

## *What Works*

Identifying successful strategies for sustainable economies and jobs growth in the 'second tier' of Australian regions

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November 2010



## Executive summary

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Economic policy and strategies, for regions such as the Sunshine Coast, need to be evidence based. That task is difficult given the complexity of regions and the range of interrelated challenges that are faced in enhancing livability and progressing sustainability, in the broad sense of both those words.

This research proposes that one way to contribute to that evidence base is to investigate case studies of comparable regions and to collate the knowledge of experts in each of those areas. This would identify what initiatives, activities, events and innovation improved the performance, sustainability and job growth within those regions. This research accepted that premise and identified four regions – Hunter (Newcastle), Gold Coast, Illawarra (Wollongong) and Barwon (Geelong) as having important similarities with the Sunshine Coast.

Care needed to be taken with this type of research. Whilst comparable in many ways, each region is unique and it is incorrect to believe there is a way of holistically comparing one region to another or simply transferring one good idea from one region to the next without adaptation. Further, regions are a complex mix of economic, environmental/physical, social/community, political/governance and other components. Consequently, any analysis that exclusively dealt with economic issues in isolation would be criticised as lacking context and relevance.

With all of this in mind, this research identifies a number of key initiatives within those regions that have proven successful, through regional economic policy, in promoting strong and sustainable regional economies. These include:

- (i) The establishment of a statistical database that is current and specific to the region and provided in such a format that it is relevant to all stakeholders;
- (ii) That a common aspirational direction is established and based on innovative, wide and genuine engagement and resulting in a common value proposition put forward by the entire region;
- (iii) A recognition that the best economic growth in regions of this type typically occurs organically from within, combined with maximising opportunities from public sector investment;
- (iv) Even though regions identified were within the general sphere of influence of a major capital city, they generally had settled relationships with that city. Typically, there was physical separation but, where possible, there were

opportunities to leverage off that larger area, either because of access to infrastructure or to take advantage of cost differentials;

- (v) Narrow economic bases were an issue in most of these regions. Two strategies were typically applied, often in parallel. The first, accepted that situation but maximised any downstream opportunities that came from that specialisation. The second, attempted to build up sectors that were less volatile and, to some extent, recession proof. Education and health were often cited as examples;
- (vi) Critical to the key to economic development and wider prosperity was capital investment, and the acceptance of that, and indeed its attraction, was fundamentally important. Facilitation of this however, required a level of certainty both for the recipient region and the prospective investor. This would ensure that quality, sustainable investment was attracted, but within clear, realistic and predetermined parameters acceptable to the community;
- (vii) Regions need goals and aspirations and a focus for the community may well be the securing of some major initiative that the region accepts as of significant importance. This could range from the growth of research and education capacity through to the attraction of major public sector investment or even to cultural or sporting activities;
- (viii) Regions needed to be aware of the dangers of isolationism. Consequently, a local-to-global approach needs to be accepted as the norm for business development and, additionally, the links with activities across regional boundaries are of value; and
- (ix) In regions studied, the role of the local authority as an economic coordinator was essential however this was not to imply that they were solely responsible. Contemporary regions were successful on the basis of partnerships between government, universities and other education providers, industry groups, clusters, individual firms and the wider community. Leadership needed to be considered in that context.

## Table of Contents

Executive summary.....	3
Part 1 Introduction .....	7
Part 2 Objectives and methodology .....	11
2.1 Objectives.....	11
2.2 Methodology .....	11
2.2.1 Sampling or surveys.....	12
2.2.2 Case studies.....	12
2.2.3 Use of key informants/experts .....	13
Part 3 Research premise and parameters .....	17
3.1 The nature of Australian regions .....	17
3.2 The nature of contemporary change.....	18
3.3 Key parameters.....	18
3.4 Selected statistics.....	21
Part 4 Research base .....	23
4.1 Defining a region.....	23
4.2 Regional economic principles .....	23
4.3 Establishing integrated objectives .....	27
Part 5 Regional summaries .....	31
5.1 Overview .....	31
5.2 Hunter (Newcastle), New South Wales.....	37
5.2.1 General description .....	37
5.2.2 Key components.....	38
5.2.3 Generic observations.....	41
5.3 Gold Coast, Queensland.....	42
5.3.1 General description .....	42
5.3.2 Key components.....	43
5.3.3 Generic observations.....	45
5.4 Illawarra (Wollongong), New South Wales .....	46
5.4.1 General description .....	46
5.4.2 Key components.....	46
5.4.3 Generic observations.....	49
5.5 Barwon (Geelong), Victoria.....	50
5.5.1 General description .....	50
5.5.2 Key components.....	50
5.5.3 Generic observations Barwon (Geelong).....	52
Part 6 Common themes and success factors .....	53
Part 7 Relevance to the Sunshine Coast .....	57
Appendix A Sports, Venues and Events .....	65
Appendix B Arts & Culture: Venue and Events.....	67
References.....	69



## **Part 1      Introduction**

Providing evidence based strategies that create sustainable regional economies is inherently difficult. Given the complexity and volatility of contemporary environments, policies based on anecdotes or generalisations, or that do not also have regard to wider social/community and environmental issues are unlikely to succeed.

This paper aims to contribute to the establishment of an evidenced-base policy approach. It reinforces the view that liveable and sustainable communities are the result of a range of physical, economic and social components which, together, provide what the large majority of the community consider as desirable. Without detracting from the importance of any of these components, it can reasonably be held that without a vibrant economic base, sustaining a well-governed, serviced, cohesive, knowledgeable and environmentally aware region/community is unlikely. In turn, such an economy will require capital investment, jobs, and wealth creation to enhance those final attributes.

The work considers that, whilst there is obvious diversity across all of Australia's sixty eight identified regions, there are groupings or tranches within those regions which have inherent similarities. Therefore, on the face of it, individual regions may be able to learn from the experiences, successes (and perhaps issues and failings) of others in comparable groups. The capital cities and Canberra represent one of those recognisable groupings, certain provincial cities and their catchment regions another, small population/large-area and typically remote urban/rural regions, another.

Following that logic, a discernible grouping of five areas can be identified – second in size and importance to the capital cities (i.e. 'second tier') – but sharing between them a number of common characteristics that would identify them as a grouping in their own right. These regions are (in descending order of population):

- Hunter (Newcastle) Region, New South Wales
- Gold Coast, Queensland
- Illawarra (Wollongong), New South Wales
- Sunshine Coast, Queensland
- Barwon (Geelong), Victoria

All are coastal, all are experiencing significant economic and social change, and all are located relatively close to a major urban centre (i.e. capital) but have an identity separate from that capital city. Most are experiencing the benefits and challenges of rapid growth and urbanisation.

The table below identifies the five study regions in the context of Australia's Top 20 Cities (McCrindle Research 2010).

<b>Australia's Top 20 Cities (Population)</b>		
1	Sydney	4,500,000
2	Melbourne	4,000,000
3	Brisbane	2,300,000
4	Perth	1,700,000
5	Adelaide	1,200,000
6	Gold Coast	590,000
7	Newcastle	544,000
8	ACT/Canberra	354,000
9	Wollongong	291,000
10	Sunshine Coast	251,000
11	Hobart	213,000
12	Geelong	177,000
13	Townsville	173,000
14	Cairns	154,000
15	Toowoomba	128,000
16	Darwin	128,000
17	Launceston	106,000
18	Albury/Wodonga	105,000
19	Ballarat	95,000
20	Bendigo	91,000

This work, by the University of the Sunshine Coast (USC) and supported by the Sunshine Coast Business Council (SCBC), PB (Parsons Brinckerhoff) and the University itself, has involved a study of these five regions. In the first instance, it identified key issues in the history and character of the four comparator regions (i.e. Hunter, Gold Coast, Illawarra and Barwon), and, for each, reflected on events, initiatives, strategies and organisations that had proved beneficial to that region's prosperity and sustainability (in the broad sense of that word).

Whilst the study is underpinned by economic analysis, it is obvious that a broader understanding of the social and urban fabric of the subject regions – and all the components that come together to produce it – is fundamental to such a study. On that basis, this work has not been limited in its considerations to simply economic issues per se.

It is stressed that, whilst comparisons of various components may be reasonably drawn, this research is not a holistic comparison between the five regions. Indeed, the research would hold that each region has unique qualities of geography, history and economy, which mean that such region-to-region comparisons are, at best, superficial and potentially misleading.

Rather, as the title would suggest the work simply, but importantly, aims to identify strategies and innovations that have made a significant, positive impact in producing sustainable economies and jobs growth across these regions and identifies those which may be of particular relevance for the Sunshine Coast, Queensland.

The structure of this report sets basic definitions, parameters and methodologies, and reviews current, relevant literature. Whilst it contains considerable amounts of statistical information, it attempts to limit this to those matters that provide the best indicators of fundamental strengths of particular regions. Each comparison area is then considered in turn, attempting firstly to deduce what characteristics, strategies and events have produced current, desirable economic and jobs outcomes (and also some observations on issues and problems), and secondly, at the end of each of these individual studies, to identify a small number of observations that appear to be of economic intent.

Finally, the work attempts to collate some of these generic attributes, which, on the face of the face of it, would be of particular relevance to the Sunshine Coast region.



## **Part 2 Objectives and methodology**

This research project presented a number of research challenges, both in providing suitable definitions and parameters, and also in arriving at realistic and defensible outcomes.

As noted in Part 2 above, the research does not set out to provide an holistic analysis of the five regions studied. Rather, in an analytical and structural way, it identifies those experiences, strategies, activities and events that proved to be of significant value in producing desirable economic, and thereafter, community outcomes.

Even though the regions selected were within comparable parameters of size and location, their individuality and diversity needed to be particularly recognised. It would be unwise to simply attempt to transfer successful initiatives from one of these regions directly to another on the basis of earlier success. If, however, common themes or successful initiatives could be identified across a number of these regions, then it would be reasonable to investigate their potential for application to another one of the regions in the group.

From the earliest stages of the case study analysis, it was clear that there would be no 'quick fix' solutions and that radical strategies rarely prove sustainable. Innovations and initiatives identified in this work do, however, offer strong potential to make a significant difference, in many cases available in the short to medium term and often at a fairly modest cost. It also became evident that partnerships, consistency of approach, and commitment to drive the initiatives to completion are key components of successful initiatives.

### ***2.1 Objectives***

Based on published theory, research and secondary data, primary case study investigations and the structured collection of information from key informants/experts, this research aims to identify strategies, innovations and initiatives that have been undertaken successfully in a number of 'second tier' economic regions across Australia.

Implicit in this is the potential to consider the adoption of such concepts across other comparable regions.

### ***2.2 Methodology***

In considering how to establish what might be seen as 'best practice' initiatives or activities and then to consider their application in different regions into the future, a range of research strategies was considered as outlined below.

### *2.2.1 Sampling or surveys*

Simple sampling or surveys, whilst common methodologies in research were deemed to be of limited value in this research. Whilst such analysis is well recognised, sampling must be widespread and statistically significant and, as noted by Czaja and Blair (2005), Cook (1995), and Zimmerman and Muraski (1995), such techniques bring with them their own issues regarding statistical relevance, true reflections of opinions, and statistical interpretation. Unless such surveys are very extensive in scale and properly structured and analysed, these data collection methods may lead to quite unreliable and misleading outcomes.

Some of these criticisms could also be made of the use of a focus group approach. Although these do have the advantage of being concentrated and, on the face of it, allow for interaction in order to reach consensus, in practice that outcome is frequently not really achieved (Okoli and Pawlowski 2004). The selection of truly representative participants for the focus groups can be difficult. In addition, interpersonal issues and group dynamics can result in focus groups being led by dominant or particularly vocal individuals and what may appear to be an emerging consensus view may, as a result, not reflect accurately the opinions of all participants.

Of particular relevance to this research is to consider whether it is reasonable to seek the opinion of the wider or general community on matters such as those under consideration here that involve the application of expertise and experience. This is not to say that widely sourced opinions would not be of value and nor to imply that such respondents would not have a particular interest in the subject matter. There is, however, no reason to believe that such individuals would be in a position to be cognisant of the width and depth of the issues involved and, in turn, that their ability to provide cogent opinion on future directions may be limited.

For those reasons, neither wide spread sampling/surveys nor focus groups were considered appropriate methodologies in this case.

### *2.2.2 Case studies*

A case study approach offered a greater prospect of valid outcomes. Even a preliminary analysis of relevant demographic and economic data would indicate that certain regions in Australia appear to have sufficient common characteristics to make some form of comparative study possible. Secondly, some of those regions appeared to be enjoying significant success in regional economic management and strategies and may therefore offer insights into these activities.

Yin (2003) considered the use of case studies as a preferred research method where the matter or phenomena under study was not easily distinguishable from the context in which it was occurring. He observed that it was often the case that this richness of context may be such that a single data point, or even several data points, cannot adequately describe the phenomena in full. This would certainly appear to be the case for this research, which could be categorised as being set within the ‘complex, inter-related environments’ described by Yin. The use of case studies was therefore seen as most important to this work.

The manner in which the case study approach was applied is outlined below.

### *2.2.3 Use of key informants/experts*

The final methodological element to consider was where and how to source information on each identified case study region.

There was available a body of published and referenced material establishing the nature of regional economic development in Australia to provide a broad platform for this research. (Refer Part 5) In addition, for each comparator region, significant published statistical and other data defining the region and describing strategies and initiatives in place was easily accessible. Whilst a number of publications were general and some political in nature, there was, in all cases, sufficient reliable information on which to form the basis of a closer examination.

A more sophisticated strategy was, however, required in order to consolidate the diverse information available for each region and to make considered observations. The identification of experts / key informants was seen as an effective and efficient way to do that.

In a multi-faceted and diverse research area such as that under consideration, a successful methodology must be able to collect and consider a range of contemporary information effectively. In practically all research, an amount of published research and opinion will be available and provide a mixture of quantitative and qualitative data. Of particular value, however, are identified ‘experts’ both in the general discipline area and with an in-depth knowledge of the case study region. Those experts should, on the face of it, be in the best position to become key informants – that is, to mix knowledge with professional experience and opinion to provide a holistic and comprehensive view on the matters under consideration (Buckley 1995).

Rowe and Wright (1999) and Tonelli (1999) noted the inherent value and primacy that should be placed on empirical data and its statistical analysis. They note however that, in research projects that contemplate complex environments and issues now and into the future, an absolute, correct answer will simply not be available particularly at the time that key strategic decisions need to be made. Given this, the results of any analysis must be accepted simply as the identification of key issues and most likely scenarios rather than some first step along a definitive path in a process.

Mitchell (1992), in contemplating the role of experts in Delphi analysis, noted that in many cases the matter under investigation did not have reliable, historic, statistical or trend data on which to rely. Often, too, the matters being considered were so varied and complex that the subjective judgment of experts was beneficial, and arguably essential, in drawing together and enriching general observations.

Tonelli (1999) noted that in some areas, expert opinion was seen as of lesser value than empirical evidence. Even if that was the case, until such empirical evidence became available (usually, only in retrospect), the opinion of experts was indeed worthwhile and quite valid. He observed further that the expert, and particularly the aggregated opinion of a number of experts, in fact incorporated a range of interpreted sources – experiential, contextual, and sometimes empirical. In addition, recognised experts could bridge the gap in joining together and interpreting data from a range of sources that even the best empirical research would have difficulty in establishing.

This is not to imply that the role of experts is appropriate in all cases. Clayton (1997) and Mosleh and Bier (2003), in particular, warned of difficulties that may arise where a range of expert opinions are sought to consider specific issues, problems or risks. They expressed the view that such range of opinion may well cause an averaging or ‘middle of the road’ response. Clayton also noted that the manner in which the experts/key informants were chosen, the nature of the survey instrument, and whether the opinion of experts was collected singly, through the aggregation of individual responses, or by ‘round table consensus’ were all important decisions that needed to be made, depending on the circumstances of the case. Clearly, the judicious use of expert opinion and observations in the current study could serve to enhance the quality of outcomes and to compensate for limitations and risks inherent in that chosen methodology.

On the basis of all of this, it was accepted that the collated opinion of a range of experts commenting on specific case study regions represented an effective method of data collection but that potential issues relating to consistency of questioning, the identification of those key informants, confidentiality, and the manner in which responses were collated and analysed would have to be closely managed.

As outlined, there are risks with any approach that is not statistically based, and the ‘one off’ opinion of a key informant should not be taken as definitive. It is, however, reasonable to accept that if a matter is identified, unsolicited, as important by a number of experts, independent of each other and in confidence, then this particular matter should be given due consideration.

On the basis of all of the above, the following methodology was adopted:

- (i) The establishment of an external reference group to provide guidance and input as to the direction and process of the research
- (ii) A review of literature pertaining to regional development strategies both in Australia and overseas with particular regard to innovation and best practice in these areas
- (iii) An investigation of published material and background research on the five regions under review
- (iv) One, and in some cases, two visits to case study regions
- (v) Structured interviews with those identified as key informants – typically executives and political and community leaders drawn from the public and the private sectors and including state and council representatives, leaders of economic development groups and regional development associations, Chambers of Commerce and individual business and community leaders
- (vi) The development of a written report
- (vii) A review of the report by independent assessors.



## **Part 3      Research premise and parameters**

### ***3.1    The nature of Australian regions***

It is now recognised widely (Barnes and Ledbuen 1998) that the economic building blocks of economies such as Australia's are not national or state but, rather, regional. The way that sectors and firms develop and how the public sector relates to and interacts with each region is fundamental to growth, prosperity, jobs and sustainability - in the first instance, of that region and then , in aggregation to the nation.

Obviously, each of the subject regions is different – in scale, level of development, competitive advantages and potential. Nevertheless, it is now reasonably accepted that there are a number of underlying principles and components that are conducive to sustainable regions and jobs growth (Hefferan 2008). These include:

- (i) an understanding of the generic demands of business and establishment of an environment conducive to the attraction, retention and growth of private sector capital investment
- (ii) a commitment to building on and maximising the benefits of that which already exists and has 'self selected' as both viable and loyal
- (iii) linking education and training with the true demands of the region now and into the future
- (iv) the establishment of an agreed 'value proposition' and for all stakeholders to speak with one voice in promoting it
- (v) recognised leadership and support for that leadership, particularly in dealings external to the region
- (vi) a commitment to supporting leading edge knowledge and innovation
- (vii) promoting liveability and options that create an urban environment that is really about people, and
- (viii) adopting a sophisticated and wide view of sustainability and adhering to those principles that have gained overt community support and involvement.

The manner in which such principles are applied varies case by case and authenticity is critical – what may work in one region may be less successful in another.

There would, however, seem to be advantages in investigating the approaches and experiences of regions where successes have been achieved, particularly where that region has attributes common to others.

This research accepts that general premise and applies it to five 'second tier' regions across Australia and contemplate their relevance to the Sunshine Coast.

### ***3.2 The nature of contemporary change***

The context of a changing environment needs to be appreciated. Contemporary change is a profoundly non-linear manifestation of a range of economic, financial, technological, physical, social and political forces without a definitive start or end point (Pfeffer 1992). Nobody is capable of a full understanding or knowledge of that change and particularly how it will play out in a particular region. Therefore, such change is unable to be fully controlled or manipulated by an individual or group, regardless of their power and status.

Change is therefore not (as earlier proceduralist theory had proposed) a neat, prescriptive, recipe-driven process, and there is rarely a single explanation of any given event. Such change presents particular difficulties for those attempting to set policy or economic direction for a region and there will often be an understandable conservatism in economic development strategies and policies even though, in such a changing environment, there is little likelihood that, even successful strategies from the past will meet with the same level of acceptance into a very volatile future.

This does not imply that, in such an environment, planning is rendered meaningless, in fact the reverse is true. What it would suggest, however, is that highly prescriptive or detailed planning, particularly into the longer term, is likely to be overtaken and rendered obsolete by intervening events that no one could predict at the time when economic (or other) plans are put into place.

This would then lead to several key observations regarding contemporary planning in areas such as this. Firstly, more time in planning is needed in correctly establishing the fundamentals – including truly robust consultation and involvement of the community and its various components, and, through that, establishing the clear aspirations and goals of the region. These need to be realistic and based on statistical analysis, not anecdote, recognising the comparative advantages of the region.

Secondly, with those in place, a scenario planning approach should be adopted where, within some boundaries, strategies are allowed to evolve and change relatively easily to adapt to changing events whilst still moving towards the overall regional objectives.

### ***3.3 Key parameters***

As noted in section 3.2 above, this research was based originally on a review of existing literature, followed by case study investigations and structured interviews with key informants/experts to arrive at conclusions.

Whilst that methodology was considered the best available for this project and has delivered reliable and defensible observations, it has a number of limitations and parameters that need to be recognised and, in fact, required some adjustment and reconsideration during the course of the research.

These parameters are as follows:

- (i) Statistical data available was often dated and mismatched.

The Australian Bureau of Statistics (ABS) provides the most comprehensive statistical information and databases in the country and even other specifically developed surveys typically use ABS statistics as base or platform data. Whilst the accuracy of ABS reporting and its mathematical validation are not questioned, the data emanating from the four-yearly census cycle is slow in emerging, particularly in complex areas. In this research, for example, most of the statistically relevant data emanated from the 2006 Census.

Statistical information from other sources was also used, though sparingly, given that accuracy could not be confirmed.

Finally here, there is frequently a mismatch between the postcode boundaries which, for the most part, form the basis of ABS census data collection and analysis, and the political and sometimes geographic/catchment boundaries of the study areas. There are good and cogent reasons for the ABS approach and, on the basis of consistency and the need to be able to undertake longitudinal studies that it is most unlikely that the ABS approach will change.

As well as causing difficulties for research such as this, these matters highlight the wider problems of establishing current and reliable statistical databases and platforms upon which good regional planning can be made. This matter is addressed elsewhere in this research.

- (ii) Many of the issues that significantly impact on regional economies emerge from systemic events or forces, that is, from those external to and outside the direct control of the region. These may be major corporate decisions (e.g. the closure or scaling back of steel making activities in Newcastle and Wollongong). They may be the result of state or national development policies or events (e.g. the impact of the highly damaging pilots' strike on the Gold Coast in 1989). Again, they may even be the result of natural disasters such as the Newcastle earthquake of the same year.

For the purposes of this research, such external events further complicate analysis and make any comparison more difficult given that, typically, such events will impact particularly on one region.

- (iii) As elaborated upon in Section 5 below, regions and regional economies are remarkably complex and are the outcomes of a huge range of factors including locational comparative advantage, physical features, history, level of development and investment, research, education, and skills availability, community attitudes, political direction, and so on.

Given that scenario, it is difficult and often impossible to establish causal relationships (ie where a particular event or initiative results in a subsequent discrete outcome). Regional economies and communities simply do not operate in that way. Sometimes, too, quite modest events or activities can trigger or cause the cascade of outcomes, both positive and negative, across a range of different sectors and activity areas (Leer 2000, Gravenhorst and Wenkeman 2003)

- (iv) Clearly, economic events, structures or outcomes cannot be considered as abstractions, particularly in a regional context. They are not outcomes in their own right and economics, by its very nature, is about systems, decision making and organisation that lead to a particular final outcome or goals. In the view of economists, this should be based on considerations of efficiency and effectiveness but, in a regional context, there are also a range of environmental, social/community and political outcomes required that are measured in terms of sustainability (in the widest sense of the word), wealth creation, common knowledge and beliefs, justice and equity, and so on. Analysis that simply concentrates on economic measures and outcomes will be rightly criticised as lacking context and therefore relevance.

Based on those identified limitations and particularly points (iii) and (iv) above, a revision to the research method became necessary. The research remained firmly based on available economic, sectoral, and employment data but, from that wide database, indicators were particularly selected that had the most direct impact on individuals and households and the overall liveability of those regions (e.g. employment by sector, income, affordability, and education characteristics and institutions, etc.).

On the same basis, wider issues such as physical environment, cultural and sporting activities, the nature of the built environment, were all considered important contributors to the attractiveness of the region as a whole. The works of Florida (2005, 2009, 2010), Salt (2004), Mitchell (1998, 1999) and Stimson et. al. (2006) would all strongly support the need for a comprehensive approach to the sustainability of regions. These recognise, of course, the critical importance of a robust economy but acknowledge that a range of other criteria are relevant to, and influence the true sustainability of that region.

These observations also would again reinforce the value of accepting a research methodology based on the opinion of experts. These individuals, where carefully selected and questioned confidentially in structured interviews, would be in a position to make observations based on an understanding of all of these factors and the inter-relationships and interplay between them.

### **3.4 Selected statistics**

A wide range of statistical information is available and a large number of observations can be made regarding the characteristics of each of the regions under investigation. Many of these, however, are of general interest only and contribute little by way of assessing sustainable jobs growth and the general wellbeing of that region. As already noted, a wide view of what constitutes and affects the overall attractiveness, prosperity and liveability of a region needs to be considered. In the interests of conciseness and relevance to the question, matters of physical description and static data have been reduced to an absolute minimum.

With those matters in mind, key characteristics that have been investigated are:

- Demographics:
  - Population growth
  - Age profile
  - Educational attainment
- Economics and industry
  - Gross regional product (per capita)
  - Unemployment
  - Number of businesses
  - Employment by sector
  - Commercial property portfolio and vacancies
  - Housing affordability
- Education and training
  - Universities
  - TAFE
  - Research and innovation
- Social infrastructure
  - National sporting teams
  - Convention and exhibition centres
  - Events.

Summaries of these selected statistics are presented in Part 5.1.



## **Part 4      Research base**

### ***4.1    Defining a region***

A region can be defined as an area that is possessed of a geographical, political and cultural ‘coherence’, or alternatively as a geographical centre around which a population develops. Although this definition can be used to define areas of different scales, for this research a region will be defined as those areas identified by the Australian Bureau of Statistics for Statistical Divisions. These are regions that are of sub state scale but are not located within the environs or general influence of a major city (Stilwell 1992, Scott 1998).

Understanding the workings of regional economies requires a combination of economic, political, geographical, and historical perspectives. As a result of globalisation and the increasing connectedness of business and industry between regions, regions rather than nations are gaining in economic importance (Capello 2007, Scott 1998, Barnes and Ledebun 1998).

To this end, the importance of regional economic policy and management cannot be underestimated, as it needs to accommodate and provide cohesion, not simply to the economic components, but also to a range of environmental, social/community and political issues that impact on the region as a unique entity. The Community Planning structures now established in Queensland under the *Local Government Act 2005* are reflective of that approach.

According to the Organisation for Economic Development and Cooperation (OECD), economic policy at a regional level should drive the most sustainable use of investment, regional assets and private and public partnerships, to the benefit of the region as a whole (OECD 2009, OECD 2010).

### ***4.2    Regional economic principles***

According to Stimson et al (2006, 6):

*...Regional economic development is the application of economic processes and resources available to a region that results in the sustainable development of, and desired economic outcomes for a region and that meet the values and expectations of business, of residents, and of visitors.*

Regional economic development can therefore be seen as a matrix of qualitative, quantitative, process and product outcomes.

Regions can approach the management and enhancement of their economies in many ways and it is important to recognise that no two regional economies are alike and consequently that the unilateral application of what might be generally accepted as 'best practice' may not necessarily yield positive outcomes.

There are few set rules for formulating economic strategy that will ensure a region's successful path to the future. However, there are emerging components which may be selectively applied and adapted to suit the situation of a particular region.

In this context, it is also important to understand the implications of paradigm shifts occurring in economic policy and strategy. Keynesian and Monetarist theory represented the key policy constructs that have been most influential in the period 1960 – 2000, a period which also saw progressive globalisation and increasingly borderless economies.

Though these two, sometimes conflicting, approaches to economic management remain as fundamental economic doctrine, the current decade has seen the advent of a much more integrated philosophy. Perhaps driven by concerns of environmental degradation and rapidly changing value systems, the contemporary approach tends to involve a much greater integration of social, community and environmental factors, as well as traditional economic criteria, in decision making on investment and resource allocation and the management of growth.

This shift has also led to changes in approach to economic policy from comparative advantage – promoting cheap land, utility charges and local tax breaks for new businesses relocating to or expanding in a region – to competitive advantage – emphasising 'value factors' including efficiencies, performance and intangibles such as quality of life, and human and social capital. At the same time, in many regions a more collaborative approach based on greater integration, cooperation and collaboration among business, governments and communities has been adopted (Huxham 1996).

Fundamentals of capitalist economics and of individual (micro) or community/regional (macro) betterment remain at the core of any such policies, but these are directed to a much more information rich, educated and aware community. Scenarios that aim to secure consensus, win-win outcomes, rather than accepting economic development or growth as some form of merit good now prevail. Any selected economic strategy or initiative would now have to relate to these wider agendas.

Based in considerable Australian research, Stimson et al identified, in effect, fifteen characteristics of regions that can be considered as successful and sustainable over time, noting that in their opinion these characteristics are not only relevant to economics and development but to the securing of a liveable, knowledgeable and progressive region and community.

The characteristics were:

1. The accumulation of core competencies
2. The attraction and retention of private investment and venture capital
3. The development of social capital
4. The building of and support for strategic leadership
5. The efficient and effective allocation, management, and use of resources
6. The establishment of a clear identity – ‘offer’ ; ‘build the brand’; single voice
7. The building and sharing of market intelligence
8. The provision of strategic infrastructure (prioritised on strategic needs)
9. The avoidance of wide disparity across the region
10. The development of an (economic) risk management strategy
11. The incorporation/in-build of sustainable principles as part of the regional offer
12. The overlay of a sharp, contemporary edge on existing mainstream
13. The establishment of a local-to-global approach to sectoral and business development
14. The questioning of any strategy simply based on a sectoral development approach and the consideration of setting a generic environment, and
15. Being careful to base decisions on facts and research not history or anecdote, and being willing to ‘let go’ in aspiring to new goals.

Whilst in many ways these characteristics may be seen as diverse, they do reflect a number of fundamental components that were recognised in the successful regions investigated in this research. These will be elaborated on in Part 5 of this work.

A more economically focused definition of contemporary regional strategies and economic policies was provided by Harvey & Jowsey (2004) who identified the objectives of such initiatives as:

- (i) The reduction of the level of unemployment or underemployment of people and resources
- (ii) The achievement of a balance between population and environment
- (iii) The preservation of regional cultures and identities
- (iv) Addressing and relieving cost inflation by reducing the pressures of demand (particularly in expanding regions) and
- (v) Countering possible adverse regional effects of greater international impacts on relatively open economies.

The research presumes that the development of formal strategies for economic development and management in Australia will continue to involve significant government intervention and leadership – a philosophy based on the historic development of Australia and its regions, and the necessary and critical part that governments at all levels have traditionally played in the provision of infrastructure, regulation, and industry and sectoral support.

This contrasts strongly with the traditional approach in the United States with its density of population, availability of comparative advantage and resources, and depth of private sector capital. Typically in the US, local Chambers of Commerce and privately owned utilities played a pivotal role in driving economic growth and development, with little or no government involvement.

In Australia, the involvement of the three levels of government in regional economies is likely to continue into the future and is a basic premise of this investigation. The nature and depth of such involvement and strategies is, however now much more open to debate given the level of sophistication and diversity of firms and markets, and the limited resources and esoteric skill base available within government to provide assistance.

The recent renewed interest in urban development by the Australian Government and the establishment by them, first of Regional Catchment Groups and, more recently of the Regional Development Australia (RDA) Network represents a significance priority shift and changing emphasis in government strategy.

Several variations on the nature and targeting of such strategies have been put in place. A conservative approach would be to set a generally conducive environments for private sector investment (including certainty or regulations/approvals, sound market intelligence, access to research, and taxation advantages for entrepreneurship and innovation, particularly for expansion into globalised markets) and then, under the capitalist idiom, to allow market forces and competitive advantages to ensure sustainable wealth creation and prosperity.

A second approach that has been more common in Keynesian-based government policies in recent decades involved a more prescriptive and interventionist role involving government driven and funded economic support activities based on sectoral development – that is, identifying high growth and long term sustainable sectors, and targeting support measures to them.

Neither of these approaches provides an holistic response. A sectorally based approach must be carefully applied to ensure that the correct sectors are targeted, that government support is not wasted, that existing mainstream industries are not alienated, and that government in fact has the resources and capability to facilitate long term globally competitive sectors. It is important to note that in all of the regions under investigation sectors emerged and grew organically, operating in the context of normal market mechanisms (the one exception being the development of the defence cluster at Williamstown outside Newcastle).

Perhaps of greater practical significance is the specific targeting of these strategies. Clark (2009) believes that the attraction, retention, and growth of private sector investment should be recognised as the fundamental starting point. Mount & Mulc (2007) citing OECD reports, suggests that a mixture of a 'top-down' and 'bottom-up' strategy is required. By this they implied that government could, with appropriate evidence, identify key strategies and overall objectives for economic growth, but thereafter it is industry clusters and private sector leadership, grounded within the region and within the community itself, that must respond. Clear evidence of this type of approach was found in Hunter (Newcastle) and in Barwon (Geelong).

Mount & Mulc (2007) also recognised that, within regions, local government proved to be the critical link that supported sustainable economies and job growth. This was based on their 'fine-grained' local knowledge of industry and community networks, and appreciation of the culture and ethos of the place.

Barnes & Ledbuen (1998) considers such interventions and approaches from a different perspective recognising, in particular, that regional economic systems are neither self contained nor autonomous; they overlap with others across common areas of space as well as economic interest. This may be locationally relevant but, more common in the contemporary environment, are likely to involve shared areas of competition within global markets.

On this basis, they recognise, as does Florida (2005) and Salt (2004) that all regional economies must now be viewed in a local-to-global context and that the real drivers and emphases of any economic development strategy must be global competitiveness and export-readiness. The argument here is that, even if individual business and sectors aim to supply only the local market, in a small open economy such as Australia, practically all businesses will face external competition – from other regions and increasingly from international competitors.

### **4.3 *Establishing integrated objectives***

It would be reasonable to accept that an overwhelming objective for any regional economy would be a sustainable economy and jobs growth.

The concept of 'sustainability' (in the broadest sense of the word) represents a reasonable objective. The Brundtland Commission (1987) defines sustainability as (paraphrased) 'the strategies and methodologies that optimise current function and use of physical, economic and community resources, whilst ensuring that options for, and the use of, those resources into the future are not unnecessarily prejudiced or compromised.'

Initiatives to create jobs should, on the face of it, increase regional wealth, flowing both into the public and private sectors. Often, initiatives associated with regional development such as increasing levels of education and skills, the inflow of capital in various forms, the rise of innovation, technology transfer and entrepreneurship all contribute to regional productivity and would therefore be accepted as objectives to pursue. Job creation will normally be linked with growth – in population and in physical scale – but again the link is not as direct as may sometimes be considered. Clearly, jobs growth can absorb existing unemployment or underemployment of people and resources and in any case may not have a direct or proportional link. New jobs, for example, may well be in high skill, high ‘value add’ areas where sometimes a modest increase in population (and therefore physical development) can have a disproportionately positive impact on regional wealth and product.

Given contemporary concerns of climate change and loss of biodiversity, the wholesale acceptance of economic development and growth as some sort of fundamental goal in its own right is increasingly under question (McKiddon 2007, O’Connor and Lyons 2008, Jackson 2009, Sach 2008, Gleeson 2010) and a rising interest in the triple bottom line and balanced scorecard approach, together with the predictable reaction of legislators, is likely to see this debate continue well into the future. Overall, and to actually advance this debate, the concept of ‘growth’ should be considered as an abstraction which *prima facie* is neither good nor bad. The key issues are its direction and management, and how growth aligns with stated community aspirations.

Nevertheless, it is difficult to envisage how a region can prosper, living standards can rise, community services can be improved and the environment, through good governance and action, can be protected and enhanced without wealth and job creation within the region.

In this, it is best not to see outcomes simply in economic or monetary terms. At the end of the day, regions are about people and, for those people ‘liveability’ is the true measure of performance. In considering that concept, economics in areas such as job availability and options, cost of living, cost of housing, etc, are but one set of criteria (albeit an important one). Social networks, education, cultural activities, physical environment, entertainment, tolerance and inclusiveness, physical safety, and a range of others, are also key determinants.

The experience of the Australian mining industry in remote areas is often held up as an example. There is no doubt that the availability of work is very important in location decisions but extreme examples such as the mining industry are far from the norm and, in any case, that capital intensive sector represents less than two percent of the Australian workforce (ABS 2005, 2010). Baum and O’Connor (2005) make the important observation that, in practice in Australia, major population movements have often been to areas where indeed unemployment and social security dependency were higher than the departure region. Clearly, other matters – including aspirations, lifestyle, changes at a particular point in a person’s life and other criteria – determine location decisions, not jobs alone.

Sucher (2003) also relates these choices to the concept of 'comfort' – that is, the individual and community feeling of safety, security, predictability, control, and ease within a particular place. Broadly defined, that concept not only pertains to the physical environment but also to community, employment, jobs satisfaction, etc.

Finally here, Florida (2009) makes an interesting point regarding the comparison of cities and regions, and how areas become favoured destinations – often reflected in rankings as 'liveable cities' or 'liveable places'. Florida observes that, even though there are a number of such indices, the criteria for liveability are fairly similar in each case and, indeed, the same cities and regions generally rank highly in them. His point, however, is that the liveability and desirability of a particular region requires high levels of achievement in each of these components that come together to form 'liveability'. He noted that all of them must be in place and relatively well integrated. It is not possible, for example, to compensate for obvious failures in one component (be it affordability, job potential, environmental protection, social networks, etc) with a very high level of performance in another. He notes, as does Bradman (2008), that successful urban areas represent a montage or melting pot of all of those features and all must be recognised as at a desirable level to produce successful regions and successful communities.



## Part 5 Regional summaries

### 5.1 Overview

This section provides a summary of economic data considered relevant to this work.

Table 1 shows an overall comparison of the four case study regions with the Sunshine Coast.

**Table 1**

Summary Comparison Table					
REGION	Hunter	Gold Coast	Illawarra	Sunshine Coast	Barwon
Geographic Size of Region	31,000 km <sup>2</sup>	1,874 km <sup>2</sup>	8,524 km <sup>2</sup>	3,124 km <sup>2</sup>	8,971 km <sup>2</sup>
Proximity to Major City	159 km	80 km	60 km	80 km	75 km
Population 2006	617 552	466 433	414 704	295 084	269 691
Population 2009	632 851	515,157	423 487	312 804	278 668
Gross Regional Product 2006/07(\$M)	\$20,000 <sup>^</sup>	\$18,340	\$12,000 <sup>a</sup>	\$9,375	\$9,500 (2009)
Gross Regional Product per capita 2005/06	\$30,877	\$39,319	\$28,936	\$29,970	\$35,225
Unemployment Rates 2009/2010	4.2%	6.1%	6.9%	4.1%	3.9%
Unemployment State Average 2010	5.7%	5.7%	5.7%	5.7%	5.5%

<sup>^</sup>National Economics, Australian Local Government Association, State of the Regions 2008-2009 Supplementary Report

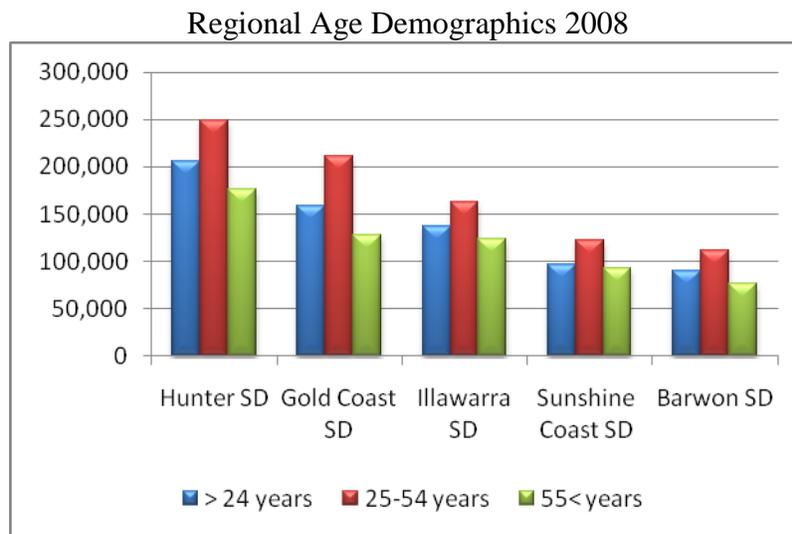
The Hunter (Newcastle) is substantially larger than the others and is of significant distance from the capital city adding to its independence and identity. Gross Regional Product (GRP) per capita showed marked difference with Illawarra and the Sunshine Coast being significantly below the other regions in this study.

Regional age demographics in Table 2, do not show marked differences between regions except in the case of the Gold Coast which enjoys proportionally higher younger demographics and potentially productivity groups.

**Table 2**

Regional Age Demographics 2008					
REGION	Hunter	Gold Coast	Illawarra	Sunshine Coast	Barwon
> 24 years	206,310	158,814	137,210	96,969	90,567
25-54 years	249,343	211,087	163,043	122,933	110,910
55< years	176,565	127,449	123,658	93,215	77,191
<b>Total</b>	<b>632,218</b>	<b>497,350</b>	<b>423,911</b>	<b>313,117</b>	<b>278,668</b>
2004	607,243	437,340	410,599	279,556	265,631
% growth	4.44	14.18	3.73	12.72	5.66
Increase P.A.	0.89	2.84	0.75	2.54	1.13

Source: Australian Bureau of Statistics 2006, 2010



Source: Australian Bureau of Statistics 2006, 2010

Table 3 (see over) identifies housing affordability/un-affordability rankings. This shows a marked diversity of results reflecting the recognised affordability issues for both the Sunshine Coast and the Gold Coast (defined as a ratio between median house prices and median household income).

**Table 3**

Housing Un-Affordability Rankings Using Median Multiple (Median House Price / Median Household Income) 2009 – 3 <sup>rd</sup> Quarter (September) data					
Rank	Nation	Metropolitan Market	Median Multiple	Median House Price	Median Household Income
1	Canada	Vancouver	9.3	\$ 540,000	\$ 58,200
2	Australia	Sydney	9.1	\$ 569,000	\$ 62,400
3	Australia	Sunshine Coast	9.0	\$ 460,000	\$ 50,900
4	Australia	Gold Coast	8.6	\$ 480,900	\$ 55,600
9	Australia	Wollongong	7.5	\$ 390,000	\$ 51,700
11	Australia	Newcastle	7.2	\$ 355,000	\$ 49,000
36	Australia	Geelong	5.0	\$ 295,000	\$ 48,900
272	United States	Detriot, MI	1.6	\$ 81,600	\$ 52,500

Source: 6<sup>th</sup> Annual Demographia International Housing Affordability Survey: 2010

Table 4 identifies educational attainment. This is considered an important guide of productivity now and into the future. Whilst the Gold Coast has a high proportion of tertiary and sub-tertiary residents, the variation is not great and therefore should not overly influence, other levels of comparison.

**Table 4**

Educational Attainment Count of persons aged 15 years and over with a qualification					
Educational Attainment	Hunter	Gold Coast	Illawarra	Sunshine Coast	Barwon
Post graduate	2.4%	2.4%	3.2%	2.5%	2.9%
Bachelor Degree	7.7%	9.0%	8.1%	8.3%	9.3%
Diploma, Certificate	26.5%	27.3%	26.4%	26.4%	24.6%
2006 Population above 15 years	497,310	377,318	334,665	235,964	216,187
% of population that indicated a qualification	36.6%	38.7%	37.7%	37.2%	36.8%

Source: Australian Bureau of Statistics 2006

Table 5 (see over) identifies occupation by employment and reflects the varying economic basis of the five regions. Any sector representing over ten percent of the workforce has been highlighted. The percentage of the population working in the Gold Coast is remarkably higher, but that aside, the concentration of employment in a few key sectors is recognised. Though overall there is a wider spread across sectors in the Hunter and several are particularly exposed to comparatively volatile sectors.

**Table 5**

Industry employment by occupation										
Number of people employed 2006										
Industry	Hunter		Gold Coast		Illawarra		Sunshine Coast		Barwon	
Agriculture, forestry & fishing	1%	2,013	1%	1,195	0%	512	2%	2,960	1%	1,043
Mining	2%	4,896	0%	741	2%	2,208	1%	658	0%	163
Manufacturing	11%	23,124	10%	21,456	12%	13,611	7%	8,736	14%	12,356
Electricity, gas, water & waste services	1%	3,022	1%	1,146	1%	1,134	1%	744	1%	873
Construction	8%	16,772	12%	26,817	8%	8,942	13%	15,281	9%	7,543
Wholesale trade	3%	7,048	4%	9,042	3%	2,999	3%	3,977	4%	3,217
Retail trade	12%	25,801	13%	29,807	12%	12,763	14%	16,720	14%	11,779
Accommodation & food services	7%	14,985	10%	21,720	7%	7,391	9%	11,128	6%	5,507
Transport, postal & warehousing	4%	9,075	4%	8,371	5%	5,359	4%	4,210	4%	3,779
Information media & telecommunications	1%	2,508	2%	4,161	1%	1,657	1%	1,662	2%	1,309
Financial & insurance services	3%	6,239	3%	6,506	4%	3,899	3%	3,162	2%	2,093
Rental, hiring & real estate services	2%	3,393	3%	6,993	2%	1,959	3%	3,422	1%	1,110
Professional, scientific & technical services	5%	11,171	5%	11,822	5%	5,741	5%	5,999	5%	4,154
Administrative & support services	3%	5,713	4%	8,141	3%	3,303	3%	3,848	3%	2,681
Public administration & safety	7%	13,687	4%	8,830	7%	7,347	4%	5,353	6%	4,848
Education & training	8%	16,524	6%	13,878	10%	10,882	8%	8,997	9%	7,435
Health care & social assistance	13%	26,652	9%	20,250	12%	12,782	11%	13,119	12%	10,124
Arts & recreation services	1%	2,359	3%	6,222	1%	1,601	2%	1,843	1%	1,248
Other services	4%	8,629	4%	8,798	4%	4,321	4%	4,718	4%	3,175
Inadequately described/Not stated	2%	4,675	3%	7,003	2%	2,459	3%	3,088	2%	1,708
<b>TOTAL</b>	<b>100%</b>	<b>208,286</b>	<b>100%</b>	<b>222,899</b>	<b>100%</b>	<b>110,870</b>	<b>100%</b>	<b>119,625</b>	<b>100%</b>	<b>86,145</b>

In contemporary knowledge based economies, universities are recognised as important in underpinning and supporting development and wealth creation. Not just as major sectors and employers in their own right but in the development and diffusion of knowledge. This is of particular importance in growing and rapidly evolving regions. Table 6 compares university capacity in the regions. A wide disparity between regions can be identified here with the University of the Sunshine Coast University much smaller in relativity to other universities in other regions. This is a result of the only recent establishment of that university but would highlight the need for USC's continued growth and development.

**Table 6**

University Capacity on Study Regions						
REGION	Hunter	Gold Coast (4)	Illawarra	Sunshine Coast	Barwon	
University	University of Newcastle	Griffith, Bond, Southern Cross, CQU	University of Wollongong	University of Sunshine Coast, CQU	Deakin University	
Year Commenced	1965 <sup>a</sup>	1975-1994	1975 <sup>a</sup>	1996	1977 <sup>a</sup>	
Number of Students <sup>b</sup> (2009)	27,289	20,280 <sup>c</sup>	22,106	6,500 <sup>d</sup>	32,385	
Total Revenue <sup>e</sup> 2007 (\$,000)	\$ 393,155	\$ 337,336 <sup>c</sup>	\$ 300,497	\$ 79,021	\$ 463,957	
Revenue per student	\$ 14,407	\$ 16,640	\$ 13,593	\$ 12,157	\$ 14,326	
Total research grants (\$,000)	\$ 41,282	\$ 42,176 <sup>f</sup>	\$ 37,213	\$ 1,199	\$ 21,485	
Research grants per student	\$ 1,513	\$ 672 <sup>g</sup>	\$ 1,683	\$ 190	\$ 663	

Note:

- a) Prior to these dates these institutions were in existence under predecessor institutional names and organisations.
- b) Total number of students enrolled 2009 (DEEWR)
- c) Estimates for four universities
- d) Estimates for include CQU to USC total
- e) Finance figures 2007(DEEWR)
- f) Research grants figures for the Gold Coast does not include Bond University which as a private institution has different reporting and regulations in accessing publicly funded research.
- g) The basis of these figures also incorporates the whole of university research grants divided by total number of students of the three institutions (GU, CQU, SCU)

Table 7 (see over) provides a summary of the commercial property market in the five regions. This is an important indication because it reflects the relative size of office based sectors, often associated with growth areas such as finance, professional services, knowledge intensive business and service sector. The statistics identify the strength of disproportionate scale of such activities on the Gold Coast - but with that, vacancy rates also reflect the volatile nature of those sectors and the impact of both over supply in a developer driven market and the impact of the global financial crisis.

**Table 7**

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Region	Commercial Property Key Market Indicators 2010			
	Vacancy Rate (%)		Size of Market M <sup>2</sup>	
	2009	2010	2009	2010
Newcastle	9.7	14.5	244,167	248,028
Gold Coast	20.3	23.4	436,938	464,862
Wollongong	6.9	8.1	137,689	144,689
Sunshine Coast	10.2	16.3	121,423	134,226
Geelong	3	n.a.	85,000	n.a.

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Additional to these summaries, it is recognised that, for some regions at least the establishment of major venues and the securing and the development of sporting teams and other national events is relatively important. A summary of these is included as Appendix A and Appendix B.

## 5.2 *Hunter (Newcastle), New South Wales*



### 5.2.1 *General description*

Newcastle is the second largest city in NSW after Sydney. It is located approximately 167 km North of Sydney, and is considered to be the centre of the Hunter region. The Hunter region is the largest of the five study areas, both in terms of population, and in geographic area, encompassing both coastal communities and a large and productive hinterland. Newcastle harbour boasts an excellent port facility, and is the largest coal export port in the world.

The Hunter region has a population of 633,000 and covers an area of 29,255 km<sup>2</sup>, although the majority of the population is located in Newcastle, with a population of 531,191 or 84% of the entire region. The region was first settled as a penal colony in 1804. From then it quickly developed into a centre for coal mining and other heavy industry such as the (now defunct) steelworks in Newcastle. Due to this industrial background, the area traditionally has had strong union affiliations and this heritage is exemplified in the centre-left voting preferences of the population. This has benefited the region in that there has been a consistency of approach to regional development and a sense of unity between the eleven local government areas.

Economic strategies aim principally at supporting and enhancing the already diverse regional environment with an emphasis on strong education and health sectors, as well as the continuing development of the wine, tourism and horse breeding industries. The region is well serviced with transport infrastructure, with a high quality regional airport, significant heavy rail connections, major road networks, and of course the Port of Newcastle.

### 5.2.2 *Key components*

Newcastle and the Hunter Region represent, quite arguably, the most advanced and sophisticated of the regions studied.

In part, this is to be expected given that it is substantially larger than the other regions studied. Again, here establishing causal relationships are difficult. Nevertheless, there are a number of quite discernible themes, innovations and initiatives that have proven fundamental to Hunter (Newcastle) continued success, despite adversity and setbacks in the past. Some of these are inherent natural and physical features but a range of others have been the result of community characteristics and deliberate policy and government actions. In summary, these are as follows:

Perhaps more than any of the other areas studied, this region is identified by its wider physical catchment – recognised as ‘The Hunter’, not simply as Newcastle as a city in its own right. Perhaps this is not surprising, given that even though 84% of the population live in the city, key sectoral activities such as coal mining, power generation, wine making, horse breeding, etc, are located away from the city and deep within the region.

The region is physically most interesting and attractive and it perhaps underlines the point that most of coastal Australia possesses a natural feel and aesthetic value which, perhaps because of its commonality, might fail to be a particular competitive advantage. In the case of Newcastle, for example, it is the only Australian city with world-class surfing beaches literally at the end of the main street, with high-quality coastal areas to both the north and the south, and hinterland range areas and tourist facilities, both man-made and natural, scattered throughout the region.

Whilst the Newcastle CBD is in urgent need of re-investment and perhaps is of detriment to the entire region, the wider art deco and other styles, particularly in the eastern suburbs, represent a significant built environment feature.

Probably the most important natural feature, however, is the value and development of the Newcastle harbour, the second biggest in New South Wales, and the very significant coal deposits in the Upper Hunter, both significant physical attributes and their greater development over more than 150 years will effectively underpin much of the industrial wealth of the region.

Of physical significance also is the remoteness of Newcastle/the Hunter from Sydney. Whilst connected to Sydney by heavy rail and, in fact, as a hub for the rail network itself, Newcastle is located roughly two hundred kilometres north of Sydney, a trip typically requiring between two and two and a half hours to complete. Consequently, it does not represent a realistic commuting distance, thus avoiding the drain/dormitory environment that typically occurs in regions that are somewhat closer to a capital.

Fundamental to the relative success of the Hunter Region has been its diverse and, in part, counter-cyclic, recession-resistant sectors. This is not to imply, of course, that the region's economy is not exposed and vulnerable to rapid changes in consumer sentiment and to exchange and interest rate variations. Those characteristics are, almost by the nature of the Australian economy and its regions, endemic. Nevertheless, in the case of the Hunter Region, many of the activities, whilst clearly related, depend on international and domestic markets (and sometimes a combination of the two), a mixture of discretionary expenditure markets (such as wine, tourism and horse breeding), relatively stable commodities (such as power generation, coal production, and port and other infrastructure activities) and relatively constant demands emanating from strong education and health sectors, both of which provide for large regional employment demands, high levels of technology, innovation and leadership, as well as providing fundamental skills and community development and services.

The high-quality regional airport has provided a fly-in facility for new domestic airline participants and, because of this infrastructure, the proximity to Sydney, and also environmental pressures on other airports such as Richmond and Bankstown, has provided an opportunity for a greatly increased Defence presence at Williamstown.

The fact that this region appears to have proven so resilient to the recent Global Financial Crisis must provide some evidence to the robustness and overall soundness and diversity of its economy. All of this is set against a recent history of quite calamitous economic and natural events – namely the quite sudden closure of the BHP steelworks in Newcastle in 1999 with the loss of approximately 2500 jobs and an estimated 2000 more who were employed in support industries. Secondly, the Newcastle earthquake of 28 December 1989 damaged considerable parts of the city and left 13 people dead and more than 160 injured. The damage bill was estimated at around \$4 billion, including an insured loss of over \$1 billion.

As disastrous as those events were at the time, there is a widely held opinion amongst key informants in the region that there were substantial positive benefits emerging from both disasters. The sudden closure of the steelworks (and, over time, the reduction in certain other manufacturing and engineering works) created a very sudden break with what were sunset industries. Under other less dramatic circumstances, the change may have caused government and business to continue to invest in their ongoing survival. As regards the earthquake, very substantial relief funds were invested in restoration of the built environment, creating a stronger recognition of the historic and period architecture exemplified in the city and also providing a catalyst and funding for the Honeysuckle Waterfront redevelopment, which has now become an important urban feature.

An understanding of this region and its contemporary characteristics requires an appreciation of its history. Practically from its establishment, Newcastle has been a port, mining, and later manufacturing region and with that has come a proletariat base and strong labour/union affiliations. Whilst that has, in practical terms, diminished in importance over recent decades and with the advent of new sectors, the general community approach to issues and the voting preferences remain strongly centre-left.

This has political implications and at the local government level, it has provided consistency in approach and, given the dominance of labour governments in New South Wales over recent decades, has also provided benefits including the establishment of a state government junior ministry for the Hunter Region with the political linkages and advocacy that this provides. Perhaps more important than the direct political support, this history arguably provides the region with a fundamental community of interest and unity, particularly in times of adversity. The ability of the region to recover (albeit with heavy government support) to the disastrous closure of the steelworks in 1999 exemplifies this solidarity and resilience.

This level of regional spirit and identity is also reflected in the level of commitment to Newcastle based national sporting teams and parallels the *'esprit de corps'* that exists in the Geelong case study.

Household incomes overall are lower than the national average but the relatively narrow spread of household income in the Hunter (Newcastle) reflects Stimson's observations on desirable economic characteristics of regions.

A particular feature recognised in this investigation was the consistency in approach, clarity of offer, and coordination in economic development across this region. The approach incorporated the 'top-down' and 'bottom-up' strategies recommended by Mount & Mulc (2007). From the top, (through the RDA's Hunter Investment Prospectus 2010) and the New South Wales Government's State Plan for the Hunter Region 2010, key opportunities, support mechanisms, and investment targets are clearly enunciated and supported by a strong 'evidence-base' of specific statistical analysis. Building on these, lower level (bottom up) local entrepreneurship initiatives and the co-funded HunterNet strategy for local clusters are in place and appear to be operating effectively, based on staff /coordinators with high level of industry and sectoral credibility.

Finally, as regards economic strategies, three important observations emerged during the research investigations: Firstly, based on reliable data, clear and simple strategies that were meaningful to the business and wider communities were developed. Secondly, whilst political leadership was important, the critical, bottom-up clustering was based on partnership arrangements, industry direction, and the identification of individual leaders and leading edge firms from within those clusters. If no such leadership existed or emerged, then the cluster had no champion and effectively would not proceed.

Leadership at this level was perhaps of more real impact than political or government leadership. Thirdly, unity, commitment and cross agency support on an organisational as well as personal basis was strongly evident and could not fail to impress any external observer, incoming investors, or politicians at the commonwealth and state level.

### 5.2.3 *Generic observations*

- Truly diverse economy with move to emphasis ‘recession proof’ sectors:
  - Assisted by scale and relative remoteness
  - Truly embracing new sectors – university, health, defence
- Strong social capital – capacity to organise, coordinate, and identify with major events/symbols
- True partnerships, speak well and talk it up
- Leadership where it matters
- Increasing importance of the built environment

### 5.3 Gold Coast, Queensland



#### 5.3.1 General description

The Gold Coast is the second largest regional area in Queensland after Brisbane. It is located approximately 80 km South East of Brisbane, and has been one of the most rapidly growing regions within Australia in terms of both population and economic growth. The region is renowned worldwide for its surfing beaches, as a premium tourist destination, and increasingly for the environmental significance of its hinterland.

The region has a population of 498,000, with only around 4,400 of this number residing in the hinterland areas, indicating 99 % of the population as settled in the main urban areas, which follow a linear form parallel to the coastline. It has the smallest geographic area of the five study areas, at 1, 874 km<sup>2</sup>, although it is the second largest region (after Hunter) in terms of population size. The Gold Coast is a relatively new area, and has developed mainly in response to numerous internal migrants. Due to significant capital investment into tourism facilities and infrastructure, an airport with both domestic and international access and a strong, specific marketing focus, it is now one of the most well known tourism destinations in Australia.

The two original councils in the Gold Coast region amalgamated in 1994, forming the Gold Coast City Council. This has enabled the region to concentrate on diversifying the economic base away from a complete dependency upon tourism, to an economic strategy that also focuses on the education and health sectors. As previously mentioned the Gold Coast Airport services both domestic and international flights and is the sixth busiest airport in Australia. The Gold Coast is also serviced by heavy rail and major road networks.

### 5.3.2 *Key components*

The Gold Coast, whilst sharing some of the key characteristics of the other regions identified, also has a number of unique characteristics that set it apart and distinctive from the other four studied, but in itself unique from all other Australian regions. The Gold Coast has a comparatively short history with even the place name emerging only a little over half a century ago.

Salt (2004) recognised the region as Australia's first 'aspirational destination'– the destination of a succession of mainly internal migrants, motivated by a new 'live, work and play' philosophy and based on a service and tourism and property development economy. Over the intervening decades, the Gold Coast has been subject to intermittent but very significant waves of migration (in the early stages, particularly retirees but, in more recent times, a much more balanced demographic) together with waves of capital investment, normally into tourist and some commercial property.

Most notable of these waves was the Japanese investment of the 1970's/80's which, whilst normally being financially unsuccessful for those investors, left a legacy of high-quality tourist facilities and infrastructure. This, combined with access to a local, international and domestic airport and targeted identity marketing, has created an industry sector in this region that has a width and depth and level of sophistication arguably unequalled by any other sector or region in Australia. Whilst the dangers of such narrow specialisation and the exposure to fluctuating exchange rates and the volatility of such a discretionary expenditure market are recognised, the benefits are manifest. The Gold Coast region, over some decades, has been amongst the fastest growing regions in terms of both population and economic growth.

An obvious physical advantage of the Gold Coast is its iconic beaches, its built environment, and hinterland areas of national and, in some cases, international significance. The urban footprint is linear, stretching some 50 kilometres along the coastal strip with little by way of a discernible central business district or core, reflecting the scattered seaside villages that the Gold (then the South) Coast developed from.

Contrary to most economic development theories which would espouse economic diversification, the success and growth of the Gold Coast is based on an overwhelming mainstream of tourism, lifestyle and entertainment. Given the scale achieved, a range of related projects evolved. These included theme parks, golf and resort developments (linked to earlier Japanese investment), a very successful convention centre and associated market, and a wide accommodation range. This has occurred despite the recognised vulnerability of this single sector to changes in the exchange rate, intense competition from other tourist destinations and calamitous events such as the pilots' dispute of 1989.

Apart from tourism, property investment/finance and construction sectors represent the largest industry contributors to gross regional product at fifteen percent. This, however, does not represent true diversification, given that so much of the economic activity in that sub-sector links back to tourism, accommodation and retail developments. The commercial development sector is small and scattered over five locations on the coast and represents the most volatile (in investment flows and occupancy rates) in Australia.

This fundamental economic issue began to be addressed in 1995 with the amalgamation of the Gold Coast City Council and Albert Shire to create the current Gold Coast City Council. Following that amalgamation, economic development and particularly the widening of the economic base was given a high priority. This has had some successes, particularly in the development of the education and health sectors (assisted by other government policies and increasing regional population) and the attraction of some ICT and knowledge-based companies. As with a number of other regions investigated, the (top down) strategic planning provided through local authority initiatives provided an improved framework, based on sound research and aimed at helping to smooth the volatile economy.

The regional economy, however, remains dominated by small-to-medium enterprises, and though enabled, the area prides itself on an entrepreneurial and free enterprise spirit.

Given the nature of business structures and the socio-economic composition of the region, it is perhaps not surprising that the Gold Coast has tended to support politically conservative/liberal members, although this trend appears to be eroding with changing demographics and age profile across the community. In any case, the political philosophies of the region have never been as overt or consistent as those of Labour in areas such as Newcastle, Wollongong and Geelong.

Key informants consider that there has been a substantial social/attitudinal change in the Gold Coast over recent years. People who were 'migrants' to the Coast from other parts of Australia and overseas, increasingly consider themselves as 'Gold Coast residents'. This is reinforced by younger members of the population who were born in the region. In something of a contemporary version of traditional towns such as Newcastle and Geelong, there is an increasing parochial attitude demonstrated by residents, reinforced by a particularly strong business community, a supportive and involved press and media, and often focussed on a range of new national sporting teams, and sports and cultural events, which are now commonplace on the Gold Coast, far more than its size would normally suggest.

### 5.3.3 *Generic observations*

- Aspirational – seen as a new type of ‘lifestyle’/live, work and play community
- An entrepreneurial place – bold, well analysed, committed and economically led
- Willingness to invest in the specialist competitive advantage (tourism) to an extraordinary extent
- Important role of Council amalgamations and actions there from
- Long term, well researched plan to ‘smooth’ economic volatility
- Social and community change that has created a close regional identity, reinforced by positive press and major events, sporting teams, etc
- Role of infrastructure and investments – Japanese, transportation issues, health and light rail

## 5.4 Illawarra (Wollongong), New South Wales



### 5.4.1 General description

Wollongong is the third largest city in NSW, after Sydney and Newcastle. It is the centre of the Illawarra region, and is located approximately 84 km South of Sydney. The region encompasses an area of 8,381 km<sup>2</sup>, and has a population of 424,000. As is typical of the five study areas, the majority of this population – 67% or 284,000 people, are located in Wollongong City. The Illawarra region is home to Port Kembla, the largest vehicle importing hub in Australia. The port also services the needs of industries that rely on coal and grain exports, steel imports and bulk cargos, and is an important contributor to the Illawarra economy.

The history of the region and the town parallels Newcastle and is based on steel, coal, an excellent port, and heavy rail infrastructure. In Wollongong, however, coal reserves are relatively poor, expensive and limited in capacity, and are diminishing in regional importance.

Unlike Newcastle, the steelworks wound down over a long period of time, and whilst still operating, are now of a scale that makes it vulnerable to global competition over time. The slow demise of the sector may have resulted in inertia to move to new sectors. The region is physically constrained and has quite limited links with regions to the south and west.

### 5.4.2 Key components

The Wollongong/Illawarra region was the smallest of the five considered in this study. Whilst this study attempts to avoid generalisations, this region appears to enjoy, overall, less than the same vibrancy and level of progress exhibited in the other regions. Whilst there are a number of potential detriments pertaining to the character of this area, this research finds it impossible to establish a single, or indeed a ranking of causes, for this overall situation.

Certainly, it bears many similarities with regions such as Newcastle/Hunter and Geelong/Barwon and it should in no way be construed that the region is in decline. Its natural environment, port and the very high quality of its university provide fundamental comparative advantages. In contrast, however, to the other regions studied, Wollongong is surprisingly physically and economically insular, has limited potential for physical growth and, arguably, has not moved on in any concerted way from its historical roots.

Like all of the other regions studied, Wollongong provides an excellent natural environment, high-quality surfing beaches, spectacular escarpment backdrops and, at least in some areas along the ocean frontages, a high-quality and improving built environment. Like Newcastle, the CBD is dated and requires significant private capital investment.

The city is only 85 kilometres south of the Sydney CBD and only about 30 kilometres from its southern outskirts. Whilst physically severed from Sydney by the Royal National Park, heavy rail access provides a relatively easy inter-city access for approximately 19,000 commuters per day, thereby placing Wollongong within the Sydney outer commuter zone and, at least to some extent, as a commuter suburb. This clearly has benefits in sustaining of residential population but perhaps also works at times against economic and other development opportunities.

There is a range of examples of the influence of the quite close proximity of Australia's largest city (much closer, for example, than Newcastle/Hunter to the north). Positively, Wollongong has benefited from spill-over effects from Sydney such as the recent relocation of car shipping facilities to Port Kembla from the overcrowded Sydney Harbour facility. Likewise, the proximity of Sydney's Mascot airport in Sydney's south provides excellent domestic and international air linkages with a fairly modest commute, but without the infrastructure and environmental issues surrounding such a large facility. Detrimentially, however, arts, entertainment, sporting teams and facilities, and convention activities have all historically struggled because of the overwhelming competition presented by Sydney immediately to the north.

Unlike any of the other regions examined, particularly Newcastle and Geelong, Wollongong has very limited areas for physical expansion and those are confined to areas west of the escarpment, quite remote from the existing urban footprint. Additionally, an interesting feature of this region is its relative isolation. Separated by national park from the north and the escarpment to the west, it appears to have little by way of physical, economic or community of interest links with other towns and districts to the south and the west. This may appear to reduce the potential for diversification.

Economic growth in the region has been relatively subdued for some decades with many key informants observing that the principal economic task over recent years emphasised negating decline rather than fostering progress. The Illawarra is not seen as strong as a brand or destination as were other regions studied. Even now, although the steel plant operated by Bluescope is considered to be one of the most efficient and environmentally sensitive in the world, it is of very small scale and continues to face relentless competition on world markets.

The University of Wollongong was recognised by key informants for its excellence, particularly in engineering, and has assisted in leading the region with one of the best innovation precincts in the country. Despite that success and level of profile, however, it might be observed that the linkages between that success and the wider business community appear tenuous at best.

There was located in Wollongong a significant financial services hub, in part attracted by the cheaper rents than in nearby Sydney, but also supported by one or two individual business owners with a particular loyalty to the town. It was difficult to identify other industries and sectors, apart from local services, that held particular comparative advantages.

Like other regions, the present and likely future prospects of Wollongong had to be recognised in the context of its history. Though now more difficult to identify, Wollongong was traditionally a highly unionised Labor town with associated political alliances and its own Parliamentary Secretary (Minister for the Illawarra) in the New South Wales Government.

Compared again with other regions, Wollongong did not appear to have particularly robust economic development strategies and bodies – clearly they existed but not to the same level of sophistication and organisation as other regions. There had been recent periods where the local authority appeared to have effectively disbanded economic development planning and management altogether.

Political, government and business leadership in this region appears to be of significantly lower standard than other regions studied. Key informants advise that there has been a succession of scandals and examples of mismanagement, both politically and in the local authority. As noted above, this is reflected in the lack of a clear direction for economic development in the region, particularly at the highly significant local government level. Significant and indeed exemplary initiatives in research, innovation, and technology transfer emanate from the University of Wollongong and its Innovation Park, however, that alone cannot compensate for apparent deficiencies in leadership and planning elsewhere in this regional economy.

It may be relevant to note that, unlike those other regions, Wollongong had not been through short-term cataclysmic events such as Geelong (Pyramid Building Society collapse and Ford retrenchments) and Newcastle (short timeframe foreclosure of steel works and earthquake) but rather suffered long-term, steady decline of key sectors over time.

#### *5.4.3 Generic observations*

- Some spill over benefits from nearby capital
- Strength/leadership of University/Innovation Centre
- Rising importance of built environment and affordability
- Very limited ability to expand/grow (greenfield)
- Few links except with capital
- Slow demise of old sectors
- Significant lack of credibility and leadership of certain political leaders

## 5.5 Barwon (Geelong), Victoria



### 5.5.1 General description

Geelong is located approximately 75 km south west of Melbourne and is the second largest city in the state of Victoria. The city is the centre of the Barwon region and covers a geographic area of 8,971 km<sup>2</sup>. The total regional population is 278,668, the smallest number of the five study regions, with 172,300 or 62 % of the population located in Geelong City. This is a variance from the other regions whose main population centre represented a far greater proportion of regional population. Though the identity name of 'Barwon' is not as well known as the 'Hunter' or as 'Illawarra' the engagement of the five local authorities that make up that region and the balance and scale that it provides is critically important to Barwon's strategies and indeed successes.

The relationship with Melbourne is quite settled, certainly it is within commuting distance, however, it continues to have a separate identity and in fact, has secured advantages from that relationship particularly in terms of improved infrastructure and, in particular, the upgrade and use of Avalon airport nearby.

### 5.5.2 Key components

Similar to the New South Wales case studies, Geelong has a history embedded deeply in manufacturing and heavy industry, particularly around smelting and vehicle production. These are still important, but have reduced in relevance over time, and regional expectations of their future are not strong. Nevertheless, the identity, unity and loyalty to the region based to some extent on the unionised origins of the population, are still strongly evident and manifest themselves in a range of community and sporting activities, notably the Cats Australian Football League (AFL) team. More recently, one-off national sporting events have also been attracted to the region.

In recent history also, the solidarity and resilience of the region had been tested and proven by the adverse effects of the downsizing of major manufacturers such as Ford, and the dramatic collapse of the Pyramid Building Society, based in Geelong, in 1990. In the opinion of a number of key informants it was in fact those matters, combined with the amalgamation of a number of local councils that proved to be catalysts in the restructuring of and new strategies for the regional economy.

Of all the regions studied, Geelong appeared to have gained the most from very strong leadership, centred over recent decades on a few individuals. The strong linkage with unions and the Labor Government has provided a level of consistency with the State Government.

Akin to the Committee for Melbourne, a fairly political group known as the 'Committee for Geelong' was formed to help represent the interests of the City and the region at high government and corporate levels. The value of that group is difficult to ascertain although, on the face of it, it would represent a unified approach that would benefit the region in dealing with external parties.

Whilst reasonably attractive, the region probably lacks the quite spectacular physical environment of some of the other study regions. Nevertheless, it has a quite appealing waterfront, and progressive re-development of that area and the progressive enhancement of the built environment has been an important component of developing a new identity. From being an industrial town, Geelong has been transformed into a region increasingly recognised for its environment and lifestyle. With that, a range of service industries have been attracted to Geelong by comparative rents and accommodations costs substantially cheaper than Melbourne.

Arguably more than the other regions (perhaps with the exception of the Gold Coast) Barwon (Geelong) has been able, by organising effectively, to embrace new activities and new sectors. In this the role of Deakin University and its presence within Geelong has been critical. From that education cluster, a range of other research facilities has been established, again raising the region's contemporary profile,

Like all other regions studied, Barwon (Geelong) faces considerable pressures. Manufacturing is still a major sector and continues to face competitive threats. The heavy industry base also results in the second highest carbon footprint in Australia, and climate change issues overall are important, as they are nationally.

Population growth is reasonably well managed but needs to be controlled given the spill over effects from Melbourne. The population demographic is ageing with poor health outcomes, and despite the development of new sectors and the rise of education sector, there are still areas of disadvantage and skill shortages.

Most of those issues are not dissimilar to other regions studied. The key differences in the case of Geelong, and its success in addressing them, are its level of organisation, and its commitment to opt for a new model of regional economic management.

This is based, in the first instance, on very high levels of sophisticated and customised statistical analysis, and regular reports that explain to all the true current status of the regional economy and its critical component parts. Secondly, following Council amalgamations, a cooperative known as ‘G21’ was established between local authorities and the region. This has proven to be a remarkable innovation, establishing a formal alliance between the government, business, and the community. Whilst it has a strong economic focus, its key objective is ‘to improve lives of the people of the region.’ Consequently, it sees economic development and management as a means to an end and not an end in itself. There has been a remarkably egalitarian approach to this whereby, regardless of the size of the local authority and the various levels of resources that are applied to support G21, all the five local authorities have the same voting rights in steering the direction of the region. It is relevant to note that this G21 model is likely to be replicated elsewhere in Victoria as representing ‘best practice’.

Particularly with G21, and reflected in local authority and state planning, Geelong is overtly open to investment. In this however, it already has its parameters for that investment in mind, targeting investment which is both attractive to the private sector and also meets the wider objective of the region. This importantly provides certainty for all stakeholders and incoming investors.

### *5.5.3 Generic observations Barwon (Geelong)*

- The G21 model – truly regional, clear identity
- Strong statistical base
- Enthusiastically embraces the new – education, events
- Key leaders and connections
- Strong identity – locational and cultural
- Identity through built environment
- Balance – able to be part of a greater region with links to/advantages from Melbourne

## **Part 6 Common themes and success factors**

It has been necessary throughout this research and report to re-state some of the key parameters of the work, particularly recognising that, despite a number of fundamental characteristics, each region is unique, not simply because of individual economic, physical and community characteristics but also in the way that those components interact and inter-relate to produce each of those regions as they currently exist.

Given the nature of the task here, there is high risk of drawing causal relationships that cannot be substantiated and, secondly, in attempting to force or contrive a large number of possible similarities or characteristics which may or may not be really relevant or of significance.

For that reason and to maintain rigour across what is a complex study, a quite conservative approach has been taken to the identification of success themes exhibited in most or all of those regions.

The task here is made that much more complex because of the different rate of progress and successes achieved in sustainable economies across these regions in recent decades. Certainly, Hunter (Newcastle) and Barwon (Geelong) are being demonstrably successful in many of the activities and strategies that they have pursued in recent years. The Gold Coast is unique amongst regions in Australia and there are fundamental differences in the manner in which it organises itself. Nevertheless, and notwithstanding severe recessions, it has met with remarkable success, exemplified in the nation's highest growth rates for a period of over two decades. Illawarra (Wollongong) faces a number of significant and specific problems and overall, even accounting for its relatively small size, could not be considered as producing the same positive results as the other regions investigated.

All of this is presented as background simply to reinforce the risk of seeking generalised or 'one size fits all' success strategies. For all of that, there are some recurrent themes, activities or strategies that are present or that influence the ability of any particular region to move their economies to a more successful, prosperous and sustainable economy and, linked with that, sustainable jobs growth.

These are as follows:

- (i) All of these regions have inherent desirable environmental settings and all work increasingly diligently for the protection and enhancement of that amenity. The development/redevelopment of high-quality and authentic built environments are an important adjunct to that. These are fundamental issues for both local residents and incoming settlers. However, it is difficult, given the picturesque nature of most of coastal Australia, to see these high quality natural environments as a distinguishing feature.

- (ii) Successful regions are internally cohesive with various groups working well and closely together. This is not a matter of rhetoric or political jargon but one of practical partnerships and an egalitarian approach to promoting the common good across all levels of government and between the public and private sectors has been catalytic in some regions.
- (iii) In part related to (ii) above, within the Australian cultural and social environment, history and identity are critical and deeply held, and can be fostered and grown. This is obviously the case in the Hunter (Newcastle) and Barwon (Geelong), true perhaps to a lesser extent in Illawarra (Wollongong) and, now remarkably evident on the Gold Coast where residents, many of whom emanate from other locations, rapidly see themselves as resident of that area. Iconic events, national sporting teams etc can add considerably to that social capital.
- (iv) A number of the regions could identify some cataclysmic event or turning point which had a major effect in creating the current strategic direction for the region. In Hunter (Newcastle), it was the 1989 earthquake and BHP's rapid decision to close the steelworks. On the Gold Coast, it proved to be the wave of Japanese investment in the 1980's (which established the Gold Coast as an international destination) and the amalgamation of the local shire and city council (not so much as a political event but the emphasis then placed on broadening the economic base of the region). In a comparable way, the demise of some of the major manufacturing activities in Geelong over a relatively short period, combined with the amalgamation of the local councils in 1994 to substantially change the economic base of the town but, at the same time, to introduce truly innovative structures and partnerships, and development models.
- (v) The economies investigated were 'home grown'; that is to say that, whilst there were sometimes events that stimulated certain activities all of the major and sustainable sectors had been developed over time because of inherent competitive advantages of that particular region, combined with the attraction of private sector development capital.

There were no examples identified where a sector had been effectively imported from elsewhere and grew to importance inside the region. There are only two exceptions to this observation. The first of these is the government funding of key infrastructure – ports, electricity, water and rail. The second also relates to the public sector and to public investment in some particular, long term facility of direct, indirect and multiplier advantage to the region.

In all the regions identified, health spending, research and other expenditures within universities, and, in the case of Hunter (Newcastle), the additional defence spending at the Williamstown RAAF base were of major importance. These typically provided a quantum of capital investment over a quite short period of time that was simply not otherwise available in regions dominated by small-to-medium enterprises. Typically, too, such infrastructure was, by its nature, strongly supported by the region and provided important cluster opportunities for those SMEs in related sectors.

- (vi) The issue of identity emerges with these regions in diverse but important ways. Each is physically separated from the main urban area (capital city) but the distance and whether or not that represents a daily commute distance is important to the nature and economy of that area – both in positive and negative ways. Certainly, the Hunter (Newcastle), at 160 km from Sydney represents the most freestanding of all of these regions, reinforced by the fact that it has the largest resident population of all of the areas studied.

That identity, however, is not just a matter of geographic separation, but rather reflects the culture and history of that place, its traditional industries, and its cultural and sporting activities. In some areas, particularly the Gold Coast and parts of Newcastle and Geelong, the built environment and urban renewal projects provide a physical manifestation of change in identity as does, in a number of them, the iconic position of their universities, major hospitals, etc.

- (vii) The value of information and research: Progressive regions studied were able to clearly articulate economic and other objectives. These were based on a large investment in customised databases which could closely describe the economic, social and other conditions of the region. There was a general belief that access to such data and the ability to accept the positive and negative results that provided was of primary importance.
- (viii) Leadership: The responses to key questions pertaining to leadership were probably different to that which may have been expected. Certainly, at a high political level, if there were problems and negative events (as had been the case on several occasions in Illawarra (Wollongong) of recent times) it was clearly an issue. Whilst charismatic political leadership is clearly of great value it is sometimes almost implicit that leadership is within the domains of politicians and the public service. Investigations in this research clearly dispel those notions and in regional economic management and enhancement, real drive often came from the leadership provided by key firms and their management within clusters. If a ‘top down – bottom up’ strategy was to be adopted, as theory would suggest then leadership and partnerships were essential at both levels.



## Part 7 Relevance to the Sunshine Coast



This research does not attempt to compare the subject regions in some form of holistic rating or ranking. No analysis or methodology exists that would provide that sort of information and nor could it ever. The matters are simply too complex – a mix of historic, geographic, economic, social, and other factors – to ever be encompassed by a single measure.

Even such ratings of ‘liveability’ that exist, although of some value, are fairly limited in their rigor, with the same cities that are anecdotally seen as desirable almost invariably being accepted as ‘most liveable’, and with only the rankings between the top 20 or 30 varying from study to study and over time. Based on population statistics, about 313,000 people believe that, all things considered, the Sunshine Coast is the best region in which to live in Australia, 278,000 have come to the same conclusion about Barwon (Geelong), and so on. Further, and with the one exception – the quite remarkable long-term growth of the Gold Coast – migration shifts between regions vary considerably over time and are driven by quite diverse factors. Sudden shifts cannot be interpreted (as one single measure) to indicate the superiority of one area over another.

Nevertheless, this research does identify a number of key strategies, innovations or initiatives that appear to have succeeded consistently across a number of regions of a comparable size to the Sunshine Coast and may, therefore be of value for this region to consider. As is the case with most research, some outcomes may have already been the opinion of an informed observer but even that confirmation should be of value and add confidence to the further application of those initiatives.

Secondly, however, the research has identified several matters that appear to be of higher value and impact than they might have appeared initially. Again, there is danger in generalizing, and also in identifying simply a few points in isolation, and this paper needs to be read in its entirety to appreciate the inter-relationships involved.

With all of that in mind, the following structures and strategies have been identified as having the highest potential relevance for application to the Sunshine Coast:

(i) Customised statistics

Theories of strategic planning and management consistently state that until comprehensive and accurate data is available, the measurement of successful performance is impossible. Publicly available data through the ABS and other sources is often dated and misaligned with relevant components of regional economics to provide a realistic base for the management and assessment of regional economies.

Successful regions have simply not been able to make informed decisions with that level of information and accuracy, and have gone to considerable effort and expense to continually refine and customise data relevant to the area and components of particular interest. Sometimes, that requires identification, collection and analysis of primary data. Fundamental to this form of activity is an acknowledgement that such statistical analysis does not constitute marketing or promotion. Instead, the data analysis must provide a realistic assessment of performance over time, and should be available for wide distribution, whether it reflects a positive outcome or not. Consistent with this approach is the importance of all stakeholders understanding and accepting that the data will reflect the true condition and progress of the region, regardless of whether the analysis reflects positively.

Up to date, regionally relevant data, accepted by key stakeholders and utilized consistently, will also be invaluable in the subsequent development of cogent, evidence-based submissions to government and other funding bodies.

(ii) A common voice and true engagement

Contemporary regional governance requires a range of strategic and operational planning. These include Use and Infrastructure Plans and the Finance and Operational Plans within the local authorities. In Queensland, the State Government now also requires an overarching Community Plan for each local authority area. Whilst these are important they are only one part of true engagement with the community. Successful regions, nationally and internationally, invariably engage with the community to ensure that their aspirations and priorities are reflected.

This shared knowledge and vision enables not just leaders but the wider community to exhibit a unity of purpose recognised both internal and external to the region.

Sharing customized statistics of the kind referred to in the previous section could be an important component of that, but these matters demand a level of trust that needs to be built up over time. This implies transparency of planning process as well as content, and the capacity for community members to understand the links between component parts of the overall planning process. Ultimately, it should ensure that submissions and arguments from any part of the regional community will reference the same statistical base and reflect broadly similar aspirations and priorities.

(iii) Growth from within and major public project

Successful regions studied reinforce the regional economic principle that the best and most sustainable growth comes from within. In none of the regions studied was there a major private sector investment or job generator of a scale to truly make a difference that had been 'imported' from elsewhere. Whilst there were invariably cases of small (niche) firms and sectors that had been attracted to the regions and had flourished, the main growth streams came from large embedded sectors, and over a period of time.

An important addition to this in all of the regions studied was public sector investment – typically in universities and other educational facilities, health infrastructure, and in the case of Hunter/Newcastle, into the defence facility at Williamstown. Whilst all regions were the beneficiaries of such spending, some had proven more adept at lobbying and attracting these funds. Once such infrastructure was secured there was meticulous planning undertaken to ensure that the emerging benefits were optimised. Where regions were cognisant of the fact that their business/industry structure was dominated by SME's, often the best way to support them was to establish some large scale opportunity or presence around which those SME's could cluster and secure downstream benefit.

In a number of successful regions, the concept of leadership needed to be considered in this context and not simply in the political arena. They held that none of this internal or downstream growth would occur without entrepreneurial skill combined with partnerships and networks/clusters. It was leadership at this level that had to be identified and supported and such support needed to be practical, tangible and easily accessible.

(iv) Identity

Again, related to matters above, successful regions enjoyed an identity, often built up over a long period of time but that continued to evolve and become concentrated, often around iconic events, national sporting teams, and the like.

The link between community identity, social capital as enthusiasm, and positive attitudes to regional economic initiatives was both obvious and important. Sometimes the identity reflected aspirations (as in the case of the Gold Coast), in other areas such as the Hunter (Newcastle) or Barwon (Geelong) it may stem from a holistic, working class base but, in all cases, it represented a positive way of marshalling sometimes diverse individuals and groups behind a common, community interest. Such identity had to be esoteric to the area and could not simply be some restatement of, for example, positive environmental or community attributes that were shared by other regions in any case. Invariably the sense of identity and spirit spread across practically all components of regional economic and community life.

(v) Diversity

Successful regions reinforced and indeed celebrated diversity. Not only was this seen as sound economic practice, it was also reflected in built form, and cultural and recreational activities. In practice, liveability and the overall success of any region required the provision of options for a wide range of individuals, groups, firms or sectors. In urban form also, homogenous product needed to be replaced by authenticity, consistent with the concept of identity discussed above.

Any consideration of diversity needs to be cognisant of the importance of balance; that is to say that important components of the community need to be supported in proportion to each other. Whilst this concept of diversity can be identified easily in mature regions such as the Hunter (Newcastle), and increasingly in areas such as the Gold Coast, newer areas and their institutions typically find that balance difficult to achieve, particularly in the face of rapid growth and change. Considerations of diversity impact significantly on and in relation to elements such as the provision of infrastructure, art and culture, the scale and research capacity of the regional university, housing affordability, and a balance between supply and demand for commercial property.

(vi) Attracting private capital and the role of growth and its control

All regions in Australia are undercapitalised and the attraction and growth of private capital investment are therefore critical. Debates surrounding the nature and direction of investment, development, and growth are important, but are secondary to the principle that, without investment and growth, there can never be sufficient funds to protect and enhance the services and infrastructure that the community demands. Successful regions studied seek overtly to attract investment and growth, recognising that fifteen percent or more of the existing workforce rely on it for employment and that there is no 'static state' in regional economics. Either the area is developing or it is falling back in the face of increasingly complex, changing community demand.

To maximize the opportunities the private capital investment brings, successful regions ensure that the overall regional investment offer is couched in very precise and targeted terms, and ensure that both the community and investors have a high level of certainty as to what will be required and how the encouragement of diversity, innovation and authenticity of the local region will be supported and rewarded.

(vii) A major initiative – a common focus

A common strategy found in a number of successful regions was the identification of one or perhaps two very large projects or initiatives that, if achieved, would have substantial value and impact for the region. Often the proposals were quiet audacious, but were nonetheless planned confidently and then supported throughout the community. The type of projects involved varied, depending on regional priorities – sometimes they involved attempting to secure a major facility such as a convention conference centre; sometimes they related to a key growth initiative for the university that had major regional benefit; sometimes they related to the relocation of a major government facility, department, defence contract or similar public sector initiative; sometimes they related to a major event or to securing a national sports franchise; sometimes they related to the physical redevelopment of a part of the region, particularly one that helped provide particular identity.

As important as these initiatives were in their own right, they also acted as a catalyst to bring the community together in one major common cause. Typically such objectives needed to be matters that were very difficult to achieve but of a scale that they would capture the community imagination. Given the risks of failure, however, careful planning had to be put in place and no more than two such projects could be managed at any point in time. Typically the objectives of the project were quite tangible and had a defined time frame around them.

(viii) The relationship with surrounding regions /urban areas

Successful regions studied had established a fairly settled relationship with the major urban area nearby. All had a unique character that was quite different from their capital city. All also had an identifiable physical separation from the larger urban area, a situation made easier in the case of Hunter (Newcastle) because of the considerably longer distance to the capital making daily commutes impractical. Further, the larger size of that region enhanced its free standing nature.

All regions studied recognised that there were costs involved in the natural draw of population and resources towards that capital city, but considered that opportunities also emerged from that proximity in such areas as access to infrastructure (such as international and other airports), leverage off cultural, tourist, and other facilities only available in the major centre, and the attraction of certain uses that could be drawn from the larger capital because of lower costs or more accessible facilities in the regional centre (eg port infrastructure).

The risk of simply becoming a dormitory suburb to the major centre, particularly where heavy (high speed) rail was available, was seen as a considerable threat to the long term identity and self-sufficiency of the region.

In several of the regions, particularly Hunter (Newcastle) and Barwon (Geelong), strength came from a political, economic and community identification of a wider region than simply the urban areas or single local authority boundary. This strategy brought with it diversity, increased scale, and political influence

(ix) The role of government

Successful regions developed innovative ways to manage regional economic matters by securing long term collegiate behaviour between various economic agencies. Whilst all of these agencies had a role to play, the local authority economic development agency was critical in most cases, understanding as it did wider regional strategic objectives, and having strong, local networks through which to implement their plans at an operational level. One of their basic roles was seen as providing an environment that was attractive to private sector involvement. Typically, top down planning was focused around high priority sectors and strategies, and recognised that real sustainable jobs growth was created at the firm level, and that leadership and support must occur there more than at any other level.

In regional economies dominated by SMEs, a valuable role for government was seen as providing good market intelligence, both in terms of opportunities outside the region (including globally), and information on networks and opportunities inside the region. Secondly, and very importantly, government could provide both through its own activities and through partnerships with key industry groups, exemplification of good or best practice – in economic practice, built environment or community development, rather than simply providing overall policy or developing regulations which meant little to most private sector businesses whose overwhelming objective was to sustain and grow their business, and secure business opportunities.

These identified themes are diverse and the approach to achieve them and the time frames involved also vary considerably. Some, such as the further development of identity, the encouragement of diversity, and the attraction of private capital are organic and will continue to evolve over time. Other matters, such as growth management, seeking and securing a strategic project, or ensuring that an appropriate relationship with nearby regions is established and enforced can be pursued through policy. Some, such as the further enhancement of statistical platforms can be ongoing.

All of this, however, is quite meaningless and the ability to achieve desirable end goals is problematic until the region can articulate where those final aspirations lie. The ability, through real, wide and innovative community and business engagement and partnerships, to achieve those agreed aspirations, is fundamental to all of this.



## Appendix A Sports, Venues and Events

Sport: Teams, Venues and Events		
Teams	Venues	Events
<b>Hunter</b>		
<ul style="list-style-type: none"> <li>Newcastle Knights NRL</li> <li>Newcastle United Jets (Australian Soccer League A -Team)</li> <li>Newcastle North Stars (Australian Ice Hockey League Team)</li> </ul>	<ul style="list-style-type: none"> <li>Energy Australia Stadium; capacity 26,000</li> <li>Newcastle No. 1 Sports Ground; capacity 20,000</li> <li>Broadmeadow Racecourse (Horse Racing; 26 meets/yr)</li> </ul>	<ul style="list-style-type: none"> <li>Autumn and Spring Racing Carnivals (Horse Racing)</li> <li>Boxing Day Races (Horse Racing)</li> <li>Netball State Age Championships July 2010</li> <li>Surfest - Surfing Festival (part of Australian leg of the international men's pro surfing tour calendar)</li> </ul>
<b>Gold Coast</b>		
<ul style="list-style-type: none"> <li>Gold Coast Titans NRL</li> <li>Gold Coast Blaze (National Basketball League)</li> <li>Gold Coast United (Australian Soccer League A -Team)</li> <li>Gold Coast Blue Tongues (Australian Ice Hockey League Team)</li> </ul>	<ul style="list-style-type: none"> <li>Carrara Sporting Complex; capacity 18,000 + 4 court indoor stadium, currently under redevelopment to increase capacity to 25,000</li> <li>Skilled Park; capacity 27,400</li> <li>Nerang Velodrome</li> <li>Sports Super Centre; athletics and aquatic centre + other</li> <li>Gold Coast Convention and Exhibition Centre (Arena; seats 6000)</li> <li>Gold coast Turf Club (Horse Racing; 60 meets /yr)</li> </ul>	<ul style="list-style-type: none"> <li>2010 Pan Pacific Masters Games</li> <li>2011 Australian University Games</li> <li>Bidding for 2018 Commonwealth Games</li> <li>2011 Australian Surf Lifesaving Championships</li> <li>Gold Coast Half Ironman; October</li> <li>Gold Coast Triathlon; May</li> <li>Quicksilver Pro – Surfing Festival (part of Australian leg of the international men's pro surfing tour calendar)</li> <li>Armor All Gold Coast 600 – Car racing and music event; October</li> <li>Magic Millions (Horse Racing); January</li> <li>Gold Coast Marathon; July</li> <li>ANZ Ladies Masters (Golf)</li> <li>Coolangatta Gold Surf race; November</li> </ul>
<b>Illawarra</b>		
<ul style="list-style-type: none"> <li>St George Illawarra Dragons (NFL)</li> <li>Wollongong Lions (NSW AFL team)</li> <li>Illawarriors (NSW Country Rugby Union Team)</li> <li>Wollongong Hawks (National Basketball League)</li> <li>South Coast Wolves (NSW Football Team)</li> <li>Illawarra Flame Baseball Club (NSW team)</li> </ul>	<ul style="list-style-type: none"> <li>Beaton Park Athletics Centre (IAAF certified synthetic track)</li> <li>WIN Stadium; current capacity 19,000, after planned redevelopment 23,000</li> <li>WIN Entertainment Centre; capacity 6000</li> <li>Kembla Grange Racecourse (Horse Racing; 30 meets/yr)</li> </ul>	<ul style="list-style-type: none"> <li>Illawarra Aquathon; January</li> <li>2010 Paddy Palin Adventure Race Series</li> <li>Keith F Nolan Classic; March (Horse Race)</li> </ul>
<b>Sunshine Coast</b>		
<ul style="list-style-type: none"> <li>Sunshine Coast Sea Eagles (Qld Rugby League Team)</li> <li>Sunshine Coast Stingrays (Qld Rugby Union Team)</li> <li>Sunshine Coast Fire (Qld Soccer League Team)</li> </ul>	<ul style="list-style-type: none"> <li>Lake Kawana Stockland Park; rowing venue</li> <li>Quad Park, (currently under redevelopment, to become Sunshine Coast Regional Stadium)</li> <li>USC Athletics Track</li> <li>USC Olympic Swimming Pool (under construction)</li> <li>Corbould Park Racecourse (Horse Racing; 71 meets/yr)</li> </ul>	<ul style="list-style-type: none"> <li>Noosa Triathlon Multi Sport Festival; October</li> <li>Mooloolaba Triathlon Festival; March</li> <li>Noosa Winter Festival; May</li> <li>Noosa Festival of Surfing; March</li> <li>Mooloolaba Etchells Winter Sailing Championships; June</li> <li>Race the Rattler; June</li> <li>Australian PGA Championship; December</li> </ul>

Sport: Teams, Venues and Events		
Teams	Venues	Events
<b>Geelong</b>		
<ul style="list-style-type: none"> <li>• Geelong Cats (AFL)</li> <li>• Geelong Supercats (National Basketball League)</li> </ul>	<ul style="list-style-type: none"> <li>• The Geelong Arena; 4 courts, main court seats 1500</li> <li>• Skilled Stadium; capacity 27,000</li> <li>• Warun Ponds Aquatic Centre</li> <li>• Geelong Racecourse (Horse Racing; 35 meets/yr)</li> </ul>	<ul style="list-style-type: none"> <li>• 2010 UCI Road Cycling World Championships</li> <li>• Current discussions over bidding for soccer World Cup in 2022</li> <li>• Geelong Multi Sport Festival (inaugural event Feb 2011)</li> <li>• Geelong Cup (Horse Racing)</li> <li>• Audi Victoria Week yachting race; January</li> </ul>

## Appendix B Arts & Culture: Venue and Events

Some Arts & Culture: Venues and Events	
Venues	Events
<b>Hunter</b>	
<ul style="list-style-type: none"> <li>Newcastle Entertainment Centre and Showgrounds</li> <li>Newcastle Conservatorium of Music</li> <li>Newcastle Region Art Gallery</li> <li>Civic Precinct Newcastle; City Hall, Civic Theatre, Playhouse, Wheeler Place</li> </ul>	<ul style="list-style-type: none"> <li>Fat As Butter (FAB) Music Festival; October</li> <li>2011 Ulysses AGM Event</li> <li>Newcastle Regional Show; March</li> <li>Mattara Festival – culture; October</li> <li>Newcastle Jazz Festival; August</li> <li>Newcastle Fashion Week; September</li> <li>RAAF Williamtown Air Show; September</li> <li>This Is Not Art - Australia's premier independent arts and new media festival; October</li> </ul>
<b>Gold Coast</b>	
<ul style="list-style-type: none"> <li>Gold Coast Convention and Exhibition Centre; Arena, Exhibition Hall, Meeting Rooms</li> <li>The Arts Centre; Arts Theatre, Gold Coast City Gallery, two Cinemas, Café, function rooms, a chapel and two small performance spaces.</li> </ul>	<ul style="list-style-type: none"> <li>Big Day Out Music Festival; January</li> <li>Cooly Rocks On – Nostalgia Festival</li> <li>Schoolies Week; November</li> <li>Blues on Broadbeach Music Festival; May</li> <li>Sanctuary Cove International Boat Show; May</li> <li>Swell Sculpture Festival; September</li> </ul>
<b>Illawarra</b>	
<ul style="list-style-type: none"> <li>Wollongong Conservatorium of Music</li> <li>Wollongong City Gallery (Art Gallery)</li> <li>Illawarra Performing Arts Centre</li> </ul>	<ul style="list-style-type: none"> <li>Illawarra Folk Festival; January</li> <li>Viva la Gong - Music and Performance Festival; November</li> <li>South Coast Children's Festival; October</li> <li>Scarborough Art Show; October</li> <li>Wings over Illawarra Air Show; February</li> </ul>
<b>Sunshine Coast</b>	
<ul style="list-style-type: none"> <li>Caloundra Civic Centre; Theatre, function and meeting rooms(\$2 M redevelopment underway)</li> <li>Nambour Civic Centre; Civic Hall, Theatre</li> <li>The J; theatre and meeting room</li> </ul>	<ul style="list-style-type: none"> <li>Noosa Jazz Festival;</li> <li>Noosa Food and Wine Festival; May</li> <li>Noosa Long Weekend Arts and Music Festival; June</li> <li>Sunshine Coast Art Prize; August – October</li> <li>Festival of the Walks; August</li> <li>Sunshine Coast Blues Festival; September</li> <li>Caloundra Music Festival; October</li> </ul>
<b>Geelong</b>	
<ul style="list-style-type: none"> <li>Geelong Performing Arts Centre; Playhouse, theatre, concert auditorium, rehearsal rooms, meeting room</li> <li>Geelong Art Gallery</li> </ul>	<ul style="list-style-type: none"> <li>2011 Australian International Airshow (biannual event)</li> <li>Geelong Highland Gathering; March</li> <li>Royal Geelong Show; October</li> <li>Geelong Vintage Rally; January</li> <li>Pako Festa – Multicultural Festival; February</li> <li>Lara food and wine Festival; March</li> </ul>



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