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The Many Pathways to Regional Development

Metropolitan and non-metropolitan regions grow through many and complex ways: some prosper as a result of national economic change; others ride the wave of expansion in tourism and recreation activities; resource development is the key for others; while a fourth group deliberately map out their own future and find new and innovative ways to develop.

This issue of Sustaining Regions reflects the diverse pathways and challenges confronting regions. Fiona Haslam McKenzie reports on the outcomes of her evaluation of the economic and social impacts of a very specialised form of tourism – heritage tourism associated with the monks living in New Norcia in Western Australia. Her paper nicely illustrates how communities can turn their distinctive histories and attributes into a prosperous future. Tourism at New Norcia in many ways is a case study of good practice in tourism for non-metropolitan regions, with a strong emphasis on their unique identity, the identification of key markets, a reliance upon word-of-mouth advertising and ensuring a healthy level of repeat business.

Jenny Diggle, Robert Brooks and Mark Stewart provide a different perspective on regional issues. Their paper offers a solution to one of the most intractable problems in regional development: gaining access to funding for infrastructure. The authors canvas a range of strategies for developing a bond market for regional infrastructure. Derek deVrize of the Bendigo Bank also addresses an issue of practical significance. His paper reports on an approach to community development being developed and applied by the Bendigo Bank.

The Bank is increasingly an important institution at the local scale in Australia – both in the capital cities and in non-metropolitan regions – as it offers financial services, sponsors alternative carriers of telecommunication services and provides investment opportunities not offered by the larger financial institutions.

Ifor Ffowcs-Williams provides insights into clustering. His article draws upon his extensive consulting and practical experience in this field and reinforces the New Zealand perspective on regional development embedded within the previous issue of Sustaining Regions.

Claire Conroy and David Bartie from the Australian Bureau of Statistics (ABS) provide an interesting perspective on the demand for, and provision of, statistics on Australia’s regions. Their paper reports on the outcomes of the ABS’s consultation on the use of regional statistics and further develops the comments in the editorial of Winter 2004 where my colleagues and I discussed our observations on patterns within regional research in Australia (Beer, Tuatty and Cutler 2004).

In conclusion, I trust that your summer break is enjoyable and I encourage you to consider attending the forthcoming Australian and New Zealand Regional Science Association Conference in New Zealand. This conference is scheduled for September 2005 and promises to be an enjoyable experience in a beautiful part of the world.

Andrew Beer
Editor
Tourism Opportunities and Dilemmas for a Rural Tourism Destination

All guests who present themselves are to be welcomed as Christ, for he himself will say: I was a stranger and you welcomed me (Matt 25:35). Proper honour must be shown to all, especially those who share our faith (Gal 6:10) and to pilgrims... The Rule of St Benedict.

Introduction

The Shire of Victoria Plains is located 120 kilometres north of Perth (see Figure 1) and the dominant industry in the Shire is broadacre farming. There are only small towns in the Shire and none have more than 500 residents. It is a typical Western Australian broadacre rural farming area with rolling hills and long vistas.

Like many other broadacre agriculture-dependent communities throughout Australia, the Shire of Victoria Plains has suffered from the 'farm income problem' where returns for produce have diminished while the costs of inputs have increased. Partly as a consequence, there has been ongoing diminution of resident population and infrastructure support in the Shire. At the same time, Commonwealth and State governments have pursued neo-liberal economic and social policies over the last 25 years, whereby there is little, if any, additional funding from government to support communities facing social or economic difficulties. Consequently, there is a pressing need for places such as the Shire of Victoria Plains to explore opportunities for self-reliance and to expand or diversify local industry and develop self-help initiatives.

In seeking to develop sustainable economic growth and diversify the local industry base, tourism has been looked to as a potential "panacea" for rural ills (Walmsley 2003, p. 62) in a variety of Australian rural environments. Tourism as an industry in the Shire has been pursued, in the past, in a generally piecemeal and rather amateurish manner. However, it is now recognised that there are a number of resources within the Shire that could be packaged to give the planned day-tripping tourist, the longer term tourist and the accidental tourist a full and unique tourism experience. In particular, there is an outstanding site at New Norcia, a wholly monastic town, that is being developed as a cultural heritage destination, incorporating a 'carefully integrated blend of educational, cultural and environmental tourism with historical dimensions' (Ryan and Haslam McKenzie 2003, pp.67-8). This includes the unique Benedictine Community, an already established value-added food industry through the monastery and the recently constructed European Space Agency telescope installation on nearby farmland.

The origins of this paper lie in a small research project undertaken to assess tourism potential as an option for economic diversification in the Shire of Victoria Plains. In particular, the paper will focus on the cultural heritage tourism opportunities at New Norcia and the options for residents surrounding the monastic town to augment the...
tourist offerings. It will assess the challenges of developing a tourism destination in an environment where the concept of tourism and service to visitors is relatively foreign. The latter part of the paper considers the potential for greater collaboration between the key stakeholders and the necessary elements for developing a quality tourist product while at the same time, developing a sustainable regional industry that complements the staple industry; farming.

Figure 1: Map of New Norcia in Wheatbelt Region of Western Australia
New Norcia: A Background

The unique town, or more accurately, the Benedictine Community of New Norcia, sets the Shire of Victoria Plains apart from all other places in Australia. This small town was established in the mid-nineteenth century by Spanish and Portuguese Benedictine monks as an educational and evangelising facility. What had started as an unpretentious mission had become, by the 1920s, a grand and significant centre of religion, education and culture in an isolated farming district (The Benedictine Community of New Norcia 1991). Over time the various industries pursued by the monks have waxed and waned, and have included education, broadacre crop and livestock farming and horticultural production. Broadacre agriculture continues to be a key source of funding for the Community but like all farming enterprises, has faced considerable market challenges including the cost-price squeeze, environmental degradation and the significant diminution of the farm labor force (Garnett and Lewis 1997, Gray and Lawrence 2001, Lloyd and Malcolm 1997). Throughout the twentieth century, much of the monks’ work was dedicated to evangelizing and primary and secondary education. However, rural education trends gradually changed (in particular, the breadth of the curriculum and the high costs associated with boarding schools) and, by the 1980s, that market had dried up. Now, the monks are an ageing, small (16 in number) and diverse group of men of varying backgrounds and nationalities (Ryan and Haslam McKenzie 2003) and they have had to look for other money making strategies.

New Norcia as a Tourist Destination

New Norcia enjoys a number of advantages as a tourist destination. It is only a two hour drive from Perth, through pretty farming country. During the wildflower season in the Western Australian spring, many travellers pass through New Norcia en route to the wildflower region in the north east of the State. There are few tourist competitors nearby so, in many ways, New Norcia is able to capture all of the tourist clientele for a range of tourist options including:
- the two hour town tour,
- the museum,
- the gift shop,
- food outlets and/or accommodation.

In order to develop further insights into the nature of tourism in New Norcia, a significant dataset regarding visitors to the town was collected during the 2003 Easter period, which also coincided with school holidays. Over the two week period, all visitors stopping in the town were approached to participate and 94 per cent of all adults, which equated to 1682 visitors, responded to a survey regarding tourist services at New Norcia. The results show that at this time of year, most visitors are local (from Perth). They were asked how they came to know about New Norcia and 55 per cent

Figure 2: Primary Reason for Visiting New Norcia

<table>
<thead>
<tr>
<th>Reason for Visiting</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art collection</td>
<td>50</td>
</tr>
<tr>
<td>Monastic influence</td>
<td>400</td>
</tr>
<tr>
<td>Heritage buildings</td>
<td>150</td>
</tr>
<tr>
<td>Cushty</td>
<td>250</td>
</tr>
<tr>
<td>Day trip distance</td>
<td>300</td>
</tr>
<tr>
<td>Camping</td>
<td>350</td>
</tr>
<tr>
<td>New Norcia food</td>
<td>450</td>
</tr>
<tr>
<td>Space installation</td>
<td>200</td>
</tr>
<tr>
<td>Music</td>
<td>50</td>
</tr>
</tbody>
</table>
reported that the town had been recommended by word of mouth. Significantly, 43 per cent of the visitors reported that the exposure given to New Norcia through the media in lifestyle travel shows such as Getaway and the print media influenced their decision to visit. The reasons for visiting New Norcia were varied, as shown in Figure 2. However, it is clear that the unique built environment and the monastic influence of the town are the key reasons for people visiting New Norcia.

New Norcia and Cultural Heritage Tourism

Referring to the unique historic attributes of New Norcia, and more recently, to the heritage of the Order of Saint Benedict as homemakers and providers of hospitality, the Bénédictine Community of New Norcia has become an active player in regional cultural tourism. Richards (1996) provides a technical definition of cultural tourism as ‘all movements of persons to specific cultural attractions, such as heritage sites, artistic and cultural manifestations, art and drama outside their normal place of residence’. As identified by Bachleitner and Zins (1999), internationally, cultural tourism is enjoying rapid growth partly because, in an environment such as regional Australia where there has been significant economic and social change in response to global market and policy orientation, cultural tourism offers respite from daily activity. Cultural and artistic representations attempt to involve the visitor in the expression or representation of the arts as an expression of aspects of reality. Hall (2003, p. 401) suggests that heritage tourism is also experiential, encouraging the tourist to ‘seek an encounter with nature or feeling part of the history of a place’. Heritage tourism also works to preserve the special character of a destination and its purpose. Zeppelin and Hall (1992) claim that arts and heritage tourism are growing in popularity because they represent an antidote to the effects of economic restructuring and reconnect with the past. New Norcia fulfills a number of these categories: the Community offers art and heritage and certainly the monastic ambience presents an entirely different way of life to the hustle and bustle of the usual twenty-first century lifestyles. The surrounding physical environment of New Norcia is typical Australian farmland and so to see tall, grand pseudo-medieval structures on the horizon is an entirely unexpected, but intriguing spectacle. Cultural tourism pursuits are entirely compatible with the monastic life led at New Norcia.

New Norcia is well positioned to take advantage of the growing interest in cultural heritage tourism. The Community at New Norcia is unique for a number of reasons:

- It is the only privately owned town in Australia;
- It is the only monastic town in Australia;
- It has unique nineteenth-century Mediterranean architecture on a grand scale;
- It has a priceless European art collection;
- It has an important Indigenous history;
- It has an important colonial economic history;
- The town and Benedictine Community have had several economic and industry foci, and are therefore useful benchmarks for other communities and regions pursuing regional development strategies;
- The Benedictine Community has a valued tradition in fine food and hospitality;
• The community has worked with others in the Shire to facilitate the European Space Agency locating a large deep space antenna and ground station on a local property.

The Benedictine tradition of the provision of sustenance and hospitality is in line with the cultural heritage offerings. The Mediterranean diet has been part of the heritage of the New Norcia monks, and they have sown and farmed the necessary wheat (for bread), grapes (wine), and olive trees (olive oil) as part of their subsistence lifestyle at New Norcia. Other ingredients in their value-added produce are sourced locally, and their style of food is consistent with the monks’ way of life; simple, wholesome, natural and with a distinct medieval flair. As food reflects culture (Casison 2001, Santich 1995), so indeed the monks’ food has been a vehicle enabling them to share their world with visitors (Ryan and Haslam McKenzie 2003).

The monks have developed their value-adding food industries with caution. There are numerous cases of business failure and even fraudulent advantage being taken of monasteries and monks in their quest for economic sustainability (Association Monastic 2001, Sage 2002, Sprague 2002, The Monks of St Benedict 1995). Accordingly, the Benedictine monks have developed prudent partnerships with a breadmaker and a vigneron, both of whom understand the monks’ raison d’etre and their mode of commercial enterprise, to produce quality fare that is reminiscent of their earlier, traditional industry. These partnerships have enabled produce marketed under the New Norcia brand name to achieve a volume sufficient to satisfy the Perth gourmet market, thereby broadening the exposure of New Norcia produce. The production and distribution of food products marketed under the New Norcia name has further broadened the ‘brand recognition’ of the place, thereby enhancing the tourism potential of the town.

The demographic data on visitors to New Norcia in April 2003 showed that, even though it was school holidays, the majority of visitors came as an adult couple without children. This corresponds with Meetham’s (2001) research which found that tourists now tend to be more affluent and are more likely to be travellers visiting autonomously, rather than as part of a package tour. The majority of visitors to New Norcia in April were older adults (see Figure 3) and they tended to be in occupations that would suggest the higher socio-economic income bracket (see figure 4).

Figure 3: Age of Visitors to New Norcia, April 2003

Age
Visitor data kept at the Community museum shows that the demographic profiles of visitors during the spring wildflower season (September and October), a high visitor period, are not dissimilar to the visitor data collected in April. This information would suggest then, that the Community is targeting a market that does not demand ‘packaged entertainment’ but rather more cerebral interests such as culture (in the form of ecclesiastic art, music and history-related walking trails), and niche or differentiated tourist offerings (Hall and McArthur 1996b, Meetham 2001). The visitor feedback underscores this, with the majority of visitors indicating their keenness to quietly absorb the aesthetic environment or be guided in small groups around the town. However, during the school term, the Community works with school groups and hosts music, history and cultural awareness camps.

Recently, New Norcia has attracted extensive publicity for its involvement, by association, in the European Space Agency’s Deep Space project. Land adjacent to that owned by the monks has been provided as a site for the ground station; a huge antenna that is constructed near the main road to New Norcia. This is highly sophisticated technology, facilitating scientific investigations into the search for life, past and present, on the planet Mars. Enabling this installation to go ahead in the Shire of Victoria Plains has caused considerable local and international interest and it is an exceptional contribution to space science. However, the publicity and the construction of such an extraordinary structure brings with it further public curiosity which the European Space Agency is endeavoring to manage through the provision of funds for an information installation at New Norcia, thereby minimizing the temptation for public trespass. The Bénédictine Community has embraced the installation. The scientists and the construction workers have all stayed at New Norcia at various times and firm friendships have developed. As a consequence, the Bénédictine Community at New Norcia has accepted funds from the European Space Agency to provide an educative installation within the town, which currently is only available to school groups.

Tourism Dilemmas and Opportunities

Maintaining Bénédictine Authenticity

The extensive buildings at New Norcia are old by white Australian standards and require expensive restoration and maintenance, particularly in the harsh, inland climate. Also, the standard of educational facilities and student accommodation has changed markedly since the 1970s when the boarding schools at New Norcia closed, and the upkeep of these buildings for school excursion accommodation is expensive. For these reasons, preserving, conserving and protecting the culture and heritage at New Norcia and offering the site to paying visitors makes good business sense.
However, a crucial caveat for cultural heritage is the maintenance of authenticity. As noted by Waitt (2000) and Hall and McArthur (1996b), authenticity is used as a promotional device, but what is 'real' is open to interpretation: 'Cultural tourists tend to seek to imbibe the destination population's lifestyle, heritage, arts, industries and leisure pursuits ... resulting in the commodification of the past' (Waitt 2000, p. 838). This demand requires that the visitor experience is packaged in such a way that the visitor's perception is that their experience is indeed authentic.

It is clear that the Benedictine Community and the attributes of New Norcia are not likely to be attractive to all tourists and it is understandable that the Benedictine Community would want this to remain the case, particularly as New Norcia is their home as well as their place of work and worship. As the monks have aged and their numbers slowly dwindled, they have needed to devise new income earning strategies, while at the same time honouring their primary work of prayer as well as a variety of pastoral and manual work in the house and gardens. The monks face several ambiguities in attracting visitors to their Community. This was explicitly acknowledged by Abbot Spearitt (1995, p. 69), 'the monastic community is well aware of the dilemmas and the possible solutions.... They tell us we must encourage more tourists and visitors, because without their spending the town cannot survive; and we must provide them with facilities, while at the same time controlling their numbers and activities so that they do not destroy what they come to see ...'. The monks are inviting people to appreciate their sense of place and the value of their past and present work, while at the same time wanting to get on with their work with relative privacy. In the Western world the religious and contemplative life of a monk is relatively unusual, and the Benedictine monks' garb visually sets them further apart. Consequently, a monk often becomes a focus of idle curiosity. The dilemma in presenting a tourism strategy that is underpinned by the monastic life of New Norcia is the need to preserve the monks' authenticity as monks, rather than 'monkeys', constantly on show and expected to 'perform'. Accordingly, by getting on with their work inside the monastery and to a lesser extent, on their large farm, the monks remain largely hidden. In doing so, the monks are preserving their authenticity, but also take away the opportunity for tourists to experience them as an 'attraction'.

Instead, tourists must be satisfied with the experience of the accommodations of a monk's life and their surroundings.

There are now only a small number of monks and there are no signs that this is likely to change in the short term. In order to sustain the town, people need to be employed to help run the 'monastic industry'. Furthermore, prodigious funds are required to renovate and maintain the town's unique buildings. Government and agency monies (such as Lotteries West) are a likely funding source to assist in the maintenance of New Norcia. However, acceptance of public monies comes with an obligation that the money be invested in resources that other Western Australians, apart from local residents, should be able to enjoy.

Similarly, the hype and interest generated by the European Space Agency's Deep Space installation has potential for attracting a new 'type' of tourist to the town who may be at odds with the ethos of the Benedictine Community. Thus, there is potential inconsistency between acceptance of Agency funds, public access and the preservation of the Benedictine Community at New Norcia.

Sense of Ownership

There is the dilemma of 'ownership' whether it real or an emotional attachment. It would seem from conducting this research project, and other work done in the past (Haslam McKenzie 1999, Hutchison 1996, Ryan and Haslam McKenzie 2003), there is a sense of pride in, and ownership of, New Norcia by many Western Australians (see The Benedictine Community of New Norcia 1991). There are many who have opinions about what the monks should do to be more commercial, how they could change their business practices and even their contemplative life to better meet the tourist market. These suggestions are not well accepted by the monks who have no intention of changing their contemplative life or the manner by which they live their daily lives. From time to time, the monks' focused way of life has set them on a collision course with their local government authority, which imposes on the Community local government compliance demands which the monks do not consider to be their concern or remit. For example, there has been tension with regard to rubbish collection and disposal and the need to provide kerbside guttering on the roads through New Norcia. The Community's response is that their tenure and way of life preceded that of anyone else.
in the area and they should be left to get on with their work and contemplative life without unnecessary bureaucratic interference.

It would also appear that some community members in the Shire of Victoria Plains have, at times, undervalued the presence of the Benedictine community of New Norcia, and in fact resented their connection with the place. It has been documented that social disengagement for spiritual purposes can attract local resentment (see Janzen 1990, Tonts 2001). Much of this resentment can be traced to the Community’s determination to live in relative isolation with limited need for interaction with other local groups or to ‘conform with many of the established norms and values of Australian rural communities’ (Tonts 2001, p. 309).

For those Western Australians who identify with New Norcia, it is usually for its uniqueness, ‘antiquity’, spirituality or location. The concept of ownership of an identity and its connection with local place, history and knowledge is already well known (Altman and Low 1992, Flora 1998, Massey 1994, Moore 1997, Stayner 1999). Sense of ‘place’ is an emotional and social experience that can be harnessed for economic and environmental benefit. Importantly, while it is acknowledged that the monks at New Norcia have a deep connection to their place (Cohen 1985), so too do others in the Shire of Victoria Plains and this is not always appreciated by the monks. Indeed, the broader Western Australian community’s ‘connection’ to this place should not be denigrated or in any way thought of as less, but rather used to promote New Norcia and its unique offerings. Developing a sense of connection with interested visitors through the New Norcia Newsletter or the Friends of New Norcia group could encourage repeat visitations or the purchase of New Norcia produce. The local visitor, especially those who have a declared sense of ownership, are likely to return over and over again if a visit to the Community and its surrounds is a pleasurable experience. Furthermore, they have the potential to bring with them other first time visitors.

Value for Money

A great deal of effort has already been spent in promoting New Norcia through travel guides such as the Lonely Planet and Frommer, local and international newspapers and TV media, particularly through shows such as Getaway and similar lifestyle and holiday programs. New Norcia has also been researched and supported in numerous industry and academic journals, many of which have an international readership (see Hay and Bean 1986, Hutchison 1990, New Norcia Studies, The Benedictine Oblate Newsletter 2004, Storman 1977). It is apparent from the present research, that tourists visiting the Shire of Victoria Plains, and New Norcia in particular, are careful with their expendable tourist dollar and expect value for money. This supports the claim made by Meetham (2001) that, even though they may have more of it, tourists now tend to be very cautious about how they spend their tourist dollars. In many ways, the casual visitor will give a destination one chance and unless there is perceived value, whether it is in the visual experience, the physical experience or even the spiritual experience, then the visitor will not return, and may even suggest to others that the destination has been ‘over sold’ (Hall and McArthur 1996a, McKercher and du Cros 2002). The public does not happily tolerate disappointment and it is only through the provision of positive visitor experiences that heritage preservation can, in the long term, be provided and heritage passed on to future generations (Hall and McArthur 1996a, p. 3). Responses from visitors to New Norcia surveyed for this project showed that some expected more sophisticated tourist infrastructure in the town. The monks on the other hand, wish to preserve a sense of monastic restraint causing some visitor dissonance. The standard of accommodation at New Norcia has been one such area where the public has voiced disappointment. Limited accommodation is available at the monastery in spartan monk cells or the hotel, a very opulent looking building (see Figure 5), built in 1927, technically as a parents’ hostel to accommodate families visiting their children at the Community boarding schools.

It was built on such a grand scale in the secret hope that a member of the Spanish royal family could be enticed to visit and inspect the considerable nineteenth century art and literary bequests. While the exterior of the building is grand in appearance, the interior is little changed from the 1920s, with shared bathroom facilities and generally shabby furnishings. In the short-term, the monks have no intention of modernizing the accommodation offered in New Norcia, being satisfied that the visitors who come to New Norcia do not come for fine dining or accommodation, but rather, to
experience a monastic community. Their spending priorities are focused on building preservation rather than providing four-star comfort. To some degree, the provision of basic accommodation facilities helps to filter the monks' preferred clientele.

Similarly, while food underpins the revival of the community's economic diversification, the food outlets in the town do not offer boutique style food or good service. The roadhouse looks like any other Australian petrol outlet, although the interior has been decorated with a monastic theme (see Figure 6). There are pictures of the monks around the walls, there are monastic furnishings such as pews and the menu is styled as an order of service. Cigarette and cool drink vending machines spoil the theme however, and the food offered is typical roadhouse fare, rather than the stylish but simple food that has been developed by the New Norcia Benedictine Community through strategic partnerships with key food and wine producers.

Figure 5: The New Norcia Hotel

Offering food and accommodation in a sparsely populated community with the closest regional centre or city more than 100 kilometres away presents staffing challenges. The Community is the largest local employer, and many of the 65 employees live relatively nearby although some travel up to an hour to get to work. A challenge facing the Community is having skilled and reliable staff because, apart from New Norcia, there is no market for hospitality specialists in the region. It is difficult to attract and keep knowledgeable and experienced marketing, catering and human resource management specialists in the town. At times, it is equally challenging maintaining a regular and reliable cleaning staff because unskilled labour is transient. These staffing challenges, associated with relative geographic isolation and uneven market demand, are unlikely to be easily solved and yet, attentive, knowledgeable staff is integral to a successful hospitality business (Hall 2003, Tourism Task Force Ltd 2002).
Regional Development Opportunities

The development of even a small tourism industry in the Shire of Victoria Plains has the potential to offer much needed economic diversity for the area. As explained earlier, the dominant industry has been broadacre agriculture and since the early 1980s, farmers have experienced a cost-price squeeze where returns for produce have diminished while the costs of inputs have increased, causing real income to drop (Pollard 2001). Off-farm income and the opportunity to diversify are therefore keenly sought. Like other businesses in the Shire of Victoria Plains, the monks at New Norcia are responding to global pressures and Australian regional policies by pursuing new money-making ventures. They too are willing to take advantage of new opportunities provided they do not interfere with their primary focus as religious men dedicated to prayer. One such opportunity is the European Space Agency telescope installation which brings a new type of visitor, but not usually the type of visitor that challenges the monastic ambience of New Norcia. The monks have made available a space in the town for an interpretive display for visitors keen to know more about the telescope and its purpose. The monks' view is that religion adds a dimension to science and augments the 'seeking of truth'. 'We all think of the universe as another part of the creation and the work of the Creator and I don't think science is going to discover anything that will undermine what we believe in' (Father Bernard Rooney, Australian Broadcasting Corporation 2004). Others in the Shire of Victoria Plains have capitalized on the installation, offering nearby farm stays and education resources for visitors.

The research undertaken for this paper indicates that there are opportunities to improve the visitor experience as well as increase the number of visitors to New Norcia and to the surrounding Shires, while not compromising the Benedictine Community. The findings from the visitor interviews show that people are attracted to a place where they are able to experience a variety of offerings.
Within the Shire of Victoria Plains there is indeed a diversity of things to see and do. However, the responses to the surveys conducted indicated that visitors were disappointed by the lack of sophisticated amenities, particularly in New Norcia. While this may be an intentional strategy on behalf of the monks to preserve the authenticity of the town, it is not communicated to visitors. However, it is clear that the promotion of the New Norcia branded products is a core goal, so enhancing the visitor experience through the provision of more attentive service is important. Similarly, serving the boutique food for which New Norcia is becoming well known is likely to have a flow on effect in the region (Hall and Sharpies 2003). As a result of the surveys conducted for this research, opportunities for increasing tourist spending in the area were investigated. The findings suggested however, that the potential to extend the tourist spend in the area would require the tourist experience to extend beyond New Norcia and connect more closely with the rural offerings in the Shire of Victoria Plains. This would require considerable collaboration, cooperation and a committed sense of goodwill between key community stakeholders. This group would need to include the Bénédictine Community and other local and Perth-based business owners such as tourism providers and tourism operators. Perth-based tourist operators and accommodation providers put together tourist packages to regional areas. The survey responses showed that word of mouth recommendations from these organizations were important for autonomous visitors who had not previously known about New Norcia or the Victoria Plains area.

Clustering

'Local agri-food systems' encompass a local development process based on a concentration of agri-food businesses (farms, input suppliers, processing outlets, marketing units, service and catering businesses, etc.) in relative proximity, allowing them to be structured around a common activity. The current trend towards globalisation and the changes that have occurred have kindled an increasing interest in these forms of production systems based on proximity (Burch et al. 1996, Elitzak 2000, Lyons 1996). While the monks and others associated with their value-adding food businesses (which include wine production, olive oil and breadmaking) have found commercial success in New Norcia, there are other local people who are pursuing similar value-adding businesses in the region around New Norcia. Some of these products are already sold in the museum and gallery shop at New Norcia. Food is the only consumer good that the end-user literally and physically consumes. Food thus acquires an essential importance, as individuals and social groups are looking to reconstruct identities and characteristics around the forms of their food consumption. In other words, food products can provide a tangible link with the visitors' experience at the place.

Increasingly, the food and more recently the wine products produced in the area around New Norcia reflect the monastic culture and are coming to connote the regional style of the area. As noted by Hall et al. (2003), tourism and food production are potentially significant sources of economic development in rural areas. However, the provision of food at New Norcia is sometimes problematic due to unreliable catering expertise and staffing issues, but there are other private providers in the Shire who could offer a complimentary service. For example, the owners of the Wyening Mission, (previously owned by the Bénédictine Community and now a privately owned farm) are keen to develop a monastic-style lunch for small groups of visitors. For larger groups, the Bolgart Hotel in a nearby small town is keen to develop their business and would welcome the opportunity to be brought into the tourism loop. A suggestion from the survey was that hampers and gift baskets from the area made available through several outlets in the region would enable private operators to extend their value-adding opportunities.

Providing such a service is not necessarily at the expense of that offered at New Norcia but in addition to what is provided. It is clear that the Bénédictine Community at New Norcia is keen to attract only that sort of visitor who is sympathetic to their way of life. There is the potential for others in the surrounding community to cater for those visitors who do not suit New Norcia but who are nonetheless keen to experience a diverse rural environment. For example, while the Bénédictine Community has worked hard to establish the Community as a music and cultural centre, not all styles of music and art can be exhibited there, and nor would the monks want this to be the case. Therefore, extending the tourist network within the Shire gives others the opportunity to offer a venue for music that the monks would prefer not to offer, and thereby value-add for others in the broader...
community. The Benedictine Community and residents of the surrounding Shire would benefit if together, they were more willing to offer an integrated tourism experience which could include farm landscapes and experiences such as farm stays, wildflowers in the spring as well as the food and cultural offerings at New Norcia. Increased tourist and visitor activity in the region surrounding New Norcia would also increase the demand for trained staff and even out some of the labour market fluctuations that have beleaguered New Norcia. An injection of additional revenue into the region through a broadened tourist industry base is likely to have a corresponding injection of revenue into local businesses. It would then be expected that the local economy be strengthened and the dependence on the agricultural industries lessened (Eastham 2003). The more embedded tourism businesses are in the local community, the greater the multiplier benefit is likely to be to the community and its region (Eastham 2003). Furthermore, as noted by Hall et al. (2003, p. 37), 'networks and cluster relationships are a significant part of the development of intangible capital through their role as providing the social capital which underlies economic development'.

**Social Capital and Capacity Building**

Research indicates that there are opportunities for greater sharing and the development of social capital among key stakeholders in the Shire. For example, the Shire, the monks and several other local businesses all use marketers and web designers, all of whom are located in Perth. Developing a local provider would be beneficial to all of these local businesses. Similarly, the need for skilled and unskilled labour in the developing tourism businesses is consistently problematic. A collaborative approach to the problem has significant economic and social potential. The advantages of developed social capital are well documented (see Alston 2002, Cox 2001, Flora 1998, Hogan and Owen 2000, Putnam 1995). According to Edgar (2001), Gray (2000) and others (Alston 2002, Kenyon and Black 2001, Black and Hughes 2001) there is developing interest in social capital (or the capacities for organisation and trust which community members share) in Australia, and its anticipated potential as a basis for the development of local solutions to local and wider problems including those of an economic nature. Woolcock (1998) argues that integration, that is,
around New Norcia, thereby developing region-wide social capital, it is important to broaden the extra-local linkages (Woolcock 1998) beyond the region. These linkages would include important stakeholders such as government agencies, examples being the Wheatbelt Regional Development Commission, the Western Australian Tourism Commission and the State Department of Local Government and Regional Development, as well as local and other providers so that the tourism products being offered are complimentary and co-ordinated. The monks, through their monastery procurator, Dom Christopher Power, have worked hard to co-ordinate visitor and educational campaigns with government and regional agencies. These campaigns have usually been mutually beneficial. The monks have also made important links with academic institutions such as the University of Western Australia which has provided them with, for example, scientific guidance on the redevelopment of their olive grove and editorial support for scholarly publications. In return, that institution has been given access to important monastery resources. The links have not so easily been made at a local level. However, as the smaller owner-operators develop their scale of business, it makes sense that the local offerings are packaged and marketed together so as to benefit from shared economies, expertise and to more specifically target and attract visitors. It is also important to consistently achieve a quality product and brand that others will recognize for its value, superiority and reliability, thereby developing an easily recognised brand, thereby ensuring that whatever exposure and promotion is given to the area and its products, has maximum effect.

Conclusion
The Shire of Victoria Plains has enormous tourism advantages that many other localities in rural, regional and remote Australia might envy. Being located within two hours’ drive of Perth and having the unique Bénédictine Community within its boundaries provides cultural heritage niche market opportunities. There is also potential for extending the tourism ‘spend’ in the Shire, which does not have to be the responsibility of any one provider or agency.

Partnerships between the local stakeholders have the potential to offer a more diverse tourism experience for visitors as well as sharing the load and maximizing the outcomes. In order to achieve these outcomes however, there must be greater connectivity between the various stakeholders, most particularly the Shire, the monks at New Norcia and the surrounding residents. This requires goodwill and a willingness to share the natural and man made assets as well as the economic and social benefits. It is also important to understand that constructing a tourism strategy around cultural heritage carries with it some dilemmas which include cultural identity, authenticity and dedication to service. Nonetheless, focusing on niche tourism provides value-adding and economic development opportunities for surrounding businesses in a region which until now, has had limited industry diversification. Activities and experiences such as those available at New Norcia are uniquely placed to respond to the growing tourist demand for personally enriching travel experiences and by collaborating with other local providers, New Norcia can enhance the visitor tourist experience and by extension, the regional economy.

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Acknowledgements

Without the assistance of the Bénédictine Community at New Norcia over many years this work could never have progressed. I thank them for their contribution. Ms Vickie Goodall provided comprehensive research assistance for this paper and her enthusiasm and commitment to detail is much appreciated. Finally, Dr Matthew Tonts provided helpful comments and editorial assistance on an earlier draft. Any weaknesses or oversights in the paper remain mine of course.
Introduction

Andrew Beer's Editorial in the Winter 2004 edition of Sustaining Regions discussed a meta-analysis of 'recent research on regional issues in Australia and internationally'. The results highlighted key regional research topics and areas of Australian research paucity, and identified a number of research gaps. Some of the findings in Beer's editorial bear strong similarities to research the ABS' Rural and Regional Statistics National Centre (RRSNC) has been undertaking during 2004 to better align small area statistical development with regional research and policy priorities.

This article presents a broad summary of this RRSNC research, exploring similarities and differences between its outcomes and those of Beer's research, and what these outcomes tell us about current regional research and associated information needs in Australia.

Information Development Plans (IDP)

Like the RRSNC, nearly all units in the ABS responsible for subject specific output (Agriculture, Tourism, Education etc.) have been working on strategies to more appropriately focus statistical development on their respective users' information needs. Information Development Plans (IDP) are the ABS-wide instruments designed and used to facilitate this process.

Briefly, Information Development Plans document:
- the key policy and research issues in a given field of inquiry
- the extent of current data supply to inform these issues
- the identification of information gaps

Extensive user consultation underpins the compilation of IDPs. Most importantly, at the end of these processes, an IDP will document and help forge agreed statistical development between the ABS and other custodians of data, on collaborative projects that will address identified information needs.

Rural and Regional IDP

The development of the Rural and Regional IDP began in mid-2003. Initial work involved an investigation of recent policy and research literature, augmenting the existing subject matter knowledge built up within the RRSNC since its creation in 2001. Policy documentation across the three levels of Australian government was considered, as was key international literature and academic studies. This work provided an insight into some of the major policy/research themes currently driving demand for rural and regional statistical data and was supported by input from the RRSNC Advisory Group, comprising representatives of federal and state government agencies and the academic sector. During this time RRSNC staff also undertook a comprehensive stocktake of key Australian data sources relevant to rural and regional topics.
The policy and research themes identified. The results of all this research were organised in a draft report (Information Model) that focused on broad economic, social, and environmental themes. The Information Model was used as the discussion document for the purpose of focusing subsequent user consultations.

To gather information from users of small area data about their specific information needs, user consultations were undertaken in each state and territory in early 2004, involving 75 agencies. The consultations were primarily designed to identify those areas of research currently constrained by a lack of suitable data, and to test the soundness of the Information Model. While there were some differences in the nature of the topics discussed in each location, there was also a considerable degree of consensus among users on the most significant current information needs.

Based on this work, a series of recommendations to address priority information gaps were developed. These recommendations were endorsed by the RRSNC Advisory Group in October 2004 and will form the final section of the Rural and Regional IDP, to be released in early 2005.

**Outcomes**

Arising from the analysis of outcomes of the user consultations, twelve broad categories of information need were identified. These range across the Triple Bottom Line spectrum and were not skewed to either economic or social predominance. A summary of these categories is presented in Table 1.

<table>
<thead>
<tr>
<th>Broad category*</th>
<th>Specific areas of information need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional tourism</td>
<td>Consolidated information about the 'tourism sector' in regions. Measures of the economic, social, cultural, and environmental impacts of regional tourism.</td>
</tr>
<tr>
<td>Services in regions</td>
<td>Measures of service availability and access in specific regions. Current and projected demand for, and use of, regional services.</td>
</tr>
<tr>
<td>Social capital</td>
<td>Indicators of the nature and extent of community networking and participation in regions. The development of specific measures of 'community strength'.</td>
</tr>
<tr>
<td>Regional target populations</td>
<td>Separate socioeconomic analysis of 'at-risk' regional subpopulations - Indigenous persons, women, persons with a disability, youth, older persons.</td>
</tr>
<tr>
<td>Personal &amp; household wellbeing</td>
<td>Measures of relative economic wellbeing, including degree of reliance on income support. Employment and unemployment. Health status. Housing availability and affordability.</td>
</tr>
<tr>
<td>Information communications technology (ICT)</td>
<td>Regional indicators of household and business access to, and use of, ICT.</td>
</tr>
<tr>
<td>Education &amp; skills</td>
<td>Resident population skills and qualifications. Correlation between industry skill requirements and the skill availability in the resident labour pool. Access to, and use of, regional education and training services.</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Measures of the overall performance of agricultural sector in specific regions. Indicators of the socioeconomic wellbeing of farm families. Links between agricultural land and water management practices and regional environmental outcomes.</td>
</tr>
<tr>
<td>Environment</td>
<td>Measures of the nature and extent of natural resource usage, and of the impact of usage patterns on the value of regional environmental capital. Information about nature and extent of regional environmental programs, and the socioeconomic drivers of program adoption. Measures of the nature and extent of existing environmental degradation in regions.</td>
</tr>
<tr>
<td>Migration</td>
<td>Measures to assist improved understanding of the nature of population movement between regions, and the drivers of this. Skilled migration. Indicators of short term movements within and between regions.</td>
</tr>
</tbody>
</table>

*Categories are not listed in any priority order.*
The degree of overlap between the research topics identified in Beer's review and the categories listed in Table 1 is somewhat quite strong. For example, there are connections between Beer's 'Social Sustainability & Services' and the RRSNC's 'Services in Regions' and 'Social Capital' categories, and on the joint identification of Environmental issues as a primary area of research. Technology transfer issues also translate well, although it would appear that research related to cluster development theory is purely in the realm of the academic sector. The IDP consultations supported Beer's findings of continuing research interest in 'Regional Analysis', specifically through demand for information about regional target populations and for the analysis of demographic change and relative socioeconomic well-being within, and between, regions. Migration is mentioned in the Beer review primarily in the context of environmental management, however in the IDP consultations there was a strong expression of demand for data concerning the socioeconomic aspects of regional migration. Indeed, migration emerged as the most discussed issue in all consultation sessions. Indigenous issues have a high profile in both research analyses as do health and welfare. While the issue of employment was raised consistently during the consultations, this was largely in the context of personal and household well-being rather than in regard to 'Labour Market Development and Analysis'. By contrast, issues of 'Regional Governance' were not a concern of the users consulted. The RRSNC outcomes also give much higher priority to the issues of Tourism, Education and Skills, and Agriculture.

Where there are differing emphases in the results, these are to a large extent a reflection of the purpose of the Beer and RRSNC research. Beer's analysis investigated current trends in regional research through a stock-take of key bibliographic databases and reviews 'the implications of those trends for how regional issues appear in policy debates and in the public consciousness'. Similarly it is necessary for the RRSNC to understand regional policy content and major research themes to validate those included in the Information Model and for ongoing contextual knowledge. However, the primary purpose of the IDP consultations was to highlight the specific areas of rural and regional research where there is a perceived lack of suitable statistical data, rather than to identify regional research issues per se. IDP consultation groups were comprised primarily of government agency personnel charged with regional policy development and implementation, and/or service delivery to regions in the Australian States and Territories. Consequently, much of the feedback obtained was oriented towards regional policy concerns, which explains some of the close connections in both research outcomes.

Discussion during the IDP consultations was wide-ranging and covered broad research fields (e.g. social capital), statistical measures (e.g. regional price indices), data source issues (e.g. expansion of the ABS Tourist Accommodation Surveys) and classification and dissemination issues (e.g. availability of data at the 'town' level). The challenge for the RRSNC was to draw together this range of information to form a coherent picture of data requirements across the field. Table 1 illustrates some of the work done to clearly identify broad categories of information need and the specific sub-components of these. It is at the sub-component level that the feasibility of statistical application can be addressed.

In the latter part of his editorial, Beer draws upon the results of his meta-analysis to highlight 'the major omissions within (regional) research activity in Australia'. It is at this level where comparisons with the research themes and information needs identified in Table 1 can be more usefully undertaken, and indeed, given the inextricable links between 'research gaps' and 'data demand', it is not surprising to note a relatively strong connection between the gaps identified by Beer and the contents of Table 1. Although the research gaps and the information required to support these are differently grouped in the two studies, the overall contents have a high degree of overlap. The research gaps that are identified in the Beer analysis but are missing from the RRSNC study are 'forecasting regional futures' and 'regional governance'.

Implementation of the Rural and Regional IDP

As outlined above, the Rural and Regional IDP will incorporate a series of statistical development recommendations to address priority information needs. These will form the basis of the RRSNC's research and development program over the next three years and beyond, and will be the foundation of collaborative work between the ABS and other producers of small area data. Each of the individual information needs identified in Table 1 and their associated sub-components could, on the basis of the extensive research and consultation processes undertaken, be considered 'priority'. However, in formulating the overall program...
for statistical development, the RRSNC was cognisant of the limited resources available both within the ABS and externally to meet all needs. Consequently, individual information needs were assessed on the basis of a number of criteria, including statistical feasibility, projected resource requirements, level of cross-agency collaboration required, link to policy, and frequency of articulation during the consultation process. Consideration of each of these elements assisted in the determination of the final set of recommendations to be included in the IDR. A summary of these is presented in Table 2.

Table 2: Rural & Regional IDR - Research Outcomes

<table>
<thead>
<tr>
<th>Research issue</th>
<th>Subcomponent(s)</th>
<th>Aim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure &amp; performance of</td>
<td>- number of businesses</td>
<td>To have in place an expanded set of information describing the characteristics of the businesses found in specific regions.</td>
</tr>
<tr>
<td>regional economies</td>
<td>- type of industry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- business size</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- business performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- business costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- debt levels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- business entries &amp; exits</td>
<td>To have available measures of the number of new business start-ups and closures in specific regions.</td>
</tr>
<tr>
<td></td>
<td>- innovation &amp; ICT</td>
<td>To gain an improved understanding of the nature and extent of innovation and ICT usage and expenditure in regional businesses.</td>
</tr>
<tr>
<td>Social capital</td>
<td>- nature &amp; extent of community networking</td>
<td>To inform public debate relating to the concept of social capital generally, and to have available a broader range of data indicative of the nature and extent of the social linkages that exist in specific regions.</td>
</tr>
<tr>
<td>Regional target populations</td>
<td>- Indigenous persons</td>
<td>To have available expanded data and analysis indicative of the social and economic wellbeing of ‘at risk’ groups in rural and regional Australia, particularly in regard to health and labour force characteristics.</td>
</tr>
<tr>
<td></td>
<td>- older persons</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- women</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- youth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- persons with a disability</td>
<td></td>
</tr>
<tr>
<td>Personal &amp; household</td>
<td>- income &amp; expenses</td>
<td>The development of an expanded suite of information enabling the analysis of specific and consolidated measures of individual economic wellbeing in regions.</td>
</tr>
<tr>
<td>wellbeing</td>
<td>- reliance on income support</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- employment</td>
<td>Enhancement of existing small area employment measures and investigation of alternative data sources and methods.</td>
</tr>
<tr>
<td>Information</td>
<td>- access &amp; use</td>
<td>The identification and consolidation of available information on household and business access to, and use of, information technology. Exploration of opportunities for expanded data availability in this regard through, for example, modelling and further development of existing instruments/sources.</td>
</tr>
<tr>
<td>communications technology</td>
<td>- physical &amp; mental disability</td>
<td>Continued collaboration amongst key stakeholders focusing on the expanded output and analysis of health service and health status data at a regional level, including investigation of administrative data sources and the application of statistical modelling.</td>
</tr>
<tr>
<td></td>
<td>- service usage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- morbidity</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>- level of skilled/unskilled employment</td>
<td>The consolidation of available education, industry and employment information to improve understanding of regional labour markets and for the subsequent development of labour force skill profiles and broader measures of regional human capital.</td>
</tr>
<tr>
<td></td>
<td>- educational participation, attainment &amp; qualifications</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>- economic wellbeing of farm families</td>
<td>To have available an expanded suite of information about the income, expenditure, debt levels etc of farm families, and the nature and contribution of off farm work.</td>
</tr>
<tr>
<td></td>
<td>- off farm income</td>
<td></td>
</tr>
<tr>
<td>Migration</td>
<td>- skilled migration</td>
<td>Continued investigation of opportunities for the further development of small area migration estimates, through the enhancement of existing methods and the application of alternative data sources.</td>
</tr>
<tr>
<td></td>
<td>- regional migration by socioeconomic group</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- short term movement</td>
<td></td>
</tr>
</tbody>
</table>
It should be noted that several additional information priorities were identified by the RRSNC as an outcome of the process which, on the basis that they will be directly addressed through work being undertaken in other areas of the ABS or other agencies, were not included in the final set of IDP recommendations. This includes statistical developments currently underway in the areas of regional environmental management, tourism, and housing.

Will the IDP Recommendations Address Beer’s Research Gaps?

Through their incorporation into the RRSNC’s forward work program, the recommendations set out in Table 2 should lead to expanded data availability in selected key areas of regional research over the medium to long term. It should however be noted that much of the work arising from the IDP recommendations will initially comprise scoping studies to further assess the feasibility of specific developments. In some cases this is likely to reveal that further data development, or development to the extent envisaged in the recommendations, is not feasible as a result of, for example, lack of supporting classificatory or coding infrastructure; an insufficient level of commitment to collaborative work; and/or, methodological issues.

Such factors may limit the number of new or expanded data sources that become available through the implementation of IDP recommendations.

There is also the distinction to be made between information gaps and research gaps. A cause of the latter can often be attributed to a lack of the former, particularly in the case of empirical evidence. The RRSNC study has concentrated on identifying statistical information gaps; new data developments in the short to medium term will most likely contribute to meeting portions of research need but not research gaps in their entirety. Beer questions how fully the wealth of ABS existing and emerging small area data are being used by researchers. It is hoped that the wider dissemination of the RRSNC work on scoping the regional statistics field through the IDP process will encourage and stimulate regional researchers to use these data more in both applied and creative ways.

Nonetheless, it is hoped that many of the research gaps identified by Beer can begin to be addressed through the implementation of IDP recommendations. For example, expanded information on the structure and performance of regional economies will be useful for the development of regional business measures, which are a key component of future research into ‘Regional Economic Modelling’ and the ‘Forecasting of Regional Social and Economic Futures’. Expanded data indicative of education and skills and information communications technology access and use will inform future research on ‘Innovation and Mechanisms for Technology Diffusion’ in regions, although there is a continuing need for contextual work on the nature and role of innovation in regional economic and social development.

Similarly it can be hoped that statistical developments arising from the Rural and Regional IDP in the areas of social capital, target populations, personal and household well-being, and health, will facilitate expanded research activity in ‘Health Outcomes and the Physical and Social Environment’ and ‘Social Well Being’. Research of ‘Regional Labour Markets’ and related social and economic impacts will be informed by developments focusing on regional businesses and education and skills. It will fall to the research community in general to identify methods to better apply the indicator data that becomes available from the ABS and other data producers in statistical models, which reliably address the research questions currently being asked in these areas.

Conclusion

The IDP outcomes usefully build on the findings of Beer’s work by highlighting the specific strands of regional research where further statistical development is required. A number of the research gaps identified by Beer at the conclusion of his article should be addressed over time through the implementation of recommendations arising from the IDP. The primary aim of the Rural and Regional IDP is to better coordinate the development of data by a range of producers to support regional research.

New data developments will be widely disseminated, most likely through ABS Information Papers and applied short studies that will demonstrate the applicability of these new data and stimulate increased use of ABS small area data generally. The completed Rural and Regional Information Development Plan will be available on the ABS website around February/March 2005.

References

Introduction

In less than half a decade cluster development has become a common focus for economic development agencies in New Zealand, Australia and some forty other countries around the world. As Professor Michael Porter has emphasised, 'Clusters are the building blocks of a productive, innovative economy'.

This paper links three elements:

First, a review of clustering initiatives is presented. This is based on The Competitiveness Institutes' Greenbook, prepared in September 2003, that reviewed 250 clustering initiatives from around the world. Thirty two of these initiatives were from New Zealand, thirteen from Australia;

Second, a process of cluster development is presented. This is summarised from a Cluster Development Manual that builds up the cluster development process through a sequence of five phases and twelve steps; and

Third, a commentary on the central role of government in cluster development is presented. This is based on a December 2003 submission by Cluster Navigators Australia Pty Ltd to the Government of Victoria, who were seeking responses to a well researched cluster policy paper.

Clustering as a Core Strategy

The Innovation Statement prepared in 2003 by the Government of Victoria, Australia identified six key attributes that would facilitate innovation and upgrading the competitiveness of the economy:

- Building an educated and skilled workforce
- Becoming a leader in knowledge creation and innovation
- Developing linkages, clusters and networks to become a more integrated and networked local economy
- Fostering enterprise formation and business growth
- Becoming a globally focussed and internationally integrated economy
- Creating a business environment and infrastructure base that facilitates business success

Cluster development provides the focussed lens through which government can effectively engage on each of the issues identified. Fully addressing these issues implies moving from generic and broad-brush initiatives to more focussed interventions supporting the export sector, and the wealth creating clusters within it. It is at this level that government support should be focussed, with priorities for public funds being determined through effective partnerships with each cluster.

In many instances in New Zealand, Australia and elsewhere such partnerships are coming into formation. In the next section, a review of these partnerships is summarised.

The Cluster Initiative Greenbook

This Greenbook was prepared by a Swedish research organisation, Ivory Tower, for The Competitiveness Institute’s 2003 conference in Gothenburg, Sweden. The Greenbook takes a close look at over 250...
clustering initiatives from around the world. It is the most comprehensive review undertaken to date, describing and analysing the settings in which clustering initiatives have been formed, and the process by which they have evolved over time. Drivers of good performance are highlighted.

New Zealand comprised the largest single country grouping, with 32 cluster initiatives included. Other major contributors were the USA, UK, and Japan, with Australia coming in with 13 clustering initiatives. By sector, the initiatives were well spread, with 'high technology' particularly well represented amongst the 20+ sectors:

- Information technology - 51
- Medical devices - 35
- Production technology - 32
- Communications equipment - 31
- Biopharmaceuticals - 30
- Automotive - 27
- Analytic instruments - 24
- Lighting, electrical equipment - 22
- Aerospace, defence - 18
- Plastics - 18

Data covering 98 questions for each clustering initiative was gathered. Taking all the clustering initiatives, 32 per cent were initiated by government, 27 per cent by industry and 35 per cent by both. Financing came primarily from government (54 per cent), to a lesser extent from industry (18 per cent) or equally from both (25 per cent). Almost all (89 per cent) have a dedicated facilitator, who tends to have an industry background from the cluster.

An important finding was that clustering initiatives fall most commonly because there is a lack of consensus, together with an absence of an explicitly formulated vision for the clustering initiative. Failure also correlates with the facilitators having weak networks.

A data cut has been prepared that compares the 32 NZ clusters with a control group of similar countries, including Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Netherlands, Norway, Spain, Sweden, UK and USA. In total 162 clustering initiatives were included from this control group. The New Zealand clustering initiatives stand out from the control group in a number of respects:

- The export focus for New Zealand initiatives is particularly strong;
- Fostering networking between cluster participants is common;
- Most cluster members are within an hour's travel time of each other;
- New Zealand clustering initiatives are not into producing reports;
- Not into lobbying for subsidies;
- Not keen on analysing technical trends;
- Typically, New Zealand clustering initiatives lack substantial budgets.

Cluster Development: Five Phases, Twelve Steps

Nine out of ten of the clustering initiatives in New Zealand and the other countries covered in the Greenbook are driven by a cluster facilitator. This next section outlines a progression for cluster acceleration that guides the facilitator through the process. Whilst the origins of each cluster differ, there are a number of common elements in stimulating their development. It is these common elements that are addressed here.

Clusters start naturally, but the development of clusters does not need to be left to chance. A generic process is introduced, which does not follow the normal pattern of analysis → strategy → recommendations. The requirement for action generates a different, much more positive, dynamic. Initial analysis is necessary, but only to guide initial action. A strategy-in-action is more flexible than a heavily developed plan.

The development strategies that emerge from this process will be specific for each cluster. The process ensures that the strategy is tailored to suit the particular circumstances of the locality and the cluster. The emphasis of the process is on identifying the constraints to development that would benefit from being addressed collaboratively and then engaging the participants in the cluster in action.

Establishing early successes in non-threatening arenas provides the foundation for subsequent and more fundamental engagements. The cluster development process can be broken down into five broad phases, containing twelve steps:
Cluster Development: Five Phases, Twelve Steps

Step 1: Introducing Relevance
This first step introduces potential funders the relevance of cluster development as a central strategy for local economic development. Resourcing needs to include the long term funding of facilitators.

Clusters arise through natural market forces; cluster development is a deliberate intervention, and as such requires an initial sponsor. This sponsor is often from a government-funded agency with responsibility for upgrading competitiveness. The sponsoring agency may be national in reach but able to operate at the local, the cluster level.

A number of pre-conditions need to be in place to support a successful cluster development initiative. A requirement is some local seeds of excellence as the foundation for the clustering initiative; the process cannot kick-start a cluster. Early government endorsement and resourcing is often needed as a precursor to obtaining private sector commitment. However, clustering initiatives will not gather sustainable momentum without the active participation of private sector champions.

A neutral facilitator needs to be available to initiate the clustering process, and a key role for government is in resourcing the facilitator on a long term basis. This person is the neutral broker with responsibility for instigating cluster development programmes, and ensuring that the initiatives continue to be upgraded. The facilitator needs to be able to motivate and empower senior cluster stakeholders.

Step 2: Identifying local clusters
The second step in this initial phase of 'Mustering Support' is to identify the clusters, and then prioritise them for development. The focus needs to be on identifying the driver clusters within the community that are already serving customers from beyond the region.

An analysis of published statistics provides a starting point in identifying clusters. Input-output analysis can highlight local concentrations. Location quotients will identify local concentrations of economic activity. Similarly, employment statistics can be used to highlight local concentrations. This 'top-down' approach needs to be balanced with a pragmatic 'bottom-up' approach.

The 'bottom-up' approach is useful in highlighting niche clusters that would not be identified through published statistics, such as organic foods, and service clusters such as health care, retirement or forestry consultancy. Emerging and new economy clusters may not be easily recognised. The bottom up approach also serves to more clearly define the activity within the cluster, highlighting 'wood
Boundaries need to be carefully considered, with each cluster having its unique ‘catchment area’. Clusters may cover only a part of a region, or traverse regional and even international boundaries.

The clusters that emerge from this identification process will not be equal in importance. There is a need to shortlist those that merit immediate attention, using criteria that are aligned to the region’s economic development strategy. It is recommended that a cluster development programme should engage at commencement with more than one cluster. A degree of competition between cluster groups is healthy. More substantially, there will be later the opportunity to identify and address the systemic cross-cluster issues that surface (see Step 12).

Step 3: Initial Cluster Analysis

In the second phase, ‘Building the Base’, the initial focus is to place the priority clusters under the microscope. Information about each cluster in the local economy is gathered, the competitive fundamentals are starting to be understood, the cluster process is being introduced to the cluster’s stakeholders, and the cluster’s leaders are being identified.

This review needs to provide sufficient data to gain the agreement of the key stakeholders on the current situation, and to kill any popular misconceptions. It should be viewed as a platform for action rather than a major piece of analysis. Reliable and up-to-date statistics are often hard to find, particularly with the specificity required for cluster analysis. Clusters are broader than industries, but often cover a narrower geographic ground that the regions used for published statistics.

In addition to reviewing the published information, information needs to be directly obtained from the senior stakeholders within the cluster. The focus of these interviews should be on identifying common roadblocks and common opportunities, and understanding the cluster’s culture. Extensive research and analysis is not be needed at this initial stage. There is a danger with a cluster development programme ‘burning out’ over heavy analysis at this step, running the energy available for the much more critical aspect to come, that of building engagement and teamwork. More detailed analyses (for example of training needs, technology changes, competitors, or export markets) can be undertaken later once initial momentum has been generated (see Step 10).

Step 4: Leadership group formation

A key step in the establishment of clustering initiatives is the early formation of a Leadership Group that is specific to the cluster. The facilitator plays a leading role in identifying and then establishing this Group, which initially may be very informal, but over time will evolve and formalise. The Leadership Group is usually no more than 5-7 people who are comfortable working together. The Group should not be dominated by government representatives or association officials. Whilst a cluster group is a public-private partnership, leadership needs to come from within the private sector. Occasionally this Leadership Group may relate closely to an existing association, and may indeed be an established organisation. Most frequently a new structure is required. Appointing Co-Chairs signifies that this is a collaborative form of organisation, and spreads the workload. The cluster facilitator is a member of this Group.

Temporary, self-destruct teams to address specific action items will be developed under this Group, and these task forces benefit from tight integration with the Leadership Group. Task forces provide an important opportunity for the cluster’s participants, even competitors, to work together to work on common projects.

Step 5: Developing the Preferred Future

With the initial analysis undertaken and a Leadership Group for the cluster starting to emerge, the third phase is reached, ‘Creating Momentum’. The next step in building on the initial analysis is the establishment of a preferred future, a vision, for the cluster.

Up to this step, the cluster facilitator will have been predominantly engaged with a series of individual meetings with cluster stakeholders. A cornerstone in ‘Creating Momentum’ is building consensus across the cluster through public workshops, and then engaging cluster participants in specific initiatives. The Greenbook identified that the most
common reason for the failure of clustering initiatives was a lack of consensus on the cluster's direction; it is at this critical step that agreement starts to be built.

The initial desk research and interviewing (Step 3) will have reviewed the historical development of the cluster and the current situation. Step 5 is specifically developing a view of how the cluster might be, a vision of the future, assuming all goes well. The preferred future needs to have 'stretch', yet be within reach.

Step 6: Identifying the Stepping Stones

After the preferred future has been established, the cluster stakeholders need to identify what broad steps are necessary to make it happen, to deliver on the vision.

It is important to achieve a common understanding across the cluster on the key issues that need to be addressed in moving the cluster towards the preferred future. Identifying these issues through a workshop process is more powerful than having an independent review, or recommendations from a consultant, an academic or the cluster facilitator. Usually 3-6 aspects will come through as the priorities. These issues may be as broad as 'export development', 'training', 'equity funding', or 'R & D'. The prioritisation of these stepping stones should be by the workshop as a whole.

Step 7: Immediate Action Agenda

With the key stepping stones identified, this step moves on from the broader, long term agenda to identifying the short term actions that will start moving the cluster towards the preferred future. It is here that initial momentum is built.

At this step the 'low hanging' fruit need to be identified. These are the relatively easy initiatives that do not require substantial resources, and deliver early wins. They are the tactical first generation initiatives, building early collaboration, rather than long term major impact initiatives. The priorities should be determined by passion; if there is no passion to implement then the issue should be put to one side and simply remain on a 'to-do' list owned by no-one. The cluster facilitator needs to deliberately create an environment that encourages those with a passion for an issue to step forward; the facilitator should not take responsibility for driving issues in default of issue champions.

This action agenda is not producing a 'wish list' in the hope that others, in particular government, will move on the priority activities. Responsibility for action needs to be equitably shared amongst the cluster stakeholders, working collaboratively through short term task forces.

The task forces to address particular issues/opportunities work best if the members select themselves. Each task force should have a leader and other supporting members, and if possible include a member of the Leadership Group. There is value in some competition between the teams to achieve results. The cluster facilitator has an important role in working with these task forces, supporting them but preferably not acting as the 'Project Manager'.

Establishing a number of task forces is an important means of bringing people together to forge and action a common agenda. Having a portfolio of task forces reduces dependency on any one initiative, and ensures engagement (and benefits) across a broad front.

A key principle for success is early action, early benefits; the more complex, long haul projects should be introduced once momentum is in place. The emphasis here is on tactical initiatives, the longer term more strategic initiatives are addressed later as Step 10.

Step 8: Launching the Cluster

With momentum for the clustering programme underway, the fourth phase of 'Extending the Base' is reached, starting with a public launch.

The publicity associated with the cluster launch should help to generate further interest in the cluster, and thus broaden the base. The cluster launch is in part a public celebration. It is also a public announcement on where the cluster is heading (the preferred future), and the action agenda that has been developed to start moving the cluster towards that goal. The launch should be used to acknowledge and showcase the people who are committed to the process and who have achieved results. They should now be on the front line and presenting, not the cluster facilitator.

Step 9: Formalising the Cluster

Most cluster initiatives are started by a government agency, but over time need to move to a different home. To be effective in the long term the cluster...
process needs a permanent organisation, and this
needs to be established before the initial
enthusiasm fades away. Often, a new organisation
is created and formalised.

The appropriate structure will be shaped by the
cluster's key strategies and the level of resources
available to support the clustering initiative. The
organisational structure that finally evolves will
often be a meso one, between the private and
public sectors. Options for the meso organisation
broadly range between a stand-alone, membership
based organisation (with annual membership fees
covering as a minimum the administrative costs of
the organisation), and an economic development
agency offering office space and seconding a staff
member to act in the long term as the 'Cluster
Facilitator'.

Each cluster will need to establish the appropriate
structure that suits the culture and direction of the
cluster at that point in time. It is important that a
private, not public, sector culture is maintained for
the clustering initiative, with the cluster
organisation able to move at the speed of business.

An error by some cluster groups is to establish a
legal entity too early in the clustering process.
Flexibility is needed during the early steps.

Step 10: Upgrading the Strategic Agenda

The final phase of cluster development, that of
'Sustaining Momentum', may not be reached for 18
months or longer. Once the Leadership Team is
firmly in place, with initial momentum established
and some early benefits arising through the first
generation of clustering initiatives, there is a
foundation in place for upgrading the agenda and
moving on to the more strategic issues.

At this step the second generation and more
substantial, longer term and higher risk activities
can be undertaken without threatening the
clustering initiative. Success with the early
initiatives should have created a momentum that
now enables the more substantive issues to be
tackled.

Underpinning this is a thorough understanding of
the competitiveness fundamentals of the cluster. At
Step 3 an initial appraisal of the cluster's strategic
position was undertaken. Now in Step 10 a more
fundamental appraisal is required that in particular
draws on information from beyond the cluster's
participants. A danger is collective myopia, with the
cluster participants having a limited, or even
colleges; workforce/skills development; and local/regional government. Building the necessary teamwork amongst this range of agencies to establish whole-of-government support for a cluster may not be easy, and is a key role for the neutral facilitator.

A facilitator needs to be building links within the clusters at a multiplicity of levels. Clusters are one form of collaborative action. Others include strategic alliances, soft and hard networks, value/supply chains, and export consortia. These different forms of engagement benefit from a neutral corner, the cluster facilitator, who is in a position to bring potential participants together. The facilitator needs to use knowledge gained of the individual stakeholders within the cluster to support them in exploring these options.

With growing confidence in the clustering approach, the opportunity should be taken to extend the portfolio of activities the cluster is engaging on, and the number of people directly involved in cluster initiatives. The time may be right to build on the involvement of senior private sector CEOs in the first year, and to now invite the participation of second level managers - tomorrow’s leaders - as the drivers of specific task forces, and possibly on the Leadership Group itself. Task forces provide a constructive opportunity to identify emerging leaders.

An annual ‘town hall’ public meeting is useful to publicly highlight the cluster programme, and renew the enthusiasm and commitment of the Leadership Group. Such meetings should feature the business leaders from within the cluster, not the cluster facilitator. An appropriate time for first annual meeting is 12 months after the cluster launch.

Step 11: Cluster Process Review
The review provides a useful opportunity to step back and examine both the successes and the failures since the inception of the clustering initiative. Step 10 will have focused on the competitive fundamentals; here the focus is on reviewing the clustering intervention, the success of the process that has been introduced, and the payoffs from the clustering intervention.

Annual firm level surveys should provide both quantitative and qualitative data that is of value to the cluster stakeholders and the funders of the clustering initiative. The initial analysis, undertaken in Step 3, will have provided the base data.

In reviewing the clustering process, there is a need to examine the individual initiatives that have been undertaken by the cluster, and also to review the overall impact the clustering initiative is making. Project management techniques should be used to measure the progress of each project against the pre-established milestones, and budget performance.

As part of the review, it may be appropriate to close down slower moving initiatives and reallocate resources. It is not unusual for a broad clustering initiative over time to divide into tighter, more focused subgroups with a smaller number of participants, who between them develop a more vibrant collaborative agenda. Other cluster initiatives find that they lack critical mass, and therefore need to merge with neighbours.

Step 12: Linking the Cluster
In this final step of 'Sustaining Momentum' the opportunities for linkages beyond the cluster are addressed. Firstly, are links with related clusters in the locality, and the integration of cluster development with other economic development initiatives. Secondly, clustering clusters is also an increasingly common feature. Establishing tight links between related clusters at the local and national level is important, as is the development of commercial links with related clusters globally.

The linking of related clusters within a community can build critical mass in key areas, such as promoting the region. For example, local horticulture, tourism, and aquaculture clusters may jointly develop a promotional programme for a region. A cluster approach to economic development also enables the more systemic issues in a locality to be identified from the bottom-up. These can include the absence of an entrepreneurial culture, a paucity of business-school links, and transport and communication constraints. Cluster development provides a solid foundation for regional innovation systems.

Cluster development can be usefully undertaken in parallel at different spatial levels. Some issues (such as tariffs, export development, training standards) may be most effectively handled at the national level, others (such as schools links, incubators, science/technology parks, branding) at a more local level. A key is having effective linkages...
between these two levels, issues should be handled wherever possible at the more focused lower level, and this level driving the higher level, national agenda.

At this final step in the process of cluster development, the exploration of joint initiatives with related clusters internationally should be instigated. Whilst at first glance other clusters may appear to be competitors, closer inspection often reveals complementary skills and competencies, and through specialisation the opportunities for two-way trade can emerge.

A very fertile ground for new business development is at the intersection of two or more clusters; it is here that new clusters emerge, drawing on a range of technologies and market knowledge. Cluster facilitators need to be alert to these opportunities, which lie just beyond the boundary of each cluster.

Role of Government in Cluster Development

While cluster development must be private-sector driven, government agencies have a core partnership role to play in the process of cluster development. This final section reviews this subtle and multifaceted role.

Providing legitimacy to a clustering intervention: Cluster initiatives need both leadership (provided mostly by private sector) and legitimacy (provided mostly by public sector). In order for Government to be able to legitimise a cluster initiative, it needs to guarantee the quality of the process, in the sense of openness, transparency, and democracy.

Addressing market failure, facilitating local co-ordination: Optimisation at a cluster level does not occur because all too often there is a lack of coordination within the cluster. Many clusters could more adequately be described as ‘clumps’, with some economies due to geographic agglomeration but limited trust limiting substantial engagements between the cluster’s stakeholders. A key role for government is in resourcing the cluster facilitator, and through this person providing the means to start addressing this failure.

Resourcing the cluster facilitator: There is central role for facilitators in the process of cluster development. Cluster development can be ‘sparked’ by a facilitator, providing their integrity, honesty and trustworthiness are evident. It may take a considerable time before the spark turns into a self-sustaining process of cluster development, especially in clusters that are multi-functional in nature. In the initial phase, the facilitator must be able to play a strongly hands-on role in the cluster to build momentum and structure, and particularly during the early stages requires active government involvement. The response in New Zealand has been for central government, through New Zealand Trade & Enterprise, to fund with local economic development agencies the local cluster facilitators. Clusters compete for this central government support.

Resourcing cluster analysis long term: There is an need to systematically understand the competitiveness issues facing a cluster, but myopia and deliberate misinformation can stall the process. There is no question that the stakeholders themselves are the best source of information on the cluster, the challenges it faces and the opportunities it should pursue. However clusters, especially under-performing ones, can be characterised by internal conflict and fragmentation of knowledge. As a result, each stakeholder tends to spend a great deal of time and resources to prevent other stakeholders from achieving their objectives. Under such conditions, the immediate demands that are voiced as the cluster development initiative is launched are rarely related to the long term structural problems faced by the cluster. Uncovering the latter takes time and effort and this should be acknowledged by the funding agency.

Building whole-of-government support: Establishing integrated public sector support for a cluster is not an easy achievement. This alignment may need to reach across functional agencies (including export development, investment attraction, R&D, education) and across local, regional and national agencies. Further, the private sector needs to earn the control position, so separate government agencies do not have to individually second guess the cluster’s priorities.

Spreading the cluster gospel: A wide range of cluster participants, including education and technology providers, transport and banks, will need to be ‘sold’ on the merits of clustering as a cornerstone strategy. A government agency can usefully take the lead, through presentations at conferences, to key influencers and through proactively working the media. Establishing a
A necessary culture shift towards acceptance of the benefits of ‘cooperating to compete’ will require a long-term and coordinated approach.

Ignoring political boundaries: Cluster boundaries reflect the realities of business today, not the historic regional and international boundaries of yesteryear. Cluster facilitators need to have the flexibility to reach across political boundaries.

Highlighting the local specialisations: The export specialisation of the cluster needs to be highlighted at an early stage in the cluster development process. For example, rather than ‘timber processing’ focus on ‘outdoor furniture’; not ‘horticulture’ but ‘organic kiwifruit’; not ‘biotech’ but ‘animal remedies’. The initial scoping of a clustering initiative may well start at the broader ‘engineering’ level, but subsequently a narrower, more specialised core competency in ‘automotive engineering’ is highlighted and the cluster development initiatives that follow then focus on this specific corner of the broader engineering cluster.

Building the cluster’s culture: The reality is that many clusters are more dysfunctional clumps than proactive, densely networked clusters. They consist of isolated firms, and a remote publicly funded infrastructure. The firms have limited ability to build whole-of-government alignment to meet their specific needs. There is no quick fix to changing this. A long-term strategy is required, and a key is having in place trained local facilitators who are comfortable networkers.

Ensuring collaboration within clusters: Clustering is one form of collaborative engagement. Complementing this within clusters are other forms including soft and hard networks, and value/supply chains. With some clusters the initial opportunities for collaboration may well not be at the cluster level, but lower down, e.g. in developing a common pack house, or encouraging a group of saw millers to co-invest in a processing plant for export. These other forms of collaboration also benefit from having a neutral facilitator.

Viewing cluster development as an organic process: Clustering initiatives will at times subdivide into more tightly focused sub-groups; at other times separate clustering initiatives will need to merge in order to achieve critical mass. It is therefore important that government support is able to rapidly adjust to such changes. The culture within a cluster’s leadership group is essentially that of the private sector; supporting government agencies need to match with similar flexibility and speed.

Conclusion

Cluster development is a journey. It is a journey that will continue to evolve for each cluster, with no end point. And it’s a journey that does make a sustainable difference to the wealth of our communities as the competitiveness of our clusters is upgraded, and the reach of the cluster extended.

Whether your community is in New Zealand, Australia or further afield, enjoy the journey, and safe travels!

Selected Readings


The Role of a Community Business Network in Building Stronger Communities

Derek de Vrieze*

Introduction

Participation in the successful NSW State and Regional Investment Tours, the establishment of Community Banks1 and the Central Victorian Business Network2 (CVBN) demonstrates that community strength lies within the community. Furthermore experience gained from participating in numerous networking events, and the huge amount of interest shown by other communities, reinforces the view that there are many real and positive benefits to be gained from showcasing, or providing the means to showcase, regional success stories.

This paper highlights that experience and attaches support for the logic that a community, which has a strong and united business network, achieves a lot more than meets the eye.

Regional Business Development

The NSW Department of State and Regional Development has, in past years, arranged regional investment tours as a way to showcase regional investment opportunities to capital city investors. Bendigo Bank's Regional Development Fund invested in a Lismore (NSW) based company as a result of this writer participating in a number of regional investment tours.

In fact, the tour did more than bring investors to a regional community; it also helped regional business become 'investment ready'. More importantly it brought the local business community together to showcase their products, services and expertise, as well as open new investment opportunities allowing people to experience the value of networks and make better assessments of the capability of local businesses.

Local sales creating local production and employment, instead of importing production and exporting jobs, is what it is all about. This is in tune with Bendigo Bank's Managing Director, Rob Hunt's message "... successful customers, successful communities create a successful bank... and in that order". (A phrase which is repeated regularly by the Bank's Managing Director, Mr Rob Hunt.) It is about making the customer and community more successful in order to make the bank successful. Others could follow this line with equally positive outcomes.

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1 Community Bank essentially is a partnership in which a publicly-owned community company invests in the rights to operate a Bendigo Bank franchise. Bendigo Bank supplies all banking services and the community company operates the shopfront. Revenue is shared, enabling communities to profit from their own banking and plough those profits back into community enterprise and development.

2 The Central Victorian Business Network (CVBN) is a not for profit organization which exists to facilitate the process of networking to assist central Victorian businesses develop their opportunities:

• To improve the prospects of the Central Victorian business community;
• To attract and retain investment and employment in Central Victoria;
• To develop an environment of co-operation, goodwill and collaboration amongst Central Victorian businesses.
All too often businesses do not know the capability and capacity of the region, let alone their neighbours. The NSW Regional Investment Tours provided the opportunity for business operators to experience for themselves the real benefits to be gained from business networking.

Development is a do it yourself process; for any economy it is either do it yourself or don't develop (Jacobs 1984, p. 140). Outcomes from Community Banking and Bendigo Community Telco support that theory. By applying aggregated demand for previously lost services, communities retaining local capital and adopting a DIY approach to investing in their own community, demonstrate that demand for services can be met locally. Creating a formal business network can be the catalyst behind developing a successful, do it yourself, process in community development.

Only regions that can grow import replacing cities (communities), will be prosperous in the long term. Regional economic expansion stems from the ability of a region to provide goods and services for itself (SGS 2003, p. 8). Business networking provides a mechanism for import replacement. CVBN has assisted businesses in the region to supply goods and services to its members, instead of importing production and exporting jobs.

Building community capacity has been identified, by Australian state and federal governments, to be critical to the on-going viability of relatively small regional communities. This implies skill development and leadership, inspiration and motivation, as well as the necessary physical and financial resources (Walker et al. 2004, p. 3). Business networks build community capacity by harnessing the physical and financial resources.

**Networking Programs**

Networking programs offer a number of benefits:

1) ‘Network to do business with each other, thereby raising activity levels, and potential to reduce leakage of expenditure out of the community’ (Beer et al. 2003, p. 18).

2) Networked ‘Businesses learn from the successes and failures’ (Beer et al. 2003, p. 18) of others creating solutions and opportunities for business and community growth.

3) Networking builds a collaborative framework and the ability to create the aggregated demand model for the supply of goods and services.

4) Networks attract new businesses to the region and community.

5) Networking provides a pipeline to new ideas and opportunities, which ultimately creates local sales, production and employment.

6) Networking gives a community a sense of purpose, makes them more competitive in national and international markets.

Community business networks grow the local economy, multiplying the community’s resources which, in turn, creates a more productive region and community. As stated by Beer et al. (2003, p. 21):

British researchers Nigel Thrift and Ash Amin argued that 'institutional thickness' is an important component of the growth of many successful regions. Institutional thickness is characterised by strong institutional presence with a plethora of institutions, local chambers of commerce, training agencies and trade associations working as part of a network and collectively representing the region.

The fact is, that the Central Victorian Business Network has achieved 'institutional thickness'. Businesses commence trading with each other as a result of socially interacting with each other at CVBN events. Exchanging business cards one day, doing business the next.


Networking accounts for approximately 87 per cent of business in the market place today and in rural sectors it is thought to be even higher. Networking is the best way of increasing your business profile at little or no cost especially in the rural sectors where a lot of networking is done on line and through word of mouth.

**The Network Wheel of Potential Partners**

CVBN has found through its experience that a community business network which engages the whole community, linking silos of interest groups...
ensures that success will be achieved in the establishment process and ongoing evolvement.

Certainly Robert Putnam's work on the "Third Italy" suggests regions' continuing economic success reflects the productive interaction between public and private sector institutions (Beer et al. 2003, p. 21). These institutions recognise they are involved in a common enterprise and have established a pattern of interaction featuring cooperation, contact and information exchange. It is a thickness, which continues to stimulate entrepreneurship.

Beer et al. (2003) add, that for community economic success to occur, there must be "productive interaction between public and private sector institutions". Universities, as part of the public sector, are a vital ingredient to understanding economic activity.

The following statement is from Dr Brendan Nelson, Australian Federal Government Minister responsible for Higher Education. "Regional initiatives recognise the significant role of universities, particularly those in regional areas, in the economic and social lives of a community" (Nelson 2003, p. 29). Moreover, La Trobe University Bendigo Professor Terry Mills stated in one of his recent papers (Mills 2004, p. 2):

The Minister is making a point that universities should interact with their communities. On one hand Universities provide wonderful intellectual resources from which local communities can benefit. On the other hand, local communities

and enterprises often academia assumes a mentoring role that can lead to innovations in teaching and research.

Following on from that, I believe that universities can identify potential for communities to maximise the return on a community's assets. Equally, communities can offer new stimulus for research and applied learning (de Vrieze 2004).

Interaction of public-private cooperation is illustrated in Figure 1. If one of the spokes is missing from the wheel, the wheel will have difficulty turning and success of a community enterprise is not assured, no matter what that enterprise is.

Youth are undoubtedly an important part of any business community; it is recognised that '68% of young people (aged) 15 to 24 would like to start a business it is also known that 10% have already set up a business including 6% of those 15 to 19' (Houghton 2004). Overlook youth participation and the community will not be sustainable. That is why Bendigo Bank initiated the Lead On Program. In July 1999 Lead On was opened in Bendigo, Victoria with the objective to create a pilot program that would find ways of engaging, informing and connecting young people to the business and broader community and to expose them to what is possible in their community. Lead On now has offices in other parts of Australia.
CVBN has involved young people in the organisation.

First the youth at Lead On developed the CVBN Logo and assisted in the management process of the first two events. Second it encouraged young business people to participate in CVBN events.

'I was particularly impressed with the many younger people present and that it wasn't a male dominated function as is often the case with similar events. This augurs well for Central Victoria's future and its business opportunities.' City of Greater Bendigo CEO John McLean commented after a recent CVBN event.

Finally, we should look at the ideas on networks between firms and associations within regions. The ‘associational economy’ was brought into prominence by Phil Cooke and Kevin Morgan. Their work suggests that regions where firms and agencies develop networks of information exchange have a competitive advantage, especially when faced with restructuring (Beer et al. 2003, p. 21).

Behavioral needs of a Community

Maslow’s Hierarchical Needs Model can be adapted and reduced to three major issues to illustrate the psychological needs of people within a community. Clearly, it is about understanding the motivation, and internal needs, of people within a community. Add to this the motivational theory that individuals have a continual need for self-improvement and one could assume that the three needs that should be focused on are:

- **Personal needs**: being the need for self-esteem, achievement, accomplishment, fun, freedom and relaxation.
- **Social needs**: being the need for friendship, sense of purpose, knowledge (sharing) and understanding.
- **Safety needs**: being need for economic and financial well-being.

When these needs are achieved a community becomes more dynamic and the community becomes more sustainable. Witness a typical networking event such as the lead that CVBN stages, which provides the opportunity for participants to achieve all three of Maslow’s needs that lead to a community which provides a good networking forum to meet those needs, that achieves economic and social sustainability.

Achieving those needs results in success for all involved. You are not successful unless you are making others around you successful says Justin Herald, founder of Attitude Inc® at the age of 25, with $50, and retired at 31 as a multimillionaire (Herald 2004, p. 176). Business networks are filled with people who want to help others and in the process are clearly becoming more successful as they attract more work or product sales.

Community Sustainable Development

A fundamental principal in sustainable development is the ability of the environment to support human life and economic activity, though these functions should be sustained into the future (Beer et al. 2003, p. 220). CVBN provides opportunities to support human life and allow economic activity to occur.

A Community Business Network is one road, which helps a community achieve economic and social sustainability, in linking to that environment the triple bottom line is achieved. In addition, it is known that when a community has been forced to merge a number of local government councils into one, in response to Government decisions, that the newly merged community takes a great deal of time to accept its new identity.

The Clarence Valley for example has seen four councils merged into one during 2004. There is a strong sense of community unity for the establishment of a Clarence Valley Business Network. Again, and from our experience, we have found that a community business network unites the community. Hence the claim that sustainable development is taking place within a business network.

If a community is divided it will not be sustainable. Community Banking, Community Telco and a community business network or enterprise unites a community thereby making it, the community, sustainable.

Outcomes of Business Networking

Active business networking enhances a community because it creates economic development, achieves import replacement and strengthens the community’s productive capacity. Networking also provides local businesses with a pipeline to new business opportunities, new ideas, new horizons and future options for business growth and employment creation. The result is that the
community万里の資産で、新しいビジネスを創出する。それにより、地域経済の活性化が促進され、就業機会が増大し、その結果、地域の販売額と生産が増大し、雇用機会が増大し、さらに、輸入品の減少が見られる。これは、地域の可能性を築き上げ、新たなエネルギーを地域に引き寄せるためである。

ネットワーキングは関係を築き、新たな機会を創出し、並びに継続的な対話の手段を提供する。これにより、関与する全ての主体が利益を得ることができる。ネットワーキングは、企業の財政能力を強化するのみならず、地域の社会的と経済的強化も果たす。これは、地域のネットワークモデルが地域内外の関与者の協力で構築される場合に特に顕著である。

ネットワーキングフォーラムは、他者の地域の成功物語を友好的でリラックスした環境で他の地域のビジネスに聞く機会を提供する。地域全体の視点を結び、人々を助け TripAdvisor.

カントリーヴァリカーシャッドビジネスネットワーク

ネットワークの成功を一瞥したい。CVBNは2002年8月に創設されて以来。

a) 17人が委員会の活動に協力。
b) 9カッタ Quarterly Functions, an average of 270 in attendance.
c) A membership base of 140 businesses that have paid $270 and renewed for a second year.
d) Over 100 articles on local business success stories printed in the Advertiser (with CVBN Logo), those business names subsequently were seen on Win TV and heard on Star FM.
e) Support from 19 sponsors.
f) Sponsors are seeking out CVBN.
g) $1,300 donated to charity.
h) With AusTrade hosted three Trade delegations from Asia and America.
j) Secondment from the City of Greater Bendigo.
k) Two new clusters developed.

問題は、このビジネスネットワークがVBMとアデライラウンドウェーによる地方坐落于的な企業とそのエンゲージメントモデルを変数に150件以上のビジネスが単独で、そのネットワークをコミュニティとして自持して、自立して、再負担が可能になる。またネットワーキングは、地域のスキルを強化し、コーチングを提供し、新製品の開発を刺激する。効果的なビジネスネットワークは、顧客の獲得と保持を可能にします。

まとめ

各地域のニーズは独特であり、一つの地域で効果を示すことは、他の地域で効果を示すとは限らない。しかし、地域間で学ぶことが可能である。重要なのは、地域を統合し、持続可能な開発の手段を提供することである。Beer et al. (2003, p. 21).

この事実を考慮に入れ、我々は、何よりも視野を広げ都应该有目で、他地域の成功事例を学び、地域のコミュニティを育成し、地域の経済を振興し、持続可能な開発の手段を提供することを支持する。
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Credit Wrapping and Local Infrastructure Investment

Jenny Diggle, Robert Brooks and Mark Stewart

Introduction
Local government infrastructure investment is about the provision of resources for the built environment and the legal and social institutions required to meet the economic needs of a local community. Other than attracting private capital for these investments, the funding required can be raised either by grants from higher levels of government (inter-governmental grants), or taxes, or borrowing. The use of debt instruments that are raised by the Local Government Authorities (LGA) for the purpose of expanding or improving the local environment has been minimal in Australia. Some of the reasons for this include unsubstantiated credit risks, liquidity shortfalls and insufficient volumes to support a thriving secondary market for investors. This paper describes Australia’s current inter-governmental grants and LGA funding structures. The characteristics that make LGA debt attractive to investors in the largest LGA debt market, the US, have been identified and the information required by institutional investors to enable them to calculate the credit risk of Australia’s LGAs are outlined. The paper also describes the benefits of Federal government credit wrapping to support the liquidity of the market and to underwrite the debt-servicing shortfall that is common to LGAs with limited revenue resources. The paper concludes with recommendations around the value of credit wrapping LGA debt in Australia and the role such a facility would play in enhancing the Australian capital markets.

The Australian System of Fiscal Federalism
Vertical fiscal imbalance results from state and local governments not having a revenue base sufficient to obtain the funds to perform the functions for which they are responsible. In Australia, the responsibilities of the different levels of government are generally as follows. The Commonwealth undertakes functions such as public administration, defence, welfare and assistance to other levels of government. The Commonwealth has also traditionally been in charge of various public-trading enterprises such as Telstra and Australia Post, although many of these organisations have now been privatised. The states preside over the provision of education, health and community services. The states also have their own public-trading enterprises; included here are the electricity, gas and transport authorities, but again many of these have, or are to be, privatised. The local governments are responsible for providing certain public services within defined geographical boundaries, these include recreational and cultural services, and services to property. The state and local sector’s narrow revenue base results from them being unwilling to tax income and being unable to tax most forms of expenditure. The uniform tax legislation during the Second World War resulted in the states effectively losing their income tax powers. In 1978, however, legislation was introduced that made it possible for the state to ask the Commonwealth government to impose a surcharge on top of the Commonwealth income tax.

This paper was originally presented to the Planning System and Policy Masters Students Conference October 2003.
proceeds going to the states. This would have operated as a state income tax. This option was never exercised; and state government reluctance to introduce income taxes can be attributed to political considerations.

Vertical fiscal imbalance necessitates the use of grants from the Commonwealth to the states to enable the state and local sector to have the revenue necessary to provide the services for which they are responsible.

The Commonwealth now uses six forms of assistance to the state and local sector to compensate for vertical fiscal imbalance. In 2002-03 the total amount of these payments is estimated to amount to $53.5 billion.

These are:

- **Provision of GST revenue to the States.** This was first introduced as part of the Howard government's 2000-01 tax reform package. There were many aspects to this package, but a number of its key elements significantly affected the relationship between the Commonwealth and the states. The state and local sector now receives funds based on the amount of Goods and Services Tax collected. In 2002-03 this grant is estimated to have provided the states with $29.4 billion. A condition of the receipt of these funds was that many state government indirect taxes were to be abolished; including financial institutions duty, debits taxes, stamp and conveyancing duty and bed taxes. These measures have improved the position of the state and local sector as it is anticipated that the Goods and Services Tax base will grow in the future at a faster rate than the taxes it replaced. These funds are largely distributed on the basis of the horizontal fiscal equalisation principles that are embodied in the per capita relativities recommended by the Commonwealth Grants Commission.

- **General revenue assistance.** These are untied grants to help Local governments meet their outlay commitments. As mentioned above, these funds are actually provided as specific purpose payments to the states, which then pass them on to local governments.

- **Specific purpose payments.** These are payments given to the states for specific purposes (such as the distribution of grants to local governments). These payments are determined in the context of the framing of the Commonwealth government's budget. Many are a way of achieving the objectives of various Commonwealth programs rather than a method of providing budgetary assistance to other levels of government. In 2002-03 they were expected to amount to $21.7 billion, which includes $5.5 billion of Specific Purpose Payments that are made to the states for passing on to local governments.

- **General-purpose assistance to Local governments.** These are untied grants to help Local governments meet their outlay commitments. As mentioned above, these funds are actually provided as specific purpose payments to the states, which then pass them on to local governments.

- **Direct payments to Local governments.** These are grants given to local governments under various Commonwealth expenditure programs. Total assistance to local governments represents only a small part of Commonwealth payments to the state and local sector. The Federal government provides funding to the local governments under the Local Government (Financial Assistance) Act of 1995.

For LGAs there is little direct funding from the Federal government in the current grant schemes for infrastructure investment. LGAs lobby for funding from state governments and receive Federal funds to meet revenue shortfalls for recurrent expenditure. An alternate source of capital for infrastructure investment at the local government level could be from the private sector. This infrastructure source has a somewhat problematic tag attached to it – the requirement for servicing and repayment of the contractual debt in an environment where Australia LGA cannot meet their existing expenditure needs (Municipal Association Victoria 2003). The servicing of infrastructure debt comes from either user charges (such as tolls on roadways, gap levies in hospitals, rates) or taxes. When considering the source of income to recover the capital investment, the Victorian Infrastructure Planning Council (IP 2002, p. 18) recommends that the following three issues should be considered.
• The relative effect on the desired behavioural outcomes of general taxes compared with user charges; and
• The prospect of the investment becoming commercially viable; and
• The practicality of user charges, especially when they are costly to impose and collect.

There is also an argument that as infrastructure investment will be used by future generations, it is not just current tax payers that should incur the costs. That is, a portion of the funds for major investment projects should come from the issuing of long term bonds, where the capital component is repaid at a much longer date e.g. 25 years plus.

Before looking at the viability of a private capital market for LGA infrastructure investment, we need to look at existing LGA debt markets to determine the success or otherwise of these markets, the contributing factors to that success and the benefits these markets bring to the national capital markets. The largest LGA market is the US municipal bond market.

The US Municipal Bond Market

In the US, the states retain exclusive control over things such as education, health, housing, urban development, the environment, water supply, essential services, civil, criminal and commercial law, conditions relating to mining and agriculture, the intrastate regulation of employment and working conditions, and transportation. The states also have control of their local governments who issue fixed or floating rate bonds into the capital markets.

The US municipal bond market enjoys considerable investor interest, across a wide geographical spread. The different states issue bonds directly into the capital markets, with the larger states opting to use a credit rating service such as Standard and Poors or Moodys to enhance their tradability. Some smaller states engage in direct placement of debt with large institutions (Rivers and Yates 1997).

A key feature to the operation of the US municipal bonds is their attractiveness to municipalities in the raising of capital and to investors as vehicles for investment. From the viewpoint of municipalities, (Kriz 2003) studied the comparative impacts of negotiated versus competitive bond sales and found no significant difference in the interest costs imposed by framework from either method, implying the added expenses of issuing a municipal bond were of little value in the case of the issuer.

Rivers and Yates (1997) studied geographic segmentation in the municipal bond market and concluded that the outcomes of the interest costs for small cities are different from those of large cities. In particular, they built that there is no disadvantage to small cities in being unrated, suggesting that they have alternate means of signalling their creditworthiness.

The other issue for municipalities is the burden imposed on local residents through bond servicing. As Bruecker (1997) points out this is one of the factors behind the costs of infrastructure development being transferred on to developers and future residents. From the viewpoint of investors, Singh and Dresnack (1998) study the behaviour of US municipal bond funds and find significant benefits to investors where state taxes are significant. At the individual bond level, Chakravaty and Sarkar (2001) point out that spreads in US municipal bond markets are higher than those in US treasury and corporate bond markets. These higher spreads indicate higher trading costs and a liquidity premium.

The analysis in Hulten and Schwab (1997) makes clear that the provision of infrastructure will often involve complex relationships across multiple layers of government in a Federal system. They argue that fiscal Federalism is an appropriate solution to the provision of local infrastructure. The provision of local infrastructure generates benefits to both local residents and spillover benefits to other residents. Because of the presence of this negative spillover benefits local government will under invest in infrastructure. Hulten and Schwab (1997) suggest that a system of grants from higher levels of government to local government could overcome this problem.

As Hulten and Schwab (1997) highlight, a possible alternative to direct subsidisation via grants is the US alternative of exempting the interest income on municipal bonds from Federal income taxation. There is some debate in the literature as to whether this tax treatment constitutes a subsidy from a marginal investor perspective. Bloom and Meade (1991) argue that no subsidy is present and that only an intramarginal wealth transfer occurs. In contrast Krueger (1974) argues that nonmortgage real estate transactions make about the same opportunity cost as mortgages. The marginal investor perspective is one that is considered in the next section.
provide a subsidy. In any event as Hulten and Schwab (1997) point out, a subsidy is provided to local infrastructure investment by the failure to impose any taxes on the imputed rents that flow to residents from local infrastructure.

This brief review of the most current literature on the US LGA experience would indicate that whilst it is possible to have a LGA specific bond market, there is variance in the investor preference around liquidity and creditworthiness. It also suggests that the LGA will under-invest in infrastructure projects where spillover benefits to other, perhaps non-contributing neighbouring municipalities exist. A Federal government supported debt issuance could provide capital and encourage LGAs to undertake such infrastructure projects that have a wider community benefit (such as an improved water catchment scheme) but not necessarily a state-wide benefit.

Infrastructure Finance for LGAs

The funding positions of local governments have been eroded by the reduction of the real (after inflation) value of the grants and subsidies that they receive from both state and Federal governments and by an unequal sharing of funding for growth opportunities between the funding recipients (MAV 2002). Local government authorities believe they are being expected to absorb the effects of this funding erosion despite the internal structural barriers preventing growth in local government revenue streams such as the aging population and lower real incomes in rural communities. The demographic changes expected over the next 10 to 20 years will see a greater demand for local government infrastructure support and provision of community services such as outpatients, aged care, nursing in homes, domestic support services for the aged, cultural and recreational activities (MAV 2002).

The other potential threat to LGA revenue is the possible slump in property prices. The Economist (2003) reports that property prices in Australia are 30 percent over valued. Their calculation is based on a comparison of house and flat prices with current rents. Rents are a proxy for returns on property, and given that they are currently falling, their concern is suggesting that property prices will also fall in the future. As LGA rates are based on property values, if these forecasts come to fruition they could result in further pressure on revenue.

Key areas of local government infrastructure are around housing and new housing developments. There is some argument that new housing developments are being taxed unreasonably to fund whole community benefits such as roads, transport interchanges, railway station upgrades and other public facilities (Housing Industry Association 2003). The nub of the argument is around this infrastructure or start up taxes inflating land prices and therefore impacting negatively on new housing affordability. These upfront charges and taxes are used to fund long term infrastructure, and are levied on a small proportion of the total community. Whilst there is no argument that infrastructure charges should apply to new housing developments, the tax should be used to pay for the development’s own infrastructure such as local roads and expanded sewerage services. It is argued that these taxes should not be used for wider community services such as schools, hospitals, greater sewage capacity and emergency services (HIA 2003).

In determining the most cost effective source of funding, local governments need to consider whether they are seeking financing for single projects or for one large project. The single project approach requires one financial package, plus all costs and income to be attributed to that project, which makes the investment more attractive to investors as the financing and application of the funds are transparent. The Infrastructure Planning Council (2002) recommends that financing should be for more than 10 years, however this is the premium benchmark long term debt maturity for Australian Federal government bonds. Single one off issues of long term debt will not meet the liquidity demands of institutional investors, nor provide the flexibility for short term retail investors. Equally, US studies of the municipal debt markets have shown that the term to maturity of the debt has little impact on the interest rate (Kuz 2003).

The Australian Local government Authority (LGA) Bond Market

There is no local government bond market actively traded in Australia. The Australian bond markets are dominated by the Federal government, the state governments, banks, institutional and corporate issuers. The Australian bond market is currently undergoing a fundamental shift in its operations. Since the 1996-97 Federal budget, the federal
governments have focused on debt reduction and the sale of Federally owned assets. The available Commonwealth Government Securities (CGS) have diminished from $100 billion on issue to $50 billion on issue. However, demand for bonds has increased with the superannuation and funds management industry increasing in size their funds under management to almost double the levels of 1996. As the push for self-funded retirement gets stronger each year, this leads to a demand for low credit risk, highly liquid debt securities in a portfolio of diversified assets. This demand for high credit rated securities has assisted in keeping Australia’s bond yields down (Diggle et al. 2002), although recent trends upwards have been linked to the sudden rise in interest rates in the US. The Federal government recognises that the pressures of lack of supply of bonds by now accepting AAA-rated supranational bonds as security for use in repurchase agreements (Brown 2001).

The Federal government is faced with the decision to either wind down the bond markets or to maintain the debt markets and use the funds for investing into the Commonwealth’s unfunded superannuation liabilities, estimated to be at $84 billion (Skeffington 2002). State governments are also feeling the liquidity pinch with suggestions of combining Federal government and state government debt, with the Federal government in effect underwriting the state government debt market. At the 2002 Australian Federal Government Debt Symposium, the overwhelming support from the written submission was for the continuity of the government bond market. However there were very few alternatives suggested as to the best and most efficient use of the funds raised.

There is a need for more high quality government based debt issues in the Australian market. By using the LGA market, a new tier of debt could be introduced that would address some of the shortfalls of the Australian debt markets including:

- Adding a geographical spread;
- Increasing the number of issuers;
- Increasing the number of industries that are represented within a local community;
- Increasing the diversity of issuers by recognising the diverse funding base of the individual LGA;
- Provide a wider spreads of maturities;
- Create a liquid secondary market. (Skeffington 2002, Asiamoney 2002)

If local governments are going to be able to fund their own infrastructure, they need to consider issues that impact on the cost of that infrastructure financing. The main impacts are interest rates and liquidity, credit risk and demand. Creating demand from investors, ensuring they have enough information to calculate the credit risk of the LGA and that there are significant amounts of or going bond issues would go a long way to influencing investor demand.

LGA projects that are to be funded should have an element of self-sufficiency and independence associated with them. Therefore, if there were more bonds issued by the LGA to fund infrastructure investment, it is likely that there would be an increase in the use of such things as road tolls and parking meters, hospitals would need to be administered to ensure income is generated and users would pay more for sewerage systems. These changes may well be politically unpalatable. Therefore we suggest that the way forward is to credit wrap LGA debt.

Credit Wrapping LGA Debt

Credit wrapping is the enhancement of LGA debt by higher credit quality issuers. Similar to bank underwriting of corporate short term debt in Australia, the ultimate impact of credit wrapping is that the investor has an additional recourse to the credit wrapper. If the credit wrapper of LGA debt were the Federal government, this would add significantly to the liquidity of the issues and would appease investor demand for high credit quality new issuers. Liquidity costs are always borne by the investors, whereas issuing costs are absorbed by the issuers (Diggle et al. 2002). This quasi government support would also reduce the credit risk.

The idea of LGA debt credit wrapped by Federal governments is not a new one to global capital markets. In the US, the largest mortgaged backed issuers – the Federal National Mortgage Association (Fannie Macs), the Federal Home Loan Mortgage Corporation (Freddie Macs) and the Federal Home Loan Bank System, are known as Government Sponsored Enterprises (GSEs). These are government-supported agencies with targeted activities. The Federal government in Australia, where the credit wrapping of LGA debt could be used to target activities such as local community infrastructure spending, could be considered an approach.
The Federal government could support this by issuing more bonds, targeted for LGA infrastructure investment. A Federal government debt scheme that targets activities rather than funds all purpose budget activity would lend itself to greater investor confidence in the use of the funds. Banks could also be encouraged to credit wrap smaller issues of LGA debt by seeing this debt accepted as security for their own portfolios of minimum liquidity.

Using a Federally supported LGA debt market for infrastructure financing will force a level of coordination into infrastructure planning. Investors will not tolerate the use of the funds for anything other than that which was described in the issuing prospectus or product disclosure statement, neither will the Australian Securities and Investment Commission. Likewise, the reporting of the use of infrastructure funds will be more rigorous, as will the benefits to the community be more obvious. Funding for a new school would realise a new school. Funding for a new retirement village would realise a new retirement village, etc....

Therefore, we recommend a new bond market of local government bonds, issued by the local municipalities through the Federal government. The Federal government would service the debt by underwriting the income required to fund the coupon and capital repayment on maturity, thereby effectively credit wrapping the LGA debt. The investor market could receive the benefits of geographical spread and local growth, and the funds could be used to invest in infrastructure that benefits the whole community, thereby allowing for an increase in rates to assist in the repayment of these bonds.

Credit Wrapping versus Direct Issuing

The analysis by Rivers and Yates (1997) highlighted that smaller cities and states in the US showed little difference in the cost of issuing unrated debt versus the interest rate paid by those states that issued bonds with a third party credit rating attached. Based in this analysis, Rivers and Yates argue that the benefit of the credit rating is not worth the cost to smaller issuers.

If we extend this argument to the Australian situation, where local government debt markets are minimally credit wrapped, it is evident that smaller city and state issuers benefit from the credit enhancement that a third party credit rating provides. This credit enhancement reduces the cost of debt, allowing smaller issuers to access the same capital markets as larger issuers.

In the analysis of the net interest costs, four variables showed significance as a predictive factor across all cities (large and small cities):

- Net assessed value of all properties;
- Income per capita;
- Population density;
- Amount of Issue.

In the analysis of the socio-economic and ratings impact on net interest costs, five variables showed significance as a predictive factor:

- Net assessed value of all properties;
- Income per capita;
- Population density;
- Amount of Issue;
- In-state yield advantage (basis points).

In the analysis of issuers and issuer determinants of net interest costs, four variables showed significance as a predictive factor:

- Net assessed value of all properties;
- Income per capita;
- Population density;
- In-state yield advantage (basis points).

The 'in-state yield advantage' accounts for the differing state personal income tax treatment of municipal bond interest (Rivers and Yates 1997). In the US the coupon payments from the municipal bonds are free of Federal tax to the investor, making them attractive to high income earning individuals. Some municipal bonds are also free from state taxes, which make them even more attractive to the high net worth investor (Singh and Dresnack 1998).

Clearly there are five main variables that influence the key variables investors require to ascertain the credit risk and therefore more accurately estimate the expected return to the investor.
analysed will assist in the estimation of the credit risk of an LGA bond issue - the net assessed value of all properties in the region, income per capita, population density, the amount of the issue and the in-state yield advantage (basis points). Other than the in-state yield advantage, all of the issuer data highlighted as having an impact on the net interest cost of a debt issue from the US experience can readily be accessed in the public domain of Australian LGAs.

Other US studies have shown that having a municipal bond rated by an external agency does not necessarily reduce the interest cost of borrowing. Reeve and Hartwell (1988) found that a non-rated bond issue did not necessarily mean a poor credit rating or a high credit risk, and indicated that the size of the municipality was the key variable in credit risk. Marquette and Wilson (1992) found that credit ratings could be predicted from publicly available information. Eshan and Wilson (1992) found that the geographical location of the issuer influenced the interest costs.

In 1994, 62 per cent of all municipal bonds sold were through negotiated issues. That is, direct placement rather than in the open market (Kriz 2003). Kriz defines this type of direct placement as 'negotiated underwriting', where the investor absorbs all the credit risk of the issue. This style of issuing is not credit wrapping, and in an investor market dominated by concerns around liquidity, such as the Australian institutional market, is not well tolerated.

Improving Investor Appetite for LGA Debt

In the current tax environment in Australia, there would be no 'in-state yield advantage' however certain types of bond issues attract income tax whilst others attract capital gains tax. Bonds issued and redeemed at par have no capital gains tax associated with their ownership, whereas the coupon payment attracts income tax.

Infrastructure financing in Australia is hampered by complex taxation arrangements designed to prevent the legal owner of an infrastructure asset claiming the tax benefits of ownership, such as expenditure on the project being a tax deduction, when the economic owner is a tax exempt entity, such as a state government. This would allow private sector owners to claim tax deductions and at the same

same time, the public sector user to not pay tax on the operation of the asset. This would also provide additional revenue to the Federal government (IPC 2002).

Whilst removing or revamping the tax structure will have benefits for private sector investors in LGA infrastructure, this would not assist in the ongoing viability of the Australian bond market. More issuers with a measurable credit rating would add to liquidity and investor choice. The LGA market as a new entrant to the Australian debt markets would be greatly assisted by credit wrapping from the Federal government, and be more attractive to investors seeking geographical diversification and project based financing opportunities.

Conclusions

When compared to a centralised system of government, a Federal system will typically entail a less equal provision of public services, as state or provincial governments generally make dissimilar decisions. As preferences for public services vary, a more decentralised system should achieve a higher rating in terms of government responsiveness to public needs. There are, however, difficulties with such a system, especially when each level of government does not have a revenue base equivalent to its expenditure responsibilities.

In Australia the dependence of the state and local sector on Commonwealth assistance means the Commonwealth generally makes the major revenue decisions, while most of the determinations undertaken at the state and local level are about expenditure. Since Commonwealth taxes are levied nationally, Commonwealth grants to a particular state may induce a belief that the residents of other states will finance part of the cost of additional state public services. Thus extra Commonwealth grants might reduce the perceived marginal tax price of state provided public services. This would tend to increase expenditure at the state level.

Local governments are clamouring for more choice and responsibility over infrastructure financing for their community based projects. LGA infrastructure bonds would create a new bond market in Australia that would add to the diversity of Australian debt issuers and increase the diversity of the commercial industries within which Commonwealth funds supporting by the Federal government would add liquidity and secondary market liquidity and allow investors to diversify their credit risk. Providing secondary market liquidity
information to assess the credit risk would also assist in the narrowing of bid/offer spreads, the widening of which is commonly attributed to credit and liquidity risk.

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In November 2004, 'grass roots' leaders from across South Australia visited twenty small towns as part of the South Australian Government’s Building Positive Rural Futures Study Tour program. Sponsored by the Office of Regional Affairs, the study tours took community leaders on an intensive five-day journey, examining the process of regional development through visits, workshops and discussions with the people who are making it happen.

November’s tour focused on the South East of South Australia. The schedule was hectic and included up to a dozen visits or speakers each day. Tours are facilitated by an experienced regional economic development practitioner, Jim Cavaye guided the early tours and Kristine Peters is the current tour leader. While on the bus, participants analyse the processes they’ve seen and how they can be applied to their own situations. A public workshop is included, focusing on one element of regional economic development. The topic for this tour ‘Action Planning’.

Six previous tours have been run by the Office of Regional Affairs (ORA). Early tours looked at overseas (Canada) and interstate (Victoria) experiences, with recent tours focusing on South Australian rural regions – with the added benefit of establishing better information and support networks at the local level. The study tours are a part of a suite of capacity-building programs run by the ORA that include Community Builders, training regional facilitators to provide skills and support for community groups that wish to take on projects; and the Strengthening Communities website (www.communitynet.sa.gov.au).

Participants came away from the study tour with a good understanding of different approaches to regional development, some insights into what doesn’t work and why, and a strong support network as they implement projects in their own communities. The study tours help both the tour participants and host communities to appreciate the 'grass roots' strengths of rural communities and to provide energy and ideas for on-going development.

Edited by Julian Brine and John Preston
2003, Ashgate Publishing Ltd., Aldershot, UK

This book is an edited collection of papers addressing issues arising from the intention to implement integrated transport policy in the UK. In 1998 the Blair Labour government issued a White Paper entitled 'A New Deal for Transport: Better for Everyone'. In 2000 and 2001 two new Transport Acts, for England and Scotland respectively, gave legislative form to some of the ideas contained in the White Paper. The editors of Integrated Futures and Transport Choice argue that the White Paper and the Transport Acts together signal a significant shift in the intentions of transport policy, towards a so-called 'new realism'. This 'new realism' emphasises integration, both across the various transport modes and between transport policy and policies on land use, social inclusion, service provision and environmental sustainability. It also stresses travel demand management and the need to reduce dependence on the automobile, instead of the 'plan and provide' approach to transport planning. However, the editors observe that the 'new realism' is proving not surprisingly expensive to implement, and this book seeks to bring some of the key debates surrounding transport into.

The book begins with a brief introductory overview by the editors, then is divided into two parts. Part I, entitled 'The Issues', consists of nine papers examining major trends and debates in transport in the UK and specific aspects of integrated transport policy. Part II, 'The System and Emerging Patterns of Regulation', contains seven papers dealing with questions of governance and implementation. There are 25 contributors overall, mainly from academia but including several independent consultants and two office holders in a pedestrians pressure group. Planners and policymakers are not represented and there is a strong regional flavour to the authorship, with very few of the contributors based in the London area. Nine figures and 34 tables supplement the text, and each chapter has its own list of references.

Part I includes chapters on public health and transport, social inclusion and transport, integrated traveller information systems, interchange and seamless travel, reducing car dependence, replacing travel by telecommunications, implications for transport of the changing nature of work, transport and sustainable urban development, and sustainable freight distribution. Inevitably in such a collection the contributions vary considerably in length and quality. The chapter on public health by MacNeill and Cullinan is admirably detailed in demonstrating that car transport in particular is a major health hazard, though policymakers should note their conclusion that 'there are few adverse health outcomes which would be greatly affected by anything other than a very major shift in transport use over a large area'. Hine's discussion of social inclusion and transport...
and Stradling's chapter on reducing car dependence are both well written and sensibly balanced in their conclusions. On the other hand, McQuaid's chapter on the implications for transport of the changing nature of work and Grieco's brief discussion of telecommunications technology and trip substitution are disappointingly brief and superficial discussions of important topics.

Part II focuses on the system of governance within which transport planning in the UK will need to be implemented and analyses the various policy weapons available to planners, with particular emphasis on those provided by the 2001 and 2001 Transport Acts. Cole's introductory chapter on changing organisational frameworks and patterns of governance provides a much-needed overview, particularly for non-British readers. The chapters on bus regulation and rail regulation, though very technical in places, give the reader some fascinating insights into the aftermath of the privatisation mania of the Thatcher years and the difficulty of bringing about a semblance of integration in such systems. The chapters on land use planning and the management of transport demand, and economic instruments and traffic restraint, deal with issues central to the implementation of transport policy in any country, while the chapter examining urban road user charges and workplace parking levies deals with the most publicised aspects of the Transport Acts' attempts to address automobile dependence in the UK. Finally, in what appears as somewhat of a token inclusion, Bendixon and Plowden from The Pedestrians Association make the case for 'vulnerable road users': walkers, cyclists and the disabled.

Despite its specific UK focus, the book presents Australian readers with some useful and relevant insights. Recent documents such as South Australia's Draft Transport Plan (Government of South Australia 2003) pick up similar themes such as the integration of transport and land use planning, the replacement of 'predict and provide' with demand management and the need to address car-dependence, but with more realistic expectations. But more heroic policies such as reducing inner-city congestion via road user charges, as most notably introduced (though after the book's publication) by London, are likely to be less applicable here, though the London policy is important in demonstrating the political feasibility of a congestion charge (Hensher 2003). The usual warning must apply about seeking to apply European or North American policies to Australian cities with their very different structure and history.

In common with much current writing on transport policy in Australia, the book has throughout a strong anti-car flavour. This is understandable in the UK case where road traffic congestion is such a major issue, as the Australian who has disembarked at Heathrow and shortly afterwards been trapped on the circular parking lot referred to as the M25 can appreciate. But even in Britain, surely one reality that transport planners must face is that the car will continue to be the major form of personal transport for many people. Given that, a key aspect of transport policy should be to change the type of car we drive, by encouraging or enforcing alternative fuel sources, greater fuel efficiency, higher levels of safety and lower levels of pollution. Surprisingly, the chapter on freight transport is the only one to address these issues.

The book contains much that is worth reading but, ironically given that its title begins with 'Integrated Futures', it notably lacks integration. The first chapter provides a mere eight pages of introductory overview, and there is no attempt at reflection or conclusion. There is no consolidated bibliography and the short index -- which lists no city names, not even London -- has been assembled with little thought. For example a reader interested in locating the very small amount of material in the book that relates to cycling will find that 'bicycle' is not indexed, nor is 'cycling'. 'Cycle' is, but in addition to a few pages dealing with the cycle as a form of transport, the bewildered reader is directed to pages discussing the life cycle, the learning cycle and possibly -- because I did not check them all -- the menstrual cycle. We deserve better than this from a serious publisher. Overall the book resembles a collection of ingredients, some good, some less so. The better ingredients have the makings of a good, satisfying meal. But readers are largely left to do their own cooking.

Clive Forster - School of Geography, Population and Environmental Management, Flinders University

References

Clive Forster - School of Geography, Population and Environmental Management, Flinders University

References
New Regionalism in Australia
Edited by Al Rainnie and Mardelene Grobbelaar, Monash University, Australia
Urban and Regional Planning and Development Series

"...The editors are to be congratulated for bringing together a comprehensive array of papers on New Regionalism and its applications in Australia."

Professor Andrew Beer, Southern Research Centre, Australian Housing and Urban Research Institute

New Regionalism, promoted as a new paradigm of development by the OECD, suggests that globalization is bringing together new technologies, management, employees and communities to form new patterns of local governance. Bringing together leading social scientists and policy makers, this book examines the theoretical and empirical foundations of New Regionalism in the Australian context.

January 2005
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ABS Views on Census Output Strategy

The ABS intends to undertake a major review of the products and services from the 2001 Census, as part of an overall review of that census. This will serve as an input to the development of the 2006 Census Dissemination Strategy. The ABS recognizes that it is very important in ensuring that Census products are relevant and responsive to the needs of users. In doing so, the ABS wishes to obtain feedback from users of Census data to further develop the products to better meet the need of the user. The ABS encourages you to provide feedback where possible and applicable.

It is proposed to discontinue CDATA as a standalone CD-ROM product and produce a simple web-based product. Therefore the ‘Full-GIS’ type of product will not be available from the ABS for the 2006 Census. It is proposed that if users wish to purchase a ‘Full-GIS’ type product that they purchase it from a secondary provider such as MapInfo or ESRI. It is also envisaged that the withdrawal of the ABS from this market will encourage others to enter it.

We are now preparing to seek views from users of Census data regarding the strategy to be adopted for products and services from the 2006 Census. The following paper has now been released and loaded on the ABS website: 2009.0 Information Paper - Census of Population and Housing – ABS Views on Census Output Strategy.

This publication is an overview of the proposed strategic directions for 2006 Census products and services. It provides information about the proposed pricing strategies, types of products, confidentiality and randomisation procedures, and major changes to concepts and classifications. It also includes a tentative release schedule. A questionnaire will be distributed with ‘ABS Views on Census Output Strategy’ to allow users to contribute their views, comments and ideas regarding the strategies and proposals outlined in this paper. The questionnaire will also be available on the ABS website at www.abs.gov.au/census.

The proposed strategy is a significant shift in direction for the delivery and content of the CDATA product and the ABS is keen for users to express any concerns they may have in regards to these new proposals. There are a number of questions in the questionnaire that relate specifically to this issue and the ABS would encourage all existing and potential CDATA customers to consider.

Information from the questionnaire will be used to develop more detailed proposals for the suite of 2006 Census products and services. These proposals will then be outlined in the Information Paper: '2011.0: 2006 Census of Population and Housing – Proposed Products and Services', due for release in July 2005.

If you have any other questions or problems, please do not hesitate to call the Census Technical Helpline.

ABS, Census Technical Helpline - 1800 676 646
Beyond Declarations - Working Partnerships for Sustainability
National Conference
16 - 18 March, 2005
Manly Pacific Hotel, Manly, NSW

This conference will be convened by the Baton Forum and organised by GEMS Pty Limited. It will enable sustainability practitioners across corporate, government, academic and community sectors to:

- understand the value of effective partnerships and networks to achieving sustainability objectives;
- be aware of the broader range of opportunities for sustainability partnerships;
- be motivated and have the skills to actively pursue, develop and manage effective sustainability partnerships;
- know and understand the challenges in managing successful sustainability partnerships and the most effective ways to meet those challenges;
- be willing to actively participate in sustainability networks such as the Baton Forum.

The conference is designed for all who are interested in developing effective sustainability partnerships including sustainability practitioners from all levels of government (including environmental scientists, environmental educators, social and strategic planners, engineers and councillors) and the corporate, academic and community sectors.

The program includes a mix of plenary presentations, key project field trips, workshops, concurrent sessions, panel discussions, open forums, a trade show and an interactive Partnership Expo which will enable organisations wishing to partner on projects to network with potential partners.

The Baton Forum looks forward to welcoming you to the conference at the Manly Pacific Hotel in March, 2005.

In Garry Smith
President, Conference Committee

Julie McGraw
Conference Organiser
GEMS Pty Limited
Email: jmcmgrew@gemsply.com.au
Phone: 02 9744 5252

11th International Symposium on Society and Resource Management (ISSRM)
16 - 19 June 2005
Östersund, Sweden

ISSRM 2005 will focus on the social and cultural dimensions of natural resource issues and their importance to natural resource decision makers and managers. The organizing theme of the symposium is:

From Knowledge to Management Balancing Resource Extraction, Protection and Experiences.

The symposium will provide an opportunity for social scientists from around the world to present research relevant to natural resource use. Because of the applied nature of the research, we also encourage those from resource management agencies and responsible for natural resources to attend.

ISSRM is the official meeting of the International Association for Society and Natural Resources.

The program includes four days of plenary sessions including plenary speakers, paper presentations, and posters as well as field trips to some of Sweden's most visited tourist attractions, museums, forest sites, protected areas, hunting areas etc. The symposium language is English.

There will be awards for the best posters and student papers.


ISSRM 2005 is hosted by the European Tourism Research Institute (ETOUR), Mid Sweden University and the Mountain Mistra Research Program.

For more information and the first call brochure, see the symposium web site: www.issrm2005.org

Or contact
ISSRM 2005
ETOUR, Mid Sweden University
SE-821 85, Östersund
Email: issrm2005@etour.se
Symposium Co-Chairs

Professor Thomas A. Heberlein, University of Wisconsin-Madison and Swedish University of Agricultural Sciences (taheberl@facstaff.wisc.edu)

Dr. Peter Fredman, European Tourism Research Institute and Mid-Sweden University (peter.fredman@etour.se)

Specific topics of the symposium include, but are not limited to, the following:
• Nature based tourism
• Rural impact from tourism
• Human dimensions of wildlife
• Strategic environmental assessment
• Mountain resource management
• Natural resources in regional and local planning
• Resource economics and valuation
• Outdoor recreation
• Trends in tourism and outdoor recreation
• Common pool resources
• Eco-tourism
• Scandinavian resource management
• Parks and protected areas
• Decision aids in resource planning and management
• Multiple use of forest land
• Crowding and carrying capacity
• Regional development
• Indigenous peoples and natural resources
• Conflict management
• Environmental attitudes and values
• Policy, planning and conservation
• Place attachment and meaning
• Outdoor environmental education
• Urban forestry
• Socio-economic dimensions of biomass management
• Environmental change and society
• Sustainability criteria and indicators
• Conservation of exploited species
• Tourism and the environment
• Second home development
• Fire management

Global Business and Technology Association
2005 International Conference
12-16 July 2005
Lisbon/Leiria, Portugal

The theme is designed to encourage submission of papers that take unique perspectives on the critical issues related to multi-cultural, economic, technological, social, legal and regulatory challenges that public and private industries and organizations encounter.

The conference will include contributed paper sessions, invited and plenary presentations, case studies, round tables, panels, workshops and forums. The conference will provide a unique international forum to facilitate the exchange of cutting-edge information through multi-disciplinary presentations.

For further information please contact the Conference Chair at: GBATAdelener@stjohns.edu.au

Small Enterprise Association of Australia and New Zealand
18th Annual Conference
25-28 September 2005
University of New England
Armidale, NSW

SEAANZ is Australasia's leading small enterprise association of professionals in practice, education, training and government. SEAANZ members consist of individuals and organizations from Australia and New Zealand who are interested in the growth and development of small enterprise. SEAANZ is an affiliate of the International Council for Small Business (ICSB).

Conference Theme: The Role of Small and Medium Sized Enterprises (SMEs) in Rural, Regional and Urban Development.

Session Topics include:
• SMEs and the environment; Family business;
• Enterprising women;
• Innovation and technology;
• Advice and assistance for SMEs;
• Finance and venture capital;
• Indigenous business development;
• Government policy for SMEs.

There will be seminars by leading international experts, panel discussions on important topics, workshops and presentations by successful entrepreneurs.

For further information please contact the Conference Secretariat at: confco@pobox.une.edu.au or visit the website at: www.seaanz2005.org
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Based in the Adelaide Office of the ABS, the National Centre's roles are to:
- develop and disseminate data that will assist policy analysts and researchers study the underlying causes of change across rural, regional and remote Australia,
- support the regional priorities of Commonwealth agencies by providing relevant statistical information to assist policy planning and assessment.

The Centre also incorporates the South Australian Regional Statistics Unit (RSU) specialising in the provision of sub-state data for SA. The RSU publishes Regional Statistics, South Australia (Cat. No. 1362.4) annually and provides consultancy services in regional profiling.

Recent Key Projects:
- RRSNC discussion paper Use of Individual Income Tax Data for Regional Statistics. Experimental Estimates for Small Areas, 1995-96 and 1996-97 (Cat. No. 5473.0) was released on 26 November 2001. The paper summarises a joint ABS/ATO project using individual income tax data to provide new measures of regional labour market activity. Tables produced include profiles of wage and salary income, occupation, age and sex by statistical local areas (SLA) in Australia. Work is underway in building this time series through to 1999-2000.
- R&R News: RRSNC Newsletter published quarterly. Contact the above to be added to the mailing list.

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Products and services:
- Regional and Industry Development.
- Public Sector Economics.
- Economic Conditions and Outwork.
- Economic Impact of Gambling.
- Studies into Coastal Growth.
- Economic Evaluation of Water Reuse.
- Innovation.
- Program Evaluation.

Recent Key Projects:
- 'Value of New Zealand Recreational Fishing', New Zealand Ministry of Fisheries.
- 'Unmet demand for Information Technology and telecommunications courses', Department of

Review of Science, Technology and Innovation Program in Victoria.

Investigation into the Impact of Caps on Electronic Gaming Machines and Review of Self-exclusion Programs.

Labour Market Planning and Supply Side Response (NT Government).

Provincial Cities Update 2002 (Provincial Cities Association of SA).

A Series of Regional Economic Reviews, Forecasts and Planning. Extension of 'Keeping Pace: A Study of the South Coast Region' (Fleurieu Regional Development Commission).

Program and Project Evaluations: Cost and Models Analysis for Commonwealth and State Agencies.

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Regional and local economic development.
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Facilitation, consultation, advocacy, negotiations.
Strategy development and policy analysis.
Local government and community affairs.
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Recent Key Projects:
Our consultancy is small, innovative and flexible. We can handle small single person assignments right through to large projects where we assemble multi-disciplinary teams. We have successfully completed over 100 assignments spanning a wide range of issues in several States for clients including regional development organisations, Local State and Commonwealth governments, large and small businesses, utility companies, ACCs, peak bodies and private clients.

The Principal, Peter Tesdorpf, has over 30 years experience including managing delivery of the Commonwealth’s regional development program, establishing regional bodies, as Executive Director of one of Australia’s most successful regional organisations of Councils and as a local government and consultant planner. He was Victorian President of the Planning Institute of Australia for 2000, 2001 and 2002 and is a past councillor of the Regional Science Association ANZRSAI.

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Products and services:
The Centre of Policy Studies (CoPS) is an acknowledged world leader in computable general equilibrium (CGE) modelling. These models are widely used by government, private and university sectors in Australia and overseas. The Centre has 14 research staff, including three professors, plus 4 support staff.

The Centre operates a number of large-scale multiregional CGE models which it applies to forecasting, policy analysis and historical analysis. CoPS produces forecasts of Australian regional economies at the statistical division level. It also conducts analysis of a wide range of economic questions at the regional level, including regional development, tourism, hallmark events, major projects, energy, the environment, natural resources, labour markets, transport, industry productivity, microeconomic reform and fiscal federalism. Detailed information on the Centre’s products and services can be found at our website, or by phoning the CoPS’ Director-Consulting, Dr Philip Adams, on (03) 9905 5094.

CoPS provides a post-graduate research program and conducts a number of short training courses in economic modelling each year. Prospective students should contact Associate Professor John Madden on (03) 9905 9757. The Centre also produces a suite of general-purpose economic modelling (GEMPACK) software programs models especially suitable for general and partial equilibrium models. It can handle a wide range of economic questions. GEMPACK is used in over 400 organisations in over 50 countries.
Potential subscribers to GEMPACK should contact Professor Ken Pearson on (03) 9905 5112. Further information on the above services can also be found at the CoPS' website.

Recent Key Projects:
CoPS undertakes around 20 major commissioned studies each year. A few recent examples are:
- Economic Modelling for the Review of Commonwealth-State Funding.
- Tourism Scenarios and Australian Regional Economies.
- Economic Impacts of Townsville Power Station Proposal.
- Regional Effects of E-commerce.
- MMRF-Green Model for Transport Analysis.
- Impact of a New Nickel Mine and Refinery in NSW.
- Impact of an Outbreak of Foot and Mouth Disease.
- Geographical Information Systems for Better Water Pricing.
- Proposed Canberra-Sydney Fast Rail Link.

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Products and services:
- Strategic Planning.
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- Research – Demographics, Economic.
- Rural and Resource Based Research.
- Community Consultation.

Recent Key Projects:
- Regional profiling – Wimmera Development Association and Department of Sustainability and Environment.
- Enhancing the capacity of local government to contribute to the management of dryland salinity – Land and Water Australia.
- Regional growth centres study – Victorian Department of Infrastructure.
- Victorian rural living study – Department of Infrastructure.

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- Natural resources and environment management.
- Policy formulation and analysis.
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- Professional development and capacity building for regional development practitioners.
- Programme and project planning and evaluation.
- Regional advocacy.
- Strategic and statutory planning.
- Tourism planning: eco and wilderness tourism.

Recent Key Projects:
- An evaluation of the impacts and implications of environmental initiatives on the maritime transport sector for the Australian Maritime Group of the Australian Transport Council.
- Provision of field research and professional inputs for the environmental assessment of the Hydroacoustic Station (HA01) to be located offshore from Cape Leeuwin to monitor illegal nuclear tests.
- Specialist input into identification of high priority areas for dedication as no-take marine reserves in the World Heritage Area of the Great Barrier Reef Marine Park.
- Specialist input into the resources inventory for the coastal and marine planning strategy and management framework for the Batavia Coast.
- The preparation of the Coastal Environs Report for the South West Catchment Council's regional strategic plan.
- The provision of specialist consultancy services for community consultation and for the preparation of the Warren Blackwood Development Plan for the South West Development Commission.
Contributing Authors

Fiona Haslam McKenzie has a varied academic background including a PhD in political geography. She is currently a Curtin Post Doctoral Research Fellow in the Graduate School of Business at Curtin University. Her areas of research interest include regional economic development, rural social change and public policy. She is currently participating in an ARC project examining women's participation on boards in non-metropolitan environments and a RIRDC grant investigating local government's role in natural resource management. Fiona has undertaken work for a number of local government, State and Federal government projects and has published numerous refereed journal articles and book chapters about regional economic development.

Claire Conroy joined the Australian Bureau of Statistics in 1993 and assumed responsibility for South Australian regional statistics 1997. In 2001 she implemented the establishment of the Rural and Regional Statistics National Centre (RRSNC) within the ABS and was subsequently appointed as the Centre's inaugural Director.

David Bartie is a Research Officer in the Rural & Regional Statistics National Centre (RRSNC) and is currently responsible for the development of the Centre's Information Development Plan (IDP). He has previously worked in a variety of areas within the ABS, focusing predominantly on demography and social analysis. In 2002 he completed a 12-month posting with the UK Office for National Statistics.

Derek de Vrieze is the former Director of the Bendigo Stock Exchange (BSX Group Holdings Ltd). On behalf of Bendigo Bank he established the Regional Development Fund. As a result Derek participated in 4 regional Investment tours of NSW hosted the NSW Department of State and Regional Development. The tours highlighted to Derek the economic benefits of a community networking together. He found in many instances local businesses did not know of each other’s existence until they were brought together in a positive forum of exchanging business cards one day and doing business the next. Derek has delivered a number of papers on investing in regional businesses and the capital flows out of region Australia. Recently he delivered a paper on “Networking the Networks” at the Business and Higher Education Round Table.

Kristine Peters has been working in the regional development field for over a decade. Her work covers a wide range of regional issues including natural resource management, freight routes, community development, business association development and program development and evaluation. She provides the Community Builders and Building Positive Rural Futures Study Tours for the SA Office of Regional Affairs. Kristine has a DipT, MBA and is currently undertaking her PhD in Regional Development at Flinders University.