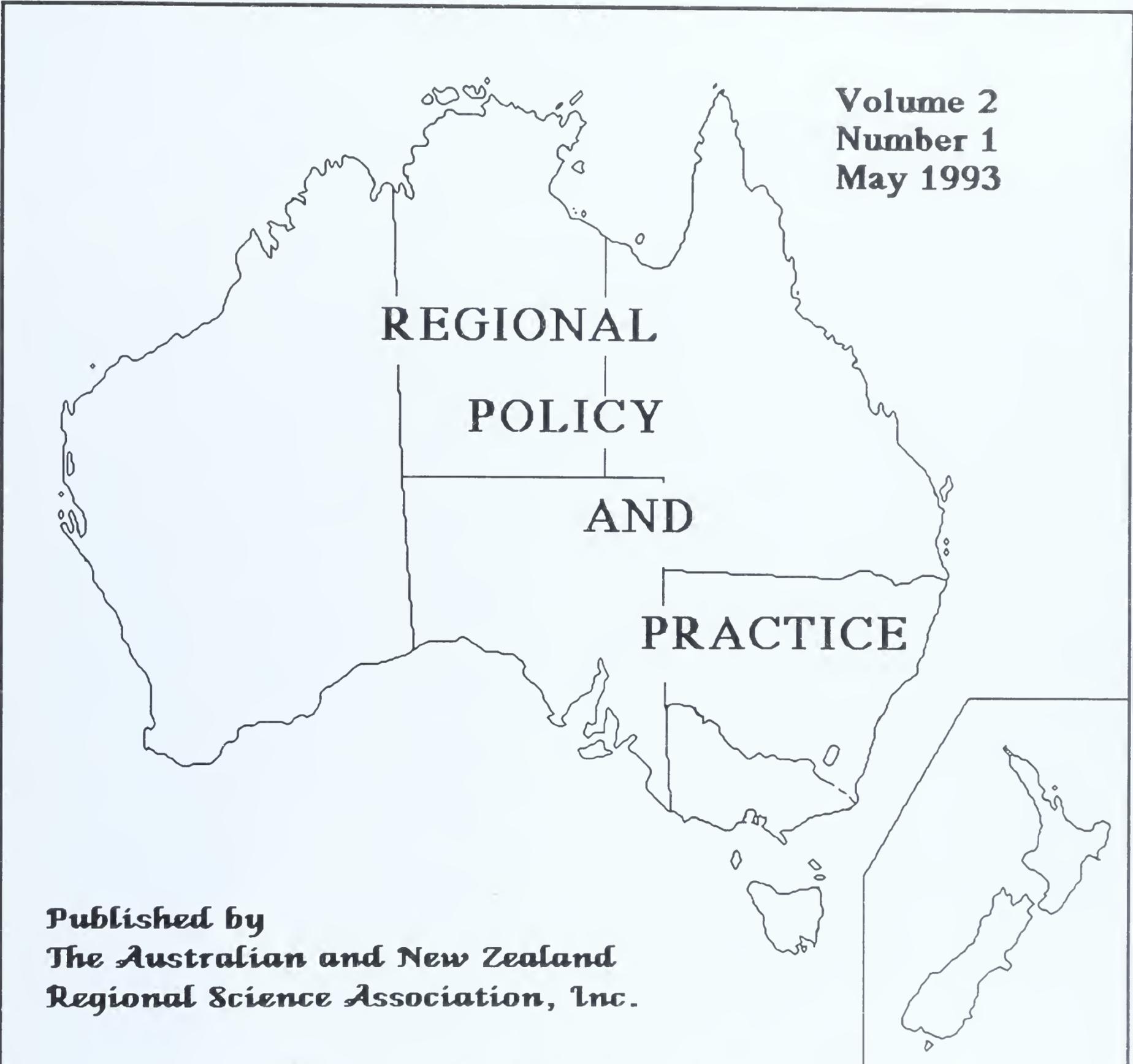
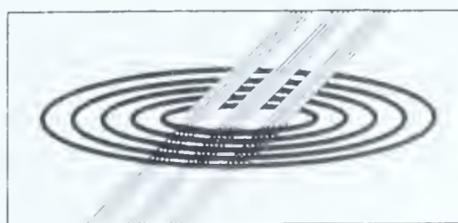


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The Australian and New Zealand Regional Science Association Inc. is a non-profit organisation dedicated to the promotion of efficient and effective regional development strategies through research, education and the discussion of ideas.

EDITORIAL

The subject matter for this editorial originally came in a fit of pique when it seemed the promised Minister for Regional Development had been lost in the election aftermath. Nevertheless it reappeared as part of the Ministry of Industry, Technology and Regional Development, the reworked DITAC, under Alan Griffith. On reflection this is probably not a bad idea. And at least it gets us into the inner Cabinet!

Now we have regional development back on the political agenda let us hope they do something worthwhile with it. According to the Australian Labour Party Policy Document 1993, a task-force under Hon. Laurie Brereton, M.P., had been established to develop a program for the then proposed Department of Regional Development. This policy document appears to focus in regional issues relating to adverse effects of individual restructuring on some communities, the impact of Commonwealth programs on "lagging" regions and impediments to adjustment in these regions.

May we suggest that this an altogether too negative approach to regional development. As the articles in this and previous issues of *Regional Policy and Practice* suggest, what is happening on the ground in regional development agencies involves positive outcomes by communities to build up their economies rather than simply reactions to macro forces beyond their control. This positive approach is reflected in the recent emphasis by State Government on 'self help' regional policy and on local comparative advantage strategies which involve building on strengths. This appears in sharp contrast to the terms of reference of the current Industry Commission inquiry into Regional Industry Adjustment which focuses on impediments to labour and capital mobility. The last thing a "lagging" community needs is to lose to better off regions more of those workforce and entrepreneurial skills and capital it still has, thereby serving to denude its 'self help' options.

Rather, what is required from the Commonwealth Government is a clearly articulated statement of how regional commodities and regional industries fit into the overall development strategy for the country. Equity considerations are clearly important in ensuring all Australians regardless of where they live have the opportunity to share any future prosperity

and participate in the economic and cultural benefits of moving into a global system

Moreover, it should not be forgotten that globalisation has an intra-national as well as a supra-national regional dimension. It is at this level that the inclusion of regional development with industry and technology makes sense. MITI, which is increasingly becoming an acceptable model for individual development in Western nations, has a series of regional bureaus as well as sector divisions. While this might be explained in terms of the political influence of Japanese regions, it also reflects an acknowledgement that economic growth has to be shared around and that small and regional businesses need to be integrated into sector development. Regional development thus ensures an efficiency element by not excluding potential global firms from industry development on the basis of location.

The importance of regionalism in industry development becomes explicit as global firms move from being large integrated transnationals to being more frequently characterised by collaborative alliances between independent firms. Existing regional organisations would be readily transformed into supportive offices to assist local firms in this process if a well understood strategic direction for each sector existed. The concept of clusters of related industries which form input-output relationships and collaborative R & D ventures with each other is also a clearly regional aspect of this new approach to industrial development. The development of successful industry clusters would clearly add to the local development impart of global growth in regions such as the Illawarra, Hunter and Latrobe Valley which contain industries capable of competing in global markets.

The cynic is now crying that all this has been tried before. This is true. However, now it is possible to add elements which were missing in the earlier experiments. For that is what they were — experiments. Now we need the Commonwealth Government to provide an overall strategic framework as to sector development and internationalisation in which regional firms can confidently advise local firms and develop regional plans. Then regional networking and international regional alliances can occur not in isolation as has occurred in the past but as an integral part of future national development.

Nevertheless, it must not be forgotten that regional development is not just industry development. This distinction has been lost in some States while being well accepted in others. Regional development also means community development as is illustrated in the U.S.A. examples included in this issue. The community side involves employment issues, particularly training and placement services. It also involves community enterprises and community self help projects related to the provision of new facilities. Increasingly, it will also involve local responses to environmental and conservation issues. It is important this side of regional development does not get lost within a new focus on industrial development. To solve this problem perhaps the establishment of regional agencies capable of packaging and reconciling the different programs to meet specific local needs will be required.

So please excuse the overly political nature of this editorial. However, the 1993 elections while seeming to mean 'back to business' also contains within the new Ministry format the opportunities for a new and vigorous redirection of policy. Nowhere is this more needed than in regional development. Let us hope the opportunity is grasped by our policy makers. And our practitioners, probably some of the hardest working grassroots toilers in economic development are given some sign that the light in the hill still shines.

On a more prosaic, but no less important, note this issue focuses on regional policy and practice in Western Australia. We are fortunate to have contributions on an interesting cross section of topics that reflect the diversity of the regional practitioner's domain. Subject matter ranges from the development of an innovatory industrial estate and promotion of the remote North-West, to small business promotion and local government reorganisation. The editors, and the readers for that matter, owe the authors a considerable debt of gratitude for their efforts. We look forward to receiving future contributions from ANZRSA members and others in the remaining states. •

Ann Hodgkinson
Tony Sorensen
David Singe

THE MEENAAR INDUSTRIAL PARK - A CO-OPERATIVE APPROACH BY STATE GOVERNMENT AND THE AVON COMMUNITY.

David Singe,
Department of State Development, WA.

[The views and opinions expressed in this paper are those of the author and not necessarily those of either the Western Australian Government or the Department of State Development.]

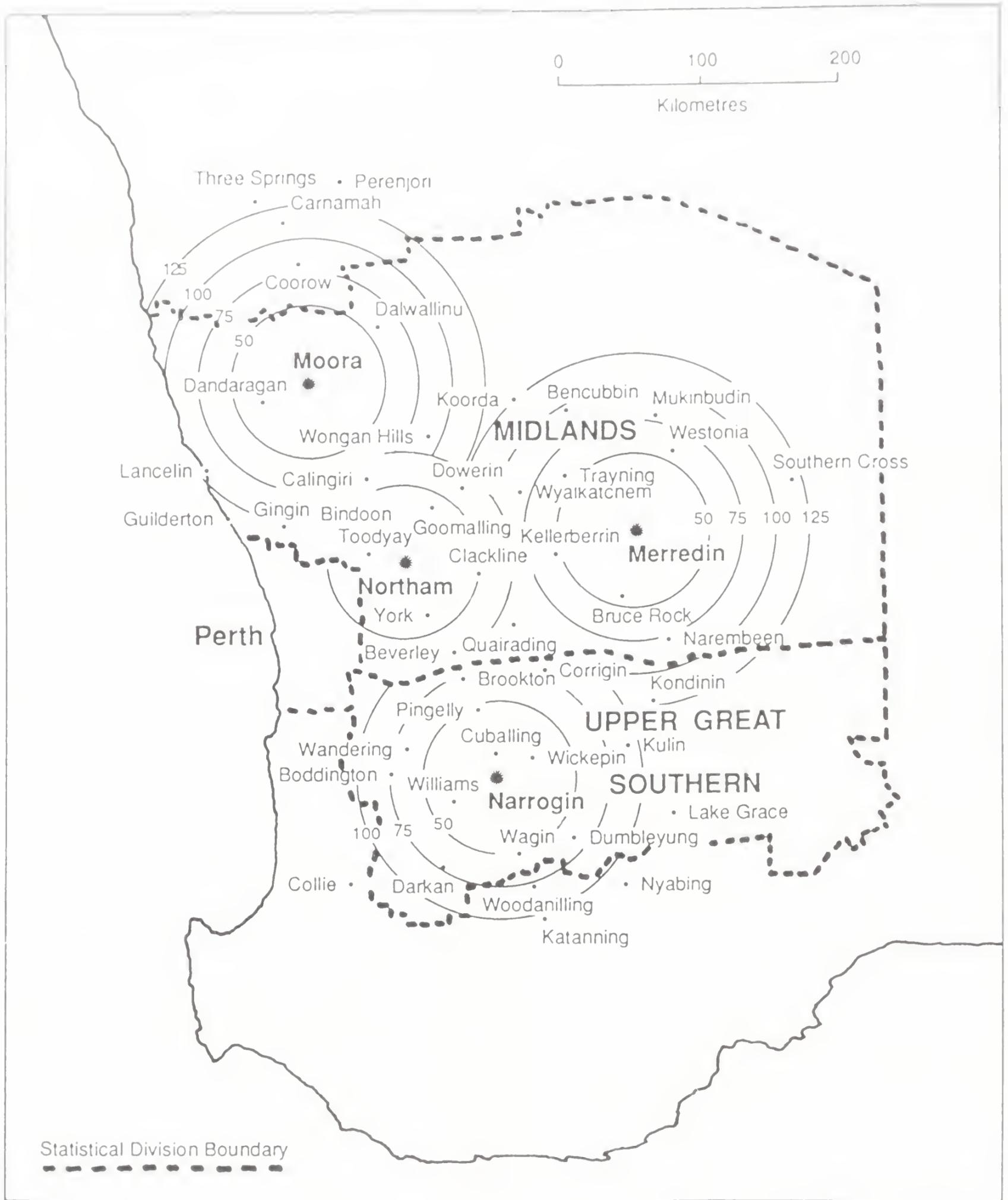
[Editor's Note: This is an edited version of a paper presented to the 16th Annual Australian and New Zealand Regional Science Association Conference, Ballarat, December, 1992. It is longer than our usual articles because it is an excellent account of creative regional development involving State and local interests.]

Background

The Avon Valley was the first area of inland settlement in Western Australia, surveyed and settled in the early 1830s. The fertile soils of the Valley contrast to the sandplains of the coast, with the Darling Ranges separating the two. Like much of inland Australia, transport developments, agriculture and commercial services were the driving force for the growth of the area. Northam established its regional primacy when the decision to extend the railway to the Eastern Goldfields (Coolgardie, Kalgoorlie) saw it become a rail junction. The towns of York and Toodyay remained smaller, local centres (see Map 1). The expansion of agriculture to the east during the twentieth century subsequently created a string of small communities throughout the Wheatbelt as it is colloquially known.

Northam's sphere of influence has been substantially undermined by the location and size of Midland which is located at the foot of the Darling Ranges 17 km east of Central Perth. Unlike Northam, situated 98 km east north east of Perth, Midland has direct transport links with both the agricultural country to the north and Northam's Wheatbelt hinterland. Midland therefore developed major saleyards and other agricultural service activities before becoming a regional centre on the outer edge of the expanding Perth metropolis.

This helps explain why the Avon region, unusually for an area adjoining a major city, has experienced sustained a substantial population



MAP 1 Main urban centres of the Combined Central region with distances of 25, 50, 75 and 100km superimposed.

loss overall and only very restricted growth in some parts. Other major factors include the region's narrow economic base, which offers declining employment opportunities; its relatively sparse population; the tradition of sending students to boarding schools in Perth; and the proximity of central Perth, which offers an inviting lifestyle and climate. These lead in turn to:

- the perception that the region's retail and commercial sectors lack Perth's range and competitiveness;
- a poor level of recreational and cultural activities;
- the perception that the quality and range of secondary education in the region is inadequate;
- a lack of higher and technical education services;
- an inadequate range of health services that encourages many patients to travel to Perth.

Local government administration in the entire Wheatbelt is Australia's most fragmented (see Map 2). The Central Region's population of some 75,000 is served by forty-four municipalities (two town councils and forty-two shire councils). Although the Avon Valley is the region's most densely settled area, its 26,000 inhabitants are administered by 10 small-scale municipalities. Northam has gradually emerged as a major centre of regional administration. Twenty-four State Government agencies are represented, many of them at regional office level, and only in a few instances is the region administered from elsewhere, usually Perth.

First Steps

The 1986-87 rural recession was the catalyst for significant community-based economic development in the Avon region. Instead of following and accepting the usual "boom/bust" economic cycle, a few people started to discuss seriously how to ensure development and the types of changes in attitude and approach required to achieve it. Jim Lee, then Business Manager at Muresk Institute of Agriculture, had recently become the President of the Northam Regional Promotion Association (NRPA), an incorporated body jointly funded by the Town of Northam, Shire of Northam, Northam Chamber of Commerce and the Western Australian Tourism Commission. He took his idea for a seminar to David Singe, Regional Manager of the Department of State Development (then the Department of Regional Development and the North-West), seeking

funds to support a Keynote Speaker for the event. Concurrently, Lee asked the then Director of the Institute, Ian Fairnie, to identify a suitable speaker as part of Fairnie's trip to the United States of America.

Fairnie's recommended Harry Martin, Executive President of the Community Development Foundation (CDF), based in Tupelo, Mississippi. Singe secured \$5,000 through the Regional Development Advisory Committee to assist with most of the travel costs and Lee organised the "Rural Revitalisation" conference, held at Muresk in June 1989. Martin's presentation inspired the ninety or so participants, as he explained the evolution of the CDF over a forty-year period, commencing in 1946, demonstrating the need for long-term thinking, the importance of strategies and the value of periodic, regular re-assessment.

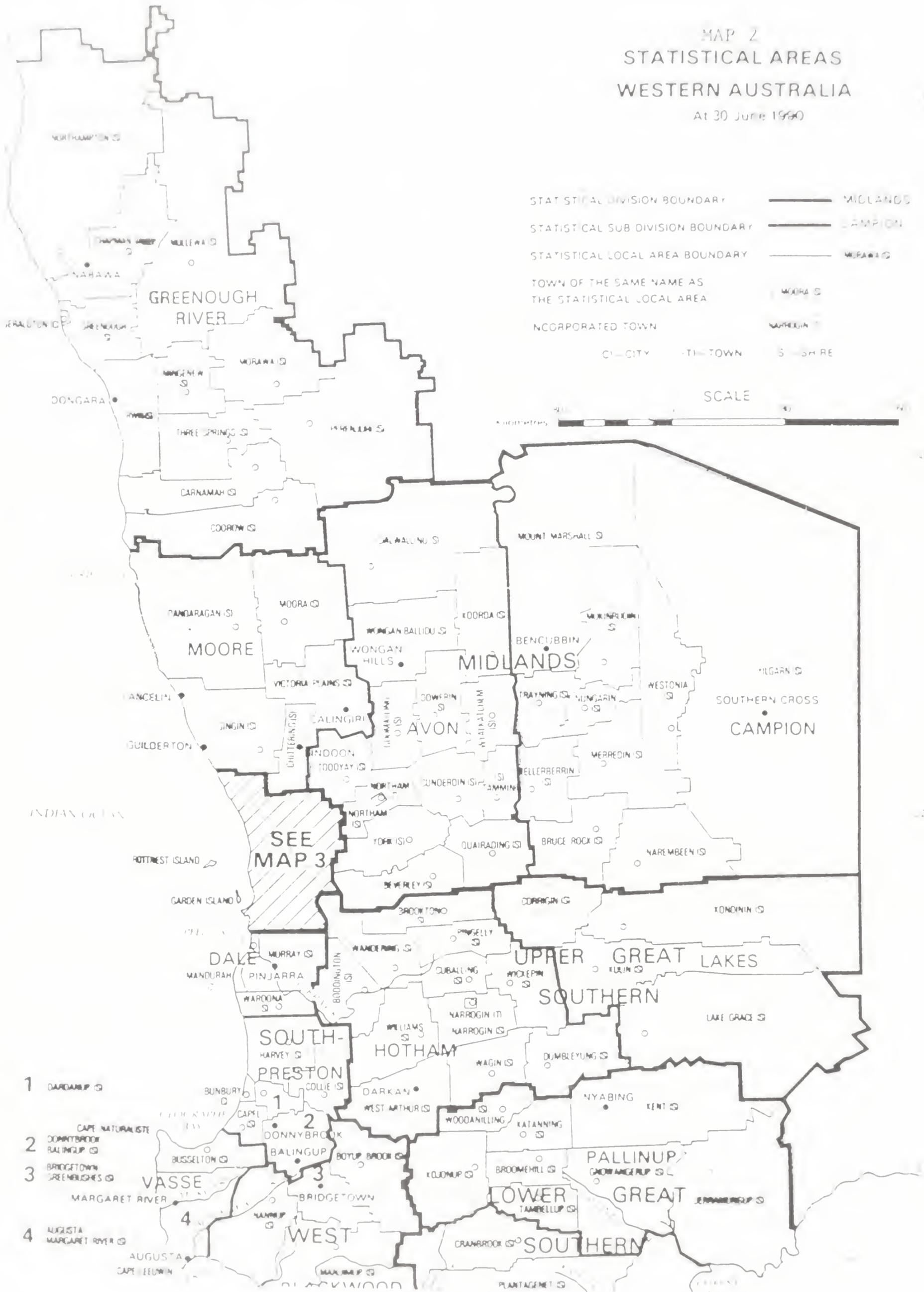
To ensure that some relevant and useful direction resulted from the seminar, a series of brief resolutions were agreed. The NRPA's goals were to:

- promote rural revitalisation based on job growth – "the alternative to decline";
- change people's attitudes to recognise the need for self investment in local development;
- form development groups, based on identifiable communities, and employ facilitators (these groups were to be multi-funded community-government partnerships);
- develop education facilities to serve the communities' interests effectively (the facilities were to allow both social growth through enhanced compulsory education and skills training for business and industry);
- create a chair of Rural Development, based at Muresk, to stimulate and guide development;
- audit community assets to determine strengths, weaknesses, opportunities and threats and thereby enable logical approaches to future development;
- seek and develop venture capital; and
- tap expert advice.

Representatives from ten municipalities forming the "natural" Avon region met at Cunderdin in August 1989. They endorsed the concept of creating a plan to overcome the long history of rural depopulation through long-term solutions, and established an interim committee – comprising one representative from each

MAP 2
 STATISTICAL AREAS
 WESTERN AUSTRALIA

At 30 June 1960



municipality and Jim Lee as chairman – to frame a constitution for the Avon Community Development Foundation (ACDF) and set the following four objectives:

1. The creation of quality jobs for present and future generations.
2. The establishment of centrally located, non-residential industrial parks that would provide bases for the diversification of employment opportunities needed in the region.
3. To plan and foster educational facilities that will enhance the quality of life of the people of Avon.
4. To actively encourage the provision of quality health care services for the people of Avon.

Development of the Idea

With no funds, but lots of drive and enthusiasm, the concept of the “City of Avon” and the ACDF was taken to the community by the interim committee, with Lee at the helm. A request was made to the Regional Manager of the Department of Regional Development and the North West for funds to design a letterhead, produce a “City of Avon” map, and furnish conceptual drawings of an industrial park. This was successful in October 1989. Steps were also taken to incorporate the ACDF, discuss a funding formula from local government, seek taxation exemption for donations and to discuss ways to achieve the agreed objectives. Using logic and commonsense, the ACDF conducted a simple analysis of potential sites, based on the Tupelo Plan, as explained by Harry Martin at the Rural Revitalisation Seminar.

In 1945, Tupelo was a town of 7,000, with a hinterland of some 60,000. Northam’s population in 1989 was 7,000, with a service hinterland of a further 20,000. Despite some differences in economic structure and social characteristics, there was sufficient similarity in the two areas to consider transferring the Tupelo Plan’s philosophy to the Avon Region. The Tupelo Plan saw the location of new industries in open-field sites located between existing towns, rather than locating them in the centre of one or other community. This locational philosophy was based on maximising the benefit of the employment to a number of communities, whose residents would not have to move to obtain work. It effectively reduced the residential mobility of the labour force.

Experience in Tupelo showed that people would commute up to 80 km one-way in order to work on a daily basis. In 1988, Singe had drawn up a diagram of the Wheatbelt, applying classical Geography (Weber) showing that an 80 km concentric circle approximated the daily service/employment limits for travel. Lee and Singe had discussed this and realised the similarities to the Tupelo Plan.

The ACDF therefore examined the location of basic services required for an industrial park and investigated potential sites that fitted the geographical model. A locality called Meenaar, some 20 km east of Northam, had excellent access to basic services and the region’s population via the Great Eastern Highway, the transcontinental railway, the Goldfields and Agricultural Water Pipe and the electricity grid. The ACDF examined three parcels of land in the area, finally targeting a property that appeared to have soil types and a drainage pattern suitable for well-designed industrial development.

Negotiations with the property owners saw the ACDF take out a 2 year purchase option on the land, for a sum of approximately \$800,000. Concurrently, in early 1990, the ACDF arranged to meet with the Premier, then Peter Dowding, to discuss a request for State Government funding of \$1 million to be directed towards the establishment of the Meenaar Industrial Park, whose total cost was estimated at \$20 million. The fate of politics saw Dowding removed as parliamentary leader of the ALP and Dr Carmen Lawrence installed as the new premier. She honoured the 21 February meeting with the deputation, but it became clear over the next three months that the money would not be forthcoming.

ACDF formed a Meenaar Industrial Park project committee, which included the Engineer from the Town of Northam and a number of regional managers of State Government departments and agencies. Apart from costing infrastructure development, it targetted several industries as potential occupants of the Park. They included beef feedlots; the relocation of the Midlands saleyards from the eastern suburbs of Perth; warehousing of agricultural chemicals; the manufacture of noodles, textiles, and fertilisers; metal fabrication, and others.

Selling the Idea

About this time, the State Government directed the Industrial Lands Development Authority (ILDA) to undertake studies of regional sites for

heavy industry, Kalgoorlie, Geraldton and Kwinana were on the original list. While refusing to provide \$1 million for Meenaar land acquisition, the Premier advised the ACDF in May 1990 that the Government support would be limited to extending ILDA's terms of reference to include a preliminary assessment of Meenaar. If we take into account ILDA's hostile views of the Meenaar concept, this represented a large victory for ACDF's lobbying. The General Manager of ILDA reported to the Under Treasurer in March 1990 that:

"We recently conducted a study of the Northam region to assess its potential for heavy (ie., minerals based) industry, but our consultant concluded that there was little likelihood of this type of industry being attracted there. ...we have offered to assist Mr Lee by extending this study to cover a preliminary assessment of the proposed Meenaar site location, should the Government approve this suggestion."

This is exactly what the Premier chose to do.

ACDF had indicated it would provide \$5,000 to assist with any study, providing the findings were made available to it.

The same piece of correspondence contained other interesting observations, including:

"In summary, I believe the proposal to be largely the expression of a sense of desperation to halt the drift of population from the region, particularly by school leavers and other young people, and an anxiety to "do something" about it".

The ACDF held exactly that view, but the Manager's expression of it, in the context of the letter, was clearly an attempt to prevent any commitment to working on the Meenaar proposal. The complexities of lobbying and community-driven development process are recognised through the concurrent and inter-related actions of other organisations.

Meenaar was also supported strongly by the Combined Central Regions Development Advisory Committee (CCRDAC), whose functions was to provide advice on economic and social development to the Minister for Regional Development. Although that committee's membership, which included Singe (as chair) and Lee, was drawn from far beyond the Avon region, its unanimous support recognised the

need for fundamental change in approaches to economic and social development. The Department of Regional Development's Director, Dr Wally Cox, was also approached by Lee. Cox was not happy with ILDA's response. He ensured Government recognition of ACDF's innovatory thinking through advice to the Premier's office. The CCRDAC had also, through the Minister for Regional Development, placed pressure on the Minister for Resources Development to also consider supporting the Meenaar proposal.

Despite some top level support, many Perth officials had strong reservations about the site. After one visit, a senior officer described it as "a dog of a site". Other senior public servants, who were busily committed to trying to replicate Kwinana on the coast north of Perth, held a similar view. Incidentally, Kwinana is now considered by many to be a visual, locational and environmental failure.

"In summary, I believe the proposal to be largely the expression of a sense of desperation to halt the drift of population from the region, particularly by school leavers and other young people, and an anxiety to "do something" about it".

In his 1990 annual report, Jim Lee reported his belief that the most important aspect of ACDF activities had been to educate the public, via the press, about ACDF, the "City of Avon" and future needs. He also noted that some Perth residents were concerned about the city's "limitless" development and the importance of giving them an option. Perhaps more notable, he commented that the method he had used was to kick shins, bang head and bite ankles.

"I have been informed by a member of the committee that this method has alienated some sectors of Government but forty years of compliant action has resulted in our present predicament. The people of the South West enjoy the luxury of having 20 times as much per head spent on their development as do the people of the Wheatbelt."

He was duly re-elected as Chairman.

Establishing Meenaar

In November 1990 the Minister for Regional Development, The Hon Pam Buchanan, issued a media release calling for the development of heavy industry in areas other than metropolitan Perth. This was one sign that changes in policy were imminent. The Government had announced that a new Department of State Development would be formed, merging the Departments of Resources Development; Economic Development; Trade; and Regional Development and the North West. This effectively brought into the same structure, the senior bureaucrats who disliked Meenaar, and regional staff who were supporting it. The Minister for State Development was Ian Taylor, Deputy Premier and Member for the Goldfields – the first time for several years that an MP from outside the North West of WA held the development portfolio.

...many Perth officials had strong reservations about the site. After one visit, a senior officer described it as “a dog of a site”.

The first major step towards realising Meenaar occurred in March 1991. The ACDF set out the Government support it required at a meeting between Minister Taylor, MPs Barry House (Liberal) and Max Trenorden (National), Jim Lee, and Bob Fisher (Executive Director, Regional and Community Development, Department of State Development). It was agreed that Lee would provide an outline of work required for the Meenaar project. The Minister offered the support of government officers to work on various stages of the project, with overall co-ordination being the responsibility of the Regional Manager at Northam, the Project Co-ordinator (Perth office) and the ACDF.

Lee provided the outline as required. He later referred to the March meeting as the “turning point”. He also stated that “with so many bad stories abroad about politicians it is a breath of fresh air to witness such co-operation across party boundaries”. Ian Taylor visited the Meenaar site in April 1991 and was clearly impressed with it. By October 1991 he announced the Government’s policy to develop industrial sites in the key regional centres of Bunbury

(Kemerton), Kalgoorlie, Geraldton, Karratha and Northam (Albany was included later). This was the first time that Northam had been specified as a key centre for industrial development. Further, the expected site to the north of suburban Perth was rejected as unsuitable.

Within weeks of the announcement, Ashton Mining released a public statement that they had assessed fifteen sites in Western Australia to locate a rare earths processing plant, and Meenaar was their preferred choice, subject to environmental approval. The irony was missed by few. Having generally aimed for industries which would be value-adding to agricultural production, the first serious contender was a minerals-based industry. The words of ILDA from March 1990 rang in the ears of the ACDF. Unusually, the Government then had a tenant for a site which it approved in principle, which it didn’t own (the ACDF still held the purchase option) with a well respected company ready to develop there. Much of 1992 was spent unravelling this riddle!

Two environmental impact assessments were undertaken concurrently: one of the whole of the Meenaar site, of approximately 600 hectares; and the other of the Ashton Mining Company portion of the land. Both reviews have received the approval of the Environmental Protection Authority and the decision of the Ashton Mining Company to proceed should be announced in early 1993. Subsequently, interest has been shown by proponents of a \$25 million noodle-manufacturing plant.

In August 1992, the State Government through Landcorp (formerly ILDA) signed an option to purchase the Meenaar site, the simple ceremony taking place in the Northam office of State Development. Throughout the process, the ACDF has insisted that the management of the park be the responsibility of a board with a majority of community (non-government) people and a community resident to chair it. Originally the ACDF has intended to be the owner of the Meenaar site, but agreed that it should be the State, subject to the structure of the management committee being accepted. The final details of this are currently being formulated.

There was an enormous amount of community liaison throughout the development of the Meenaar project, particularly with individual property owners who adjoin the site. Not all are in favour of the development, but all have been fully informed at all times. The only major fail-

ure in the process was a sudden imposition by the Environmental Protection Authority of a 1 kilometre non-residential development boundary around the perimeter of the industrial park. This had a detrimental impact on the future land-use options of adjoining farms. Given that less than 50 percent of the Meenaar site is intended for development (the balance includes fenced-off remnant vegetation or will be landscaped), the 1 kilometre boundary was seen by all involved parties as an affront. It was the only decision which had been made without direct community involvement and the only decision to cause ill-feeling. It has since been overturned. •

FACTS AND FIGURES #1: A Miscellany of Australian Growth Characteristics and Prospects up to 2001

This material was compiled by **Derek Kemp** (Queensland Department of Business, Industry and Regional Development) from reports issued by the Queensland Government Statistician's Office and SEQ 2001.

Growth Sectors

- 1 Queensland's fastest growing business sectors in output terms over the four years to 1995/96 are expected to be:

Sector	Percentage Growth Per Annum
• Communications	4
• Recreational, personal and other services	4
• Transport and storage	3
• Community services	3

- 2 Queensland's export growth will be strongest in:

Sector	Percentage Growth Per Annum
• Community services	14
• Communications	10
• Recreational, personal and other services	8
• Wholesale/retail trade	7

THE AMALGAMATION OF THE KALGOORLIE AND BOULDER COUNCILS IN WESTERN AUSTRALIA

Ian Cowie

Principal Policy Officer, WA Government

Australia's major regional centres are often divided communities, with more than one local council presiding over the domain. Often seen as a major obstacle to regional behaviour and identity, local government is not always as entrenched as it may appear. The City of Kalgoorlie-Boulder is now testimony to changes of attitude.

Introduction

In recent years there have been widespread moves to amalgamate local governments. Some notable examples include Queensland and Tasmania, where the State Governments are supporting amalgamations. Victoria represents another State where there has been a push for local government amalgamations. Here, attention has recently focussed on the Geelong region. However, these moves have been met by widespread resistance from local government.

In Western Australia, the State Government has indicated no desire to force local government amalgamations. However, in this policy environment, an amalgamation of two Western Australian councils recently occurred. This paper describes the historical background to the 1989 amalgamation and details its ramifications.

Events Leading To Amalgamation

Local government amalgamations and boundary changes have been quite common in the Goldfields region of Western Australia. These changes can largely be attributed to the demographic changes which occurred in association with the booms and busts in the region's mining industry.

The impetus for the amalgamation of the town of Kalgoorlie and the Shire of Boulder began in 1986 when two local businessmen launched the "One Kalgoorlie" movement. In response to this movement, both councils decided to support an investigation into the advantages and disadvantages of amalgamation. However, while this study was slow to commence, political lobbying for the proposal continued to occur.

This lobbying bore fruit on November 13, 1988 when meetings of both the Kalgoorlie and Boulder Councils were held. Both of these meetings extended past midnight. At approximately 1.20 am, unification motions were moved and carried simultaneously in both Council meetings. The Boulder meeting carried the motion unanimously while the Kalgoorlie meeting carried the motion by nine votes to one. The investigation had still to be completed.

The impetus for the amalgamation of the town of Kalgoorlie and the Shire of Boulder began in 1986 when two local businessmen launched the "One Kalgoorlie" movement.

The Councils set February 1, 1989, as the date for unification and established a Co-ordinating Committee to progress a multitude of matters relevant to the merger, such as appointment of staff, the identification of office accommodation and the like. This Committee held its first meeting on December 2, 1988, and met four further times in the following eight weeks. The Committee was chaired by the permanent head of the Department of Local Government with the Shire Clerk of Boulder acting as Co-ordinator.

The Committee decided that a combined council of 26 members would operate until the annual local government election date in May 1989. After the election, the new City of Kalgoorlie/Boulder would be served by 13 councillors.

The Need For Haste

In contrast to the difficulty in getting the amalgamation study started, the decision to amalgamate and the actual amalgamation occurred was generally supported by both the people involved in promoting the unification and the residents of Kalgoorlie themselves. There was widespread feeling that if the amalgamation decision had been put to a public referendum, the proposal would have been defeated, particularly by opponents raising fears of rate increases.

Problems With Amalgamation

While the speed of amalgamation was widely supported as essential, the haste created numerous administrative problems. There was almost

unanimous agreement from councillors, ex-councillors, council staff and the public that the planning for amalgamation was inadequate. The resulting administration was seen as disorganised and inexperienced. There was also limited consultation with the staff of the Kalgoorlie and Boulder councils which created considerable uncertainty and disquiet.

There were a number of specific problems covered by the speed of amalgamation. These included the need to prepare interim budgets and conduct multiple audits because the amalgamation did not occur at the end of the financial year; the existence of incompatibilities between the accounting and computer systems of the two councils; the lack of a thorough audit of the books of both municipalities before the amalgamation occurred; and the inconsistent policies and by-laws operating in the two council areas at the date of amalgamation.

Improving The Process

While local environmental and political considerations will determine whether it is appropriate to conduct a referendum before a voluntary amalgamation of councils occurs, the appointment of a Commissioner to administer any councils which voluntarily decide to amalgamate in the future would appear desirable. The Commissioner should ensure the continuing operation of all normal council functions, but, in addition, undertake the task of amalgamating the bureaucratic structures in an organised way.

The appointment of a Commissioner means the loss of locally elected representatives and a reduction in local democracy. However, it is suggested that the Commissioner ask all former councillors to join an advisory body or bodies to provide local input and assistance and the Commissioner consult with the general public and inform them of developments in the amalgamation process on a regular basis. In this way, local community input to the decision making process will be maintained.

...the appointment of a Commissioner to administer any councils which voluntarily decide to amalgamate in the future would appear desirable.

To avoid financial inefficiencies, it also appears vital that amalgamation occur at the beginning of the financial year (July 1). In such circumstances, it is argued that the amalgamation process would occur much more smoothly.

THE PILBARA 21 REPORT: ANOTHER PIPE DREAM ?

Stewart Houghton,
Department of Geography, University of
Western Australia

- Please let us know what you think of this issue and how it might be improved. The address is on page 1.

- We would like to start a 'Letters to the Editor' column in the next issue. If you feel strongly about any issue raised in this issue – you like it or hate it! – please write letting us know. You are also welcome to send letters commenting on any topical aspect of regional policy or practice – or indeed your daily work.

- We are constantly looking for copy for the next issue. Please submit short items like those in this issue to any of the editors. The last issue focused on Queensland and this looks at Western Australia. What is happening in Canberra, or Sydney or Melbourne. Even if policy and practice are virtually dead, we would like to know why!!

- What, for that matter, should the RSA do to improve the way in which regional development policy is developed and sold to government or the private sector?

- This is your opportunity to have your say. Don't miss it!

Stretching from Exmouth Gulf in the west to the edge of the Great Sandy Desert in the east, the Pilbara region of Western Australia is one of the most isolated in Australia. From an economic perspective, however, it is also one of the most important. Exports of iron ore are currently valued at almost \$3 billion per annum, while exports of liquefied natural gas to Japan – worth almost \$1 billion – are expected to increase significantly in the next few years. Despite the on-going development of the North West Shelf Gas Project, however, development in the region has slowed significantly since the construction phase of iron ore mining ended in the early 1970s. The vision of a major industrial complex developing in the Pilbara based on local raw materials (iron ore, natural gas and salt) quickly faded and the latest census put the total population of the Pilbara Statistical Division in 1991 at no more than 48,400, of whom almost 10 percent were 'visitors'.

In July 1991, the government of Western Australia authorised a comprehensive study of the Pilbara aimed at identifying: (a) future economic development opportunities in the Pilbara, with particular reference to downstream processing; (b) the future infrastructure requirements of industry in the region; (c) the educational, health and other social needs of local communities in the Pilbara; and (d) more effective means of improving communication between residents of the region and all levels of government. In addition, the study was required to address the question of land use conflict in the Pilbara and to prepare land use plans for two specific areas – the Burrup peninsula and the Central Pilbara (Steering Committee, 1992).

The resultant document – Pilbara 21: Final Strategy Report – which was presented to the Minister for State Development in June 1992, consists of three sections: Part I provides an overview of development in the Pilbara to date; Part II focuses on the problem of attracting secondary processing activities to the region, land use conflict and social issues; and Part III outlines a wide ranging series of objectives, together with strategies designed to achieve them. Specific land use proposals for the Burrup peninsula – the site of Woodside's on-

shore gas liquefaction facilities – and the Central Pilbara are contained in separate Attachments. Although the Report adopts an overall time-frame of thirty years, it foreshadows many of the recommendations being implemented within two years.

The following paragraphs briefly review the main conclusions and recommendation of the Report, with particular reference to the development of downstream processing, the need for the land use planning in the Pilbara, and the establishment of a Pilbara Development Commission.

Downstream Processing

Following the development of the export iron ore industry in the late 1960s, the discovery of commercial quantities of natural gas off the Pilbara coast in 1971 significantly altered the perception of the region's economic potential and led to speculation that a major industrial complex might soon be constructed in the Pilbara (Pilbara Study Group, 1974). However, as a result of disagreement between State and Federal governments over the control of off-shore resources and rapidly changing economic circumstances, further industrial development failed to materialise. In a subsequent analysis, Linge (1980) argued that, although some processing of raw materials (such as ore beneficiation and gas liquefaction) might take place, the development of manufacturing activities in the Pilbara was never likely to occur. Similarly, using a more theoretical approach, Harman (1981) predicted that the Pilbara would become locked into its role of raw material supplier, dependent on external sources of capital and technology.

During the 1980's, however, a number of changes have taken place in the Pilbara iron ore industry. In 1980, the two existing energy-intensive pelletising plants in the region closed and producers faced increasing competition from Brazil and other sources. As a result, the Pilbara iron ore industry has recently undergone a significant degree of rationalisation. With the take-over of Goldsworthy Mining by Goldsworthy, the number of companies operating in the area has been reduced from four to three, port facilities have been up-graded, the size of the mining industry workforce has been substantially reduced, new work practices have been introduced, and producers have made strenuous efforts to reduce their dependence on Japanese demand. In addition, the Federal and State governments helped to establish the West

Australian Iron Ore Consultative Council aimed at reducing the number of industrial disputes (Thompson, 1987).

Although the prospect of further industrial development was originally affected by decisions of the State and Federal governments, a number of reasons continue to make the development of secondary processing of raw material in the Pilbara unlikely (Linge,1980). These include: a high level of dependence on overseas markets, reliance on public sector investment for infrastructure development, the financial and administrative complexity of such an undertaking, the cost of attracting labour to the Pilbara, and the alleged unwillingness of investors to locate manufacturing facilities in remote single-industry towns. Pilbara 21 also identifies a number of additional constraints, including high energy costs, delays in the project approval occasioned by Aboriginal heritage legislation (currently under review), the impact of the Fringe Benefits Tax on companies providing subsidised housing to employees, and the high level of industrial dispute which characterised the Pilbara iron ore industry in the late 1970s and early '80s.

As the Report acknowledges, the constraints to economic development and downstream processing can be readily identified. The difficulty is implementing effective strategies to overcome these constraints' (Steering Committee, 1992,p.16). Hence, the Report makes only two specific recommendations with regard to downstream processing industries. These relate to the establishment of a Pilbara Energy and Gas Authority, aimed at using natural gas either for electricity generation or direct mineral processing, and the need to review the secondary processing provisions of the various resource development agreement acts (see Wade,1987). On the crucial question of labour costs – which it claims are 30–50 percent higher than in Perth – the Report appears to see new enterprise bargaining agreements as offering a possible solution.

Despite the existence of numerous constraints, however, Pilbara 21 takes an optimistic view of the region's economic future. This is based partly on a predicted shortfall in steel-producing capacity of 33.3 million tonnes in East and south-east Asia by the year 2000. But the main reason why the Pilbara is seen as having a 'second opportunity' to expand into downstream processing at present relates to the 'great improvement' said to have occurred in

industrial relations over recent years (Steering Committee, 1992, p 21).

Unfortunately, this argument has become difficult to sustain in the light of subsequent events. Soon after publication of the Report, a two-week strike over the employment of non-union labour disrupted Hamersley Iron's operations, followed by a walk-out of workers at Shay Gap over BHP's decision to replace them with contract labour. Further industrial unrest has also occurred among workers employed by Robe River Iron Associates, following a protracted dispute in 1986 which, at the time, some observers interpreted as signifying the beginning of a new phase of capital-labour confrontation in the Pilbara (Thompson, 1987).

...the main reason why the Pilbara is seen as having a 'second opportunity' to expand into downstream processing at present relates to the 'great improvement' said to have occurred in industrial relations over recent years.

Thus, despite the existence of high-grade natural resources and the region's proximity to Asia, most of the obstacles to the development of secondary processing of raw materials in the Pilbara remain. In addition, the findings of the recent Royal Commission into government dealings in the 1980s may also have tarnished Western Australia's reputation as a 'safe' area for investment. At a time when the world demand for steel is falling, the prospects of a major steel-making plant being established in the Pilbara seem as far away as ever.

Land Use Planning

At first sight, it may seem curious that more than a quarter of Pilbara 21's 80 pages should be devoted to potential land use conflict in such a sparsely populated region as the Pilbara. The explanation lies mainly in recent attempts by Aborigines and conservation groups to prevent Hamersley Iron developing a new iron ore mine on the edge of the Karajini National Park in the central Hamersley Ranges (Environmental Protection Authority, 1992). Since the mine is only the first of a second generation of iron ore mines likely to be developed in the area over the next twenty years, both the mining industry and

the government are clearly anxious to avoid a repeat of the situation which delayed approval of the new mine at Marandoo.

According to the Report, mining leases currently account for approximately 30 per cent of the Central Pilbara and concern about the status of existing mining tenements, particularly those lying within the boundaries of the National Park, clearly lies behind the proposal to develop a comprehensive land use plan for the area. Indeed, in the longer term, the Report advocates the establishment of land management plans for the whole of the Pilbara, based on agreements worked out between various 'special interest groups' (pastoralists, Aborigines, mining companies, and representatives of State and Local Government). Although the Report places great faith in the concept of multiple land use (ie. zoning), it remains to be seen whether this approach, using the Decade of Land Care project in Western Australia (Soil Conservations Council, 1992) as a model, can prevent further conflict from occurring. As the Report itself acknowledges, decisions regarding mining and other forms of land use ultimately involve political considerations which, in most cases, can only be resolved by the government of the day.

Although the Report supports the concept of 'sustainable' land use, it clearly places a premium on mining and industrial development. Thus, Pilbara 21 not only recommends that land use planning should take account of the needs of future industrial development but also evaluates a number of potential sites for future heavy industry. It concludes that none of the three sites examined (Port / South Hedland, Dampier / Burrup Peninsula and Dixon Island / Cape Lambert) offers a clear advantage over the others. However, the need to preserve a rail access corridor to a potential new deep-water port on Legendre Island appears to lie behind the land use zoning proposal put forward for the Burrup peninsula.

The Pilbara Development Commission

The most important recommendation of the Report relates to the establishment of a Pilbara Development Commission, charged with the task of implementing the other recommendation of the Report and with promoting economic and social development in the region. Pilbara 21 also recommends that, foremost among the tasks of the new Commission should be: completion of a feasibility study into the establishment of a Pilbara Electricity and Gas Authority;

the establishment of 'an integrated tourist development strategy aimed at broadening the economic base of the region'; and the establishment of a local Employment and Training Unit 'to provide industry with a skilled local workforce which can respond to opportunities as they arise' (Steering Committee, 1992, Executive Summary).

In all, the Report lists over 100 proposals requiring 'immediate action'. They range from ascertaining the economic viability of pearling and other aquaculture activities off the Pilbara coast and monitoring the effects of tourism on the physical environment, on the one hand, to promoting the concept of energy-sensitive design of buildings and improving access to child and day care facilities in the region on the other. Clearly, implementation of many of the recommendations will require additional funding and rely heavily on the goodwill and resources of other government agencies.

A fundamental argument of the Pilbara 21: Final Strategy Report is that higher levels of government in Australia should treat the Pilbara as a 'developing region', warranting special consideration in terms of zone allowances and taxation.

Given that the Act establishing the Commission contains a sunset clause restricting it to a life of five years, critics may legitimately question the ability of the Commission to carry out many of the recommendations within this time-frame. In the environmental sphere, for example, the Environmental Protection Authority in Western Australia has recently drawn attention to the lack of basic data on which land management decisions in the Pilbara can be based (Environmental Protection Authority, 1992). Thus, the establishment of a detailed land management plan for the Central Pilbara alone appears to represent a major undertaking. Despite slogans like 'Pilbara solutions for Pilbara problems', nearly all major policy decisions affecting the region will continue to be made elsewhere.

Conclusion

A fundamental argument of the Pilbara 21: Final Strategy Report is that higher levels of govern-

ment in Australia should treat the Pilbara as a 'developing region', warranting special consideration in terms of zone allowances and taxation. As such, the Report should be viewed as a political document, rather than an objective analysis of the region's development potential. In adopting such a strong 'pro-Pilbara' approach, however, it runs the danger of losing touch with current economic realities. Despite an apparent decline in trade union power (Thompson, 1987), it is difficult to justify the optimism shown in the Report about the region's ability to attract secondary industry. On the other hand, the Report is probably correct in identifying tourism as offering the best prospect of broadening the region's current narrow economic base. •

NOTE

1. The Pilbara Development Commission Bill was approved by the Western Australian Parliament on 4/12/92.

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FACTS AND FIGURES #2:
A Miscellany of Australian Growth Characteristics and Prospects up to 2001

Small Business

- Small businesses account for 97 percent of all establishments in Australia and Queensland
- The sectors with the fastest growing number of small businesses between 1983-4 and 1989-90 were in the service sector: finance, community services, construction and recreational services
- Small businesses account for 48 percent of the national workforce, but only 41 percent in Queensland. These rates have been fairly constant since the mid 1980s.

Self Employment

- A higher proportion of Queenslanders are self-employed than nationally – 16 percent as against 12 percent.
 - Self employment in Queensland small business grew at twice the national rate – 6.6 percent as against 3.9 percent – in the six years to 1989-90.
 - Self-employment in Queensland rose fastest in the services sector over the six years to 1989-90: community services (11%), construction (9%) and financial services (9%).
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The 1993 National Conference of the Australian and New Zealand Regional Science Association will be held in Armidale, NSW on the 6th to 8th. December inclusive. Please pencil this date in your diary as there will be three days of practitioner-oriented workshops and seminars. Details will be circulated later.

NARROGIN ENTERPRISE CENTRE

Carol Hardie,
Enterprise Consultant, Narrogin Enterprise Centre, WA.

The Narrogin Enterprise Centre was established in February 1989 and was the first such centre set up in an inland town in Western Australia. Current funding is received under the Local Enterprise Centre Program through the Department of Commerce and Trade. There are now 24 centres operating throughout the State, with several new ones to be established shortly. As a measure of the program's success, Narrogin statistics for the period February 1989 to December 1992 have been 2438 contacts, 100 new businesses assisted, and 193 jobs created for new and existing business.

First, what do we do? We help people turn their business ideas and dreams into realities. We are not under the illusion, however, that our clients, with or without us, would get their business ideas up and running. We believe that we make it easier and quicker. We also help those people already in established businesses.

As facilitators we are not specialists in anything. We are generalists who know a little about a lot of things.

Financial and 'in-kind' support from Local Government is a key feature of this program and at Narrogin we have both Town and Shire Council representatives as members of our Management Committee. As Facilitators/Development Officers/Enterprise Consultants – we answer to anything – we operate under a local management committee which is made up of Local Government, business and local community service clubs representatives. Each centre is unique, operating towards its own particular community and region needs, whilst each facilitator has their own differing personality and individual flair. The flexibility of the position makes it very exciting and rewarding. As facilitators we are not specialists in anything. We are generalists who know a little about a lot of things. We refer clients to professionals for specialist advice.

Most of our clients belong to the small picture. They may be a one person operation, a husband

and wife team, or a couple of friends who have got together with a business idea. Generally, our clients have little capital and limited ability to access finance. We, therefore, must be innovative in helping them.

When a client comes in, we help with whatever assistance or advice he or she needs. The degree of help depends on what the client is looking for. We cover all aspects of small business. It could be marketing, researching an idea, pro-motion of a product, advertising, business plan-ning, alternative products, product presentation, packaging, business viability, import or export information, ideas on accessing finance, helping to break down government bureaucratic barriers, networking, and so on. Most impor-tantly, we are an information service that is very flexible and adaptable to suit each individual client. It is important for us to think laterally and to be able to think on our feet. If something doesn't work, we find another option.

We are reactive, only working with a client we he or she approaches us for help. I always tell clients that if they work 100 percent then so will I. If they stop, so do I. The motivation and driving force always comes from the client. It is their business idea, never ours. It is also our role to be aware of and access any government financial assistance that is available. Any available schemes are considered 'tools of the trade', enabling us to offer a wide and varied service.

It is important for us to think laterally and to be able to think on our feet. If something doesn't work, we find another option.

Success is variously measured by different people. Some clients may only require a very small amount of assistance. It may be to find out how to register a business name. Another client may come to us while their idea is still floating around in their head and we will work with them from the beginning through to the up and running stage.

We are at the grass roots level. We offer clients the opportunity to explore totally their business idea and all the options that surround it. We are a sounding board. We help them weave their way through the maze of barriers that are out there, making sure that, if at all possible, their idea or dream will become a reality.

LOCAL DEVELOPMENT INITIATIVES IN THE MID-ATLANTIC REGIONS OF THE U.S.A.

Ann Hodgkinson

Department of Economics, University of Wollongong

Introduction

This article describes some of the activities being undertaken in cities in the mid Atlantic regions of the U.S.A. by local development agencies. The cities of Baltimore, Philadelphia and Pittsburgh were united in 1989 as part of a study tour under the Commonwealth Government's innovations in local government program.

All three cities had suffered major losses of individual employment in the past decade resulting in both rising unemployment and urban decay. With very little Federal support available, local initiatives had to be developed arising from local government, business associations and charitable foundations. While the scale of the projects developed in these cities would be beyond the scope of the average regional organisation in Australia, they provide some idea of what local knowledge and imagination plus co-operative public and private sector efforts can achieve. They thus typify the 'self-help' approach which lies behind many local economic initiatives in our regions today and hence may help 'lateral thinking' practitioners in their search for new solutions.

Not-for-Profit Corporations

This was the most common form of organisation used to implement local economic initiatives in the United States. It was also being increasingly adopted in Canada. Not-for-profit corporations were being established by local governments, private sector organisations, churches and community organisations, social research groups and most particularly when a project was being implemented involving more than one of these groups. The size of these corporations could vary from two or three employees to larger organisations with over 50 employees.

Each city visited had a multitude of these corporations. It was striking that each tended to be limited to a single mission and they were seen very much as the implementation authority and not a policy-making or strategy development body. That role rested either with the city

government or the private sector association who then established a separate corporation to implement aspects of their program.

It was striking that each tended to be limited to a single mission and they were seen very much as the implementation authority and not a policy-making or strategy development body.

The structure of the not-for-profit corporation varied depending on its mission. The most common form was to have a Board which was representative of both private and public sector interests. They might also include small business, union and community sector representatives. The Board was ultimately accountable to the organisations that owned the corporation, which might be a foundation, the local council, or the chamber of commerce. However, in practical terms, the Board and the Chief Executive Officer were responsible for the activities of the corporation.

There were various reasons for using this form of organisation but one of the most telling was its acceptability by the private sector. A not-for-profit corporation stood outside normal public sector procedures. In this way it could deal with private sector and community interests in a direct fashion and on normal commercial terms outside real or perceived 'bureaucratic delays'. By having a single mission, it meant private sector representatives could become involved in projects they had a real interest in without having to also spend time on less consuming items thus maximising the effectiveness of their time.

For the local councils, benefits from efficiency were also important. The structure also meant they could lever in funds from outside sources for projects most particularly by being able to offer taxation benefits to private investors. By being involved in a not-for-profit corporation to develop an area for example rather than simply selling the land, councils were able to ensure developments occurred which were in conformity with their vision as to the future of the city and to maintain ultimate control over the process through the Board.

Examples of not-for-profit corporation include:

- **Baltimore Economic Development Corporation (BEDCO)**, Baltimore, Maryland. Interesting aspects of this corporation include it providing a 'one stop shop' for new firms interested in establishing in the area although its primary focus was on retaining local firms and assisting them to grow. Although fully owned by the City of Baltimore, it worked closely with the State Government and the private sector. It has also been involved in the redeveloping of old industrial buildings using of Federal grants.
- **Baltimore Inner Harbour Development Corporation**, Baltimore, Maryland. This is a small development corporation, solely responsible to the City Council which oversees the inner harbour and other major development projects in Baltimore. Actual redevelopment and construction activities were undertaken by the private sector. The strategy plan for the redevelopment was produced by the Greater Baltimore Committee of private business executives and then adopted by the City Council. It involves the redevelopment of an abandoned wharf area involving retail and hospitality activities, educational facilities and historical tourist attractions.
- **North Side Civic Development Corporation and East Liberty Development, Inc.** Pittsburgh, Pennsylvania. These corporations undertake development activities which link economic development and social development in order to undertake neighbourhood revitalisation projects. North Side has been involved in packaging finance from various private and public sources resulting in the construction and operation of a training centre and incubator centres. East Liberty has concentrated on providing support to local enterprises and training for young unemployed people in the area and has relied more heavily on local, State and Federal funding.

Integration of Social and Economic Issues

Social and economic problems were perceived as different aspects of the one issue in the inner neighbourhoods of these cities. Although different agencies are responsible for economic development, housing, infrastructure improvements and employment access programs, they worked together on specific projects. Most importantly, it is recognised that an emphasis

on one issue alone would not be able to overcome the massive problems of these neighbourhoods.

An example of this integrated approach occurred in Baltimore in a redevelopment project involving the renovation of housing for low income families. As part of the renovation, the **Baltimore Office of Employment Development** was able to combine small shops/workshops premises and a child-care centre in the building, creating some employment opportunities. Training programs were provided to single mothers in the project to ready them for return to the workforce while employment access support was given to the adult male members of these households. The City also provided better quality infrastructure and services to the project.

Another example is **The Enterprise Foundation** in Columbia, Maryland which was established as a not-for-profit corporation by a property developer. The foundation establishes job training and employment centres by packaging funds from local, State and Federal governments and private sponsors. As well as assisting people to find jobs, it provides volunteer 'mentors' to support job seekers both before and after placement which has dramatically increased retention rates.

In addition, it sponsors low income housing projects run by partnerships of churches, neighbourhood groups, local government and private firms which acquire and rehabilitate housing and then sell them to low income households on a lease-purchase arrangement facilitated by low interest loans.

Business Development Committees

Three of the cities visited had business associations established in order to promote local economic development — **The Greater Baltimore Committee**, **The Greater Philadelphia First Corporation** and the **Allegheny Conference for Economic Development** (Pittsburgh). These business associations were separate from the Chambers of Commerce, although significant cross membership occurred. They were composed of the Chief Executive Officers of the major firms in the area. Significantly, the Chief Executive Officers had to attend in person, no substitution was allowed. Each member firm contributed a subscription which was used to cover the operational costs of the association and to fund its projects.

The function of these associations was to act as the private sector policy input into developing local economic development strategies. They were responsible for undertaking the research and proposing strategy for issues felt to have highest priority in the local economy. The process for setting the agendas for these associations tended to vary among cities. In Baltimore, a strategy plan was produced providing for the staged redevelopment of the inner city area. In Philadelphia, the agenda tended to reflect current issues eg. a new convention centre, improved cleansing, rehabilitation of the rapid transit system, improved vocational training. In Pittsburgh where the **Allegheny Conference** has been in existence for some 40 years, the agenda has sometimes been reactionary responding to immediate problems while at other times a comprehensive growth strategy has been developed. The agendas tend to reflect 'enlightened self interest' that is, issues felt to be important for general business prosperity in the city.

Having decided its priorities, the association then lobbied local government to accept these projects. In Baltimore this led to the City adopting the Association's Strategy Plan for the Inner Harbour Development. In Pittsburgh, it led to an effective partnership between the City and the private sector where they jointly lobbied the State Government to adopt the Pittsburgh Legislation package which has been instrumental in the redevelopment of the urban area of the city in the post-war period. In Philadelphia, the city has adopted the convention centre proposal. However the association has also funded some projects such as vocational training itself.

The agendas tend to reflect 'enlightened self interest' that is, issues felt to be important for general business prosperity in the city.

The associations also act as a channel through which private sector contributions to projects can be accumulated and directed towards those projects given priority by its programs. The ability to contribute some funding to priority projects greatly improved the lobbying capacity of the associations and their success in having projects implemented.

Devolution of Local Responsibility

Some of the Cities visited have devolved, if not policy formulation, at least responsibility for strategy negotiation and implementation of their local development programs to the local neighbourhood level. This approach was encouraged by the existing Federal Grants programs which provided few guidelines for projects but rather allocated monies on a needs formulae and left local communities to spend it as they thought appropriate. This was developed into a philosophy based on the conception that local groups will be more aware of what is needed in their areas than central authorities and what types of projects will bring in local resources such as contributions and investment by local businesses and employment for local people.

The federal programs, particularly the **Community Development Block Grants**, have been used by a number of Community Development Corporations established in the neighbourhoods by the City, and local churches, activist groups or chambers of commerce to undertake projects relevant to their areas. In the United States these projects have been usually real estate based eg. housing renovation, office blocks, community facilities, or incubators. The grants can be used to lever in private investment via tax credit concessions.

A pro-active position in relation to local community involvement has been adopted by the City of Pittsburgh. The City has a strong sense of neighbourhood identification and active resident groups. These have been actively involved in the strategy planning process for their neighbours and generally major new developments are only allowed to proceed if they can demonstrate local support. This procedure applies to public sector as well as private sector projects.

The neighbourhood planning groups are funded by the City. They must show a willingness to negotiate within the agreed strategy for the neighbourhood. The Pittsburgh neighbourhood groups have adopted a pro-development stance but have used their negotiating powers to obtain concessions particularly in the areas of preservation of housing stock, additions of lower income housing and community facilities. A master-plan for the City of Pittsburgh was successfully negotiated. Problems in ensuring the neighbourhood associations are, and remain representative of the whole community continually arise.

Similarly centres established by the **Enterprise Foundation** in Washington, Baltimore and elsewhere are largely run by local committees, and responsible for raising their own funding which provide training, employment search assistance, job counselling and individual support for disadvantaged people in these communities.

Tony Sorensen and Roger Epps (Department of Geography and Planning, University of New England) have edited and contributed to a forthcoming book entitled *Prospects and Policies for Rural Australia* to be published by Longman-Cheshire. The first section examines significant processes and constraints affecting non-metropolitan communities. Several chapters consider economic, social, political, environmental, and regulatory issues. The next section focuses on current problems, developments and policies involving transport, agriculture, mining, tourism, towns, and service delivery. A concluding section considers possible policy alternatives and responses.

COMMUNITY ECONOMIC ANALYSIS

Rod Jensen
Ann Hodgkinson

[Editors Note: This article contains extracts from a paper presented by Rod Jensen at last December's Regional Science Conference in Ballarat. While the full paper covered a range of possible community economic analysis techniques, we have included here those which may be less familiar to practitioners but which, we believe, could be relatively easily adopted in the field without specialist economic training. These techniques are particularly useful when analysing issues related to service industries such as retailing. Professor Jensen is at the Department of Economics, University of Queensland.]

Introduction

This article provides a brief introduction to Community Economic Analysis (CEA). It is an attempt to draw from the experiences of analysts working at the 'small economy' level, which would normally be termed either the regional economy or the community economy. CEA has started from rather modest beginnings, and has progressed to the stage where it is beginning to assume some professional form and recognition, as a field of study worthy of interest in its own right. It is not intended as a manual for CEA, but simply to provide some indication of the range of possible applications of CEA and to provide some insights into the potential value of CEA to the development practitioner.

Market Area Analysis

Market area analysis is intended to identify the main characteristics of the local market and make comparisons with other markets, and to use these characteristics in an organised way to improve the local market. We customarily identify three approaches to market analysis. These are discussed in turn.

Trade Potential Analysis

Trade potential analysis (TPA) is designed to assess the performance of a community or region in exploiting its own market and the markets of other regions. In other words how effective are the local firms, shops etc at capturing their own markets and those of nearby areas?

TPA is concerned with two concepts, namely *potential sales*, which is the dollar value of sales which can be expected to occur in the region or community, of a particular commodity or group of commodities, and *actual sales* which is the actual dollar value of the sales which takes place in the region. If actual sales are less than potential sales, then some *escape expenditure* or *leakage* is occurring, and we can measure the extent of this leakage. If the potential sales as estimated are larger than the actual sales, some of the market of other regions or communities has been captured locally. So *trade potential capture* is estimated as:

$$\text{Trade potential capture} = \frac{\text{Actual sales of commodity(ies)}}{\text{Potential sales of commodity(ies)}}$$

A number of ways of estimating the potential sales of a commodity exist, from surveys of the population, to modelling to informed estimates. One simple method would be to take the Australian Bureau of Statistics Household Expenditure survey for average expenditure on each item and multiply this by the number of households in the region under study. The number of households is available from the Census at very detailed levels. If necessary, expenditure on each item can be updated using the consumer price index. Actual sales levels would need to be obtained from local traders.

Market area analysis is intended to identify the main characteristics of the local market and make comparisons with other markets

Trade area analysis should ideally be undertaken for both goods and services, and at as detailed a level as possible. For example if the potential sales of furniture locally is estimated at \$1.5m annually and the actual sales amount only to \$1.2m, the trade area capture will be $1.2/1.5 = 80$ percent. This means that only 80 percent of local market has been exploited, and that about \$300,000 worth of furniture sales has been lost to the region.

Trade Area Capture Analysis

Trade Area Capture Analysis (TACA) can provide an estimate of the number of customers actually drawn to a community. TACA essentially assumes that local people have the same

purchasing patterns as the state or national average, provided that income levels are the same, but will change if regional income levels are different for the national average. TACA is carried out by estimating 'customer equivalents' by dividing local sales of a commodity by the state or national per capita sales adjusted by relative local income.

$$\text{Trade area capture} = \frac{\text{Actual retail sales of commodity X}}{\text{State or national per capita purchases of commodity X adjusted for income levels}}$$

Actual regional sales will need to be collected from local traders. Average expenditures can be calculated from the Household Survey, updated by the consumer price index. The income adjustment would involve taking the median household income from the region from the Census as a proportion of median household income for the State or Australia.

The example provided in simplified form shows that if the local expenditure on commodity X was \$390,000, and adjusted expenditure on commodity X per capita was \$78.35, then trade area capture would be \$390,000/\$78.35 = 4978 persons, ie. the local retailers have captured the equivalent of 4978 customers equivalents. If this number is larger than the local population, the local centre is capturing customers from other areas; if it is smaller, it is losing customers and leakages from the local economy are occurring.

Self-Sufficiency and Specialisation Analysis

Self-sufficiency and Specialisation analysis (SSA) is carried out using location quotients (LQs). LQs are calculate as:

$$LQ = \frac{\% \text{ of local employment in activity A}}{\% \text{ of national employment in activity A}}$$

These data are available from the Population Census or from the Annual Census of Manufacturing Establishments for larger regions.

If the LQ for a particular commodity/industry is equal to one, it is assumed that the local industry is self-sufficient or that the local requirements for these products of that industry are being met from the local industry. If the LQ is less than one, it is assumed that the local industry is not suppling the needs of the local popu-

lation, and that there could be an opening for a new firm in that industry. If the LQ is greater than the one, it indicates a level of specialisation in the local industry in that it is supplying not only the local market but some other markets as well ie. that it is exporting. LQs are regarded as fairly rough measure for a number of reasons, but could have a use in this type of application if used carefully. LQs have a critical value of one, and require careful interpretation particularly in the range of .75 to 1.25.

REFERENCES

- Australian Bureau of Statistics, Cat. No. 6535.0, Household Expenditure Survey, 1988-89 - Detailed Expenditure Items.
- Australian Bureau of Statistics, 1991 Census of Population and Dwellings, Small Area Statistics (forthcoming).
- Hustedde, R., Shaffer, R. and Pulver, G. *Community Economic Analysis: A How To Manual*, North Central Regional Center for Regional Development, Iowa State University, Ames, 1984.

Concluding Note:

This is the age of the enquiry. Enquiries have or are being conducted into regional development policy: through:

- 1 the House of Representatives Standing Committee for Long Term Strategies (see the last issue);**
- 2 the Strengthening Local Economic Capacity (SLEC) programme using 'One Nation' funds;**
- 3 the Industry Commission which is looking into impediments to regional development (see the editorial in this issue); and**
- 4 the NSW Legislative Council Standing Committe on State**

No doubt you can think of other enquiries. There is no doubt that the regional development game is generating considerable heat. Let is hope that there is as much light at the end of the tunnel!!
