hard and soft capital provided by other local levels of government and other actors.

Place-based development requires efforts to support social inclusion and the realization of local potential. This usually requires institutional change to trigger bottom-up change. Place-based policy must address long-term inefficiencies and inequalities, while supporting a bundle of public goods, community services, private sector initiatives and links which attract support and allow multi-level governance to maintain the conditions for change.

Place based policy has used three pillars

- Long-term aims to reduce inefficiency and inequality
- Bundled public goods, services, commerce and private sector links
- Promoted and supported by multi-level governance and conditional on achieving change.

Pugalis proposes six pillars for place based policy and place base deals:

1. A strategic operating framework
2. Deal negotiation which is both top-down and bottom-up
3. Policy to be long term and tailored to fit the place
4. Policy to be coordinated and integrated across spaces and agencies
5. Policy to support new modes of work which are flexible, experimental and participative
6. Policy which is conditional on institutional change and consensus.

Pugalis reviewed the place-based development program which was attempted in the United Kingdom following the abolition of nine Regional Development Authorities and their replacement, in England, by 39 voluntary Local Enterprise Partnerships with no statutory powers.

1. The operating framework between central government, local voluntary agencies and business lacked coordination and became a bid and offer process without commitment of funds.
2. Deal negotiation became a top-down assessment, against the political objectives of central government, of strategic economic plans prepared by local enterprise partnerships.
3. Long term strategy and multi-year planning for growth was frustrated by a political imperative to announce projects and an unwillingness to commit to long term funding.
4. Coordination and integration across agencies generated a limited pool of national funds from several different budgets which could be allocated only for capital works, and not for skills and business support. There was some pooling of resources among local governments, some conflict between local enterprise partnerships, and little identified private investment.
5. New modes of working became a competitive process in which winners got project funds.
6. Conditionality of funding required most Local Enterprise Partnerships to for a combined authority usually lead by a local government mayor.

Concluding remarks included:

- Deal making is spreading and can be effective
- Multi-sector bodies can negotiate with government
- Local culture can frustrate a national deal
- Risk is being devolved
- Policy is shifting from compensatory policy to competitive, growth oriented negotiations.

Readers seeking more information on the origins of place based deals should refer to the ‘Barca Report’:

Barca, F. (2009): An Agenda for a Reformed Cohesion Policy: A Place-Based Approach to Meeting European Union Challenges and Expectations, The “Barca Report”, Brussels, DG REGIO.

‘Barca Report’ is at [http://ec.europa.eu/regional\\_policy/archive/policy/future/pdf/report\\_barca\\_v0306.pdf](http://ec.europa.eu/regional_policy/archive/policy/future/pdf/report_barca_v0306.pdf).

**Dr. Rob Greenwood** Executive Director, Public Engagement for Memorial University Newfoundland and for The Leslie Harris Centre of Regional Policy and Development spoke on [Functional Economic Regions: Lessons from Atlantic Canada](#).

Rob Greenwood described how a university can connect knowledge with practice, by using public engagement to harness faculty to regional problems, and at the same time generate funds for research.

Newfoundland was declared a possession in 1583, was colonized by Britain in 1610, and voted to join Canada in 1948. For almost four centuries Newfoundland relied on the now depleted Atlantic cod fishery.

Newfoundland has productive fisheries, forests and mines (nickel, oil and gas) as well as tourism and specialized knowledge, but continues to suffer high rates of unemployment.

Memorial University has more than 18,000 students spread over four campuses; it has research strengths in cold ocean science and technology. The Leslie Harris Centre of Regional Policy and Development conducts knowledge mobilization by sustaining public engagement programs which sustain connections to government, businesses and communities.

Functional regions describe the geographic territory based on the daily commuting patterns of individuals, how individuals participate in their local economy, how government policies are applied, and how services are distributed. Having described the regional boundaries, the analysis addresses governance within and between each region and the degree and timing of interaction between regions. The analysis helps to find the place of the region in the supply chains it serves. The frequency of interactions helps to identify labour market dependencies and dominant centres.

The analysis identifies places by type: 11 urban centres, 29 small cities and regional towns, 31 first order rural regions, 39 second order rural regions, and more than 100 third order rural regions which have few connections and provide local care.

By analyzing and engaging with functional regions in Newfoundland, Memorial University provides tools which enable better governance and better use of available resources.

The paper referenced is : Simms, A., Freshwater, D., and Ward, J. 2014. The Rural Economic Capacity Index (RECI): A benchmarking tool to support community-based economic development, *Economic Development Quarterly*, 28(4): 351-363. DOI: 10.1177/0891242413512672.

**Professor Robert Stimson** discussed “Challenges and Opportunities for Regional Science Research to be more policy relevant”. This presentation demonstrated and documented how, throughout its history, the Regional Science Association has responded to the challenges facing regional policy makers. In the seventh decade of RSAI and the fifth decade of ANZRSAI Professor Stimson described the evolution and critiques of regional science and the continued relevance of research to the issues facing regional policy.

We await with anticipation the publication of this work.

### ***Australia’s National Innovation and Science Agenda***

For the range of initiatives see <http://www.innovation.gov.au/page/agenda>.

Innovation in our regions (extracts from Factsheet 28), is available at:

<http://www.innovation.gov.au/system/files/case-study/Factsheet%2028%20-%20Innovation%20in%20our%20regions.pdf>.

“The Agenda provides opportunities for individuals and businesses all across Australia — from our regions, rural areas and remote communities to our city centres — to innovate, commercialise new ideas, create more jobs, and to better our communities.

The Incubator Support Programme will focus on regional areas and sectors with high innovation potential, such as those identified as an industry growth centre or a Science and Research Priority.

A number of other measures, including [further funding for regional universities](#) and funding to inspire students and the community with digital technologies and STEM will all create more opportunities for our regions.” ...

#### *Complementary initiatives*

“The Agenda complements existing efforts on regional Australia.

## ***SUSTAINING REGIONS, the Newsletter of ANZRSAI, Volume 6(1)***

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The Government is supporting Indigenous businesses and entrepreneurs through \$30 million each year in direct support for enterprises, fostering cutting edge innovation by Indigenous entrepreneurs.

The Australian Government's [National Stronger Regions Fund](#) will provide funding of \$1 billion over five years, commencing in 2015-16, to fund priority infrastructure in regional communities.

We have a vibrant regional university network which provides key hubs for innovation and learning, and work in conjunction with our research institutions including the Commonwealth Scientific and Industrial Research Organisation and Cooperative Research Centres.” ...

“Applying ‘smart specialisation’ — a framework for innovation endorsed by the Organisation for Economic Co-operation and Development and widely implemented across the European Union — RDA Hunter is combining current areas of expertise with new opportunities to drive the global competitiveness of the Hunter’s economy. This strategy will enable Hunter stakeholders to identify and prioritise the region’s key sectors (e.g. defence and manufacturing) and develop innovation activities to grow these sectors further.

Meanwhile, RDA Hunter’s ME Program is linking industry needs with schools and tertiary institutions to increase STEM participation in the region to above the NSW average for students at the HSC level.”

“What’s happening?

- [The] Global Innovation Strategy will provide seed funding for collaborative science workshops with regional economies on shared challenges, such as food and bio security, and will support Australian business and research consortia to work with their international counterparts.
- The Incubator Support Programme will focus on regions and sectors with high innovation potential such as those identified as an Industry Growth Centre or a Science and Research Priority.
- Sharpening incentives for university engagement with research end users will ensure their efforts have tangible benefits for the agricultural sector.
- Further funding for regional universities and funding to inspire students and the community with digital technologies and STEM will create more opportunities for our regions.”

The barriers facing this initiative were well described in Parliament of Australia, Senate Standing Committee on Economics Report on ‘Australia's Innovation System’ 3 December 2015 © Commonwealth of Australia, 2015. ISBN 978-1-76010-339-2 For the full report see:

[www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Innovation\\_System/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Innovation_System/Report).

“It was noted in evidence that Australia is listed as last by the OECD in relation to collaboration between innovation-active firms and education institutions and that good work is 'lost in translation', failing to make an impact on jobs, wealth creation or improved quality of life. In light of the need for greater coordination, the view was put that government could play a critical role in driving collaboration and in providing the transformational leadership required.” (pp. 13-14)

“...while Australia's overall research workforce is average in size for a country with a population base of nearly 24 million people, with approximately four scientists and engineers for every thousand people, only 30 per cent of this country's research and development workforce is employed in industry. Compared to other advanced economies – such as the US, where the rate of employment in industry is closer to 80

per cent – Australia rates poorly on the level of industry-led innovation. [drawing on CSIRO, Submission 36, p. 6.] ... In its submission to the inquiry, the CSIRO noted that this imbalance has a negative effect on the overall capacity of industry to absorb and generate new ideas.” (p. 16)

“The lack of integration and collaboration between universities and the private sector, which greater co-location might help to remedy, also produces the consequence that Australian universities do not, as a rule, regard industry as a source of support for research and innovation.” (p. 17)

“Charles Sturt University also observed that the creation of local and regional innovation ecosystems faces a major hurdle, which can be summarised under the heading of the 'Regional Innovation Paradox'. This barrier to effective innovation at a regional level is a consequence of the greater need to fund innovation in lagging regions, along with those regions' lower capacity to absorb effectively public funds that are intended to promote innovation.” (p. 19)

Charles Sturt University submitted that“...the more innovation is needed in poorer regions to increase competitiveness of the firms, the more difficult it is to absorb public funds for the promotion of innovation in those regions...Lagging regions tend to under invest in research and development and innovation activities and appear to face difficulties in utilising public resources for innovation...Businesses do not demand innovation inputs and the research and technological infrastructure is not embedded in the regional economy...Hence a fragmented Regional Innovation system.” (Charles Sturt University, *Submission 6, p. 5.*)

“While there is no straightforward solution to the fragmentation that is often seen in local and regional innovation ecosystems, Charles Sturt University pointed out that the funding arrangements that are currently in place for rural research and development corporations are particularly successful. At present, revenue from industry levies is matched by Commonwealth funding. This form of co-funding acknowledges that a combination of private and public benefits flow from the research that is funded by this arrangement.” (p. 20)

“Recommendation 5 2.66 The committee recommends that the education system be accorded a central focus in the Australian Government's long-term innovation strategy, thereby acknowledging the central importance of the interplay between the STEM subjects and the humanities, social sciences and creative industries.” (p. 23)

The National Innovation and Science Agenda, and its added funding for regional universities, is welcome, however, the commitment to regional initiatives has in the past been patchy and ill-considered. It is to be hoped that the application of the National Innovation and Science Agenda will understand the difficulties and benefit from the findings of regional researchers, including members of ANZRSAL. (Ed.)

### ***The evolution of Australian towns***

Bureau of Infrastructure, Transport and Regional Economics (BITRE), 2014, *The evolution of Australian towns*, Report 136, Canberra ACT. ISSN: 1440-9569. ISBN: 978-1-922205-64-3. May 2014/INFRA2107. Full text at [http://bitre.gov.au/publications/2014/report\\_136.aspx](http://bitre.gov.au/publications/2014/report_136.aspx).

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This BITRE report examines long term trends in the number, location and population of Australian towns from Censuses 1911, 1961 and 2006. The 'At a Glance section' is reproduced below.

### ***At a glance***

- Over the twentieth century, the strong long-term settlement pattern trends in Australia were increasing centralisation of population and activity, a decline in rural inland towns and growth in coastal locations.
- There are six broad groups of factors that influenced settlement pattern change across Australia over the twentieth century—geography, history, industry, the provision of goods and services, amenity and investment—which interacted and generally reinforced one another creating very powerful forces for change.
- Changes in the settlement pattern can largely be explained by routine economic processes, with the key factors being competition, market size and turnover leading to economies of scale. These changes were triggered by, amongst other things, technological advances and increasing wealth.
- Better mobility forced retailers and service providers in small towns into competition with retailers in other towns, effectively establishing competitive regional markets. This has taken the form of 'town versus town' competition, as consumers choose between shopping centre options to satisfy their needs across a range of goods and services.
- Industry activities have favoured large regional centres as they accessed factors of production, sought profitable distribution points and developed centres of manufacture.
- The relationship between industry and towns weakened as industry sought inputs and markets further afield. Small rural towns now need industry much more than industry needs small rural towns.
- Towns and regions need to be competitive providers of goods and services. Having a local industry does not necessarily translate into substantial economic benefits for towns.
- Amenity was very important to the shifts in Australia's settlements patterns. This occurred as the household rather than industry gained importance as a key decision maker in shaping settlement patterns.
- There was a shift in emphasis away from employment and industry toward amenity factors as key shapers of settlement patterns in more recent years. This change was driven by increased personal mobility, wealth [and] longevity as well as a growing capacity to live away from places of work.
- Towns remain important economic and social units, but now operate as part of larger regional markets. Today, towns are interconnected, as people and businesses conduct their activities at a distance and across traditional regions.
- Pressures on settlement patterns are likely to continue in the form of centralising of activity, technological advancement, households seeking amenity and firms facing greater competition. This will provide both challenges and opportunities for towns and government into the future.

This very large 368 page volume has lots to interest regional scholars, and the National Innovation Agenda. (Ed.)

### ***Regional Australia Institute***

#### ***Regions and the New Economic Agenda***

(Extracts from a speech by Jack Archer by courtesy of the Regional Australia Institute. For the full text follow this link. <http://www.regionalaustralia.org.au/home/2015/12/jack-archers-speech-at-launch-of-new-economic-agenda/>)



“Regions contributed half of our nation’s growth post Global Financial Crisis, fulfilling their role as a source of resilience for the economy to a tee. If our regional areas had not performed well during this period then Australia would have shared the recession experience of Europe and the United States.

Surprisingly, the most resilient areas have proven to be those that are most disconnected – our rural and remote ‘Heartland Regions’. ...

“The rates of productivity growth in regions are also strong, with regional areas gaining on metropolitan areas in every industry except mining and agriculture, where we would expect to see performance. So what we’re seeing in regional Australia is productivity growth and excellence in the very areas we would least expect.

Another aspect we think critically important is the growth in the services economy and in services jobs. There is strong evidence that the trends we see in metro areas are equally at work in our regions. In fact, employment in higher value services, like finance and insurance and professional and scientific services, have seen their shares of regional employment increase at the expense of ‘traditional’ regional strengths like primary production. This diversity of services employment has also increased throughout the mining boom.”

[Note that finance, insurance and professional and scientific services provide governance for transactions with the rest of the world. Ed.]

“Australia already has great big cities, but lying under the radar it now has the opportunity to build even greater small cities.

“Our major urbanisation trend of the last 40 years has seen the rise of around 50 regional cities, not people moving to the big smoke. Wollongong, Ballarat, Toowoomba, Cairns, Bunbury and Launceston have emerged as centres of population growth.

“Home to 4.5 million Australians, regional cities are our hidden metropolis with an economy equivalent to that of Finland’s.” ...

“The final piece to this puzzle is improving regional services by harnessing new technology and allowing the development of localised solutions.” ...

“Australia’s predominantly centralised system of government concentrates both power and public sector finances in metropolitan centres. Decisions made by central governments suffer from the tyranny of averages and are often poorly informed. This frequently leads to outcomes that are unable to respond to regional differences. Australia has created some of the most inflexible policy and program settings in the world and imposed these on an incredibly diverse situation.” ...

For example, “‘Telehealth’ cannot be claimed on Medicare, meaning many regional families are still forced to pay substantial travel costs and take annual leave to make it to metro areas for face-to-face therapy. This also often means substantial delays in diagnostic and some intervention programs for regional people, particularly for issues like autism and mental health.” ...

“The second thing we can do to encourage local leadership is to create the opportunity for local people to develop solutions to their own problems.

This is about freeing up places and people to innovate and make change.

We can do this by extending to regional communities the innovation methods already being trialled within the public service by most governments in Australia.

One great example is South Australia’s 90 day initiative. Run internally for the public service, this initiative recognises that people lower down in the system often see problems and identify ways to do things better. It empowers them to try a new approach for 90 days. If their initiative works it’s implemented, if not we learn and move on. The Premiers Innovation initiative in NSW is another example that could be extended to regional communities.” ...

“...and only the people living in these communities can truly understand what can work in their circumstances.

“If we do make these changes, together, we can create meaningful and lasting improvements in the regional services situation.” ...

“Regional Australia can increase its contribution to national innovation and growth and provide improved quality of life for its 8.8 million residents.” ...

“Now it’s time for some ambition about where we can take this part of the economy in the next 10 years. We believe it’s time to focus and act on the evidence at hand and we will continue to lead this conversation.

“We would sincerely appreciate your interest and support in realising and telling this story of opportunity and building the case for change.”

### ***Commentary:***

#### ***From the Cockatoo***

Our thanks go to The Cockatoo Network for extending this courtesy to ANZRSAI. In this issue we include material from recent issues of the Cockatoo.

From Cockatoo 4 March 2016

#### ***Regional media laws***

This week the federal Government announced significant reforms to media laws to protect local content in regional Australia and introduce an incentive for content to be filmed in the local area. The reforms will support the viability of local media organisations as they face increasing competition from less regulated services in a rapidly changing digital landscape.

The core of the package is the strengthening of the local content obligations on regional commercial television licensees. This will apply to the majority of regional free-to-air commercial television broadcasters who, as a result of a change in control known as a 'trigger event', become part of a group of commercial broadcasting licences whose combined licence area populations collectively exceed 75% of the Australian population. The package includes repealing media ownership and control rules that currently prevent:

- a person from controlling commercial television licences that collectively reach more than 75% of the Australian population (the 'reach rule');
- a person from controlling more than two of the three regulated forms of media (commercial radio, commercial television and associated newspapers) in the one commercial radio licence area (the '2 out of 3 rule').

These reforms represent a sensible and pragmatic approach to rebalancing the regulatory settings governing the traditional media in Australia, while maintaining a framework that continues to support media diversity, global competition and local programming.

We got a reality check from John Clements (Cockatoo member with expertise in this field). His advice is 'I think it's sound, and will also be redundant in 5 to 10 years. Let them amalgamate and cross promote. Direct streaming and niche markets beat concentration.'

### ***TCI Oceania cluster conference 1-3 June***

This year's TCI Oceania cluster conference is in Adelaide. It will explore the role clusters play in fostering the collaboration required for increased innovation and competitiveness in regions and cities, drawing on local and international examples and evidence. The third day will involve a cluster training workshop led by world expert Ifor Ffowcs Williams. For more information go to [tracysr@rdabrisbane.org.au](mailto:tracysr@rdabrisbane.org.au) | [www.tci-network.org](http://www.tci-network.org) | 0433 346 344

### ***New Infrastructure & Regional Development Minister***

Last month's appointment of the honourable Darren Chester MP as the new Minister for Infrastructure and Regional Development caught some by surprise. But it could be an inspired selection, and a boost for RDA Committees given his track record in regional development. Darren is a proud Gippslander. His political career follows in the footsteps of former National Party luminaries and fellow-Gippslanders Nixon and McGauran. And about a decade back he was the Executive Officer of the Champions of the Bush, a lobby group active on many fronts. He was also Chief of Staff to Peter Ryan, Nationals Leader in Victoria and he served two terms as President of the Lakes Entrance Business Tourism Association. This latter role will stand him in good stead given tourism is a pivotal part of regional Australia's future.

Importantly Chester is a progressive bloke – he was one of the first National MP at the federal level to publicly endorse same-sex marriage. He is also a proponent of a 'two-tiered political system, perhaps a regional and a federal government, in the interests of a more cohesive and united Australia.' While he doesn't have any obvious background on infrastructure policy issues, much of that is predetermined and runs on automatic pilot, as was the case when Truss was the Minister.

### ***Collaboration and Shared Value***

Cockatoo has circulated a link to a blog by Dr. Mark Cloney of Latrobe Business School:

<http://businessnews.blogs.latrobe.edu.au/2016/02/23/innovation-and-shared-value-critical-for-regional-development-says-lbs-professor-of-practice/>

It talks about how leading theorists have written on the importance of innovation and regional development to the international competitiveness of firms and nations. He cites Harvard business gurus Michael Porter and Mark Kramer (2011) and their views about:

- The importance of creating shared value, which focuses on the connections between societal and economic progress including enabling industry clusters.
- That the next wave of global growth will be the result of collaboration and operation practice that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which they operate. T
- The thesis is that the success of every business is affected by the supporting companies and soft and hard infrastructure around it and the networks within which they operate Mark says that this is all consistent with the Innovation Statement objectives and goes on to suggest that closer collaboration in the above fields could form a new approach to regional development policy i.e. creating shared value and the building of trust at the local level over a sustained period.

We agree with Mark, and the RDA Committees are well-placed to pursue shared value because they have the structure to marshal the local stakeholders, especially the local councils. Given that the RDA Committees seem to be in constant state of uncertainty, we suggest they consider (a) injecting themselves into federal policy agendas and (b) lobbying for the RDA machinery has to be a permanent feature of the federal system. Improved funding would follow.

The incoming Nationals' leadership - Barnaby Joyce, Darren Chester, Fiona Nash, Michael McCormack – could be champions for this approach if they understand that the RDA Committees would provide objective analysis and the shared commitment and trust to deliver better outcomes for regional Australia. Importantly, this role for the RDA Committees would be apolitical – it would be up to the Nats, Liberals or Labor to develop their policies around the objective base.

Such an approach is sorely needed because the regional lobby is weak. Contrast it with the defence lobby (quietly secured \$190 billion for a dozen submarines) and the housing industry lobby (HIA, MBA, building unions, ALP) has collaborating to kill of negative gearing. That is power, based around collaboration as espoused by Dr. Cloney.

***Future role and contribution of regional capitals to Australia***      From Cockatoo 11 September 2015

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Rural\\_and\\_Regional\\_Affairs\\_and\\_Transport/Regional\\_capitals](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Regional_capitals)

On 11 February 2015, the Senate moved that the future role and contribution of regional capitals to Australia be referred to the Senate Rural and Regional Affairs and Transport References Committee for inquiry and report by 1 December 2015. Submissions should be received by 30 April 2015. The reporting date is 1 December 2015. On 12 November 2015, the Senate granted an extension of time for reporting until 12 May 2016.

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Note: the terms of reference do not define ‘regional capitals’. The committee is interested in receiving submissions not just from representatives of regional capitals, but also from other towns and cities who have relevant views to express about the current and future role of regional capitals. Any person, organisation, town or city may contribute to the inquiry through making a submission by 30 April 2015.

Committee Secretariat contact: Committee Secretary  
Senate Standing Committees on Rural and Regional Affairs and Transport  
PO Box 6100, Parliament House  
Canberra ACT 2600  
Phone: +61 2 6277 3511  
Fax: +61 2 6277 5811  
rrat.sen@aph.gov.au

To date 85 submissions have been received, including at least one from a member of ANZRS AI Council. There is still time for you to make a submission and perhaps directly influence regional policy development in Australia.

In our last issue Cockatoo made a suggestion: “What is arguably required is a permanent alliance - the intellectual grunt of the Australia NZ Regional Science Association (ANZRS AI) combined with the commitment and membership of Economic Development Australia, the Regional Australia Institute, SEGRA, the RCA as above, and our own Cockatoo Network. That really would make federal politicians, especially Ministers and MPs in marginal seats, sit up and listen.” Food for thought. Ed.

### ***From Centre for Housing Urban and Regional Planning (CHURP)***

Dr Debbie Faulkner, Senior Research Fellow at University of Adelaide is the new Acting Director of the Centre for Housing Urban and Regional Planning (CHURP). Sustaining Regions wishes to congratulate Dr Faulkner on her appointment and to wish CHURP continued success in research and consulting. (Ed.)

## **THE CONVERSATION**

[https://theconversation.com/driverless-cars-will-change-the-way-we-think-of-car-ownership-50125?utm\\_medium=email&utm\\_campaign=Latest+from+The+Conversation+for+November+6+2015+-+3767&utm\\_content=Latest+from+The+Conversation+for+November+6+2015+-+3767+CID\\_f9cd5d85a8d502da42888110237c1a3e&utm\\_source=campaign\\_monitor&utm\\_term=writes%20Hussein%20Dia](https://theconversation.com/driverless-cars-will-change-the-way-we-think-of-car-ownership-50125?utm_medium=email&utm_campaign=Latest+from+The+Conversation+for+November+6+2015+-+3767&utm_content=Latest+from+The+Conversation+for+November+6+2015+-+3767+CID_f9cd5d85a8d502da42888110237c1a3e&utm_source=campaign_monitor&utm_term=writes%20Hussein%20Dia)

There is a substantial debate about how quickly driverless cars will capture a significant share of traffic in cities and regions. Research and testing suggests a significant reduction in road traffic injuries and deaths to arise from substituting self-guiding systems for inattentive drivers. The impacts on cities and regions may include a significant reduction in demand for road space.

## ***From the South Australian Freight Council***

### ***The role of transport connectivity in stimulating development and economic activity***

On Tuesday 1 December 2015 the Minister for Territories, Local Government and Major Projects, The Hon Paul Fletcher MP, asked the Standing Committee on Infrastructure, Transport and Cities to inquire into the role of transport connectivity in stimulating development and economic activity both in major urban areas and in regional Australia.

The Standing Committee on Infrastructure, Transport and Cities adopted the inquiry on Tuesday 1 December 2015 and invited interested persons and organisations to make submissions addressing the terms of reference. The deadline for submissions was 12 February 2016.

More information, including the full terms of reference, are available at [www.aph.gov.au/itc](http://www.aph.gov.au/itc) or from the Secretariat on (02) 6277 2352.

## ***Regional Policy and Practice***

### ***Victorian Universities Regional Research Network***

The Victorian Universities Regional Research Network initially brought together representatives from five universities, all of which have campuses located outside the Melbourne metropolitan area. Founding member Universities and Campuses of VURRN were:

- Federation University Australia (Ballarat)
- RMIT University Hamilton
- La Trobe University (Bendigo and Wodonga campuses)
- Federation University Australia (Gippsland)
- Deakin University (Geelong & Warrnambool)

VURRN members share a research interest in regional and rural Australia. They seek to collaborate on research projects and build long term partnerships between member Universities and the broader community to enhance the development and ongoing viability of regional and rural communities. VURRN has a strong link to Regional Development Victoria, which has officers attending and updating meetings on state regional development issues.

See <http://vurn.com>, or contact Jerry Courvisanos at [j.courvisanos@federation.edu.au](mailto:j.courvisanos@federation.edu.au).

By the end of 2015 all the non-metropolitan member campuses of VURRN had closed their specific regional research centres. So, now VURRN is extending its network to all university campuses of Victorian universities, with all researchers who are interested in regional and rural research welcome to attend meetings and be on an email list for information on meetings and seminars being held. The next meeting of the network is historic as it is the first to be held in Melbourne (RMIT on 22 April).

The regional campus research centre closures reflect the absence of a distinct regional science discipline in the subject areas of the Excellence of Research (ERA) in Australia classification. Urban and Regional Planning and Human Geography do get an assessment but fail to account for the diversity of the research activities involved in regional science.

## ***SUSTAINING REGIONS, the Newsletter of ANZRSAI, Volume 6(1)***

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The 2015 ERA assessment of Urban and Regional Planning ranks 12 Australian universities, including RMIT, as at or above world standard. The assessment of Human Geography ranks 15 Australian universities, as at or above world standard. See <http://www.arc.gov.au/era-outcomes#FoR/1205>

ANZRSAI Council is discussing ways to establish or support local networks of regional researchers across Australia and New Zealand. Your views would be welcome.

### *News from Armidale*

Many thanks to Tony Sorensen

Armidale has become the first place to be completely NBNed: all the copper wire has been removed and all telephony is now VoIP. The launch was conducted by Barnaby Joyce, Minister for Agriculture and our local MHR; our mayor Herman Beyersdorf; and Adam Marshall our excellent State member.

In 2015 Armidale was nominated for the Intelligent Community (IC) of the Year Award run by the IC Forum in New York. In November we discovered that we made the Smart21 cut out of 450 entries world-wide and joined places like Taipei (Taiwan), Montreal and Ottawa (Canada), San Diego (California) in that group. We were by far the smallest place population-wise and easily the most remote.

[In the end Armidale did not make the Top 7, but did make a big impression; the top 7 were: Hsinchu County, Taiwan; Montreal, Quebec, Canada; Muelheim an der Ruhr, Germany; New Taipei City, Taiwan; Surrey, British Columbia, Canada; Whanganui, New Zealand; and Winnipeg, Manitoba, Canada. Ed.]

By the way, in 2015 Armidale and its region made the top 10 tourist attractions in Australia. Our best-kept secret are the world heritage listed Gondwana rainforest to our east and embedded in those forest are some of the highest waterfalls in the southern hemisphere.

On top of that, what other town of 25,000 people has two symphony orchestras, an opera company, a theatrical impresario who mounts Broadway musicals, and perhaps the best regional art gallery in rural Australia? On top of that, while not exactly the Smithsonian, UNE has some interesting museums and the Museum of Antiquities is reported to have the best collection of Cypriot artefacts dating from about 2000BC outside of Cyprus itself.

Many of the approaches to local development are of the self-help variety such as: a very active Digital Economy Implementation Group (DEIG); networking with a top venture capitalist and the director of operations of a major bank based in Seoul in South Korea; both are helping with the possibility of launching a venture capital organisation in this region; that could be a first in regional Australia.

Armidale launched an annual TechFest last year; Tony Sorensen was the opening keynote presenter and has been invited again to talk about rural and regional futures this year. Tony is also promoting the inclusion of a Maker Lab in Armidale's new library, addressing meetings of Council and of the friends of the library, and helping to stage a pop-up Maker Lab in the town centre crewed by school students who did things like programming apps on computers!

UNE is also a world leader in Smart-Farm technology and we have a Smart House in town where residents can go and look at urban / home living 20 years from now. Many businesses in town are the

cutting edge of various technologies like environmental monitoring, internet security, animal genetics, and so on. And Armidale's population is only 25,000 – just 1/180th of our competitor (Taipei)!

The Northern Inland Regional Development Australia has established a Digital Economy Taskforce (DET) which works to achieve NBN coverage and to foster the use of Information and Communications Technology (ICT) in existing business, social and government activities, such as a regional portal for internet-based trade through which people can obtain goods from within their region. The DET encourages business startups, attracts new business, supports innovators, and seeks to encourage experimentation with new technologies which may provide alternatives for the future.

For more information see the 'Super Connected Lifestyle Locations Report' from NBNC Co.

[http://www.nbnco.com.au/content/dam/nbnco2/documents/Super%20connected%20lifestyle%20locations\\_nbn%20report\\_FINAL.PDF](http://www.nbnco.com.au/content/dam/nbnco2/documents/Super%20connected%20lifestyle%20locations_nbn%20report_FINAL.PDF)

### ***Conferences and Study Opportunities***

#### ***Study Regional Development in 2016!***

Upcoming opportunity  
Study regional  
development this winter  
with the Institute for Regional  
Development and the Tasmanian  
School of Business and Economics.



utas.edu.au

Courtesy Tourism Tasmania Photography Group/years

The Institute for Regional Development at the University of Tasmania is offering the Graduate Certificate in Regional Innovation, starting in late June 2016 with Regional Development Theory and Practice. Work online and in your workplace/ community over five weeks, learning about and applying cutting-edge ideas in regional development, and join with colleagues for intensive face-to-face workshops on the beautiful North West Coast of Tasmania from 15-17 July. A fully distance study option is also available on request. For further information and to apply please contact Dr Clayton Hawkins, Academic Programs Coordinator at [IRD.enquiries@utas.edu.au](mailto:IRD.enquiries@utas.edu.au) .



## ***Regional Science Association International***

### ***Competitions & Awards***

- August Lösch Prize 2016
- Submissions for the 2016 RSAI Best Dissertation in Regional Science – Deadline: July 31, 2016
- Submissions for the Stan Czamanski Prize - Deadline October 02, 2016
- Nominations to Jean Paelinck RSAI Award – Deadline: December 31, 2016

### ***August Lösch Prize 2016***

The City of Heidenheim an der Brenz and the August Lösch Association jointly grant the prestigious August Lösch Prize 2016.

The prize was created in 1971 and first awarded in 1972 by the City of Heidenheim in honour of August Lösch (1906-1945), one of the founders of modern Regional Science, and a former citizen of Heidenheim.

The prize is intended to reward outstanding academic research in the field of Regional Science. The prize carries an award of Euro 4000. Joint recipients will share this amount.

The Association invites the submission of research work written in either German or English. The prize will be presented at the 56th ERSI Congress, 23-26 August 2016 in Vienna.

The winner, or winners, will be selected by an international committee headed by Johannes Bröcker, University of Kiel, Germany.

#### Submissions:

- All types of manuscripts such as PhD theses, books, book chapters or research papers will be received. Research papers should already have been accepted for publication in a peer reviewed international journal. However, no work should be submitted that has been published before 2010.
- Work by young academics will be preferred over that of established professors.
- Documents must be submitted in electronic format (pdf) to the email address given below.
- The deadline for submission is 15 March, 2016.
- The submission has to be accompanied by a CV and a summary of the submitted work in English language (maximum of 3 pages).
- The winner, or winners, will be invited to Vienna 25 August 2016, all costs covered

For further information please visit <http://www.ifr.uni-kiel.de/en/august-losch-prize>

To submit, please write an email to [august-loesch-preis@economics.uni-kiel.de](mailto:august-loesch-preis@economics.uni-kiel.de) You will be provided with upload information.

### ***Submissions for the 2016 RSAI Best Dissertation in Regional Science – Deadline: July 31, 2016***

The Regional Science Association International (RSAI) invites submissions for the annual competition for the Best Doctoral Dissertation in Regional Science. Regional science is an interdisciplinary field concerned with theory, method, and application of regional, urban and rural, geographic and spatial investigations and analyses.

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The winner will be decided by the Selection Committee and will receive a cash award of 750 Euros. Award announcements will be made at the North American Meetings of the RSAI, where participants in the competition are strongly encouraged to be present. The Selection Committee reserves the right to not make an award. Decisions made by the Selection Committee are final.

Eligibility:

1. A dissertation completed in any Ph.D. program in any country is eligible,
2. A dissertation written in English,
3. A dissertation successfully defended, with official graduation date between July 1st 2015 and June 30th 2016,
4. A dissertation on a single or multiple general regional science topics. The Selection Committee reserves the right to determine whether a dissertation is relevant to the field of regional science.

Application (in either PDF or MS Word format):

1. A two-page curriculum vita;
2. A letter of support and nomination from the major professor (also known as dissertation committee chairperson or supervisor) on stationary paper and with signature. The letter should clearly explain the dissertation's originality and contributions to the field of regional science;
3. The dissertation.

Applications should be submitted electrically by July 31, 2016 to the Selection Committee Chair, Dr. Shaoming Cheng (scheng@fiu.edu). Large submissions can be uploaded to a cloud file-sharing site. Questions regarding the dissertation competition may be sent to him too.

### ***Submissions for the Stan Czamanski Prize - Deadline October 02, 2016***

The Stan Czamanski Prize is awarded by the Regional Science Association International in memory of Professor Stan Czamanski, an early recipient of a Ph.D. in regional science (1963), a member of the University of Pennsylvania regional science faculty (1963-1966), a member of the regional science faculty of Cornell University (1966-1988), and a past-president of the Regional Science Association (1975-1976).

The annual prize is awarded to author of the best Ph.D. dissertation proposal judged to exemplify the philosophy and approach of Professor Czamanski, as described below.

The US\$1,000 prize is awarded to the student and a plaque to the student's advisor.

The selection will be made by a panel of three persons: a senior and long-standing member of the regional science community, a representative of the field of Regional Science at Cornell and a member of the RSAI Council.

Students writing dissertations on problems in regional science from around the world are invited to enter the competition, in the spirit of Stan's all-embracing philosophy.

The award is presented at the North American Regional Science Meetings.

### *Rules of the competition*

Applications are to be submitted by October 02 of 2016 to rsai@apdr.pt. To be eligible, the dissertation proposal must have been defended and approved during the past 12 months.

Each applicant will submit the following:

1. A statement in six pages or less that clearly sets out the research question(s) and issues to be addressed, approach to be used, and product expected from the dissertation research. The six-page limit is exclusive of references, tables and figures. This text and references should be in 12 point or larger font and single-spaced. In addition, a summary (maximum one page) describing the intellectual merit of the proposed research and why the proposed approach may be regarded as implementing Professor Czamanski's philosophy and approach, as described below.
2. A curriculum vita of no more than two pages.
3. Copies of the candidate's transcripts for all graduate study. Unofficial copies are acceptable.
4. A separate, confidential letter from the dissertation supervisor assessing the quality and significance of the proposed dissertation research.

### *Philosophy and Research Approach of Professor Stan Czamanski*

In his Introduction to Regional Science (Prentice-Hall, 1975, p. 2), Walter Isard wrote:

“In brief, regional science as a discipline concerns the careful and patient study of social problems with regional or spatial dimensions, employing diverse combinations of analytical and empirical research.”

Professor Czamanski's research exemplified the analysis of social and economic problems with regional and spatial dimensions. In doing so, he chose judiciously the right combination of analytical and empirical research methods from his tool box to address the specific issue at hand.

Dissertation proposals submitted for the Stan Czamanski Prize will be judged with regard to how the student proposes to bring an appropriate combination of analytical and empirical methods to bear on a social and economic problem with spatial or regional dimensions, and how this combination of methods is expected to deliver greater insights into the problem in question.

### ***Nominations to Jean Paelinck RSAI Award – Deadline: December 31, 2016***

#### *Nomination and Process for Making the Award*

1. It is expected that The Jean Paelinck Award for Distinguished Sustained Scholarship in Regional Science Methods will be made every two (2) years.
2. Nominations or consideration for The Jean Paelinck Award for Distinguished Sustained Scholarship in Regional Science Methods will be solicited every second year.
3. A nomination for consideration for The Jean Paelinck Award for Distinguished Sustained Scholarship in Regional Science Methods comes from Fellows of RSAI. At least five (5) Fellows must agree on the nomination.
4. A nomination may remain active for five (5) years.

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5. A nomination must be accompanied by testimonials from a minimum of five (5) eminent scholars from at least three (3) nations who are able to verify the importance and scholarly standing and importance of the nominee's publications.
6. The nomination and supporting documents are to be sent to the Executive Director of RSAI who will then forward it to the members of a Selection Jury.
7. The Selection Jury comprises a Chair, selected by the RSAI Council, and who is a member of the RSAI Long Range Planning Committee, plus four (4) RSAI Fellows. A Chair's tenure is limited to four (4) years. Two (2) RSAI Fellow members of the Selection Jury rotate off every two (2) years.
8. When the Selection Jury recommends making the Award, the Executive Director will inform the RSAI Council in writing of that nomination. Unless within fourteen (14) days more than one-third of the members of the RSAI Council advise the Executive Director in writing of their dissent regarding the nomination, then the RSAI President or Executive Director will advise the member recommended for the Jean Paelinck Award and invite that person to accept the Award.
9. The presentation of The Jean Paelinck Award for Distinguished Sustained Scholarship in Regional Science Methods will occur at one of the supra-regional meetings of RSAI (NARSC/RSAmericas, ERSA, PRSCO), or at the RSAI World Congress.

Demonstration of:

1. Early career scholarly contribution.
2. Sustained continuing scholarly contribution.
3. International impact.
4. Inter-generational impacts (students and colleagues).
5. Impact on other related areas to regional science.

The nominations can be sent to [rsai@apdr.pt](mailto:rsai@apdr.pt) before December 31, 2016.

More News at [www.regionalscience.org](http://www.regionalscience.org).



The [Portuguese Association for Regional Development](#) (APDR) and the [Moroccan Regional Science Association](#) (AMSR) invite regional scientists, economists, economic geographers, environmentalists, urban planners, policy makers, and researchers of related disciplines **to submit a Special Session proposal** to the 1st AMRS Congress and 23rd APDR Congress with the theme *Sustainability of Territories in the Context of Global Changes*. Sessions can be either in English, French or Portuguese.

Details about the Conference: <http://www.apdr.pt/congresso/2016/>

### ***Developing Northern Australia Conference 2016***

<http://northaust.org.au/> Darwin Convention Centre - 20-22 June 2016

The Developing Northern Australia Conference *Above the Line – unleashing the north's potential* continues the dialogue started in 2015 following the release of the Australian Government's White Paper on Developing Northern Australia.

Underpinned by the Government's Top Actions Summary identified in the White Paper the Conference will explore how industry, business, Government and agribusiness are embracing the opportunities for sustainable growth into the next decade.

For further details please contact Debra Thompson, Conference Secretariat

A: PO Box 29,  
Nerang, QLD 4211  
P: +61 7 5502 2068  
M: 0435 354 953  
F: +61 7 5527 3298

### **CURRENT RESEARCH**

#### ***Economic Development Quarterly***

28(4) 2014

Pages 351-363

Alvin Simms, David Freshwater & Jamie Ward.

#### ***The Rural Economic Capacity Index (RECI): A benchmarking tool to support community-based economic development***

Abstract: Economic development practitioners and theorists recognize that community-based strategies offer the best opportunity for rural economic development. But, rural communities also need assistance in identifying and implementing their strategies. Two key needs are financial support and technical assistance. In this article, the authors describe a benchmarking tool that provides rural communities in Newfoundland and Labrador, Canada with a means to identify their individual strengths and weaknesses, and how they compare with immediate peers. This is the typical benchmarking function, but the tool also provides a way to show individual communities the benefits of regional agglomerations at different levels of geography. Unlike most benchmarking exercises that simply provide lists

of indicators, the authors link the indicators through a simplified structural model of the local economy. By focusing on composite indicators, the Rural Economic Capacity Index provides community leaders with a sense of the "big picture" that can help them in the process of framing a development strategy.

DOI: 10.1177/0891242413512672

#### ***Regional Science Policy & Practice***

7(4) November 2015

Pages 163-186

Sergiy Smetana, Christine Tamásy,  
Alexander Mathys, and  
Volker Heinz

#### ***Sustainability and regions: sustainability assessment in regional perspective***

Abstract: Currently there is no universal sustainability assessment methodology, which would be applicable by policy-makers for identification of regional development paths, policies' effectiveness and potential changes to sustainable development of regions. This paper reviews the best practices for sustainability assessment and identifies the needs of regional systems. Further, we propose the concept of regional sustainability assessment methodology

(RSAM). It includes natural, social and economic capital transfer accounting through extended input–output tables and cyclicity analyses. RSAM reflects static and dynamic qualities of regional system for the assessment of development paths and policies effectiveness. Further methodological development of concept findings is needed. DOI: 10.1111/rsp3.12068

Pages 187-197

Amitrajeet A. Batabyal and  
Hamid Beladi

### *The importance of creative capital for economic growth in the presence of learning by doing*

Abstract: We analyse the economic growth related effects of learning by doing in a region that is creative in the sense of Richard Florida. Firms in this region use physical and creative capital to produce output. We model learning by doing and our analysis of the working of this creative region leads to four results. First, we specify the private marginal products of physical and creative capital and the corresponding factor rewards and then explain why the physical to creative capital ratio must be identical for all firms. Second, we compute the equilibrium growth rate of consumption and then point out that this rate must equal the equilibrium growth rate of output. Third, we show how long run growth in this region is affected by changes in technology, a preference parameter, and the stock of creative capital. Finally, we compare the decentralized equilibrium growth rate in this region with the growth rate arising from social planning. DOI: 10.1111/rsp3.12069

Pages 199-224

Hodjat Ghadimi, Trevor Harris and Timothy Warner

### *A geospatial approach to measuring regional and sub-regional inclusive wealth: the case of resource rich West Virginia, USA*

Abstract: Inclusive wealth is a key indicator of economic sustainability and an important component in evaluating regional policy and sustainable development initiatives. Measuring capital stocks at scales below the national level is challenging and there is limited empirical research to guide individual or comparative studies. Advances in geospatial technologies including GIS and remote sensing, and the availability of well-attributed spatial data, provide new opportunities to generate empirical wealth estimates at differing spatial granularities. Based on a case study of West Virginia, USA, this study outlines an approach for determining inclusive wealth estimates using GIS and spatial data infrastructures at sub-regional scales of analysis. DOI: 10.1111/rsp3.12067

### *Papers in Regional Science*

94(4) November 2015

Pages 677-702

Manfred M. Fischer and James P. LeSage

### *A Bayesian space-time approach to identifying and interpreting regional convergence clubs in Europe.*

Abstract: This study suggests a two-step approach to identifying and interpreting regional convergence clubs in Europe. The first step calculates Bayesian probabilities for various assignments of regions to two clubs using a general stochastic space-time dynamic panel relationship between growth rates and initial levels of income as well as endowments of physical, knowledge and human capital. The second step uses the club assignments in a dynamic space-time panel data model to assess long-run dynamic direct and spillover responses of regional income levels to changes in initial period endowments for clubs that were identified. We find different dynamic partial derivative responses to endowments by regions

in the two clubs that appear consistent with low- and high-income regions as clubs. DOI: 10.1111/pirs.12104

Pages 703-726

Stefano M. Iacus and Giuseppe Porro

### *EU regional unemployment as a transnational matter: An analysis via the Gompertz diffusion process*

Abstract: At the end of 1990s, Danny Quah devoted several papers to the analysis of polarization and stratification in the convergence processes of economies, creating the image of the ‘convergence clubs’ and suggesting the importance of studying the distribution dynamics of the macroeconomic variables. As for the labour markets, Overman and Puga (2002) showed that a progressive polarization of unemployment was in fact occurring among the European regions in 1986–1996, causing a phenomenon of cross-border clusterization. Here we propose to analyse the evolution of the unemployment rates of the EU 27 regions in the last two decades assuming that the unemployment rates evolve according to a Gompertz stochastic process. The estimated parameters of the process – intrinsic growth rate, deceleration factor, volatility – represent the evolutionary path of the unemployment rate and allow for estimating the steady state of the process. A cluster analysis is performed on the steady state values of the unemployment rates. The analysis confirms the emergence of several ‘convergence clubs’ among the European regional labour markets, which are compared to the clusters resulting from the more traditional clusterization on the current unemployment rates. DOI: 10.1111/pirs.12091

Pages: 727-751

Zhenhua Chen and Kingsley E. Haynes

### *Public surface transportation and regional output: A spatial panel approach*

Abstract: This paper studies regional impact of three mature public surface transportation infrastructures in the Northeast corridor of the US: highway, public railway and public transit. Infrastructure stock is valued in real terms from 1991 to 2009. A spatial panel approach with fixed effects is adopted to test the hypothesis of spillovers by allowing for spatial dependence. The result shows that public surface transportation infrastructure in general does have a significant impact on regional output, most of which is from spillover effect; highways have an overwhelming influence through both local effects and spillover effects. The impacts from public railway and public transit are not significant, but transit does show a positive though small spillover effect. DOI: 10.1111/pirs.12092

Pages: 753-772

Rafael Boix, José Luis Hervás-Oliver and Blanca De Miguel-Molina

### *Micro-geographies of creative industries clusters in Europe: From hot spots to assemblages*

Abstract: The aim of this paper is to provide basic stylized facts about the spatial patterns of location and co-location of clusters of creative industries in Europe. The research proposes a novel methodology for detailing the spatial delimitation of clusters, based on a geo-statistical algorithm and firm-based micro-data. The procedure is applied to a continuous space of 16 European countries and 15 creative industries in 2009. The investigation reveals that creative firms are highly clustered, and that clusters are concentrated in a ‘creative belt’ stretching from the South of England to the South-east of Germany. These clusters are predominantly metropolitan, heterogeneous, cross borders, and may co-locate to form assemblages. DOI: 10.1111/pirs.12094

Pages: 773-794

Luisa Gagliardi

### *Does skilled migration foster innovative performance? Evidence from British local areas*

Abstract: What is the effect of an increase in the stock of human capital due to skilled immigration on the innovative performance of recipient economies? Combining firm-level micro-data with area-level labour force information, this paper investigates the impact of skilled international migration inflows on firms' product and process innovation in British local labour market areas. The paper supports the evidence in favour of a causal link between immigration and innovation. Results also show that the nature of the innovative process and the typology of innovative activities performed by local firms play a key role in the relation between immigration and innovation. DOI: 10.1111/pirs.12095

Pages: 795-816

Ángel M. Prieto, José L. Zoffío and Inmaculada Álvarez

### *Cost economies, urban patterns and population density: The case of public infrastructure for basic utilities*

Abstract: Determination of optimal population densities underlies the economic rationality when planning the provision of basic public infrastructure by local governments. Using econometric techniques based on the translog cost function, we investigate the existence of economies of scale, associated to a larger urban size in terms of population and housing, determine the effect of alternative urban patterns – compact or dispersed – on the cost of provision, and calculate optimal population densities as targets for urban planning. We illustrate the practicality of our model using Spanish municipal data, and unveil latent economies of scale and suboptimal urban

densities due to excessive dispersion. Based on these findings we propose specific policy guidelines in terms of desirable urban structures. DOI: 10.1111/pirs.12096

Pages: 817-847

Juan González-Alegre

### *Does fiscal decentralization affect the effectiveness of intergovernmental grants? European regional policy and Spanish autonomous regions*

Abstract: We suspect that the efficiency of intergovernmental grants is related to the level of fiscal autonomy of the subsidized government. In this paper we construct and estimate a panel data model capturing the role of fiscal federalism on the effectiveness of EU structural actions in enhancing public investment. We use data from the 17 Spanish regions for the period 1993–2007. Results unambiguously support the hypothesis that the effectiveness of the structural funds decreases with larger fiscal autonomy, which could reflect the fact that fiscal decentralization in Spain has been focused to larger taxation autonomy without affecting regional income redistribution. DOI: 10.1111/pirs.12098

Pages 869-890

Michael Klien

### *The political side of public utilities: How opportunistic behaviour and yardstick competition shape water prices in Austria*

Abstract: This paper studies the effect of politics on water prices in Austria. When public utilities are under political control, price setting may be affected by political incentives. Besides theories like the political budget cycle, more current research stresses the role of spatial interactions between jurisdictions (yardstick competition). The paper tests for both local political determinants and yardstick competition using a



spatial lag model. The results suggest that water prices are lower when political competition is strong and before elections. At the same time the magnitude of the political budget cycle appears to depend upon neighbouring jurisdictions, thus confirming yardstick competition as an indirect determinant of water prices. DOI: 10.1111/pirs.12101

Pages 891-900

Susanne Meyer and Javier Revilla Diez

*One country, two systems: How regional institutions shape governance modes in the greater Pearl River Delta, China*

Abstract: This paper, which is positioned in the interface of economic geography and institutional economics, studies the spatial aspect of institutions and its relevance for regional economic development in the Greater Pearl River Delta (GPRD). The GPRD consists of Hong Kong (HK) on the one hand, providing an advanced institutional system, and the Pearl River Delta (PRD) in China on the other hand, with its evolving institutional setting. Despite or even because of the 'one country, two systems' situation, firms in the GPRD have become established suppliers in the electronics value chain. The paper takes up the challenge of operationalizing and empirically studying the relations of HK firms and PRD producers adapted to regionally specific institutional pattern and demand for flexibility in production using a quantitative approach based in a survey of HK electronic firms and a logit model explaining the relations between HK firms and PRD producers. The analysis reveals that in the course of time, HK firms have used different entry modes as a response to the maturity the institutional setting. DOI: 10.1111/pirs.12099

### **ABOUT ANZRSAI**

#### ***ANZRSAI Council Notes***

The year ahead: Council has been discussing ways to improve the effectiveness of Council by conducting meetings quarterly, each with a specific focus on an issue of major importance together with continued review of trends in our financial positions and operations.

The first meeting for 2016 will be on Tuesday 22nd March at 1PM AEST (that is, 3PM NZ time) and will address planning for our 40th Annual Conference to be held in Melbourne.

The second meeting, in June, will focus on ideas for promoting our publications and membership.

The third meeting, in September, and will focus on promoting regional studies research, and increasing our impact more broadly through stronger engagement with other organisations, particularly with the Regional Studies Association (RSA), and sponsoring sessions at the conferences of other organisations.

In December Council will meet face to face at the annual conference, in Melbourne, and focus on reviewing the year and ideas for next year.

Council is also exploring the role ANZRSAI can play in strengthening networks among researchers and practitioners with an interest in regions and regional science. The aim is to engage with the many organisations and academics in Australia and New Zealand who are looking at regional issues but don't always know what researchers are out there, and who they could be talking with. ANZRSAI is considering hosting networks wider than our membership, through face-to-face meetings as well as through our website. These networks could significantly increase ANZRSAI's visibility and relevance.

In addition, to support more effective networking, Council is considering sponsoring themed regional science sessions at other conferences. Many members and Council members belong to other associations, and this would be a great way to find more colleagues with interest in things regional. Furthermore, Council has identified that there is a significant opportunity to strengthen our relationship with the Regional Studies Association (RSA) given the common interests of the two organisations.

ANZRSAI members are always welcome to contact members of the Council with their ideas and suggestions.

### **ANZRSAI Council 2015-16**

#### **President**

Robyn Eversole  
University of Tasmania

#### **Vice President (Australia)**

Rolf Gerritsen  
Charles Darwin University

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