Forward Thinking - Cities and regions: a growing divide?

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Australia's economic geography is changing. Population growth and jobs are increasingly concentrated in the cities and major regional centres. And our cities have a much higher share of young people, immigrants, and people with a tertiary education. But while the cities may be more dynamic, people in the regions have higher levels of wellbeing and community participation.

This *Forward Thinking* event explored the widening economic and social divide between Australia's cities and regions. What are the economic forces at play? What are the effects on the social fabric of the nation? And what if anything should governments do to bridge the divide?

Speakers: Gabrielle Chan, Journalist
Danielle Wood, Program Director, Grattan Institute

DANIELLE WOOD: Alright everyone, I think we'll get started. Thank you very much for coming to this Grattan Institute *Forward Thinking* event at the State Library of New South Wales. I would like to start by acknowledging the traditional owners of the land, the Gadigal people of the Eora nation, and pay my respects to their elders past, present and emerging. My name's Danielle Wood, I'm a Program Director at the Grattan Institute and I am thrilled to be joined today by Gabrielle Chan. Gabi, for those that haven't come across her work, has been a journalist for more than 30 years. She's currently a political journalist and politics live blogger at Guardian Australian and previously she's worked at The Australian, ABC Radio, the Daily Telegraph, in local newspapers and politics. She's written and edited history books, biographies and even cookbooks - which is intriguing. Gabi is the daughter of Singaporean migrants. She moved from the press gallery to a small country town in 1996, which many of you will remember as the year Pauline Hanson was first elected to federal parliament. She became obsessed at that time about the economic and cultural divide between the city and country and the lives of rural people. Gabi has just been telling me about a book that she has underway, to be released next year, looking at that divide and the differences in political views in the cities and regions, so she's extremely well-qualified to weigh in on the topic tonight about the growing divide in cities and regions.

I'm going to focus on economics, culture and politics, so we're going to traverse quite a wide set of topics. The way we're going to structure things is a little bit different to other Grattan events I've done here. We've been doing some work on the economic trends on cities versus regions and we're doing a big report on voting trends, so basically the increase in the minor party vote in Australia and why it's going up particularly strongly in regional areas. I'm going to put up a series of slides which feature parts of that analysis and then we'll have a discussion and try and get behind some of the figures. We have a lot to cover but, Gabi, before we get into the nitty-gritty, can you give us a bit of a sense of how you went from living in a terrace in Surry Hills to living on a sheep farm in regional New South Wales and what that culture shock was like for you?

GABRIELLE CHAN: Yes, I can. Welcome everyone and thanks for coming. Love. Love was the reason I moved. I was in the press gallery here at Macquarie Street from 1991 to 1995 and met my husband, who is a farmer. As Danielle said, my father migrated from Singapore in the '60s, married my mum,

who's Anglo-Australian, and we had never met any farmers, we didn't know anyone west of the divide. We'd been on one trip, I think, across the Hay Plain to Adelaide, seven of us with my Chinese grandmother in a Ford Cortina, so heaven help what the locals in Hay thought at the time with all of us trailing out of the car! I had no experience of it, so when I moved there - if you remember the '90s you'll remember that we were in the middle of the Mabo debates, the native title decision had just come down and we were coming into the 1996 election with John Howard. Pauline Hanson made her first appearance, first as a Liberal Party MP and then, once she was dis-endorsed, she of course got across the line as an independent, so it was that sort of context.

The cultural divide that I saw was vast. I mean, walking into my town, it's probably about 3,500 in the local government area and it's probably 2,000 in the town. I had never seen a town in my life that felt so white to me. I felt like everyone was staring at me at the time, so it was quite a jump. I guess the thing that struck me then was at some stage I want to write about it, but I had to understand it first. And I don't pretend to understand fully still the gap between city and country, but the way I work things out is I write about them. That's what I've endeavoured to do, so I've taken some time off to actually leave the press gallery for a couple of months and go back to my main street and talk to people about what they're thinking and feeling about politics.

DANIELLE WOOD: It's amazing what love can do isn't it, and hopefully tonight will go some way in exploring those divides. For full disclosure, I'm very much an inner city person. I live in one of the inner suburbs of Melbourne, I squeeze into a very small apartment with a partner and a toddler and two dogs, so I can very much bring a different perspective to this discussion. I wanted to start with the question of the economic divide. I think the mythology out there is the bush are doing it tough and there are elements of truth to that, but I want to talk through some of the work that we've done that really suggests a bit more of a nuanced picture.

The first thing I want to talk about is income and incomes in cities versus regions. This is using data from the Tax Office. It's people's taxable income. The horizontal axis is how far you are from a capital city GPO, so the further along you are, the more regional, and each of those orange dots is a postcode, so that's showing you average taxable income in the postcode. The chart on the left shows incomes are higher on average in the city compared to the regions and that's probably not a surprise to people. What we actually found that was more surprising is the chart on the right, which looks at income growth over the past decade and what that shows is there's not that much difference in average income growth. So in terms of per person incomes the gap between the cities and the regions doesn't seem to be widening. So that to us was a somewhat surprising result. We started unpacking different indicators of the health of the economy. This looks at unemployment and there's no clear city/regional pattern. Basically it's like a patchwork and there are areas of strong disadvantage in the regions - Far North Queensland really stands out with unemployment rates in excess of 40%, so very strong entrenched disadvantage in those areas - but there are also particular suburbs in Melbourne and Sydney where unemployment is also pretty high and entrenched. There are a whole lot of other economic indicators you can look at. The Productivity Commission is doing a report on economic resilience and looking at that by region and their finding is similar, that there are areas of strong disadvantage in both regions and cities, but not a clear city/regional divide.

The one exception is population growth and that's where we do see that things look different. Those black dots along the east coast are the major cities. The population has been growing really strongly in

the past decade, particularly in Sydney and Melbourne, with reasonable population growth in some of the areas along the east coast and the mining regions in Western Australia. If you zoom in on those maps - and these are all available on the Grattan website in interactive form - you'll see that some of the big regional centres are also growing, particularly the ones within commuting distance of the cities, but there is a whole swathe of regional Australia where population is either stagnating or going backwards. So Gabi, I've just thrown a whole lot of economic indicators at you, but I'm interested in your thoughts of how that marries up with what you're seeing in your region or what you're hearing in compiling stories for your book?

GABRIELLE CHAN: Let me start by talking a little bit about my town. I don't want to focus just on my town, but a couple of qualifiers. Regional and rural Australia is obviously vastly different right across the country and I think the debate that we carry out in the media and in politics too much assumes that it's this one blob or mass that all thinks the same way in the way that any group does. It's not like that. There are patches of places that are doing really well and patches that are doing badly.

My town is Harden, which is 90 minutes west of Canberra, and what I've chosen to do is look in a hyper-local sense because I can't hope to know what's going on in lots of different regions. Our town was a railway town; it was built around the railways and agriculture. What happened at home is that the Greiner Government came in probably late '80s, Hawke and Keating were in the process of deregulating the economy, and so things were changing pretty fast. For example, we had 220 jobs on the railway in the '80s and that slowly went down, so that's gone down, and we had a big abattoir which we lost in the drought of the mid-noughties. So there were certain trends that were happening that mean that in a small town like ours we were being buffeted by changes that were really changing the fabric and structure of the town, more so than any other time probably in the last century almost. No longer could you leave school in Year 9 or 10 and get a job at the railway. A lot of the older people that I talk too basically left school at 14 or 15 because they knew they had a job to go to, they knew they could go to the abattoirs or the railway or something like that, so that really changed things.

So for towns like ours I think the big challenge is losing people not just to the cities. If you talk to the Regional Australia Institute and Jack Archer, who does a lot of policy work in this area, actually the loss of people to the cities is slowing and they're tending to go to regional centres, probably because you can't afford to go to Sydney anymore; you've got to find a place to live, which all of you know better than anyone else. That's the other thing about this divide. I don't want to pretend the bush is only doing it tough. It's really hard to live in cities as well. The reason I wanted to talk about this stuff is because somehow there are complementary problems that maybe some smart policy brains could wrap their heads around and come out with solutions for people in both areas. So our small town, gentle population stagnation, decline in some areas, but losing people to regional centres because they're looking for work.

DANIELLE WOOD: Yes, that absolutely comes out in the data. You can see that in the same way the cities are exerting a gravitational pull on the areas around them, the regional centres are doing the same. I came across a term today I hadn't heard before, they call them "sponge centres" or "sponge cities", the idea that they're sucking in people from the surrounds is absolutely happening. I do want to come back to that point you raised about wellbeing and difficulties of living in cities because I think that's a really important one. I have a chart that goes to your question of those long term trends. I just quickly wanted to touch on this one. If you look at what's driving those population shifts, a big component of

the population growth in this country over the past decade has been migration and, probably not surprisingly, the migration patterns look a lot like the population in general. So migrants have tended to locate in the cities, somewhat in the regional centres, quite a few in the mining areas in WA, but otherwise not particularly going to areas of regional Australia. In our recent report we broke this down by country of origin and in particular migrant groups the differences are even more stark. So Asian, African and Middle Eastern migrants are very much concentrated in the major cities, even particular parts of the major cities, and they're a very small share of the population in regional areas.

GABRIELLE CHAN: Can I just throw a spanner in the works there?

DANIELLE WOOD: Yes.

GABRIELLE CHAN: Again, to quote Jack Archer at the Regional Australia Institute, they say about 150 of 500+ local government areas are now getting slight population increases from overseas migration. The thing we don't know though in those figures is whether that is primarily migration from Western countries, like England, New Zealand, the US, or whether it's further afield than those countries.

DANIELLE WOOD: Yes. You can cut it in this die and you do see that the English-speaking migrants tend to be more dispersed than the other migrants, but the point that I was coming to, which I think feeds in, is migrants go where the jobs are.

GABRIELLE CHAN: Yes.

DANIELLE WOOD: I just heard this fantastic woman, she was a refugee resettlement officer in Bordertown in South Australia, which is a town of 2,500 people but they still have their meatworks, their abattoir. They find it difficult to get locals to fill the available positions, so they have 400 or so refugees or newly-arrived Australians working there. That's been a big boost to the population and that's because there are jobs, so people will move to be near jobs.

GABRIELLE CHAN: Yes. I think the MP there was one of the ones who complained about the change in the 457 visa program because the abattoirs were getting a lot of people on 457 visas to fill those jobs. The town very close to us, half an hour away, is Young, which is a population of around about 10,000. There's a growing Lebanese-Australian population there and I think they initially came in to work on the cherry orchards and also in the abattoir at Young. Now it's got to the point where Arabic is the second-most spoken language after English. It's still tiny, it's sort of 2% or something like that, but it's not a language that you expect to see in a country town coming up in the top five languages.

DANIELLE WOOD: Yes. You can never totally generalise about these issues, there's clearly a diversity of experience. I wanted to come back to the point you were making about those longer term structural changes in the economy which are driving a lot of these differences in population growth and job opportunities. I think it's really stark when you look at it over that kind of time horizon and going back more than 100 years you can see that agriculture has held up as a share of the economy, but employment in agriculture has been declining over the very long term, as farms have become a lot more efficient and capital-intensive. Manufacturing has really been in decline since the 1970s. Mining is a small employer overall, obviously important in particular regions, but I think the mining industry has been quite successful in convincing us it's a more important employer in a national sense than it really is. Services really jumps out at you - eight in ten Australians are now employed in the services sector

and those sectoral shifts have big implications for where jobs are located. So professional services jobs - law, engineering, IT - do tend to cluster not just in the cities but the inner cities because of what economists call agglomeration economies. Those sorts of firms benefit from being close to other firms and being close to a really big pool of available workers, so we see this movement of business activity into the cities. Other services jobs, like health and education, are obviously more dispersed. What's sitting behind a lot of those broader population trends are these big economic forces.

Given that context, I think the really difficult question is what can governments do? I'm interested in your views, Gabi. Do people in the regions worry? Does this population question feed on the psyche if you're in a region where it's stagnating and what do people want governments to do about it?

GABRIELLE CHAN: Yes, it really does. People talk about times and it probably coincides with about the 1950s where agriculture was going really well and, in our region, there was a wool boom and manufacturing was going really well, so they hark back to that time. They hark back to a time where there were more jobs and there were more connections between city and country, when people had relies in the city or the bush so there was a more of a personal connection. I think the further away that people have got, for example, as a migrant kid, we had no relatives and we didn't know anyone in the country. Those personal relationships I think are really important.

People talk about industry. When I came I got onto council committees and all sorts of things to try and help the economy or think of ways - every country town is doing this, by the way. We're all trying to reinvent the wheel and work out a way to bring all of you to the country and convince you that it's the best place to live ever. I thought about it in terms of we've got to tart up the main street, really make everything look nice and serve really nice coffee and then you'll all come. But in a lot of my interviews talking to, say, an old stockman, he's saying, "We don't want to spend money on the main street. We want the money spent in an industry". I spent a year on the local paper and one of the first stories I did was about a council survey to the whole area. People came up with ideas for businesses, like a rabbit farm or a sausage factory. I think there's a real expectation that at some stage some white knight is going to ride in and create a business that will bring a lot of semi-skilled jobs or skilled jobs that they can train for. But when you look at those figures of manufacturing and when you consider I think even in China manufacturing jobs have peaked - I'm now reading about dark factories with robots where there are no jobs like that anymore and they don't even have to turn the lights on in those sorts of factories.

DANIELLE WOOD: Is it a case of some of those jobs coming back?

GABRIELLE CHAN: Yes. There's starting to be a realisation that maybe we have to think about this in a different way.

DANIELLE WOOD: When I start thinking about it in a different way, the jobs that are in the regions and are going to be growing in the regions I think are the services jobs, in health, in education, in aged care as the population ages. That requires a bit of a shift in mindset. I think people that previously would've gone into, say, factory jobs or agricultural jobs, telling them the opportunities are in aged care, I think that really does require a bit of a shift and maybe a change in sentiment in the way as a community we talk about caring jobs and why they're important. But that seems to me where those opportunities will be in the future.

GABRIELLE CHAN: Yes. One of the things that I picked up that I hadn't when I was full-time in the press gallery was the sadness and anger about the hollowing out of the TAFE system or the change in the TAFE system. For example, a friend of mine, her daughter wanted to do hairdressing. We have a TAFE campus half an hour away but you can't get a hairdressing course, you've got to drive an hour and a half away to get a hairdressing course. How's a 16 year old kid who's trying to marry a VET course with Year 11 and 12 - which you have to do until the end of Year 12 now pretty much – and with a working single mother going to travel that distance to fulfil her TAFE requirements to qualify for something like hairdressing, in which you can get a job in every single country town? Like, our town population is quite small and we probably have four or five hairdressers.

DANIELLE WOOD: Everyone needs their hair cut.

GABRIELLE CHAN: Yes. Same with trades and apprentices; everyone's got to go out to get an apprenticeship pretty much, so they go to Canberra or they go to Wagga and then we have to somehow draw them back.

DANIELLE WOOD: And do they come back?

GABRIELLE CHAN: Some of them do. Place is really important to people, much more important, I would say, than a lot of professional globalised classes. Having your parents close or having your kids close so you can take part in the lives of kids and grandchildren is really valued, which I think may be part of the answer as to why those wellbeing figures are a little bit higher in rural areas. That sense of identity - my sense of identity is built through my job and yours is probably too, but identity is built from place because they've worked hard to create that sense that they are a valued person in the community or they're a hard worker. I know if my husband's hiring they want to know the local person, they know his family and they know they're really hard workers. Why wouldn't you employ a local?

DANIELLE WOOD: That is a lovely segue maybe from economics into lifestyle. You mentioned there the wellbeing figures. There are all sorts of measures of wellbeing you can look at. This one is one that's published by Australian Unity that looks into satisfaction with health, personal relationships, standard of living and sense of community. The dark areas mean higher wellbeing and the regions well and truly outperform the cities at least on average, certainly the top ten electorates by wellbeing are all in either rural or regional areas. Gabi, I've enjoyed some of your articles about the joys of country living. Why do you think it is that wellbeing is so much higher? You've talked about the sense of place, is there more going on there?

GABRIELLE CHAN: Yes, it's sort of counterintuitive, because it goes against the debate and the media where you see that everything's going down the gurgler. I think it is that sense of place and it's really hard to generalise, but for me the transition happened. It was very difficult at first, but it sort of opened my eyes to a whole lot of other things that I would never have come across had this life-changing decision not been made. I think knowing people in your community. I found it really nice to go back home, especially when you've been working all week at the press gallery, it's just a breath of fresh air, to know people on the street, to know families that my kids have gone through school with and to watch where they go and how they develop. I think it's really fulfilling in a way and to have that sense of cohesiveness. People make reasons to get together because you are a bit isolated, so there's that

aspect. I think also for me it's a natural world because I had no sense of the natural world here in Sydney, so that really I think gave me a quality and changed the perspective for me.

DANIELLE WOOD: It's really interesting because when I look at that data, it almost flips around the previous economic discussion and says what should government be doing to improve people's wellbeing in the cities?

GABRIELLE CHAN: Yes. I do wonder, because if you look at data like that and then you look at, say, health outcomes. Health outcomes are down, but maybe without that they'd be down a lot further. Maybe there's some sort of X factor that hasn't been measured by economists.

DANIELLE WOOD: Well, there's a lot that hasn't been measured by economists, but we're not particularly good at measuring wellbeing. One reason I think that sits behind some of that is a finding that's really consistent in the wellbeing literature internationally, which is that one of the best predictors of wellbeing is the inverse of your commute time. As commutes get longer and longer in cities I think that does have a big impact on people's wellbeing. That is an area where government has some control in terms of where we're putting houses, should we be increasing density in the inner and middle ring rather than increasingly spreading supply on the fringes of city, and infrastructure, congestion charging, all of those things feed in. A sense of community is something that I think is much harder for any kind of policy intervention to do anything about; that comes organically and through the individuals and structures in particular communities.

GABRIELLE CHAN: Yes, you have to have the conversation though don't you? So with the people in the city, you have to have a conversation about do you want increased density, do you want to live that way or do you want more space? I wonder if anything's been done, and I don't know whether you know if anything's been done about the idea of living outside of Sydney and commuting in, so changing infrastructure so you've got a faster commute in on public transport.

DANIELLE WOOD: Those debates have been going on a long time. Certainly in Victoria they've upgraded the regional rail, so you have a lot more people now commuting in from Bendigo and those types of places but nowhere near enough to address the rate at which population has been growing in the cities.

GABRIELLE CHAN: Yes. I've fantasised about a very fast train to Canberra, but Andrew Leigh tells me there'll be driverless cars before I get a very fast train.

DANIELLE WOOD: I don't think the economics stack up, I'm sorry to tell you.

GABRIELLE CHAN: Oh!

DANIELLE WOOD: Why don't we talk a little bit about the cultural divide now and I wanted to start with differences in demographics. We've already talked a little bit about how the proportion of foreign-born tends to be lower in regional areas on average, median age tends to be higher, income we've already said tends to be lower, and the proportion of higher education is lower, particularly compared to the inner city, and that gap is widening over time. Is there anything that surprises you there or that all is as you expected?

GABRIELLE CHAN: No. We've been hearing this for a long time, all of those figures, haven't we?

DANIELLE WOOD: Yes.

GABRIELLE CHAN: I can talk about the cultural gap in terms of migration as well. One of my interview subjects is a girl called Maggie-Kate and she's actually Bernie Stockman's granddaughter. Her mum is a single mum, has been working in Harden and they all grew up in Harden. Maggie-Kate is the first kid from the local high school to get straight into medicine, as far as we know, going back for some time. That qualification into medicine was really just the start of a big journey for her. You think we're four hours out of Sydney but she had to come in, and the idea of living in a big city is so foreign to some of these kids who have been in Sydney one night in their life. We have a program at our local primary school where we take kids into Chinatown for a leadership program in Year 6 and every year there are kids who have never been to Sydney before and you think, "Oh really? It's three and a half/four hours away". You forget there are these gaps of experience. So for Maggie-Kate coming into New South Wales Uni, a lecture hall like this, 90% multicultural background students and who does she hang out with? She hangs out with the international students because she's like a migrant. She knows no experience in Sydney, whereas everyone else had this shared experience. Even navigating public transport systems, these are the things that we miss out on in a small town.

DANIELLE WOOD: But do you think that sense of how different it is deters others? I mean, Maggie-Kate has obviously jumped in and done it, which is brilliant, but do you think others are less likely to?

GABRIELLE CHAN: Well, I think it makes it much harder. The 2014 budget, Abbott's first budget, some of the measures in that really stood out to me, like no unemployment benefits, say, for the first six months for kids under 25. I had conversations with MPs and said, "You know our country town, what do you do? Is a kid going to move away from any emotional and parental support, even a house to live in, to get a job?" These are things that policymakers need to take into account when making policies like this, because it's just not the same. There's not this huge supply of jobs, around us anyway, that kids are just sitting there and don't feel like doing. There are different issues, so you've just got to look through a number of different filters when you're making policy.

DANIELLE WOOD: Yes. We've been looking at lot at survey data and differences in attitudes between particular regions. A finding that surprised me was that on a lot of these questions of what I would call social liberalism - so we've got there marijuana decriminalisation, abortion, marriage equality and there are others, like euthanasia or criminal sentencing - there are not actually strong differences on average between cities and regions. If I can put up the same-sex marriage vote by electorate, what we saw is inner city areas were more likely to vote yes, but once you got about 20/30km from cities, region didn't really seem to play much of a role. You had regional areas with a low yes vote, like regional Queensland, but you had regional Victoria with quite a high yes vote. You also had parts of cities, part of Sydney, for example, had quite a low yes vote, so more differences across particular states and within states, but not much difference in terms of attitudes in cities and regions. Do you find that surprising or does that accord with what you're hearing from people?

GABRIELLE CHAN: I expected our seat to be slightly lower and it was, but still 55% I think voted yes. I did go to a social function, I think it was a 50th birthday so probably everyone was around about that

age or up, and I don't think I found a single bloke that was going to vote yes. That may be just a function of that particular -

DANIELLE WOOD: Well I think all the polls suggested that age was a pretty important determinant of likely voting intention.

GABRIELLE CHAN: Yes. But talking to a young gay guy in town, he said he'd had quite a few young people his age who had said to him, "If I didn't know you, I would be voting no". So I think the thing about the same-sex marriage debate is personal relationships again and that changes things for people.

DANIELLE WOOD: I think that makes sense then why you're not going to get that locational element, because almost everyone, either directly or through a family member, is going to know someone in that boat.

GABRIELLE CHAN: Yes. Marijuana, I think maybe.

DANIELLE WOOD: Might be a new regional industry perhaps?

GABRIELLE CHAN: Yes, well, it's regional industry, but also I think a lot of the marijuana debate in politics has centred around pain relief and that's another issue that comes up.

DANIELLE WOOD: A lot of people have personal experience.

GABRIELLE CHAN: Yes.

DANIELLE WOOD: Same with euthanasia, it's sort of a personal experience.

GABRIELLE CHAN: Yes.

DANIELLE WOOD: That might also feed into this difference that we see. It doesn't matter which measure you take, people in regions tend to have more negative attitudes towards immigrants or believe that immigrant intake should be reduced. As we said, that's inversely proportional to actual share of immigrants living in particular areas. Do you think that is about just not having as much personal connection with immigrants on a day to day basis and therefore greater levels of fear?

GABRIELLE CHAN: I'm really puzzled over this. There seems to be a disassociation between an individual and a group. So talking to people, Muslim immigration usually comes up in a conversation around politics - for my interviews. Not in everyday conversation, but for the people that I'm interviewing. We've had two Muslim doctors in the town since the late '70s. The whole town relied on these doctors and they were fantastic, they know everything about our families, everything about our lives. When my son broke his arm, they were the ones coming in on a Sunday to the hospital. But there seems to be a disassociation, "Well, he's okay". I think the other thing is that they both married local girls, so there was this integration happening. Foreign investment is also another big issue that keeps coming up and you'll see in a lot of surveys. Foreign investment, particularly by the Chinese and, again, there's this disassociation. It's not about me and the fact that I'm part-Chinese; it's the idea of it that makes people uncomfortable. So I don't know what the answer is, but there's definitely a disassociation and talking to

people maybe it's a critical mass or something. I know in Young with the Lebanese population there, they have had very few problems. There is some sort of low-level, but no more than anywhere else.

DANIELLE WOOD: I think that critical mass theory makes sense, because if it's one or two then it is about the individual, but once it's 10 or 20 or 30 then perhaps you're more comfortable as a collective, as a group.

GABRIELLE CHAN: Yes.

DANIELLE WOOD: The other areas where attitudes look a bit different are around the pace of social change, which is distinct from that social liberalism question we talked about before. So people in regions are more likely to agree that things are changing too fast, more likely to agree that we're moving too far away from traditional values, so that seems to be the cultural divide that we pick up, at least in the survey data.

GABRIELLE CHAN: Yes. I think this is just a really human thing. If you don't see a lot of change around you, the change that happens stands out. I still notice it. When I come to the city now there's so much happening and so much in your face that I notice. And if I notice it, imagine someone that has been in that town all their lives.

DANIELLE WOOD: So they went to the city 20 years ago, it was doable, it wasn't too intimidating. Now you get off the train and it's chaos.

GABRIELLE CHAN: Yes. When I came down to Melbourne that time it was just, "Whoa, this is so different to what I'm used to!" Maybe that's because Canberra is the particular place that it is and Parliament House is, again, whiter than the rest of Australia pretty much, so maybe it's that sort of thing, but I think it's really just that very human thing of if you don't see a lot of change around you, you notice the change, whereas you guys are dealing with change all the time. Martin Place has lost a building since I was here last. Those sorts of things I notice, but if you're working in Martin Place every day you wouldn't notice.

DANIELLE WOOD: I was reading Judith Brett's quarterly essay on the city/regional divide on the way up here, which is a fantastic look at some of these issues over a long historical span, and she talks about cultural divide emerging because of a shift in the national conversation. So prior to the '80s we very much grounded that idea that Australian culture was the easy-going farmer, the country person was the central figurehead for what it meant to be an Australia, and since then we've now shifted and we view ourselves more as a multicultural city-based place. Do you think that shift in cultural identity is of concern to people in the regions? Do you think they see that and feel that they've been left behind by that shift in the way Australians perceive themselves?

GABRIELLE CHAN: I think there is a worry for a lot of people that the rest of Australia is moving on. We have this kind of split about rural Australia and the bush generally and it's confusing if you live there because you're, on the one hand, told that you're - not me personally - an essential part of the Australian character and the Sydney Olympics rolls out with its stockmen in Akubras and Driza-Bones, but then, on the other hand, the message from the '80s and '90s in politics was very much to farmers get big or get out, if you're not paying your way we can't be expected to cross-subsidise you, you've just got to get on with it. So I think there's that conflict, there's these two ideas pulling in different directions.

Michelle Payne, that's like the Australian dream to some, a female jockey from some little country town and she won the Melbourne Cup and beat all the foreign horses. Everyone was like "Yes!" not just from the bush perspective, but from a gender perspective. So I think there are these target messages and it's confusing, I think, to people.

DANIELLE WOOD: So that is a very nice segue perhaps to finally getting onto the politics of this. I want to leave enough time for questions; I know we could probably talk about this all night. So this is from the work that I mentioned we're doing at the moment on the minor party vote and we've defined minor party as first preference Senate vote for any party other than Labor, Liberals, Nationals or the Greens. You can see it by election over time and also by distance from the capital city GPO. Two things: clearly the vote is going up over time, and there was quote a big step-change between 2010 and 2013, and the city/regional divide is widening. So if you look back at 2004 or 2007, regions were slightly more likely to vote for minor parties than cities, but you can see that gap is increasing over time. What do you think sits behind this?

GABRIELLE CHAN: I think it's protest and trust. I don't think people feel like they're getting value from the major parties and, because expectations are low, they've got nothing to lose or they feel they've got nothing to lose. I think it might be as simple as that.

DANIELLE WOOD: Certainly our research suggests that's of big import.

[Inaudible audience question]

DANIELLE WOOD: No and that's a really interesting thing about this which feeds into Gabi's theory, which is it's about far more than One Nation. So if you start splitting up that Senate vote by state you see in Queensland and New South Wales it's about One Nation, but in South Australian it's Nick Xenophon, in Tasmania it's Jacqui Lambie, in Victoria it's Derryn Hinch. Those individuals don't have a lot in common in terms of politics or ideology, so it looks a lot like a protest vote, that people are going for someone other than the major parties and they're going behind someone that has brand recognition in their particular state. When we start cutting the attitudinal data by who you vote for what we see is the one characteristic that separates someone that votes for a minor party compared to someone that votes for the major parties is trust. So you can't separate them on an economic scale, you can't separate them on social attitudes. Trust is the one area and, whether you vote for Nick Xenophon or Pauline Hanson or another minor party, on average you have lower trust than if you vote for one of the major parties.

GABRIELLE CHAN: Yes. A farmer I was talking to yesterday in fact was lamenting the loss of Jacqui Lambie from the house. So many times you hear when people talk about voting for a minor party, "I don't agree with everything they say, but at least they seem to believe what they are saying and they're saying it in a normal way that I can understand" and they have life experience other than staffer, lawyer. If you look at the professions across the parliament, it's really stark.

DANIELLE WOOD: And if you look at the trend over time, job before politics has become much, much narrower with each successive parliament.

GABRIELLE CHAN: Yes.

DANIELLE WOOD: I entirely agree, I think that is the most important piece of the puzzle about why the vote's been going up. Do you think that plays more in regional areas? Why do you think that divide is getting bigger?

GABRIELLE CHAN: When I first came to move to the country I was surprised at the conversations. So people who moved into town that I knew who I would talk to during elections could be rusted-on in a city to a particular party, for example the Labor Party in the city, and move to the country and change their vote. I guess people around you rub off, number one, and, number two, in a country town you tend to see your member because they stick out - they'll come and open the show or something like that. One Labor voter in the city said to me, "Well, I met Alby Schultz at the local show and he helped me with various club things that I wanted" or a grant or something like that and they changed the way they vote. I think there's a conversation in the country around politics that feels like politics doesn't relate to them. And I'm not saying it's not happening in the city, because clearly it is from that line 1km from the GPO, but I think that the sense of divide is driving that protest more.

DANIELLE WOOD: It's really interesting isn't it though, I mean, you're saying that the local member is really visible, which is less the case in the city in my experience, yet they feel more disconnected from politics, despite that visibility?

GABRIELLE CHAN: Yes.

DANIELLE WOOD: So, again, it's maybe even the individual versus the group. They might like their local member and respect them, but.

GABRIELLE CHAN: Yes and you find people fall off the party when there's a change of MP. That goodwill means a lot more, so you might look at other places when there's a retirement or that sort of thing. The interesting thing will be now whether these electorates start to get more marginal. I know for the state by-election Katrina Hodgkinson resigned and our seat became much more marginal, so people voted for Shooters & Fishers and I think the margin's quite close now. We're seeing the member a lot more now.

DANIELLE WOOD: That's got to be the upside of a more marginal seat. You might get some more infrastructure money as well, you never know. I did want to leave enough time for audience questions, so if you have a burning question please put your hand up, otherwise Gabi and I will just sit here and talk politics some more.

AUDIENCE: I have two questions. The first one is a very simple one about the graph you've got behind you and it's about why you chose to consider the Greens a major party, which I think makes the graph look very different, particularly in inner cities. The second is about the role of the media. Gabrielle, you've clearly had a career where you've worked for a lot of different newspapers with very different ideological positions. I was wondering how media consumption is different in regional and rural areas versus in the major cities.

DANIELLE WOOD: I'll quickly cover off on the chart. In the report we present the chart both ways, with the Greens as major or minor, because they're the party that's difficult to classify. The way the chart looks different if you put the Greens as a minor party instead is you get a U-shape, so the inner city has a higher vote for minor parties. It doesn't really change the overall pattern in terms of the upward trend

and basically once you get 10km out it doesn't have any impact on the line after that. So the questions are still the same, but you're right to identify that. I think that's a margin call, which category you put them in.

GABRIELLE CHAN: Which category did you put them in?

[Inaudible audience comment]

DANIELLE WOOD: The other point is they have much more of a national presence, whereas the other parties tend to be very state-based.

GABRIELLE CHAN: On media consumption, often the Daily Telegraph is on the kitchen tables of the older people that I've been speaking to. For the younger people, no newspapers, it tends to be through their Facebook feeds or television news.

DANIELLE WOOD: Is there a local newspaper?

GABRIELLE CHAN: There are two local newspapers, which is unusual. We've got a Fairfax local newspaper, which I worked at for a year when my kids were little and it was actually really good to understand more about the way rural towns work. There's a recently started, well, I think four years ago an independent started from someone who worked at the local paper and was cranky about what Fairfax was doing about jobs and things like that, so he started his own weekly paper.

DANIELLE WOOD: I suspect that media fragmentation is feeding into the overall picture as well or certainly will going forward. If you look at where Australians get their news from in election campaigns over time, mainstream newspapers and TV are on the way down and online is up, from a low base but clearly increasing fast. You can look at what's happening in the US or UK and get these increasingly fragmented media environments where people on the left are all going to websites on the left and people on the right are going to websites on the right and there's not that common ground. So not only have you got difference of opinions, but sometimes you've got an entirely different fact base that you're working with, which I think is quite frightening for how you can have political discussion across different groups when you're not even talking to each other.

GABRIELLE CHAN: The other thing, even though we've got two newspapers, local news really does worry me because if you don't have a local news outlet in your town you've got no local news. The big media companies aren't going to serve up local news, so you do get that.

DANIELLE WOOD: Any radio, ABC Radio?

GABRIELLE CHAN: ABC Radio yes, but for a really micro level of news about what's happening, say, in your local council or main street or various committees or charities or pictures of the kids at school, that's what a local newspaper does really well. They can do it really well and they can put a local angle on state and national news, which I think is also really important. That's what I tried to do when I was there. Warren Buffett got into local newspapers for a while, but I think he's died down on that a bit.

DANIELLE WOOD: As a charity or as a business proposition?

GABRIELLE CHAN: No, as a business model because he thought at the beginning of media disruption that would be something long term. I think his enthusiasm has dampened down a little bit, but hopefully people keep investing in local news because it's really important.

AUDIENCE: You touched on the loss of tertiary education opportunities as a limiting factor for particularly young people in regional areas. What role do you think the government can play in their funding decisions to decentralise tertiary education further? Do you think that would be a good idea?

GABRIELLE CHAN: I think it would be a great idea. For the life of me, I can't understand if you have a local TAFE campus half an hour away why it wouldn't be providing more courses for jobs that kids can do in their local area. There's a shortage of trades in our town, you have to wait a long time, and obviously something's not marrying up. If you've got a kid there that wants an apprenticeship and they have to go to Canberra, something's not working.

The other thing the kids tell me about is the fact that they feel in some ways forced into university, that's the message that they get. The way one kid put it was there's this super-highway to university to a degree that they're not really sure what it does or what it's going to provide. If you want, say, an apprenticeship or some sort of trade skills it's like a backroad compared to the super-highway, you've got to find out yourself, pretty much, how to get there and what the requirements are. The other thing around the trades though they tell me is you've got to lock yourself in for four years and that can be hard, especially if every other kid is going away to uni or doing their gap year or travelling or whatever. So those sorts of issues, I mean, having courses at least close by or by distance. I think what's happening now, which is a really good idea, is some of them do a set amount of work. When I was going through school and friends of mine were doing apprenticeships they would have to go once or twice a week to TAFE. Now they do it in a block. They do a week, so you can relocate to a course, do your week and then come back and do your six weeks' work in-between. So just flexibility, I think.

DANIELLE WOOD: I think in terms of university education, the trend is actually going the opposite way and that's being driven by the demand-driven higher education system, so university places are uncapped, they can take as many as they want, and students are increasingly choosing the bigger universities in the city. My understanding is that enrolments in regional university are on the decline and enrolments in city universities are on the way up because of those reforms, so decentralising further in that environment I think is a difficult proposition for university education.

AUDIENCE: I think there are universities with headquarters throughout regional cities in regional Australia and smaller campuses in study centres and numbers are growing. I think overall the system has stalled a little bit. I think there's still a gap in higher education attainment, as you pointed out, between the regions and the city. In regional Australia I think we need to grow people who do higher education, but also we need more people in the higher level trades. My question is about whether you think advocating for a more place-based approach to general education, health policy and programs is the way to go, in fact, programs perhaps more widely? For example, if you have one policy for university funding, perhaps you do need to have a particular strategy for the regions and the same with VET, if you have a general policy for vocational education and training across the state perhaps that's not the right way to approach it, you do need to have a regional focus and think about how to address the uptake of trades in the regions. I wonder if you can talk around that to emphasise the place-based a bit more.

GABRIELLE CHAN: Yes, place is really important. Maggie-Kate, the girl that I mentioned earlier who went into medicine, did two years and got a great education in the city, but breathed an absolute sigh of relief when she could come back to Wagga, because Wagga was the place she knew, she had relatives there and she was able to have dinner with her family once a week. It made such a difference to her quality of life and to her fitting in. It was interesting because she said there was a real kind of - "sneering" is probably too strong a word, but there was a feeling that she was limiting her opportunities by studying at a regional campus, whereas she just loved the idea of going back and probably if she could've started that degree there she would've. So it was really important. A lot of kids I know prefer to go to Wagga or to Albury because they don't want to live in a city. They might know a city, but they don't want to live there. They feel more comfortable in a regional town. She gave me all these examples of how she would run into people that she knew and she would recognise people coming through Wagga Base Hospital. So I think place is important and I don't like the idea of this almost a class structure between the universities. I think that's really self-defeating for regional communities.

DANIELLE WOOD: Yes, I agree with that. I wonder if - and I'm far from an expert on higher education policy, so you can correct me if I'm wrong - we've had too much of an emphasis on all universities offering everything, so every university feels a need to have a law degree, for example. Should it be the case that a regional university says, "Well, what are the skillsets - agricultural technology or whatever it is - let's focus on providing those degrees"?

AUDIENCE: I think regional universities do both. I think we do have specialist degrees, like in agriculture, but we do actually have to offer a bit of a broad scope just to try and keep more regional kids in the regions because if you don't offer the whole spectrum of degrees, that will just facilitate more people going to capital cities to study. We know three-quarters of our graduates work in the regions, so really the best way to keep trained professionals in the regions is to train more in the region. So in one sense we have to do both, I think.

DANIELLE WOOD: And I guess my comment probably wasn't even just about a regional city thing. I mean, why does every university in a capital city have to offer a law degree? Maybe there's scope for rationalisation across both.

AUDIENCE: We're having a discussion nationally about what use is a national urban policy or a national settlement strategy and do these various initiatives, like you were just discussing around regional education, come together and do they have any role nationally as a coherent suite of policies?

DANIELLE WOOD: That is a tough one. Again, to refer back to the Judith Brett essay, because I found it fascinating to see that history, she talked a lot about population policy in Australia throughout history and how we've had various attempts over the decades to try and shift population to the regions. Between the first and second world wars that was about actually just giving people farming land and setting them up with small farms and saying, "Off you go, farm". That didn't go terribly well. Then it was about trying to incentivise manufacturing and power companies to move out to regional areas, which is now no longer promoting jobs in that area. My view is that it's quite hard for governments to fight against these broader economic forces in terms of coming up with a population policy and a set of incentives that are going to work to shift the overall dynamic. I think they should be doing more to ease the pressures in the city in terms of planning policy that you mentioned, in terms of infrastructure. I think

clearly we are having some pretty negative side effects from growth in the major cities and there are policy levers that governments have available to manage that population better.

GABRIELLE CHAN: Yes. I love the idea of decentralisation. I think though we have to think of it in a different way. Politics has become so polarised now that you get a subject, like decentralisation, and you get the progressive side of politics that just will not engage with it or a policy like climate change that affects agriculture so much and regional cities so much and the right won't engage with it. I just think we need to change the debate, in a way. Decentralisation I think of not so much growing my little town, but I think of in the way of easing congestion. I saw some ABS projections that Sydney and Melbourne are getting to 8 or 8.5 million people by 2050. They're projections obviously, so we don't know what's going to happen, but I just think there must be a way of piggybacking on infrastructure. And they don't need to be as far out as we are, but surely there's a role for satellite regional cities around big cities where you can get some sort of complementarity between the two?

DANIELLE WOOD: Yes. I suspect that works for regions that are commuting distance to the cities. I think we are seeing that in the big cities at the moment, but what that does for the regions that are further afield and not within commuting distance is a much more challenging question.

GABRIELLE CHAN: Yes. As far as education goes, Maggie-Kate got into medicine on a regional quota. If you come from a small school like ours you get I think it's a five point ATAR bonus and she's just graduated, so she was a good bet. There was a lot of angst, she said, amongst city students that she was perceived to have skipped the queue somehow or got some special benefit, but she went through in a Year 12 where they had to put on a special three unit maths class and a special chemistry class because those subjects just aren't studied in our local high school. By way of contrast, again, Andrew Leigh told me that he went to James Ruse and they didn't have a two unit class because everyone had to do three and four unit. We didn't have a three and four unit and it was a two unit general class that is normally run as a maths class in the high school. There are limitations and policy has to respond to that unless you want two separate populations, but then you get something like Brexit and Trump and, I don't know about you, I don't want an Australian style Donald Trump here. So you can forget it and say, "Everyone's just going to live around the outside of Australia and the market will work out everything else" but if that's the Australia you want then that's a serious conversation to have and to admit.

AUDIENCE: I'm from Temora, a couple of towns over from you, so it's good to hear your perspective and it's interesting that a lot of them are quite similar to mine. One thing I'd be interested to know is the tiny little towns and villages, what's your view on a threshold for a minimum size town? I grew up in a very tiny little village that has been in continuous decline since I've ever known it and the best thing for it is that people have moved to other places and become part of bigger and better communities which aren't massive cities; they're just the next town across.

GABRIELLE CHAN: How big is the population that you grew up in?

AUDIENCE: Less than 200. There's a lot of debate and a lot of people across time have said all these small towns should shut up shop and agglomerate regionally to be stronger regionally, which I think has some merits in some cases. I'm not saying you'd take Harden and put it in Young, of course, but some of the people from Wollombi eventually end up in Harden, for example. What are your thoughts on that really micro agglomeration and the benefits it might have?

GABRIELLE CHAN: George Megalogenis talks about a role now for a more active government and I guess that's what I'm talking about, rather than going the full Soviet and saying, "You can't live here, you've got to live over there". There are small towns that come back to life and yes, they're rare, but I don't see how you could move people on if they still want to live there. What seems to happen eventually, we've got a very little village that was our local post office and we've had to change our local post office because that village is now so small that it's not feasible to get post through there. I know post offices closed a lot in the '90s and there was a lot of rationalisation. But there's another village close to us which you probably now, Jugiong, and I think the population there is about 250. Someone started a great café there, they've now had a million dollar pub upgrade, it's on the Hume Highway, so it has that economy of people coming through and stopping and it has been completely revitalised. There are interior homeware stores selling $4,000 fire pits. I mean, I don't know who buys them, but someone must. There's a wine shop there selling local produce. Tourism is a big thing, Temora has that aviation museum which is amazing and I hear they sell 15,000 tickets to their annual or biannual show.

[Inaudible audience comment]

GABRIELLE CHAN: They couldn't cope, yes.

[Inaudible audience comment]

GABRIELLE CHAN: Yes. Every town is trying to find the golden goose. Parkes has the Elvis festival, there are ABBA festivals, there are big potato festivals.

DANIELLE WOOD: Pumpkin festivals.

GABRIELLE CHAN: Yes. We're all in there trying. I don't think you can make people move and I think there is a chance that you can revitalise towns but, I agree, it's really hard. I don't know that there's a policy answer and I assume that once the town loses some critical mass where you can't buy a loaf of bread and a pint of milk then you're pretty well buggered, aren't you?

DANIELLE WOOD: Yes, I totally agree. I don't think government should be forcing people to leave, but nor should they be artificially propping it up. If it gets to that point where it's really going to die off and people are moving on, I don't think government should be trying to save those places, they should be helping the individuals within those places transition to the nearby towns if that's where the opportunities are. On that cheery note, I'll close off the discussion, so if everyone can please join me in thanking Gabrielle for her wonderful insights.

GABRIELLE CHAN: And Dani.

DANIELLE WOOD: Thanks for coming. Gabrielle, when is your book coming out, just so everyone knows?

GABRIELLE CHAN: Next year, let's keep it vague.

DANIELLE WOOD: So if you're interested in these issues, stay tuned for Gabi's book. If you're interested in the politics of minor party voting, Grattan Institute will be putting a report out in February on the topic, so look out for that one as well. Thank you to all of you for joining us.

GABRIELLE CHAN: Thank you.

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