Building Sustainable Communities: Co-operative Solutions to Rural Renewal

Dr Jo Barraket
Australian Centre for Co-operative Research and Development

For
The NSW Fair Trading Advisory Council

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Executive Summary

In an environment of globalised economic arrangements and the rationalisation of public service delivery, many rural communities in NSW face significant economic, social and environmental challenges. Yet these economic shifts have also placed new value on particular non-tangible assets, such as know-how and networks, that communities can harness and develop. The NSW Government has committed itself to helping rural communities meet contemporary challenges, and maximise new opportunities. The Government has identified the need to partner with rural communities to develop integrated approaches to meeting economic, social and environmental objectives.

This report was commissioned by the NSW Fair Trading Advisory Council to consider successful examples of co-operative approaches to achieving rural renewal, and identify conditions under which co-operative solutions are most likely to be effective. The report draws on a range of literature on local economic development, community renewal, and formalised co-operation, as well as current government programmes, in order to recommend to the Department of Fair Trading a set of strategies which will facilitate appropriate co-operative responses to rural community needs in this state.

In keeping with current thinking on effective local development, this report takes as its focus the development of sustainable rural communities, where the definition of sustainability includes a vibrant local economy, strong stocks of social capital, and a healthy natural environment. This recognises that economic, social and environmental factors do not operate in isolation, but are interdependent features of an overall development process. In brief, a strong local economy both supports, and is supported by, vibrant community life and environs.

The processes for achieving sustainability in rural communities will differ according to local needs and advantages. However, some central shared objectives include employment generation and retention; establishment of new local industry and markets; development of strong local business networks; and building social capital. Co-operative approaches – which may be defined as formally organised collective enterprises characterised by community ownership and democratic participation – can and have
played a significant role in achieving sustainability objectives, both in Australia and overseas.

**Rural Community Sustainability in NSW**

Over the past two decades, rapid advancements in communications and information technology, restructuring of global commodities markets and a greater emphasis on information as a new commodity has created a shift away from reliance on traditional primary industry towards a knowledge-based model of industrial organisation. In brief, this model may be described as emphasising the value of strategic networking, specialist knowledge, intellectual property, branding and other intangible assets as the basis for competitive advantage.

It is within this context that rural communities in NSW are striving to achieve sustainability. The structural changes to primary industries, which have traditionally provided the basis for economic and community well-being in rural NSW, have reduced employment opportunities and profitability, thus posing a significant challenge. The contraction of some services to regional centres has also affected the availability of employment and reduced community access to essential services. At the same time, however, advances of the knowledge economy open up new possibilities for rural communities to utilise their own know-how, networks, and skills base to reinvigorate their local economies and social infrastructure. Evidence from the literature suggests that communities that are meeting sustainability objectives are those that are maximising the opportunities of the knowledge economy - through the development, diversification, and reorganisation of local industrial activity - and simultaneously addressing local social needs, with due regard for the local environment.

Rural communities may be viewed as being at three stages on the spectrum of sustainability: vulnerable to crisis; in transition from vulnerability to sustainability; and practising sustainability.

A range of case study literature suggests that rural communities that are vulnerable to economic and/or social crisis are likely to display all or some of a specific set of characteristics. These include a small population with limited demographic diversity,
dependence on one or two major industries or employers, and poor social capital. A full list of these characteristics and associated indicators is presented in Table One in Appendix A. The literature reviewed in this report suggests that the existence of strong social capital is an important ‘trigger’ for communities that are demographically vulnerable to make the transition from vulnerability to sustainability.

Sustainable communities are characterised by a range of demographic and economic features, qualitative community characteristics, and institutional conditions in complex interaction with each other. Demographic and economic features include a diverse economic base and high levels of local ownership of business, sufficient size and diversity of the local population, and a capacity to mobilise finance from a range of sources. Important community characteristics include a capacity to co-operate, a critical mass of co-operating organisations, and strong stocks of social capital. Necessary institutional conditions include political and bureaucratic support for community endeavours and an open and responsive local political system. A full list of the features of a sustainable community are presented in Table Two, Appendix A.

As noted above, a capacity to co-operate and a critical mass of co-operating organisations are important characteristics of sustainable communities. While current NSW Government programmes recognise the importance of these features, the way in which they can be developed has not been systematically addressed.

**Achieving Sustainability: The Role of Co-operative Solutions**

We define co-operative solutions as a range of organised economic and social activities, which are:

1. Community initiated and community/member owned;
2. Self-help oriented;
3. Democratically run (either through direct participation or representative decision making); and
4. Focused on responding to local economic, social, or environmental needs.
Co-operative solutions are not limited to organisations incorporated as co-operatives. However, co-operatives may play a significant role in the delivery of co-operative solutions.

This report identifies a range of contexts in which co-operative solutions have led, or contributed significantly to, successful rural community efforts to meet sustainability objectives. These objectives include the expansion – both in numbers and type – of employment and educational opportunities, the development of innovative enterprise and industrial activity, the retention of essential services, and the development of strong social infrastructure.

Co-operative approaches to meeting sustainability objectives have encompassed a range of activities, including:

- Local economic and industrial diversification, through value adding and the development of niche market opportunities;
- Innovative micro-enterprise activity which utilises technical and knowledge networks and exploits small firm advantages to maximise efficiency and returns;
- The development, and/or harnessing of community assets bases in order to support further local economic and social development;
- Building strong social capital which improves the social cohesion necessary to support a strong local economy and vibrant community life; and
- Initiation of activities which simultaneously preserve local natural environments and stimulate economic activity.

Co-operative solutions contribute a number of specific advantages to the sustainable community development process. In particular:

- The international principles of co-operation support sustainability and a knowledge based approach to economic and social development;
- They are cost effective and efficient – they reduce the transaction costs of community action, reduce the costs of social problems by building social capital, and have a capacity to be economically self-sustaining;
They prevent leakage of resources from local economies and reinvest in local communities;

They provide effective vehicles for mobilising finance from a range of sources to support enterprise and industry development, employment generation and service retention;

They provide effective organisational frameworks for ongoing community capacity building; and

Collective ownership reduces the possibilities of speculation and consequent disinvestment from local industry.

A brief review of two overseas developmental programmes consistent with the co-operative solutions approach suggests that such an approach can cost effectively deliver tangible outcomes, including significant employment generation, local industry development and diversification, and improved socio-economic status for local residents.

**Conditions for Success of Co-operative Solutions**

There are a number of institutional and local conditions which are required to ensure that co-operative solutions can be successfully implemented in rural communities. These include:

- Favourable industry/regulatory conditions;
- Community support for co-operative solutions;
- Community commitment to self-help;
- Time available for planning and co-operative development;
- An identifiable core of people to sustain the formation/development process;
- Previous experience of co-operation within the community;
- Capacity to fund feasibility studies or equivalent business intelligence;
- Access to technical support which understands co-operative principles;
- Access to finance for new ventures and activities;
- Management of community expectations of what co-operative solutions can deliver; and
• Political and bureaucratic support.

**Implications for NSW**

The importance of co-operative solutions in achieving sustainability objectives has not received significant attention in the NSW Government’s current rural regeneration strategies. Greater attention to this issue, in general terms, has the potential to enhance the capacity of current approaches to achieve deliverable outcomes. The Department of Fair Trading has both experience in, and carriage for, the development and regulation of co-operatives and associations, which provide two important organisational frameworks for implementing co-operative solutions. As such, the Department is ideally placed to play a leadership role in this process.

More specifically, there are two particular areas in which a Department of Fair Trading led co-operative solutions approach has an important role to play in responding to current gaps in rural renewal programmes in this state. The first of these is the promotion and development of locally based and owned organisations – including business enterprise centres, collectively organised micro-enterprises, service providers, and associations – and the networks between them, as vehicles for achieving sustainable community objectives. The second is the investigation and implementation of regionally based models to mobilise finance in support of economic and social developmental activities in NSW’s rural communities.
Chapter One - Introduction

1.0 Project Objectives

This report was commissioned by the NSW Fair Trading Advisory Council to consider successful examples of co-operative approaches to achieving rural renewal, and identify conditions under which co-operative solutions are most likely (and least likely) to be effective. The primary objective of the study was to recommend to the Department of Fair Trading a set of strategies which will facilitate appropriate co-operative responses to rural community needs in this state.

This study has been undertaken by the Australian Centre for Co-operative Research and Development (ACCORD). ACCORD is a joint initiative of the NSW Registry of Co-operatives, University of Technology, Sydney and Charles Sturt University. ACCORD is Australia’s research and strategic development organisation serving co-operatives, mutuals and the wider social economy.

1.1 Background

Rural and regional Australia has historically, and continues, to make a significant contribution to our nation’s development. The economic, social and environmental wellbeing of our rural and regional communities is important, both in terms of social justice and equity, and in securing national advancements both domestically and in the global environment.

Over the past twenty years, Australia, along with other western nations, has experienced substantial changes to its economic and political operating environments. Changes in technology have opened the way for increasingly globalised markets, which demand new economic and industrial responses, and which place increasing value on information and knowledge as a new commodity. This has been coupled since the early 1990s with a shift in Australian policy orientation to embrace neo-liberalist values of free market trade and the role of competition in delivering economic and social outcomes. Finally, increasing recognition of the damage which industrialisation has inflicted upon our natural environment
has led to greater demands for ecologically sustainable growing, production, and manufacturing processes.

In this context, many rural communities in New South Wales, as in other states, are being required to make fundamental changes to their social, economic, and environmental orientation, as once dominant industries are radically restructured or disappear altogether, and new market opportunities arise. Many of these communities are facing significant population decline, as young people leave to seek opportunities in urban and regional centres, and new citizens are not attracted to the area. Population decline, coupled with revised approaches to the delivery of essential services by government, private and community sectors, is leading in many cases to the withdrawal or contraction of services.

The experience of rural decline is by no means universal, with some communities demonstrating significant resilience and innovation in the face of dramatic change. In particular, a number of communities are engaging in value adding and exploitation of niche markets to create new employment and income opportunities. In recent years, however, we have witnessed a growing sense of alienation and anger from many rural and regional areas based on a belief that government and the broader society are not recognising or rewarding their contributions to Australia’s growth and development. The electoral consequences of this anger, combined with the very real need to address the problems faced by rural communities, has led to a resurgence of political interest in rural and regional development at both federal and state levels.

It is within this context that the current study is positioned.

1.2 Methodology

This report is based on an extensive review of academic, policy and practitioner literature and web based information in a number of specific areas. These are:

- Recent trends in Australian rural development or decline;
- Recent policy responses and current policy objectives in relation to rural NSW;
- Local and regional economic development approaches – theory and practice;
• Community based development approaches – theory and practice;
• Conditions for effective rural renewal; and
• Roles of co-operatives and community based initiatives in rural renewal.

The research focused on Australian, North American and British experiences, with some attention paid to the role of development approaches in Europe. The international literature was selected on the basis of the maturity and success of sustainable community development initiatives in these countries, the role of co-operative solutions in such initiatives, and/or the parallels with Australian regional policy development.

In addition to the literature review and analysis, the consideration of co-operative solutions and the barriers and opportunities to such solutions in the NSW context draws on recent empirical research conducted by ACCORD, supplemented by semi-structured phone interviews with an additional six key informants. Additional informants were selected on the basis of their principal role in the development or continued management of the particular initiatives described, their recent research activity with regard to co-operative solutions, or their knowledge of state based co-operative sectors. Information was sought from these informants due to the relative lack of publicly available information on current co-operative experiences.

1.3 Government Priorities

The role of government in regional economic development and the delivery of services has shifted dramatically over the past decade. Increasingly globalised economic and cultural arrangements have reduced the control that governments in all nations have over delivering economic and social outcomes to citizens. It is within this context that 'community' has become the locus for attention in developing a just and sustainable society, as government and citizens alike have become increasingly aware of the need for local level control of economic, social and environmental solutions.

The interdependence of economic, social and environmental factors in determining community strength has also gained increasing attention in the past three decades. The need to ensure sustainable employment opportunities and stimulate regional economies has been a
policy imperative in this country since the 1970s. Social service reform during this period, which was accompanied and influenced by the rise of new social movements – particularly second wave feminism – also saw new attention being paid to the role of ‘community’ as a site of empowerment, and as a means of extending the functions of the welfare state. The focus on natural resource exploitation and population growth which dominated Australian development following World War II came under challenge with the rise of environmental concerns, here and overseas, during the late 1960’s (Frawley, 1994: 71). These concerns gained increasing legitimacy over the following decades, with governments and communities recognising the negative physical and economic effects of development led environmental degradation. Further, citizen demands and the increasing pressure on government to do more with less has provided the impetus for governments at Commonwealth and state levels to give credence to integrated, whole of government approaches to development and social support. The response of government to rural community issues will be discussed in detail in Chapter Three.

1.4 Use of Terminology

In discussing community sustainability and co-operative solutions, it is important to first define our use of key terms:

**Community sustainability** – in the context of rural communities, refers to a vibrant local economy, strong stocks of social capital, and a healthy natural environment. The word ‘sustainable’ has been selected for two reasons. First, it captures two important features of the rural community renewal process. The term ‘sustainable development’ gained ascendancy with the recognition of intergenerational equity concerns in relation to natural resources in the 1987 report of the World Commission on Environment and Development (Black and Hughes, 2001: 12). However, more recently, ‘sustainability’ has been reconceptualised to presume an integration of economic, social and environmental factors (see Hart, 2000). Further, the original issue of intergenerational equity has remained a central focus of sustainability literature. That is, for a community to be sustainable, it must serve the needs of its current population with due regard for the rights of future generations. In this sense, a sustainable community is future oriented, rather than simply reactive. In order to embed sustainable practices, such communities also take a reflexive approach to planning and
development. That is, sustainable community development is not a fixed linear process, but a dynamic one which involves reflection and adaptation in order to anticipate changing objectives and emergent challenges. As such, sustainable communities may be described as ‘learning’ communities.

Second, this is the language currently being used by the NSW Premier’s Department to define their efforts in rural renewal. The use of this term is thus in keeping with existing discourse within state government circles.

**Sustainable community development** - synthesises the key principles of local economic development and community development, and is the process of achieving a sustainable community. Development is conceived here not simply as economic growth, but diversification of economic, cultural and social activity to meet local economic, social and environmental objectives. What defines appropriate development will differ according to the specific needs and advantages of each community. However, some central objectives of sustainable community development include: employment generation and retention; establishment of new local industry and markets; development of strong local business networks; and building social capital.

**Social Capital** - refers to “those features of social organization, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions” (Putnam, 1993: 167). There are different types of social capital, the most important distinction being between 'bonding' and 'bridging' social capital. The former refers to strong ties and may be best described as networks between families, friends and like-minded people. While bonding social capital supports community cohesion, it can have negative impacts where it creates exclusion and where it limits engagement with diverse peoples and external networks. Bridging social capital may be understood as networks between diverse individuals, firms, groups and networks within and between communities. Bridging social capital is an important underpinning of innovation and the development of creative and efficient responses to community challenges.

**Community** - The term ‘community’ is, in itself, a highly contested notion within the social sciences. Here, we use community to mean a geographically bounded locale in which people recognise themselves as having common goals, ties, and commitments. Further, we see the
term ‘community’ as serving a cognitive function – that is, use of the word itself is a way in which a group of local people describe their common identity. In this sense, what constitutes a ‘community’ is defined collectively by its members, rather than by an external measure.

**Regions** - In discussing sustainable community development and government responses to rural issues throughout this report, we also give significant consideration to regional approaches and regional solutions. There is no universally agreed definition of what constitutes a region in Australia, although, in some areas, government imposed boundaries have become ‘naturalised’ by local people. For the purposes of this report, we define a region as a geographical area that has some natural or cultural boundaries. Regions generally encompass several local government areas. While we recognise that all areas of NSW form part of a region, the focus in this report is on geographical areas located in non-metropolitan NSW.

**Co-operative Solutions** - This project is specifically concerned with the role of co-operative solutions in the development of community sustainability. We define co-operative solutions as a range of organised economic and social activities which are:

1. Community initiated and community/member owned;
2. Self-help oriented;
3. Democratically run (either through direct participation or representative decision making); and
4. Focused on responding to local economic, social, or environmental needs.

Co-operative solutions are not limited to organisations incorporated as co-operatives. However, co-operatives may play a significant role in the delivery of co-operative solutions.

**1.5 Understanding Community Sustainability**

The reasons why some small rural communities are able to respond effectively to change while others with similar demographic, economic and environmental profiles do not is not well understood in Australia or overseas. There is a growing body of case study research which seeks to isolate the factors that determine community resilience or vulnerability to
crisis. However, as this is currently a relatively new area of research priority, extensive comparative and longitudinal studies are not available. There is a significant body of more general theoretical and development literature, which has emerged mainly from Canada and the United States under the terms, ‘community economic development’, 'community development', ‘local economic development’ and ‘sustainable community development’. In Chapters Two and Four, we draw upon this literature, as well as the case study material, to determine the indicators of community vulnerability and the key conditions for community sustainability from both Australian and international experiences.

Our analysis indicates that there is a range of economic and demographic factors, community characteristics and institutional conditions which, in complex interaction with each other, determine a rural community’s capacity to make the transition from vulnerability to sustainability. Government has a significant role to play in ensuring that institutional conditions are favourable to renewal efforts, and that government facilitated development efforts are successfully embedded in the community to ensure the achievement of sustainability objectives. Within the context of whole of government approaches to rural renewal, the Department of Fair Trading has a specific and important role to play.

1.6 A Note on Indicators

Indicators are scientifically developed measures of characteristics or concepts. As will be discussed throughout this report, there is a large body of available indicators, developed both in Australia and overseas, to measure rural community vulnerability and aspects of community sustainability. There is, however, a tension in using a single set of prescriptive indicators to measure community capacity, which is a dynamic and ongoing process. In this report, we consider broad indicators of community characteristics in order to illustrate how the assessment of community openness to co-operative solutions may be operationalised. These indicators are 'indicative' in the true sense of the word, and piloting and empirical analysis would be required to further refine these.
1.7 Co-operative Solutions: Community Based Organisations and Community Investment Instruments

Analysis of international experiences of sustainable community development, local examples of successful renewal, and current development approaches in NSW points to two critical conditions for sustainable community development which have not been systemically addressed in this state. These are discussed in detail in Chapter Six.

The first is the critical role of community-based organisations in achieving economic, social and environmental objectives and ensuring ongoing formation and reformation of innovative solutions to community challenges. Community based organisations provide a range of opportunities for local economic and social activity, including: local employment generation; sport and leisure activities; promotion of community achievements; environmental conservation; and support for local enterprise and innovation. Researchers and practitioners alike consistently cite the value of community-based organisations in fulfilling a number of functions central to sustainable community development. These include:

- Providing organisational frameworks for productively harnessing community anger or energy, to produce positive economic, social and environmental outcomes;
- Maximising the breadth and efficiency of access to a community’s technical, intellectual, professional and political networks;
- Providing frameworks for participatory decision making; and
- Providing opportunities for the development of diverse transformational leaders.

The literature indicates that a critical mass of co-operating community based organisations is both an important characteristic of a sustainable community and a mechanism for embedding development strategies and ensuring ongoing capacity building. As will be discussed in Chapters Five and Six, a strongly networked set of community-based organisations can provide the framework for the strategic development of employment opportunities, niche markets, innovative community and private enterprise, and social capital building. While the existence of community based organisations has been recognised as a characteristic of sustainable communities in current NSW government development initiatives, their potential
to embed development efforts and build capacity in an ongoing self-sustaining manner has not been well conceptualised or acted upon.

Given the role of the Department of Fair Trading in supporting and regulating two standard legal forms of community based organisation – co-operatives and associations – it would seem appropriate and timely for the Minister to play a leadership role in responding to this gap in current developmental approaches. In keeping with a whole of government approach and the importance of efficient use of government resources, this should be dovetailed with existing development initiatives – particularly those being undertaken by the Premier’s Department and the Department of State and Regional Development.

In addition to the general role of community based organisations in community capacity building, there is a potential role for such organisations which is not performed in NSW and, indeed, throughout Australia. One of the key conditions for achieving community sustainability that is identified throughout the literature is a community’s capacity to mobilise finance from a range of sources. In Canada and the United States, where sustainable community development activities are significantly more mature and successful than those in Australia, a diversity of community owned investment institutions exist. These include community development corporations, credit unions, and community capital foundations. These community-based organisations administer a range of investment instruments, effectively acting as financial intermediaries between communities and traditional sources of finance. These financial institutions leverage equity and credit from a range of sources in order to support local employment and business initiatives, and ensure responsive service provision and social infrastructure. While there are a number of isolated examples of community-based vehicles for finance mobilisation in Australia, they are by no means a common feature of community development initiatives.

The issue of mobilising finance in order to stimulate local economies has been systemically overlooked by Australian government attempts at all levels to facilitate rural community renewal. This is perhaps reflective of the traditionally strong role of government in the provision of both services and funding for local development in this country. In countries such as the United States, where philanthropic endeavour, rather than a strong welfare state, is the tradition, the emergence of community development financial institutions has been more in keeping with cultural and political norms. As Australia continues along the path of
'small government' and market driven solutions to economic and social objectives, however, community capacity to mobilise finance is a key issue which requires urgent attention if we are to ensure sustainable responses to the challenges of contemporary rural life.

1.8 Structure of the Report

In the following chapter, we consider the current factors impacting on rural Australia, in order to illuminate indicators of rural communities that are vulnerable to crisis. In Chapter Three, we go on to consider Australian governments’ responses to rural community needs, with a particular focus on current NSW programmes.

In Chapter Four, we turn our attention to rural community sustainability. On the basis of a range of academic, policy, and practitioner research, we define the economic and demographic factors, community characteristics, and institutional conditions necessary for communities to make a transition from vulnerability to sustainability. We then consider some approaches to developing capacity at local and regional levels, with a particular focus on the current approach by NSW government.

Having considered the necessary conditions for and approaches to sustainable community development, we go on in Chapter Five to canvass the role of co-operative solutions in developing and supporting rural community sustainability. Co-operative solutions may provide an overarching framework for sustainable community development, or may form a partial, yet conscious, feature of a community’s approach to sustainability. On the basis of the experiences of co-operative solutions reviewed in Chapter Five, and our understanding of the conditions for sustainable community development, Chapter Six focuses on an analysis of what co-operative solutions can deliver to sustainable community development in NSW, and the implications for action for the Department of Fair Trading. Chapter Seven outlines a series of recommendations to this end.
Chapter Two – Factors Impacting on Rural Australia

2.0 Introduction

In this chapter, we provide a brief overview of the factors impacting on rural Australia, and the key features of rural community decline. The intention of this brief summary is to identify the indicators of rural communities vulnerable to socio-economic crisis in the NSW context.

Over the past two decades, Australia has experienced significant economic, social and political change, brought about by trends at both a national and global level. Rapid advances in communication and transport technologies have provided the impetus for major global economic restructuring. This has included the restructuring of markets and the nature of employment. Global economic shifts have been accompanied in Australia, as in other western nations, by neo-liberalist policies, which have sought to capture new economic advantages through market deregulation and promotion of free trade. The privileging of market forces has also led to fundamental changes in the role of government in this country, with a shift towards ‘smaller’ government at all levels, and greater private and community sector involvement in the provision of traditionally public infrastructure and services.

While the effects of global economic restructuring and national economically driven policy have brought about significant gains in Australia’s overall wealth, they have also led to greater disparities between rich and poor, socio-economic advantage and disadvantage, and access to opportunities in the so called ‘information economy’. The experience of disadvantage is by no means confined to rural communities. In fact, some of the starkest experiences of socio-economic exclusion are occurring in our urban centres. However, global economic trends - particularly in the agricultural industry - and domestic policy frameworks have had specific impacts on rural and regional Australia.

2.1 Drivers of Rural Change

The effects of globalisation on rural Australian communities are multiple. In brief, globalisation has led to greater centralisation of research and development around economic nodes in global cities and regional centres; spatial changes in investment, employment and
occupation; and marginalisation of areas that are disconnected from centralised economic growth and knowledge flows (National Institute of Economic and Industry Research, 1999: 25). Davidson and Grant (2001) have defined the regional marginalisation associated with uneven development trends as a structural condition that implies a diminishing economic base and an increasing alienation from the mainstream of society (6).

The opportunities afforded by technological change, combined with increasing productivity growth and competition from commodity sectors has led to global falls in prices for commodities and other agricultural goods. Rural Australian communities have traditionally relied upon the agricultural industry, which is now experiencing reduced profitability and constitutes a significantly smaller ‘slice’ of national economic output (NSW Premier’s Dept, 2001: 2). The demands of the global market have led to the rise of large scale, centrally owned agribusiness at the expense of smaller locally owned farms. Reduced profitability and the loss of local ownership of farming have had a number of economic and social ramifications for rural Australian communities.

In particular, reduced profitability and the technologisation of many farming practices have limited employment opportunities, both on farms and in related areas of agricultural production. This has had multiplier effects for employment opportunities in small rural communities generally, as the size and nature of services provided to farming populations by communities has diminished in line with reduced demand (NSW Premier’s Department, 2001: 3 of 6). The absence of employment opportunities, and the consequent contraction of local businesses and services to regional centres, combined with increased employment and educational opportunities in urban and regional centres has led to significant out-migration, particularly of young people, from many rural communities.

The effects of out-migration are multiple. Loss of younger people erodes the intergenerational framework necessary to ensure community continuity. Lack of human capital inhibits a community’s capacity for economic diversification, and reduces the available pool of community leaders and innovators. The decline in population brought about by out-migration and failure to attract new citizens also contributes to a reduced tax base and consequent reduction in available resources to support social, physical and cultural infrastructure. Finally, the decline in numbers in small rural communities has led to the
withdrawal, reduction, or amalgamation of essential governmental and non-governmental services, as the continuation of such services are seen as increasingly non-viable.

In many cases where populations have declined, changed, and become more mobile in small communities, and where economic opportunities have diminished, there has also been a reduction of social capital. Social capital may be defined as the networks and relations of trust and reciprocity that support a sense of ‘community spirit’ (Putnam, 2000).

Out-migration trends have been most significant in inland rural communities, whereas many small coastal towns have experienced substantial growth in population, due to lifestyle choices, retirement patterns, and tourism (NSW Premier’s Department, 2001: 3 of 6). So-called ‘coastal drift’ is evidenced by the expansion of coastal municipalities, particularly along the east coast of Australia (National Institute of Economic and Industry Research, 1999).

2.2 Key Determinants of Rural Community Decline

The brief summary above illustrates the interactive and cumulative effects of rural community decline. This is, of course, not the experience of all small rural communities, with many demonstrating resilience and capacity to respond to the global, national and local effects of profound economic and social change. Indeed, the shifts away from primary industry towards a knowledge-based industrial model that have placed pressure on traditional industrial practices have also created new opportunities for innovation and economic diversification in rural communities. The features of communities that have responded effectively to these challenges and opportunities will be discussed in detail in Chapter Four.

There are, however, a number of key factors which determine a community’s vulnerability to the negative growth spiral discussed above. The combined effects of these factors can, if left unaddressed, lead to community failure to respond to significant pressures for change. These factors are detailed below.
2.2.1 Population Size and Demographic Make Up

In 1999, the Australian Housing and Urban Research Institute (AHURI) conducted research on community opportunity and vulnerability. AHURI found that population size was a key determinant of community vulnerability, with communities of populations less than 10,000 less likely to be able to generate sufficient economic activity for long term sustainability (Baum et al, 1999). In addition to population size, lack of demographic diversity within a community can negatively affect its capacity to respond effectively to change. In particular, communities with predominantly aging populations, and/or with collectively low levels of technical/educational attainment are less able to command the necessary labour force, knowledge base, and access to professional and technical networks to generate innovative responses to significant structural change.

2.2.2 Extent of Local Economic Diversification

Reliance on a single industry and/or a major employer has proven problematic for many small rural communities in the face of global and national industry restructuring in a number of ways. Most obviously, the downsizing or loss of such an industry/employer leads to direct and indirect loss of employment within plant and in community businesses which serve plant and plant employee needs. Similarly, dependence on a single agricultural product can have negative consequences where shifts in global commodities markets cause significant devaluing of such products. The loss of major employers/industries and the reduced value of agricultural output also reduce a community’s tax base, and can compromise planning processes and infrastructure developments which have been reliant upon this revenue. In worst-case scenarios, communities may be left to bear the cost of overdeveloped infrastructure where industries are not replaced or replaced by enterprises with non-comparable infrastructure needs. Finally, communities that are traditionally reliant upon dominant industries or employers are less able to respond to new market opportunities where their labour force lacks the diverse skills base required for rapid adaptation.

2.2.3 Extent of Local Economic Ownership

In addition to the issue of economic diversification, the extent to which a community, or its individual members, own key sources of economic output significantly affects the extent to which the community can control or influence the decisions made about those sources.
Enterprises owned and managed by large-scale corporations remote from the geographic community in which the enterprise is housed are less likely to be responsive to local community concerns about restructuring impacts. These corporations are also less likely than local owners to apply business expertise to the replacement of industry within a specific geographical locale. This is not to suggest that all such enterprises display a lack of corporate responsibility. Rather, local ownership of a core of economic sources lends itself to greater community influence over economic outcomes and changes. As Blakely states, locally owned firms are “usually good community citizens and contribute to the area’s development” (1994: 80).

2.2.4 Availability of Diverse Economic, Social and Educational Opportunities

As discussed in Section 2.1, the increasing mobility of Australian populations due to advancements in transport technology, combined with shifts in the concentration of industry and education towards metropolitan and regional centres, has led to significant out-migration from some small rural communities. Where employment, education, and social opportunities are not locally available, the tendency towards out-migration is greater. In addition, the negative social effects of limited opportunities for personal attainment are well documented in a range of rural and urban contexts. The absence of employment, educational and social options can lead to increased social problems, such as domestic violence and other crimes, suicide, and the general loss of social capital.

2.2.5 Proximity to Regional Centres

Given the advancement of population mobility, close proximity to a regional centre may provide small rural communities with some immediate relief in relation to employment in the event of industry closure or downsizing. It may also ensure basic access to services where those services have been rationalised to the regional centre. In this sense, close proximity to a regional centre may assist basic community survival on a day-to-day basis. However, it is important to note two issues in this regard. First, not all people are mobile, and reliance on non-local services and/or employment can create inequities for those without the economic or physical capacity to access them. Second, proximity to a regional centre is likely to undermine a community's capacity to achieve sustainability as a community, as its members are drawn to the regional centre to maximise employment, consumption and social
opportunities. Generally speaking, the Australian experience is that small rural communities adjacent to regional centres experience significant economic and cultural 'leakage' to the regional centre, which has been termed the 'sponge city' effect. The growth of many of Australia's regional cities and towns has largely been at the expense of smaller rural communities (NSW Premier's Dept, 2001).

2.3 Assessing Community Vulnerability to Crisis

The factors described above suggest that a rural community is vulnerable to crisis where:

- It is dependent on one or two major industries/employers;
- Major sources of industry and investment are not locally owned;
- There is lack of availability of a diverse skilled labour force;
- It does not have the educational, social, and employment opportunities necessary to retain its population or attract new community members;
- It lacks social capital; and
- It is in close proximity to a regional or metropolitan centre.

Clearly, these factors do not operate in isolation from each other, but interact to create cumulative effects. For example, a community which has access to diverse educational opportunities is likely to produce and sustain the human capital necessary to support local economic diversification. There is an extensive range of indicators available to assess many of the factors identified here (see Black and Hughes, 2001; Vinson, 1999; Baum et al, 1999; Bullen and Onyx, 2000). Table One in Appendix A of this report highlights a number of these indicators.

2.4 Vulnerability and Social Capital

The literature reviewed in detail in Chapter Four suggests that communities that display economic and demographic conditions of vulnerability are more effectively able to respond where they have strong stocks of social capital. That is, where there are high degrees of trust and reciprocity, and a capacity to mobilise diverse networks within a community, it is more likely to be able to respond to threats of economic instability. In this sense, the presence or
absence of social capital is an important 'trigger' for determining a community's capacity to move from vulnerability to sustainability.

2.5 Conclusion

Understanding the factors which contribute to rural community decline helps us to identify a range of indicators of vulnerability to crisis. It is important to recognise that many of these factors interact with each other, creating a cumulative negative impact on community resilience. As such, effective responses to community crisis require integrated approaches, rather than isolated 'corrections' of individual factors. In the following chapter, we consider current government responses to rural community employment, service and social needs. In Chapter Four, we will discuss in detail the factors required to support sustainable community development.
Chapter Three – Government Responses to Rural Needs in NSW

3.0 Introduction

Responding to the economic, environmental and social threats to rural communities has been of government concern since the 1970’s. More recently, the needs of rural Australia have been a policy priority at all levels of government since the mid 1990s. As discussed in the previous chapter, prioritisation has developed in the context of the very real consequences of rural decline to both the economic and social wellbeing of such communities, and the broader impacts on Australia. The electoral effects of rural disaffection with the major parties has provided further impetus for political attention to be given to this situation.

Regional development has been the focus of significant political inquiry since the early 1990’s, beginning with the Kelty report, Developing Australia: A Regional Perspective under the Keating government in 1993 (Standing Committee on Primary Industries and Regional Services, 2000). As Davidson and Grant have observed, the manifestations of uneven development and regional marginalisation are, in many respects, reflected in the rise of political populism in the form of the One Nation Party (2001: 6). In addition to calling for a contemporary reconstruction of the White Australia Policy, One Nation, in essence, has focused its demands on a re-building of the welfare state, with government providing direct assistance to the economy and, particularly, to the interests of ‘the bush’ (Davidson and Grant, 2001: 6). The political effects of the rise of One Nation – particularly its garnering of traditionally rural National Party votes – has sharply refocused political attention on responding to rural discontent.

3.1 Current Government Responses to Rural Community Needs

The following provides a summary of existing government responses, in terms of broad policy directions and current assistance programmes, to rural decline. Given the brief for this project, the summary focuses on state government responses, with less detailed summaries of federal and local government approaches.
3.1.1 State Government

In February 1999, the NSW Government released a *Statement of Rural Social Justice* which outlined its “strategic intent, achievements and initiatives in relation to the social justice needs of the people of rural NSW” (2). The statement builds on the Government’s *Social Justice Directions Statement* (1996) and complements the *Rebuilding Country New South Wales* strategy for rural and regional economic development in this state.

The *Statement of Rural Social Justice* recognises the interrelatedness of economic, social, and environmental issues and their impacts on rural communities. The key objectives underpinning the Statement are to:

- Design and deliver integrated, flexible and accessible services that are responsive to the needs of particular communities; and
- Be a partner and catalyst for sustainable solutions to the challenges facing the people of rural NSW (NSW Government, 1999: 2).

More recently, the *Staying in Town* plan has committed to providing rural communities with better access to integrated government services, retaining government jobs and staff in rural and regional areas, focusing agency objectives on strengthening rural communities, and directing as many resources as possible towards project activity rather than project administration.

A number of state government agencies play key roles in seeking to meet these objectives.

3.1.1.1 Premier’s Department

The Premier’s Department fulfils a principal role in the development of integrated responses to rural community renewal. In particular, this department houses the Regional Coordination Programme. Regional Coordinators cover all of regional and rural NSW, and are responsible for facilitating collaboration between State Government agencies, Commonwealth Departments and Local Government, community and business organisations. The objective of these collaborations is to achieve sustainable economic, social, and environmental benefits for rural and regional communities (NSW Government, 1999: 8).
In addition, the Strategic Projects Division of the Department has established a Strengthening Communities Unit, which seeks to draw together academic, government and community efforts in community renewal. The Unit has recently completed the pilot *Sustainable Rural Communities Project*, which has sought to develop a typology of attributes of strong rural communities, and produce a range of resources that assist rural communities to harness their capacity to respond to economic and social challenges. Finally, the Department supports the Community Builders Website (www.communitybuilders.nsw.gov.au), which is an online information, communication, and resource kit to support community-building strategies – including employment generation and social capital building - in all areas of NSW.

The Department also resources the Regional Communities Consultative Council, which provides advice to the Premier and the Minister for Rural Affairs on issues which impact on rural and regional NSW.

### 3.1.1.2 Department of State and Regional Development

The Department of State and Regional Development offers a range of regional programmes designed to assist business and community development. These may be divided into two categories; programmes designed specifically to stimulate business and associated employment generation, and those that have a broader set of social objectives tied to employment initiatives. The former category includes:

- Regional Business Development Scheme – subsidisation to businesses wishing to establish, relocate, or expand in rural and regional NSW;
- Agribusiness Alternatives Program – business services offered through a small network of Agribusiness Development Officers to agriculturally based or reliant businesses, business groups, and community groups;
- Business Retention and Expansion Survey – a resource kit and small amounts of financial assistance to community groups wishing to develop their local economic profile;
- Developing Regional Resources – partial financial assistance for regional development agencies towards the costs of employing fixed term personnel to address regional development priorities (with an aim to develop best practice which is transferable to other communities);
• Regional Economic Transition Scheme – financial and technical assistance to communities responding to immediate economic rebuilding or repositioning needs due to loss of businesses, industry restructuring and global economic change.

The latter category includes:

• Mainstreet/Small Towns Program - offers funding assistance for community planning processes and/or the employment of project coordinators;
• Townlife Development Program – significant financial and developmental assistance to implement projects in small regional communities (population less than 2,500) which will lead to new economic activity;
• Country Centres Growth Strategy – a Departmental initiative to identify and overcome specific growth impediments in 12 regional centres, in consultation and partnership with community, business and government bodies; and
• Country Lifestyles Program – a range of promotional, marketing, and industry consultation activities undertaken by the Department to highlight the benefits of regional centres, and attract investment and key skills to these areas.

In addition, the Department supports a range of small business development programmes. In particular, the Department provides funding to 50 Small Business Advisory Centres across the State to deliver business information services to start-up and micro businesses. Forty-eight of the Small Business Advisory Centres are Business Enterprise Centres (BECs), which are independent, non-profit, community-based organisations established under a company structure.

3.1.1.3 NSW Health

NSW Health policy acknowledges that one solution does not fit all in the provision of health and aged care services in rural areas. The Agency has developed the Strengthening Rural Health in Small Towns Program, which seeks to address the specific needs of rural NSW communities through the development of:

• Greater networks
• Primary health care centres;
• Outreach services;
• Co-location of different service providers;
• Multi purpose services, which combine a range of hospital, residential aged care and related services under one management structure;
• Multi-sited facilities;
• Supported Accommodation;
• Residential aged care; and
• Contractual arrangements.

In addition, the NSW government has invested significant resources in the development of a Telehealth network.

3.1.1.4  Department of Community Services

DOCS administers the Families First programme, which is a whole of government strategy aimed at developing and coordinating government and community sector networks to more effectively support families with children under eight years of age.

3.1.1.5  Department for Women

The NSW Government acknowledges the significant role that women play in the social and economic fabric of rural NSW. The Action Plan for Rural Women 2000-2002 sets out the government’s commitments to rural women using a whole of government approach. The Department for Women works collaboratively with other agencies to promote advances in opportunities for rural women in relation to employment, small business development, leadership, and health, and in response to industry restructuring which impacts on women and their families.

In addition, the Department for Women services the information and developmental needs of women in rural and regional NSW through its programmes and collaboration with other agencies. The Women's Gateway Project is a web based information, communication and referral service which was launched by the Department in 2001, with specific resources
dedicated to rural women’s interests. The Women’s Grants Program is administered by the Department. The Program funds a range of projects dedicated to expanding economic, social, and leadership opportunities for rural women from a diversity of backgrounds. Two notable projects funded in the past two years which aim at improving community capacity building through women’s activities are: 1. The development of a gender informed model for an integrated approach to employment and business development using three Central West communities; and 2. Research and development of olive growing techniques and skills to explore the possibility of value-added enterprises and the potential for home enterprises and co-operative businesses, leading to job opportunities for women in northern NSW.

3.1.1.6 Office of Information Technology

The NSW Government recognises the significant role of information and communications technology (ICT) in transforming the way we learn, conduct business and interact as individuals, communities and nations. The NSW Community Technology Centre Program (CTC@NSW) is managed by the Office, with funding from the state government and the federal Networking the Nation scheme. CTC@NSW aims to provide seed funding to develop a network of up to 62 CTCs throughout rural NSW. The Program also maintains a network of CTC Community Coordinators and Support Unit personnel to partner communities in developing community based business plans and implementing specific services and programs.

3.1.1.7 Tourism NSW

Tourism NSW is currently preparing a new long-term strategy for the development of the tourism industry in this state. The Agency commissioned Price Waterhouse Coopers to conduct extensive consultation with community and industry in order to develop a whole of government approach to achieve sustainable growth and public acceptance in this industry. The consultation provided the basis for the draft Towards 2020 strategy document, and involved a range of specific regional consultation processes.

In addition, the Tourism NSW website markets regional tourism through the provision of detailed information on tourism opportunities throughout the state, categorised by region.
3.1.1.8 Other Departments

In addition to the programs and strategies described above, a number of other departments and agencies work in collaboration with state, federal, and local government bodies, and local communities, to contribute to the revitalisation of rural NSW. The NSW Department of Housing has an articulated community renewal strategy, which is employed in rural and urban public housing developments. The Department of Land and Water Conservation, the Environment Protection Agency and NSW Agriculture all play roles in the administration of programmes in rural NSW, and support community action networks such as Landcare NSW and the Rural Women’s Network. Further, the Department of Education and Training supports a range of rural development activities through its adult and community education services and the Country Online pilot programme, which enables community Internet access through school computer facilities. The Department of Aboriginal Affairs works with government agencies and Indigenous communities to ensure the appropriate delivery of services to a diversity of Aboriginal people in rural areas, and to promote Reconciliation. NSW Sport and Recreation have a network of regional offices designed to support sport and recreation programmes in rural and regional communities.

3.1.2 Federal Government

The federal government offers a range of programmes designed to support rural renewal efforts throughout Australia. The broad policy underpinnings of federal initiatives – as reflected in the recently released statement Stronger Regions, A Stronger Australia - may be described as encouraging the private sector to play a greater role in supporting community based endeavours, and encouraging community solutions to employment and service delivery challenges which are ultimately self-funding and self-sustainable.

These policy objectives are reflected in the establishment of the philanthropic Foundation for Rural and Regional Renewal, which was initiated by the Sidney Meyer Foundation. The Foundation is joint funded by Government, the business and community sectors, and provides grant funding for community capacity building and development projects. In addition, a number of specific programmes are administered by various departments and government agencies.
The **Regional Assistance Programme**, which is administered by the Department of Employment, Workplace Relations and Small Business, supports an extensive network of Area Consultative Committees which coordinate projects to enhance economic growth predominantly in rural and regional areas through employment generation, small business development, and skills and leadership development. The **Dairy Regional Assistance Programme** is specifically oriented towards dairy dependent communities who are responding the effects of industry deregulation.

The Department of Transport and Regional Services' **Regional Australia Resource Centre** is an online information clearing house supported by the Department's website. The Department also coordinates the Rural Transaction Centres Programme, which provides funds to small communities (3000 people or less) to establish 'one-stop' centres for a range of essential services. The **Regional Solutions Programme** and the recently announced **Sustainable Regions Programme** administered by the Department provide financial support for community initiated development and regeneration activities.

The Department of Health and Aged Care's **Regional Health Services Program** aims to assist rural communities expand local health services. The program provides funding for primary health care and multipurpose services, as well as finite planning projects to develop service plans. Eligibility is limited to communities of approximately 5000 people.

The Department of Family and Community Services **Stronger Families and Communities Strategy** funds community based projects which support innovative family support, skills and opportunity development for community leaders, community capacity building, and case study examples of community revitalisation.

The Department of Agriculture, Fisheries and Forestry Australia (AFFA) administers a range of programmes aimed at supporting Australian agriculture and agriculturally based communities. These include the **Agriculture Advancing Australia Farm Innovation Program**, which seeks to encourage business innovation through rural businesses working together, and the **Young People in Rural Industries Initiative**, which aims to improve the participation, opportunities, and profiles of young people in rural industries.
The *Networking the Nation Program* administered by the National Office of the Information Economy, is a five-year regional telecommunications infrastructure fund. *Networking the Nation* supports projects which redress the inequities in telecommunications services, costs, and access that exist between non-urban and urban areas. The funding is allocated to states, with additional Social Bonus Funding allocated to a Local Government fund and specific programme priorities.

The Sport and Tourism Division of the Department of Industry, Science and Resources administers the *Regional Tourism Program*, which encourages rural tourism growth by providing funding for the development of tourism attractions, facilities, special interest markets, cultural and heritage attractions and supporting the use of innovative online projects that will develop regional tourism.

### 3.1.3 Local Government

Given the diversity of local government in New South Wales, in terms of size, resource base, and political orientation, it is not possible to summarise a unified response of local governments to rural renewal efforts. What can be identified is that, in the later stages of the 20th century, the role of local government in Australia has expanded significantly to embrace activities which include local economic and community development. As has been pointed out in a recent discussion paper prepared for the Local Government and Shires Association, in rural and regional communities local councils are often a cornerstone of community life to which community members look for action in response to local problems (Centre for Local Government, 2001: 21).

In addition to the general role that local government plays in community life, many councils in rural and regional areas have employed specialist staff to coordinate local economic and/or community development strategies. The important role that this body of council employed workers has played in rural regeneration efforts is sometimes overlooked by other levels of government.

The critical role of local government in supporting and/or facilitating local solutions to sustainable community development is recognised consistently in the case study research reviewed in the following chapter. While council activities vary widely, communities and
development agents alike generally report that local government support for community endeavours is essential to ensuring success.

### 3.2 Conclusion

At both state and federal levels, government is placing increasing importance on the development of government-community partnership approaches to rural community renewal. Renewal strategies include the development of business and employment opportunities, building social capital, and ensuring environmental sustainability. Further, there is an increasing emphasis on whole of government approaches to provide accessible integrated services and developmental programmes to communities. At the federal level, the Government is also emphasising the role of the private sector in supporting rural renewal efforts. Local governments continue to play a critical role in the development of sustainable rural communities. In the following chapter, we will consider in detail the characteristics of community sustainability.
Chapter Four - Conditions for Community Renewal: Characteristics of Sustainable Communities and Development Implications

4.0 Introduction

As discussed briefly in the introduction to this report, the role of communities in delivering economic, social and environmental outcomes has become increasingly important in an environment where nation states are influenced by global forces, and less able to control their local effects. As Ife has commented, community "may represent the best option to replace the state as the major location for the meeting of need" (1998: 59). Such need includes access to reliable employment, economic and social services, cultural and leisure activities, and a healthy natural environment.

In this chapter, we consider the conditions necessary for sustainable community development or renewal on the basis of a broad range of case study literature. We then go on to discuss the theory and practice which supports the development of such characteristics, with a particular focus on the development model currently being employed by the NSW Premier’s Department.

4.1 Rural Renewal – the Sustainable Community Spectrum

In a recent discussion paper on revitalising rural communities in the Canadian province of British Columbia, their Ministry of Community Development, Co-operatives and Volunteers defined three states of rural communities:

- Communities in crisis – due to industry closures or downturns and associated damage to social fabric;
- Communities in transition – not in immediate crisis, but wanting to be proactive in preparing for economic change; and
- Sustainable communities – that have already built their capacity to stimulate and manage change (MoCDCV, 2000: 10).
We have discussed the indicators of community vulnerability to crisis in an earlier chapter. Here, we will consider the characteristics of sustainable communities, and the conditions which catalyse transition and the effective shift from transition to sustainability.

### 4.2 Economic and Demographic Factors Contributing to Community Sustainability

In the previous chapter, we discussed in some detail the economic and demographic factors which indicate rural crisis. To the extent that factors contributing to community sustainability are logical ‘counterparts’ to indicators of strength, they will only be summarised here. When considering indicators of community sustainability, it is important to recognise that such sustainability is, by definition, predicated upon the interaction of a number of economic, social and environmental factors. As Black and Hughes (2001) have pointed out, no one figure is a determinant of community strength, and a range of contributing factors need to be considered (38). Economic and demographic indicators are inadequate in determining community strength. Rather, they need to be considered in conjunction with the characteristics of community sustainability discussed in detail later in this chapter.

#### 4.2.1 Population

As discussed in Chapter Two, AHURI research suggests that communities with populations in excess of 10 000 are more resilient and less open to vulnerability than communities of smaller size (1999). Further, sustainable communities require a diverse population base, particularly with regard to age and skills base.

#### 4.2.2 Quality and Availability of Labour

As discussed below, sustainable communities are reliant upon a diverse economic base. As such, they require access to a pool of labour with a diversity of skills, knowledge, qualifications and networks. Given the shifting needs and priorities of sustainable communities, the labour force’s access to education and training and its capacity to respond to new opportunities is an important factor.
4.2.3 Levels of Disposable Income

The economic resources available to individuals and households in terms of income also affects the vibrancy of a community, by determining capacity for discretionary spending and saving within the local economic system. In addition, a sustainable community is one where there is an equitable distribution of individual and household income levels, as pronounced disparity between personal financial resources affects individuals’ capacity to participate.

4.2.4 Economic Capital

In addition, the level, location, distribution and ownership of produced economic capital is an important determinant of community sustainability. As a range of local economic development theorists have identified (see, for example, Blakely 1994; Rocky Mountains Institute, 2001), sustainable communities are more likely to be those where there is a diverse economic base, and a high degree of local ownership of industry. As Black and Hughes have pointed out, patterns of ownership can affect the level of commitment of businesses to the communities in which they operate (2001: 45). Local ownership also enhances the capacity for capital to be mobilised within the community to meet community employment, industry and service needs.

Further, the diversity, size and responsiveness of industry within a community affect its capacity to compete effectively and to respond to shifts in consumer demand (Black and Hughes, 2001: 45). As has been pointed out by the United States’ community economic development organisation, the Rocky Mountains Institute, sustainable communities are likely to be those that are innovating through value adding, rather than simply increasing throughput. That is, they are generating or retaining employment through local refinement of product, and/or reconceptualising product development to meet emerging customer needs, rather than increasing product volume (Rocky Mountains Institute, 1997: np). Further, the experience of resource dependent communities responding to industry restructuring in a number of western nations suggests that the identification and development of niche markets is an effective strategy for sustainable community development (see Restakis, 2001). Value adding and niche market development approaches will be discussed in some detail with regard to co-operative solutions in the following chapter.
On a broader societal level, as Manning (2001) has pointed out, the industrial traditions of vertical integration in manufacturing and industry organisation in small-business industries such as agriculture are being superseded by a knowledge industry model of industrial organisation. In brief, this model may be described as a response to the increasing commodification of knowledge in the information age. In practical terms, this is evidenced by the fact that the Australian economy has shifted significantly from a primary industry to a service and knowledge industry base over the past two decades. As an indicator of this shift, employment in agriculture and mining has declined significantly since the mid 1980's, while there have been major increases in employment in trade, finance, administration, retailing and services industries during the same period (Hugo, 2000). In more general terms, this shift reflects a new emphasis on knowledge, intellectual property, branding and other intangible assets, rather than material assets such as physical infrastructure, as the basis for competitive advantage and value.

The knowledge industry model is based on maximising the diversity of knowledge and information resources by mastery of specific knowledge through specialisation by individuals, and building diverse knowledge networks between individuals, firms, and enterprises. As Manning describes, the essence of this model is to cluster production of particular goods and related services within regions, and develop supply chains for each final product, with the supply chain consisting of independent, but coordinated enterprises (2001: 21). Manning has observed that the knowledge industry model has been adopted in Australia most rapidly at both ends of the regional spectrum – that is, by urban centres and communities most geographically remote from these centres. With regard to remote communities, those which have been early to appreciate the benefits of communications and information technological developments in supporting industry development (and where quality CIT connections have been established) have made the adjustment to a knowledge industry approach (Manning, 2001: 26). In brief, small rural communities which maximise new industrial opportunities by drawing on their existing knowledge networks and skills base, and material and non-material resources, are likely to be able to meet the very real economic and social challenges which they face in the information age. The synergy between the knowledge industry model and organisational principles of co-operatives will be discussed in Chapter Six.
4.2.5 Access to Finance

Sustainable communities are able to access funds to establish and service new enterprise, and thus generate employment and financial assets. Further, they are not reliant upon a single source of finance, but are able to mobilise it from multiple sources, including community investment, government grants, loans from financial institutions, and private investment. The capacity to mobilise finance is an important characteristic of community sustainability, and will be discussed in further detail with reference to the literature reviewed later in this chapter.

4.2.6 Proximity to Markets

The knowledge industry model and associated patterns of the global market place have reduced the significance of geographical proximity to markets in some senses, particularly with regard to the growth of knowledge industries reliant upon communications and information technological infrastructure which overcomes the ‘tyranny of distance’. However, physical proximity to markets, such as tourism and commodities markets remains a significant determinant of community sustainability. At the same time, sustainable communities are also likely to be engaged in innovative development of new markets at a local or regional level.

4.2.7 Physical Infrastructure

Finally, the adequacy of physical infrastructure is a significant determinant of community sustainability. Reliable and quality assured power supplies, telecommunications systems, water supplies, roads and transport links, support quality of life within rural communities, and are a major determinant of business investment decisions (Standing Committee on Primary Industries and Regional Services, 2000). At the same time, over-investment in physical infrastructure to support large-scale industry which is subject to restructure or downsizing can become a significant liability.

In addition to the economic and demographic factors summarised here, there is a range of socio-cultural factors that determine community sustainability.
4.3 Towards Rural Renewal: Socio-Cultural Factors Contributing to Sustainable Communities

There is no rigorous empirical literature in Australia that explains, via longitudinal research, why some rural communities respond positively to crisis, while others with similar demographic characteristics do not. There is, however, a growing body of case study literature, both here and overseas, which has attempted to identify the conditions under which rural communities successfully regenerate or manage dramatic change, with regard to industry restructuring, service delivery and availability of employment. Most of this research focuses on the social and cultural relations which underpin economic arrangements, rather than explicating the nature of economic arrangements themselves. However, it is appropriate to view these factors in conjunction with the economic and demographic factors described previously in this chapter.

The following analysis is based on a review of the case study literature. The focus was on Australian experiences, with some consideration of two important US studies, and one comparative analysis of Swedish and Australian experiences. Academic, activist and policy research was used in order to draw on a diversity of perspectives and thus ensure greater validity of our conclusions. The review sought to identify conditions for, or characteristics of, rural renewal that were commonly identified across the range of cases studied.

4.3.1 Literature Reviewed

The following studies and literature were reviewed.

4.3.1.1 Hase et al, 2000

This was a pilot study to identify the factors which assist rural communities to deal with socio-economic disadvantage and identify resource-permissive strategies for regeneration in one economically disadvantaged community, Kyogle, in northern NSW. The location was selected on the basis of quantitative indicators of socio-economic disadvantage. However, a qualitative research approach, including semi-structured individual and small group interviews, was employed.
4.3.1.2  *Kenyon and Black (eds), 2001*

Peter Kenyon is a well-known activist-consultant who has played a significant role in community renewal efforts in a range of rural Australian towns. This report to the Rural Industries Research and Development Corporation includes a number of case studies on the basis of Kenyon's involvement in rural renewal activities in communities throughout Australia. These are based on an action research approach, and seek to distil, from the perspectives of community members, the conditions or characteristics that have supported their efforts to regenerate.

4.3.1.3  *Onyx and Leonard, 2000*

This paper examines the possibilities of rural renewal through a series of case studies of communities in Sweden and Australia. The analysis focuses on the capacity of these communities to organise themselves in new and innovative ways, with a particular focus on grass roots activity.

4.3.1.4  *Sustainable Rural Communities Project, 2001*

The Sustainable Rural Communities Project was recently completed by the Strengthening Communities Unit of the NSW Premier’s Department. The project used six NSW community case studies to analyse the characteristics of small rural communities and determine how and why some communities effectively adapt to change. A range of action research techniques was used to identify a typology of sustainable community attributes, develop strategies and tools for effective sustainable community development, and test these strategies and tools in the context of each case community. Given the significance of this project, it will be given detailed consideration at the end of this chapter.

4.3.1.5  *Jordan, 2001*

Jill Jordan is a long-term activist in the Queensland community of Maleny. Maleny is a robust small town which is renowned for its co-operative approach to sustainable community development. This paper traces the history of Maleny’s regenerative activity, from 1980 to the present, with an analysis of the community development framework employed.
4.3.1.6  O’Toole, 1999

This paper analyses the processes involved in building local social capacity in four towns in south-west Victoria. In particular, it considers the role of voluntary associations of community citizens in ‘reinventing’ small towns.

4.3.1.7  Leistritz and Root, 1999

The authors conducted case study research in five rural communities in the US states of Minnesota and North Dakota to ascertain how these communities adjusted to the loss or downsizing of a significant employer. The research involved in depth interviews with community leaders and data collected by a mailed questionnaire to a random sample of residents in each case community.

4.3.1.8  Flora et al, 1997

This is a theoretical paper based on the preliminary findings of a national random sample of non-metropolitan areas in the US. It hypothesises that communities with high levels of entrepreneurial social infrastructure – that is, a format for converting social capital into organisational forms that facilitate collective action- are more successful at implementing development strategies than those lacking ESI. The communities which demonstrated strong ESI placed emphasis on citizen participation through civic organisations.

4.4  Conditions for Renewal: Findings from the Literature

Based on the literature summarised above, the following have been identified as required community characteristics of, or conditions for, successful renewal, where renewal includes building employment and business opportunities and social capital in the context of environmental sustainability. It is important when discussing this issue to make a distinction between community characteristics and the institutional frameworks in which communities function. While a community itself has a degree of control over developing or reshaping its characteristics, the institutional framework with which it has to interact also plays a key role in determining conditions favourable to renewal. As will be discussed below, sustainable
communities may command greater capacity to interact strategically with external institutions than those that are not regenerating effectively. Nevertheless, the policies and practices of institutions necessarily inform those interactions. The language of ‘government – community partnerships’ and ‘community ownership’ of solutions that has gained ascendancy in recent times will only be productive where government explicitly acknowledges its role in assisting community self-help. The institutional factors that influence the renewal process will be considered in a later section of this chapter.

4.4.1 Community Characteristics

The case study research suggests that the characteristics described below work in complex interaction with each other to determine overall community capacity to respond to or initiate change, including change that builds sustainable employment options. As such, they are interdependent and overlapping. It is important to recognise that effective community regeneration is subject to highly contextually specific conditions at a particular moment in time. As such, there is no single ‘recipe’ for rural community renewal. However, the existence or development of most, or all, of these conditions, provides a favourable climate in which renewal may occur.

4.4.1.1 Strong Social Capital

In theoretical terms, community regeneration is associated with the formation and mobilisation of social capital, or networks of trust and reciprocity that facilitate co-operation for collective benefit (Putnam, 2000). Local and international research in a range of contexts has shown that social capital may be mobilized to generate long term social, economic and ecologically sustainable solutions to local problems (Onyx and Bullen, 2000). Social capital is generated when people participate actively in their community and society (Winter, 2000), and is most likely to be achieved when it is initiated from the 'bottom up' rather than the 'top down'.

The Strengthening Rural Communities project suggests that, where people in rural communities feel safe, happy and secure, they are likely to work collaboratively to build community strength (NSW Premier's Department, 2001). Hase et al noted that their case study community had high levels of social capital, and that this helped the community to
plan, make decisions, evaluate, mobilise resources, communicate effectively, coordinate activities and resolve conflict (2000: 41).

Social capital both supports, and is constituted by, the existence of strong internal and external networks, a sense of community and common purpose, and commitment to community inclusion. As such, we may view strong social capital as an ‘umbrella’ concept which encompasses a number of the specific characteristics discussed below.

4.4.1.2  Collective Recognition of a Problem

Research across a number of the social sciences and in a range of contexts recognises that one of the greatest catalysts for collective action is a perceived threat to everyday life. As discussed in the previous chapter, the loss of a major employer, or the withdrawal of essential services, are clear indicators of potential crisis in rural communities.

For communities in crisis, a recognition and naming of the problem is an important ‘trigger’ for ensuring sustained collective responses. In the case studies discussed by Onyx and Leonard (2000), community action occurred in every case as a response to perceived crisis (26). Similarly, O’Toole (1999) identified that a coordinated community response in the Victorian community of Mortlake occurred in reaction to the loss of several essential services within a short period of time. As several authors have pointed out, a community crisis can have the positive effect of making local interests realise the need for working together to achieve community sustainability objectives (Leistritz and Root, 1999; Hase et al, 2000).

While a recognition of crisis may be a key factor in mobilising collective responses in some communities, this does not mean that community leaders and policy makers should ‘sit back’ and wait for crisis to occur. The case study research, while not definitive, suggests that communities will be better equipped to make a transition to sustainability where they are enabled to recognise the early indicators of community vulnerability, and where they are oriented towards collective, community based development approaches. As was discussed in Chapter Two, evidence of strong social capital is a key predictor of the capacity for economically vulnerable communities to successfully regenerate. As the Sustainable Rural Communities project has identified, sustainable communities are those which pursue economic diversification, have an openness to alternative development approaches, and have
a demonstrated understanding of their position in the broader economy (Community Builders Website, 2001: 4 of 10).

As summarised in the previous chapter, both the Departments of State and Regional Development and the Premier’s Department have developed a number of resources to assist rural communities in analysing their local economic and social conditions. Perhaps the more challenging role for government is developing effective strategies for facilitating collective, or co-operative, cultures within some communities. This will be discussed further in the following chapter.

4.4.1.3 Understanding of Local Advantages

In addition to understanding the local socio-economic characteristics which may forecast vulnerability, sustainable rural communities must have an understanding of their local advantages in order to harness these in response to threat. The literature reviewed here is consistent in describing community initiatives which drew on local economic, natural, social and cultural advantages to develop niche markets, engage in value added industrial activity, and foster community spirit.

4.4.1.4 Openness to Innovation

All of the case studies reviewed describe examples of innovative responses within the communities responding favourably to threat. These innovations have occurred in a broad range of activities, from economic diversification to service provision, community capacity building exercises, social programmes, and community investment strategies. A number of these will be considered further in the following chapter. What is important to note here, however, is that effective rural renewal is more likely to occur where communities are able to envision and act on alternatives to local traditions, and where they are favourable to bearing some risk associated with innovative responses. Further, innovation relates to both output and process.
4.4.1.5  Sense Of Common Purpose And Priorities

A sense of common purpose is a critical factor in catalysing renewal efforts. That many of the respondents in the cases reviewed here were able to identify and speak of 'the community' is suggestive of this common identity. As is noted in the work of Kenyon and Black (2001) and Jordan (2001), the very process of coming together to develop community priorities can provide the impetus for sustained collaborative relationships. The identification of priorities also provides goals which, when achieved, provide a point of reflection for celebration and further learning about how to meet other objectives.

4.4.1.6  Self Help or ‘Can Do’ Attitude

All the case studies reviewed identified the significance of community attitudes in effecting rural renewal processes. In a number of cases, a shift towards a positive, ‘can do’ approach was necessary for communities to harness their anger or despair and direct their energies toward action for change. Leistritz and Root observed that rural communities were better able to adjust to the loss of a major employer where a ‘can do’ attitude prevailed, and where the community understood that the adjustment process would not occur overnight (1999: v). They also noted that this attitude was important where there were unanticipated crises during the transition period. Hase et al noted the resilience, or ‘can do’ approach of their Australian case study community as an important feature of its capacity to respond to socio-economic disadvantage. They identified this resilience as the capacity to act, and to learn from this action (Hase et al, 2000: 36).

4.4.1.7  Inclusive Transformational Leadership

The significant role of local leaders in community renewal efforts is recognised in all the case studies reviewed here. Policy makers have also identified local leadership as a significant area for support, with leadership development programmes playing a significant role in government supported community development attempts. However, it is important when considering policy responses to rural community challenges to ‘unpack’ the notion of leadership and how it contributes to community strength.
As a number of authors reviewed here have observed, the type of leadership required to effect community regeneration is that which is inclusive, facilitates individual and organisational connectivity, and envisions whole of community responses to sustainable community development. While traditional community leaders may play a role in this leadership approach, limiting leadership to these figures will inhibit community capacity to regenerate effectively.

In considering rural community responses to loss of major employers in the United States, Leistritz and Root (1999) observed that communities tended to make a better adjustment where community leaders were able to work collaboratively with each other and agency representatives without concern for ‘turf’ issues. That is, local leaders had to work across boundaries and beyond their immediate interests to ensure whole of community survival. Flora et al (1997) have suggested that entrepreneurial social infrastructure will only be meaningful where there are genuine leadership possibilities for a diversity of community members. As they point out, diverse leadership reduces the “search and bargaining costs of collective action” by ensuring that there is increased flow of information and decision-making approaches between a range of networks and from a variety of perspectives (Flora et al, 1997: 629). That is, diverse and collaborative leadership assists in the development of inclusive responses to, and shared ownership of, community change.

The Australian case studies support these findings and further challenge us to redefine our notion of what constitutes leadership. Onyx and Leonard (2000) noted that, in the cases they studied, there was little evidence of leadership in the traditional sense of the term. Rather, a small number of active people, primarily women, were able to mobilise a significant degree of community action through a shared, or dispersed form of leadership (Onyx and Leonard, 2000: 25).

Similarly, in their study of Kyogle, Hase et al noted that the individuals making the greatest difference in their community did not see themselves as leaders, but as facilitators, fostering collaboration and connectivity within the community (2000: 31). Hase et al identified this form of activity as “transformational leadership” which focused on the community as a whole, and inspired a vision for possibilities which encouraged others to become involved (2000: 32). They also noted the particular value of youth leadership projects which encouraged youth ownership of social issues and greater communication between younger
and older community members. This was reinforced by Jordan (2001) in her discussion of development programmes in Maleny, Queensland. Finally, the Sustainable Rural Communities project conducted by the NSW Premier’s department identified a key characteristic of sustainable communities as being strong and visionary leadership which actively encourages community participation in decision making (NSW Premier's Department, 2001).

4.4.1.8  **Associational Density**

The role of community based organisations and associations (including economic, social and environmental enterprises) in facilitating effective responses to crisis or change is described variously in the case studies reviewed here. The *Sustainable Rural Communities Project* suggests that a sustainable community is one which uses its critical mass of co-operating organisations to stimulate creative, resource efficient efforts to achieve common community objectives (NSW Premier's Department, 2001). In a number of case studies, Kenyon and Black (2001) identified traditional and emergent community based organisations as providing the ‘vehicles’ for community development. Similarly, Jordan (2001) describes a strong network of co-operating organisations – including community owned stores, a credit union, a business enterprise centre, and formal environmental collectives – as providing the framework for ongoing innovative development efforts. Onyx and Leonard (2000) describe the development of collectively owned enterprises and organisations as both part, and a consequence, of innovative developmental approaches in three Swedish communities.

While development within and between community-based organisations can lead to instrumental outcomes in terms of completed community projects, participation in these organisations can also build individual and community capacity, thereby contributing to the development of the other capacity indicators discussed here.

Given the importance of organisational frameworks in community renewal efforts, and the particular role of the Department of Fair Trading in supporting associations and co-operatives, the role of organised collective responses – in the form of co-operative solutions - will be discussed in significant detail in the next chapter.
4.4.1.9 *Mobilisation of Diverse Internal and External Networks*

The extent to which communities can command their diverse social, professional and technical information networks to draw upon internal and external expertise, ideas and resources is a crucial feature of regenerative capacity. The wider the range of intellectual, technical and material resources available, the greater the options are for negotiating effective and well resourced development strategies. Active engagement of these networks can expedite community solutions by engaging the necessary technical, political and financial support to ensure success.

As Flora et al have pointed out, external networks may be horizontal – that is, linking communities to other communities in their region – and vertical, linking local communities to regional, state, or national centres (1997: 629). It is important to note that one of the key roles of effective sustainable community development strategies is the facilitation of horizontal links between communities, in order to ensure that the lessons, insights, and successes of community efforts may be reflected upon by other communities engaging in the renewal process.

4.4.1.10 *Capacity to Mobilise Finance From Multiple Sources*

Kenyon and Black (2001), Leistritz and Root (1999), and Jordan (2001) identify community capacity to mobilise finance from multiple sources as an important prerequisite for achieving sustainability. The strategies for mobilising finance described in these case studies include: establishing community owned financial institutions to harness local capital; encouraging local investment in economic development initiatives; sourcing government and philanthropic funding from a range of programmes; and developing micro-credit arrangements. Such finance has been utilised to fund local employment development strategies, expand the number and type of local private enterprises, assist with the expansion of niche market and value added activity, and support the development of physical, social and cultural infrastructure.

It is notable that, in the United States and Canada, where sustainable community development initiatives are significantly more advanced than in Australia, the importance of mobilising finance has been a long recognised feature of community development. As Jordan
points out, the Maleny community drew upon north American experiences of harnessing regional capital when it decided to establish a local credit union (2001: 7). She identifies this organisation as the “life blood of the community” (Jordan, 2001: 8).

4.4.2 Institutional Factors

In addition to the economic and demographic factors, and the socio-cultural conditions discussed so far in this chapter, there are a number of institutional factors which support or inhibit sustainable community development.

4.4.2.1 Open and Responsive Local Political System

The critical role of local government in supporting or blocking sustainable community development is frequently cited in the case studies reviewed here. This includes local government's instrumental role in the provision of physical infrastructure for industry and business development. In addition, as Kenyon and Black (2001), Leistrisz and Root (1999) and Jordan (2001) have observed, local government fulfils multiple facilitative functions in ensuring community sustainability. These include: provision of civic leadership through dynamic counsellors and technical support for business and cultural initiatives through skilled staff; provision of, or mobilisation of, finance for community economic and social endeavours; active participation in the development process, including employment generation, responsive service provision, and the exploitation of local economic opportunities; and provision of access to resources for community groups. In addition, where regional solutions are being explored, the capacity of local government to engage productively with other local governments is a critical issue.

4.4.2.2 Political and Bureaucratic Support

Local, state, and/or federal government support for community sustainability initiatives is often an imperative to their success. Such support may include harnessing finance through direct provision or guarantees, brokering relationships between the local community and external agents, and supporting a community's negotiation of the political bureaucracy.
As has been described by Leistritz and Root (1999), and Hase et al (2000), the role of local or regional bureaucrats can also impact on a community’s capacity to initiate sustainable development. The absence of bureaucratic support on the ground, regardless of higher-level policy commitments, can lead to protracted negotiations during which momentum for initiatives may be lost. In some cases, however, respondents in these case studies reported that bureaucratic resistance inspired their communities to persist in spite of these constraints (Leistritz and Root, 1999).

4.4.2.3 Integrated Government Responses

A number of respondents in the case study communities reviewed here cited lack of coordination between government departments, and between different levels of government, as a significant obstacle to developing sustainable initiatives. As discussed in Chapter Three, an integrated whole of government approach to responding to community needs has recently gained rhetorical popularity at both state and federal levels. The NSW Premier’s Department’s Regional Coordination programme is explicitly designed to coordinate such approaches to rural renewal at a regional level.

4.4.2.4 Timely Government Responses

As mentioned in 4.3.2.2 above, protracted negotiations with government bureaucracies in order to establish or further community based economic, social or environmental initiatives can prove problematic in terms of maintaining the momentum for productively harnessing community energy. Where multiple negotiations for governmental support or authorisation are taking place, bureaucratic delays can threaten community initiatives which are reliant upon support from a range of sources.

4.5 Developing Community Sustainability: Existing Approaches

The factors and institutional relationships described above are suggestive of the conditions required for the realisation of a sustainable community. With few exceptions, however, these characteristics are reflective of community economic and social capacity, which is not a fixed entity, but an ongoing process that may be enhanced and developed. In this section, we
briefly consider the basic principles and strategies of such development efforts. In broad terms, the development approaches discussed here are concerned with stimulating local economic activity, building social and cultural infrastructure, and developing or sustaining healthy natural environments. On the basis of these approaches and our discussion of conditions above, we then offer a broad definition of sustainable community development. Finally, we consider the current model being utilised by the NSW Government, as coordinated by the Premier's Department, to identify the possible roles of the Department of Fair Trading within this model. Specific approaches to the development of co-operative solutions to community renewal will be considered in Chapter Five.

The theories, strategies and tools employed in local development activities are as varied as the terminology used to describe them. From the rise of community work and community development frameworks in the 1970’s, to a focus on local economic development in the late 1980s, to the more recent community economic development and sustainable community development movements, as they are described in Canada and the United States, these approaches have been centrally concerned with local level development activity. The significant difference between these various approaches rests in their very definition of development, and the extent to which economic, social or environmental objectives are given primacy. Within each of these approaches, there is significant difference of opinion between theorists and practitioners alike about the most appropriate means of achieving developmental objectives. A detailed analysis of the theoretical and practical differences of these approaches is beyond the scope of this report. Briefly, however, their definitional differences may be summarised as follows:

- Community development – an emphasis on social change through empowerment of individuals, community action, and community based organisational development, with a view to achieving social and economic equity (see Kenny, 1999; Ife, 1998; Doyle, 1998);

- Local economic development – an emphasis on community sustainability through the development of resilient local economies, with a particular emphasis on employment creation and income generation (see Blakely, 1994; Hoyle, 2000);
Community economic development – an integration of community development and local economic development values. It focuses on developing economic and social sustainability through improved wellbeing of all sectors and individuals within the community, and with a focus on self-reliance as a response to globalisation and economic change. Locally initiated and controlled employment generation is a central aspect of this development approach (see Centre for Community Enterprise, 2000); and

Sustainable community development – an integrated approach to economic, social and environmental development where development is conceived as change, rather than growth, and where regard is given to intergenerational equity. Employment and business opportunities which are appropriate to the local context and that support environmental sustainability are encouraged (see Hart, 2000; Rocky Mountains Institute, 2001; Roseland, 2000 Kline, 1995).

From this broad range of orientations to local level development, we take the Rocky Mountains Institute’s conceptualisation of sustainable community development as our definitional focus. They define such development as:

- Redefining prosperity in a way which weighs community values, quality of life, and the environment alongside economic considerations;
- Seeking true development, where development is defined as getting better, rather than simply expanding;
- Advocating the long-term stewardship of community resources (natural, economic, social and cultural), to ensure that present actions don’t erode the foundations of future prosperity;
- Pursuing self-reliance and a largely democratic approach to decision making which represents broad community interests rather than those of a few; and
- Emphasising the importance of diversity, resilience and the recognition that one size solutions do not fit all (Kinsley, 1997).

As Hart (2000) points out, a sustainable community looks after all forms of capital, including natural, human and social and built capital, in order to continually improve the quality of life
of all its people (Hart, 2000). Implicit in the broader discussions of community sustainability offered by the Rocky Mountains Institute and Hart (2000) is the notion that sustainable communities are learning communities. That is, they are open to innovation, capable of reflecting on past activity in order to develop future plans, and able to utilise broad ranging networks within the community and with external sources in order to maximise knowledge and expertise.

4.5.1 Regional Approaches to Rural Development

In addition to the local development approaches summarised above, a range of regional development approaches to rural concerns have been employed by governments, both in Australia and overseas. Such approaches have focused primarily on economic development, particularly employment generation and/or industry development and expansion. As was discussed in Chapter Two, regional, rather than local, development approaches have been a key focus in Australia at both state and commonwealth government levels. Currently, this is evidenced by the primary policy instruments utilised for rural regeneration; the Regional Assistance Programme and associated network of area consultative committees federally, and the Premier’s Regional Coordination Programme in NSW. The limited availability of evaluative literature on Australian development programmes makes it difficult to comment on the efficacy of such approaches in bringing about change which supports community sustainability. A large body of rigorous empirical research on North American and European approaches to regional development, however, illuminates some of the key strengths and weaknesses of regional approaches.

The key approaches to regional development in the United States, Britain and continental Europe include the use of enterprise zones in Britain and the United States, the development of ‘cluster communities’ in North America and the LEADER (Liasons Entre Actions de Developpement de l’Economie Rurale) rural development programme administered by the European Community. It is important to note that the definition of what constitutes a region differs widely within and between these programmes.
4.5.2 Business Networks

While network arrangements between firms are by no means new, shifts towards the knowledge industry model have drawn new attention to them in recent years. The Business Networks Program was initiated by the federal government in 1995 and concluded in 1998. The aim of the programme was to facilitate networking arrangements between small and medium enterprises. In the Australian context, a business network was defined as "a collaborative effort among at least three businesses in an operation such as procurement, product development, production, distribution, sales and marketing, or after-sales service" (Dean, 1998 quoted in Sinclair, 1999: 2). As the Bureau of Industry Economics has pointed out, networks can be utilised to pursue a variety of objectives, including sharing of capital costs, risks and information; greater exploitation of economies of scale and coordination; and accessing knowledge, management skills and markets (1991: 2). The Business Alliance Network was formed by a number of brokers involved in the Business Networks Programme to continue to promote the concept of networking, particularly through work with state governments (Sinclair, 1999: 6).

4.5.3 Enterprise Zones

Enterprise zones may be defined briefly as geographically targeted economic assistance policies which deliver a suite of options to disadvantaged regions, including:

- Wage subsidies directly targeting employment creation for disadvantaged individuals;
- Investment incentives for business, particularly with regard to equipment purchase and finance supply; and
- Grants to finance associated infrastructure investments (Manning, 2001: 42).

These initiatives emerged in Britain in 1981, and were subsequently taken up by various states and, later, the federal government, in the United States (Bondonio and Engberg, 2000: 520).

In a recent study commissioned by the Institute of Chartered Accountants in Australia and the Local Government and Shires Association of NSW (Manning, 2001), there have been calls to
develop targeted incentives for regional Australia based on the creation of enterprise zones to encourage the introduction of new industry and the expansion of existing industry in under-performing regional areas. It is notable, however, that evaluative and comparative research of state and federal enterprise zone programmes in the United States consistently reports that enterprise zones have not lived up to expectations in terms of employment creation and wealth generation (for a comprehensive review of the research, see Wilder and Rubin, 1996). In a recent comparative study of enterprise zones in five US states using two different econometric approaches, Bondonio and Engberg (2000) concluded that enterprise zones do not have a significant impact on local employment.

4.5.4 The LEADER Program

The LEADER program was introduced by the European Commission in 1991, then expanded in 1995 as LEADER II. In brief, the programme is based on an endogenous, or ‘bottom up’ hypothesis of socio-economic development focused on a regional, rather than sectoral approach (Ray, 2000). In this case, ‘regions’ are defined by a population of 100 000 or less. Existing or newly formed organisations, known as Local Action Groups can apply for funding by producing business plans which reflect a strong focus on the use of local resources and demonstrate active participation by public, voluntary and business sectors within the specified region (Ray, 2000: 164). By 1999, there were 968 local action groups implementing LEADER funded initiatives throughout the European Community (LEADER Observatory, cited in Ray, 2000: 166). The LEADER programme also facilitates horizontal links between local action groups, by funding collaborative projects, and enforcing formalised inter-group communication networks.

A range of project evaluations suggest that the LEADER programme has produced positive economic, social and environmental outcomes in a number of regions in which it has been employed. At the same time, however, some experiences of the programme suggest that a regional approach to participative development is not always effective in redressing economic or social inequality at a local level. As Shucksmith (2000) has observed, the privileging of regions over locales can efface the internal socio-economic disadvantages experienced within regions. Shucksmith argues that LEADER type programmes must include an explicit social justice strategy which acknowledges internal diversity and relations of power (2000).
4.5.5 Cluster Communities

A cluster may be defined as a “geographical bounded concentration of similar, related or complementary businesses with active channels for business transactions, communications that share specialised infrastructure, labour markets and services that are faced with common opportunities and threats” (National Institute of Economic and Industry Research, 1999: 32).

A significant development in international regional policy has been the fostering of industry clusters, and a movement away from support of individual firms (National Institute of Economic and Industry Research, 1999: 110). This has also been taken up in Australia in, for example, NSW’s Hunter Valley Region. Successful Hunter industry clusters include metals manufacturing and sustainable energies. These tap the region’s advantages of a large pool of skilled tradespeople, appropriate support industries, and export infrastructure. Newcastle University is also a key collaborator in the Hunter cluster development and strategy (Hunter Regional Development Organisation website, 2001).

4.5.6 Reconceptualising Regional Approaches

The tradition of regional development approaches in Australia – particularly at the Commonwealth level and to a lesser degree at state level – has largely been of an exogenous, or ‘top down’ orientation. The LEADER programme in Europe suggests that a regional approach which genuinely facilitates assisted ‘bottom up’ solutions which incorporate the views of multiple stakeholders can have positive economic, social and environmental outcomes. The danger of a focus on regional approaches, however, is that local inequities are ignored. The ‘sponge city’ effect referred to in Chapter Two is a clear example of the way in which regional advancement can conceal local level socio-economic disadvantage in smaller communities within such regions. The importance of regional development policies, however, rest in the extent to which they can forge productive horizontal and vertical links between locales and firms within a region to harness the competitive advantages of regional level collaboration and innovation.

4.5.7 The Sustainable Rural Communities Project

The Sustainable Rural Communities Project was piloted in 1999-2000, in order to develop a strategic focus on rural community development. The project builds on existing
developmental efforts of a range of NSW government departments, but seeks to take a more integrated approach to economic, social and environmental factors. The approach is particularly oriented towards a greater understanding of social capital building and its relationship to economic sustainability issues (NSW Premier's Department, 2001). It draws significantly on the work of the Centre for Community Enterprise in Canada.

The criteria for selection of the case communities were:

1. Population of less than 10,000;
2. Identified as 'vulnerable' by the 1999 AHURI report on Community Advantage and Vulnerability;
3. Identified by Regional Coordinators as having the capacity to implement a strategic community development programme; and
4. Local government support for the initiative (NSW Premier's Department, 2001).

The pilot has since been completed and the programme is being expanded to other rural communities.

The outcomes of the pilot are a set of tools which communities may use to assist capacity building, a set of characteristics of sustainable communities, and a community building methodology. In brief, the methodology involves the formation of a Community Action Team (CAT) comprising local people committed to investing time, energy and resources to drive positive local economic and social change. Once established, it is the role of the CAT, with support of local council and Sustainable Rural Community Project staff to facilitate the:

- Development of a community profile (including economic, demographic and social factors) using the tools developed;
- Presentation of the profile to the community for feedback on community priorities about which indicators to improve;
- Development of action plans based on community priorities;
- Publicisation of action plans and coordination of resources to initiate action;
- Reporting back to the community on specific action items, with opportunities for revising priorities;
• Continued follow through on action strategies;
• Stock take of progress against key indicators;
• Presentation of a progress report to the community, with a view to revising priorities for the next phase;
• Continued work on priority actions and repeated reporting back to the community in order to review priorities and refine action (NSW Premier's Department, 2001).

It is expected that this process take place over a three year period, at which point communities will be "stronger, healthier and have both a clear vision and an action plan to achieve a vibrant and sustainable future" (NSW Premier's Department: 2001). We will recall here that a sustainable community, by definition, has three central features; a vibrant economy, well-developed social infrastructure and a healthy natural environment.

Given that the Sustainable Rural Communities project is still in its infancy, there is no evaluative evidence of its efficacy in building sustainable rural communities. To the extent that the programme seeks to take an integrated approach to social, economic and environmental factors, however, it builds on a methodological approach which has proven useful in the United States and Canada. It is worth noting that, in its summation of the characteristics of a sustainable community, the project notes the importance of a critical mass of co-operating organisations. It is not clear from the methodology, however, how this critical mass is or should be being used to develop sustainable community activities. The NSW Premier’s Department have recently announced the initiation of a separate project focused on capacity building in non-government organisations. However, it is not clear what organisations will be covered by this project, and its relationship to the Sustainable Rural Communities project has not been articulated.

We believe that the role of co-operating organisations, particularly those based on co-operative principles detailed in the following chapter, have an important role in embedding sustainability initiatives. These include innovative strategies to generate employment, development of diverse local commercial activities, environmental rehabilitation and responsive social service provision. This will be discussed further in Chapters Five and Six.
4.6 Conclusion

Sustainable rural communities are those which take an innovative self-help approach towards meeting economic, social and environmental challenges. They maximise the opportunities of the knowledge economy by effectively utilising community expertise, knowledge networks and other local competitive advantages. They are inclusive of diverse community values and ideas. Finally, they are able to set priorities, measure progress, and revise priorities where necessary.

Appropriate development approaches need to accommodate all aspects of sustainability, rather than giving primacy to one aspect of the development process. They must recognise, for example, the interdependence between the generation of reliable employment opportunities and strong stocks of social capital, and the importance of a healthy natural environment in supporting economic activity and social wellbeing. Regional development approaches may be useful where they do not efface inequities between different locales within a region, and where they provide opportunities for maximising regional advantages. However, local development approaches also play a significant role in community capacity building, revitalising local optimism and allowing communities to 'do for themselves'.

Co-operation, as both a social process and a framework for organisational development, plays a significant role in the sustainable community development role. In the following chapter, we will consider in detail the role of co-operative solutions in this development process.
Chapter Five - Co-operative Solutions and Sustainable Community Development

5.0 Introduction

In the previous chapter, we outlined the conditions required for sustainable rural community renewal, and the central principles of current practice in developmental approaches. On the basis of this, we now wish to draw out the crucial relationship between rural regeneration and co-operative solutions.

Co-operation may be defined as “joint or collaborative behaviour that is directed towards some goal and in which there is common interest or hope of reward” (Craig, 1993: 11). The literature on developing sustainable rural communities – whether it be empirical research, policy related, or practitioner based – is consistent in citing the importance of co-operation and collaboration in achieving development objectives, including maximising new market opportunities, securing new employment and building community spirit. Collaborative business approaches are a cornerstone of the knowledge industry model discussed in the previous chapter. Similarly, the literature reviewed in Chapter Four underscores the significance of co-operative community approaches to social and environmental issues, the building of social capital and the reinvigoration of community life. Where co-operative endeavours work, they have the benefits of:

1. Maximising knowledge networks;
2. Achieving economies of scale and/or scope; and
3. Ensuring collective contribution to, and ownership of, community solutions to economic, social and environmental challenges.

As a social process, co-operation can manifest itself in spontaneous and informal, or more deliberative and formalised ways. In this chapter, we will focus on co-operative solutions, which, while deliberatively organised, are not necessarily formalised under a specific organisational structure. In this sense, our definition of co-operative solutions – which is detailed below – is predicated on Craig’s notion of ‘contractual co-operation’. Craig defines contractual co-operation as “voluntary and formalised, based upon an explicit agreement
between individuals [or organisations] to work together towards the achievement of a common goal” (1993: 14).

Co-operatives are a specific organisational structure which support contractual co-operation to achieve economic and/or social outcomes for their members. As will be discussed in our definition of co-operative solutions below, this chapter is not confined to a discussion of co-operatives per se. However, the social philosophy which supports the world-wide co-operative movement provides a useful set of guiding principles for co-operative solutions. This philosophy is captured in the *Statement of the Co-operative Identity* ratified by the International Co-operative Alliance (ICA) in 1995. The ICA defines a co-operative as autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Co-operatives are based on a set of values which include: self-help, self-responsibility, democracy, equality, equity, and solidarity, honesty, openness, social responsibility, and caring for others. More formally, the *Statement of the Co-operative Identity* encompasses seven international principles of co-operation: these are:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation among co-operatives
- Concern for community

As is evident from this statement, contractual co-operation is predicated on a number of values and principles which are consistent with sustainable community development principles. These include: democratic participation; community/member ownership and control; concern for community and environment; reflexive learning through co-operative education; and inter-organisational co-operation. In this sense, co-operatives, and organised activities based on co-operative principles provide a useful vehicle for developing and embedding community sustainability. As Restakis and Linquist have pointed out with regard to the Canadian experience, co-operatives, as collectively owned enterprises, provide one
means of preserving both the public nature of goods and services while also applying the best aspects of business principles to reduce costs and ensure service quality (2001: 7).

In NSW, co-operatives are incorporated under the NSW Co-operatives Act (1992). Given the importance of co-operation as both a process and a goal of sustainable community development, however, this chapter will consider a range of activities which exceed the formal boundaries of incorporated co-operatives. Rather, the focus here is on what we refer to as ‘co-operative solutions’.

5.1 Defining Co-operative Solutions

Co-operative solutions are primarily concerned with generating economic benefits – including employment and income – and building social capital in an environmentally sustainable manner. Macleod (2001) has detailed the nexus between traditional co-operative development approaches and contemporary community economic development activities in the North American context. As he points out, the history of modern co-operation was based on a strong social philosophy aimed at achieving a more just society. Modern co-operators sought to bring about community empowerment through the use of commercial business tools (Macleod, 2001: 5). Conversely, the community development activities that emerged in north America in the 1960s, in parallel with a range of new social movement activities, were based on the use of advocacy and consciousness raising to bring about empowerment in marginalised communities (Macleod, 2001: 5). It is important to note that, within this context, a variety of ‘new wave’ consumer co-operatives were developed as advocacy and service provision vehicles (Craig, 1993: 64). Many community development activities generated during this period were not financially self-sustaining, and went into significant decline when core government funding was no longer available (Macleod, 2001: 4).

Macleod argues that the current wave of community economic development activity constitutes a synthesis of traditional co-operative and community development approaches. He defines the overlap between current co-operative activity and community economic development initiatives as the "Community Business Sector"(2001: 5). Macleod defines a community business as having three major features:
1. An explicit intention to become self sustaining, rather than reliant upon external financial support;
2. A fundamental purpose to improve a geographical community, rather than simply to increase business assets;
3. A democratic structure, where participation is based on personhood, not financial status (Macleod, 2001: 6).

On the basis of this definition, not all co-operatives, nor all community economic development enterprises, are community businesses. Those which are, however, bring together the strengths of two traditional movements for community self-reliance and economic and social resilience.

Using Macleod's community business notion as a definitional starting point, we focus in this chapter on what we define as 'co-operative solutions' to rural renewal. Co-operative solutions encompass community businesses, which may be registered in New South Wales as co-operatives and companies limited by guarantee. Given the role of the Department of Fair Trading in the development and regulation of co-operatives, significant attention will be paid to this organisational form.

In addition to community businesses, co-operative solutions encompass a range of associational activities, carried out by communities or sections of communities to provide local social or economic services. These may be formalised as incorporated associations, or operate informally, but in an organised manner. These include a range of professional, business enterprise, social, sporting, and cultural associations, as well small-scale arrangements, such as babysitting clubs and Reconciliation projects, and larger coordinated activities, such as Local Economic Trading Systems (LETS). Further, co-operative solutions include inter-organisational approaches to development and community capacity building. The factors common to all co-operative solutions are that they are:

1. Community initiated and community/member owned;
2. Self-help oriented;
3. Democratically run (either through direct participation or representative decision making); and
4. Focused on responding to local economic, social, or environmental needs.
In this chapter, we have given some consideration to general co-operative solutions, rather than focusing solely on incorporated co-operatives for two reasons. First, an understanding of unincorporated co-operative processes illuminates the conditions under which people or organizations come together to meet common goals, which is a basic prerequisite of successful contractual co-operation. Second, and perhaps more importantly, a capacity to co-operate – as identified in the previous chapter – is a basic condition of effective rural community renewal. Co-operatives may provide a vehicle for harnessing and developing co-operative cultures. To limit our vision of co-operative cultures to one organizational form, however, would efface a range of processes and structures which support co-operative cultural development.

5.2 Co-operative Solutions and Sustainable Community Development

In this section, we will consider the role of co-operative solutions in achieving sustainable community development. The focus of this analysis is community regeneration, rather than co-operative development, per se. That is, in selecting the co-operative solutions discussed in this chapter, we sought to identify the impacts of these activities on broader community progress, rather than simply their instrumental outcomes. In some cases discussed, co-operative solutions have led the renewal process. In others, they have been part of a broader integrated approach to developing and instating sustainability.

As discussed in the previous chapter, rural communities may be conceptualised as being in three different stages along the sustainable community development spectrum: reacting to crisis; in transition; and practising sustainability. We will now give some consideration to the role of co-operative solutions at each stage. In doing so, we will synthesise the conditions under which the development of co-operative solutions are appropriate, and where they are less likely to succeed.

5.2.1 Communities Vulnerable to Crisis

As the Sustainable Rural Communities project indicates, the greatest indicator of rural community crisis is the loss or downsizing of a major industry or employer (NSW Premier's Department, 2001)). We would add to this another broad indicator, which is the loss of
essential services (such as financial, health, postal, and basic retail). A number of local and international examples illustrate the capacity and effects of co-operative responses to such loss.

5.2.1.1  Loss of Industry/Employment

In areas of North America, co-operative solutions play a crucial role in traditionally single industry or resource dependent community responses to loss of major industries and employers. This is manifested in a number of ways.

First, there is significant evidence of communities, or parts of communities coming together to ensure employment retention, generation, and distribution through the collective buyout of major employers. One United States example of a group of suppliers responding co-operatively to the loss of their market is the experience of turkey growers in Zeeland, Michigan. Faced with the loss of their sole corporate client and that client’s decision to close the local processing plant, a producer-owned processing business was established to take over the plant and re-establish a market. Over 300 new jobs were created when the plant reopened, and the products are now marketed under a new brand, which explicitly markets the history of turkey production in the region (Moser, 2000).

In some areas where co-operatives are already a feature of the local economy and social fabric, these organizations are leveraging their business assets and interests, and their commitment to co-operative principles to ensure the continued existence of major employers. Freshwater (1998) describes one such example in Montana in the United States of a utility co-operative purchasing a local processing plant in order to ensure its continued operations. The plant provided 40 jobs in a community of 800 people, constituting the largest private employer. Further, a significant number of farmers in the local area supplied produce to the plant and were thus facing no viable demand for their crop (Freshwater, 1998: 6). In this case, the motivations for the co-operative to purchase the plant were that the plant was both a major market for and employer of community members, and the co-operative’s largest customer. In this case, the interests of the community, which constitutes the co-operative’s market, were clearly in the interests of the co-operative. As Freshwater points out, co-operatives often have a stronger incentive to serve geographical communities than other types
of businesses, as their member/owners are also members of the community it serves (1998: 2-3).

In addition to simply buying out existing employers, co-operative solutions have also been employed to create opportunities for value adding and niche market development in a number of rural community settings. Here, local community members are seeing value in coming together to achieve the economies of scale and scope necessary to respond to new market opportunities and technical innovations. In British Columbia in Canada, many traditionally resource dependent communities are seeking new market opportunities through co-operative solutions. These include the establishment of craft and arts enterprises, local food production and processing, and marketing of local goods and services (Ministry of Community Development, Co-operatives and Volunteers, 2000a). Many of these are being established as collective activities. Further, networks of co-operatives and other community-based enterprises in British Columbia are reinvigorating timber and fishery industries through the identification and development of new markets in shellfish production and value added industry in the form of manufacture and sale of quality timber products (Restakis, 2001). In Ontario in Canada, workers have formed co-operatives to develop aquaculture markets by transforming former iron-ore mine pits into fish farms. A key informant from this initiative reports that the communities in which these activities are taking place are experiencing renewed hope as jobs growth and the opportunity to work in an emerging industry are being realised (Co-operatives Secretariat, 2000: 9). In one such community, the establishment of an aquaculture co-operative led to the generation of 17 permanent positions in the first three years, with projected expansion to 25 positions in the 4th year (Co-operatives Secretariat, 2000: 9).

Co-operative solutions are also being employed in some areas to take a proactive approach to employment retention. One such example is the Succession Planning Program initiated and coordinated by the Ohio Employee Ownership Centre in the United States. The programme is designed to assist regional businesses plan for succession in a low-pressure environment; that is, before crisis hits. The programme originally received philanthropic and government support, but is now funded through private sponsors. The programme helps businesses to define their succession planning goals, and implement plans to meet these goals, and thus attempts to retain business and employment in local areas within the state (Ohio Employee Ownership Center Website, 2001).
The principal effect of the initiatives described above is that they have ensured employment retention, and in some cases, employment generation, in the communities they serve. In the cases where value adding and niche markets are being developed, co-operative ventures have also involved members analysing and responding innovatively to their community’s local advantages. In the case of the aquaculture initiative in Canada, the co-operative approach has harnessed the product of previous environmental degradation to expand an industry opportunity. While such innovation is not necessarily specific to the co-operative approach, co-operation does allow for the maximization of intellectual capital and collective networks to develop innovative community business solutions. The example of the American utility co-operative purchasing a processing plant is also suggestive of the motivation of established co-operative enterprises to reinvest in their communities.

Members or participants in a number of these co-operative solutions have also cited that their involvement in the development and management of their enterprise has allowed them to gain leadership and community management skills which they employ in voluntary roles in their broader community. Further, participants have reflected consistently that working together in the successful development of co-operative business ventures builds organisational and interpersonal relationships which serve the community in positive ways beyond the instrumental outcomes of the specific enterprise. By the same token, where these ventures are not successful, relationships can be severely eroded or break down altogether.

While co-operative solutions to loss of industries or major employers may have some positive flow on effects to the broader community, they do not, in themselves, ensure the community capacity and vision building required to make the transition from crisis to sustainability. As discussed in a case study analysis of the community benefits of so called ‘new generation co-operatives’ in the United States, co-operative ventures can cause significant tensions within a community where broad community interests are not taken into account in the development of the venture. A fairly consistent concern cited by community respondents in this study across a range of co-operative ventures was that environmental impacts of the new venture were not being sufficiently addressed (United States Department of Agriculture, 2000). Clearly, where co-operation simply provides an organizational vehicle for a traditional business activity, without due regard for the broader community and environmental commitments embedded in co-operative principles, its contribution to community capacity building is highly limited.
Health, financial, retail and social service providers are an important feature of the infrastructure required to support local economic activity and community life. In many rural communities, they are also important sources of local employment. In the face of the contraction and regional amalgamations of public services, and withdrawal of private services seen as non-viable, many rural communities, both in Australia and overseas have sought to develop co-operative solutions. The value of many of these solutions is that they are highly responsive to the specific needs of the local community. In this section, we will consider health, financial, utility and multipurpose service provision to illustrate the possibilities of such solutions.

Health care services cover a range of different areas, including primary and aged care. The co-operative approach to delivery of health care services has gained strength in a number of countries, including the United States, England, Scotland, Japan and Brazil. These approaches may be divided into user or consumer owned enterprises and provider owned services, although some are a combination of both (Ulrich, 2000: 54). In NSW, Yeoval Community Hospital Co-operative Ltd was established in 1989, after the hospital was closed by the state government. It is a multi-purpose health centre owned by the community and most of its staff. Yeoval is a very significant local employer and continues to be an efficient and viable service provider. The co-op was originally formed with strong support from the local state member, who was an active proponent of co-operatives (Co-operative Federation of Victoria, 2001: 19).

Another important area where co-operative solutions are playing a role is in the provision of financial services to community members. The Creditcare program, which was developed and utilised in Australia from 1995 – 2000 was a joint venture of the Credit Union Services Corporation Australia Limited (CUSCAL) and the Commonwealth government. The programme was developed to assist rural communities re-establish financial services, by attracting a host institution – generally a credit union – to a town (Lewis, 2001: 1). The programme assisted almost sixty towns to initiate a self-help approach to regaining access to financial and other services after the withdrawal of banks (Lewis, 2001: 1). Recent research commissioned by ACCORD suggests that the programme delivered a range of successful outcomes in terms of both co-operative and sustainable community development (Lewis,
The demise of the programme appears to have been a result of the inadequacy of the credit union form to meet all financial service needs. However, the enterprises established under the Creditcare programme continue to operate. Further, the developers of the Creditcare programme were able to reflect on the limitations of this model in order to develop the model for rural transaction centres – that is community owned aggregated service centres - which was subsequently taken up by the Federal Government. Finally, the rise of the community bank model, which provides banking services combined with profit share opportunities, posed a significant challenge to the Creditcare programme in what was previously an untapped niche market.

The establishment of utility co-operatives to serve the needs of rural communities has a strong history in the United States. The North American experience has no real parallel in Australia. However, the deregulation of the electricity industry in Australia has encouraged some rural communities to consider co-operative options. A number of feasibility studies into energy buying co-operatives have been undertaken. There is one such co-operative, Co-operative Energy, operating in Victoria.

On a smaller scale, there are a number of isolated examples of rural Australian co-operating to buy out basic retail services, such as retail stores and hotels when these services have faced closure. In the case of Watchem in Victoria, the community purchased its local store in 1990 and now lease it out to a commercial tenant (Co-operative Federation of Victoria, 2001: 3). Recent anecdotal information from this community indicates that significant changes in the make up of the local population has reduced the sense of collective ownership and community spirit which supported this endeavour and, if faced with the same challenge again, a co-operative solution may not be viable (Charles, 2001: personal communication). In Devenish, Victoria, a co-operative was formed to purchase the township’s only hotel (Co-operative Federation of Victoria, 2001: 17). While the market viability of the hotel is somewhat tenuous in a town with an adult population of 120, the pub now serves as a hub for social interaction and activity (Charles, 2001: personal communication).

Successful co-operative solutions to service loss appear to have a number of positive and cumulative effects on sustainable community development. In the case of the Creditcare experience, Lewis has identified a range of ‘spin off’ effects of a co-operative solution to financial service provision, including: employment generation; boosting community
confidence; stimulating economic activity; retention of local capital; attracting new businesses and services; a more cohesive community; and a sense of achievement leading to other community based activity (2001: 63-69).

Given that such services, by definition, meet the needs of the broad community, the very decision to engage in a co-operative solution requires broad community commitment and participation. Where the consultation and development processes employed to initiate such a venture are genuinely inclusive of a range of community interests, they are both likely to succeed and to involve an implicit process of relationship and network building which supports community sustainability. Further, the development of such a service has the effect of operating as a point of focus for community development, providing a tangible goal which can be recognised as a community priority and acted upon accordingly. The realisation of this goal also constitutes a recognisable community success – a living example of what can be achieved - which can provide the impetus for further development of co-operative solutions.

It is notable that the analysis of the Creditcare Program suggested that, while community members valued the range of benefits that the credit unions had brought to their communities, they did not see the co-operative organisational form as valuable in itself (Lewis, 2001: 69). While respondents spoke strongly of the importance of the co-operative process and philosophy, they were generally less concerned about the organisational application of this philosophy.

5.2.2 Communities in Transition

Communities in transition are those which are initiating planning and capacity building activities in order to alleviate economic and social disadvantage and take a proactive approach to avoiding community crisis. Within this context, the establishment and building of co-operative solutions can have a significant impact on the community's development towards sustainability.

5.2.2.1 Marketing Local Advantages

Many communities in Australia and overseas are enjoying the benefits of co-operative marketing of local goods and services. In Australia, this appears to be occurring
predominantly at a regional, rather than local community, level, which has the benefit of strengthening co-operation and networking between communities.

There are many examples of co-operative approaches to product marketing in the United States. One such example is the New North Florida Co-operative, which has brought together a number of small-scale low income farmers in order to market their produce within their region. Prior to the existence of the co-operative, there was minimal communication between these farmers, leading to direct competition between neighbouring farms in an already flat local market (Karge, 1999: 1 of 7). The co-operative approach has two significant benefits. First, it has allowed for the strategic marketing of produce, in order to capture previously untapped local markets and allow farmers to play a more active role in price setting. Secondly, the co-operative facilitates systematic communication between its neighbour members in order to ensure that they are maximising the benefits of complementary production cycles, farming techniques and other technical knowledge (Karge, 1999). In this case, the co-operative approach allows small producers to achieve greater efficiencies and economic returns than they could achieve as individuals.

In a different vein, a number of isolated rural communities in Europe have employed co-operative approaches to tap into the benefits of marketing regional tourism. With funding support from the previously discussed LEADER programme, the local action group in the West Cork area in Ireland, with broad support from the communities involved, developed a tourism forum, grouping local authorities, community associations, individuals, hotel owners and tourism professionals to develop and market the tourism capacity of the area. The development approach has focused on utilising the strong cultural history of the area and attracting ‘green tourism’ which was previously diverted to neighbouring regions (LEADER Innovative Actions, 1995).

A successful example of co-operative marketing for tourism in NSW is Heartlands Farmstays. Farmstays have been developed in Australia as a viable source of on-farm income to supplement primary income generation activities. Heartland Farmstays established in 1994, is a network of more than 30 farmstays which engages in collective marketing and aggregated purchasing to achieve economies of scale and promote the specific tourism advantages of their region The co-operative has also participated in government sponsored employment programmes to provide employment and skills development to long term unemployed people.
in a developing industry within the region. The expansion of regional tourism generated by Heartland Farmstays also has multiplier effects for regional employment and economic stimulation. Graham (1995) describes the co-operative as a "true creation of the Regional Development Model" which allowed a group of motivated people to initiate a collective idea in a manner which dovetails with the economic developmental priorities of the region (4).

5.2.2.2 Developing New Industries/Services

Co-operative approaches are being used in some cases to exploit the market opportunities afforded by advancements in communications and information technology. One example of this is NetCo-op in north-east Victoria. Originally established as the North East Telecentre in 1993, this co-operative endeavour acts as an Internet service provider to its region, and supports a range of business development networks and resources (NetCo-op Website, 2001). The co-operative also generates local employment through its telecentre functions, which include commercial provision of web design and support services and web hosting for businesses and community groups. NetCo-op began as a workers’ co-operative, but is now in the process of shifting to more broad-based community ownership by inviting Internet service customers to become members of the business (Charles, personal communication: 2001).

As discussed briefly above, contemporary co-operative approaches to fishery and forestry industries in parts of Canada are leading to new value added industry development. The case of forestry is particularly noteworthy. In response to major downsizing of traditional timber harvesting, a secondary value added wood industry, in the form of quality manufactured wood products, has emerged. The economic multipliers of this industry within local communities are far greater than those of traditional industry practices (Restakis, 2001). Co-operatives are playing a key role in assisting small producers to access the raw timber they need, through securing forest licenses. Having the wood to serve new markets has resulted in 1,000 job-days of employment at companies participating in the financing programme of the co-operatives. Co-operatives have also been crucial in financing initial wood purchases for members, and in the establishment of strong retail markets (Restakis, 2001).

In the United States, existing agricultural co-operatives are also playing a key role in developing ways for farmer members to value-add to existing produce. Such initiatives include harnessing the collective efforts of small farmers to meet the need for organic
produce, and the development of ethanol production from surplus corn produce in South Dakota. Recent research on these and other value adding co-operative initiatives in the United States has found that these activities are having a significant positive impact on the stimulation of local economies and giving local people new hope for the future (King, 2000).

5.2.3 Sustainable Communities

As discussed in Chapter Four, sustainable communities are learning communities which integrate economic, social, and environmental objectives in order to meet the needs of local people with due regard to future generations. While the co-operative initiatives described above may contribute to community sustainability, they do so only insofar as they are part of a deliberative and strategic approach to whole of community renewal. That is, co-operative initiatives become co-operative solutions where they both encompass and are embedded in broad community objectives.

The Queensland community of Maleny is perhaps the best illustration of a sustainable community based on co-operative solutions. As described by Jordan (2001), Maleny’s co-operative development approach began with the establishment of one co-operative store in the early 1980’s, and has now burgeoned into a network of interdependent enterprises and associations which, while not all incorporated formally as co-operatives, are generally based on co-operative principles. These include a Credit Union, which has provided finance for over 180 new jobs within 78 new businesses, a food co-operative, a strong LETS system, a recycling depot, community schools, a business enterprise centre which supports individual and group businesses, and a number of craft and market garden co-operatives. The Maleny Strategic Alliance group has been formed by the range of co-operatively based enterprises and associations within the town in order to conduct community audits and community needs analyses, and develop a strategic plan for the area (Jordan, 2001: 16). This association may be seen as providing an ‘umbrella structure’ for the coordination of co-operative efforts throughout the community.

Within Maleny, community based enterprises have been developed across a number of industries, and in response to a diversity of human service needs. Many of these are co-operatively organised. In addition, co-operative solutions have spawned small-scale innovative private enterprises. The community credit union has financed a range of small
businesses, and the strong business network established in Maleny provides support for business start up. These small enterprises are seen as being appropriate to the local community and, as such, part of a broader sustainability agenda.

5.3 Conditions for Success of Co-operative Solutions

The examples of co-operative solutions to sustainable community development discussed here are highly suggestive a range of specific conditions under which a co-operative solution may be successfully initiated. It is important to recognise, however, that local solutions are highly contextually specific; that is, one size does not fit all. The economic, cultural, and social specificities of particular locales must be taken into account when considering any development options. In broad terms, however, the conditions necessary for the successful development of co-operative solutions include:

- Favourable industry/regulatory conditions – like any sustainable economic enterprise, the success of a co-operative business solution will be contingent upon industry conditions and market viability. In the case of co-operatives, the regulatory framework also has a significant impact. This includes the procedural and financial requirements of co-operative formation, and trade practices constraints, particularly with regard to the issue of competition.

- Community support for co-operative solutions – where co-operative approaches are forming part of an overall renewal agenda, they need to be grounded in that agenda and receive the broad support of the community. That is, co-operative solutions must be authorised by the community as a legitimate part of the development agenda.

- Commitment to self-help – a co-operative solution will generally only succeed where community members understand and embrace the co-operative value of self-help. Like other forms of sustainable community development, co-operative solutions generally do not thrive where they are initiated from the ‘top down’. In the case of the Creditcare programme, Creditcare staff assessed community commitment to self-help through community surveys and by observing the number of people who attended preliminary public meetings.
• Time available for planning and co-operative development— in the case of formal structures, organisational formation is often a lengthy process. In addition to the standard business requirements of feasibility studies, and raising capital, formation of this type of enterprise requires the deliberative development of a democratic organizational structure, and the engagement of potential members. Where an existing co-operative framework exists within a community, this process may be expedited. However, it is generally the case that the start up of co-operative ventures takes longer than other, non-collective forms of enterprise. On the basis of the information available, it appears that the majority of incorporated co-operative solutions described in this chapter took in excess of 18 months to incorporate and commence operations, and a few took up to three years.

• Core of people to sustain the formation process – as with many community endeavours, the initiation of co-operative solutions requires the sustained involvement of a small group of people. While broad based democratic participation is the ultimate goal, this will not be achieved without the efforts of a few people who will facilitate this process and attend to practical requirements along the way. In keeping with our understanding of sustainable community characteristics, we may describe these people as inclusive transformational leaders.

• Previous experience of co-operation – this is a critical element of almost all successful co-operative ventures, although it occurs in different forms. In the case of a number of the North American examples cited in this chapter, the communities or regions involved had a strong identifiable history of co-operative approaches to economic and social endeavour. In other cases, such as the Maleny and Heartlands Farmstays examples, individual project leaders had experienced co-operative approaches in another context and were able to 'sell' this approach effectively to others. In the case of Creditcare, formal co-operative experience was 'imported' by development agents into communities willing to work together in response to service loss.

• Capacity to fund feasibility study – co-operative solutions must, by definition, be community owned. However, in many cases a co-operative approach is initially envisioned by a small group of individuals. Where the nature of the proposed initiative is ambitious and carries a degree of risk, it is crucial that a feasibility study be carried out.
This can be a costly exercise which, where there is an element of collective benefit to the project, should not be borne by the individuals who conceive of the idea. In some situations, however, it is difficult to promote community ownership of an initiative until its viability has been established. Where co-operative solutions are explicitly concerned with delivering public benefits, communities may require government support to leverage funding for feasibility studies.

- Access to technical support (legal/financial) cognisant of co-op principles – where co-operative solutions involve formal incorporation, access to technical and financial support is necessary. Even where incorporation is not an objective, access to relevant expertise may assist a collective to develop its objectives and understand its legal responsibilities. Technical support for co-operative activities must accommodate both the standard industrial intelligence required to successfully initiate any form of enterprise, and an understanding of how to accommodate the principles of co-operation within the emergent organisation’s structure and practices.

- Access to finance – most co-operative solutions require access to finance. This may prove particularly problematic where the community does not have, or is not able to harness, its own financial capacity. The lessons from the experience of co-operative sectors around the world is that co-operative solutions are most likely to access external finance where they are viewed by traditional financial institutions and governments as a legitimate, and therefore risk comparable, form of enterprise.

- Management of expectations of what co-operation can deliver – the danger of importing co-operative solutions to communities unfamiliar with this form of activity is that community expectations of required contributions and likely outcomes may not be realistic. The co-operative formation process itself plays a crucial role here. Where co-operative solutions are being introduced by development agents from outside the community, it is critical that such agents understand the processes and principles of co-operative formation, and are able to realistically communicate them to interested groups.
• Political and bureaucratic support – similarly to the institutional condition for community sustainability discussed in chapter Four, co-operative solutions are most likely to be successfully implemented where they have political and bureaucratic support. The Yeoval experience in NSW highlights the positive impact which a local member’s support can have on a co-operative community initiative. Similarly, Jordan’s account of the development of Maleny highlights the importance of state government support for the development of a range of business initiatives to build on those innovations already developed by the community.

5.4 Approaches to Developing Co-operative Solutions

As was discussed with regard to sustainable community development in the previous chapter, the conditions for successful co-operative solutions can be enhanced through effective development strategies. In this section, we will consider three models used to develop co-operative solutions in Australia, in order to draw out development strategies which have proven effective.

5.4.1 Endogenous Community Economic Development: the Maleny Experience

Jordan’s work describes the sustainable development of the Queensland community of Maleny as a bottom up process stimulated and carried forward by community members. She draws upon the work of the Rocky Mountains Institute in the United States to describe the development model employed in Maleny. She cites the four important elements of this model for the Maleny experience as being:

• Plugging the leaks – that is, developing strategies which produce import substitution to stimulate the local economy;
• Supporting existing local businesses – by both promoting them and encouraging them to respond to local needs and advantages;
• Facilitating the start-up of appropriate new businesses – which involves community agreement on what is ‘appropriate’ and the existence of a mature business support network; and
• Encouraging the entry or expansion of external businesses that are appropriate to the region and community (Jordan, 2001: 21 – 22).

With regard to building a community’s orientation towards co-operative solutions, Jordan identifies a range of factors important to building sustainable collective solutions to local challenges. These include:

• Community recognition of the need for the project, which may be assessed through town meetings, community surveys or interviews, and raising issues through local talkback radio;
• Assessment of the energy requirements of the project in order to determine the community’s capacity to undertake it;
• A ‘physical focus’ for the project which is easily accessible to all sectors of the community;
• Clear aims and objectives which are formed as part of preliminary strategic planning, and modified through regular reflective processes;
• Community commitment to the vision, which may include the contribution of capital or sourcing external funding, and contributions of ‘sweat equity’; and
• Ongoing commitments to member education and training to ensure the sustained continuity of the project (Jordan, 2001: 17 – 19).

5.4.2 Promoting the Co-operative Alternative: the Creditcare Programme

Lewis’ recent analysis of the experiences of the development of the Creditcare Programme throughout Australia illuminates a number of important factors involved in developing co-operative solutions in small rural communities, particularly where these solutions are facilitated by development workers external to the community. Lewis concluded that the key factors for success for the institutions established through Creditcare were: cohesive community spirit; community pride; supportive local council; gifted community leaders; proven record of achievement in the community; positive economic outlook; and balanced demographic profile (2001: 57). In short, the importation of this co-operative solution was only viable where the conditions for community sustainability were already fairly well developed.
The development officers used a number of techniques to assess community readiness for a Creditcare solution. These included:

- Preliminary desktop analysis of local economic conditions and demographic profiles;
- Self-help attitude evidenced by the fact that members of the town approached Creditcare to request their involvement in the community;
- Initial negotiation with key stakeholders (such as members of local council, the progress association or the chamber of commerce, and individual social entrepreneurs) to assess whether local institutional conditions were favourable;
- The existence of already functioning community based organisations, particularly co-operatives or co-operative like institutions;
- Measurement of community support via attendance at preliminary public meetings to discuss the project; and
- A pro-forma community survey (both response rates and actual responses used to assess community interest and financial capacity to ensure project viability) (Lewis, 2001: 54-55).

Creditcare development workers also found that adapting their approach to the specific needs of each community, listening actively to those needs, assisting in developing local solutions to local obstacles, and ensuring community ownership of the project were important aspects of the development process, (Lewis, 2001: 58).

5.4.3 Rural Community Development: the Collaborative Education for Transformation Model

The Centre for Rural Communities Inc in Victoria, has developed and piloted an approach to rural community development known as the Collaborative Education for Transformation model. This approach is informed by adult education and community development theory, and is guided by the goals of social justice and ecological sustainability (Sheil, 1999: 4). This is a solutions focused approach which takes the needs of the community as its starting point, and which focuses on co-operation and collaboration as a means of achieving community objectives. The approach is informed by the work of the Council for Aboriginal Reconciliation, and utilises a study circle kit to build the learning process (Sheil, 1999: 5).
The approach draws together an interested representative group of individuals from within the community\(^1\). The key elements of the development methodology employed are:

- Engaging the community in dialogue in order to develop awareness of its diversity of skills and values;
- Networking to facilitate contact between individuals, and between rural communities;
- Incorporating sufficient time for community building to occur;
- Engaging in community visioning in order to determine objectives and place diverse dreams on the agenda;
- Encouraging local ownership of enterprise, activities and goals;
- Developing a co-operative culture through social events, local business collaborations, and inter-organisational networking;
- Encouraging transformation through building the skills, confidence, and networks of individuals and organisations;
- Providing opportunities for reflection to identify achievements and build in new goals and processes (Sheil, 1999: 6-10)

The Centre has also recently received Federal Government funding for a regional project, *Collaborative Communities - Resilient Regions*, that will run over 2 years and is targeted primarily and developing this knowledge base into mainstream learning at TAFE and University levels, along with support through establishment of regional networks (Sheil, 2001: personal communication).

### 5.4.4 Strategies for Developing Co-operative Solutions

The three development approaches described above have a number of common elements which may be viewed as being central to building effective co-operative solutions. These include:

- Assessing community interest, through public meetings, surveys, interviews with key stakeholders, or the formation of action groups;

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\(^1\) The pilot project focused specifically on rural women. However, the approach is transferable to general developmental activities.
• Providing opportunities for broad community participation in developing project visions, through public meetings, seeking feedback through use of local media, and reporting back to the community (NB It is important that such processes recognise community diversity and provide multiple channels for feedback);

• Providing opportunities for the community to learn from others’ experiences of co-operation, through study tours, visiting speakers and information campaigns;

• Celebrating community achievements when project goals are met;

• Forging networks between existing community based organisations; and

• Providing opportunities to reflect upon the project development process, in order to measure achievement and adapt or amend project objectives and development practices.

5.5 Barriers to Co-operative Solutions Development in NSW

While co-operative solutions can play a potentially valuable role in the development of sustainable rural communities in New South Wales, there are a number of barriers to promoting this approach which need to be taken into account.

5.5.1 Whole of Government Recognition of the Value of Co-operative Solutions

While local co-operation is implicitly recognised as an important element of sustainable community building, the benefits of strategically developed co-operative solutions have not been explored or well understood across the relevant government departments within the NSW government. To the extent that co-operative solutions provide a framework for sustainable community development, or can play a significant role in that development, the promotion or initiation of co-operative solutions would need to be embraced by all relevant departments. To date, the role of co-operatives, in particular, in enhancing community economic and social development has received little attention in whole of government developmental approaches. While co-operative solutions remain undervalued by Government, they will not be systematically advanced in its development programmes.
5.5.2 Industry/Regulatory Conditions

As discussed in an earlier section of this chapter, the industry and/or regulatory conditions under which specific co-operative approaches are being initiated will play a role in determining the viability of such approaches. Co-operative solutions should, like any other developmental approach, be developed on the basis of their economic and/or social feasibility in any given context.

With regard to the formation of co-operatives, as a particular vehicle for co-operative solutions, it is important to note current regulatory impediments to co-operative formation in this state. Recent unpublished research conducted by ACCORD found that a number of recently formed co-operatives had found negotiating the registration, auditing, and reporting requirements of co-operative incorporation to be a significant obstacle to the development of their enterprise. It is notable that this research did not survey groups who had been unsuccessful in co-operative formation.

5.5.3 Access to Technical Support

Access to appropriate technical support – particularly legal and financial - is crucial to the development of any sustainable enterprise. In the case of co-operative solutions, such support must also take into account the principles of co-operation upon which co-operative solutions are based. There is limited technical expertise of this nature available in rural NSW. Where co-operative solutions are also oriented towards ‘public good’ services in communities with limited capital, accessing technical support is particularly difficult. If co-operative solutions are to form any significant developmental role in rural NSW communities, availability and access to appropriate technical support would need to be expanded.

5.5.4 Capacity to Mobilise Finance

In NSW, as in other Australian states, the capacity to mobilise finance in order to develop new economic activity which generates employment remains a significant barrier to the development of co-operative solutions. The reasons for this can include: lack of capacity to harness local capital; poorly developed networks with external private and public sources; and perceptions of the comparatively high risk of co-operative approaches by traditional
financial institutions. This is a significant issue, which will be considered in some detail in the following chapter.

5.6 Conclusion

The examples discussed in this chapter suggest that co-operative solutions do, or have the potential to, play an important role in the development of sustainable rural communities. Where appropriately resourced and initiated, co-operative solutions generate employment, encourage business innovation, and play an important role in building the social capital necessary to support a vibrant economy. The benefits of co-operative solutions are not simply realised in their instrumental outcomes, but in the extent to which they facilitate community capacity building and provide a structural framework in which community capacity and innovation can be sustained. Capacity building is an important precursor to ensuring the strategic development of a community’s economic, social, physical and human capital.

There is a range of conditions under which co-operative solutions are likely to succeed, and we have illuminated these here. Many of these conditions, however, are not fixed, but open to development, as long as such development takes place in genuine partnership with the communities in question. Recent experiences of the development of co-operative solutions suggest a number of useful techniques and approaches. There is significant scope for these to be both promoted within the broad rural community renewal efforts of the NSW Government and to be captured in a coherent development strategy initiated by the Department of Fair Trading. In the following chapter, we will consider the findings of the present report in relation to rural renewal in general and co-operative solutions in particular. In Chapter Seven, we make a number of recommendations with regard to the Department of Fair Trading's role in this process.
Chapter Six - Conclusions and Implications

6.0 Introduction

The case study research reviewed in this report indicates that sustainable community development is contingent upon a range of conditions in complex interaction with each other. Broadly, these conditions include community capacity to maximise the diverse resources, knowledge, networks and skills of their population and their local area's physical, economic, social and cultural advantages. Favourable institutional conditions, such as political and bureaucratic support for innovation, are also important determinants of rural community renewal.

In this chapter, we draw upon the descriptive literature discussed in Chapter Five to consider just how co-operative solutions can contribute to sustainable community development, and the implications of this for government action. Further, we discuss two specific areas of activity – embedding sustainable community development practices and providing community financing strategies to stimulate economic activity – where we believe there is a potentially significant role for co-operative solutions to play in rural renewal in NSW.

6.1 Achieving Community Sustainability – What do Co-operative Solutions Deliver?

Co-operative solutions can and do play a significant role in the development of economically, socially and environmentally sustainable communities. As all the literature indicated, a community's capacity to co-operate in a general sense is a key underpinning of such development. More specifically, the co-operative solutions reviewed in Chapter Five are illustrative of the ways in which such activities contribute to sustainable community renewal. These contributions include: the direct effects on local economies, employment opportunities and/or social service provision; the extent to which the process of co-operation builds community capacity in terms of leadership, participation, social capital and democratic decision making; and the organisational framework which co-operative solutions provide for
embedding sustainability initiatives, such as employment development strategies and new industry development.

6.1.1 Co-operative Solutions and Rural Renewal

The co-operative solutions examples discussed in Chapter Five demonstrate the range of ways in which co-operatively organised endogenous local development can respond to the challenges of contemporary rural life. The co-operative solutions approach discussed in this report draw on best practice principles of local economic and sustainable community development, including bottom up development, local ownership of economic resources, and building community capacity to respond effectively to dramatic economic or social change. Where appropriately resourced and supported, co-operative solutions in rural communities can contribute significantly to:

- Local economic and industrial diversification, including value adding and the development of niche market opportunities;
- Innovative micro-enterprise activity which utilises technical and knowledge networks and exploits small firm advantages to maximise efficiency and returns;
- The expansion – both in numbers and type - of employment and educational opportunities, leading to greater population retention, and growth, and attraction of external investment;
- The development, and/or harnessing, of community assets bases, which provides the foundation for further economic and social development;
- Building strong social capital, which improves the social cohesion necessary to support a strong local economy and vibrant community life; and
- The development of viable and responsive local services.

6.1.2 Co-operative Principles and Sustainability

The Statement of the Co-operative Identity outlined in Chapter Five provides a summary of co-operative principles and values. These principles link autonomous enterprise with concern for community and concern for the environment. In brief, the principles of co-operation are explicitly consistent with the principles of sustainability – that is, an integrated approach to
economic, social and environmental issues. It is notable that the NSW Co-operatives Act (1992) encompasses the seven international principles of co-operation, thereby effectively mandating a commitment to sustainability for organisations incorporated as co-operatives.

6.1.3 Co-operative Principles in a Knowledge Economy

In addition to the direct link to sustainability values, the principles which underpin co-operative solutions may be viewed as supporting a ‘learning’ approach to economic enterprise and broader community development. We will recall here the notion of the knowledge industry model, which was detailed in Chapter Four. In brief, a knowledge industry approach allows small enterprises to maximise the benefits of larger scale operations through strategic collaboration, while also maintaining the advantages of flexibility and responsiveness specific to smaller firms. In socio-cultural terms, we may broadly draw a link between the benefits of networking and collaboration promoted in the knowledge industry approach, and social capital theory’s recognition of the importance of bridging, bonding, and linking social capital; that is, networks within and between communities, and between communities and other external institutions and networks. In terms of sustainability, a sustainable community is one which maximises its horizontal and vertical networks in order to capture the full benefits of diverse knowledge, experience, expertise, and resources.

The principles of co-operation include a commitment to co-operative education, both in terms of advancing members’ knowledge and experience of co-operation, and in terms of disseminating knowledge of co-operative advantages in the broader community. Further, they include a commitment to inter-co-operative co-operation. That is, the co-operative framework explicitly values inter-firm or inter-organisational co-operation in order to maximise the advantages of a critical mass of small collaborative organisations. As Haynes and Nembhard have pointed out, “community controlled economic development is a possible means of development which can incorporate flexible methods of production and organisation using a democratic governance structure” (1999: 58). It is important to note, as has been discussed in Chapter Five, that, where trade is involved, this approach is somewhat limited in practice by anti-competitive regulations.

Nevertheless, we may see the principles which underpin co-operative solutions as directly supporting a learning or knowledge approach to economic, social and environmental activity.
To the extent that co-operative solutions provide the framework for rural community development, they are both predicated upon and support the building of learning communities.

6.1.4 Cost Benefits

Where co-operative solutions are effective, they have the capacity to deliver cost benefits in relation to community development, both to the communities themselves and the institutions with which they interact. Specifically, effective co-operation within and between organisations reduces the transaction costs of collective endeavours. Just as an integrated governmental approach to service delivery is intended, in part, to maximise the efficiency of government resources, an integrated co-operative approach to accessing government, private and community sector assistance and expertise delivers efficiencies to the community and those institutions, in terms of temporal and human resources. In addition, where the horizontal networks between co-operating organisations are utilised effectively, co-operative solution ensure the wide dissemination of knowledge resources.

Further, research on a number of specific forms of co-operation – particularly tenant led public housing – has concluded that the social capital built by co-operation has multiplier effects in terms of reducing externalities. In Chapter Two, we considered briefly the costly social problems which emerge when social capital is eroded. Empirical research in the area of housing has shown consistently that co-operative activities build social capital and, in turn, lead to reductions in externalities such as crime, destruction of property, and inter-community conflict (Miceli et al, 1994).

With regard to co-operatives specifically, a number of economic theorists have questioned the efficiency of larger scale co-operative organisation, such as that of traditional agriculture co-operatives, particularly with regard to property rights and agency theory. Recently, Nilsson has theorised that the conditions under which these arguments do not have relevance is where co-operatives are:

1. Formed to correct market failures for members; and
2. Built on strong common interests of their members (2001: 344).
We will recall here that our definition of co-operative solutions encompasses only those co-operatives which are community based and explicitly oriented towards delivering community outcomes. Nilsson’s (2001) conditions for co-operative efficiency are directly related to a co-operative solution orientation.

Finally, where co-operative solutions are part of cumulative development activities, they provide an organisational framework, and financial support for new initiatives. As such, they minimise the start up costs and, in some cases recurrent funding needs, of a range of activities. In a Department of Social Security study of community based initiatives in both rural and urban areas, Smith and Herbert (1997) found that what we would describe as co-operative solutions – including producer and consumer co-operatives and LETS systems – had the greatest capacity for self sustainability of all types of initiatives studied, as they were able to develop a commercial or productive infrastructure within a single funding period (52).

6.1.5 Mobilising Finance

In North America in particular and, to a lesser degree in Europe, co-operative solutions in the form of credit unions, revolving loan funds, community development corporations, and community trusts, have played a significant role in mobilising finance for community economic development efforts. This has included harnessing community capital, providing a nexus for securing public funds, acting as an intermediary between communities and traditional financial institutions, and leveraging private sources of equity and credit. Co-operative solutions have the potential to play a greater role in these activities in the NSW context. We will consider this in further detail in Section 6.2.2 below.

6.1.6 Community Investment

Collective community ownership is the optimum condition to ensure community reinvestment. Where co-operative endeavours are engaged in economic enterprise, they are more likely to prevent local economic leakage than any other ownership structure. That is, where a community, or parts of a community, constitutes the market for and/or the owners of an economic enterprise, maintaining community well-being is an economic imperative. Co-operative solutions are more likely than purely market driven initiatives to weather...
limited economic returns, and/or to redirect surplus (or profit) back into the communities they serve.

As Strube (2001) has pointed out, the co-operative structure is also less likely to encourage rapid disinvestments associated with speculation. That is, collective ownership of an enterprise’s assets requires significant consultation when major investment decisions are taken. In the co-operative structure, central funds are not readily moveable, thereby making sudden and dramatic cycles of investment or disinvestment unlikely. As Strube suggests, this structure may not be appropriate for large scale speculative ventures, but is well suited to the development of stable and sustainable local economies (2001: 4)

6.1.7 Organisational Frameworks for Sustainability

As has been discussed in detail in Chapter Four, sustainable communities are those which maximise community networks, are inclusive of diversity, provide avenues for democratic participation, and are engaged in an ongoing process of capacity building. Where co-operative solutions play a significant role in community building activities, they provide a coherent organisational framework to develop and support these community characteristics. A systematic network of co-operating organisations provides broad opportunities for community participation, a framework for responding to diverse community needs, and an organisational mechanism for meeting the economic, social and environmental objectives of sustainability. In a number of the case study examples cited in Chapters Four and Five, a well developed system of inter-organisational co-operation provided a framework for initiating local employment strategies and supporting and attracting new business ventures and markets. Further, where these organisations and enterprises were consistent in building and harnessing the skills and knowledge of their individual members, they contribute to overall community capacity building, and the full utilisation of a community’s knowledge networks.

We believe that there is significant potential for co-operative solutions to provide an organisational vehicle for achieving sustainable community development objectives in NSW. As such, we consider this issue in greater detail below.
6.1.8 Impacts of Programmes Supporting Co-operative Solutions

The notion of co-operative solutions has been developed in this report to conceptualise a particular approach to developing economic, social and environmental sustainability in rural communities. While we have drawn on a myriad of examples of co-operative solutions both locally and overseas, we have found no existing development programme that meets all criteria of a co-operative solutions approach in a rural context. However, a number of overseas programmes which focus on particular features consistent with co-operative solutions are suggestive of the quantifiable impacts which a co-operative solutions programme might deliver.

One such example is the Lancashire Co-operative Development Agency in the United Kingdom, established in 1984. This agency, which is involved as a partner in a number of government regeneration programmes, provides start-up and ongoing technical assistance, as well as information dissemination and networking opportunities, to co-operatives and community enterprises throughout Lancashire County, in rural and urban areas. Research conducted in 1999 indicated that, between 1994 and 1999, LCDA assisted in the establishment of 109 new enterprises, with a survival rate of 76.1%. Overall, the work of the Agency has supported the establishment of approximately 1300 jobs (Hollings, email communication, 29/9/01).

The LEADER programme discussed in Chapter Four is a European Commission programme to support bottom up rural community economic, social and environmental initiatives coordinated at a regional level. The LEADER II programme, which took place from 1994 – 1999, placed a significant emphasis on innovation and transferability of funded projects. An ex-post evaluation of the programme in Ireland – where co-operatively oriented organisations and practices featured strongly in the overall approach – found that, by the end of 1999, the initiative had supported the creation of 413 new enterprises and 420 new product ranges. The former was almost twice as was expected, but the latter just marginally more. Some 514 existing enterprises supported were felt to have improved efficiencies or added value, with 298 additional product ranges. Further, while employment generation was by no means the sole objective of the programme, the evaluation found that 4,849 full-time equivalent jobs had been created as a direct result of LEADER funding by the end of 1999, and a further 3,508 jobs sustained, giving a total of 8,357 jobs. Amongst all projects funded, regional
tourism and the establishment of small to medium enterprises had the greatest positive impact on sustainable economic development. The bottom-up approach utilised was viewed as critical in stimulating local actions, innovative ideas, local empowerment and diversification, and facilitating the emergence of new ideas through its animation process. Finally, the integrated and multi-sectoral character of the actions funded under LEADER II was critical to the impact of achievements, particularly with regard to innovation (Kearney et al, 2000).

Under LEADER I and II funding, the Ballyhoura region in Ireland, which has a population of approximately 51 000, sought to diversify its economic base through a co-operative development approach to regional tourism. The measurable socio-economic impacts of this development approach include: generation of 349 jobs and 180 job equivalents sustained; supplementary income sources for more than 300 households; development of three new industries based on local sources of comparative advantage; and an increase in regional tourism revenue from £1.8 to £3.0 million over 5 years (OECD, 1999). The networks and animation processes developed by the region during this period have had cumulative effects. In 1999, it was estimated that 60 major actions arising from animation have been carried out without further LEADER funding, and 113 job equivalents have been created by entrepreneurs who have availed themselves of regional training opportunities (OECD, 1999).

The three evaluative examples described here have been developed in an international policy and societal context. However, they are illustrative of the powerful economic and social effects of development programmes oriented towards co-operative solutions.

6.2 Co-operative Solutions to Rural Renewal: Implications for NSW

As discussed in 6.1.1 above, co-operative solutions respond to a number of pressing community needs in rural communities. A coordinated, government supported approach to the development of co-operative solutions could play a significant role in expanding local employment, educational and entrepreneurial opportunities in rural NSW, building social capital to enhance community resilience and quality of life, and developing or retaining appropriately delivered essential services in our state’s small towns and regions. In so doing, an effective co-operative solutions approach would assist the NSW Government in meeting its objectives for rural development and social justice discussed in Chapter Three.
We have outlined the conditions for success and current barriers to co-operative solutions in NSW in the previous chapter. Here, we will consider two specific areas where we believe co-operatively based activity has an important role to play in current renewal initiatives and programs. These are co-operative solutions to the mobilisation of finance, and the role of co-operatively oriented organisations in achieving sustainability objectives.

6.2.1 Achieving Sustainable Community Objectives through Co-operative Organisations

The majority of research reviewed in this report – both the general development literature and the more specific co-operative development literature – identifies the crucial role of community based organisations in sustaining economic, social and cultural initiatives. As Blakely points out with regard to economic development in particular, locally relevant institutions and organisations are a primary ingredient of appropriate development as they "traverse political, economic and social barriers…in order to promote development"(1994: 80). Where such organisations work together, they also improve the efficiency of economic and social development strategies.

As the work of Sheil (1999), summarised in the Chapter Five, suggests, community based organisations can give organisational expression to sustainable community development efforts, and provide mechanisms for broad community involvement in the initiation, development and ongoing maintenance of a range of community initiatives, including the establishment of jobs, cultural activities, and marketing local advantages. Where these organisations are community owned, inclusive and democratic – that is, where they are based consciously or unconsciously on co-operative principles – they are best placed to harness community potential and to develop community capacity. As Jill Jordan's analysis of the Maleny experience indicates, a critical mass of co-operating organisations ensures broad community participation, vibrant and innovative responses to change and opportunity, and effective access to technical, political, and regional networks (2001). These are important factors in developing vibrant business cultures which encourage sustainable employment and entrepreneurial opportunities, and strong stocks of social capital.

The work of the NSW Premier's Department acknowledges that a critical mass of co-operating organisations is an important characteristic of a sustainable community. However,
it remains unclear in the methodology and techniques being utilised in the Sustainable Rural Communities programme how the development or support of such organisations is being strategically addressed in a rural context. We believe that, in order to ensure self sustainability in rural communities beyond the finite period of involvement of development staff, the formation and/or capacity building of community based organisations – whether they be co-operatives, incorporated associations, unincorporated associations or companies limited by guarantee – and inter-organisational networks needs to be given systematic attention. Given that the Department of Fair Trading has both experience in, and carriage for, the development and regulation of co-operatives and associations, they are ideally placed to play a leadership role, in collaboration with other government departments, in this process.

6.2.2 The Need for Community Development Financial Institutions

Australia’s efforts at community regeneration have not been as successful as they might. Unemployment remains a high 7% and is climbing. More importantly, there are still local areas, regions even, where unemployment remains well above average.

Australia has been addressing these problems of regional disadvantage since the Regional Economic Development scheme in the early 1970s. Commonwealth government schemes have waxed and waned while state governments have gradually built a more sustained, though not always coherent, commitment. Many local governments have gradually come on board, and in some areas are the main drivers of renewal.

Australia has not been alone in addressing these issues. Every OECD country has an extensive array of programs in place to address similar problems. Yet when we review the array of organised initiatives in countries similar to our own, particularly the United States, Canada and Britain, we see one important feature present in all those countries that is missing here.

What is missing is a set of specialised financial institutions that finance local efforts to stimulate the economy, generate employment, retain services, and build social capital. That is, we do not have a set of institutions that are rooted in their local/regional communities, that raise funds from those communities and elsewhere and finance, usually by loans, the various
small business and community business ideas that individuals and groups in those communities believe will help sustain and build their local economy and community.

This set of organisations is coming to be given the generic title of community development financial institutions (CDFIs). These CDFIs encompass a wide range of financial institutions. They include community development corporations, community foundations, credit unions, community development banks, community loan funds and community venture capital funds. They might be deposit taking or might not be. What they have in common is a limited geographical focus and ‘ownership’ within that limited area (mostly they are nonprofits). They are created to provide financing for economic and social community development activities. Occasionally that finance might be in the form of a grant, but most usually it is a loan, made on the basis of an apparently viable business plan. They also provide development services to assist borrowers launch and build their business.

CDFIs obtain their funding in a great variety of ways. In the US, in 1999, CDFIs had a capitalisation of $6 billion. Banks provided 15% of this, individuals 23%, foundations 22% and religious institutions 14%. Governments provided just 12% of capital. Government capital is quite recent, though many CDFIs benefited from the Community Reinvestment Act that encouraged banks to demonstrate their commitment to the disadvantaged in the areas in which they operated. Some of their capital is in the form of grants, some non-repayable loans, but most of it is in the form of loan finance, obtained by varying means (debentures, bonds etc). Most is raised from the local area. Some forms of CDFI are specially incorporated, all are eligible for tax breaks for certain activities, but generally, government is not closely involved. In the US context, they are described as unregulated financial institutions. They are sometimes called rotating loan funds (Marcoux, 2001).

The CDFI model is most fully developed in the US, where there are over 550, compared with 50 thirty years ago. The importance of such institutions is now recognised. In the mid 1990s the US Federal government created the CDFI Fund to channel government capital into CDFIs. The US Congress recently approved a New Markets Tax Credit, which will allow CDFIs and other financial institutions compete for tax credits for investments aimed at economically disadvantaged communities.

In Britain, the government recently announced its commitment to funding CDFIs through a special lottery fund called the Phoenix Fund and to providing individuals and companies with
a 25% tax credit for the returns on social investments channelled through CDFIs (United Kingdom Treasury, 2001). This picked up one of the central proposals of the Social Investment Task Force, which reported to the government in the previous year.

Australia lacks such devices. The need for such mechanisms has been recognised, but not acted on. In 1987, the National Advisory Group on Local Employment Initiatives proposed a Local Initiative Finance Trust (LIFT) to provide the specialised finance need for local employment initiatives (Lampe, 1987). The need is still present today.

The field of community economic development in Australia is full of stories of what were apparently great ideas for new businesses and new services that failed to translate into reality because start-up finance could not be found. Decisions about bank loans are no longer made in the local community, but in head offices in Sydney or Melbourne. Even in the new community banks, loan applications will be assessed and decisions made in Bendigo. The LIFT proposed in 1987 also suffered from being envisaged as a national initiative. One of the lessons of the US experience is that CDFIs should be the product of local initiative and will necessarily take different forms, partly the result of having different origins and partly a response to different economic conditions in different communities/regions.

What is desperately needed in Australia are financial institutions that are professionally run but are rooted in their local communities; where decisions about financing a project or business are made by people who know the area, and sometimes, those proposing the project, and where the organisation providing the finance also provides support for those setting up the new enterprise and can monitor its progress. When the finance is raised locally there is likely to be a stronger moral suasion on the people borrowing that will help ensure the success of the project.

The Department of Fair Trading, via the NSW Registry of Co-operatives, can take a leading role in initiating one set of such CDFIs. To do so would be to repeat its role in not once but twice being the facilitator of what became absolutely vital financial institutions in the history of this country: building societies and credit unions. It is worth noting that in June 1990, the Ministerial Council on the Future of Co-operatives commissioned a feasibility study on regional development bonds as a vehicle for attracting funds for rural development initiatives
One approach could be the development of community finance co-operatives. Such a body could be established within a regional community (a small town could not sustain such a body), with members of the community contributing initial start-up funds via shares in the co-operative, but where the co-operative would obtain most of its funds from other sources, including the sale of Co-operative Capital Units (in a sense a specialised form of debenture). These institutions would not be regulated by the Australian Prudential Regulation Authority, but the Registry could use its experience with regulation of large businesses and, until recently, financial institutions to give some form of prudential assurance to lenders. Such institutions could be trialed in two or three centres in the first instance to test their viability. It might be expected that they would take different development paths and that other communities/regions might then be invited to try a similar model themselves. In time it would be useful to have a second tier co-operative or some other form of association to provide support to the growing movement, but initially, that should be the Registry’s role.

6.3 Conclusion

The literature and development practices reviewed in this report are suggestive of a number of ways in which systematically developed and implemented co-operative solutions may support rural community renewal. Where conditions for co-operative solutions are favourable, they have the capacity to encourage innovative, cost effective and sustainable responses to economic and social challenges, by maximising the advantages of local ownership and inter-organisational collaboration. Co-operative solutions aggregate the skills, know-how and resources of local people to achieve local outcomes. In so doing, they respond to real economic and social needs while building the social capital and community capacity necessary to building long term self reliance.
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## Appendix A

### Table One: Characteristics of Rural Communities Vulnerable to Crisis

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Broad Indicator(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small population with limited demographic diversity</td>
<td>Population is less than 10,000. Population's age is significantly more homogenous than NSW population. Educational attainment levels are significantly lower than NSW population.</td>
</tr>
<tr>
<td>Dependence on one or two major industries/employers</td>
<td>20+% of working population concentrated in one or two industries&lt;br&gt;20+% of working population employed by two or less employers</td>
</tr>
<tr>
<td>Lack of availability of diverse skilled labour force</td>
<td>Underemployment of local residents. Levels and type of educational attainment is significantly lower/more homogenous than NSW population. Proportion of population of working age is significantly lower than NSW population.</td>
</tr>
<tr>
<td>Absence of employment, educational and social opportunities</td>
<td>Unemployment is significantly higher than NSW population. Lack of physical proximity to schools, further and higher education providers. Community perceives lack of social activities (including sport, cultural, and leisure activities).</td>
</tr>
<tr>
<td>Poor social capital</td>
<td>Low levels of trust and reciprocity. Absence of active networks between community members, community organisations, and between the community and external agents.</td>
</tr>
<tr>
<td>Close proximity to regional/metropolitan centre</td>
<td>Regional/metropolitan centre within 20km of community.</td>
</tr>
</tbody>
</table>
Table Two: Features of Sustainable Communities

<table>
<thead>
<tr>
<th>Feature</th>
<th>Broad Indicator(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Demographic and Economic Features</strong></td>
<td></td>
</tr>
<tr>
<td>Sufficient size and diversity of population</td>
<td>Population exceeds 10,000, and age and educational attainment reflect NSW averages.</td>
</tr>
<tr>
<td>Availability of quality labour</td>
<td>Population age and educational attainment reflect NSW averages.</td>
</tr>
<tr>
<td>Community has equitable access to sufficient levels of disposable income</td>
<td>Income per capita is commensurate with rural NSW averages. Receipt of government benefits is commensurate with rural NSW averages.</td>
</tr>
<tr>
<td>Community has a diverse economic base and high levels of local ownership of business</td>
<td>Multiple employers of differing size, industry, and organisational structure. Number of businesses owned, or majority invested in, by local residents</td>
</tr>
<tr>
<td>Community is oriented towards economic innovation through value added activity and development of new/niche markets</td>
<td>Number and type of enterprises in new industries/markets established in past five years. Number and type of new products developed.</td>
</tr>
<tr>
<td>Economic activity is oriented towards the ‘knowledge industry’ model</td>
<td>Well-established local and regional business networks, and evidence of inter-firm collaboration. Proportion of enterprises engaged in knowledge industry activity (e.g., trade, administration, service, retailing).</td>
</tr>
<tr>
<td>Community is able to access finance from multiple sources to serve business and social needs</td>
<td>Business, social and cultural activities are financed from a mix of sources, including: community investment, a variety of government programmes, and external private investment.</td>
</tr>
<tr>
<td>Community has some proximity to markets (or has established ‘virtual’ proximity)</td>
<td>Geographical proximity to regional/metropolitan centres, transport infrastructure, and travel hubs. Existence of enterprises utilising e-business techniques.</td>
</tr>
<tr>
<td><strong>2. Community Characteristics</strong></td>
<td></td>
</tr>
<tr>
<td>Capacity to co-operate</td>
<td>Community members believe they are able to work together to achieve goals. Existence of co-operatively oriented community organisations. Evidence of inter-organisational collaboration.</td>
</tr>
<tr>
<td>Community has large stocks of social capital</td>
<td>Evidence of high levels of trust and reciprocity across the community. Existence of multiple social networks within community, and linking community to external social networks.</td>
</tr>
<tr>
<td>Community collectively recognises problems/challenges</td>
<td>Community can identify key factors of social, economic and environmental threat.</td>
</tr>
<tr>
<td>Collective understanding of local advantages</td>
<td>Community can identify positive economic, natural, cultural, and social features of their local area.</td>
</tr>
<tr>
<td>Openness to innovation</td>
<td>Community is amenable to risk and development of new enterprise.</td>
</tr>
<tr>
<td>Sense of common purpose and priorities</td>
<td>Community has a collective identity and can agree on long and short term goals</td>
</tr>
<tr>
<td>Self help or ‘can do’ attitude</td>
<td>Broad community participation in planning and executing change.</td>
</tr>
<tr>
<td>Inclusive transformational leadership</td>
<td>Presence of recognised individual initiators and collaborators representing the breadth of community networks.</td>
</tr>
<tr>
<td>Associational density</td>
<td>Existence of a number of community organisations which are valued by community members and represent diverse economic, social and environmental interests and initiatives. High levels of community participation in local organisations.</td>
</tr>
<tr>
<td>Capacity to mobilise diverse knowledge networks</td>
<td>Community members/organisations, have established relationships with regional business and professional networks, political leaders, bureaucrats, education providers and neighbouring communities.</td>
</tr>
<tr>
<td><strong>3. Institutional Factors</strong></td>
<td></td>
</tr>
<tr>
<td>Open and responsive local political system</td>
<td>Community perceives local government as supportive. Local government plays a leadership role in community supported development activities.</td>
</tr>
<tr>
<td>Political and bureaucratic support</td>
<td>Community members have contact with local state and federal members. Community perceives that government is supportive of their objectives. Government workers (federal, state and local) are actively involved in developmental activities with community</td>
</tr>
<tr>
<td>Integrated and timely government responses</td>
<td>Existence of community projects involving multiple government departments/levels. Community is satisfied with time taken by government departments/programmes to respond to needs.</td>
</tr>
</tbody>
</table>