

MEDIA RELEASE

Tuesday 24 May 2011

8 Malvina Place
Carlton
Victoria 3053
Australia

T. +61 3 8344 3637
W. www.grattaninstitute.edu.au
E. info@grattaninstitute.edu.au

Redirect regional spending where it will make the biggest difference

“Governments are spending more than \$2 billion a year on programs for regional Australia that fail to produce the economic development they are explicitly designed to achieve,” the CEO of Grattan Institute, John Daley, noted today.

Speaking on the launch of Grattan’s report, [*Investing in regions: Making a difference*](#), Professor Daley said regional development policies were neglecting the fastest-growing regions and treating many of their citizens unfairly.

The report finds that governments have responded to Australia’s “patchwork economy” – in which some areas boom and others go backwards – by funding job attraction schemes, regional universities and infrastructure projects to try and kick-start slow-growing regions.

However, Grattan’s analysis shows that these expensive investments not only fail to accelerate growth in these regions, they may reduce Australia’s overall productivity by hindering other local growth opportunities.

Professor Daley also noted the report found that “contrary to popular belief, the presence of a regional university does not increase rates of tertiary participation or graduate retention in the local area.”

“Unfortunately, the findings of this report show that government spending cannot make economic water flow uphill,” Professor Daley said.

Grattan’s analysis also shows that while inland centres are generally growing slowly or even shrinking, coastal cities and regions near to capitals are growing quickly.

Yet “people in these rapidly growing regions are getting significantly less than their fair share of services and infrastructure,” Professor Daley said.

He urged governments to recognize the new realities of population change in Australia and invest more in “bolting” regional centres such as Mandurah in Western Australia, Hervey Bay in Queensland and Ballarat in Victoria.

“There is a lot of money earmarked for regional spending at the moment. Governments have a opportunity to get the allocation right, putting money where it will make the most difference,” Professor Daley said.

For further inquiries:

Professor John Daley, CEO, Grattan Institute
M. +61 (0)407 004 231 or +61 (0)3 8344 6142
E. john.daley@grattan.edu.au