

ADDRESSING THE DETERMINANTS OF SUSTAINABLE ECONOMIC DEVELOPMENT

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'Regional economic development' is perhaps best described the continuous process of growing an area's level of income and capital (wealth) and distributing that wealth (through local expenditure and jobs) to the community. Typically measured in terms of income and employment, economic development is also measured by improvements in education, skills, health, culture, community wellbeing and the environment.

This notion of 'sustainable' regional economic development is a concept which looks beyond improvements in industry output, gross regional product and employment. As fundamental as these traditional growth measures are, 'economic sustainability' requires long-term economic growth without compromising an area's community, cultural and environmental attributes which are inextricably linked with economic success.

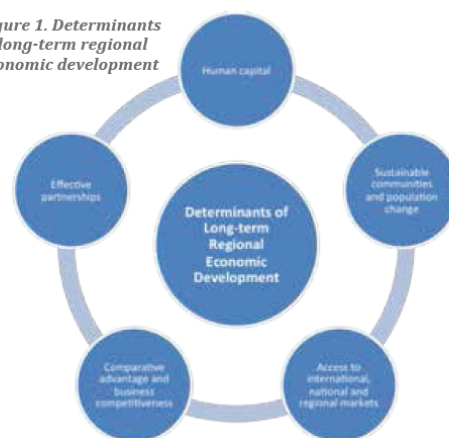
With this in mind, economic development practitioners, particularly those at the coalface – working for local government, RDA Committees or regional development agencies - need to be cognisant of and respond to the Federal Government's framework for regional development, one which is also supported by state and territory governments. The framework addresses the key determinants of long-term regional economic growth as identified by the Council of Australian Governments (COAG) Regional Australia Standing Council. This includes:

- Human capital, education and skills - Improvements in human capital can enhance the innovative and productive capacity of the workforce. Developing a skilled and educated workforce assists with building local resilience. Individuals with greater education and skills can pursue a wider range of employment opportunities and adapt to new processes and technologies which enhances productivity and improves living standards.
- Sustainable (economically, environmentally, socially and culturally) communities and population change - Population change can be a significant factor in the long term viability of a local community in terms of economic, environmental and social sustainability.

Population change affects demand for regional infrastructure and services, and can influence regional amenity and liveability. Growth in the region's working age population can boost the labour force and expand the productive capacity of the region's economy.

- Access to international, national and regional markets – Access includes access to trading partners, clients and labour. Improving market access broadens trade, allows competitive industries to grow and increases the availability of goods and services.
- Comparative advantage and business competitiveness - Comparative advantage is an area of relative strength or specialisation. Efforts to develop regional economies are most successful when they focus on building on such strengths. Businesses can also use a region's comparative advantage to build a competitive advantage, which is also developed through the combination of factors such as knowledge, resources, skills and the ability to innovate.
- Effective partnerships and integrated regional planning, including place based approaches - Promoting partnerships and regional planning is key to successful implementation of activities, projects and initiatives designed to meet local priorities for economic development.

Figure 1. Determinants of long-term regional economic development



ADDRESSING THE ENABLERS OF ECONOMIC DEVELOPMENT

This framework for regional development espouses the important role that the ‘enablers’ of economic development - the services, infrastructure and support mechanisms required to facilitate growth - have to play in facilitating industry and employment growth. The need for enabling infrastructure to support economic development and diversification is well founded.

The role of information and communications technology / broadband communications is fundamental in this regard. The important role played by broadband communications is illustrated in the figure below. As shown in this conceptual model of a local/regional economy, broadband communications infrastructure is one of the fundamental preconditions for or enablers of economic development, along with other critical infrastructure.

To be competitive in the global economy, local enterprises and entrepreneurs must aim to use the internet at the highest level of intensity. The communications infrastructure that is particularly important as a driver of growth is that part which enables the delivery of high speed internet access. To capitalise on the emerging ‘digital economy’, it is critical that Australia’s regions are prepared for when the Federal Government’s physical roll-out of the infrastructure reaches their communities. From an economic development practitioner’s viewpoint, it means local stakeholders need to work with the relevant government agencies to ensure all information concerning the infrastructure rollout to their region is provided as a priority.

A skilled and flexible workforce is another critical enabler of economic development. Broadening a region’s economic base will create more employment opportunities for the people of that region. However, equally important is the fact that any economic development strategy will need to pay particular attention to labour force and skill requirements to accommodate economic development opportunities over the long-term.

CONSIDERATIONS FOR ECONOMIC DEVELOPMENT PRACTITIONERS

Strategic planning is an important pre-requisite to successful economic development outcomes. A responsive economic development strategy must deliver workable, practical actions that local Councils, RDA Committees and their partners can act on. Recommended actions must be grounded in research and consultation and they must be framed in a way that

they can be readily adopted and measured for their success with appropriate and easy-to-interpret key performance indicators (KPIs). Importantly, they must give due consideration to the key determinants of long-term regional economic growth and the ways in which they can be influenced at the local level.

With a considered economic development strategy in place - one which will be responsive to the trends, structural changes, challenges and opportunities brought about by their particular region’s changing social and economic geography, economic development practitioners can have a direct influence on the factors influencing regional business and industry competitiveness – that is, the enablers of economic development.

For example, they can prioritise the region’s infrastructure needs; they can tailor local business assistance programs; they can develop promotional campaigns to encourage the improved performance of local industry to the benefit of their communities; they can potentially improve their region’s targeted investment attraction strategies; and they can help inform the region’s research and education institutions to help design more locally-responsive research and training programs to address particular information requirements, skill needs or opportunities.

Having regard for the determinants of long-term regional economic development, it is these sorts of considerations that should underpin any approach to developing (and then implementing) your local or regional economic development strategy.

REFERENCES

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