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Urban Regional Development

by

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EXECUTIVE SUMMARY

This Briefing Paper discusses contemporary regional policy in relation to urban regions around the Greater Sydney Metropolitan Area. It is evident that the NSW Government has focussed its urban regional policies on Western Sydney, the Illawarra, the Hunter and to an extent the Central Coast. Within these regional areas, over three million people reside. The importance of regions to the efficient functioning of the national economy is now understood.

The term regionalism describes the process where regional communities have greater influence over and participate more directly in the decision making that impacts on their region and their futures. Regionalisation is the process of government or industry creating administrative regions for more efficient program management, with powers devolved to a greater or lesser extent, from central administration to regional managers. Many regional development activities have their origins in regionalisation, but are essentially characterised by a close connection to regionalism.

The potential for NSW Government services to be regionalised was explored under the Wran Government in the early 1980s, but proposals did not proceed. Today, many of the arguments that led to the call for regionalisation in the 1980s are still voiced.

In terms of regional development per se, it is apparent that there is confusion over the roles of the different levels of government, and of what regional development entails. The history of government involvement in regional planning and development has tended to be one of a series of fits and starts with none actually realising anywhere near its full potential. The jury is still out on regionalism and the effectiveness of sustainable regional development initiatives and their associated regional organisations.

A review of the seminal literature on regional development, and key lessons about how regions work and how governments can intervene, is presented.

The level of involvement of the Commonwealth Government in regional policy has varied over the years, and the debate about the respective roles of Commonwealth and State Government in regional policy has been waged vigorously over the last five decades.

In NSW the Department of State and Regional Development is the lead agency in the promotion of both regional and metropolitan development. The Department sponsors and provides financial support to 13 Regional Development Boards. The Boards are designed to provide a strategic framework for economic growth and the development of local leadership. However, the most appropriate method of coordinating regional development in NSW is an issue of considerable debate.

The development of four urban regions: the Hunter; Central Coast; Western Sydney; and the Illawarra is then discussed. The regional development strategies used for each of these areas are compared, and it is concluded that solutions and funding allocated from centralised bureaucracies without community involvement will not produce long term sustainable regions.

1.0 INTRODUCTION

This Briefing Paper discusses contemporary regional policy in relation to urban regions around the Greater Sydney Metropolitan Area. It is evident that the NSW Government has focussed its urban regional policies on Western Sydney, the Illawarra, the Hunter and to an extent the Central Coast. Within these regional areas, over three million people reside.

The importance of regions to the efficient functioning of the national economy is now understood. There has been a tremendous amount of literature and many studies in the last decade about how to revitalise urban regions. This paper draws on these resources to analyse regional policy around Sydney.

The rationale for government assistance to regions is clear. The operation of the market is not enough to distribute wealth evenly across regions, and planning is therefore required to:

- Reallocate resources in terms of physical and human infrastructure capital to give the lagging regions opportunities to move up the competitive rankings;
- Ensure that the local and political institutions are in place to empower the community so as to ensure that resources transferred to a lagging region are used to create attractive, diverse, open societies;
- Mobilise and energise local input, coordinate inter-government decision making and resource allocation and integrate institutional involvement.¹

The ultimate objectives of modern regional planning are to build liveable communities with the following characteristics:

- diverse lifestyle options;
- supported by good physical, knowledge and community infrastructure;
- they are attractive to the technologically skilled, entrepreneurial and creative households;
- they are competitive in attracting business investment;
- this in turn allows the building of clusters of industry excellence, whether it be in agricultural production or advanced microelectronics.

The ultimate outcome of regional planning is the convergence in equality in living standards, wealth and reasonably fair access to high income employment across regions.²

¹ National Economics, *State of the Regions Report 2002, A Report Prepared for the Australian Local Government Association, 2002*, at 7.3.

² National Economics, *State of the Regions Report 2002, A Report Prepared for the Australian Local Government Association, 2002*, at 7.3.

2.0 BACKGROUND TO REGIONALISM AND REGIONALISATION

There are two important regional concepts that need to be defined. The first is regionalism, which is where regional communities have greater influence over and participate more directly in the decision making that impacts on their region and their futures. This often results in partnerships between the community, industry and the government. The second concept is the term regionalisation, which is the process of government or industry creating administrative regions for more efficient program management, with powers devolved to a greater or lesser extent, from central administration to regional managers. Many regional development activities have their origins in regionalisation, but are essentially characterised by a close connection to regionalism.³

In a historical review of regional development, Dore *et al* comment that the Australian experience during World War II demonstrated clearly to the Commonwealth that regional government service delivery was required to meet strategic and defence needs effectively. Therefore there was a genuine perceived need for regionalisation, and a recognition of regionalism. The Commonwealth committed resources to a formal process with the States to delineate regions, survey resources and decentralise regional planning. However, Dore *et al* note that the regionalism problems identified in 1949 resonate strongly with similar contemporary complaints:

- conflict between Commonwealth and / or State initiated regional organisations and local government;
- conflict between the Commonwealth and the States, particularly if the Commonwealth was desirous of a direct relationship between itself and regional organisations;
- difficulties in defining and aligning ‘development and decentralisation’ boundaries with existing administrative boundaries; and
- finding a middle path between aggregating resource surveys useful for national objectives, and still having them useful at a scale useful to regions.⁴

However, despite these difficulties, it is now widely acknowledged that regional governance is well and truly on the agenda of Australia’s governments and civil society. This may take the form of either formal institutions empowered to make decisions and plan and implement strategies, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their common interest.⁵

³ Dore, J. et al, “Sustainable Regional Development: Lessons from Australian Efforts.” In Dovers, S. and Wild River, S. (Eds) *Managing Australia’s Environment*, The Federation Press 2003, at 157.

⁴ Dore, J. et al, “Sustainable Regional Development: Lessons from Australian Efforts.” In Dovers, S. and Wild River, S. (Eds) *Managing Australia’s Environment*, The Federation Press 2003, at 159.

⁵ Dore, J. et al, “Sustainable Regional Development: Lessons from Australian Efforts.” In Dovers, S. and Wild River, S. (Eds) *Managing Australia’s Environment*, The Federation Press 2003, at 156.

3.0 REGIONALISATION IN NEW SOUTH WALES

Upon election in 1976, and after being in Opposition for over a decade, Premier Neville Wran commissioned Peter Wilenski to conduct a review of NSW Government administration.⁶ As part of this review, Wilenski argued that a centrally controlled administration could not ensure equitable access to services in regions, and in July 1977 he commissioned a Task Force to examine the concept of a fully regionalised approach to government administration. The Task Force, chaired by Professor Gary Andrews, presented its report *Towards Regionalisation, Access and Community Participation* in February 1980.

Andrews noted that the central theme of regionalisation is achieving a balance between central control and economies of scale on the one hand, and local autonomy, accessibility and responsiveness on the other. The Task Force sought to define mechanisms which would achieve the following:

- A more accessible and visible public service through the bringing of government administration geographically closer to the people;
- The allocation of government resources on a more rational and equitable basis between regions;
- Increased effectiveness of certain government activities through greater awareness and knowledge at a local level;
- Increased efficiency of government activities through more rapid, responsible and informed decision making within specific delegations to regional managers;
- Intergovernmental co-ordination where the activities of more than one level of government impinge upon the region;
- The means of 'fine tuning' State government policy to regional characteristics and needs;
- Access by Ministers to regional administrations;
- A focus for meaningful community participation;
- A focus for the collection, collation and dissemination of information on all aspects of government programs and the region itself.⁷

The Task Force recommended that the Government should develop a regionalisation policy, to be implemented through the Premier's Department. It was recommended that each Department should determine to what extent the degree to which activity should be organised and delivered on a regional basis, and develop a regionalisation implementation plan. Each region was to have a formal inter-departmental organisation, known as a Regional Executive Committee. The role of the Committees included:

- Co-ordinate policies and programs at regional level;
- Contribute a regional view of the impact of government policy in the region;

⁶ See: Alaba, R. *Inside Bureaucratic Power. The Wilenski Review of NSW Government Administration*. Hale & Iremonger, 1994 at 62.

⁷ Andrews, G. *Review of New South Wales Government Administration. Towards Regionalisation Access and Community Participation*, February 1980, at 3.

- Sponsor, legitimise and encourage direct contact at Officer level between departments and authorities;

The Premier's Department was also to develop a regional framework for community participation based on a formal Community Participation Council for each region. These Councils were to comprise representatives of all levels of government for the region as well as community representatives.⁸

In a review of the proposed reforms, Alaba noted the following response to the Andrews Report:

...the reception given to the Andrews Report by the Government, the bureaucracy, and the major public sector union was decidedly lukewarm....

...the most controversial proposal of the Andrews Report was for the establishment of Interdepartmental Regional Executive Committees in all regions, each with substantial program co-ordination and policy development responsibilities. This idea alarmed a number of ministers because such structures would have created problems in maintaining overall control of portfolios....

...The fate of the Report was sealed when the Treasury's advice was finally received in May 1981...It went on to say that in view of the serious budgetary problems confronting the Government 'there will be no scope, at least in the foreseeable future, for the financing of any significant regionalisation initiatives.'

...The Treasury's advice made it easy for the Premier's Department to block any significant steps toward a fully regionalised administration in New South Wales.

In the years following publication of the Andrews Report, lack of political, bureaucratic, and union support for regionalisation resulted in the concept of a fully regionalised State government being quietly shelved.⁹

However, some two decades later, many of the arguments that led to the development of the Andrews report are still being debated. For example, Alexandra notes the following regionalisation dilemmas facing contemporary society:

- The centralisation of political power within the capital cities;
- The unwillingness to devolve responsibility;
- Failure to define levels of regional autonomy;
- Short-term project funding;
- The lack of coherent policies;
- Ad-hoc and inconsistent government processes;
- The relationship between regional processes and organisations and democratically

⁸ Andrews, G. *Review of New South Wales Government Administration. Towards Regionalisation Access and Community Participation*, February 1980, from 127.

⁹ Alaba, R. *Inside Bureaucratic Power. The Wilenski Review of NSW Government Administration*. Hale & Iremonger, 1994 at 186.

- elected State and local governments;
- Who or what is responsible for setting regional priorities or accountable for effective processes?¹⁰

Similarly, Walsh articulated four sources of regional frustration:

- A lack of voice in decision-making processes that affect regions;
- A feeling of a lack of knowledge of, and appreciation for, regions by central decision makers;
- A sense of segmentation across public sector agencies in relation to regional service delivery; and
- Deficiencies in incorporating regional priorities in capital works budgeting processes.¹¹

Today many government departments and programs have regional offices and operate using regional boundaries. However, these rarely correspond with one another or to 'naturally defined' boundaries. Alexandra argues that attempts by central government agencies to create effective regional entities can be described as 'de-facto regionalism' because the resultant regional organisations often have:

- Poor spatial and jurisdictional definition;
- Limited or ill-defined roles in relation to governments;
- Lack of clear provision for democratic accountability;
- Amorphous origins and terms of reference; and
- Limited or poorly defined legislative mandates.¹²

Finally, it is worth noting comments of the Executive Director of the Western Sydney Regional Organisation of Councils Alex Gooding, about a program called TeamWest, (explained further in the next section):

The institutional response to TeamWest has been interesting. While there has been a high level of cooperation from the regionally based organizations and institutions, the response from the State government bureaucracy has been much more mixed. Some

¹⁰ Alexandra, J. "Regions – The Bastard Children of Cooperative Federalism." In Dore, J. and Woodhill, J. (Eds) *Sustainable Regional Development, Final Report. An Australia-wide study of regionalism highlighting efforts to improve the community, economy and environment.* Greening Australia, February 1999, at 215.

¹¹ Walsh, C. "Structural Adjustment: A mainly regional development perspective." Paper presented to the Productivity Commission Workshop on Structural Adjustment, 1999, quoted in Wanna, J. and Withers, G. "Creating capability: combining economic and political rationalities in industry and regional policy." In Davis, G. and Keating, M. (Eds) *The Future of Governance*, Allen and Unwin, 2000, at 86.

¹² Alexandra, J. "Regions – The Bastard Children of Cooperative Federalism." In Dore, J. and Woodhill, J. (Eds) *Sustainable Regional Development, Final Report. An Australia-wide study of regionalism highlighting efforts to improve the community, economy and environment.* Greening Australia, February 1999, at 217.

departments and bureaucrats have been very supportive, others much less so. It is obvious that, for all the rhetoric regarding ‘whole of government’ approaches, devolution of power and the development of place management models (all of which TeamWest incorporates, explicitly or implicitly), most departments are still strongly wedded to a ‘vertical’ model of accountability.

This applies even to their approach to the Metropolitan Strategy itself, but is much more apparent at the regional level, where there is little real decision making even in those departments with a regional structure. This parallels the limited power of the regionally based institutions. One could be cynical and argue that the regional offices of the government departments and the regional institutions have such limited powers precisely because to give them any more would threaten the traditional department structure.¹³

It is evident from these views that the regionalisation achievements sought by Professor Andrews in 1977 are still elusive. However, chapter 6 in this paper details contemporary government responses to the regionalisation dilemma.

4.0 WHAT REGIONAL DEVELOPMENT MEANS

Garlick notes that the confusion of roles between governments in relation to regional development has not been helped by the lack of clarity over what regional development is really about, and argues that it has become all things to all people – a ‘make of it what you will exercise’. Garlick argues that there has been a history of government involvement in regional planning and development, but it has been a series of fits and starts with none actually realising anywhere near its full potential. Garlick writes:

Most governments ... over the years have seen regional development in ‘top down’ structuralist terms. As a result, they have responded with lines drawn on maps to designate regions for administrative reasons. They have seen it as the regionalisation of public sector services, poured money into growth centres and industry relocation initiatives to address population imbalances, ... and to stimulate economic growth through infrastructure provision. This has been the practice of Commonwealth and State governments over a very long time, particularly until the mid 1980s.

Most governments have also seen regional development predominantly in a compensatory or spatial equity sense. They have used regional development to address so-called disadvantaged areas that have suffered as a result of the cyclical or structural effects of industry policy...such approaches see regional policy purely as a government tool for the ‘problem region’¹⁴

Dore *et al* claim that the jury is still out on regionalism and the effectiveness of sustainable

¹³ Gooding, A. “Greater Western Sydney and the TeamWest Regional Coordination Project.” In Woodhill, J. (Eds) *Sustainable Regional Development, Final Report. An Australia-wide study of regionalism highlighting efforts to improve the community, economy and environment.* Greening Australia, February 1999, at 263.

¹⁴ Garlick, S. “The Australian History of Government Intervention in Regional Development.” In Dore, J. and Woodhill, J. (Eds) *Sustainable Regional Development, Final Report. An Australia-wide study of regionalism highlighting efforts to improve the community, economy and environment.* Greening Australia, February 1999, at 181.

regional development initiatives and their associated regional organisations. Others are more cynical. For instance, Wanna and Withers noted: “There is a generally accepted consensus over the ‘crying need’ for coherent rural and regional policies but not much past evidence that such policies are either sustainable or effective over the longer-term. Regional policies have often been palliatives that are entertained for political consumption rather than for substantive outcomes.”¹⁵

Governments have developed regional policy over many years, and for many reasons. The following types of regional policy have been identified:

- political protection for rural/regional areas, depressed regions and / or regions with severe industry restructuring problems that have attracted special political attention;
- recurring phases of urban and regional development pursued with notions of community and lifestyle provisions, strong social justice motivations, or to mitigate against unchecked population density occurring in major metropolitan extremes;
- State Government level concerns for regional growth policies that operate to coordinate economic and social infrastructure investment and service delivery;
- Emergent or future policies which aim to build urban synergies and metropolitan strategies based on ‘knowledge economy’ principles. Such policies endeavour to speed new growth regions within or at the edges of major population centres using the economic capabilities of knowledge cores and precincts.¹⁶

It could be argued that regional policy for the areas discussed in this paper fits into two of the above categories. For instance, regional policy for the Hunter and Illawarra areas can be classed as “regions with severe industry restructuring problems have attracted special political attention”. Whilst for Western Sydney and to an extent the Central Coast regions a policy based on ‘knowledge economy’ principles is strongly evident.

However, whatever the reason government is involved in regional development, it is evident that the number of factors influencing regional development makes it an extremely complex area. Associate Professor Tony Sorensen of the University of Armidale has outlined ten factors which shape the economy and society in regional Australia.¹⁷ Those most relevant to this paper were:

- Biophysical resource endowment: it is now recognised that valuable biophysical resources range well beyond the traditional inputs to viable primary production – such as good soil quality, level of precipitation, accessible forests etc. Now also

¹⁵ Wanna, J. and Withers, G. “Creating capability: combining economic and political rationalities in industry and regional policy.” In Davis, G. and Keating, M. (Eds) *The Future of Governance*, Allen and Unwin, 2000, at 85.

¹⁶ Wanna, J. and Withers, G. “Creating capability: combining economic and political rationalities in industry and regional policy.” In Davis, G. and Keating, M. (Eds) *The Future of Governance*, Allen and Unwin, 2000, at 85.

¹⁷ In this case, Sorensen defined regional Australia to exclude all metropolitan and major industrial statistical regions, but noted that many of the difficulties in framing effective regional development policy also apply to urban regions.

increasingly important are lifestyle resources – scenic views, delicate ecosystems, rugged landscapes and recreational opportunities.

- Geographic accessibility: all other factors being equal, a place's economic prosperity depends on its accessibility to markets.
- Human and social capital: these are increasingly key determinants of economic prosperity. Human capital includes: knowledge; skills; understanding and the ferment of new ideas. Collectively, they serve to open up people's horizons, create new industries, perform existing tasks better and more competitively, assist in personal and institutional adaptation to changing situations. It also aids effective leadership. The precise definition of social capital is unclear. The term generally has three dimensions: a community's range of social organisations; its pool of social skills; and the extent of purposeful interaction between the various parties for collective ends.
- Demography: several demographic variables affect the form and size of regional development: population size, density and growth; domestic migration; levels of immigration; and population ageing.
- Space transforming technologies: developments in transport and telecommunications technologies and related patterns of investment in these by public and private agencies are crucial to regional well being.
- New production technologies: these have the capacity to diversify and/or intensify the output of commodities, goods or services; to generate completely new industries and to raise or reduce the demand for labour.
- Expenditure on public infrastructure: the level, kind and location of expenditure on public infrastructure by governments and/or private business can have important regional consequences. Infrastructure may be either strategic or basic. Strategic investments are large one off projects that aim to kick start or accelerate the development of specific locations, whilst basic infrastructure is usually allocated on a per capita or social needs basis across all regions.
- Business management and development: a long list of items plays an enormous role in regional business start-up, survival and growth. It comprises: availability and distribution of capital; entrepreneurship and adaptability; networking and trust; rate of invention and innovation; trends in business organisation such as the rise of franchising and national and global enterprises; macro-economic policy and its effects on inflation, interest rates and wage rates; and National Competition Policy. Sorensen comments that, at the end of the day, most regional communities will only survive through the efforts of entrepreneurial business people making successful investment decisions so that the local economy continuously reinvents itself.
- International events: a considerable number of international events affects regional conditions. These include: treaty arrangements; Australia's shifting comparative and competitive advantages with respect to the rest of the world in the production of goods and services; international shifts in demand for, and supply of, Australia's export items; and shifting distortions to world trade.¹⁸

Sorensen notes that these factors, comprising around 50 key variables, are coincident and

¹⁸

Sorensen, T. *Regional Development: Some Issues for Policy Makers*. Commonwealth Department of the Parliamentary Library, Research Paper No 26, 1999-2000, at 8.

may reinforce or contradict each other in their spatial effects, creating an immensely complicated network of forces.

However, Dore *et al* believe the focus of research should be on learning how to improve the effectiveness of regional initiatives and organisations, and offered the following principles which should underpin sustainable regional development arrangements:

Table 1: Principles which should underpin sustainable regional development institutional arrangements.¹⁹

Striving for...	Explanation
Sustainability	As a central goal, including taking a precautionary approach so as not to diminish opportunities for future generations; also recognising the pre-eminent importance of ecological processes upon which communities and economies ultimately depend.
Equity	For its own sake, but also as a means of reducing conflict.
Inclusiveness and participation	Encouraging a high level of diverse stakeholder representation, involvement and ownership; participatory process that is clear, genuine, predictable and maintained over time – recognising that ‘participation’ is a highly complex matter.
Accountability	Of all empowered participants to their constituents: ie, to whom is the institution accountable? In practice, how is this accountability evidenced?
Effectiveness	Of the processes to really make a difference: ie, does the capacity match the intent?
Efficiency	Of the processes: ie, do the ends (outcomes) justify the means (costs, trade-offs, time)? Has there been unnecessary duplication?
Durability	Relative to short lived or ad hoc initiatives: ie, has the institution had, or likely to have, sufficient longevity to persist, experiment, learn and adapt?

Dore *et al* then describe some desirable characteristics of the sustainable regional development process, as shown in the table below.

Table 2 : Desirable characteristics of the sustainable regional development process.²⁰

¹⁹ Dore, J. *et al*, “Sustainable Regional Development: Lessons from Australian Efforts.” In Dovers, S. and Wild River, S. (Eds) *Managing Australia’s Environment*, The Federation Press 2003, at 172.

²⁰ Dore, J. *et al*, “Sustainable Regional Development: Lessons from Australian Efforts.” In Dovers, S. and Wild River, S. (Eds) *Managing Australia’s Environment*, The Federation Press 2003, at 174.

Characteristic	Explanation
Purposeful	Clear reasons for why a process is being employed
Visionary	Based on a well developed, widely shared, long term vision.
Informed and Informing	Utilises and shares the best available information and builds the knowledge and research base.
Holistic	Takes an integrated or 'holistic' view of issues, taking account of social, cultural, economic and ecological issues, their actions and their interdependencies.
Integrated	Integrates with other processes, plans, strategies and initiatives, including, where appropriate, indirect or direct links with statutory planning schemes.
Appropriate scale	Supports action where it is needed, whether regional, sub-regional or local.
Institutional backing	Supported by appropriate, empowered and resourced organisations.
Focuses	Clearly identifies the key issues for the region.
Options evaluated	Assesses positive and negative impacts of alternative actions.
Costed	Identifies monetary and non-monetary costs and benefits of the options.
Prioritised	Prioritises, in a transparent and equitable way, the importance and / or logical order of activities.
Action and outcome oriented	Designed to produce action and be held accountable against its outcomes record.
Responsibilities clarified	Well defined and articulated responsibilities and roles for all stakeholders.
Negotiated	Negotiated agreements about implementation
Monitored, evaluated	Adequate and coherent framework for monitoring and evaluation.
Learns and adapts	Mechanisms in place for learning from the monitoring and evaluation and adapting as required.
Communicative and credible	Effectively communicates high quality, honest information.

4.1 Review of Regional Business Development Literature

In August 2001 the Commonwealth Government released its *Stronger Regions, A Stronger Australia* statement. Part of this initiative was the Regional Business Development Analysis. This involved the appointment of a small independent panel of experts representing regional interests and the private sector to undertake the analysis of how to encourage regional business development. One part of their work was to commission *SGS Economics and Planning* to review the regional business development literature, both domestic and international. The subsequent report (the SGS Report), released in June 2002,

provides a substantial amount of information, and this section of the Paper draws from this report.²¹

The SGS Report first reviewed what it considered to be the seminal literature in regional business development, and identified key lessons about how regions work, and the lessons for government intervention, from each of these pieces of literature. A selection of their results is as follows:

Paul Romer – *Increasing Returns and Long Run Growth*, 1986 and subsequently

Key lessons about how regions work:

- Regional growth is largely determined by ‘technological change’, which results from investment in physical and human capital, research and innovation.
- The act of investing and the mechanisms for transferring knowledge are important to regional growth and prosperity, as the public benefits from knowledge creation can co-exist with the commercial benefits obtained by knowledge investors.

Robert Reich – *The Work of Nations, Preparing ourselves for 21st century capitalism*. 1992.

Key lessons about how best to intervene

- Intervention should be at two levels. First, it should be directed at enabling individuals to contribute to the global economy. This infers building the ‘skills’ necessary to contribute (i.e. education) and providing the mechanisms through which individuals can ‘access’ the global economy (i.e. communications, transport). Second, intervention should aim to retain symbolic analysts²² in certain areas – this involves maintaining the amenity, security, etc. of local areas.

Annalee Saxenian - *Regional Advantage – Culture and Competition in Silicon Valley and Route 128*, 1994.

Key lessons about how best to intervene

- Regional policy is as important as macroeconomic or sectoral policies in ensuring industrial competitiveness.
- “Unlike traditional top-down intervention and laissez-faire approaches, regional policy can be organised locally and designed to catalyse and coordinate – rather than directly manage – relations among the myriad public and private actors that populate a regional economy” (p. 165).
- “Regions are best served by policies that help companies to learn and respond quickly to changing conditions – rather than policies that either protect or isolate them from competition or external change” (p. 166).
- ‘Picking winning’ industries or technologies is flawed. Efforts to protect or to promote such ‘strategic’ sectors in an era of rapid technological change rarely

²¹ See the Rural Business Development website: <http://www.rbda.gov.au/index.htm>

²² These were defined as problem solving, problem identifying and strategic brokering individuals

succeed. Similarly, the widespread failure of science parks and other efforts by localities to grow the next Silicon Valley underscores the limits of approaches that focus solely on ensuring free flows of capital, labour, and technology needed for market adjustment.

- Regional planners and policymakers have an important role in promoting collaboration among fragmented local governments. Narrow self interest must be overcome in order to define and advance a common interest.

McKinsey and Company, *Lead Local Compete Global: Unlocking the Growth Potential of Australia's Regions*, Report to the Office of Regional Development, Department of Housing & Regional Development, July, Canberra, 1994.

Key lessons about how regions work

- The limited local market is the key constraint to business investment in regional areas. There is some evidence from the McKinsey work that many regional enterprises are locked into a 'satisficing' business model, ie, they are happy to work within the limits of the local market and eschew the call to expand sales through, say, exports. Hence the strong emphasis in the report on leadership and 'switched on management'.
- Export oriented businesses ('core enterprises') underpin regional prosperity. But in the near term, most jobs are provided by local service based enterprises.

Key lessons about how best to intervene

- Given the conservative or 'satisficing' culture of service-based enterprises in the regions, interventions which rely on a 'case management' approach, sectoral policy or individual business assistance are unlikely to work by themselves. A holistic economic development framework for the region geared to lifting business aspirations will also be necessary.

Richard Florida - *Competing in the Age of Talent: Quality of Place and the New Economy*, A report prepared for the R. K. Mellon Foundation, Heinz Endowments and Sustainable Pittsburg, 2000.

Key lessons about how regions work

- Capital is increasingly flowing to regions with strong 'thinking' resources.
- Capital may continue to flow into commodity-based regions but this is likely to be primarily directed at production process improvements, often with a labour displacing effect and a reduced population carrying capacity.
- Amenity, lifestyle and culture are vital ingredients for regional competitiveness, but there must also be sufficient depth to the local labour market.

Key lessons about how best to intervene

- Conceptualise investment in environmental quality, the public domain and cultural vibrancy as an integral part of an economic development strategy, not as a dispensable 'extra'.
- Wherever possible, develop strong links to the large talent pools available in the metropolitan areas – see the metropolitan areas as partners not competitors.

- Non-metropolitan regions can profit from the success of regions with large talent pools by offering a diversity of lifestyle and recreational opportunities. Day and getaway tourism and part-time housing strategies can be developed to capture some of the consumption spending otherwise trapped in metropolitan areas.

The SGS Report concluded:

“The seminal literature suggests that government intervention with respect to regional business development:

- Can support the growth of regions, as the un-regulated allocation of resources to spending that promotes innovation can be sub-optimal.
- Must recognise that the determinants of regional competitive advantage operate as a system. Therefore, policies in many areas are interdependent; and usually exhibit benefits only in the long run.
- Should understand that the determinants of regional competitiveness vary amongst industries. Similarly, the way in which regions compete for investment will also differ according to their relative strengths and weaknesses.
- Best serves regions when it helps companies to learn and respond quickly to changing conditions – rather than policies that either protect or isolate them from competition or external change.
- Should not attempt to pick winning ‘industries’ or ‘technologies’. Efforts to protect or to promote such strategic sectors in an era of rapid technological change rarely succeed.

In essence, regional business development policies must be long run, interdependent, region-specific policies that enable companies to innovate and respond to change. This infers that successful policies should:

- Build human capital (i.e. skills) through ongoing education;
- Enable individuals to contribute to the global economy by removing accessibility constraints (e.g. communications, transport);
- Aim to attract and retain skilled workers in regions by providing a high quality of life;
- Ensure that the mechanisms through which individuals and firms can interact, communicate and collaborate are provided efficiently (i.e. support industry clustering).”²³

²³

Department of Transport and Regional Services, *Regional Business Development Literature Review*, June 2002. Prepared by SGS Economics and Planning, at 46.

5.0 Commonwealth Government Regional Policy

The level of involvement of the Commonwealth Government in regional policy has varied over the years, and the debate about the respective roles of Commonwealth and State Government in regional policy has been waged vigorously over the last five decades. The level of Commonwealth involvement can be briefly summarized as follows:

- After World War II, the Curtin and Chifley Governments sought to encourage a coordinated approach to regional development and planning between the Commonwealth, States, Local Government and regional organisations;
- The Menzies Government decided not to proceed with a coordinated approach and left the responsibility with the States;
- The Whitlam Government's vision of regional development saw the Commonwealth Government as having a responsibility to assist the States and local governments achieve equality of living standards and to promote opportunity between regions and throughout the nation generally;
- The subsequent Fraser Government again decided responsibility for regional development was one for the States and gradually withdrew its involvement in the various initiatives that had been put in place;
- The Keating Labor Government released its regional policy in the document *Working Nation* in 1994, a core piece was the establishment of Regional Development Organisations;²⁴
- The Howard Coalition Government released a regional policy document called *Rebuilding Regional Australia* in 1996. Area Consultative Committees were established, and the Regional Development Organisations were closed;
- In August 2001 the Howard Coalition Government released the *Stronger Regions, a Stronger Australia* policy statement.

The *Sustainable Regions Program* is the major initiative under the *Stronger Regions, A Stronger Australia* package. The Program aims to assist prototype regions undergoing major economic, social or environmental change and to support community leadership in the development of local solutions. Funding for the Sustainable Regions Program is \$100.5 million, and assistance will initially be provided to 'prototype' regions across the nation. In New South Wales these are:

- Far North East NSW: (with funding of up to \$12 million over 3 years)
Local Government Areas – Tweed, Ballina, Byron, Lismore and Kyogle;
- Campbelltown/Camden, NSW (with funding of up to \$12 million over 3 years)
Local Government Areas – Campbelltown and Camden.

The objective of the Sustainable Regions Program is to: provide a national approach to

²⁴ Fulop, L. and Brennan, M. "The Future of Regional Economic Development Organisations in Australia." In Dore, J. and Woodhill, J. (Eds) *Sustainable Regional Development, Final Report. An Australia-wide study of regionalism highlighting efforts to improve the community, economy and environment*. Greening Australia, February 1999, at 208.

supporting designated regions across Australia undergoing major change; assist regions undergoing major economic, social and environmental change to build a viable foundation for the future; promote a whole of government approach to regions by Commonwealth Government agencies. Launching the Stronger Regions, a Stronger Australia statement, the Deputy Prime Minister the Hon John Anderson MP stated:

...we recognise that governments do not know best. Our role must not be to tell communities what they need, but to listen to what they need, and then give them the tools to achieve it. It is a partnership between the Government, and regional communities determined to achieve self-reliance. It is a new way of looking at the Federal Government's role....²⁵

Clearly, the level of Commonwealth involvement in regional development is one of considerable debate, and this issues involved with this are explored further in Briefing Paper No 13/03, *Regional Development Outside Sydney*, by John Wilkinson.

6.0 NEW SOUTH WALES GOVERNMENT REGIONAL DEVELOPMENT INITIATIVES

The NSW Government Department of State and Regional Development is the lead agency in the promotion of both regional and metropolitan development. The Regional Development Division of the Department has a network of offices throughout the State to provide advice, information and contacts to help facilitate investment in regional NSW. The Department also sponsors and provides financial support to 13 Regional Development Boards. The Boards are designed to provide a strategic framework for economic growth and the development of local leadership. Boards relevant to the remainder of this Paper include the: Central Coast Economic Development Organisation; Greater Western Sydney Economic Development Board; Hunter Economic Development Corporation; and the Illawarra Regional Development Board.

The most appropriate method of coordinating regional development in NSW is an issue of considerable debate. In June 2001 the NSW Parliament's Public Accounts Committee delivered its report on the Government provision of industry assistance.²⁶ The Committee noted the large number of regional development organisations, including:

- Department of State and Regional Development Offices;
- Premier's Department Regional Coordinators;
- Regional Development Boards: these do not give direct assistance, but aim to provide a strategic framework for growth, develop local leadership and advise the Government on development issues;

²⁵ "Stronger Regions, a Stronger Australia." Speech by the Hon John Anderson MP, Deputy Prime Minister and Minister for Transport and Regional Services, National Press Club, 29 August 2001.

²⁶ NSW Parliament, Public Accounts Committee, *Industry Assistance*, Report No 130, June 2001.

- Small Business Service Centres;
- Local Governments;
- Independent Development Bodies;
- Area Consultative Committees: these are Commonwealth funded bodies which do not provide direct industry assistance, but develop regional strategic growth plans, identify Commonwealth programs to support the strategic plans, and advise the Commonwealth on local needs.

The Committee then posed the question of whether there are too many regional development groups, leading to issues of coordination, duplication and excessive bureaucracy. The Committee heard a wide range of views on these issues, and eventually concluded that planning and coordination can and should be done by local councils in collaboration with State Government agencies. On this basis, the Committee recommended that the Regional Development Boards should be disbanded, and that the funding should instead be applied to training and other methods of improving the leadership and development capabilities of councils and regional organisations of councils.²⁷ The Government has not implemented these recommendations.

However, it is apparent that the NSW Premier's Department is taking an increasingly active role in the coordination of regional development. For example, the Department's Regional Coordination Program began in 1995 as a two year program to pilot the development of a coordinated government response to key issues affecting communities in the State. Following evaluation, it was then extended throughout regional NSW, including Western Sydney in 1998. The Program's objectives are to:

- Provide better outcomes for users of government services;
- Develop and support a whole of government culture in state government agencies in regions;
- More effectively use government resources through better coordination and the reduction of overlap and duplication.²⁸

In each region a Regional Coordinator works with a Regional Coordination Management Group of senior managers of State Government agencies. The Groups oversight the development and implementation of regional strategic projects. The program is jointly funded by 20 participating agencies and is managed by the Premier's Department.

6.1 A Focus on Four Metropolitan Regions

More recently, the NSW Government has focussed its energies on four urban regions in the greater metropolitan Sydney area. These are the: Hunter; Central Coast; Illawarra; and Western Sydney regions. This section compares the characteristics of these regions with each other and with Sydney itself, and then continues with Government initiatives for each

²⁷ NSW Parliament, Public Accounts Committee, *Industry Assistance*, Report No 130, June 2001, Recommendation 15, at 61.

²⁸ See: http://showcase.cadre.com.au/teamwest/html/body_western_sydney_coordinator.html

of these regions. The following descriptions of the relevant regions are adapted from the work of National Economics:

- Global Sydney – comprises the CBD, the inner north shore, the eastern suburbs, inner southern suburbs, and is Australia’s provider of central city services ‘par excellence’;
- Sydney Mid West – a large region stretching west from Marrickville, including several important urban centres – Bankstown, Parramatta, Liverpool and Blacktown. The region includes a number of important manufacturing areas, as well as generating considerable commuter traffic to Global Sydney;
- Sydney Outer South West – is centred on Campbelltown / Macarthur, and began its suburban life as a planned and balanced development of housing and manufacturing, it is now also a commuter and hobby farm area;
- Sydney Outer West – is centred on Penrith and has two sub regions. One subregion is the strip of settlement across the Blue Mountains, which has more a resort character and a tradition of long distance commuting. The other sub region comprises the western part of the Cumberland Plain. It includes new manufacturing areas, and its educational infrastructure is integrated into the local economy. There are extensive new housing estates, whose residents are employed locally or in Mid West Sydney, with a few commuting as far as Global Sydney.
- NSW Hunter – centred on the City of Newcastle, for two centuries the region has best been known for coal mining, and this continues as a vigorous export trade through the Port of Newcastle. The closure of the steelworks has meant that the region’s identity as a centre of manufacturing is less secure. Major centres are Newcastle, Maitland and Singleton.
- NSW Illawarra – over the last century, the Illawarra has developed as a coal based manufacturing area. Coal is still mined, though the coal deposits are a long way back from the mine adits, and whilst there is still a manufacturing industry, it no longer employs as many people. There is an important bulk port, but its trade is hampered by the lack of a natural corridor inland. Commuter traffic to Sydney has developed. The major centres are Wollongong and Nowra.²⁹

Selected characteristics of the regions are outlined below, as adapted from a report prepared by National Economics for the Australian Local Government Association.

Figure 1 shows the structural unemployment for the six regions. Structural barriers that were identified by National Economics included: disability; single parenthood; migrant unemployment; mature aged unemployment and long term unemployment. Figure 1 shows that the Hunter has the highest rate of structural unemployment as a percentage of the population, followed by the Illawarra region. Rates for Western Sydney range from 8.5 to 11.6 percent, with Global Sydney the lowest at 5.6 percent.³⁰

²⁹ National Economics, *State of the Regions Report 2002, A Report Prepared for the Australian Local Government Association, 2002*, at Appendix 5.

³⁰ National Economics, *State of the Regions Report 2002, A Report Prepared for the Australian Local Government Association, 2002*, at Appendix 5.



Figure 2 shows the percentage growth of unemployment between 1998 and 2002 for the six regions. Only the Hunter and Illawarra showed unemployment growth during this time, with unemployment slightly decreasing in Western Sydney, and massively decreasing by 11.6 percent in Global Sydney.

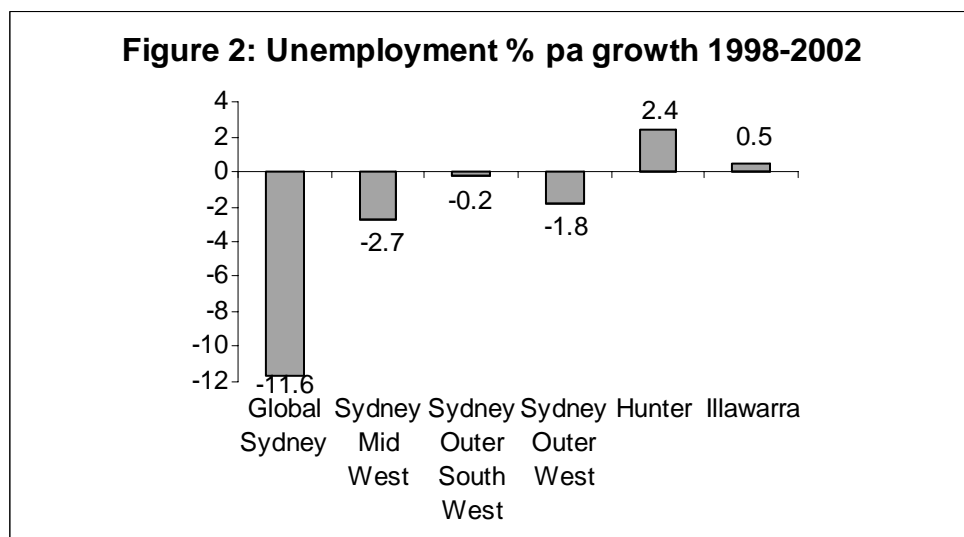


Figure 3 graphs the percentage growth of net flow of funds between 1998 and 2002. 'Net flow of funds' includes: wages/salaries; taxes and GST paid; benefits; business income; interest/dividends; interest; and net property income. Global Sydney clearly had the highest growth in net flow of funds at 8.8 percent growth, with the Hunter the lowest at only 1.0 percent. Interestingly, the Illawarra was the second region after Global Sydney with growth of funds of 4.0 percent. The data shows that the Illawarra experienced strong wages/salaries growth of 5.6 percent between 1998 and 2002, and business income growth of 6.3 percent in the same period. This compares to the Hunter, which had wages/salaries growth of only 2.0 percent, and business income growth half that of the Illawarra, at 3.0 percent.

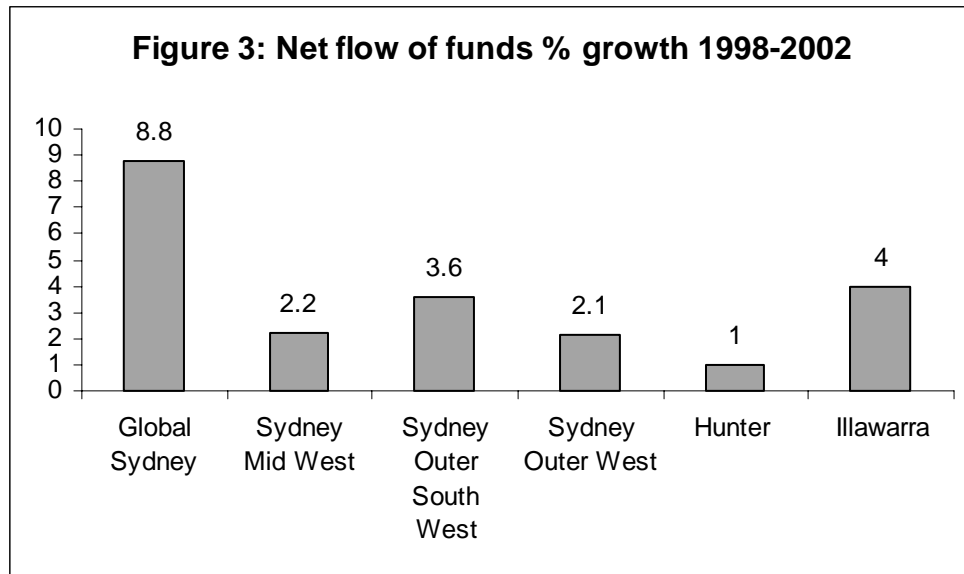


Figure 4 shows the percentage of families in the region which are dependent on social security. Western Sydney in general has the highest rates of dependency, with nearly 20 percent of households in Outer South West Sydney dependent on social security.

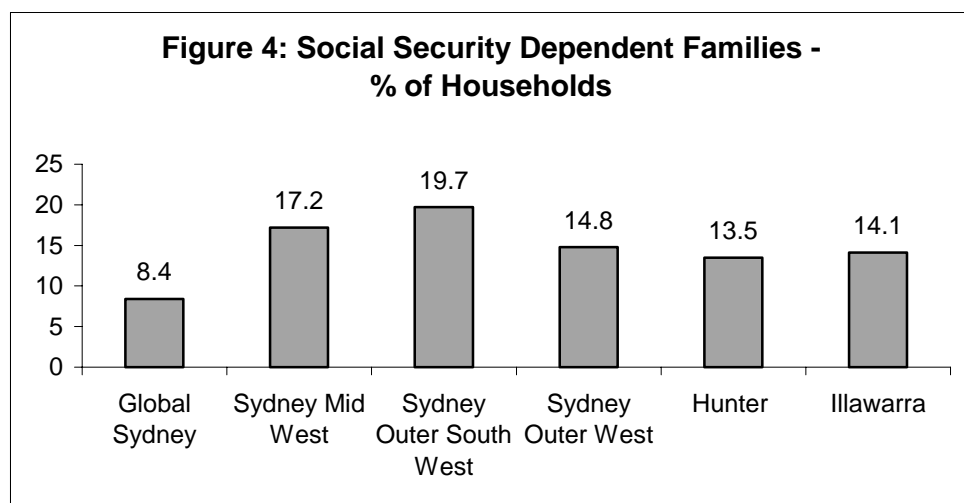
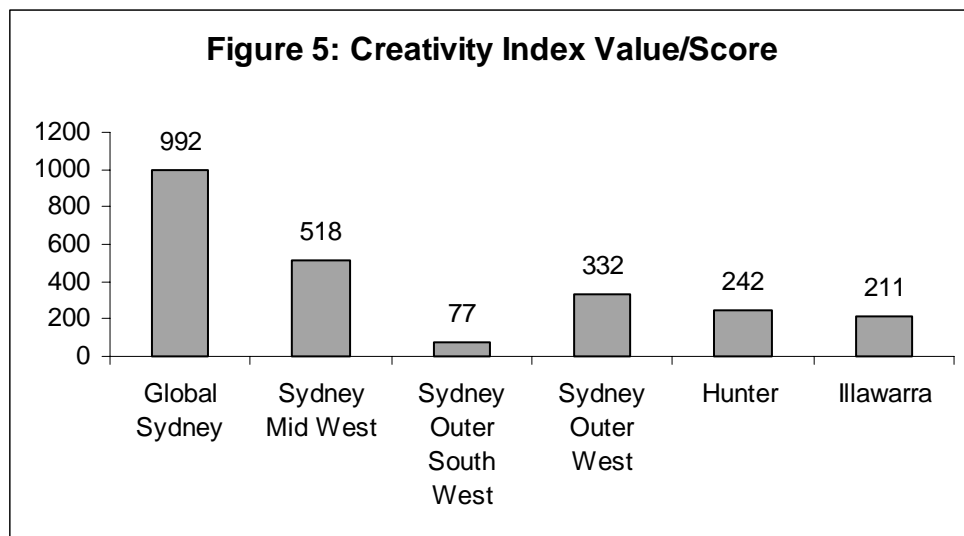


Figure 5 shows the 'creativity index'. The index was developed by American researcher Richard Florida, and is based on the 'creative capital theory'. This theory postulates that economic growth is determined by the locational choices of the holders of creative capital. Florida has developed a suite of indicators which benchmark regions against each other in order to identify areas with a high 'creative class' component in their regional demography. The 'creative class' includes: designers; engineers; health care professionals – essentially anyone who uses creativity as a key factor in their work. National Economics adopted Florida's techniques to derive the same set of indicators for Australian regions.

The creativity index is a measure of a region's underlying creative capabilities, and Florida uses it as a proxy to measure a regional economies long run economic potential. It

incorporates measures of an area's underlying diversity, openness, and the ability to translate these advantages into creative outcomes. The higher the score in the creative index, the higher the 'creativity' potential of the region.



As figure 5 clearly shows, Global Sydney has the highest creativity index value, followed by pockets of Western Sydney. The Hunter and Illawarra regions are about equal.

6.2 NSW Government Regional Development Initiatives

Since the election of the Carr Labor Government in March 1995, various Ministerial roles have been allocated to represent one of the regions from the greater Sydney metropolitan area. The table below shows the appointments and time lines.

Minister / Parliamentary Secretary	Date Appointed	Region
Hon Richard Face MP	4 April 1995	Minister Assisting the Premier on Hunter Development.
Mr Col Markham MP	6 April 1995	Parliamentary Secretary assisting the Premier on matters concerning the Illawarra.
Hon Kim Yeadon MP	1 December 1997	Minister assisting the Premier on Western Sydney.
Hon Kim Yeadon MP	8 April 1999	Minister for Western Sydney.
Hon John Della Bosca MLC	31 March 2000	Minister assisting the Premier for the Central Coast.
Hon John Della Bosca MLC	2 April 2003	Minister for the Central Coast.

Hon Michael Costa MLC	2 April 2003	Minister for the Hunter.
Hon David Campbell MP	2 April 2003	Minister for the Illawarra.
Hon Diane Beamer MP	2 April 2003	Minister for Western Sydney.

The table shows that through the life of the Carr Government, there has been an increasing focus on the four urban regions. Initially, there was one Minister assisting the Premier on Hunter Development, and a Parliamentary Secretary for the Illawarra. This progressed to Ministers assisting the Premier for Western Sydney and the Central Coast, to today where there is a 'fully fledged' Minister for each of the regions.

In the lead up to the March 2003 election, the Government noted that if re-elected, it will:

- Relocate and create more public sector jobs in rural and regional NSW;
- Review participation structures to improve community input into decision making.

The Government noted that by the end of 2002, 1,942 jobs had been relocated to rural and regional NSW, and a further 2,760 positions had been created in rural and regional NSW. Of relevance to the regions discussed in this paper were the following positions:

- WorkCover and Long Service Payments Corporation to Gosford – nearly 560 jobs;
- Police Assistance Line to Tuggerah and Lithgow – about 240 jobs;
- Police Traffic Infringement Processing Bureau to Maitland – 150 jobs;
- Department of Local Government to Nowra – 60 jobs;
- Superannuation Administration Corporation to Wollongong – about 290 jobs;
- Relocate the Department of Mineral Resources to Maitland by the end of 2004 – 200 jobs.³¹

Specific details on how the Government has focussed its efforts on each of the regions follows.

6.3 Western Sydney

As part of its pre-election commitment, the Government pledged to:

- Maintain and enhance the position of Minister for Western Sydney;
- Establish the Office of Western Sydney as an independent agency, with its own legislation and charter;
- Establish a Western Sydney Ministerial Advisory Council, involving key business, community and local government stakeholders who will directly advise the Minister for Western Sydney and the Premier. The Council will meet annually with the Premier;

³¹ Australian Labor Party, New South Wales Branch, *Serving the public. Labor's policy on public administration.*

- Report annually to the people of Western Sydney on Government funding and local outcomes in the annual Western Sydney Budget Statement.³²

As noted, the first Minister assisting the Premier on Western Sydney was appointed in December 1997, with the position held by the Hon Kim Yeadon MP. In July 1998, the Premier opened the Office of Western Sydney, the first 'regional office' of its kind. The Office reported to the Minister assisting the Premier on Western Sydney. The establishment of the Office was designed to advance the interests of Western Sydney, and was to:

- Be the first point of contact between the State Government and the region;
- Provide strategic policy advice to the State Government on Western Sydney;
- Drive integrated regional and whole of government initiatives.³³

The Office of Western Sydney vision is for Western Sydney to be one of the top ten knowledge and innovation regions internationally by 2010, a leader in environmental sustainability and a prosperous and socially cohesive community. The Office is driving three key strategies to achieve this vision:

- Advancing Western Sydney as a Knowledge Region;
- Social Development Strategy;
- Western Sydney Environment Strategy.

The following are some of the initiatives that the Office has been involved in:

- Corporate Partners for Change: the program aims to unite industry, Government and the community to assist young people into employment and traineeships. The initiative identifies the links between training and jobs as the key to the future for young people.
- Western Sydney Budget Briefing: The Office of Western Sydney organised the first Western Sydney Budget Breakfast Briefing, held at Fairfield City Council on June 5, 1998. The event launched the first Western Sydney Budget Statement by the NSW Government. The Western Sydney Budget Statement details funding the State Government is delivering to Western Sydney.
- Regional Skills Development Committee: The Office has identified concerns about jobs and opportunities for young people as the most important single issue facing Western Sydney. A Regional Skills Development Committee was established to assess industry skills requirements and shortages and develop initiatives to address regional needs;
- Western Sydney Industry Awards: The Office of Western Sydney, in partnership with key industry and Government agencies, has established the annual Western

³² Australian Labor Party, New South Wales Branch, *Building a stronger community, Labor's plan for Western Sydney*.

³³ See: http://showcase.cadre.com.au/teamwest/html/body_office_western_sydney.html

Sydney Industry Awards (inaugural event took place 1999). These awards will recognise industry excellence and achievements in areas critical to the future growth and development of Western Sydney;

- Implementation of TeamWest Agenda: a priority of the Office of Western Sydney is working with TeamWest and State Government agencies to ensure the priorities in the TeamWest Greater Western Sydney Regional Agenda 1998 are addressed.³⁴
- The Western Sydney IT Cluster: is Australia's first and largest cluster of Information Technology Small and Medium Enterprises. The Cluster and its initiatives are in line with international best practice economic development models where cluster strategies form a central plank of economic and industry policies. The Cluster, in its 2nd year, has more than 200 active members including 170 Western Sydney IT companies and is generating new jobs and accelerating growth and investment in Western Sydney;
- BioWest - The Directory of the Biotechnology Industry: at the launch of BioWest in February 2002, the Minister for Western Sydney announced that the Office of Western Sydney would establish the Western Sydney Biotechnology Cluster. The Cluster, to be established in 2003, will accelerate the growth of the region's biotechnology industry by bringing together its biotechnology industry and research institutes to develop new business partnerships, technologies and jobs. The Cluster will also link to the IT Cluster and capitalise on the region's strengths in manufacturing and engineering, where there is already national capability in areas such as device design and prototyping.

The recurrent budget for the Office of Western Sydney in 2002-03 is \$3.364 million. An additional \$600,000 is expected to be generated in cash sponsorship for Office initiatives and a further \$1 million in-kind sponsorship for initiatives and client services in the same period. There are 30 staff in offices at Westmead, Campbelltown and the Sydney CBD.³⁵

From January 1998 to March 1999, the Office of Western Sydney was administratively located within the Ministry for Forests and Marine Administration. From April 1999 to March 2003, it formed part of the NSW Department of Information Technology and Management. However, in the Ministerial and administrative reshuffle following the 2003 re-election of the Carr Government, the Office of Western Sydney was moved to the Department of State and Regional Development. The Department is responsible to the Treasurer and to the Minister for Regional Development / Minister for Small Business.³⁶

³⁴ See: http://showcase.cadre.com.au/teamwest/html/body_office_western_sydney.html

³⁵ See the Office of Western Sydney website: <http://www.westernsydney.nsw.gov.au/home.html>

³⁶ Who the Office of Western Sydney reports to at present seems uncertain. The Government Gazette of 2 April 2003 states that the 'group of staff comprising the Office of Western Sydney' are added to the Department of State and Regional Development, and then states the Ministers who the Department is responsible to – as noted above. The Minister for Western Sydney is not included. However, the Office of Western Sydney website states that the Office reports to the Hon Diane Beamer MP, Minister for Western Sydney, and that it is located within the Department of State and Regional Development "pending consideration of the establishment of the OWS as an independent agency."

The Office of Western Sydney website states that it is a new model for government, and that it has: “generated strong regional ownership of its initiatives, and major support from industry, government and the community within and outside the region. This generates commitment to the OWS vision, programs and initiatives.” The Office identifies that its success is built on several key factors:

- It is seen by business and the community to be entrepreneurial, innovative, a catalyst for change and delivering real results for Western Sydney;
- It builds strategic partnerships and support at a local, regional, state, national and international level with industry, industry associations, unions, Western Sydney Councils, State and Commonwealth Government, universities and research centres and the community. It does this by engaging partners at every step of the way in the development and delivery of its programs;
- It continuously introduces new programs that are highly innovative, meet expectations, have the backing of industry and the community and, gets them operating fast, with strong regional input;
- Its ability to mobilise resources: drawing in the "knowledge" resources (ideas, people) of thousands of Western Sydney stakeholders and other key people outside the region in contributing their ideas, sharing their knowledge and shaping programs for the benefit of Western Sydney; direct funding of programs and client services through cash and in-kind sponsorship to broaden public and private sector ownership of programs;
- It brings global perspectives, so that the region leverages international models, networks and knowledge;
- It delivers fast, without ‘red tape’.³⁷

The Greater Western Sydney Economic Development Board

The Greater Western Sydney Economic Development Board is supported by the NSW Department of State and Regional Development, and is comprised of ten voluntary representatives of the business and community of the Greater West. The two principle roles of the Board are to: advise government agencies on issues relating to employment growth and economic development within Greater Western Sydney; and to project manage activities capable of delivering Board objectives through regional partnerships. This project management capacity includes the co-ordination, facilitation or support of a range of activities in areas designated as furthering employment and strategic development from either a 'whole of region' or sub-regional approach.

The members of the Greater Western Sydney Economic Development Board are responsible for the management of these projects and the recruitment of other regional stakeholders to support the activities where required.

³⁷ See the Office of Western Sydney website: <http://www.westernsydney.nsw.gov.au/home.html>

Western Sydney Regional Organisation of Councils

The Western Sydney Regional Organisation of Councils was formed in November 1973, and became a company limited by guarantee in 1991. All member councils make an equal annual contribution to the operating costs of WSROC and have equal voting rights. The member councils are:

- Auburn Council;
- Bankstown City Council;
- Baulkham Hills Shire Council;
- Blacktown City Council;
- Blue Mountains City Council;
- Fairfield City Council;
- Hawkesbury City Council;
- Holroyd City Council;
- Liverpool City Council;
- Parramatta City Council;
- Penrith City Council;

The mission of WSROC is: “to secure - through research, lobbying and the fostering of cooperation between councils - a sustainable lifestyle for the people of Western Sydney and the provision of infrastructure such that no one should have to leave the region to have access to the sorts of amenities, services and opportunities others in urban Australia take for granted.”³⁸

The objectives of WSROC's as set out in its Constitution, are:

- To consider the needs of the local government areas and of the people of the Western Region of Sydney and to make known those needs to the Commonwealth and New South Wales Governments and the wider community;
- To submit to the Commonwealth and New South Wales Governments requests for financial assistance, policy changes and additional resources for the Western Region of Sydney and Members;
- To strengthen the role of local government in regional affairs, particularly where the Western Region of Sydney may be affected by Commonwealth or New South Wales Government policy;
- To foster cooperation between Members in addressing problems and projects of joint interest;
- To advance the interests of the Western Region of Sydney;
- To assist Members to carry out their duties, functions and powers under the *Local Government Act*, and any other statute making provision for duties, functions or powers of the Members.³⁹

³⁸ See the Western Sydney Regional Organisation of Councils web site: <http://www.wsroc.com.au/aboutWSROC.asp>

³⁹ See the Western Sydney Regional Organisation of Councils web site: <http://www.wsroc.com.au/aboutWSROC.asp>

One of the major programs that WSROC has developed is TeamWest. TeamWest is a model that seeks to link planning, policy and performance within the region. The first stage of TeamWest was an audit which found that there were over 80 different organizations which had a major focus at the regional level in Greater Western Sydney, and over 20 major regional strategies. Alex Gooding, Executive Director of WSROC, notes that not only was lack of resourcing a problem for Western Sydney, but the region was also suffering the effects of too much duplication and fragmentation of service delivery. Gooding suggests that one cause of this was the rejection of the concept of regional government in the 1970s.⁴⁰

Once the audit was completed, a regional model was created which incorporated four elements:

- Easier access to better research and information about the state of the region and the social, economic and environmental changes to which it has to respond;
- A clearer, more practical definition of an agenda of priorities and goals shared widely across the region;
- Improved delivery of services, including the provision of social and physical infrastructure, adopting increasingly a place management approach;
- More demanding monitoring and evaluation of the match between what happens on the ground and the plans and priorities that are important to the region.

TeamWest was not developed as a new organization or bureaucracy, but is more focused on facilitation than control – individual organizations still have control over their plans and budgets. The model involved the establishment of a Greater Western Sydney Regional Priorities Group of leaders from within key regional organizations in local government, business and the community sector. A Regional Agenda was developed, which sought to improve the way in which the region sets priorities and goals that reflects the needs of the region, and then advocated those priorities with the State Government and organizations with interests in the region.

6.4 The Hunter Region

As noted, the Hunter region was the first to have its own Ministerial representation in the Carr Government. However, there is no equivalent to the Office of Western Sydney for the Hunter, and one of the main ‘growth drivers’ in the Hunter is the establishment of the Hunter Advantage Fund. With the announcement of the closure of the BHP steelworks in 1997, the State Government established the Fund with a contribution of \$10 million. Both the Commonwealth Government and BHP contributed to the fund, \$10 million and \$5 million respectively. The \$25 million fund is used to attract new industries to the region, and is administered by the NSW Department of State and Regional Development.

⁴⁰ Gooding, A. “Greater Western Sydney and the TeamWest Regional Coordination Project.” In Woodhill, J. (Eds) *Sustainable Regional Development, Final Report. An Australia-wide study of regionalism highlighting efforts to improve the community, economy and environment.* Greening Australia, February 1999, at 259.

Assistance is assessed on a case by case basis and is tied to employment and investment outcomes. During the 2001-2002 financial year nine projects were facilitated, representing a combined investment of \$100 million and the creation of some 270 jobs over the life of the projects.⁴¹

The Hunter Economic Development Corporation, funded by the Department of State and Regional Development, has as its major task to promote economic development in the Hunter by:

- Facilitating the creation of sustainable jobs;
- Attracting investment;
- Providing advice to government about the region's economic development issues;
- Demonstrating leadership and partnership to regional stakeholders.

The Corporation is led by a Board of 12 regional and business leaders. At the core of its activities, the HEDC aims to:

- Grow and upskill the manufacturing and agri-business sectors that have traditionally driven the Hunter economy;
- Encourage the development of knowledge-based and service industries to ensure the Hunter can compete in a global market;
- Promote the Hunter.

The Corporation coordinated the development of the Hunter Advantage Economic Development Strategy, and notes that it has been developed and widely accepted as the blueprint for the region's economic development plan. The Hunter's economy continues to undergo significant change with restructuring in manufacturing and mining and diversification towards knowledge, technology and service-based industries. The strategy was developed by a team comprised of the Hunter's regional development organisations (both public and private sector) and is being implemented by organisations and individuals across the region.

The Strategy aims to strengthen the diversity of the Hunter economy by building on its strengths, or competitive advantages, and creating a visionary, innovative culture in all its industries. It does this by,

- Fostering a collaborative approach to industry development featuring wide ranging partnerships and networks;
- Strengthening the social fabric of the region;
- Recognising the interdependence of the economic, social, and environmental elements of our communities;
- Preserving the natural and built heritage;
- Facilitating the emergence of local leaders and entrepreneurs who will drive and co-ordinate the region's transition to a successful global community.⁴²

⁴¹ NSW Department of State and Regional Development, *Annual Report 2001-2002*, at 34.

⁴² Hunter Economic Development Corporation, *Hunter Economic Strategy*. See the Hunter Economic Development Corporation website: <http://www.hedc.nsw.gov.au/>

Dr Allan Pattison, Chairman of the Hunter Economic Development Corporation, recently noted the strengths of the Hunter economy as:

- The new economy is grounded in the Hunter's heritage - coal mining and manufacturing remain the region's economic backbone and provide substantial employment. The smart and smaller companies operate in support of these sectors and are enjoying a period of unprecedented activity that will develop countless opportunities in coming decades;
- The Port of Newcastle is a major facility in the export of bulk commodities and is clearly the largest coal export port in the world. It is also a natural conduit for agricultural product exported from western NSW and southern Queensland. With a Multi-Purpose Container Terminal proposed, the region is ideally placed to handle much of the expected increase in NSW's sea trade growth;
- The Hunter Employment Zone – a new 900-hectare industrial precinct near Cessnock offers investors the largest industrial site in Australia, and is already of interest to new economy large-scale export industries.
- One of our newest and fastest growing industries is call centres. With some justification, the Hunter can be proud of its success in attracting and expanding employment in this important telecommunications industry. There are currently some 2,750 people employed locally in centres ranging from Government services through to enterprising business services. This indicates a 100 percent increase in call centre jobs in the past two years - that's flexible jobs for men and women; young and old.
- The Upper Hunter is experiencing a boom period, with more than \$2.5 billion investment started or planned, with mine expansion, strong retail investment and thoroughbred horses.
- The Hunter is emerging as a world leader in quality wine production and horse breeding. The marrying of tourism and agriculture has resulted in the development of wine trails and farm trails in the Hunter. The region is taking a fresh look at opportunities such as dairy products, game birds, beef, and mushrooms;
- There are major steel manufacturing, energy research and Information & Communication Technology projects proposed. The steel industry of the future rests on the success of proponents such as Protech Steel, Austeel and Hunter Specialty Steel. These projects are proceeding as planned. Protech Steel is likely to be the first one to commence production here in the Hunter.

Dr Pattison concluded:

In spite of our success in establishing the base for a dynamic new age economy, we need to continually seek to improve our economic performance by focussing on:

- World competitive exports;
- Knowledge-based industries which draw on skills in education, health, science and engineering;
- Research and Development, and the partnership between our strong industries and our university;
- Providing skills development programs which meet the needs of our industries

and people.⁴³

6.5 The Illawarra Region

The Illawarra region gained its first Ministerial representation in April this year, fulfilling a pre-election commitment by the ALP Government. The Government stated that this Ministerial placement will give the Illawarra an even stronger voice in Government and provide a greater focus on the needs and aspirations of the area.⁴⁴

In recognition of the success of the Hunter Advantage Fund, in July 1999 the State Government established the \$10 million Illawarra Advantage Fund. Assisted projects from the Fund include an international call centre, a coated pipes factory, and a steel pipe mill. During 2001-2002 the Fund facilitated ten projects to help either locate or expand businesses in the Illawarra region. This represented investment of \$24 million and is expected to generate 300 jobs over the life of the projects.⁴⁵ The Fund is administered by the NSW Department of State and Regional Development. As noted, the Government has also recently located the Superannuation Administration Corporation to Wollongong and the Department of Local Government to Nowra.

The Illawarra Regional Development Board aims to assist business and employment growth in the region by:

- Advising the New South Wales Government of key issues affecting the Illawarra Region;
- Delivering effective information and support services on the Illawarra Region;
- Facilitating and implementing regional strategies and fostering new investment and employment opportunities;
- Networking with government and non-government agencies impacting on business;
- Devising and implementing new and innovative policies/programs to promote business investment;
- Attracting international inbound investment;
- Growing existing businesses.⁴⁶

A strong focus of the region is the linkage between industry and the University of Wollongong.

⁴³ Dr Allan Pattison, Chair, Hunter Economic Development Corporation, *Hunter - New Economy*, 12 November 2002. See the Hunter Economic Development Corporation website: <http://www.hedc.nsw.gov.au/>

⁴⁴ NSW Australian Labor Party, *Labor's plan for Illawarra and the South Coast*.

⁴⁵ NSW Department of State and Regional Development, *Annual Report 2001-2002*, at 34.

⁴⁶ Illawarra Regional Investment Board, see <http://www.illawarrainvest.com/Illawarra.html>

6.6 The Central Coast

The most important recent initiative for the Central Coast region has been the development of the strategic action plan – *Shaping the Central Coast – Draft Action Plan Version 2*. The State Government department Planning NSW and the two local councils, Gosford City and Wyong Shire, after considerable community and stakeholder consultation, developed and released the draft plan in November 2002. The Action Plan developed out of the regional planning strategy document *Shaping the Central Coast*, which proposed a model for regional management and co-ordination, implementation and review. The desired outcomes of the plan promote:

- Diversity of employment and business opportunities;
- Educated community and skilled workforce;
- Access and efficient transport systems;
- Protection of the region's natural environment;
- Appropriate infrastructure and the sustainable use of resources;
- Connected, safe and valued communities;
- Healthy communities;
- Regional identity and a diversity of recreational and cultural opportunities;
- Smart growth settlement patterns and housing choice;
- Integrated regional governance.⁴⁷

The Action Plan states that it is underpinned by a philosophy of consensus and cooperation, and proposes the following supporting actions:

- Prepare and sign a Memorandum of Understanding between the primary partners emphasising the commitment to the vision, outcomes, principles and actions in the Action Plan;
- Establish a leadership group to be accountable for the implementation of the Action Plan and to ensure there is integrated decision making across the region;
- Coordinate the activities of all regional leadership groups to ensure they align their activities to the Action Plan, including the:
 1. Central Coast Advisory Group;
 2. Central Coast Economic Development Organisation;
 3. Central Coast Transport Task Force;
 4. Central Coast Catchment Management Board;
 5. Central Coast Planning Advisory Group;
 6. Central Coast Regional Organisation of Councils.
- Progress a set of Regional Indicators of Sustainability that will establish benchmarks and appropriate targets to measure progress to the desired outcomes;
- Prepare an annual Budget Statement to provide a comprehensive picture of key government programs on the Central Coast;

⁴⁷ Shaping the Central Coast – Draft Action Plan Version 2 – A Work in Progress. November 2002.

- Prepare an overarching Social Development Strategy for regional stakeholders.⁴⁸

In another indication of co-operative action on the Central Coast, in August 2002 the State sponsored Central Coast Regional Development Corporation amalgamated with the local government sponsored Economic Development Board to become what is now called the Central Coast Economic Development Organisation (CCEDO). The Organisation's aim, under the Chairmanship of former Sydney Olympics Chief Sandy Hollway, is to drive sustainable job growth by promoting the Central Coast as an economic hub for business expansion and relocation and to work with the community to achieve results. The CCEDO has a core responsibility to strategically drive the business growth of the Central Coast by marketing the region.

7.0 CONCLUSIONS

The contribution of regions to the success of the national economy is now accepted. What is less clear is the best method to coordinate and 'kick start' regional development. In NSW, with a focus on four urban regions, a variety of techniques have been utilised to coordinate both government and community participation in regional development. For example, in the Central Coast, it is proposed that a new leadership group be formed. In Western Sydney, the Office of Western Sydney has a strong coordinating role. In the Hunter and Illawarra areas, specialised funds have been allocated to attract new industries.

However, whatever the mode of coordination and funding, it is evident that ultimately regional development and leadership comes from within the region. Solutions and funding allocated from centralised bureaucracies without community involvement will not produce long term sustainable regions.

⁴⁸ Shaping the Central Coast – Draft Action Plan Version 2 – A Work in Progress. November 2002.